

# ENERGY MARKETS FORUM DAILY BULLETIN



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SUNDAY /// MAY 23<sup>rd</sup> /// 2021

## DAILY OIL COMMENTARY



### “OPEC+ MAY STRUGGLE TO FIND SPACE FOR IRANIAN OIL IF DEMAND REMAINS UNCERTAIN”

**Amena Bakr, Chief OPEC Correspondent, Energy Intelligence**

Oil markets were impacted massively by the coronavirus pandemic last year and this has continued to be the main trigger binding the OPEC+ group together on policy. OPEC and its partners realized last year that if they did not

cut production, prices would remain depressed - something they could not afford. Still, there are vulnerabilities and differing opinions within the group today. The obvious one is continued compliance. The compensation strategy for those who have not been able to comply fully has not worked as well as the Saudis were hoping. Secondly, Russia still has an understanding that the deal or its participation in the group is temporary; it's only going to participate when it aligns with its own interests. That may cause conflict in the near future.

The return of Iranian barrels could be another sticking point; I don't see any of the Arab Gulf states willing to make space for Iranian barrels for many reasons, including political. And while Russia and Iran may have a close alliance, it's not clear that the former would be willing to sacrifice some of its market share or its supply to its domestic market. Nevertheless, the Iranians seem very confident that they can ramp up production quickly and they're adamant on not having an output quota until they've reached

pre-sanction levels. That would probably be understood and accepted within the group. At the same time, it's also to Iran's advantage for prices to remain supported, so we could see an informal agreement between the parties for a gradual, managed supply increase when the time comes. Meanwhile, the OPEC Secretariat continues to closely monitor Iranian exports, which have been ramping up at several ports in the region for the last few months.

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**Maleeha Bengali**  
Founder  
MB Commodity Corner



**Christof Rühl**  
Senior Research Scholar  
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Columbia 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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## TOP 10 DAILY NEWS DIGEST

1. OIL SEES BIGGEST WEEKLY DROP SINCE MARCH ON PROSPECT OF IRAN DEAL
2. WHAT'S HAPPENING WITH INDUSTRIAL COMMODITY PRICES IN CHINA?
3. SAUDI BEATS RUSSIA AGAIN TO TOP CHINESE OIL SUPPLIER SPOT
4. US DETAILS SANCTIONS AGAINST NORD STREAM 2 SHIPS
5. RIG ADDITIONS IN US TOP 100 FOR 2021
6. CHINA'S LNG IMPORTS FROM AUSTRALIA HIT RECORD HIGH IN APRIL
7. FLASH US PMI POINTS TO 'SPECTACULAR ACCELERATION OF GROWTH' IN MAY
8. RISK OF GREATER ENERGY MARKET VOLATILITY IN WAKE OF COVID PANDEMIC
9. AS IRAN EYES END OF OIL EXPORT SANCTIONS, WILL FORMER ASIA CLIENTS BUY?
10. REOPENING ECONOMIES DRIVE OIL DEMAND HIGHER

### RECOMMENDED VIDEOS & REPORTS

- BITCOIN WANTS THE OIL INDUSTRY'S FLARED GAS
- COLONIAL PIPELINE CYBERATTACK WAS A WAKE-UP CALL, US OFFICIAL SAYS
- NIGERIA'S OIL EXPORTS DROP IN MAY ON LOADING DELAYS
- AMEX REPORT: BUSINESS TRAVELERS EAGER TO GET BACK ON THE ROAD
- BIG EU STATES WARM TO US PROPOSAL FOR MINIMUM CORPORATE TAX RATE OF AT LEAST 15%

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**Christof Rühl**  
Senior Research Scholar -  
Center on Global Energy Policy  
Columbia University

**"Will the FED Mismanage  
the Inflation Threat?"**

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## ENERGY MARKETS FORUM Consultancy Intelligence Publishing EXCLUSIVE 60 SECOND SOUNDBITES

**Maleeha Bengali**  
Founder  
MB Commodity Corner

**"Oil Markets Running  
Out of Momentum!"**

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**Mike McGlone**  
Senior Commodity Strategist  
Bloomberg Intelligence



#### Your view on the influence of funds on the current market?

It's not that extreme. What's really inching up is commercial hedging, which you would expect, as looking out at the curve ahead, participants can lock in and make money. But as far as managed money or hedge funds are concerned, they've bumped up the upper end of range but it's not so strong as to make a real difference. The smart commodity investors are going into metals.

#### Is there an end to this commodities rally?

There's so much dependance on things continuing to do what they have been in this very unique aberration in history. One of the biggest issues with commodities, certainly in the last 10 years, is elasticity of supply and demand elasticity doesn't matter much anymore as everything's switching to be more energy efficient. We see this evidently today in corn production for example and let's not forget the general transition to EVs. Commodities are being driven up by the stock market - we're just following the printing of lots of money.

#### How are excessive welfare benefits impacting forward stimulus policy?

I think further stimulus will lay low for a while. It needs another catalyst to really kick in because the Republicans are pushing back hard and it's also coinciding with higher taxes. The key catalyst would be if the stock market drops - the financial market will then come back in and support it. ■

*\*Paraphrased comments*

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