

MARKET UPDATE

19/03/2025

Oil prices extend losses.

Oil prices fell in Asian trading on Wednesday after a nearly 1% drop in the previous session, as a U.S.-Russia agreement on a 30-day ceasefire in Ukraine's energy sector and rising crude inventories heightened oversupply concerns.

Investors were also exercising caution as the Federal Reserve meeting was underway, where the central bank is expected to keep rates unchanged on Wednesday.

Brent Oil Futures expiring in May fell 0.4% to 70.25 per barrel as of 22:05 ET (02:05 GMT), while West Texas Intermediate (WTI) crude futures also dropped 0.4% to \$66.48 per barrel.

Both contracts ended had risen sharply in early trade on Tuesday after Middle East tensions escalated, but closed nearly 1% lower after the temporary peace measures in Ukraine.

Putin, Trump agree to 30-day ceasefire on Ukraine energy sites

Russian President Vladimir Putin has agreed to a 30-day cessation of attacks on Ukrainian energy infrastructure, following a proposal by U.S. President Donald Trump.

This agreement aims to de-escalate tensions and protect critical energy assets in Ukraine, marking a potential step toward broader peace negotiations.

This temporary truce has introduced new dynamics into the global oil market, particularly concerning supply expectations.

Turkish central bank to pause easing in April.

The Turkish lira experienced a significant decrease today, following the news of the arrest of the main opposition leader, Ekrem İmamoğlu.

At one point during the day, the currency had fallen 14.5% against the dollar, although it has since recovered partially and is now around 6% lower. Since the devaluation of the lira in 2023, the central bank has been allowing the currency to depreciate gradually.

However, today's sharp drop may complicate this strategy.

"In the very near term, this creates a major headache for the central bank. Inflation will probably accelerate this month, and policymakers will probably have to pause the monetary easing cycle when they meet in April (rather than reduce rates by another 250bp)," Capital Economics analysts wrote in a note.

Ukraine, Russia energy assets in focus.

Russia and Ukraine accused each other on Wednesday of launching air attacks that sparked fires and damaged infrastructure just hours after their leaders agreed to a limited ceasefire to halt attacks on energy infrastructure.

Russian President Vladimir Putin agreed to temporarily stop attacking Ukrainian energy facilities but declined to endorse a full 30-day ceasefire sought by U.S. President Donald Trump in a telephone call with the Russian leader on Tuesday.

Ukraine's energy infrastructure has been the target of large-scale attacks since Russia's invasion in 2022. Ukraine has retaliated by launching drone attacks on Russian oil refineries, pumping stations and ports used for oil and gas exports.

Here are some details about the energy infrastructure on both sides:

UKRAINIAN POWER PLANTS

Europe's largest nuclear power plant, Zaporizhzhia, which has six units with a capacity of 1 gigawatt each, was occupied by Russian troops in early March 2022.

The plant was shut down in September 2022 due to hostilities near the plant. The shutdown units are maintained with power from Ukraine.

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