

# Petraco Oil Company Cautiously Optimistic – Demand Recovery Hinges on Vaccines

*Petraco is one of the oldest independent trading companies in the World, priding itself on great expertise and strong connection with its customers. It*

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[Petraco Oil Company](#) cautiously optimistic while demand recovery hinges on vaccines: - With lockdowns continuing worldwide, the energy industry has been monitoring the availability of vaccines closely. At the January 2021 Gulf Intelligence Global UAE Energy Forum, several traders offered cautious optimism in terms of upcoming energy demand. Commodity traders like Vitol stated they expected overall oil demand to rise by 6mn b/d this year, only partially reversing a 9mn b/d slump in demand last year. Jet fuel demand has been hit particularly hard by the Covid-19 pandemic, with border closures, travel restrictions and tight lockdown measures. Although the start of mass vaccination programmes across different countries has undoubtedly brought hope to several market players across the aviation industry, the International Air Travel Association (IATA) said in November that it does not expect global air passenger numbers to return to 2019 levels until 2024 at the earliest. IATA expects 2.8bn passengers to travel in 2021, 1bn more than in 2020 but 1.7bn fewer than in 2019.

OPEC+ also took an extremely cautious view to energy demand earlier this month. Saudi Arabia



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Oil companies cautious with 2021 outlook

alone announced that it would make a 1mn b/d voluntary crude output cut in February and March. The cut is already on top of Saudi Arabia's output commitment of 9.119mn b/d under the latest OPEC+ agreement and it will mean it will produce as little as 8.119mn b/d from the start of February. The UAE instead offered slight optimism, expecting global oil demand to return to pre-pandemic levels by the end of the year or early 2022 at the latest, citing OPEC+ efforts as the key determining factor. This was a markedly different assessment than that given by the Nigerian state-owned oil company NNPC, which expressed serious doubts that oil demand would recover to pre-Covid levels before the end of 2022.

Despite this a difference needs to be highlighted between the financial impacts felt by oil producers and those by commodity traders. While some oil-producing nations, heavily dependent on the absolute price of crude, have suffered greatly during the pandemic and have continued a general sentiment of pessimism when forecasting profits for the upcoming year, the scenario is different with that presented by oil traders. Several traders including Vitol, Glencore and the [Petraco](#) Group are less exposed to price volatility. The contango structure in futures markets has been beneficial to traders during 2020. When asked about their view on global oil demand, a spokesperson for Petraco Oil Company stated that 'ultimately it all goes down to how many people become immunised against Covid-19 and by when. Realistically we do not see a significant portion of society being vaccinated before the first half of 2021 and we can therefore only expect some rebound in global oil demand in the latter part of the year'.

Petraco was founded in 1972 in Milan, Italy, by Branko Srenger. It has since grown to gain a significant international presence as well as an excellent reputation in the oil industry. Over the many years of its existence, Petraco has developed a diverse, global customer base and an extensive network with strong long term relationships. By using our in-house market intelligence, we have been able to anticipate market trends as well as maintain a liquid capital structure. We are hence always able to provide competitive solutions. [Petraco's longstanding focus on trading](#) has fostered the development of long term contracts and established relationships with numerous crude oil producing companies around the world. Among others, crude oil and products origins include Russia, Egypt, Iraq, and Italy. We trade in excess of 350,000 barrels per day, and market our crude oil petroleum products, feedstocks blending stocks, and finished products worldwide. Our sourcing is also based on offtake agreements which we have in place with various refiners. In the process, our traders, operators, risk management and finance teams provide creative solutions to overcome the logistical and financial barriers that may stand in the way of such transactions.

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