

MONDAY /// APRIL 11th

TOP 10 DAILY NEWS DIGEST

1. OIL PRICES EDGE LOWER IN EARLY TRADING
2. CHINA'S INFLATION (PPI AND CPI) RISE FASTER THAN EXPECTED IN MARCH
3. RYSTAD: GLOBAL ENERGY SPENDING SET TO HIT \$2.1TRN IN 2022
4. POLL-US DOLLAR TO STAY DOMINANT SO LONG AS FED STAYS HAWKISH
5. KEMP: US GAS STORAGE EMPTIED BY EXPORTS TO EUROPE AND ASIA
6. US RIG COUNT JUMPS BY 16 TO 689 RIGS
7. IRAQ CAN ENSURE OIL EXPORTS OF MORE THAN 3.3MN/BD FROM SOUTHERN TERMINALS
8. UKRAINE CALLS ON COMMODITY TRADERS TO STOP HANDLING RUSSIAN OIL
9. MOST AMERICANS BLAME PUTIN AND OIL COMPANIES FOR HIGHER GAS PRICES
10. BIDEN WILL SPEAK TO INDIA'S MODI AS US WARNS INDIA ON IMPORTS OF RUSSIAN ENERGY

RECOMMENDED REPORTS

- WORLD BANK GROUP: WAR IN THE REGION – EUROPE AND CENTRAL ASIA ECONOMIC UPDATE
- ASIA WARY AHEAD OF ECB MEETING, US INFLATION DATA
- INDONESIA-US WAR GAMES TO INCLUDE 14 COUNTRIES
- US TELLS CITIZENS “DO NOT TRAVEL” TO SHANGHAI, HONG KONG DUE TO COVID RESTRICTIONS
- WAR TO SLASH UKRAINE'S GDP OUTPUT BY OVER 45%, WORLD BANK FORECASTS
- FRANCE'S MACRON TO FACE FAR-RIGHT RIVAL LE PEN IN PRESIDENTIAL ELECTION RUNOFF
- UKRAINE ECONOMY SEEN BEING SLASHED IN HALF; AUSTRIAN LEADER WILL MEET PUTIN IN MOSCOW ON MONDAY



Daily Energy Markets PODCAST



Omar Najia
Global Head, Derivatives
BB Energy



Neil Atkinson
Former Head of Oil Markets
Division
International Energy Agency



Bora Bariman
Managing Partner
Hormuz Straits Partnership

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Daily Energy Markets TOP 3 TAKEAWAYS



TOP 3

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TAKEAWAYS

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COMMENTARY

Brent is trading this morning at \$100.75, down \$2.03 and WTI is \$96.13, down \$2.13. It has been over a month since Russia's "special military operation" started in Ukraine. Since the 28th February, Brent has traded above \$100 per barrel apart from two days when most people took some sizeable profit. We have traded up to a high of \$139.13 and many in the market could actually justify the \$150 oil argument. Now, since that high, the market has slowly ground its way down and right now, we are sitting on the precipice of \$100 Brent. I know what you're all thinking - why



BY MATT STANLEY
DIRECTOR
STAR FUELS

oil has come off over the last couple of weeks when the issues that caused it to rally up to \$140 are still very much there. This is a good question, so let's break it down. The threat that certain countries who wholeheartedly rely on Russian energy will

ban importing them, is starting to wane. Indeed, President Biden is flying to India today to discuss this issue. India has bought at least 13 million barrels of Russian crude oil since the country invaded Ukraine in late February. That compared with some 16 million barrels for the whole of last year, data compiled by Reuters shows. Here's the thing with this potential issue - India is the third biggest oil importer in the world and of course when they are being shown discounts of say \$35 per barrel, then they will look at what is the cheapest form of supply. So Russian oil is still flowing. The

second reason is Covid in China which is having an effect on demand and the market is spooked by it. The third reason is the huge SPR release announced by the US and the IEA. Now if I'm honest, I don't really understand why flat price would come off as much as it has based on the 3rd point - structure has come off - this I can rationalize, as the releases are putting less pressure on prompt supply. But, knowing traders as I do, I would take these releases as a bullish signal as ultimately it means those SPRs need replenishing. Let's see if Brent can hold on to \$100.

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Daily Energy Markets VIEWS YOU CAN USE



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Maleeha Bengali

Founder

MB Commodity Corner



Where does Asian oil demand go with rampant inflation across the board?

We have been so focused on the oil supply side, so not many people are able to construct a framework of demand destruction going forward. We do see the rate of change of demand on the four-week moving average basis, falling. We're already seeing some signs of this and by the time demand destruction is entrenched, oil prices will have corrected by 30%. We also have the US SPR release adding about one million bd to the market at a time when Russian exports have not dropped by that amount, and with OPEC supply picking up, market balances will tip slightly into surplus going forward, but demand will remain the key factor.

Will Russian supply disruption or Asian demand destruction win in Q2?

On balance, we see demand taking the oil price a bit softer in the near to medium term. The next one or two months are a bit more precarious as Russian oil has so far been rerouted away from Europe into China and India, so the net loss has not been felt.

Are US equity markets ignoring the more aggressive Fed tightening cycle?

Equity markets have been very complacent but the elevated volatility in the cross-asset market will filter through at some point. I don't think the equity markets have priced in how strongly committed the Fed is right now. The Fed will keep going until either equity markets fall by 10 or 20 percent or until the financial system collapses. We don't think we will get close to 3-4% interest rates because the markets can't take more than a 2% increase, but the Fed will keep on its path until they get the right number for inflation or until something changes or snaps.

How is this monetary policy shift structurally affecting the global economy?

A generation of traders have got used to trading the wall of deflation, with lower rates and rising equity prices and every time the Fed has raised rates, something has snapped. The system has got so much debt over many years of this MMT experiment. At the same time, it cannot handle higher interest rates over a very long period of time. The 'global reset' could be this year or two years from now, but they have to get asset prices lower - it's the only way to grow consistently going forward. ■

*Paraphrased Comments

Daily Energy Markets



Mashreq 60-SECOND SOUNDBITE

Neil Atkinson

Former Head of Oil Markets Division
International Energy Agency

*"Oil Market is still
Floundering Around trying
to Understand the Supply
Ramifications from the
Russia-Ukraine War"*

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Mashreq 60-SECOND SOUNDBITE

Bora Bariman

Managing Partner
Hormuz Straits Partnership

*"FED is Very Sensitive to
Criticism that they Have
Lost Control!"*

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Daily Energy Markets INDUSTRY SURVEY



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53%
Energy Price

47%
Food Prices



Source: GI Research April 2022

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Daily Energy Markets LIVE VIDEO PODCAST



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TUESDAY /// APRIL 12th /// 10:30AM (UAE)

TURKEY



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Group CEO
Global Resources Partnership
Chairman, London Energy Club

SINGAPORE



Vandana Hari

Founder & CEO
Vanda Insights

CHINA



Albert Stromquist

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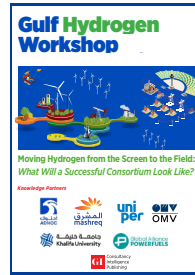
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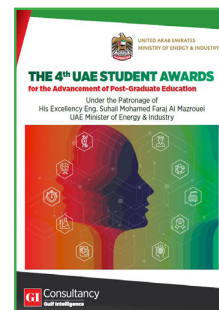
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