

ENERGY MARKETS FORUM DAILY BULLETIN



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WEDNESDAY /// MAY 26th /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL STEADY WITH INVESTORS FOCUSING ON POSSIBLE RETURN OF IRANIAN SUPPLY
2. OPEC-PLUS PRESSES LAGGARDS TO FALL INTO LINE
3. CYCLONE FORCES INDIA'S PARADIP PORT TO HALT OPERATIONS
4. RUSSIA OFFERS COOPERATION WITH SAUDI ON HYDROGEN PRODUCTION
5. IRAN OFFICIAL UPBEAT OVER NUCLEAR TALKS, TOP DELEGATE CAUTIOUS
6. SEVEN APPROVED TO RUN IN IRAN'S PRESIDENTIAL ELECTION
7. API SHOWS CRUDE, FUEL STOCKPILES FALL
8. SUDAN DECLARES STATE OF EMERGENCY AFTER TRIBAL VIOLENCE
9. CHINA'S YUAN JUMPS TO 3-YR HIGH, INVESTORS WARY OF PBOC PRESSURE
10. INDIA POSTS LOWEST RISE IN DAILY CASES SINCE APRIL 14

RECOMMENDED VIDEOS & REPORTS

- MAY MONTHLY INSIGHTS: CENTRAL BANKERS PUSH BACK AGAINST REFLATION NARRATIVE
- INDIA'S MAY OIL IMPORTS, CRUDE RUNS LIKELY TO WITNESS FULL IMPACT OF PANDEMIC
- VANDA INSIGHTS - OIL MARKETS MOVE SIDEWAYS AS IRAN SUSPENSE LINGERS
- LEBANON'S DEEPENING CRISIS HOLDS SLENDER PROMISE OF A DECENTRALIZED STATE

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE

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TOP 3

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TAKEAWAYS

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DAILY OIL COMMENTARY

FX

The dollar sank against most peers overnight even as yields came lower and equities fell. The DXY index remains just below the 90 level although a substantial move lower would likely need to come in the form of a data driven catalyst. EURUSD had a choppy day of trading, moving as high as 1.2266 before closing at 1.2250, up 0.28% for the second day in a row. USDJPY also showed some wide movements, falling to as low as 108.56 and pushing as high as 109.07 in the course of a few hours. All told, JPY closed essentially unchanged. GBPUSD pushed up above 1.42 before selling off sharply in much of the rest of the session and closed nearly unchanged with a downward bias. Commodity currency action this morning is dominated by the NZD, up 0.7% at 0.7281 as the market responds to new projections from the RBNZ that rates may move higher in H2 2022. The RBNZ kept policy rates on hold at 0.25% and its asset purchase target at NZD 100bn.

Equities

Dovish comments by Fed officials have not yet made a lasting impact on equity investors, and all three benchmark US equity indices sold off yesterday. The S&P 500 and the Dow Jones both lost -0.2%, but the NASDAQ managed drop just marginally and close almost flat. It was a mixed bag in Europe, where the FTSE 100 lost -0.3% as mining and energy firms were impacted by comments around commodity speculation in China, but the DAX gained 0.2% and the composite STOXX 600 closed flat. Within the region, the DFM gained 0.4%, the ADX 0.3% and the EGX 30 lost -2.1%.

Commodities

Oil prices extended their gains although the rally looks to be running out of steam. Brent futures added almost 0.3%, to close at \$68.56/bbl, while WTI was virtually unchanged at \$66.07/bbl, but with a slight upward

bias. Murban futures though were lower by 1.3%, at \$67.99/bbl. The weaker performance in Murban is likely down to markets pricing in a looser AG market in coming months in anticipation of negotiations around Iran's nuclear programme succeeding and allowing the country to add volumes back to market. Data from the API showed a modest drop in US crude inventories while gasoline stockpiles fell nearly 2mn bbl last week and distillates were lower by 5mn bbl. EIA data will be released later this evening. Gold prices have benefitted from the wobble in risk assets lately and dovish tones from the Federal Reserve. Gold prices rose almost 1% overnight to \$1,899/troy oz and have pushed above \$1,900/troy oz for the first time since January in early trade today.

Source: Emirates NBD

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HALF-TIME TALK INTERVIEW SERIES

H.E. Fouad Siniora
Former Prime Minister
of Lebanon



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DAILY ENERGY MARKETS FORUM INDUSTRY SURVEY



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63%
Permanent

How do you
regard the
inflation spikes
we are seeing?

37%
Temporary

Source: GI Research May 2021

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Vitol



aramco



مؤسسة نفط
الشارقة الوطنية
SNOC



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ENERGY MARKETS FORUM Consultancy Intelligence Publishing EXCLUSIVE 60 SECOND SOUNDBITES

Vandana Hari
Founder & CEO
Vanda Insights

***"Oil Markets Waiting to
See White Smoke from
Iran Talks in Vienna"***

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ENERGY MARKETS FORUM Consultancy Intelligence Publishing EXCLUSIVE 60 SECOND SOUNDBITES

Dr. Charles Ellinas
CEO
e-CNHC

***"All the Calls to Cut
Investment in Oil is
Causing Havoc"***

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD



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Kevin Wright
Lead Analyst APAC
Kpler



Are we seeing cracks in the Chinese demand that saved the markets last year?

There's been a significant drop off in crude imports in the last couple of months but some of that has been related to refinery maintenance. Still, there's been close to 1.5mn bd of throughput decrease so that's quite convincing. On the other hand, demand for iron ore and copper remains strong.

Japan seems to be suffering a new wave of the virus?

It really surprises me that Japan took a slow vaccination route when they have their eye on the Olympics for later this year and an expected influx of athletes and spectators. Pursuing a zero-case strategy and trying to open up is incompatible and I think we will see more of that development over the next 12 months. Other countries that have followed this policy are really going struggle to reintegrate. Singapore is a case in point – as a trading hub for transport. And it's certainly going to be the case for other parts of Asia such as Thailand and Vietnam, that are dependent on tourism and travel but that have not rolled out vaccines. Vietnam had a fantastic record of containing the virus at the start of 2020 with almost no cases; it's now spreading, particularly in the northern provinces, and far worse than at any point last year.

Have we seen the full picture of demand destruction in India?

There was huge demand destruction across the third quarter of last year as the lockdown reduced industrial activity and also gasoline consumption. However, as of October last year, gasoline consumption was back at pre Covid levels. We don't have the demand numbers yet for this period as there's always a bit of lag and we're still in the eye of the storm. If we see anything like we did last year, demand will be 15-20% lower than what would have been expected. ■

**Paraphrased comments*

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