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WALL STREET CHERRY PICKS DATA POINTS TO SUSTAIN BULL MARKET

Morning all. Brent is trading this morning at \$84.40, of course it is, down 0.27 and WTI is trading down 0.28 at \$82.36, of course it is. Let's start with some stats today, shall we? Actually, not stats, forecasts, yes let's start with some forecasts because that is seemingly all that is driving markets at the moment, let's do some stats at the end - otherwise you might all shout at me.

Morgan Stanley predicts that Brent crude will hit \$90 a barrel in the third quarter of this year. JP Morgan expects oil prices to "overshoot" to \$125 a barrel this year, and \$150 in 2023. Goldman Sachs say oil could reach \$95 if Iran doesn't return to the market this year, while commodities overall are set for a supercycle that could potentially last a decade. Amazing.

One day when I grow up, I want to be able to eat for breakfast what Wall Street banks do. I mean can you imagine me working for a Wall Street bank? I wouldn't get past security "but but but Mr Banker, what about covid?" "Get out! and don't ever come back". Shudders. I feel like Mr Banks when he was fired by that wily old man with a beard. Yes, you may notice a theme there, Wall Street bullish, Stanley bearish. Shock. Oil markets acted exactly as Mr Sachs, Stanley (not this one) and Morgan would have wanted everyone to react when EIA data came out last night.

Crude oil drew by 4.6mn bbls. Buy it. Ignore the 8million barrel build on gasoline inventories and ignore the 2.5mn build on distillates. Don't even acknowledge it. Also, while you're ignoring things lads and ladettes please also disregard the EIA forecast of "Global inventory builds due to supply growth outpacing demand increases will pressure oil prices down this year and next...". Yep, ignore that.

And this is the market we are in, one which is ignoring fundamental realities and instead focusing on the future. To me, it is unsustainable for oil to remain at \$85 per barrel on Brent with current data that is coming out BUT, this is where my schizophrenia kicks in because I think oil is in real danger of getting to \$90 by the end of January and it is purely on the back of current market sentiment, an overall appetite to put risk on regardless of supply/demand fundamentals.

This has been highlighted by the bulls trying to attribute stories as to the surge we have recently seen on the oil price - last week's theme was Libya production down and issues in Kazakhstan, both of which manifested little to no supply disruptions.

I'll close with some sobering statistics - Around 50% of all Australian Covid infections of the entire pandemic have occurred this year. "The death rate from Omicron is still unsustainably high, with an average of about 48,000 deaths per week, no change since October". We all went an end to the pandemic, but we're not there yet, looking at oil markets though, it seems to me that the end is already priced in. Let's see what happens today as the market digests US inflation, which while you're at it, is at a 40 year high. Hmmm. Good day. ■

**Paraphrased comments*

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