Daily Energy Markets BULLETIN

Consultancy Intelligence Publishing

MONDAY /// APRIL 4th

TOP 10 DAILY NEWS DIGEST

1. OIL EXTENDS LOSSES ON RESERVES RELEASE, YEMEN TRUCE
2. IRAN'S OIL PRODUCTION REACHES PRE-SANCTIONS LEVEL
3. S&P GLOBAL RATINGS: OMAN'S OIL OUTPUT TO RISE NEARLY 20% BY 2025
4. SELLERS ARE LOOKING TO UNLOAD RUSSIAN CRUDE FOR YUAN
5. IRAN FM SAYS AGREEMENT IN VIENNA NUCLEAR TALKS 'CLOSE'
6. PUTIN'S WAR IS A DISASTER FOR THE GLOBAL ECONOMY
7. EU MUST DISCUSS IMPORT BAN ON RUSSIAN GAS, GERMAN DEFENCE MINISTER SAYS
8. KUWAIT BARS RUSSIAN SUPPLY CHAIN ACCESS
9. PETROCHINA PLANS TO BOOST RENEWABLES OUTPUT
10. KREMLIN WARNS WEST: ROUBLE-FOR-GAS SCHEME IS THE 'PROTOTYPE'

Series Supported By:

RECOMMENDED REPORTS

- CHINA SENDS MILITARY, DOCTORS TO SHANGHAI TO TEST 26MN RESIDENTS FOR COVID
- COULD UKRAINE CRISIS LEAD TO BETTER RELATIONS BETWEEN CHINA & THE WEST?
- BRITISH HOMES WILL STILL BE HEATED BY ENERGY FROM RUSSIAN COAL UNTIL THE END OF THE YEAR
- RUSSIA-LINKED SHIPPING CONTAINERS ARE CAUSING A 'NIGHTMARE' SITUATION IN THE PORT OF ROTTERDAM
- SHANGHAI PORT PLAGUED BY COVID-INDUCED DELAYS
- "CHINA'S OIL IMPORTS SET TO FALL FOR 2ND YEAR IN A ROW!"

Daily Energy Markets PODCAST

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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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Daily Energy Markets SOUNDINGS

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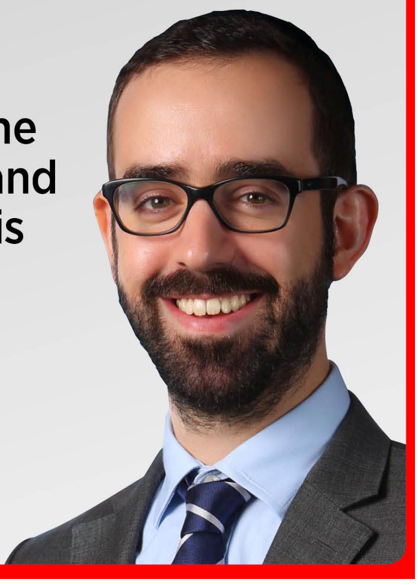
"The UAE and Israel have signed a 'comprehensive economic partnership agreement' to improve economic links between the two countries. The deal will seek to lower or end tariffs between the two countries and help to support job growth and bilateral investment. A more formal trade deal is likely in the offing."



Edward Bell
Senior Director, Market Economics
Emirates NBD
(Source: Emirates NBD Research)

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VIEWS YOU CAN USE

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Christof Rühl
Senior Research Scholar - Center on Global Energy Policy
Columbia University

Energy Sanctions on Russia will Backfire Badly if they Lead to Price Increases

Sanctions against the Russian Federation are developing so fast that it is hard to keep track of them and even harder to see a consistent narrative as events unfold. But there is one. Russia is the world's largest exporter of energy and commodities. A persistent balance of payment surplus is the source of its financial strength, in terms of both current income and the financial assets previously accumulated by "fortress Russia." Oil, gas, and coal exports constitute the most valuable revenue streams and are therefore prime targets of sanctions policy.

The problem is that energy sanctions will backfire badly if they lead to price increases large enough to derail the economic performance of sanctioning countries. The sanctions imposed immediately after the invasion did not even include restrictions on commodity exports. They nevertheless affected energy: freezing the assets of Russia's Central Bank removed credibility from the threat of Russia cutting its own energy exports to inflict economic damage on sanctioning countries.

Over the long term, the country may see its economic prospects reduced to selling raw materials on the cheap. Immediately after the first round of sanctions, spot demand for Russian oil dropped by approximately one-third (2.5 million barrels per day) as uncertainty over the new rules disrupted trade and financial flows. The global price of oil jumped by 30% while Russian crude, shunned by traders, still sells at a 25% discount. How this dual price effect is managed is the hallmark of the success of energy sanctions.

Markets, however, will adapt to circumstances. Without further disruption, such as direct energy sanctions, both the local discount and the global price increase will be competed away. Workarounds will fix the current state of regulatory flux. Trading will become efficient again. Russia's income flows would be restored.

And so, energy sanctions have returned to center stage—with a twist, however. The sanctions discussion has moved from a one-size-fits-all approach enforced by secondary sanctions, as in the case of Iran or Venezuela, to "sanction picking," with individual countries or country groupings imposing restrictions they feel they can afford on selected commodity imports, including oil and gas. ■

(Source: Columbia SIPA)

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Daily Energy Markets LIVE VIDEO PODCAST

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TUESDAY /// APRIL 5th /// 10:30AM (UAE)

UK

Henning Gloystein
Director - Energy, Climate & Resources
Eurasia Group

KUWAIT

Sara Akbar
Chairperson & CEO, OiLSERV, Kuwait &
Non-Executive Director, Petrofac

VENEZUELA

Jose Chalhoub
Political Risk & Oil Analyst

Zoom ID: 843 8266 1096
Password: 12345

Daily Energy Markets INDUSTRY SURVEY

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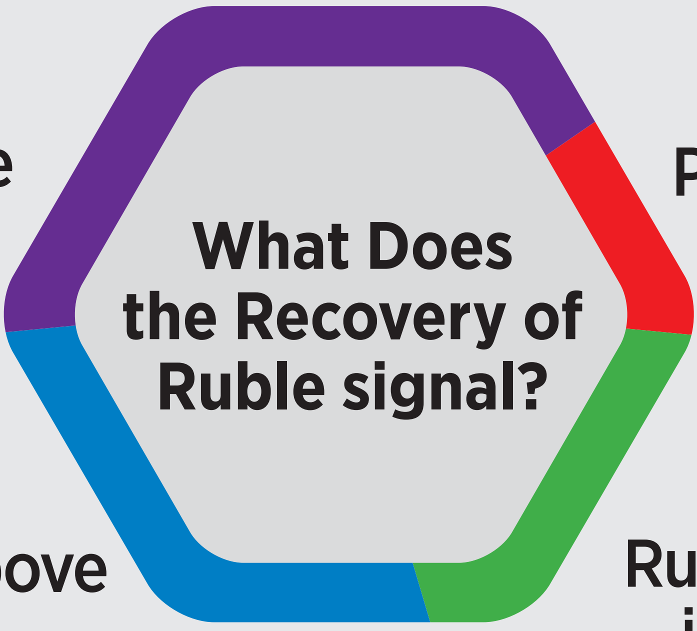

Source: GI Research April 2022

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