Daily Energy Markets BULLETIN

ADNOC

Consultancy Intelligence Publishing

MONDAY /// MARCH 28th

TOP 10 DAILY NEWS DIGEST

1. CHINESE TECH STOCKS MOSTLY RISE; OIL FALLS MORE THAN 2%
2. US, EU LNG DEAL TO FUEL GLOBAL FIGHT FOR EVERY LAST MOLECULE
3. JAPAN, US, UK LENDERS LOAN KUWAIT $1BN TO BOOST OIL OUTPUT
4. US ENVOY NOT CONFIDENT IRAN NUCLEAR DEAL IS IMMINENT
5. MUCH OF SHANGHAI LOCKED DOWN AS MASS COVID-19 TESTING BEGINS
6. AHEAD OF NEW PEACE TALKS, ZELENSKY SAYS EYING RUSSIA NEUTRALITY DEMAND
7. UKRAINE URGES BOYCOTT OF FRENCH RETAILER AUCHAN
8. BIDEN MAKES US TENSIONS WITH RUSSIA 'PERSONAL'
9. UKRAINE WAR: LIZ TRUSS SAYS RUSSIA SANCTIONS SHOULD END ONLY AFTER WITHDRAWAL
10. CHINA'S SINOPEC PLANS ITS BIGGEST CAPITAL EXPENDITURE IN HISTORY

RECOMMENDED REPORTS

- INDIA'S FUEL PRICES HIKED FOR 4TH TIME IN 5 DAYS
- WHY RUSSIA IS LOSING: GEN. DAVID PETRAEUS ON THE WAR IN UKRAINE
- BIDEN'S JOB APPROVAL RATING HITS LOWEST POINT OF HIS PRESIDENCY
- RARE EARTH METAL PRICES EXPECTED TO RISE AS CHINESE PRODUCTION DECLINES
- AS RUSSIA AND CHINA DISTRACT US, MIDDLE EAST POWERS REDRAW ALLIANCES

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ADNOC, uniper, CC ENERGY DEVELOPMENT, FOIZ Fujairah Oil Industry Zone

Daily Energy Markets PODCAST

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Daily Energy Markets TOP 3 TAKEAWAYS

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TOP 3

MONDAY /// MARCH 28th

TAKEAWAYS

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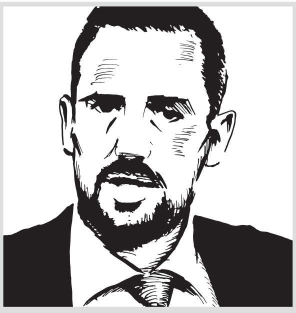
COMMENTARY



BY MATT STANLEY
DIRECTOR
STAR FUELS

Brent is trading this morning down 5.00 at $115.65/bl and WTI is trading at $108.68/bl down 5.22. So, another week of turbulent oil market lays ahead, I think. At what point does it become normal though? For oil market to swing 5 bucks in a day? I'd argue we should ask a Norwich City football fan - if you're so used to your team being relegated and promoted is it just something you get used to? The market has woken up to the fact this morning that Shanghai is going to enter strict lockdowns owing to rising COVID cases. It doesn't get more dramatic than the two opposing forces driving oil markets at the moment, does it? On one hand you have the invasion of Ukraine by Russian forces. Gulp. On the other hand, you have a global pandemic closing down one of the world's busiest cities. Double gulp. As I have been saying for a while, most other news articles are being dismissed right now but I can say with some certainty that oil markets haven't reacted as dramatically as they are this morning owing to a COVID headline for quite some time. We will have to see how the lockdown pans out, but one thing is for sure, if high prices don't destroy demand, then COVID is still very much there bringing the same threat with it. We have an OPEC+ meeting on Thursday and whilst I don't see a change in terms of production levels from what has already been agreed, you know the market loves an OPEC+ meeting so, as usual, keep your eyes on the headlines. Good day, and week to all.

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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

Energy Sanctions on Russia are Unlike Predecessors as they are Still Optional

In the past when there were sanctions against oil producing countries, it was all or nothing. It was one size fits all, such as with Iran, Venezuela and Iraq. Nobody was permitted to touch their oil, and if they did, there were secondary sanctions. The US tried to infringe on sovereign countries and not to allow their banks help to finance trade with these states, and everybody would be slapped on the head if they did. With the Russian sanctions on energy, so far, they are completely voluntary. That means the US, for example, said it won't take Russian energy imports. But if India does, nobody is going to punish Indian banks for financing it. It is very different this time.

Last week there was a serious discussion on whether Europe should stop importing Russian gas, and in the background, there was another serious discussion on whether they could stop importing Russian oil. The two decisions which have been made is to gradually scale down gas imports, and to back away from enacting a European embargo of Russian oil because the disruptions would be too great.

If they are serious, we will see a very rapid curtailing of gas exports from Russia into Europe, which then will see Russian gas being stranded as there is no pipeline from Western Siberia, where this gas comes from, to Asia. So whatever Europe does not buy has to go in the Russian market, but the Russian market is already well supplied, and so it would be a loss to Russia. Germany has promised to wean themselves off Russian gas imports by 2024, which is quite something.

I think in oil there is way to go. If you do the appropriate calculations, current oil prices are not a reason to grab for the panic button. In present terms of oil prices, we lived with $150 for three years from 2011 to 2013 without a recession. Now the economic situation is a bit dicier, but I think $120 is doable and that's obviously also what OPEC+ things. ■

**Paraphrased comments*

Daily Energy Markets Mashreq 60-SECOND SOUNDBITE

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Randall Mohammed
Managing Director
PetroIndustrial USA

"OPEC+ is not going to change its strategy because of Geopolitics"

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Daily Energy Markets Mashreq 60-SECOND SOUNDBITE

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Omar Najia
Global Head, Derivatives
BB Energy

"It is very likely that Russia will follow through with plans to force customers to pay for oil & gas in Rubles"

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