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Dr. Carole Nakhle
Chief Executive Officer
Crystal Energy



What's the outlook for oil markets for the remainder of Q1?

The overall trajectory remains positive but demand also remains uncertain. Even in the US, where we have seen oil inventory drawdowns for three weeks, recent consumer price index figures did not rise as much as it was hoped. That indicates that we still have a subdued level of economic activity. What OPEC plus decide to do from April will be a very important factor for oil prices. The market may be able to absorb the Saudi volumes back, but there are questions whether it can also absorb a relaxation of other members' output cuts - that might be too much.

How vulnerable is the real economy's recovery to monetary policy engagement?

China is the one exception but elsewhere, the global economy remains in a shaky state. Whether stimulus spending will be sustained long term is a question on everybody's mind. It cannot suddenly be withdrawn without serious fallout. Incidentally, the Saudis today also see themselves as the 'central bankers' of the oil market, taking a step-by-step approach in the absence of robust fundamentals that support a particular direction. Neither the global economy nor oil markets are out of the woods yet - they are still recovering from the deepest crisis of last year.

Any other macroeconomic concerns on your radar?

One element that is surfacing is potential challenges to economic growth in countries where the virus has in fact been relatively under control, such as Australia and New Zealand. These countries are facing the unintended consequences of their success in managing the virus - a drop in migration and the labour force which usually drives their economies. So, we need to be aware of new problems such as these which may surface as the months progress. We remain in a high-risk environment. ■

**Paraphrased comments*

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