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

## 2020-4-6

1. slowing down of the curve

2. German to be hit later on

3. opening of activity Austria, small retailers reopen.

4. aggressive social distancing early on

5. use face mask

6. Japan infection rate increase

7. Emergency in some regions.

8. tightening in Jap, Sing. China started to quarantine locality. Corporate better activity. BMW up. Signs of coming back.

JPM conference 2020-4-6

1. initial jobless claim

2. 2 trillion dollars

3. MBS

4. High grade credit

5. recovery quickly

6. labour market and credit market damage different.

7. global GDP 11% in the first half of the year.

8. Western europe even more

9. Set for rebound in mid year, 13% annualised globally.

10. Fed learnt to do in GFC.

11. Credit is going to a onging problem here.

12. Rebound: how succesful in containing the virus, financial stress.

13. 12% GDP fiscal stimulus. Package. 300bn to mortality. 3 most improtant, FBA programme, unemplotmeny. Will support consumption. 3Q perhaps.

14. ow equities, uw bonds. Flushing positionings.

15. in 2021 the earnings is going to be ok? fiscal support.

16. When will the economy reopen? Uni of Washington.

17. Exponential features, not believable.

18. Big data: most countries have now past. 1 week later peak in fatality, 1week later peak hospital discharge.

19. 4 weeks to normalised, some limited reopen.

20. 1 week later will think about rethink about opening.

21. growth vs value. Perf differential. Positioning extreme.

22. Fed announcement:

2020-4-7

1. Japan announce emergency. 20% GDP package

2. cases slow down.

3. in the US Pelosi trillion dollars. Mirror Phase 3 deal. Other economist quiet so far

4. BoJo: household concerns

5. German finance Minister. Nowhere near Eurozonecrisis? Money only for virus related. No tangible progress on a package when the crisis is over.

6. Should be ok to patch over thing in the near term. Solitary?? EU conmission?

Oil

1. OPEC meeting on Thu, G20 on Friday.

2. 3 months cut, want US and Brazil to participate. Will be his call to implement the law on curtail production. Cut output 30% from May.

3. Natural gas rally. Norway to cut?

FI:

1. Auctions?

2020-4-8

1. EU fails to come up with agreement. 16hour phone conversation. Nothing managed to agree upon

2. Compromise is at hand. Hopefully easter from Germany.

3. Support will be there for Italy.

4. Prob OK in near term.

5. France survey crashed to 50.

6. Lufthansa worse case senario out there, cut 25% by Oct?

7. Bernanke: will take time to come back from this.

8. Japan with Fiscal package, 20% GDP. Truly near spending around 3%.

9. More needed, not spending but also fiscal support.

2020-4-9

1. was expanded to 20bn in GFC

2. FT some days ago things were appropriate for the government to fund itself

3. pay the way for this decision.

4. ECB minutes out. Suspicion not explicit on issue limits in place.

5. Quite on this front. Do not apply to the new programme. Concerns remain.

6. Fiscal package from Japan. That includes a lot of other measures already around.

7. Report from South Korea, recontracted.

Oil

1. OPEC+ today. Tmr G20 energy call. Contribute to the cut.

2. Many uncertainties going on. Production level is going to be the same no matter

3. Important: 1. size and duration of the cut. 10mn from Apr. RUS cut 1.6mn, Saudi cut 4mn. Duration matters. 6m is much better than 3m.

4. too many forces want this to happen. Good for everyone to save face.

5. Demand numbers on the downside.

6. Nobody has an edge on anything. Stupid to trade at this stage.

Rates

1. fairly quite.

2. focus on EU meeting. The market price in some sort of agreement. People worry going to the weekend.

3. Italy might be downgraded.

4. Decision will be after Easter. But tone matters more.

2020-4-14:

TJ:

1. Export slightly better, reflecting bouncing back in March

2. Improvement is temp.

3. Korea launch election. A little problem.

4. Italy reluctant to agree the EU agreement. Apr 23rd, further progress.

5. More language in EU bonds in there.

6. US policy: survey this morning: 21,000 asked for support.

Oil:

1. really which month we're talking about.

2. Curve moved going on.

3. Thurs and yesterday all oil except May and Jun more up.

4. Market is trying to price build May, more normal situation out the curve.

2020-4-15

1. oil market is the key thing

2. PBOC offered 2.9%. Larger than expected. Make sure to provide before Q1 GDP

3. Significant easing in FCI index. retreat 2/3 from the peak.

4. IMF forecast quite a lot of attention. Shape of the recovery in question.

5. Harvard suggest that social distancing until 2022. Not going to be v-shape coming back.

6. Pressure on BTPs. 150% by the end of the year, highest in Italy since 1920.

7. 23rd is EU concil meeting. Expect another muddle through. Difficult to see favorable outcome.

Oil

1. IEA report revised down demand. Inline with where the street is. More bearish than the street(GS etc).

2. IEA makes forecast in inventory. That may change.

3. Sold off on the IEA report a little bit.

4. Shut in: 1.2 from Canada, 400 in US, 300 in Brazil. 4m ex-opec to shut in

5. progressing but slow.

6. Texas to deicide on 11

FI

1. dollar

2. Zoltan put out his piece.

3. Euribor, curve flattening.

2020-4-16

1. debate on opening up continues.

2. UK: There'll be social distancing in place until vaccine is developed. This will be surprise to many people. Survey: life return to normal 6months?

3. Large scale bankruptcies. Large retailers in Europe. Department sector. Labor market reverse take longer than thinking?

4. Largarde: new version on whatever it takes. Longer list of things they can do.

5. IMF week, a lot of comments out next days.

Oil:

1. bearish IEA, down day.

2. Curve strengthen, following local differentials.

3. News: Trump admin: paying producers to not producing oil. 20 dollar WTI

4. Trying to get creative here.

5. we got some data from EU and US, 3 weeks of lock down. Maybe 30% yoy.

6. The market is very bearish.

2020-4-17

1. HF data from EU shows a little bit of easing up of severe lockdown.

2. FT published: a) clear China sceptics. No way to back to business as usual with China. Geopolitical shift certainly in place. b) environmental change. c) European to step up. Government bond.

Oil

1. Curve goes banana's

2. Roll...cover... They've already rolled.

3. Saudi Aramco came out, news...

4. China public transportation, planes, down 60% yoy. High way traffic up 40% yoy. Refinery runs hitting record high in China. Massive shift. Apr energy down 20%. Refineries run up yoy.

2020-4-20

Oil

1. sell-off in the WTI curve, drag everything lower.

2. clean of non-physical position.

3. Bananas.

4. No real news on this.

5. confirming cushing going to be full in May. Very bearish WTI.

What needs to change to help the volume in the next 30 days.

1. For other areas to have storage to have the excess crude.

2. Nobody could redirect it.

3. Cushing supply/demand perspective.

4. Mainly a cushing problem.

Macro

1. EU: BTPs slope ok, ECB continue to buy them.

2. Italy more fudge.

3. US package stage 4. Funding for small business, hospitals.

4. China considering more stimulus measures on the fiscal side.

Rates:

1. ??

2020-4-21

1. Unlike to come to a final decision to come to a agreement

2. Rescue package

Oil

1. WTI collapsed -40 dollars pb

2. massive forced seller, clearly people should not have big positions

3. first time since 1800, shocking thing

4. resetting the oil as an assets

5. from flows perspective June WTI -5 dollars.

6. would ETF's be liquidated? more than principal losses?

7. Real weird thing going on in the whole space.

8. liquidity is terrible.

9. No one can really trade?

10. Possible news. Texas vote at 10:30.

11. Production is going to go down a lot.

12. OPEC: people are starting to panic.

13. Trump considering a ban on Saudi imports.

14. The market is sitting here, no boday understands what's going on.

15. Be careful.

Rates

1. US not very interesting. 15 bn per day

2. Steepened on Friday. Nothing yet happening after tapering

3. Fed repo increase

4. funding market behaviour ok?

5. IK(italy bond) spread wider today again. Low expectation heading into the meetings.

2020-4-22

1. Europe: a lot of focus at the moment.

2. EU Deal: will roll out mandate tomorrow.

3. Attached to the EU budgets. Borrow money under the guarantee of EU members.

4. Leaked story 200billion. Well short of 1 trillion expectation.

5. Quantity. Maturity and other things still be watched.

6. Fudged out of this likely tomorrow.

7. Doesn't sound very encouraging.

8. ECB to accept junk bond as collateral.

Oil

1. ETFs are trading, the only things that're trading.

2. WTI Jun. People are short Jun contract. 40% in Jun and a bunch in Jul and Aug. Move to ICE WTI. Liquidate is easier.

3. What happened: a bunch of brokers in China and Korea: could not handle negative prices. Forced to liquidate.

4. May Jun WTI spread -.2, wrong settlement???

5. OPEC meeting on May 10th.

6. API survey yesterday: 13bn crude built.

Rates:

1.

2020-4-23

1. JPY PMI dropped more than anticipated.

2. EU even worse. Striking to see PMI just above 10.

3. Chinese SME improved but slower pace.

4. UK manufacturing PMI. point 20% unemployment in UK.

5. ECB eased collateral rooms

6. Central banks continue to do whatever they can. More modest?

7. Euro council: expectations agree to not agree, quite constructive. Bit more room to maneuver.

Oil:

1. Big moves continued. Relief rally.

2. Market trading least.

3. Had sell flows but less than yesterday.

4. Brent less impact.

5. DOE yesterday build; demand ticked up slightly.

6. Random tweet by Trump: shoot down Iranian.

7. Looking at weekly EIA stats quite important.

Rates:

1.

2020-4-24

1. EU: continue to talk, not there yet. Constructive disagreement

2. Northern Europeans not accept with that.

3. Magnitude in the confidence shock from consumers and companies.

4. Business confidence in Turkey. IFO Germany expectation component.

5. No quick rebound. U shape recovery.

6. infection rate 15-20%?

Oil:

1. Decent rally, only front contract reverse move from earlier this week.

2. No more ETF flows after Wednesday.

3. Physical market to -50cents.

4. Production shut in, nobody really knows.

5. East coast lowndown for another month at least.

Rates:

1.

2020-4-27

1. Japan BOJ meeting. 8 trillion. Quite disappointing with that.

2. Increase the buying 3-10 years sector. Informal co-ordination here.

3. Expect ECB upset the pad. CHange QE programme to a money easing. Rather than a backstop

4. Severe confidence shock from consumers to businesses.

5. More U shape recovery in May June.

2020-4-29

1. China more stimulus measures in early may

2. Italy downgraded. Another round of meeting in the beginning of next month

3. Monetary supply: M3 increased 7.5%. Breakdown: quite Sharpe increase. Different shape compared with GFC(contraction first).

4. Consumer keep borrow money to buy. Corporate side: ECB programmes have helped.

5. Germany's effort infection rate might go up again.

2020-4-30

1. Markit pmi: the expansion is only marginal. Weak demand.

2. Corporate report suggesting coming back.

3. Global economy is there for China.

4. EU GDP number came out weaker than anticipated.

5. Quite striking on the weakness.

6. Contraction almost 4%.

7.

Oil

1. ETF dump is sort of done.

2. Oil decent rally today on the back of: 1. Norway cut 250k per day. 2. US stats continues to show demand picked up again, still at very low levels. 3. Texas chair came out said not going to support Texas cut.

3. Production get cut in natural gas.

4. Physical market: WTI physical cash is trading -20 cents almost contango.

5. Brent is up 9% in April. Madness of this market.

6. Market is transitioning from focusing on ETF to stats.

7. Canada has shut in 20% production, is it enough to counter Saudi?

8. Consensus build in April 92 million barrels down to 59.

FI:

1. TY gilt into month end.

2. Sell-off in BTPs possibly announced, kept the door open, more in line with consensus.

2020-5-1

1. PMI today. All declined. Corporate activity is goes on.

2. Next month will see economy opening up.

3. Largarde performance is catastrophic? PEPP extension? Use flexibility as it can?

4. A more generous LTRO will not impact money market. That will decided by the depo rate and excess liquidity there.

5. PEPP can be sized up if needed.

Oil

1. pretty big rally yesterday.

2. Physical market continue to reap higher.

3.

2020-5-4

1. US-China intensified. China was well aware of the virus PPE stopped import.

2. Election campaign: difficult to see US step away from this.

3. Germany will rule on ECB's ?? programme. They should rule in favour. Will get the decision tomorrow.

4. Data: PMIs across Asia: 1. throughout globe weak export demand. Taiwan: China not efficient to offset.

5. Economists expected a bounce but didn't. Difficult for the economy to come back. Buffet: negative sentiment.

Oil:

1. Not much really going on.

2. Physical market continue to improve. Apple data shows improvement in drive.

3. Brent curve strengthened.

4. US-China thing: new risk to the market.Oil included. Not clear what's going to happen.

5. In terms of other news, we don't have any.

Rates:

1. slight risk off. As Trump blame game on China.

2. funding rates are pre-empted to the low bound.

3. ... buyback... Will decide how much auction will increase for this quarter??

4. Japan out for golden week (4,5,6 of May)

2020-5-5

1. GCC ruling: not clear the measures are proportional.

2. Create uncertainty on how ECB will have to expand it.

3. For future purchasing programmes.

Oil

1. continue its rebound. Strengthening physical market. Driving is up in Ohio.

2. More producers announced cut in production. Continue to come.

3. Shut-in is going on in Canada.

4. key thing is the reopening.

5. pace of inventory built tomorrow, quite important

Rates:

1. GCC ruling: market slowly digest the news.

2. EGB: widening a little bit. French Germany spread is 10 bps wider.

3. End of Apr releasing, 8bn per day, bought more in Italy and France, less in Germany.

4. ECB less wiggle room after the pandemic purchases after the ruling

5. US curve bear steepening.

6. 3 trillion for Q2?