

Fujairah

New Silk Road

WEEKLY NEWSLETTER

DECEMBER 10th 2020
VOL. 57

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AN **EXCLUSIVE** GULF INTELLIGENCE INTERVIEW

“STIMULUS ON STEROIDS LIKELY TO CONTINUE INTO 2021”

Peter McGuire, CEO, XM Australia

Central banks put steroids and some growth hormone into markets. The acceleration and commitment were unparalleled. We have never seen that sort of action. That is what really took traders by surprise. Things happened so quickly at the start of the pandemic; the selloff of equities, the crash in mid-March, and the US dollar went through to 103. The US dollar was up, the Dow Jones was down – traders were lost. People did not understand what was going on. A nervousness and fear gripped the market intently and intensely. That is what really positioned central bankers to say: “This is an unknown, let’s just act – and act quickly.”

CONTINUED ON PAGE 3



Fujairah Weekly Oil Inventory Data

6,818,000 bbl

Light
Distillates



6,063,000 bbl

Middle
Distillates



10,207,000 bbl

Heavy Distillates
& Residues



Source: FEDCom & S&P Global Platts

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

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THE WEEK In Numbers



Weekly Average Oil Prices

Brent Crude: \$49.00/bi

WTI Crude: \$45.88/bi

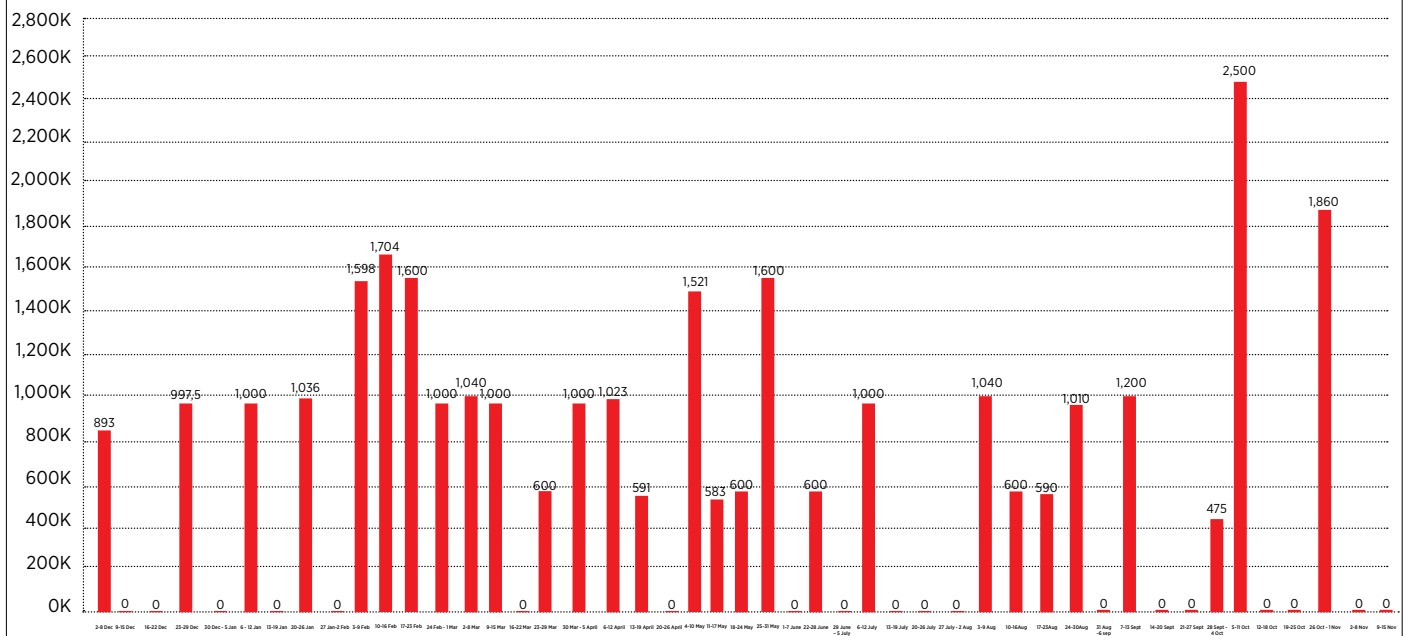
DME Oman: \$48.85/bi

Murban: \$49.04/bi

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

Weekly Imports of Heavy Sweet Crude into Fujairah

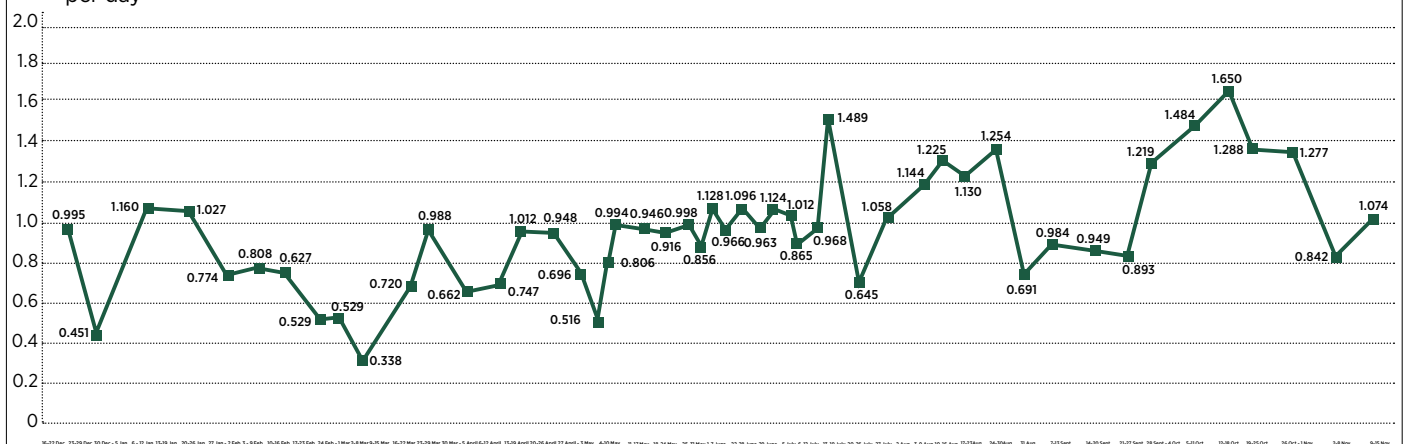
Total barrels



Source: Kpler

Total Refined Product Exports from the GCC to Asia-Pacific

Million barrels
per day



Source: Kpler

Peter McGuire, CEO, XM Australia**CONTINUED FROM PAGE 1****GIQ: How would a new US stimulus package impact the energy sector in 2021?**

Peter McGuire: Let us assume that President Biden is inaugurated, and that the US stimulus is going to come through by the end of the year. I would not be surprised if they throw their hat out again for more stimulus by March 2021. I am concerned from the oil side for US production. I am also concerned about green energy plans and that whole argument that they are bringing to the table. It is not going to be a savior for crude, but it is going to put a handbrake on those big price spikes back to the \$80s/bl-\$90s/bl. If we can hold these numbers and maybe even a few dollars higher than \$55/bl-\$60/bl, that would be an absolute sweet spot for energy markets.

GIQ: Did Covid-19 save what many thought was an inevitable recession after a 10-year bull run?

Peter McGuire: In some ways, you are probably right. The injection of trillions of dollars re-engaged everything. We were at the end of a very protracted bull market. The Dow Jones and S&P 500 were just one-way traffic for so many years. The same can be said about the other equity markets across the world. It was a point where we had record low unemployment in the US and interest rates were at all-time lows. Where were we going to see the next challenge? How were we going to move forward? Were we going to have a recession? Going back to this time last year, Brexit was bubbling away on everyone's radar, as were questions about the US election. A lot of large theme events had yet to play out and they were then overshadowed completely by Covid-19.

GIQ: Can we ever get out of this cycle where monetary policy leads the financial markets?

Peter McGuire: This has been a stimuli-led rally with bazookas going off nearly every month. The only reason that anything is going to be derailed would be if they underwhelm or over deliver. Central bankers are just looking at what they need to do to make traction, or to get re-engagement. We are looking at the unemployment story. There's nervousness still on Main Street and Wall Street.

GIQ: Will capital flows from financial traders come back in Q1 2021?

Peter McGuire: It must show some growth. There must be a trend, either long or short, and a trader will be all over it. There is plenty of dollars there. If you did not make a dollar in the last quarter in equities, gold, oil, base metals, you name it, then give the game away. Traders look for

"I DON'T SEE ANY BIG BREAKOUTS IN THE OIL PRICE UNLESS WE SEE SOMETHING DRAMATIC HAPPEN – LIKE AN UNKNOWN UNKNOWN THAT CREATES MAYHEM."

movement, opportunity, and breakouts either up or down. It does not matter as long as there is a breakout. That was the unattraction with crude. In Q3, there was nothing happening.

GIQ: How did traders react to oil price movements in 2020?

Peter McGuire: There was around a two-and-a-half-month period where the oil price was just range bound, between \$35/bl-\$43/bl. Certainly though, March to June was an electric time for a trader. We have really seen a resurgence as far as oil prices. They have had a very strong November – up by about 30%. Will that continue into January? I'm of two minds. They will probably consolidate at this point by maybe \$1/bl-\$2/bl either side. I do not see any big breakouts unless we see something dramatic happen, i.e., an unknown unknown that creates mayhem.

GIQ: How successful has OPEC been with balancing the oil market this year?

Peter McGuire: OPEC+ reacted with cohesion with a single voice. They need to be congratulated for that. I still believe that OPEC will be going in 20-30 years. I do not think it is going to dissipate and fall off the face of the globe suddenly.

GIQ: Do you think China has overreached with Australia this year?

Peter McGuire: From a commodity standpoint, we have seven or eight commodities that they highlighted – ranging from lobsters stuck on planes to coal sitting on ships – which has been denied access to that market. They are still taking Australia's iron ore and rubbing their hands together as far as infrastructure and the build story. Australia has a good geographic seat, because we are a lot closer to China than Brazil for iron ore, for example. In terms of coal, we do not export that much to China, but they have got their own internal issues as far as transportation from the north to south. It is easier to ship it in. There are issues and complexities from a geopolitical stance regarding how our politicians are going to face that and the backlash from the voting public. It is starting to gain a little bit of traction, i.e., radio, television, and the press. It is starting to create that groundswell and they have got to be very careful how they play that.



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ENERGY MARKETS COMMENTARY WEEK IN REVIEW



GI DAILY ENERGY MARKETS FORUM 2020
NEW SILK ROAD LIVE PODCAST
SUNDAY /// DEC 6th /// 2020





Mike Muller
Head
Vitol Asia

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

Sean Evers
Managing Partner
Gulf Intelligence








GI DAILY ENERGY MARKETS FORUM 2020
NEW SILK ROAD LIVE PODCAST
MONDAY /// DEC 7th /// 2020





Omar Najia
Global Head, Derivatives
BB Energy

Rustin Edwards
Head, Fuel Oil Procurement
Euronav NV

Zhuwei Wang
Lead Analyst
S&P Global Platts








GI DAILY ENERGY MARKETS FORUM 2020
NEW SILK ROAD LIVE PODCAST
TUESDAY /// DEC 8th /// 2020





Leo Tameeris
Chief Executive Officer
NRG Global

Laury Haytayan
MENA Director
Natural Resource Governance
Institute

Adi Imsirovic
Senior Research Fellow
The Oxford Institute for Energy
Studies








GI DAILY ENERGY MARKETS FORUM 2020
NEW SILK ROAD LIVE PODCAST
WEDNESDAY /// DEC 9th /// 2020





Andy Laven
Chief Operating Officer
Sahara Energy Resources

Dr. Carole Nakhle
Chief Executive Officer
Crystol Energy

Ahmed Mehdi
Research Associate
Oxford Institute for Energy
Studies








GI DAILY ENERGY MARKETS FORUM 2020
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THURSDAY /// DEC 10th /// 2020





Vladimir Langhamer
Managing Director, Supply &
Trading
OMV

Vandana Hari
Founder & CEO
Vanda Insights

Robin Mills
Chief Executive Officer
Qamar Energy








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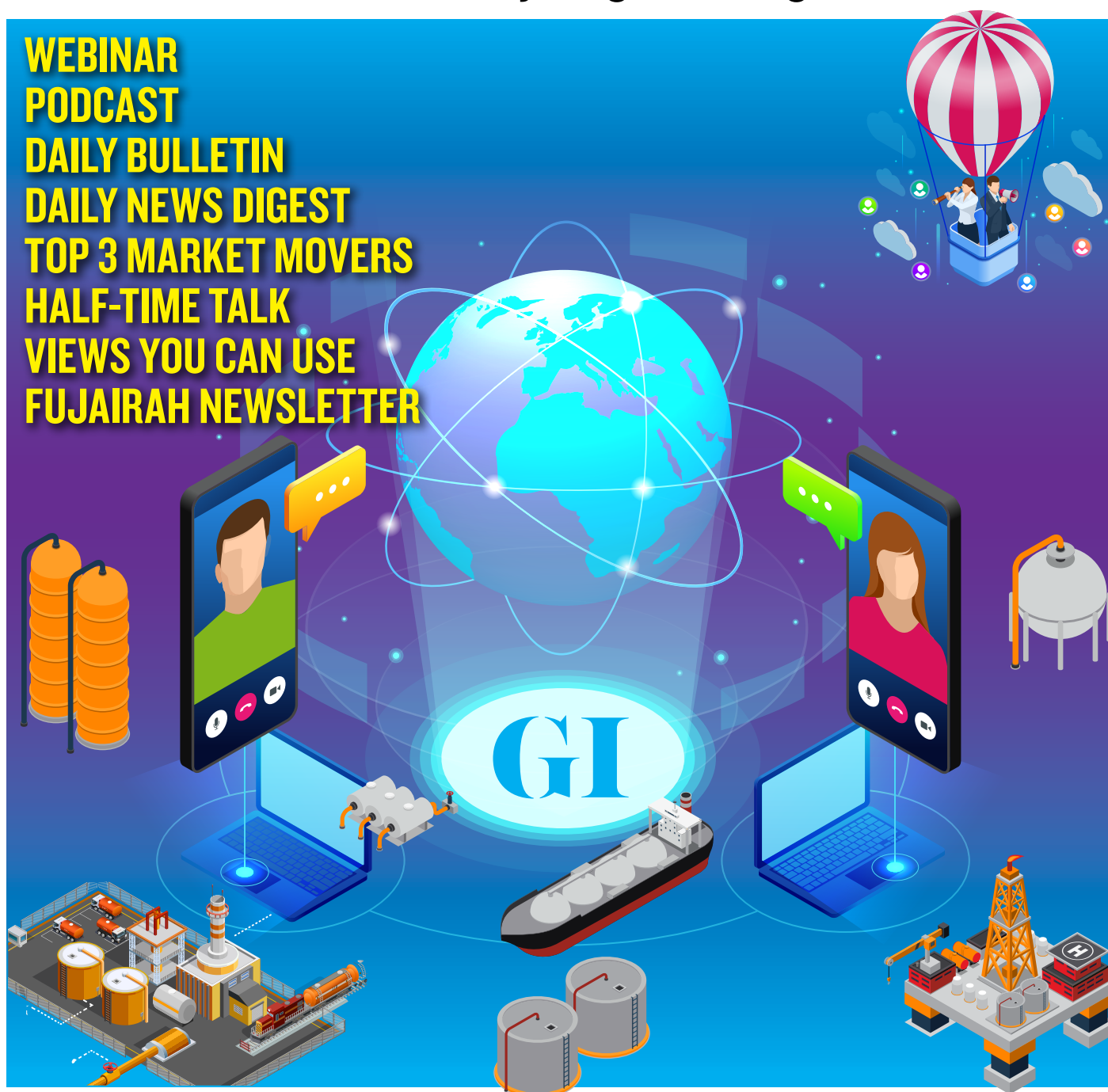
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EXCLUSIVE SOUNDINGS

Oil Markets Rally Despite OPEC+ Decision to Ease Output Cuts

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

- Christof Rühl, Senior Research Scholar, Center on Global Energy Policy, Columbia University
- Omar Najia, Global Head, Derivatives, BB Energy
- Zhuwei Wang, Lead Analyst, S&P Global Platts
- Rustin Edwards, Head, Fuel Oil Procurement, Euronav NV
- Leo Tameeris, CEO, NRG Global
- Laury Haytayan, MENA Director, Natural Resource Governance Institute
- Dr. Carole Nakhle, CEO, Crystol Energy
- Andy Laven, Chief Operating Officer, Sahara Energy Resources
- Ahmed M., Research Associate, Oxford Institute for Energy Studies
- Vandana Hari, Founder & CEO, Vanda Insights
- Vladimir Langhamer, Managing Director, Supply & Trading, OMV
- Robin Mills, CEO, Qamar Energy

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

"OPEC seems like they are trying to use a playbook from the Central Bank. You take a first step with a long-term goal in mind, which is normal with low spare capacity. Then you go and manage expectations and your own cohesiveness in a step-by-step fashion. It won't work, because it's a coalition of players."

Omar Najia, Global Head, Derivatives, BB Energy

"Bull markets are there because people are looking forward with the information they have, such as the vaccine. They will front run and buy now as they are forecasting that the market will rise further. The only thing that could blindsides the market today would be some unknown negative information that comes along."

Zhuwei Wang, Lead Analyst, S&P Global Platts

"In Beijing, everything has been back to normal for quite a long time. In November, the general product polls, including aggregate goods in China, showed a record high of 20% year-on-year growth. This shows that there's good momentum for the country."

Laury Haytayan, MENA Director, Natural Resource Governance Institute

"The UAE's message was that everybody should comply within OPEC going forward and not complain. Nigeria was trying to get away with some classification of its crude condensate so it could produce more oil. Others, like the Iraqis, wanted to stay in OPEC one minute and then the next, they wanted to leave."

Rustin Edwards, Head, Fuel Oil Procurement, Euronav NV

"OPEC probably did the right thing going down the middle of the road with a gradual increase in supply versus a full increase. It gives them flexibility to make changes month-on-month, depending on what happens. We're still amid Covid-19 lockdowns. They haven't gone away; they are actually increasing in the US."

Leo Tameeris, CEO, NRG Global

"Chinese imports were back to 11mn b/d and close to the highs that we saw earlier in the year. That's on top of floating storage, of which there is almost nothing left. Refinery prices are running at good rates and the outlook is that they won't come down."

Dr. Carole Nakhle, CEO, Crystol Energy

"The vaccine is no longer impacting demand and economic growth outlooks. Forecasts have already factored in the availability of a vaccine for the second half of 2021. The V-shaped recovery has been a little delayed because of potential bottlenecks in distribution and mass immunization. But the supply chain will sort itself out at the end of the day."

Andy Laven, Chief Operating Officer, Sahara Energy Resources

"We're going to see some major surprises in 2021. The challenge for OPEC is how do they increase their production and not push markets down? Clearly, what they want to do is generate more revenue. A slow increase in production is the best thing they can do."

Ahmed M., Research Associate, Oxford Institute for Energy Studies

"OPEC compliance has been quite strong. The group's decision was a good outcome in the end. You could argue that the fact they are going to be meeting once a month is an attempt at micromanaging. But at least it shows that they're able to adjust on a monthly basis."

Vandana Hari, Founder & CEO, Vanda Insights

"It seems like the oil complex has already been immunized against Covid-19. I can't help but come to that conclusion. It's not like there aren't bearish factors on the scene. What is a better example than the EIA data that came out? There was a jump of 15mn barrels in crude stock and WTI closed down by just 0.8/bl."

Vladimir Langhamer, Managing Director, Supply & Trading, OMV

"OPEC has done a good job with managing the price of oil and price expectations. Reading between the lines, it seems like they are now going to manage this on a monthly basis. Oil has now become more investable with less volatility."

Robin Mills, CEO, Qamar Energy

"OPEC was right to be a bit cautious and give themselves this month-to-month policy. If vaccines are successful and people are active again in January, OPEC can add more to the market at that point. If they are not and OPEC needs to hold off for a few more months, then they have that option too."

ADNOC Global Trading Commences Trading of ADNOC Refined Products

The Abu Dhabi National Oil Company (ADNOC) has officially launched its second trading arm, ADNOC Global Trading (AGT), a joint venture between ADNOC (65%), Eni (20%) and OMV (15%) which focuses on the trading of refined products globally.

The AGT virtual launch event brought together leaders from ADNOC, Eni and OMV, as well as the leadership from several ADNOC Group companies, including ADNOC Logistics and Services (L&S), ADNOC Refining, ADNOC Trading and ADNOC Global Trading. H.E. Dr. Sultan Ahmed Al Jaber, UAE Minister of Industry and Advanced Technology and ADNOC Group CEO opened the virtual forum alongside CEO's, Claudio Descalzi of Eni and Rainer Seele of OMV.

H.E. Dr. Sultan Ahmed Al Jaber said: "The go-live of ADNOC Global Trading marks another important milestone in the delivery of our 2030 smart growth strategy, and our focus on providing a better and broader service to our customers while driving growth and adding incremental value to our operations. Together with our partners Eni and OMV, our new trading entity expands the reach of our products to new markets and new customers. AGT will enhance the skills of our people by combining experienced traders with the next generation of bright home-grown talent, creating new and exciting opportunities for UAE nationals while unlocking additional revenue streams for ADNOC and the UAE."

Eni CEO, Claudio Descalzi commented: "In our recent past, Eni have developed many new initiatives along the value chain alongside ADNOC and we started a collaboration aimed at achieving new solutions for energy transition. The launch of this new global trading company represents an additional strategic step in our partnership with ADNOC and OMV, a partnership that is stronger and better able to face market dynamics. Our contribution in terms of know-how, operational experience in trading processes and qualified people has accelerated the launch of the venture to quickly reach this important milestone."

Dr. Rainer Seele, OMV CEO said: "The launch of AGT shows the strength of our partnership across refining and trading. At OMV we strongly believe in the value of integrated business as a platform from which to achieve maximum efficiency and the best possible performance. ADNOC Global Trading will unlock an additional level of integrated value creation for its partners. This is especially important as we expect the oil, gas and derivatives markets to remain volatile."

From go-live, AGT offers a broader range of integrated services to its customers and



enables ADNOC to further commercialize its refined product sales with new delivery, pricing and hedging options. AGT will work closely with ADNOC L&S, the UAE's leading shipping company, to provide greater access to ADNOC's global network of shipping and storage solutions. Traders will be able to offer bespoke arrangements including global delivery, shipping and storage of refined products where they are needed.

AGT is 'born big' with refined products from ADNOC Refining available to trade and sell, extending the reach of ADNOC products to new markets and customers. The ADNOC Global Trading teams will trade light and middle distillates on their trading books, including jet, naphtha, diesel, and gasoline as well as speciality products.

In addition and in coordination with ADNOC Trading, the 100% owned ADNOC entity focused on crude trading, AGT will ensure non-system feedstock supplies to ADNOC Refining.

In the ramp up to go-live, AGT has developed the policies, IT systems and procedures that will allow safe and responsible trading activity. AGT is already working closely with ADNOC Refining to actively support refinery optimization, enhancing decision-making for production flows and providing greater insights into pricing and market opportunities.

AGT has attracted global and local talent of the highest caliber from the local market, from international trading houses, ADNOC Group companies and from partners Eni and OMV. Each trading team consists of a combination of experienced traders and local talent, such as refined products experts who have in-depth knowledge of

the markets, longstanding relationships with existing customers and knowhow of ADNOC production and export systems.

The state-of-the-art trading systems and expert teams oversee the full life cycle of every trade and provide risk management solutions. The teams will employ market and price intelligence and the full spectrum of trading tools, such as hedging to manage and control risk.

Khaled Salmeen, ADNOC Executive Director of Marketing, Supply and Trading said: "Trading allows ADNOC to offer our customers new and additional services and tools, ultimately enabling both ADNOC and its customers to better manage pricing risks and derive more value from every barrel that we produce, refine, ship, and sell. ADNOC Global Trading has the right systems, policies, procedures and people in place to start trading. We look forward to offering new, integrated solutions to our local and international customers, while unlocking value to ADNOC and its partners."

ADNOC Global Trading becomes part of the growing International Financial Center at Abu Dhabi Global Market (ADGM), alongside ADNOC Trading, which completed its first derivatives trade earlier this year and ICE Futures Abu Dhabi (IFAD), which will launch Murban Futures on the 29th March 2021, subject to the completion of remaining regulatory approvals. The opening of two ADNOC trading offices at ADGM reinforces its status as a leading commodities trading hub for the Middle East region.

ENERGY MARKETS FORUM 2020 NEW SILK ROAD **LIVE**



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TOP 10

DECEMBER 6th - 10th

MARKET OBSERVATIONS FOR THE WEEK

- 1.** OPEC+ adopts the posture of a Central Bank with plans to manage oil markets on a month by month basis - the jury is still out?
- 2.** Beijing sees 95% of residents wearing masks in public even though Covid-19 is essentially extinguished in China's capital -- good sign for oil buying spree to continue.
- 3.** OPEC+ drawn out deal-making last week may embed more concern than confidence for continued cohesion in 2021.
- 4.** US Shale oil could miss out on the rally as the sector is still bogged down with bankruptcies and a tighter credit environment.
- 5.** OPEC+ decision has cleared the last hurdle in the bull market runway for all markets to lift off.
- 6.** China's insatiable appetite for oil returned back above 11mn b/d in November, but may taper into New Year if prices rise above \$50/bl.
- 7.** OPEC+ is likely to pump more than the agreed increase of 500,000 b/d in January as some countries had already allotted January loadings ahead of the new agreement.
- 8.** Refining glut appears to be sorting itself out as more and more shutdowns are announced.
- 9.** Money is so cheap that companies are going to outgrow market expectations on performance over the next year or two.
- 10.** US shale oil is likely to flood the market next year if prices recover to the \$55/bl-\$60/bl range, which will act as a handbrake on crude prices moving forward.

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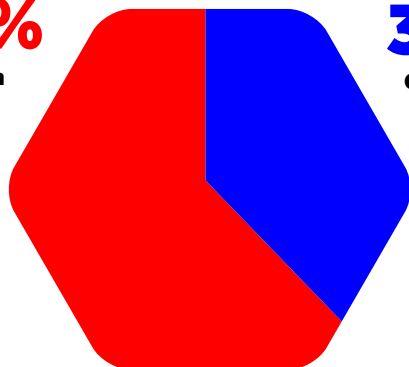


Weekly Surveys

Does OPEC+ drawn out deal-making last week embed confidence or concern for continued cohesion in 2021?

62%

Concern



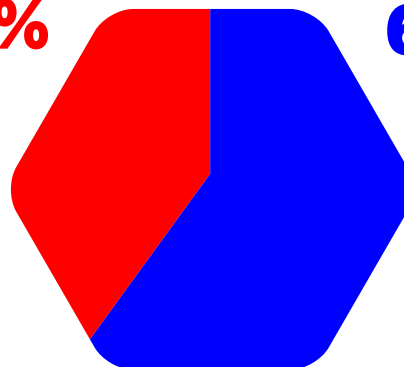
38%

Confidence

Oil prices have closed up 4 weeks in a row – will that trend continue this week?

40%

No



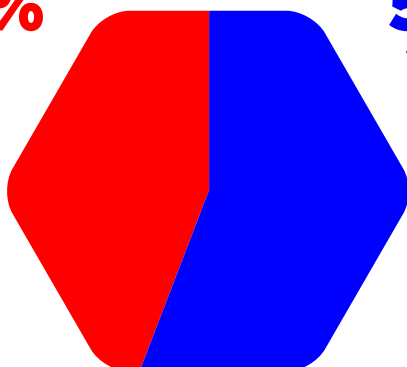
60%

Yes

Do You Expect OPEC+ to pump more than the agreed +500k b/d in January?

44%

No



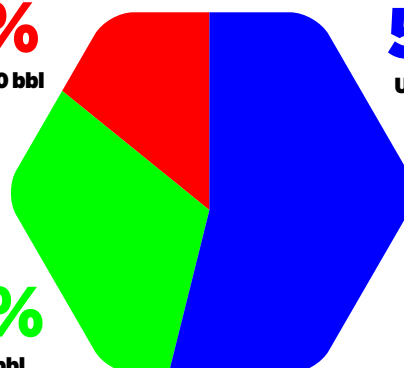
56%

Yes

What would be the impact on average Brent oil price in 2021 if vaccination rollout in the US is slower than expected i.e. end of Q4 instead of Q2:

14%

Up to \$5-\$10 bbl



54%

Up to -\$2 bbl

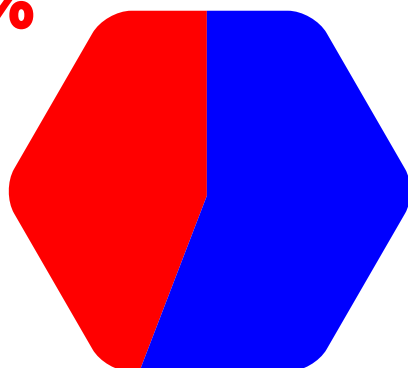
32%

Up to -\$5 bbl

With Covid-19 responsible for 3,000 deaths yesterday in the US and Financial markets still hitting records, is COVID pandemic over as a restraint on the markets?

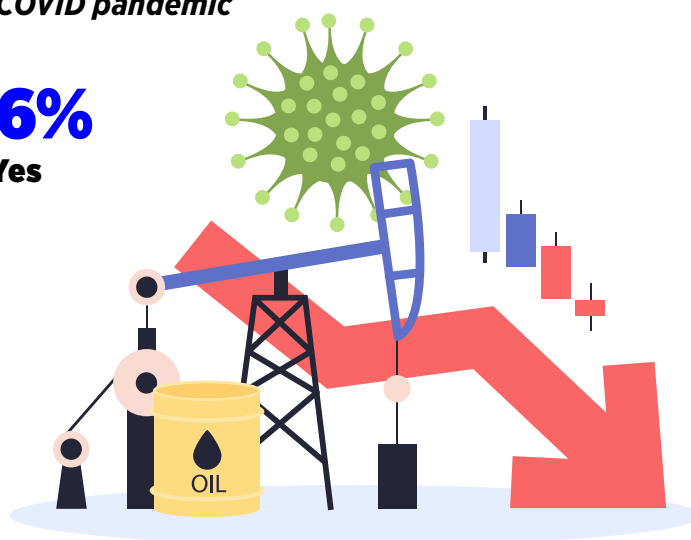
44%

No



56%

Yes



Source: GIQ

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Adi Imsirovic

Senior Research Fellow, Oxford Institute for Energy Studies



How has the decision by OPEC+ group impacted the market?

It was a smart agreement. Having regular monthly meetings gives them flexibility to adjust to demand. They are sort of torn between two forces. On the upside, every time WTI hits \$45, we are likely to see forward hedging and shale coming back. There's evidence of this already and we will probably see a lot more within the coming six months assuming these prices remain. On the downside, the events of April are still fresh in the minds of all and trigger a certain caution. What is important is for the group to keep the front end of the market fairly tight and stocks low.

Can the market technically absorb this step-by-step output approach?

That should not be a problem. At the end of the day, it's all going to be at a certain price. Saudi Arabia also has very good operational tolerance within those numbers and especially given that it is going to be pro-rated, with the kingdom and Russia taking most of it. Saudi Arabia also has a huge amount of storage capacity.

Will Chinese demand continue on this positive trajectory?

Chinese demand is looking strong. Imports in December may drop from the massive 11mn barrels we saw in November. Also, given that refinery quotas have mostly been used up. But imports will pick up again in January. There's also a lot of floating storage being taken care of at a certain price. ■

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- OF THE YEAR -
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Fujairah Spotlight

Commodities 2021: Fujairah Sets Sights on 4th Refinery

Fujairah is expected to have its fourth refinery in 2021 as the UAE's Abu Dhabi National Oil Co. starts trading its flagship Murban crude as a futures product, potentially providing a boost to trading at the UAE's east coast port. Brooge Energy Ltd. expects its 25,000 b/d refinery producing low sulfur fuel oil to be launched in the second half of 2021, CEO Nicolaas L. Paardenkooper said on a Nov. 30 conference call. The company is also expanding storage capacity with an additional eight tanks.

Source: Hellenic Shipping News

Emirates D20 Fujairah vs Dubai Live Stream In India, Pitch, Weather Report and Preview

Fujairah will take on Dubai in the Emirates D20 League on Monday, December 7. The match will be played at the Dubai Stadium at 2:30 pm IST. Here is a look at the Fujairah vs Dubai live streaming info, how to watch the Emirates D20 League live in India and where to catch the Fujairah vs Dubai live scores.

Source: RepublicWorld.Com

Fujairah Data: Oil Products Stocks Jump 12%, Biggest Gain Since February

Stockpiles of oil products at Fujairah jumped 12% in the week to Dec. 7, the biggest rise since February amid signs of slowing exports from the UAE port, according to Dec. 9 data from the Fujairah Oil Industry Zone. The total stood at 23.088 million barrels as of Dec. 7, the highest since Sept. 14, according to the data provided exclusively to S&P Global Platts. Heavy distillates including fuel for power generation and bunkers rose 18%, while middle distillates including jet fuel and diesel jumped 13% and light distillates such as gasoline and naphtha rose 3%. It was the first time since August that all three categories showed week-on-week gains. Exports of all three categories have slowed in recent months, according to commodity data company Kpler.

Source: S&P Global Platts

It's Raining in Parts of the UAE — Fujairah and Umm Al Quwain, NCM Issue Alert due to Cloudy Conditions and Rough Seas

It's time to get your umbrellas along if you are heading out as residents across the UAE woke up to cloudy and rainy conditions. According to the National Center of Meteorology (NCM), today's skies are looking partly cloudy to cloudy at times over the sea, the islands, coasts and some northern and eastern areas, with rainfall, and a significant drop in temperatures. Today morning it rained in Fujairah and Umm Al Quwain.

Source: Gulf News

ENERGY MARKETS VIEWS YOU CAN USE

**Mike Muller,
Head of Vitol Asia**



Market Reaction to OPEC+ Agreement?

The drawn-out nature of the negotiations by OPEC+ instilled confidence in the market for the longevity of this agreement. I think the market was generally relieved that it got what it pretty much expected all along, which is a tapering of the big lumps in supply change to market. All this talk about whether key central countries should remain members of OPEC or not, that was never really a question, and the market discounted that. I think it is a positive sign that OPEC cohesion is in place. What is remarkable is how OPEC over the last few months has indeed managed to get countries that had been overproducing to rein in production and make these compensation moves. Iraq first and foremost there, and that is a very strong thing. If there is any evidence that this will continue into Q1, the market will continue to have great faith in OPEC as an institution, and in its ability to hold things together.

What is the Big Issue now Facing the Oil Markets Post OPEC+ Decision Last Week?

The big issue is really around demand. It would appear from mobility data, that the virus in Europe has been largely kept under check as opposed to in the US. However, it is in Europe that the negative impact on demand was greater, whereas in the US through Thanksgiving, demand was pretty much static. The hit on demand is much less than in the first wave, and the big focus now is on how soon the vaccine will be in place, and what is confidence in flying looking like. The big piece of demand that the world is missing is Jet Fuel. As we look forward, the market seems to have already priced this in because Jet Fuel, diesel, cracks in general, made a really big jump last week. In relative value people are already pricing in a recovery in Jet demand, but is the market getting ahead of itself or are people really getting confident? And that comes down to questions like how many people are going to step forward and take the vaccine as soon as it is available, and at what point in the vaccine rollout will herd immunity be in place such that we can return to normal? ■

Fujairah Weekly Fact Box

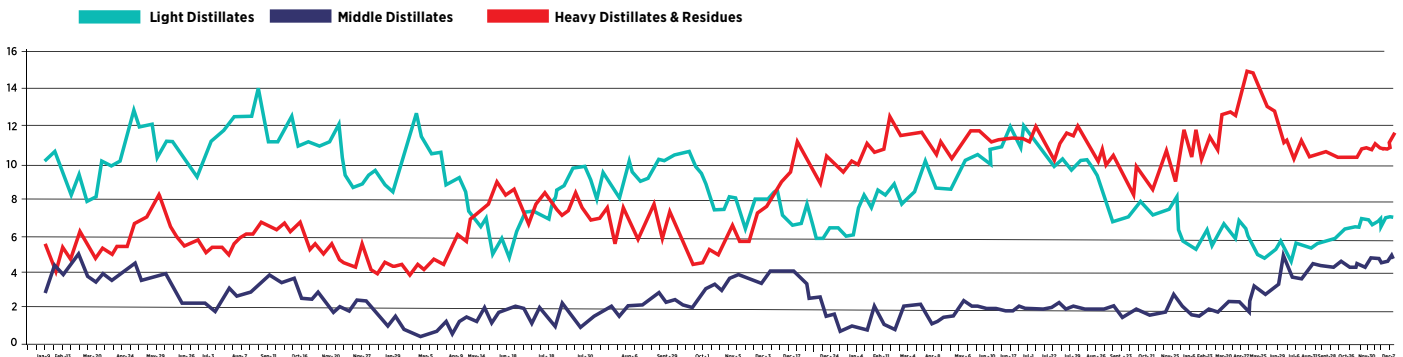
Fujairah does not have a desert; it is mostly mountainous, covered by Al Hajar Mountains which separates the emirate from the rest of the country.

Source: Fujairah Government (Fujairah.ae)

Fujairah Weekly Oil Inventory Data



bbl (million)



TOP TAKEAWAYS

- December total oil product stocks in Fujairah were reported at 23.088mn barrels, rising to their highest level since mid-September. They were last higher on September 14th, when 23.241mn barrels was seen. Total stocks rose by 2.497mn barrels, or 12.1% week-on-week, with builds across all three stock categories with light distillates, middle distillates and heavy residues all increasing their storage levels.
- Stocks of light distillates saw a small build of 217,000 barrels or 3.3% week on week to stand at 6.818mn barrels. They were also last higher on September 14th, when 6.896mn barrels were seen. The East of Suez gasoline market was mixed with poor demand sentiment in the US weighing on crack spreads, while

regional demand was seen as improving with additional demand seen from Indonesia – Asia's biggest importer.

- Stocks of middle distillates rose by 688,000 barrels, to 6.063mn barrels – up by 12.8% on the week, to rebound close to their record high of 6.161 seen the week of November 23rd. Gasoil was finding support with values underpinned by fresh demand for the middle distillate, which has come as regional supply balances are still being seen lean. Market sources said the recent refinery outage at South Africa's Engen, as well as a fresh buy tender from India's Hindustan Petroleum Corp. Ltd. has shored up sentiment in the gasoil market. Industry sources said that HPCL issued a third round of buy tenders for gasoil, with the company this time seeking up to

352,000 mt of 10 ppm sulfur high speed diesel for delivery into Mundra over December-February.

- Stocks of heavy residues rebounded back above 10mn barrels for the first time since late October, rising by 1.592mn barrels, or 18.5% on the week to 10.207mn barrels. Bunker values in Fujairah were seeing an uptick as gasoil values were rising regionally, sources noted. "[February ICE] Brent is similar to yesterday but Singapore gasoil 10 ppm swaps are firmer and that is what has pushed us up today," a trader noted. Fujairah-delivered marine fuel 0.5% bunker was assessed at \$381/mt on December 8th, unchanged day-on-day and at parity with Singapore delivered bunkers.

Source: S&P Global Platts

Commodities

Oil markets seemed to ignore the massive build in US crude inventories overnight with both Brent and WTI futures closing with relatively muted changes despite some wide intraday moves. Brent continues to dance close to \$50/bl but has so far failed to move past it. WTI is holding at around \$46/bl, essentially where it has spent most of December. US crude inventories rose by over 15mn bbl last week, the second largest weekly build on record. Imports were up by over 1m b/d last week, contributing to the build in inventories as production held steady at 11mn b/d and refinery inputs rose. Exports also fell back sharply, by more than 2mn b/d last week.

FX

The DXY index pared early losses to reach 91.2 on Wednesday evening and remained just above the 91 handle as renewed stimulus hopes provided a boost for the greenback. USDJPY is rising this morning and sits at 104.50. Major currencies paired against the USD subsequently weakened. The EUR fell from 1.2147 to lows of 1.2059 and currently trades at 1.2090. Sterling dropped from 1.3478 to reach 1.3365, still a minor move on the day but growing Brexit concerns continue to weigh on the GBP. The AUD fell from 0.7458 but remains strong this morning at 0.7470, whilst the NZD dropped from 0.7095 to reach 0.7030.

Equities

Equity markets were mixed yesterday, but the trend was generally for lower closes, with all three major US indices losing. The Dow Jones and the S&P 500 lost -0.4% and -0.8% respectively, while the NASDAQ closed nearly -2% lower as the tech sector continues to be targeted by antitrust officials. In Europe, the CAC lost -0.3% while the DAX gained 0.5%. In the UK, the FTSE 100 closed up 0.1% as the index was buffeted through the day by Brexit news. While it had traded higher earlier in the day, it nevertheless managed to cling on to the recent gains which have seen it return to levels last seen in March. Local markets were mixed, but the DFM (0.3%) and the Tadawul (0.6%) both closed higher.

Source: Emirates NBD

ENERGY MARKET NEWS

RECOMMENDED READING

1. **OIL RISES ON VACCINE ROLLOUT, CONCERN ON IRAQ OILFIELD ATTACK**
2. **IRAN PLANS FOR OIL EXPORTS IN EXCESS OF 2MN B/D**
3. **LIBYAN OIL EXPORTS TO JUMP TO 1.24MN B/D IN DEC**
4. **EIA: US CRUDE STOCKS SOAR 15MN BBLs AMID RECORD SURGE IN NET IMPORTS**
5. **THE OIL REFINERY CRISIS WILL WORSEN THIS WINTER**
6. **GREEN TRANSITION FRICTION PROMPTS WAVE OF RESIGNATIONS AT SHELL**
7. **US ECONOMY TO SLOW IN FIRST-QUARTER BUT REACH PRE-COVID-19 LEVELS IN A YEAR**
8. **ECB TO UNVEIL YET ANOTHER STIMULUS PACKAGE**
9. **CANADA'S OIL HEARTLAND GOES INTO LOCKDOWN AS COVID-19 INFECTIONS SURGE**
10. **CHINA REPORTS CONSUMER DEFLATION FOR THE FIRST TIME IN 11 YEARS**



RECOMMENDED VIDEOS & REPORTS

- **STIMULUS ON STEROIDS LIKELY TO CONTINUE INTO 2021**
- **WHAT IS CHINA'S BELT AND ROAD INITIATIVE ALL ABOUT?**
- **UK ISSUES ANAPHYLAXIS WARNING ON PFIZER VACCINE AFTER ADVERSE REACTIONS**
- **HOW CHINA PLANS TO FUND ITS PUSH TO BECOME CARBON NEUTRAL BY 2060**
- **VANDA INSIGHTS: CRUDE RESUMES UPWARD CLIMB EARLY THU AS VACCINE CHEER TAKES HOLD**

"We hope to never again experience a day like 'Black Monday' – when West Texas Intermediate crashed by \$56/bl into negative territory in the futures market for the first time ever on April 20, 2020, reaching an incredible -37.6/bl. Our latest estimations for the year 2020 see overall oil demand contracting by 9.8mn b/d to average 90mn b/d, an overall loss of about 10%."

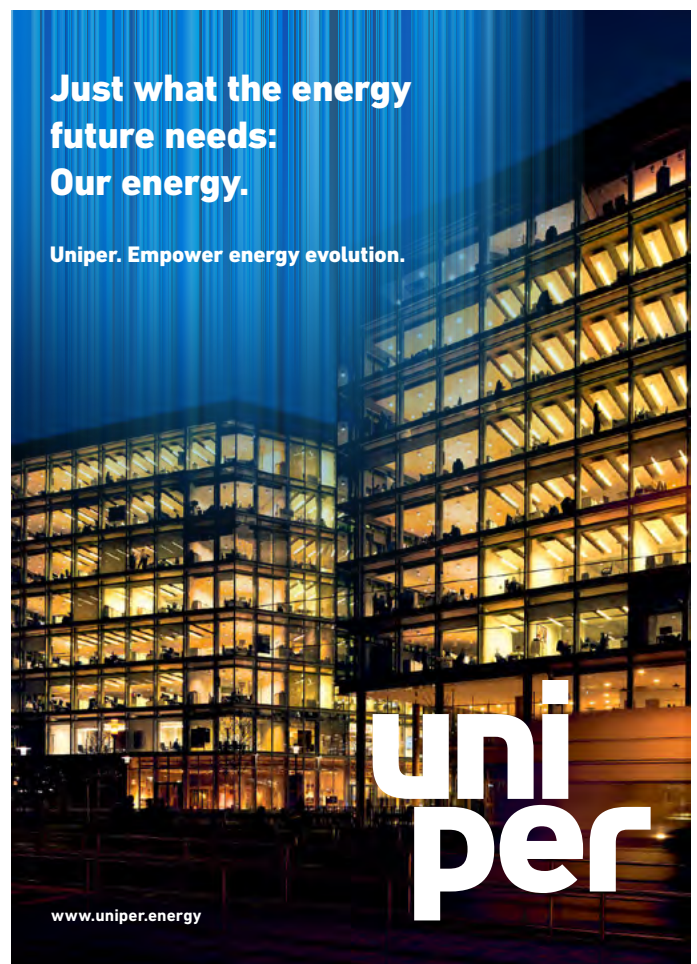
H.E. Mohammad Sanusi Barkindo,
Secretary General, OPEC



Source: The 19th Nigeria Oil and Gas Conference, December 8, 2020

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