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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

AN EXCLUSIVE GULF INTELLIGENCE INTERVIEW

"IT'S ALL ABOUT JET FUEL AND WHEN THE VACCINATION PROGRAMS WILL KICK IN"

Dr. Rainer Seele, CEO, OMV

Our industry is going to face a difficult first half 2021 and despite a good start to the year in terms of prices, we don't expect oil demand to recover to the 2019 levels of 100 million barrels per day till at least mid-2022. We could see some recovery in refining in the second half of 2021 – that is more of a concern than upstream. It's all about jet fuel and when the vaccination programs will kick in and get mobility back to normal. We already see naphtha being priced on much better terms so some refined products in this first half of the year might give us a little bit of a back wind.

CONTINUED ON PAGE 3

Fujairah Average Oil Tank Storage Leasing Rates*

BLACK OIL PRODUCTS

Average Range
$3.54 - 4.38/m³

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

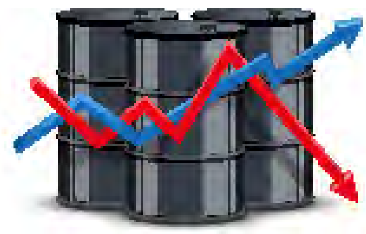
Source: GI Research – Weekly Phone Survey of Terminal Operators

Fujairah Weekly Oil Inventory Data

7,201,000 bbl	4,166,000 bbl	9,487,000 bbl
Light Distillates	Middle Distillates	Heavy Distillates & Residues

Source: FEDCom & S&P Global Platts

GI Consultancy Intelligence Publishing



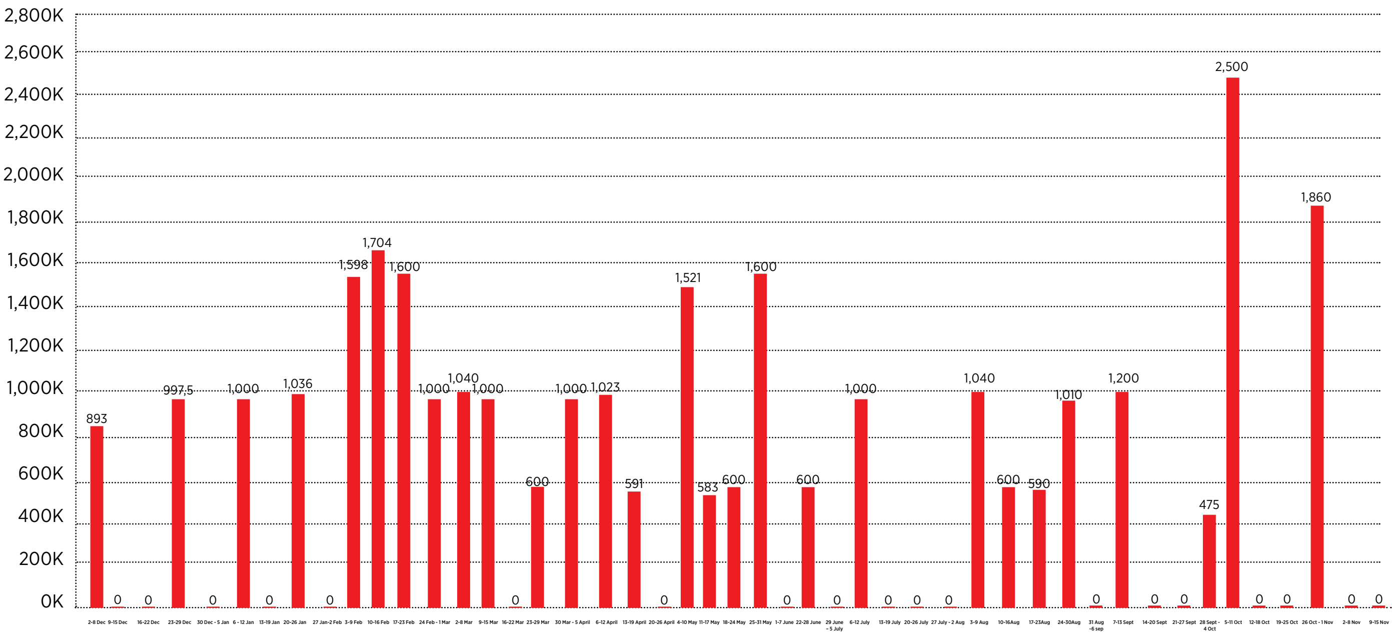
Weekly Average Oil Prices

Brent Crude:	**$63.56/bl**
WTI Crude:	**$60.43/bl**
DME Oman:	**$62.24/bl**
Murban:	**$62.85/bl**

Time Period: Week 3, February 2021
Source: IEA, OilPrice.com, GI Research

Weekly Imports of Heavy Sweet Crude into Fujairah

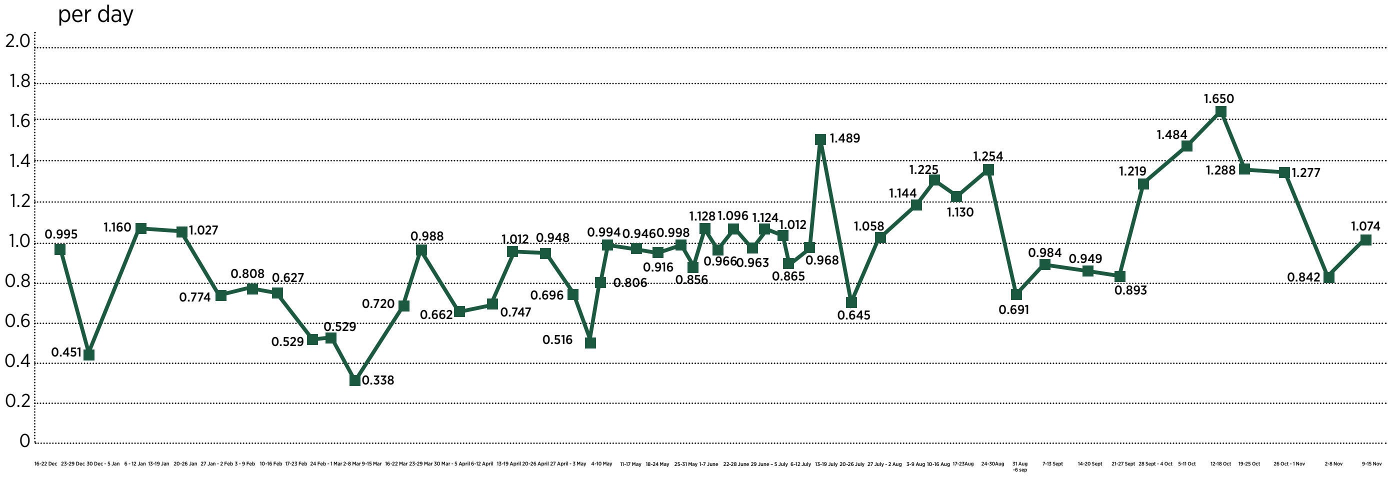
Total barrels



Source: Kpler

Total Refined Product Exports from the GCC to Asia-Pacific

Million barrels per day



Source: Kpler

Dr. Rainer Seele, CEO

OMV

CONTINUED FROM PAGE 1

GIQ: How have the challenges of 2020 impacted forward energy investment?

Dr. Rainer Seele: Last year was a challenge for the entire industry. Operating cash flows were heavily impacted, limiting investments and the room to maneuver for companies. Investment was cut mainly in upstream and a little bit in refining. But the financial and bond markets were not negatively affected by the pandemic so money was available for investment into the transmission. Green policies, especially by the European Commission, are an incentive for expenditure into renewable energy but we must always have an economic case. The industry can't survive if we build only on subsidies in the long-term.

GIQ: How can integrated oil and gas companies tackle the transition while keeping an eye on profits?

Dr. Rainer Seele: In considering energy transition investments, we should always look at the rate of return and competitive advantage for long-term success in the energy and power markets. At OMV, we have decided to transform the company into the value chain of chemicals. If we look at 2020, that side of the business was already looking robust, with strong demand from packaging and healthcare. Our acquisition of a majority shareholding in Borealis last year – one of the leading companies in polyethylene and polypropylene and the biggest producer of gasoline and propylene in Europe – has already demonstrated growth by one third. Nearly half of our capital allocation is now in chemicals. When we talk about sustainable transformation, it must also be accompanied by a heavy engagement into recycling, and as a company, we are preparing for that.

GIQ: Any plans to expand into east Asia?

Dr. Rainer Seele: We have very strong partners in the Middle East such as ADNOC and our focus remains on that region. We hope to expand further into Abu Dhabi with our Borouge partnership. When supplying the Asian market out of the Middle East, having a competitive advantage is critical, and sitting on a gas field with a cracker sourced nearby enables this and avoids large logistical costs.

OMV Outlook 2021

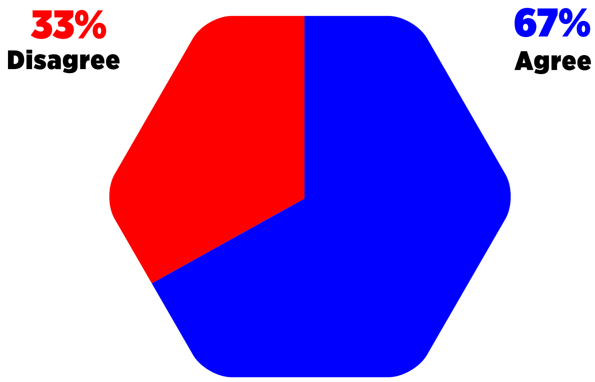
	2020	Outlook 2021
Brent Oil Price (USD/bl)	$42/bl	$50/bl - $55/bl
Average Realized Gas Price (EUR/MWh)	8.9	>10
Total Hydrocarbon Production (kboe/d)	463	≈480
OMV Indicator Refining Margin in Europe (USD/BL)	2.4	>2.4
European Ethylene Indicator Margin (EUR/t)	435	435
European Propylene Indicator Margin (EUR/t)	364	364
European Polyethylene Indicator Margin (EUR/t)	350	>350
European Polypropylene Indicator Margin (EUR/t)	413	>413
Utilization Rate European Refineries (%)	86	86
Organic CAPEX (EUR Bn)	1.9	2.7

Source: OMV Group, Q4 2020 Conference Call – February 4, 2021

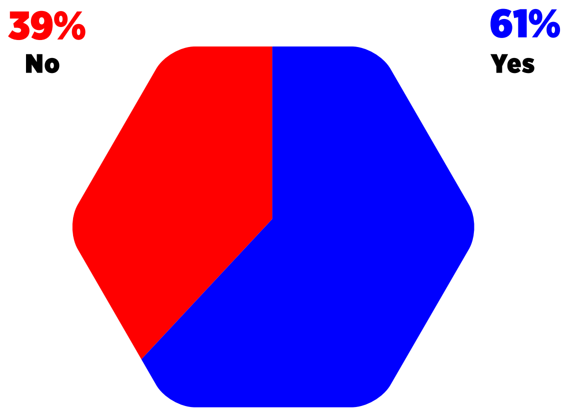
WATCH FULL INTERVIEW HERE

GIQ Weekly Surveys

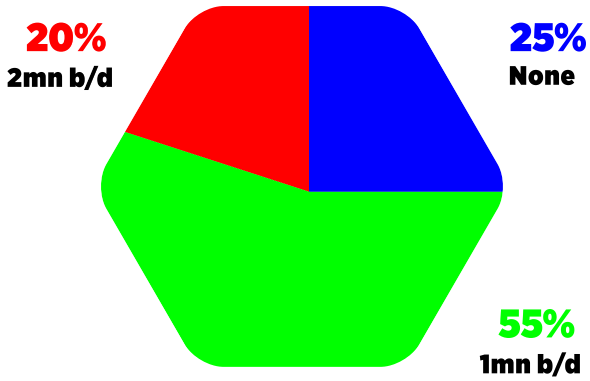
Oil prices have reached a critical threshold where OPEC+ must decide whether to increase production or risk losing market share?



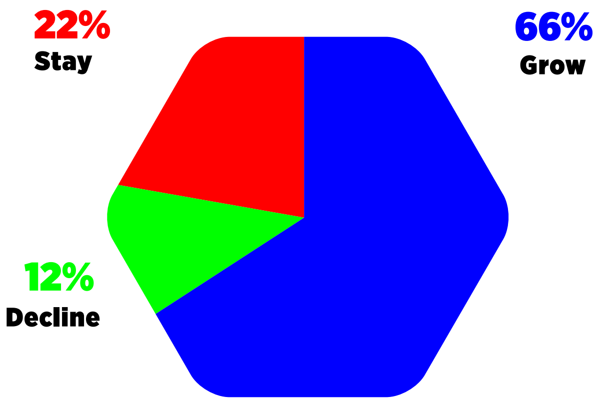
Last week the IEA revised down 2021 oil demand recovery for the 4th month in a row - will this trend continue?



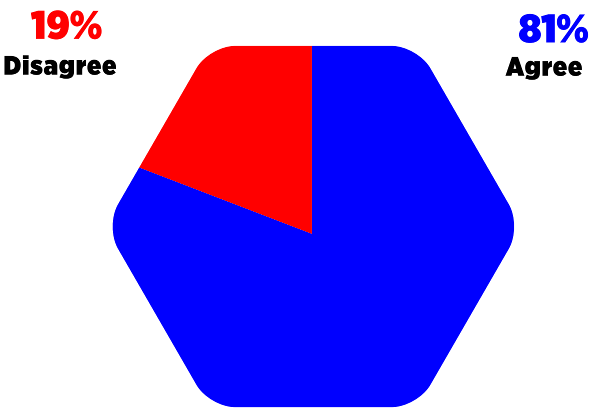
How much oil should OPEC+ increase supply by in April?

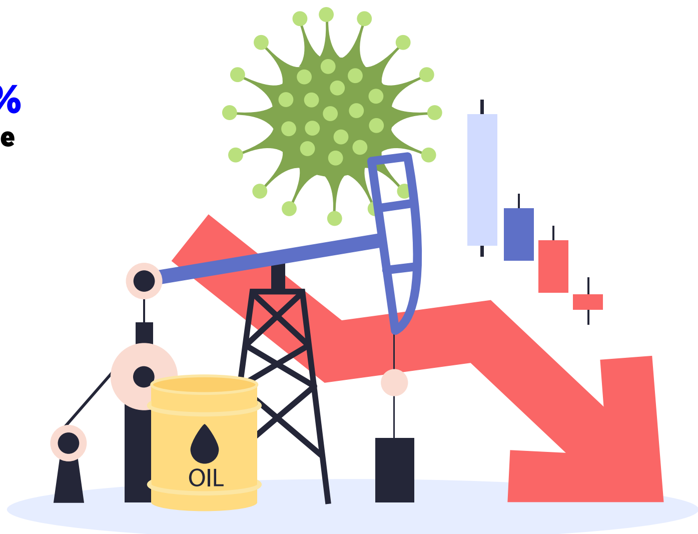


Will Iran's oil smuggling grow or decline under Biden before sanctions are lifted?



Brent could reach $70/bl ahead of the OPEC+ meeting if US supply disruption continues through the end of the month.





Source: GIQ

DAILY ENERGY MARKETS FORUM

NEW SILK ROAD

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VIEWS YOU CAN USE

HRH Abdulaziz bin Salman Al Saud
Minister of Energy
Kingdom of Saudi Arabia

"We have to be Extremely Cautious"

"We are in a much better place than we were a year ago, but I must warn once again against complacency.

The uncertainty is very high, and we have to be extremely cautious.

The scars from the events of the last year should teach us caution.

In other words, the football match is still being played, and it is too early to celebrate and declare any victory against the virus. The referee is yet to blow the final whistle.

Let us hope we can apply these lessons that we have learnt over the last year.

One of these lessons is the futility of trying to predict what is around the corner.

And the best way we can do so is to increase our preparedness and resilience, realizing that collective action is the best way to tackle the challenges ahead.

To those who are trying to predict the next move of OPEC+, to this I would say, do not try to predict the unpredictable.

I would have to say constructive ambiguity in this case is quite appropriate, I think. ■

**Comments made at IEA IEF OPEC Symposium on Energy Outlooks*

ENERGY MARKETS COMMENTARY WEEK IN REVIEW

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Vicki Hollub
CEO
Occidental Petroleum

Texas Storm Knocks Out 2mn Barrels of Oil production

The storm is unprecedented. There hasn't been a storm of this magnitude and impact on the state of Texas in more than 100 years. It was so unprecedented that the Texas electricity grid was not prepare for it. The reality is that it seems that quite a bit of the power on the grid that is supplied by wind and solar was not winterized to the point where they could stay on the grid. So right now, Texas is operating at about 40% of the capacity of the grid. It has had an impact on much of the operations in the Permian Basin. We are now down about 2mn barrels a day. Oil pipelines were shut in. Gas pipelines were shut in. More than 2mn homes in the state of Texas were without power and electricity.

Shale Oil Decline is Going to Happen in a Bigger Way

In the Permian Basin the Pandemic has had a major impact, and in more than one way. First of all, it has shown the vulnerability of the Shale development when capital is not reinvested. So, the lack of consistent reinvestment in the Shale play means that the decline is going to happen and happen in a bigger way. I think as many in the world know, the Shale wells decline up to 70% in the first year on production. So, if you are not consistently putting capital in that decline is going to be significant. And I feel that Shale has been so impacted by this, that when the pandemic is over, we are still not going to get back to the 13mn barrels a day that the US had achieved prior to the pandemic. Right now, we are a little over 11mn b/d. The shale can just not recover from that because what is going to impact the shale players is that the investment community in the US is no longer going to reward growth. What the investment community wants is value. The want value creation, and the only way to create value in the Shale play for the long-term is to have sufficient scale so that the infrastructure costs are very minor compared to the well development, and that the pace of growth does not require you to overbuild infrastructure. Over time this will drive consolidation to get that scale.■

**Nb. Comments made at IEF Symposium on Feb. 17th, 2021*


أدنوك
ADNOC
WE BRING
ENERGY TO LIFE
For over fifty years, we've helped drive the prosperity of our world, our nation, our partners and our customers. But this is just the start of our story. We are determined to constantly improve our products, optimize our costs, drive greater efficiencies and deliver more value. All while innovating to protect our environment and to empower the communities we serve. That's not simply our purpose, it's our promise to future generations.
adnoc.ae @adnocgroup
Abu Dhabi National Oil Company

GIQ EXCLUSIVE SOUNDINGS

Oil Prices Hit 13-Month Highs as Texas Freeze May Persist for Days

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

- James McCallum, Executive Chairman of Xergy, Professor of Energy at Strathclyde University
- Mike McGlone, Senior Commodity Strategist, Bloomberg Intelligence
- Edward Bell, Senior Director, Market Economics, Emirates NBD
- Kevin Wright, Lead Analyst APAC, Kpler
- Peter McGuire, Chief Executive Officer, XM Australia
- Vandana Hari, Founder & CEO, Vanda Insights
- Dr. Carole Nakhle, Chief Executive Officer, Crystol Energy
- Rustin Edwards, Head, Fuel Oil Procurement, Euronav NV
- Amena Bakr, Deputy Bureau Chief, Energy Intelligence
- Dr. Aldo Flores-Quiroga, Former Deputy Secretary of Energy for Hydrocarbons at Mexico's Ministry of Energy

James McCallum, Executive Director of Xergy, Professor of Energy at Strathclyde University
"The fundamentals are there to support a softening of prices as we go on into the rest of the year, and as other producers and the OPEC+ consortium seek to increase production. $60/bl is a milestone moment."

Mike McGlone, Senior Commodity Strategist, Bloomberg Intelligence
"People are overestimating how much petroleum the world has been using. Then you look at US supply. The average cost of production in the US is now below $40/bl for many shale producers. So that supply is coming back."

Edward Bell, Senior Director, Market Economics, Emirates NBD
"The expectation is that for most of Q1 we won't be seeing much of a bounce back activity wise. Q2 is when we may start to see those green shoots with a stronger recovery in the second half of the year. That would help support the domestic economy and presumably see a better fit for jet prices."

Kevin Wright, Lead Analyst, KPLER
"The Chinese system is so full. Inventories are so high that they can't take all of that crude in. So, the 13mn b/d or so that we're seeing for February will roll over into March. Some of that will come down, which suggests to me that we're still seeing strong Chinese demand."

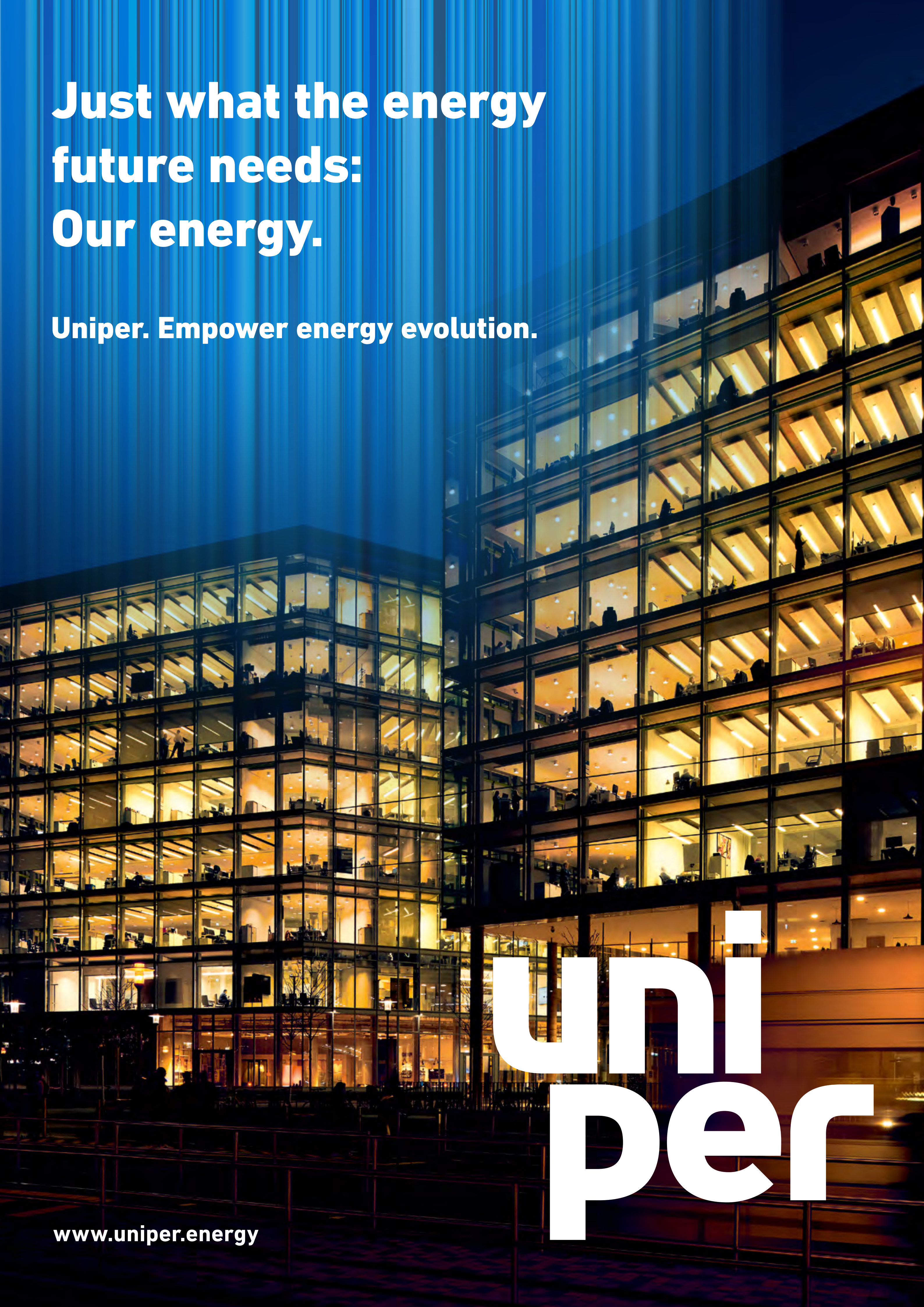
Peter McGuire, Chief Executive Officer, XM Australia
"Our research is showing that over the next three months, China is going to bounce back strongly. We've noticed that over the last four to five months, it's been a very solid return and that's only going to continue."

Dr. Carole Nakhle, Chief Executive Officer, Crystol Energy
"Demand is the biggest wildcard. People talk about potential supply because investment is not being made and lots of CapEx has been written off. But this is entirely irrelevant if demand does not grow to create the kind of supply gap that people are expecting."

Rustin Edwards, Head, Fuel Oil Procurement, Euronav NV
"Do we have motivation to move higher? Yes, we do. The issue in the US with Texas is going to increase refining margins in the European refining sector. Brent crude will be sent to European refiners so they can move products to the US East Coast."

Amena Bakr, Deputy Bureau Chief, Energy Intelligence
"Many OPEC+ members are probably going to ask to ease cuts at the upcoming meeting, especially because they decided to freeze cuts at certain levels in the last meeting. So, at the upcoming OPEC+ meeting, I expect more players to come out and say they want to ease their cuts."

Dr. Aldo Flores-Quiroga, Former Deputy Secretary of Energy for Hydrocarbons at Mexico's Ministry of Energy
"We know that investments had been made in Texas in terms of redundancy or adapting the infrastructure to extreme cold weather. Those things are very costly. For companies that are doing business and competing, the question is: How much should they investment when these storms have not been that frequent?"


Just what the energy
future needs:
Our energy.
Uniper. Empower energy evolution.
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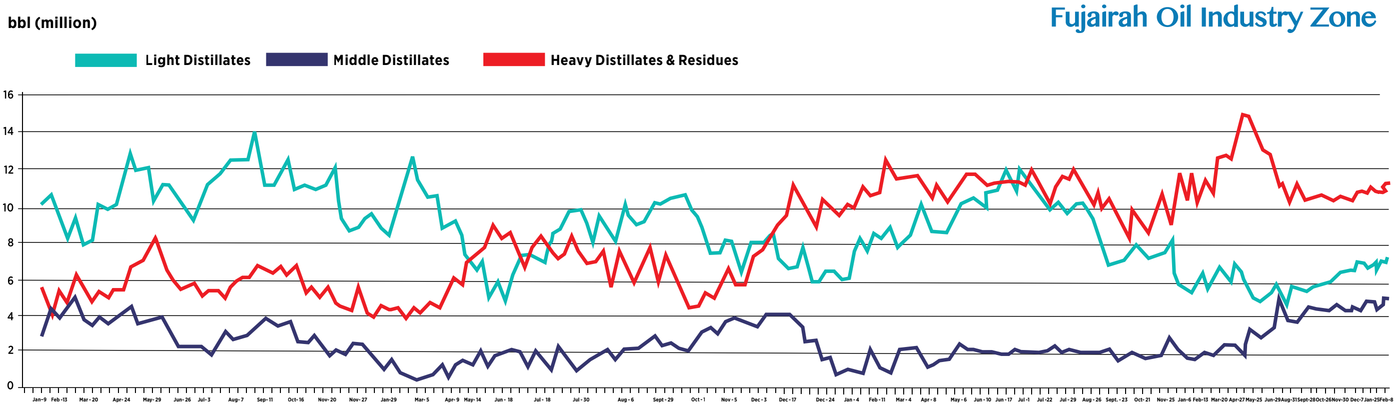
www.uniper.energy

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 20.854mn barrels. Total stocks fell by 329k barrels, as they posted a draw for the second consecutive week. Overall stocks declined 1.6% week-on-week. There were draws seen across middle distillates and heavy residues while light distillates posted a build.**
- **Stocks of light distillates saw a build of 208k barrels reflecting a rise of 3% week-on-week to stand at 7.201mn barrels. The East of Suez gasoline market was finding support as US refinery outages due to cold blankets in the Midwest underpinned bullishness in the US RBOB complex, which in turn drove gasoline in the Middle East and Asia higher.**
- **Stocks of middle distillates fell by 238k barrels, to 4.166mn barrels – down by 5.4% on the week. The gasoil market was stable, with healthy supply volumes seen from China as well as inflows from India and the Middle East, being matched by much less production volumes sighted from regional refiners across Asia. In Egypt, the Egyptian General Petroleum Corp. has issued a tender seeking up to 33k mt of 0.01% sulfur gasoil for March delivery into Ek Dekheila or Alexandria, as well as up to 195k mt of 0.05% sulfur gasoil for March delivery into Ain Sukhna.**
- **Stocks of heavy residues fell by 299k barrels, or down 3.1% on the week, to 9.487mn barrels. In the port of Fujairah, availability was tight up until Feb. 20th, with prompt dates commanding higher premiums. Fujairah-delivered marine fuel 0.5%S bunker was heard offered at $497/mt - $510/mt during the MOC process. The grade was assessed unchanged day on day at $497/mt. Fujairah-delivered marine 0.5% bunker was heard offered at around $497/mt - $510/mt on Feb. 16, the grade was assessed at $497/mt, unchanged day-on-day. The price level on Feb. 16 in Fujairah reflects a $11/mt discount to Singapore delivered Marine Fuel 0.5% bunker prices.**

Source: S&P Global Platts

Morning all. Brent is trading this morning at $64.84/bl, up 0.50/bl. WTI is up 0.41/bl, at $61.55/bl. Brent is threatening to break through $70/bl and frankly, I can't see a lot that's going to stop it. There was a rumour last night that the 1mn b/d of voluntary cuts Saudi Arabia pledged at the beginning of January would be reined in. The market digested this news, we corrected down to $63.04/bl before it looked around and waited to see if anyone else was going to say anything. You know that awkward silence you get when you've made a fat joke and you overstepped it?

BY MATT STANLEY
SENIOR BROKER
STAR FUELS

Breathe innnnn, nobody? OK. Bosh up we went. Dismissed quicker than Unai Emery? Who? Anyway, back to oil. The real reason for the strength, apart from reduced output from OPEC+ and a healthy vaccination programme and free money, is that the US oil system is currently frozen. Literally. Well, 4mn barrels are, at least. I'm kind of neutral though as to the effect the big freeze is having, lower crude production because it's cold means lower refinery runs as they will be closed too. So, to me, it's kind of net-net. But the market doesn't care, with all the bullish news why not throw a bit of bad weather as a contributing factor to underlying bullishness? Yeah, throw it on. Of course, the real story we should be talking about is what happens when OPEC+ meet early march, one would have to argue that production stages a comeback. Especially with fiscal budgets from most members taking a bashing last year. Why let other producers outside the bloc take advantage? This is where we are. Delicately poised. I'll leave you with this quote I recently heard, strikes me that the bullish funds must endorse this too. "A happy person is not a person in a certain set of circumstances, but rather a person with a certain set of attitudes." Good day.

February 18, 2021

GI Consultancy Intelligence Publishing

ENERGY MARKETS VIEWS YOU CAN USE

Amrita Sen
Head of Research, Energy Aspects

What is your outlook for demand this year?

We are quite conservative about projections for 2021 as the vaccine rollout will take time, but it is coming back stronger than expected. Non-OECD demand is impressively back above pre-Covid-19 levels and will be mostly manufacturing driven. In OECD countries, especially the US and across Europe, demand recovery will mostly manifest in gasoline and jet fuel. Overall, the short-term momentum is higher, but I would caution that all the current good news has probably been priced in by now.

What do you expect OPEC+ to do in the second quarter?

Saudi Arabia will most likely end its 1mn b/d cut in April and bring back the barrels to the market, while the rest of the group can add 500k b/d every month until they get to Phase 3. We would expect that at these price levels, total OPEC+ production that can come back, including Saudi Arabia, is about 2.35mn b/d between now and April 2022, but you would expect they will do it in quarterly increments. The UAE, Russia, and Iraq will put a lot of pressure to start bringing barrels back to the market at $60/bl. I still think demand should be able to absorb it as the demand recovery will be outpacing the volumes that comes back -- the underlying momentum is that the demand recovery will be higher than the supply recovery.

Do you envisage refining margins recovering?

We have been bearish on refining margins since 2019 because of overcapacity. We need far more closures in the West. The US market just about managed to balance overcapacity issues as they've had quite a few closures, but there's a long way to go for Europe. Another 5mn b/d of refining capacity needs to shut in permanently before we see sustainable runs and margins.

Bora Bariman
Managing Partner, Hormuz Straits Partnership

Does the level of debt and QE ever become a concern?

The US has created this huge stimulus representing almost 10% of US GDP this year, on top of the $2.2trn in 2020. Investors as a result have been pouring into equity markets feet first. The stimulus will continue but there is a caveat. Volatility remains high so the Federal Reserve has asked the 19 biggest banks in the US to run stress tests to prove that they have adequate capital to withstand the possibility of major turbulence by Q3 2022. The stress tests incorporate scenarios of a 55% crash in the Dow Jones Index, 11% unemployment and a 4% decline in US GDP.

Are we still expecting tangible global economic recovery in 2H 2021?

It could be the end of the third quarter till we see any big recovery. As far as oil markets are concerned, the balance is in OPEC's court and its supply quotas, as there's not going to be much movement on the demand front for now. This is particularly the case with the jet portion of the crack where we would need to see something shift in terms of liberalizing international travel. Restrictions on the ground until now are getting tighter and tighter. If the Fed stimulus does not ultimately materialize in tangible demand, we may simply see more monetary stimulus with the risk of inflationary concerns.

ENERGY MARKETS FORUM 2021
NEW SILK ROAD LIVE

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TOP 10

FEBRUARY 14th - 18th

MARKET OBSERVATIONS FOR THE WEEK

1. Gatwick Airport normally handles 60,000 passengers a day, but is currently processing only 1,500 – begs the question if oil markets are getting ahead of themselves?

2. Oil prices have reached a critical threshold where OPEC+ must decide whether to increase production or risk losing market share.

3. Commodity Supercycle is taking off before our very eyes – will it offer more wind in the sails of stimulus-driven inflation?

4. Oil markets are likely to keep rallying with all boats until a significant trigger of correction emerges.

5. Gold and Bitcoin may offer the most reliable lifeboats when the inevitable correction comes, which could be steep and bumpy, but perhaps still a buying opportunity.

6. Covid-19 vaccination campaigns in OECD countries remain the key pillar of support for all financial assets staying at record highs.

7. The Perfect Storm literally between earthquakes in Japan and Ice storms in Texas shutting in production and refineries with oil products leading the crude market higher.

8. India's GDP could grow by as much as 9% in the next fiscal year which commences on April 1st as post-Covid-19 life in the sub-continent returns to normal.

9. OPEC+ is likely to try and defend $60/bl at the ministers meeting in early March - likely to approach with caution on adjusting output policy.

10. Inflation may be rising but Central Bankers and hence markets are not bothered – nothing to see here.

ENERGY MARKETS VIEWS YOU CAN USE

Narendra Taneja
India's Leading Energy Expert

Is the current higher oil price trajectory a worry for India?
Estimates for India's GDP growth this year vary between 9% and 11%. Overall, sentiment around the country is very good. Rising crude prices do put consumers in an uncomfortable position because they want to consume more. Federal and state taxes on petrol, diesel and LPG are also very high – the ordinary consumer ends up paying roughly 60% of these overall costs in taxes. The government is currently focusing on its stimulus plan and targeting neglected sections of the Indian economy like agriculture. But if crude prices stay where they are, we will probably see some tax cut. It would be good news for the consumer and economy overall.

Is current OPEC+ policy putting too much pressure on the consuming nations?
India has already raised the issue of heightened prices bilaterally with Saudi Arabia, Russia and the G20. If prices go beyond $65/bl, it could be bad news for oil producers. Pre Covid, India was consuming five million barrels a day. In the next 20 years, demand is projected to hit 9mn b/d. We see a deepening of strategic ties around this fact between India and the oil producers in the Middle East and US.

Would India look to reduce its refining capacity given global oversupply?
India plans to continue playing a leading role as an exporter of products to markets in Asia, Africa, Latin America and the Middle East. In fact, it has plans to increase capacity. The country's energy mix is not going to change significantly in the next 15 to 20 years. Gas is going to rise and coal will continue to be very much there. A billion people in India are still not able to consume as much energy as they would like to – that can only be met by oil.

Omar Najia
Global Head, Derivatives, BB Energy

Why are we seeing the market continue to forge ahead?
Many people are waiting to get long on crude, convinced of both fundamentals and technicals. The question is where will the price reach? When crude is behaving this way, it's difficult to pick a top level, even in the short term. Unless we get quite a few dollars higher, everybody's going to want to buy on any pullback. That's why the market is finding it difficult to pull back because buying interest is there.

How fragile is this price in the mid-term to new supply?
Although it needs a pullback to create opportunity, it's not likely to come off and if it does, there's plenty of buying interest. It's getting frustrating that it isn't correcting a little bit to allow more money to come into it but that is the definition of a bullish market. If the pullback does happen from $60/bl to $50/bl, or even to $45/bl, everybody is going to buy it.

What's on the radar for the week ahead?
We don't expect any major corrections from here. The higher we go, the higher the level of that dip will be. As long as the market is trending up, there is no reason to fight it. When we do see a push down on crude, we will get a very strong wave to the upside. Elsewhere, we see the dollar strengthening, along with bitcoin and equities.

ENERGY MARKET NEWS

RECOMMENDED READING

1. OIL PRICES EXTEND GAINS AS TEXAS COLD SNAP CUTS US OUTPUT
2. IRAN STEPS UP BREACHES OF NUCLEAR DEAL
3. US OIL PRODUCTION SLUMPS BY RECORD 40% AS PERMIAN FREEZES
4. TEXAS'S BLACK-SWAN BLACKOUT, EVERYTHING WENT WRONG AT ONCE
5. OIL PRODUCTS STOCKS DROP LOW AS FUEL OIL EXPORTS SET RECORD HIGH
6. INDIA URGES OPEC+ TO EASE OUTPUT CUTS TO REIN IN OIL PRICES
7. API: OIL INVENTORIES FALL BY 5.8MN B/D LAST WEEK
8. CREDIT SUISSE RAISES INDIA TO OVERWEIGHT
9. US PRODUCER PRICES POST BIGGEST GAIN SINCE 2009
10. COVID-19 RESPONSE DRIVES $24 TRN SURGE IN GLOBAL DEBT

RECOMMENDED VIDEOS & REPORT

- SAUDI SET TO RAISE OIL OUTPUT AMID RECOVERY IN PRICES
- CHINA STORAGE, DEMAND COMPLICATE OIL MARKET REBALANCING
- BEIJING HITS BACK AT JOE BIDEN'S PLANS TO PUT 'CHINA CHALLENGE' ON G7 AGENDA
- IT'S ALL A STORY ABOUT JET FUEL IF VACCINATIONS KICK-IN
- THE REGION CAN'T AFFORD MORE CLIMATE LOANS

TEHRAN CALLS US TANKER SEIZURE AN 'ACT OF PIRACY'

"This shipment does not belong to the Iranian government. It belongs to the private sector. It is very unfortunate that such an act of piracy is happening under the new US administration... a solution should be found to stop such acts of piracy by anyone for any reason."

- Saeed Khatibzadeh,
Foreign Ministry Spokesman, Iran

ENERGY MARKETS VIEWS YOU CAN USE

Andy Critchlow
Head of News, EMEA, S&P Global Platts

Do you see the upward price trajectory continuing?
The positive price outlook is quite remarkable. There's a lag in demand in China as Lunar New Year kicks in – a 1.2mn b/d drop in consumption in February according to Platts Analytics – that's a big slug of crude to come out of the market at a time when there's a lot of volatility. Lockdowns are in place in much of Europe and a large proportion of the world's long-haul aviation traffic is grounded. On the positive side, we have more US financial stimulus on the way and Saudi Arabia's cuts are obviously starting to impact the market.

What should we expect from OPEC in Q2?
Stocks are drawing down and we will continue to see that as we get more accommodative economic environments and potentially more demand. The incentive then for all the major producing countries, will be to pump more oil. Everyone wants to maximize the revenue opportunity and win back market share. OPEC has historically always found it harder to come back down the hill than to climb up it. Add to this the potential of Iranian crude coming back and the fact that oil today is still $15 to $20 below the fiscal breakeven price for most GCC producers, and we could be entering into a challenging time for OPEC.

Are we on the doorstep of another commodity super-cycle?
Definitely – the weaker US dollar is incentivizing China to buy more commodities – from iron ore to copper and corn. Copper hit a record high last week with Australian mining seeing a lot of demand into China. This trend is only going to continue as we get more economic stimulus coming through

Vandana Hari
Founder & CEO, Vanda Insights

What has triggered the market's recent rally?
The sentiment of the market on balance and price has shifted significantly in the past five weeks. This has principally been due to the sustained and surprising drop in Covid cases, leading to more optimism on economic and oil demand recovery.

Would you not attribute the shift to the production disruptions in the US?
The US deep freeze has added a layer of complexity to analyzing the market and what it means for US crude and refined products balances and how that also impacts global supply. There's an estimated 3.5mn barrels a day of production that has shut in because of frozen wells and about 4mn bd of refining capacity, mostly in the US Gulf Coast. It will take the market some time to get its hands around what that means in the short term.

What does OPEC need to do to ensure that $60/bl is a floor and not a ceiling?
Saudi Arabia will likely return its 1 million bd volumes to the market in April. The main question is what the rest of the OPEC plus group will do. They could add another 500,000 bd or even one million bd because they have held back output through to March. In any case, we will likely see 1.5mn bd come back. A lot will depend on what prices do in the coming ten days ahead of the OPEC meeting. If prices come under renewed downward pressure, the group might be more cautious than the scenario that I've laid out.

What's the outlook for the week ahead?
We remain fundamentally moderately bullish but don't expect prices to continue to rally. The optimism from the vaccine effect and US stimulus is already baked in. The market will probably start factoring in the expected extra April volumes and assuming all else remains the same, we could see some downward pressure and consolidation for oil prices.

Fujairah Spotlight

Committed to the Success of Fujairah

As one of the key contributors to the UAE's economic progress, Fujairah's strategic location along global shipping lanes not only reinforces the emirate's position as the world's second-largest bunkering port but plays an important role in the country's overall development into an international hub for trade, transport, tourism and finance. Since its inception in 1982, National Bank of Fujairah (NBF) has been a dedicated partner to the ongoing development of its home emirate, leveraging its business strengths and market knowledge in support of its infrastructural and business development.

Source: Khaleej Times

Fujairah International Airport Undergoes Revamp

The National Advisor Bureau (NAB) of United Arab Fujairah International Airport is undergoing a substantial development programme that includes a second runway, 900m extension to the existing runway, rehabilitation of the existing runway, a new iconic ATC Tower and a new Fire and Rescue Sub-station. These works are expected to be complete by 2023 and will enhance the capability of the airport and provides the foundation for the commercial development of the south side of the airport in line with the master plan for Fujairah International Airport. The runway extension at the east end of the runway will permit heavier commercial aircraft to be able to commence their take-off run towards the west earlier,enhancing their climb performance and payload capability.

Source: Khaleej Times

UAE Health Ministry Officials Inspect Centres in Dubai, Fujairah and Ras Al Khaimah

Dr. Mohammad Salim Al Olama, undersecretary for the Ministry of Health and Prevention (MoHAP) Under-Secretary, paid a visit to the health centres at Al Aweer in Dubai, Al Taweem in Fujairah and the health centre at Khatt, Ras Al Khaimah to inspect and assess the quality of services being provided there. He was accompanied by Dr Youssif Al Serkal, Director-General of the Emirates Health Services Corporation. This is part of the regular inspection tours conducted by health ministry to assess the standards of health centres, the performance of the medical team, and to check on the efficiency of the organisational process of providing COVID-19 vaccine, with the application of the stringent precautionary and preventive measures as per the international standards.

Source: Gulf Today

Rare Dolphin Recorded off Fujairah

New aerial and boat surveys offshore Fujairah have shed new light on the presence of cetaceans (whales and dolphins) off the UAE's East Coast, according to the Fujairah Whale and Dolphin Research Project. Operating under the patronage of the H.H. Sheikh Mohammed bin Hamad bin Mohammed Al Sharqi, Crown Prince of Fujairah, the research is jointly undertaken by the Port of Fujairah and Five Oceans Environmental Services. It is the only project in the region which focusses research specifically on marine mammals in deep, offshore waters. The 2021 survey season, which began earlier this month, has so far included multiple aerial surveys and boat surveys in waters between 10 and 30 nautical miles offshore Fujairah.

Source: Emirates News Agency

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