ENERGY MARKETS FORUM
DAILY BULLETIN

Consultancy Intelligence Publishing

THURSDAY /// MAY 20th /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL PRICES DIVE $2 ON FEARS OF ASIAN PANDEMIC, POSSIBLE US RATE HIKES
2. OPEC+ COMPLIANCE AGAIN STEADY AT 113PC
3. AGREEMENT TO REVIVE JCPOA 'WITHIN REACH'
4. THE IEA'S LATEST PROPOSAL IS BOTH RECKLESS & IMPOSSIBLE
5. CHINA SAYS IT WILL STABILISE COMMODITY MARKET, COAL PRODUCERS TO HIKE OUTPUT
6. TOYOTA TO HALT PRODUCTION AT TWO PLANTS DUE TO CHIP SHORTAGE
7. LUFTHANSA SEES SURGE IN DEMAND FOR EU FLIGHTS
8. PHILIPPINES IGNORES CHINA'S FISHING BAN: 'WE DO NOT RECOGNIZE IT'
9. DOLLAR BOUNCES AFTER FED MINUTES REVIVES TAPERING DISCUSSION
10. FULLY-VACCINATED PASSENGERS ALLOWED TO ENTER EU FOR HOLIDAYS

RECOMMENDED VIDEOS & REPORTS

- WEEKLY PETROLEUM STATUS REPORT
- TAIWAN HAS MOBILISED SOLDIERS TO DISINFECT TAIPEI'S MAIN SUBWAY STATION
- UK INFLATION RATE MORE THAN DOUBLES IN APRIL
- WANING US MUST OVERCOME FEAR OF CHINA'S INEVITABLE RISE TO THE TOP
- OPEC+ MEMBERS MAY BE RELUCTANT TO GIVE UP MARKET SHARE FOR RETURNING IRANIAN OIL?

DAILY ENERGY MARKETS FORUM
Consultancy Intelligence Publishing

NEW SILK ROAD LIVE PODCAST

Robin Mills
Chief Executive Officer
Qamar Energy

Dr. Carole Nakhle
Chief Executive Officer
Crystol Energy

Walter Simpson
Managing Director
CCED

CLICK HERE TO LISTEN

DAILY ENERGY MARKETS FORUM
Consultancy Intelligence Publishing

NEW SILK ROAD LIVE

TOP 3
THURSDAY /// MAY 20th
TAKEAWAYS

CLICK HERE TO VIEW

DAILY OIL COMMENTARY

FX
The dollar managed to take a break from its recent selling with the DXY index up nearly 0.5% and moving back above the 90 level. Much of the gains came late in the session on the back of the FOMC minutes which helped UST yields rise. The dollar traded roughly flat in early trade today. EURUSD fell 0.4% to 1.2175, driven lower by the FOMC while USDJPY added 0.29% to 109.22, again showing some whipsaw movement late in the day. Sterling fell more than 0.5% despite a bump in inflation to 1.5% in April and nudging markets to think the Bank of England could pull back on stimulus. Elsewhere commodity currencies were off sharply thanks to a general risk off tone permeating markets.

Equities
Global equity markets were roiled by the cryptocurrency volatility yesterday, with losses almost across the board amongst major indices. While US markets did recover some of the losses seen earlier in the day, all three benchmark indices still ended the session down compared to Tuesday. Surprisingly perhaps the tech-heavy NASDAQ was this time the index which dropped the least, closing almost flat, while the S&P 500 dropped -0.3% and the Dow Jones -0.5%. The selling has continued in Asia so far this morning, with all major indices there dropping today so far. In Europe, Germany's DAX was the biggest loser, down -1.8%, followed by Germany's CAC (-1.4%), while the UK's FTSE 100 lost -1.2%. Within the region, the DFM was one of the few gainers yesterday, adding 0.2%. The ADX's rapid climb this week came to an end as it lost -0.2%, while the Tadawul closed down -0.5%.

Commodities
Oil prices were off by the most in a single day since the start of April as the market focused on the potential for a revived Iran nuclear deal. Brent futures fell further away from $70/bl to $66.66/bl, down 3% overnight while WTI was off 3.25% at $63.36/bl and Murban fell 2.9% to $65.55/bl. Iran's nuclear negotiator noted that there were still issues to be worked out with the US but hoped that a deal could be reached by next week. EIA data showed a modest build in commercial stocks of 1.3mn bbl last week, offset by a draw in gasoline and distillate stocks. Weekly EIA data will likely be distorted in the next several weeks by the disruption to the Colonial Pipeline earlier in May. Oil production was steady at 11mn b/d while product supplied moved up strongly to 19.3mn b/d, up 1.8mn b/d week/week. The recent rally in gold prices was stopped short by the market interpreting the FOMC minutes as leaning toward pulling back on accommodative policy. Spot gold closed flat at $1,869/62/troy oz, falling post FOMC minutes. The general risk-off tone helped push industrial metals prices lower as well with copper forwards holding just above $10,000/tonne.

Source: Emirates NBD

ENERGY MARKETS FORUM
DAILY BULLETIN

Consultancy Intelligence Publishing

THURSDAY /// MAY 20th /// 2021

ENERGY MARKETS FORUM EXCLUSIVE 60 SECOND SOUNDBITES

Walter Simpson
Managing Director
CCED

"Impact of Covid Travel restrictions on Oil Field Operations?"

CLICK HERE TO VIEW

ENERGY MARKETS FORUM EXCLUSIVE 60 SECOND SOUNDBITES

Dr. Carole Nakhle
Chief Executive Officer
Crystol Energy

"Outlook for European Summer Holiday Season?"

CLICK HERE TO VIEW

DAILY ENERGY MARKETS FORUM
NEW SILK ROAD

EXCLUSIVE SERIES
VIEWS YOU CAN USE

Kate Dourian, FEI
MEES Contributing Editor & Non-Resident Fellow, The Arab Gulf States Institute in Washington

Will demand in the US and Europe lift oil prices out of their current range?
I don't see a scenario where we will have a big spike in prices, nor see them move very far from the current range because of all the uncertainty around the virus. The recent IEA and OPEC reports do expect demand growth to accelerate in the second half of 2021 – and they still have Indian economic growth at about 10%. But much will depend on jet fuel demand as people start to travel and on the gasoline season in the US, a traditional barometer of demand. It's possible things could start to look tight in the second half of the year, in which case we could see a slight movement in prices. But OPEC plus could then free up more oil. We also have the two wild cards - Iran and Libya - which may change the supply equation. In the case of Iran, even if no agreement is reached with the US, we could still see a gradual loosening of sanctions.

Does the inventory drawdown create an opportunity for OPEC to add more oil?
A lot will depend on whether they see this accelerated demand surge materialize. The IEA has said that the 3.8mn barrels a day of additional supply expected from OPEC plus and Brazil, Canada, and the US, is not going to be enough to meet that demand, but at the end of the day, this is all subject to revision because of Covid. ■

**Paraphrased comments*

Series Supported By: