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The US Fed continues to dismiss concerns around inflation?

The interesting point today is that almost 18 months into Covid, economic activity in the U.S. and in other countries emerging out of the pandemic, is unchanged. So, if we do see a rebound within the existing production capacity, there may be inflationary pressures and there may or may not be big investment expenditures within that recovery. That will then decide whether these economies translate any current recovery into long term growth. It's one of the reasons why Biden is so adamant on an infrastructure program - to generate high growth rates, long term.

Is Europe getting on top of the vaccine rollout?

Most European economies are fairly strong, but still not a match for the US or China. Europe is just too fragmented; it had an opportunity for a joint stimulus program financed by a joint bond issue, but they didn't want to share the debt. Any progress on raising money and fiscal stimulus seems to be evaporating again. By contrast, the boom coming into the US is real and will propel it forward this year and next. The Chinese economy is also on the way back to 6% growth, but that's low by Chinese standards and Chinese aspirations.

Outlook for the oil market for the remainder of Q2?

Longer term, \$65 seems to be an anchor price. This remains a supply story. We know that flight numbers will not be back to 2019 levels and we know that OPEC Plus has about 8 million bd of spare capacity. Demand will not be strong enough to absorb that, nor possibly the 6 million bd growth in oil demand expected by some this year. But the OPEC group is also very firmly in control and \$65 is a number on which everybody can agree, at least until shale production possibly wakes up in the US. ■

**Paraphrased comments*

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