

ENERGY MARKETS FORUM DAILY BULLETIN



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SUNDAY /// MAY 2nd /// 2021

DAILY OIL COMMENTARY



“STIMULUS FATIGUE IS DEFINITELY EMERGING – WE CAN’T KEEP PRINTING MONEY FOREVER!”

Manish Chawla, Global Managing Director, IBM

Stimulus fatigue is definitely starting to emerge - we can't keep printing money forever. But I do not expect the new Democratic administration to support fiscal

tightening anytime soon, as government initiatives are driving a lot of fiscal spending. On the flip side, at least in the US, we are already seeing proposals emerge around paying for all the spending with higher taxes on the wealthy. At some point, the cheque will have to be cut to pay back whoever the money was borrowed from. Infrastructure or consumer spending will itself also create a rise in tax revenues, so the two forces of government and consumer spending should start to balance each other out and

erode the fiscal deficit in due course. We are seeing prices soar to unsustainable levels across most commodities and real estate, but one big positive at least that was not present 10 years ago after the financial crisis, is that the monetary and fiscal stimulus programmes that are being unleashed on this occasion are geared towards an accelerated and sustainable recovery. As the COVID pandemic settles down, demand will start to recover, but one of the main

challenges that will linger will be in supply-chain constraints across markets and countries as vaccination campaigns are rolled out at different speeds. The big piece that is still missing in the COVID recovery is a coordinated multilateral vaccination plan, especially for poorer economies - there are still very closed boundaries within countries as vaccine nationalism is the dominant trend for now.

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST

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TOP 3

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TAKEAWAYS

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TOP 10 DAILY NEWS DIGEST

1. **INDIA DEMAND FEARS, WEAK JAPAN CRUDE IMPORTS KNOCK OIL PRICES**
2. **OPEC PRODUCTION RISES AS IRAN CONTINUES TO INCREASE SUPPLY**
3. **US DRILLERS ADD OIL & GAS RIGS FOR NINTH MONTH**
4. **LNG VESSELS DIVERTED FROM INDIA AS COVID HITS DEMAND**
5. **US-IRAN NUCLEAR DEAL TALKS ARE IN AN 'UNCLEAR PLACE'**
6. **OIL POSTS APRIL GAIN WITH FOCUS ON UPCOMING DEMAND REVIVAL**
7. **INFLATION-TOLERANT FED WILL BOOST COMMODITY PRICES**
8. **WORLD MILITARY SPENDING RISES TO ALMOST \$2TRN IN 2020**
9. **WALL ST WEEK AHEAD BLOW-OUT US EARNINGS**
10. **EUROZONE DIPS INTO SECOND RECESSION**

RECOMMENDED VIDEOS & REPORTS

- **CRUDE STOCKS HIT RECORD HIGH AT CHINA'S SHANDONG PORTS AMID TURNAROUNDS**
- **CHINA DRIVES COPPER PRICE SURGE, BRINGING HOPE TO AFRICAN PRODUCERS**
- **CEO'S HAVE A MEASURED VIEW ON RECOVERY!**

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Leo Tameeris
Chief Executive Officer
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The recovery towards pre-pandemic gasoline demand seems undisrupted?

China continues to be a bullish market and it will only get stronger in the next month. Chinese refineries are running full out if they are not under maintenance. They are even exporting diesel, but the gasoline is being consumed in country.

Can OPEC still hang its hat on China's demand recovery outlook?

The Chinese markets are very much in full speed. We see that in activity at dry docks for products like iron ore and steel. Chinese steel futures this week hit record highs. In terms of demand for crude, China still has lots of storage, which they are consuming first, but they will look to replenish this, especially if and when prompt prices soften.

What's the view on aviation picking up across Asia in 2H 2021?

Domestic travel in China is growing but international travel will take much longer to recover. Bureaucracy and waiting times are also proving costly and will deter enthusiasm for travel unless necessary. We're not going to reach any kind of stability on international travel for the time being. ■

**Paraphrased comments*

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