

ENERGY MARKETS FORUM DAILY BULLETIN



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WEDNESDAY /// MARCH 31st /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL RISES ON EXPECTATIONS OPEC+ WILL MAINTAIN SUPPLY DISCIPLINE
2. OPEC INTERNAL REPORT SEES OIL STOCKS FALLING MORE IN 2021
3. ABU DHABI'S MURBAN FUTURES WILL ENHANCE GLOBAL OIL PRICING
4. OIL MARKET SEEKS CUES FROM SAUDI, AS OPEC+ MULLS MAY PLANS
5. US GASOLINE DEMAND EXCEEDS 2020 LEVELS FOR FIRST TIME IN 2021
6. LESSON FROM EVER GIVEN: DREDGING CRITICAL FOR SUPPLY CHAINS & ENERGY TRADE
7. INDIA STEPS INTO THE SUN ON ENERGY & CLIMATE
8. CHINA'S RAPIDLY EVOLVING LENDING PRACTICES IN AFRICA & THE AMERICAS
9. US GOVERNMENT HAS RETURNED ALL THE OIL IT STORED FOR COMPANIES
10. NYC BODEGAS ARE A WINDOW INTO THE BOROUGH'S UNEVEN RECOVERY

RECOMMENDED VIDEOS & REPORT

- API SHOWS US CRUDE STOCKS RISE, GASOLINE FALLS
- DOC JOINT TECHNICAL COMMITTEE CONVENES ITS 50TH MEETING
- UAE'S POST-COVID-19 OUTLOOK
- TARGET MARKET FOR US LNG IS ASIA
- NATURAL GAS IS HAVING AN IDENTITY CRISIS, TEXAS NEEDS TO LEAD
- CLEAN FUTURE ACT HEADS LIST OF US CONGRESSIONAL ROUTES TO ENERGY TRANSITION

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST

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TOP 3 WEDNESDAY /// MARCH 31st TAKEAWAYS

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DAILY OIL COMMENTARY

Morning all and here we are, at the end of Q1 2021. Thoughts about the last three months? OK, don't answer that. Brent is trading up 0.49/bl, this morning at \$64.63/bl. WTI is trading at \$61.02/bl, up 0.47/bl. Let's start with an Easter joke, shall we? Why did the Easter egg hide? He was a little chicken. Oh, come onnnnn, you can't not enjoy that. Anywayyyy on to other madness - this oil market. April 1st tomorrow and guess what that means? Well, if you were like me when I was at school, your teacher would send you off to another classroom where you'd ask another teacher for a "long weight" or a "big stand." And stand there



BY MATT STANLEY
DIRECTOR
STAR FUELS

for about twenty minutes like a lemon. April Fool's joke obviously. Imagine that now? That teacher would be fired, lambasted on social media and put on a register. Anyway, April

Fool's day and OPEC meet. No that's not irony, it's true. They all meet tomorrow to discuss current production levels. I mean if you're asking me then it's pretty much priced in that they will rollover current levels, Russia will probably be allowed to produce another 100k b/d or so, and Saudi may surprise the market with an additional 500k b/d of voluntary cuts. Prices will bounce up close to \$70/bl again and then settle back to the comfort bosom of \$65/bl on the back of ever rising US rig counts. Why the rollover though? Well yesterday OPEC revised down their oil demand growth by 5%. "The forecast was lowered to

5.6mn b/d after an advisory committee determined that the previous projection of 5.9mn b/d contained in OPEC's latest oil market report March 11 was overly optimistic, delegates told S&P Global Platts." And in a nutshell, this is the issue, if OPEC do nothing but rollover current production levels then the market simply is not there to absorb additional barrels. Supply curtailment discipline is holding everything together at the minute. Just. Commentary taking a break for a week, back at ya on April 12th. Have a great Easter, stay safe and eat loads of chocolate. Lates.

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Stuart Williams
President, ICE Futures Europe,
Intercontinental Exchange



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INDUSTRY SURVEY



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24%

Rise supply to
stop Shale



76%

Rollover to
support price

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Rustin Edwards
Head, Fuel Oil Procurement
Euronav NV



What has the main fallout been from the Suez Canal blockage?

It's going to take them a few days to clear up the backlog of traffic and get things moving on a somewhat normal basis. We will start seeing congestion at delivery ports when the diverted ships start arriving close to those destinations. Container companies will also need to clean up their supply chains and get things moving more efficiently over the coming two weeks.

Air travel within the US appears to be on a positive trajectory?

The recovery is coming and it's helping to drive refining margins in the US higher. Domestic travel is picking up, but business travel has not. But we need to be cautiously optimistic given the most recent CDC statements on a fourth wave of the virus and advice not to travel. The Federal government has yet to impose any particular restrictions on that front.

How are extra costs in shipping impacting inflation?

Inflation is the specter in the room that everybody wants to acknowledge but also ignore. Bond yields have risen again in the last 24 hours. The cost of freight is going to translate into higher cost of goods, and that will hit the pocketbook. Even rising oil prices will eventually reduce the amount of disposable income that people have. Another \$3 trillion in infrastructure stimulus is perhaps something that the US should consider carefully as it may also trickle down to the consumer at the end of the day.

Most likely OPEC decision this week?

Demand is still not there. If you look at forward refining margins, they are still very poor, at under \$4.00 in Europe. OPEC may consider extending the cuts for more than a month this time. I can't see them justifying any production increase unless they want to push that oil flow into the US market where margins are very good. ■

**Paraphrased comments*

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