

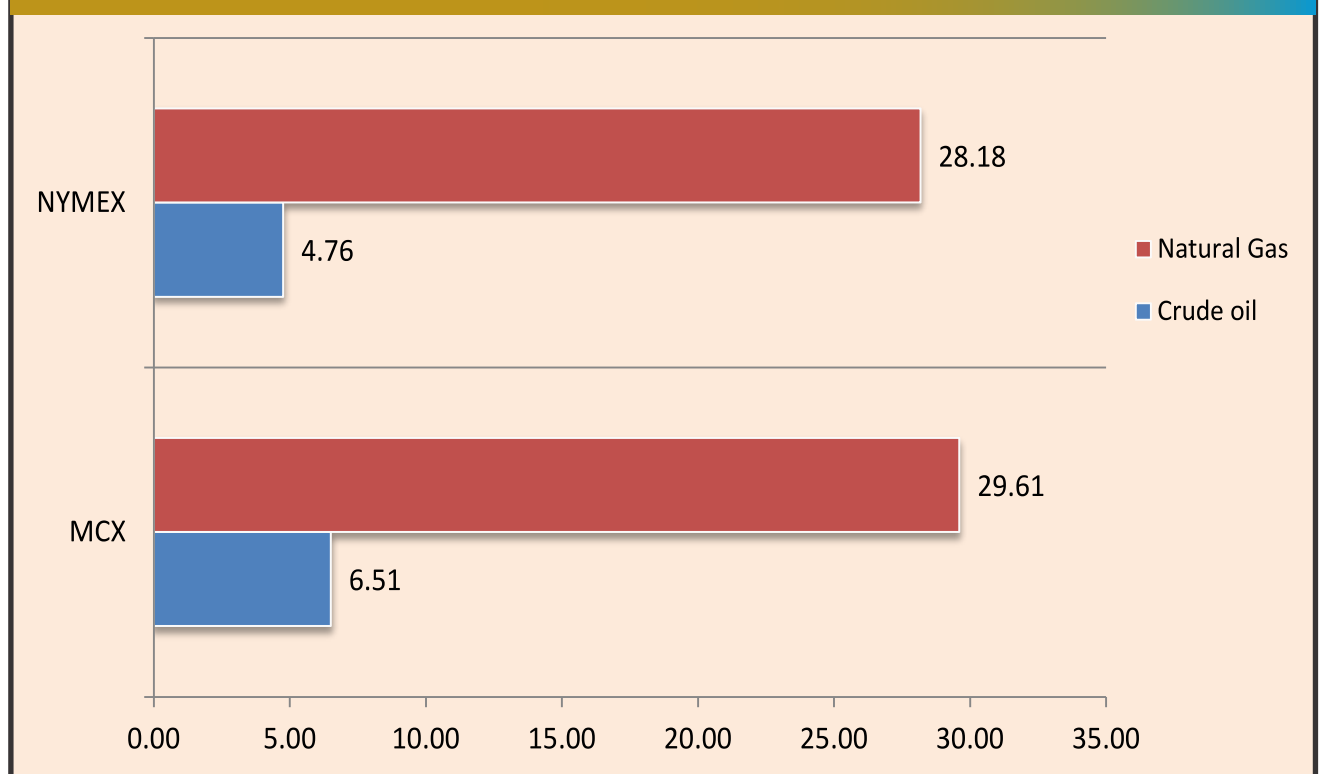
# SPECIAL MONTHLY REPORT ON ENERGY

APRIL 2022

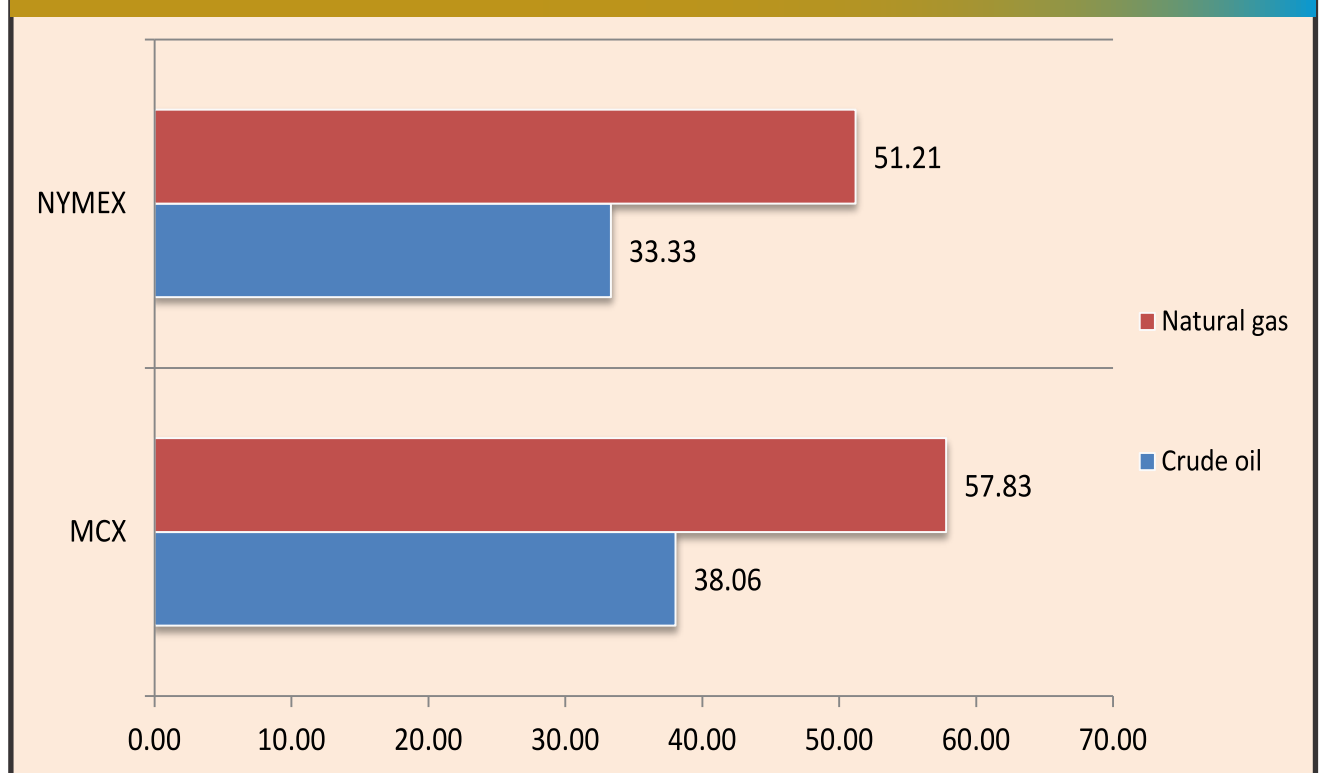


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**ENERGY PERFORMANCE (March 2022) (% change)**



**ENERGY PERFORMANCE (January - March 2022) (% change)**



Source: Reuters & SMC research

In March, Crude prices jumped almost 6.5% on MCX & and more than 4.75% on NYMEX and rose to a more than seven-year peak and crossed the psychological level of \$100 due to heightened geo-political tension after continued Russia's attack on Ukraine exacerbated concerns about disruptions to global energy supply. The prices were limited when members of the International Energy Agency (IEA) agreed to join in the largest-ever U.S. oil reserves release. Some development around peace talk between Ukraine-Russia and strong dollar also weigh on the counter. The market also faced pressure last week from concerns about Chinese demand as the world's biggest oil importer implements a series of lockdowns to curb a virus resurgence.

## Outlook

The recent volatility in oil prices was not caused by fundamentals, but by ongoing geopolitical developments. However, prices may continue to firm due to worsening supply crunch in the coming months as the United States upholds its ban of Russian oil, while many other nations avoid business with Russia as well, due to sanctions imposed against Moscow over its war on Ukraine. Russia has decided to export crude to some of buyers including Chinese & Indian buyers with the flexibility to pay in their own currencies, as the energy giant is attempting to keep its few remaining export channels flowing smoothly.

## Major Events & News

- President Joe Biden launched the largest release ever from the U.S. emergency oil reserve and challenged oil companies to drill more in an attempt to bring down gasoline prices that have soared during Russia's war with Ukraine.
- Starting in May, the United States will release 1 million barrels per day (bpd) of crude oil for six months from the Strategic Petroleum Reserve (SPR).
- However, the release will fall short of a loss of about 3 million bpd of Russian oil which the International Energy Agency estimates will be lost to global markets amid Western sanctions and as global buyers avoid the oil.
- The Organization of the Petroleum Exporting Countries and allies (OPEC+) stuck to plans to add 432,000 barrels per day of supply in May. The cartel resisted western pressure on Saudi Arabia and the United Arab Emirates to increase output further.
- Russia's war in Ukraine has roiled global commodity markets and driven up the price of everything from food to fuels, challenging governments seeking to encourage economic growth after the pandemic.
- Iran's Foreign Minister Hossein Amirabdollahian has said that an agreement is "close" in paused negotiations to restore the 2015 nuclear deal between Tehran and world powers. If sanctions were to be lifted on Iran immediately, it could export an additional 500,000 barrels of oil per day to markets from April to May of this year, with that figure reaching an additional 1.3 million barrels per day by the end of this year.

**In April 2022, Crude oil prices may trade with high volatility where buying near support would be strategy and short term resistance is seen near 8000 levels, support is seen near 7000.**



### Weekly Price movement of crude oil in MCX



### Weekly Price movement of crude oil in NYMEX



Source: Reuters

April 2022

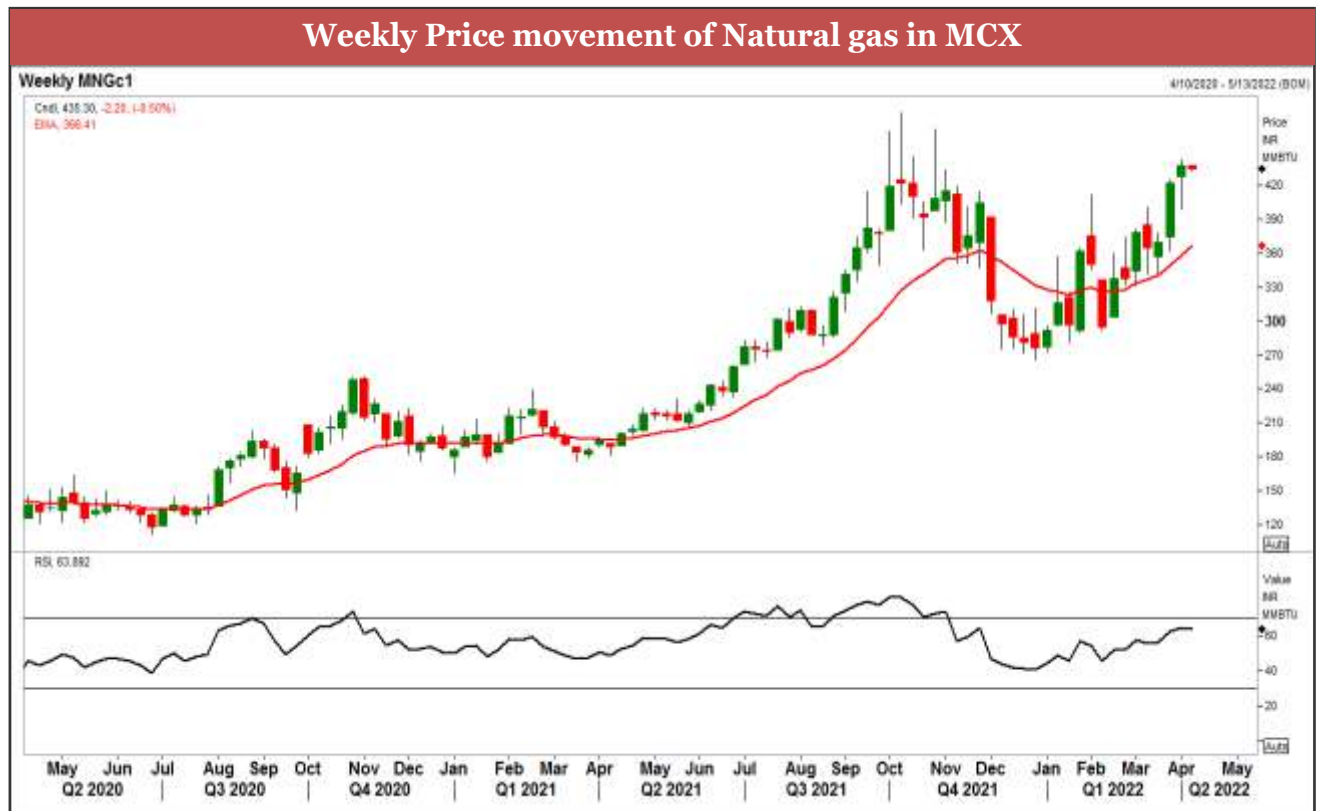
## Natural gas

In March, natural gas prices jumped more than 28% on scarcity of supply and Russian threats to cut off flows to Europe unless buyers start paying in rubles. Natural gas prices have also followed temperature variations, as the heating needs of residential and commercial customers in the main northern hemisphere markets increased gas demand. After insist of Vladimir Putin for Russian rubles to be used to pay for Russian natural gas, some European buyer of Russian gas may refuse to do so, and therefore will buy US LNG next year. This possibility has provided the support to gas prices.

## Outlook

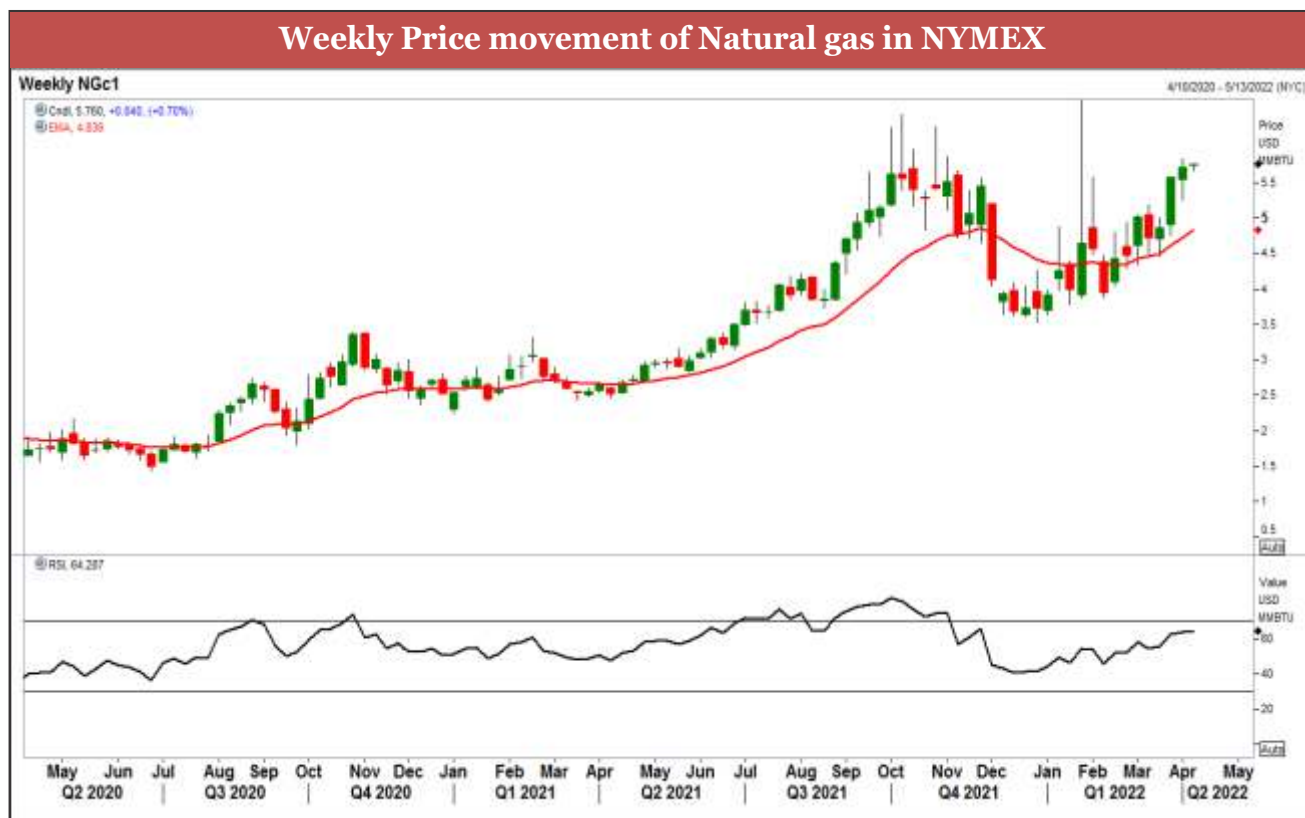
- In April, the wild swing on both sides in gas prices may continue as prices may drop sharply on mild weather forecast while falling inventory level and growing supply concern due to Ukraine issue may push the prices on higher level. EU sanctions against Russia could target gas shipments, while some cargos of Russian liquefied gas changed course.
- U.S. LNG is in high demand as European countries try to cut gas imports from Russia following its invasion of Ukraine while also looking to rebuild low inventories.
- Putin signed a decree ordering foreign buyers to pay in roubles instead of Euros from April 1 or face going without Russian supplies.
- However, The Russian state-owned energy giant Gazprom said it was continuing to supply natural gas to Europe via Ukraine in line with requests from European consumers.
- the United States said it will work to supply 15 bcm of LNG to the European Union this year but this would not fully replace what Russia sends to Europe via pipelines.

### Weekly Price movement of Natural gas in MCX



Source: Reuters

**MCX Natural gas prices may trade with high volatility. If the price will breach the recent resistance of 450 then can move again upside towards 470 levels. Overall the commodity can move upside from its support level. Support is seen near 370.**



Source: Reuters

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