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Any significance in the latest narrowing of the Brent/WTI spread?

Stronger WTI is an indication of US demand, whereas Brent reflects the rest of the international market. The narrowing is a sign that internal demand in the US is moving up, which is a healthy sign for the market overall. Gasoline demand in the states has already overtaken last year. Also, if all grades are generally moving higher, as they are today, it's a bullish indication, whereas if that spread widens, it's bearish in general.

How is the Fed statement on monetary tightening impacting oil futures?

The real question is if the Fed does increase interest rates, how exactly are they going to finance it? The Fed has no choice but to keep providing liquidity, otherwise everything implodes with the higher interest on debt, both in the US and elsewhere. If it keeps liquidity going, then inflation comes. It's not clear how they resolve this.

Outlook for markets for the remainder of this week?

Basically, no change. Medium term, I still don't see any movement on shale. They can't even benefit from these rising prices until 2022 as they have already hedged or locked into a lower level. The point is that OPEC can control the market because there is nobody outside the alliance that can add substantial amounts of oil. That's what's changed. What's facing oil markets going forward is two things - a negative impact from new Covid variants and an Iran deal happening - and neither seem extremely likely. ■

**Paraphrased comments*

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