



Alan Gelder

Downstream Global SME, VP Refining,
Chemicals & Oil Markets, Commodities Research
Wood Mackenzie



Outlook for Russian crude and products exports?

We've seen a bit of a surge in exports in April because of unplanned refinery maintenance or the impact of the Ukraine drone attacks. We're seeing sustained significant crude flows back up in those rangebound levels and a return to distillate exports, so the Russian energy infrastructure seems to be back to normal and given the US funding now, Ukraine won't target energy infrastructure, ports and loading facilities. So, Russian diesel and gasoil will keep running strongly. There is a need for more Russian gasoline during the summer because of domestic travel, so that keeps the runs high, which means Russian diesel exports remain strong. And they're going to whole new trade routes, with Brazil being the predominant buyer, and some going to North and West Africa, depending on pricing. We've also seen bits go into the Middle East and a lot of sanctioned arbitrage is happening, which we expect to continue. Having seen a lot of strength in diesel cracks earlier in the year, we've not really got them recovering very much because the European economy is weak. We think the world has probably got enough diesel. It's gasoline that's going to drive things in the shorter term.

Indicators for Chinese exports of oil products?

We've seen China importing significant volumes of crude in Q1 which is the classic first half the year inventory build that then largely gets processed through the year. We've had quite strong Chinese GDP growth, but it's been a particular sector rather than broader construction. We're looking at Chinese refinery runs remaining reasonably high and volumes continuing to come out of China, and that will keep a lid on Asian refining margins. ■

**Paraphrased Comments*