

ENERGY MARKETS FORUM DAILY BULLETIN



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WEDNESDAY /// MAY 19th /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL FALLS ON CONCERNS OF IRANIAN SUPPLY RETURN, INFLATION FEARS
2. PRICES AT THE PUMP STUCK AT 7-YEAR HIGHS
3. CRUDE OIL INVENTORIES SEE SMALLER THAN EXPECTED BUILD
4. FOR LNG DEVELOPERS, ANOTHER YEAR OF CANCELED PROJECTS
5. END NEW OIL, GAS & COAL FUNDING TO REACH NET ZERO, SAYS IEA
6. BIDEN TO WAIVE SANCTIONS ON COMPANY IN CHARGE OF NORD STREAM 2
7. CHINA'S APRIL DIESEL EXPORTS RISE 5.7% ON RESURGENT OVERSEAS DEMAND
8. RUSSIAN DIPLOMAT WALKS BACK COMMENTS ON IRAN NUCLEAR DEAL BREAKTHROUGH
9. CHINA'S \$2.14TRN OF BONDS COMING DUE UNNERVES FOREIGN INVESTORS
10. 'AMERICAN CENTURY' WILL END WHEN TROOPS LEAVE AFGHANISTAN

RECOMMENDED VIDEOS & REPORTS

- HONG KONG SURVEY - EXPAT EXODUS?
- COVID INDIA VARIANT: WHERE IS IT, HOW DOES IT SPREAD AND IS IT MORE INFECTIOUS?
- PEER STRATEGY: US SHALE'S REINVENTION HOLDS FIRM
- EUROPEAN PARLIAMENT TO VOTE ON FREEZING CHINA INVESTMENT DEAL
- LARRY SUMMERS RAISES INFLATION CONCERNS AS HE BLASTS BIDEN'S SPENDING

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST

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Ole Hansen
Head, Commodity Strategy
Saxo Bank



Dr. Sara Vakhshouri
Founder & President
SVB Energy International



Matt Stanley
Director
Star Fuels

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TOP 3

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TAKEAWAYS

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DAILY OIL COMMENTARY

Morning all and welcome to Wednesday. Brent is trading this morning at \$67.92/bl, down 0.79/bl. WTI is trading down 0.85/bl, at \$64.64/bl. OK, where shall we begin? Shall we talk about Bitcoin? I mean why would I want to talk about Bitcoin? Is it because something that can lose half of its value in less than two weeks is madness? Yeah, nah I don't want to talk about Bitcoin. What else shall we talk about? Iran sanctions being lifted. Well, this is certainly the talking point and one which when tweeted about yesterday caused Brent to drop from \$69.27/bl to \$67.28/bl in a matter of moments. Nothing



BY MATT STANLEY
DIRECTOR
STAR FUELS

is confirmed yet but when you do the maths you do have to question why Brent didn't drop more. Let's assume, just for the moment, that the rumours are true and after a document or 60 has been

thrown back and forth, that Iran will be brought into the fold properly by July. Let's say that's 1mn b/d. OPEC are supposed to bring back another 1mn b/d by then too. OK so 2mn b/d of production back and is demand there to absorb those barrels? I'd argue no. In fact, I wouldn't argue it, I'm telling you it's not. And this is where we come down to the realities the market is facing itself with. The world is still working but as we look towards the future we are gazing out of a window of your house, not that of an aeroplane and not that of an office. Unless you work for Jamie Dimon and you will come back to

the office! Anyway. This demand tin can, that is so battered and bruised now that it's like a rolled-up bit of used tin foil, is looking at Q4 to even resemble anything like pre pandemic levels, if indeed demand does ever make that return. Because let's remember that we are still in a pandemic. And a crippling one. India today reported another record day in terms of deaths. Is it me or does the world seem to be just blatantly ignoring what is going on? Stats later - expect draws on products owing to the CPL outage. Builds on crude and it could be a bit of a moody day in the oil markets. Good day.

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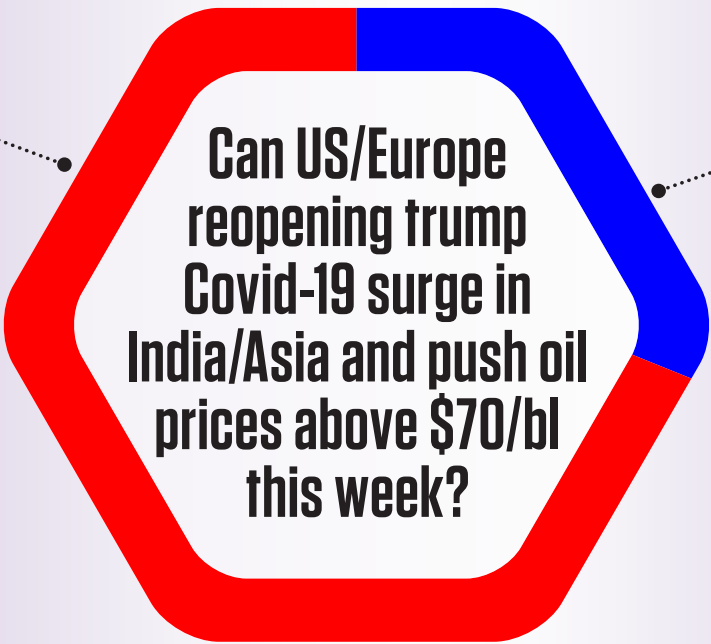
DAILY ENERGY MARKETS FORUM
INDUSTRY SURVEY



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69%
Yes

31%
No



Source: GI Research May 2021

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ENERGY MARKETS FORUM EXCLUSIVE 60 SECOND SOUNDBITES



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Ole Hansen
Head, Commodity Strategy
Saxo Bank

**"Inflation Concerns Attracting
Investors into Commodities"**

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ENERGY MARKETS FORUM EXCLUSIVE 60 SECOND SOUNDBITES



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Dr. Sara Vakhshouri
Founder & President
SVB Energy International

**"Iran Appears to be Getting
Ready for Lifting of Oil
Sanctions"**

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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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