Daily Energy Markets
BULLETIN
THURSDAY /// MAR 3rd

Consultancy Intelligence Publishing

TOP 10 DAILY NEWS DIGEST

1. OIL MARCHES HIGHER, WITH FEW PATHS SEEN TO ALLEVIATE RUSSIAN SUPPLY DISRUPTION
2. OPEC+ STICKS TO PRODUCTION PLAN DESPITE $111 OIL
3. OPEC+ HAS AN OSTRICH PROBLEM. IT'S IGNORING UKRAINE
4. GERMANY URGES IRAN TO REVIVE NUCLEAR DEAL
5. ITALY HALTS FUNDING FOR $21BN ARCTIC LNG 2 PROJECT
6. RUSSIA'S INVASION OF UKRAINE IN MAPS
7. XI UNLIKELY TO DITCH HIS 'BEST FRIEND' PUTIN DESPITE UKRAINE PRESSURE
8. BIDEN RISKS PROGRESSIVES, BLACKS WITH PIVOT TO THE CENTER
9. UKRAINE WAR COULD WIPE OUT 1MN BPD IN LOCAL OIL DEMAND
10. WHY CHINA SHOULD WANT RUSSIA'S INVASION TO END

RECOMMENDED VIDEOS & REPORTS

- HONG KONG BRACES FOR LOCKDOWN AS DAILY CASES TO BREACH 50,000
- POWELL EXPECTS A QUARTER-POINT FED RATE HIKE THIS MONTH
- SEABORNE RUSSIAN GAS SUPPLIES TO EUROPE DISRUPTED BY LOOMING PORT BANS
- EXXON CFO PUTS COST OF EXITING RUSSIA AT 1% TO 2% OF OUTPUT AND EARNINGS
- BETS AGAINST ENERGY STOCKS ARE AT THE HIGHEST IN MORE THAN A YEAR
- STATEMENT BY PRESS SECRETARY JEN PSAKI ON COORDINATED IEA RELEASE TO SUPPORT GLOBAL ENERGY SECURITY

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Daily Energy Markets PODCAST

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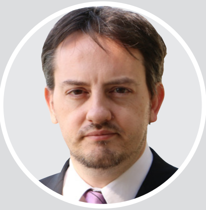

Robin Mills
Chief Executive Officer
Qamar Energy

Ole Hansen
Head of Commodity Strategy
Saxo BankInternational

Andy Laven
Chief Operating Officer
Sahara Energy Resources

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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

The EUR/USD closed relatively unchanged at around 1.1119 overnight despite Fed chair Jerome Powell's endorsement of a 25bps hike at the FOMC later this month, even as the war in Ukraine continues. That limited moves in the broad dollar index and held it around 97.40. USD/JPY moved higher, rising by 0.5% to 115.52 while GBP/USD rose strongly, abetted by the sharp rise in gilt yields. Sterling settled at 1.3406, up 0.6%. Commodity currencies were stronger against the dollar, benefitting from the Bank of Canada carrying out a 25bps hike at its meeting overnight. USD/CAD moved lower by 0.9% to 1.2631. AUD/USD rallied by 0.6% to 0.7297 while NZD/USD added 0.5% to 0.6787. Equity markets staged a modest resurgence yesterday, with European and North American indices turning green after consecutive losses. In Europe, the DAX added 0.7%, and the CAC 1.6%. In the US, all three major indices closed higher as the NASDAQ added 1.6%, the Dow Jones 1.8% and the S&P 500 1.9%. The MSCI and FTSE Russell will cut Russian stocks from their widely followed equity indices. The Russian stock exchange will remain closed today, as it has all week, but Russian firms with dual listings abroad have plummeted. As expected, OPEC+ agreed to maintain the planned production increase for April at their March 2nd meeting. Even as oil prices have been screaming out for additional barrels, the producers' alliance chose to keep the integrity of their group, which includes Russia, over easing the current tightness in oil markets. Brent futures surged up 7.6%, closing at $112.93/bl while WTI added almost 7% to settle at $110.60/bl. With no apparent moderation of fundamentals at place in the market, a move even higher in oil looks a certainty. The backwardation in Brent markets is enormous at more than $5/bl on the 1-2 month spreads. For WTI, the same spread is at record levels at almost $4/bl. Hardly helping oil markets, the EIA reported a draw in US crude stocks of 2.6 million barrels last week, with declines also coming across much of the rest of the barrel. Production in the US was unchanged at 11.6mbd.

(Source: Emirates NBD Research)

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VIEWS YOU CAN USE

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Randall Mohammed
Managing Director
PetroIndustrial USA

Will OPEC+ act to protect against any potential disruption of Russian oil?
It all depends on whether they believe it will be curtailed. If they do, they're going to have to step up production. The issue is where to find the extra barrels. Saudi Arabia, as the swing producer, can put two million bd onto the market within 90 days and between Kuwait and the UAE, you probably have about 600,000 bd in spare capacity. The question is, are they willing to tow the line and my sense is they're not. They did reach about 420,000 bd in February but I'm not sure they can sustain that.

Biden seems to have had a change of heart on US production?
The White House may have implied that the US needs to increase production but at the end of the day, those are private producers so it's all about the margin. If anything is done, it will be on the quiet. Biden won't want to antagonize those environmentalists and he will continue with his green policy and roll out of 500,000 EV charging stations.

Do you expect the Fed to change its plans because of the war in Ukraine?
We are still grappling with extremely high inflation of 7.5% in the US and gas prices at the pump right now are pushing in excess of $3.53 per gallon. My general sense is that Fed Chairman Powell is going to be a lot more conservative now. He will stick with the 25 basis point increase in March and gradually increase that over a period of seven quarters, and scale down asset buying by $15 billion per month over an eight month period. And they have to keep an eye on the S&P 500, unemployment claims, and the money supply.

Response in the US to how Biden has acted on the Ukraine invasion?
The average American is more concerned about food prices and having to pay an extra thousand dollars a year to fill up his tank. I expected to hear the banning of crude imports. The US imports just under 600,000 bd from Russia. If the U.S. does decide to curtail or cut that, we could look to the south. We've got Venezuela, and Guyana is now producing upwards of 300,000 bd. And let's not take Iran off the table just yet. The US should try to conclude that negotiation and get some of those barrels onto the market. That would be a huge plus for Biden going into the midterm elections. ■

**Paraphrased comments*

Daily Energy Markets
Mashreq 60-SECOND SOUNDBITE

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Robin Mills
Chief Executive Officer
Qamar Energy

"OPEC+ have heads buried in the sand!"

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Daily Energy Markets
Mashreq 60-SECOND SOUNDBITE

Consultancy Intelligence Publishing

Ole Hansen
Head of Commodity Strategy
Saxo Bank

"Nat Gas prices in Europe are already killing demand!"

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Daily Energy Markets SOUNDINGS

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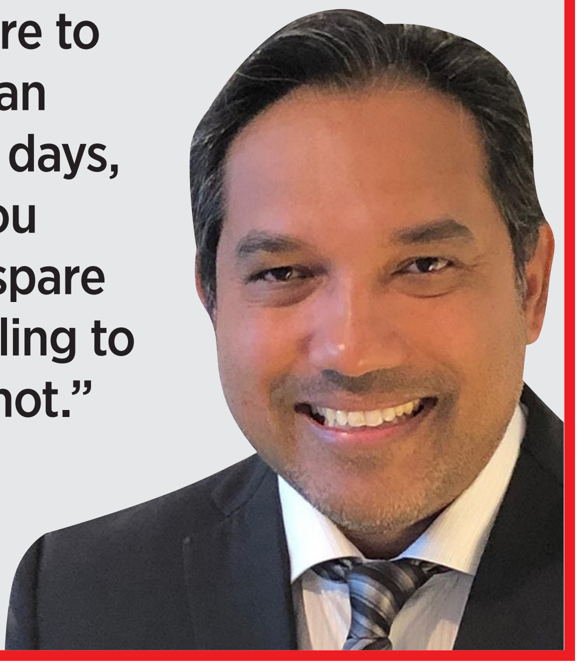
"If OPEC believe Russian oil will be curtailed, they're going to have to step up their production. The issue is where to find the extra barrels. Saudi Arabia can put 2mbd onto the market within 90 days, and between Kuwait and the UAE, you probably have about 600,000bd in spare capacity. The question is are they willing to tow the line and my sense is they're not."

Randall Mohammed
Managing Director
PetroIndustrial USA



Daily Energy Markets INDUSTRY SURVEY

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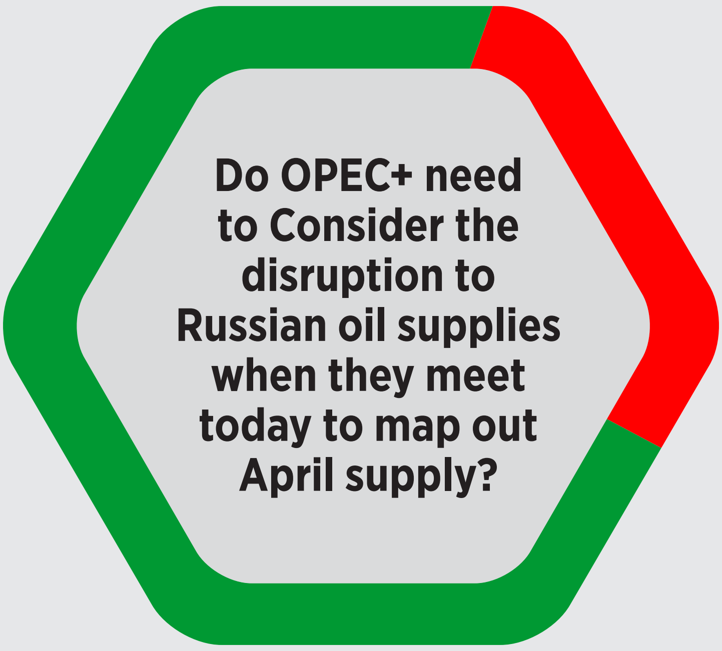
73%
Yes



27%
No

(Source: 50+ Energy Executives Polled March 2nd, 2022)

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