

## Adi Imsirovic

Senior Research Fellow  
The Oxford Institute for Energy Studies



### We shouldn't get too bullish despite recent oil market strength.

There are a lot of positive signs out there and the cycle of big interest rate rises might be coming to an end. Still, that doesn't mean they won't rise, and they are already at a much higher point than they were, which is not good for commodities. Also, Europe is almost certainly going into recession; the UK had negative growth in Q3 and will have something close to zero in Q4; and China is also a story of subdued growth due to the subprime situation and despite the stimulus package that's coming, it's a bubble that needs to be slowly deflated so it won't be a quick fix.

### What's the current view on the Price Cap?

The price cap is a mess. It's created more uncertainty and more volatility. If anything, part of the price rise last week was due to the fact that we just don't know what's going on and that very much depends on the actual level of the cap. If it turns out to be high enough, then it will be business as usual but if it's somewhere around \$60 in the current market, the cap will be about \$10 below where Russian oil is pricing today and that will cause problems, particularly for products, because of shipping. Russia may be able to find a 'grey' fleet for its crude, but products have differing qualities which makes them difficult to mix and match. The result will be a big fall in exports and that's why we have seen a big surge in diesel imports into Europe prior to December 5.

### Does Europe still have a gas crisis?

The news of Rotterdam refinery workers going ahead with a strike is not a good thing. It's a very large 400,000 bd refinery which supplies the whole of Europe with diesel. Still, it will be a temporary glitch and overall, gas and electricity, for this winter at least, should be okay. ■

*\*Paraphrased Comments*

