

Fujairah

New Silk Road

WEEKLY NEWSLETTER

EXCLUSIVE INSIGHTS /// ACTIONABLE INTELLIGENCE /// DATA TRENDS /// LATEST NEWS

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“TODAY, THE ONLY CERTAIN THING IS UNCERTAINTY.”

H.E. Mohammad Sanusi Barkindo, Secretary General, OPEC

Exclusive The 10th Gulf Intelligence UAE Energy Forum 2020

Moderator: Manus Cranny, Anchor, Bloomberg TV
H.E. Mohammad Sanusi Barkindo, Secretary General, OPEC

Moderator: How do we de-escalate the tensions at play between Iran and the US?
H.E. Mohammad Sanusi Barkindo: I'm only dealing with supply and demand, balances of oil at stock levels and issues of climate change. We remain confident that our leaders in this region are currently doing everything possible to restore normalcy before it spirals out of control. Over the last 60 years, OPEC has faced several challenges, including wars, invasions and six oil price cycles. Each time we tried to insulate ourselves from geopolitics and depoliticize oil, a beautiful resource. We will continue to do this to remain reliable and dependable suppliers.

Moderator: Does OPEC+ stand ready to do whatever it takes?
H.E. Mohammad Sanusi Barkindo: It's about facing the situation of uncertainty. In this world today, the only thing that is certain is uncertainty. The world should commend these 24 countries, diverse as they are, coming together to ensure stability and security of supply to consuming nations. **Edited transcript*

CONTINUED ON PAGE 3



Fujairah Average Oil Tank Storage Leasing Rates*

BLACK OIL PRODUCTS

**Average Range
\$3.50 - \$4.10/m³**



↑ Highest: \$4.50/m³

↓ Lowest: \$3.20/m³

*Time period: Weekly

Source: GI Research

Fujairah Weekly Oil Inventory Data

5,846,000 bbl
Light Distillates



4,295,000 bbl
Middle Distillates



10,265,000 bbl
Heavy Distillates & Residues



Source: FEDCom & S&P Global Platts

Insights brought to you by:



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THE WEEK In Numbers

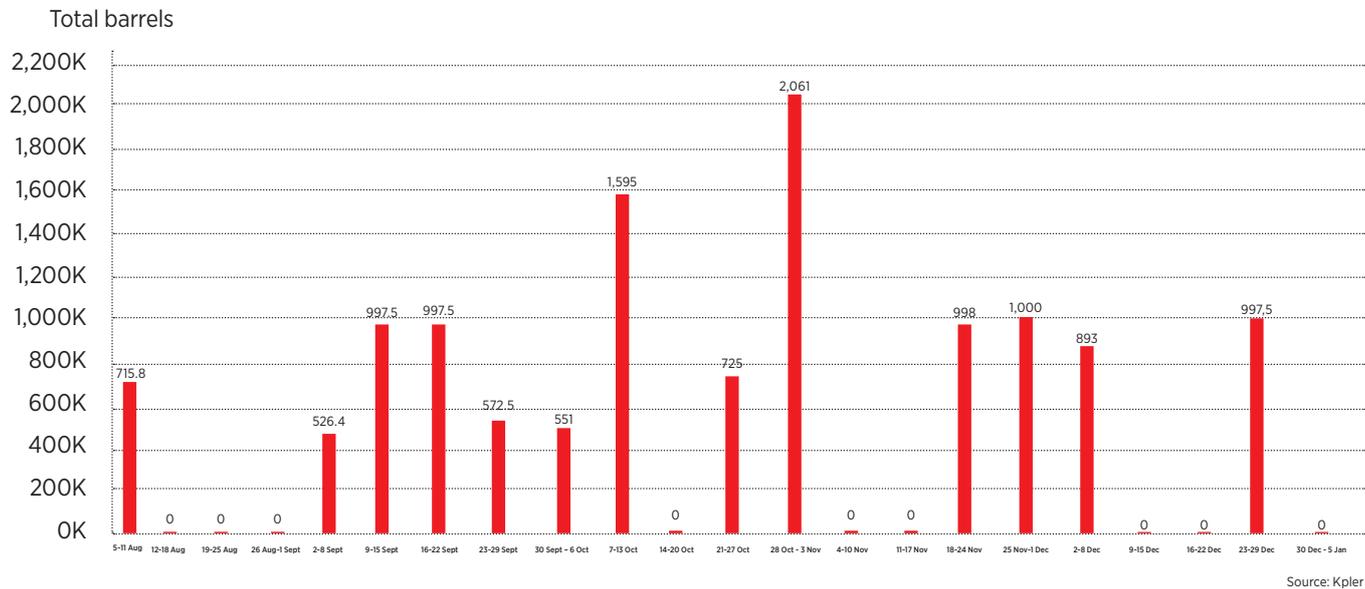


Weekly Average Oil Prices

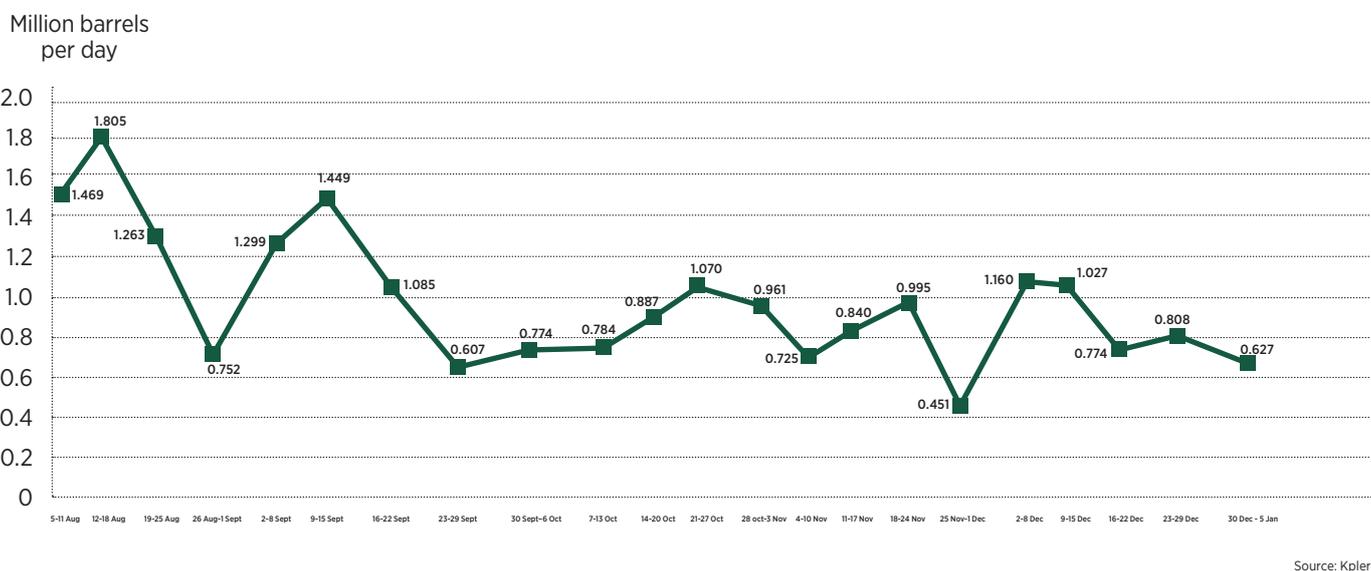
Brent Crude:	\$64.60/bbl
WTI Crude:	\$58.54/bbl
DME Oman:	\$64.90/bbl
Dubai:	\$63.58/bbl

Time Period: Week 3, January 2020
Source: IEA, OilPrice.com, GI Research

Weekly Imports of Heavy Sweet Crude into Fujairah



Total Refined Product Exports from the GCC to Asia-Pacific





CONTINUED FROM PAGE 1

Moderator: Oil security is a big global concern. Saudi Aramco's facilities were attacked in September. Now, it's a publicly listed company. Have you spoken to Prince Abdulaziz bin Salman, and what was the general sense from the Saudis?

H.E. Mohammad Sanusi Barkindo: We have had several discussions, including with Prince Abdulaziz bin Salman, the current Energy Minister, that the listing of Aramco will in no way affect the leading role of the Kingdom of Saudi Arabia within OPEC and the OPEC+. They have demonstrated that, including on the 5 and 6 December when he led in the decision-making that turned out to be a saviour for the market. What we now see in Q1 and Q2 is that the market is much more comfortable with the decisions we have taken. There is no cause for alarm.

Moderator: What are people most concerned about in the conversations that you've had?

H.E. Mohammad Sanusi Barkindo: The issue of spare capacity is a function of investment in the industry. In 2015 and 2016, we saw an unprecedented sharp contraction in investments by an accumulative 50% or so, as a result of the downturn. In 2017, we only saw about 3% uptake investments. In 2018, the numbers are around 7% and the jury is still out on 2019. The issue of spare capacity will come to the fore if there is a risk to security of supply. What we should focus on is how do we overcome the challenge of investment? We are already behind in terms of numbers and the continuous forward curve is forecasting slower growth. It's in the interest of the global economy for this industry to continue to attract predictable investments that will not only maintain the current supply to meet the current demand, but also to meet the growing demand and circumstances that nobody can predict.

Moderator: As we enter 2020, how does the demand side look?

H.E. Mohammad Sanusi Barkindo: The demand side has been a concern to us. We have seen revisions in terms of GDP growth globally from many reputable institutions. We have also seen corresponding revisions from demand across the board. Now, in respect of these revisions, we have been able to recalibrate our supply adjustments. We have also realigned our demand numbers.

Moderator: Should we expect a rollover of the agreement we had last December?

H.E. Mohammad Sanusi Barkindo: In December, we focused on the first two quarters of 2020. In Q1, our projections showed an oversupplied oil market of about 700,000 barrels, with about 900,000 barrels in Q2. Our permutations show that an additional adjustment of 500,000 barrels over the 1.2mn b/d will almost keep the market in check in the second half of this year.

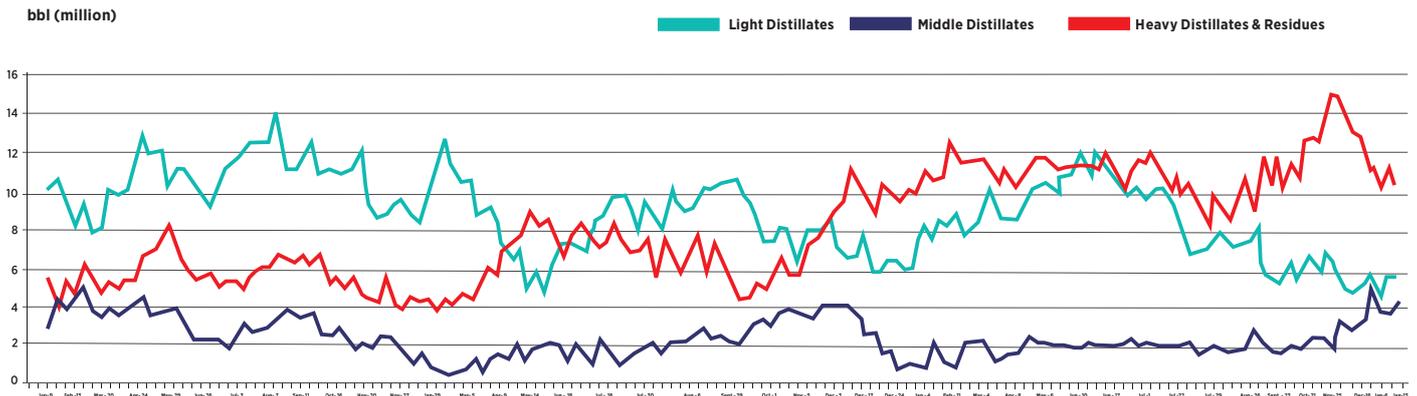
Moderator: What would be your message to the President of the US? Some say he is totally unpredictable.

H.E. Mohammad Sanusi Barkindo: We welcome the continued role of shale oil from the US and the new status of the US as the biggest producer, of not only crude oil but liquids. With that comes responsibility. It is a shared responsibility to maintain stable oil markets that are good for the US, good for producing companies in the US and for the country's consumers. OPEC alone cannot shoulder that responsibility. We invite the US to join us in this noble role and objective.

**Edited transcript*

Source: The 10th Gulf Intelligence UAE Energy Forum 2020

Fujairah Weekly Oil Inventory Data



TOP 10 TAKEAWAYS Monday, January 13

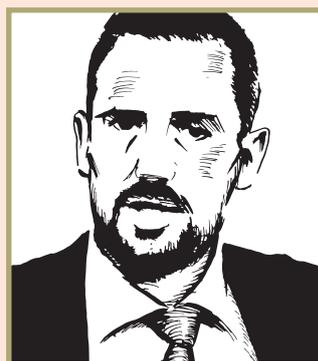
- Total oil product stocks in Fujairah stood at 20.406mn barrels, down by 1.6% week-on-week
- Stocks of light distillates slid by 40,000 barrels, to 5.846mn barrels.
- The East of Suez gasoline market appears mixed. Signs the market could bottom amid current season weakness. Should begin to rebound near spring.
- Considerable maintenance in 1Q 2020, mainly in the UAE and Saudi Arabia, which could keep gasoline balances tight.
- India's recent spot demand could continue ahead of the upcoming move to nationwide 10 ppm motor fuel specs in April.
- U.S. RBOB cracks have stabilized and should see a strong seasonal pickup into March.
- Stocks of middle distillates jumped by 17.9%, to 4.295mn barrels.
- Gasoil markets continue to look sluggish amid a bearish supply outlook. Sources said that while spot incremental demand from South and Southeast Asia remained a factor that was supporting the market, other variables, such as China's export volumes for the coming months, was still clouding sentiment.
- Arbitrage to move gasoil to Europe hampered by higher freight rates due to IMO 2020. Upside for gasoil may be limited due to shipowners' preference for higher viscosity 0.5% marine fuel. Still, prices of marine fuel 0.5% seen at lofty levels means traders said gasoil might still be pulled into the marine fuel pool.
- Stocks of heavy distillates fell by 8.4%, to 10.265mn barrels. Fujairah delivered 0.5% bunker prices down to \$685/mt on Tuesday. Supply tightness easing, but barge availability remains limited. Bunker supplies experience additional port delays in Fujairah due to continued bad weather, from 24 to 72 hours, one bunker supplier said.

Source: S&P Global Platts

"Prices are no longer reactionary to possible supply disruptions."

So, an interesting last seven days. Crude is trading exactly where it was, actually, where it seems to have traded for the last 12 months. There were some interesting speculations going on about where the flat price might be headed, bearing in mind the tensions in the Middle East we have seen so far this decade, plus the pacification of the US-China trade dispute. But, to be honest, crude hasn't reacted in a positive way at all. You wonder just how much the market had already priced in rising tensions and that a trade

deal was going to be agreed. I have made this point a trillion times... prices are no longer reactionary to possible supply disruptions. There is plenty of oil and plenty of people willing to stick their hands in their pockets to find some more. The driving force behind all price sensitivity is, and has been for the last 18 months, to do with demand. Now, I'm not saying demand is weak - it's not. I mean it's not great, but Arsenal drawing 1-1 with Palace is hardly great, but I'll take it. The issue is that demand can't keep up with how quickly supply is growing.



BY MATT STANLEY
SENIOR BROKER
STAR FUELS

There are myriad reasons as to why demand is levelling out - just ask Greta. Actually, don't do that, you'll only get an almighty HOW DARE YOUUUUU (shudders). So, I know the

question you're asking: On an average day, how many pigeons do you think you could reasonably carry on one arm? No, not that, but it's a very interesting question. No, the question is: Where are prices going in 2020? This is by no means a mankini conversation for those with a good memory. But for giggles, here goes - exactly where they are now. There you go. Bored? Well, you should be. Because what exactly, after all the "drama" we have had over the last three months, will cause Brent to break below 60/bbl or above 70/bbl? Answers on a postcard. You have my address after all those birthday cards I received last week. Oh wait. Good day.

January 16, 2020

GIQ EXCLUSIVE INSIGHTS

Every January, GIQ conducts a survey asking what the average price of Brent crude oil will be in the year ahead. Today, we take a look back at GIQ's EXCLUSIVE quotes to see how sentiment has fared over what has been a turbulent seven years.

Source: The Gulf Intelligence UAE Energy Forum 2013-2020, IEA

"Shale oil and gas development in the US will probably have minimal impact on global supply. I am not quite sure that the US will ever export its excess gas and oil."

H.E. Hasan Murat Mercan
Former Deputy Minister of Energy & Natural Resources
Turkey



2013

\$108.56/bbl



"US oil imports next year (2014) are supposed to be the lowest in 25 years. Even a relatively small increase in non-OPEC production will have a significant impact on the global oil balance and prices."

Robin Mills, CEO, Qamar Energy

2014

\$98.97/bbl

"We need to go back to the basics: does it make sense to produce at the current prices for all of the producers? The answer is obvious."

H.E. Suhail Al Mazrouei
Minister of Energy and Industry
UAE



2015

\$53.03/bbl

"It's looking ugly! The US fracking boom will end if oil stays in the \$30/bl range. US shale oil producers have no doubt gone through tribulations when OPEC opted to ring fence its market share and pump at full capacity."

Chris Faulkner, CEO, Breitling Energy



2016

\$45.13/bbl

"The demand growth outlook for 2018 is around 1.3mn b/d, but there's a lot of resilience, there's a lot of steam left in the shale revolution. But in our view, non-OPEC increases by some 1.6mn b/d over the course of this year."

Tim Gould, Head, Energy Supply Outlook Division, International Energy Agency (IEA)



2017

\$54.71/bbl

"What is the Trump phenomenon? There will be a big impact on oil prices through the US President's foreign policy actions and decisions. His policy towards Iran, Venezuela, and Russia."

Dr. Gal Luft, Co-Director Institute for the Analysis of Global Security



2018

\$71.34/bbl

"Over the past two to three years, geopolitics started to play a smaller role as market conditions and supply and demand took the lead. Now, we are back where geopolitics has more influence."

H.E. Suhail Al Mazrouei
Minister of Energy and Industry, UAE



2019

\$64.26/bbl

"I'm optimistic on prices. In the end, a trade war will be avoided. There will be a deal that Donald Trump can present to his electorate. It will not be much more different than what we used to have before."

Marios Maratheftis, Former Chief Economist, Standard Chartered

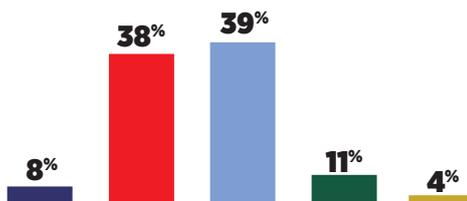


2020

?

Let's test our crystal ball skills. What will be the average price of Brent crude oil in the 2020s?

- A. Below \$40 a barrel
- B. in the \$40-\$60 range
- C. in the \$60-\$80 range
- D. in the \$80-\$100 range
- E. Above \$100 a barrel



Source: Survey results were harvested from the input of more than 350 government and high-level energy stakeholders in Q1, 2020

"The demand side is a concern to us."

H.E. Mohammad Sanusi Barkindo,
Secretary General, OPEC



ENERGY NEWS Highlights



UAE and Japan: crude oil storage deal

The three-year oil storage deal, which renews and expands a previous agreement that ended in 2019, allows ADNOC to store more than 8.1mn barrels of crude oil in Japan's storage facilities. Under the agreement, ADNOC can store crude oil in Japanese facilities and sell it to its customers, on the condition that specific quantities are provided to the Japanese market in the event of a shortage of oil supplies.

Source: Gulf News

"We would like to have a stable oil market, sustainable growth in terms of demand, sustainable growth in terms of supply and predictability."

**Prince Abdulaziz bin Salman
Minister of Energy, Saudi Arabia**



Source: International Petroleum Technology Conference 2020

Singapore: Mixed picture on IMO 2020 fuel supply

Information posted on the Maritime and Port Authority of Singapore (MPA) website indicates that 29 of Singapore's 45 licensed bunker suppliers have 0.5% sulfur fuel oil 'available now'. All but two have IMO 2020-compliant marine gasoil (MGO). Yet, there are still media reports that some shipowners are struggling because of a supply shortage and reports of delayed barge deliveries. Plus, Tradewinds' report claims a lack of compliant product has left Pacific International Lines ships stuck in Singapore.

Source: BunkerSpot.com



India: Oil demand to outpace every major economy

India's total energy demand is expected to double by 2040, while demand for electricity could even triple, due to the rising population and the fast-growing economy, the International Energy Agency (IEA) said.

Source: OilPrice.com



China's oil: Demand growth could halve in 2020

Chinese crude oil demand growth could be just half of the estimated growth for 2019, and the lowest growth pace since the financial crisis in 2008, according to forecasts of China's biggest oil firm, state-controlled China National Petroleum Corporation (CNPC).

Source: OilPrice.com



OPEC: Lower demand for oil, US hits milestone

The US, which has seen its output soar in recent years, powered by shale, will see total liquids output exceed a 20mn b/d milestone for the first time, OPEC forecasts in its market report released on January 15.

Source: Reuters

Equatorial Guinea to boost oil output in 2020

Equatorial Guinea aims to add 20,000 b/d to its production output by October, increasing production to 140,000 b/d. Noble Energy, Trident Energy and Kosmos Energy have made recent offshore discoveries, which are expected to yield positive results in the country's efforts to boost oil production.

Source: africaoilandpower.com