Oil & Gas

Energy
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Geopolitics provoke again

Geopolitical factors are a major driving factor in the oil market. Recent Ukrainian drone attacks on Russian refineries have led to a rise in oil prices. Since there is no actual restriction in crude oil supply - the oil that Russia cannot process will be partly exported - this price rise is sentiment-driven. In addition, conflicts in the Middle East also continue to put a (limited) risk premium on the oil price. This Market Update also looks at the relationship between the oil price and the US dollar exchange rate, which has strengthened following the FED interest rate decision.

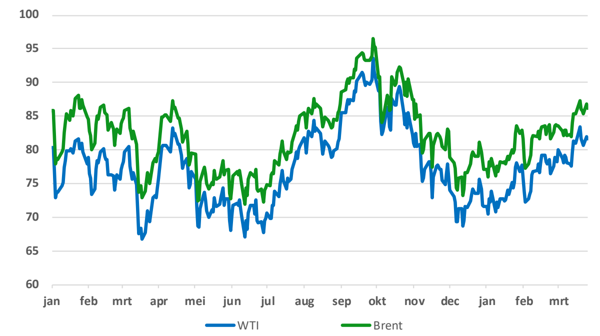
Although there has been slight upward price pressure recently, market fundamentals are bringing calmness to the gas market. The mild winter - and the positive North-Atlantic Oscillation underlying it - has contributed significantly to above-average gas stocks for the time of year. With the filling season already at hand, price declines under normal conditions - especially for the monthly contract - are a realistic scenario. Finally, this Market Update discusses why Dutch gas stocks are below the EU average in terms of filling levels, and the potential impact of the removal of the last Russian pipeline gas still coming to Europe.

Oil price breaks through technical resistance level

After moving sideways between USD 81-84/barrel for over a month, the Brent oil benchmark broke out of this range in mid-March. While this seemed to open the way for a further price rise, the price for the active monthly contract (May delivery) has remained stuck at around USD 87/barrel. The monthly contract for West Texas Intermediate (WTI) - the US oil benchmark - is trading around USD 82/barrel, keeping the spread between the two the same.

Oil prices break sideways trend; further rise fails to materialise

USD/bbl



Source: Refinitiv Eikon

The latest International Energy Agency (IEA) *Oil Market Report* was a major reason for the sudden rise in prices. Earlier, the IEA's forecast was that 2024 would be characterised by an oversupply. But adjusting the estimates, the agency arrived at a slight demand surplus.

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