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Outlook for the global economy?

This shift since the beginning of the year to much less doom and gloom relative to the fourth quarter has been quite marked. But we need to be a bit careful here. China's move to roll back Zero-Covid has given a lot of optimism but whether it proves justified is another question. A lot of the optimism in Europe is also related to the fact that we've had this unseasonably warm weather after that cold snap. But we're just about to go into a deep freeze so it's going to be the same as last year with a lot of volatility, dictated also by what happens in China and the US.

Are we seeing any impact yet from sanctions on Russian crude output and exports?

All these sanctions are a great displacement game. The key point with Europe is that it is geared totally to survive, mostly in terms of the supply of oil and gas and indeed oil products from Russia. So there is going to be an impact. Some of the crude, which is now being imported from the Middle East, is basic stuff that has gone out of Russia down to the Middle East and coming back to Europe. One only has to think about what that means in cost terms, because that's a lot more expensive than coming down a pipeline. So, it doesn't bode well. Even with gas, all these LNG installations being made in Germany, they are costing double what the Germans were originally anticipating. I think the biggest problem that Europe has is that it is still vulnerable to a cold snap. It is hugely reliant on oil products, particularly diesel from Russia. It will get it but at what price? That's going to be the dampening impact that's likely to happen for a lot of European countries. And yes, if we look at gas, there's been some adjustment in terms of being more economic, and better use of the product but freight is freight - you can't make a truck or anything else run slightly better, so it's going to have a dampening effect. ■

**Paraphrased Comments*



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