THEMATIC RESEARCH · SANCTIONS AND ENERGY

Russia Sanctions: The Graham Act Waiver and Its Market Consequences

On Friday night President Trump waived the new sanctions and secondary tariffs that Congress had voted against Russia, two days before they took effect. Existing sanctions remain. This report explains what was suspended, why oil and diesel prices drive the decision, how markets reacted and what the 60-day review could bring.

Global Markets Research · Commodities and Geopolitics Desk Prepared by ANDRA MARKETS

Coverage summary. The order signed on 16 October suspends every operative Russia provision of the Sanctioning Russia and Iran Act, a law passed by 86 votes to 11 in the Senate and signed by the president only a month earlier. It removes the threat of tariffs of up to 100% on the largest buyers of Russian oil, of sanctions on Sberbank, VTB and the Bank of Russia, and of measures against the shadow fleet. It follows a deal, announced on 9 October, under which Russia will ship diesel to the United States. Treasury Secretary Bessent insists that "no sanctions have been lifted"; Kyiv calls the waiver "a gift" to Moscow.

BRENT, 16 OCT CLOSE	US DIESEL, 12 OCT	SENATE VOTE ON THE ACT	USD/RUB, 19 OCT
$109.86	**$6.18/gal**	**86 to 11**	**82.8**
highest since May (Reuters)	*vs $3.48 in January (EIA)*	*waived one month after signing*	*rouble +1.3% vs Friday*

1.0 Executive Summary

Key takeaways

A waiver, not a lifting. Washington has not removed a single existing sanction. It has prevented a much tougher set of measures from starting, and given itself an open-ended pause. For Russia, the main gain is the end of the threat to its customers: India and China no longer face US tariffs for buying Russian crude.

The motive is the oil price. With the Iran war cutting flows through the Strait of Hormuz to about 11 million barrels a day and US diesel above $6 a gallon, the administration wants every available barrel on the market. Analysts doubt the effect: Goldman Sachs estimates that the Russian diesel deal lowers prices by only $1 to $2 a barrel.

Europe is moving the other way. The EU added its largest ever set of Russia listings on 12 October and keeps its price cap at $44.10. The transatlantic split is now the main risk for European defence stocks and for Ukraine's financing.

Markets barely moved. On Monday crude and diesel futures eased, the rouble firmed and European defence shares and banks with Russian exposure slipped, but no move exceeded about 3%. The decision that matters comes after the 60-day review, in mid-December.

Exhibit A. What the order changes, and what it does not

Measure	Source	Status after 16 October
Tariffs of up to 100% on top buyers of Russian oil and gas	Graham Act, §113	waived before taking effect
Tariffs of up to 500% on Russian goods	Graham Act, §112	waived
Sanctions on Sberbank, VTB, Gazprombank, Bank of Russia	Graham Act	waived
Shadow-fleet tankers and their insurers	Graham Act	waived
Ban on new US investment and Russian sovereign debt	Graham Act	waived (in force since 18 Sep)
Rosneft and Lukoil designations (Oct 2025)	EO 14024	still in force
US imports of Russian diesel	OFAC General License 135	allowed until 7 Apr 2027
G7/EU crude price cap	G7, EU (dynamic cap)	$44.10, frozen by the EU
EU sanctions (about 4,600 listings)	EU Council	unchanged; 1,569 added on 12 Oct

Sources: White House; ABC News; RFE/RL; Squire Patton Boggs and Clyde & Co (legal analysis); OFAC; European Commission; EU Council. The Act allows tariffs of up to 500% on Russian goods (§112) and up to 100% on third-country buyers (§113).

2.0 The Order

What was signed on 16 October

The order was signed late on Friday, after US markets had closed, and posted on the White House website that evening. It certifies to Congress that waiving the Act is "in the national interests of the United States" and lasts until the administration decides that "further action is appropriate". It also waives the clause that kept existing sanctions in place, which leaves the president free to ease them later without a vote. Secretary of State Rubio said on Saturday that the president wants "the 60-day period of time" to analyse what imposing sanctions and tariffs would mean for the global and US economies.

The waiver overrides a rare bipartisan consensus. The Act passed the Senate by 86 votes to 11 and the House by 262 to 159, and it carries the name of Senator Lindsey Graham, who died in July. Republicans including Senators Tillis and Cornyn criticised the decision; a bill to block the diesel deal was introduced on 16 October. Because the waiver cannot be blocked by a resolution of disapproval, Congress would need a new law, which the president could veto.

3.0 The Diesel Deal

Why Washington wants Russian fuel

The waiver is the second half of a deal announced on 9 October. Russia is to ship more than 300,000 tonnes of diesel to the United States immediately, 500,000 tonnes in November, then 1 million tonnes and up to 3 million tonnes later, 4.8 million in all, and the Treasury has licensed such imports until April 2027. The reason is visible in prices: US diesel averaged $6.18 a gallon on 12 October, against $3.48 in January, and Kpler estimates a global diesel shortfall of about 1 million barrels a day.

The deal is small next to the problem. Goldman Sachs estimates that the October and November shipments would lower US Gulf Coast and European prices by only $1 to $2 a barrel, against about $11 for a 50-million-barrel release of European reserves; even the full 4.8 million tonnes would cover only about ten days of US demand. Neil Atkinson, a former IEA official, put it more bluntly: "It does not even touch the sides." Russia's own diesel exports are constrained,

too: the Ukrainian military says its strikes have taken about 45% of Russian refining capacity offline.

Exhibit 1. NY Harbor ULSD (heating oil) futures, $ per gallon



peak in Sep/Oct

Jan 26: ~$2.1

Source: Yahoo Finance front-month futures to 19 October 2026 (intraday). Heating-oil futures track US diesel prices.

4.0 Sanctions Since 2022

A timeline

four years, 20+ packages

Since the invasion of February 2022, Western sanctions have tightened in stages: the exclusion of Russian banks from SWIFT, the freezing of about €210bn of central-bank assets in Europe, the G7 price cap on oil, EU embargoes and, in October 2025, US sanctions on Rosneft and Lukoil. The Graham Act would have been the most far-reaching step yet, because it targeted the buyers of Russian oil rather than Russia itself.

Exhibit B. Key steps in Russia sanctions, 2022 to 2026

Date	Measure
Feb-Mar 2022	SWIFT exclusions; central-bank reserves frozen
Dec 2022	G7 price cap on Russian crude at $60
Oct 2025	US sanctions on Rosneft and Lukoil
Dec 2025	EU freezes Russian assets indefinitely
Feb 2026	EU/UK dynamic cap lowered to $44.10
Mar 2026	US eases some oil restrictions after the Iran war begins
Sep 2026	Graham Act signed (18 Sep)
9 Oct 2026	US-Russia diesel deal; OFAC GL 135
12 Oct 2026	EU adds 1,569 listings, its largest ever
16 Oct 2026	US waives the Graham Act

tightening...

...then a U-turn

Sources: EU Council; European Commission; OFAC; Bloomberg; Forbes; Wikipedia (dates of earlier measures).

5.0 Market Reaction

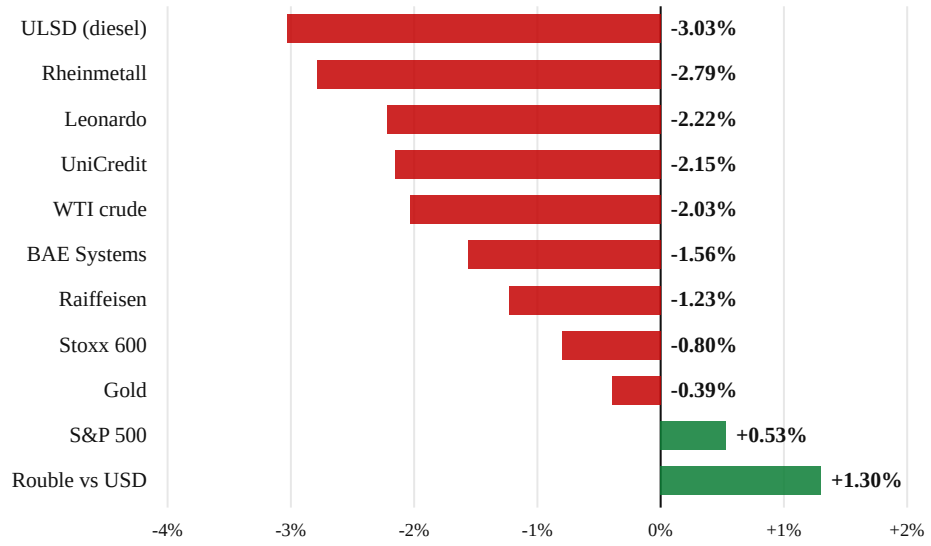
Monday 19 October

diesel fell most

Because the order came after Friday's close, Monday was the first trading day to price it. The moves were modest. Diesel futures fell about 3% and WTI about 2%, while Brent also traded lower, by between 1% and 2% according to Reuters reports. The rouble firmed to about 83 per dollar and the Moscow Exchange index edged up. European defence shares, which had rallied on Friday, gave back part of the gain, and banks with Russian businesses, Raiffeisen and UniCredit, slipped.

defence -3%

Exhibit 2. Change from Friday 16 October close to 19 October (%, intraday)



oil complex down

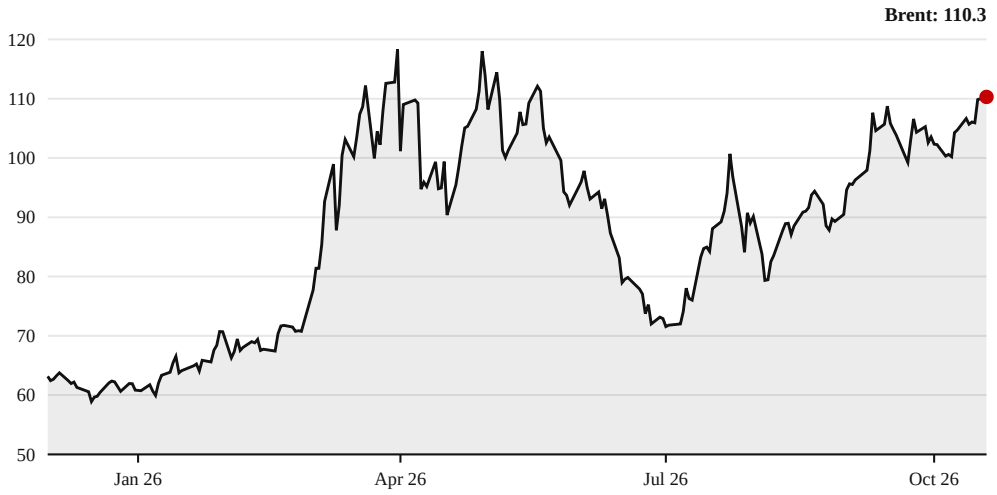
rouble +1.3%

Source: Yahoo Finance; Andra Markets calculations, early afternoon New York time. Rouble shown as appreciation against the dollar. Brent omitted because of a contract roll in the data.

the bigger driver: Iran

Oil remains driven by the Gulf, not by Russia. Brent closed on Friday at $109.86, its highest since May, after a missile aimed at Saudi Arabia's Yanbu export terminal was intercepted. On Monday Iran's renewed offer to reopen Hormuz within seven days if Washington meets its conditions did as much for prices as the waiver.

Exhibit 3. Brent crude, $ per barrel, 2026



war premium

Dec 25: ~$60

Source: Yahoo Finance front-month futures. The Iran war began on 28 February 2026.

6.0 The Oil Balance

Where Russian barrels fit

The supply shock in the Gulf dwarfs anything Russia can add. The IEA estimates flows through the Strait of Hormuz at about 10.9 million barrels a day in September, against about 17 million before the war according to tanker-tracking data, and global stocks 509 million barrels below their February level. Russia exports about 6.5 million barrels a day of crude and products, its lowest since 2018 according to the Kyiv School of Economics, and its crude output is 1.5 million barrels a day below its OPEC+ target because of drone damage.

Hormuz -6 mb/d

barrels: no; buyers: yes

The waiver therefore does not add barrels so much as reduce risk for those who already buy them. Without the threat of US tariffs, Indian and Chinese refiners can keep taking Russian crude, and the shadow fleet avoids a wave of new designations. Kpler expects easing shadow-fleet sanctions to have virtually no impact on mainstream shipping capacity.

Exhibit C. Russian oil in numbers

Indicator	Latest	Source
Crude and product exports	6.52 mb/d (Sep)	IEA via TASS
Seaborne crude exports, 4-week average	3.71 mb/d (to 27 Sep)	Bloomberg
Seaborne diesel exports	144 kb/d (Sep), record low	Vortexa via Bloomberg
Crude production	8.43 mb/d (Sep)	IEA
Urals price / discount to Brent	$90.7 / −$23 (Sep)	CREA
Share moved by shadow fleet	57% (Sep)	CREA
Sanctioned tankers	~1,010 (17% of capacity)	Clarksons

Sources as listed; CREA and TASS figures are secondary. IEA data put Urals at $94.3 in September.

diesel exports: tiny

discount still wide

7.0 Russia's Economy

Budget, rates and the rouble

Russia needs the relief. Oil and gas tax revenue fell 17% in the first nine months of 2026, to 5.47 trillion roubles, despite high world prices, because of the strong rouble, discounts and damaged refineries. The budget deficit reached 5.19 trillion roubles, about 2.2% of GDP, and the full-year target has been raised to 3.2%. Growth is close to zero: the IMF expects 0.9% this year, the Economy Ministry 0.6%, with the key rate at 14% and inflation at 6.35%.

revenue -17%

key rate 14%

Exhibit D. Russian macro dashboard

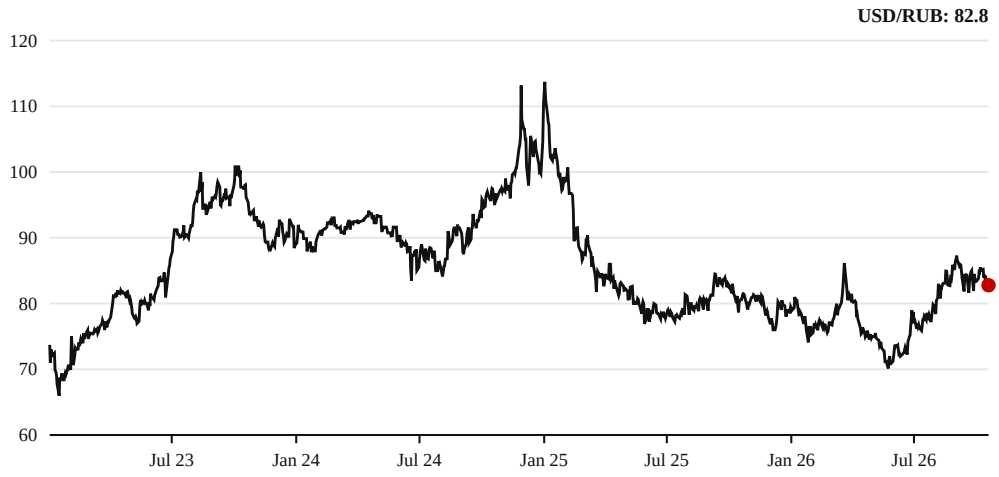
Indicator	Latest
Oil and gas revenue, Jan-Sep 2026	RUB 5.47tn (−17% y/y)
Federal deficit, Jan-Sep	RUB 5.19tn (2.2% of GDP)
Full-year deficit plan	RUB 7.35tn (3.2% of GDP)
GDP growth 2026 (IMF / Economy Ministry)	0.9% / 0.6%
Bank of Russia key rate	14% (next meeting 23 Oct)
Inflation, Sep	6.35%
USD/RUB (central bank, 17-19 Oct)	83.62

Sources: Russian Finance Ministry via Reuters; IMF; Bank of Russia; Izvestia; NV (secondary for some figures).

deficit > plan

CBR: 23 Oct

Exhibit 4. US dollar against the rouble (roubles per dollar)



Source: Yahoo Finance. A lower value means a stronger rouble.

strong rouble hurts budget

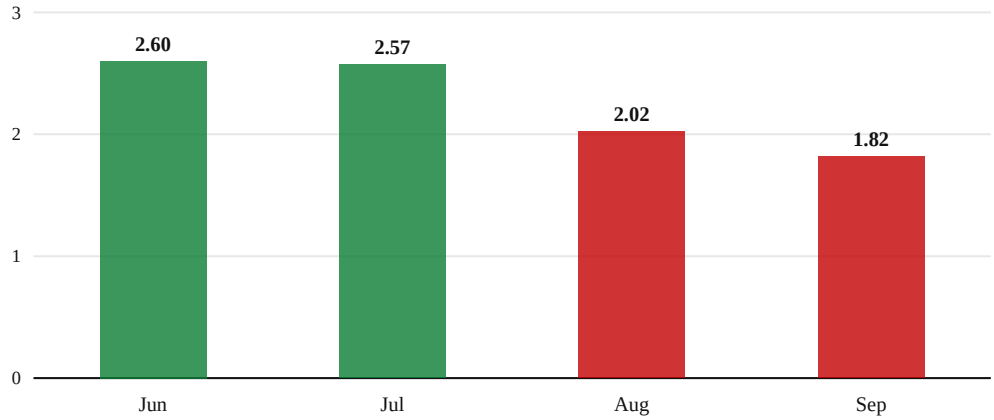
8.0 The Buyers

India, China and Turkey

India: -30% since Jul

Rubio singled out India as still getting “a substantial amount of energy from Russia”. Its imports of Russian crude had already fallen from 2.6 million barrels a day in June to 1.8 million in September as refiners braced for the law; Kpler expects about the same in October. China has taken up the slack, with seaborne imports of 1.5 million barrels a day in September. The waiver lets both continue without the risk of US penalties.

Exhibit 5. India: imports of Russian crude, 2026 (million barrels a day)



pre-emptive cut

Source: Kpler via PTI. Colour marks the fall after the Act passed Congress.

9.0 Europe

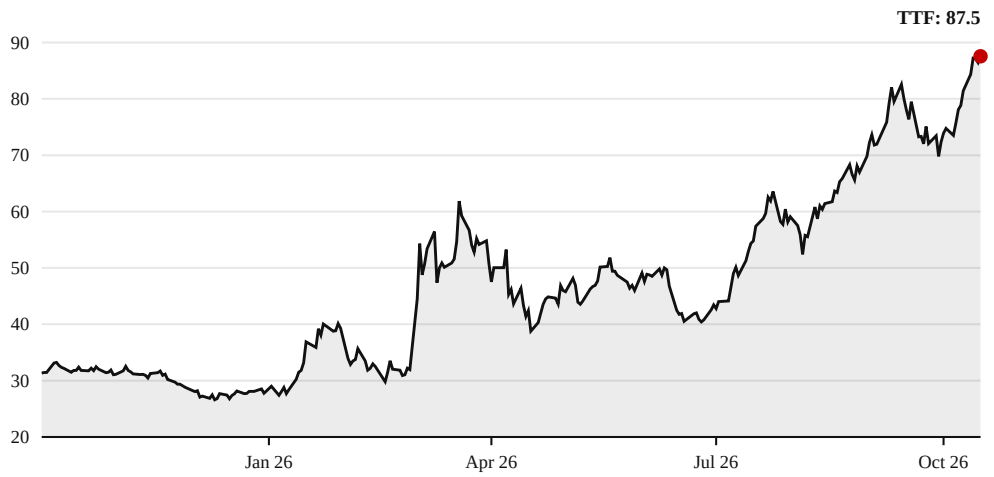
Gas, sanctions and defence

Europe has rejected the American approach. The European Council “regrets” the US decision on diesel, the Commission restated on 19 October that no sanctions will be eased until the war ends, and the EU’s ban on Russian LNG takes full effect at the end of 2026, with pipeline gas to follow in 2027. Yet the EU still bought about €1.4bn of Russian gas in September, and TTF gas prices are up 211% this year as Gulf LNG has been disrupted.

EU: more, not less

LNG ban end-2026

Exhibit 6. Dutch TTF natural gas, € per MWh



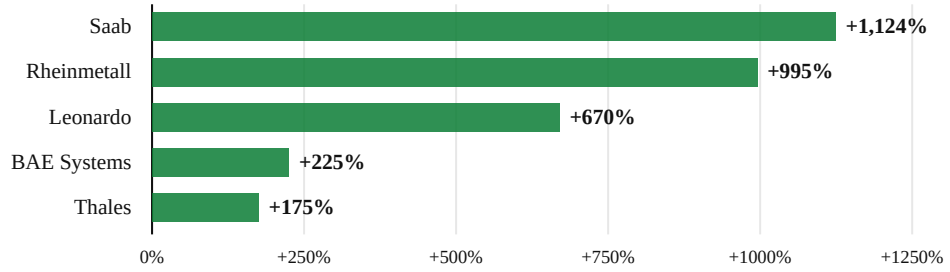
tripled in 2026

Source: Yahoo Finance front-month futures.

defence: +1,000% since 2022

For defence stocks, the waiver cuts both ways. A US step back from pressuring Moscow raises the burden on Europe, which helped Rheinmetall and Leonardo on Friday; but any move towards a settlement lowers the urgency of rearmament, which weighed on them on Monday. The sector has multiplied since February 2022 but most of it is down this year as peace talks resurfaced.

Exhibit 7. European defence shares since 23 February 2022 (%)



Saab, Rheinmetall: x10+

Source: Yahoo Finance closes; Andra Markets calculations. Year to date: Rheinmetall −32.1%, Saab +20.5%, BAE +13.9%, Leonardo +0.3%.

10.0 Politics

Congress, Kyiv, the Kremlin and Beijing

The reactions follow predictable lines. In Moscow, envoy Kirill Dmitriev called the waiver "a truly historic moment". In Kyiv, President Zelensky said it "definitely helps only the Russians"; Bessent, responding to Zelensky's separate complaint about Starlink, warned him to "be very careful". The next test is diplomatic: according to the Wall Street Journal, Putin proposed a three-way meeting with Trump and Xi Jinping, without Ukraine, possibly at the APEC summit in Shenzhen on 18 and 19 November. Rubio said such a meeting had been discussed but not finalised.

Dmitriev: historic

summit at APEC?

Exhibit E. Reactions to the waiver

Actor	Position
Treasury (Bessent)	"no sanctions have been lifted"; only the diesel embargo eased
Kremlin (Dmitriev)	"a truly historic moment"
Ukraine (Zelensky)	"helps only the Russians"; "a gift"
European Commission	no easing of sanctions until the war is over (19 Oct)
US Senate Republicans	Tillis: "beyond irresponsible"; Cornyn critical; Collins urged rescinding the diesel deal
US Senate Democrats	Schumer: "the best birthday gift" for Putin
India	warned the Act's tariffs could hurt bilateral ties (before the waiver)

bipartisan anger

Sources: ABC News; RFE/RL; Reuters; Kyiv Independent; European Commission; Moscow Times (secondary for some quotes).

11.0 Scenarios

After the 60-day review

base case: drift

We see three paths for mid-December. In our base case the waiver stays in place while talks continue, keeping Russian oil flowing to Asia and leaving the EU to carry the pressure alone. A deal at or after APEC could lead to formal US relief, while a breakdown, or pressure from Congress, could revive the Act's tariffs. For oil, the Gulf matters more in all three.

Exhibit F. Scenarios for the 60-day review (to mid-December)

Scenario	Probability	Oil	Europe / defence	Rouble
Drift: waiver stays, talks continue	50%	neutral	EU sanctions stay; defence range-bound	stable
Deal: summit, formal US relief	25%	lower (−$3 to −5)	transatlantic split; defence lower	stronger
Reversal: Act tariffs reimposed	25%	higher (+$5 to +10)	defence higher; India tariff risk	weaker

judgemental

Andra Markets scenarios; probabilities and price effects are judgemental estimates, not forecasts.

12.0 Winners and Losers

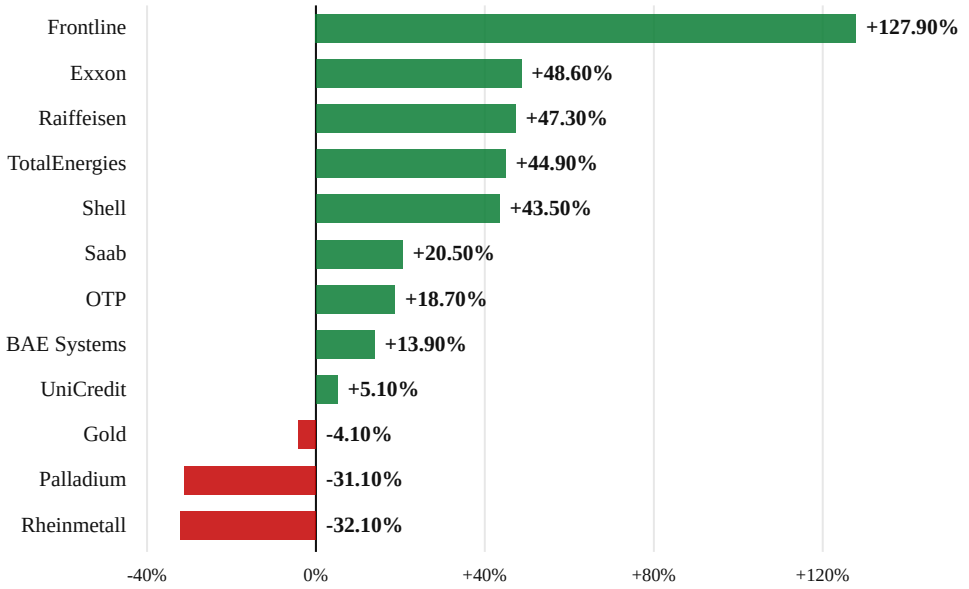
Assets exposed to the decision

The clearest market signal came from shipping before the order was even signed. When Washington floated relief for the shadow fleet on 15 October, Chinese tanker owners such as COSCO Energy fell as much as 13%, because sanctions on Russian tankers had been pushing charter rates up for compliant fleets. Western majors and traders remain driven by the Gulf: Shell, TotalEnergies and Exxon are up more than 40% this year.

tankers: biggest swing

Chinese tankers -13%

Exhibit 8. Exposed assets: change in 2026 to date (%)



shipping and oil win

defence and palladium lag

Source: Yahoo Finance; Andra Markets calculations. Palladium is a proxy for Nornickel; Raiffeisen, OTP and UniCredit have the largest Russian or regional exposure among European banks.

Exhibit H. Who gains and who loses from the waiver

Group	Effect	Why
Russian state budget	positive	buyers keep taking crude without US tariffs
Indian and Chinese refiners	positive	no secondary tariffs; discounted crude
Shadow-fleet operators	positive	no new US designations
Compliant tanker owners	negative	less pressure on fleet supply and rates
Ukraine (bonds, financing)	negative	less pressure on Moscow; EU must fund more
European defence	mixed	Europe carries more weight; but peace talk risk
US diesel consumers	slightly positive	$1 to $2 a barrel, per Goldman

Moscow wins most

Andra Markets assessment based on the sources in this report.

13.0 What We Are Watching

Indicators and dates

The calendar is dense. The licence for the sale of Lukoil's foreign assets expires on 22 October, the Bank of Russia meets on 23 October, and the APEC summit in Shenzhen follows in November. The diesel cargoes themselves will show whether the deal is real.

Lukoil: 22 Oct

verdict: a waiver for cheaper diesel, not peace. oil still trades on Hormuz, Europe stays alone on sanctions

Exhibit G. Indicators to watch

Indicator	Latest	Why it matters
First Russian diesel cargoes to the US	300,000 t promised	test of the deal
Lukoil foreign-asset licence (GL 131J)	expires 22 Oct	signal on existing sanctions
Bank of Russia decision	23 Oct; 14% rate	pressure on the economy
India’s Russian crude imports	1.82 mb/d (Sep)	whether buyers return
Urals discount to Brent	~$23 (Sep)	pricing power of Russia
Hormuz flows	~11 mb/d	the real driver of oil
Trump-Putin-Xi meeting	proposed for APEC, 18-19 Nov	path to a settlement

dates to diary

Andra Markets selection; dates from OFAC, the Bank of Russia and APEC.

Methodology and Source Notes

Method. This report combines official texts, legal analysis and press reporting on the 16 October order with market data computed by Andra Markets from Yahoo Finance prices (intraday on 19 October). Russian economic data come from official sources via Reuters and other outlets; where only secondary sources were available they are attributed as such. Scenario probabilities are judgemental. Handwritten notes and highlights are informal commentary by the desk. This note is analysis, not investment advice.

Principal sources. White House; US Treasury and OFAC; European Commission; EU Council; IEA Oil Market Report (October 2026); EIA; Bank of Russia; Russian Finance Ministry via Reuters; IMF; Kpler; Vortexa; CREA; Clarksons; Goldman Sachs via CNBC and Benzinga; Energy Aspects via Reuters; Reuters; ABC News; RFE/RL; Fortune; Axios; Wall Street Journal via Kyiv Post; Council on Foreign Relations; Squire Patton Boggs; Clyde & Co; Yahoo Finance.

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