

Daily Energy Markets BULLETIN

TUESDAY /// FEB 15th



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TOP 10 DAILY NEWS DIGEST

1. **RUSSIAN UNITS NEAR UKRAINE MOVED INTO "ATTACK POSITIONS," U.S. OFFICIAL SAYS**
2. **IEA CALLS ON OPEC+ TO BOOST PRODUCTION TO TARGETS**
3. **OIL HITS 7-YR HIGHS AS UKRAINE FEARS RUSSIAN ATTACK IMMINENT**
4. **SAUDI CROWN PRINCE SAYS 4% OF ARAMCO'S SHARES ARE MOVED TO THE PIF**
5. **'A VERY SCARY CONCEPT': ENERGY MINISTERS FEARFUL OF OIL PRICES SURPASSING \$100/BL**
6. **PERMIAN OIL OUTPUT FORECAST TO HIT RECORD HIGH IN MARCH -EIA**
7. **OIL MARKET COULD PLUNGE INTO CRISIS AS SPARE CAPACITY REMAINS TIGHT AND RUSSIA-UKRAINE TENSIONS**
8. **CHINA RAISES EFFICIENCY TARGETS FOR ENERGY-INTENSIVE INDUSTRIES**
9. **PLATTS PROPOSES TO REFLECT WTI MIDLAND IN DATED BRENT, CASH BFOE FROM JUNE 2023**
10. **CHINA SURGES PAST JAPAN TO TAKE LNG IMPORT TOP SPOT**

RECOMMENDED REPORTS

- **MCCONNELL IS TRYING TO END-RUN TRUMP IN 2022. IT'S NOT WORKING.**
- **RUSSIAN INVESTORS DISPLAY WAR CHAT SKEPTICISM**
- **ENERGY IS NOW EUROPE'S TOP-PERFORMING MARKET SECTOR**
- **SAUDI ARAMCO RESTARTS TALKS ON NEW STOCK OFFERING**
- **RUSSIA AND CHINA INK HUGE OIL DEALS AS UKRAINE TENSIONS SOAR**
- **UKRAINE CRISIS EXPOSES WEST'S ABYSMAL UNDERSTANDING OF ENERGY MARKETS**
- **CHINA'S POPULATION CRISIS COULD GIVE WOMEN GREATER REPRODUCTIVE RIGHTS**



Daily Energy Markets PODCAST



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Neil Atkinson
Former Head of
Oil Markets Division
International Energy Agency



Amena Bakr
Deputy Bureau Chief &
Chief OPEC Correspondent
Energy Intelligence



Victor Yang
Senior Editor
JLC Network Technology

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TOP 3

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TAKEAWAYS

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Brent is trading this morning down 0.47 at \$96.01/bl and WTI is trading down 0.53 at \$94.93/bl. Tuesday. Yesterday was definitely a Boomtown Rats Day for me so on to Tuesday we are. Come on knock on our door, we'll be waiting for you. Said Brent to \$100/bl. Nothing to do with Three's Company of course. I said last week that \$100/bl oil was no longer a discussion, it was an inevitability, and this week could very well soon see us breach that crucial level. I can't argue with it as well, I mean of course there are conflicting headlines about if a diplomatic resolution will be or has been reached and there are also some quite frankly disturbing headlines to the contrary. I am not going to use this platform to share my thoughts (me? controversial? never) but the rhetoric is justifiably causing concern and oil markets are reflecting this accordingly, hence \$100/bl oil. Gas? I



BY MATT STANLEY
DIRECTOR
STAR FUELS

mean that's fairly meh to be honest. Which is odd considering the amount of gas that Russia supplies Europe but ignore that, focus on oil. Perhaps this is a seasonal thing, perhaps this is down to an armada of LNG vessels discharging in

Northwest Europe but either way, oil is front and centre. Now, if we can just put that particular behemoth issue to one side for a moment, I want to talk about the cost of eating. And heating. And meeting. All three of these have been in the headlines over the last few months and they all boil down to one big issue the world is faced with. Inflation. The guys at Fidelity have issued a fantastic article about the rising cost of breakfast. Which has increased by 80pct since May 2017. This down to a combination of the increased cost of orange juice, coffee, sugar, milk and a slice of bread. 80pct. That is a huge number. Sure, a slice of toast, a flat white and bottle of morning OJ is hardly the cost of a Gordon Ramsay cooked bowl of truffle pasta, but it is something we all consume. Not the pasta. Too much truffle, the world uses too much truffle. Back to breakfast - it's what this represents, the

rising price of food - "John Allan, chairman of the UK's biggest grocer Tesco, warned at the weekend that while his company had managed to keep food price inflation in its stores to 1% in the past three months shoppers should expect another 5% rise by the spring." For those on low incomes this is going to have an effect. Let's go to heating. Well, we have all been victims of this and with oil prices rising 100pct since December 2020 things are only going to get worse. Meeting? Now, this is a novel thing seeing as Covid restrictions are being lifted. All three of these points are one the market will have an eye on, a very close one. But only for a fleeting moment, because all eyes are focused on tensions in Eastern Europe. Don't take your eyes off the headlines. Good day, and rest of the week to all.

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Daily Energy Markets VIEWS YOU CAN USE



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James McCallum

Executive Chairman of Xergy
Professor of Energy at Strathclyde University



Is US shale finally back and will output be pushed higher at these prices?

Shale is clearly economic at these prices, but the rig count is still a third of what it was in 2014 when the basins were producing at their maximum. There are companies taking advantage of the opportunity today but it's mostly the bigger players. And the wells in the Permian being brought online are those that have already been drilled and not necessarily new activity so it's not companies investing new funds.

Is it tricky for IOCs to defend investing in the transition while oil revenues remain so high?

Companies like BP and Shell, which achieved record cashflow positions in Q4, have been quick to point out that these profits will be diverted into low carbon technologies and energy diversification solutions. However, there is a growing rhetoric, around the European banks like HSBC, Barclays and BNP Paribas, that it is acceptable to put money into gas as part of the transition and they are supporting the likes of Exxon, BP, Shell and significantly, Saudi Aramco. We're starting to see the financial sector looking at this energy constrained environment - whether that's gas into Europe or in terms of the short-term oil supply, demand imbalance - and moving into gas.

How concerning are these high prices for consumers?

If oil prices go above \$100 a barrel, that's very painful for countries in Europe and for emerging economies like India. Perhaps the only country that sits on the fence of that is the US as a net exporter. And while we may get a supply demand balance eventually, the reality is that everybody is reacting in the now - there's a sort of short-term panic going on. ■

**Paraphrased comments*

Daily Energy Markets



Mashreq 60-SECOND SOUNDBITE

Amena Bakr

Deputy Bureau Chief &
Chief OPEC Correspondent
Energy Intelligence

**"I don't see any conflict
within OPEC+ with return
of Iran to the market"**

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Mashreq 60-SECOND SOUNDBITE

Neil Atkinson

Former Head of Oil Markets Division
International Energy Agency

**"Where is the Spare oil
capacity: When the tide
goes out you see who is
wearing no clothes"**

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TUESDAY /// FEB 16th /// 10:30AM (UAE)

CYPRUS



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Senior Fellow, Global Energy Center -
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Richard Redoglia

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Ahmed Mehdi

Research Associate
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