MNI Oil Weekly: U.S. Sanctions on Rosneft/Lukoil Near

By Andrew Couper and David Lee (19/11/2025)

- **U.S. Sanctions on Rosneft/Lukoil Near:** The fallout of U.S. sanctions on Lukoil/Rosneft will become clearer from next week as they come into force November 21. Near term disruption from main buyers India and China remains but the market still expects workarounds to emerge as significant discounts eventually tempt buyers.
- **Oil Markets:** Brent has softened from a high last week to remain within a \$62.3/bbl and \$65.3/bbl range weighing uncertainty over Russian output against ongoing oversupply risks and recent rise in oil volumes at sea. Diesel and gasoline cracks remain strong amid tight supplies from refinery disruption and US sanctions on Russia's Lukoil and Rosneft.
- **Analyst Views:** See oil market views and outlooks from key industry names.

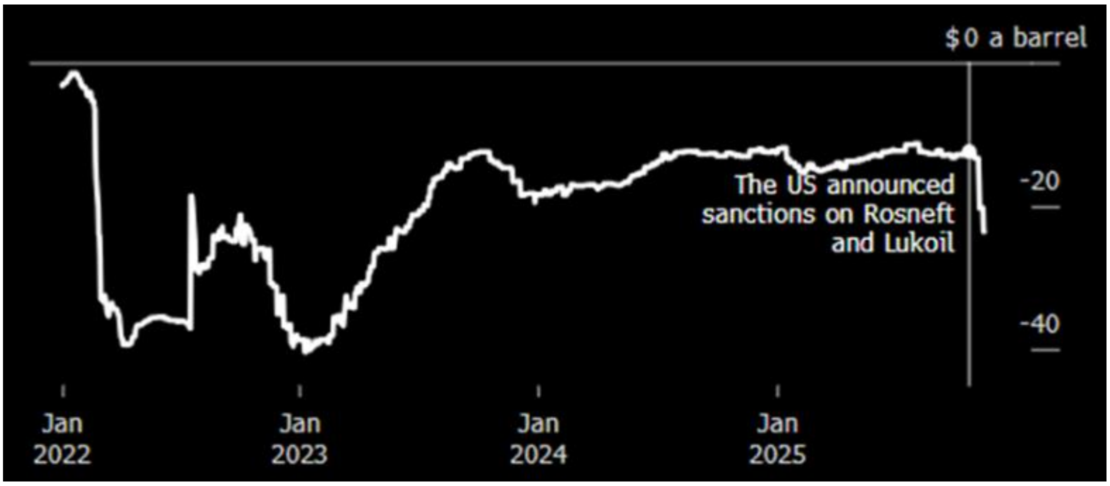
U.S. Sanctions on Rosneft/Lukoil Near:

The U.S. impending deadline on Rosneft/Lukoil cargoes is nearing ever closer as November 21 fast approaches – after which, oil markets will be able to begin assessing the true impact.

- As it stands, key buyers in China and India are still showing reluctance towards the cargoes, which are being forced towards increasingly larger discounts to try and find buyers.
- State-owned China giants such as Sinopec and PetroChina are staying on the sidelines, having cancelled some Russian cargoes in the wake of US sanctions on Rosneft/Lukoil. Smaller private teapot refiners are also holding off – fearful of attracting similar penalties like Shandong's Yulong refinery.
- Chinese imports of seaborne Russian crude may drop by 500k to 800k b/d this month, or as much as two-thirds from normal levels, Rystad estimates.
- An overhang of Russian ESPO has seen it offered at a \$4/bbl discount to benchmark prices for delivered prices to China, up from a 50-cent gap in October.
- Chinese refiner Yanchang Petroleum has bought 3m bbl of crude from the UAE and Kazakhstan for January arrival after suspending Russian oil purchases, trade sources told Reuters this week. The refiner had been a regular buyer of Russian oil, typically taking in one shipment per month, usually Far East export grades ESPO blend or Sokol. Separately, Luoyang Petrochemical, a subsidiary of Sinopec, has shut both crude distillation units for maintenance until the end of November. The closure follows U.S. sanctions in early October on an eastern Chinese terminal handling about a fifth of Sinopec's crude imports, disrupting feedstock flows to linked refineries.
- At least 7.7 mn bbls of Russian Urals linked to Rosneft/Lukoil are set to reach India's shores after the US restrictions take effect on Nov. 21, according to Kpler on Wednesday. Delivery dates range from the end of November and into December. Most of the tankers are heading either to Reliance Industries Jamnagar refinery or Rosneft-linked Nayara Energy Vadinar port. It's not clear if late vessels will try and discharge in India after the deadline or idle off the coast seeking an alternative buyer.
- The price of Russian Urals crude dropped to as low as \$36.61/bbl on Thursday, the lowest since March 2023, with days to go until US sanctions are introduced, Bloomberg reported. The discount to Brent stood at around \$23.5/bbl on Nov. 14, the widest discount since June 2023, according to Argus data cited by Bloomberg.
- "Indian refiners are now substituting Russian crude with supplies from Saudi Arabia, Iraq, the UAE, and the US. IOC and Nayara remain the only Indian buyers still taking limited Russian volumes," JP Morgan said last week.

- Russia's seaborne crude shipments retreated for a fourth week last week, compounding a slump in the country's oil prices and shrinking revenues for the Kremlin to a 2.5-year low, Bloomberg tracking showed. Russia shipped 3.36m b/d in the four weeks to Nov. 16, down around 90k b/d from the equivalent period to Nov. 9, the lowest since end-August.
- India also remains motivated to avoid Russian barrels as it seeks to obtain a better trade deal with the U.S. Reuters reported comments from an Indian trade official on Monday stating India and the US "could soon agree to address reciprocal tariffs" in the first part of an emerging trade agreement, with the two countries, "likely to address broader trade issues in the second part of the agreement." The official added that "officials engaged in virtual negotiations to address the concerns of each other." Last week, President Donald Trump suggested he could lower tariffs in response to India reducing Russian oil imports.

Russian Urals Trading at Widening Discounts to Brent – Source: Bloomberg Finance L.P.



Oil Markets:

Brent crude has softened from a high last week to remain within a $62.3/bbl and $65.3/bbl range so far this month. The oil market is weighing the impact of sanctions targeting Russia and drone strikes on Russian energy infrastructure against a renewed push for peace and the ongoing oversupply risks/recent rise in oil volumes at sea. Upside risk from the strike on the Black Sea port of Novorossiysk late last week eased after the port resumed loadings.

Market:

Money managers raised net long Brent crude oil positions slightly in the week to Nov. 11 to reverse the dip the previous week. The CFTC will resume publication of the Commitments of Traders in chronological order from Oct. 19 with two reports per week.

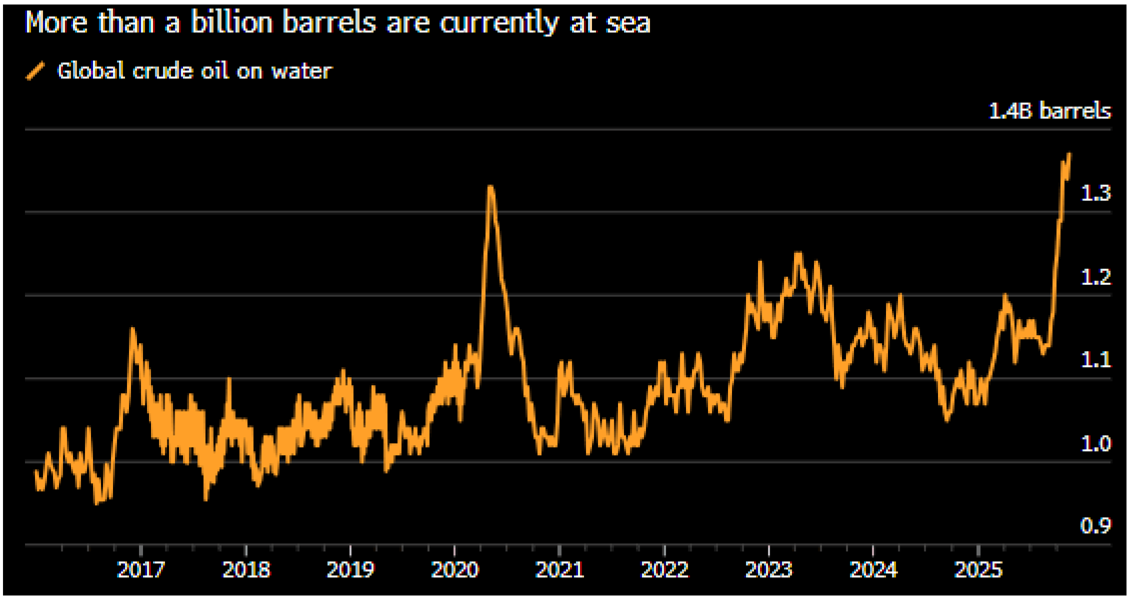
- The second month crude oil call-put skew has swithed back to a put bias amid renewed efforts by the US to strike a Ukraine peace deal. The spread had surge in favour of the calls at times in the last week amid Russia supplies concerns. The Brent Dec26 call-put has narrowed to the least bearish so far this year at -3.4%.
- Second month at-the-money implied volatility is holding at 27.0% for Brent with front month still relatively rangebound.

Oil at Sea:

The volumes of crude on tankers reached a fresh high with nearly 1.4 billion barrels either sailing to destinations or in floating storage, Vortexa data showed cited by Bloomberg. A significant share is from sanctioned nations such as Iran and Russia. However, large volumes also originate from producers such as Saudi Arabia and the US amid rising output this year.

- The cost of transporting oil on supertankers has surged to a five-year high as increased crude flows tighten vessel availability, Bloomberg said. The IEA reports global oil supply is now 6mb/d higher than at the start of the year, with OPEC+ steadily raising production.
- Crude cargoes loaded onto supertankers in the Middle East and the Atlantic Basin rose to almost 260 in October, and the highest in data from the past three years, according to shipbroker SSY cited by Bloomberg.
- In October, the average speed of crude-laden VLCCs fell below 9 knots for the first time since July 2022 — a clear signal of slowing tanker activity and potentially indicates delayed deliveries, Kpler said.

Oil on Water Keeps Mounting: Source: Vortexa data/Bloomberg Graphics



Russia:

Politico reports that according to an unnamed senior US official, "they expect a framework for ending the [Russia-Ukraine] conflict to be agreed by all parties by the end of this month - and possibly "as soon as this week."" Axios reported that the US has put together a new 28 point Ukraine peace plan after closed US-Russia discussions.

- US congressman Linsey Graham said on X that Trump has given his blessing to a proposed bill which would give him discretion to add tariffs of up to 500% on buyers of Russian oil. This legislation is designed to give President Trump more flexibility and power to push Putin to the peace table.
- Novorossiysk port resumed oil loadings on Nov. 16 after a two-day suspension triggered by a Ukrainian missile and drone attack, according to Reuters.

- Crude loadings at Novorossiysk port are about two to three days behind schedule as damage caused by a Nov. 14 Ukrainian attack has limited the capacity of a key jetty at the terminal, Reuters reports citing sources. Industry sources said that the port could catch up on the backlog by the end of November as long as storms do not interfere with loadings.
- Russia's seaborne crude shipments retreated for a fourth week, compounding a slump in the country's oil prices and shrinking revenues for the Kremlin to a 2.5-year low, Bloomberg said. Russia shipped 3.36mb/d in the four weeks to Nov. 16, down around 90kb/d from the equivalent period to Nov. 9, the lowest since end-August.
- US sanctions on Russia's two largest oil producers, imposed last month, have prompted some buyers in Asia to trim purchases. This is hitting deliveries to China, while causing a build-up of tankers full of Russian crude at Indian ports.
- A Nov. 21 deadline on the sanctions allows for a wind down of dealings with Rosneft and Lukoil but some refiners in China, India and Turkey are already pausing crude purchases.
- Lukoil is holding negotiations on the sale of its international assets with several potential buyers, according to a disclosure statement cited by Interfax. The company aims to ensure the continuity of operations of the foreign assets during the process of sale and transfer to new owners.
- Iraq's government is discussing seeking a six-month sanctions waiver from the US Treasury for Lukoil to have more time to sell its stake in the West Qurna-2 field. Lukoil has declared force majeure on the field.
- Britain has paused sanctions to allow Bulgaria's Burgas refinery and related petrol stations to keep doing business with companies and banks, Reuters said.
- The price of Russian Urals crude dropped to as low as $36.61/bbl, the lowest since March 2023, Bloomberg reports. The discount to Brent stood at around $23.5/bbl on Nov. 14, the widest discount since June 2023, according to Argus data cited by Bloomberg.

India:

India may boost Russian crude oil imports in Nov as refiners rush to secure Russian cargoes ahead of the US sanctions deadline but diversification to non-Russian suppliers is expected from December., according to Platts. Refiners have already begun securing import deals with suppliers from North America, Africa and South America and negotiating higher term volumes with traditional suppliers.

- IOC has bought 4m bbl of WAF crude for Jan-early Feb delivery via a tender while India's Reliance has purchased 1m bbl of heavy crude from Kuwait Petroleum Corp via a tender, sources told Reuters.
- Most of India's state-run refiners have kept long-term oil supply from Iraq steady for 2026, according to Bloomberg sources. Indian Oil term supply is unchanged from this year with 400kb/d agreed while Bharat Petroleum Corp. is also unchanged with an agreement to lift 70kb/d. Hindustan Petroleum increased volumes from 100kbd this year to 150kb/d for 2026, with a new 180kb/d refinery in Rajasthan set to be commissioned.

China:

China's surplus of crude oil was up to about 690kb/d in October from 570kb/d in September, according to Reuters. Total crude available to refiners in October was 15.63mb/d, including 11.39mb/d of imports and domestic output of 4.24mb/d, while refiners processed 14.94mb/d of crude. The crude surplus was 900kb/d for Jan-Oct, mostly built from March onwards.

- Expanding sanctions on Chinese ports and refiners are choking flows of Russian and Iranian oil to China, though emerging workarounds suggest the slowdown may be fleeting, Bloomberg reports. Chinese imports of seaborne Russian crude may drop by 500k to 800kb/d this month, or as much as two-thirds from normal

levels, Rystad estimates. An overhang of ESPO has seen it offered at a $4/bbl discount to benchmark prices for delivered prices to China, up from a 50-cent gap in October.
- Chinese refiner Yanchang Petroleum has bought 3m bbl of crude from the UAE and Kazakhstan for January arrival after suspending Russian oil purchases, trade sources told Reuters.

OPEC+:

Twelve of 25 analysts and brokers surveyed by Bloomberg do not expect OPEC+ to cut output next year, and several others said curbs are unlikely barring an unexpected market rout. The anticipated oversupply may not be large enough to push prices low enough to drive the producer group to reverse output hikes implemented this year.
- Iran's dark tanker fleet is operating near full capacity, sustaining record exports as utilisation peaks and oil-on-water volumes hit new highs, Vortexa said. Iran's crude and condensate export have held between 1.5m-1.7mb/d through 2025, up 6% on the year and 25% above 2023. Chinese independent refiners continue to absorb barrels via STS transfers in Southeast Asia. However, import quota constraints are limiting intake.
- Iran seized a Marshall Islands-flagged tanker as it travelled through the Straits of Hormuz Nov. 14, a U.S. official said, cited by Bloomberg. The ship was turned into Iranian territorial waters in the first such action in months in the Strait of Hormuz.
- Crude oil exports from Sudan were disrupted after a series of attacks hit energy facilities in the country, Bloomberg reports. Several shipments of Dar Blend grade for loading from the Bashayer port in the coming weeks will no longer be available.
- Russia's Orenburg gas processing plant has increased gas intake from the Karachaganak field in Kazakhstan to 815k cubic meters per hour as it recovers from a drone attack last month, Interfax said. CPC Blend oil exports for November were revised down to about 1.45mb/d from 1.55mb/d, according to Reuters sources last week. The CPC oil terminal is currently loading only through single-point moorings 1 and 2 after taking mooring 3 offline ahead of replacement operations expected in later spring, according to the operator cited by Interfax.
- International oil companies in Iraq's semi-autonomous Kurdistan region have loaded their first export cargo from Turkey's Ceyhan terminal, Gulf Keystone Petroleum said. Iraq plans to load 250kb/d of Kirkuk crude from Ceyhan in November across 12 cargoes, an 86% increase m/m, according to Reuters.

Oil Products:

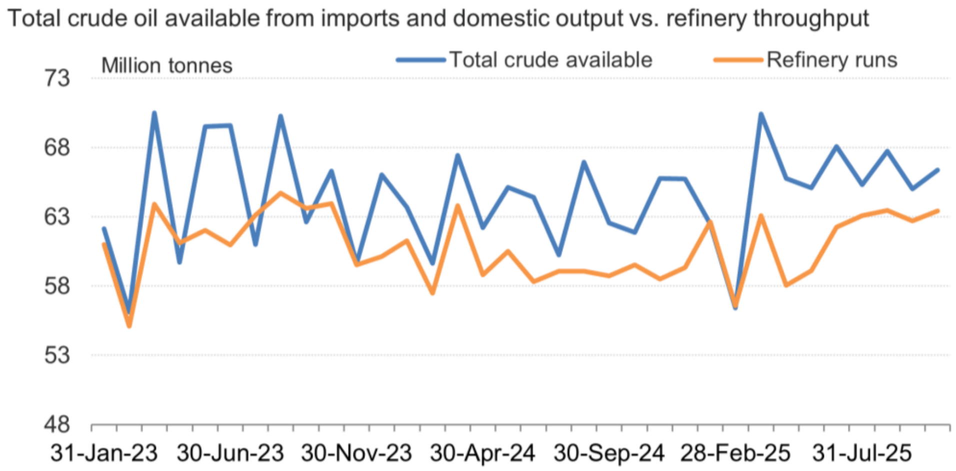
Diesel and gasoline cracks remain strong, despite a correction on Nov. 19, after gains earlier this month amid tight supplies from refinery disruption and US sanctions on Russia's Lukoil and Rosneft. Ukraine claimed **further strikes on Russian refineries** in the last week as the wave of Ukrainian drone attacks on Russia's energy infrastructure continues.

- **The ICE Gasoil-Brent spread** and the US diesel crack have both risen above February 2024 highs to now stand on par with September 2023 levels.
- The **prompt ICE Gasoil spread** rose over $40/mt, up from ~$17/mt at the start of November signalling severe supply constraints.

- **ICE Gasoil net longs** rose on the week to the highest since Sep. 30 in the week to Nov. 11, to extend the recovery from a dip in early October.
- ICE announced that **diesel produced from Russian crude** will be excluded from its benchmark from January, aligning with forthcoming EU measures.
- **Russia's crude processing rates** declined to about 5.04mb/d over Nov. 6-12 as Ukraine stepped up drone attacks in November, Bloomberg reports. That's a drop of about 200kb/d compared with the first five days of the month. The data does not include the latest attacks on Rosneft's Saratov, Ryazan and Novokuybyshevsk plants on Nov. 14, 15 and 16 respectively. Lukoil's Volgograd refinery and Rosneft's Tuapse refineries halted crude processing, while Saratov and Orsk refineries both reduced processing rates.
- **A strike on Rosneft's Ryazan refinery** on Nov. 15 damaged two primary processing units, a petroleum tank and a pipeline trestle, Bloomberg said. Russia's 140kb/d Saratov oil refinery stopped primary oil processing on November 11 following Ukrainian drone attacks, Reuters sources said. Russia's Orsk refinery was shut down on Nov. 10 due to a fire, a day before Ukrainian drones attacked it, Reuters sources said, as equipment caught fire during upgrade work.
- **Russia's oil processing** has fallen just 3% this year despite Ukrainian drone attacks as refineries leveraged spare capacity to offset damage from the strikes, Reuters reports. From Jan. to Oct., oil processing fell to around 220m tons (5.2mb/d) with refineries running well below full capacity before the attacks.
- **Nigeria has ended plans to impose a 15% import duty** on petrol and diesel that was supposed to take effect in December, Reuters said. The change comes amid assurances of adequate supply during the year-end holidays, the downstream regulator said.
- **China's crude oil throughput** in October rose 6.4% on the year earlier to 63.43m tons, National Bureau of Statistics showed. The daily throughout dipped to 14.94mb/d from the highest since Sep. 2023 at 15.26mb/d last month, according to Reuters calculations.
- **China apparent oil demand** (processing volumes plus refined oil imports) rose 4.9% year on year to 14.76mb/d compared to 15.03mb/d in September, according to data compiled by Bloomberg. Apparent demand for Jan-Oct. was 3.54% higher on the year at 14.49mb/d.
- CDU capacity utilisation rates **at China's state-owned refineries** are expected to rise this week, supported by restarts at several units following maintenance, according to OilChem. Among independent refineries in China's Shandong province, CDU capacity utilisation rates are estimated to increase, helped by improved production at Jincheng Petrochem, Huaxing Petrochem and Xinhai Petrochem after completing overhauls.
- CDU capacity utilisation rates **at domestic state-owned refineries in China** 83.08% in the week to Nov. 12, a fall of 2.70%pts. For China's independent refinery it was 69.88%, up 3.32%pts, according to Bloomberg citing OilChem data.
- **China's oil product exports** rose 14% year on year in October but fell 12.1% from September to 4.52m tons, General Administration of Customs data showed. Exports in Jan-Oct were down 3.3% year on year at 47.53m tons.
- **Singapore's Aster Chemicals and Energy has cut diesel output** at its 237kb/d Bukom refinery this month, according to Reuters sources. The refinery has reduced operations at its hydrocracker and hydrodesulphurisation units amid a lack of hydrogen supply from its reformer unit. About 60k-100k metric tons, or 447k-745kbbl, of diesel output could be impacted in November with issues expected to persist until the end of the month, a source said.
- **Malaysia's Prefchem is set to restart** at least one residue fluid catalytic cracking unit at its 300kb/d Pengerang refinery around end-November, according to Bloomberg sources.
- **Marathon's Galveston Bay refinery** restarted the last repaired section of the residual hydrotreater (RHU) according to Reuters sources late on Wednesday following recent fire damage.

- **Valero's 424kb/d Port Arthur refinery** and **Marathon Petroleum's 140kb/d El Paso** plant both experienced operating issues over the weekend, according to company filings to the TCEQ.

China Crude vs. Refinery Runs – Source: LSEG



Analyst Views:

Goldman Sachs:

Global oil demand growth is projected to rise for longer than previously expected, according to Goldman Sachs cited by Bloomberg.

- Oil demand will grow to 113mb/d in 2040, up from 103.5mb/d in 2024.
- The revised growth outlook is driven by low-carbon technology and infrastructure bottlenecks, and gains in energy demand.
- Petrochemicals will be the key driver of demand growth and with a strong contribution from aviation.
- "We do not assume major breakthroughs in low-carbon technology," analysts wrote. "Even for peaking road oil demand, we expect a long plateau after 2030." Trucks powered by LNG are unlikely to take off outside of China, they added.
- Goldman Sachs forecast brent/WTI to decline to 2026 averages of $56/52 (vs. $63/60 forwards), Reuters said.
- A large 2.0mb/d 2026 surplus is forecast on strong global ex Russia supply will reduce prices through mid-2026.

Goldman Sachs:

Russia supply and a technology boom for supply are the key two-sided risk to Goldman Sachs' 2026-2027 price forecasts (Brent and WTI at $56/bbl and $52/bbl respectively in 2026).

- "We see two-sided risks to our long-run price forecast with substantial price downside from a technological supply boost and price upside from lower Russia production," the bank said.

- Goldman Sachs' base case is that Russia liquids production declines further to 9.0mb/d by end-202. It then recovers from 2029 before plateauing at 10.6mb/d from 2033.
- Under the lower Russia supply scenario, Russia liquids production drops to 8.0mb/d by end-2027 and doesn't recover through 2035. This would drive Brent to nearly $90/bbl in 2030
- The bank added that Russian supply may slide further if sanctions continue, pointing to past production falls in Iran and Libya.
- On the technology side, AI may unlock more oil and delay US shale peak and reduce marginal shale costs by up to $5/bbl via improved logistics.
- If this accelerates and technological advancements help boost production efficiency at lower costs, Brent could drop below $50/bbl by 2030.

UBS:

UBS expects Brent prices to remain within a $60-$70/bbl trading range, with a year-end target of $62/bbl, according to a note cited by Reuters.

- Rising oil-on-water levels have not yet led to an increase in on-land inventories, according to UBS, which expects prices to remain supported.
- Meanwhile, the bank notes that Ukrainian attacks on Russian refineries are increasing, and, together with sanctions, this will eventually hurt Russia's exports and production.
- By the end of 2026, the bank sees Brent at $67/bbl.

Morgan Stanley:

Morgan Stanley expects global diesel markets to remain tight as US sanctions against Russian energy curtail exports, according to Bloomberg.

- Around 150k-200kb/d of diesel exports could be curtailed as Turkey and Brazil reduce imports of Russian diesel over sanctions.
- Some temporary disruptions to Eastern European refiners may mean 150k-200kb/d of diesel supply is at risk of being stranded, which is ~2% of global supply.
- Morgan Stanley expects diesel cracks in northwest Europe to average $29/bbl in Q4 2025.
- In 2026, the crack is seen at $27/bbl in Q1, $24/bbl in Q2, $21/bbl in Q3 and $19/bbl in Q4.
- Major customers of Russian crude, India and China, should be able to reshuffle supplies, so disruption to diesel shipments there should be limited.

Barclays:

A sharp reduction in Russian exports could push Brent above $85/b, Barclays said.

- This is compared to its current Brent forecast of $66/bbl for 2026,
- The bank added that they "do not see a peak in oil demand on the horizon anytime soon."

JP Morgan:

Spikes in oil prices driven by geopolitical factors are an opportunity to position for lower prices next year, given "rapidly softening fundamentals," according to JPMorgan.

- Oil prices have fallen closer to the bank's $61/bbl Brent forecast for Q4 2025.
- Global inventories have risen by 1.5mb/d through the end of October, a surplus that is increasingly reflected in the structure of the crude market, with spreads narrowing.
- Meanwhile, the bank notes that OECD stocks once deemed 'normal' in 2018-2019 are no longer a suitable benchmark.
- The refining landscape is smaller and leaner in the post-Covid era, resulting in a structurally lower optimal level of crude inventories.
- Combined commercial crude inventories in the five largest OECD regions have declined by roughly 60m bbl since 2019, a reduction that closely matches the proportional contraction in refinery runs.
- Adjusting for the smaller refining base, the comfortable level of crude inventories is now around 992-997 million barrels, suggesting current stocks (~1km bbl) are broadly in line with equilibrium.
- JPMorgan sees OECD crude inventories stable at around 1km bbl in 2026, while the equilibrium level will adjust slightly lower to 992m bbl.

JP Morgan:

Around 1.4mn b/d of Russian oil (or one third of the countries export potential) remain in takers as unloading slows due to sanctions JP Morgan said.

- "Russia's oil exports are entering a new phase of disruption as sanctions targeting Rosneft and Lukoil are set to take effect, prompting its two largest customers — India and China — to sharply reduce their December purchases," it said.
- JP said the pressure is adding a $2 risk premium and driving Russian grades to their widest discounts in a year.
- "Indian refiners are now substituting Russian crude with supplies from Saudi Arabia, Iraq, the UAE, and the US. IOC and Nayara remain the only Indian buyers still taking limited Russian volumes," JP Morgan said.
- Urals in Primorsk and Novorossiysk on an FOB basis are reportedly changing hands at $19–20/bbl below Brent, compared to $13–14 earlier this month and $11–12 prior to the October 22 sanctions on Rosneft and Lukoil the bank said.

Commerzbank:

The expected oversupply in the oil market has not yet materialised, although this may soon change, Commerzbank said in a note.

- A key factor has been China's extensive stockpiling, which appears to be easing.
- While oil inventories across OECD countries remain below the five-year average, the volume of oil at sea is rising steadily, suggesting a potential shift in market balance, the bank added
- According to the IEA's latest monthly report, oil on water increased by 80m bbl in September, with provisional data indicating a further 92m bbl rise in October.
- Data from Vortexa supports these strong increases. The IEA also highlighted that sanctioned oil has contributed to nearly one-third of the recent build-up.
- Commerzbank warns that the introduction of sanctions on Russia's largest oil companies, due to take effect Nov. 21, could accelerate this trend further, potentially leading to a more pronounced oversupply in the near future.

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