

# ENERGY MARKETS FORUM DAILY BULLETIN



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SUNDAY /// APRIL 11<sup>th</sup> /// 2021

## DAILY OIL COMMENTARY



### "THE CLOCK IS TICKING FOR A US-IRAN NUCLEAR DEAL!"

Helima Croft, Managing Director & Global Head of Commodity Strategy, RBC Capital Markets

The next couple of weeks are going to be critical for the US to secure an agreement on the Iranian JCPOA nuclear pact. We are in the waning days of the Iranian

Presidency of Hassan Rouhani and his Foreign Minister Mohammad Javad Zarif, who are the main architects of the 2015 accord. The two men, who face re-election in June, have suffered politically from Washington's withdrawal from the Nuclear Agreement in 2018 and reimposing unilateral sanctions. We're looking at potentially a hardline Iranian government coming to power post-June elections, so now is the time to try and strike that deal. But the US has so far said that Iran must go first and reverse all breaches of

the 2015 nuclear deal before they are willing to talk about sanctions relief. In response, the Iranians have said they are fully compliant and that it is the US who is in contravention of the agreement. There is a clear incentive for Iran to do a deal. Iranian oil barrels may already be going into China, but they are having to take a big discount to place those barrels. Also, in his waning days in office, Trump imposed around 1,500 new sanctions on Iran, further complicating its ability to conduct normal

trading relations. Iran needs to start accessing its' billions of dollars in hard currency and frozen accounts. If you're Biden, you're looking at the Iranian nuclear clock. You're looking at the fact that Iran is once again enriching Uranium at 20% levels. If an agreement with Iran is not reached soon, the US will have to negotiate with them when they are on the precipice of having a crude nuclear device. That changes the dynamic to more unfavorable terms for the US.

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# TOP 3

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# TAKEAWAYS

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## TOP 10 DAILY NEWS DIGEST

1. OIL EDGES LOWER ON MIXED SUPPLY AND DEMAND OUTLOOK
2. OPEC CRUDE OUTPUT RISES AS IRAN STAGES RECOVERY
3. US DRILLERS ADD GAS RIGS, HOLD OIL RIGS STEADY THIS WEEK
4. JAPAN'S SPOT LNG PRICE RISES 94% YR/YR IN MARCH
5. US SANCTIONS CHINESE COMPUTER MAKERS AS TECH WAR HEATS UP
5. US REFINERY RUNS TO RISE AS USGC UNITS RETURN TO SERVICE
7. MORE MONEY POURED INTO STOCKS IN PAST 5 MONTHS THAN LAST 12 YEARS
8. IRAN NUCLEAR TALKS TO CONTINUE NEXT WEEK AFTER BREAKTHROUGH
9. IS RUSSIA PREPARING TO GO TO WAR IN UKRAINE?
10. DRIVING ROARS BACK IN US, SETTING UP GASOLINE FOR 7-YEAR HIGH

### RECOMMENDED VIDEOS & REPORT

- CHINA THINKS IT CAN AVOID MIDDLE EASTERN TRAPS THAT CAUGHT AMERICA
- UK TO ALLOW INTERNATIONAL TRAVEL FROM MAY 17 IN BOOST FOR JET FUEL
- ARE THE US & CHINA ENTERING A COLD WAR?
- ETHIOPIA: THE MULTIPLE CRISES OF ABIY AHMED
- ERA OF OPEC+ SAUDI FORWARD GUIDANCE IS OVER

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## NEW SILK ROAD



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**Andy Laven**  
**Chief Operating Officer**  
**Sahara Energy Resources**



### 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. It's 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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