

ENERGY MARKETS FORUM DAILY BULLETIN



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THURSDAY /// MAY 27th /// 2021

TOP 10 DAILY NEWS DIGEST

1. **OPEC+ POTENTIALLY CONSIDERS RETURN OF IRANIAN OIL TO MARKET**
2. **INDIA OIL DEMAND FORECAST TO RECOVER SLOWLY BY END-2021**
3. **DOLLAR FIRMS AS TRADERS BRACE FOR US INFLATION GAUGE**
4. **DUTCH COURT RULES SHELL MUST REDUCE CO2 EMISSIONS**
5. **EIA REPORTS -1.662MN BBL DRAW ON US SUPPLY**
6. **FRANCE IMPOSES QUARANTINE ON UK TRAVELLERS**
7. **CHINA: STOP SELLING COMMODITIES-LINKED PRODUCTS TO RETAIL BUYERS**
8. **A HURRICANE-LIKE GASOLINE SUPPLY PINCH FACES HOLIDAY DRIVERS**
9. **BANK HOLIDAY TRAFFIC DELAYS AS UK ROADS FACE BUSIEST WEEKEND OF 2021**
10. **EXPLOSION AT IRANIAN PETROCHEMICAL PLANT KILLS 1 WORKER, 2 WOUNDED**

RECOMMENDED VIDEOS & REPORTS

- **US-IRAN UNLIKELY TO REACH DEAL BEFORE IRANIAN ELECTION!**
- **GOLDMAN SACHS: THE PATH TO HIGHER OIL PRICES**
- **THOUSANDS DIED NEEDLESSLY AFTER COVID MISTAKES**
- **CHINA'S CARBON EMISSIONS GROW AT FASTEST RATE FOR MORE THAN A DECADE**
- **WHY FEWER HUMANS ARE WORKING ON CHINA'S ASSEMBLY LINES**
- **MALAYSIA NOW HAS MORE COVID CASES THAN INDIA**

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST



Dr. Carole Nakhle
Chief Executive Officer
Crystal Energy



Frank Kane
Senior Business Columnist
Arab News



Daniel Richards
Senior MENA Economist
Emirates NBD

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE

TOP 3

THURSDAY /// MAY 27th

TAKEAWAYS

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DAILY OIL COMMENTARY

Morning all. It's been a while, a few technical issues and fairly serious ones if I'm honest. And no, that's not a euphemism for me taking advantage of relaxed Covid-19 dining restrictions, ok? Brent is trading this morning down 0.29, at \$68.58/bl. WTI is trading at \$65.95/bl, down 0.26/bl. I was a little reluctant to use that phrase, "relaxing of Covid-19 restrictions" and I'll tell you why. Here I am, sitting in a lovely office in a lovely city and I can plan to do things on a social level, things that haven't been on the radar for quite a while. Something called a "business lunch." Extraordinary concept this is. I'll explain. You call up a client and ask them if they want



BY MATT STANLEY
DIRECTOR
STAR FUELS

to have "lunch." They agree, you fix a date and venue, sit down and people bring you beverages and food! Amazing, really is. I jest of course, I don't eat food at these "lunches." Anyway, I am joking but

then again, I'm not because joviality is something that has to be enjoyed by everyone, regardless of subject. I am lucky to have readers of this commentary across the globe and those who are reading this in places that are locked down, trying to deal with a health care system under immense pressure, or seeing a surge in variant cases are not thinking about lunch. Lunch is just about the last thing on their mind. And it's this fractured recovery that concerns me. Whenever I hear "post COVID" I pick up on it and say something. What does this fractured recovery mean for the oil market though? Well let's take India, some forecast that renewed lockdowns

would have no bearing on oil demand. This yesterday - "US bank JP Morgan has cut its Indian oil demand projections by 690,000 b/d for May, with gasoline and diesel demand down by 275,000 b/d and 370,000 b/d respectively, and by around 400,000 b/d for June, compared with its forecasts at the start of April." Do I see things getting better during the second half of this year? Yes, I do. But that second half return will mostly be made up in Q4. July is only around the corner and the simple situation is that demand is still down, and supply is coming back. Oh, hello tin can, haven't seen you in a while, boootttt, see yaaaa. Good day to all.

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ENERGY MARKETS FORUM Consultancy Intelligence Publishing EXCLUSIVE 60 SECOND SOUNDBITES

Dr. Carole Nakhle
Chief Executive Officer
Crysol Energy

**“OPEC+ will Eventually
Have to Accommodate
Iranian Oil”**

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ENERGY MARKETS FORUM Consultancy Intelligence Publishing EXCLUSIVE 60 SECOND SOUNDBITES

Frank Kane
Senior Business Columnist
Arab News

**“Saudi’s Advocating
Circular Carbon Economy
to Tackle Climate Change”**

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD



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Vandana Hari
Founder & CEO
Vanda Insights



The market appears to still be stuck in a rangebound band?

If you look at financials, they haven't given much reason for crude to move decisively in either direction. Investors have lost some of their risk appetite on inflation fears -that's very much filtering through this week and it's proving hard for oil market participants to get a clear read on anything. In terms of fundamentals, it's a little bit of an equilibrium. There's cautious optimism over the US and also Europe reopening, while we see the flare up of the virus in India and certain parts of Southeast Asia.

Even US inventories reports don't seem to be having an impact?

The market is waiting to see what happens with the financial markets and Iran and they remain focused on demand rebounding. The latter is manifesting clearly in the US with mobility way off the charts, but the market will seek continual validation when it comes to data.

How critical is the advent of Iranian oil on market expectations today?

Iran has 60mn barrels plus of floating storage ready to sell but I don't see the Iran deal happening this week. If it does, traders will need to be poised with their fingers on the sell button. But again, the question is will we see a complete lifting of US sanctions? That's the only leverage the US has to ensure that Iran lives up to its commitments.

Given demand expectations for 2H 2021, could low CapEx in the sector be bullish for oil?

The price pressures, low profitability and the prospect of demand never returning to pre COVID levels has accelerated a downward trend in CapEx that had begun even before last year. We need to see continued investment in oil and gas. If demand rebounds by 2022, we may be faced with not enough capacity and whatever spare capacity remains is increasingly concentrated in the Middle East. ■

**Paraphrased comments*

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