

Oil and Gas Markets Brief

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1.) The closing bell: oil futures closed trading day on Wednesday reversing previous gains as the Brent dropped again to settle at \$111.74 per barrel while the WTI also jumped around 1% to settle at \$106.19 per barrel continuing the marked volatile trend as global fears over a potential recession persists that could dent a hit to the still advancing growing demand and on the recent statements by the Fed Chairman Jerome Powell in a hearing in the Senate Banking Committee stressing that a recession in the US is a possibility and that its becoming very challenging to achieve a soft landing just weeks ahead of the new coming rate hikes by the Fed which could also hit trading of the different oil companies stocks such as EXXON (\$XOM) falling 3%, CHEVRON (\$CVX) dropping around 4%, while also President Joseph Biden in an address to the nation stressed his calls to US refining companies for more refining, the suspension of federal tax on gasoline prices for 3 months to tame down surging prices as demand in summer season keeps on growing in the U.S.

Meanwhile, the dollar dropped slightly in today's trading session, closing at 103.96 in the dollar index, while the euro gained some to close trading session at 1.056 , coupled with a slight gain for gold to trade at \$1839.8, silver dropped around 2% to settle at 21.3\$ and wheat continued dropping around 1% to close trading at \$973, while its important to mention that the ruble reached a new record high to close trading session at 53.1 RUB-USD, amid the continuing pressure and demand by the Kremlin to pay for its gas and oil exports in rubles to its clients in Europe and now some concerns by the Bank of Russia of having too strong a currency that could dampen the country's own exports due to the rising value of the ruble against the dollar while Moscow continues to seek ways to switch from the use of the dollar and the existing international financial mechanisms of payments as Moscow will meet with the members of the BRICS in Beijing and try to expand oil and commercial ties with the rest of the members of this alternative geopolitical bloc in Beijing during 23 and 24th of June.

Natural gas prices: natural gas prices bounced in US markets to settle at \$6.84 MMBTU as the gas crunch and crisis continues in Europe after Russia announced it was cutting gas exports to another country such as Greece as GAZPROM stated it was due to maintenance works in its operated Turkish Stream that delivers gas to Greece

via Turkey adding it to the growing list of countries that have been subject to interruption of gas supplies from Russia such as Italy, France, Poland, Bulgaria, Denmark, Finland as the war continues impacting the energy geopolitics in Europe and pushing countries to turn to the use of coal as they rush to secure additional supplies of gas for their storage for the arrival of the winter season while the key facility of exports of LNG from the US, Freeport LNG in Texas, continues under repair works that will last around 3 months.



Geopolitical risks and developments: the war in Ukraine continues as Russia continues its advances in Eastern Ukraine now planning to further advance and break the resistance in the Luhansk region by the Ukrainian forces in a war that as the UK Chief of Staff warned that it

could expand all across Europe to which it warned the British army to prepare for a full scale confrontation simultaneously to NATO chief warning that it could last for years. At the same time, all the diplomatic and geopolitical attention remains centered on the standoff over the ban of transports of goods to the port of Kaliningrad, a Russian oblast enclave near the border with a NATO member such as Lithuania who enforced the ban as part of the recent package of sanctions against the Kremlin.

Also the meeting of the BRICS bloc (Brazil, Russia, India, China and South Africa) in Beijing will be important to keep an eye on in the middle of the unfolding geopolitical dynamics and changes as a consequence of the war in Ukraine where Moscow and Beijing are deepening their commercial and energy ties with Russia seeking to ramp its oil exports to China as it's under a growing ban on its oil exports by the EU while Washington keeps on seeking ways to persuade and convince one key member of the organization such as India to stop importing cheap and discounted Russian oil to continue to build pressure against Moscow, just as NATO is meeting in Madrid, Spain next June 28th and 29th to analyze the war in Ukraine and the potential admission of Sweden and Finland to the security alliance which could produce important reactions by Moscow.

At the same time, the situation of emergency in Ecuador continues by indigenous groups while also PETROECUADOR continues in the force majeure of production operations and running the risk of penalties on its contracts for cargoes and exports if the current situation remains the same as the unrest continues mainly centered in the capital Quito and 3 provinces against fuel prices hikes and against current economic crisis in the country.

To watch this week: the unfolding of the war in Ukraine and what other gas and oil consequences it will have, inflation data updates for the UK and Japan, consumer confidence readings in the UK and the eurozone, the release of the EIA weekly report (as per the Juneteenth holiday was postponed for Thursday) the situation of state of emergency in Ecuador, the BRICS Forum