

TUESDAY /// MAY 10<sup>th</sup>

## TOP 10 DAILY NEWS DIGEST

1. OIL SLIPS FURTHER ON DEMAND, FINANCIAL MARKET WORRIES
2. OPEC+ APRIL CRUDE OIL OUTPUT TUMBLES AS SANCTIONS HIT RUSSIAN OUTPUT
3. CHINA IMPORTS MORE CRUDE AS SHIPMENTS FROM RUSSIA RISE
4. SORRY, BUT FOR YOU, OIL TRADES AT \$250 A BARREL
5. SHIP INSURANCE CLAIMS TO RISE AS BLACK SEA REMAINS HIGH RISK AREA
6. OMAN BUDGET SWINGS INTO \$930MN SURPLUS ON OIL PRICE RISE
7. PUTIN DEFENDS INVASION & UKRAINE TOLD LONG WAIT TO JOIN EU
8. RUSSIAN CRUDE KEEPS FLOWING WHILE EU WRANGLES OVER SANCTIONS
9. GERMANY, QATAR AT ODDS OVER TERMS IN TALKS ON LNG SUPPLY DEAL
10. IRAN'S PRESIDENT SAYS OIL EXPORTS HAVE DOUBLED SINCE AUGUST

### RECOMMENDED REPORTS

- CHINA MUST END ITS MONETARY POLICY EASING CYCLE & RAISE INTEREST RATES TO STABILISE THE YUAN
- WHAT YOU NEED TO KNOW ABOUT THE CORONAVIRUS PANDEMIC
- STOP SHANGHAI'S COVID-PREVENTION EXCESSES, ACADEMICS URGE IN ONLINE APPEAL
- GERMANY PREPARES CRISIS PLAN SHOULD RUSSIA TURN OFF THE GAS
- EXXON, CHEVRON, & OTHER ENERGY PRODUCERS ARE EXERCISING RESTRAINT
- FED WARNS OF WORSENING MARKET LIQUIDITY
- SOUTH AFRICA'S AIRPORTS COMPANY CEO SAYS SOME FLIGHTS CANCELLED OVER JET FUEL SHORTAGE
- VON DER LEYEN SAYS TALKS WITH HUNGARY'S ORBAN ON RUSSIAN OIL BAN 'HELPFUL' IN CLARIFYING ISSUES



## Daily Energy Markets PODCAST



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Intelligence  
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**Jamie Ingram**  
Senior Editor  
Middle East Economic Survey



**Ali Al Riyami**  
Consultant & Former  
Director General of Marketing  
Ministry of Energy & Minerals, Oman



**Jose Chalhoub**  
Political Risk & Oil Analyst

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## Daily Energy Markets TOP 3 TAKEAWAYS



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# TOP 3

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# TAKEAWAYS

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## COMMENTARY

Brent is trading this morning at \$104.65 down \$1.29 and WTI is trading down \$1.21 at \$101.88. Even if the EU are struggling to come up with a workable agreement about the future of Russian oil imports, there will eventually be one. Quite what this does for oil markets is frankly anyone's guess (20-30-50? dollars a barrel) but, whilst the EU can't get their plans in order, the oil market



**BY MATT STANLEY**  
DIRECTOR  
STAR FUELS

prices in that perhaps sanctions won't be as brutal as originally feared. I don't buy this argument, if I'm honest, I think that there will be waivers for certain countries

but in essence the EU is positioning itself away from Russian energy. This only results in higher oil prices, but until we see an agreement, then the oil market will dance around these levels. If we look at markets in general though, the last three trading sessions have been absolutely brutal - "The world's largest technology companies have shed over \$1 trillion in value in just three

trading sessions.". Gulp. \$1 trillion dollars. In general, the world is fearful of massive economic slowdown, and that starts with China and the relentless drive towards zero-COVID. The dreaded "R" word is being spoken of globally and whilst this may dampen some demand, I maintain that that the drop we will see in demand will be less than the drop we will see in oil and gas supplies from Russia.

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## Daily Energy Markets

### VIEWS YOU CAN USE



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### Ahmed Mehdi

Research Associate

Oxford Institute for Energy Studies



#### Will an EU oil embargo on Russian oil consolidate into policy anytime soon?

There's growing political momentum for sanctions but it will be easier for these to take root on crude than on products and that's being reflected in the policy framework that they're putting forward with regards to timelines. But regardless of how EU sanctions talks go this week, we already have the financial sanctions from mid-May and we have to be cognizant of what the Russian marketing has looked like in April. We saw a lot of re-direction of flows, we saw Rosneft come out with more direct tenders, and that's really signaling the buildup of pressure because there was a little bit of a wind down from trading houses taking part in marketing term barrels. That withdrawal of the trading houses will have a big impact. The other issue is related to the insurance complicating the Russian supply chain and increasing costs. Average ton mile demand will go up and a lot of that will be either reflected in even higher differentials discounts or a rethink of how the marketing of those barrels will take place. So, pressure will certainly build up in May.

#### Outlook for further fuel oil and diesel tightness?

The European refining system is really stretched, and operational costs have gone up significantly since the beginning of the year. We have high gas prices, high hydrogen prices, high electricity prices and if you're going to get alternative grades for example, you may even get higher desulfurization costs. All refiners globally are in a different position today than they were a year or two ago where they had more flexibility to adjust. In this tight environment, any shift of yields becomes the rebalancing tool, and shifts the burden elsewhere, either onto the gasoline side or the jet side as travel and the driving season come back. There's no spare capacity in the refining sector except in China and the Middle East. As for the situation in fuel oil, that's a perfect storm. Ever since the US embargo on Russian fossil fuels, Russian refineries have had to cut their runs because the US market, which has the large coking capacity to take in that product, has closed. That effectively has meant that the US is now competing with Asia for those Middle East fuel oil cargoes. All in all, the situation across products is making supply chains very inefficient and so all costs are going up.

#### What redirection could we see of Middle East product?

We're seeing Saudi sending more diesel to Europe, particularly Poland. We're seeing players like Total which have equity cargoes in the UAE, redirecting some of those flows to Europe to their refineries. Iraq is looking at sending more Basra Medium, which is a good substitute for Urals, to Europe. If EU sanctions on Russian oil do go ahead, whether Middle East producers think of signing up more term contracts with Europe at the expense of Asia later this year is a genuine question within some of the NOCs. For years, they were just looking at the east of Suez market - now they may consider others. ■

*\*Paraphrased Comments*

### Daily Energy Markets



#### Mashreq 60-SECOND SOUNDBITE

#### Jamie Ingram

Senior Editor  
Middle East Economic Survey

***"There is sufficient flexibility in the system for Hungary to import oil through Croatia"***

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#### Mashreq 60-SECOND SOUNDBITE

#### Jose Chalhoub

Political Risk & Oil Analyst

***"PDVSA still facing enormous challenges with production stuck between 600k-700k/bd"***

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## Daily Energy Markets LIVE VIDEO PODCAST



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WEDNESDAY /// MAY 11<sup>th</sup> /// 10:30AM (UAE)

SWITZERLAND



**Rustin Edwards**  
Head, Fuel Oil Procurement  
Euronav NV

LEBANON



**Laury Haytayan**  
MENA Director  
Natural Resource Governance Institute

FRANCE



**Neil Atkinson**  
Former Head of Oil Markets Division  
International Energy Agency

**Zoom ID: 843 8266 1096**  
**Password: 12345**

## Daily Energy Markets INDUSTRY SURVEY

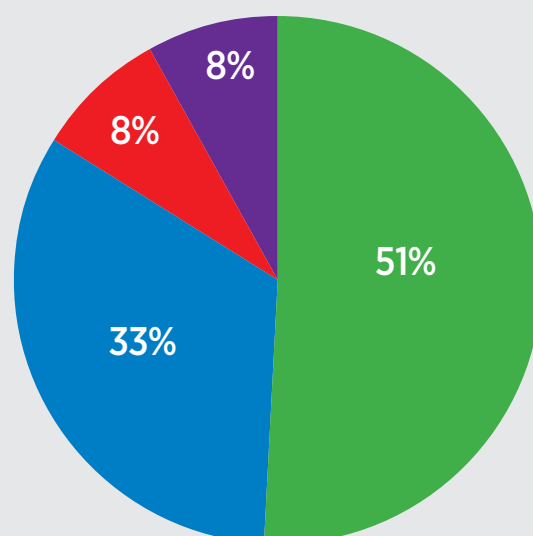


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***What will have biggest impact on direction of oil markets over May/June?***

**Answer:**

- Russia Oil Embargo
- China Covid Lockdowns
- QT Rate Rises
- None of Above



**Source: GI Research May 2022**



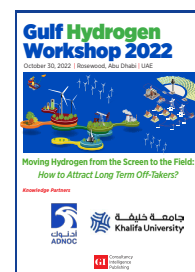
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### ANNUAL EVENTS



FORUMS

WORKSHOPS

### PUBLICATIONS



WEEKLY NEWSLETTERS

QUARTERLY REPORTS

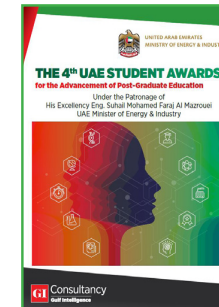
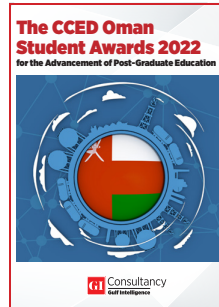
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### LIVE GO - ENERGY TRANSITION DIALOGUES - ONLINE



### ANNUAL AWARDS



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