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Christof Rühl

Senior Research Scholar - Center on Global Energy Policy
Columbia University

What's the macroeconomic outlook mid-Q2?

The economic picture will continue to be driven by the US and China. Supply chain bottlenecks continue but we should distinguish between those that the system is equipped to handle (such as delivery of white goods) and problems which arise from sudden excess demand (microchips and lumber). The latter can escalate into other sectors of the economy and potentially cause problems such as wage inflation. Inflation data will be released in several countries this coming week, including the UK. It will be interesting to compare that with what has happened in the US. In the US itself, we also have end of season retailer reports - if they are not very positive, we could see them raising prices. And perhaps most importantly, we have April US housing market data being released which will give further guidance on where inflation might be headed.

Has the global oil glut from last year finally been removed?

Inventories have drawn down and are coming back to normal. But that's not where the music plays anymore. The focus now needs to be on spare capacity and that's in the hands of OPEC. Saudi Arabia is probably happy today to have the flexibility of its additional 1mn bd. It will watch demand and make the call on when to get into the market without draining the system.

Should OPEC Plus be concerned about more Iranian oil hitting the market?

Iran has the capacity to ramp up exports, not production, by 600,000 bd within three months and 1.2mn bd within six months, of a deal being struck. It will then become harder for OPEC to calculate its impact. The other interesting component which plays into market calculations today is on product spreads between various destinations. The heavy end of the barrel, such as Bitumen, seems to be collapsing first so we are starting to see this imbalance within refining systems. ■

**Paraphrased comments*

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