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How serious is this US banking crisis?

It's certainly a problem and what the Fed has done with its program was necessary. Otherwise, there will be a sharp impact on the regional US banks. It's the smaller banks which are where the problem potentially is. I don't think that you're going to create bank runs, but what we've seen in the last couple of days is above all, how bad market liquidity is and that is spilling over into everything. If short-dated US Treasuries are that volatile, it has an impact on funding costs for every single position in the market. We should also note that this is the lag effect of Fed policy now impacting balance sheets. If we do however see a sharp tightening of financial conditions, then the Fed will rein in its hawkishness because it doesn't want to create a systemic risk.

Outlook for European oil products prices?

Jet fuel has definitely recovered, buoyed by the desire for Europeans to travel. I think the issue that we are going to face in Europe is drought this summer. The winter energy crisis that we were expecting is probably the wrong one to look at, and a summer energy crisis will spill over into all sorts of oil product demand. There will be an impact on agriculture, on hydroelectric power production, which then impacts Norway, which will probably start to pull back in terms of its exports, creating another displacement problem. And above all, the French nuclear industry will be impacted in its ability for cooling. So, a lot of variables out there for the summer season. ■

**Paraphrased Comments*



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