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Russian oil continues to flow uninterrupted?

The oil market has been very good at rerouting Russian oil, even from the Baltic ports in the west of Russia, especially to India, and we're starting to see that happen with the products as well. Quite a lot is also flowing into places like the Middle East where theoretically they're consumed domestically, allowing those refiners to export their output. The key question is, is Russia getting less money for what it's selling? That's the measure for whether sanctions have been a success. But overall, the market has adapted very nicely.

Outlook for Q2 Chinese oil demand?

I think we will probably see an uptick in imports in the second half of May and June once the refinery maintenance season is over by April. The initial boost from domestic travel consumption has happened already so that takes a little bit of the froth out. If we see a strong summer construction season, and if Chinese manufacturing can hold up, all of these will be very positive, particularly for middle distillate demand. The key with China is always price. If crude goes back above \$100, they're going to be very tempted to moderate their imports and dip into inventories.

Would a slowdown in the US and EU impact the Chinese economy?

China's economy is very interlinked trade wise with the rest of the world, but it's also drumming to a different beat right now. It has growth coming through and does not have an inflation problem. China is putting stimulus into the economy when everybody else is trying to take it out, so it is effectively decoupled. The rest of Asia however - Japan, South Korea, Australia - are much more exposed as they tend to follow the US. But on the whole, expectations are that Asian oil demand is going to lead the world. Will it be enough to offset any declines in Europe and the US? My current thinking would be yes, but for now, I still see plenty of crude oil around. The problem is in refined products - there's not enough diesel. ■

**Paraphrased Comments*

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