

TUESDAY /// APRIL 5th

TOP 10 DAILY NEWS DIGEST

1. OIL RISES AS UNCERTAINTY AROUND SUPPLY PERSISTS
2. RUSSIA'S INVASION OF UKRAINE AND GLOBAL OIL MARKET SCENARIOS
3. EGYPT GETS GULF HELP AGAIN AS EYES TURN TO CURRENCY FLEXIBILITY
4. US COAL PRICES TOP \$100 A TON FOR FIRST TIME SINCE 2008
5. LONDON MARINE INSURERS EXTEND HIGH-RISK AREA TO ALL RUSSIAN WATERS
6. GERMAN AGENCY TAKES CHARGE OF SUBSIDIARY OF RUSSIA'S GAZPROM
7. INDIA RAISES JET FUEL PRICES FOR FIRST-HALF APRIL
8. BEIJING WARNS PHILIPPINES TO AVOID 'DISTURBANCES' TO ITS CHINA POLICY
9. PANAMA CANAL PLANS LNG CARRIER TARIFF HIKE
10. KAZAKHSTAN OIL OUTPUT DOWN IN MARCH, CHEVRON LEADS THE FALL

RECOMMENDED REPORTS

- SHANGHAI BUILDS ON EXPERIENCE FROM WUHAN IN TOUGHEST COVID-19 FIGHT SINCE 2020
- RUSSIA LIKELY TO SHIFT TACTICS, SEND THOUSANDS OF SOLDIERS TO EASTERN UKRAINE
- EXXON FLAGS BIGGEST PROFIT IN 13 YEARS DUE TO SURGING OIL PRICES
- RUSSIA'S GRAND PLAN TO UNDERMINE THE US DOLLAR
- FRANCE TOP DESTINATION FOR US LNG IN MARCH
- 'THE FUTURE OF THE BRENT OIL BENCHMARK A RADICAL MAKEOVER'



Daily Energy Markets PODCAST



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Henning Gloystein
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Daily Energy Markets TOP 3 TAKEAWAYS



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TOP 3

TUESDAY /// APRIL 5th

TAKEAWAYS

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COMMENTARY

FX

USDCAD moved with oil in support of the loonie. The pair closed down 0.3% at 1.2485 as oil prices have started to move higher again. AUDUSD also pushed upward, settling at 0.7543, a gain of 0.6%. The risk of new EU sanctions on Russia did little to help the single currency overnight with EURUSD falling steadily from mid-day levels at around 1.1050 to close at 1.0972, down 0.6%. Markets generally moved toward the dollar with USDJPY rising by 0.2% to 122.79 while GBPUSD was essentially unchanged.

Equities

Equity markets started the week on the front foot, and European indices gained despite the threat of new sanctions on Russia. The composite STOXX 600 added 0.8% yesterday as the DAX added 0.5% and the CAC 0.7%. The FTSE 100 rose by a more muted 0.3%, supported by housebuilders. In the US, Twitter was a standout gainer yesterday, helping drive the major indices upwards. The Dow Jones and the S&P 500 climbed by 0.3% and 0.8% respectively, but the NASDAQ was the primary climber yesterday, adding 1.9%. Locally, the DFM dropped -0.5% but the Tadawul (0.6%) and the ADX (1.3%) both closed higher.

Commodities

The risk that the EU may follow through and sanction Russian energy exports directly helped to push oil higher overnight. Brent futures settled up at USD 107.53/b, a gain of 3% with more on the way this morning. WTI added a bit more than 4% to push comfortably above USD 100/b, closing at USD 103.28/b and extending gains in early trade today. In physical markets, Saudi Aramco raised its official selling prices to all destinations with Arab Light to key Asian markets at a premium of USD 9.35/b for May deliveries. Other NOCs in the region are likely to follow suit with substantial hikes to their selling prices in the coming days.

Source: Emirates NBD

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Daily Energy Markets VIEWS YOU CAN USE



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Amena Bakr

Deputy Bureau Chief & Chief OPEC Correspondent
Energy Intelligence



Releasing stocks from the US SPR won't have an impact on the oil price.

It's not a tool for market management. This is what many of the OPEC ministers keep telling the US, both in private and in public, urging it to have more trust in the Gulf's ability to manage markets and balance supply and demand. Although there's a fear of an oil shortage, OPEC Plus doesn't see this. Russian exports have also gone dark, selling into India and China at discounts, so these barrels are still landing in the market.

OPEC aren't even meeting current output commitments?

A lot of the countries are having difficulty meeting their quotas, and there isn't a mechanism to punish them to do this. Keeping unity in the group is a top priority so the UAE and Saudi Arabia will not step in and compensate. Also, with the new higher baselines given to five of the members, the already limited spare capacity will be reduced to almost two million bd. If they were to also use that, the market will panic and we will have higher prices.

Where does the OPEC Plus alliance go beyond the current agreement?

Beyond September, OPEC will reach an agreement that continues the market management process and that's why it's important for them to have Russia on board. It is seen as a critical member of the group.

Is the drop in Chinese demand giving OPEC cause for concern?

They're monitoring the situation very closely, especially with the lockdowns in the country. China is a huge market for them and so all the more reason for them to be cautious around the idea of pumping more barrels into this market. And we also have this flood coming in from the US.

Are we any closer to a deal being reached with Iran?

The nuclear deal still looks very complicated. It's not something that's going to happen any time soon. The US doesn't want to sign a 'bad deal' just because more barrels are needed on the market. The fact that they're releasing oil from their SPR shows that they're not expecting Iranian barrels to come back anytime soon. ■

*Paraphrased Comments

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Mashreq 60-SECOND SOUNDBITE

Sara Akbar

Chairperson & CEO,
OilSERV, Kuwait & Non-Executive
Director, Petrofac

**"Kuwait won't be able to
increase oil production
in alignment with OPEC+
agreement"**

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Mashreq 60-SECOND SOUNDBITE

Henning Gloystein

Director - Energy,
Climate & Resources
Eurasia Group

**"Europe's challenge is to
achieve maximum pressure
on Russia while holding
coalition Together"**

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WEDNESDAY /// APRIL 6th /// 10:30AM (UAE)

OMAN



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Consultant & Former Director
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AUSTRALIA



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Asia Commodities & Energy Columnist
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Daily Energy Markets INDUSTRY SURVEY



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65%

Agree

35%

Disagree

The 3 main US Stock
Market indexes had
their worst quarter in
two years -- this is a
cuckoo in the coal mine
warning that Recession
is coming?

Source: GI Research April 2022

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