

ENERGY MARKETS FORUM DAILY BULLETIN



Consultancy
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MONDAY /// APRIL 19th /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL FALLS AMID SURGING COVID-19 INFECTIONS IN INDIA, OTHER COUNTRIES
2. AUSTRALIA-NEW ZEALAND TRAVEL BUBBLE BRINGS RELIEF, ELATION
3. HISTORIC OIL GLUT AMASSED DURING THE PANDEMIC HAS ALMOST GONE
4. JAPAN EXPORTS RISE IN MARCH AS GLOBAL DEMAND GROWS
5. INDIA IN CRISIS AS HOSPITALS RUN OUT OF BEDS AND OXYGEN FOR COVID-19 PATIENTS
6. PRESS TV: ONLY REMOVAL OF SANCTIONS WILL SAVE VIENNA TALKS
7. US INFLATION ISN'T COMING IT'S ALREADY HERE
8. INSIDE CRIMEA'S WATER CRISIS
9. CHIP SHORTAGE CASTS SHADOW ON CHINA'S AUTO INDUSTRY RECOVERY
10. CANBERRA PREPARES FOR TAIWAN CONFLICT AS TENSIONS ESCALATE

RECOMMENDED VIDEOS & REPORTS

- COVID-19 DATA EXPLORER
- PANDEMIC AND PROPERTY PRICES WEIGH ON UAE BANKS SAYS S&P
- CHINA'S \$87BN ELECTRIC-CAR GIANT HASN'T SOLD A VEHICLE YET
- TIME TO STOP FUNDING ASIA'S COSTLY ADDICTION TO LNG AND COAL POWER
- IS ALIBABA'S FATE A WARNING TO CHINA'S TECH GIANTS?
- WE ARE GOING TO HAVE A VERY UNEVEN RECOVERY GLOBALLY!

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST



Omar Najia
Global Head of Derivatives
BB Energy



Mike McGlone
Senior Commodity Strategist
Bloomberg Intelligence



Rustin Edwards
Head of Fuel Oil Procurement
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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE

TOP 3

MONDAY /// APRIL 19th

TAKEAWAYS

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DAILY OIL COMMENTARY

Brent is trading this Monday morning at \$66.40/bl, down 0.37/bl. WTI is trading down 0.32/bl, at \$62.81/bl. To say I'm a bit confused is an understatement. I feel like I've been given one of those 1000-piece baked bean puzzles and I cannot find a corner anywhere. Yet I look at equity and oil markets and it's like they've all been given a six-piece wooden duck puzzle. Easy. Before we get into the state of the current oil market, I want to take you back to April 20th, 2020, a year ago tomorrow. Everyone was locked down. Zoom cheese and quiz nights were all the rage and you couldn't get your hands on a pack of flour to make your



BY MATT STANLEY
DIRECTOR
STAR FUELS

banana bread. In Cushing however, the delivery point for WTI, the oil price traded down to a low of negative -\$40.32/bl. Yep. -\$40.32/bl. You actually couldn't give crude oil

away. Where are we now? Yep, \$103.32/bl higher than that most unfortunate of US oil trading days. As much as the world fell off its chair and every US driller red buttoned their bankers phone calls, if I would have said to even the most optimistic person in the world "Yeah don't worry, it will rally by \$100/bl in less than a year," he would have called the authorities. Hello? Yes, there's a mad person in front of me talking rubbish, have him removed. OK, let's jump forward to the present day, and this most unfortunate headline, "More people were diagnosed with Covid-19 during the past seven days than any other week since the start

of the pandemic." Cases in India today are 271,000. Cases in Brazil are out of control. Argentina is facing protests versus government lockdowns. Hong Kong has suspended flights from India, Pakistan, and the Philippines. Let's balance this argument though. The UK enjoyed the first free weekend for a while and a travel bubble has opened between Australia and New Zealand. What all this tells me is that the path to recovery is bumpy and uneven. And none of that is good for oil demand. Who cares though? Not the oil market. I'm off to find some baked beans. A corner! Oh wait, another bean. Good day and week to all.

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Walter Simpson
Managing Director
CCED



How much of a weight does US shale have in the management of supply?

National oil companies will be the driving force for oil output in the future. The way OPEC has managed this, with the Saudi drive to control supply and make the price do what it wants to do has been a lesson to shale players in the US. They would be reentering a market where they can be taken out of business very quickly by a big player. There's been a change in thinking around how safe a bet shale production is going to be in the US.

Expectations for the next OPEC meeting?

With all the news we've got at present, I'd suggest that the deal they struck at the last meeting would make sense to continue with. They might justify sneaking a little bit more supply in if the demand indicators warrant it, but both the Saudis and Russians would probably be happy with a \$60 to \$70 range.

Do we need stronger commitment to CapEx in the Gulf to add capacity?

It depends on the cost of supply. Saudi Arabia for example is obviously well positioned and in Oman, we are also competitive at present in our supply price. That's where US shale faces a challenge because it is expensive. Economics is going to drive it.

Oman has just introduced VAT – is the austerity measure good timing?

It's only 5% and the oil and gas sector will be exempt, but these are challenging times in general for Oman with Covid. Small businesses, like restaurants are particularly vulnerable to the lockdown measures – the government has had to take some hard decisions in trying to protect the health service and its people from infection. ■

**Paraphrased comments*

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