

ENERGY MARKETS FORUM DAILY BULLETIN



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TUESDAY /// JULY 6th /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL EXTEND GAINS ON PROSPECTS OF TIGHTER SUPPLY
2. SAUDI: EXTENDING OPEC+ DEAL IS THE BASIS OF AGREEMENT
3. OPEC DISAGREEMENT LAYS BARE GROWING UAE-SAUDI ECONOMIC RIVALRY
4. CHINA'S XI TELLS MACRON, MERKEL TO EXPAND COOPERATION WITH EU
5. UK OUTLINES END TO ENGLAND'S VIRUS RESTRICTIONS
6. NEW SAUDI CUSTOMS RULES COULD WIDEN RIFT WITH UAE
7. CHINA'S SERVICES EXPANSION FALTERS ON SLOWDOWN IN NEW ORDERS
8. OIL MAJOR EXODUS IN IRAQ CREATES OPPORTUNITY FOR CHINA
9. EBRD ENDS ALL UPSTREAM OIL FINANCING
10. AFGHAN SECURITY PERSONNEL FLEE INTO TAJIKISTAN AS TALIBAN ADVANCE

RECOMMENDED VIDEOS & REPORTS

- SAUDI ENERGY MINISTER COMMENTS ABOUT THE OPEC+ DEAL
- BIDEN OFFICIALS URGE OPEC MEMBERS TO FIND OUTPUT COMPROMISE
- UAE BECOMES WORLD'S MOST VACCINATED NATION
- THERE IS ROOM IN THE WORLD FOR MANY MORE CRUDE OIL BENCHMARKS!

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NEW SILK ROAD **LIVE** **PODCAST**



Peter McGuire
Chief Executive Officer
XM Australia



Robin Mills
Chief Executive Officer
Qamar Energy



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NEW SILK ROAD **LIVE**

TOP 3

TUESDAY /// JULY 6th

TAKEAWAYS

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Brent is trading this morning at \$77.44/bl, up 0.28/bl. WTI is trading up 1.52/bl at \$76.68/bl - remember yesterday was a holiday in the US. Apparently, if you are OPEC, there is no doghouse. Constantly deferring a meeting is a good thing. And then cancelling it all together without any word on what is actually going on is also fine. This is the situation the oil market faces itself with. Let's recap. This time last week, we were all looking forward to the JMMC meeting tomorrow which would offer counsel to OPEC+ on what to do with production levels going forward. Thursday comes. No agreement. Friday comes, no agreement but rumours of 400,000 b/d to



BY MATT STANLEY
DIRECTOR
STAR FUELS

be back in Aug-Dec. Monday comes, meeting cancelled. Right now, we are left in a situation where we do not know if production is going to come back in August. Or whether the agreement has

been extended until April 2022. But the market does not care. Since yesterday morning, we have risen nearly \$2 on Brent. I am confused. You are confused. The market is confused. What are the potential outcomes here? In the blue corner - Well, the historic agreement reached last year is ripped up and the gloves are off and everyone can pump what they want. That will not happen. That would be disastrous for prices and 15 months of hard work would be undone before you can say "I'll sell that 50 bid". In the red corner - OPEC+ does not come to an agreement vis-à-vis the current one and no more barrels are returned to the market - stocks are drawn,

and prices would skyrocket. Again, I do not see this happening either. The green corner - Russia and others do not like the way the group is moving, pull out and we are left back in the blue corner. So, what needs to happen is that the group needs to compromise and do what it did so well last year and join forces. This is the likely scenario, and I think 400,000 b/d will come back by most members with some allowed to return more to the market. The Saudis may cushion this by putting their voluntary cuts back in place and the current range of \$70 - \$80 is here to stay. But what do I know? Keep your eyes on the headlines and let me know your thoughts. Good day.

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

Peter McGuire
Chief Executive Officer
XM Australia

***"OPEC+ Impasse: I
wouldn't be surprised to
see \$80 this week"***

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

Robin Mills
Chief Executive Officer
Qamar Energy

***"OPEC+ Fallout Over
Oil Production Quotas
was Inevitable!"***

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD



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Dr. Charles Ellinas
Chief Executive Officer
Cyprus Natural Hydrocarbons Co.



What impact does the inconclusive OPEC meeting have on producers?

Even without an agreement, oil prices will carry on increasing because demand is expected to. Some analysts expect demand to increase by more than two million barrels a day. And if and when OPEC do agree on a number, if it is below one million bd, it won't really impact the price dramatically. They will find a compromise on a deal – there seems to be a willingness from the UAE to do so. None of the members want what happened last year – a free for all is not going to help anybody.

Outlook for Europe's economy emerging from Covid?

Europe is dithering on certain decisions but in general, the move is forward and it is opening up. It is in the midst of rolling out recovery funds. Next month, we expect massive announcements from the European Commission on the new plans which revolve around the Green Deal and green energy. Meanwhile, the US is moving fast ahead – domestic airline travel is almost back to 2019 levels.

Are oil majors losing market share to NOCs because of their limited CapEx?

National oil companies are gaining strength in terms of the future simply because the independents are under massive pressure from an environmental point of view, and they are also not increasing spending because of the need to maintain dividends. ■

**Paraphrased comments*

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