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I find it hard to believe that there will be a fully-fledged invasion of Ukraine.

A real war is something we haven't seen for a long time, certainly not in Europe. But the US and most of its allies are having to make everything possible in public, just to control the narrative, and it's working so far. I think we are facing a long, drawn-out attempt to keep the situation cooking rather than an invasion that would unite the whole world against these Russian ambitions. It's not going away and that has repercussions all the way into the Iranian negotiations, into US-China negotiations, and on China's own strategy in the region and globally.

Is there a naivete in the western European leadership towards Russia?

There's an underestimation of what sanctions can produce in terms of resistance in the affected countries. The Russian elite is trying to prevent their own population from taking to the streets by showing them that they lead nowhere. And if there are sanctions, the chances are that the domestic propaganda of national security also starts to become much more effective. Russians have also adjusted to lower economic growth already on the back of tight economic policies implemented by the government to protect against future sanctions. The leadership has been accumulating dollar and gold reserves and made their domestic system less dependent on foreign creditor relations.

Does the Ukraine crisis impact the Iran talks and return of Iranian oil?

If the US wants to encourage the continual flow of oil, not only from Russia, but also from its neighboring regions like Kazakhstan and Azerbaijan, then it's natural for it to want to foster a deal with Iran because Iran has close connections with these countries. A confrontation with Russia would mean US and Europe wanting to keep these other oil producers on board.

Outlook for oil demand side dynamics?

The evidence is that global economic growth is not accelerating. It's decelerating and that means we are still in a situation where sometime between spring and summer, balances will tilt, supply will exceed demand and these very low inventories will stabilize and probably start adjusting up a bit.

Future direction for oil prices?

We won't see higher prices for much longer just because of the Ukraine crisis. We may see the usual spikes associated with these kinds of uncertainties, but come summer, the market will remain under the control of the few OPEC countries which have spare capacity, that they can moderate any day they want. We should expect a gradual nudging up until something bad happens or until for political reasons, OPEC decides to give some leeway. ■

**Paraphrased comments*



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