

Fujairah

New Silk Road

WEEKLY NEWSLETTER

JULY 2nd 2020
VOL. 36

Supported By:



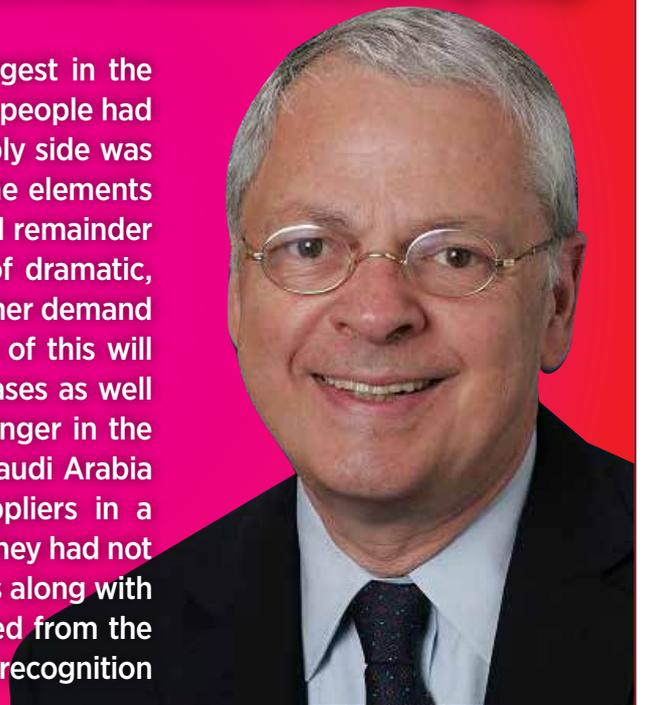
EXCLUSIVE INSIGHTS /// ACTIONABLE INTELLIGENCE /// DATA TRENDS /// LATEST NEWS

AN EXCLUSIVE GULF INTELLIGENCE INTERVIEW

“OIL MARKETS COULD SEE A RAPID TIGHTENING IN Q3”

Ed Morse, Global Head of Commodities Research, Citigroup

The demand shock in the second quarter was the largest in the history of the oil industry but in retrospect, milder than people had feared it could be. The action and reaction on the supply side was greater than expected and as a result, we now have the elements of what should be a very strong third quarter and good remainder of the year. We will certainly move from the period of dramatic, unprecedented inventory builds in Q2 to one where higher demand and lower supply lead to a tighter market. The extent of this will depend on factors like the recent surge in US Covid cases as well as other factors around the world. The main gamechanger in the past three months has been how Russia, the US and Saudi Arabia collectively recognized their interdependency as suppliers in a market facing a very dangerous collapse in demand. If they had not found a way to act together and to coax other countries along with them to trim supply, the world would not have emerged from the situation it was in. The question now is how durable that recognition of mutual interdependence will be.



CONTINUED ON PAGE 3

Fujairah Weekly Oil Inventory Data

7,919,000 bbl
Light Distillates



4,102,000 bbl
Middle Distillates



16,474,000 bbl
Heavy Distillates & Residues



Source: FEDCom & S&P Global Platts

Fujairah Average Oil Tank Storage Leasing Rates*

BLACK OIL PRODUCTS

Average Range
\$3.61 - \$4.38/m³



↑ Highest: \$4.50/m³

↓ Lowest: \$3.50/m³

Source: GI Research - Weekly Phone Survey of Terminal Operators

Insights brought to you by:



Publishing

Thegulfintelligence.com

THE WEEK In Numbers

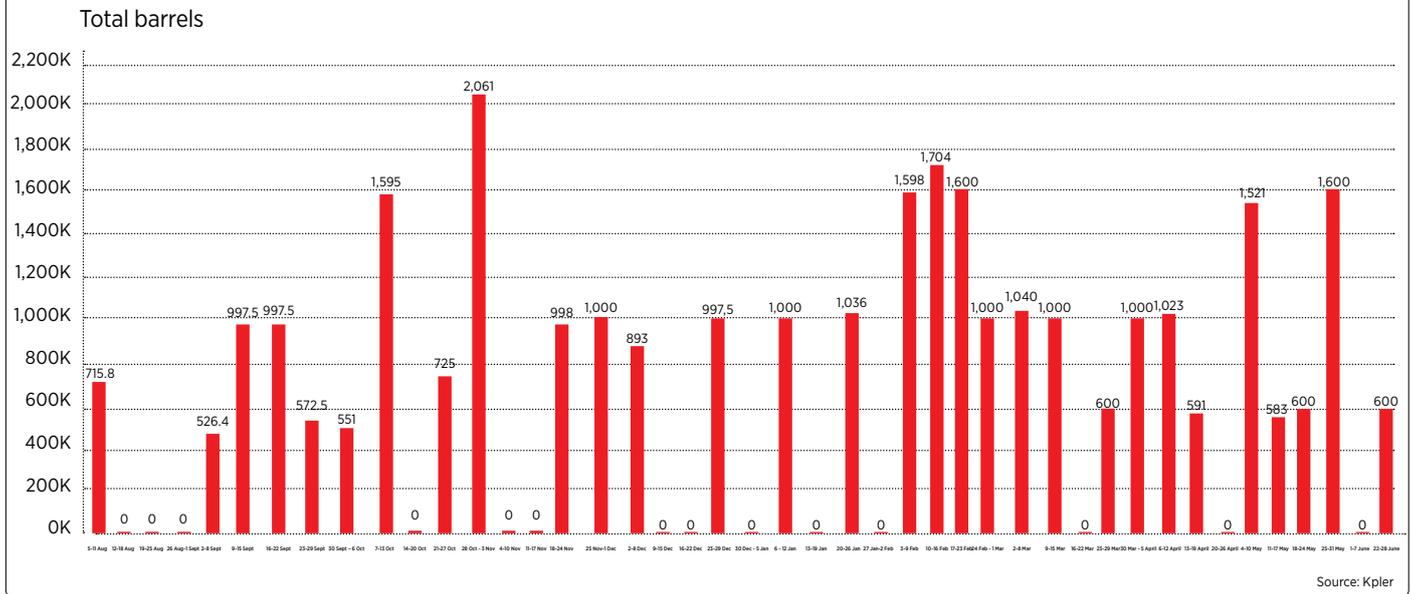


Weekly Average Oil Prices

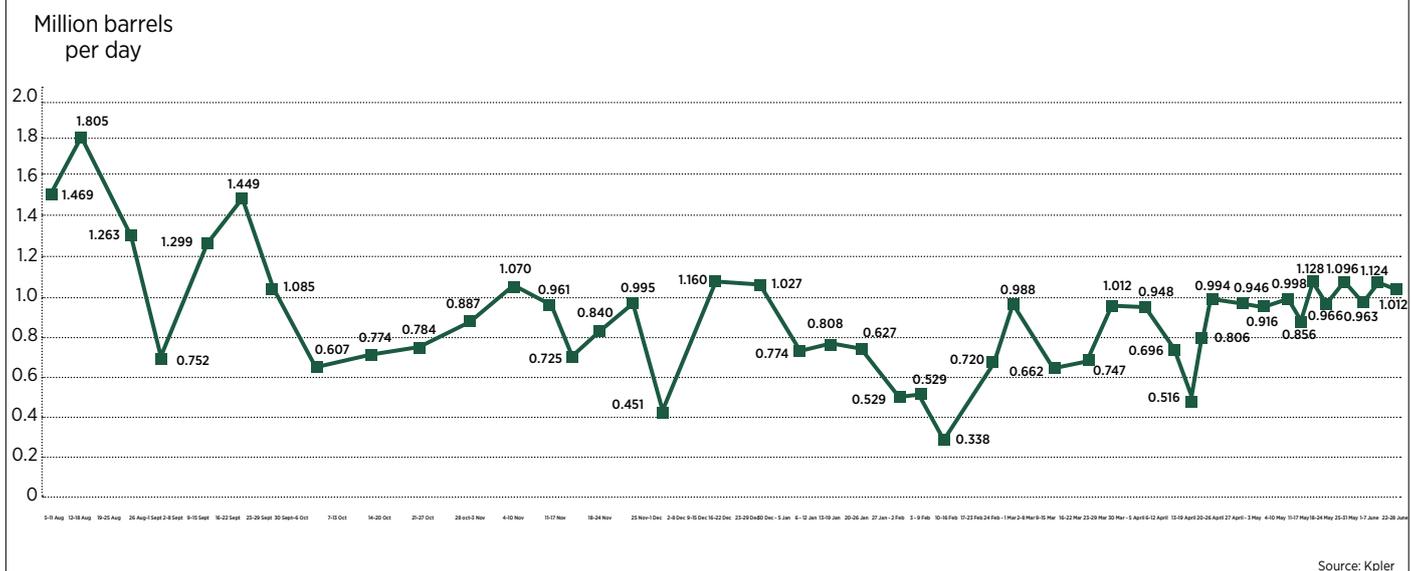
- Brent Crude:** \$41.65/bi
- WTI Crude:** \$39.48/bi
- DME Oman:** \$42.13/bi
- Murban:** \$42.02/bi

Time Period: Week 1, July 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

GIQ: How likely is it that this alignment on the oil price will sustain?

Ed Morse: There is real concern across the board about what the global recession will look like and that will keep them communicating. The OPEC+ group has moved to monitoring the market on a monthly basis to ensure the momentum continues. It will be interesting to see whether the US can also be brought into regular meetings through some other mechanism, such as the G20. This happened after the 2008 financial crisis, when the G20 was established in recognition of the fact that central banks in particular, needed to pool information more frequently and in a very politicized way.

GIQ: \$40 oil may be a viable price for the US in terms of an economic recovery but would \$70/bl be problematic?

Ed Morse: \$70/bl is not sustainable for anyone, partly because of the nature of the US shale industry and partly because of the nature of the global industry where we have seen new technology and seismic science ensure a continued supply of oil. The reality is that \$70/bl would bring us back faster to \$30/bl than \$50 or \$60/bl would.

GIQ: Has US production reached a floor or do you expect further downside?

Ed Morse: There's very little downside. The rig count is going to start to grow, slowly at first and then pick up speed. At \$35 or \$40 WTI, there is profitable oil to be exploited but it's not a level at which the system can grow. However, \$45 to \$50 would be and we see that price level being reached by the end of this year. We could see the US shale rig count back at 550 to 600 this time next year, but we expect shale producers to be more disciplined this time around. Unless there's a price level in the \$60 range, they won't spend too much of their cash flow on drilling again.

GIQ: What's your demand outlook for the third quarter?

Ed Morse: We expect late 2019 demand levels to take 18 more months to return and let's remember that the demand loss that we've had is not related to price. It is recession and unemployment driven. Even if demand as a whole does return, certain elements will

“WE COULD SEE THE US SHALE RIG COUNT BACK AT 550 TO 600 THIS TIME NEXT YEAR, BUT WE EXPECT SHALE PRODUCERS TO BE MORE DISCIPLINED THIS TIME AROUND. UNLESS THERE'S A PRICE LEVEL IN THE \$60 RANGE, THEY WON'T SPEND TOO MUCH OF THEIR CASH FLOW ON DRILLING AGAIN.”

never recover fully – the drivers of jet fuel demand for example, such as business travel, have changed permanently.

GIQ: How will the US-China trade impact oil demand and prices in the second half of the year?

Ed Morse: The US started putting up trade barriers with a vengeance in 2018 and this has led to a direct drop in demand of 500,000 bbl. This won't return unless there is a return to trade and that's critically important for oil producers and the global economy. We need to find another way to get onto another foothold and I'm optimistic that we can, but for the two giant economies of the world, I don't see any easy resolution to the underlying elements of the trade dispute.

GIQ: What's your outlook for prices beyond 2021?

Ed Morse: We think Brent should get back to \$50/bl by the end of 2020 and possibly to \$60/bl in 2021 because of the postponement of a lot of capital spending. Companies are not going to rush in to spend so long as there is available production capacity so there might be a little bit of a gap on the supply side in 2023-2024 that can keep prices at the \$60 level.

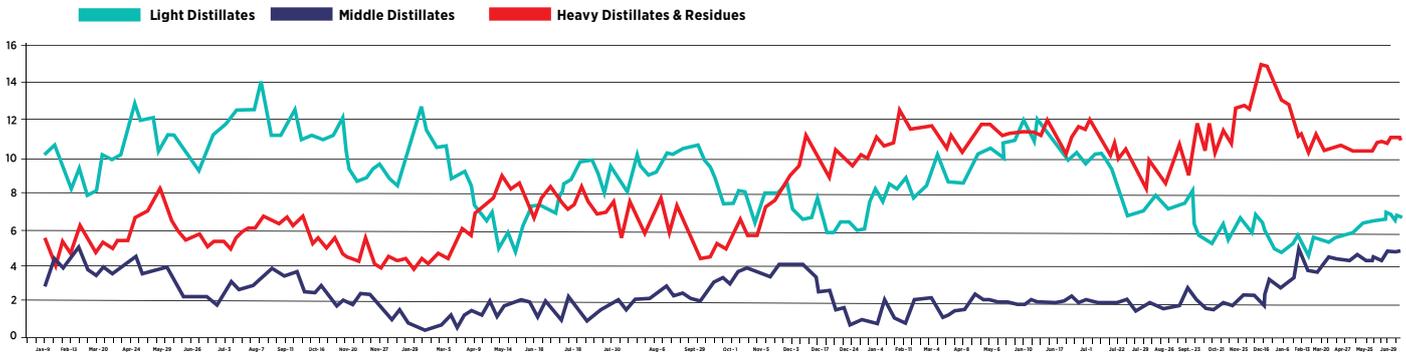


WATCH FULL INTERVIEW HERE

Fujairah Weekly Oil Inventory Data



bbl (million)



TOP TAKEAWAYS

- Total oil product stocks in Fujairah were reported at 28.495mn barrels, falling below the 30mn barrel level for the first time since late May. Stocks fell by 1.723mn barrels drawing down 5.7% week on week, with draws across all three stock categories.
- Stocks of light distillates fell by 325,000 barrels or 3.9% week on week. Total volumes stood at 7.919mn barrels. The East of Suez gasoline market was seeing an upbeat in sentiment and

demand-side support was being seen, particularly from North Asia. A faster than expected recovery in domestic demand for motor fuels as regional lockdowns continued to be eased, spurring some demand. Regionally, Pakistan's PSO was heard to be seeking 4,500mt of 97 RON gasoline for delivery over July 23-28 to Keamari terminal in a tender that closes on July 10, with validity until July 13.

- Stocks of middle distillates fell to 4.102mn barrels as they fell by 19.1% or 971,000

barrels. This is the first time they have fallen below 5mn barrels since early May and is the lowest level since April 20 when they stood at 3.553mn barrels. Gasoil found support as supply-side factors maintained an upward pressure on the middle distillate, bolstering prices. As with gasoline, the easing of Covid-19 restrictions was leading to budding demand from regional markets for gasoil.

- Stocks of heavy residues fell by 2.5%, drawing down 427,000 barrels on the week

to stand at 16.474mn barrels, the lowest level since the start of June. The market for bunkers in Fujairah saw a persistence of muted end user demand, leading to sellers starting to lower offers to find buying interest, sources noted. In the cargo market, prices for marine fuel 0.5% maximum sulfur cargoes have fallen from highs of around MOPS Singapore gasoil 10ppm minus \$15/mt to around minus \$40/mt, as demand has slumped in recent months.

Source: S&P Global Platts

Commodities

Oil prices jumped to start the new quarter with Brent futures up by 2% to close at \$42.03/bl and WTI up 1.4% to settle at \$39.82/bl. Inventories in the US fell by 7.2m bls last week although builds across much of the barrel meant that total petroleum stocks still increased by more than 1m bls. Oil production in the US was flat at 11m bd while product supplied fell almost 1m bd, a sharp weekly drop. Compliance with OPEC production cut targets improved in June with the aggregate level of compliance at over 100%. Saudi Arabia over delivered

as expected, providing almost 140% of what it was expected to cut while the UAE and Kuwait both achieved around 100%. But there was significant improvement from Iraq and Nigeria, two countries singled out for failing to hit their targets in May. Iraq improved its compliance level to 70% from 42% a month earlier while Nigeria hit 77% compared with 47%.

Equities

Equity markets were mixed to start the quarter. The S&P 500 managed to add 0.5% but European equities were broadly lower with the FTSE down 0.2% and the Dax off by 0.4%. Asian markets have

got off a strong start today, however, with the Nikkei, Hang Seng and Shanghai all gaining. Local markets were flat with both the ADX and DFM closing marginally lower while the Tadawul gained 0.4%.

FX

The dollar continued to operate around the 97.400 region for the majority of Wednesday, with the DXY index eventually falling to 97.120 in the evening. Coronavirus cases in the U.S. continue to accelerate at an alarming rate and the FOMC minutes meeting for June reiterated the Fed's reluctance to employ negative policy rates, maintaining a level of 0% - 0.25%. USDJPY retreated

from highs of 108.16 in the early hours of the session to trade at 107.50. The euro experienced varied movement for the day, but has consolidated modest gains to trade at 1.1260 after the safe-haven dollar weakened. Sterling also benefited from the dollar's shortcomings, advancing in the evening to breach both the 50-day (1.2421) and 100-day (1.2462) moving averages at 1.2480, following up on the UK's end of quarter gains. The AUD and NZD both recorded modest gains to trade at 0.6915 and 0.6490, with the former reaching a weekly high before pulling back.

Source: Emirates NBD

ENERGY MARKET NEWS

Recommended Reading **JULY 2nd, 2020**

- 1. IEA: GLOBAL ENERGY REVIEW 2020**
- 2. OPEC PRODUCTION FALLS TO THREE DECADE LOW**
- 3. OIL RALLIES ON BULLISH EIA INVENTORY DATA**
- 4. IMF: GULF ECONOMIES TO SHRINK BY 7.6% THIS YEAR**
- 5. INVESTORS ARE WAKING UP TO A POSSIBLE BIDEN VICTORY**
- 6. SYRIA'S OILFIELD NIGHTMARE**
- 7. COVID-19 IS CRUSHING THIS AFRICAN OIL EXPORTER**
- 8. US HOUSE PASSES BILL TO SANCTION CHINESE BANKS OVER HONG KONG**
- 9. SAUDI SHOPPERS RUSH TO BUY GOLD BEFORE TAXES TRIPLE**
- 10. BRITAIN OFFERS MILLIONS OF HONGKONGERS PATH TO CITIZENSHIP**



DAILY RECOMMENDED VIDEOS:

- **ED MORSE: "OIL MARKETS COULD SEE RAPID TIGHTENING IN Q3."**
- **WHO: SOME COUNTRIES MAY HAVE TO REINSTATE LOCKDOWNS AS COVID-19 PANDEMIC ACCELERATES**

Weekly Surveys

Has US rig count / production finally bottomed out?

50% No 50% Yes

Which of the following is likely to enjoy greatest economic growth in Q3?

19% EU 66% China 15% US

What big issue from Q2 will we carry forward as biggest issue to watch Q3?

36% Govt Stimulus 34% OPEC Cuts 30% Shale Production

What will Brent crude oil prices be by the end of 2020?

11% Under \$40 39% \$45-\$50 50% \$40-\$45

What is likelihood of Trump winning re-election?

4% No Chance 48% Unlikely 48% Doubt It

Source: GIQ

Too much wind?
Too much sun?
No problem.

We know how to capture surplus wind and solar power for later use: by transforming this green energy into gas and injecting it into the existing gas pipeline system. So we can use it to generate power and heat wherever and whenever they're needed. We make renewables flexible.

uni per

www.uniper.energy

Fujairah Spotlight

Ecomar Thinks Big After Fujairah Refinery Start-Up

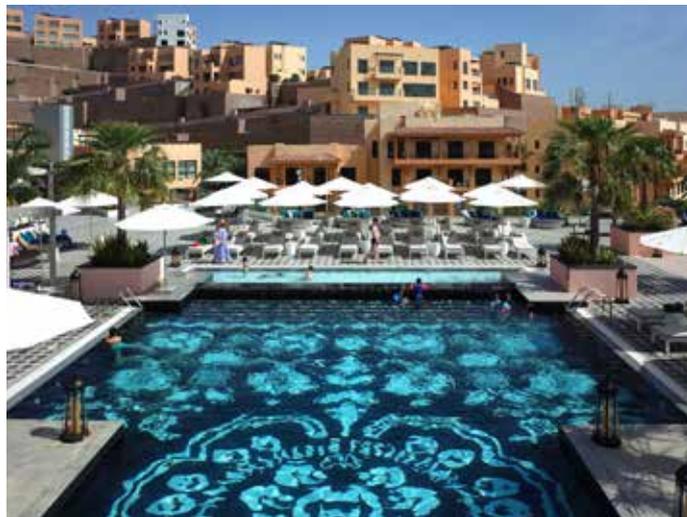
Fujairah's Ecomar Energy Solutions is looking to double crude distillation capacity and add upgrading capacity at a 15,000 b/d modular refinery at the Middle East's main bunkering port, having only begun commercial operations in March.

Source: Mees

UAE's BPGIC says limited impact from coronavirus on oil storage facilities

Brooge Petroleum and Gas Investment Co. (BPGIC) said that it was moving ahead with its oil storage expansion plans as there has been a limited impact from the coronavirus pandemic on the company's operations. BPGIC also reported that its 2019 revenue rose 23 percent from a year earlier to \$44m and gross profit climbed 29 percent from the prior year to \$34m.

Source: Arab News



Reopening responsibly: Fujairah public beaches, parks to welcome visitors

Beginning Monday, June 29, all public beaches and parks in Fujairah will reopen for visitors. People must maintain social distancing, wear masks and gloves, use hand sanitisers, along with other safety measures. As authorities have reiterated on several occasions in the recent past, it is critical for everyone to act responsibly and stay safe.

Source: Khaleej Times



Fujairah Oil Terminal eyes more investment in port storage, infrastructure

Fujairah Oil Terminal is looking to finalize plans to increase its storage capacity by 10% at the Port of Fujairah and connect its entire terminal, including crude oil storage tanks, to the VLCC jetty, according to the company's commercial director, Malek Azizeh.

Source: S&P Global Platts

Port of Fujairah
ميناء الفجيرة
PORT OF FUJAIRAH
THE MULTI-PURPOSE PORT
ONE OF THE WORLD'S LEADING ANCHORAGE, BUNKERING AND OIL STORAGE LOCATIONS

- Port of Fujairah
- VLCC Berth 1
- Cruise Ship Calls
- Container Yard
- ACCY Platform
- Crude Terminal
- Tank Storage
- Fujairah Anchorage
- Dry Bulk Cargo
- Bunkering & Trading
- Fujairah Oil Terminal Services (OTST)

P.O. Box: 787 Fujairah, U.A.E. Tel: +971 9 2228800 Email: info@portofujairah.ae

GIQ EXCLUSIVE SOUNDINGS

Oil Prices had their Best Quarterly Performance in 30 Years, but will the Trend Continue?

Over the last week, Gulf Intelligence has interviewed energy market experts in Asia, the Middle East, Europe and the US – the intelligence below is harvested from these exclusive briefings

- Robin Mills, Chief Executive Officer, Qamar Energy
- Mike McGlone, Senior Commodity Strategist, Bloomberg Intelligence
- Andy Laven, Chief Operating Officer, Sahara Energy Resources
- Bora Bariman, Managing Partner, Hormuz Straits Partnership
- James McCallum, Executive Chairman, Xergy & Professor of Energy, Strathclyde University
- Dr. Li-Chen Sim, Assistant Professor- Department of International Studies, Zayed University
- Tony Quinn, Operating Partner, Prostar Capital & CEO, Tankbank International
- Malek Azizeh, Commercial Director, Fujairah Oil Terminal
- Hamid Hamirani, Senior Economist, Ministry of Finance- Sultanate of Oman
- Shelly Trench, Managing Director, Boston Consulting Group
- Kevin Wright, Lead Analyst APAC, Kpler
- Rustin Edwards, Head, Fuel Oil Procurement, Euronav NV

Robin Mills, Chief Executive Officer, Qamar Energy

"We've been bouncing around the price of \$40/bl or slightly above for a while now. We're also seeing signs that although fuel demand has recovered considerably in some areas, the second wave or the continuation of the first wave of Covid-19 is still very much with us and is preventing a full recovery."

Mike McGlone, Senior Commodity Strategist, Bloomberg Intelligence

"We should expect a long slog and I see Brent at \$40/bl, much more likely to go towards \$30/bl, than sustained above \$50/bl. My outlook for WTI and Brent is quite bearish as we enter the second half of the year."

Andy Laven, Chief Operating Officer, Sahara Energy Resources

"My takeaway from Q2, 2020 is how robust the oil industry is. It doesn't mean it's always an easy industry, but it's amazing how things can change. And the industry reacts to it. Of course, we had bankruptcies in US Shale but that was expected as you can't always have high prices and demand for oil."

Bora Bariman, Managing Partner, Hormuz Straits Partnership

"Unlike the oil sector which has significantly recovered from its trough, the banking sector is still bouncing along the bottom. I believe that the banking sector is a forward indicator of what to expect in terms of deal flow and profitability and maybe questions the exuberance of some of the other sectors."

James McCallum, Executive Chairman, Xergy & Professor of Energy, Strathclyde University

"The energy sector doesn't yet feel positive about returning to full activity and we continue to have the record lows on rig activity in the US. So, at a base level, oil prices make one feel a little bit better but for the industry itself, it's not cascading through to capex spend yet and it'll be a long time before it does."

Dr. Li-Chen Sim, Assistant Professor- Department of International Studies, Zayed University

"One of the risks that I see is in governance now that prices have stabilized to a level which is comfortable for some oil producers. What compliance levels are we going to get into the third quarter? Are they going to be competing? All this will certainly have an impact on oil prices and oil governance relations."

Malek Azizeh, Commercial Director, Fujairah Oil Terminal

"I think it was more strategic that crude was kept in storage in this region, with a long term view. Our estimate is that crude storage in Fujairah will remain the same to the end of this year and moving into next year. This is evident in ship movements as well. We don't see much crude being loaded here and all that was discharged into the tanks area remains there for the time being."

Tony Quinn, Operating Partner, Prostar Capital & CEO, Tankbank International

"Moving into the third quarter of 2020, my view is that \$40/bl is the market and anything above that is not going to work well. Over the next two years, we will not see oil prices averaging anything more than \$40/bl."

Hamid Hamirani, Senior Economist, Ministry of Finance – Sultanate of Oman

"It is evident that capital is becoming scarce for fossil fuels and in the GCC, this will give us the opportunity to focus on sustainable cost optimization and revenue optimization so that whenever there is a pickup in oil prices, we will be in a position to really capitalize on it."

Shelly Trench, Managing Director, Boston Consulting Group

"NOCs have to think of new ways to create value and make the contributions that governments had expected of them even prior to the Covid-19 crisis. I believe moving into the second half of the year, we will see Middle East governments and players starting to open up their fundamental assets a little more to drive significant FDI into the region."

Kevin Wright, Lead Analyst APAC, Kpler

"Chinese inventories are at record levels at over 856mn barrels. Imports and refinery runs have both been strong. It's interesting to note that product exports, especially clean products, which have been a bit depressed in April and May, have started to recover in June. So, it all points to domestic inventories on clean product building."

Rustin Edwards, Head, Fuel Oil Procurement, Euronav NV

"There has been a steady increase in refinery runs for the last five weeks. This shows that demand is picking up and pricing power is starting to work. But although inventories are starting to drop, they're probably not drawing so quickly that refineries have to go from the current level to 90% overnight."

ENERGY MARKETS COMMENTARY WEEK IN REVIEW



GI
Gulf Intelligence
- We Facilitate Knowledge Exchange -

PODCAST
DAILY ENERGY MARKETS
NEW SILK ROAD

Rustin Edwards
Head, Fuel Oil Procurement
Euronav NV

Shelly Trench
Managing Director
Boston Consulting Group

Kevin Wright
Lead Analyst APAC
Kpler

Thursday July 2nd, 2020

GI
Gulf Intelligence
- We Facilitate Knowledge Exchange -

PODCAST
DAILY ENERGY MARKETS
NEW SILK ROAD

Tony Quinn
Operating Partner, *Prostar Capital*
CEO, *Tankbank International*

Hamid Hamirani
Senior Economist
Ministry of Finance
Sultanate of Oman

Malek Azizeh
Commercial Director
Fujairah Oil Terminal

Wednesday July 1st, 2020

GI
Gulf Intelligence
- We Facilitate Knowledge Exchange -

PODCAST
DAILY ENERGY MARKETS
NEW SILK ROAD

James McCallum
Executive Chairman, *Xergy*
Professor of Energy
Strathclyde University

Dr. Li-Chen Sim
Assistant Professor
Department of International Studies
Zayed University

Bora Bariman
Managing Partner
Homuz Straits Partnership

Tuesday June 30th, 2020

GI
Gulf Intelligence
- We Facilitate Knowledge Exchange -

PODCAST
DAILY ENERGY MARKETS
NEW SILK ROAD

Andy Laven
Chief Operating Officer
Sahara Energy Resources

Mike McGlone
Senior Commodity Strategist
Bloomberg Intelligence

Robin Mills
Chief Executive Officer
Qamar Energy

Monday June 29th, 2020

GI
Gulf Intelligence
- We Facilitate Knowledge Exchange -

PODCAST
DAILY ENERGY MARKETS
NEW SILK ROAD

Keith Martin
CEO
LNG to Power Ltd.

Christof Rühl
Senior Research Scholar
Center on Global Energy Policy
Columbia University

Omar Najja
Global Head, Derivatives
BB Energy

Sunday June 28th, 2020

**CLICK HERE
TO LISTEN**

DAILY ENERGY MARKETS WEBINAR **June 28th - July 2nd** NEW SILK ROAD “LIVE”



EXCLUSIVE

TOP 10 MARKET OBSERVATIONS FOR THE WEEK

- 1.** Stimulus bazookas may continue to deliver glass half-full sentiment to markets.
- 2.** China is still demonstrating the best capacity to wrestle Covid-19 under control, and hence deliver real economic growth.
- 3.** OPEC+ is likely to continue to be a non-story and do what it says on the tin – cut oil supplies a lot.
- 4.** The desert mirage optimism of a “V” shaped economic recovery is fading, and with it the financial markets will evaporate.
- 5.** The jury is still out on whether US oil production has bottomed out in this cycle.
- 6.** When in doubt with all of the forecast noise, look at power demand for a crystal ball outlook as it is rising in Europe.
- 7.** China oil imports are set to decline in Q3, removing major pillar underpinning market recovery in Q2.
- 8.** Asia is still looking to the US to lead the world economy back to life – they may be disappointed.
- 9.** The draw on US oil inventories this week is likely to be more about supply cuts rather than demand recovery.
- 10.** OPEC+ compliance with oil cuts is playing a significant role in keeping prices close to \$40/bl, but the market still remains fragile.

OUTLOOK FOR GAS – Q3, 2020

Keith Martin
CEO
LNG to Power Ltd

“WHEN FORECASTING, PEOPLE TEND TO ONLY CONCENTRATE ON INDICES, BUT POWER CONSUMPTION IS A GOOD SIGNAL TO FOLLOW.”

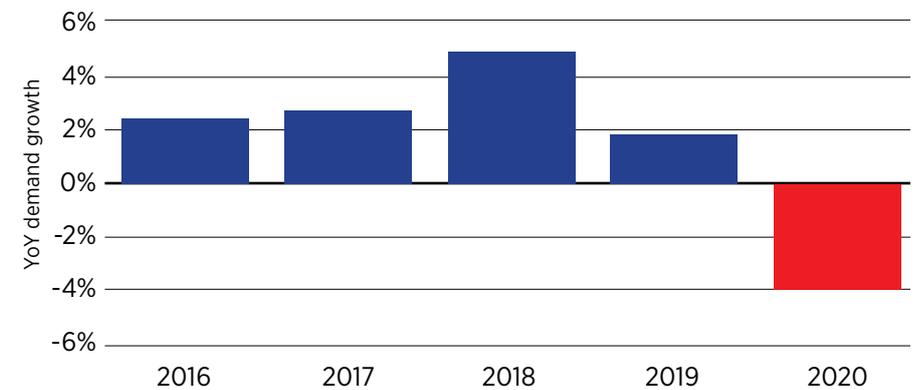
Gas Demand Recovery

Electricity production and power consumption are on the rise. We are definitely looking at a “U” shape recovery with Europe now easing travel restrictions and China leading the way for economic growth. Gas is picking up. However, the biggest concern for Q3 is a potential resurgence of Covid-19 in the US. There have been a few key states that have reversed lockdown policies and put restrictions back into place. How long will it take for the US to get the virus under control?

Outlook for LNG

It is a great time to be an LNG buyer. For downstream players, there is a huge supply of gas at prices that you wouldn't believe were possible. You have a tremendous amount of flexibility that's underpinned by a lot of gas in storage in Europe and Asia. Furthermore, gas is simply not

Global natural gas demand growth, 2016-20



Source: International Energy Agency (IEA)

needed right now from the US and many cargoes have been cancelled. This has heightened the current bearish tone that we are seeing in markets. However, LNG demand will continue to rise over time, coupled with an increase in infrastructure

developments. At the moment, there are tough times ahead for producers until we see the impacts of the upcoming winter season. Will winter help draw down gas that's in storage and create a healthier price environment for upstream players?

US ECONOMIC OUTLOOK - Q3, 2020

Omar Najia
Global Head of Derivatives
BB Energy

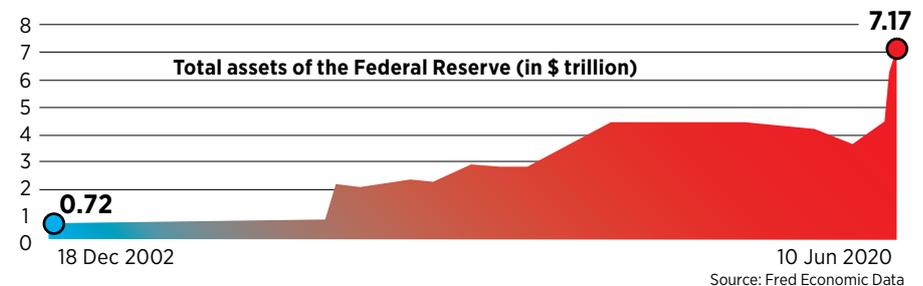
“IT'S ALWAYS DIFFICULT TO FORECAST WHERE WE ARE GOING TO BE IN THREE MONTHS, LET ALONE THREE DAYS.”

The S&P 500 Will Set New Lows

There is a difference between physically seeing improvements and the reality of the overall situation. Yes, people will start to get out more, drive more, and go on holidays. However, the reality is the US Federal Bank has been printing trillions of dollars over the past several weeks. President Donald Trump is saying that debt does not matter, and many people are starting to echo this. It's up to you if you want to believe it or, instead, take a more historical perspective. It is very rare to be able to print and borrow your way to an economic recovery. World economies don't work like that. We see massive unemployment levels, reduced consumer spending, and low levels of demand as a result. More economic

Sudden surge

In the weeks from 26 February to 10 June, the Federal Reserve balance sheet size jumped to \$7.17 trillion. This was on the back of money worth \$3 trillion being printed and pumped into the economy in a bid to kickstart recovery.



Source: Fred Economic Data

\$7.17 Trillion the size of the US Federal Bank's current balance sheet Source: federalreserve.gov

data will start to emerge in Q3, and it will drive some sense of reality back into markets. We are going to set new lows on the S&P 500, ranging from

2100 points all the way down to 1700 points. But the bottom line is...if WTI crude oil hits the low \$30s/bl in Q3, then you should buy it.

ECONOMIC OUTLOOK

Top 3 Signals to Monitor in Q3, 2020

Signals: indicators that are used to interpret the potential performance of markets in the future.

Christof Rühl
Senior Research Scholar, Center on Global Energy Policy
Columbia University

1. Demand Recovery

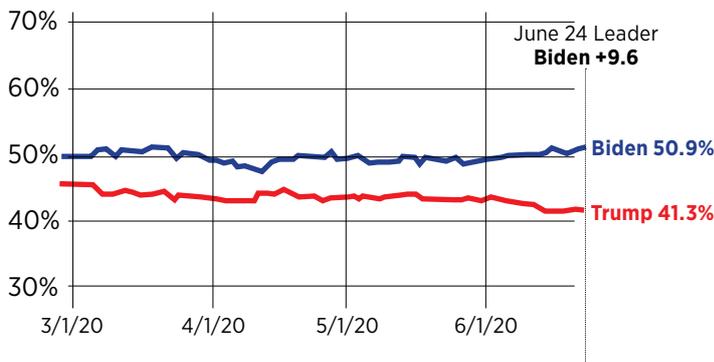
We are starting to see the beginning of a recovery everywhere, especially in Europe and Asia. We are also now entering the summer holiday season, which will have a positive impact on global energy demand and consumption. However, we should not get ahead of ourselves. Even if energy demand were to increase by 85% from current levels, it would still only be a third of what it used to be. We are not getting close yet to historical numbers.

2. Unexpected Geopolitical Hotspots

Most of us have our suspicions surrounding recent geopolitical events involving China and India. There is an unpleasant situation occurring on the border. China is throwing its weight around, leveraging India's nationalist leadership, inability to contain Covid-19, and ongoing struggle to build the economy back up. My hope for Q3 is that we don't see geopolitical hotspots emerging in corners of the world that were not expected.

Who's ahead in the national polls?

An updating average of 2020 presidential general election poll's, accounting for each poll's quality, sample size and recency



3. US Presidential Election

Q3 will not only be dominated by headlines on Covid-19. The US Presidential Election is set to take place in November. I would not be surprised if the Trump Administration makes some adjustments on economic policy, geopolitical posturing, or on the military side, to help keep their chances of re-election alive. If nothing extraordinary happens, then he's gone. By the end of Q3, we will have a clearer picture of President Trump's chances for a second term in office.

Source: Gulf Intelligence Daily Energy Markets – New Silk Road “Live”, FiveThirtyEight, *Edited Text

CLICK HERE
VOTE NOW

TRADING

REFINING

PORTS

STORAGE

SHIPPING

Gulf Intelligence
– Presents –

THE ARAMCO TRADING
NEW SILK ROAD

CEO

– OF THE YEAR –

AWARDS
2020

FUJAIRAH



Consultancy
Intelligence
Publishing