

# ENERGY MARKETS FORUM DAILY BULLETIN



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TUESDAY /// APRIL 6<sup>th</sup> /// 2021

## TOP 10 DAILY NEWS DIGEST

1. OIL CLIMBS ON WEAKER DOLLAR, OUTWEIGHING OPEC+ SUPPLY WORRIES
2. INDIAN REFINERS DEEPEN CUTS TO SAUDI OIL PURCHASES IN MAY
3. OILFIELD SERVICES SECTOR ADDED 23,000 JOBS IN MARCH
4. IRAN TO SEEK REMOVAL OF US SANCTIONS IN VIENNA TALKS
5. PHILIPPINES SAYS CHINA'S 'INCURSIONS' MAY LEAD TO 'UNWANTED HOSTILITIES'
6. MUMBAI LOCKDOWN: WHAT IS ALLOWED & WHAT IS SHUT
7. SOARING METHANE EMISSIONS SUGGEST US OIL PRODUCTION IS BOUNCING BACK
8. GOLDMAN SACHS PLANS FOR STAFF RETURN TO LONDON OFFICE
9. SUPPLY & DEMAND: CHINA'S SERVICES SECTOR RECOVERY ACCELERATES
10. EGYPT: THIRD CORONAVIRUS WAVE WILL BEGIN WITH RAMADAN

### RECOMMENDED VIDEOS & REPORT

- PUTIN SIGNS LAW ALLOWING HIM TO SERVE TWO MORE TERMS
- CHINA 'OFFERED MIDDLE EAST APPEALING ALTERNATIVE TO US' AMID XINJIANG SCRUTINY
- GOLDMAN SACHS SEES LARGE OIL DEMAND REBOUND THIS SUMMER
- ENGLAND'S LOCKDOWN TO EASE AS PLANNED ON 12 APRIL
- LAUNCH OF NEW MURBAN OIL FUTURES CONTRACT

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## 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

### FX

It was a clear day of dollar selling to start the week with the greenback weakening across all major peers. The DXY index fell 0.46% to settle at 92.595. Gains were widespread with EURUSD up 0.46% at 1.1813 while USDJPY fell the same amount, pushing the pair further away from 111. GBPUSD moved back to 1.39 overnight, a gain of nearly 0.5% while AUD was the standout among commodity currencies, gaining 0.5% to close at 0.7651.

### Equities

With many global equity indices closed for the Easter break it was a fairly quiet start to the week yesterday. US markets were trading however, and started the week on the front foot with gains for the S&P 500, the Dow Jones and the NASDAQ, at 1.4%, 1.3% and 1.7% respectively, bolstered by strong data releases. Within the region, the DFM gained 0.9% and the Tadawul closed flat. In Asia, the Nikkei closed 0.8% higher.

### Commodities

OPEC+ surprised oil markets at the last Oil prices were off sharply in a low liquidity day as the market digested the full impact of OPEC+ raising production over the next several months. Brent futures closed at \$62.15/bl, down 4.2%, WTI settled at \$58.65/bl, down 4.6% while Murban fell to \$60.81/bl, a drop of 4.8%.

Source: Emirates NBD

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### Is the market reaction to OPECs decision counterintuitive?

It's interesting to see the psychology underpinning the market today. It could have been the good news out of China maintaining its top position as the workshop of the world. OPECs calibrated decision could also be read as a nod to India's concerns of undue restrictions on the market. But then we also saw Saudi raising their official price to Asian customers this week, so the dynamics are varied.

### Any light at the end of the tunnel for European economies?

The situation is worrisome with the big spike in infections. The Europeans are not that great at economic flexibility or executing important innovations and commercializing technology. This lagging performance with respect to the vaccine rollout is sort of a reflection of that.

### Can OPEC plus manage to keep US shale away at these price levels?

The shale industry will regroup and will be a long-term factor in the market. Access to capital is not a challenge in the US - the home of zero percent interest rates. The \$50 billion consolidation in the shale space in the last year will continue and will create stronger players. They will probably hold their powder dry for now on increasing production because the demand isn't there and will continue to focus on stripping out costs, increasing dividends and investing in infrastructure. But they will be ready to ramp up when the demand situation justifies it. ■

*\*Paraphrased comments*

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