

ENERGY MARKETS FORUM DAILY BULLETIN



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THURSDAY /// MAY 6th /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL PRICES FALL AS US GASOLINE STOCKS RISE FOR A FIFTH WEEK
2. OIL PRODUCT STOCKS CLIMB TO 2021 HIGH ON SIGNS OF SLOWING EXPORTS
3. SAUDI, IRAN HELD TALKS MORE THAN ONCE IN IRAQ
4. 'UNBEARABLY SLOW': SCANT PROGRESS AT LATEST IRAN VIENNA TALKS
5. UK NEW CAR SALES RISE IN APRIL AS LOCKDOWN EASES
6. US TRAVEL DEMAND POISED TO TRIGGER 30% SURGE IN JET-FUEL USE
7. CHEAP BETS ON US\$100 OIL IN VOGUE AS TRADERS EYE BULLISH SUMMER
8. EIA: US CRUDE STOCKS PLUMMET AS IMPORTS DROP
9. SAUDI CUTS OIL PRICES FOR ASIA AS INDIA BATTLES VIRUS
10. MAERSK EXPECTS HIGH DEMAND, BOTTLENECKS TO LAST UNTIL END 2021

RECOMMENDED VIDEOS & REPORTS

- THE ONLY VENUE WHERE OIL MAJORS WILL STILL SPEND BIG
- AMERICA'S POST-PANDEMIC ROAD TRIP PLANS MIGHT END AT THE PUMP
- 80% OF US COAL PLANTS ARE UNECONOMIC AS RENEWABLES COSTS DROP
- OIL MAJORS WON'T BE RETURNING TO EAST MED ANYTIME SOON

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DAILY ENERGY MARKETS FORUM



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NEW SILK ROAD LIVE

PODCAST



Dr. Aldo Flores-Quiroga
Former Deputy Secretary of Energy
for Hydrocarbons
Mexico's Ministry of Energy



Dr. Carole Nakhle
Chief Executive Officer
Crystal Energy



Chris Wood
Chief Executive Officer
Savanara DMCC

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NEW SILK ROAD LIVE

TOP 3

THURSDAY /// MAY 6th

TAKEAWAYS

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DAILY OIL COMMENTARY

FX

Currency markets were staid overnight with major pairs against the USD holding to a narrow range. EURUSD is holding to the 1.20 level it has tracked for much of the past week while USDJPY gained by 0.11% to 109.21. GBPUSD was modestly stronger at 1.3905, up 0.13%. NZD was the only notable standout, adding almost 1% to 0.7216 thanks to a stronger than expected jobs report for Q1.

Equities

Many equity markets staged a recovery on Wednesday following the sell-off the previous day, as positive news on the data front bolstered recovery hopes, and Fed officials pushed back further against any perceived inflationary risk. European markets in particular

soared after PMI surveys were revised up moderately, and Germany's DAX closed 2.1% higher, followed by the UK's FTSE 100 which gained 1.7% to hit a 14-month high. The exuberance wasn't continued to the same degree in the US, where the tech-heavy NASDAQ remained under pressure, losing a further -0.4%. The index is now down -3.3% w/w and is the laggard of the year to date of the three major US indices - although the S&P 500 and the Dow Jones did not have particularly good days yesterday either. The S&P 500 managed to close up 0.1% while the Dow Jones gained 0.3%. Within the region the DFM gained 0.2% and the Tadawul lost -0.7%. In Egypt, the EGX 30 closed 0.5% higher.

Commodities

Oil prices were mixed overnight with Brent futures extending their gains to rise by 0.12%, and close at \$68.96/bl. Brent has come close to but not broken through \$70/bl just yet in this rising cycle. WTI settled lower at \$65.63/bl but only marginally so. In the US crude stocks fell almost 8mn bbl last week, far outpacing market expectations. Gasoline inventories rose by 737k bbl compared with expectations for a similar sized draw. However, distillate stocks were down by nearly 3mn bbl. Crude oil production was unchanged at 10.9mn b/d while product supplied slipped by 704k b/d, to 19.69mn b/d, still some ways below pre-pandemic levels of around 22mn b/d.

Source: Emirates NBD

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Richard Redoglia
Chief Executive Officer
Matrix Global Holdings



When are we going to break out of this range bound trading?

Never in the history of the oil market have we seen OPEC control supply in real time. They did so when oil was at \$150/bl, but today they're not only controlling supply, they are doing so relative to demand. We've also never had a market where demand has fallen year on year while also trading in backwardation. For the next four to five years, I see a range similar to what we came out of in 2018-2019 and volatility will trend lower as demand and supply are calculated and adjusted in real time.

Is the advent of inflation being welcomed by those long on oil?

We are definitely going to be seeing that hedge on commodities as a whole but the question for the oil sector will be whether demand maintains itself with all these different forces at work. We still have \$7 to \$9 of loose production out there and we also have this thing called peak demand. So, oil might be a tad different than other commodities such as base metals or lumber where we already see inflation and a lack of real supply.

Do you see the drawdown of inventories in the US continuing?

Activity is going to continue to ramp up and up. California is starting to boom. New York has just reopened. On US shale, the majors will also start turning this on and off - they're repositioning how those fields will work and I think that's something that OPEC will be watching. We also have 8mn bd of spare capacity that can jump in at any time but also increased demand that can come back. That's the balancing act we are likely to have and hence also the lower volatility. ■

**Paraphrased comments*

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