MCCULLOUGH RESEARCH

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PRINCIPAL

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To: McCullough Research Clients

From: Robert McCullough

Subject: Putin's Diesel "Deal"

On October 9, 2026, President Trump wrote:

> I have just concluded a highly successful discussion with President Vladimir Putin, of Russia, wherein it was agreed that Russia will **immediately** supply over 300,000 **Tons** of Diesel Fuel to the American and Global Marketplace, another 500,000 **Tons** during the month of November, and 1,000,000 **Tons** immediately thereafter. Additionally, based on the condition of their Diesel Refineries, Russia will then deliver, within a short period of time, 3,000,000 **Tons** of Diesel Fuel. Between our TOTAL CONTROL of the Strait of Hormuz, and this great announcement on Russian Energy, **Diesel Prices for Americans and, indeed, the World, will be COMING DOWN, IN RECORD NUMBERS, AND FAST!** Lower prices for Americans, especially our Great Farmers, Ranchers, and Truckers, is my Greatest Priority. This is a very big and important announcement. Additionally, it must be understood, that Iran will not have a Nuclear Weapon! Thank you for your attention to this matter. President DONALD J. TRUMP[1]

Aside from the oblique use of the same title (*Truth*) as the official Soviet era newspaper (*Pravda*), the text is worth reading carefully.

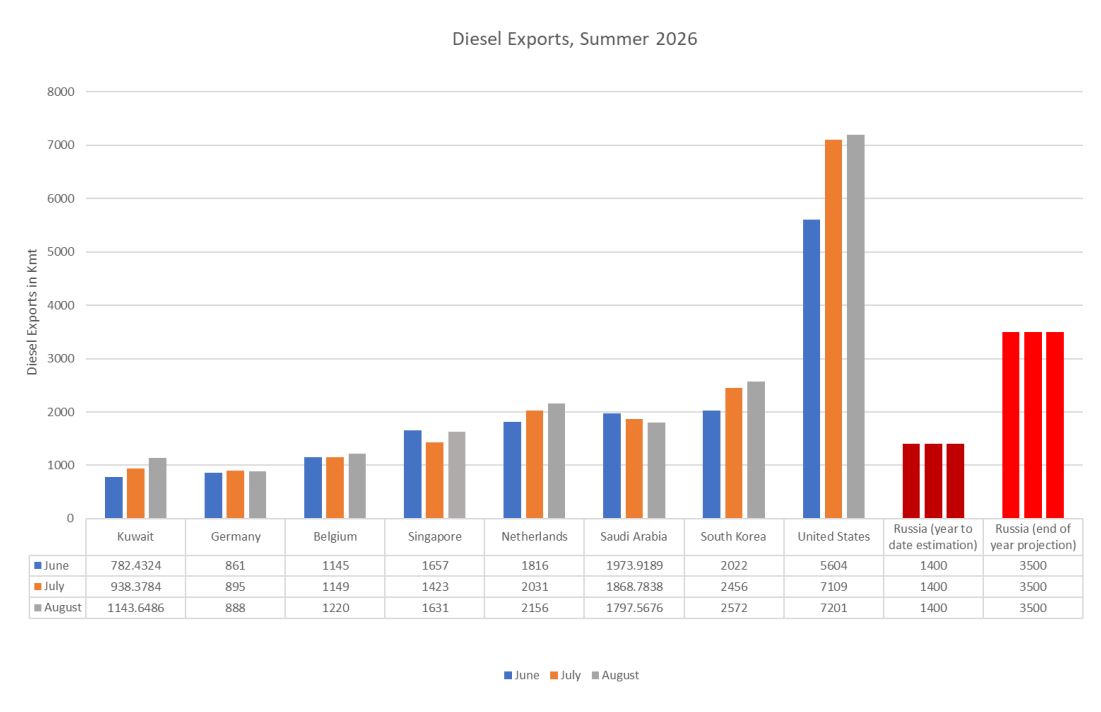
First, it is important to note the use of the term "tons" in describing the quantity of fuel that Putin has offered. The United States typically measures such quantities in barrels. Russia uses tonnes – metric tons, which are slightly more than 10% larger than an imperial short ton of 2,000 pounds. One metric ton of diesel is approximately equivalent to 7.45 barrels. This provides a hint which leader pitched the agreement.

[1] Post on Truth Social, October 9, 2026. Emphasis supplied.

A second insight is the statement that Russia will "immediately supply over 300,000 Tons of Diesel Fuel to the American and Global Marketplace." Diesel exports are shipped primarily from the Gulf of Finland and the eastern Black Sea ports. Shipping times are likely to be two to three weeks.

Internal transportation within Russia is also a factor. Clearly, "immediately" is the wrong term to use. In the normal course of affairs, a purchase on the ninth of October would not reach US markets before early November. This again hints that the proponent was Russia, since the diesel could leave Russian ports quickly, but would not arrive in the New York harbor until November.

Finally, of course, is the peculiar picture of U.S. diesel fuel markets. The U.S. is the world's largest exporter of diesel. The U.S. currently exports approximately 1.5 million barrels of diesel every day, equivalent to just over 200,000 metric tons per day. Thus, the concept of shipping diesel to the U.S. recalls the old phrase "carrying coals to Newcastle" first coined in the 17th century.



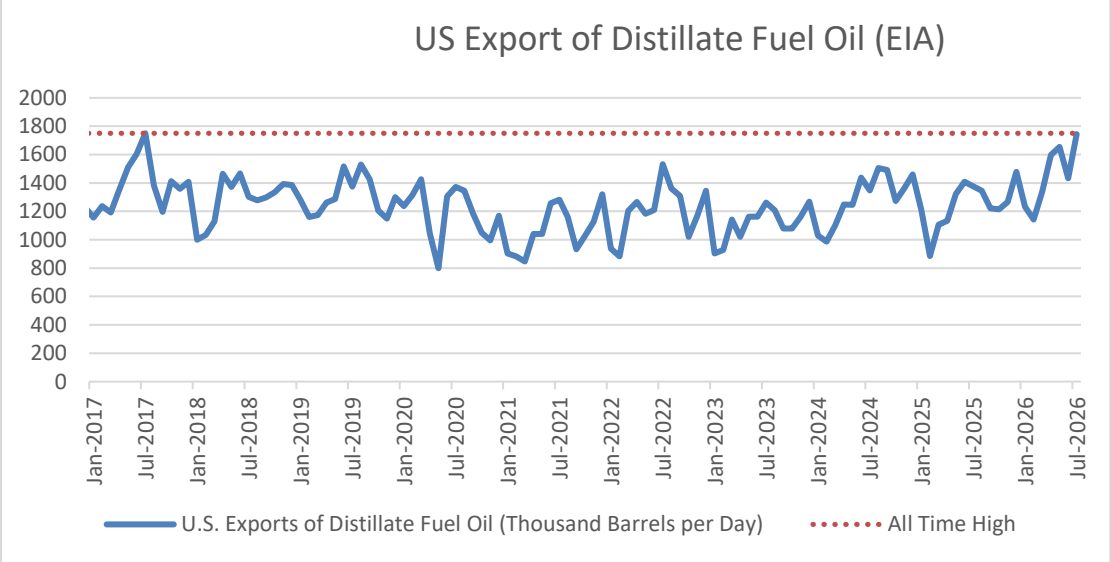
	Kuwait	Germany	Belgium	Singapore	Netherlands	Saudi Arabia	South Korea	United States	Russia (year to date estimation)	Russia (end of year projection)
June	782.4324	861	1145	1657	1816	1973.9189	2022	5604	1400	3500
July	938.3784	895	1149	1423	2031	1868.7838	2456	7109	1400	3500
August	1143.6486	888	1220	1631	2156	1797.5676	2572	7201	1400	3500

[2]

[2] https://www.jodidata.org/oil/database/data-downloads.aspx

Russia stopped reporting their petroleum exports in early 2022, but recent news reports give some indication of what their export volumes might be if data were available.[3]

Logistically, shipping diesel to a diesel exporter would be costly and foolish. Since the U.S. is already surplus, the diesel would then be reshipped back across the Atlantic to Europe – the world's largest diesel importer.



[4]

Since the demand for diesel is basically inelastic, the business consequence would be to displace existing exports, likely harming the U.S. balance of trade, but definitely benefiting Russia.

What does this do to prices? U.S. diesel prices have increased since the announcement. AAA reported a diesel price of $6.27/gallon on October 9, 2026, and $6.32/gallon today.[5] Obviously diesel prices have not been "COMING DOWN, IN RECORD NUMBERS, AND FAST".

[3] https://www.reuters.com/business/energy/russian-diesel-returns-familiar-destinations-following-export-ban-lift-shipping-2026-10-20/
[4] https://www.eia.gov/dnav/pet/hist/leafhandler.ashx?n=PET&s=MDIEXUS2&f=M
[5] Diesel Prices Today — U.S. Average ($6.32/gal) & State Rankings | Gas Price Today



REUTERS/Mike Blake – Los Angeles, California - October 15, 2026[6]

4.8 million tonnes of diesel sounds large and would impress a naïve audience.[7] Unfortunately, the world market for diesel is approximately 1.4 billion tonnes of diesel per annum.[8] Three months of diesel use is 350 million tonnes.

The promised amount of 4.8 million tonnes would be exhausted in about 30 hours of global consumption. Optimistically, Putin's promised exports amount to less than a 1% increase in supply, which is likely to have minimal impact to world markets. And, worse, diesel is easily stored, so any short-term price impact would simply cause suppliers to store the product until the short-term increase in supply had passed.

What does this foretell for Putin's "deal"? The answer is, similar to the impacts many of Trump's statements, that there will be very little impact on world markets and almost no impact on American consumers.

[6] https://www.reuters.com/business/diesels-surge-is-starting-push-other-prices-around-heres-how-2026-10-15/
[7] Trump quoted deliveries of 300,000 + 500,000 + 1,000,000 + 3,000,000 = 4.8 million
[8] https://www.marketgrowthreports.com/market-reports/diesel-as-fuel-market-121763