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Fujairah New Silk Road WEEKLY NEWSLETTER

Supported By:
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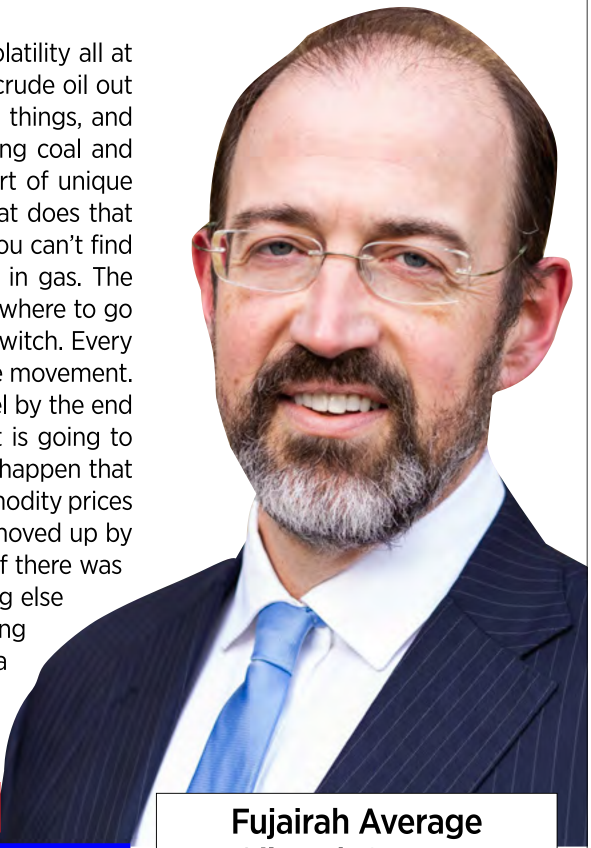
EXCLUSIVE INSIGHTS /// ACTIONABLE INTELLIGENCE /// DATA TRENDS /// LATEST NEWS

"There's Nowhere To Turn for Comfort Across Commodities Markets!"

Dave Ernsberger, Global Head of Commodities Pricing S&P Global Commodity Insights



We've certainly never seen so many different markets demonstrating volatility all at the same time as they're doing right now. It's not just gas in Europe or crude oil out of Russia or gasoline in the US or jet fuel in Singapore. It's all of those things, and then there are many more markets beyond that such as iron ore, coking coal and container rates. What makes the volatility that we are seeing today sort of unique is that all of the commodity markets are volatile at the same time. What does that mean? It means that there's no alternative. If you're in the gas market, you can't find an alternative in oil. If you're in the coal market, there's no alternative in gas. The issue around volatility is that it is near universal, which means there's nowhere to go for comfort. There's nowhere to go for relief. There's nowhere to go to switch. Every market you look at, in its own right, is experiencing historic levels of price movement. Looking forward to next year, we see oil prices being around $80 a barrel by the end of 2023 but that shouldn't be taken to mean that we think the market is going to be stable between now and then. There are plenty of events that could happen that could create massive volatility in both crude pricing specifically and commodity prices more generally, including an end to the war. The price of commodities moved up by about 20% or 30% after the invasion. It could easily do the same again if there was a significant escalation in the form of tactical nuclear warfare or anything else that gets talked about. Just the war in Ukraine itself could lead to a swing of 30% up or down in prices or more at this point. So, we think it'll be a very, very volatile road between here and the end of next year but we end up fundamentally from a supply demand perspective, being in a very similar place.

CONTINUED ON P 3

Fujairah Weekly Oil Inventory Data

7,218,000 bbl	3,169,000 bbl	12,071,000 bbl
Light Distillates	Middle Distillates	Heavy Distillates & Residues



Source: FEDCom & S&P Global Platts

Fujairah Average Oil Tank Storage Leasing Rates*

BLACK OIL PRODUCTS

Average Range
$3.57 - 4.06/m³

↑ Highest: $4.50/m³
↓ Lowest: $3.20/m³

Weekly Average Oil Prices

Brent Crude:	$91.87/bl
WTI Crude:	$84.73/bl
DME Oman:	$88.61/bl
Murban:	$92.15/bl

*Time Period: Week 3, Oct 2022
Source: IEA, OilPrice.com, GI Research

Fujairah Weekly Bunker Prices

VLSFO
High = $745.00/mt
Low = $692.50/mt
Average = $716.00/mt
Spread = $52.50/mt

MGO
High = $1,325.50/mt
Low = $1,265.00/mt
Average = $1,291.00/mt
Spread = $0.00/mt

IFO380
High = $405.00/mt
Low = $370.50/mt
Average = $388.00/mt
Spread = $34.50/mt

*Source: Ship and Bunker, *Time Period: Oct. 12 – Oct. 19, 2022*

Fujairah Bunker Sales Volume (m^3)

589 180cst Low Sulfur Fuel Oil	508,277 380cst Low Sulfur Fuel Oil	128,515 380cst Marine Fuel Oil
1,210 Marine Gasoil	29,287 Low Sulfur Marine Gasoil	5,269 Lubricants

Source: FEDCom & S&P Global Platts

Consultancy Intelligence Publishing

CONTINUED FROM PAGE 1

Dave Ernsberger, Global Head of Commodities Pricing S&P Global Commodity Insights

Was the OPEC+ decision to cut output a sign of demand destruction certainty?

Oil prices have actually fallen since then, for a number of reasons. But the core driver for all this volatility that we're seeing is, in my opinion, chronic underinvestment in capacity and storage, which was always there in the past but no longer here today. The decision to shut gas storage capacity in the UK over the last ten years is really hurting that country and although gas storage is virtually full in continental Europe right now, they won't last the winter if they continue to drive down stocks or if the weather gets cold. There just is not enough storage capacity. The other capacity shortage is supply, and that's perhaps the most important thing about OPEC's decision - it restored a million barrels a day of production capacity that it can bring to market in the future if it decides that it needs to. So, production capacity, storage capacity, and an investment climate against investing in fossil fuels and hydrocarbons, means there will only be pressure on capacity in the future from traditional fuel supplies, and we're going to pay the price for that for as long as we're unable to migrate to alternative fuels in the meantime.

Will OPEC do whatever it takes to defend a $90 oil price?

The risk of overcorrecting or over steering this market, as an alliance of producers, is that we are in a world of such unpredictable, uncertain, near and medium-term economics around the global economy and demand side responses. And of course, there's always the shadow over OPEC of whether they're doing this for the OPEC membership or the PLUS members. If it seems they are doing this for Russia, things could fall apart very quickly.

Has the change of crude and products flows this year adding to the volatility?

On the one hand it is, because of the number of legal sanctions that apply to procuring and consuming Russian hydrocarbons. The confluence of what is a legal requirement or a voluntary requirement, has roiled the spot markets. That question has rarely been as foggy as it has been this year and multinational and state-owned energy companies policies are shifting their requirements all the time as well. On the other hand, Russian energy has moved very efficiently, at quite a bit of cost to Russia, away from European markets and towards Asia. That's been a relatively efficient move that has actually kept the markets relatively stable. The economics of arbitrage and that flexibility has stopped the oil market from being completely in meltdown. I think Russia's probably selling about as much oil and gas to Asia as it will ever be able to do so the question for Russian energy is, how would they ever sell more because I don't know that China and India can particularly take too much more. And when the clock rolls over on a year after the invasion, Russia will be looking at a bit of a cliff edge event around its commodity markets. sanctions will have fully kicked in at that point and I don't think they'll be able to shift 2 million barrels a day of their oil and even more of their gas.

Can oil producers continue to rely on China for security of demand?

China is absolutely going down a different road, willingly or not, around economic growth for the next five years or so, where it will be a lower growth economy on the one hand and will be more energy diversified on the other. One thing that's been consistent about China for the last 30 years is an obsession with not being dependent on imports of anything. The country was always going to try and wean itself off of natural gas, crude oil, iron ore, if it possibly ever could- and anything that it needs to import to keep the economy going. And that's the tremendous opportunity that China has just on the horizon if it moves towards solar, wind and other renewable forms. That's going to dent future oil demand growth out of China. The oil markets are as addicted to Chinese growth as they are addicted to Middle Eastern supply - no doubt about it. But even the most ambitious growth projects, including China's around renewable energy, will only really meet incremental demand for energy from here. The global population continues to grow, our energy consumption continues to grow. Even per capita energy use continues to grow even if oil use does not. And if you look at the policy statements from governments around the world, there are some countries that want to be out of this space by 2040 and others who expect to still be in the space in 2050 and 2060, including India. Oil demand will be strong for a long time to come, which is why it's important to introduce innovations in technology to help decarbonize the traditional fuel stream and offset whatever can't be decarbonized. The conversation on decarbonizing hydrocarbons has to get smarter.

WATCH FULL INTERVIEW HERE

ENERGY FOR LIFE

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Energy Markets Views You can Use

Amena Bakr
Deputy Bureau Chief & Chief OPEC Correspondent,
Energy Intelligence

Were all OPEC+ members behind the Saudi position on output cuts?
Almost all the 23 states issued statements in support. It was partly a furious reaction to the lobbying done by the US against the cut, even before the announcement. A lot of the OPEC+ states wanted to form this united front by saying that it's not Saudi Arabia's decision alone. If there had been any objection to the decision, we would have had a halting of the meeting until it was resolved. But this decision only took about 30 minutes, meaning that all the states were pretty much aligned before they even stepped into the room.

How much reduction in actual physical barrels are we likely to see?
Our estimates indicate a million barrels a day, and that's because, with the exception of Saudi, UAE and Iraq, most of the other producers can't meet their quotas. We estimate that the group will augment their spare capacity by around 700,000 barrels a day, which could potentially be used in the future. There's still a lot of uncertainty around how the price caps are going to work and what impact EU sanctions are going to have on Russian oil. Our estimates indicate that it might end up shutting in around 1.2 million barrels of Russian production. That was in OPEC's thinking – to build up that very thin cushion of spare capacity that they have, to cover that eventuality.

How strong is OPEC's resilience to defend $90 oil?
They will of course keep an eye on the price in terms of revenue, but the bigger issue is market control. Members of the group get annoyed when there are interventions from outside. It's about making sure that OPEC+ remains as an efficient and effective market management tool in the future and control is a big part of it. They're also committed to making their oil relevant and sellable for the longest time possible.

What's the OPEC outlook for demand destruction in China?
There's been no spoken concern about current price levels destroying demand, but it would be in their thinking, and most significantly Gulf producers. It's been another difficult year in China and the outlook for 2023 does not look very positive, also for the global economy. Still, it's hard to gauge how worried OPEC+ are about demand destruction.

Jamie Ingram
Senior Editor
Middle East Economic Survey

It's getting quite turbulent now with the OPEC-US relations.
Saudi Arabia and the US, both joining in with some inflammatory comments aimed at particular sore spots, hinting at the US trying to influence midterms, from the Saudi perspective. And then the US hitting back tried to kind of widen some cracks within the OPEC + group by suggesting there was dissent in the room and the Saudis pressured the others. Certainly, from conversations I've had with delegates, they have vehemently denied that this is the case at all. Are they all in line with the OPEC cuts? Well, different governments have different perspectives. Some of them probably weren't quite so bullish on the need for cuts, given the amount of uncertainty. But they pulled together with a unified decision and in the room, that's for sure.

Interesting US approach to the SPR.
Certainly, that strategy of releasing significant volumes this year has paid off that helped push prices below $100 a barrel. As for renewed SPR releases, is that the best strategy now? I'm not so sure about that. It's a very different environment doing it now with prices hovering around $90 to, earlier in the year, when they were around $120. It's not quite a nuclear option, but it's a bit of a last resort issue. Do you want to use all your firepower now, given that there's the potential for further Russian volumes to come off the table after December 5th EU embargo of Russian oil? That's a question that needs to be asked. For now, it's jawboning when it comes to the SPR that's helping lower prices further down the line. If they do go ahead with SPR releases, we're at 400 million barrels now. There's probably a point where that switches from being a bearish move to being a bullish move with people thinking, "Well, hang on, where's the strategic stockpile gone?".

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Fujairah Spotlight

Fujairah Ruler receives presidents of Arab, Emirati archery federations

H.H. Sheikh Hamad bin Mohammed Al Sharqi, Supreme Council Member and Ruler of Fujairah, received, in the Al Rumailah Palace, Ibrahim bin Hamad Al Dossari, President of the Arab Federation for Arch and Arrow, and Dr. Saeed Musabeh Al Kaabi, President of the UAE Archery Federation. During the meeting, Sheikh Hamad was briefed about the sporting events and projects organised by the Arab and Emirati archery federations, as well as their future local and regional development plans.

Source: Emirates News Agency

Oil product stocks fall for first time in 4 weeks

Oil product stockpiles at the UAE's Port of Fujairah fell 9.9% in the week ended Oct. 17, the biggest slump since June and the first decline in four weeks, according to Fujairah Oil Industry Zone data published Oct. 19. The stocks totaled 22.458 million barrels, the lowest in four weeks after hitting a 25-month high a week earlier, according to the FOIZ data shared exclusively with S&P Global Commodity Insights. The decline was widespread, led by a 20% tumble in jet fuel and other middle distillates to 3.169 million barrels, a four-week low.

Source: Hellenic Shipping News

Legal Challenge Brews Over GP Global Fujairah Terminal Sale

A legal challenge looks set to emerge over restructuring commodity trading firm GP Global's $124 million sale its Fujairah bunkering terminal. As Ship & Bunker reported earlier this year, FTI Consulting – now running GP Global during its restructuring process – sold the Fujairah terminal to Mount Row Partners for $124million at the end of May. Funds for the purchase of the terminal are understood to have been owned by Delaware Life Insurance in the US.

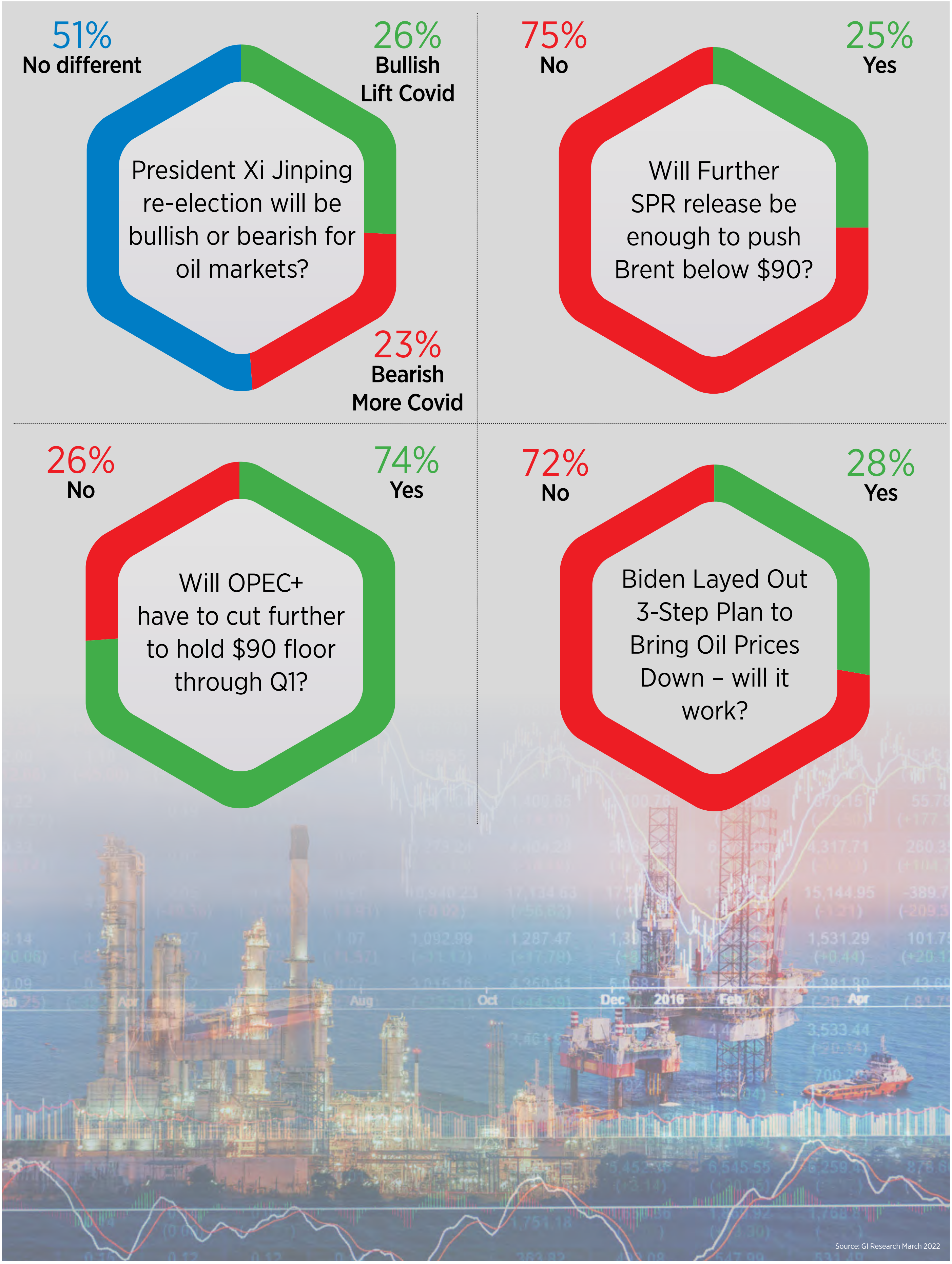
Source: Ship & Bunker

Middle East imports more Russian gasoil in September

Imports of Russian HSFO into Fujairah fell to 86,500t in September from 345,000t in August. Saudi Arabia was the second largest importer of Russia-origin oil products, with 412,000t of HSFO in September, up from 398,000t in August. Gasoline and naphtha imports stood at 170,000t and 119,600t, respectively.

Source: Argus Media

Weekly Surveys



Source: GI Research March 2022

Energy Markets Views You can Use

Sara Akbar

Chairperson & CEO, OiLSERV, Kuwait
& Non-Executive Director, Petrofac

OPEC countries are committed to big development programs.

I believe the most important element for OPEC+ is truly economic, although I cannot discount that there is a political element to this. I see the fury in the US and why they believe this is interfering with the US midterm elections. But I believe this was never the intention. The intention is to keep their economies functioning for their countries, and to do that, they need to be making the surplus money. Without interference from OPEC +, oil prices were slipping down. The IEA is forecasting less demand next year. So ahead of that, I think OPEC decided to try and keep the price they are targeting - which looks to be $90 per barrel as a floor simply because they have all benefited from this price and they know that this is probably the last cycle. They have to maximize their revenues.

Who are making the cuts?

The actual quota of OPEC has not been fully achieved. There is a shortage of 800,000 b/d. So the reality of a 2mn b/d cut is more like 800,000 to 900,000 barrels. Iraq is unable to contribute towards that cut as well as many others. This cut is only coming out of the pockets of five countries. Kuwait has the flexibility to cut - we have a budget surplus. Saudi Arabia will commit because they are driving this. I think the UAE, if you remember before this cut, were the ones who were resisting. It will be tough for the UAE, but I think in the spirit of trying to keep the momentum, they may make some cuts, but none of the other OPEC countries will cut anything.

Andy Laven

Chief Operating Officer
Sahara Energy Resources DMCC

Direction of diesel prices?

I think people are unclear about where the market should be going. Everyone is looking for a pointer as to what direction it could be. As we start heading into the winter, fuels are going to change, and people are going to look at where the supply moves. Therefore, there is an element of trying to be ahead of the curve and second guess where the market's going. Diesel has continued to be an issue, especially in Europe because of the reduction in supply from Russia, and that's not going to go away any time soon. I think any additional political intervention that will try to change how the market functions is going to do nothing but add uncertainty, and volatility and probably push prices up again.

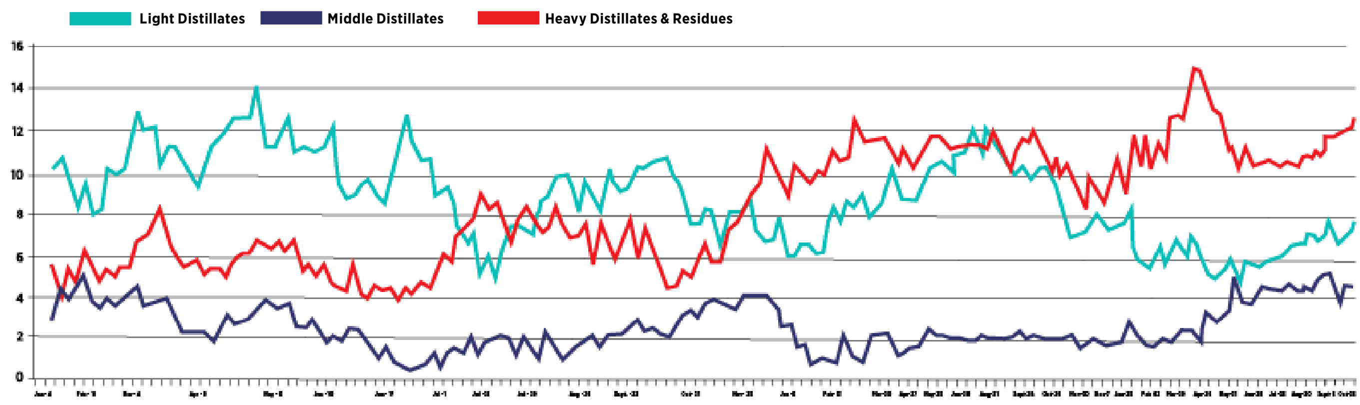
Will putting a price cap on Russian oil work?

In my opinion, it is pure politics. It takes two parties to agree to the price. Unless Russia is magically going to say: "Of course, I'll let you cut my price, and not pay me as much." Why would they ever do that? Unless there is nowhere else where they can put the oil. It is probably better for Russia to take that oil off the market, and then prices go up as a result. They can still sell to those countries that are not agreeing to the price cap, and they still get what they want, which is cash. In my view, the politics of it is: We don't want to be seen to be putting money into the pockets of the Russian administration. However, we need their oil. What they will do is cap the price of the money we give them. To the uninformed individual in the street, it sounds like they are doing something very positive. But it won't achieve anything.

Fujairah Weekly Oil Inventory Data

منطقة الفجيرة للصناعة البترولية
Fujairah Oil Industry Zone

bbl (million)



TOP TAKEAWAYS

- Total oil product stocks in Fujairah were reported at 22.458 million barrels with a fall of 2.462 million barrels, or 9.9% week-on-week. The stocks movement saw draws across all three stock categories with heavy residues posting the greatest overall draw in stocks followed by middle distillates, with light distillates posting the smallest overall draw.

- Stocks of light distillates, including gasoline and naphtha, fell by 336,000 barrels or 4.4% on the week to 7.218 million barrels. The East of Suez gasoline complex saw mixed activity as supplies were heard to have been sufficient to meet demand from India ahead of the Diwali festivities, market sources said. Some market participants said that gasoline supplies may be bolstered as refineries from South Korea and Taiwan finish ongoing turnarounds and increase exports, market sources said.

- Stocks of middle distillates, including diesel and jet fuel, fell by 795,000 barrels or 20.1% on the week to 3.169 million barrels. The East of Suez gasoil complex was expected to come under pressure with higher outflows of gasoil from China, particularly in November widely anticipated after the recent release of oil product export quotas, which could pressure freight rates for clean tankers higher and erode cash differentials for cargoes of gasoil, market sources said. Nevertheless, the East of Suez gasoil complex is so far resilient as open arbitrage lanes to the West, especially since late September when strikes began at several French refineries, continue to tighten supply in the region.

- Stocks of heavy residues fell by 1.331 million barrels or 9.9% on the week to 12.071 million barrels. Demand at the bunkering hub of Fujairah was easing with buyers having covered some requirements at the start of the week, as most buyers likely met requirements the previous day when the flat price cooled, market sources said. September bunker sales data for Fujairah recently emerged showing sales totaled 673,147 cubic meters through the month, reflecting a fall of 55,140 cubic meters month on month. Marine fuel 0.5% bunker fuel sales totaled 508,866 cubic meters in September, a fall of 40,867 cubic meters month on month. High sulfur bunker fuel sales totaled 128,515 cubic meters in September reflecting a fall of 14,033 cubic meters month on month. In Fujairah delivered marine fuel 0.5%S was heard offered at $690-$705/mt during and outside the MOC, with lower range of offers for product deliverable Oct. 20-22 onward. The grade was assessed at $690/mt, $6/mt higher on the day. In Singapore, the same grade was assessed at $715/mt, reflecting a $25/mt premium to bunkers in Fujairah.

Source: S&P Global Platts

Commodities
Oil prices settled higher with Brent futures up 2.6% at USD 92.41/b and WTI adding 3.3% to USD 85.55/b. The stronger moves come despite plans from the US to offer more of its strategic petroleum reserves to push against high fuel prices.

FX
The US dollar pulled substantially higher again overnight as US yields popped higher. Gains were broadbased with EURUSD slumping by 0.86% to 0.9773 while USDJPY added another leg to settle at 149.90. A test of 150 looks a near certainty unless there is considerable intervention from the ministry of finance of Bank of Japan.

Equities
Global stock markets pared some of their recent gains yesterday, with drops in most major indices. In the US, the Dow Jones, the S&P 500 and the NASDAQ dropped -0.3%, -0.7% and -0.9% respectively. European markets were also down with both the FTSE 100 and the DAX losing -0.2% and the CAC -0.4%.

Source: Emirates NBD Report

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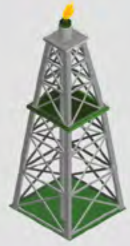

PROCESSING
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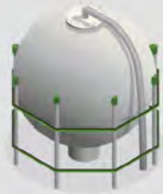

STORAGE
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Today, we continue to look for new and innovative ways to maximize the value of our resources, pioneering those approaches and technologies that will ensure we are able to meet the demands of an ever-changing energy market, and continue to have a positive impact on the Sharjah economy for future generations.

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Energy Markets Views You can Use

Vandana Hari
Founder & CEO
Vanda Insights

Market direction on US' release of SPR?

The market is waiting for more cues on what direction to take. I sense a bit of a holding pattern in crude prices. We saw quite a run-up in the OPEC plus decision week. Brent stacked on almost $10 and the week after, it gave up about $6 off of that. Now, one of those could come from Washington because there's been a lot of noise, and a lot of political dust kicked up. But the question for the oil market is, put aside the political rhetoric, what exactly is the US going to do and what steps could it take that alter the refined product of a crude supply-demand balance globally? So, one is releasing the SPR. The US pledged to release 180mn barrels over six months, most of which it has already released. That's almost 1mn b/d. And now it's talking of another 10 to 15 which tells me it is very politically motivated. They're probably going to try and bide their time until the midterms, which should raise the question mark for Americans like what happens after that?

What does President Xi Jinping's speech mean for the energy markets?

Xi is consolidating his power and he is also consolidating the Communist Party's power as a higher power than the government and the prime minister. So, it seems that it will be just more of the same policies that he has laid out. The energy markets and commodity markets were looking very carefully at whether the strict COVID policies will remain in place, which they will. On a higher level, it looks like China is learning to live with slow economic growth. The government delayed the release of the Q3 GDP data. What I see is their economy is moving into a more moderate pace of growth. It was also interesting that he talked about balancing energy, the transition to green energy with energy security and supply stability.

Bora Bariman
Managing Partner
Hormuz Straits Partnership

What does the UK central bank's latest move mean?

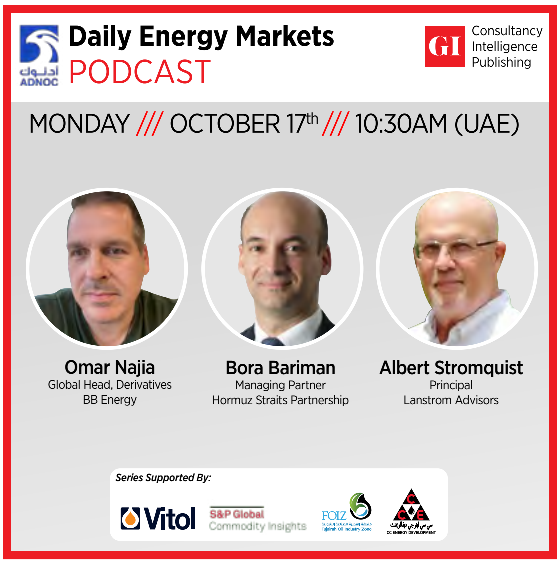
The message that I am hearing from the central bank is - they don't want to give the politicians easy outs as they had been getting for the past decade. The UK Central Bank is in the same quandary as the US Fed. Both had this sort of transitory inflation narrative that had massively corroded the credibility of these institutions. Right now, they seem intent on maintaining a hawkish tone even at the cost of pushing the economy into recession. After all, the last time we saw these types of double-digit inflation numbers were in the early eighties and both the UK and the United States experienced a very painful recession as interest rates were taken well ahead of the rate of inflation.

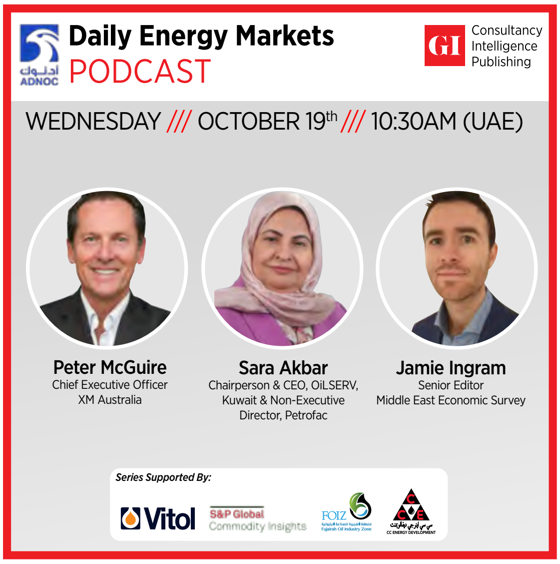
Are banks ready to fund new oil and gas capacity?

The silver lining is – there is private wealth out there. There is scope for issuances by oil companies. I think this is how both majors and independents are tapping the markets - through the private markets. There is liquidity there especially for the near investment grade and above slice of the market. And that's an exercise we get to work with rating agencies and the like to determine the capacity of any type of issuance to support a bond. Banks can be friendly and help you through the cycle and you have to be a little bit more disciplined to service a bond issuance.

Energy Markets COMMENTARY

WEEK IN REVIEW





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Energy Markets Views You can Use

Bill Spindle
Climate and Energy Editor
SEMAFOR

US Fed Determined to Bring Demand Down

It continues to become gloomier by the day with inflation continuing strongly here in the US. It seems the Fed is going to continue raising rates aggressively, and they made it clear they are going to do that until inflation comes down. That's going to be a big push because so much of it is on the supply side. They're going to have to bring demand down a lot to try to begin to make progress on inflation. That seems to be the task that they've set out for themselves.

US-Saudi Relationship will Continue its Recalibration

It has been going through for some time and probably will continue to go through with. In that sense, I do think it is a serious diplomatic rift going forward. OPEC wants to approach this as just purely an economic decision. And on some level, you can see how it is that given the way demand is likely going to fall off. But the US point here is that we've got a war going on in Ukraine, we've got an invasion of another country, and this is not business as usual. In a way, the US was looking for a political decision, just one that went their way, and it didn't. That is a real shift. The Saudis like to put it as "we don't take orders anymore". True. But then we are amid a longer, slower recalibration. It's not going to shatter the relationship. It's not going to radically change it. But it's part of a recalibration that's going on and certainly will continue.

Is this from the Democrats point of view or a Republican one?

I think there's some bipartisan support behind it and has been for a long time. The Democrats, or at least some factions among them, do take this personally, especially after they feel Biden went out of his way to bring the Saudi relationship fully back onto a level plane and expected it to change.

Energy Markets Views You can Use

Omar Najia
Global Head, Derivatives
BB Energy

Outlook for the markets?
Equities are going to keep cratering, the economy is going to get worse - more panic and political chaos, that is one side. The other is pound and euro will go lower and would be immaterial if they bounce a little bit, but the direction is going lower. Oil is very tricky right now. I would not be selling it. I think it has one final bounce and then it will be a sell, whether WTI gets to $100, $105. But with this market, you need it to get into no-brainer territory. Right now, it's a thinking game. If it gets into $105, it's a sale. And if it gets to around $70, then it's a buy. But I wouldn't do very much right now until we see what winter is going to look like, which could go extremely cold and extremely ugly.

Will the monetary policymakers get inflation under control?
They haven't and clearly, they won't. If you have inflation at 10% or 20%, having interest rates at two or 3% is just a joke. It is showing you that they don't know what to do. The UK is a major economy and a major player geopolitically and their answer to the problems that they have is more of the same, same for the US, and the same for Italy. In other words, more debt to try and stimulate growth. The problem is that with this inflation and with these interests moving higher - all that collapses. The West has a problem. So, when the US says OPEC is bad, the fact is it is the other way around. OPEC should be saying that oil is too cheap, and if the US, Europe, or the UK can't afford it, that is their problem. That is the price if you want to pay for it. If you don't, move along.

ENERGY MARKET NEWS

1. OIL PRICES CONTINUE TO FALL TO LEVELS NOT SEEN IN WEEKS
2. BIDEN SET TO GO TO THE MAT WITH BIG OIL OVER GAS PRICES
3. PAKISTAN AFFIRMS SOLIDARITY WITH SAUDI ARABIA ON OPEC+ DECISION
4. LUKOIL WEIGHS TRADING SPLIT, REFINERY SALE TO KEEP OIL FLOWING
5. WALL STREET CREDIT TRADERS HEAD FOR WORST YEAR SINCE 2012
6. PRESIDENT BIDEN IS PLANNING TO RELEASE MORE OIL FROM THE SPR
7. IS THE GLOBAL SEMICONDUCTOR SUPPLY SQUEEZE FINALLY COMING TO AN END?
8. IT'S ASIA OR BUST FOR RUSSIA AS EU EMBARGO LOOMS
9. $200 DIESEL PUTS BIDEN IN AN UGLY CORNER
10. NIGERIA LNG OUTAGE THREATENS EU, TRADERS WITH HIGHER COSTS

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Daily Energy Markets

TOP TAKEAWAYS
MARKET OBSERVATIONS FOR THE WEEK
October 16th - 20th

1. US President is limping to the Midterm elections with inflation remaining stubbornly high -- blaming OPEC+ may score points through a few news cycles, but it too will pass.
2. Europe's energy crisis enjoying a brief respite, but it looks and feels like a lull before the big storm!
3. President Xi Jinping's re-election for an unprecedented third-term offers the world the continuation of the familiar no change, even if that is a more robust China.
4. Global economic outlook continues to decline under the weight of 40-year record inflation and ever-increasing interest rates to tackle it.
5. China is choosing to keep its economy and its people in lock down rather than utilizing proven vaccines like Pfizer or Moderna -- gives you some insight into the thinking of the Chinese leadership that is being renewed for a 3rd term.
6. OPEC+ approaches the end of 2022 as they started the year, with a tight grip on the oil markets and moving to a proactive posture of self-interest after 60 years, which the West and the oil markets are still adapting too.
7. Russian state-owned oil giant Rosneft has expanded its oil tanker chartering business to facilitate exports ahead of the December 5th EU ban on seaborne crude imports from the country.
8. Expectations of continuing subdued Chinese oil demand amid tepid economic growth are now baked into the oil complex.
9. G7 oil price cap is dead on arrival!
10. Gulf States need to all come together to assist in healing the growing rift with Washington as nobody wins from a growing war of words.

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