ENERGY MARKETS FORUM DAILY BULLETIN

Consultancy Intelligence Publishing

TUESDAY /// JUNE 29th /// 2021

TOP 10 DAILY NEWS DIGEST

1. AHEAD OF TALKS, OPEC FORECASTS POINT TO OIL SUPPLY DEFICIT IN AUG
2. ADNOC IMPOSES DEEPER CUTS TO SEPT CRUDE EXPORTS
3. RISING COVID CASES HIT ASIA'S TRANSPORT FUEL DEMAND
4. STRETCHED GLOBAL SUPPLY CHAIN MEANS SHORTAGES ON SUMMER MENUS
5. BIDEN DEFENDS STRIKES ON IRAN-BACKED MILITIAS, REBUTS CRITICS
6. RUSSIA STRUGGLES TO RAISE OIL OUTPUT DESPITE PRICE RALLY
7. UPBEAT US SHALE SECTOR STILL NOT PRIMED FOR GROWTH
8. STRICTER CHECKS HIT BUNKER FUEL DEMAND AT CHINESE PORTS
9. SONATRACH, PERTAMINA SIGN AGREEMENT TO BOOST PARTNERSHIP
10. GHANA COURT TO RULE ON ENI'S OILFIELD COMBINATION DISPUTE

RECOMMENDED VIDEOS & REPORTS

- CHALLENGES AND OPPORTUNITIES FOR THE EUROPEAN UNION
- ASIAN SHARES PRESSURED BY FEARS OVER DELTA VIRUS VARIANT, US DATA IN FOCUS
- BUILDING A GULF NATIONAL OIL WORKFORCE OF THE FUTURE?
- CHINA'S DIGITAL GOLD PUSHBACK ENHANCES BITCOIN
- BLOCKCHAIN IN ASIA: CHINA'S RIPPLE EFFECT

DAILY ENERGY MARKETS FORUM

Consultancy Intelligence Publishing

NEW SILK ROAD LIVE PODCAST

Leo Tameeris
Chief Executive Officer
NRG Global

Edward Bell
Senior Director, Market Economics
Emirates NBD

Mike McGlone
Senior Commodity Strategist
Bloomberg Intelligence

CLICK HERE TO LISTEN

DAILY ENERGY MARKETS FORUM

Consultancy Intelligence Publishing

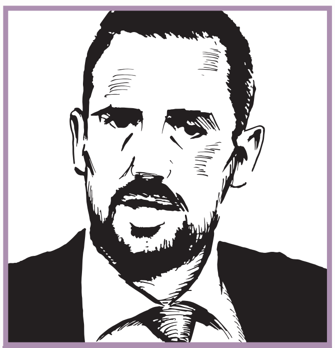
NEW SILK ROAD LIVE

TOP 3

TUESDAY /// JUNE 29th

TAKEAWAYS

CLICK HERE TO VIEW



BY MATT STANLEY
DIRECTOR
STAR FUELS

Brent is trading this morning at \$74.49/bl down 0.19/bl and WTI is trading down 0.05/bl at \$72.85/bl. So, two days until the OPEC meeting and the market looks shaky? And no, not like KC and the Sunshine Band, I mean shaky as in we started the week down 1.31/bl on Brent. Interestingly though, it was Brent structure that really took the hit yesterday with the front backwardation of August /September Brent coming in from 0.86 yesterday morning to 0.54. What does this tell us? Well, there are several theories here, but my theory is that we can attribute this to the fact that the very people who bought crude based on reasons we shall touch on in a minute are the people who are selling the very same. And to be fair, what's to stop them? It is clear who has been piling into the oil market all year, with cheap money and a system that is allowing them to fill their boots. OPEC+ of course, have helped fuel this bullish rally by keeping oil supply off the market and US oil production has surprised many by not returning as quickly as has been proven in the past when prices have continued on an upward trajectory - "Put your wallet down JR, we still own that thanks very much. And the hat." I keep going on about demand and when we will see the return so many have forecast. July and August data around this will be absolutely key in thrusting the market ever closer to that magical triple-digit mark, but demand, for the time being at least, is being largely ignored, because the longer OPEC+ keep barrels off the market, the longer the bulls are firmly in control of the locomotive. All eyes on Vienna. I mean Zoom. All eyes on Zoom. Because remember, we are still in that pandemic. Good day all.

ENERGY MARKETS FORUM DAILY BULLETIN

Consultancy Intelligence Publishing

TUESDAY /// JUNE 29th /// 2021

DAILY ENERGY MARKETS FORUM

Consultancy Intelligence Publishing

NEW SILK ROAD

EXCLUSIVE SERIES

VIEWS YOU CAN USE

Walter Simpson
Managing Director
CCED

Outlook for OPEC decision making in the second half of the year?
Caution has been the byword and I think they'll continue with that. OPEC Plus controls have been very successful so far. The price is probably a little bit higher than where they would want it but it's high enough for them to feel the fiscal benefits and not too high to really get shale opening the taps. I feel a few hundred thousand barrels would be the right kind of number to add from August, rather than a million barrels or more.

Should OPEC Plus continue to adopt a quarterly outlook approach?
Longer term stability is a real plus - you don't want to be going up and down on a monthly basis. The recent three-month plan has stabilized pricing and worked well for them. OPEC holds all the cards and controls excess supply. Demand is uncertain but there are signs that it's growing.

How will this year's windfall revenues impact operators' CapEx decisions?
It's a story of two halves. The majors have clearly stated they're going to move capital investment into renewables so I wouldn't expect all their revenues to go to oil and gas. The smaller players however will need to invest in exploration and infrastructure to maintain production after a year of non-investment.

How has the pandemic impacted the movement of people for operators?
The conformance that OPEC has brought with the curtailment of production and the fiscal discipline that's been required on the back of lower oil prices have prompted countries to think how to best develop their own people to drive economies forward, Covid has accelerated this and as a result, getting skills from overseas has become more difficult. This transition will be lumpy, but it will improve with time. ■

**Paraphrased comments*