

TOP 10 DAILY NEWS DIGEST

- 1. CRUDE OIL FUTURES EXTEND DECLINES AS RISK-OFF MOOD CONTINUES
- 2. SAUDI HOLDS TOP OIL SUPPLIER TO CHINA IN OCT
- 3. US EMERGENCY OIL STASH IS IN THE SPOTLIGHT AS GAS PRICE SURGE
- 4. INDIA'S RELIANCE WITHDRAWS PLAN FOR OIL TO CHEMICALS BUSINESS WITH ARAMCO
- 5. WHAT IS IRAN GETTING OUT OF ITS ALLIANCES WITH RUSSIA & CHINA?
- 6. EU PROTESTS IN RESPONSE TO TIGHTENED COVID-19 RESTRICTIONS
- 7. VANCOUVER BRACES FOR MORE RAIN AS FLOOD-HIT REGION RATIONS FUEL
- 8. IN UAE, FRENCH FINANCE MINISTER WARNS OF CLIMATE ACTION COST
- 9. US KISSINGER DOESN'T SEE CHINA INVASION OF TAIWAN IN NEXT DECADE
- 10. JAPAN UNLEASHES RECORD STIMULUS PACKAGE, BUCKING GLOBAL TAPERING TREND

RECOMMENDED VIDEOS & REPORTS

- MARKET IS 'ONE MORE BAD INFLATION REPORT' AWAY FROM A CORRECTION
- EUROPE'S ENERGY FREAKOUT
- CHINA 'FIRED MISSILE FROM HYPERSONIC WEAPON' OVER SOUTH CHINA SEA
- CHINESE TENNIS STAR PENG SHUAI TOLD OLYMPICS OFFICIALS SHE'S SAFE
- JAPAN & US MAY ISSUE A JOINT STATEMENT ON THE RELEASE OF STRATEGIC OIL RESERVES THIS WEEK
- ADNOC WEIGHS IPO OF LOGISTICS AND SERVICES UNIT NEXT YEAR



DAILY ENERGY MARKETS FORUM Consultancy Intelligence Publishing

NEW SILK ROAD **PODCAST**

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NEW SILK ROAD

TOP 3

MONDAY /// NOV 22nd

TAKEAWAYS

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Morning all and welcome to Monday. Good weekend? I mean don't ask Ole Gunnar-Solskjaer that, although don't worry about him and his Christmas too much, I'm sure he won't go without a Norfolk Bronze and a snowball or 50 over the festive period. Brent? Yes, let's talk about our favorite grade, with all respect to other grades, of course. Brent is trading this morning at \$78.78/bl, down 0.11/bl. WTI is trading at \$75.97/bl, up 0.03/bl. Eessh. Well, it hasn't been a particularly good few weeks for the oil market but again, don't feel too sorry for it, this time last year Brent was trading at \$44.96/bl, so it's doing OK. An "Ole" market we shall call it. Doing absolutely fine no matter what you read. I am going to politely dismiss the headlines behind SPRs



BY MATT STANLEY
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being released. If the market does react to this, and I think it already has, then it is a fairly negligible movement as the incremental release of stocks will only provide a very short-term solution to what is, a

much bigger global problem the world faces around fossil fuels, and that is investment. What has been driving oil prices down over the last few days has been the one thing I have spoken about quite a lot but a factor that most investors simply want to ignore, and that is Covid-19. I know some of you will be rolling your eyes and exhaling heavily about the fact that I am even mentioning Covid-19, but it is becoming, sadly, a serious problem right now in the EU. Stat time, and trust me, I don't like this but it's important to understand the situation so we can put some context as to why oil markets are trading where they are - WHO says Covid-19 deaths in Europe rose 5% last week, the only region in the world where deaths increased. Of the 3.3mn new infections

reported last week, 2.1mn came from Europe. 60% of people in Western Europe are fully immunized against Covid-19, only about half as many are vaccinated in the eastern part of the continent, where officials are struggling to overcome widespread vaccine hesitancy. None of these facts are good and oil prices are reflecting this reality. HOWEVER, as much as these grim headlines are putting the brakes on the "rally" I don't think it will take much for the bullish locomotive to gather speed again. Much of the rest of the world is getting back on track and inflation concerns aside (until one takes down the Christmas tree), I think the bulls won't need much of a catalyst to get back to the \$80s/bl before Rudolph starts limbering up. Good day, and week to all.

ENERGY MARKETS FORUM DAILY BULLETIN



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MONDAY /// NOV 22nd /// 2021

ENERGY MARKETS FORUM Consultancy Intelligence Publishing Mashreq 60-SECOND SOUNDBITE

Marc Ostwald
Chief Economist & Global Strategist
ADM Investor Services International

**"US Economic
Outlook Still Looks
Pretty Good!"**

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ENERGY MARKETS FORUM Consultancy Intelligence Publishing Mashreq 60-SECOND SOUNDBITE

Bora Bariman
Managing Partner
Hormuz Straits Partnership

**"Inflation is Becoming
a Political Emergency
around the World!"**

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD



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Jorge Montepeque
President & Founder
Global Markets



Would OPEC be happy with the distortion an SPR release could bring?

Governments globally, including the US, Japan and China, are very concerned about the surge in oil prices since September, so they're jumping in to take action to flatten the curve by considering releasing strategic reserves. The imbalance between supply and consumption continues and inventories are being depleted and we expect demand to remain healthy with winter and travel seasons coming up. Any recent softness in the market will recover in December and January. OPEC will continue to optimize the value of the commodities they sell. They are in the driver's seat and will continue to be so, while observing their impact on the market. An SPR release will impact prices but usually, the price continues to go the way it should go because those measures are, by definition, temporary and ineffectual.

Why are US producers backing away from hedging for 2022?

As an oil producer, your choice is to tell shareholders that you are exposed to price or that you are managing price by hedging. It's clear today that prices are, plus or minus, \$80 and that we're not going to go to \$50 or \$150 so it is more efficient from a capital consumption point of view, for a company not to hedge and just ride the market.

What's the latest sentiment on US Fed policy and its impact on oil markets?

The numbers are showing that there should be interest rate increases in the US and elsewhere but it's unlikely the US will act anytime soon despite the stronger narrative. If and when it does however, that is likely to be before others, like Europe for example, and hence we are seeing the USD strengthen relative to other currencies. By definition, that also increases the cost of energy to the rest of the world because oil is denominated in US dollars. ■

**Paraphrased comments*

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