
From: Tazia Smith [REDACTED]
Sent: 3/20/2014 6:30:56 PM
To: [REDACTED]
CC: Paul Morris [REDACTED] Vahe Stepanian [REDACTED] Vinit Sahni [REDACTED]
Nav Gupta [REDACTED]
Subject: Oil discussion and ruble weakness... [C]
Attachments: pic20860.gif; pic29327.gif; pic11371.gif

Classification: Confidential

Hi Rich -

I'm sure you've seen plenty on the US sanctions vs. Russia. Good Bloomberg overview included below; note S&P cut its outlook for Russia to negative, affirmed its BBB credit rating). See this article in the FT from a couple days ago:
<http://www.ft.com/intl/cms/s/0/35d6ae10-ab9a-11e3-90af-00144feab7de.html#axzz2wXg7Cctv>

The article is another advocacy for the US to sell Strategic Petroleum Reserves (SPR). It goes over one thesis of economic impact, suggesting that a sale of 500-750k barrels a day could increase supply and reduce oil prices by \$10-12 dollars. A \$10/bbl drop in crude prices could have a \$40bn impact to Russia's export income, according to this author (Paul Verleger, Jr, former director of the Office of Energy Policy at the US Treasury during the Carter administration). Things that could offset the SPR supply's impact on prices include Saudi Arabia reducing supplies, as well as Congress approval delaying the process.

This thesis ties closely to Jeffrey's outlook on near-term oil prices, and indirectly to a weak-ruble thesis as Russia's economy would be negatively impacted. We know Jeffrey thinks the SPR supply will not bring prices down in the very near-term (<1mo), and that stems (among several other things, I suspect) from offsets like those mentioned in the article being likely - not to be shrugged off.

I found the article to be a good little summary and I liked the quantitative assessments; I thought you might find it of interest. Spot crude was actually down ~\$1/bbl today. The chart below is of the June14 contract (matures/expires in May as discussed) price action. As you know, Jeffrey's strike on his call is at 101.

Have a good night!
Tazia

June14 Crude Contract - 1-month price history
(Embedded image moved to file: pic20860.gif)

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----- Forwarded by Tazia Smith, [REDACTED] on 03/20/2014 05:59 PM -----

From: "Tazia Smith [REDACTED]"
To: undisclosed-recipients;;
Date: 03/20/2014 05:57 PM
Subject: (BN) Obama Expands Sanctions on Russian Officials to Press Putin