

# ENERGY MARKETS FORUM DAILY BULLETIN



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TUESDAY /// SEP 21<sup>st</sup> /// 2021

## TOP 10 DAILY NEWS DIGEST

1. WALL STREET MARKS BIGGEST DROP SINCE MAY AS EVERGRANDE CRISIS INTENSIFIES

2. WASHINGTON GRIDLOCK & A DEBT CEILING ARE WEIGHING ON THE MARKET

3. RUSSIA ELECTION: PUTIN'S PARTY WINS ELECTION MARRED BY FRAUD CLAIMS

4. SHELL EXITS PERMIAN WITH \$9.5BN TEXAS SHALE SALE TO CONOCOPHILLIPS

5. SHELL IDENTIFIES SIGNIFICANT DAMAGE ON GOM FACILITIES FOLLOWING IDA

6. BRITISH ENERGY FIRMS FEAR COLLAPSE AS EU'S GAS CRISIS SEES PRICES SURGE

7. SAUDI ARABIA BLASTS PUSH BY IRAN FOR NUCLEAR BOMB

8. NIGERIA TO INCORPORATE STATE OIL FIRM NNPC, BOARD APPOINTED

9. CANADA'S JUSTIN TRUDEAU HEADED FOR VICTORY IN NATIONAL VOTE

10. US TO LIFT AIR TRAVEL RESTRICTIONS FOR FULLY VACCINATED FOREIGNERS

### RECOMMENDED VIDEOS & REPORTS

- **OIL INTENSITY: THE CURIOUSLY STEADY DECLINE OF OIL IN GDP**
- **GOLDMAN SACHS EXPECTS BULLS RUN IN ASIAN FUEL OIL IN Q1, BRENT ABOVE \$85/BL**
- **VANDA INSIGHTS: CRUDE TICKS UP EARLY TUE ON BARGAIN-HUNTING AFTER 2% OVERNIGHT SLUMP**
- **"OIL MARKETS OVER-ESTIMATING SCALE OF OPEC+ IDLE SUPPLY"**

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## DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE



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## PODCAST

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**Peter McGuire**  
Chief Executive Officer  
XM Australia



**Vladimir Langhamer**  
Managing Director, Supply & Trading  
OMV



**Robin Mills**  
Chief Executive Officer  
Qamar Energy

Brent is trading this morning at \$74.79/bl up 0.87 and WTI is trading up 0.89 at \$71.18/bl. If Will Young is reading this, and I'd very disappointed if he isn't, then I wouldn't plan a re-release of his hit song "Evergreen" in time for the Christmas run up, (for the uninitiated Will Young won Pop Idol, a British reality show, nearly 20 years ago, wait. Surely not, 20 years ago? Gulp). 2021 hasn't been a good time for anything beginning with "Ever" has it? Ever Given blocking the Suez Canal meaning packs of Ikea's finest were delayed for weeks. And now Chinese Real Estate developer Evergrande supposedly defaulting on debt. If I were Ever-Ready batteries I'd be changing my name,



**BY MATT STANLEY**  
DIRECTOR  
STAR FUELS

sharpish. Yesterday we saw market reaction to the rumours around the current situation the Evergrande group are in, and it was very much a risk off day, equities fell by over 3% in Asia and 2% in the US. Oil was

not to be left alone either with Brent falling to a low of \$73.52/bl before closing 40c higher. From a fundamental point of view the Evergrande issue should not disrupt demand in China, we should continue to see oil inventories decline throughout the course of the year and in to Q1-2022, but, and it's a KKW sized but, it is clear that if you're an investor in the oil market and you don't really care what is happening in the physical market then you are going to be spooked by news that all might not be so great in the Chinese economy, hence the fall in oil markets yesterday. Then we read the story that Shell, the largest producer of USGC oil, have had to cancel supply contracts of the much

sought-after Mars crude stream for the rest of the year. This is owing to damage caused to onshore facilities by Hurricane Ida. The total volume of production lost? Hmm, nobody is quite sure, but potentially up to 250,000 barrels a day of production. What does this mean though? Well, 400kbpd being bought back by OPEC+ will go to potentially covering the shortfall but the one part of the barrel that will certainly benefit will be high sulphur straight run fuel oil, a grade that many a USGC refiner will be looking for to replace those sour barrels lost from Shell. Bullish Stanley, are you? I am actually, just don't say it too loudly, OK? Good day, and week to all.

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## NEW SILK ROAD

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**Omar Najia**  
Global Head, Derivatives  
BB Energy



#### What is your outlook for oil prices this week?

You just need to look at energy prices. Gas prices are so high that chemical plants have stopped operating and those in the UK are receiving letters from energy companies saying that prices are going to increase by 15%-30%. The strong prices mean we are starting to see energy switching. Coal prices are starting to go up, even amongst the current green initiatives in Europe. The market can look at this situation in one of two ways. Either all energy goes up and oil goes down, or everything is going to go up. The latter is my preferred interpretation – I am bullish. Oil and the rest of the energy complex support each other.

#### Will OPEC+ provide enough supply in coming months to calm market worries?

I do not think they will be able to. We have dislocations and massive problems with power, electricity, gas, and all forms of energy. I can guarantee you when stuff like this happens that as soon as you say to the market ‘don’t panic, everything is going to be ok,’ the market is going to panic. I can see it. It has nothing to do with ‘1+1=2.’ These issues are coming to the fore and everybody seems to have their head in the ground like an ostrich. They are going to say what Boris Johnson said: “Don’t panic.” I guarantee you they will panic. ■

*\*Paraphrased comments*

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