

ENERGY MARKETS FORUM DAILY BULLETIN



Consultancy
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MONDAY /// MAY 10th /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL RISES 1% AFTER CYBER ATTACK FORCES CLOSURE OF US FUEL 'JUGULAR' PIPELINE
2. US WORKING TO AID TOP FUEL PIPELINE OPERATOR AFTER CYBERATTACK
3. DOLLAR LICKS WOUNDS AFTER PAYROLLS SHOCK
4. US SETS ANOTHER PANDEMIC-ERA RECORD AS TRAVEL REBOUNDS
5. BANKING IS CENTER STAGE AS IRAN SEEKS NUCLEAR DEAL THAT DELIVERS
6. US PETROLEUM STOCKPILES NORMALISE AFTER PANDEMIC SURGE
7. FOREIGN DIPLOMATS LEAVE INDIA AS COVID-19 SURGE HITS EMBASSIES
8. ADNOC INVITES BANKS TO PITCH FOR BOOKRUNNER ROLES FOR DRILLING
9. US VALERO CHARTERS TANKER FOR GULF COAST STORAGE
10. US PASSES EMERGENCY WAIVER OVER FUEL PIPELINE CYBER-ATTACK

RECOMMENDED VIDEOS & REPORTS

- COMMODITIES DEMAND 'EXTRAORDINARILY STRONG' GLOBALLY, TRAFIGURA SAYS
- CHINA, INDONESIA HOLD JOINT NAVAL EXERCISES NEAR JAKARTA
- BRITISH ROYAL MARINES TRAINING EXERCISES WEARING GRAVITY INDUSTRIES' JET SUITS
- INDIA'S PRIME MINISTER FACING MOUNTING PRESSURE TO IMPOSE NATIONAL LOCKDOWN
- OIL MAJORS WON'T BE RETURNING TO EAST MED ANYTIME SOON

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST



Edward Bell
Senior Director, Market
Economics
Emirates NBD



Sara Akbar
Chairperson & CEO, OILSERV, Kuwait
& Non-Executive Director, Petrofac



Omar Najia
Global Head, Derivatives
BB Energy

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE

TOP 3

MONDAY /// MAY 10th

TAKEAWAYS

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DAILY OIL COMMENTARY

Morning all and welcome to another Monday. Brent is trading this morning at \$68.89/bl, up 0.61/bl. WTI is trading at \$65.43/bl, up 0.53/bl. First of all, GOOD NEWS! The Faroe Islands has been placed on the UK green list. Excellent. Finally, that long awaited all-inclusive beach resort holiday every Brit has been dreaming of can happen. Except it can't. Because the Faroe Islands is so windy that you'll forever have an earache, and the beach has all been blown away. Fear not though! St Helena is on the list! Yessss. What's that? One flight every five weeks? Oh, OK. I mean this is funny but actually, it really isn't. I



BY MATT STANLEY
DIRECTOR
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was gutted to hear the news regarding travel red lists from Grant Shafts last week, or whatever this name is. And I am not alone. Families are being kept apart but

apart from the personal emotion; I also have to say that it doesn't bode particularly well for that H2 demand rebound so many forecasted. Domestic tourism? Yes. International? I think it's fairly safe to say that can have been well and truly kicked into Q4. I have to say that the flurry of disappointing economic news is somewhat overwhelming right now. Lockdowns and quarantines in certain areas are still heavily enforced and if we take Friday's US Non-Farm payroll data as an example of optimism versus reality, then forecasts of 1mn new jobs versus 266,000 actual ones created is

about as real as it gets. Market reaction? Well of course we went up. Duhh. Because, like I've been saying, bad news is good news. It means more free money and a general hope that interest rates won't be adjusted for another couple of months. So, let me get this right. Bad news is good news yet when good news comes out then that's good too? Hmm. Strange. A bit like how I've never ever met anyone who has been a seller of Bitcoin. Just don't ask Elon. He'll probably use it as the opening line on his next Saturday Night Live appearance. Could the world get any weirder? Don't answer that. Good day, and week to all.

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Christof Rühl

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Is the argument against the stimulus growing at all because of inflation?

We are seeing the beginning of inflation, but it has more to do with bottlenecks. There is a difference between inflation as a general increase of the price level feeding into itself and shifts in relative prices such as what we're seeing in lumber, driven by the US housing boom. That has been more directly linked to monetary policy. The supply disruptions we are seeing today are coming from the onset of general excess demand coming out of the pandemic and the unprecedented spending by governments in many countries, particularly in the US. The demand wave is hitting an economy which had no investments for two years so it will be overwhelming and will drive prices up.

Are oil markets being impacted by inflationary worries?

When people are worried about inflation, they traditionally hedge with real estate, commodities and precious metals. Oil has not been very popular as an inflation hedge because it's so much more subject to political decision. We have today a center of gravity, which is somewhere between \$60 and \$65, being defined by OPEC's willingness and ability to hold the line and by the slowness of shale and other producers' return to the market. We should see that continuing - the world is too choppy right now for anyone to derail it by big experiments. There are also big divisions in growth rates between countries. While that won't dent aggregate global growth numbers, it will keep the rich countries on their toes in terms of any further virus resurgence emanating from poorer countries such as Brazil or South Africa. So, expect a very confused discussion, at least until the picture of the virus and bottlenecks becomes clearer over the summer. ■

**Paraphrased comments*

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