

Daily Energy Markets BULLETIN

THURSDAY /// FEB 24th

TOP 10 DAILY NEWS DIGEST

1. PUTIN ORDERS MILITARY OPERATIONS IN UKRAINE, DEMANDS KYIV FORCES SURRENDER

2. OIL RISES TO \$100 AS US SAYS RUSSIAN ATTACK ON UKRAINE MAY OCCUR SOON

3. IRAN NUCLEAR TALKS NEAR END AS OIL PRICES SURGE

4. API REPORTS FIRST CRUDE BUILD IN FIVE WEEKS

5. WHITE HOUSE AGAIN CONTEMPLATES SPR RELEASE AS OIL PRICES STAY ABOVE \$90/B

6. JOE BIDEN VOWS TO SHIELD AMERICANS FROM GAS PRICE SPIKE

7. US CAUTIOUS AS FATE OF IRAN DEAL SET TO BE DECIDED

8. VIETNAM GRAPPLES WITH FUEL SHORTAGES

9. AFRICA TO SEE GAS SUPPLY BOOM THROUGH 2030

10. SAUDI CLOSING \$15.5BN GAS PIPELINE DEAL WITH GLOBAL CONSORTIUM LED BY BLACKROCK



RECOMMENDED REPORTS

- AMERICA'S GRAND OLD PARTY IS FUELLING THE NEXT 'BIG LIE'
- RUSSIA'S PUTIN AUTHORIZES SPECIAL MILITARY OPERATION IN UKRAINE'S DONBASS REGION
- UKRAINE URGED TO MIRROR RUSSIA'S ACTIONS BY INVITING PEACEKEEPERS
- THE SAUDI "FOUNDING DAY" AND THE DEATH OF WAHHABISM
- WHAT ROLE HAS CHINA PLAYED IN SEEKING A RESOLUTION TO THE UKRAINE ISSUE?

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Sara Akbar
Chairperson & CEO,
OilSERV, Kuwait &
Non-Executive Director, Petrofac



Marc Ostwald
Chief Economist &
Global Strategist
ADM Investor Services



Dr. Carole Nakhle
Chief Executive Officer
Crysol Energy

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TOP 3

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Brent is trading at \$103.64, up \$6.80 and WTI is trading up \$6.15 at \$98.25. News outlets are leading with this today - "Russian President Vladimir Putin announces a "military operation" in Ukraine's Donbas region". Oil markets have reacted by roofing. I cannot believe I am sitting here writing this after two years of being in a pandemic, with the next biggest story being one of that Europe is on the verge of war. \$100 oil is nothing to celebrate. It only highlights the torrid



BY MATT STANLEY
DIRECTOR
STAR FUELS

state oil markets are in and \$100 could very well look cheap in only a few days' time. The big question all markets face themselves

with right now, especially energy markets, is what is the next step? What is the reaction to this from nations that have already announced sanctions? This is the concerning part because one cannot now discount that energy sanctions could very well be forthcoming, I don't think they will, but I would argue that the probability of that has increased. Let's bear in mind that Russia is the world's second biggest oil producer and provides between 30-40% of natural gas to Europe. Clearly

any sanctions on energy production are going to cause a huge spike, by how much is anyone's guess but it does seem that an aggressive headline is worth about \$5 per bl. However, we are in total unknown territory. What do OPEC+ do from here? This will be a conversation that I'm sure is already going on and perhaps those who are able to increase production, will have to because oil is in real danger of hitting record highs if the current situation is maintained.

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THURSDAY /// FEB 24th



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Maleeha Bengali
Founder
MB Commodity Corner



Financial markets are in a buy the rumor, sell the fact mode.

On the macro front, we're at a point where the US Fed has to raise interest rates because inflation is very high. We also have bond yields going towards 2% and we have credit markets in distress. On the oil front, before the Russia Ukraine episode, oil demand had been very strong on a four-week average basis. But we know this is also a seasonal game and that winter will end soon. As we approach March, the question is how the global economic slowdown impacts oil. Putting aside the current war premium, the market is actually quite weak.

Is a possible 50-basis point rate increase in March justified?

Inflation is about 7.5% year over year, so either we have to raise rates aggressively or taper off the balance sheet. The Fed can probably do a 25-50 basis points increase but the market is pricing in nine 25 basis point increases for this year but we don't think that's going to happen. The Fed might start the cycle but eventually markets may collapse and not be able to handle that, so the Fed will have to U turn. They also really cannot ease the policy until asset prices fall. So, either demand should take asset prices down or asset prices need to collapse. The Fed is in a bit of a pickle, and they're hoping that demand comes back down. Maybe that will happen going into Q2 as we are seeing a lot of forward macro indicators showing things are easing up. The big question is how the markets take a rate hike. We have not yet seen the taper balance start, and markets are already having a bit of a wobble. ■

**Paraphrased comments*

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