

Pantomime Season Arrives Early... Again!



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Well, here we are at the close of another week, where the stage lights of the global energy market flicker under the glare of pure political theatre. It's a recurring drama, the same old script, perhaps just different players. It's been another turn of the screw, a week where the oil prices have done their level best to drift lower, caught in the chaotic crosscurrents of incessant political shenanigans. ICE gas oil, that volatile beast which has been the most erratic prompt month in any oil-related futures market anywhere in the world, finally seemed to breathe its last gasp of strength, folding under the sheer weight of that war, the one that has ruled the markets all year, the relentless, exhausting war of words. Oil futures, dear reader, have become dangerous investments. Planning for the future is a tricky game. We are fast approaching the actual pantomime season. For the uninitiated, it's a light-hearted musical staged around Christmas, good versus evil, flamboyant dames, genies from oil lamps, and endless audience participation. A popular quip: the baddie tries to convince the audience that something clearly wrong is right, shouting: "Oh yes it is!" met with an audience response of "Oh no it isn't!"

Does such a drama seem familiar? If the whole mess wasn't so deadly serious, it could easily be a pantomime. Let's revisit the trigger date for American sanctions against the Russian oil industry. America's hard action was meant to be an "Oh yes it is!" moment. But what quickly followed was an "Oh no it isn't!" moment. America leaked to the media that they had worked out a deal to end the Russia/Ukraine war, with Russia! Ukraine was presented with a 'peace deal' that essentially involved rolling over and conceding the war, giving up occupied land, slashing their military by half, and forgetting about joining NATO. For Russia, according to America, a deal like this would be good for everyone. For Ukraine, there were two further stings: if President Zelenskyy didn't accept this proposal, America would withdraw its support. The second sting? You have until Thursday!

It's impossible to know how this will play out. Pantomimes have a happy ending; it seems likely this scenario won't. Ukraine is backed into a corner. Meanwhile, the key question for the oil industry is: does this 'peace proposal' include the lifting of the new

American sanctions against Russia, thus re-legalising Russian oil exports?

If the American sanctions are indeed lifted and ICE gas oil is no longer driving the middle distillate cracks sky-high and holding prices up, then the prophets of doom looking for much lower prices into 2025 and 2026 might finally get their way.

In Other News: ...

US Expands Iran Sanctions, Hitting Tankers. A new round of sanctions hits trading and shipping companies facilitating Iran's exports.

India's Top Refiner Halts Russian Imports (Or Not). Reliance Industries says it has stopped importing Russian oil to its export-oriented plant, however it continues to run Russian crude in its domestic market unit.

Beijing Allows Teapot Refineries to Buy More.China's Ministry of Commerce approved an additional batch of crude import quotas for independent refiners—something bullish for the market.

Curacao Wants Its Refinery Back. Curacao has asked for US approval to reopen its shuttered Isla refinery and resume dealings with Venezuela's PDVSA.

Trump Is Dreaming of California Drilling. US President Donald Trump said he will launch the first oil and natural gas licensing round off California's coast since 1984, sparking strong criticism from the Golden State governor.

This week's closing guide prices:

Name	Price	Last Week
Ice Brent	\$62.51	-1.41
WTI	\$57.98	-1.60
Ice Gas Oil	\$713.75	-20.50
Euro Mogas Swaps	\$671.00	-36.00
Euro Naphtha Swaps	\$515.75	-18.75
Nymex Gasoline	\$ 1.8761	-11.81¢/gal
LPG Swaps	\$434.50	-10.50
OPEC Basket	\$64.54	
Gold	\$ 4116	