

# ENERGY MARKETS FORUM DAILY BULLETIN



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TUESDAY /// APRIL 27<sup>th</sup> /// 2021

## TOP 10 DAILY NEWS DIGEST

1. OIL RISES, BUT GAINS CAPPED BY DEMAND CONCERNS AS INDIA REELS FROM COVID-19
2. OPEC+ KEEPS OIL DEMAND FORECAST, BUT WORRIED BY COVID-19 SURGE
3. BP APPLIES TO SET UP US RETAIL POWER BUSINESS
4. OPEC+ ON TAP TO HIKE OIL OUTPUT
5. WEEKEND DRIVING IN US, CHINA PAVE WAY FOR GASOLINE MARKET RECOVERY
6. INDIA'S COVID-19 SURGE DENTS BULLISH CRUDE OIL CASE
7. NIFTY, SENSEX POST BEST DAY IN 2 WEEKS AS ICICI BANK, RELIANCE CLIMB
8. LIBYA'S OIL PRODUCTION SET TO RECOVER AS FORCE MAJEURE IS LIFTED
9. RUSSIA DRAWING UP LIST OF UNFRIENDLY STATES, US IS AMONG THEM
10. CHINA WIDENS INTERNET CRACKDOWN WITH MEITUAN MONOPOLY PROBE

### RECOMMENDED VIDEOS & REPORTS

- US INFLATION COULD HIT 3% OR 4% BY THE MIDDLE OF 2022
- RICH INDIANS FLEE BY PRIVATE JET AS VIRUS INFECTIONS SPIRAL
- AUSTRALIA: HYDROGEN AT \$1.55/KG IS HUGELY AMBITIOUS
- 97% OF US' HYDROPOWER POTENTIAL UNTAPPED!
- FED'S TAKING A BIG GAMBLE RIGHT NOW!

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## DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST

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**Peter McGuire**  
Chief Executive Officer  
XM Australia



**Robin Mills**  
Chief Executive Officer  
Qamar Energy



**Leo Tameeris**  
Chief Executive Officer  
NRG Global

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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, technical issues sorted, normal service resumes. As far as commentary goes anyway, any idea what normal even is anymore? Brent is trading this morning at \$66.12/bl, up 0.47/bl. WTI is trading up 0.49/bl, at \$62.40/bl. Ok, so what have I missed? Well, the last time we spoke Brent was trading at \$66/bl, so not a lot of change on flat price. But the awful Covid-19 situation in India seems to be deteriorating daily and with it, the market's confidence about oil demand staging the comeback many forecasters thought it would. This reality hit the crude oil markets yesterday morning and we traded down to a low of \$64.57/bl



**BY MATT STANLEY**  
DIRECTOR  
STAR FUELS

on Brent. This negative start to the week though was quickly abolished at bang on 9am New York time and Brent staged a remarkable recovery hitting a high of \$66.10/bl, before settling

at \$65.65/bl. Was there a reason? Well ultimately, I suppose you could boil it down to the fact the OPEC+ joint technical committee kept its growth in global oil demand this year at 6mn b/d. Hmm. Is it just me or is that a massive hmm? Like when I say to my wife "I'll definitely be home by 10." That kind of hmm. Don't get me wrong, oil demand is picking up, domestically at least, driving in the USA and China continues to increase as does jet fuel. But, like I've been saying, it's patchy. I'll give you an example - Seven of the top 10 airports for passenger traffic in 2020 are in China, with three in the United States. Dubai used to be the busiest airport in

terms of passenger traffic owing to the extraordinary job Dubai Airports have done in growing a business hub model. Last Friday the UAE-India travel corridor closed and apart from a few people who are able to travel, passenger traffic is going to decrease massively. Dubai-Mumbai was the third busiest route Q1-2021 and there were 300 flights a week from Dubai to India. This route being closed is, of course, only going to have an effect on jet fuel demand and let's not forget that 50% of the demand returning is supposed to be via jet fuel. Keep your eyes on the headlines, and good week to all.

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**Randall Mohammed**  
**VP, Energy Solutions**  
**Ahart Solutions International**



### Are we overreading the growth situation in the US?

The US has done a tremendous job in rolling out vaccines and it is on a positive growth trajectory. We're seeing travel bookings back in play and Biden has said he wants families and friends back together on the 4<sup>th</sup> of July weekend. That's the narrative. The stimulus cheques are still running and when and if the infrastructure bill gets through Congress, it will add further momentum. It's definitely a cup half full scenario when it comes to the US recovery.

### At what point does the Fed become concerned about inflation?

We have seen yields on 10 year and 30 year bonds go from less than 1% all the way up to 1.7% since February, although that has pulled back a little. Inflation is definitely starting to creep in and interest rates are on the rise. However, I don't anticipate the Fed will react much for now. It will continue with some open market operations and possibly sell off some of those securities into the market.

### Why is US oil production not coming back at these price levels?

There's been a slight increase for a couple of consecutive weeks but that has begun to taper off and it was mostly completion of wells rather than new drilling. We will see a slight and steady increase, but it will be two or three years before production comes back to pre- pandemic levels. We're still down about two million barrels per day. ■

*\*Paraphrased comments*

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