Even Wizards have bad days

Another amazing week in the World left Ukraine without the benefit of US intelligence support in their war with Russia, US President Donald Trump announcing import tariffs will begin against Canada, Mexico, and China on April 2nd, but with a caveat that certain industries will be allowed another grace period. The on/ off nature of these announcements on tariffs left China hopping up and down saying "we will fight any kind of war against the U.S".

Oil markets were left teetering on the edge of a precipice after OPEC announced their crude oil supply tap will start dripping from April (increasing production by 138,000 barrels a day), whilst European leaders will be scrambling around trying to stop metaphorical tornadoes flying in their faces leaving them searching for each other in the chaos.

What struck this week is all this chaos is great material for a book. A book written covering the first 68 days of 2025 is unlikely to be a best seller, although it depends in some ways whether it is written as fact or fiction. However, strangely it feels as if the story has already been written, many times in fact....but long ago.....for example let's consider....George Orwell's "1984", Aldous Huxley's "Brave New World", Joseph Heller's "Catch 22" Charles Dickens "A Tale of Two Cities" or L Frank Baum's "The Wizard of Oz" (yes, I did say "The Wizard of Oz"!!)...... much of what is happening now can be recognised inside these politically biased fictional masterpieces!

Just for fun, let's consider "The Wizard of Oz", obviously about a great wizard who is not all he seems, he is Oscar Diggs, a deceptive magician who arrives in the Land of Oz and encounters three witches, one particularly disruptive and evil ,Oscar is enlisted to restore order in Oz while struggling to resolve conflicts with the witches and himself. To appear powerful, he shouts through a loudspeaker to appear frightening, but underneath it all he is a good man who eventually helps people find their place in the World and to live peacefully together.

There are 5 main characters in this book written in 1939, but three of them feel suddenly familiar.... The Scarecrow, who worries he does not have a brain, and lacks confidence because of it , but as time goes by, he becomes very wise and realises he had a brain after all.....The Tin Man wants a heart, believing that having one will help him feel love and compassion. As time goes by his journey reveals that he is already capable of kindness and empathy, somebody just needed to bring this out. He also realises that emotional depth does not solely come from having the physical heart he craves.... The Cowardly Lion believes that he has depleted the reserves of courage imbued in him by the Wizard. Later, the cowardly lion is tricked into thinking he can only replenish his courage by eating a courageous man..... but eventually the Wizard saves him from this fate, and he roars loudly again.

This book written in 1939 seems somehow aligned into events taking place in our political world in 2025....please interpret as you wish!

Much of this week's movement in oil prices was caused by political words, deeds and intentions with a few facts and figures thrown in relating directly to oil to give investors some kind of direction. The EIA announced U.S. crude inventories had risen week on week by a bearish 3.6 million barrels on Wednesday afternoon, the report caused a minor panic as ice Brent dropped through $69 a barrel to the lowest price in 3 years.

Physical crude market found some life, particularly light, sweet grades as refiners look to make cleaner fuels. Some of their decisions may be driven by Mediterranean bunker fuel sulphur limits being lowered from 0.5% to 0.1% in the very near future.

Meanwhile Geopolitical risks are broadly cooling after Russia signalled a willingness to discuss a temporary truce in Ukraine for the first time since the war's onset more than three years ago. However, ever since America withdrew their intelligence capability from Ukraine, Russia has been pounding parts of Ukraine with their military might, leaving Donald no longer talking peace but increasing sanctions against Russia!

All the while, China, the world's top crude importer, has told refiners to pivot away from making mainstay fuels like gasoline and diesel, a sign of the shaky, long-term demand outlook. Collectively, those factors helped briefly nudge benchmark Brent futures out of the $70-$85 band in which they have mostly traded since September.
Speculators anticipate an impending price drop, yet oil prices will undoubtedly remain at the mercy of political developments. One can only hope that the so-called "Wizards" in power will find their way down the yellow brick road to peace. However, at present, none seem willing to pause and figure out exactly where that path lies.

This week's closing guide prices:

Name	Price	Last week
ICE Brent	$ 70.36	-2.54
WTI	$ 67.04	-2.81
ICE gas oil	$ 671.50	-16.50
Euro Mogas swaps	$ 631.50	-55.75
Euro naphtha swaps	$ 603.00	-29.50
Nymex gasoline	$ 2.1087	-11.36 cents per gallon
LPG swaps	$ 531.50	-28.00
Opec basket	$ 71.75	

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