

# ENERGY MARKETS FORUM DAILY BULLETIN



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THURSDAY /// JULY 15<sup>th</sup> /// 2021

## TOP 10 DAILY NEWS DIGEST

1. CHINA'S CRUDE OIL RUNS HIT RECORD HIGHS IN JUNE
2. EIA INVENTORY REPORT SENDS OIL PRICES HIGHER
3. TALKS WITH OPEC+ STILL UNDER WAY, UAE ENERGY MINISTRY SAYS
4. ADNOC INVESTS OVER \$750MN IN DRILLING-RELATED SERVICES
5. CHINA H1 CRUDE IMPORTS DECLINE FOR FIRST TIME SINCE 2013
6. IRAN'S SUMMER OF POWER CUTS COULD BE WORST
7. S&P 500 ENDS HIGHER AFTER FED CHAIR POWELL LULLS MARKET
8. BIGGEST US BANKS SMASH PROFIT ESTIMATES AS ECONOMY REVIVES
9. SHIPPING INDUSTRY SEEKS TO COMBAT DARK OIL TRANSFERS AT SEA
10. FED'S POWELL KEEPS TO SCRIPT ON JOBS RECOVERY

### RECOMMENDED VIDEOS & REPORTS

- US TO EVACUATE AFGHAN INTERPRETERS WHO HELPED MILITARY
- RUSSIA WARNS UK: SAIL NEAR CRIMEA AGAIN, SAILORS GET HURT
- CHINA'S CARBON EMISSIONS TRADING SET TO LAUNCH
- EU UNVEILS SWEEPING CLIMATE CHANGE PLAN
- IRAN CAN ENRICH URANIUM TO 90% PURITY - WEAPONS GRADE - IF NEEDED
- HOW MUCH NEW \$3,000 CHILD TAX CREDIT COULD BE WORTH TO YOU

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### NEW SILK ROAD LIVE PODCAST



**Peter McGuire**  
Chief Executive Officer  
XM Australia



**Dr. Carole Nakhle**  
Chief Executive Officer  
Cristol Energy



**Rustin Edwards**  
Head, Fuel Oil Procurement  
Euronav NV

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### NEW SILK ROAD LIVE

# TOP 3

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# TAKEAWAYS

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Brent is trading down 0.96/bl this morning at \$73.80/bl. WTI is trading at \$72.01/bl, down 1.12/bl. Twitter blew up on the back of an "OPEC source" claiming that the UAE and Saudi had reached an agreement. It turns out, this "source" was not useful as the claim was denied by the UAE Ministry of Energy & Infrastructure. Nobody could work out really what was going on, but the Brent futures market dropped 1.10/bl before you could say "but but but when? and who is increasing? and by how much?". The market then wiped away excited tears and steadied itself. Then we had



**BY MATT STANLEY**  
DIRECTOR  
STAR FUELS

the weekly EIA data, everyone waiting, 1530 GMT, waiting, waiting. But 1530 GMT came and went. A "technical issue" apparently. When stats did come out

(crude-7.8, gasoline +1, disty +4.3, production +100,000b/d) the market certainly woke up and noticed real facts. At one stage last night, it felt like total support had broken in the Brent futures market and we traded down to a low of \$73.79/bl, before closing at a much more palatable \$74.76/bl. We have been going on all year about the demand picture in the second half of this year and the first rise in US products stocks in about six weeks does not fit those never-ending forecasts we heard from so many. Gasoline inventories rising over the 4th of July weekend was not

something people were expecting. On the other hand, US production rose to 11.4mn b/d. This upward trend from across the pond has to be watched very carefully by OPEC+. My view is OPEC+ will come together and agree on something fair for all. It just might take longer than people wish for. In the meantime, the danger the market has is that there is not enough supply to keep up with the seemingly increased demand. Yesterday's data does not fit particularly well with that argument. I expect a range-bound market until we see some solid, confirmed news.

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## ENERGY MARKETS FORUM Consultancy Intelligence Publishing **Mashreq 60-SECOND SOUNDBITE**

**Dr. Carole Nakhle**  
Chief Executive Officer  
Crysol Energy

**“OPEC may face  
greater friction as they  
tackle new Quotas”**

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## ENERGY MARKETS FORUM Consultancy Intelligence Publishing **Mashreq 60-SECOND SOUNDBITE**

**Peter McGuire**  
Chief Executive Officer  
XM Australia

**“China’s Q2 Growth  
Numbers were  
Underwhelming!”**

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## DAILY ENERGY MARKETS FORUM NEW SILK ROAD



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**Vitaly Yermakov**  
Senior Research Fellow  
The Oxford Institute for Energy Studies



#### Is it healthy for OPEC+ to keep the market guessing?

The impasse is quite convenient for producers. They're making money on rising prices rather than volume for now, especially given the slow reaction from US shale, so they're also not worried in the short term about losing market share. How long this situation can last though is the key question.

#### Why is shale not responding faster to these stronger prices?

We should be mindful of the difference between the observed prices in the market and the realized prices for shale producers, especially for those who had to hedge, locking themselves into \$50 oil because of financial institution requirements. Those producers have not seen any of the upside price wise. There's also pressure on large, vertically integrated international oil companies from the energy transition agenda which might give pause to investing further in shale. We should also remember that it took shale producers a decade to produce positive cash flow, only by 2020. They produced significant volumes but in terms of returns for investors, that has been a very sad story. Investors now expect to see profitability first and growth second.

#### Outlook for Russia's economy for the remainder of this year?

The economic outlook is looking quite bright - Russia's Ministry of Economy recently increased its GDP forecast for 2021 to 5%. Russia has also benefitted from a consistently strong gas market this year. The tightness in the global LNG market continues, primarily due to a significant increase of imports into Asia, which has also pushed natural gas prices in Europe this summer to over \$12 per MBTU. ■

*\*Paraphrased comments*

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