

ENERGY MARKETS FORUM DAILY BULLETIN



Consultancy
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Publishing

MONDAY /// AUG 2nd /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL BULLS REMAIN CONFIDENT DESPITE COVID CONCERNS
2. ADNOC ISSUES SEPT IFAD-BASED OSP FOR MURBAN AT \$73.50/B
3. ENI BOOSTS DIVIDEND TO PRE-COVID LEVEL AFTER STRONG Q2 EARNINGS
4. IT'S IN - AND BIG: SENATORS PRODUCE \$1TRN INFRASTRUCTURE BILL
5. JUNE AIR TRAVEL RECOVERY CONTINUES TO DISAPPOINT
6. IRAQ MAY TAKE OVER UNWANTED WEST QURNA STAKES
7. INDIA'S JULY GASOLINE SALES ABOVE PRE-PANDEMIC LEVELS -PRELIM DATA
8. CHINA NEW HOME PRICE GROWTH SLOWS IN JULY
9. BRITISH AIRWAYS OWNER IAG TO RAMP UP FLIGHTS
10. UK CONDEMNS DELIBERATE ATTACK ON OIL TANKER BY IRAN

RECOMMENDED VIDEOS & REPORTS

- COAL REPLACES OIL AS MAIN TARGET FOR ACHIEVING CLIMATE GOALS
- CHINA RAISES EXPORT TARIFFS FOR SOME STEEL PRODUCTS AGAIN IN GREEN PUSH
- HSBC, STANDARD CHARTERED DIVIDENDS IN FOCUS AS HALF-YEAR RESULTS LOOM
- DELTA VARIANT AND HIGH PRICES CANNOT KEEP THE US CONSUMER DOWN
- TREASURY YIELDS LITTLE CHANGED AFTER FED MAKES NO MOVE ON ASSET PURCHASES

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NEW SILK ROAD **LIVE** **PODCAST**



Bora Bariman
Managing Partner
Hormuz Straits Partnership



Walter Simpson
Managing Director
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NEW SILK ROAD **LIVE**

TOP 3

MONDAY /// AUG 2nd

TAKEAWAYS

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That time of year where you're either eating sandy ice cream or you are nursing heat rash. Brent is trading this morning at \$74.56/bl, down 0.85/bl. WTI is trading down 0.90/bl, at \$73.05/bl. So, let's keep it positive, shall we? Let's start with a clever quote, I am in a quotey mood at the moment. "Nourish your hopes, but do not overlook realities." Ahhh Winston, you legend. Quite apt in an oil market that will be keeping one eye firmly on what July demand looked like. Let's not forget that demand WILL come roaring back during the second half of the year. Starting August. Definitely August. Maybe



BY MATT STANLEY
DIRECTOR
STAR FUELS

September. Yeah, let's go with September, September will be fineeee. OK OK OK, maybe Q4, actually yes Q4. Everything will be fine then, no dramas, nothing to see here move on, all is

fine. I mean I'm joking of course; it will be Q1. That was a joke, actually but this is what the market has been doing all year. Oh hiiii can! Do you need another kick? Yes, you do you little tin of demand hope. Come here youuuu. Kaboomm, bye can. If I see you at some stage later in the year then fret not can, because I will ensure prices stay where they are until you spill your beans, literally, and that demand forecast is realized. Look, it's of no surprise really that demand is spluttering. This caveat was inserted by the biggest of economic brains when they wrote those very forecasts and with Covid-19 not just

lingering, but evolving and mutating, the path to global recovery was always going to be patchy. I said I'd be positive so let's be positive. India gasoline demand is back to pre-pandemic levels. Gasoil demand isn't. Positive Stanley! Ummm. Things are getting better in the US. And this is it, the world is learning to live with Covid-19. But the reality is that it is still very much with us and its effect on oil demand is still profound. We also have more oil back into a market that did need it, but is balancing dangerously between under and over supply. Let's see what the week brings.

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

Walter Simpson
Managing Director
CCED

"Oil market bumps are a timely reminder that Covid will be with us for years, not months"

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

Adi Imsirovic
Senior Research Fellow
The Oxford Institute
for Energy Studies

"Oil markets caught in a Bull-Bear tug of War"

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EXCLUSIVE SERIES VIEWS YOU CAN USE

Christof Rühl

Senior Research Scholar - Center on Global Energy Policy
Columbia University



Outlook for global GDP in light of the US Fed comments last week?

For the first time in a long time, we are in a position to see some sort of trajectory ahead because we have US and European GDP outlook numbers and also purchasing power and expectation indices from China. We should however remember that these big three economic blocs start from very different initial positions. In the US, we had a severe decline (almost 4%) in 2020, which is now being compensated for. The 6.5% projected growth rate expected for this year is a little lower than the Fed's 7% but very close and the gap will likely be made up when supply bottlenecks open. China never had a decline, just a slowdown in growth, so it's waiting to go back to previous rates. Its purchasing power indices are close to 50% - if they were under that, it would be an indicator of an expected recession. Export and service orders and growth rates are also below what China would have aspired to. And finally in Europe, we had a double dip in growth - first in 2020 and then again at the turn of 2021 - and now quarterly growth is in the 2% range so it's still crawling out of the hole, slowly and evenly.

Anything to keep an eye on in the week ahead?

We are expecting more growth numbers to come in for some developing countries and we will also be looking at the vaccination situation very keenly. It's not such a simple picture. Europe and the US now seem to have a willingness to open their economies no matter what happens to Covid case rates because hospitalization and fatality rates are going down so much. On the other hand, we still have a slow vaccination rate in Asia and that may have something to do with the relative effectiveness of the Chinese medicine. But all in all, we are seeing the end of the pandemic in the sense that we are learning how to live with it without major clampdowns. We're seeing the beginning of that now and don't anticipate the same kind of winter which we had last year. ■

**Paraphrased comments*

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