



Basis Points – May 13, 2021

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Above the Fold

Americans Fear Pipeline Shutdown, but There's Little Reason to Worry About Oil Supply

With the Colonial Pipeline set to resume the majority of its operations by the end of the week, global oil markets have a potentially bigger issue to deal with ... supply. Roughly a year ago, as the pandemic forced many countries to scale back industry and economic activity, an oil glut ensued. As oil-producing nations slashed output to balance the marketplace, things seemed to return to normal, as evidenced by the rise in West Texas Intermediate crude oil prices from the April 2020 low of under \$20 to current prices above \$65.

But according to a report released by the International Energy Agency (IEA) yesterday, the global oil glut is back near summer 2020 levels. Oil reserves held by nations of the Organization for Economic Cooperation and Development remain 1.7 million barrels above the five-year average of 2016-20. The IEA also slashed its 2021 global demand growth forecast by 270,000 barrels to 5.4 million barrels a day and noted weaker than expected demand in the Americas, Europe and obviously India, where a second, deadlier pandemic wave is stifling its economy. The IEA did leave its demand estimates for the second half of the year unchanged as hope for a continued global rebound remained. It expects the supply glut to begin shrinking as soon as next month, but many factors could impact that forecast.

Three Things

1. *FCC to Offer \$7 Billion in Remote Learning Funds* – The Federal Communications Commission (FCC) has approved \$7.17 billion in funding via its new Emergency Connectivity Fund Program. The money will help students, library patrons and school staff to purchase (and get reimbursed for) all sorts of devices and equipment to stay connected from home or elsewhere. The program is aimed at closing the “homework gap” for learners who don’t have access to the internet or connected devices; smartphones are not included.
2. *Need Hearing Aids? See Dr. Bose* – Bose just [announced](#) the development of a new, direct-to-consumer hearing aid called SoundControl. The new FDA-approved device looks more like a traditional hearing aid and is meant to be fit and controlled by the consumer without the need for a doctor visit or audiologist for fitment and testing. At \$849, SoundControl is less expensive than most traditional systems and Bose hopes its tech can offer a better solution to the millions who suffer with some form of hearing loss.
3. *Delta Doubling Down on Premium* – Despite pandemic-related losses that exceeded any other airline, Delta Air Lines CEO Ed Bastian recently told the [Wall Street Journal](#) that he believes there’s a need for an ultra-premium airline that charges more per ticket. Mr. Bastian sees an increasing demand for more comfortable seating, better on-time departures, better customer service and fewer cancellations. His future plans will remain focused on plane cleanliness, ease of check-in and a return (at least in part) to the more pleasurable experiences during the golden age of air travel.

Did You Know?

Oil, “It’s What’s for Dinner” ...

Crude oil is considered the “mother of all commodities” as its uses are so widespread — from gasoline and kerosene to fabrics like vinyl, nylon, polyester and others, to plastics and many pharmaceuticals. You’ll also find petroleum products in your lip balm, bubble gum and perfume. Glycerin, a sweet-tasting synthetic ingredient, is used in a myriad of food products, and it too is derived from crude oil. Ironically, exposure (externally or internally) to raw crude oil, which can be as thin as water or nearly solid, can be dangerous or deadly.

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