

# ENERGY MARKETS FORUM DAILY BULLETIN



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WEDNESDAY /// OCT 27<sup>th</sup> /// 2021

## TOP 10 DAILY NEWS DIGEST

1. ARAMCO CEO: UNDERINVESTMENT IN OIL IS A "HUGE CONCERN"
2. OIL FALLS AFTER INCREASES IN U.S. CRUDE, FUEL STOCKPILES
3. INDIA MULLS STRATEGIC RESERVES FOR COAL, GAS IMPORTS
4. PELOSI IMPORES DEMOCRATS TO 'EMBRACE' EMERGING DEAL
5. ADNOC TO TAP INTO NUCLEAR & SOLAR POWER FOR ELECTRICITY GENERATION
6. INVESTORS WITH \$39.2TRN IN ASSETS PLEDGE TO DIVEST FROM FOSSIL FUELS
7. 3RD-QUARTER PROFITS TO SPARKLE FOR SHALE PRODUCERS WITHOUT HEDGES
8. CHINA CAPS REFINERY CAPACITY UNDER PEAK EMISSIONS PLAN
9. NEARLY HALF OF AMERICAN COMPANIES SAY THEY ARE SHORT ON SKILLED WORKERS
10. US REVOKES LICENCE OF TOP CHINESE TELECOMS COMPANY

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### RECOMMENDED VIDEOS & REPORTS

- US NEW HOME SALES HIT 6-MONTH HIGH AS THE MEDIAN PRICE STAYS ABOVE \$400,000
- GLOBAL ENERGY CRISIS SO SEVERE IT CAN CAUSE SOCIAL UNREST
- EMISSIONS BOUNCE BACK - ON TRACK FOR "CLIMATE CATASTROPHE": UN SEC GENERAL
- BIDEN SETS NEW RULES AS AIR TRAVEL TO THE US REOPENS
- US DEMAND FOR OIL SURGES, DEPLETING TANKS IN OKLAHOMA

## DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST

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**Ole Hansen**  
Head, Commodity Strategy  
Saxo Bank



**Richard Redoglia**  
Chief Executive Officer  
Matrix Global Holdings



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

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## DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE

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# TOP 3

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# TAKEAWAYS

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### FX

The dollar extended its gains into Tuesday with the DXY index up by 0.14% to 93.949. USDJPY provided much of the gains with the pair rising by 0.4% to 114.16 while EURUSD moved back below the 1.15 level again, down 0.1%. Elsewhere price action was more limited with USDCAD holding roughly steady while AUD was the notable gainer among commodity currencies, up 0.13% to 0.7501.

### Equities

Equities were generally stronger overnight although US gains were more limited. The S&P 500 rose 0.18% while the Dow and

NASDAQ saw more muted gains. In Europe the EuroStoxx 50 added 0.85% while the FTSE managed a gain of almost 0.8% overnight. In early trade today, Asian benchmarks are lower with the Nikkei down 0.8% while the Hang Seng has given up close to 1.7%. Regional markets generally appeared weaker with the DFM the only exception and only grudgingly positive. The Abu Dhabi exchange fell 0.39% while the Tadawul fell 0.36%.

### Commodities

After another day of gains overnight - Brent up 0.48% to USD 86.40/bbl and WTI adding

more than 1% to USD 84.65/bbl - oil prices are edging lower in early trade today. The API reported a build in total US crude stocks of 2.3m bbl and also gains in both gasoline and distillates. The CEO of Aramco highlighted the drop in oil output capacity was a "huge concern" and that it could be depleted further next year. The comments come somewhat at odds with views from the energy minister in Saudi Arabia that noted there could be a decent increase in crude inventories in 2022.

Source: Emirates NBD

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**Dr. Qiang Liu**  
Secretary General  
Global Forum on Energy  
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INDUSTRY SURVEY



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**84%**  
**Yes**



**16%**  
**No**

Source: GI Research Oct 2021

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

**Ole Hansen**  
Head, Commodity Strategy  
Saxo Bank

**“Oil market bull run  
may be running  
out of steam”**

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

**Richard Redoglia**  
Chief Executive Officer  
Matrix Global Holdings

**“The best way for  
markets to go up is to go  
down - the oil market will  
continue to go higher!”**

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## DAILY ENERGY MARKETS FORUM NEW SILK ROAD



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**Albert Stromquist**  
Principal  
Lanstrom Advisors



#### How serious is the China slowdown and to what extent is it managed?

The government has been fairly transparent about the fact that they're not afraid to move off of double-digit GDP growth in transforming their economy, from one that has been export driven to more of a domestic consumption economy. That's not going to be an easy transition. The crunch that its economy is experiencing today is coming from two sectors – property and energy – and both are own goals. These are planning errors resulting from a dynamic created two years ago, that has played out during the pandemic in 2020. And it has carried on into 2021 with China unable to find the right path forward. The country has been left with energy blackouts and changes to the electricity tariffs structure both in the the residential and commercial sector.

#### Where is China at in terms of its agenda for renewables?

There's been inadequate planning for power capacity in China, based on the model that was moving the country away from coal fired generation, towards more of a renewable contribution. The renewables sector is growing very fast, but demand recovery post COVID has put a stress on power generators and has led to shortages of critical fuels. China is now planning to step up production at 100 coal mines, with a target of 35 million tons in the fourth quarter, as well as raising imports.

#### What's the legacy for a greener economy of this extra coal?

China has a sincere desire to move the country towards a green goal. However, they are not going to do that in any way that compromises their economic security, the social welfare of the people in particular, and more important matters such as defense and R&D. China is now moving again to more tolerance towards carbon emissions, and I don't see that changing quickly. We could be looking at maybe one or two years before it can begin to plan aggressively toward carbon reduction. ■

*\*Paraphrased comments*

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