

# DAILY ENERGY MARKETS FORUM

## NEW SILK ROAD



Consultancy  
Intelligence  
Publishing

## EXCLUSIVE SERIES

# VIEWS YOU CAN USE

**Dr. Carole Nakhle**  
Chief Executive Officer  
Crysol Energy



### The US Fed seems to be happy staying on the sidelines?

We are getting more reassurance from the bank every time they meet, that they are not ready to take any action. Another recent interesting data point came from the IMF's quarterly forecast, which has kept its average global growth rates at 6%. It has upgraded forecasts for richer OECD countries while downgrading developing economies by the same percentage. We're finding that this gap of uneven growth is getting bigger and that will have implications on oil demand. The dichotomy comes from the availability of and access to vaccines as well as government stimulus programs and supportive monetary policy. On top of that, emerging countries will suffer even more if wealthier nations increase interest rates, raising the cost of borrowing.

### Is US Fed policy taking emerging economies into account at all?

It's mostly domestically focused but if you look at other central banks, for example, in Europe, there seems to be a kind of indirect coordination between their policies because they know that they cannot be left alone unless the developing countries catch up at a certain point in terms of vaccination rollouts and in terms of what the impact of increasing interest rates could have on those economies. Not many people are thinking about that today.

### Outlook for China to support 2H 2021 demand?

Interestingly, for the first time ever in its recent five-year plan, China did not include a specific GDP growth rate target. That by itself means they are bracing themselves for slower economic growth than what they have had in previous years.

### Has European pent-up demand emerged as expected this summer?

Things in Europe are definitely looking better overall, but summer demand has not picked up as expected. It has been delayed by travel restrictions and vaccinations. So, on balance, we do see structural problems emerging everywhere and we will have longer-term impacts beyond the pandemic itself, on the global economy. ■

*\*Paraphrased comments*

Series Supported By:



Copyright © 2021 GULF INTELLIGENCE FZ LLC. All Rights Reserved.

Registered at Dubai Creative Clusters Authority. Registered Address: DMC 9, Office 310, Dubai Media City, PO Box 502466, Dubai, UAE.