

ENERGY MARKETS FORUM DAILY BULLETIN



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THURSDAY /// APRIL 1st /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL GAINS AHEAD OF OPEC+ MEETING ON OUTPUT POLICY
2. BIDEN ROLLS OUT \$2.3TRN INFRASTRUCTURE PLAN
3. SAUDI & IRAQ KEEN TO ACCELERATE RESTORATION OF BALANCE TO OIL MARKETS
4. US CRUDE OIL INVENTORY DRAWS RESUME AS REFINERY DEMAND SURGES
5. US DOMESTIC LEISURE TRAVEL DEMAND BACK TO PRE-PANDEMIC LEVELS
6. CHINA'S MARCH FACTORY ACTIVITY GROWTH LOWEST IN ALMOST A YEAR
7. PROLONGED OPEC+ OUTPUT CUTS WILL CONFIRM BEARISH OUTLOOK
8. ELECTRICITY TARIFF IN SINGAPORE TO RISE BY 8.7% FOR APRIL TO JUNE
9. G7 TRADE MINISTERS TAKE AIM AT CHINA OVER 'HARMFUL INDUSTRIAL SUBSIDIES'
10. SCOTT TISSUE MAKER HIKES TOILET PAPER PRICES AMID RISING COMMODITY COSTS

RECOMMENDED VIDEOS & REPORT

- CHINA'S MEGA-REFINERIES ARE THROTTLING OTHER ASIA OIL PROCESSORS
- FRANCE ORDERS SCHOOLS CLOSED, WIDENS COVID-19 RESTRICTIONS
- IRISH JOURNALIST LEAVES CHINA AFTER RISE IN SURVEILLANCE
- OIL & GAS MAJORS MUST SHIFT FIDUCIARY FOCUS
- LAUNCH OF NEW MURBAN OIL FUTURES CONTRACT

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST



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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE

TOP 3

THURSDAY /// APRIL 1st

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DAILY OIL COMMENTARY

FX

Dollar weakness took hold from the middle of the session onward overnight as risk appetite took hold of markets. The DXY index slipped to 93.232, a marginal decline of 0.07%. EURUSD snapped a few days of losses to gain 0.1% and close out at 1.173 while GBPUSD also ended the day higher, gaining 0.3% to settle at 1.3783. USDCAD was the outperformer in the commodity currency space with the pair dropping by almost 0.6% to 1.2562, bolstered by better than expected GDP data for the start of the year. Both the antipodean currencies appreciated against the USD but only marginally.

Equities

The S&P 500 and the NASDAQ were some of the only gainers among the major global equity indices yesterday. Bolstered by President Biden's infrastructure spending plans, the indices gained 0.4% and 1.5%, while the Dow Jones slipped -0.3%. S&P futures are edging higher still this morning, as are the major Asian indices, most of which also saw losses yesterday. The Shanghai Composite closed down -0.4% and the Nikkei -0.9%, but these are currently trading up 0.3% and 1.2% respectively. In Europe, the FTSE 100 lost -0.9% yesterday, with the poorly received Deliveroo IPO weighing on sentiment generally. The benchmark UK index closed the quarter up 3.9% nevertheless.

Commodities

Oil prices sold off ahead of today's OPEC+ meeting. Brent futures fell 0.9% to close at \$63.54/bbl, WTI saw an outsized drop of 2.3% to settle at \$59.16/bbl while Murban closed down 2.2% at \$61.71/bbl. We are anticipating a roll over of OPEC+'s existing production levels at today's meeting but won't rule out a surprise deeper cut provided by Saudi Arabia. Inventory data from the US EIA showed a modest draw in crude stocks last week, just 876k bbl along with a 1.7mn bbl drop in gasoline inventories. Crude production was up by 100k b/d to 11.1mn b/d, its highest level so far this year, while product supplied was up by a strong 1.6mn b/d to 20.3mn b/d.

Source: Emirates NBD

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What are we expecting from the OPEC meeting on April 1?

At the Joint Technical Committee meeting earlier this week, delegates expressed caution about the uncertainties that remain in the market and about price volatility. That creates momentum for keeping the status quo on output. It's still not clear if Russia and Kazakhstan and others are going to ask for any exemptions to increase supply. Russia has expressed that the existing increase they have secured isn't enough to meet domestic demand. OPEC plus members are aligned that they need to continue managing the market and if that means exemptions, then that may have to happen. Any consideration of deepening cuts would again have to come from the bigger players. However, the group should look at the compliance numbers – many countries are still struggling to achieve 100% and haven't even submitted compensation plans for the extra production.

So, no surprises expected tomorrow?

They always tend to have something extra for the market. Saudi's one million barrels voluntary cut ends in April so there's a possibility of that being extended further and it's possible the agreed overall cuts could be extended for more than a month. On the demand side, OPEC growth estimates have again been revised downwards, from 5.9 million barrels to 5.6 million, mainly it seems on the request of Algeria which is pushing for higher prices as it's unable to ramp up production as fast as other countries.

Is OPEC still using five-year average inventory figures as a destination point?

It's still one of the factors that the group looks at, but price volatility is now a major concern as is the fact that geopolitical risk is not impacting prices as much as it used to. ■

**Paraphrased comments*

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