

# DAILY ENERGY MARKETS FORUM

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### Are we overreading the growth situation in the US?

The US has done a tremendous job in rolling out vaccines and it is on a positive growth trajectory. We're seeing travel bookings back in play and Biden has said he wants families and friends back together on the 4<sup>th</sup> of July weekend. That's the narrative. The stimulus cheques are still running and when and if the infrastructure bill gets through Congress, it will add further momentum. It's definitely a cup half full scenario when it comes to the US recovery.

### At what point does the Fed become concerned about inflation?

We have seen yields on 10 year and 30 year bonds go from less than 1% all the way up to 1.7% since February, although that has pulled back a little. Inflation is definitely starting to creep in and interest rates are on the rise. However, I don't anticipate the Fed will react much for now. It will continue with some open market operations and possibly sell off some of those securities into the market.

### Why is US oil production not coming back at these price levels?

There's been a slight increase for a couple of consecutive weeks but that has begun to taper off and it was mostly completion of wells rather than new drilling. We will see a slight and steady increase, but it will be two or three years before production comes back to pre- pandemic levels. We're still down about two million barrels per day. ■

*\*Paraphrased comments*

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