

ENERGY MARKETS FORUM DAILY BULLETIN



Consultancy
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MONDAY /// MAY 31st /// 2021

TOP 10 DAILY NEWS DIGEST

1. **OIL PRICES STAY FIRM AS DEMAND TO OUTSTRIP SUPPLY IN H2**
2. **OUTSIDE OPEC+ OIL GROWTH STALLS**
3. **TRAVEL NUMBERS CLIMB AS AMERICANS HIT THE ROAD**
4. **IRAN TRANSFERS OIL FROM PIPELINE SKIRTING TROUBLED STRAIT**
5. **CALIFORNIA'S MASSIVE CONTAINER-SHIP TRAFFIC JAM IS STILL JAMMED**
6. **SAUDI COMMITTED TO MEET INDIA'S CRUDE OIL REQUIREMENT**
7. **TURKEY RESUMES SENDING MERCENARIES TO LIBYA**
8. **CHINA'S FACTORY ACTIVITY SLOWS SLIGHTLY AS RAW MATERIALS COSTS SURGE**
9. **FRENCH OIL GIANT TOTAL REBRANDS IN SHIFT TO RENEWABLES**
10. **CHINA'S VACCINATION SURGE COULD ACCELERATE ASIAN RECOVERY FROM COVID**

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RECOMMENDED VIDEOS & REPORTS

- **TSA CHECKPOINT TRAVEL NUMBERS**
- **WHY CHINESE MILLENNIALS ARE CHOOSING NOT TO HAVE KIDS**
- **DENMARK HELPED US GATHER DATA ON EUROPEAN OFFICIALS**
- **CHINA IS HEADING INTO AN ECONOMIC PERFECT STORM**
- **US-IRAN UNLIKELY TO REACH DEAL BEFORE IRANIAN ELECTION!**

DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST



Omar Najia
Global Head, Derivatives
BB Energy



Laury Haytayan
MENA Director
Natural Resource Governance
Institute



Randall Mohammed
Former VP, Energy Solutions
Ahart Solutions International

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE

TOP 3

MONDAY /// MAY 31st

TAKEAWAYS

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DAILY OIL COMMENTARY

Morning, I hope a good weekend was had by all. One that is carrying on for today if you're in the US or UK. Brent is trading this morning up 0.53/bl, at \$69.25/bl. WTI is trading at \$66.89/bl, up 0.57/bl. Like Boris Johnson's wedding, I'll keep today low key. Congrats to the happy couple by the way. I wonder if he went to get his hair cut before the wedding and the barber just said, "sorry mate, no chance with this mop." Anywayyyyyy oil. We have opened up positive in the oil markets today, of course we have. Because



BY MATT STANLEY
DIRECTOR
STAR FUELS

the pandemic is over, and everything is getting back to normal. Look, I'm going to add the same caveat in there regarding sounding negative, and I'm not, I'm

just being realistic. The way I see it, say you have a big family Christmas dinner planned, you know one of those big Bronze Turkeys and some flashy Fortnum's Cranberry sauce. Then your favorite Aunt and Uncle have to cancel on Christmas morning because they're not feeling well. It's not the same. And I can't join in this bullish global economic argument when I'm reading about total lockdowns in Malaysia, Japan extending restrictions, and daily reported deaths in India are still 3,500. Things are getting better; I give you

that, but there are still pockets of disruption and sizable ones as well as this godforsaken virus ever mutating. The longer this continues the bumpier the path to recovery will be. This week is an important one for oil. OPEC+ meet tomorrow and the consensus is that more oil will return to the market. Then we have Non-Farm payrolls on Friday, again a bullish consensus. Because forecasters are always right, right? Am I right? I'm right, right? See, told you it would be low key. Good day, and week to all.

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ENERGY MARKETS FORUM Consultancy Intelligence Publishing EXCLUSIVE 60 SECOND SOUNDBITES

Laury Haytayan
MENA Director
Natural Resource
Governance Institute



**“What will OPEC+
Do Next?”**

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ENERGY MARKETS FORUM Consultancy Intelligence Publishing EXCLUSIVE 60 SECOND SOUNDBITES

Randall Mohammed
Former VP, Energy Solutions
Ahart Solutions International



**“US is Vaccinating
Economy Back to
Normal”**

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EXCLUSIVE SERIES VIEWS YOU CAN USE

John Defterios
Former - Emerging Markets Editor &
Anchor, CNN



There's a lot of wind in the sails of this oil market at the moment?

It's a commodity demand driven push at this stage. WTI and Brent have been hovering around \$68 a barrel, the rig count in the US continues to go up and lumber prices are surging on the back of low interest rates in the US. Biden's budget plan of over \$6trn keeps interest rates low and the Federal Reserve accommodative. There's going to be plenty of liquidity. We will have a short-term burst in pent up demand, but oil is unlikely to go much above \$70 because US production is starting to rise alongside it. That balance is always going to be the challenge for OPEC.

Should OPEC indicate what it plans beyond July at this week's mtg?

There's no benefit to OPEC in unveiling those cards just yet because of the uncertainties. They would be wise to say what they expect in Q3 and whether that may be sustained in Q4, and that they're prepared to meet supply if required. It's a nuanced game because if the Saudis don't manage that process well, the expectations from within the group come to bear as well.

Does Biden have the political capital to put the Iran deal back in place?

The deal will get done. The challenge in the US is the short-term election cycles. Biden has a lot on his table - the budget, a full recovery from the pandemic and getting the infrastructure on the grid to net zero by 2035. Iran meanwhile is playing the long game - they want to isolate the nuclear plan first and then perhaps visit their forays in Syria, Lebanon, Libya etc. That's tricky for the Biden administration as it does not want to give too much away.

The US budget shows the Fed is ultimately comfortable with high inflation?

We have seen \$13trn spent since the start of the pandemic. That's an enormous amount of money for a GDP that is hovering around \$21trn. It's obviously going to have an inflationary pressure. This week's US jobs report will again show if the level of spending is justified - the priority target continues to be to recreate the 10mn jobs still lost since the start of the pandemic. I don't think we'll ever again in our lifetime see a situation where the US is willing to spend at this level over a short window of time and then try to reform the tax system to raise corporate taxes. ■

**Paraphrased comments*

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