

US oil demand is emerging after months of Covid paralysis



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US oil demand is finally starting to emerge from the grips of pandemic after months with Asia serving as the lone bright spot in the global market market.

American refiners are processing the most crude since the economy ground to a halt in March in anticipation of a vaccine-driven boost in gasoline demand this summer. The uptick means that the refiners are competing for domestic barrels that for months were sent to more robust markets in Asia. Prices for cargoes of grades like West Texas Intermediate crude have picked up by at least 50 cents a barrel from earlier this month.

The return of US demand, which began when a global vaccination campaign kicked off in December, is the latest development in oil's recovery from the depths of the pandemic. For months oil prices were managed by Opec and its partners with production

cuts, without the help of demand outside of Asia.

As domestic oil demand recovers, it could meet with supply shortages. Economic-driven output declines took about 2mn barrels a day of local crude off the market from the peak of 13.1mn, after dozens of drillers slashed budgets and filed for bankruptcy. The US government sees production recovering to only 11.5mn barrels a day in 2022.