Fujairah New Silk Road

WEEKLY NEWSLETTER

JULY 8th 2021
VOL. 82

Supported By:

FOIZ منطقة الفجيرة للصناعات البترولية Fujairah Oil Industry Zone

Port of Fujairah ميناء الفجيرة Port of Fujairah United Arab Emirates

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

AN **EXCLUSIVE** GULF INTELLIGENCE INTERVIEW

FUJAIRAH SAW RECORD THROUGHPUT MONTH-ON-MONTH IN FIRST HALF OF 2021

Capt. Salem Al Hamoudi, Director, Fujairah Oil Industry Zone

We've been recording month-on-month the best volumes ever handled in Fujairah. That started in February and March, when we started to see very healthy throughput volumes coming through the Port of Fujairah and the Fujairah Oil Industry Zone (FOIZ), and that kept increasing. So, April saw an increase again to the best volume ever, and this continued in the months that followed. If we talk about the storage side of Fujairah, it's been witnessing a very healthy demand, and most of the time there is shortage of storage space in Fujairah. We are trying to diversify the activities from what has been traditionally mainly towards oil products, now there is more storage being added towards crude oil. We have seen the announcement of ADNOC to add more crude oil storage, and we have BBGIC adding more crude tanks in the range of 600,000 cubic meters, as well as ECOMAR. There is a healthy mix between the amount of oil product storage that is getting added in Fujairah, as well as the crude storage.

CONTINUED ON PAGE 3

Fujairah Weekly Oil Inventory Data

6,469,000 bbl	3,656,000 bbl	11,051,000 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
$3.54 - 4.38/m³

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

Source: GI Research – Weekly Phone Survey of Terminal Operators

GI Consultancy Intelligence Publishing

Weekly Average Oil Prices

Brent Crude:	$75.37/bl
WTI Crude:	$73.85/bl
DME Oman:	$73.21/bl
Murban:	$73.78/bl

Time Period: Week 1, July 2021
Source: IEA, OilPrice.com, GI Research

Fujairah Weekly Bunker Prices

VLSFO

High = $551.50/mt

Low = $539.50/mt

Average = $546.50/mt

Spread = $12/mt

MGO

High = $660,50/mt

Low = $648/mt

Average = $654/mt

Spread = $12.50/mt

IFO380

High = $438/mt

Low = $426.50/mt

Average = $432/mt

Spread = $11.50/mt

*Source: Ship and Bunker, *Time Period: June 30 – July 7*

Fujairah Bunker Sales Volume (m^3)

2,378 180cst Low Sulfur Fuel Oil	**528,575** 380cst Low Sulfur Fuel Oil	**109,883** 380cst Marine Fuel Oil
1,684 Marine Gasoil	**25,298** Low Sulfur Marine Gasoil	**5,173** Lubricants

Source: FEDCom & S&P Global Platts

Capt. Salem Al Hamoudi, Director, Fujairah Oil Industry Zone

CONTINUED FROM PAGE 1

What Steps has Fujairah taken this year to advance your status as global energy trading hub?

Capt. Salem: Despite 2020/21 being a very challenging year for the whole region, Fujairah kept working on innovation and adding more steps to consolidate our advances as a global energy trading hub for the region. In March, we started to publish the monthly fuel oil bunker sales volumes that happen in the Port of Fujairah, which will complement the weekly storage inventory data that we have published in partnership with S&P Global Platts since 2017. We believe that this should be a very healthy move as we get visited by in the range of 14,000 to 15,000 ships per year, and it should prove to be very useful data for ship owners and charterers in these volatile times of the pandemic.

How do you think the Launch of the Murban Futures Contract will Impact Fujairah?

Capt. Salem: The launch in March of the Murban Futures Contract, alongside the existing availability of the Platts FOB Fujairah for oil products, gives the market participants for the first time ever the ability to analyze and understand more about the spreads between crude oil and other petroleum products that are handled here in Fujairah, with those traded and supplied elsewhere in the world. I think it is a very positive initiative and should complement what we have been trying to achieve with FOB Platts and the pricing assessment that has been published for a few years.

When do you expect ADNOC to connect its Fujairah crude oil storage facilities with the Port of Fujairah matrix manifold?

Capt. Salem: I think it is a very important project. I believe that is ongoing and should be completed during this year. It is a very positive move, and we are looking forward to it.

All the oil terminals in Fujairah are already connected through the Matrix Manifold, which adds a great deal of flexibility and efficiency to the operation of the terminals. They can transfer products between themselves onshore without the need to charter a ship. Now, once it comes to crude, ADNOC is considering having that added flexibility, as well as the backup system of the port of Fujairah which has the one and only VLCC jetty on the Indian Ocean coastline on the Arabian Peninsula. So that is something to capitalize on.

Does Fujairah plan to build more hard infrastructure to consolidate its position as a hub?

Capt. Salem: Fujairah is already classified among the top-three storage hubs in the world, and when it comes to bunkering, we are also amongst the top three globally. We have a good amount of storage that exceeds 10 million cubic meters, which is complemented by the Port of Fujairah infrastructure, which can handle up to 14 or 15 ships at any given moment in time, with additional expansion if required and a dedicated VLCC Jetty. If we add to that the availability of refining, we have in the range of 160,000 barrels per day refining capacity that is available in Fujairah, a good portion of it goes to produce IMO 2020 compliant fuels, which has been in high demand since last year. We are increasingly looking at diversifying these activities -- we have been discussing the availability of LPG and Fujairah. We have been discussing the availability of LNG.

Do you have plans to offer clean fuels?

Capt. Salem: We are keeping an eye on how the market is responding to the future guidelines and rules of the IMO game and the likes of it for utilizing a more environmentally friendly fuel. The horizon is very much open. We are discussing with different partners on what would be the best direction for Fujairah given the location, given the available infrastructure, how we can capitalize on it. Hydrogen is no exception. I think it is very early stage in relation to hydrogen, but nevertheless, we are considering the possibilities of a variety of future fuels that are meeting the requirements of international standards in relation to environment and emission control.

What is the Outlook for Fujairah's Partnership with India?

Capt. Salem: Fujairah's position where it is, it is very strategically positioned along the trading routes for the South-South corridor, we are very close to Africa to the south on one side and Asia to the East on the other. If you add to all that one very important element is India. India is already one of the world's largest oil consumers, and now one of the fastest growing markets. India is amongst the world's most populated countries, and given the proximity to Fujairah, we are well positioned to capitalize on our partnership with India.

What is the Outlook for LNG as bunker fuel offered in Fujairah?

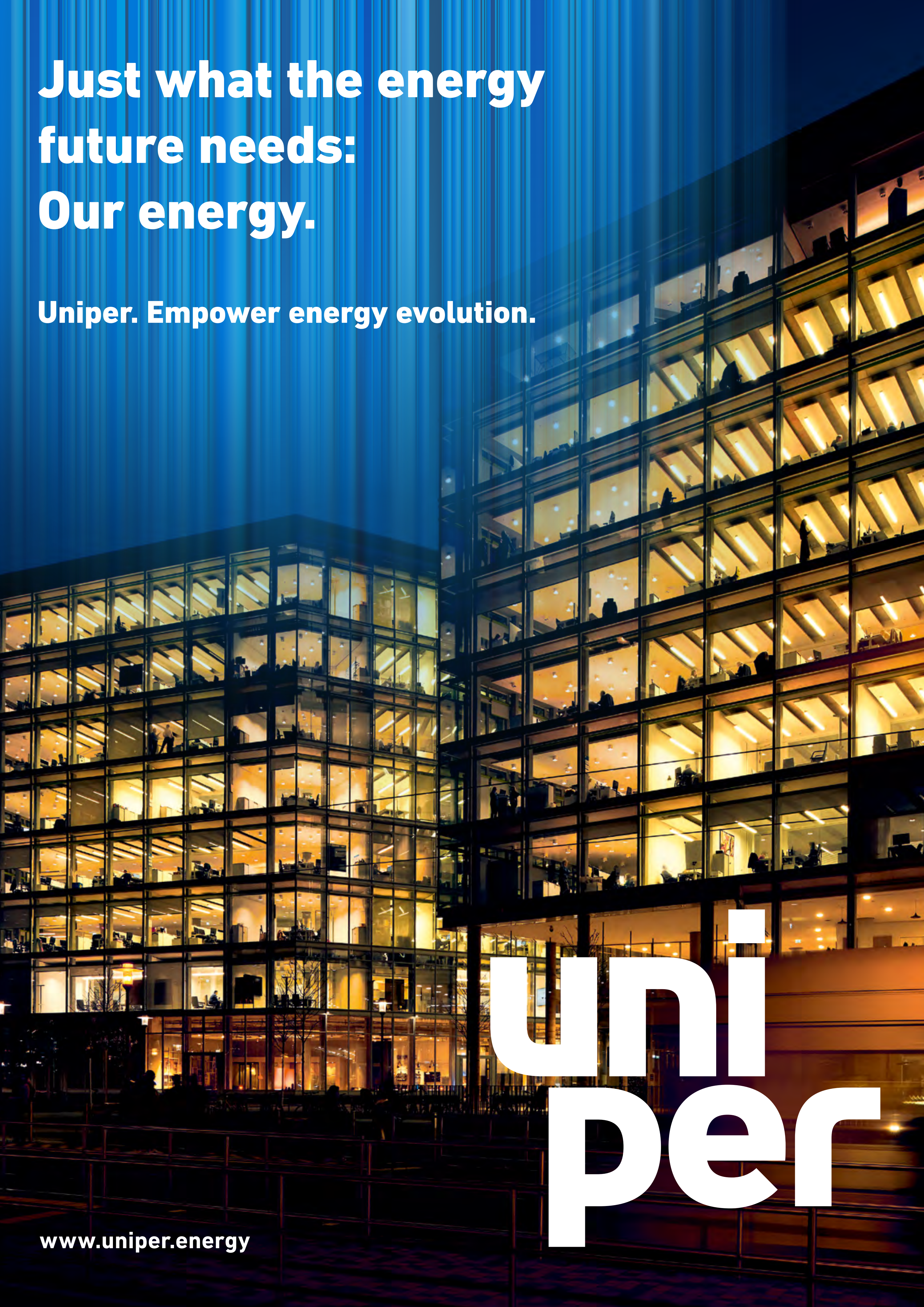
Capt. Salem: I think LNG is still on the horizon for us, but ultimately it will depend on how the maritime industry advances with LNG as a new fuel to be more utilized -- are we going to see a greater shift from low sulfur fuel oil into LNG? I think our adoption of LNG in Fujairah will also depend on the wider availability of LNG in the UAE. It is clearly a promising area in the area of low carbon fuels, but the timing is still to be seen.

WATCH FULL INTERVIEW HERE


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

ENERGY MARKETS COMMENTARY WEEK IN REVIEW

CLICK HERE TO LISTEN


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

GIQ EXCLUSIVE SOUNDINGS

OPEC+ on Hold in Dispute Over Future Output Quotas

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, Derivatives, BB Energy**
- **Dr. Charles Ellinas, Chief Executive Officer, Cyprus Natural Hydrocarbons Co.**
- **Omar Al-Ubaydli, Director of Research, Bahrain Center for Strategic International & Energy Studies (DERASAT)**
- **Ali Al Riyami, Consultant & Former Director General of Marketing, Ministry of Energy & Minerals, Oman**
- **Matt Stanley, Director, Star Fuels**
- **Victor Yang, Senior Editor, JLC Network Technology**
- **Narendra Taneja, India's Leading Energy Expert**
- **Richard Redoglia, Chief Executive Officer, Matrix Global Holdings**

Omar Najia, Global Head, Derivatives, BB Energy
"The reason why I expect the market to go up slightly and then fall off is that generally the markets front-run what is happening. They do not wait for something to happen – they anticipate."

Dr. Charles Ellinas, Chief Executive Officer, Cyprus Natural Hydrocarbons Co.
"If the OPEC+ members don't come to an agreement, they will go back into the situation we had in May last year – surely they have learned their lesson. I believe the UAE will come along and they will find a way forward in the next few days."

Omar Al-Ubaydli, Director of Research, Bahrain Center for Strategic International & Energy Studies (DERASAT)
"I am positive in the sense that although some words were exchanged, this is a normal process, and it will push the (OPEC+) members to develop a coherent institutional framework for dealing with production capacity changes. That hasn't really existed before and there is a need for it."

Ali Al Riyami, Consultant & Former Director General of Marketing, Ministry of Energy & Minerals, Oman
"If OPEC+ does not reach an agreement and the production levels continue as they are at the moment, the oil price in the range of $70/bl - $75/bl is the way forward. I don't see any fundamentals in the market that suggest otherwise."

Matt Stanley, Director, Star Fuels
"It has been a harsh environment, especially in the oil world. This conversation [between OPEC members] had to happen. My personal view is that we will not hear or see anything until next week. But the Saudis might cushion any increases from other members, the likes of Kazakhstan, Nigeria, Algeria, and the UAE."

Victor Yang, Senior Editor, JLC Network Technology
"As we currently stand, at the beginning of the second half of 2021, 10% growth for China seems to be too ambitious. We expect the government to achieve its growth target of 6% and maybe a little higher."

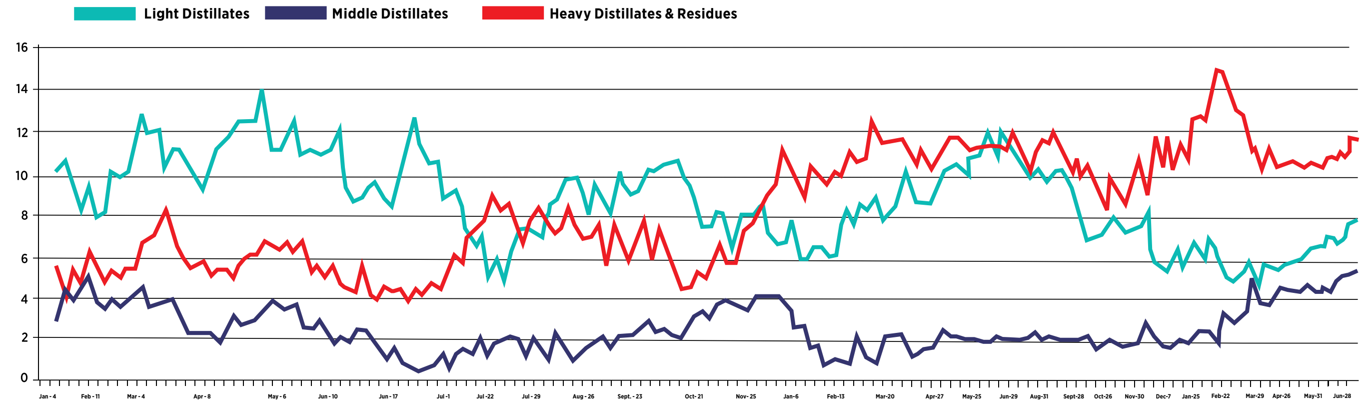
Narendra Taneja, India's Leading Energy Expert
"While we still have several parts of the country in lockdown, the overall situation in India is better with traffic jams back in big cities. However, we have yet to see any significant rise in the demand for petroleum products. We expect that in this fiscal year, the demand will go up by 14% - 17% in comparison to last year."

Richard Redoglia, Chief Executive Officer, Matrix Global Holdings
"Joe Biden's energy policy will only make OPEC more powerful. They stopped the Keystone pipeline. They appointed a cabinet that wants to stop oil production. They are changing tax laws to reduce oil production. This is going to give National Oil Companies more market share."

Fujariah Weekly Oil Inventory Data

FOIZ
منطقة الفجيرة للصناعة البترولية
Fujairah Oil Industry Zone

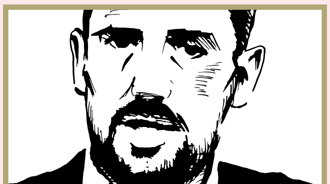
bbl (million)



TOP TAKEAWAYS

- Total oil product stocks in Fujairah were reported at 21.176mn barrels. Total stocks fell by 1.888mn barrels with overall stocks falling by 8.2% week on week. This comes after last week's total stocks build of 437,000 barrels. Draws across all three categories were seen, with the greatest overall draw in heavy residues.
- Stocks of light distillates, including gasoline and naphtha, fell by 791,000 barrels reflecting a draw of 10.9% week on week to stand at 6.469mn barrels. This comes after last week's build of 33.8%, or 1.833mn barrels, due to production disruptions in Abu Dhabi National Oil Company's Ruwais and Reliance Industries' Jamnagar refineries. Pressure eased in the East of Suez market as both refineries came back online. That said appetite for gasoline continued at a steady pace as state-run Pakistan State Oil company (PSO) was heard seeking up to 220,000 mt of 92 RON gasoline and up to 4,000 mt of 97 RON gasoline for delivery in September to Keamari terminal. In addition, South Africa's Engen was also heard seeking 37,000 mt of 95 RON gasoline to load over July 23-25 from the Mediterranean, over August 3-5 from the Arab Gulf, or over July 30-August 1 over Singapore/ Malaysia. Egyptian General Petroleum Corp (EGPC) was also heard seeking up to a total of 136,000 mt of 95 RON gasoline for July.
- Stocks of middle distillates, including diesel and jet fuel, fell by 287,000 barrels to 3.656mn barrels – down 7.3% on the week. This the second consecutive weekly draw. Supply of gasoil was seen tighter in the Middle East as regional refineries maintained limited production on lackluster demand due to COVID-19. Steady demand was seen from Egypt, with EGPC issuing a tender seeking up to 200,000 mt of 0.05% sulfur gasoil for delivery in four clips between August 1-30. Meanwhile, the regional jet fuel/kerosene market remained under pressure after Saudi Arabia announced a suspension of flights to the UAE, Ethiopia, Vietnam, and Afghanistan.
- Stocks of heavy residues fell by 810,000 barrels or 6.8% on the week to 11.051mn barrels. In the bunker market in Fujairah, there was a retraction of activity following a few consecutive trading days of robust activity, market sources said. Demand for high sulfur fuel oil in the region was seen from Pakistan, with Pakistan's PSO buying 65,000 mt of 180 CST high sulfur fuel oil, with a maximum of 3.5% sulfur from Vitol for delivery to Port Qasim over July 21-29 at a premium of $52.28/mt to the Mean of Platts Arab Gulf 180 CST HSFO assessments, CFR. In Fujairah, delivered marine fuel maximum 0.5% sulfur bunker was heard offered at $554-$555/mt during the market on close, with fixtures heard concluded around $550/mt. The grade was assessed at $550/mt, up $3/mt on the day. The price assessment in Fujairah for delivered bunkers represents a $3.75/mt discount to Singapore.

Source: S&P Global Platts



BY MATT STANLEY
SENIOR BROKER
STAR FUELS

Brent is trading this morning at $73.22/bl, down 0.21/bl. WTI is trading at $71.93/bl, down 0.27/bl. Robert Louis Stevenson once said, "Everybody sooner or later sits down to a banquet of consequences". Well, feast away because OPEC+ is dishing up roasted confusion served with a side of no statement drizzled with a jus mostly made out of belligerence. The market does not seem to like the fact that no official statement from OPEC+ is a good thing. Sure, there won't be as much oil in August as the market hoped for, but everyone is looking beyond that. The longer that we do not hear of a resolution seemingly between the UAE and Saudi Arabia, the longer the market assumes that taps will be opened. Here is the thing: EIA data later today will more than likely show sizable draws of both crude oil and gasoline. The first week of July, the first week of the second half of the year, and this draw on products proves the forecasters right that demand is indeed getting better in the second half. This is bullish. No? Wrong. Here is why. I think if stats show draws, there will be an immediate spike before the market says, "hang on, demand is picking up, that means we need more oil, more oil?!!? no" and bosh down we go. So, we find ourselves in the extraordinary position of positive news being negative. Bear in mind that for the last year or so, it has been the other way - negative economic news was positive: "NFPs much lower than forecast". Excellent news! More free money! And up we went. Now? It is the other way. And it does not sit well with a transitory inflation argument the Fed is banging on about either.

July 8, 2021

GI Consultancy Intelligence Publishing


Vitol
At the heart of the world's energy markets
Serving customers with our expertise, logistical excellence and unique opportunities.
vitol.com

ENERGY MARKETS VIEWS YOU CAN USE

Kevin Wright
Lead Analyst APAC
Kpler

IS THERE AN URGENCY FOR OPEC TO ADDRESS THE POST APRIL 2022 PERIOD?

The world is looking at Brent now in the high $70s and refiners, in this region in particular, and traders, are looking at the uncertainty and raised volatility in the market. The biggest indicator of where we're going to go is the current spat between the UAE and Saudi Arabia. I do think prudence will come to the fore but until that gets resolved, we're going to see the volatility continue.

IS OPEC DISAGREEMENT CAUSING CONCERN IN ASIA ON PUSHING PRICES HIGHER?

There's a lot of noise about Chinese refining margins potentially coming under pressure and they already are because of weak gasoil and jet fuel margins especially. But we're still seeing relatively stable import numbers into China of around 9.6 - 9.7 million barrels per day.

WHAT'S THE OUTLOOK FOR GLOBAL REFINERY MARGINS?

We've got a real problem with the oversupply of middle and heavy distillates in Asia but on the other side of the world - looking at US gasoline cracks for example that were at $25/bl - those are the highest we've seen in years. Margins in Asia are going to continue to struggle, and I think that's going to be the case for Europe as well. We also have the complexity and scale of the refineries that have been built in Asia in the last 10 or 20 years; when you compare that with those around the Med and NW Europe, you're going to see margins in Europe coming under pressure much more quickly and therefore run rates getting trimmed while Asian refineries in countries like Korea, China and India, are going to try and carry on running as long as they can.

HOW DISRUPTIVE IS CHINA'S STRUCTURAL MANAGEMENT OF ITS PRODUCTS MARKET?

The tax changes on imports are going to have a big impact on the balances in Asia, including in China, because all of a sudden, that LCO flow that was going from Korea in particular to the Chinese refineries, suddenly stops, and you lose the surpluses. That could start to be more supportive for products like gasoil in the region.

Mike Muller
Head
Vitol Asia

WHAT FACTORS WILL IMPACT THE DIRECTION OF OIL MARKETS OVER COMING WEEKS?

What is going to influence the price, of course, is OPEC. And that is why we had a very choppy set of pricing last week given the total change week-on-week was only 18 cents a barrel up, while we spent time trading within a $3 range. These OPEC+ ministerial delegations and their political superiors are very sophisticated organizations and they have proven to us since April 2020 that they have a purpose about what they are doing.

Still, I think there's very little doubt that whatever lessening of the OPEC+ production cutbacks we see tomorrow July 5th, it will be a fraction of the amount needed to meet growing demand in the second half of 2021. If we end up with the numbers that were mooted last week, which was 400,000 barrels per day per month, August through the foreseeable next five months, which would total at around 2 million barrels a day, we will still have a market which has an outlook for the spot months that will see more demand than supply.

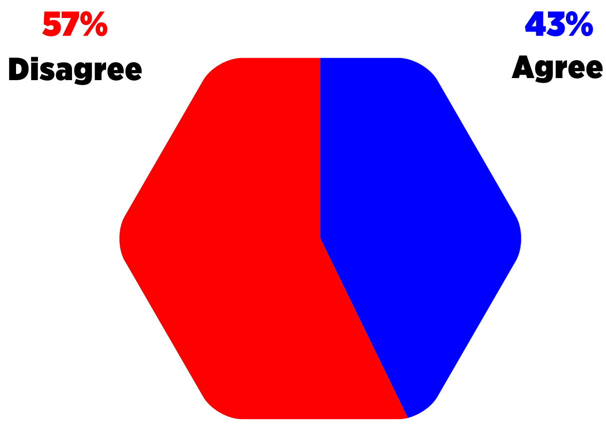
There is a huge amount of attention around what producers can do if they hedge the forward curve.

The backwardation that we now see between the front of the market at $76 a barrel and oil far out on the curve to 2024 at $61 or $62 a barrel will be determined by people's view on whether OPEC+ have a target to see the price settle at $70, $80, $90, or whether they think that's too high and OPEC+ may come under political pressure to hold it at levels which are, in the opinion of some, perhaps less threatening to global economic growth or recovery from the virus. That is something people are going to be watching.

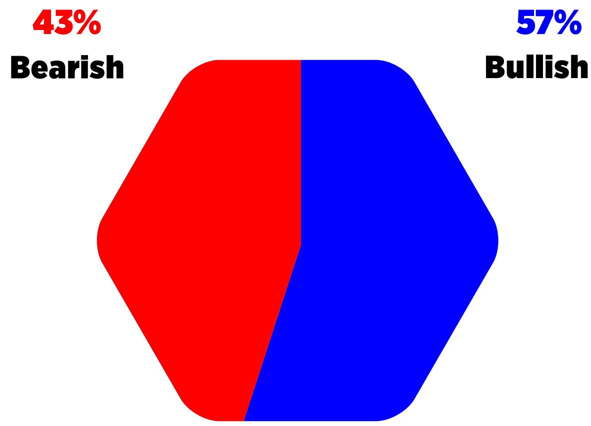
The Russians have been attributed with saying they are happy with prices and want to put extra production on the market. But that does not necessarily mean they want to put more production on the market than there is demand. I think there is often a misunderstanding there. Of course, OPEC+ including Russia, needs to strike a delicate balance where prices do not get out of hand. They want some sort of stability for their customers and where prices do not shoot out of control and have economic implications.

GIQ Weekly Surveys

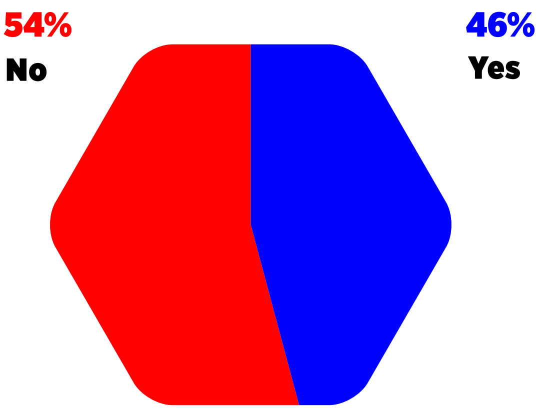
Brent crude oil to reach $80/bl if OPEC+ agrees today to only increase by 400,000 b/d per month Aug-Dec?



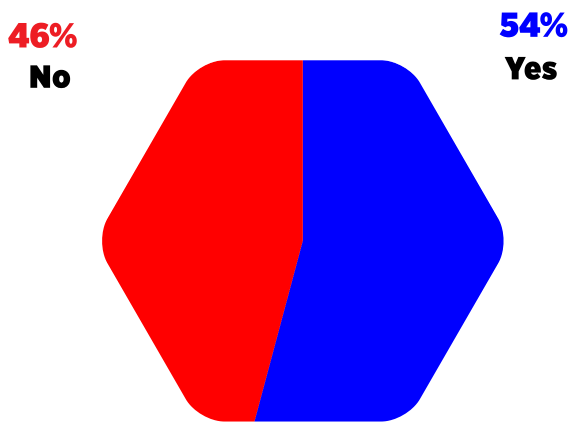
In an oil market that is built on managed supply – will OPEC+ fallout be bullish or bearish for prices if it lasts weeks rather than days?



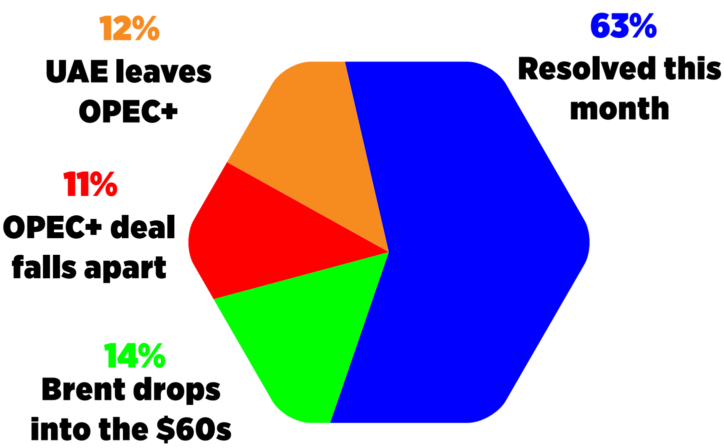
Does Market stability need OPEC+ to decide now on extending OPEC+ agreement beyond April 2022?

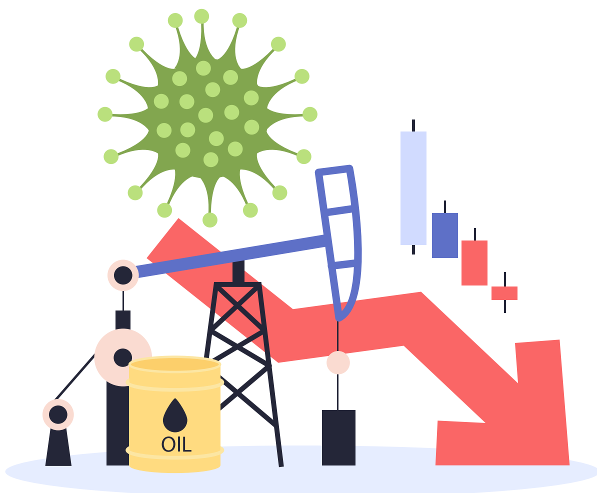


Do you expect OPEC+ countries to unilaterally supply more oil in August if group fails to reach official agreement?



What is the most likely outcome of the OPEC+ Impasse?





Source: GIQ

GI Consultancy Intelligence Publishing

ENERGY MARKETS VIEWS YOU CAN USE

Robin Mills
Chief Executive Officer
Qamar Energy

HOW SIGNIFICANT IS THE OPEC DISAGREEMENT BETWEEN SAUDI AND THE UAE?

The crunch point came a bit earlier than we expected but there was always this problem with the deal - that quotas would get out of whack with what members could actually produce. The UAE has moved first on challenging the structure. Everyone at the meeting agreed output should be increased but the UAE was not happy with extending the deal from April next year without its production capacity and quota being reexamined and recognised. At the same time, we have other members, like Angola, who can't even produce their quotas. So, the deal was inevitably going to provoke a confrontation.

WHY NOW?

There's no obvious reason why but the longer they wait, the more urgent it becomes. Otherwise, you hit April and then there's a big bust up and no time to sort it out. The ultimate resolution will be uncomfortable because quotas have to be adjusted and some people will lose out. If OPEC does kick the issue down the road till next year, the market might also look very different by then. It may be so tight that the situation resolves itself or it may have weakened significantly and so everyone might be more reasonable. But if they carry on with no increase in production and the market gets tighter, countries could start cheating.

IS UAE INVOLVEMENT WITHIN OPEC AT STAKE?

The OPEC Plus framework has proven it has brought advantages over the past year and a half, but the UAE position is interesting and should be taken seriously. It now has the third largest capacity within OPEC, not far behind Iraq, so it's a major player. That does give more credibility to its arguments.

WHEN MIGHT WE SEE THIS MATTER RESOLVED?

The Saudis have said no date has been set for another meeting so presumably if that doesn't change. There maybe be unofficial discussions but it means the 400,000 bd that was being mulled isn't coming next month. There could then be an 800,000 bd increase in September to catch up, if necessary.

IS THIS BULLISH OR BEARISH FOR THE MARKET?

Short term bullish, but long term bearish. If there's no production increase, the oil price will go quite a bit higher and when some members start cheating, the deal falls apart and prices crash. And an $80 price also looks good for shale. At some point, shareholders will start seeing good returns and growth will be back in favor. It may not be this month but it will eventually come and so leaving prices in the high $70s or above for a long period of time is dangerous.

Peter McGuire
Chief Executive Officer
XM Australia

WHAT'S AT STAKE FOR THE MARKETS FOLLOWING THE INCONCLUSIVE OPEC MEETING?

The overall momentum is to the upside due this brinkmanship being played out between the UAE and Saudi. It's been approaching $80 with a great degree of horsepower so we have very bullish undertones. NYMEX is at $76.70, closing in on Brent. The USD is still sitting at that 92.2 handle and there could be a little bit of softness there which could even push crude up a little higher. I won't be surprised to take the $80 handle out for Brent this week. Just two weeks ago, everyone thought this was possibly achievable and now we are almost there.

HOW CAN WE STILL BE BULLISH WITH SIX MILLION BARRELS SITTING ON THE SIDELINES?

There is admittedly a lot of hurt on main street within emerging economies and with inflation sitting where it is. Everything's up except wages. We're nearly at the tail end of a bull market but I don't expect a significant correction to the downside. We could strip out five or ten bucks.

HOW'S CHINESE DEMAND LOOKING FOR THE SECOND HALF OF THE YEAR?

Chinese equity markets have been very bullish - we will see how Asia positions itself in the next two months or so. Global oil demand is set to increase considerably by about five million bd over the second half of the year versus the first half and China is probably at the top of the ladder. The demand picture is going to be fairly strong leading into 2022. The UK and Europe are also coming out of lockdown so overall, the next two quarters there are looking quite rosy unless we see this opening reversing.

18th OPEC, non-OPEC Ministerial Meeting called off

Vienna, Austria, 05 Jul 2021

"The 18th OPEC and non-OPEC Ministerial Meeting has been called off," OPEC Secretary General, HE Mohammad Sanusi Barkindo, said in a letter to Heads of Delegation of OPEC Member Countries and non-OPEC oil producing countries participating in the Declaration of Cooperation (DoC).

"Upon consultations with HRH Prince Abdul Aziz Bin Salman, Minister of Energy of the Kingdom of Saudi Arabia, and HE Alexander Valentinovich Novak, Deputy Prime Minister of the Russian Federation, Chairman and Co-chairman of the OPEC and non-OPEC Ministerial Meeting (ONOMM), the reconvened 18th OPEC and non-OPEC Ministerial Meeting has been called off," the Secretary General stated.

The Secretary General noted: "The date of the next meeting will be decided in due course and we will inform you accordingly."

Source: OPEC

"It wasn't a fair deal, but it was a must deal. While everyone sacrificed, unfortunately, UAE sacrificed the most by making 1/3 of the production idle for two years. We cannot extend the agreement or make a new agreement under the same conditions. We have the sovereign right to negotiate that."

H.E. Eng. Suhail Mohamed Al Mazrouei,
Minister of Energy & Infrastructure,
United Arab Emirates

"If there are reservations in any country, why did they keep silent about them previously? I represent a balanced country that considers the interests of all in its role as president of OPEC+. I have been attending OPEC+ meetings for 34 years and have never seen such a demand. I am neither optimistic nor pessimistic about the upcoming meeting."

H.R.H. Prince Abdulaziz
Bin Salman Al Saud,
Minister of Energy,
Kingdom of Saudi Arabia

ENERGY MARKET NEWS

RECOMMENDED READING

Series Supported By:

1. OIL PRICES STABILISE AFTER LOSSES AS OPEC+ UNCERTAINTY LINGERS
2. API REPORTS SEVENTH STRAIGHT INVENTORY DRAW
3. US SHALE FIRMS HESITATE TO HEDGE MORE, DESPITE SURGE IN OIL PRICES
4. SAUDI-UAE STILL AT IMPASSE AS RUSSIA STEPS IN TO RESCUE OPEC+ DEAL
5. WHITE HOUSE DENIES ANY RESPONSIBILITY FOR HIGHER GAS PRICES
6. CHINA-EU RAIL TRADE POSTS RECORD TRAFFIC VIA XINJIANG
7. DELTA VARIANT UPENDS GOVERNMENTS' PLANS FOR LOCKDOWN EXITS
8. HAITI PRESIDENT JOVENEL MOÏSE KILLED IN ATTACK AT HOME
9. SAUDI ATC SEEKS FREE-ZONE IMPORT CLARITY
10. FED KEEN TO BE 'WELL POSITIONED' TO ACT ON INFLATION

RECOMMENDED VIDEOS & REPORTS

- CAN THE US KEEP CLEAN ENERGY JOBS WITHIN ITS BORDERS?
- ETHIOPIA BUILDING UP FORCES ON WESTERN BORDER OVER 'NATIONAL THREAT'
- VANDA INSIGHTS: CRUDE EXTENDS LOSSES, STARTING TO PRICE IN UAE EXIT FROM OPEC+
- FUJAIRAH SAW RECORD THROUGHPUT MONTH-ON-MONTH IN FIRST HALF OF 2021

FOIZ: Fujairah Crude Storage Set to Reach 10mn CBM, More Projects Being Discussed

Crude oil storage facilities at Fujairah are expected to have a capacity to hold around 10mn CBM once major additions are completed, and authorities are in talks for further projects, according to the director of the Fujairah Oil Industry Zone. urrently there is more than 10 million cubic meters of crude and oil products storage capacity at Fujairah, most of which is for oil products, but additions from Abu Dhabi National Oil Co. and two other UAE companies will help boost crude storage, Captain Salem al-Hamoudi told Dubai-based Gulf Intelligence in an interview posted July 7. Fujairah Oil Industry Zone or FOIZ is the authority managing the land used for storage tanks and refining in the eastern UAE emirate.

Source: S&P Global Platts

Oil Product Stocks Fall to Six-Week Low on Higher Summer Demand

Oil product stockpiles at the UAE's Port of Fujairah dropped to a six-week low as air conditioning demand in the sweltering Middle East reduced supplies of fuel oils for power generation.
The total inventory stood at 21.176mn barrels as of July 5, down 8.2% from a week earlier and the lowest since May 24, data from the Fujairah Oil Industry Zone, or FOIZ, at the port on the UAE's east coast showed July 7.

Source: S&P Global Platts

Fujairah E-Government, National Bank of Fujairah Officially Kick Off Newly Launched NBF Technology Academy

Fujairah E-Government and National Bank of Fujairah (NBF) PJSC today hosted the kick-off event for the NBF Technology Academy, bringing together 25 trainees and partnering organisations to announce the Academy's programme and curriculum. Launched earlier this year, the NBF Technology Academy is aimed at training talented IT graduates and growing the pipeline of Emirati technology leaders. A total of 25 participants, UAE nationals with a Bachelor's degree in computer science and information technology, were chosen through a rigorous selection process. In order to expand their knowledge and skillsets, the six-month programme will deliver bespoke training modules and share best practices through practical hands on exposure to different technologies including project work with all participants.

Source: Zawya by Refinitiv

Marakeb to Deploy New Disinfection System in Fujairah

Marakeb Technologies, a leading autonomous technology provider, will roll out its state-of-the-art UV-C CoDi Cart disinfection system at the luxury Fairmont Fujairah Beach Resort, the first hotel in the UAE to deploy the nextgen technology. The planned UV-C CoDi Cart implementation is part of Fairmont Fujairah's continuous efforts to keep its environment safe and clean for its guests and staff according to the highest international health and safety standards.

Source: Trade Arabia

ENERGY MARKETS VIEWS YOU CAN USE

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

HOW SERIOUS IS THE DISAGREEMENT WITHIN OPEC ON PRODUCTION CAPACITY BASELINES?

Producers like Saudi Arabia, Kuwait and the UAE all have expectations at some point, of having to resume their fight for market share and so quotas will need to be adjusted. That's the issue that the UAE raised at the meeting. It has a production capacity now closer to four million barrels but the current baseline benchmark being used is only 3.1 million. These decisions have been carried since 2017 so it's a problem that has accumulated and OPEC Plus has let it fester. If the agreement is redone according to spare capacity, it potentially opens a 'Pandora's Box' because so many producers have expanded capacity. And even if they postpone the decision for now, it is something that will make its way back to the agenda and won't be easy to resolve.

SHOULD OPEC BE GIVING OIL CONSUMERS' POSITIONS ON PRICES MORE ATTENTION?

When you sit on a large chunk of the world's global oil supply and you think about how to act, you think strategically and long term. So, for example, it is important what the US thinks. It was a huge success for OPEC in April 2020, to have a G20 meeting basically endorse it - you don't gamble that away lightly. High oil prices do matter as they impact economic growth and more importantly, the momentum in the price impacts the inflation outlook.

ANYTHING ELSE ON THE RADAR FOR THE WEEK AHEAD?

We expect the growth in the US to soldier on, but we are still hearing very little about the Chinese economy. There's something brewing there which I don't think most people have got their heads around. I expect China to have a lot of the problems which the US is supposed to get in the autumn, including issues in its financial sector.

Vandana Hari
Founder & CEO
Vanda Insights

MARKET BULLISHNESS HAS DRIFTED FOLLOWING LAST WEEK'S OPEC IMPASSE?

We've seen Brent go from highs above $77 to $73 in just two sessions, despite a bullish set of data from the API of almost 8 million barrels of drawdown in commercial crude inventories last week and 2.7 million in gasoline. The market has practically shrugged that off.

HOW LONG CAN OPEC DISAGREEMENT GO ON BEFORE FURTHER CONSEQUENCE?

I would say it's already gone on for too long. The perception is starting to shift from the base case of late last week. If and when they do reach a compromise, it will center on the 400,000 bd increase penciled in. Given current prices, that would be bullish, putting Brent into the high $70s.

SHOULD SAUDI DECOUPLE THE CURRENT DEAL FROM THE POST APRIL 2022 PERIOD?

Saudi Arabia could be a little more reasonable but not everything is in its hands. The UAE has the option to say we are out of this. Look at what Mexico did – they only agreed to a quota for the first three months of last year's deal. I do think the market is starting to factor in some of these possibilities, which had probably seemed way out last week, but are now starting to become a little more realistic. But I also expect OPEC will reach a compromise.

IS THERE AN URGENCY TODAY TO STIPULATE WHAT HAPPENS AFTER APRIL 2022?

The only significance would be to give forward guidance to the markets, a bit like what one would hope the Fed to be doing. But the fact that they have agreed in principle on only 400,000 bd, falls way short of most expectations in terms of what the demand on OPEC's crude will be. Still, Saudi Arabia wants to send a message that it plans to keep the reins on the market for the long haul; that's maybe why they're digging in their heels. Otherwise, the two issues could be decoupled. It's in the interest of all to move ahead and give the market the extra barrels it needs and to continue to manage supply for at least the next several months.

ENERGY MARKETS FORUM
NEW SILK ROAD LIVE

Consultancy Intelligence Publishing

TOP 10

JULY 4th - 8th

MARKET OBSERVATIONS FOR THE WEEK

1. Market stability doesn't require OPEC+ to decide now on extending supply agreement beyond April 2022.

2. OPEC+ plan to raise oil supply by 2mn b/d from Aug-Dec falls far short of forecasted demand recovery.

3. China's economic growth may be more moderate this year at close to the official target of 6% as government policies attempt to smother unregulated activities.

4. OPEC+ likely to resolve current impasse over quotas within weeks not months, which could send prices back towards $80/bl once they ratify Aug.-Dec. supply increase.

5. OPEC+ Agreement is the only deal in town that separates oil markets from total carnage and $25/bl price.

6. Global Oil inventories are set to decline rapidly in the absence of an OPEC+ Agreement.

7. Global Oil refinery margins to remain tight despite demand recovery.

8. India is recovering slowly but surely with traffic jams returning to the streets of the big cities, while some rural states remain in lockdown.

9. Europe is moving slowly but surely in the direction of recovery and opening up.

10. Joe Biden's energy policy is playing straight into the hands of OPEC+ as climate strategies will push oil market share away from IOCs and back towards National Oil Companies.

Consultancy
Intelligence
Publishing