

# ENERGY MARKETS FORUM DAILY BULLETIN



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WEDNESDAY /// JUNE 23<sup>rd</sup> /// 2021

## TOP 10 DAILY NEWS DIGEST

1. **OIL MAY HIT \$100 BUT VOLATILITY WILL ALSO GROW**
2. **API: OIL INVENTORIES FELL BY 7.2MN BARRELS LAST WEEK**
3. **OPEC+ SAID TO DISCUSS FURTHER EASING OF OIL CUTS FROM AUGUST**
4. **OIL BULLS BET ON RESTRAINT BY OPEC+ & US SHALE FIRMS**
5. **FED WILL NOT RAISE RATES ON INFLATION FEARS ALONE**
6. **BP TO STICK WITH OIL AND GAS FOR DECADES**
7. **SCHLUMBERGER SEES OIL MARKET REBALANCING SOONER THAN EXPECTED**
8. **OIL RALLY UNLIKELY TO BE DERAILED BY SUPPLY SIDE RISKS**
9. **CHINA'S COMMITMENT TO ITS PEOPLE BEHIND REMARKABLE DEVELOPMENT**
10. **EXPLAINER-UNTANGLING THE CRISIS IN LIBYA**

### RECOMMENDED VIDEOS & REPORTS

- **CAN THE MIDDLE EAST SURVIVE WITHOUT OIL?**
- **HOW US WITHDRAWAL FROM AFGHANISTAN RAISES CHINA'S RISK OF JIHADIST ATTACKS**
- **CHINA'S LATEST ROUND OF IMPORT QUOTAS LIKELY TO PROMPT CAUTION IN H2 CRUDE BUYING**
- **TECHNICAL ANALYSIS OF OIL MARKETS POINT TO HIGHER PRICES**

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## DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST

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**Andrei Belyi, PhD**  
Professor, Founder & CEO  
Balesene OU



**Albert Stromquist**  
Principal  
Lanstrom Advisors



**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 WEDNESDAY /// JUNE 23<sup>rd</sup> TAKEAWAYS

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## DAILY OIL COMMENTARY

### FX

As the dust settles on the market after last week's FOMC and commentary from Fed officials remains highly dovish the dollar has wobbled. The DXY index fell 0.2% overnight to 91.756 and is now about 1.4% higher than it was prior to the Fed versus almost 2% immediately afterward. Fed officials did note they were talking about tapering as the next policy option rather than rates and when that conversation begins in earnest it should provide a floor for the dollar. Gains against the dollar were widespread if a little muted overnight. EURUSD has pushed back up above the 1.19 level, rising around 0.2% yesterday. ECB have been dovish in recent commentary with president Christine Lagarde saying in recent days that the bank had room to cut rates if required while Olli Rehn noted the steady need for stimulus and Peter Kazimir said there was no "reason to change" accommodative policy. Nevertheless, with an economy opening up and set to outperform the US in H2 2021 the grounds

could be set for the Euro to move higher over the next several months. Improving risk sentiment appeared to weight on the Yen with USDJPY pushing higher to 110.65 overnight, a gain of 0.34% while it continues to rise in trade today. The yen is testing its highest level in the past year and 111 would be the next major target. Sterling will be focused on the Bank of England meeting this week and moves in the last few days have been more controlled. We don't expect any imminent announcement of tightening policy at this stage.

### Equities

One of the big stories in equities yesterday was the ongoing rebound in growth stocks as value stocks, which had outperformed in recent months, saw slower growth. While the Blue Chip Dow Jones added just 0.2% yesterday, the tech-heavy NASDAQ gained 0.8%, with some of the tech giants among the biggest gainers. The S&P 500 gained 0.5%. Equity markets were on the front

foot around the world, with the Nikkei being a notable gainer as it closed up 3.1%. The index is trading higher still this morning, but remains down -1.3% w/w. Elsewhere in Asia the Shanghai Composite added 0.3% yesterday. In Europe, the composite STOXX 600 added 0.3%. The FTSE 100 closed 0.4% higher. Within the region, the DFM gained 0.3%, the ADX 0.5% and the Tadawul 0.3%.

### Commodities

Oil prices took a breather yesterday with both Brent and WTI declining. Brent futures fell 0.1% to \$74.81/b/ but have already recovered to back above \$75/b/ while WTI fell 0.8% to 73.06/b/. There were few fundamental catalysts to derail oil going higher overnight while press reports suggest OPEC+ is considering whether to increase production at its next meeting.

Source: Emirates NBD

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INTERVIEW SERIES

Prof. Yusra Mouzughi  
President  
Royal University for Women - Bahrain



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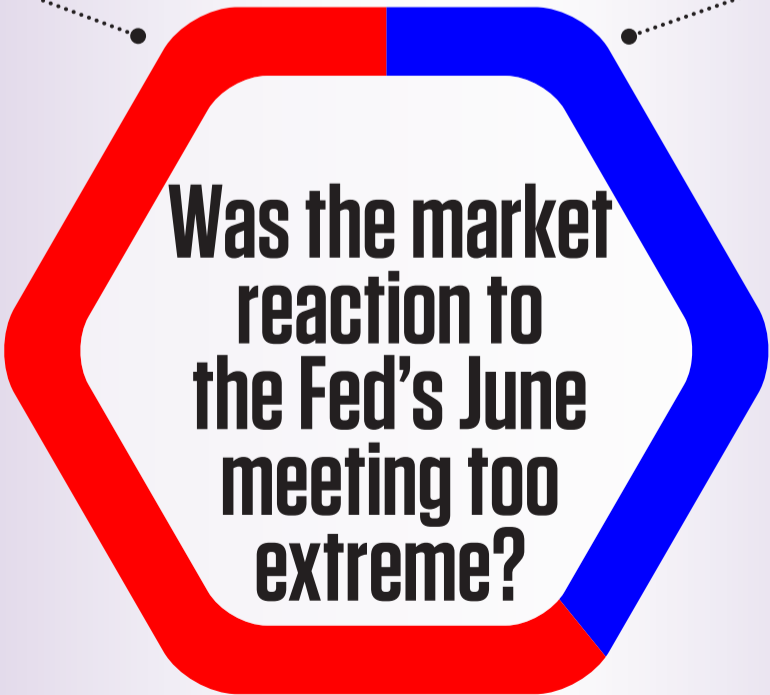
DAILY ENERGY MARKETS FORUM  
INDUSTRY SURVEY



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61%  
Yes

39%  
No



Source: GI Research June 2021

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

**Andrei Belyi, PhD**  
Professor, Founder & CEO  
Balesene OU

**“Market uncertainty  
to keep OPEC Plus  
cautious on supply  
increase”**

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

**Albert Stromquist**  
Principal  
Lanstrom Advisors

**“Unregulated blend  
stock products  
imports into China  
unsustainable”**

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# DAILY ENERGY MARKETS FORUM NEW SILK ROAD



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**Frank Kane**  
Senior Business Columnist  
Arab News



### Expectations on volume announcements at the July 1 OPEC meeting?

After a three-month period of graduated increases, the group have to give some indication about where it goes from August onwards. There has been talk of increasing supply by another million barrels a day for example but I think that would be too much. Saudi Arabia will continue to take a cautious approach.

### What’s the Saudi viewpoint on the Iran, US deal negotiations?

It’s no secret that Saudi Arabia doesn’t like this deal. It has no problem with peace in the region and probably has no problem with allowing Iran into a nuclear set up under supervision. But what it does have a problem with is Houthi drones and Syrian missiles flying over the border into Saudi Arabia. As long as these talks don’t encompass that exported terrorism aspect, they won’t see much value in it. I get the feeling that Saudi is not particularly concerned that this deal is going anywhere soon. We are a couple of months away from some sort of JCPOA agreement and at least six months away from the reentry of Iran onto global oil markets within the OPEC framework.

### What does a strengthening dollar mean for the Gulf region?

The peg is still there so that will go in lockstep, but a stronger dollar is not very good for oil. I would also be a bit wary about the performance of financial markets going forward, with the expectation of a Fed tightening. We have seen stocks quite badly hit in Asia at the start of this week, with the Tokyo market down 4% at one stage. Whether this will reverberate around the world remains to be seen. ■

*\*Paraphrased comments*

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