

ENERGY MARKETS FORUM DAILY BULLETIN



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WEDNESDAY /// APRIL 14th /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL RISES ON DRAWDOWN IN US OIL STOCKS, OPEC DEMAND OUTLOOK
2. OPEC RAISES 2021 OIL DEMAND FORECAST WITH MORE SUPPLY ON THE WAY
3. CHINA'S CLAMPDOWN ON SMALL REFINERS COULD IMPACT OIL DEMAND
4. ARAMCO TO MEET PARTIAL MEDITERRANEAN MAY CRUDE DEMANDS
5. IRAN SAYS WILL START HIGH-GRADE URANIUM ENRICHMENT
5. ISRAELI VESSEL ATTACKED NEAR FUJAIRAH PORT IN THE UAE
7. INDIA'S DESERTED STREETS THREATEN INDIAN OIL DEMAND
8. JAPAN AND GERMANY DISCUSS JOINT INDO-PACIFIC DRILLS AT 2-PLUS-2
9. CHINA TELLS US 'NOT TO PLAY WITH FIRE' OVER TAIWAN
10. CHINA C.BANK ADVISER URGES AGAINST CREDIT CONTRACTION

RECOMMENDED VIDEOS & REPORT

- OPEC MONTHLY OIL MARKET REPORT
- BITCOIN HITS RECORD HIGH BEFORE NASDAQ LISTING
- US TO PULL OUT TROOPS FROM AFGHANISTAN
- FDA ADVISES STATES TO PAUSE USE OF J&J COVID VACCINE
- VANDA INSIGHTS ENERGY MARKETS & BEYOND
- ERA OF OPEC+ SAUDI FORWARD GUIDANCE IS OVER

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST



Vandana Hari
Founder & CEO
Vanda Insights



Richard Redoglia
Chief Executive Officer
Matrix Global Holdings



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

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE

TOP 3 TUESDAY /// APRIL 14th TAKEAWAYS

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DAILY OIL COMMENTARY

Morning all. Brent is trading this morning up 0.71/bbl, at \$64.38/bbl. WTI is trading at \$60.91/bbl, up 0.73/bbl. Einstein once said, "Two things are infinite: the universe and human stupidity; and I'm not sure about the universe." Well listen Albie, me old son, what would you say about this oil market then? I ask him this because I have to say, I'm not sure I understand it all. We're up 71 cents this morning and on the back of what I don't quite know. Is it because the Johnson and Johnson vaccine rollout has been halted? No, of course not, that would be ridiculous, slower than anticipated vaccine rollouts are only a negative thing. OK, is it that



BY MATT STANLEY
DIRECTOR
STAR FUELS

AstraZeneca are also in the Vaccine doghouse? Again, a silly thing to say. Ok, try again, is it the incredibly sad fact that cases in India are rising exponentially? And

here is where the jokes stop. The fact that news is being ignored is troubling me, regardless of OPEC revising up their demand forecasts (which, like I said yesterday they really didn't have much of a choice considering production is staged to make a comeback). Cases in India are nothing short of a potential disaster waiting to happen. India is the third biggest oil consumer in the world so let's do the maths. Say India buy 5mn b/d of crude oil. Now let's say owing to the tragic Covid-19 wave sweeping across the country, many places will be forced into a lockdown. Let's say this results in a 20% drop in oil demand. That's 1mn b/d. We are coming into

the July trading cycle now, where refiners think about what to buy and when. OPEC+ are scheduled to bring back roughly 2mn b/d of production by July. So, 1mn b/d of potential demand hit and 2mn b/d of more production than right now. The last time I checked $1 + 2 = 3$. Right? Yet Brent is up. And the structure hasn't moved. Ohhhh I know!! Duhhh silly me. Slaps hands on forehead. Stats! I forgot stats in the US. Wait a minute. Supposed crude draw of 3, disty draw of 3, gasoline build of 6. $3 - 3 + 6 = 0$. But this is bullish? Time for a new calculator, surely. Stats later, look out. Good day.

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DAILY ENERGY MARKETS FORUM INDUSTRY SURVEY



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Ole Hansen
Head, Commodity Strategy
Saxo Bank



We've had a 15% reduction in the speculative length in crude since January.

Brent has been holding in a steady range of \$60-65 on the back of short-term economic challenges counterbalanced by longer-term positives for the second half of the year. Today's oil price is quite supportive for a new push when and if the fundamentals justify it. We have not seen any major build in short positions so it's unlikely we will go lower at this stage.

Is the US economy at an inflection point?

We are facing a period of high inflation over the coming months with a rally across many commodities, especially oil. How governments respond remains to be seen but the US doesn't appear to be in any hurry to tighten and will allow inflation to overshoot as long as it is temporary. That's obviously the big question today - whether we are going to see the spikes of the next six months taper off as we head into early 2022.

Where is there risk to this strong commodities cycle?

We have seen factory cost prices increasing in China for several months now and there are signs that the country may want to tighten liquidity and curb inflation. If so, that could potentially have a negative impact on economic activity over the next six to nine months.

What's the outlook for the US Dollar?

We had a very elevated speculative short position on the dollar for many months last year but that obviously didn't materialize and it started to strengthen in November with vaccine rollouts and the US presidential election. However, since then the futures FX market short has collapsed by 85%, down to the lowest level in 11 months. Clearly investors are carrying much leaner books so any news that's potentially dollar negative will trigger a greater response than a few months ago. ■

**Paraphrased comments*

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