Hyde Newsletter **MARKET WEEKLY**
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Russia needs another Indian Summer

Another dull and tedious week in the oil markets.
The forecast glut of crude oil has, in theory, arrived; there are plenty of offers versus lowball demand, but the blanket of doom for prices which comes with the glut has not materialised, yet.

The two winners this week were naphtha and LPG, interestingly, the two main feedstocks for making plastics via petrochemical processing, just ahead of the holiday season. The so-called peace talks between Russia and Ukraine, and the hosts of the USA, claim to be making progress, but all the while, both Russia and Ukraine have increased bombing raids on each other. The outcome of these talks is crucial for the future direction of oil prices, especially if an agreement is reached with Russia, which lifts sanctions and allows them to export crude oil and products again freely.

However, such an arrangement would leave Europe at a disadvantage and open the door to a potentially closer confrontation with Putin. Meanwhile, Donald continues his spat with Venezuela, taking pot shots at boats he suspects are in the business of trading drugs as well as oil.

This week, too, Prime Minister Modi of India and President Putin of Russia brushed up on their bromance. India is vitally important for Russia, being one of the biggest buyers of discounted Russian crude oil. The partnership has grown incredibly since Russia invaded Ukraine. Before the war, Russian oil comprised a mere 2.5% (or less than 1%) of India's total crude imports. Since then, Imports have reached a peak of nearly 40% of India's total oil imports.

In terms of volume, India's imports of Russian oil soared from 4 million tonnes in 2021-22 to over 87 million tonnes in 2024-25. The significant increase was primarily driven by:
Deep Discounts: After Western sanctions, Russia offered its crude at heavily discounted prices (sometimes as much as $18-20 per barrel lower than market price) to attract buyers. Indian refiners found this economically attractive and took advantage of it.

Energy Security: As the world's third-largest oil consumer, India prioritised its energy needs and economic stability amid volatile global oil prices.

Diversion of Trade: As European nations dramatically dropped their purchases, Russia needed new buyers, and India filled that gap.

Meanwhile, the world's biggest crude oil buyer, China, continues to fail to drive up oil prices with its continued buying sprees. Still, it, too, is caught up in the Russia-Ukraine-USA triangular peace talks and eagerly awaits the results.

It feels as though 2025 has run its course very quickly but for the oil markets, the real prospect of this, that and the other becoming reality has fallen flat on it's face despite OPEC+ increasing output in every month bar December, also the trade has had a torrid time as have the forecasters and pundits who for yet another year have failed to call prices correctly.

Kpler summarised the oil market very well this week when they said,
"Overall, elevated levels of oil-on-water reflect timing mismatches, refinery constraints, and structurally long Atlantic supply rather than a demand downturn. As maintenance eases and Asian capacity returns, a portion of the floating crude oil surplus is likely to shift onshore, with flat-price downside limited by firm margins and ongoing product tightness"
Now, why didn't we think of that back in January!

This week's closing guide prices:

Name	Price	Last Week
Ice Brent	$63.86	+0.26
WTI	$60.14	+0.37
Ice Gas Oil	$684.00	-6.00
Euro Mogas Swaps	$649.75	-9.75
Euro Naphtha Swaps	$523.00	+6.00
Nymex Gasoline	$1.8348	-2.40 ¢/gal
LPG Swaps	$474.25	+10.25
OPEC Basket	$63.24	
Gold	$4243	

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