



CIO expects the oil price to rise above USD 100/bbl over the coming months. (UBS)

Crude oil: EU embargo on Russian refined products ahead

26 January 2023, 4:10 pm CET, written by UBS Editorial Team

Crude tanker trackers are indicating that Russian seaborne exports have increased by more than 500,000 barrels per day (bpd) m/m so far in January.

But total Russian crude exports, including via pipeline, are up by a small amount, as Germany and Poland have stopped their Russian crude pipeline imports. Hence, the redirection of these flows has boosted seaborne crude exports. Total crude exports rose nearly 190,000bpd m/m to 4.525mbpd in the first 16 days of January, following a m/m drop of 265,000bpd in December, according to [Energy Intelligence](#).

With the European Union ban on refined products from Russia coming into force on 5 February, it will likely become more challenging for Russia to find enough buyers to compensate for missing European demand. On the product side, the lack of adequate smaller tankers may make it more challenging for Russia to divert refined products to other markets. Russia may try to export more crude, but there's a limit in terms of how much additional crude barrels China and India can take, in our view. So far, Russian production has held up well. But we expect these challenges to push Russian crude production below 9mbpd during 2023, from levels above 10mbpd at the start of 2022 and 9.77mbpd in December, according to the IEA.

Together with China's reopening, which we expect to push oil demand above 103mbpd in 2H23, the oil market is set to tighten. We expect the oil price to rise above USD 100/bbl over the coming months.

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Content is a product of the Chief Investment Office (CIO).

Original report - [Crude oil: EU embargo on Russian refined products ahead](#), 26 January 2023.



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