

# ENERGY MARKETS FORUM DAILY BULLETIN



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TUESDAY /// MARCH 30<sup>th</sup> /// 2021

## TOP 10 DAILY NEWS DIGEST

1. OIL PRICES SLIP AS FOCUS SWITCHES FROM SUEZ BLOCKAGE TO OPEC+ SUPPLY POLICY
2. RUSSIA SUPPORTS OPEC+ OIL OUTPUT ROLLOVER TO MAY
3. DOLLAR HITS 1 YEAR HIGH VS YEN AS INFLATION WORRIES LIFT YIELDS
4. SAUDI WANTS OPEC+ TO EXTEND OIL CUTS INTO MAY-JUNE
5. SHIP BACKLOGS FROM SUEZ CHAOS COULD TAKE MONTHS TO CLEAR
6. CHINA'S IRAN OIL IMPORTS SEEN HITTING NEW HIGH IN MARCH
7. TOTAL AGREES TO INVEST IN GIANT ENERGY PROJECTS IN IRAQ
8. PHILIPPINES TO INCREASE NUMBER OF VESSELS DISPUTED WHITSUN REEF
9. AMERICAN AIRLINES SAYS TRAVEL BOOKINGS HAVE RECOVERED TO 90%
10. "A TICKING TIME BOMB": HOW FSO SAFER BECAME A 'BARGAINING TOOL' FOR HOUTHIS

### RECOMMENDED VIDEOS & REPORT

- WHY CHINA IS FINALLY VACCINATING ITS ELDERLY POPULATION
- PLAN TO LIFT RETIREMENT AGE STOKES 'FEAR' IN RAPIDLY GREYING CHINA
- THE QUAD DOES NOT SERVE INDIA'S SECURITY INTERESTS
- TARGET MARKET FOR US LNG IS ASIA

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## DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST

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**Leo Tameeris**  
Chief Executive Officer  
NRG Global



**Rustin Edwards**  
Head, Fuel Oil Procurement  
Euronav NV



**James McCallum**  
Executive Chairman of Xergy  
Professor of Energy at Strathclyde  
University

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## DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE

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# TOP 3

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# TAKEAWAYS

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## DAILY OIL COMMENTARY

### FX

It was a choppy but narrow day of trading for most FX markets overnight. In the end the dollar managed to eke out gains of 0.2% on the DXY index, closing out at 92.944 with the Euro and Yen providing much of the gains. EURUSD fell 0.25% to 1.1765 while USDJPY rose 0.16% to push closer to 110. Sterling started the day off strongly as one of the few gainers against the dollar but then gave back those gains later in the trading session and ended up down 0.2% at 1.3762. Commodity currencies recorded moderate declines with USDCAD rising 0.11%, AUDUSD down 0.05% and NZDUSD essentially flat.

### Equities

Despite the collapse of the Archegos Capital hedge fund, US equity indices were comparatively unscathed at the close yesterday, even as some individual banking and financial services stocks took a more pronounced hit. The NASDAQ lost -0.6% but the S&P 500 closed down only

0.1% and the Dow Jones gained 0.3% on the day. Having lagged last year, a stock rotation has seen the blue chip index become the fastest growing of the three major US indices this year, and is now up 8.4% ytd compared to the S&P's 5.7% and the NASDAQ's 1.3%. In Europe, the FTSE 100 closed down -0.1% but on the continent, equity indices started the week on the front foot. The European composite STOXX 600 gained 0.2%, but the CAC and the DAX both ended the day 0.5% higher. It was a similar story in Asia, where the Shanghai Composite gained 0.5% and the Nikkei 0.7%. In early morning trading today the Nikkei is flat at the time of writing, but the Shanghai Composite has added another 0.4%.

### Commodities

Oil prices initially sank on news that the Suez Canal had reopened, allowing free flow of tankers and container ships through the canal.

However, focus now shifts to the OPEC+ meeting later this week with expectations that the producers' bloc will either rollover their existing production cuts or potentially even deepen them further. Brent futures added 0.6%, to settle just shy of \$65/bl. WTI added 1%, to close at \$61.56/bl. Market structures have been tentatively re-strengthening with backwardation at the front both the Brent and WTI curve widening overnight across time spreads. ICE Murban futures settled at \$63.90/bl in their first day of trading. Trading volume will be the key to establishing Murban as a successful benchmark for MENA crude which could provide importers with a more accurate benchmark for grades shipped into Asia in particular.

Source: Emirates NBD

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### Christof Rühl

Senior Research Scholar - Center on Global Energy Policy  
Columbia University



### Is the Suez Canal issue bullish for oil markets?

Most of the oil which flows across Europe, the Middle East and Asia does not need the Suez Canal and Caspian oil mostly uses pipelines. Suez only accounts for 4% percent of water bound crude and 9% of total oil including refined products. The blockage will be costly and trigger some relocation of ships, but it can eventually be surmounted.

### What's the expected outcome from the OPEC meeting this week?

They will likely rollover the existing cuts but whether Saudi will retain its extra voluntary cut volumes is a question. OPEC has been managing the situation by holding most of the spare capacity but China for example has piled up huge inventories so it can counter any potential price spikes using some of these reserves. And we also have US shale capacity.

### At what point does OPEC have to pay attention to US shale again?

They have already been doing that and this is really their ultimate dilemma. OPEC is placing a huge bet on demand recovery, but demand is fragile and prices are today high enough for shale to be economic. I expect the US rig count and production to rise. To cancel that out, OPEC's hammer will have to get bigger and bigger but it's hard to know what its strategic end game will be. The US on its' part is not really looking at OPEC anymore. The shale industry is being restructured and getting its finances in order, but shale is a technology and therefore it will never die. It's just a matter of when and how it comes back. ■

*\*Paraphrased comments*

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