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Oil Market Recovery – reading the tea leaves?

We are seeing very different rates of recovery from the COVID pandemic in different parts of the world. The oil markets fell this week as we did not see crude oil draw as much as we expected in the US, and yet we saw oil products' inventories build. We put more crude into the refineries, so crude went down, and oil product stocks went up. It is simple supply and demand. The problem is that, historically, market actors have interpreted it as a signal to sell when inventories build, and it is not saying that.

Outlook for Gasoline Demand?

Gasoline demand is not picking up as quickly as expected. We had expected more demand, so we started producing gasoline. Its as simple as that. Then the question comes, is this a sign that the US summer driving season is not going to be as strong as we hoped it would be. I think the outlook for travel is an interesting one. It shows how difficult it is going to be to come out of this pandemic and understand the path we are going down. My family and I have been trying to go back to the UK for a month now. But you can only go via spending 10 days in a third-party country, and we do not know if while we are in a third country that they may also be put on the red list. This uncertainty is holding a lot of people back.

The current US administration needs progress on the Iran talks?

The new US administration clearly believes that Trump's approach to Iran was unhelpful, and therefore would like to revert to something like how it was before, but with some extensions in terms of the levels of control. The problem is it will bring more oil on to the market. If you are supportive of doing something with Iran, then oil prices are probably going to come down, and shale producers in Texas won't be happy. There are too many moving parts. ■

**Paraphrased comments*

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