

ENERGY MARKETS FORUM DAILY BULLETIN



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THURSDAY /// APRIL 29th /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL PRICES EXTEND GAINS AS DEMAND OUTLOOK OFFSETS INDIA CONCERNS
2. FOMC: RATES LEFT UNCHANGED, NO CHANGE TO QE, MILD UPGRADE ON ECONOMY
3. OIL TO HIT \$80 ON LARGEST EVER DEMAND JUMP, GOLDMAN SACH SAYS
4. MAJOR CHINESE INVESTORS IN TALKS TO TAKE ARAMCO STAKE
5. OMAN'S NATIONAL OIL FIRM TO SELL OFF ASSETS TO FUND \$8BN IN SPENDING
6. US EYES MAJOR ROLLBACK IN IRAN SANCTIONS TO REVIVE NUKE DEAL
7. US OIL INVENTORIES SHOW MODEST RISE
8. DOLLAR LEFT DEFENCELESS BY DOVISH FED, EURO MUSCLES HIGHER
9. INDIAN SHARES MARK BEST DAY IN A MONTH ON EARNINGS CHEER
10. CHINA 'CLOSING IN FAST,' BIDEN WARNS CONGRESS

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RECOMMENDED VIDEOS & REPORTS

- APPLE REPORTS ANOTHER BLOWOUT QUARTER WITH SALES UP 54%
- COMMODITY SUPERCYCLE, ENERGY AND INFLATION
- CEO'S HAVE A MEASURED VIEW ON RECOVERY!
- INSIDE INDIA'S CORONAVIRUS CRISIS WHERE REALITY IS 10X GREATER THAN OFFICIAL RECORDS

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

Morning all. Brent is trading this morning up 0.25/bbl, at \$67.52/bbl. WTI is trading at \$64.05/bbl, up 0.19/bbl. OK, nearly at the end of April, and what do we all need? I know! the words of Winston Churchill, "It is a mistake to look too far ahead. Only one link of the chain of destiny can be handled at a time." The oil market doesn't care what Churchill thinks or says, yeah, nah, yeah, ignore problems that are happening right now. Hence why Brent edges ever closer to \$70/bbl. What Winnie also said though was "You must look at facts because they look at you." And this is just what I simply cannot ignore. Rising cases in India, and whilst not trivialising what a disaster we are all witnessing unfold before



BY MATT STANLEY
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us, the impact this second wave will have on Indian oil demand. There were 379,257 announced in the last 24 hours as well as 3,645 deaths, another record.

Records we don't want to see broken. The situation there is now dominating global headlines and aid has been offered by every nation to help support the fight against the pandemic. What I cannot understand though is how the oil market is ignoring this. Let's take jet fuel demand. Dubai International for example is the world's biggest airport for passenger traffic. India is by far the largest market DXB has, accounting for 32% of all traffic. Flights from India are currently suspended. 32%! That is an extraordinary number. Nobody can tell me that the current flight suspensions are not going to have an effect on jet fuel demand, and even though that 32% number is important for

DXB, it will be fairly negligible in the grand scheme of things for what localized lockdowns mean for overall product demand. India has a large refining network themselves too, so with domestic consumption falling we will see more barrels into what is, quite frankly, an over supplied distillates market in Asia. Has this been reflected in flat price? Nope. Not at all. Over in the US things are going very nicely. Grandpa Joe says America is moving again and the vaccination drive is going great guns. Lower than expected builds on crude stocks and a big draw on distillate stocks gave the oil market a nice little boost last night. What's that Joe? Increased taxes? Didn't hear that. Hands on ears, lalalalalala. Good day.

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Vandana Hari
Founder & CEO
Vanda Insights



INDIA REJECTS SECOND LOCKDOWN

Prime Minister Narendra Modi has thus far ruled out a country-wide lockdown and urged state governments to only use it as the last resort. Several states have announced weekend lockdowns and night curfews in recent weeks. A handful of states are leading the nation's spike, including the capital Delhi and Maharashtra, the seat of the commercial capital Mumbai. New Delhi, which has a population of about 20 million, imposed a lockdown until May 3, while Maharashtra, which has about 123 million residents, has shut down non-essential shops and tightened restrictions on travel and a range of public activities until May 15th.

BRENT EXPANDS PREMIUM TO PLATTS DUBAI

A steadily improving outlook for world oil demand and a decline in surplus OECD inventories over the past few months have propped up Brent as the benchmark most representative of global balances. At the same time, OPEC/non-OPEC's decision to start releasing more oil into the market from May has pressured Dubai, which is the marker for east-of-Suez sour crudes. The twin pressures saw the Brent-Dubai Exchange of Futures for Swaps, the difference between Brent futures and Dubai swap values, widen to \$3.49/barrel last week as per Platts assessments, the widest the spread has been since November 2019.

EUROPE BETS ON SUMMER REOPENING

The situation is not as sanguine across Europe, where summer holiday travel is a big deal, but things are starting to look up, even if in a patchwork form. As recently as last week it appeared that Covid was still casting a shadow over the mid-year travel season across the continent, but our view has evolved to one of cautious optimism. The third wave of the pandemic has begun levelling off in the worst-hit big economies of Germany, France and Italy, and equally as important, Covid immunization in the 27-member European Union has also ratcheted up, after a spate of setbacks through January-March. ■

**Paraphrased comments*

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