Apathy rules.

Another lacklustre week, although both crude oil and petroleum products clawed a gain by Friday (except poor old LPG, of course!) from a week where markets were stuck in the mud most of the time, awaiting bullish news that never came. Markets awaited developments in Russia after what appeared to be something akin to a wake-up call last weekend as the Wagner mercenary army marched on Moscow, while we waited somewhat on edge for more drama, an unexpected twist presented itself as President Putin was reported to have left Moscow and arrived in the Caspian Sea area, almost 1,250 miles away from the Kremlin. The aim of the excursion was a meet and greet walkabout in what appears to have been an attempt to repair the damage the aborted Wagner uprising has done to the image of a president who likes to portray himself as retaining popular support and having the whole of Russia behind him. Vladimir Putin flew to the city of Derbent in the mostly Muslim region to mark the Islamic holiday of Eid al-Adha and visit an ancient citadel and historic mosque where he took a tour, doodled on an electronic screen, and stopped to kiss fans, pose for selfies, and shake hands with cheering crowds, not exactly what the oil markets expected next. Instead of a week of anger, we got a week of kisses and cuddles and little change in the dull mood of oil prices.

Like last week, the week before, and the week before that, the all-encompassing backdrop to this market remains the economic gloom brought about by interest rate rises by central banks in some of the world's biggest consumer nations, notably the United States and the EU (with continuing threats of higher rates to come), a resilient flow in Russian oil, and a Chinese economy which on some days is rampantly bullish and bouncy and on others about as useful as a flat tire on a motorway.

Until those central banks hit the "enough is enough" button on interest rates, oil prices will live not in an algorithmic space but more likely an apathetic one for quite some time to come. Those who freely predicted oil prices to soar into the $100 to $140 per barrel range will have realized this only too well. When we consider we have lived through incredible events in 2022 and the first half of 2023 which in any other economic climate would have seen oil prices soar (as bullish examples... 3 million barrels per day cut in Saudi/OPEC production, a European war, regrowth in China), it's remarkable we remain stuck hard in the $72/$79 range. But until the financial gurus of the world stop creating interest rate speed bumps and corral recession, oil prices will remain longer in their cocoon of apathy than even the brightest trading stars and hedge fund managers could have predicted.

In other news, meanwhile, the EU was applying yet another twist to the sanctions against Russian portfolios by announcing a ban on port calls for ships caught carrying out ship-to-ship transfers of suspected "illicit" Russian oil in European waters. Nothing moves quickly when it comes to shipping, and any meaningful change to the current situation will take time.

India hit the news again.

Bloomberg reports... From an island fort just outside Mumbai in India, two crude oil tankers can be seen unloading their cargoes into two Southeastern Indian refineries. Back in the day, those two cargoes could have come from the Middle East, USA, or West Africa, with Russian supply just 2% of crude oil intake. These days, imports of Russian crude oil into India have reached 46%, and those two cargoes are most likely of Russian origin. The processed products are returning to... well, Europe among others! However, as cheaper Russian oil becomes less, so India is starting to look more closely at crude oil cargoes which compare price-wise but give better $ yields than Russian crude oil. Most Indian refineries were never built to run entirely on Russian crude oil, but at a certain discount, they will until that oil loses its competitive edge as purchase prices rise. One to watch.

This week's closing guide prices

Ice Brent
$75.41 (+1.01)

WTI
$70.64 (+1.12)

Ice Gas Oil
$709.25 (+2.25)

Euro Mogas swaps
$828.00 (+21.00)

Naphtha swaps
$523.00 (+1.00)

Nymex Gasoline
$2.5449 (+130 points)

LPG swaps
$417.00 (-5.00)

Opec Basket
$74.34

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