

Oil and Gas Markets Brief

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1.) The closing bell: oil futures prices closed trading day on Thursday up with the Brent wrapping up session at 121\$ while the West Texas Intermediate (WTI) also recovered after losing some in early trading session to close up at 117.5 \$ amid a global sell off after the announcement by the Federal Reserve to hike interest rates to 75 bps or 0.75% until at least 2024 where it will start cutting rates while it sees inflation of around 5.2% at the end of 2022 and 2.6% for 2023 representing this new hike the biggest increase since 1994 while at the same time continuing fears of supplies keep on taking their toll in the current trend of high oil prices as the war in Ukraine keeps on reverberating across global oil and gas markets in an unprecedented situation in current landscape.

Its also important to add the increasingly tense situation amid a political standoff that the Biden administration is having with major US oil and gas companies such as EXXON and CHEVRON on which its blaming for the unstoppable rise of gasoline prices in the country prompting both companies to reply and counteract lambasting the current oil and gas policies carried out by Washington discouraging in different ways the boosting of local oil production while seeking other not so adequate methods such as the release of oil from the SPR and calling repeatedly to OPEC+ for more oil meanwhile OPEC+ continues its close alliance with Russia amid a recent visit of Saudi oil minister to Russia in a revealing few weeks ahead of the coming visit of Biden to Saudi Arabia where its expected to be discussed the oil market situation as Washington might push Riyadh to step aside from its support of Moscow on the war in Ukraine.

Meanwhile, the dollar dropped slightly with a loss of 1.4% closing at 103.45 in the dollar index, while the euro gained some to close trading session at 1.05 , coupled with gains for gold to trade at \$1850, silver gaining 2% to 21.8\$ and wheat also with gains of 2% to end trading session at \$1080 while its important to mention that the ruble dropped slightly against the dollar during trading session at 56.5 RUB-USD as the Kremlin has been continuing its push for sales of its natural gas to be paid only in rubles or euros.

2.) Natural gas prices: natural gas prices gained in today's trading session as it jumped around 1% to wrap up session at \$7.46 per MMBTU as there continues to be a rift between Russia's GAZPROM with Germany over the suspension of around 40% of gas flows via the NordStream gas pipeline also impacting supplies to Italy, Austria, Czechia after GAZPROM announced it was its product and its rules in a clear threat to countries supporting Ukraine to be further cut off of its gas imports in a clear geopolitical use of gas exports by Russia while GAZPROM will continue ramping up and rerouting its gas supplies to China after both governments announced the strengthening of their ties in different fields including energy in a clear challenge to Washington.

3.) Geopolitical risks and developments: the war in Ukraine continues as Moscow keeps its relentless goals of controlling the totality of the Donbass region in Eastern Ukraine while Ukraine continues to request more weapons and financial aid to try to continue the resistance against Russian armed forces in its soil while meanwhile the Biden administration announced a new package of financial aid to Ukraine while France President Emmanuel Macron stated that eventually there will need to be a negotiation between Ukraine and Russia to end the war as there continues to be no sign for any peace talks yet as the clashes continue in the eastern part of the country.

Meanwhile the situation in Libya continues since last April 18 where protestors continue having shutdown 2 fields and 2 ports so far and where as a consequence the total oil output of country has been impacted to now around 100,000 barrels per day disrupting its total output down 1,000,000 barrels per day so far as a consequence of the ongoing political standoff as there doesn't seem to be any clear solution to this longstanding crisis.

Overall, the war in Ukraine and its ongoing consequences in the global oil, gas and different critical commodities markets, growing fears of recession not just in the US but also in different spots of the world (already countries such as Sri Lanka, Pakistan, Laos have seen their macroeconomic situation worsening and their cash reserves dwindle as per this crisis), supplies concerns and growing demand are the most pressing issues shaking prices in their record highs just as OPEC+ in some ways doesn't seem to be much able or not willing to ramp up more production while there continues to be a critical situation with natural gas as the invasion of Ukraine by Russia and the consequences of this has proven to be important for Europe energy security, right when the world seemed to be out of danger zone and recovering from the pandemic and now entering another critical moment with the food and energy being the pressing issues.

