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Fujairah New Silk Road WEEKLY NEWSLETTER

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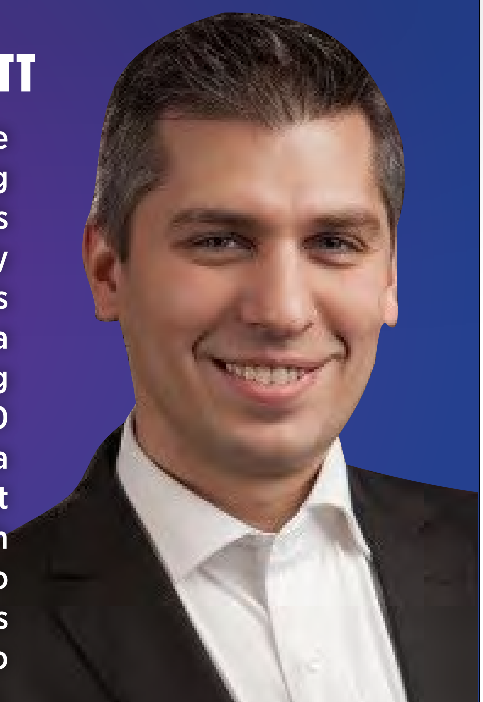
EXCLUSIVE INSIGHTS /// ACTIONABLE INTELLIGENCE /// DATA TRENDS /// LATEST NEWS

AN EXCLUSIVE GULF INTELLIGENCE INTERVIEW

"TANKER OWNERS ARE NOT POSITIONED TO ENJOY THE RETURN OF A CONTANGO MARKET STRUCTURE"

Samir Madani
Co-Founder, TankerTrackers.com and Founder #OOTT



I think that it's not going to be as big a Contango windfall as the one we had back in the spring as Saudi Arabia is not really participating in it due to the supply cuts. If OPEC had shipped 3 or 4 million barrels per day extra on top of what we're seeing now, we would definitely see that Contango in its full glory for Tanker owners. The thing is that, yes, you have a lot of vessels that are heading out to sea with a lot of oil. There's about, let's say, a quarter of a billion barrels heading for China now on a constant stream. It's down actually from over 300 million barrels a month ago, but that's due to the floods in China that were taking place. So obviously that delayed some things, just put it on the backburner for a brief period, but now in the fourth quarter China is going to come roaring back again. We're going to see more consumption as the Chinese will likely do a lot more as there is growing evidence of strong car buying as people look to avoid using public transport because of the COVID risks.

CONTINUED ON PAGE 3

Fujairah Weekly Oil Inventory Data

6,896,000 bbl	3,793,000 bbl	12,552,000 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
$3.50 - 4.06/m³

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

Source: GI Research – Weekly Phone Survey of Terminal Operators

Insights brought to you by: 2010 GI 2019 Publishing
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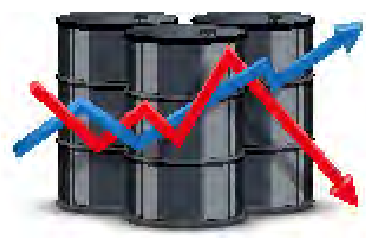
THE WEEK In Numbers

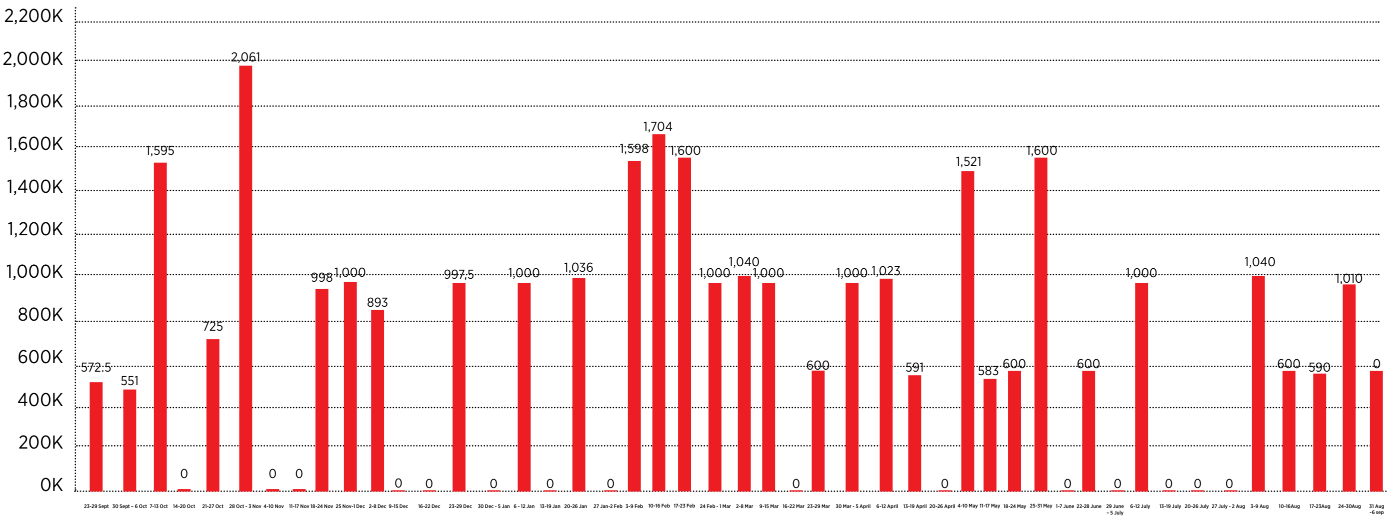


Weekly Average Oil Prices

Brent Crude: $40.61/bl
WTI Crude: $38.55/bl
DME Oman: $40.01/bl
Murban: $39.90/bl

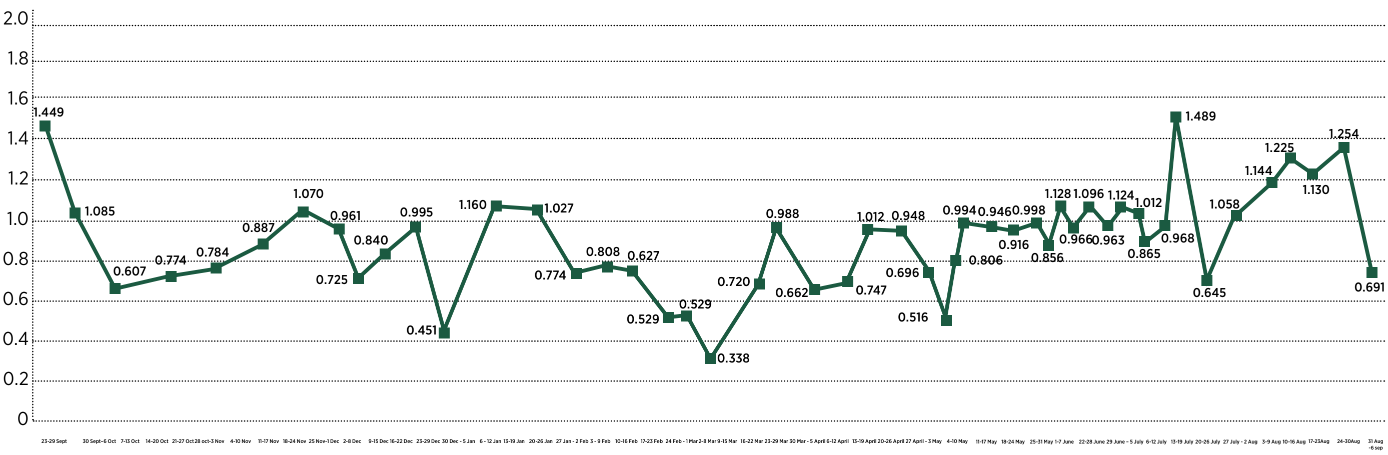
Time Period: Week 2, September 2020
Source: IEA, OilPrice.com, GI Research

Weekly Imports of Heavy Sweet Crude into Fujairah



Source: Kpler

Total Refined Product Exports from the GCC to Asia-Pacific



Source: Kpler

CONTINUED FROM PAGE 1

Q. How would you assess the health of the Tanker market after six months of volatility?

Samir Madani: Not good. Just a week ago we saw day rates fall to $6,000, actually even less, the floor was at $5000, and that's coming down from over $250,000 in the second quarter. China has taken advantage of this opportunity to buy on the cheap and to stockpile as much as they can. But that's all over with now. The tanker transport industry needs to get back to a day rate of $20,000 to avoid bankruptcies and make things move again. With the day rates being so low, there's going to be some sacrifices made, which will be bad for everyone.

Q. How do you define the congestion of fully-laden tankers sitting in China's anchorage area – floating storage or port congestion?

Samir Madani: In the tanker tracking industry, we haven't really set a standard as to what defines floating storage. I have approached many colleagues within the industry over the last four years to ask them how they define this slow-moving stuff, because a vessel can be anchored overnight, or it could be anchored for several months. As I got no answers, I decided to define it myself, and I decided it would be 30 days. So, we track if vessels are anchored somewhere for 30 days, fully laden or half laden with oil cargo, and if they are then we call that floating storage.

Now, when we look at China, we see mostly port congestion. But sometimes the vessels will move and relocate or go closer to the port and then reverse course, just to confuse the market watchers on their definition and intent. We have decided to only produce a report once a month, and I would say that it is imperfect, and results in the need to do constant tweaking. But all in all, if I was just to use how we collect data now, I would say there's over 100 million barrels of floating in China's anchorages right now. Still, I don't think that's too much of a problem given their consumption and refining capacity of around 14 million barrels per day.

Q. Do you think China is in the process of increasing its strategic petroleum storage capacity beyond the 80 days they had in 2019?

Samir Madani: Absolutely. I think, given all the geopolitics and everything. I think China is more comfortable now with 100 days of storage. And, you know, they can drag and drop in new storage tank farms at a rate of 250 million barrel capacity every single year because they have standard sized tanks that they construct with a hundred thousand cubic meters, and they just drag and drop them. We see new farms just pop up year after year. It's just incredible – I can assure you if you look at Google Earth or Google Maps, you will be looking at a very old photo. No matter how recent it is, it's very old. It's outdated because when we look at it with a day fresh photo, we'll see a whole new farm just erected within the period of a few months.

Q. Do you foresee a surge in scrapping of tankers given the low rates or any other problems you would identify?

Samir Madani: There are a lot of old oil tankers that were supposed to be scrapped a long time ago, but they're still in circulation. Sometimes you track tankers that are supposedly on route to be scrapped, on their last trip, but they get re-routed and never end up there.

There is one tanker in particular that I track which just boggles my mind that it can last this long. It's a year or two older than me, around 43 years old and it's floating in the anchorage area just off the coast of Yemen -- it's called Saffet. It is an ULCC, or actually an extended VLCC which can handle up to 3 million barrels, and it's got over one million barrels on board for the past five or so because of the Yemen conflict. There is just nobody's on the vessel and it is corroding, just a rust bucket and it's also been leaking. It's a catastrophe waiting to happen.

There's a similar situation north of Venezuela, between Venezuela and Trinidad and Tobago – a FSL floating there with over a million barrels aboard and it is actually flooded with water. They're working on getting rid of the excess water. We have two pending massive disasters and I don't need to tell you what that may look like in 2020 as the industry is already under microscopic review.

Q: What is your outlook for new Tanker demand growth?

Samir Madani: I would say that if anything, you don't want to go out and buy a shiny new oil tanker right now. You may want to buy something at least a decade old or so, and you can get that for good money right now because obviously at these low oil prices ships are cheap. It may appear as a big, big risk, but I do see that we're going to have this possible mood change in the New Year. It feels like if we survive 2020, we're going to roar into 2021 with so much pent up demand, and with a possible vaccine popping up no later than Q2, Q3, trade will just come roaring.

But what we do see, however, is this continued pressure, sanction pressure on certain exporters like Venezuela and Iran. And obviously, that would mean that less vessels are allowed to interact with these countries, to pick up their oil. And that, of course, drives the demand for more tankers. Because if you get a list of 50 or 100 vessels that are suddenly off the global market for sanction busting, and a lot of it is VLCC capacity, then obviously you're going to have a shortage of lifting power.

Q. As its founder, what is your vision for #OOTT?

Samir Madani: In 2016, I was working on trying to aggregate the news flow of oil, and also at the same time building a community that was interested in everything related to oil in terms of news, views and data, and just put it all together under one little neat hashtag which would encompass it all. So that's how #OOTT was born – the Organization of Oil Trading Tweeters. So that's over 4 years now we've been running it and it's been very successful, the fact that you can just put this thing on a tweet deck and watch it in real time, especially when a major event like an OPEC meeting is taking place. It's fascinating to watch the Real-Time news flow all on one feed.

WATCH FULL INTERVIEW HERE

DAILY ENERGY MARKETS FORUM
NEW SILK ROAD "LIVE" September 13th - 17th

GIQ

EXCLUSIVE WEBINAR

TOP 10 MARKET OBSERVATIONS FOR THE WEEK

1. OPEC+ will be hoping to make as few headlines as possible at the JMMC meeting today because they don't want to derail market recovery.

2. Oil markets are likely to remain in Contango for the rest of 2020 as traders lock in as many floating storage oil tankers as they can find.

3. China's demand may continue at elevated levels as we get closer to the January peak-buying month of the year ahead of Chinese New Year.

4. The US election is increasingly setting the pace on all market sentiment, and don't expect major moves in either direction until clarity on who is likely to win.

5. Gulf states are turning to debt markets more and more to cover fiscal shortfalls triggered by lower oil prices - quadrupled in 5 years since 2015 price crash.

6. China's oil imports are likely to fall to 2019 levels in Q4 of less than 10mn b/d -- down from a record 12.99mn b/d in June.

7. All eyes turn to OPEC+ and the outlook for supply cuts in Q4 as demand weakness beds-in across the world, including China.

8. China's oil in storage has reached about 1bn barrels, 200mn more than a year ago.

9. Many developed economies are back in 'lockdown' in all but name with empty streets, restaurants, stadiums and increasing calls not to use public transport.

10. The FED's commitment to keep cost of money at near zero until at least 2023 should maintain glass half-full market sentiment through to US presidential elections – leaving Trump grinning and Biden frowning.

ENERGY MARKETS VIEWS YOU CAN USE

Floating Storage

By Mike Muller
Director – Oil Business Development & Head of Trading
Vitol Asia

There are a bunch of factors that have come together to make storage on the water plausible which did not make sense in the context of the market a few months ago. We have lower overall global demand and the same number of ships. There are very weak earnings available to ship owners in dirty crude oil trade at the moment. The VLCC sector is barely receiving $10k per day in returns. In a market like this, the owner will jump at the opportunity to take a 3-6 month charter at a much lower cost then they were willing to do back in April. There was news recently that a VLCC was taken on a short-term charter by an oil company at just above $20k per day. That is three and a half times less than the most competitive numbers that were secured in April when we had a very steep contango structure.

We also need to look at the oil supply and contango side of the equation. In terms of supply, due to the disappearance of buying from China we had a lot of Atlantic basin crudes that were stuck in the Atlantic. At the time, China was buying US crudes as a preference to honor its side of the Trump-Xi Jinping deal. So, this oil has been stuck waiting for next month anyways. When this happens in markets, you tend to get a contango structure that manifests itself more strongly. Brent's spread sank to $45/bl not just on the spot market, but all the way through to next year. If you do the math, you can roughly afford to keep your oil parked on a ship for a few months if that ship is only costing you $20k-$25k per day. It's not great returns and it's not profitable. But if you've got nothing else to do with your oil and you don't want to give that oil away at a distressed differential, then that is the right thing to do. That is why we are seeing these floating storage initiatives. But I would emphasize, it's not in China. A lot of floating storage is in the West, where marginal crudes have been left on the shelf.

China's Oil Demand

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

We are now seeing the energy game being played out relatively independent from what happens in the economy and far removed from what happens with the Covid-19 pandemic. The longer that deteriorating situation continues, the harder it will be to come back. Back in April when OPEC+ cuts were implemented, it looked as if we would see a V-shaped recovery in oil prices. Chinese demand was adding more than 2mn b/d to that scenario. However, everyone knew that this was going into storage but rarely discussed it. At some point this had to end, and that point is now. The question everyone should be asking is, was this a miscalculation from China? Was this a centralized strategy to fill strategic reserves? Or, was this a shopping spree from all of the refiners and now everyone is saturated? We have to figure this out in order to assess what the viable reaction should be in the market.

OPEC+

We are now starting to look into the abyss. Even if OPEC+ is successful, they're sowing the seeds of their next problem. Shale was never dead. You can financially restructure, but you can't destroy technology once it's there. Furthermore, demand recovery in our current desynchronized economic scenario may not be strong enough for OPEC+ to continue its current path. If you look at the market right now, almost everyone is predicting $55/bl - $65/bl for 2021. These forecasts may be very wrong. The hill to climb to get oil prices back to above $50/bl is so steep that it is unlikely to happen.

GIQ EXCLUSIVE SOUNDINGS

Oil Steady, but the Risks Remain Elevated and "Skewed to the Downside"

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:

- **Edmund O'Sullivan, Author, The New Gulf**
- **Omar Najia, Global Head, Derivatives, BB Energy**
- **Anita Yadav, Chief Executive Officer, Global Credit Advisory**
- **Kevin Wright, Lead Analyst APAC, KPLER**
- **Robin Mills, Chief Executive Officer, Qamar Energy**
- **Randall Mohammed, VP, Energy Solutions, Ahart Solutions International**
- **Dr. Carole Nakhle, Chief Executive Officer, Crystol Energy**
- **Chris Wood, Chief Executive Officer, AAG Global Investments**
- **Tony Quinn, Operating Partner, Prostar Capital & CEO, Tankbank International**
- **Vandana Hari, Founder & CEO, Vanda Insights**
- **James McCallum, Executive Chairman, Xergy & Professor of Energy, Strathclyde University**
- **Peter McGuire, Chief Executive Officer, XM Australia**

Edmund O'Sullivan, Author, The New Gulf
"The US elections is a gamechanger for the energy markets with the Democrats having the most aggressively non-carbon platform any American political party has ever attempted in a presidential election. That's got really profound implications and if Democrats win, we'll see the most radical decarbonization of any major economy in history."

Omar Najia, Global Head, Derivatives, BB Energy
"China's oil strategy is that when the prices go down, they will buy and they will store. But the increased crude imports will not continue simply because they weren't buying to use, they were buying strategically to store."

Anita Yadav, Chief Executive Officer, Global Credit Advisory
"Besides debt, another tool that governments haven't yet used is privatization of government assets. I think GCC governments are very rich from that perspective that they control most of their large assets in utility, transport healthcare and they can leverage this."

Kevin Wright, Lead Analyst APAC, KPLER
"According to Kpler Data, 82mn barrels of crude is still in floating storage just within Chinese waters and Chinese inventories onshore are 895mn barrels. Predictions on how long it will take to get this within normal ranges is pointing towards sometime in 2022. That is if they trim the purchasing rate that we've seen over the last few months."

Robin Mills, Chief Executive Officer, Qamar Energy
"I personally think OPEC should put more pressure on the laggards and try to keep production and discipline where needed. Going back to deeper cuts is difficult and the compliance wouldn't be complete then, especially considering that the prices haven't really collapsed and have just dipped below $40/bl briefly."

Randall Mohammed, VP, Energy Solutions, Ahart Solutions International
"The first round of stimulus expires at the end of September and the market was really looking forward to a second round of stimulus, especially the airline industry, which has already indicated that they are going to lay off thousands if that stimulus does not come through. That's something we've got to keep all eyes on."

Dr. Carole Nakhle, Chief Executive Officer, Crystol Energy
"We're talking about several hundred thousand of barrels of oil demand being revised downwards between a month to another. That would've been something quite difficult to digest before Covid-19. But now, because a loss in oil demand is so drastic, we think of these numbers as quite marginal compared to the big loss."

Chris Wood, Chief Executive Officer, AAG Global Investments
"We're going to see a slowdown in the shipping and bunker fuel market. The margins from where we were in January to where they are now are significantly lower, and clearly that played into the LSFOs because the economics for scrubbers is no longer there and it will take a lot longer to pay back the capex associated with that."

Tony Quinn, Operating Partner, Prostar Capital & CEO, Tankbank International
"One hub in the world that has been doing better than others is Fujairah. If you look at the past two quarters, all the other ports went down to the lowest volumes of ships they've had in the past two to three years, which is when we had a decline in oil prices in 2017. So, Fujairah has done very well compared to others and the reason is that its bunker business is holding up well."

Vandana Hari, Founder & CEO, Vanda Insights
"The view in the market is that OPEC+, one way or another, through diplomatic pressure or political pressure, will ensure that the laggards deliver. They might be allowed to stagger the compensation mechanism to make deeper cuts over a longer period of time. But the bottom line is that the overall compliance remains high and it's expected to remain high."

James McCallum, Executive Chairman, Xergy & Professor of Energy, Strathclyde University
"The oil story is becoming two sided now. There are the low-cost producers that have the ability to produce more when it's required. And then you have the traditional super majors and the services companies that are very much broken."

Peter McGuire, Chief Executive Officer, XM Australia
"Even when we experienced a period of extreme lows, Chinese growth was nothing short of extraordinary. Other markets like Nasdaq, Dow and European bourses also performed very well. I think fast money really found a home and traders boosted it aggressively. Now, we have to ask if there is growth in other markets. I think the appetite will finally move across to other markets that have better growth frontiers."

ENERGY MARKETS COMMENTARY WEEK IN REVIEW

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GIQ BRIEFING NOTE

Supported By: mashreq

FED CHAIRMAN JEROME POWELL – FORWARD GUIDANCE

"More Fiscal Stimulus Support is Needed!"

(Press Conference Sept. 16th 2020 – GI Edited Transcript for Energy Market Participants)

Q: Do you anticipate a slowing in the pace of the Economic recovery if there is not another stimulus package from Congress?

FED Chairman Jerome Powell: My sense is that more fiscal support is likely to be needed. I would just say there are still roughly 11 million people still out of work due to the pandemic. And a good part of those people were working in industries that are likely to struggle. Those people may need additional support as they try to find their way through what will be a difficult time for them.

We've also got struggling small businesses, especially those in the business of facing directly to the public. And we have state and local governments dealing with a drop in revenue at the same time spending has gone up, much of it related to the pandemic and economic effects. So again, I would say the fiscal support has been essential in the good progress we see now. And finally, I'll note that just about all, the overwhelming majority of private forecasters who project an ongoing recovery, are assuming there will be a substantial additional fiscal support.

So far, the economy has proven resilient to the lapsing of the CARES Act enhanced unemployment benefits. But there's certainly a risk though that those who are unemployed have saved, appear to have saved some of those benefits, and they'll now spend them, and that as the months pass, if there's no follow up on that, if there isn't additional support and there isn't a job for some of those people are from industries where it's going to be very hard to find new work, then that will start to show up in economic activity. It will also show up in things like evictions and foreclosures and things that will scar and damage the economy. So that's a downside risk.

Q: If we don't get a vaccine until well into next year, what does that mean for the economy?

FED Chairman Jerome Powell: What's happening is basically we're learning to live with COVID, which is still spreading. And we're learning to engage in economic activity. All of this recovery that we've seen is in a context where people are still at risk of catching it and yet we're able to resume lots and lots of economic activities.

And that involves, as I mentioned, I think the more social distancing we can preserve as we go back into the workforce, wearing masks, keeping our distance, that kind of thing, the better we'll be able to get economic activity back up close to where it was. I do think though, there are areas of the economy that are just going to really struggle until we have a vaccine that's in wide usage and is as widely trusted. And those are the ones where people were getting really close together.

I also think testing to the extent you have cheap and rapid testing; you can do a lot with that in the workforce. You can

build confidence in the workforce if you have regular, very regular testing, it doesn't cost very much, and you get the results really quickly. If you do that, you'll be able to open a lot of workforces, particularly in cities where the overall case numbers are quite low and that will help a lot. So, I think we're going to be finding lots and lots of ways to get out as far as we can. There's always going to be certain activities that will be hard to resume.

There is no template here. There's no experience with this. So frankly, for the last 60 days or so, the economy's recovered faster than expected, and that may continue or not. We just don't know. And I think we should do those things that we control to make sure that we can recover as quickly as possible. And the main thing again, is wearing a mask and keeping your distance while you're in the workforce. That's something we can all do that will limit the spread and let people go back to work, avoid major outbreaks and things like that.

Q: Has the FED now used all the tools in its toolbox to combat the economic collapse triggered by the COVID Pandemic?

FED Chairman Jerome Powell: I certainly would not say that we're out of ammo, not at all. So, first of all, we do have lots of tools. We've got the lending tools; we've got the balance sheet and we've got further forward guidance. So, there's still plenty more that we can do.

We do think that our rate policy stance is an appropriate one to support the economy. We think it's powerful. And as I mentioned, this is the kind of guidance that will provide support for the economy over time. The idea of being that policy will

"I CERTAINLY WOULD NOT SAY THAT WE'RE OUT OF AMMO, NOT AT ALL."

remain highly accommodative until the recovery is well along, really very close to our goals, and it will remain accommodative even after we lift off. So, I think that's a really strong place for rate policy to be. But again, we have the other margins that we can still use. So, no, certainly we're not out of ammo.

Q: Are you concerned that your actions are more likely to produce asset price inflation -- in other words, are you risking a bubble on Wall Street?

FED Chairman Jerome Powell: We monitor financial conditions very carefully. These are not new questions; these were questions that were very much in the air a decade ago and more, when the Fed first started doing QE. And I would say, if you look at the long experience of the 10-year expansion, the longest in our recorded history, it included an awful lot of quantitative easing and low rates for seven years.

And I would say it was notable for the lack of the emergence of some sort of a financial bubble, a housing bubble or some kind of a bubble, the popping of which could threaten the expansion. That didn't happen. And frankly, it hasn't really happened around the world since then. That doesn't mean that it won't happen, and so, of course, it's something that we monitor carefully.

After the financial crisis, we started a new whole division of the Fed to focus on financial stability. We look at it from every perspective. The FOMC gets briefed on a quarterly basis. At the board here, we talk about it more or less on an ongoing basis.

So, it is something we monitor, but I don't know that the connection between asset purchases and financial stability is a particularly tight one, but again we won't be just assuming that; we'll be checking carefully as we go. And by the way, the kinds of tools that we would use to address those sorts of things are not really monetary policy; it would be more tools that strengthen the financial system.

Q: Why is the Fed is trying to overshoot inflation?

FED Chairman Jerome Powell: It is intuitive that high inflation is a bad thing; it's less intuitive that inflation can be too low. And the way I would explain it is, is that inflation that's too low will mean that interest rates are lower.

There's an expectation of future inflation that's built into every interest rate. And to the extent inflation gets lower and lower and lower, interest rates get lower and lower, and then the Fed will have less room to cut rates to support the economy. And this isn't some idle academic theory; this is what's happening all over the world. If you look at many, many large jurisdictions around the world, you are seeing that phenomenon.

So, we want inflation to be 2%, and we want it to average 2%. So, if inflation average is 2%, the public will expect that, and that'll be what's built into interest rates. And that's all we want. So, we're not looking to have high inflation; we just want inflation to average 2%.

And that means that in a downturn, these days, what happens is inflation, as has happened now, it moves down well below 2%. And that means that we've said what we would like to see, and we will conduct policy so that inflation moves, for some time, moderately above 2%. So, these won't be large overshoots and they won't be permanent, but to help anchor inflation expectations at 2%.

It's a challenging concept for a lot of people, but nonetheless, the economic importance of it is large. And those are the people we're serving. And we serve them best if we can actually achieve average 2% inflation, we believe. And that's why we changed our framework.

Q1: Are there any macroeconomic conditions under which you would favor increasing the monthly pace of treasury purchases?

FED Chairman Jerome Powell: We will continue to increase our securities holdings at least at the current pace over coming months to sustain smooth market functioning, and to help foster accommodative financial conditions. That latter part is an updating of our guidance to reflect what I've been saying for some time and what other central banks have acknowledged, which is that the purchases are fostering accommodated financial conditions as well.

That amounts to roughly $80 billion a month of treasuries and $ 40 billion net per month for MBS. We do think that these purchases have been effective in restoring early market conditions and have supported the flow of credit to households and businesses, including by fostering more accommodated financial conditions, which of course we think is a good thing. In terms of going forward, I would just say this, there are various ways and margins that we can adjust our tools going forward, and we'll continue to monitor developments and we're prepared to adjust our plans as appropriate.

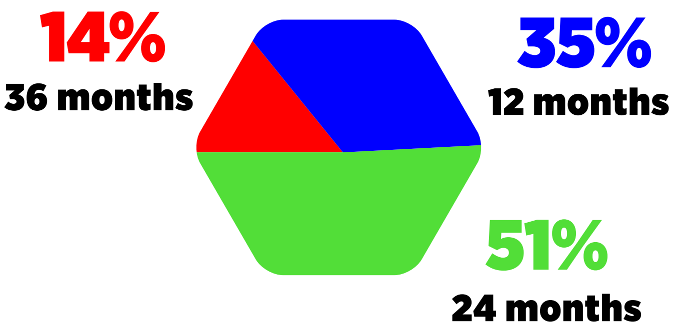
Q: Is the FED committee confident that it can hit its new target of 2% average Inflation over the long term, especially when by your own admission today you expect inflation to stay below 2% until 2023?

FED Chairman Jerome Powell: We expect that the economy will recover quickly now, but that that pace will slow as people go back to work and we'll still have an area of the economy, a big area of the economy that struggles. There'll be slack in the economy. The economy will be below maximum employment, below full demand. And that will tend to wear, to put downward pressure on inflation.

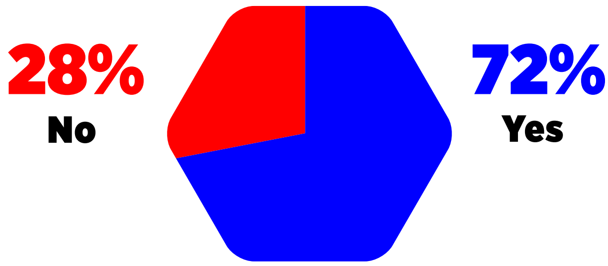
So, we think that once we get up closer to maximum employment, we think that inflation will come back generally. And I mean, that's sort of what happened during the last long expansion. It's a slow process, but there is a process there. Inflation does move up over time. We think that effectively saying that policy will remain highly accommodative until the economy is very far along in its recovery should provide strong support for the economy and get us there sooner rather than later.

GIQ Weekly Surveys

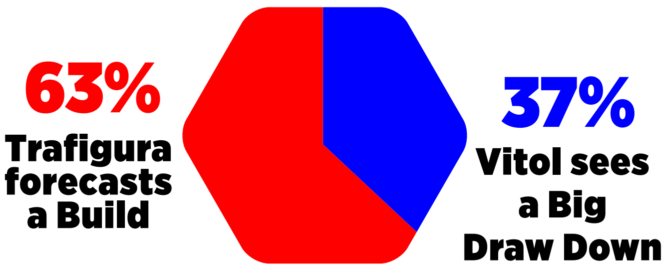
How long will it take to drawdown EXCESS global inventories to 5 year average:



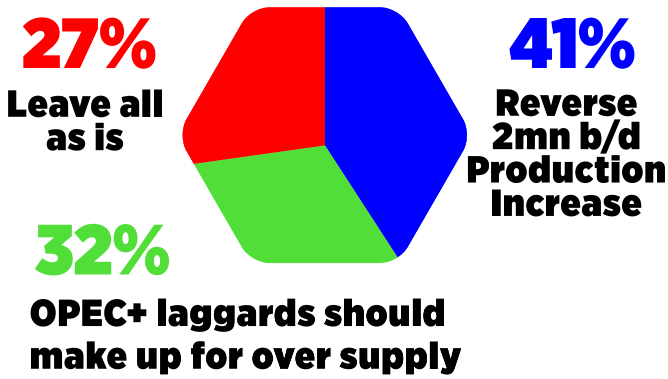
China's crude oil imports were 9.72 mbpd in March and rose to record high of 12.99 mbpd in June; 12.13 mbpd in July and 11.18 mbpd in August according to reports – will they continue to fall to average closer to March levels in Q4?



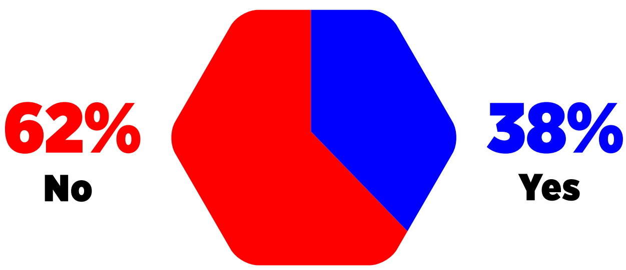
Two very divergent views emerged out of APPEC this week from the world's two biggest independent traders on the direction of Inventories in Q4. WHO DO YOU AGREE WITH?



World oil demand will tumble by 9.46mn b/d this year, OPEC said yesterday in monthly report, more than 9.06mn b/d decline expected a month ago: How should opec react this week ahead of Q4?



Do you expect a Covid-19 vaccine to be available for use by the end of 2020?



Source: GIQ

Fujairah Spotlight

GP Global Considering Sale of Assets in an Effort to Repay Creditors

GP Global is one of the largest bunker fuel suppliers in the Middle East bunkering hub of Fujairah and has been forced into the restructuring after it failed to win backing from some of its creditors following internal fraud investigations and the crash in the commodities market, leaving it short of cash. The restructuring team is allegedly considering multiple offers for various parts of the business and a proposal is rumoured to be presented by this month.

Source: Manifold Times

Party has to Stop in the UAE as Daily Covid-19 Cases Breach the 1,000 Mark

UAE residents are letting their guards down, and in the process, their country, too. Weeks after the country successfully brought down the number of daily Covid-19 cases from its peak of 900-plus to under 200, it has shot up once again. With some firms failing to ensure social distancing, authorities across the country are cracking the whip with closure orders and hefty fines. The Dibba Al Fujairah Municipality shut down 12 facilities for failing to comply with the precautionary and preventive measures.

Source: MENA FN

NBF Fujairah Run Launches its 4th Edition with a Virtual Run Series

National Bank of Fujairah PJSC (NBF) has announced the return of its annual run for its fourth edition where the series will be fully virtual for the first time. Running its course for the fourth consecutive year, the 2020 edition will feature a series of three categories: 3km, 5km and 10km races. The first race will fall on the 18th and 19th of September and entry will be free for all participants. This annual event continues to attract high attendance from residents all across the UAE of all ages and fitness abilities and has already secured over 500 registrations so far.

Source: NBFSource: Khaleej Times

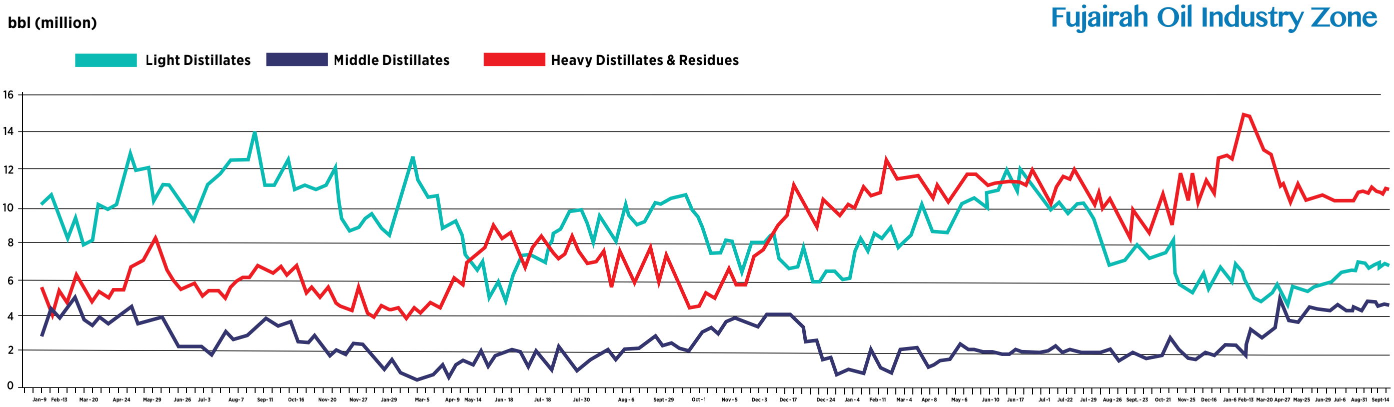
Fujairah Stockpiles Extend Decline to almost Five-Month Low

Stockpiles of oil products at Fujairah in the UAE dropped for a third consecutive week to the lowest in almost five months, led by declines in marine bunkers and power fuels. Fujairah recently shipped 750,000 barrels of high sulfur fuel oil to Saudi Arabia's Shuqaiq power plant.

Source: S&P Global Platts

Fujariah Weekly Oil Inventory Data

FOIZ
منطقة الفجيرة للصناعة البترولية
Fujairah Oil Industry Zone



TOP TAKEAWAYS

- Total oil product stocks in Fujairah were reported at 23.241mn barrels. This is their lowest level since April 20 when they stood at 23.228mn barrels. Total stocks fell by 75,000 barrels falling 0.3% week on week, with draws in heavy residues and middle distillates largely offsetting a builds in light distillates.
- Stocks of light distillates rose by 727,000 barrels or 11.8% week on week. Gasoline was finding support from continued lower run rates at North Asian refiners coupled with a number of refiners in the US being offline due to recent hurricanes and upcoming tropical storms. The 92 RON physical gasoline crack in Singapore was assessed at $4.31/bl on September 15, this is the highest level since June 24 when it stood at $4.83/bl.
- Stocks of middle distillates fell by 12,000 barrels to 3.793mn barrels as they moved down by 0.3%. The gasoil market East of Suez was largely steady with traders observing that the middle distillate appears to have regained its footing amid a stabilizing market. Reduced run rates at North Asian refiners were seen as a supporting factor for the fuel in the same way this factor was supporting gasoline in Asia.
- Stocks of heavy residues fell by 5.9% drawing 790,000 barrels on the week to stand at 12.552mn barrels, the first time they have fallen under 13mn barrels since March. They were last lower on March 9 when they stood at 12.315mn barrels. Steady demand at the Port of Fujairah for bunker fuel was leading to a tightening of barge availabilities, market participants noted. "Barge availability is still tight. In Fujairah, we were able to offer prompt deliveries within one or two days, but now our earliest delivery is from Sept. 20," a source said. Bunker prices for delivered Marine Fuel maximum 0.5% sulfur in Fujairah were assessed at $300/mt on Tuesday, reflecting a $10/mt discount to Singapore.

Source: S&P Global Platts

I don't know about you, but is anyone else confused?

BY MATT STANLEY
SENIOR BROKER
STAR FUELS

Morning all. Brent is trading this morning down 0.30/bl, at $41.92/bl. WTI is trading at $39.80/bl, down 0.36/bl. Ahh, Thursday. It's always been my favorite day of the week, I don't know why, it just is. Talking about things that just are... this oil market. I don't know about you, but is anyone else confused? I know the question you're all asking this morning "Why don't Whiskers sell mouse flavored cat food?" Hmm, not that but it is an excellent question. No, the real question you're all asking is "what exactly is going to cause this market to break out of its current range?" Save for a couple of days, Brent has traded between $40/bl and $46/bl for the last three months. Right now, we are at the lower end of that range and it can be argued that we are perilously close to dropping into the mid $30s/bl unless we see some positive signs of demand making a return. Back to my confusion for a moment though. OPEC, IEA and IBIA have all said this week that demand has not made the comeback many forecasted it would a few months ago. Yet yesterday, before Powell threw a bucket of cold water over the mongeese, Brent closed up 4%. The reason? A draw on crude stocks and potential supply issues owing to Hurricane Sally. I said yesterday that, and many times in the past, bearish headlines are shrugged off. Yesterday was no exception. OK, a crude draw and the closure of USGC oil platforms in a normal world would be a bullish indicator. But we aren't in a normal world. We are in a world where if you have more than six people in your house then the rozzers will turn up and give you a jolly good telling off. Aside from Covid-19 though, stats yesterday also showed an increase in US oil production by 900,000 b/d. There was also a rise in distillates inventories to their highest since 1991 and refining margins are at their lowest in ten years. Like I said, confused. On balance, the market should be lower than where it's trading, but perhaps nobody can bear to continue to live in a $40/bl oil world in the same way as it's taking all my strength to not say "We're top of the league." Oh, hang on. Good day.

September 17, 2020

ENERGY MARKET NEWS

RECOMMENDED READING & VIEWING

1. OIL UP MORE THAN 4% AS US STOCKPILES FALL, HURRICANE HITS OUTPUT
2. OPEC+ MEETS TODAY IN BID TO TIGHTEN UP ON COMPLIANCE
3. FUJAIRAH DATA: STOCKPILES EXTEND DECLINE TO ALMOST FIVE-MONTH LOW
4. ADNOC CUTS NOVEMBER TERM VOLUMES BY 25% FOR ALL CRUDE GRADES
5. FADING FISCAL STIMULUS RESTRAINING US CONSUMER SPENDING
6. FED TOUTS ECONOMIC RECOVERY, VOWS TO KEEP INTEREST RATES LOW
7. COULD A BIDEN PRESIDENCY ALTER THE DIRECTION OF US-CHINA TECH WAR?
8. IN CHINA'S POST-PANDEMIC RECOVERY, A LESSON FOR THE WORLD
9. GLOBAL OUTLOOK LESS PESSIMISTIC, BUT RISKS REMAIN HIGH
10. BRITISH AIRWAYS 'FIGHTING FOR SURVIVAL,' WARNS BOSS

RECOMMENDED VIDEOS & REPORT

- CHINA OIL DEMAND IS GOING TO COME ROARING BACK AGAIN
- CLIPS FROM THE FUTURE OF SHALE ROUNDTABLE
- FEDERAL RESERVE CHAIRMAN POWELL PRESS CONFERENCE
- VANDA INSIGHTS: CRUDE EASES EARLY THU ON PROFIT-TAKING AFTER 4-5% SURGE

OPEC Turns 60

September 14, 2020

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

"I often think back to that day in 1960, the mood in Baghdad, how those visionaries envisaged the future of OPEC and the oil industry. What is clear is that what was set in motion has stood the test of time; OPEC still has the same core objectives, of order and stability in global oil markets, but its role has also broadened considerably, in terms of deeper cooperation with other producers, dialogue with a host of industry stakeholders, and an embrace of human concerns such as sustainable development, the environment and energy poverty eradication."

Source: OPEC

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