EXCLUSIVE SERIES
VIEWS YOU CAN USE

Jorge Montepeque
President
General Index

Can India's Covid resurgence derail the global demand recovery outlook?

Its impact will be muted in terms of energy or refining demand. It's going to have some impact across India's supply chain through - oxygen is being diverted from refinery use into hospital use so this will impact sulfur fuels production. The resurgence is a serious issue but demand for fuels continues. The trend is up. Imports of crude oil into the US are rising. India needs more oil. China needs more oil. And as we move forward, I can see inflation simmering - this is going to be a major issue for policymakers over the next two years - we're just seeing the beginning of it coming back.

How should OPEC manage any inconsistencies in demand?

Numbers are not comparable from one country to another. Plus, they are always retrospective. What's needed is to observe today's market and today's industrial and consumer behavior. People are going to restaurants; they're buying things from Amazon. Chinese factories' operating industrial activity is 24% higher than last year. PMI figures are up in Europe on the back of government support for employment. Any inconsistency in data will mean no change by OPEC because they are under pressure to supply what the market wants. Inventories are being destroyed rapidly.

What's your expectation for the OPEC meeting this week?

We are watching the tone and the rate at which Saudi Arabia returns oil. More Iranian oil is closer to becoming a reality and Saudi has the capacity to balance that out. Geopolitical military activity in the region is another bullish aspect in the market but I am hoping that it eventually leads to détente. It's public knowledge that the Iranians and Saudis are already having discussions. Economic growth requires people talking to each other and being able to move goods towards one another. ■

Paraphrased comments