

ENERGY MARKETS FORUM DAILY BULLETIN



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WEDNESDAY /// MAY 5th /// 2021

TOP 10 DAILY NEWS DIGEST

1. OIL JUMPS ON STEEP DROP IN US CRUDE STOCKS
2. HIGHER INTEREST RATES MAY BE NEEDED TO PREVENT ECONOMY FROM 'OVERHEATING'
3. INDIA'S MARCH CRUDE IMPORTS EDGE UP BUT PANDEMIC CONCERNS LOOM
4. COMMODITIES JUMP TO HIGHEST SINCE 2011 ON REBOUND VIRUS
5. AFRICAN OIL DEMAND POISED TO REACH PRE-PANDEMIC LEVELS BY H2 2021
6. EU SUSPENDS EFFORTS TO RATIFY CONTROVERSIAL INVESTMENT DEAL WITH CHINA
7. APICORP: ENERGY INVESTMENT IN MENA SET TO TOP \$800BN BY 2025
8. API SHOWS SHARP DROP IN CRUDE, PRODUCT INVENTORIES
9. SINGAPORE TIGHTENS COVID CURBS AS VARIANTS DRIVE CASES
10. SHORTAGE OF TANKER TRUCK DRIVERS MAY LEAD TO HIGHER GASOLINE PRICES THIS SUMMER

RECOMMENDED VIDEOS & REPORTS

- ASIAN LNG BUYERS ARE PREPARING FOR A HARSH WINTER
- A POPULATION SLOWDOWN IN THE US
- KING SALMAN DISCUSSES BILATERAL RELATIONS WITH TURKISH PRESIDENT
- CHINA'S 'RED' TOURISTS LEARN ABOUT HISTORY, EVEN IF IT'S NOT ALL TRUE
- INDUSTRY LEADERS WILL INVEST CAUTIOUSLY INTO RECOVERY AS NOT CONVINCED OF LONGEVITY

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE PODCAST



James McCallum
Executive Chairman of Xergy
Professor of Energy at Strathclyde
University



Richard Redoglia
Chief Executive Officer
Matrix Global Holdings



Andrei Belyi, PhD
Professor, Founder & CEO
Balesene OU

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DAILY ENERGY MARKETS FORUM NEW SILK ROAD LIVE

TOP 3

WEDNESDAY /// MAY 5th

TAKEAWAYS

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DAILY OIL COMMENTARY

Morning all. Brent is trading at \$69.40/bl, up 0.52/bl. WTI is trading up 0.45/bl, at \$66.14/bl. All the single ladies. Look out, Jeff Bezos & Bill Gates are on the market. Yes, it's true. With combined wealth of \$211 BILLION dollars, I'm sure they'll be queues of people looking to engage in conversation about climate change, drone courier deliveries, and the latest version of Windows. Yeah. OK, oil. Well, it's just a run-away train, isn't it? Brent will trade above \$70/bl today, I think that much is fairly inevitable. Let's have a look where we were this time last year, shall we? Ah yes, there you are, May 5th, 2020, Brent at \$30.97/bl. And to be honest we were all



BY MATT STANLEY
DIRECTOR
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saying "Brent in the \$30s/bl? The recovery is on!" Look at us now, \$39 bucks higher than last year and on the rise. Drill baby, drill. Where was Brent trading May

5th, 2019, I hear you ask? I shall tell you. Ah, yes. \$70.85/bl. So we're at levels on flat price that we were 2 years ago but demand is around 5mn b/d lower than it was then. Anddddd, India, Brazil, Japan, Thailand, Laos, Bhutan, Seychelles and a lot more are entering renewed lockdowns owing to the Covid-19 pandemic. Hahahaha. Sorry, I just realized that I must have missed something because surely that can't be right. Can it? Oh yes it can. And I'll tell you something. I don't find it funny. I don't find it funny at all. The sheer brazen way markets are reacting to a global economy that has been shattered into fragments is quite frankly nothing short of capitalism gone

mad. In the US cases are decreasing, vaccinations are increasing, and a recovery has been well and truly priced into the market. Equity markets prove this by consistently breaking records. Then we have the grave situation in India. Where oxygen is running out and people are facing inevitable consequences I can't even bear to think about, to be honest. I'm all for a recovery, don't get me wrong, but I can't ignore the grave situations less developed nations are facing in the same way most markets are. Sorry I just can't. Stats out later, big draws apparently so wait for yet more records to be broken. Sad really, isn't it? Good day.

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Dr. Charles Ellinas
CEO

Cyprus Natural Hydrocarbons Co.



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INDUSTRY SURVEY



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Matt Stanley
Director
Star Fuels



The divergence in the global economic recovery seems to be widening?

It is certainly fractured. Vaccination drives in Europe, the US and the UAE for example are different from those in South Asia and Africa. Whether the G7 economies and China can keep demand buoyant, and the market supported or pushed higher, is a question. Demand is still six million barrels a day below where we were pre-pandemic, yet flat prices are at the same levels. Whether growth areas like South Asia and Africa can absorb the extra oil when it starts coming back, is what's causing hesitant trading today.

Will OPEC need to change its supply strategy during Q2?

If you're OPEC and your range is between \$65 and \$70, you're happy – it's the sweet spot for most GCC economies. US production has plateaued at 11 million bd - that investment is not coming back any time soon - the threat of the last three or four years has waned. But there's also a lot of hope being pinned on demand returning in the second half of the year - five million bd of it, half of which is jet fuel. That's looking a little fragile. However, the Brent structure is currently \$2.25 backwardated, so there is faith in the market on demand making a comeback. If it does materialize, the structure will go bid, which it has been doing over the last couple of weeks. And if those deferred end of the year structures on products also start getting into backwardation as has happened on crude, then those forecasters could be right. ■

**Paraphrased comments*

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