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Fujairah New Silk Road WEEKLY NEWSLETTER

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

OPEC Would Likely Step In if Oil Prices Head into Triple Digits!

Ellen R. Wald, President – Transversal Consulting
Senior Fellow, Global Energy Center – Atlantic Council

We're still seeing the fallout for oil trade flows resulting from the war in Ukraine, although the deck chairs have been reordered fairly quickly, despite the price impact and disruption. But going forward, if we have any kind of supply disruption, such as a surge in demand from China, we could see a shortage and a longer period of higher prices than we ordinarily might have expected. It'll take longer to ramp up supply to meet this new demand and to get the oil where it needs to go. Saudi Arabia and the UAE both have spare capacity. The question is, will they put that into action? The UAE wants to, Saudi Arabia seems more hesitant, and Iraq also has potential. But because of the whole structure of OPEC+ in this deal, they have quotas, so it gets a little bit tricky as they can't produce quite as much as they ordinarily would. Still, the group would not throttle production if prices soared out of control, because that's not good for them either. They want to make money and they can make more by selling more oil at $95 a barrel, than less oil with prices in the triple digits as that would kill demand and possibly send the world into a recession. China and India would also be incentivized to buy even more cheap Russian oil. OPEC have a sweet spot they'd like to keep prices in, and I believe we're currently there, but it could go a bit higher. The big question is, what's Russia going to do? They've announced a voluntary cut in their March production despite quite high demand from India and China. And it's not as if the West doesn't want Russian oil in the market. They're more than happy to buy products made by Russian oil, as long as it's not made in Russia. It's not the same as with Iran sanctions.

CONTINUED ON P 3

Fujairah Weekly Oil Inventory Data

7,151,000 bbl	2,218,000 bbl	11,512,000 bbl
Light Distillates	Middle Distillates	Heavy Distillates & Residues

Source: FEDCom & S&P Global Platts

Fujairah Average Oil Tank Storage Leasing Rates*

BLACK OIL PRODUCTS

Average Range
$3.61 - 4.38/m³

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

THE WEEK In Numbers

Weekly Average Oil Prices

Brent Crude:	$83.37/bl
WTI Crude:	$77.45/bl
DME Oman:	$83.19/bl
Murban:	$83.68/bl

*Time Period: Week 2, March 2023
Source: IEA, OilPrice.com, GI Research

Fujairah Weekly Bunker Prices

VLSFO

High = $618.50/mt

Low = $599.50/mt

Average = $609.00/mt

Spread = $19.00/mt

MGO

High = $1,136.00/mt

Low = $1,050.50 /mt

Average = $1,107.00/mt

Spread = $0.00/mt

IFO380

High = $473.00/mt

Low = $449.50/mt

Average = $462.50/mt

Spread = $23.50/mt

*Source: Ship and Bunker, *Time Period: Mar. 2 – March 9, 2023*

Fujairah Bunker Sales Volume (m^3)

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

Source: FEDCom & S&P Global Platts

GI Consultancy Intelligence Publishing

CONTINUED FROM PAGE 1

Ellen R. Wald, President – Transversal Consulting Senior Fellow, Global Energy Center – Atlantic Council

Will we see any progress on the negotiations with Iran on the JCPOA?

The JCPOA is basically dead in the water. Originally, I had thought that the Biden administration was very much incentivized to progress some kind of deal because that could be played domestically as a big foreign policy win. But now, with all the focus on Russia and Ukraine, and the US midterm elections over, that incentive has gone. As for Iran, they won't trust any deal they get with the Biden administration, unless it is a treaty that is ratified by the Senate. It's unfortunate, because I do think it would be a very positive thing for the entire region to see a resolution regarding Iran's nuclear issues.

Has the US-Saudi relationship altered in the past year?

Saudi Arabia has put into place an oil policy that the US did not want. In the past when this happened, any dissatisfaction was discussed through diplomatic channels, but when OPEC+ announced its production cuts last October, the US reaction was a very public admonishing of the Saudis. That was a significant change, particularly because for the Saudis, their public image is very important.

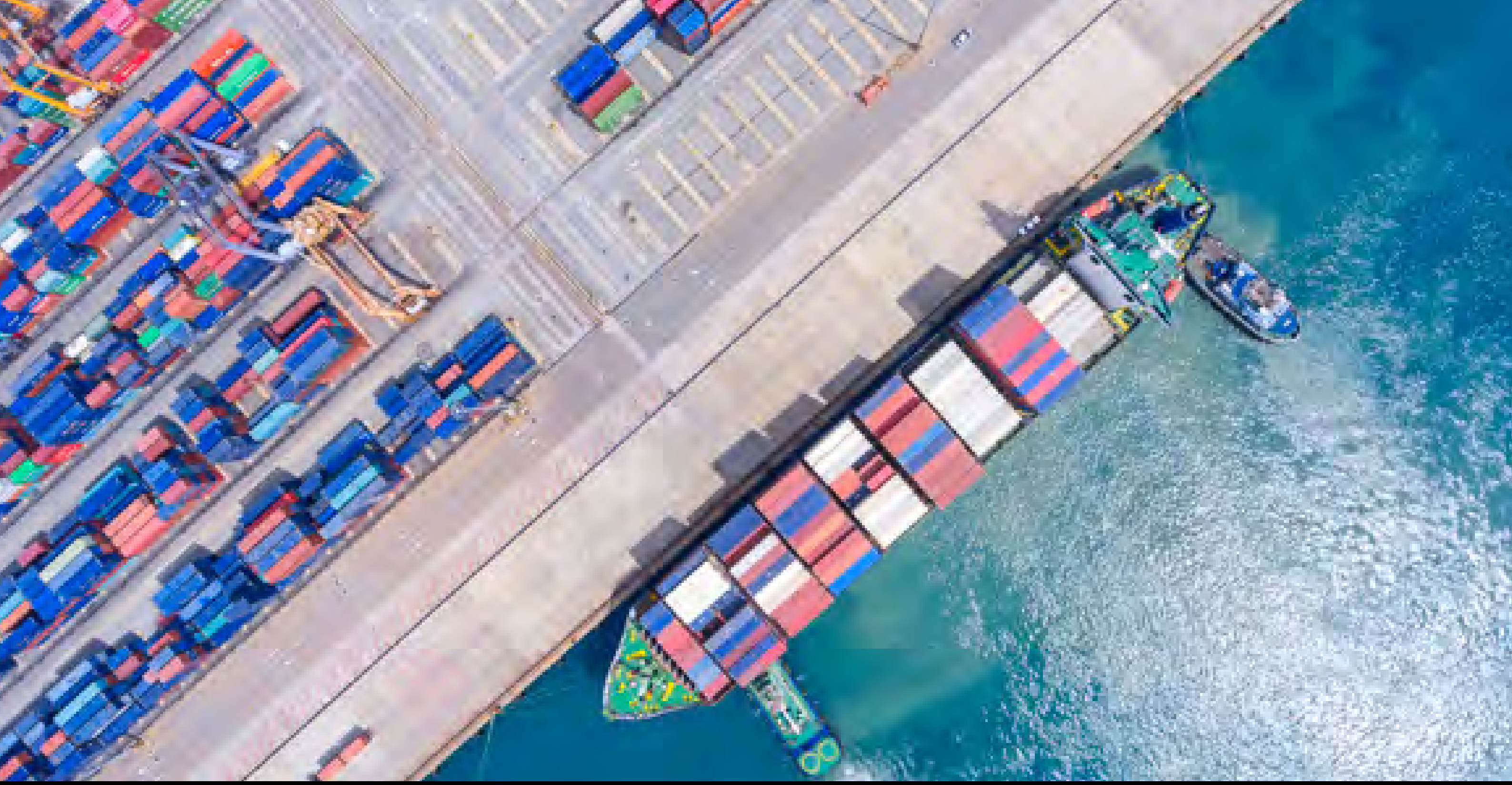
How committed is the US to its presence in the region?

Militarily, it's presence will not change so much, but its economic relationship will. The US was a huge buyer of Middle Eastern oil, but that consumer producer relationship has changed as the US is now a huge producer. From the Middle Eastern perspective, the US is not their biggest customer. It's China, it's Asia and so that means that they've got to cultivate other relationships.

Should we expect US production to return to 13mn b/d?

We're not quite at the level we were pre-pandemic, but we're still high. Oil producers are seeing a lot of pressure from shareholders to return value and so they're very hesitant to increase production beyond what they feel is necessary. Inflation has also hit hard so they're spending more money just to keep up current rates of production. There are also issues with supply chain costs for steel and labour for example so we're seeing increases in capital expenditures, but not in production. Producers are also concerned and confused about regulation. Why should they invest more in production when they feel like the current administration wants them out of business in ten years?

WATCH FULL INTERVIEW HERE



Held Under the Patronage of H.H. Sheikh Hamad bin Mohammed Al Sharqi, Member of the UAE Supreme Council & Ruler of Fujairah

The 13th International Fujairah Bunkering & Fuel Oil Forum

The Maritime Energy Transition & Future Fuels

13-15 March 2023, Fujairah, UAE

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#FUJCON2023

S&P Global Commodity Insights

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Fujairah Oil Industry Zone

Energy Markets Views You can Use

Maleeha Bengali
Founder, MB Commodity Corner

How should we read the Fed's signals as to likely next steps?
With inflation averaging 5 or 6% and a balance sheet close to $9 trillion, the Fed is doing what it needs to, but it's in a Catch-22. They know that the economic crisis is worse, but they cannot cut rates as much as the market expects them to, or inflation will go to 20%. They also know that if they print more again, it's game over, so they have to get asset prices down. The Fed has always played a reactionary function. Their dot plot has been following what the bond market has already priced in. Equity investors are still expecting the Fed to save the day, but this time is very, very different. Rates will be higher for longer because they got inflation wrong.

Should the oil market be prepared for this ongoing tussle in monetary policy?
Commodity markets are demand and supply led. The bulls' thesis expects China to rebound with the magical 2 million barrels per day. So far, it has been a million barrels per day. China restocked everything they needed to for their reopening. China demand might return but the US and EU will also go into recession in 2H 2023 and the oil market is very well supplied for the time being. China's economic policies have also changed. It's expansion since 2000 was on infrastructure and urban growth and development, but the focus now is on getting the birth rate higher, and for the average family to be able to afford education. We're not going to see the economic growth of before. There will be demand in selective areas - such as for base metals, lead, iron, or copper, but overall, it will be much more consumer focused.

Mike Muller
Head
Vitol Asia

Has the market adjusted to sanctions on Russian fuels?
The consensus seems to be that one year into the war, Russia is pretty self-sufficient in terms of its technical capabilities for production, and its oil continues to load and get on ships. The import ban into the EU, which sees very large quantities of Russian diesel and fuel primarily, redirected to markets further afield, is going to tie up ships for longer voyages, and that's compounded by the spring turnaround season, so in the case of crude oil, we see a weakening demand. And there's uncertainty over whether a supplier of Russian origin fuel, is able to give an attestation, when it's been made very clear to off takers that such attestations on price cap will not be issued by the original supplier - Russia. That leaves the market with a lot of head scratching. Insurance companies, ship owners and the banks that are all providing the services, are now having to tiptoe around legislation that has been issued by three separate jurisdictions in the US, the EU and the UK. So, finding alignment there is taking the market some time.

How much demand pull will China bring to energy markets this year?
Most analysts have been revising their estimates for Chinese oil and gas consumption up, for the balance of this year, which will make 2023 one of the biggest year-on-year demand growth stories that we've seen, next to 2001-2002 and 2009. We have seen the beginnings of a reasonable uptick in air travel, but China is still only open for business travel, so the majority of their commercial aviation fleet is still grounded; that pent up demand will be unleashed at some point. The property sector has been the Achilles Heel in China and obviously had a knock-on effect on steel, cement and other materials that go into construction. But there seems to be some very real policy incentives for provincial governments to start building roads and municipal buildings, etc. so, there's a sense of optimism that the second half of 2023 will see the Chinese economy consuming more.

What's the trajectory for Chinese exports of petroleum products?
In stark contrast to what we had in Q4 when there was a policy directive for Chinese refiners to crank up their runs and maximize exports, those have now all but dried up because domestic consumption and margins have been so good, and there seems to have been a desire to build inventory.

Will Europe and Asia be able to access affordable gas this year?
Warm weather and the absence of demand for Russian gas led to an overstocking and a more comfortable position for gas in Europe and to a weakening of the price set. To the extent where LNG can now start competing again with diesel, which utilities have been burning instead of LNG while prices were high. Entire sectors that were uncompetitive last year because their gas feedstock was too costly – such as cement, paper and fertilizer – are resuming consumption. In Asia, the high gas prices last year led to demand destruction and a switch to coal. LNG consumption in China last year was down around 20%. South Asian economies, which were impacted the most, are now back and buying LNG at today's prices in the mid to low teens. Gas is now at a point where it's at an equilibrium level versus other fuels.

Fujairah Spotlight

Fujairah Ruler meets Cuba's Foreign Trade and Investment Minister on sidelines of UN Conference on LDCs

H.H. Sheikh Hamad bin Mohammed Al Sharqi, Supreme Council Member and Ruler of Fujairah, met Rodrigo Malmierca, Minister of Foreign Trade and Investment of the Republic of Cuba, on the sidelines of his participation in the 5th United Nations Conference on the Least Developed Countries (LDCs), which began today in Doha, Qatar. During the meeting, the two sides discussed UAE-Cuba relations and ways to enhance their cooperation and expand its scope to serve the mutual interests of their countries and peoples in various economic, trade, investment and developmental fields, in addition to renewable energy projects and other areas of cooperation that drive sustainable development efforts in the two countries.

Source: Emirates News Agency – WAM

National Bank of Fujairah hosts knowledge-sharing platform

The National Bank of Fujairah (NBF) hosted the latest in its long-running series of knowledge-sharing events, organised in partnership with Refinitiv. The event, which was attended by more than 150 participants, explored the opportunities and implications for businesses ahead of significant reforms to the country's tax regime this year, with the expected introduction of corporate income tax.

Source: Zawya

Oil product stocks drop as fuel oil exports pick up

Stockpiles of oil products at the UAE's Port of Fujairah fell 4.6% in the week ended March 6, with heavy distillates falling from a 13-week high, according to Fujairah Oil Industry Zone data published March 8. Total inventories were 20.881 million barrels as of March 6, a three-week low, the FOIZ data provided exclusively to S&P Global Commodities Insights on March 8 showed. It was the second consecutive weekly decline after the 31% increase for the week ended Feb. 20, the biggest weekly gain in one year.

Source: S&P Global Commodity Insights


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October 10th & 11th, 2023
11th ENERGY MARKETS FORUM
October 10th - 11th, 2023
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– OF THE YEAR –
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Energy Markets Views You can Use

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

Have oil markets now stabilized one year into the Ukraine war?
Without any further exogenous changes, oil markets will continue to tread water and trend down a little. All signs are that the Russians will launch an offensive before spring and that the Ukrainians will do the same when they receive the new tanks from the West. And we will see an impact on the oil market - either when Russia finds itself with its back against the wall and maybe resorting to using oil as a last resort, or when it becomes a more unstable military situation.

What impact have price caps on Russian crude and products had?
In the crude market, the readjustment has been very smooth, with Russia continuing to export into Asia – and interestingly only into India, China and Turkey. Countries such as Bangladesh and Pakistan have asked to get parts of those flows but have been unsuccessful. I think that Russia, for strategic reasons, has forgone the option of bringing down the discounts by having these other emerging markets compete for Russian crudes, so that it delivers cheaper oil into India, China and Turkey to secure their support. On the products side, there's an opt out clause where every country can import Russian products which have been blended with Russian crude in a third country. So, what we've seen is a huge uptick in imports into places like the Middle East and then outflows from there. Russian products will find their way to Europe. One thing Russia does not have is enough storage capacity for crude and that has led, in January at least, to an uptick in crude exports, pressuring prices.

Outlook for global energy demand?
It's looking quite steady and even if we get recessions, I don't see that being associated with a big decline in GDP that would lower demand substantially. The recovery in China may fall short without a major stimulus program, but as forecasted, we should see decent demand growth but no excess, and so a steady decline in prices.

Has Europe successfully weaned itself off Russian gas?
Gas prices have come down since last year but economically speaking, Europe is now certainly more vulnerable to another price spike than it was before. It's also important to realize that it's only because prices spiked and demand destruction kicked in, that we were able to avoid a large crisis of gas availability. That's an important lesson here which should sink in.

Where's the Fed at in its fight with inflation?
The US economy is still showing record employment figures, yet at the same time, there's talk of recession, but that can still take place at very high activity levels. The Fed, despite all the talk, will not kill the economy and bring inflation overnight back to 2%. They would probably be quite happy with 3% or 4% so that still looks to me like a soft landing at a slightly higher interest rate than we have today. The bigger problem is in Europe, which is behind the curve - inflation rates in France, Germany and elsewhere, have come in much higher than expected in the last couple of weeks.

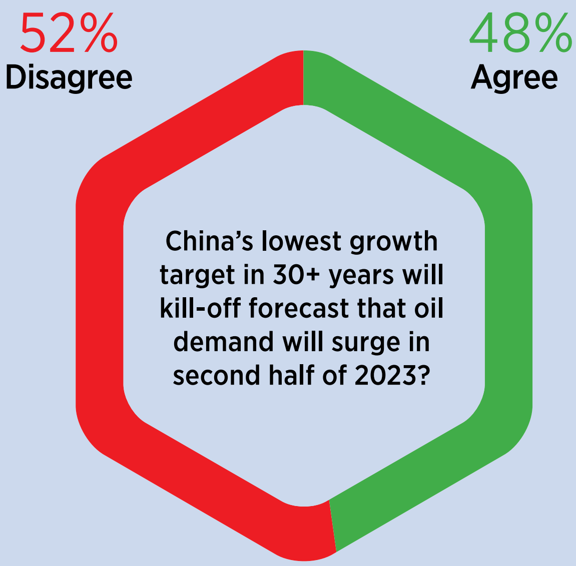
Salih Yilmaz
Senior Equity Research Analyst - Energy, Oil & Gas,
Transition, ESG, Bloomberg Intelligence

China is opening, but...
While China is opening up, we expect it to be gradual with enough supply – especially with OPEC+'s spare capacity to support rising demand. When we look at H2 this year, our balance suggests that we may actually be in a much bigger deficit than the first half of this year. Do we have enough supply to meet that kind of deficit? I think so, but then beyond that, once we exhaust more of OPEC+'s spare capacity, is there more non-OPEC supply coming online to meet that demand? A little bit, yes. But then come end of 2024, if we see resilient demand and if we see China with a pre-pandemic appetite, then we might be in a little bit more trouble in terms of seeing where that supply comes from. That in itself could be enough to make markets very anxious.

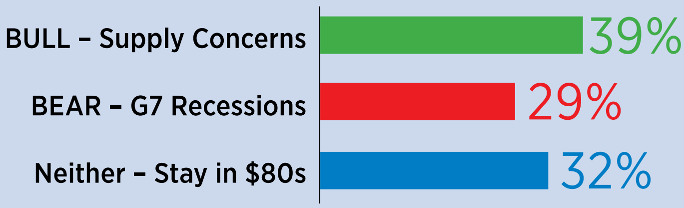
Next step for the curve?
We need to remember that a lot of oil producers are operating at the back end of the curve, which still has relatively low prices. This may be one of the main reasons why the supply response we've been expecting hasn't really been as big as some thought. There is some spare capacity, especially after OPEC+ decided to bring 2mn b/d worth of cuts back into the market. On the demand side, China's lockdowns really helped the markets remain balanced.

Surprise supply...
The market may have gotten a little complacent about how little disruption there has been to Russian supply, because we really were expecting it to drop a lot more than it did. We were talking about perhaps 1mn b/d. That hasn't happened. It's mainly because Russia was able to find other buyers, even if it did sell at significant discounts. Nonetheless, the supply disruption we were expecting didn't materialize – at all, really.

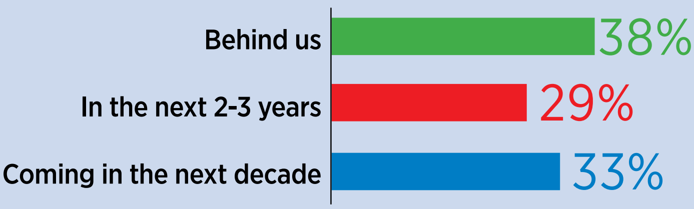
Weekly Surveys

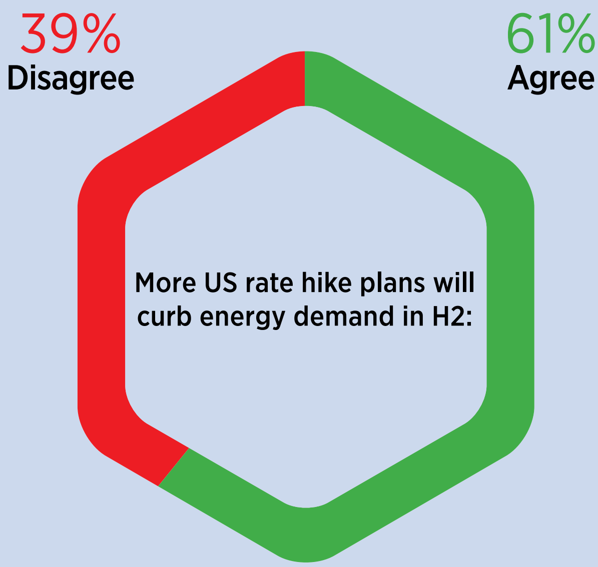


Which will win in setting direction for oil markets in Q2?

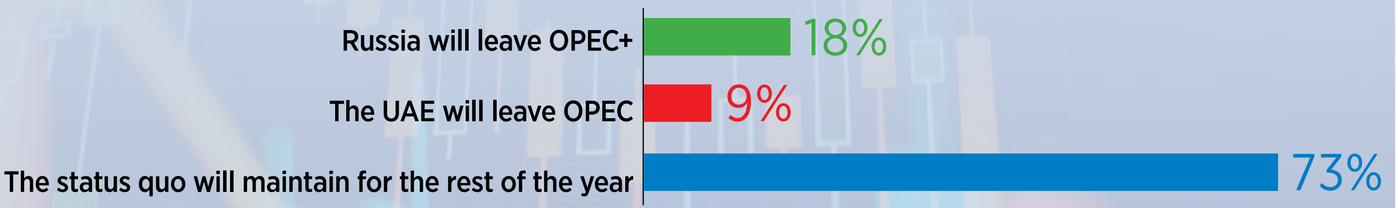


Chinese oil demand peak is likely?





There has been speculation recently about changes to the structures of OPEC and OPEC+ as oil volatile market dynamics play out. Which of the following will happen in 2023 (one choice):



Source: GI Research March 2023

Fujairah Weekly Oil Inventory Data

FOIZ
منطقة الفجيرة للصناعة البترولية
Fujairah Oil Industry Zone

TOP TAKEAWAYS

- Total oil product stocks in Fujairah were reported at 20.881 million barrels with a fall of 1.015 million bbls or 4.6% week-on-week as they fell to just above the 20-million-barrel level. The stocks movement saw a drop for light distillates, a rise for middle distillates and a drop for heavy residues also.

- Stocks of light distillates, including gasoline and naphtha, fell by 124,000 barrels or 1.7% on the week to 7.151 million barrels. The East of Suez gasoline complex strengthened in early trading March 7, as market participants continued to expect lower Chinese exports in March amid planned refinery turnarounds. Sinopec's 540,000 b/d Zhenhai Refining & Petrochemical plant will start maintenance at its 200,000 b/d CDU in mid-March lasting until early-May, S&P Global Commodity Insights previously reported. A fire broke out March 3 at one of Pertamina's fuel storage units in Plumpang, North Jakarta that has a storage capacity of more than 300,000 kiloliters, media reports said. Some market participants said that Indonesia could import additional gasoline to make up for lost supplies ahead of the Ramadan fasting month starting March 22. However, some others said that it was unclear if Indonesia's gasoline supplies had been adversely affected by the fire.

- Stocks of middle distillates, including diesel and jet fuel, increased by 797,000 barrels or 56.1% on the week to 2.218 million barrels. The East of Suez gasoil market was largely steady March 7 from the previous session, with participants awaiting fresh pricing cues from the results of tenders for April-loading barrels. Demand across Europe remained weak as peak heating demand season ends, despite forecasts of lower temperatures later in the week, S&P Global reported earlier. Temperatures were set to fall 3 degrees Celsius below norms March 8 before picking up slightly by end week, according to Platts European Gas and Power Alert. On the supply side, global refinery outages are expected to increase in coming weeks amid spring maintenance season.

- Stocks of heavy residues fell by 1.688 barrels, or 12.8% on the week as they stood at 11.512 million barrels. Spot trading activity at the bunkering hubs of Singapore and Fujairah was thin March 7, and a rise in outright price on firming crude pushed buyers to the sidelines, traders said. On the supply side, signs of recovery in the upstream Singapore 0.5%S marine fuel cargo market led some sellers to abstain from offering in the spot market on hopes that a strengthening cargo market would cascade down to the downstream bunker market. The outright price rise, however, caused some of the other sellers to make competitive offers in a bid to attract demand. In the Middle Eastern port of Fujairah, offers for delivered marine fuel 0.5%S bunker were initially heard at $615-$620/mt with the offer at the lower end of the range for product deliverable from March 12 onward. The premium for Fujairah-delivered marine fuel 0.5%S bunker over Singapore Marine Fuel 0.5%S cargo fell $3.22/mt on the day at $5.86/mt.

Source: S&P Global Commodity Insights

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Energy Markets Views You can Use

Narendra Taneja
India's Leading Energy Expert

Wherever you go in India, economic sentiment is great.
The economy is very self-confident and very sure of how things are going to shape up and very sure that we are well on our way to becoming a $5 trillion economy on a nominal basis, and eventually a $30 trillion economy at par with the US in about 25 years.

Are current oil prices at all damaging to the Indian economy?
A range of $80-85 is something the Indian economy can live with comfortably and at the same time continue to grow. My sense is that prices will remain in this region for the next four months. By buying Russian oil, countries like India and China are keeping oil prices low for everyone, including the US, by helping check inflation. Western countries which imposed sanctions on Russia are kind of recalibrating. Germany is still taking Russian pipelined gas. The realization is that Russian oil should continue to flow because that's good for the global economy and for individual countries.

Is the tension between Beijing and Washington of concern?
The Quadrilateral Security Dialogue (QUAD) – the US, Japan, Australia, and India – is targeted to make sure that the Indo-Pacific region remains stable and prosperous. A prosperous and stable China is in India's interest. That said, when you look at the security environment and some of the policies coming out of Beijing, countries such as the US, Japan, Korea, Vietnam, and India, are now perceiving that as a threat for the entire region. China needs to do something to address that. At the same time, we observe the close relations between Moscow and Peking. Somebody needs to bring the war in Ukraine to an end so that the world can focus more on the Indo-Pacific, because that's where the energy gravity center and global economy gravity center is. However, my sense is we will see even more polarization in our part of the world and if Russia is weakened further by the war, it will fall into the lap of China, and that would be bad news for all.

Andrew Critchlow
Head of News, EMEA
S&P Global Commodity Insights

China is the one to watch.
BP's Chief Economist summed it up when he said China is the most important thing to the oil market this year, especially when it comes to the movements in China's economy from July onwards. This will be a defining moment for oil prices.

We need to talk about quadrilemmas.
The Secretary General of OPEC, H.E. Mr Haitham Al Ghais, captured it for me when he spoke about the so-called energy trilemma: this mixture of energy security, energy transition, and affordability. This cuts to the strategy that a lot of the leaders in the oil and gas space at CERAWeek – with 7,500 delegates – are grappling with. Al Ghais said there's something missing. It should be the quadrilemma: energy reality must be added to the mix.

Pressures are mounting.
The global population will be close to 10bn people by 2050, which requires more energy to sustain economic growth. With current technology, it's impossible to conceive of a world where you are not going to have hydrocarbons – a world with no oil, no gas. We need a mixture of all these energy sources, including renewables.

There is one big question.
Where is the money coming from? We need major investments. By OPEC's own estimates, oil and gas alone will require approximately $12.1trn up to 2050 to produce the energy that the global economy will need – which is also the same time period for Net Zero goals. The real concern is where is how to invest to sustain fossil fuel production? The introduction of the Inflation Reduction Act (IRA) in the US is incentivizing people in the industry to look at diverting more of their capital to areas that will most easily attract some of the $360bn of potential subsidies from the US government, effectively renewable energy.

Energy Markets
COMMENTARY WEEK IN REVIEW

Daily Energy Markets PODCAST

SUNDAY /// MARCH 5th /// 10:30AM (UAE)

"MONTH IN REVIEW // OUTLOOK AHEAD"

Mike Muller
Head, Vitol Asia

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

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Daily Energy Markets PODCAST

MONDAY /// MARCH 6th /// 10:30AM (UAE)

Omar Najia
Global Head - Derivatives, BB Energy

Peter McGuire
Chief Executive Officer, XM Australia

Victor Yang
Senior Analyst, JLC Network Technology

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Daily Energy Markets PODCAST

TUESDAY /// MARCH 7th /// 10:30AM (UAE)

Narendra Taneja
India's Leading Energy Expert

Matt Stanley
Partnerships Lead, Middle East, Kpler

Yesar Al-Maleki
Gulf Analyst, Middle East Economic Survey

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Daily Energy Markets PODCAST

WEDNESDAY /// MARCH 8th /// 10:30AM (UAE)

INTERNATIONAL WOMEN'S DAY
WITH 4 OF THE WORLD'S TOP ENERGY ANALYSTS

Dr. Sara Vakhshouri
Founder & President
SVB Energy International

Maleeha Bengali
Founder
MB Commodity Corner

Kate Dourian, FEI
MEES Contributing Editor &
Non-Resident Fellow, The Arab Gulf States Institute in Washington

Vandana Hari
Founder & CEO
Vanda Insights
Guest Host

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Daily Energy Markets PODCAST

THURSDAY /// MARCH 9th /// 10:30AM (UAE)

Yousef Alshammari
CEO & Head of Oil Research, CMarkits
Senior Research Fellow, Imperial College London

Salih Yilmaz
Senior Equity Research Analyst - Energy, Oil & Gas, Transition, ESG, Bloomberg Intelligence

Andrew Critchlow
Head of News, EMEA
S&P Global Commodity Insights

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Daily Energy Markets PODCAST

FRIDAY /// MARCH 10th /// 10:30AM (UAE)

Guest Host
Frank Kane

Raad Alkadiri
Managing Director - Energy, Climate & Resources, Eurasia Group

Pamela Munger
Senior Market Analyst, Vortexa

Ian Nathan
Director, Global LNG Research, Energy Intelligence

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Energy Markets Views You can Use

Matt Stanley
Partnerships Lead, Middle East
Kpler

Russia overtook the US in long ton miles on vessels this week.
There's so much material going east. China is obviously gearing up for demand to come back, although crude oil imports in January were around a million barrels a day lower than in December. I think we possibly have another month before Chinese demand is back. Russia's March exports globally are scheduled to be 258 million barrels. In October 2022, they were only 210 million barrels so that's a dramatic change. India last month imported just under 58 million barrels of Russian energy; the three-month average over the last ten years has been 5 million barrels for a month. When you're a net importer of energy, you go where the cheapest feedstock is.

Outlook for Europe and gas supply this year?
Gas stocks are good and that's been driving the inflation argument down. It will be critical where Europe gets its diesel. Flows from trading hubs are changing and evolving all the time. I would say Turkey is going to probably be Europe's biggest supplier of diesel as a hub. Other countries like Morocco and Tunisia, that were rather dormant on the energy roadmap, are now thriving as new conduits where people can look at circumventing sanctions. No one really knows what's happening with enforcement of these new trading patterns, but Europe needs the oil.

ENERGY MARKET NEWS

1. OIL PRICES SLIP 1% TO TWO-WEEK LOW ON RECESSION WORRIES
2. OPEC IS BACK IN CONTROL OF THE OIL MARKET
3. UN BUYS TANKER TO STORE OIL FROM DECAYING VESSEL OFF YEMEN
4. US SENATORS REINTRODUCE BILL TO PRESSURE OPEC OIL PRODUCER GROUP
5. MARKETS NOW SEE LARGER FED HIKE THIS MONTH
6. GULF STOCKS SUBDUED ON HAWKISH FED CHIEF POWELL; SAUDI GAINS
7. BIDEN SETS SIGHTS ON SCRAPPING OIL AND GAS SUBSIDIES
8. LIBYA EYES 2024 OIL & GAS BID ROUND
9. RUSSIA WILD CARD TO KEEP OIL MARKETS ON EDGE
10. OIL & GAS WORKERS DEMAND CLEAN ENERGY JOBS

RECOMMENDED VIDEO & REPORTS

- STOCK FUTURES SLIP FOLLOWING THURSDAY'S MARKET SELL-OFF FUELED BY BANKS
- XI JINPING BEGINS HISTORIC THIRD TERM AS CHINA'S PRESIDENT
- SAUDI ARABIA PLEDGES TO MEDIATE IN RUSSIA-UKRAINE WAR DURING MOSCOW VISIT
- EU EXPERIENCED SECOND-WARMEST WINTER ON RECORD
- SUPERMAJORS CIRCLE AS SCALE OF KEY ORANGE BASIN BLOCK'S OIL & GAS RICHES REVEALED
- HONG KONG, AUSTRALIA STOCKS TUMBLE AS ASIA CONTINUES WALL STREET'S SELL-OFF

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GI Soundings Week in Review

"The Return of Higher Rates Smothers Demand Outlook!"

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

- **Victor Yang, Senior Analyst, JLC Network Technology**
- **Omar Najia, Global Head – Derivatives, BB Energy**
- **Peter McGuire, Chief Executive Officer, XM Australia**
- **Dr. Sara Vakhshouri, Founder & President, SVB Energy International**
- **Kate Dourian, FEI, MEES Contributing Editor & Non-Resident Fellow, The Arab Gulf States Institute in Washington**
- **Raad Alkadiri, Managing Director – Energy, Climate & Resources, Eurasia Group**
- **Yousef Alshammari, CEO & Head of Oil Research, CMarkits, Senior Research Fellow, Imperial College London**

Victor Yang, Senior Analyst, JLC Network Technology CHINA OIL DEMAND: "It doesn't matter much whether the government sets its GDP target growth at 5% or 5.5%. International estimates are showing more optimistic growth. This is because we are now seeing oil demand in China growing significantly. In February, we imported about 11.8mn b/d, a significant jump from the last quarter of last year, and demand is still on the rise."

Omar Najia, Global Head – Derivatives, BB Energy US FOREIGN POLICY: "The US has managed to make China and Russia stand shoulder to shoulder. This is going to be a massive problem for the US – economically, militarily, and on every level. Now it is desperately trying to play catch up, not just in the Far East, but in Africa, and all over the world. They tried to get the Global South to sign up at the G20 summit to condemn Russia, and they got nothing."

Peter McGuire, Chief Executive Officer, XM Australia ENERGY TRANSITION: "BP revising its oil output reduction target by 2030, from 40% to 25%, is a massive haircut. If you look at what they're saying, we're certainly going to be looking at $100 crude in the next matter of months and second half of the year. I think that will underpin the real energy situation of where we are globally."

Dr. Sara Vakhshouri, Founder & President, SVB Energy International IRAN OIL: "Under President Trump's maximum pressure, Iran was exporting about 250,000 b/d. After President Biden was elected, exports increased to 700,000 b/d and today, that number is almost hitting 1.5mn b/d. So, Iran doesn't need a consensus with the West to meet their new fiscal budget target, which they have set at 1.4mn b/d of oil and condensate exports."

Kate Dourian, FEI, MEES Contributing Editor & Non-Resident Fellow, The Arab Gulf States Institute in Washington OPEC: "There is no swing producer anymore. Nobody is coming in to say, if certain countries in OPEC are unable to produce at quota, somebody will make up for it. That's usually been Saudi Arabia and a bit the UAE, but that's not happening. That's why prices are where they are today I suspect – it's not because of a lack of supply or strong demand."

Raad Alkadiri, Managing Director – Energy, Climate & Resources, Eurasia Group SENTIMENT: "What is it going to take to shake the market from its somewhat torpor? In the short-term, every message in terms of inflation and interest rates is a drag on any sort of irrational exuberance. When you start to get numbers from China year-on-year in Q2, which are going to look very strong versus Q2 last year, you may see market sentiment shift."

Yousef Alshammari, CEO & Head of Oil Research, CMarkits, Senior Research Fellow, Imperial College London SUPPLY: "OPEC+ definitely has spare capacity, especially Saudi Arabia and the UAE. I wouldn't be surprised if they ramp up production, but I don't think they will react to unsustainable signs of demand recovery. There needs to be a real supply shortage, which will be shown by inventories like the OECD's data and a rise in Chinese deliveries."

Energy Markets Views You can Use

Yesar Al-Maleki
Gulf Analyst
Middle East Economic Survey

OPEC+ believes that non-OPEC supply will come to the market this year.

OPEC especially, wants to keep the current agreements going. Their last monthly report indicated 1.44mn bd will come from non-OPEC countries, mainly from the US. But there is also a lot of uncertainty about all of that gain. There are lots of caveats in terms of the tightness of the fracking market, US companies have run out of ducts etc., but they are still quite bullish on the Permian and big companies like ExxonMobil and Chevron, especially at these prices.

Will OPEC remain intact this year and does it need to revisit quotas?

There is speculation and exaggeration when it comes to any of the core OPEC members leaving. There is a lot of prestige politically for being part of the pack and a lot of history attached to that. There is also a pragmatic gain from being part OPEC in terms of setting price and supply. The GCC countries are also aware of the importance of political unity, especially given how divided the international community is with the Russian invasion of Ukraine. GCC countries are very keen not to see what happened with Qatar repeated. The UAE is rightly concerned about quotas though – it has been investing billions of dollars in growing its capacity towards 5mn bd, now brought forward to 2027. That is quite a drastic difference to some of the other OPEC producers who have been under producing because of capacity constraints. I think the UAE is very capable diplomatically and they will be able to get a fair share in the upcoming months. It was quite successful in pushing for baselines to be renegotiated in 2021 and these will have to be looked at this year if OPEC decides not to change course on the cuts made.

Daily Energy Markets

TOP TAKEAWAYS
MARKET OBSERVATIONS FOR THE WEEK
March 5th - 10th

1. The West will find fault with Chinese economic projections no matter what they are!

2. Rumors that the UAE is considering leaving OPEC are completely baseless!

3. OPEC+ baselines will need to be revisited in 2023 if OPEC doesn't change course on cuts.

4. Contrary to expectations, Russian crude energy exports are still on the rise, spurred by Asian demand taking advantage of discounts.

5. Iranian oil exports under Biden have risen to almost 1.5mn bd and Iran now budgeting on 1.4mn bd of oil sales for the next fiscal year starting March 21st.

6. Saudi Arabia and other Mideast OPEC heavyweights need Russia to keep markets balanced, both now and after the war is over.

7. Equity markets expecting the Fed to come to the rescue again, but the reality is that higher for longer rates are here to stay.

8. The major issue of capital access for fossil fuels is not going away. Incentives to support renewables in the USs' game-changing Inflation Reduction Act (IRA) could heighten the challenge.

9. The energy trilemma should be a quadrilemma. Energy security, environmental goals, economic growth, and energy reality. All are simultaneously needed and urgently – the tall order just got taller.

10. Ukraine War needs to end so that the world can focus on China and the Indo-Pacific region!

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