FEBRUARY 24th 2023
VOL. 147

Fujairah New Silk Road WEEKLY NEWSLETTER

Supported By:
FOIZ منطقة الفجيرة للصناعة البترولية Fujairah Oil Industry Zone
Port of Fujairah ميناء الفجيرة United Arab Emirates

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

"NOCs Have Huge Potential To Add Capacity but Must Balance Risks!"

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

There is huge potential for our industry to add capacity, but because of the size of projects, because of the complexity of the logistics, it takes between 3 to 7 years from inception. Apart from the time it takes, today to add those incremental barrels to whatever exists, the CapEx is much higher. We know that the Saudis are planning for 15 million bd production and the UAE is targeting five million bd. We know that Kuwait can probably get to around 3.2 million bd. The other added production from the region is Iraq where we see huge movement from the prime minister and the oil ministry trying to bring lots of new investors. They've already signed a 5th bid round, mainly on gas fields, so the commitments that are being made currently in Iraq are very, very encouraging and it could reach six million bd of production in no time if they continue at this pace. Regional NOCs can accelerate investment by shortcutting a lot of the processes that are needed to construct new facilities – for example by direct awards instead of tenders – so there are mechanisms that we can use to expedite the additional capacity. It's the norm in our industry, when we are at a point in time where we feel there is tightness in supply, everybody starts to invest. But then we are in the cycle where we have huge surpluses that cannot be utilized, so those risks must be balanced. Yes, we can invest even at a high cost if the market is there. But if the market then vanishes because everybody has increased capacity, then you are running that risk. In 2022, we spent about $500 billion in the industry. We need to invest something like $600 billion annually, to maintain capacity and to add the global incremental capacity that we are talking about - an additional 2 million bd by 2025. This is what we can afford.

CONTINUED ON P 3

Fujairah Weekly Oil Inventory Data

8,233,000 bbl	1,864,000 bbl	12,314,000 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
$3.61 - 4.38/m³

↑ Highest: $4.50/m³
↓ Lowest: $3.40/m³

THE WEEK In Numbers

Weekly Average Oil Prices

Brent Crude:	$82.49/bl
WTI Crude:	$75.65/bl
DME Oman:	$81.75/bl
Murban:	$81.62/bl

*Time Period: Week 4, February 2023
Source: IEA, OilPrice.com, GI Research

Fujairah Weekly Bunker Prices

VLSFO

High = $645.50/mt

Low = $592.50/mt

Average = $622.50/mt

Spread = $53.00/mt

MGO

High = $1,126.50/mt

Low = $1,084.00/mt

Average = $1,110.50/mt

Spread = $0.00/mt

IFO380

High = $419.00/mt

Low = $404.50/mt

Average = $414.50/mt

Spread = $14.50/mt

*Source: Ship and Bunker, *Time Period: Feb. 16 – Feb 23, 2023*

Fujairah Bunker Sales Volume (m^3)

300 180cst Low Sulfur Fuel Oil	453,703 380cst Low Sulfur Fuel Oil	151,055 380cst Marine Fuel Oil
796 Marine Gasoil	30,851 Low Sulfur Marine Gasoil	4,039 Lubricants

Source: FEDCom & S&P Global Platts

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Intelligence
Publishing

CONTINUED FROM PAGE 1

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

Have the EU sanctions on Russia been an opportunity for Gulf producers?
In Kuwait, we have started this new refinery in the south, which can go up to 600,000 bd. None of the products will be sold internally. It's all for export so that's a big opportunity for us. We also see refined products going to Europe from the Duqm refinery in Oman, in which KPC is a partner – that's the biggest export opportunity at the moment.

Is Russian production being impacted yet by sanctions?
Most of the big service companies and IOCs have exited Russia so its production will suffer. It recently cut 500,000 bd from their targeted production, but I believe it will be cutting even more, maybe by one million bd. A lot of the technologies that the international companies brought to Russia is the only reason why it was able to hit 10.5 million barrels. Without that access, specifically to the service companies, Russia on its own will not be efficient enough to enhance production. That must be taken into consideration. I don't think the sanctions will stop Russia selling to the market - there will be huge demand for discounted Russian products and even crude, but internally it won't be able to maintain the same production going forward.

What's the Gulf position on the war in Ukraine one year on?
From the Gulf perspective, we definitely condemn the occupation of Ukraine. We definitely want to see Ukraine free. But at the same time, we have strategic relationships with China, with Russia. Our position is that we are neutral in this, and we'll always try to help both parties come to a reconciliation somehow. But none of the Gulf states will go beyond being neutral and trying their best to stay out of this big game of tension between the east and west.

Energy Markets Views You can Use

Vandana Hari
Founder & CEO, Vanda Insights

Trajectory for oil markets in the next few months?
The two main variables that are still hanging like a sword above the market are global economic growth - and within that US growth and what the Fed does with its rate hiking cycle - and China ramping up its economy. Those variables going to be in flux, certainly for the next few months. China has kept the market guessing – despite reopening, we don't have tangible signals that the Chinese energy demand appetite is rebounding very quickly.

How quickly could Chinese demand rebound?
What doesn't help the markets is the degree of opacity around China's stockpiles and a further complication at this time of the year is that the January and February customs data on crude imports gets delayed because of the Lunar New Year break. What we see through ship tracking data is that Chinese imports have recovered a bit in January and premiums have been improving, which reflects a growing Chinese appetite. But we probably underestimate the impact that three years of Zero-Covid has had in suppressing its economic growth. We will see an initial spurt - certainly in jet fuel and gasoline demand - but the bulk of use in China is diesel demand which is more directly tied with its manufacturing and exports in terms of transporting goods. We'll hear some more on their fiscal stimulus plans in March with the annual legislative meeting but until then, it's wait and watch for the markets. What I do see very clearly is that markets are not yet ready to jump headlong into the China reopening story rise.

Will we see less volatility in oil prices this year?
Much of the volatility last year was driven by a fear premium and the market basically positioning for the worst to happen. But as events unfolded, the crude that was locked out of the EU was absorbed into China and India. Those two consumers together are today importing roughly 3 million barrels per day of Russian crude, which is nearly double what they were importing a year ago. The volatility from potential disruption in Russian oil supply has largely dissipated. But a lot still needs to unfold in terms of Russian products reshuffling - it's a much more fragmented market than crude.

Narendra Taneja
India's Leading Energy Expert

I don't see any sign of the war over Ukraine coming to an end anytime soon.
It is the new normal now and, in a sense, it looks more like a conflict between Russia and the US and less one between Russia and only Ukraine. China meanwhile has made it clear in recent messaging that they want to see an end to the war but that the US is also playing its own geopolitical game. At the same time, there is absolutely no serious effort being made by any party to bring these parties to the table to at least declare a cease fire for one year.

How would India react if China was to overtly support Russia on a military level?
I don't think China would want to get involved in the Ukrainian war in this no-win situation. At the same time, it's buying time as it needs at least another 15 years to get to where it wants to get to being a kind of equal to the US, militarily and economically. My sense is that China is focusing on Taiwan and the South China Sea. As far as India is concerned, we will remain neutral. Contrary to what some people might think, we have always been neutral, but we are buying Russian oil because of economics. If China and India had stopped buying oil from Russia, Brent crude today would have been at least $110 per barrel. That would have created more problems for the US and OECD economies. Instead, oil prices are relatively lower and Western economies are able to recover.

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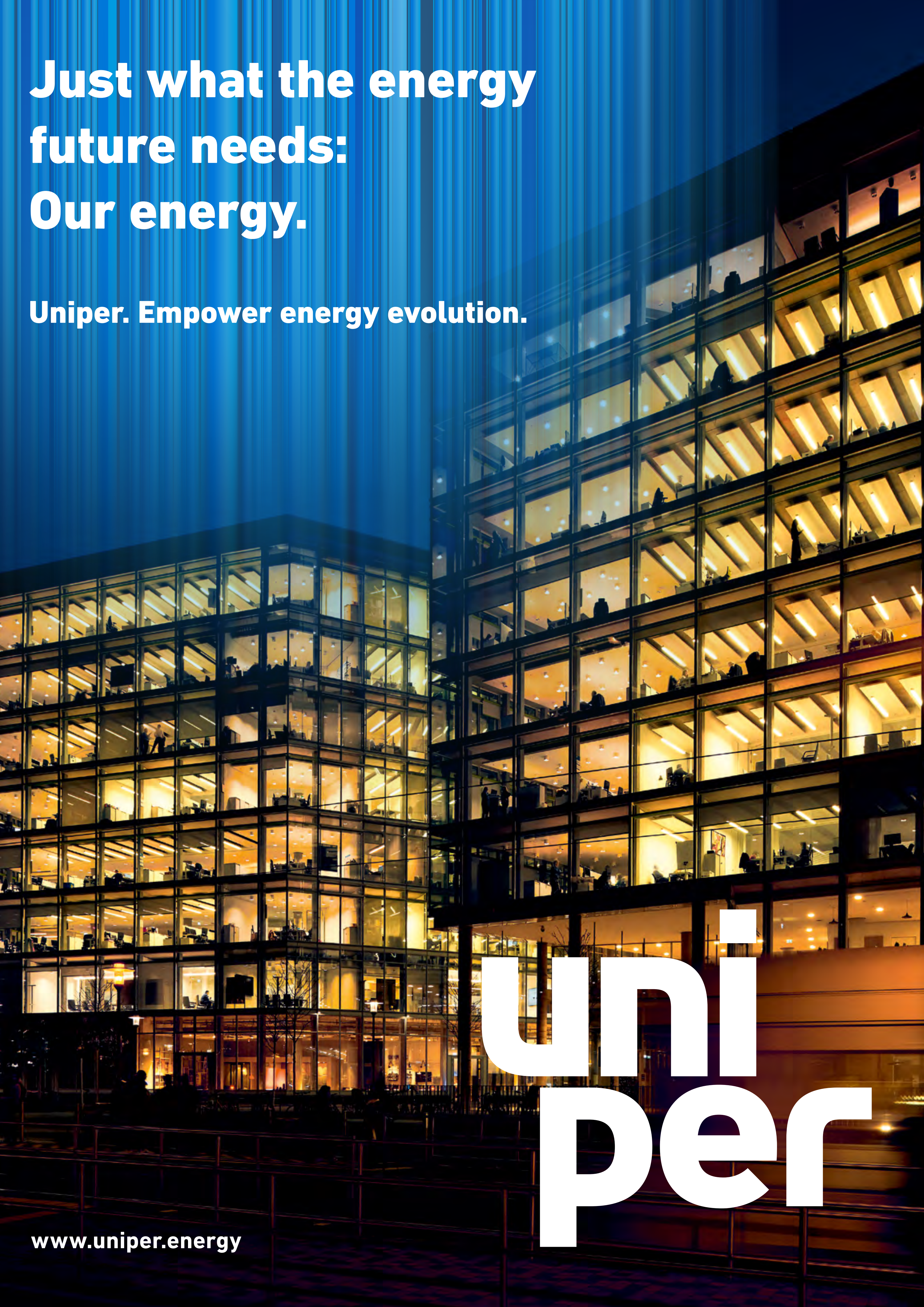
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Fujairah Spotlight

Towards net zero: NBF and Yellow Door Energy sign multi-million dirham agreement to finance solar projects in the UAE

National Bank of Fujairah (NBF), a full-service corporate bank in the UAE, has today announced the signing of a facility agreement with Yellow Door Energy, the leading sustainable energy partner for businesses in the Middle East, Africa and South Asia. In line with COP28's objectives, the Year of Sustainability and the UAE's Clean Energy Strategy 2050, the facility will refinance 31 operational solar power plants with a total capacity of 39 megawatts in the UAE. Through this mutually beneficial partnership, Yellow Door Energy continues its commitment to provide solar leases and renewable energy expertise to commercial and industrial businesses, helping them significantly reduce energy costs and meet sustainability targets. For its part, NBF continues to realise its Environmental, Social and Governance (ESG) commitments to the nation and expand its provision of services to businesses with strong financial foundations and sustainability goals.

Source: ZAWYA

ITI, UNESCO honour Fujairah Crown Prince for supporting international theatre scene

The International Theatre Institute (ITI) and the United Nations Educational, Scientific and Cultural Organisation (UNESCO) honoured H.H. Sheikh Mohammed bin Hamad bin Mohammed Al Sharqi, Crown Prince of Fujairah, with a gold medal to recognise his efforts to support the international theatre scene and his initiatives to serve the culture and arts sectors. Sheikh Mohammed bin Hamad was awarded the medal while attending the inauguration of the 36th edition of the ITI World Congress, which is being hosted by Fujairah from 20th to 25th February, with the attendance of Sheikh Mohammed bin Hamad bin Saif Al Sharqi, Director-General of the Fujairah e-Government, and Sheikh Abdullah bin Hamad bin Saif Al Sharqi.

Source Emirates News Agency-WAM

Oil product stocks surge after large imports from Russia, Kuwait

Stockpiles of oil products at the UAE's Port of Fujairah jumped 31% in the week ended Feb. 20 with heavy distillates ballooning 51%, the most on record, according to Fujairah Oil Industry Zone data published Feb. 22. Total inventories were 22.411 million barrels as of Feb. 20, the highest since Dec. 12, the FOIZ data provided exclusively to S&P Global Commodity Insights showed. The increase was the biggest since the week ended Feb. 21, 2022, when the total jumped 34% on the week with heavy distillates up 37%. The FOIZ data provided to S&P Global goes back to January 2017.

Source S&P Global Commodity Insights

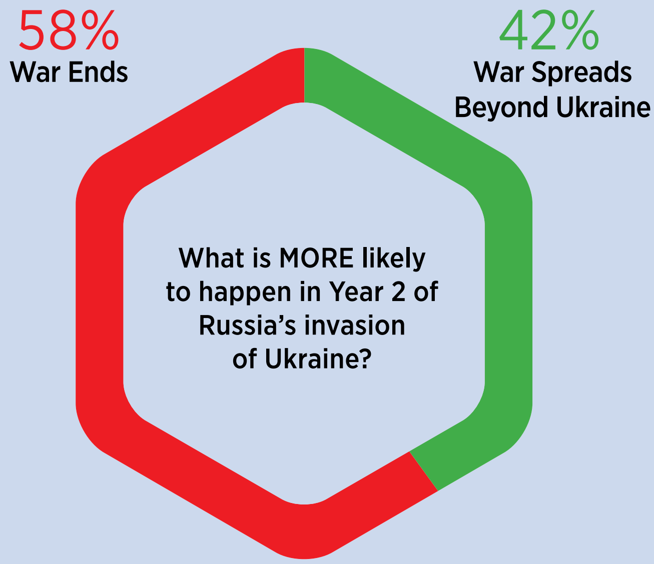
SirajPower Partners With Halwan Crusher To Supply Solar Hybrid System In Fujairah

SirajPower, UAE's largest distributed Solar energy provider, has announced its partnership with Halwan Crusher EST to supply its leading Solar Hybrid system in Fujairah. SirajPower and Halwan Crusher will jointly develop a unique, fully-financed 3.9MVA solar/diesel battery that will allow them to lower their fuel consumption at the latest Fujairah project.

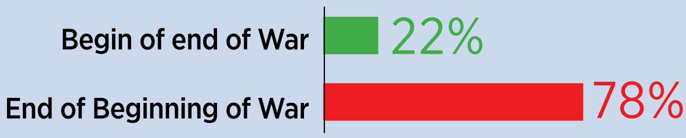
Source: Solarquarter

GI Consultancy Intelligence Publishing

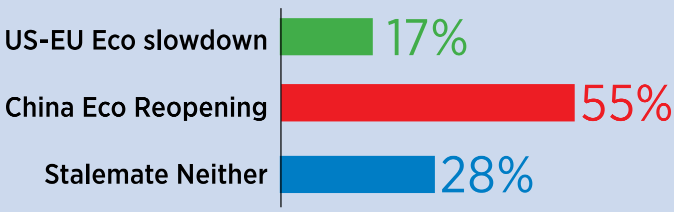
Weekly Surveys

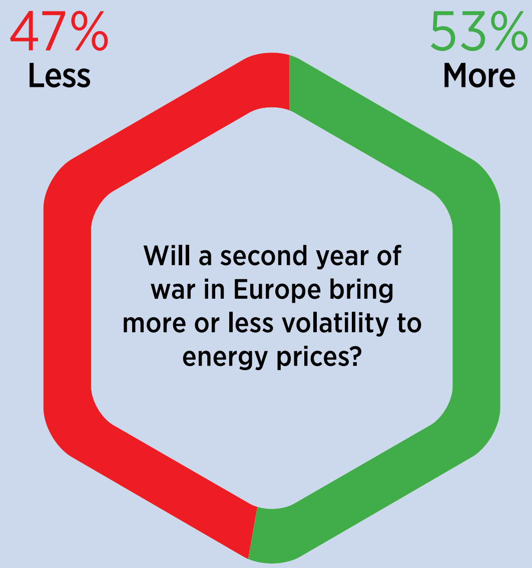


As US President Joe Biden touched down in Ukraine to meet with his counterpart Volodymyr Zelensky on Monday, China's top diplomat was traveling in the opposite direction, on his way to Russia – is this:

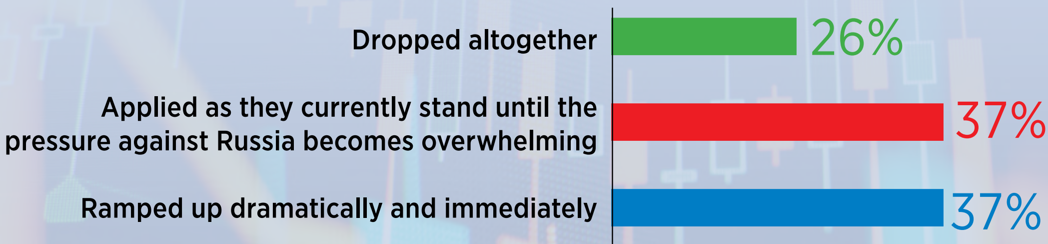


Which will win out in oil price tug of war?





Western sanctions against Russia do not seem to be seriously affecting Putin's ability to wage war against Ukraine. They should be:



Source: GI Research March 2023

Energy Markets Views You can Use

Mehmet Öğütçü
Group CEO, Global Resources Partnership
Chairman, London Energy Club

What's the sentiment for energy consumption in Europe today?

There's some sort of reassurance now in play in Europe. A couple of months ago, we were talking about harsh winters and about Europe losing its competitiveness in global markets in the face of rising energy prices, especially in Germany. But oil prices have stabilized, and gas prices have come down significantly, having risen almost eightfold since the beginning of the war in Ukraine. Europe has also been able to find new sources. Germany's LNG import capacity will hit almost 7.7 million tons by 2030, and they are finding alternative sources also by pipeline from Norway and North Africa. Demand has also declined in Europe, both for oil and gas. The question now is how high the cost of new sources coming on stream to Europe will be, especially for LNG. So, we haven't seen the worst yet in European economies.

Is China today placing its economic interest ahead of politics?

In the global system right now, geopolitics is playing a more prominent role than economics. There's a new balance of power, where China sees that the West would like to crush Russia through sanctions and through military aid to Ukraine. They have stated they are neutral in the Ukraine War but are still showing solidarity with Russia. If we look at the economics however, Chinese-Russian trade is around $55 billion, whereas its trade volume with the West is about $3.3 trillion and this is a time when China needs more investment as multinationals pull out of its supply chains. But I don't see China and Russia tolerating the West impacting their geopolitical interest, and this will impact economic relations and oil and gas markets.

Do we expect President Erdogan to win the Turkish election?

The earthquake and the government's response to it has shattered his political standing, especially as it happened in the region where his party has a stronghold. This is in addition to Turkey's economic fragility, with $190 billion of foreign debt, a $30 billion current account deficit and a drop in FDI to $4.7 billion last year compared to $17 billion in 2017. So, the election is not going to be an easy win for Erdogan.

Fujairah Weekly Oil Inventory Data

FOIZ
منطقة الفجيرة للصناعة البترولية
Fujairah Oil Industry Zone

TOP TAKEAWAYS

- Total oil product stocks in Fujairah were reported at 22.411 million barrels with a rise of 5.241 million barrels, or 30.5% week-on-week as they rose above the 20-million-barrel level. The stocks movement saw an increase across the board for light distillates, middle distillates and heavy residues.

- Stocks of light distillates, including gasoline and naphtha, rose by 1.049 million barrels or 14.6 % on the week to 8.233 million barrels. The east of Suez gasoline complex strengthened in early trade Feb. 21 amid expectations of Indonesia increasing imports in March. Indonesia's gasoline demand is quite healthy; import volumes in March should rise from February to 11 million barrels," a trader with knowledge of the matter said. The country's February imports were estimated at 10 million barrels, while it imported 13 million barrels in March 2022, S&P Global Commodity Insights has reported. India imported no gasoline in January after receiving 120,000 mt in December, but in line with receiving no imports in January 2022, the data showed. The country's gasoline exports are expected to firm in February as driving activity remains low amid persisting harsh winter conditions, before falling in March as domestic demand rebounds moving toward summer, market sources said.

- Stocks of middle distillates, including diesel and jet fuel, increased by 36,000 barrels or 2.0% on the week to 1.864 million barrels. Backwardation in the east of Suez gasoil complex widened Feb. 21 as market participants awaited fresh pricing cues. While forecasts show gasoil imports of various grades from the East of Suez region are set to rise 34% on the month to 570,300 mt in February, there were currently no gasoil cargoes scheduled to arrive from the East of Suez in Europe in March, according to S&P Global Commodity Insights fixtures and Kpler shipping data. Market participants attributed the widening regrade swap to weakness in the jet fuel/kerosene derivatives market.

- Stocks of heavy residues rose by 4.156 million barrels, up 50.9% on the week as they stood at 12.314 million barrels. Spot trading activity at the bunkering hubs of Singapore and Fujairah was better-than-average for a second consecutive trading day Feb. 21, traders said. Outright prices dropped during the Platts bunker Market on Close assessment process from S&P Global Commodity Insights tracking crude oil. The decrease led buyers to rush in to capitalize on some bargain buying, traders said. On the supply side, sellers of low sulfur marine fuel in the downstream delivered market continued to make determined offers. This was led not only by a fear that crude may continue to weaken, but also due to an apparent weakening of the upstream cargo market. In the Middle Eastern port of Fujairah, offers for delivered marine fuel 0.5%S bunker were heard at $600-$605/mt with the offer at the lower end of the range for product.

Source: S&P Global Platts

Energy Markets Views You can Use

Matthew Wright
Senior Freight Analyst
Kpler

What are tanker markets telling us about supply?
The Baltic Dry Index is almost entirely China dominated and so is a little bit skewed because of the way that's assessed - it over represents trade into China and it's also assessed on vessels that are not the most fuel efficient. But if you look at the equities of shipping stocks, they're doing better than the BDI - which shows China is on its way back. On the container side, we've got a different story entirely - it's more about the weak economic outlook, but we do see that bottoming out soon also. There's a huge stock build in terms of vessel supply compared to the big drop off we saw post-pandemic. With tankers, we had huge rates at the end of last year. They crashed into January but are now picking back up. On VLCCs, we're seeing a steadier improvement, with a record high in terms of US crude going into Europe last month and rates still have a way to go.

What about Russian crude to China?
China doubled its intake of Urals last month and a lot of that isn't going to arrive until March. But it's not as high as what India is taking. We're expecting Russian exports to India could reach 1.9mbd basis February, which would be a new record high.

Outlook for LNG and tankers availability?
If China's appetite for LNG explodes, there will be a crunch. There is an expectation that LNG freight demand is going to rise. Looking ahead at spot commodities netback projection for this year, it's still favoring loading for Northwest Europe. But based on forward prices from July through to December, it's favoring Northeast Asia, which is a complete change from last summer when we had incredibly high TTFs, and every incremental US cargo was going to Europe.

Impact of sanctions so far on Russian product flows?
Our data shows over 40% of Russian refined products are staying in the Med and Black Sea. We're not seeing huge volumes going to West Africa and Brazil as we might have expected. As a result, clean rates are lifting off the bottom where they were for most of January but we're not seeing a real explosion yet. It's too early to draw too many conclusions about refined products flows.

Clyde Russell
Asia Commodities & Energy Columnist
Thomson Reuters

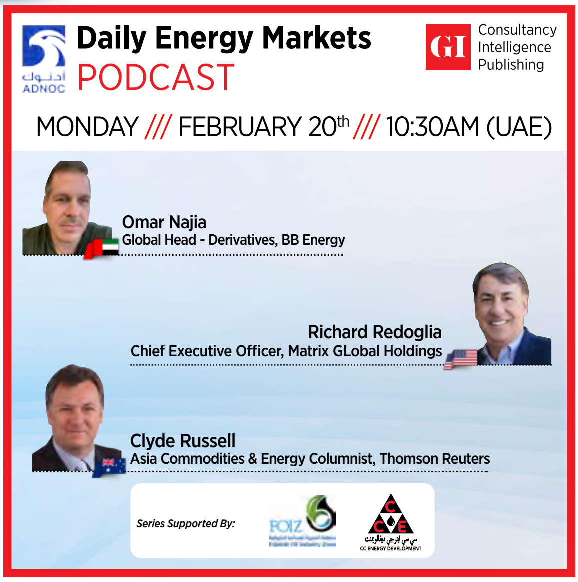
Can China give this oil market the breakout direction it needs?
There's a fair chance that China's oil demand does rise. The figure of 500,000 bd to one million bd is not an unreasonable expectation if China's economy does rebound and if consumer spending comes back and if the rest of the world doesn't slow too much and hurt China's export industries. But that one million bd of demand is not necessarily a rise in imports. A lot of it depends on price. If Brent is $90-100/bl, the Chinese will simply use their inventories. Last year, they imported 700,000 bd more than what they consumed so their stockpiles of both crude and products are quite full. Crude imports haven't yet reached much above 11 million bd. China is certainly taking a lot more from Russia and not buying large amounts of the higher priced grades.

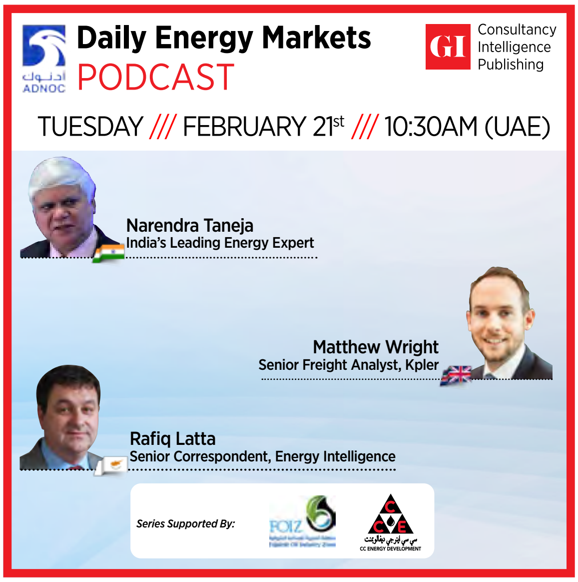
How is cheaper Russian crude impacting the Asian market?
China has come back into the products markets in Asia in the last two months, having largely sat them out in the first half of last year. That has stoked Chinese crude import demand. It also impacts the supply in product markets. Profit on making diesel in Asia has gone from a peak of around $75 a barrel down to just around $20. As long as the Chinese are importing cheap Russian crude, that dynamic will take hold. It also means that the world could withstand the loss of a certain amount of Russian product from the market.

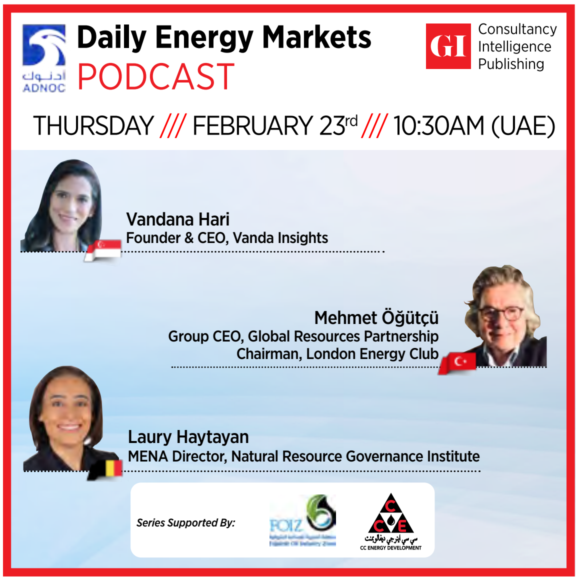
Where is Russian product flowing now?
We're starting to see a lot of Russian diesel fuel oil going into the Middle East. Those countries can use that in their domestic markets and export their own diesel into Europe. So, in some ways, Russia is a beneficiary as it still gets to sell some product, even if at big discounts.

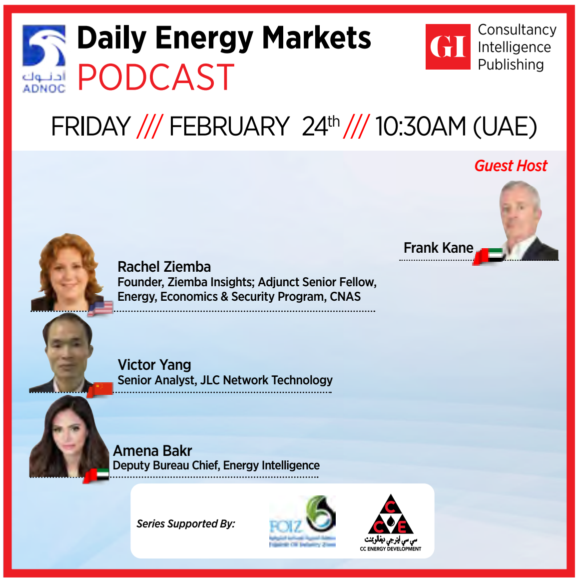
Outlook for energy flows as we enter a second year of war in Ukraine?
The surprise one year after the Russian invasion is how well the world is adapting to everything. There's been massive realignment in crude products, coal, LNG and natural gas. Prices are now more or less back to where they were pre-invasion for most energy commodities.

Energy Markets COMMENTARY WEEK IN REVIEW









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Energy Markets Views You can Use

Omar Najia
Global Head Derivatives, BB Energy

How long this oil market can levitate is anybody's guess.

Markets directionally want to head lower. The question is, from what level that will be. We are bearish. We've been negative on oil, on equities, on everything. The market hasn't moved much since December - WTI has moved back and forth between $72 and $82. At some point it's going to break, either to the upside or downside. I think it's more likely we will break $60 on WTI than hit all-time highs above $100 again. And if we by chance break below $72 this week, it could really start to go in a big way. It doesn't seem sustainable that we will maintain any upside in any markets - debts are too high, interest rates are too high, there's a war in Ukraine and inflation. If you can put your money away at 5%, why would you take any risk buying any company? The 2-year,10-year inversion on Treasuries is the biggest it's been since 1981.

Impact of a continuing war in Ukraine on markets?

If Russia loses this war, it will be dismembered, the S&P will absolutely fly, commodities and metals become really cheap, and the US Dollar stays king. If Russia wins, equities will drop, and commodities will set new renewed values. The west will lose its leverage on buying cheap commodities for manufacturing etc. I think the war will continue to escalate and if Russia wins, you're going to see countries leave NATO and a lot of other chaos.

ENERGY MARKET NEWS

1. OIL MARKETS IN THE AGE OF ENERGY TRANSITION
2. EIA REPORTS A WEEKLY CLIMB OF NEARLY 8MN BLS IN US CRUDE SUPPLIES
3. RUSSIAN OIL PRICES SOAR AMID FALLING FREIGHT RATES
4. JPMORGAN'S DIMON SAYS US INTEREST RATES COULD HIT 6%
5. RUSSIAN OIL SANCTIONS HAVE REDRAWN GLOBAL TRADE MAPS
6. WHY IS CHINA BUYING UP SO MUCH US OIL?
7. SENDING WEAPONS TO UKRAINE WILL ADD FUEL TO WAR, SAYS CHINA AT UN
8. MOLDOVA WARNS OF RUSSIAN 'PSY-OPS' AS TENSIONS RISE
9. GERMAN ENERGY BOSS WARNS: DON'T LET GUARD DOWN ON GAS SUPPLY
10. GAZPROM LOOKS EAST ON 30TH ANNIVERSARY

RECOMMENDED VIDEO & REPORTS

- THE MIDDLE EAST IN THE US-INDIA-CHINA STRATEGIC TRIANGLE
- THE WORLD'S MOST PAINFUL TRADE IS FINALLY ENDING AS DOLLAR PEAKS
- ADNOC GAS $2BN IPO COVERED IN HOURS AS BUYERS PILE IN
- RUSSIAN FUEL OIL'S EASTWARD SHIFT UPENDS GLOBAL FLOWS
- CHINA CALLS FOR RUSSIA-UKRAINE CEASE-FIRE, PEACE TALKS
- CHINA REPORTEDLY NEGOTIATING WITH RUSSIA TO SUPPLY KAMIKAZE DRONES

GI Soundings Week in Review

"Russian Oil Will Continue to Find a Home Despite Sanctions!"

Over the last week, Gulf Intelligence has held high-level interviews with energy experts in the MiddleEast, Asia, Europe, and the US. This intel is harvested from the exclusive briefings.

- **Amena Bakr, Deputy Bureau Chief, Energy Intelligence**
- **Victor Yang, Senior Analyst, JLC Network Technology**
- **Rachel Ziemba, Founder, Ziemba Insights; Adjunct Senior Fellow, Energy, Economics & Security Program, CNAS**
- **Richard Redoglia, Chief Executive Officer, Matrix Global Holdings**
- **Rafiq Latta, Senior Correspondent, Energy Intelligence**
- **Walter Simpson, Managing Director, CCED**
- **Laury Haytayan, MENA Director, Natural Resource Governance Institute**

Amena Bakr, Deputy Bureau Chief, Energy Intelligence OPEC+: "Somebody should give the group credit for this market stability. Saudi Arabia said recently that OPEC+ intention is to keep this 2 million barrels a day cut policy until the end of the year. That gives a level of stability and predictability, and that's why we're seeing that $80 to $90 is the new $60 to $70."

Victor Yang, Senior Analyst, JLC Network Technology CHINESE OIL IMPORTS: "Chinese refineries are trying to cut their costs because energy prices are too high for them. Their margins have been under pressure, so they are buying cheap crude and have been trying to improve their technology to be able to process the heavier, sour grades. We can expect Russian crude to account for about 18% of China's total imports in February, at about 11.8mbd, and this will continue."

Rachel Ziemba, Founder, Ziemba Insights; Adjunct Senior Fellow, Energy, Economics & Security Program, CNAS SANCTIONS IMPACT: "One of the pervading underlying trends on the energy side of sanctions, was to cut Russian revenues and degrade its capacity to wage war, but also to try to insulate the global economy from this and arguably, maybe the latter has come out a bit uppermost. However, while the economic indicators do show that Russia's economy is suffering, sanctions clearly have not led to an ending of the war."

Richard Redoglia, Chief Executive Officer, Matrix Global Holdings US FED: "I think we are in a situation that the FED is stuck, and they know they're stuck. There might be 25 basis points here or there but when they stop, I would imagine we will see a strong rally in the market and then a dump, because people will realize they're going to have to come back in and raise again."

Rafiq Latta, Senior Correspondent, Energy Intelligence NEW ENERGY FLOWS: "I cannot see Russia reclaiming its former hydrocarbons prominence. It will not be the supplier it was to Europe for sure. We are certainly seeing a big shake up that is going to last for some time, and certain elements of it are that there will be more Russian crude in Asia-Pacific. For the moment, that doesn't seem to be bothering big Gulf producers; they're keeping their sales solid."

Walter Simpson, Managing Director, CCED RUSSIAN CRUDE: "If increased volumes of Russian crude are going to India and China, then someone else will have to buy other oil to replace it, so I'm not too concerned about whether there's still a market for OPEC oil. We don't have any control over where Russian oil goes - we just need to be cognisant of it, and plan around it. That's what's important."

Laury Haytayan, MENA Director, Natural Resource Governance Institute RUSSIA OIL: "Russia might still be selling its oil to India and China, but this is not a sustainable way for a producing country to keep doing things. It will not be immune to the sanctions that are being put on its sector. At the end of the day, they also want to make money to keep the war machine going and to keep stability in the country, so they cannot rely on discounted oil indefinitely."

Daily Energy Markets

TOP TAKEAWAYS
MARKET OBSERVATIONS FOR THE WEEK
February 20th - 24th

1. Russia's 500,000 bd output cut has eased discount on its crude to $20-$25, helping to diffuse any tension within OPEC+ on market share.
2. China economy set to grow by at least 5% this year as investor and consumer confidence returns, and it will also continue buying discounted Russian oil, with refiners keen to cut costs.
3. China's reopening may very well deliver a rise of 1mbd in oil consumption, but it would be a mistake to assume that imports will rise by same amount!
4. The FED has no choice but to keep going, with inflation infecting every aspect of life in the US – you know there's still a problem when people are discussing the price of eggs at dinner parties!
5. Geopolitics trumping national economic interest, with a sharpening polarization between Iran, China and Russia in one camp, versus the west.
6. The jury is still out on whether all boats will rise with the reopening of China, but Tanker rates are not waiting around and have already regained upward momentum.
7. India and China's appetite for Russia's discounted crude oil is helping to keep global markets well supplied and prices stuck in the $80s.
8. Iranian crude oil and products exports are likely to remain robust through 2023 at close to 2m bd in total.
9. China reopening likely to win oil price tug of war against higher FED rates for longer and resulting economic slowdown in the OECD.
10. Iran JCPOA talks might have stalled because of Iran's support of Russia in its war with Ukraine, but its counterparts will keep the door open as long as Iran has nuclear capability.

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