OIl market recap

physical constraints, fundamental, trading dynamcis

92% GDP in some type of lockdown, even in Singapore going backwards.

* 20m barrel per day.
* global 100m bpd, 30% cut from that is reasonable
* through second quarter
* from physical not able to cope with it
* must exist inside an **infrastructure, must be put into a pipeline**
* cash prices are blowing out
* physical in is near
* funding cost: eased up dollar issues. grid system in global trading.
* default risk is coming off.
* not financial issue, a physical issue.
* super contago curve. 98 cloest to current environ. price war, Asian financial crisis
* spike to the downside
* keep hitting the constraint
* market getting more efficient when dealing with this shock
* not going to happen immediately
* 2+months using model of Wuhan
* environment to move people back to work is essential
* outlook: 20 dollars pb near term
* who's going to shut in? Norway is safe: 150m deep in the sea
* demand is the key here
* significant surplus building. 40% reversal in demand
* start at refineries
* gasoline, desial suturation
* have to shut the refinery, crude to stay at producer level
* weeks later, no other solution, shut in
* take a long term to restart
* in land countries: US, Canada, Columbia, bigger impact
* G20: too little and too late
* potential recovery is big
* frictions on the way down and up.

PMI:

stabilisation on the sequential basis from last month. External demand evolution. China restarting but in a slow manner.

European pmi: flash number revised down. below financial crisis.

1. Paris rescue fund. 100bn insurance scheme.

2. programme to support companies

Oil: Trump considering temp ban on import on crude. 60-90 days period. Relative value perspective. Market responding WTI rallied against Dubai crude down.

- US Pompeo ease sanctions on Iran. Bearish thing in general.

- API last night, crude build 10mn, gasoline 7mn.

- Russia not going to increase the production.

- WTI not really break 20. Futures curve holding firm. Some RV moves going on.

2020-4-3 market update

* service Pmi. 23.5 better than the consensus.
* slow recovery and further job losses in march.
* new lockdown measures in Singapore. increase in case count. more signs of spreading domestically.
* Europe PMI more or less. declines quite striking. flash revised down.
* divergence between Germany and southern.
* Germany keep employees on the book, not in Italy and Spain.
* rapid labor market decline.
* pushing on the test.
* apologies from the EU to Italy. German to help.
* Germany critical to lack of help to Italy.

Oil

* media and Monday to determine to cut 10mn. Saudi and Russia will do as long as US 's participating.
* Market still short.
* a lot of disbelieve.
* today continue to break higher.

Rates

* libor expected to lower