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# Gazprom plays the long game as European export premium dissolves

Gazprom's position as a reliable source of income for the beleaguered Russian state is in peril, as the novel coronavirus reaps unprecedented havoc on a global scale. While demand for oil - and to a lesser extent gas - has plummeted, Russia and Saudi Arabia's brief entry into a reckless oil price war has seen volatile commodity markets spiral out of control.

This will be raising alarms at the world's largest natural gas company, which has built its fortunes through providing a steady supply of cheap gas from the company's 35.1 Tcm reserves to markets across Europe – and more recently in Asian markets.

With Brent crude now trading at USD 34/bbl, European gas hub spot prices continuing to fall, and the Asian JKM spot premium all but erased, Gazprom's customers are well placed to demand price renegotiations – meaning that the Russian NOC is likely to find itself embroiled in arbitration proceedings for the foreseeable future.

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