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#### **It would have been naïve for OPEC+ to sit still and do nothing.**

With prices hovering in the mid to low seventies, their announcement was somehow expected, but the timing of it happening very close to the JMMC meeting, was a surprise. Also, unlike their announcement of cuts in October last year which caught the Americans by surprise, this time it seems that the US was informed ahead of this decision.

#### **Will sanctions finally impact Russian production this year?**

We should expect some loss of production. The sanctions are biting to a certain extent, and the ones on products which impact Russian refineries have been hugely subsidized by the government, with diesel sold at a discount because of the price cap and other factors. That could start to affect production. But the forecast last year that we would lose three million barrels a day of Russian production has not happened and there's nothing today that causes a major deficit in the market. Unless Russia decides to completely shut down exports for political reasons, we'll continue to see this redirection of flows, where more Russian oil goes to Asia, and oil from outside Russia, including the Middle East, going to other key markets such as Europe.

#### **Are we likely to see less volatility this year in oil markets?**

When we have such an uncertain economic and geopolitical outlook, we cannot take things for granted. Last year, China announced the lifting of its Zero-Covid policy and everyone said demand would come roaring back with a vengeance, but they overlooked the policies that China had implemented. There are still huge uncertainties and so I expect volatility to continue – OPEC+ has not removed that from the oil market for this year at least. ■

*\*Paraphrased Comments*

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