

ENERGY MARKETS FORUM DAILY BULLETIN



Consultancy
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MONDAY /// MAY 3rd /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL PRICES SLIP AS PANDEMIC TAKES TOLL ON INDIA'S FUEL SALES
2. RUSSIA HIKES OIL OUTPUT IN APRIL AS ITS OPEC+ QUOTA RISES
3. IRAN EXPECTS 2.5MN B/D EXPORTS AFTER US SANCTIONS REMOVAL
4. HUGE RISE IN COVID-19 CASES HIT INDIA'S APRIL FUEL DEMAND
5. US DENIES IRAN CLAIMS OF PRISONER DEAL; UK PLAYS IT DOWN
6. COUPLE MOVE INTO EU'S FIRST 3D-PRINTED HOUSE - BUILT IN 5 DAYS
7. JORDAN DETECTS CASES OF MORE INFECTIOUS INDIAN COVID-19 STRAIN
8. BITCOIN ON CENTRAL BANK BALANCE SHEET?
9. FOR CHINA'S SMALL BUSINESSES, LIFE IS STILL FAR FROM NORMAL
10. ASIA OFF TO SLOW START AHEAD OF US DATA DELUGE

RECOMMENDED VIDEOS & REPORTS

- IATA ECONOMICS' CHART OF THE WEEK
- INFLATION-TOLERANT FED WILL BOOST COMMODITY PRICES
- REVERSAL OF FORTUNE: OIL AND GAS PRICES IN A 2-DEGREE WORLD
- JANET YELLEN SAYS CRITICS OF BIDEN'S TAX HIKES ARE ASKING THE WRONG QUESTION
- CEO'S HAVE A MEASURED VIEW ON RECOVERY!

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST



Bora Bariman
Managing Partner
Hormuz Straits Partnership



Mike McGlone
Senior Commodity Strategist
Bloomberg Intelligence



Omar Najia
Global Head, Derivatives
BB Energy

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE

TOP 3

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TAKEAWAYS

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DAILY OIL COMMENTARY

Morning all and welcome to Soggy BBQ day. That day of the year where if you're a Brit you dust off the flip flops even it is forecast to rain, be a bit windy and overcast. Let me check the weather for London - ah yes, 13 C, light rain and a fresh breeze. Start the car love! I'm off to the butchers and B+Q. Anywayyy, Brent is trading at \$66.71/bl this morning, down 0.05/bl. WTI is trading down 0.03/bl, at \$63.55/bl. First, as always, I want to send thoughts and prayers to all in India and everyone who has been affected owing to the devastating second wave of Covid-19



BY MATT STANLEY
DIRECTOR
STAR FUELS

gripping the country. I'm sure everyone reading agrees, and let's hope we all do whatever we can to help. A quiet day expected across all markets today owing

to several holidays, except of course for the US. Where the economy seems to be on a relentless bull run at the moment. The US economy expanded by 6.4% in Q1 on an annualized basis. Amazing what giving out free money does, isn't it? Here Clarence, have \$600. Go buy some brisket. Everyone is expecting bullish Non-Farm payrolls this week, up by a million apparently, but this is still 6 million below pre-Pandemic levels. Yet equity markets are at record highs - go figure. As I have already mentioned Covid-19 cases in India continue

to break records and demand for products was down 10% month-on-month. It goes without saying that the action that will need to be taken to contain the current outbreak will be a national lockdown, and even though this may have a devastating effect on the economy and demand making the return many hoped, one has to look at the bigger picture. What else is going on? Well as I write, two players in the Indian Premier League cricket have tested positive for Covid-19. Words fail me. Like I said, let's hope things start getting better soon. Good day, and week to all.

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Mike Muller
Head
Vitol Asia



Impact of India's Covid resurgence on demand?

Estimates are between 200,000 bd and 500,000 bd but India has not yet turned back any crude cargoes nor exported substantial cargoes of products – the latter is where any real change in demand will manifest. As a country, it's also very resilient and hasn't closed vast sections of the economy down. We won't have a clear picture of the final impact until after the elections. Regardless, we're seeing a phenomenal pace of growth in other economies, such as the US and China, that aren't as afflicted by the virus. Those are pulling the market up towards \$70.

Is supply still playing as important a role in supporting prices?

We've seen the big dent in Atlantic basin availabilities and so the industry is expecting further tightening in the surplus of crude oil that moves from one month into the next and which can't be replaced. There's also continued confidence in OPEC's ability to control supply. Meanwhile, the world continues to draw oil down. The market will need extra supply at some point.

How much is Iranian oil factoring into market sentiment?

Iran has already been allowed by the global community to creep up its exports across the barrel, so perhaps the impact on products will be less severe than some expect. There is space for more oil from Iran to return because it won't come back in one big bang – the trading cycle operates two months forwards and for anything more permanent, factors such as banking channels will need to be restored.

What will break us out of this current trading range?

There's a lot of hedging and it's not making a dent in the back end of the market. There are plenty of willing buyers out there to put that position on right now. It's a resilient market. There's even a renewed appetite to come back into the sector on the equity side following positive Q1 company results. The market remains underpinned by stock draws with potential to the upside on the back of positive economic indices across Europe, the US and China. ■

**Paraphrased comments*

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