

ENERGY MARKETS FORUM DAILY BULLETIN



Consultancy
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SUNDAY /// NOV 21st /// 2021

DAILY OIL COMMENTARY



We meet at a historic moment. The global community has just concluded COP26. On balance, it was indeed a success. Yet current energy dynamics have

“After almost a decade of underinvestment in our industry, the world has sleepwalked into a supply crunch.”

H.E. Dr. Sultan Ahmed Al Jaber

Minister of Industry & Advanced Technology, UAE

Managing Director Group CEO, ADNOC

revealed a basic dilemma. While the world has agreed to accelerate the energy transition, it is still heavily reliant on oil and gas. As economies bounce back from the Covid-19 pandemic, at the fastest rate in 50 years, demand has outpaced supply. After almost a decade of underinvestment in our industry, the world

has sleepwalked into a supply crunch. It is time to wake up. The oil and gas industry will have to invest over \$600bn every year until 2030 just to keep up with the expected demand. And yes, renewable energy is the fastest growing segment of the energy mix, but oil and gas is still the biggest and will be for decades to come.

In short, the future is coming, but it is not here yet. We must make progress with pragmatism, and if we are to successfully transition to the energy system of tomorrow, we cannot simply unplug from the energy system of today. We cannot just flip a switch. However, that's not going to be easy.

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD **LIVE** **PODCAST**



Jorge Montepeque
President & Founder
Global Markets



Christof Rühl
Senior Research Scholar
Center on Global Energy Policy
Columbia University



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Gulf Intelligence

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD **LIVE**

TOP 3

SUNDAY /// NOV 21st

TAKEAWAYS

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TOP 10 DAILY NEWS DIGEST

- 1. OIL DIVES 3% TO BELOW US\$80/BBL ON RESURGENT PANDEMIC IN EU**
- 2. OPEC+ OIL OUTPUT BELOW TARGET AGAIN IN OCT AS MEMBERS CUT MORE THAN AGREED**
- 3. US OIL RIG COUNT RISES AS OIL PRICES SLIDE**
- 4. JAPAN WEIGHS OIL RESERVES RELEASE TO STABILIZE CRUDE PRICES**
- 5. US AGAIN PRESSES OPEC+ AS IT WEIGHS RESERVE RELEASE**
- 6. US HOUSE VOTES TO PASS \$1.9TRN SOCIAL SPENDING PLAN**
- 7. AUSTRIA ANNOUNCES EU'S FIRST NATIONWIDE VACCINE MANDATE**
- 8. ECB NOT READY TO MOVE ON INFLATION FOR NOW, LAGARDE SAYS**
- 9. ASIAN BUYERS CAN'T GET ENOUGH OF US SWEET CRUDE OIL**
- 10. TRANS MOUNTAIN PIPELINE OUTAGE LIKELY TO LAST ANOTHER WEEK**

RECOMMENDED VIDEOS & REPORTS

- GCC ENDORSES RETURN TO IRAN NUCLEAR DEAL**
- US NATURAL GAS PRODUCERS FACE BILLIONS IN HEDGING LOSSES IN 2022**
- METALS FROM ALUMINUM TO ZINC ARE ALL FLASHING TIGHT SUPPLY RIGHT NOW**
- THOUSANDS OF IRANIANS PROTEST IN ISFAHAN OVER WATER SHORTAGES**

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Jorge Montepeque
President & Founder
Global Markets

**"Oil Price is Down
until it is Up
Again!"**

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ENERGY MARKETS FORUM Consultancy Intelligence Publishing Mashreq 60-SECOND SOUNDBITE

Christof Rühl
Senior Research Scholar -
Center on Global Energy Policy
Columbia University

**"Outlook for Global
Economy is Not that
Great!"**

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD



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EXCLUSIVE SERIES VIEWS YOU CAN USE

Andy Laven
Chief Operating Officer
Sahara Energy Resources



It's uncertain whether we will have an oil supply or oil demand issue in 2022.

The globe hasn't got itself back onto a solid footing yet and so no one can realistically make confident assumptions for next year. Something has to challenge the market's view in terms of where we are today, but in the meantime the price will drift along where it is. We have to start to recognize that Covid is a global problem and just because we have one country that's 100 percent vaccinated, it doesn't mean the problem's going away. The disparity between countries' economic reopening and recovery is huge.

Have gas prices stabilized for now?

Historically, gas has always been undervalued in price so if you take that argument and then look at it in the context of the energy transition, then it needs to become a lot more expensive. We're starting to see the first signs of that, and it's been exacerbated with some of the supply issues and politics around approving gas pipelines this year.

Spot versus long term gas contracts in this market?

Long term contracts are great for the supplier, but ultimately, we're going to have to move to much more spot business because that allows the market to react. I would expect that in the short term, with gas prices where they are, that producers are going to want to put long-term contracts in place but over time, we have to recognize that the market is going to need more participants and will have to have a bigger proportion of spot business. ■

**Paraphrased comments*

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