

DECEMBER 17th 2020
VOL. 58

Fujairah

New Silk Road

WEEKLY NEWSLETTER

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AN EXCLUSIVE GULF INTELLIGENCE INTERVIEW

“DON'T UNDERESTIMATE SHALE OIL'S ABILITY TO BOUNCE BACK”

Dr. Carole Nakhle, CEO, Crystal Energy

When it comes to oil prices, one factor that could change drastically is OPEC+'s discipline. What are they going to do in early 2021? In January, we know that they are going to put no more than 500,000 b/d in the market. But they did not provide much information on how they are going to enforce discipline and stop members cheating. If you are not going to stop the cheating, then there will be more barrels coming to the market. Also, when prices start to increase, especially when you have record spare capacity for OPEC, then you have less compliance within the group. The other factor that we should not forget is production from outside OPEC+, including countries that are currently exempt, like Libya. Furthermore, the biggest factor that tends to be overlooked – or maybe people think it is over – is US shale. It has been bruised badly, but so has the oil industry globally. If you look at the latest surveys coming from the shale industry, there is much more optimism today in terms of significantly boosting drilling activity. The positive side of 2020 is that OPEC has maintained its relevance, despite 60 years in the business with many people attacking it and divisions among its members. Everybody is watching OPEC closely. It is not going anywhere anytime soon.

CONTINUED ON PAGE 3



Fujairah Weekly Oil Inventory Data

7,257,000 bbl

Light
Distillates



6,054,000 bbl

Middle
Distillates



11,327,000 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

MARK YOUR CALENDAR **JANUARY 13th 2021**

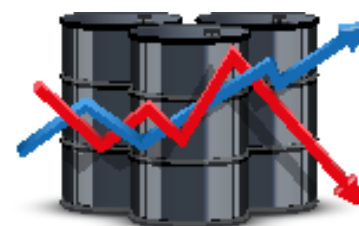
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THE WEEK In Numbers



Weekly Average Oil Prices

Brent Crude: \$50.66/bi

WTI Crude: \$47.40/bi

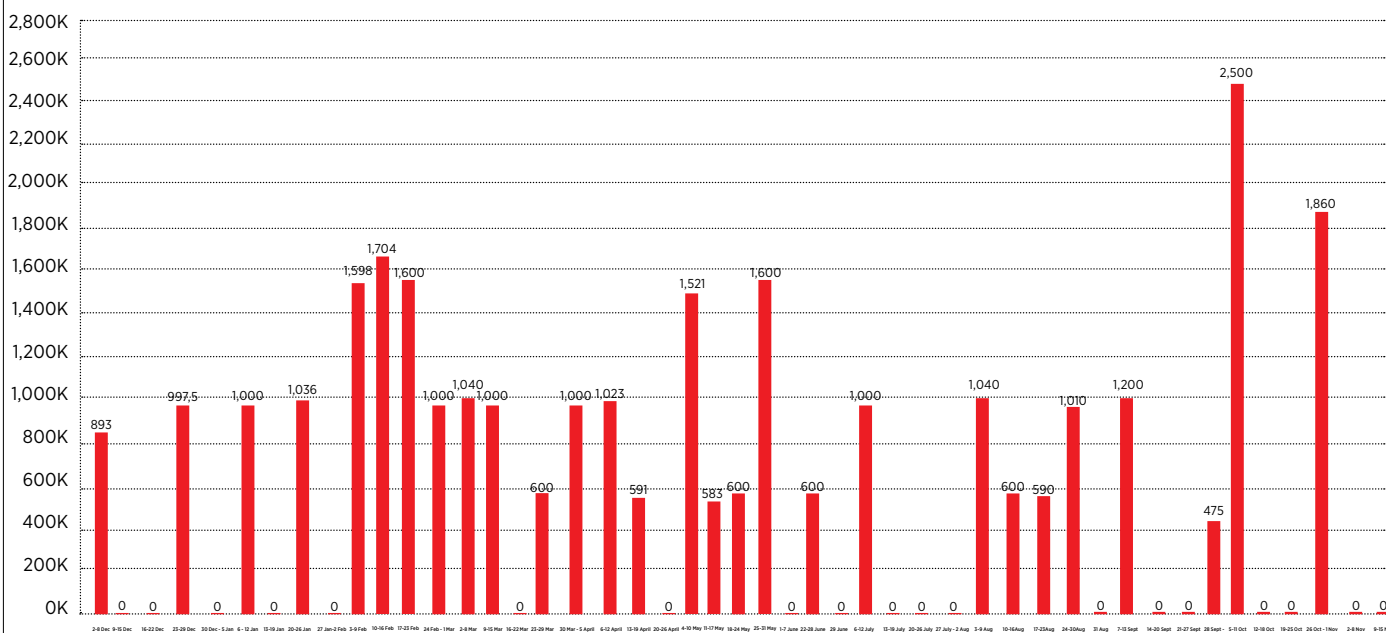
DME Oman: \$50.75/bi

Murban: \$50.90/bi

Time Period: Week 3, December 2020
Source: IEA, OilPrice.com, GI Research

Weekly Imports of Heavy Sweet Crude into Fujairah

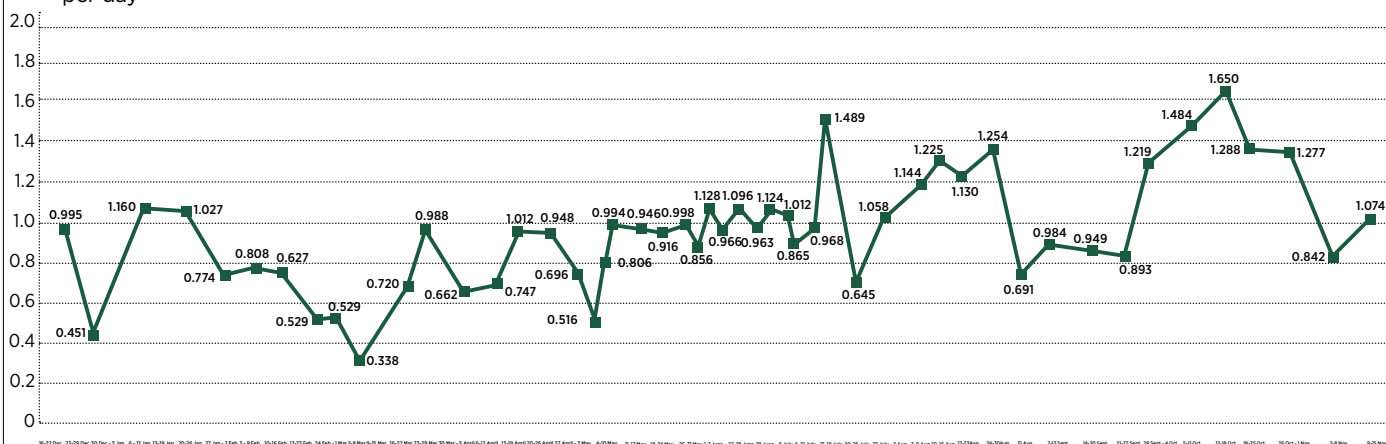
Total barrels



Source: Kpler

Total Refined Product Exports from the GCC to Asia-Pacific

Million barrels per day



Source: Kpler

Dr. Carole Nakhle, CEO, Crystol Energy

CONTINUED FROM PAGE 1

GIQ: What is your outlook for demand recovery?

Dr. Carole Nakhle: We have a demand shock and the forecasts for next year are quite reserved. Even OPEC revised their forecast for demand downwards yet again in the latest monthly oil market outlook. The vaccine is out, but the pandemic has caused structural damages to economies because it was not contained quickly. Those structural damages are not going to evaporate overnight with the vaccine – they will linger for years. Think about the size of fiscal stimulus packages worldwide, developing countries' debt, unemployment, and bankrupt companies. This will continue to put a lid on oil markets and demand. And as long as the transportation sector has not returned to its pre Covid-19 level, we should be cautious with our oil demand forecasts.

GIQ: When will the huge Capex cuts made in 2020 start to impact the industry?

Dr. Carole Nakhle: If you look at 2015-2020, today's Capex is maybe half the level that we saw in 2014. Of course, if you just look at the value, you have good reason to worry. But, if you plot along this value, the oil price, and the cost, you see that it is not as bad as people think. We see that they follow the oil price quite closely with a time lag of 6-8 months, depending on where you are investing. But there is another element: government policy. President-elect Biden is taking a stronger stance on the industry. But everywhere else, we find governments starting to compete for capital. Therefore, they tend to revisit regulations, licensing terms, and fiscal terms to alleviate the burden on oil companies. We should keep this in mind. The relationship between investment and the oil price are not that straightforward.

GIQ: What will markets be talking about in 2021?

Dr. Carole Nakhle: Covid-19 and whether it can be brought under control. The pandemic has caused structural changes to businesses, government budgets, economies, and everything else. It has been striking how poorly prepared organizations, governments, and the private sector were. Our survey to see how prepared companies were for this kind of risk revealed that the majority were not. In Europe and North America, they received warnings early in 2020. Yet, months later, they were ill-prepared with shortages of masks and hand sanitizers. But another point has perhaps been amplified by the pandemic – and that is the trend towards deglobalization. Even before Covid-19, people were protesting the integration of global economies. The big question for when we have contained

“THE RELATIONSHIP BETWEEN INVESTMENT AND THE OIL PRICE IS NOT THAT STRAIGHTFORWARD.”

the pandemic is: are we going to reverse the trend of deglobalization and move towards better integration of the global supply chain?

GIQ: What impact will Biden's climate policy have on the US shale industry in 2021?

Dr. Carole Nakhle: This is something the industry is concerned about. But we do not have many details about the policy. If you look at the announcement, it was just a headline that appeals to the voters and those who support a Democratic candidate. How that would translate practically and in terms of investments remains to be seen. I must remind people that the US is one of the lowest tax jurisdictions for oil and gas investment. There are challenges from the regulatory aspect, but I doubt Biden is going to kill an industry which creates so many jobs and government revenue.

GIQ: How have member countries within OPEC performed economically this year?

Dr. Carole Nakhle: It would be a little misleading to simply focus on their performance now. You must see how they entered the crisis. It pays to look at the last 20 years, from the 1990s onwards. They went through a period of ten years of saving and they were very careful. Then ten years later, they opened the tap. When you look at countries in the Middle East and North Africa (MENA) at the start of this year, they had slightly negative growth. They entered a massive crisis with weaker economic strength than other countries. So, it is no wonder their economies have been hit badly. They will be struggling for a while, even if oil prices recover. Plus, not all OPEC members are in the same category. You have better performers, such as the UAE and Kuwait, primarily because they have a sovereign wealth fund that supports the economy in difficult times. On the other side of the spectrum, you have countries like Iraq, Nigeria, and Angola, which are really struggling with their economies. The shared feature between these countries is that they lack economic diversification.

 [WATCH FULL INTERVIEW HERE](#)

ENERGY MARKETS COMMENTARY WEEK IN REVIEW



GI DAILY ENERGY MARKETS FORUM 2020
NEW SILK ROAD LIVE PODCAST
SUNDAY /// DEC 13th /// 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
TUESDAY /// DEC 14th /// 2020



Omar Najja
Global Head, Derivatives
BB Energy



Andrei Belyi, PhD
Professor, Founder & CEO
Balesene OU



Kevin Wright
Lead Analyst APAC
Kpler







GI DAILY ENERGY MARKETS FORUM 2020
NEW SILK ROAD LIVE PODCAST
TUESDAY /// DEC 15th /// 2020



Peter McGuire
Chief Executive Officer
XM Australia



Edward Bell
Senior Director, Market Economics
Emirates NBD



Frank Kane
Senior Business Columnist
Arab News







GI DAILY ENERGY MARKETS FORUM 2020
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WEDNESDAY /// DEC 16th /// 2020



David Rundell
Author
Vision or Mirage, Saudi Arabia
at the Crossroads



Vandana Hari
Founder & CEO
Vanda Insights



Rustin Edwards
Head, Fuel Oil Procurement
Euronav NV







GI DAILY ENERGY MARKETS FORUM 2020
NEW SILK ROAD LIVE PODCAST
THURSDAY /// DEC 17th /// 2020



Omar Najja
Global Head Derivatives
B.B. Energy



Philip Vahn
Senior Managing editor
S&P Global Platts



Dan Graeber
Author
The GERM Report







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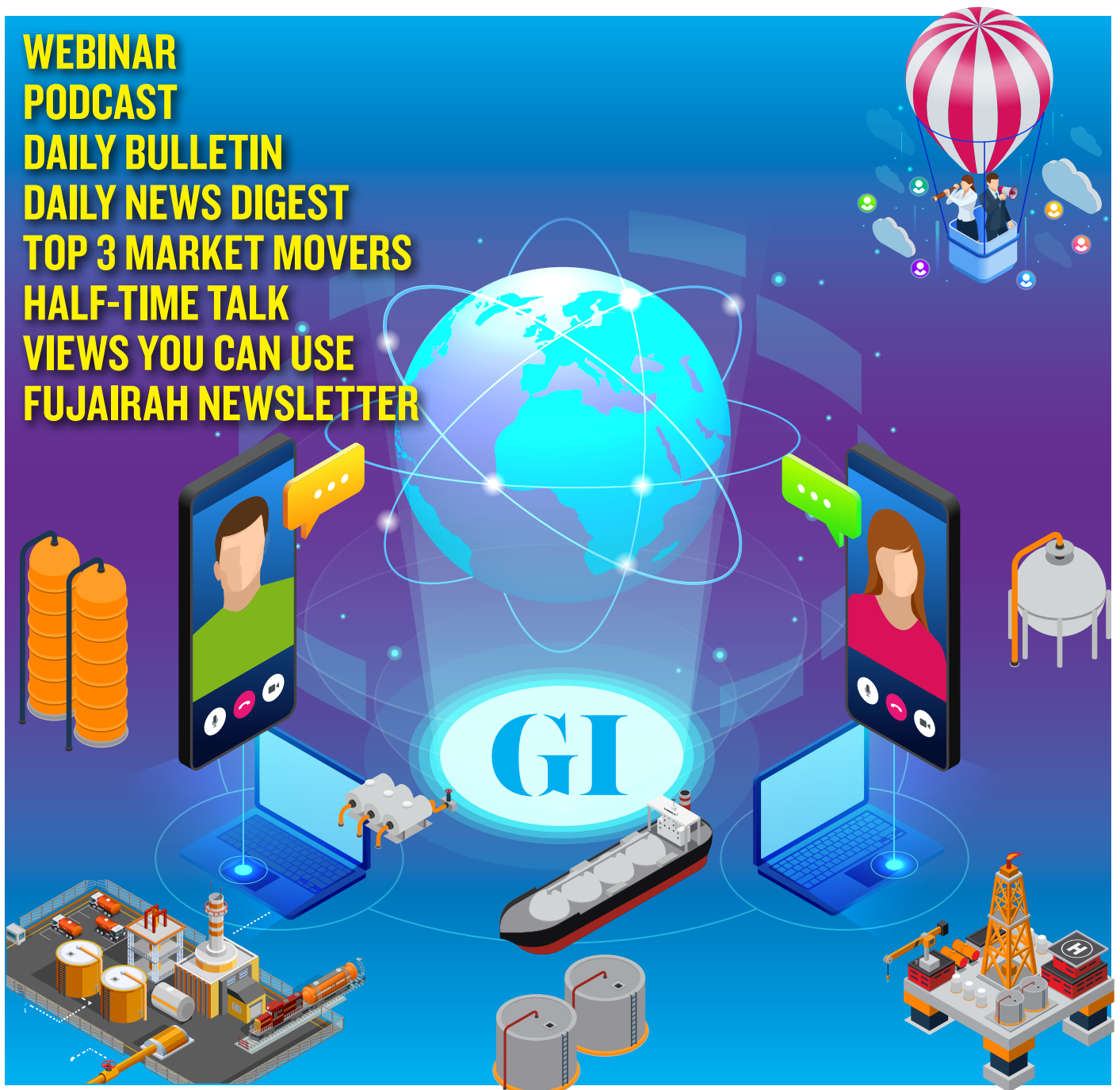
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GI EXCLUSIVE SOUNDINGS

WEEK IN REVIEW

Oil in 2021: Will the Rally Continue?

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.

- Omar Najia, Global Head of Derivatives BB Energy
- Kevin Wright, Lead Analyst APAC, Kpler
- David H. Rundell, Author, *Vision or Mirage, Saudi Arabia at the Crossroads*
- Peter McGuire, CEO, XM Australia
- Edward Bell, Senior Director, Market Economics, Emirates NBD
- Vandana Hari, Founder & CEO, Vanda Insights
- Rustin Edwards, Head of Fuel Oil Procurement, Euronav
- Philip Vahn, Senior Managing Editor, S&P Global Platts
- Dan Graeber, Author, *The GERM Report*
- Andrei Belyi, Professor, Founder & CEO, Balesene OÜ

Omar Najia, Global Head of Derivatives BB Energy

“We are in a race now. But at some point, the market has to get back to reality. It is like a train which keeps speeding up. At some point, you have to slow that train down to a normal speed.”

Kevin Wright, Lead Analyst APAC, Kpler

“OPEC’s been very responsible this year in terms of awareness of market changes and their impact on price and direction. We will continue to see this stewardship. Therefore, we will probably see a gradual increase in supply, as long as the market can digest it. We are looking north of \$50/bl in 2021, rather than south.”

David H. Rundell, Author, *Vision or Mirage, Saudi Arabia at the Crossroads*

“The Saudi economy is making progress in meeting its economic goals. The break-even oil price in the kingdom’s budget can be very misleading. The \$48/bl-\$50/bl range that it is benching off is realistic. But what they are really looking at is revenue, not oil price.”

Peter McGuire, CEO, XM Australia

“If Asia is fully out of the Covid-19 pandemic by February 2021, then it’s going to be a really solid year. Pent up demand will come out of the blocks and scream ahead.”

Edward Bell, Senior Director, Market Economics, Emirates NBD

“For Q1 2021, we might see some sluggish growth. Countries and economies are still grappling with this on-and-off phase of lockdown conditions. Counter measures are being imposed across a lot of European economies right now, as they contend with virulent second waves of the pandemic.”

Vandana Hari, Founder & CEO, Vanda Insights

“The oil complex has taken the fast lane to a post Covid-19 world. There is no looking back. Increasingly, it seems that the incredulity that some of us have had since the rally at the beginning of November is going to be set aside.”

Rustin Edwards, Head of Fuel Oil Procurement, Euronav

“The market is trading with sentiment that the Covid-19 vaccine is going to lead the way and keep oil markets firmly footed in a forward trajectory.”

Philip Vahn, Senior Managing Editor, S&P Global Platts

“The major of crude importers have made rigorous efforts to diversify their crude import sources over the past several years. But typically, refiners in China, South Korea, and Japan rely heavily on Middle Eastern crude.”

Dan Graeber, Author, *The GERM Report*

“What does the new normal look like for the US? We read the IEA report that jet fuel is going to account for around 80% of the country’s cut in demand cut for 2021. Are people going to travel? Are people going to go to concerts? Are people going to go to the theatre? And furthermore, are people even going to get vaccinated?”

Andrei Belyi, Professor, Founder & CEO, Balesene OÜ

“Europe has always been on a path towards a certain level of decarbonization. Greenhouse gas emissions across the European Union have been declining. Now, Europe’s approach towards decarbonization has been amplified. The objectives are more ambitious – and they will have an impact.”

MIDDLE EAST ENERGY TRANSITION DIALOGUES

INSIGHTS /// VIEWS YOU CAN USE

HYDROGEN WITHIN THE ENERGY

ecosystem is not new; it has long been a part of the refinery chain. But we are talking about something new – and that is hydrogen as a carrier of energy. Several different technologies feed into that. But, in essence, the energy industry is taking a traditional source of energy, like natural gas, and converting that into hydrogen. Or we are using excess power from the grid, from renewables particularly, to use electrolysis to generate hydrogen. And then, in many cases, we are looking at how hydrogen can decarbonize the natural gas markets entirely. Declining costs will also help get a hydrogen market established.

Hydrogen spot markets? Coming soon!

We expect to see a hydrogen spot price within the next few years in the US and Europe, with the timeline varying for other parts of the world. But how does that work when there is no physical market trading? Well, we started to observe these markets closely over the last few years. Benchmark pricing can be one of the factors that helps unlock the potential of new markets and new infrastructure – essentially spurring the natural evolution. And we were hearing from those in the market that

Jonty Rushforth **Head of Price Group** **S&P Global Platts**



it would be helpful to have pricing in this space. Our analytics team has done a lot of work to pin down the factors that will be involved in identifying the value of a commodity. The result – which goes through a multifaceted and transparent process – is the value for hydrogen that we publish. But this is not a spot value. It is more a demonstration of the costs one might face.

Do not rewire the ecosystem

A huge advantage of thinking about hydrogen as an energy carrier and as a path to decarbonize natural gas networks is that infrastructure investments can be made more naturally. You can invest in a new plant – i.e. Rotterdam, which is already well-tied into existing energy networks – without having to build an entirely new energy system. That is not to say that there are not questions around hydrogen. For example, how would you have a water-borne hydrogen network? But still, right now you can build a plant and you

can drop that hydrogen element into the network. This is a very different proposition than, for example, building fuel cell infrastructure around transportation.

People are beginning to realize that over the next twenty years or so, carbon pricing markets are going to be instrumental in helping governments and corporates meet the Paris Agreement. There is a lot of standardization happening around that – i.e., trying to include environmental accounting with bottom-line accounting – which is very helpful for markets. But a carbon market and a global carbon price are not going to suddenly leapfrog and look exactly like, for example, the power market or the EU ETS. It is very complex and will take time due to the number of actors involved. But we are certainly zeroing in on a very interesting and rapidly growing market over the next few years – and we expect considerable momentum in 2021.

Middle East's 2021 focus?

Middle Eastern energy companies are going to embrace a new corporate and accounting focus that really takes into account environmental factors. For example, we just saw blue ammonia being exported from Saudi Arabia to Japan – a test case of what may come. Also looking ahead, we need to be able to say how the climate agenda will affect the bottom line, i.e., what is the CO₂ footprint of producing one crude versus another, and what is the cost of the carbon offset? Pinning down CO₂ footprints is not an easy task, but it must be next on the list. Saudi Aramco has embraced this push significantly, which is a very positive step.

TOP 3 TAKEAWAYS

- 1. Expect to see a hydrogen spot market in the US and Europe within the next few years.**
- 2. We have been seeing fairly aggressive targets to cut CO₂ emissions. Those pledges will start being tested in 2021.**
- 3. Identifying the CO₂ footprint per barrel of oil or a cargo of LNG must be energy companies' next step.**

ENERGY MARKETS FORUM 2020 NEW SILK ROAD LIVE



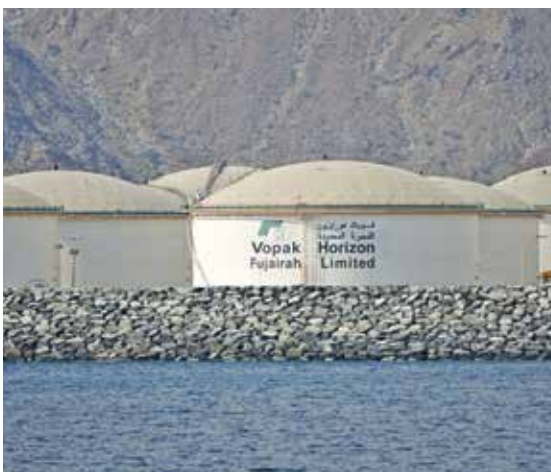
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TOP 10

DECEMBER 13th - 17th

MARKET OBSERVATIONS FOR THE WEEK

1. A Hard Brexit would make a lot of headlines but ultimately be ignored by the oil markets.
2. Vaccine euphoria vs. an unrelenting second wave of Covid-19 will continue to dominate market sentiment through the coming winter months in the Northern Hemisphere.
3. All boats are rising with end of year bullish sentiment, which should see WTI join Brent crude oil above \$50/bl.
4. Asia's floating storage drawdown is accelerating as 8mn barrels of clean products is starting to come under the pressure of a disappearing Contango market structure.
5. H1 2021 will look a lot Like H2 2020 where Covid-19 pandemic continues to restrain economic recovery.
6. The biggest factor that tends to be overlooked is the outlook for US Shale oil with latest surveys signaling a significant increase in drilling in H1.
7. Oil Markets in First Half of 2021 won't change much with prices sticking around \$50 a Barrel as demand recovery continues to struggle.
8. OPEC+ oil production discipline will be a key issue for market direction in the first few months of 2021.
9. China is once again closing out another year making a strong case for the role of kingmaker of global oil price recovery in 2020.
10. Excess oil supplies are on standby to kick prices back towards \$40/bl, because at \$50/bl all eyes turn to OPEC+ compliance; Iran returning or Shale making a comeback.



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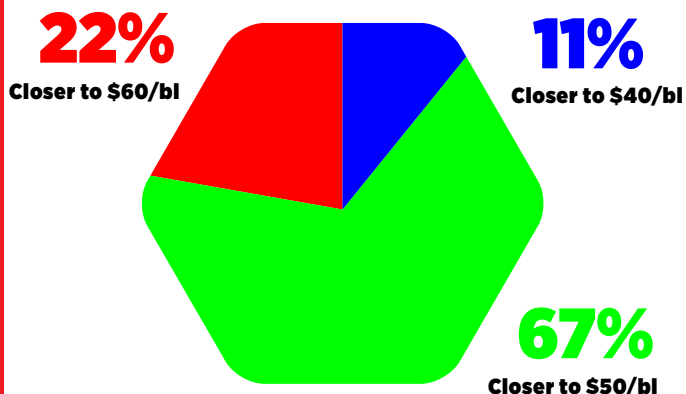

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 Fujairah Limited**

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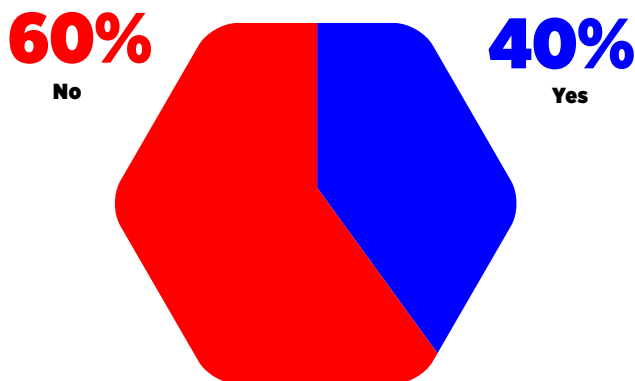


Weekly Surveys

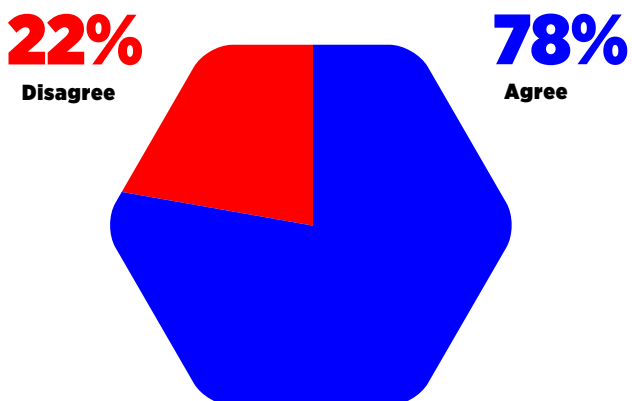
What will be the AVERAGE price of Brent crude oil in 2021?



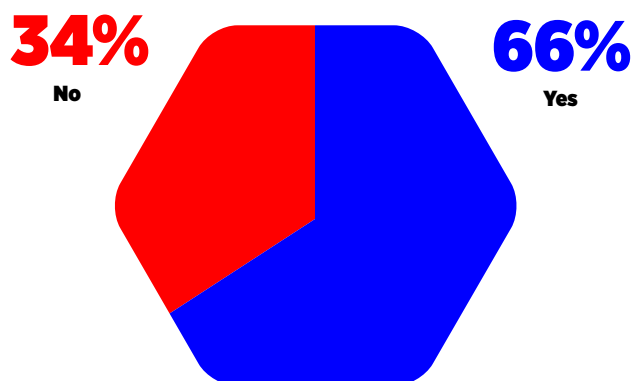
Oil prices have ended higher for 6 weeks in a row - will that trend continue this coming week and close above \$50/bl?



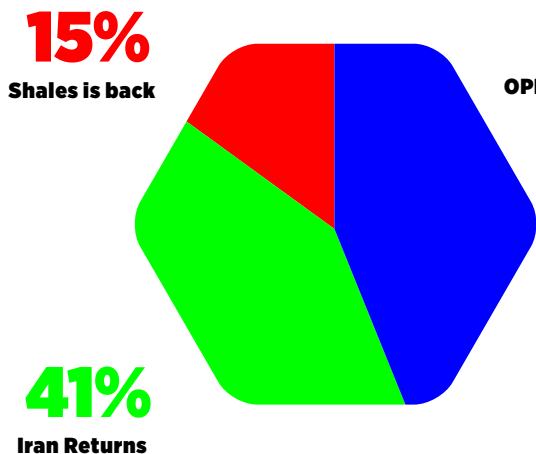
H1 2021 will be a lot like H2 2020 when it comes to Covid-19 disruption to economic recovery?



Will we see Shale Oil once again surprising markets in 2021 with its resiliency to recover?



Which of the following offers biggest threat to over-supply in the oil markets next year?



Source: GIQ



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Abu Dhabi National Oil Company

ENERGY MARKETS VIEWS YOU CAN USE

Christof Rühl

**Senior Research Scholar, Center on Global Energy Policy
Columbia University**



Watch the US' moves

The key to what happens in 2021 lies in the US – and it could go either way. It could be that from the beginning, Biden uses his stimulus money wisely. That he gets lucky with the vaccinations, and fixes economic and political relationships with Europe and China quickly. He could be on a roll, which would be good for the world.

The other possible reality?

But it is just as easily conceivable that Biden calls for a lockdown. And that he tries to schmooze up to China and they give him the cold shoulder and renege on the trade agreement, because they think he is not as tough as Trump is. Because they have been through enough with the US and because they have made up so much economically. And the stimulus program could sort of usher in a bit more of an inflationary period and a bit more social unrest because of income distributions. And that would be bad news for the world. ■

Gulf Intelligence
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**THE ARAMCO TRADING
NEW SILK ROAD**
CEO
– OF THE YEAR –
AWARDS
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Fujairah Spotlight

Fujairah Bunker Suppliers Mull Return to HSFO

Some marine fuel suppliers in the Middle East's major bunkering and storage centre of Fujairah, the UAE, are considering a return to selling high-sulphur fuel oil (HSFO) as bunker fuel. The majority of Fujairah suppliers abandoned the grade last year, ahead of International Maritime Organisation (IMO) sulphur restrictions that came into effect in January. They put a ceiling of 0.5pc sulphur in marine fuels, although vessels fitted with exhaust-gas removal systems known as scrubbers can continue to burn HSFO.

Source: Argus Media

Covid-19 Vaccine: List of Centres Where you can Get your Shot in the UAE

The UAE registered China's Sinopharm Covid-19 vaccine for public use last week, after it reported an 86 per cent efficacy rate during its Phase III clinical trials. Fujairah, People can receive the vaccination at Murashed Medical Centre in Fujairah

Source: Gulf Business

Fujairah Pacific Ventures and Ajman Alubond- Match 14

Fujairah Pacific Ventures are sitting at the top of the table with 4 wins in the 4 matches they played so far. They have been a dominant side in the tournament and are almost impossible to beat. Waseem Muhammad and Rohan Mustafa have been providing solid starts to the team and laying a great foundation for the middle order to cash in. Their bowlers have also been in terrific form and not providing any opportunity for the opposition batsmen to cut loose. In their last game against ECB Blues, Fujairah won the toss and chose to field. Akif Raja provided the early breakthrough for the team and claimed the wicket of in-form Aryan Lakra.

Source: Cricket World

Fujairah Ruler Offers Condolences to King of Bahrain on Death of Sheikh Mohammed bin Abdullah bin Hamad Al Khalifa

H.H. Sheikh Hamad bin Mohammed Al Sharqi, Supreme Council Member and Ruler of Fujairah, has sent a cable of condolences to King Hamad bin Isa Al Khalifa of Bahrain on death of Sheikh Mohammed bin Abdullah bin Hamad Al Khalifa. He prayed to Allah the Almighty to rest his soul in paradise and to grant his family solace and patience. H.H. Sheikh Mohammed bin Hamad bin Mohammed Al Sharqi, Crown Prince of Fujairah, dispatched a similar cable to King of Bahrain.

Source: MENA FN

ENERGY MARKETS VIEWS YOU CAN USE

Mike Muller, Head of Vitol Asia



“We have the Feeling of a Bull Run”

I do think it is fair to say that across the field of commodities, we have the feeling of a Bull run here. Now, I am not saying that means that oil is going to go punching through from \$50 to \$60 a barrel, but if you look at various other commodities, there is a strong sentiment of support. We are seeing multi-year highs on various metals, for example, even Bitcoin is joining the party. So that euphoric feeling in the market, as with all markets, is based on sentiment and a forward view of things, which is why futures contracts are called futures. In terms of markets, movements and prices, I think we can stand by what we have said repeatedly, which is that OPEC's got it sort of right in that they have an oil price now that is sitting around \$50 and they have a market structure that is also in backwardation. We should recognize that this was achieved through the month of November at a time when the markets were facing significant headwinds with the second wave of the virus. It is still looking like the COVID pandemic is not under control in North America, and therefore, we cannot celebrate yet that we have entered the phase of the vaccine. But despite all that, the market has gone higher.

Outlook for Supply/Demand Balance in 2021?

We are in for more of the same in terms of unexpected twists and turns -- on the supply side, I think Venezuela will not feature; Libya cannot get much better, but it could go back into reverse, as history tells us so; In terms of Iran, I am personally not of the view that we are going to see too much Iranian oil in the markets, because it is just not a priority unless fundamentals get so tight that the market calls for it and it is seen as the right thing to do. On the Demand side, some air traffic is open, but until business travel fills up the business class cabins in airlines, jet oil consumption figures will not go up. Still, on the demand side, I am relatively upbeat.

OPEC Market Management in 2021?

I do think OPEC will succeed in meeting their objective of bringing inventories down to manageable levels, and I do not think that has to be back at pre Covid-19 levels. This is because in terms of days cover and in terms of inventory that needs to be filled, that figure may well be a slightly higher new normal in parts of Asia. But it will be a slightly lower new normal in parts of Europe where demand continues to recede. The market is in the process of being managed. We will continue to see a stock-draw as the overriding phenomenon. The question is whether the virus-riddled winter period in the northern hemisphere will allow that stock draw to continue or whether it plateaus, or we even see a slight increase in stocks. But the bigger picture is that inventories should come down and markets should stabilize. ■

FUJAIRAH WEEKLY FACT BOX

Fujairah is Home to the Oldest Mosque in the UAE

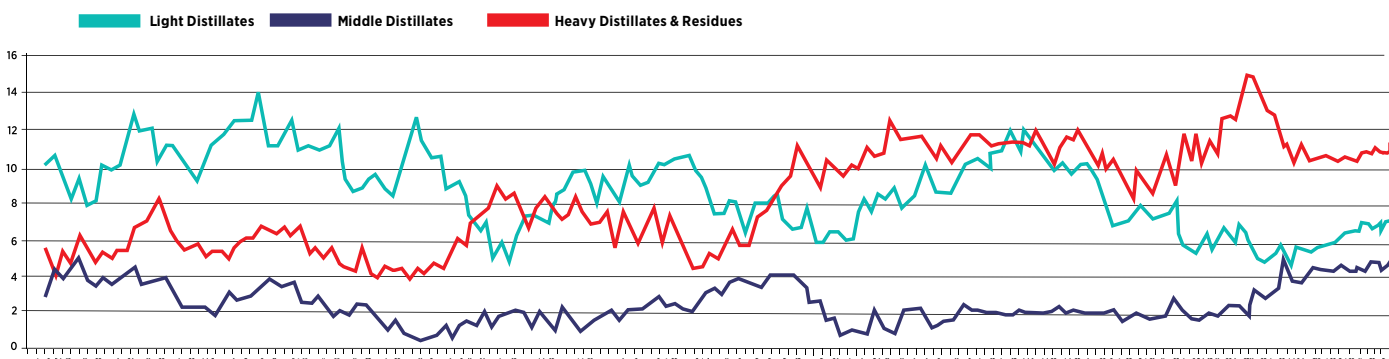
The Al Badiyah Mosque, also known as the Ottoman Mosque, is located in Fujairah. There was no wood used in the construction of the mosque so carbon dating can not be used to find the exact date of construction. However, the Archaeological Centre of Fujairah and the University of Sydney worked together and came to the conclusion that the mosque was built in the 1440s, based on other examples of architecture of the period.

Sources: Destination2, Archaeological Centre of Fujairah

Fujairah Weekly Oil Inventory Data



bbl (million)



TOP TAKEAWAYS

- December total oil product stocks in Fujairah were reported at 24.638mn barrels, rising to their highest level since the end of August. They were last higher on August 31, when 25.124mn barrels was seen. Total stocks rose by 1.550mn barrels or 6.7% week-on-week, with builds across light and distillates and heavy residues while middle distillate storage levels posted a sliver of a draw.
- Stocks of light distillates saw a build of 439,000 barrels or 6.4% week on week to stand at 7.257mn barrels. They were also last higher at the end of August when 7.556mn barrels were seen. The East of Suez gasoline market was finding support from demand from South Africa with a tender to buy

gasoline issued by Engen after their 125,000 b/d refinery in Durban had to shut after an explosion occurred at the premises, investigations at the site are ongoing. Further highlighting the company's need to import urgently, Engen has allowed for the cargo to be loaded from ports in the Mediterranean, expanding its range from the typical Arabian Gulf and Singapore/Malaysia ports.

- Stocks of middle distillates fell by 9,000 barrels, to 6.054mn barrels – down by 0.1% on the week. Gasoil was nearing the year end with sentiment largely balanced. India remained a bright spot for gasoil demand with the country's gasoil demand growing for the third straight month in November. Looking ahead, S&P Global Platts

Analytics said that it expects the country's overall oil demand to grow in December, and is further poised to pick up in 2021 as the economy rebounds.

- Stocks of heavy residues posted further builds rising above 11mn barrels, adding 1.120mn barrels or 11% on the week, to 11.327mn barrels. Bunker values in Fujairah were up on the week with an uptick in ICE Brent futures prices underpinning price levels, sources noted. Fujairah-delivered marine fuel 0.5% bunker was assessed at \$390/mt, reflecting a rise of \$9/mt week-on-week. The price level in Fujairah reflects a \$3/mt discount to Singapore delivered Marine Fuel 0.5% bunker prices.

Source: S&P Global Platts

Commodities

Brent futures closed above \$51/bl overnight, a gain of 0.6% and their highest level since March. WTI settled at \$47.82/bl, a gain of 0.4%, but is up to more than \$48/bl this morning.

Data from the EIA was relatively constructive with total US crude inventories drawing by 3mn bbl last week although performance across the rest of the barrel was more mixed. Production in the US fell, by 100k b/d last week, to 11mn b/d while product supplied (a proxy for demand) was up by 800k b/d w/w.

FX

After an initial spike in line with yields following the FOMC announcement the dollar sold off sharply and ended the day lower. Gains are extending on the DXY index in early trade this morning with the index holding at 90.13.

The Euro was the major winner on the day following better than expected PMI readings for November. The single currency closed up 0.4% at 1.22 and is tentatively pushing higher in early trade today. Sterling also managed to extend gains, moving above 1.35, a gain of 0.36%. Elsewhere the sell-off in the dollar remains widespread with both the AUD and NZD gaining while the CAD slipped.

Equities

Risk-on tone in equity markets continued yesterday as optimism around US fiscal stimulus, Covid-19 vaccines and a Brexit trade deal continued to boost equities. The FTSE 100 closed 0.9% higher, with the optimism extending into Europe with the CAC (0.3%) and the DAX (1.5%) also gaining.

Source: Emirates NBD

ENERGY MARKET NEWS

RECOMMENDED READING

- 1. OIL PRICES HIT NINE-MONTH HIGH AFTER US CRUDE STOCK DRAW**
- 2. EIA: US CRUDE STOCKPILES FALL, FUEL INVENTORIES UP**
- 3. LLOYD'S OF LONDON STEPS BACK FROM COAL IN FIRST CLIMATE CHANGE POLICY**
- 4. BEIJING EMBRACES DEMAND-SIDE REFORM POLICY OVER STIMULUS TO BOOST ECONOMY**
- 5. BIDEN TO TAP FORMER MICHIGAN GOV. GRANHOLM TO LEAD ENERGY DEPARTMENT**
- 6. US RENEWABLE ENERGY INSTALLATIONS BREAK RECORDS DESPITE PANDEMIC**
- 7. IRAN'S ROHANI GETS GREEN LIGHT TO ENGAGE WITH BIDEN**
- 8. MORE GLOOM FOR EUROPEAN REFINERS IN 2021 ON WEAK MARGINS, NEW CAPACITY**
- 9. GOLD PRICE REVERSED LOSSES AND SPIKED DURING THE FED'S POWELL PRESS CONFERENCE**
- 10. EU AGREES ITS GREEN TRANSITION FUND WILL NOT SUPPORT NATURAL GAS**



RECOMMENDED VIDEOS & REPORTS

- **OIL MARKET IS UNDERESTIMATING SHALE RECOVERY IN 2021**
- **CHINA'S LNG IMPORTS COULD HIT RECORD HIGH IN DEC AS DEMAND BOUNCES BACK**
- **FDA SAYS PFIZER VACCINE VIALS HOLD EXTRA DOSES, EXPANDING SUPPLY**

“Our Member Countries and participants in the DoC proved once again that we are cohesive... The oil market responded immediately in a positive manner, with statements made that the actions reinforce the conviction that the DoC is focused on maintaining its steady and stable course through 2021.”

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







Source: The 19th Nigeria Oil and Gas Conference

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



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