

ENERGY MARKETS FORUM DAILY BULLETIN



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THURSDAY /// APRIL 15th /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL HOLDS NEAR ONE-MONTH HIGHS AS DEMAND FORECASTS RAISED
2. AMERICAN AIRLINES PLANS SUMMER DOMESTIC CAPACITY HIKE
3. US CRUDE STOCKPILES FALL AS REFINERS RAMP UP OUTPUT
4. ASIA NAPHTHA DROPS TO NEAR 4-MONTH LOW
5. HOW SAUDI'S ENERGY TRANSITION MEANS MORE CHINA & LESS US
6. IRAN: FROM NUCLEAR DEAL TO SHADOW WARS
7. ABU DHABI'S MURBAN USEFUL IN HEDGING OIL TRADE TO ASIA
8. GLOBAL AIR TRAVEL ON MULTI-TRACK RECOVERY
9. US ECONOMY GAINING MOMENTUM AS CONSUMERS DITCH THE WINTER BLUES
10. OMAN IMPOSES NEW COVID-19 LOCKDOWN

RECOMMENDED VIDEOS & REPORT

- SAUDI: EXPANDED TALKS SHOULD FOLLOW ANY IRAN NUCLEAR DEAL
- UNIPER PLANS GREEN HYDROGEN HUB AT GERMAN NORTH SEA PORT
- WHY RUSSIA IS THREATENING TO ESCALATE THE UKRAINE CONFLICT
- US SENDS UNOFFICIAL DELEGATION TO TAIWAN, ANGERING CHINA
- WE ARE GOING TO HAVE A VERY UNEVEN RECOVERY GLOBALLY

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST



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General Index



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Managing Director, Supply & Trading
OMV

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE

TOP 3

THURSDAY /// APRIL 15th

TAKEAWAYS

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DAILY OIL COMMENTARY

Morning all and welcome to the confusion zone. Brent is trading this morning down 0.02/bbl, up 0.10/bbl, wait down 0.10/bbl, wait flat at \$66.60/bbl. WTI is a bit more stable down 0.03/bbl, at \$63.12/bbl. I know what you're thinking "Is a person who cleans a vacuum cleaner a real vacuum cleaner?" Hmm, no not that, but it's a very interesting thought. No, what you're really thinking, did oil really rally by 4% yesterday? Yes, it most certainly did my oil chums. Why? Well, there are a few reasons I suppose. In the bullish corner we have IEA and OPEC both dismissing vaccine rollout delays and cases surging around the world, as both agencies revised up their demand forecasts. Nice. Then we had Goldman's



BY MATT STANLEY
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also saying that, yeah don't worry, everything's going to be fineeeee, don't worry. Great. Then the EIA said that crude stocks dropped 5.9mn bbls, distillate stocks also drew and gasoline builds were negligible. Add

all these three together, mix well, bake for ten minutes at 180 C, then garnish with a healthy sprinkling of free money and bosh, you're enjoying bullish pie with extra ignorance all evening. The thing is though is that actually, things are looking better. I can't deny that. Vaccine rollouts were always going to be bumpy seeing as demand for them is high on infinite and people are gradually venturing out and spending money. I get that and trust me, I'm happy. Who doesn't like a Roast dinner at a pub on a Sunday? Zactly. But here's the thing, I can't ignore current market headwinds in the front of the curve. I mention it again, but India is looking worse and worse every day, as

is Brazil, Iran and cases in the US are still high. I know things will get better but I'm certainly not going to dismiss what second, third, or even fourth waves mean regarding lockdowns and the inevitable effect they will have on demand. Let's not forget that places like Brazil and India is where the demand growth has really stemmed from over the last couple of decades. I'll leave you with this from a very good friend and experienced oil trader I spoke to this morning "...so I would describe the market as such....a financially strong market on weak fundamental foundations." Couldn't have said it better myself, oh I just have. Good day.

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Vandana Hari
Founder & CEO
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Is the crude market at an impasse?

I don't see a major bullish impetus just yet. There seems to be this tussle between the glass half full crowd who see the second half of the year as positive, and those looking quite dramatically at the current situation with the resurgence of Covid and hiccups in vaccine rollouts. India for example has hit a daily average of 143,000 cases – that surpasses the 93,000 last September. And yet, gasoline demand in the country is back at pre-2019 levels. Geographically there is also quite a divide, with optimism on US economic growth but pessimism over Europe. The biggest paradox in the markets today is that despite the real time management of supply, there is no way to predict where Covid will take us. The forward picture of demand is keeping us on tenterhooks.

Any concern about Chinese demand or inflation?

Month on month balances are looking strong but we should exercise some caution there. Higher crude imports are also translating into higher products exports so if you're looking at a global balance of oil, even double-digit growth in Chinese imports doesn't mean Chinese demand is growing at that rate. Optimism for the US recovery at the moment is far higher than for China. Also, Chinese demand was largely factored into the markets last year.

Likely OPEC next steps?

They will continue to taper an increase in supply even if demand doesn't quite pan out in the most optimistic scenario. As for the week ahead, we have the IEA monthly outlook coming out and it will be interesting to see if they revise forecasts upward again for 2021. Attention will also be focused on US oil demand, especially the trajectory for gasoline. ■

**Paraphrased comments*

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