

# JPMorgan sees 'stratospheric' \$380 oil on worst-case Russian cut



Global oil prices could reach a “stratospheric” \$380 a barrel if US and European penalties prompt Russia to inflict retaliatory crude-output cuts, JPMorgan Chase & Co. analysts warned.

The Group of Seven nations are hammering out a complicated mechanism to cap the price fetched by Russian oil in a bid to tighten the screws on Vladimir Putin’s war machine in Ukraine. But given Moscow’s robust fiscal position, the nation can afford to slash daily crude production by 5 million barrels without excessively damaging the economy, JPMorgan analysts including Natasha Kaneva wrote in a note to clients.

For much of the rest of the world, however, the results could be disastrous. A 3 million-barrel cut to daily supplies would

push benchmark London crude prices to \$190, while the worst-case scenario of 5 million could mean “stratospheric” \$380 crude, the analysts wrote.

“The most obvious and likely risk with a price cap is that Russia might choose not to participate and instead retaliate by reducing exports,” the analysts wrote. “It is likely that the government could retaliate by cutting output as a way to inflict pain on the West. The tightness of the global oil market is on Russia’s side.”