

# Fujairah

MARCH 5<sup>th</sup> 2020  
VOL. 19

## New Silk Road

### WEEKLY NEWSLETTER

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

**“BEFORE, THERE WERE SEVERAL FACTORS, BUT YOU COULD STILL PRODUCE A CLEAR PICTURE. TODAY’S WORLD IS VERY DIFFERENT.”**

#### GULF INTELLIGENCE EXCLUSIVE

Dr. Dawood Nassif, Chairman & CEO  
Bahrain Petroleum Company (BAPCO)

#### National Oil Companies can – and will – lead globally?

These players can and should become international energy leaders. We are already leaders in many aspects. We built the world’s first undersea pipeline from Saudi Arabia to Bahrain. We have the second largest cracking industry in the world and we have the world’s first hydrocracking unit. We are now leading without international players and making the largest investments in our history, from upstream to downstream.

#### Integration is non-negotiable?

What oil companies lack is integration. This should have been done years ago. Today, we are all aligned on this goal, which is a must. ADNOC and Aramco are doing the right thing by developing an integrated management system. We must be in all segments of oil and gas in order to withstand the different cycles that emerge. Crude oil markets are impacted by many factors; the coronavirus being just one. Before, there were several factors, but you could still produce a clear picture. Today’s world is very different.

*\*Edited transcript*

Source: 4<sup>th</sup> Gulf Intelligence Middle East Summit 2020, IPWeek 2020

#### Fujairah Weekly Oil Inventory Data

**7,622,000 bbl**

Light  
Distillates



**1,962,000 bbl**

Middle  
Distillates



**13,556,000 bbl**

Heavy Distillates  
& Residues



Source: FEDCom & S&P Global Platts

#### Fujairah Average Oil Tank Storage Leasing Rates\*

#### BLACK OIL PRODUCTS

#### Average Range

**\$3.54 – \$4.20/m<sup>3</sup>**



↑ **Highest: \$4.50/m<sup>3</sup>**

↓ **Lowest: \$3.40/m<sup>3</sup>**

\*Time period: Weekly

Source: GI Research

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# THE WEEK In Numbers



### Weekly Average Oil Prices

**Brent Crude:** \$51.86/bbl

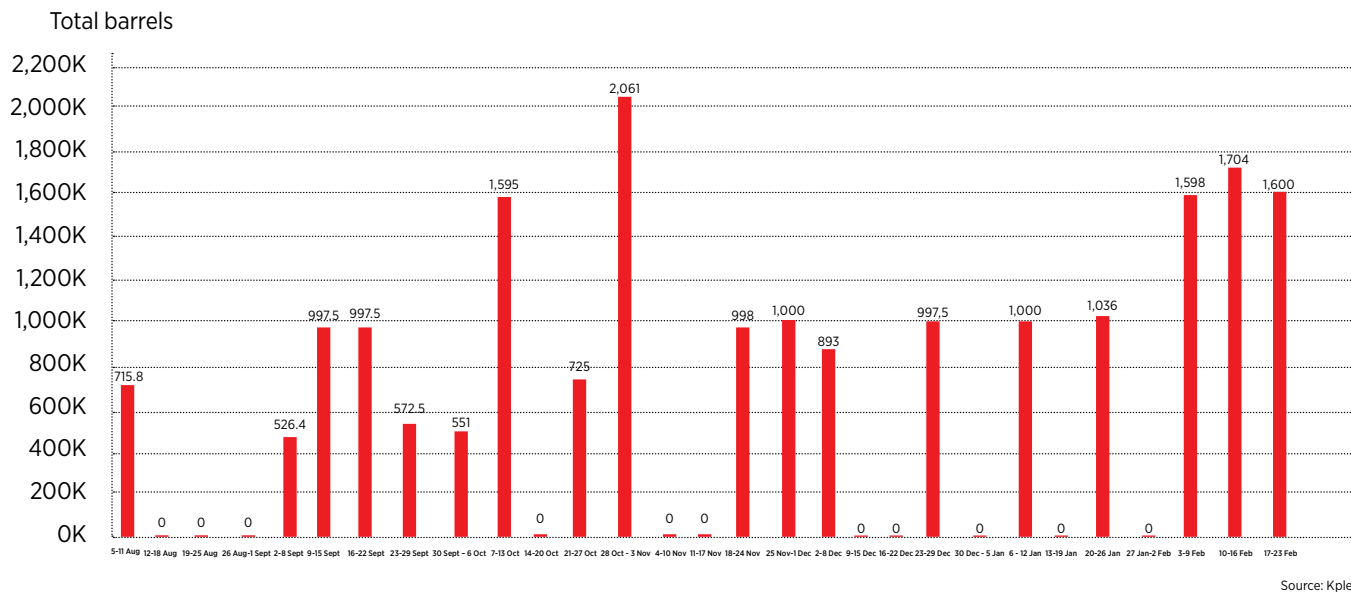
**WTI Crude:** \$46.81/bbl

**DME Oman:** \$49.86/bbl

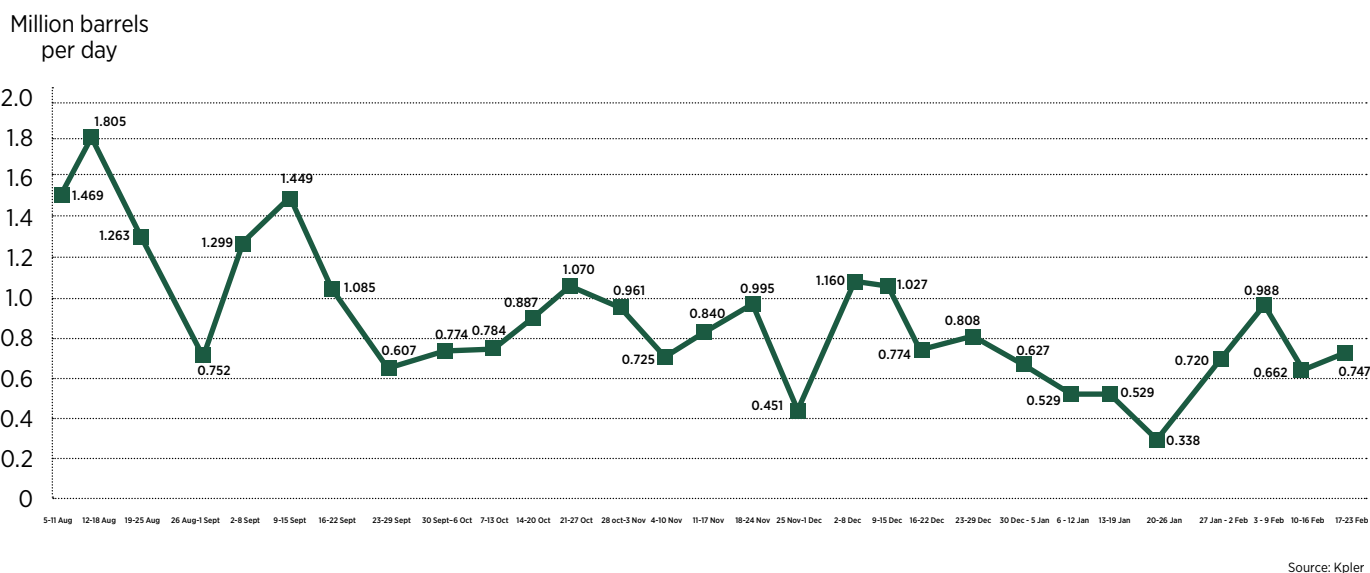
**Dubai:** \$50.09/bbl

Time Period: Week 1, March 2020  
Source: IEA, OilPrice.com, GI Research

## Weekly Imports of Heavy Sweet Crude into Fujairah



## Total Refined Product Exports from the GCC to Asia-Pacific



**IPWEEK SPEECH****“SOME SAY WE HAVE GONE TOO FAR****– THAT WE ARE CAVING IN TO****THE CRITICS. WE ARE NOT.”****Bernard Looney, CEO, BP****IP Week, London  
February 27<sup>th</sup> 2020****Summary**

I am three weeks into the job. Bob Dudley handed over a company that is in great shape and ready for the changes that we are making at BP to advance the energy transition. We introduced a new purpose – to reimagine energy for people and our planet.

To meet our purpose, we have a new ambition – to become a net zero company by 2050 or sooner. And, to help the world get to net zero. To deliver this, we are reinventing BP with probably the most wide-ranging reorganization in our history.

We are retiring our upstream/downstream model and introducing a single entity focused on four core capabilities: operations, customers, low carbon and innovation. And as we go about this program of change, we are equally committed to performing while transforming – to honouring the promises we have made to our shareholders. Chief among those promises is to operate safely and to deliver our financial plan. Across our operations, we are aiming to make absolute reductions amounting to 415mn tons of carbon – nearly equivalent to the total emissions of the UK, the world’s 6th largest economy. It has been very encouraging to hear the reaction [to all our plans].

We have had our share of criticism as well, which in many ways is understandable. Some say we have gone too far – that we are caving in to the critics. We are not. Others say we have not gone far enough. Maybe so. Others say what we are attempting is not possible. We respectfully believe it is.

 [READ FULL SPEECH HERE](#)
**Booming Clock**

“Today our industry is seen by many as on the wrong side of the climate challenge. The world is not on a sustainable path. It is not on track for the Paris goals. And the carbon budget is finite and running out fast. We should want to change not just because it is the right thing to do, but because it is a tremendous business opportunity.”

**Golden Window**

“Over the coming decades, the world will need to invest trillions of dollars in rewiring the global energy system. \$1trn a year in new energies to keep to a 2-degree rise. \$2.5trn a year to keep to 1.5-degrees. This moment for our industry is a hugely exciting time.”

**Rethinking Potential**

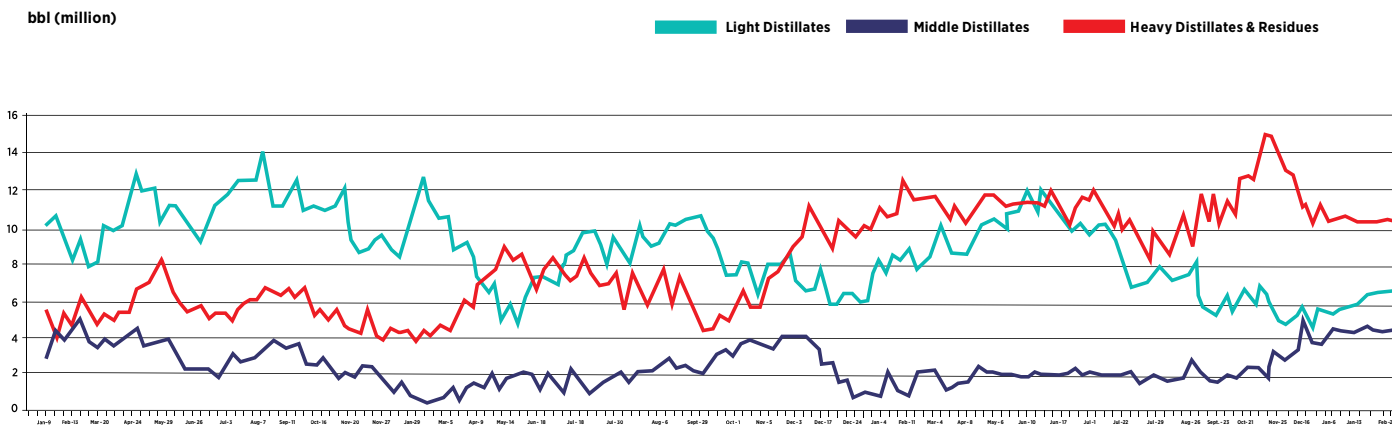
“If we think risk, then we are more likely to see darkness and threats lurking in the shadows. If we think opportunity, we are more likely to see light, to free up our imaginations, and to unlock creativity.”

**Building Trust**

“We know that net zero for the world is way beyond any one company or any one organization. And we must be trusted to do so. I’m speaking only for BP, and I know we have an issue with trust. Some people think we say one thing and do another. That is not the BP I have come to know over the last 28 years. But I get why people might feel that way. We need to accept it and work to change that perception.”

 **NETBACK PRICING SERIES PART 2/3 – NEXT WEEK!**

# Fujairah Weekly Oil Inventory Data



## TOP 10 TAKEAWAYS Monday, March 2<sup>nd</sup>

- Total oil product stocks in Fujairah stood at 23.14mn barrels, retreating from last week's record high. Stocks fell by 2.84mn barrels week-on-week (-10.9%), led by draws in middle distillates and heavy distillate stocks. Light distillates showed a build.
- Stocks of light distillates saw a build of 211,000 barrels week-on-week (+2.8%), to 7.622mn. Sentiment in the East of Suez for gasoline remained

cautious given the potential for coronavirus outbreaks to cause further regional demand disruption. Supply of gasoline in Asia has outstripped demand since late-January, as Chinese state-owned refiners increased exports to regional markets in a bid to counter the sharp fall in domestic demand. However, ongoing refinery turnarounds in the Middle East could lend support to values.

- Stocks of middle distillates fell by 1.44mn barrels (-42.3%) to 1.962mn – their lowest level since September 9<sup>th</sup> last year. Mixed sentiment

in the East of Suez gasoil market with expectations of a tightening of supply with the spring turnaround season for Asian refineries in April. On the demand side, relatively bearish sentiment due to the coronavirus, coupled with a downturn in gasoil demand from the blending pool for bunker fuel.

- Stocks of heavy distillates were down by 1.611mn barrels (-10.6%) to 13.556mn. In Fujairah, demand remained subdued due to the macroeconomic picture. "As the coronavirus spreads in

the US and Europe, shipping voyages are being cancelled. Even if LSFO prices increase, demand is still not there. I am hoping for a demand recovery in March, but it doesn't seem likely," a bunker fuel supplier said. Both Singapore and Fujairah's marine fuel 0.5% maximum sulfur were assessed at \$435/mt on Tuesday. The differentials between 0.5% marine fuel and 380 CST HSFO bunker in Fujairah narrowed to \$125/mt, a \$35/mt contraction week-on-week.

Source: S&P Global Platts

PODCAST







## Fujairah Port Investment



**THE BUSINESS BREAKFAST**  
WITH RICHARD DEAN & BRANDY SCOTT

# ENERGY NEWS Highlights



## IMO 2020 UPDATE

### Bunker Market: Fujairah

LSFO (<0.5%)	January 1, 2020 <b>\$771.00/mt</b>	March 3, 2020 <b>\$442.00/mt</b>	<b>↓ 42%</b>
HSFO (IFO380)	January 1, 2020 <b>\$299.50/mt</b>	March 3, 2020 <b>\$310.50/mt</b>	<b>↑ 3.6%</b>
Spread	January 1, 2020 <b>\$471.50/mt</b>	March 3, 2020 <b>\$131.50/mt</b>	<b>↓ 72%</b>

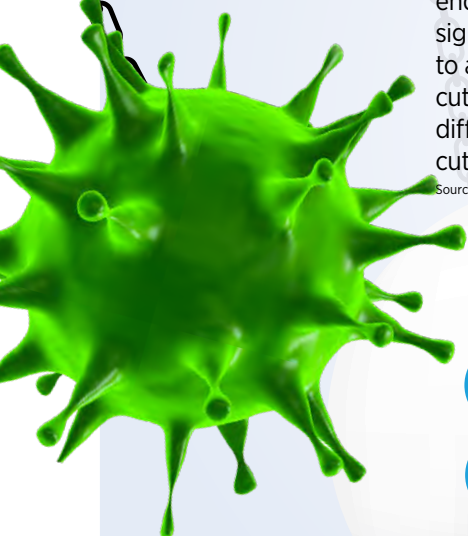
Source: Ship & Bunker, GIQ

### Iraq: Monthly sales to China climb

OPEC's second-largest producer shipped 1.32mn b/d to China in February – the most in at least four years. The increase in Iraq's shipments more than offset the reduced exports from the other three biggest Gulf Arab suppliers: Saudi Arabia, Kuwait and the UAE.

Source: Bloomberg

## CORONA VIRUS UPDATE



### OPEC push Russia to support cuts

On March 3<sup>rd</sup>, a technical panel of several representatives from OPEC states, Russia and other producers recommended cutting output by between 600,000 b/d-1mn b/d during Q2, 2020. It also recommended that existing cuts be extended until the end of 2020. Russia has so far signaled that it may be willing to agree to extending existing cuts but that it might find it difficult to sign up to deeper cuts.

Source: Reuters

### India: Import bill slides

India's oil import bill is expected to shrink sharper than the previously estimated 6% as the increasing spread of coronavirus across the globe has depressed crude oil prices to below \$50/b. The Oil Ministry's petroleum planning and analysis cell had estimated that the crude oil import bill would decline by 6%, to \$105bn in 2019-20 from \$112bn the previous year.

Source: Bloomberg

### China: Oil demand drops 20%

Chinese oil demand has dropped by about 3mn b/d – 20% of total consumption – as the coronavirus squeezes the economy. The drop is probably the largest demand shock that the oil market has suffered since the global financial crisis of 2008-2009, and the most sudden since the September 11<sup>th</sup> 2001 terror attacks.

Source: Bloomberg





# Gulf Intelligence

~ We Facilitate Knowledge Exchange ~

## CALENDAR 2020

### **The 10<sup>th</sup> Gulf Intelligence UAE Energy Forum**

Under the Patronage of  
His Excellency Eng. Suhail Mohamed Al Mazrouei  
UAE Minister of Energy & Industry

*Abu Dhabi*

### **The 4<sup>th</sup> Gulf Intelligence IPWeek Middle East Energy Summit**

Hosted by the Energy Institute - IPWEEK

*London*

### **The 3<sup>rd</sup> Middle East Oil Markets Workshop**

*Dubai*

### **The Gulf Intelligence KSA Energy Knowledge Series 2020**

### **The 4<sup>th</sup> Middle East LNG Workshop**

*Dubai*

### **APPEC Singapore Middle East Energy Series 2020**

*Singapore*

### **The 10<sup>th</sup> Gulf Intelligence Energy Markets Forum**

Under the Patronage of  
His Highness Sheikh Hamad Bin Mohammed Al-Sharqi  
The Ruler of Fujairah, UAE

*Fujairah*

### **The Gulf Intelligence Middle East Shipping Workshop 2020**

*Dubai*

### **The 4<sup>th</sup> Gulf EOR Workshop**

*Abu Dhabi*

### **The Gulf Intelligence Abu Dhabi Energy Knowledge Series**

*Abu Dhabi*

### **The 8<sup>th</sup> Gulf Intelligence Oman Energy Forum 2020**

*Muscat*

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