

ENERGY MARKETS FORUM DAILY BULLETIN



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TUESDAY /// JUNE 1st /// 2021

TOP 10 DAILY NEWS DIGEST

1. BRENT HITS \$70 ON DEMAND PROSPECTS OF US SUMMER DRIVING SEASON
2. OPEC+ KEEPS OIL DEMAND GROWTH FORECAST UNCHANGED
3. CALIFORNIA DRIVERS GET READY FOR \$5 GASOLINE
4. OPEC EXPECTS IRAN'S OUTPUT HIKE NOT TO HINDER GROUP'S PLANS
5. COVID-19: UK IN EARLY STAGES OF THIRD WAVE
6. ASIA REFINERS FACE DOUBLE BLOW TO PROFITS FROM IRAN & COVID RESURGENCE
7. CHINA FACTORY GROWTH PICKS UP IN MAY BUT INFLATION PRESSURES BUILD
8. IRAN ENRICHED RECORD URANIUM STOCKPILE AMID VIENNA TALKS
9. HOW THE TRUCKER SHORTAGE IS FUELING THE MEAT CRISIS
10. OECD SEES HIGHER WORLD GDP GROWTH BUT FEARS 'HEADWINDS'

RECOMMENDED VIDEOS & REPORTS

- EVEN INTEL THINKS THE GLOBAL CHIP SHORTAGE COULD LAST YEARS
- VANDA INSIGHTS: BRENT VAULTS ABOVE \$70 EARLY TUE AS DEMAND OPTIMISM SURGES
- CHINA ALLOWS THREE CHILDREN IN MAJOR POLICY SHIFT
- EXXON MOBIL'S BOARD IS CHANGING - WHAT TO EXPECT NOW
- TESLA'S VEHICLE PRICE INCREASES DUE TO SUPPLY CHAIN PRESSURE

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST



James McCallum
Executive Chairman of Xergy
Professor of Energy at Strathclyde
University



Vandana Hari
Founder & CEO
Vanda Insights



Rustin Edwards
Head, Fuel Oil Procurement
Euronav NV

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE

TOP 3

TUESDAY /// JUNE 1st

TAKEAWAYS

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DAILY OIL COMMENTARY

Morning all and welcome to OPEC day. I know it feels like only a month or so ago I said that, and you'd be right. Brent is trading this morning up 0.96/bbl, at that magical \$70.29/bbl. WTI is trading at \$67.69/bbl, up 1.39/bbl - remember yesterday was a holiday in the US. OK so here we are, the sixth OPEC meeting of the year. Previously it would have taken three years to get through six OPEC meetings but these days, what with Zoom etc., they are meeting monthly. What's the consensus? Well, we will see the return of supply, around 700,000 b/d from OPEC+ and Saudi apparently. The justification for this? An increase in demand for the second half of the year. Now, there are a couple of things to



BY MATT STANLEY
DIRECTOR
STAR FUELS

discuss here. One - things in the US and Europe are getting better and domestic travel looks good. Two - if supply does stay on the sidelines, then we are all going to see higher end

user product prices. Something that is not good for the inflation argument and for recovery in developing economies. The thing is though is that the latter part of that sentence is the interesting part. Three months ago, we were looking at a recovering global economy where Asia was leading the way. Vaccine roll outs in Europe were stalling and most EU nations were handbags at dawn and papers were leading with "Where's my job?" Now, (China aside) we are looking at several countries either reimposing lockdowns or rolling over restrictions and the EU is opening up. Quite the turnaround. How this is not being factored into demand recovery stalling I don't

quite understand. Here's a stat for you - By 2030 Asia is expected to contribute roughly 60% of global growth. We don't need to go into individual countries and what they are currently facing regarding Covid-19, we all know the issues. Yesterday we saw this, "The OECD raised its 2021 global GDP growth forecast Monday but warned that 'too many headwinds persist' as not enough Covid-19 vaccines are reaching emerging economies, making the world vulnerable to variants." So far 5.9% of Asia have been vaccinated. Compare this to 37% in North America, 37.9% in the EU, and the fractures have never been more profound. Keep your eyes on OPEC headlines. Good day.

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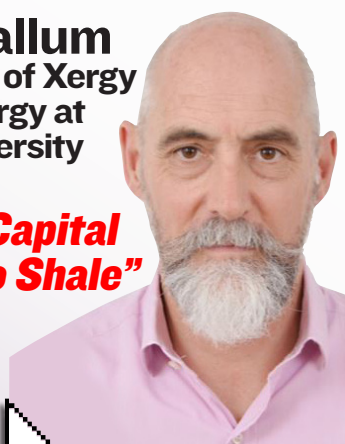


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ENERGY MARKETS FORUM Consultancy Intelligence Publishing EXCLUSIVE 60 SECOND SOUNDBITES

James McCallum
Executive Chairman of Xergy
Professor of Energy at
Strathclyde University



***"We won't See Capital
Inflows Back into Shale"***

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ENERGY MARKETS FORUM Consultancy Intelligence Publishing EXCLUSIVE 60 SECOND SOUNDBITES

Vandana Hari
Founder & CEO
Vanda Insights



***"Oil Markets Appear to
have re-found its MoJo"***

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EXCLUSIVE SERIES VIEWS YOU CAN USE

Christof Rühl
Senior Research Scholar - Center on Global
Energy Policy



Any surprise at the proposed US budget figure of \$6 trillion?

It's no surprise that it has been blown up by both the stimulus program and the start of the longer-term investment program. One surprise though has been growth forecasts. After all these giant expenditures, we have decent growth for 2021 and 2022 but then it slows down and is no different from the trajectory we had before the pandemic.

Is that a disincentive for further capacity investment by corporates?

It could actually be that because of the underlying forces slowing down growth, inflation turns into a flash in the pan, and we get back to low growth rates and a high debt burden and secular stagnation, not only in the US, but in many of the advanced economies.

Can strong US travel numbers trump weakness we're seeing elsewhere?

We will continue to see a diverging but overall path of global recovery. US travel rates are now about 20% below 2019 levels. The EU is also trying to form a comprehensive travel regulation policy. But we still have outliers like Brazil where Covid has been totally mismanaged and India which has healthcare capacity restraints in handling the pandemic.

Expectations for the return of US shale?

We already see the US private shale sector responding. In March, production was up 14% and with prices since then hovering up at around \$65, we should see that growth sustain when April and May numbers are released.

Will US payrolls data this week give further direction to the recovery?

It's a matter of nuances and we do need to treat job creation records with caution because the statistics don't always reflect the reality on the ground but I would expect stronger numbers this time. What is also relevant is that many of the big economies in the EU also publish unemployment statistics this week. Everything seems to be in short supply and subject to bottlenecks there so the data should give us some clarity on where one of the biggest economies of the world is heading in terms of future growth, employment and travel. ■

**Paraphrased comments*

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