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The market is not as tight as people want to report.

Since the last cut by OPEC+, we have had stabilization in Libya, Nigerian flows are back on and Kazakhstan has also come back online fully – that basically negates the reduction in supplies from both the UAE and Saudi Arabia, making the cut a non-issue.

Should OPEC+ be concerned about \$80 Brent?

OPEC+ should be concerned about the general economic health of the world, because without that, you don't have demand for oil. They're also still underproducing versus their quota, so if they were to cut another 2 million barrels, they're still behind by about 800,000 bd.

How much support can the oil market expect from Chinese demand?

Chinese demand is not as strong as people perceived it would be and we've seen that reflected with a pullback in tanker freight rates. I don't think there's any real change to happen in Chinese demand regardless of lockdowns. China is suffering from the same economic conundrum that the rest of the world is. Their economy is maturing to a point where they need to do something other than trying to buy commodities to stimulate internal infrastructural growth to help make GDP look better than it really is.

Market sentiment ahead of the embargo and price cap landing next week?

There's a wide gap on the price cap idea. Poland is pushing for a punitive measure of around \$30 a barrel, maritime states in the EU are pushing for \$70 and others are looking for a middle road. The price cap in itself is also a hard thing to make work, because a lot of gaps can be taken advantage of to make sure that Russian oil flows, and that's inevitably the whole rationale behind the cap anyway. There are enough ships available that are from marginal flag states or from operators or ownership outside of the EU, that will enable Russian oil to move. There will be some logistical hurdles but that will account for maybe a 500,000 bd drop in Russian exports. There's enough capacity in the world to ensure Russian oil flow outside of the EU and UK dominated scheme. ■

**Paraphrased Comments*

