

MONDAY /// MARCH 21st

TOP 10 DAILY NEWS DIGEST

1. OIL CLIMBS ON PRESSURE FROM UKRAINE CONFLICT, TIGHT MARKET
2. SAUDI ARAMCO RAMPS UP INVESTMENT TO BOOST PRODUCTION
3. QATAR TO HELP GERMANY CUT RELIANCE ON RUSSIAN GAS, SAYS MINISTER
4. JAPAN ASKS UAE TO RAMP UP OIL EXPORTS
5. EU TO MULL RUSSIAN OIL EMBARGO WITH BIDEN SET TO JOIN TALKS
6. OUTPUT OF SAUDI ARABIA'S YANBU OIL REFINERY DROPS AFTER HOUTHİ ATTACK
7. CHINA WILL WORK TO DEESCALATE WAR IN UKRAINE AMBASSADOR SAYS
8. THERE'S NOT ENOUGH GAS TO GO AROUND
9. SAUDI ARABIA IS CHINA'S TOP CRUDE SUPPLIER AGAIN AS RUSSIAN OIL FALLS 9%
10. INDIAN BULK DIESEL BUYERS RUSH TO SECURE SUPPLIES FROM CHEAPER RETAIL OUTLETS

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RECOMMENDED VIDEOS & REPORTS

- EU'S PHASE-OUT OF RUSSIAN ENERGY OVER UKRAINE COULD MEAN OPPORTUNITY FOR AFRICAN COUNTRIES
- 10MN HAVE FLED THEIR HOMES IN UKRAINE FOLLOWING THE WAR, SAYS UN
- UKRAINE CRISIS: WHY AFGHANISTAN WILL BE AT THE HEART OF NEW PROXY WARS
- MARIUPOL: UKRAINE REJECTS RUSSIAN OFFER TO SURRENDER PORT CITY
- CHINA SENDS MILLIONS MORE INTO LOCKDOWN TO CURB OMICRON COVID-19 VARIANT



Daily Energy Markets PODCAST



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Omar Najia
Global Head, Derivatives
BB Energy



Marc Ostwald
Chief Economist & Global
Strategist
ADM Investor Services
International



Andrei Belyi, PhD
Professor, Founder & CEO
Balesene OU

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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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Brent is trading this morning at \$111.51, up \$3.58 and WTI is trading up \$3.59 at \$108.29. This time last year we were looking at the world slowly coming out of a pandemic, or at least being on the path to that, and we were moaning about big boats stuck in the Suez Canal and what effect that would have on the delivery of consumer goods. Then I look at where the world is today, and those stories are nothing short of material.



BY MATT STANLEY
DIRECTOR
STAR FUELS

Crude in the triple digits would have been laughed out of the room this time last year (we were trading at around \$64) but looking at the state of the supply/demand balance in

the oil market right now, \$111.51 for a barrel of crude oil looks pretty cheap. With all commodity prices surging with the potential global embargo on imports from Russia, one cannot argue that the price of just about everything, is going to increase big time. "European Union governments will consider whether to impose an oil embargo on Russia over its invasion of Ukraine as they gather this week with US President Joe Biden

for a series of summits designed to harden the West's response to Moscow". That sentence pretty much sums up everything right now, and this is being reflected in oil trading this morning. What does this week have in store for oil markets? I couldn't tell you, but the dip in prices last week was nothing more than profit taking because from a physical fundamentals point of view, the potential of supply deficits is becoming ever more a reality.

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Daily Energy Markets VIEWS YOU CAN USE



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Christof Rühl

Senior Research Scholar - Center on Global Energy Policy
Columbia University



Financial sanctions have taken the ammunition away from Fortress Russia.

It has no choice now but to sell its energy. But the sanctions are also creating so much uncertainty that people are simply refusing to buy Russian oil – with no correspondent banks, no letters of credit, no cargo insurance - so this will lead to a general increase in the price. Eventually, energy sanctions will also have to be implemented because markets will find a way to work around this uncertainty. For now, we don't have a one size fits all energy sanctions strategy. We have the US banning imports of all Russian energy, the UK banning gas but not oil, and the EU saying it will cut gas imports to two thirds. The question is whether these commitments will have follow through and whether they will backfire in the form of price increases, damaging the economies of sanctioning countries.

Is this market more fragile to demand destruction or supply?

I don't share the view of a big supply disruption and ever rising oil prices. When the invasion started, oil prices were in a much better place than gas, with the price of European gas equivalent to \$600 per barrel oil, three times the average of last year. Inflation and efficiencies also mean that \$100 oil today is not what it was ten years ago. Every year, we can produce the same global GDP as the last year, with 2 million bd less. High prices from 2011 to 2013 didn't cause a recession, and oil was about \$150 in today's prices. So, from a simplistic view, \$100 is not as shocking as it looks, and that's also what OPEC+ is thinking. We also have safety valves from sanctioned oil in Iran and Venezuela, which could free up more supply and an SPR of an additional one million barrels per day for 1500 days. So, oil seems to be plentiful. However, the demand side is concerning because of China's Covid lockdown, US interest rate hikes, and Europe being subject to all sorts of bottlenecks and constraints, in addition to a refugee crisis that will add to potential unemployment problems.

Where does China's stance go from here on the Russian invasion?

It will stick with Russia officially, but keep its cards close to its chest, continuing to push the envelope, but keep the situation from boiling, and it's in a good position to do this. China will continue to focus inwardly on getting President Xi into his third term and be prepared to pay an economic price for it.

How long can Russia hold out economically?

Nobody should underestimate the capacity of Russia's economy and of its people to withstand pressures much higher than what they're facing already. There is a substantial core which will rally around their leadership, and so we should not expect an Orange revolution. The conflict in the Ukraine looks like it will be scaled down and literally frozen. I don't see an end game other than a demarcation line and some sort of buffer state in the middle, which would probably make Russia happy. It's not pretty but it's stable. ■

*Paraphrased comments

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Mashreq 60-SECOND SOUNDBITE

Omar Najia

Global Head, Derivatives
BB Energy

**"Oil Market isn't
worried about
demand destruction!"**

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Mashreq 60-SECOND SOUNDBITE

Andrei Belyi, PhD

Professor, Founder & CEO
Balesene OU

**"Will European
Union sanction
Russian oil?"**

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TUESDAY /// MARCH 22nd /// 10:30AM (UAE)

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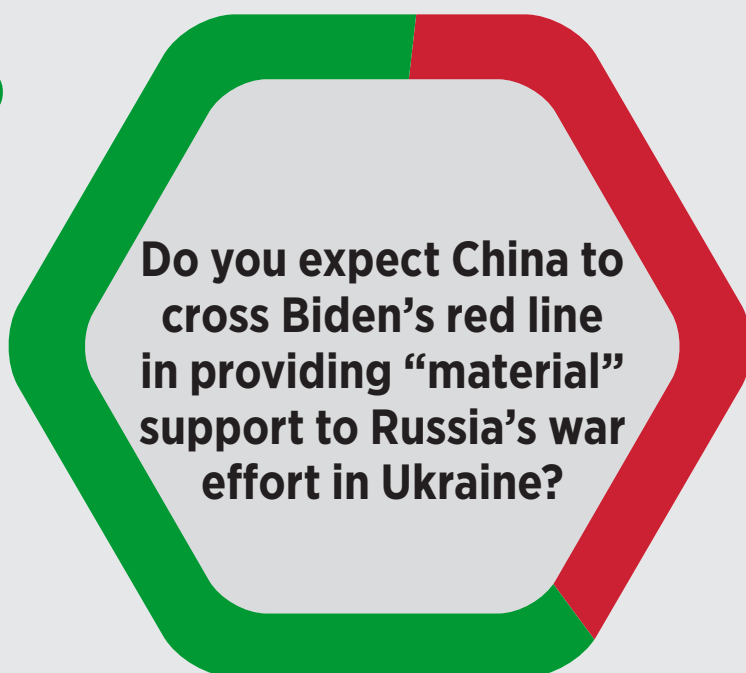
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