



The Russia-Ukraine War's IMPACT ON THE OIL & GAS MARKET

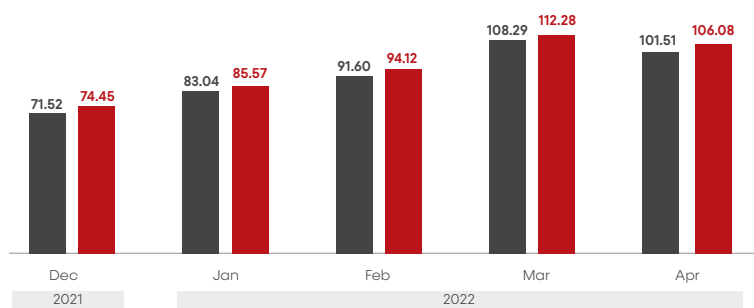
BY JOLLY MONSEF, MARIAM AHMED & YOUSSTINA MOUNIR

In February 2022, Russia invaded Ukraine causing the largest food and fuel crisis since World War II. The war significantly affected most economic sectors nationally and worldwide, the most roiled one is the oil and gas sector as Russia is the world's largest oil exporter to global markets.

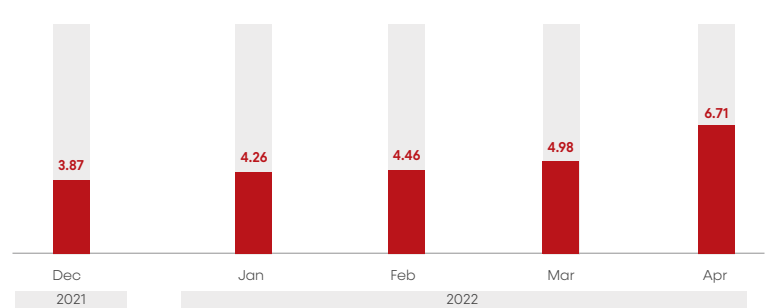
GLOBAL IMPACT

1. CRUDE OIL & NATURAL GAS AVERAGE PRICES

CRUDE OIL (\$/bbl)

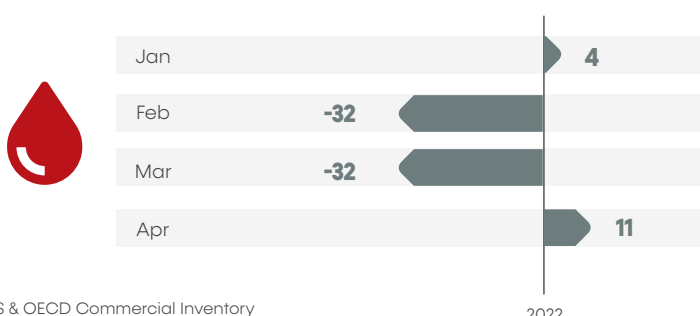


NATURAL GAS (\$/mmbtu)

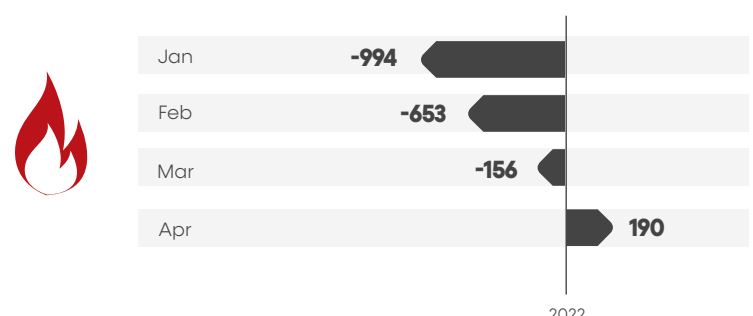


2. CRUDE OIL & NATURAL GAS INVENTORIES WITHDRAWAL

CRUDE OIL* (mmbbl)



NATURAL GAS (bcf)



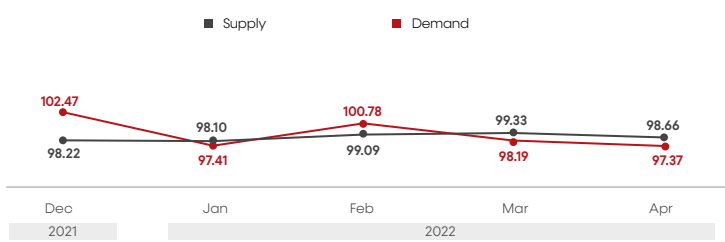
*US & OECD Commercial Inventory

2022

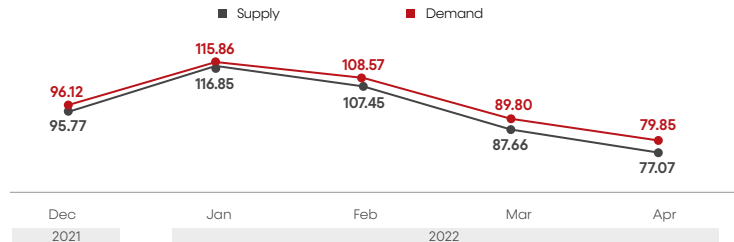
2022

3. PETROLEUM & NATURAL GAS SUPPLY & DEMAND

PETROLEUM & OTHER LIQUIDS (mmbbl)

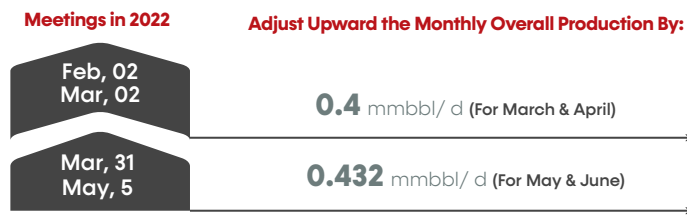


US NATURAL GAS (bcf/d)



4. OPEC+ ACTIONS VS. NOPEC BILL

OPEC+ ACTIONS



NOPEC BILL

US Congress Passes NOPEC bill to Curb OPEC's Monopoly

Decisions

A Foreign State Is Prohibited from Collective Actions:

- Limits the production or distribution of oil or natural gas products
- Sets or maintains the price of oil or natural gas products
- Restrains trade of oil or natural gas products

5. RUSSIAN OIL & GAS SUPPLY, EXPORTS

Russia is the main supplier of crude oil and natural gas globally. As a result of its war on Ukraine, the European Union, being one of the largest importers, proposed a ban on Russian crude oil exports and planned to shift its liquefied natural gas (LNG) imports

RUSSIAN CRUDE OIL AND CONDENSATE IN 2021



10.5 million bbl/d
14% of the world's total supply



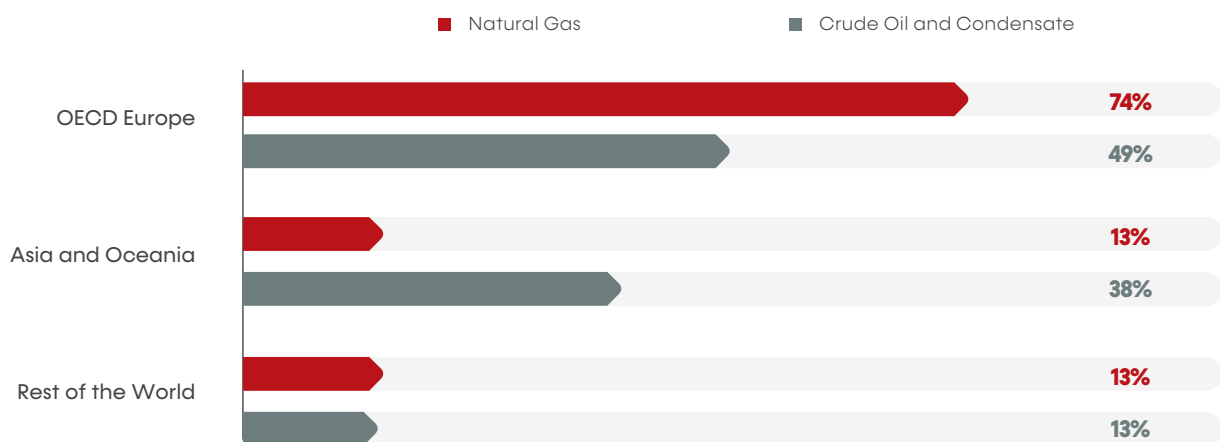
+ **45%** of its production

RUSSIAN NATURAL GAS IN 2021

762 bcm

+ **27%** of its production

MAJOR IMPORTING DESTINATIONS FROM RUSSIA IN 2021



6. INTERNATIONAL OIL COMPANIES' OPERATORS IN RUSSIA

After Russia invaded Ukraine, several major companies abandoned the Russian market.



Energy

bp
Equinor
Shell
ExxonMobil
TotalEnergies



Oil Field Services

Schlumberger
Baker Hughes
Halliburton

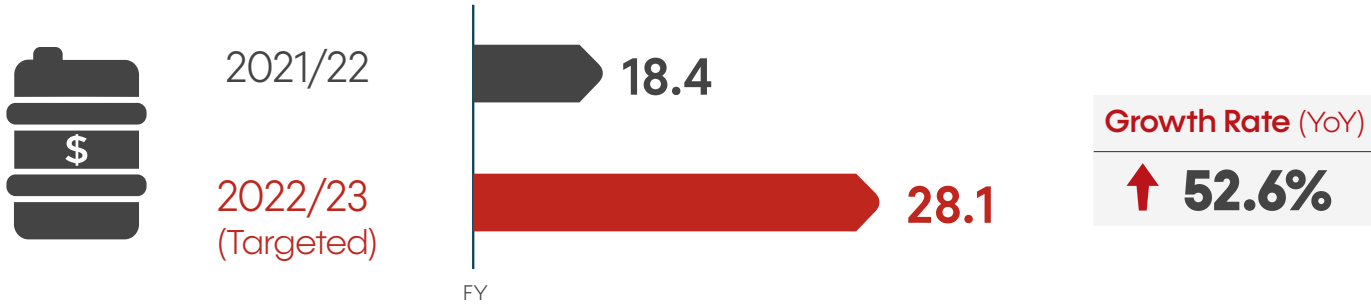
Impact on Egypt

A. Economically

The increase in oil prices is going to affect the Egyptian economy in several ways including the state's budget, fuel prices, commodities prices and inflation rate.... etc. Some of these effects were immediate while others may arise in the short term.

1. OIL & GAS SECTOR WITHIN STATE'S BUDGET

PETROLEUM SUBSIDIES (EGP billion)



AVERAGE BRENT CRUDE OIL PRICE

Brent price increased by \$20 bbl in the FY 2022/23 budget compared to that of FY 2021/22.

BRENT PRICE (\$/bbl)

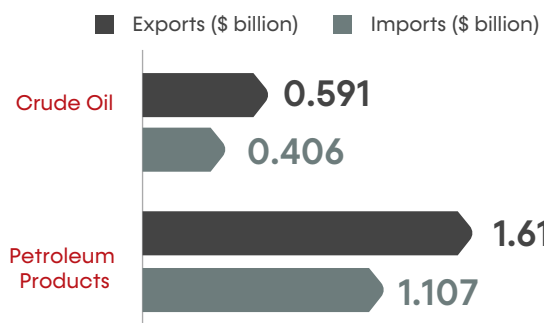


In FY 2022/23 budget, every \$1 increase in the global oil price over the estimated price in Egypt's budget will result in budget deficit by more than EGP 1 billion.

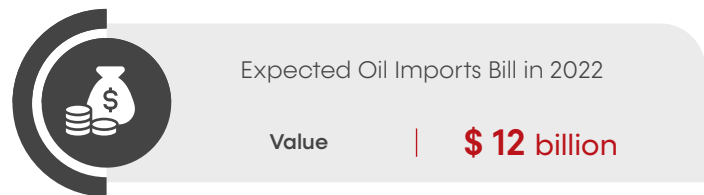
2. OIL TRADE BALANCE

Thanks to refining & petrochemicals expansion projects, the oil trade balance managed to achieve a surplus in the beginning of 2022. Yet, after the Russian invasion and the global increase in oil prices, the oil imports bill could be elevated.

OIL TRADE OVER (JAN-FEB) 2022



OIL IMPORTS BILL



3. FUEL PRICES

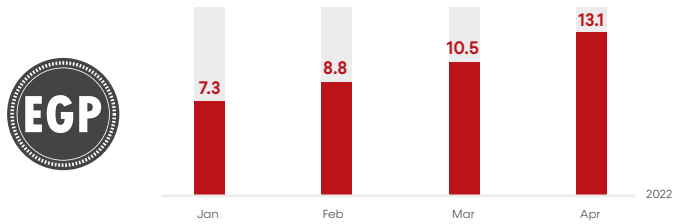
In line with the global increase in oil prices, the fuel Automatic Pricing Committee in Egypt has increased the fuel prices.



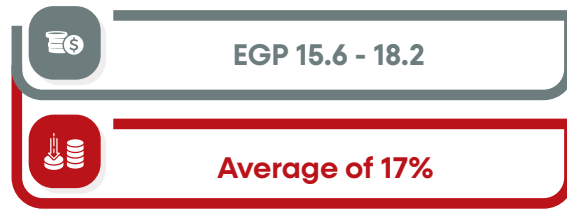
4. INFLATION & EXCHANGE RATE CORRECTION (%)

The increase in fuel prices hit all sectors and boosted the prices of all commodities. Accordingly, the inflation rate in Egypt witnessed an upward trend. To reduce the negative effects on the Egyptian economy, the Central Bank of Egypt decided to raise interest rates by 1% in March and then by 2% in May.

INFLATION RATE (%)



EXCHANGE RATE CORRECTION AGAINST THE DOLLAR



B. Natural Gas & LNG Market

1. SUEZ CANAL LNG CARRIERS TARIFFS

In mid-March 2022,

SCA canceled the **15%** rebate granted to LNG carriers.

* This is a step taken by Egypt to significantly increase Suez Canal transit tolls in order to boost revenues.

2. NATURAL GAS & LNG EXPORTS

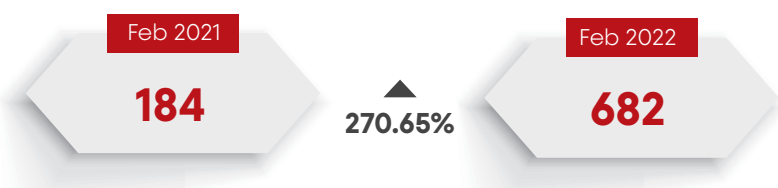
Egypt is one of the world's leading natural gas and LNG exporters. In 2022, it was ranked 14th of global natural gas producers, the fifth regionally, and the second in Africa, producing 58.5 bcm. Egypt has the potential to be a regional energy center, especially for Europe.

NATURAL GAS EXPORTS VOLUME IN 2021

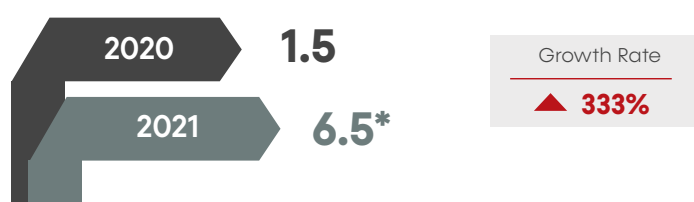


LNG EXPORTS VALUE & VOLUME

Value (\$ million)



Volume (mmt)



*The Highest Since 2011

EXPORTING MARKETS



NEW AGREEMENT TO INCREASE EGYPTIAN LNG EXPORT TO EUROPE



EGYPT'S LNG EXPORTS

To The Netherlands (1st time since 2011)



To Argentina (1st Time Since 2013)

