

# ENERGY MARKETS FORUM DAILY BULLETIN

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WEDNESDAY /// APRIL 7<sup>th</sup> /// 2021

## TOP 10 DAILY NEWS DIGEST

1. OIL PRICES RISE ON STRONGER ECONOMIC OUTLOOK, US STOCKPILE DRAW
2. OMAN OIL EXPORTS STAGE STRONG REBOUND IN MARCH
3. US JOB OPENINGS JUMP TO TWO-YEAR HIGH IN BOOST TO LABOR MARKET
4. MORE CRUDE TO CHINA HELPED VENEZUELA MAINTAIN EXPORTS IN MARCH
5. US CRUDE OUTPUT TO DECLINE MORE THAN PREVIOUSLY FORECAST IN 2021
6. ATLANTIC BASIN MARGINS RISE ON HIGHER GASOLINE CRACKS
7. THEODORE ROOSEVELT CARRIER STRIKE GROUP RETURNS TO SOUTH CHINA SEA
8. IRAN NUCLEAR DEAL TALKS 'CONSTRUCTIVE'
9. IMF SEES STRONGER GLOBAL GROWTH AS SOME COVID CLOUDS BEGIN TO CLEAR
10. IRAN BEGINS MECHANICAL TEST OF NEW ADVANCED CENTRIFUGE

### RECOMMENDED VIDEOS & REPORT

- NUCLEAR, COAL, OIL JOBS PAY MORE THAN THOSE IN WIND, SOLAR
- CHINA VACCINATION ROLL OUT FALLS BEHIND OTHER COUNTRIES
- AUSTRALIAN COAL BAN 'PAVES THE WAY' FOR US TO FILL CHINA'S VOID
- LAUNCH OF NEW MURBAN OIL FUTURES CONTRACT

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NEW SILK ROAD LIVE PODCAST

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TOP 3

WEDNESDAY /// APRIL 7<sup>th</sup>

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## DAILY OIL COMMENTARY

**FX**

It was another day of dollar selling overnight although the performance was more mixed across currency pairs. The broad DXY index fell by 0.28% to 92.335 with most of the losses coming from higher EURUSD—up 0.5% to 1.1876—and lower USDJPY—settling at 109.75, down 0.4%. The recent dip in UST yields may be dimming the near-term outlook for the dollar although we still are of the view that strong growth in the US economy will allow the dollar to outperform both EUR and JPY. Sterling was a notable underperformer with GBPUSD down 0.55% at 1.3824. Expectations of more easing of travel restrictions have been pushed back while UK policymakers continue to warn about the possibility of a jump in Covid-19 cases as restrictions ease this month. CAD was the main loser among commodity currencies, weakening by 0.3% against the USD while AUD added about 0.2% and the NZD was unchanged.

**Equities**

US equity markets were fairly muted after the records hit on Monday, with all three major indices closing marginally lower. The Dow Jones and the S&P 500 lost -0.3% and -0.1% respectively, while the NASDAQ closed down shy of -0.1%. After being closed on Monday, European equities started the week on a positive note, with the UK in particular seeing strong gains as the FTSE 100 gained 1.3% and the FTSE 250 regaining pre-pandemic levels. Leisure and hospitality firms did especially well on the back of the plans to ease lockdown. On the continent, the CAC gained 0.5% and the DAX 0.7%. Within the region the DFM closed flat yesterday, while the Tadawul gained 0.2%. In Egypt, the EGX 30 closed 0.1% higher.

**Commodities**

Oil prices managed to slip in a gain of around 1% overnight across Brent, WTI and Murban markets, bolstered by stronger global growth forecast from the IMF. The EIA lowered its forecast for US supply this year to 11.04mn b/d compared with 11.15mn b/d previously. The lower pace takes into account the effects of cold weather in February which shut in considerable parts of US production. Elsewhere the API reported a drop in US crude stocks of 2.6mn bbl last week along with a 4.5mn bbl in gasoline inventories. The EIA data covering inventories will be released later this evening.

Source: Emirates NBD

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Helima Croft

Managing Director &  
Global Head of Commodity Strategy  
RBC Capital Markets



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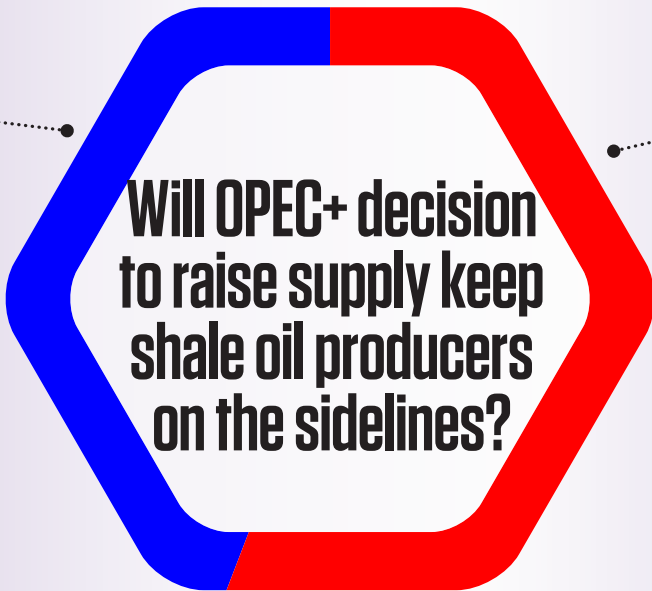


DAILY ENERGY MARKETS FORUM  
INDUSTRY SURVEY



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44%  
No



56%  
Yes

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**Robin Mills**  
**Chief Executive Officer**  
**Qamar Energy**



### Any surprises from last week's OPEC decision?

The phasing out plan was more aggressive than most had expected. Market reaction has been conflicted, initially with prices rising, then falling, then rising again on a generally stronger demand picture. And the latter is what is most important – a few hundred thousand barrels a day of production, plus or minus, is not. OPEC is forecasting 5.6 million bd of demand coming back this year; if that is a million less or a million more, that's a huge difference and more than anything OPEC is likely to do.

### What forces guided the decision last week?

It was becoming increasingly inevitable and unsustainable to maintain the status quo because some members were pushing for higher output and OPEC, Saudi Arabia in particular, got tired of giving Russia leeway and nobody else. The phased sequence of easing means everybody gets the same percentage share back over the next three months. The Saudis themselves will also be able to scale back on their one million barrels voluntary cut anytime according to the plan.

### Expectations for the Iran and Security Council talks this week?

It's going to be a tough set of negotiations. The US has been surprisingly hesitant to come back to the table with some in the Biden administration lobbying for more concessions from Iran and the Iranians have strongly resisted that so far. We also have Iranian elections coming up soon, the result of which may not be constructive for future negotiations. It will take the rest of this year at least before we get the JCPOA back plus giving Iran something in return. We could see some waivers in the interim, such as allowing the Iranians again to sell oil to South Korea, Japan and India, as they supposedly did under Obama, but that remains to be seen. ■

*\*Paraphrased comments*

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