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Maybank

FX Insight

FX and Oil Price Shocks

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Complex Shocks in Oil Markets

Geopolitical tensions remain high on intensification of Russian military action in Ukraine. In this piece, we aim to shed light on evolving dynamics in FX and oil markets: (i) state of markets, (ii) FX sensitivities to oil, (iii) comparison to relevant historical episodes, (iv) FX implications.

State of Markets. USD remains bid on haven demand and financial contagion concerns, given sanctions on Russian financial system, and ongoing reallocation of assets. Markets are also pricing in a developing shock on global supply chains, resulting in upward price pressures on commodities in Russia's export basket (oil, wheat, steel, nickel, aluminium etc.). Higher probability of stagflation-like macro outcomes are weighing on broader risk sentiments overall.

FX Sensitivities. In our Flash note published 25 Feb (see here) just after the Russian attack, we had indicated a preference for MYR vs KRW, THB, INR, based on spillovers from oil swings, and cautioned on EUR vulnerabilities. These biases have worked well thus far. Refreshed estimates for FX sensitivities to oil confirm that in episodes of oil price upswings, beneficiaries tend to be CAD, AUD, NZD, MYR, while main casualties are JPY, INR, PHP, and to a more modest extent THB, KRW.

Comparison to Historical Episodes. Comparing past episodes of production loss over the last 30-odd years, peak production loss occurred during attack on Saudi oil infrastructure in Sep-2019 and peak supply loss then was 5.7mbpd. A severe disruption from Russia supply could potentially see about 3.5mbpd - 4.5mbpd shortfall in global supply (versus global crude demand at slightly less than 100mn bpd). This translates to a potential 5% oil supply shock. The fears of tighter global oil supply could keep oil prices supported in the interim. Announced 60mn of release from strategic reserves only helps to mitigate about 2-3 weeks of such shortfalls. Once uncertainties around the sanctions dissipate, buyers should return and industry estimates is for the 70% avoidance of Russian oil to drop to about 20% or so. This implies about 1mbpd oil shortfall instead of the 3.5mbpd – 4.5mbpd in the severe scenario. Nonetheless we caveat that geopolitical situation remains fluid on the ground.

FX Implications. USD "smile" is likely to remain intact near term. Dollar can remain better bid, alongside gold, oil prices and commodity-linked FX, including AUD, NZD, CAD, MYR, if no viable route for diplomatic resolution emerges. But geopolitics are two-way risks. Notably, next Fed meeting is due 17 Mar, and a 25bps hike is expected. Our earlier study (see here) found that while lead-up to first Fed hike tends to drive DXY upwards, DXY typically falls between 2% and 4% on average post-Fed first hike. With such dynamics in mind, any signs of a Russia-Ukraine cease-fire or diplomatic resolution in the weeks ahead could still lead to a reversal of recent moves in oil, FX.

Oil Surge on War

Global risk assets and FX saw elevated volatility MTD in Mar, as geopolitical tensions remain high on intensification of Russian military action in Ukraine.

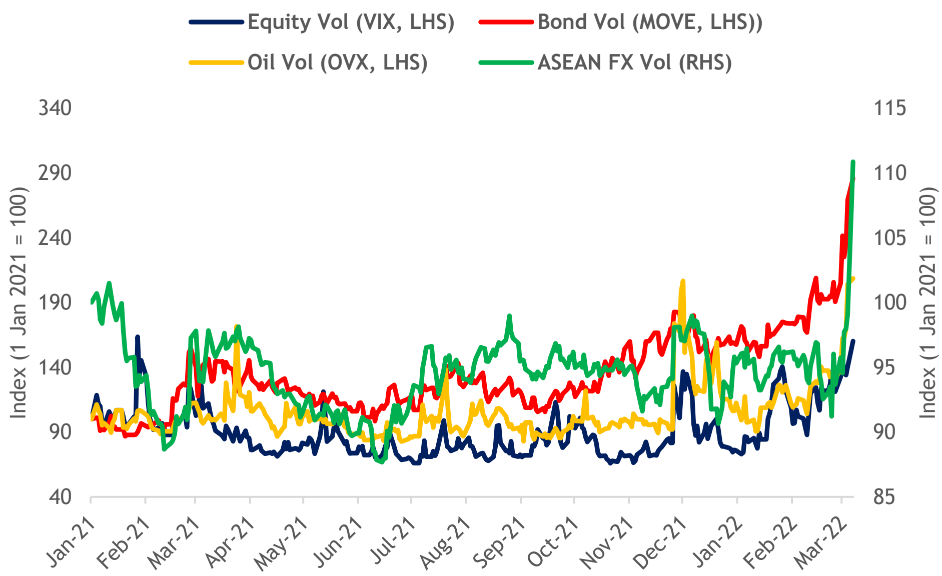
Brent has surged to >US$130/bbl as of writing (albeit pulling back a tad from highs near US$140/bbl), compared to US$78/bbl in end-2021 and around US$100/bbl in end-Feb. **Complex shocks are reverberating through oil markets as new financial sanctions make payments for Russian commodities increasingly difficult and fear of reputational risks saw demand for Russian goods fall off.**

In this piece, we aim to shed light on evolving dynamics in FX and oil markets:

- State of markets now, including extent of volatility
- Sensitivities of FX pairs to oil moves
- How this current oil spike is similar/different to prior spikes
- FX implications

Deepening Concerns on Russia-Ukraine Spillovers

<u>Sharp Spikes in Vol Across Key Asset Classes</u>



Source: Bloomberg, Maybank FX Research & Strategy

Russian military action began on 24 Feb, but while vols rose, the real spikes in volatility across asset classes—equity (VIX as proxy), bond (MOVE index as proxy), EM FX (JPM EM FX proxy) and oil (OVX as proxy)—only came in several days later, when the extent of follow-up sanctions on Russia surprised in extent and severity. In particular, markets saw incremental concerns over financial market contagion, given sanctions on Russian central bank, exclusion of some local lenders from SWIFT, and signs of reallocation of assets out of Russia.

Concerns are also deepening that the Russia-Ukraine crisis is going to have a discernible impact on global supply chains, worsening upward price pressures on commodities.

Besides crude, we note broader implications for other commodities. For instance, Russia and Ukraine are the world's second- and fourth-largest wheat suppliers, and concerns over resulting shortages have rocked sentiments in this segment discernibly, with wheat prices surging around 50% as of writing, compared to pre-Russian attack. Russia is also among the top-five global producers of steel, nickel and aluminium, with latest sanctions forcing a metals rally as well.

Meanwhile, IMF says that it sees a "severe impact" on the global economy from ongoing war and subsequent sanctions. **Higher probability of stagflation-like global macro outcomes are weighing on broader risk sentiments all around**, particularly with Fed sticking to its normalization plans and markets pricing in about 6 hikes over the next 12 months.

Surge in Energy Prices Benefits Net Energy Exporters, Punishes Net Importers

During periods of strong upswings in energy prices, **relative size of energy import bills or export receipts appears to be pertinent as a key determinant of FX moves**.

Brent rose from around US$97/bbl on 23rd Feb, just before the start of Russian military action, to >US$130/bbl at last seen. Utilizing this as a reference period, we note that there is a clear relationship between the energy dependency of a country (exporter/importer) and the performance of its FX over this period.

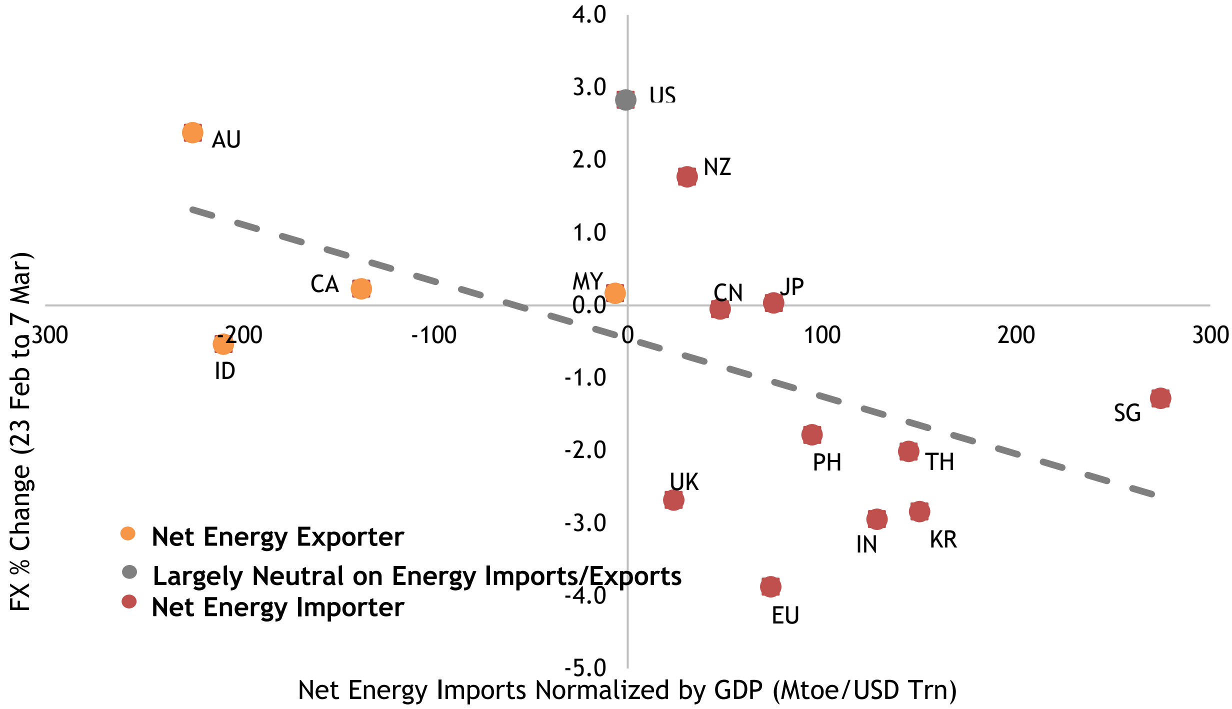
Commodity-linked-FX broadly outperformed, including AUD, CAD, MYR, IDR (dipped less versus peers). While NZ is a net energy importer, it has strong correlation with AUD and likely also benefited from robust agricultural product prices.

Meanwhile, GBP and EUR were hit by drags from expectedly higher energy import bills, geographical proximity to the Russia-Ukraine conflict, and more significant trade and investment linkages with Russia versus Asia.

For AxJ FX, FX of net importers PHP, THB, KRW, INR saw largely the same extent of drags given largely similar energy import tendencies.

Note that in our FX flash published 25 Feb (see here) just after the Russian attack, we had indicated a preference for MYR versus KRW, THB, INR, based on differentiation in spillovers from elevated oil prices.

Energy Import/Export Dependencies Vs. FX % Chg (23 Feb to 7 Mar)



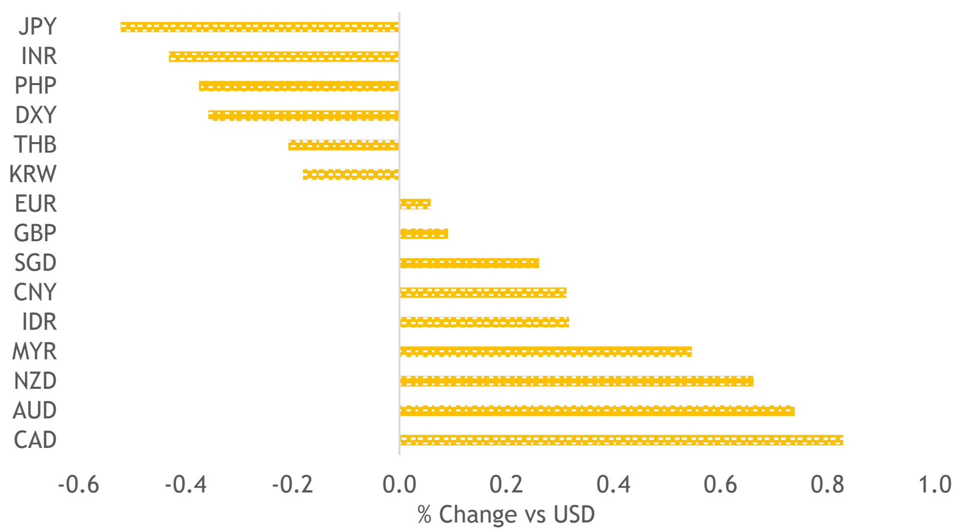
Note: Net energy import readings from IEA are as of 2018/2019.
Source: IEA, Bloomberg, Maybank FX Research & Strategy

FX Sensitivities to Oil Moves

Amid current uncertainties, having a sense of how various FX reacts to volatile brent price moves in the past might be useful as a reference still. We run a regression of currencies (in xxx-USD pairs) on brent prices, controlling for equity performance (MSCI equities) and broad dollar moves (DXY).

Daily data from Jan 2016 to Mar 2022 is utilized. Values used in regression are in log-form where applicable. Sensitivities of various FX to oil price moves are extracted below.

Estimated FX Sensitivities to +10% Increase in Oil Prices



Source: Bloomberg, Maybank FX Research & Strategy Estimates
Note: Figure for DXY is just estimated raw beta relative to brent.

The results largely reinforce what we inherently expect. Net oil exporting countries could see revenues improve and sentiments boosted from prolonged period of elevated oil prices. Typical oil-linked FX proxies such as CAD, MYR are expected to see more support.

While Australia and New Zealand are not large net oil exporters, in broad commodity upturns in base metals, agricultural, commodity-linked currencies will see some positive spillovers as well.

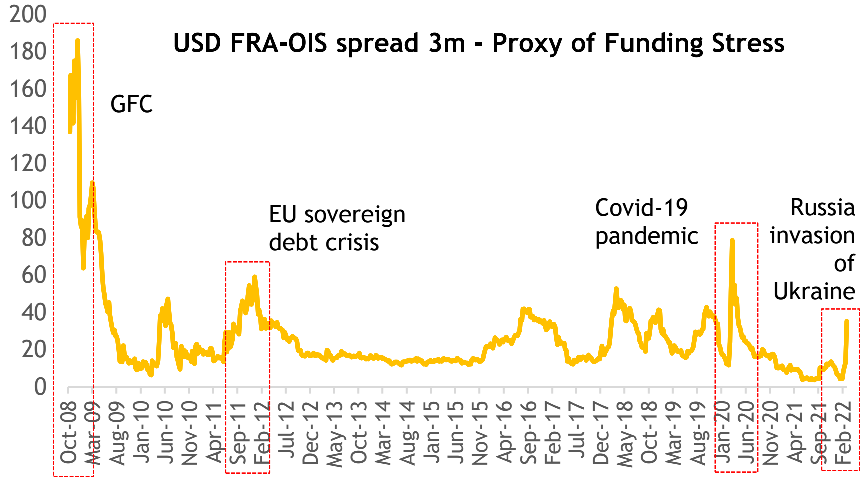
For Singapore, given the open nature of its economy, and its unique use of the exchange rate as a monetary policy tool, sharply higher oil prices could feed in quickly to inflation expectations, and build up market expectations of continued MAS tightening (i.e., stronger SGD).

Some other AxJ FX, including INR, KRW, THB, PHP, could see modest downside from higher oil prices, given higher oil import burden, with INR being the prime example. KRW can also be highly vulnerable during this episode due to its sensitivity to external development (via equity channel) as well as being a net oil importer (imports >100% of its oil consumption). We note though, that structurally persistent inflationary pressures could lead to expectations for quicker monetary policy normalization, which would potentially mitigate some of these (FX) drags down the road.

The above sensitivities should be used with care, especially in an environment where broad dollar swings are dominating FX moves.

As the Russia-Ukraine crisis plays out, there is a clear rush into dollars, and to some extent treasury assets. USD seems to be the preferred haven of choice given concerns over financial market contagion. I.e., sanctions on Russian central bank, exclusion of some local lenders from SWIFT, and signs of reallocation of assets out of Russia, have led to broad international demand for USD. Money market stress can be seen from the FRA/OIS spread for one-month contracts widening the most since March 2020.

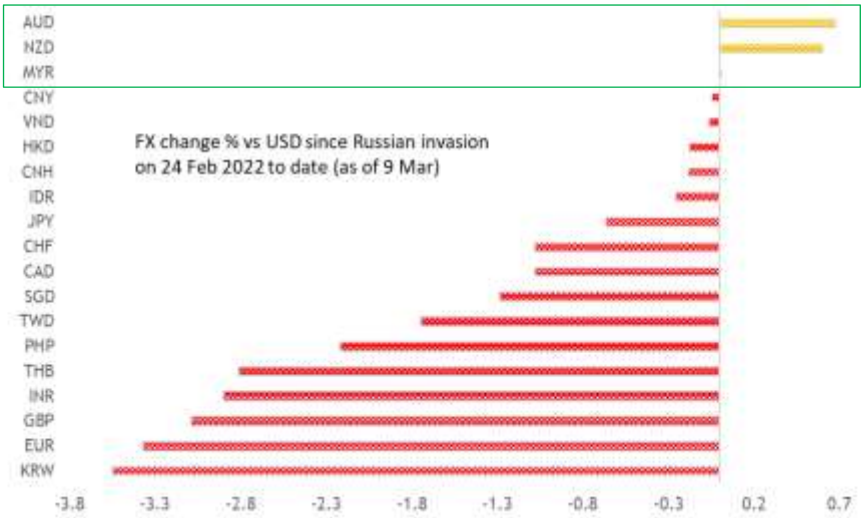
Signs of Funding Stress Emerging but Still Below Crisis Levels



Source: Bloomberg, Maybank FX Research & Strategy

Support or drags on FX from shifts in energy import/export dynamics hence have to be weighed against a concomitantly stronger USD over this period. Taking USDMYR as example, it did not see larger dips tied to the recent spike in oil prices, but remained somewhat stable over this period. I.e., MYR stood its ground against a much stronger USD.

MYR, alongside AUD and NZD Holding Up Well Since Russian Invasion



Source: Bloomberg, Maybank FX Research & Strategy

Comparison with Past Crises - How Big is the Oil Shock Today?

The US was in discussion with allies on imposing embargo on Russian oil. But it appears that allies have different plans. EU is discernibly more divided on the issue. Germany, for instance has opposed such a move, saying that Russian imports were of "essential importance" to the European economy, and that shifts in dependency cannot be made "overnight". Instead, the EU planned to cut Russian gas imports by two-thirds within a year. However, Russia's top energy official has made threats to cut off natural gas flows to Europe via Nord Stream 1 pipeline as part of its counter-response to sanctions imposed on Russia. That said, Russia Deputy PM later said there is no decision yet and the pipeline is still operating at its full capacity.

Overnight (8 Mar), US President Biden signed an executive order to immediately ban new Russian shipments of oil, certain petroleum products, LNG and coal. The order will also bar new US investment in Russia's energy sector and blocks Americans from financing foreign companies that invest in the sector. UK has also joined US, but only to phase out Russia oil imports by end-2022.

Even though there is no broad embargo on Russian oil while US and UK only import about 672kbpd and 170kbpd (respectively) of oil and refined products from Russia in 2021, it was estimated that about 70% of Russian oil is struggling to find buyers today because of the US sanctions itself.

Russia is the world's third largest oil producer after US (17.6mbpd) and Saudi Arabia (12mbpd), producing 11.3mbpd of which 10mbpd was crude oil. **In terms of supplying the world, Russia is the world's largest exporter of oil and the second largest exporter of crude oil** behind Saudi Arabia. In Dec-2021, Russia exports about 42% - 43%% of its oil production or about 5mbpd. **Based on industry estimates that about 70% of Russian oil cannot find buyers today as well as the drop in US, UK demand, we estimate there could potentially be about 3.5mbpd - 4.5mpbd of Russian oil shortfall in a severe scenario.**

We consider past peak oil production loss over the last 30-odd years. Peak production loss occurred during the attack on Saudi oil infrastructure in Sep-2019 and peak supply loss then was 5.7mbpd.

Peak Oil Production Loss

Year	Event	Peak supply loss (mbpd)
2022	Potential embargo on Russian Oil	3.5 - 4.5 est.
2021	Texas winter storm	1.5
2019	Attack on Saudi oil infrastructure	5.7
2011	Arab Spring and the civil war in Libya	1.5
2003	US invasion of Iraq	2.3
2002	Oil strike in Venezuela	3
2001	Iraq halts export of oil	2.5
1990	Iraq-Kuwait war	4.3

Source: Various sources, including IEA, EIA, OPEC, NYT, Maybank FX Research & Strategy estimates

A severe disruption from Russia supply could potentially see about 3.5mbpd - 4.5mbpd shortfall in global supply (versus global crude demand at slightly less than 100mn bpd). **This translates to a potential 5% oil supply shock.** The **fears of tighter global oil supply could keep oil prices supported in the interim.** The announced 60mn of release from strategic reserves only helps to mitigate about 2-3 weeks of Russia-shock shortfalls. Meanwhile, estimates are that a US-Iran deal could lead to a ramp-up of around 500k to 1mn (including release from storage) in Iranian oil exports over the course of several months. But the extent and speed of such a move could be insufficient to offset the scenario of a near-term severe Russia supply shock.

Once uncertainties around the sanctions dissipate, buyers should return and industry estimates is for the 70% avoidance of Russian oil to drop to about 20% or so. This implies about 1mbpd oil shortfall instead of the 3.5mbpd - 4.5mbpd in the severe scenario. Nonetheless we caveat that geopolitical situation remains fluid on the ground.

FX Implications - A Historical Overview

From the table below, we see that historical episodes of oil price surge are not always accompanied by consistent directional biases for USD. Demand for the dollar depends on a myriad of factors, including whether USD is viewed as a haven asset over the period, the state of the US economy, and ongoing Fed policy stances at the time.

More importantly, the net energy dependency of USD has changed over the past two decades. US was a notable net crude importer for most of the last two decades, but this dependency eased post-2016, given developments such as expansion in shale. Hence in earlier episodes (2002, 2003, 2011) highlighted in table above, some negative correlation between USD and oil prices could be in play. This negative relationship then expectedly dissipated during more recent events (2019, 2021, 2022) as US dependency on foreign energy significantly moderated.

Oil and FX (Against USD) % Changes in Selected Episodes

Dates: Event Start to Peak Oil Impact	Event	Oil	USD (DXY)	EUR	SGD	MYR	IDR	THB	PHP
24 Feb 2022 - Ongoing (% impact as of 8 Mar)	Russia-Ukraine War; Potential embargo on Russian Oil	32.2	3.0	-3.6	-1.4	0.1	-0.4	-2.8	-1.9
13 to 24 Feb 2021	Texas winter storm	7.4	-0.3	0.4	0.4	0.0	-0.6	-0.5	-1.2
14 Sep to 16 Sep 2019	Attack on Saudi oil infrastructure	14.6	0.4	-0.7	-0.2	-0.2	-1.0	-0.1	-0.8
15 Feb to 8 Apr 2011	Arab Spring and the civil war in Libya	24.6	-4.5	7.4	1.9	1.2	3.1	2.5	1.7
20 Mar to 14 May 2003	US invasion of Iraq	4.9	-6.5	8.2	2.1	-	6.9	1.9	4.3
2 Dec 2002 to 7 Mar 2003	Oil strike in Venezuela	33.1	-7.8	10.4	2.1	-	1.1	2.7	-2.5
(Mild impact on oil prices; event excluded)	Iraq halts export of oil	-	-	-	-	-	-	-	-
2 Aug - 28 Sep 1990	Iraq-Kuwait war	100	-1.73	-	3.15	0.33	-	1.42	-

Source: Bloomberg, Maybank FX Research & Strategy Estimates
Note: MYR was pegged to USD from Sep 1998 to Jul 2005. EUR started trading on 4 Jan 1999. Data limitation for IDR and PHP in 1990.

In earlier episodes where broad dollar is on a decline during oil surge, ASEAN FX expectedly saw modest gains against the dollar (readings in table are all against USD), but gains are usually more contained relative to extent of DXY decline, implying still some net drags on ASEAN FX baskets.

In cases where USD is stable or strengthening (2019, 2021, 2022 episodes) during bouts of oil price surge, most ASEAN FX tend to see modest drags (0 to 3%) with the notable exception of MYR (largely resilient against USD). Similar to our findings elsewhere in this report, THB and PHP see larger drags on average on oil surges compared to IDR, SGD.

Potential FX Implications

At this point, the Ukraine development remains fluid and geopolitical tensions are 2-way risks for markets. We cannot predict how long the conflict will last but we can draw on experience from past events (e.g., 9-11 attack, Crimea annexation in 2014 and Turkish offensive into Syria in 2009). While troughs for most FX took varied durations to materialize, most losses had been reversed on average after several weeks, if conflict remained localized.

The risk is that sanctions and military conflicts broaden and escalate further, and that we get an oil-driven recession or that stagflation fears materialise. This scenario would then usher in more bearish outlook on growth and would warrant a revision of our FX forecasts.

EUR Vulnerable amongst FX Majors but Glimmer of Hope

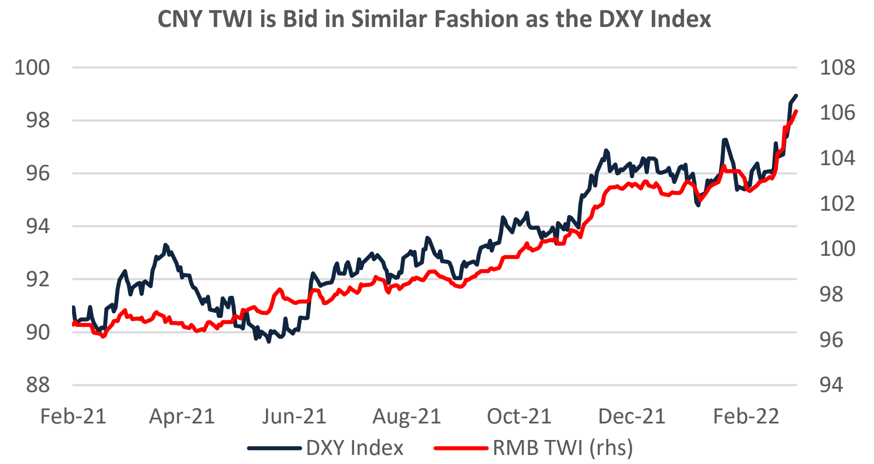
EUR is at risk of further sell-off amid stagflation risk and geopolitical concerns. Ukraine war is a negative for EUR due to EU's linkages with Russia via trade, energy, investments and sentiment channels). There is risk Russia may turn off gas supplies to Europe, in turn exacerbating Europe's energy shortage as the EU relies heavily on Russia for energy consumption (41% gas comes from Russia). Prolonged rise in energy and food prices could mean even higher price pressures adding constraints to growth, triggering stagflation concerns. In addition, recent ECB speaks revealed that policymakers may consider delaying policy normalization plans in light of Ukraine situation.

But we also note of potential gamechanger. There was a report earlier this week that EU may soon announce plan this week to jointly issue bonds to finance energy and defence spending. There is not much details at this stage. Focus on the Emergency summit in Versailles on 10- 11 Mar if report is true. The size of the fund and timing will also be key. And potentially this can turn things around for the beleaguered EUR. A joint fund demonstrates EU unity, debt mutualisation and could serve to mitigate against any supply-side fallout on growth and boost EUR sentiments. This may be similar to the EU's recovery fund that was launched in 2020 and was widely regarded as a success. A move to replicate what has previously been done may well get a faster nod this time, especially in times of emergency. On a more positive note, a potential EU joint fund and hopes of de-escalation could help to stabilise EUR.

Potentially Under-appreciated Tail-risk of the RMB for AxJ

RMB has been one of the outperformers since the start of the war in Ukraine due to a number of reasons - 1) Russia's share of China's total trade is not particularly substantial (around 2% for 2021, although it is worth noting that total trade with Russia actually rose 35% over the past year) and its trade with Ukraine is even smaller; 2) China's relatively lower inflation environment, semi-guided currency regime have imbued safe haven attributes in the currency amid rising fears of stagflation; 3) other prevailing supporting factors (current account surplus, limited monetary policy divergence vs. the rest of the world, foreign demand for its bonds via FTSE WGBI inclusion, etc) that have long kept the CNY strong in the past several months. As a result, the steady RMB also acted as an anchor for AxJ FX.

CNY TWI (CFETS Weighted) Has Risen in Tandem with the DXY, showing some safe haven characteristics



Source: Bloomberg, Maybank FX Research & Strategy

That said, **there is a small risk that China could be implicated in the Russian-Ukraine conflict.** Insofar, China refused to categorize Russia's attack on Ukraine as an invasion. There are also intelligence reports (from the West) that suggests that China had known to some degree about Putin's plan to invade Ukraine and requested for the invasion to be delayed until after the Winter Olympics. The two countries also released a joint-statement on 4 Feb, denouncing NATO expansion, proclaiming "no limits" friendship and a pledge to establish a new global order with "true democracy". In addition, the reluctance of China to impose sanctions on Russia could see China becoming a relief valve for Russia in terms of absorbing its crude supplies and allowing it some access to the global financial system which may run counter to the efforts of the Western nations.

China's complaint on NATO bears striking resemblance to Russia's. On 7 Mar, China Foreign Minister Wang Yi affirmed "strategic partnership and coordination" with Russia. He then accused the US of forming a Pacific version of the NATO to hamper China's growth and that such actions could threaten the peace and development of the region. On the same day, Vietnam's Ministry of Foreign Affairs urged China not to take actions that complicate the South China Sea situation but rather help maintain regional epace, security and stability. This was in response to the Maritime Notice posted by China (5 Mar) on upcoming military drills taking place between Hainan and Vietnam that could encroach on Vietnam's exclusive economic zone. Taking in context with the war in Ukraine, China's recent rhetoric and actions may seem coordinated with Russia and result in a deeper rift with the West in the medium term.

Regardless, China had emphasized on maintaining "normal" trade relationship with Russia last week. At this point, there has not been any reports of China increasing its imports from Russia yet. The Western nations are now occupied with an increasingly costly war in Ukraine and thus, the possibility of having another geopolitical conflict (via sanctions) with China could still be low. However, any signs of deterioration in the relationship between the US and China could still undermine the CNY and lead to rippling effects on the Asia ex Japan FX complex.

Concluding Remarks on USD, other FX

USD "smile" is likely to remain intact near term. Dollar can remain better bid, alongside gold, oil prices and commodity-linked FX, including AUD, NZD, CAD, MYR, if no viable route for diplomatic resolution emerges over the next few weeks or months. Fears of prolonged and/or grander scale of battle could continue to add to global supply disruptions and weigh on sentiment. Prolonged increases in energy and food prices could add further constraints to global growth. With exception of MYR, IDR, most AxJ FX could continue to see drags from higher import bills. Daily FX swings will be headline-dependent, but risk aversion and continued expectations for Fed tightening (starting Mar) will lead USD to remain elevated on net.

But geopolitics are two-way risks. To some extent, any signs of a cease-fire or diplomatic resolution to current tensions could lead to a swift reversal of moves in oil, FX. Just today (9 Mar), Ukraine indicated that it **no longer insists on NATO membership. While it is too soon to conclude that tensions have de-escalated, the recent development is a small but positive step forward.** We will continue to monitor developments, in particular if other Russia demands are met - that Ukraine recognise Crimea as part of Russia and that the Donbas region are independent amongst other demands (Ukraine to demilitarise, etc.).

Next Fed meeting is due 17 Mar, and a 25bps hike is expected. Our earlier study (see here), which looked at 8 cycles of Fed rate hikes in the last 50 years, found that lead-up to first Fed hike tends to drive DXY upwards but DXY typically falls between 2% and 4% on average post-Fed first hike.

Had it not been for Russian invasion, we would have expected the USD to peak soon as (1) hawkish expectations for faster Fed was in the price; (2)

Fed is not the only one tightening; (3) synchronous policy normalisation in the face of positive global economic backdrop allows for cyclical FX to strengthen. We have not abandoned this view but prefer to watch how Ukraine situation unfolds.

DXY Bullish Bias but at Overbought Conditions (Daily Chart)

DXY was last at 99 levels. Bullish momentum on daily, weekly and monthly chart remains intact but RSI shows very tentative signs of turning lower from overbought conditions. Tactically, we favor sell. Support at 97.72 (61.8% fibo), 96.90 (21DMA) **and 96 levels (50% fibo)**.

Resistance at 99.73 (76.4% fibo retracement of 2020 high to 2021 double-bottom low), 100.5 levels and 102.98 (2020 high).

Brent Bullish Bias but Stretched - RSI Overbought (Monthly Chart)

Brent was last at 129 levels. Bullish momentum on daily, weekly and monthly chart remains intact. But we note RSI shows very tentative signs of turning lower from overbought conditions in multiple timeframes.

A retracement is not ruled out. Support seen at 116.50 levels (76.4% fibo retracement of 2008 high to 2020 low), 100-levels before 97.30 (61.8% fibo). Resistance at 139.10 (previous high) and 147.50 (2008 high).

Source: Bloomberg, Maybank FX Research & Strategy

Sanctions List:

	More Recent Sanctions
Group Actions	• G7 froze Russia's foreign currency reserve assets (28 Feb)
	• US, EU, Canada and the UK bank seven Russian banks from the SWIFT payment system. Sberbank and Gazprombank are not included because of Europe's reliance on Russia for energy. (1 Mar)
US	• Biden signs executive order to ban imports of Russian energy that includes a ban on new investment in Russia's energy sector (8 Mar)
UK	• Ban British individuals and corporates from making transactions with Russian central bank, its finance ministry and its wealth fund. (28 Feb)
	• UK to phase out the use of Russian oil by end 2022 (8 Mar)
EU	• Bar sale of "Golden Passports" that allow wealthy Russians to become citizens in European countries in exchange for direct investments. (28 Feb)
	• Impose sanctions on more Russian oligarchs, three Belarus banks and "elements of the Maritime industry" (8 Mar)

	Sanctions on 24th Feb
	• Actions target nearly 80% of banking assets in Russia.
US	• Will cut off Russia's two largest financial institutions, Sberbank and VTB (which make up more than half of the total banking system in Russia by asset value) from processing payments through the US financial system. Russian FIs conduct $46bn worth of forex transactions globally (80% of which in USD).
	• OFAC imposed blocking sanctions on additional three banks Otkritie, Novikom, and Sovco.
	• Prohibitions on new debt and equity of major state-owned and private enterprises.
	• Sanctions on Russian elites, family members.
	• Release emergency oil reserves to prevent oil prices from spiking.
UK	• Asset freeze against all major Russian banks.
	• Stop all major Russian companies from raising finance on UK markets; prohibit the Russian state from raising sovereign debt on UK markets with effect from 1 Mar.
	• Sanctions on more than 100 individuals, entities and their subsidiaries.
	• Imminent ban on Aeroflot planes landing in the UK.
	• Ban on all export of goods that could have military use to Russia.
	• Prohibit a range of hi-tech exports.
	• Limit deposits by Russian nationals in UK bank accounts to GBP50K.
	• All sanctions apply to Belarus.
	• Accelerate passage of economic crime bill to target illicit Russian money in the UK.
EU	• Target some Russian banks and individuals, tighten visa rules for diplomats.

	• Ban two Russian banks (Alfa Bank and Bank Otkritie) from borrowing or buying securities.
	• Impose limits on bank deposits and bar Russians from investing in EU securities.
	• Work with US to control exports on dual-use and high-tech goods to Russia.
	• Export bank on aircraft, aircraft parts and related equipment.

	Sanctions prior to 24th Feb
US	• Sanctions on the country's elites, family members, Russian state development corporation VEB.RF and military bank, Promsvyazbank.
	• Sovereign debt sanctions will cut Russia off from western financing; i.e., no longer able to trade in its new debt on US or European markets.
	• Blocking of new investments in separatist territories by US persons or businesses.
UK	• Sanctions on five Russian banks including Bank Rossiya and Promsvyazbank.
	• Freezing assets of three key Russian individuals.
EU	• Sanctions on 351 lawmakers of the Russian state Duma who voted for recognizing separatist regions in eastern Ukraine, and another 11 Russians who proposed the recognition.
	• Sanctions on three Russian banks that finance military or other operations in the separatist-controlled regions of eastern Ukraine: VEB.RF, Bank Rossiya and Promsvyazbank.
	• Restrictions on Russian government to access EU capital and financial markets and services.
	• Restrictions on trade from the two breakaway regions to and from the EU.

Source: Various sources, Maybank FX Research & Strategy

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