

Russian oil is being put to sea ahead of imminent EU/US sanctions

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Russian fuel exports at sea between November 1st and 10th rose 22% from the prior month to around 3.17m bpd, according to estimates from data and analytics firm Kpler. That would be the highest since at least 2017.

Russian refiners were thought to be rushing to complete deals before EU restrictions on imports and shipping come into force on December 5th (for crude) and February 5th (for refined).

The new sanctions will also prohibit EU-flagged tankers from shipping the cargoes and ban the provision of maritime service, including insurance, to third-party vessels involved in the trade.

The International Energy Agency has estimated that the new sanctions will force Russian producers to find new markets for at least 1.6m bpd of crude and 1m bpd of refined oil products. The restrictions could also will create supply risks for Europe because alternative fuel sources may not be enough to fill the gap.

Kpler analyst Viktor Katona said that “shipping and insurance is still in limbo, so for many it’s best to stock up now before all of it comes into effect”.

Although Russia’s fuel exports surged, processing by the nation’s oil refineries in the first nine days of November was roughly flat compared to the October average, indicating a gradual drawdown of Russian fuel inventories.