

EXCLUSIVE SERIES

VIEWS YOU CAN USE

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The market seems to have found a new upward direction this week?

The optimistic sentiment has been related to IEA, EIA and OPEC data, all upgrading their forecasts for oil demand. We also saw draw downs in inventories in the US. While most of the positive economic data so far has concentrated on the US, being the largest global economy, there will be positive spillovers on its trading partners. We also started to finally see improvements in Europe's vaccine program though still not up to speed with the UK and US. We must remain cautious for the coming months because the pandemic is not quite under control and we will see an uneven recovery geographically speaking.

Have monetary policy makers pushed inflation worries away?

We should bring different time frames into perspective. The longer term we look, the more the inflation risk and other scars from the pandemic might reemerge to impact economic growth. Inflation is still a worry for many market observers today, but it seems to have tamed down from a month ago. I wouldn't be surprised to see the conversation brought back into the picture. We should also consider the correlation between oil prices and cost trends. High oil prices can sometime also attract the taxman and the industry could be at risk as governments look for ways to generate income. ■

**Paraphrased comments*

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