Fujairah New Silk Road
WEEKLY NEWSLETTER

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AN EXCLUSIVE GULF INTELLIGENCE INTERVIEW

LIQUIDITY TRUMPS GEOGRAPHY WHEN BUILDING AN OIL BENCHMARK!

Adi Imsirovic, Author: *Trading and Price Discovery for Crude Oils*

I think there is room in the world for a lot more benchmarks. There is no doubt about that. But what makes Brent very, very special is the institutional framework that you have in the UK with British law, which is accepted everywhere. If you trade most grades of oil around the globe, you will probably use English law. That whole institutional framework is what makes a certain benchmark successful. The fact that Murban or the INE Shanghai contract reflect the regional market a lot better than Brent is not as important as liquidity. Liquidity always trumps the basis risk. A very good example is Dubai and Oman. Most Asian refiners have exposure to both Dubai and Oman, but very often most of them do not use Oman to hedge their exposure at all because there is more liquidity in Dubai. They trust that market and can get a lot more volumes done, so they just ignore Oman.

CONTINUED ON PAGE 3

Fujairah Weekly Oil Inventory Data

7,260,000 bbl	3,943,000 bbl	11,861,000 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

Source: GI Research – Weekly Phone Survey of Terminal Operators

GI Consultancy Intelligence Publishing

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LIVE WEBINAR SUNDAY-THURSDAY @ 10:30AM (UAE TIME)

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Weekly Average Oil Prices

Brent Crude:	**$75.22/bl**
WTI Crude:	**$73.52/bl**
DME Oman:	**$73.18/bl**
Murban:	**$74.08/bl**

Time Period: Week 4, June 2021
Source: IEA, OilPrice.com, GI Research

Fujairah Weekly Bunker Prices

VLSFO

High = $543.50/mt

Low = $535/mt

Average = $539.50/mt

Spread = $8.50/mt

MGO

High = $658/mt

Low = $646/mt

Average = $653/mt

Spread = $11.50/mt

IFO380

High = $434/mt

Low = $429/mt

Average = $431.50/mt

Spread = $5/mt

*Source: Ship and Bunker, *Time Period: June 23 – June 30*

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

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Adi Imsirovic, Author: *Trading and Price Discovery for Crude Oils*

CONTINUED FROM PAGE 1

Why have we recently seen significant developments in global oil benchmarks?

Adi Imsirovic The number one reason is that the center of gravity of the oil trading industry has moved from the Atlantic basin to Asia, East of Suez. The number two change has been the advent of shale oil – you have a freely traded crude oil in the US with very acceptable quality being accepted in Europe, Asia and even in South America. So, you have this big shift in the movement of oil, which naturally leads to the need to adjust your benchmark. If you are a European refiner with a big chunk of your base-slate now in WTI, the question emerges – how relevant is Brent anymore to you? If you are looking for alternatives to WTI, which is your base-slate, then the natural question you will ask is what is that price versus WTI, not versus Brent. So, the whole relevance of Brent becomes questionable. You can have Europe now receiving one million barrels a day from the US on a regular basis, both in the north and in the south, as it has become a base-slate for many European refineries. The relevance of certain benchmarks is changing.

Why does Brent keep seeking to adopt more crude grades into its basket price – is that a strength or a weakness?

Adi Imsirovic I think that having alternative delivery - multiple grades of oil represented in one benchmark basket - is actually a strength for Brent. Alternative delivery first started in the US, with WTI. The US was a very large oil producer up until 1986, and then local supplies into the WTI contract dried up; it had become totally illiquid. So, to make WTI liquid again, NYMEX introduced alternative delivery. North Sea Brent crude oil was delivered into WTI, so was Nigerian Bonny Light, and liquidity picked up and the contract was revived.

What alternative delivery does is increase the volume of oil coming to the contract, and it brings you all these new players that probably would not have been in that market at all - somebody trading West African Bonny Light or Brent is coming into the WTI contract and trading it. I think alternative delivery is a strength, and it is something that the Middle East benchmarks, starting with the DME and Oman, and now with Murban, will probably over time learn and adopt.

How do you assess the first few months of the Murban Contract?

Adi Imsirovic Murban has a very good chance. It is a solid contract with good volumes. What makes a good benchmark sounds so simple, but it is very hard to achieve – a benchmark is a type of crude oil that people have trust in to reflect the true market value. Most importantly, it should also have liquidity, have a lot of buyers and sellers and little government intervention. With the development of Murban, I think people are getting overambitious with moving too quickly.

I am very positive about Murban, but I think it still needs time to prove itself. Murban needs to show that being part of OPEC will not impact the contract in terms of output cuts and so forth – i.e., that ADNOC does not use their own position to impact the market. You do not want a market where somebody can easily influence the price. So, once you get that confidence, I am sure it will take off. But it does take time.

What is your outlook for the INE Shanghai oil contract?

Adi Imsirovic The Shanghai contract is very important. All these contracts that succeed - and it has done so in terms of volumes (now the third biggest oil exchange in the world) - are very important because they add to price discovery. Is it a regional benchmark? No. Will it be a global network? No. And the key reason is that you cannot have a benchmark, a properly free functioning market, without liberalization policies. China is slowly going that way but if you are not quite sure how you are going to get money out of the country if you are trading a contract, it's a problem. The INE contract is doing very, very well. Will it become a major regional benchmark? – I doubt it in the short run. Most of these contracts just offer more opportunities and can evolve into benchmarks over time.

Does OPEC Need to Add Supply or Risk Quota Busting?

Adi Imsirovic OPEC should increase their supply. There is a great concern right now about availability of oil. The market has been very strong for a while and we have been drawing down on stocks. I think that it would be better for the Saudis to supply more oil than to see cheating creeping into the alliance – that would be more detrimental at these levels. There is a high temptation for everyone, including non-alliance members, to come in and supply.

I think letting some extra oil into the market and keep their customers happy would probably be the right approach. OPEC+ is led by the Saudis, and they have implemented the strategy of having these monthly meetings which gives them a lot of room to play with. I think there is still a huge amount of uncertainty, and we are still in that sort of demand shock mode.

WATCH FULL INTERVIEW HERE

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ENERGY MARKETS COMMENTARY WEEK IN REVIEW

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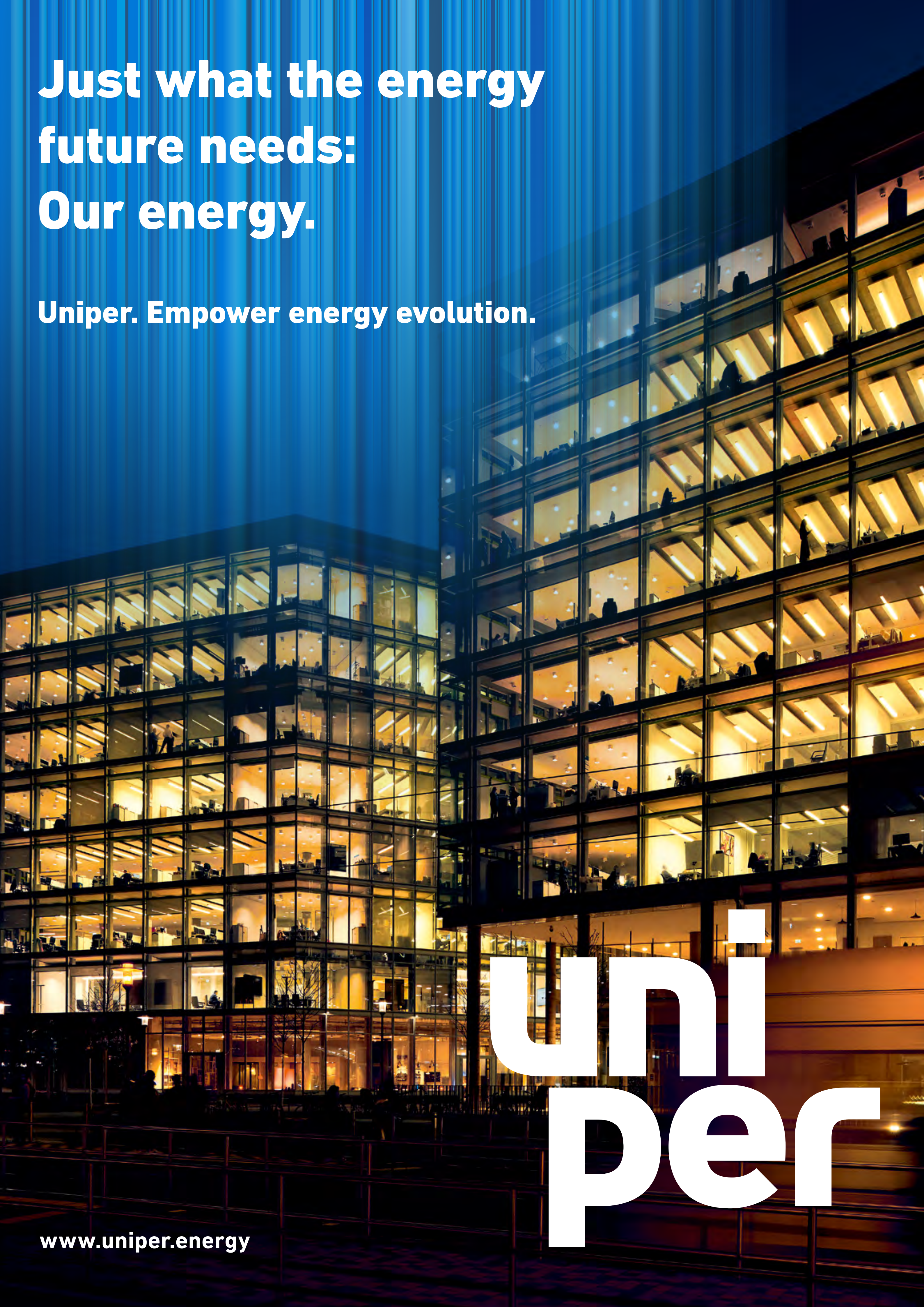
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GIQ EXCLUSIVE SOUNDINGS

Oil Sees Best First Half in More than a Decade as Demand Recovery Accelerates!

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**
- **Kate Dourian, FEI, MEES Contributing Editor & Non-Resident Fellow, The Arab Gulf States Institute in Washington**
- **Mike McGlone, Senior Commodity Strategist, Bloomberg Intelligence**
- **Chris Wood, Chief Executive Officer, Savanara DMCC**
- **Edward Bell, Senior Director, Market Economics, Emirates NBD**
- **Vandana Hari, Founder & CEO, Vanda Insights**
- **Ahmed Mehdi, Research Associate, The Oxford Institute for Energy Studies**
- **Marc Ostwald, Chief Economist & Global Strategist, ADM Investor Services International**

Omar Najia, Global Head, Derivatives, BB Energy
"The Fed is trapped. If it doesn't provide liquidity, the market collapses. If it continues to provide liquidity, it will backfire as well. They have no other toolbox – interest rates are at zero and the only thing that they can do is provide more liquidity. At some point, it is going to hit a wall, but when that happens is open to debate."

Kate Dourian, FEI, MEES Contributing Editor & Non-Resident Fellow, The Arab Gulf States Institute in Washington
"If you look at the demand outlook at the moment, it looks as if OPEC+ will need to put more oil in the market. I believe they might increase (August) production output slightly just as a signal to the market that they are being responsive."

Mike McGlone, Senior Commodity Strategist, Bloomberg Intelligence
"OPEC has to maintain discipline. It cannot put supply back on the market. The stock market has to stay strong. We need massive optimism that things will just return right back to normal."

Chris Wood, Chief Executive Officer, Savanara DMCC
"US Shale has been working on three key things. One is getting more acreage. The second is improving techniques, and the third is capital discipline - tapping into drilled but uncompleted wells and getting the most value out of them - meaning there is a less capital-intensive process of extracting shale. This does not mean shale is going up in overall capacity, but they're getting ready for what's coming."

Edward Bell, Senior Director, Market Economics, Emirates NBD
"The OPEC+ agreement will probably introduce a modest increase for the August period onwards. It will not be one that would push the market any closer to being at a surplus, considering that we are still going to be running a considerable deficit in the second half of the year."

Vandana Hari, Founder & CEO, Vanda Insights
"When the OPEC Committee last met a month ago, it projected that the OECD oil inventories would be drawn down to the 2015-2019 average levels, which is what OPEC+ has targeted by the end of July. Recently, the IEA monthly report stated that the target was met at the end of April. Let's assume the truth lies somewhere in between. One can safely say that OPEC+'s last target has already been met."

Ahmed Mehdi, Research Associate, The Oxford Institute for Energy Studies
"In the previous cycles, there have been a couple of whiteboard assumptions. One of them is that raising flat prices equals loosening compliance. We have seen some cases of that but, overall, compliance has been strong. Separately, the compensation cuts provide a signal to producers to meet their original quota."

Marc Ostwald, Chief Economist & Global Strategist, ADM Investor Services International
"OPEC+ members want to show their commitment to being the key producers. Now, particularly as we've got such a fluid outlook in terms of fiscal policies and central bank policies, a strong signal that indicates their cohesiveness is as important as anything else."

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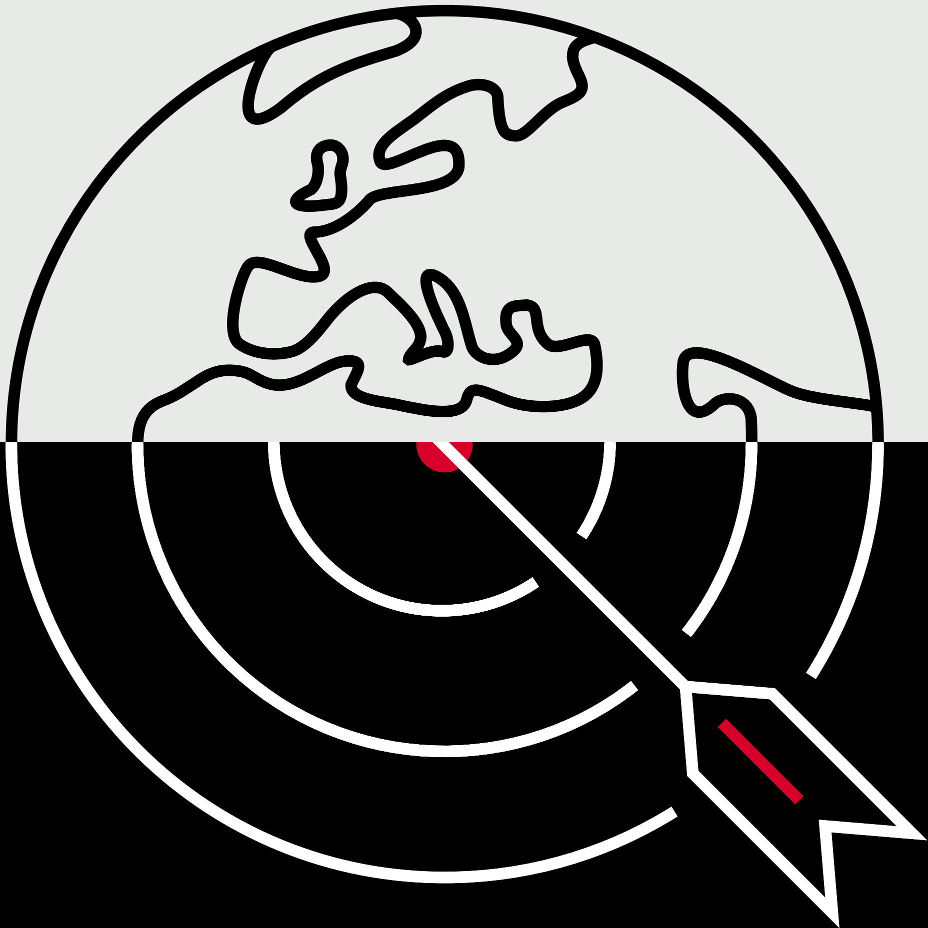
“I need to make decisions with confidence.”



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Fujariah Weekly Oil Inventory Data

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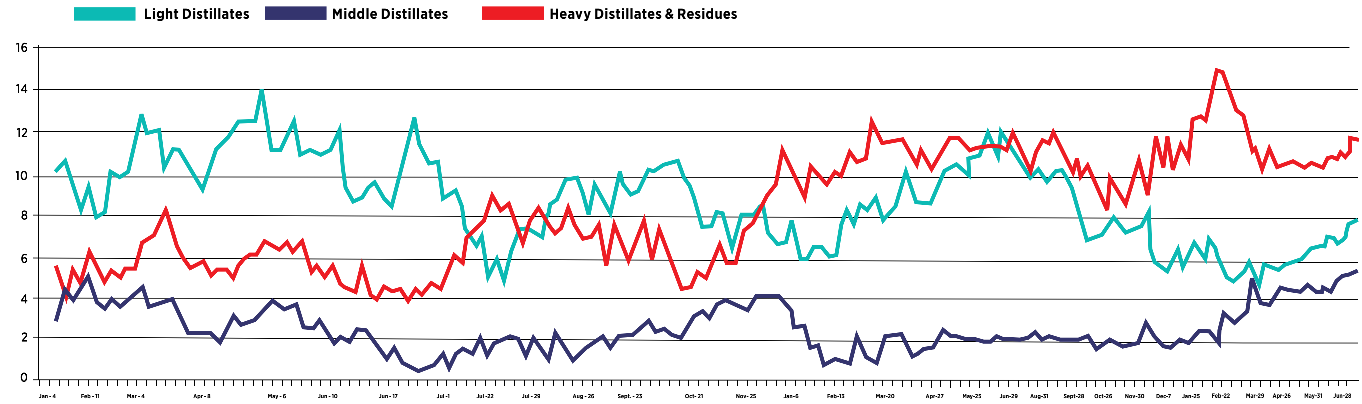
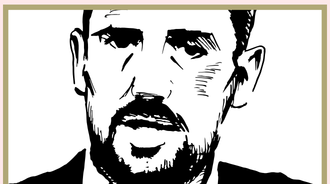
bbl (million)



TOP TAKEAWAYS

- Total oil product stocks in Fujairah were reported at 23.064mn barrels. Total stocks rose by 437,000 barrels with overall stocks rising by 1.9% week on week. This comes after last week's total stocks fell 843,000 barrels or 3.6%. This week's total stocks rise was driven solely by light distillates posting at 33.8% week on week rise, in contrast, middle distillates and heavy residues fell 7.4% and 8.4% week on week respectively.
- Stocks of light distillates, including gasoline and naphtha, rose by 1.833mn barrels to a total of 7.260mn barrels – up 33.8% on the week. This is a 13-week high for light distillates, which have been in decline since March 29, when they were reported at 7.528mn barrels. Middle East market participants said supply had tightened on continued production disruptions in Abu Dhabi National Oil Company's Ruwais and Reliance Industries' Jamnagar refineries. According to traders, the market had expected both refineries to be back online by June 20. Furthermore, US gasoline stocks continued to tighten and Sri Lanka's state-owned Ceypetco was heard seeking 170,000 barrels of 92 RON gasoline for delivery over July 14-15 from Dolphin Tanker Berth and SPM Muthurajawela in a tender that closes on July 2.
- Stocks of middle distillates, including diesel and jet fuel, fell by 313,000 barrels to 3.943mn barrels – down 7.4% on the week, after rising 263,000 barrels or 6.6% rise last week. Market sentiment for gasoil East of Suez, was upbeat on improving outlook from India, steady demand from centers such as Australia, as well as stable economic growth prospects from Asia in the second half of the year. Kuwait Petroleum Corp, sold 40,000 mt of 10ppm sulfur gasoil for loading over July 3-4 to an unconfirmed buyer at a premium of between 80-90 cents/b to the Mean of Platts Arab Gulf Gasoil 10ppm sulfur assessments, FOB, trade sources said late June 28. In Sri Lanka, Ceylon Petroleum Corp. issued a tender seeking a combination cargo of 112,500 barrels of 500ppm gasoil and jet A-1 fuel for delivery via dual berth discharge at Dolphin Tanker Berth and SPM Muthurajawela, Colombo, via a tender that closes July 6.
- Stocks of heavy residues fell by 1.083mn barrels or 8.4% on the week to 11.861mn barrels. The draw in stocks comes as the Port of Fujairah saw robust demand for bunker fuel, bunker suppliers said. Fujairah-delivered marine fuel 0.5%S bunker was heard offered at $530-$538/mt, on June 29 with offers deliverable from July 4. The grade dipped $8/mt day on day and was assessed at $530/mt on June 29. The price assessment in Fujairah for delivered bunkers represents a $5/mt discount to Singapore.

Source: S&P Global Platts



BY MATT STANLEY
SENIOR BROKER
STAR FUELS

Welcome to OPEC day – the 6th of the year. Brent is trading at $74.80/bl up 0.18/bl and WTI is trading up 0.24/bl at $73.71/bl. Another OPEC meeting and arguably the most important one for a long time. All eyes are on Zoom later on. Some predict up to 1mn b/d of production comes back, others predict none will come back. Some predict that the historic agreement of 10mn b/d (5.5 of which is still to come back) which was due to expire in April 2022 will be pushed back. Others predict it will stay the same. In the words of the late Donald Rumsfeld, who passed away yesterday, we can use his most famous quote to sum up what may happen later on: "Reports that say that something hasn't happened are always interesting to me, because as we know, there are known knowns; there are things we know we know. We also know there are known unknowns; that is to say we know there are some things we do not know. But there are also unknown unknowns – the ones we don't know we don't know". Clear? Thought so. But this is the issue OPEC will have to face. What do they actually know? What evidence is there to support the base case that demand will return to pre-pandemic levels by the end of the year? Well, let's take EIA data. Another draw in crude stocks yesterday but a build in gasoline stocks. Will the very thing that OPEC+ needs to concentrate on i.e., demand, feature on that call later on or will it purely be about how much supply, if indeed any, can be returned to a market where demand is looking ever more fractured as the world stumbles its way out of a pandemic? One certain thing is that prices at $75/bl on Brent will cause those importing countries like India, Japan, and South Korea to watch and listen to the rhetoric that will come out of that meeting later on. If we don't see a return of some production, then we will get to $80/bl and possibly higher. Keep your eyes on the headlines and watch that volatility.

July 1, 2021

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ENERGY MARKETS VIEWS YOU CAN USE

Amena Bakr
Chief OPEC Correspondent
& Deputy Bureau Chief, Energy Intelligence

EXPECTATIONS FOR THE OPEC MEETING LATER TODAY?

The latest JMMC reports show a huge risk of a stockpile happening in 2022 so any decision they take might affect what will happen early next year. How that's going to be handled by the group remains to be seen. We know that Russia has expressed a desire for some form of easing of the cuts, but it also doesn't want to see a repeat of the situation in March 2020. They don't want to see this Declaration of Cooperation collapse so we should see some compromise. I expect to see a cautious volume increase and for the group to continue these monthly meetings and make incremental changes if required. They are also expected to send out a signal about extending the DOC beyond April 2022.

OPEC'S NEW TARGET NOW THAT 5-YEAR AVERAGE INVENTORIES HAVE BEEN ACHIEVED?

The inventory target is not the only factor they look at. With current prices where they are now, helping their budgets recover, they're quite reluctant to see prices drop. Price is a factor. And they are also not only looking at demand for the second half of this year but also 2022. They will want to send out a positive signal that market management will remain and that they'll stay in control. The one issue could be if they decide to ease the cuts for a period and then look to reverse that. That would not be easy to implement.

WHERE DOES OPEC DISCIPLINE STAND TODAY AND GOING FORWARD?

Compliance numbers have been quite good so far and the compensation scheme has been extended a few months. The group understand the benefits of keeping this plan in place.

DO ALL THE MEMBERS OF THE GROUP HAVE CAPACITY TO INCREASE OUTPUT?

Saudi Arabia is the one with most spare capacity so some of the smaller producers that don't have the capacity might in fact prefer to have the same quota as they have today and secure that higher price.

Walter Simpson
Managing Director
CCED

OUTLOOK FOR OPEC DECISION MAKING IN THE SECOND HALF OF THE YEAR?

Caution has been the byword and I think they'll continue with that. OPEC Plus controls have been very successful so far. The price is probably a little bit higher than where they would want it but it's high enough for them to feel the fiscal benefits and not too high to really get shale opening the taps. I feel a few hundred thousand barrels would be the right kind of number to add from August, rather than a million barrels or more.

SHOULD OPEC PLUS CONTINUE TO ADOPT A QUARTERLY OUTLOOK APPROACH?

Longer term stability is a real plus - you don't want to be going up and down on a monthly basis. The recent three-month plan has stabilized pricing and worked well for them. OPEC holds all the cards and controls excess supply. Demand is uncertain but there are signs that it's growing.

HOW WILL THIS YEAR'S WINDFALL REVENUES IMPACT OPERATORS' CAPEX DECISIONS?

It's a story of two halves. The majors have clearly stated they're going to move capital investment into renewables so I wouldn't expect all their revenues to go to oil and gas. The smaller players however will need to invest in exploration and infrastructure to maintain production after a year of non-investment.

HOW HAS THE PANDEMIC IMPACTED THE MOVEMENT OF PEOPLE FOR OPERATORS?

The conformance that OPEC has brought with the curtailment of production and the fiscal discipline that's been required on the back of lower oil prices have prompted countries to think how to best develop their own people to drive economies forward, Covid has accelerated this and as a result, getting skills from overseas has become more difficult. This transition will be lumpy, but it will improve with time.

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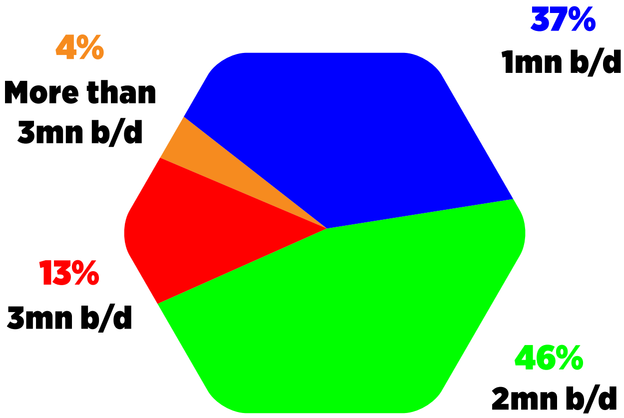
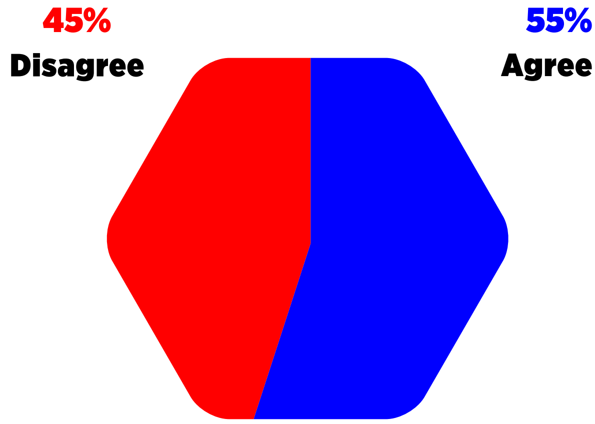
GIQ Weekly Surveys

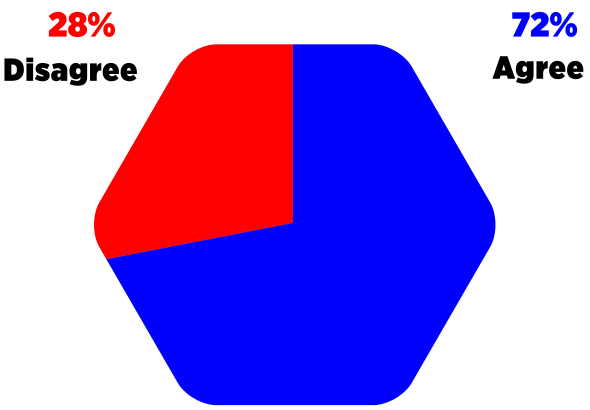
How much new oil supply will OPEC add back to the market from Aug-Dec: closer to?



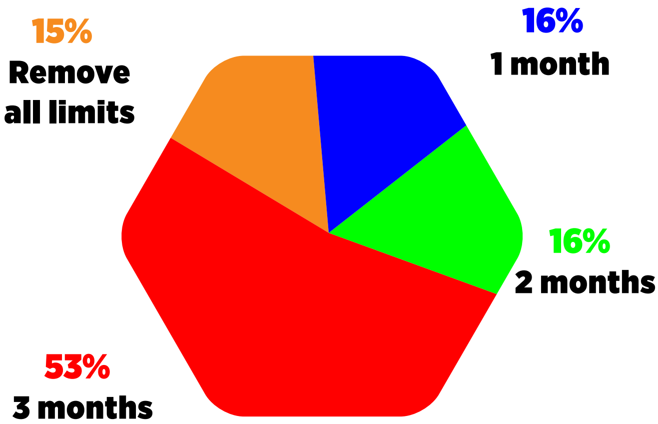
Weak dollar will keep emerging markets quiet about the pain of higher oil price?



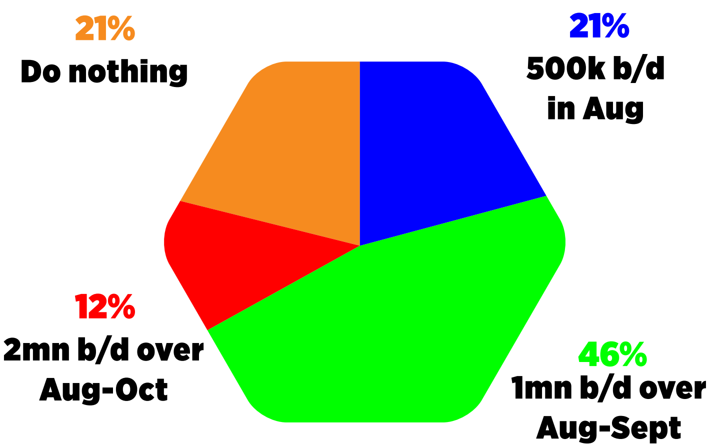
With prices running ahead of recovery, now is the time for OPEC+ to be bolder in regaining its lost market share?

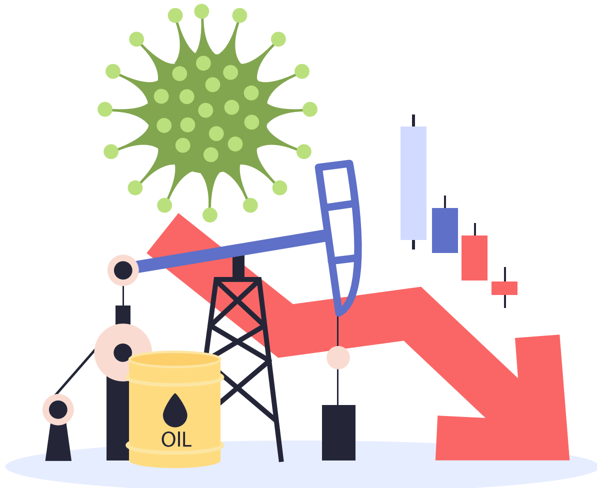


Should OPEC+ announce a new supply plan for:



OPEC should increase by:





Source: GIQ

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ENERGY MARKETS VIEWS YOU CAN USE

Dr. Carole Nakhle
Chief Executive Officer
Crystol Energy

OUTLOOK FOR OIL MARKETS AS WE ENTER THE SECOND HALF OF THE YEAR?

Oil prices were up 40% in the first half of the year and the increase continues to speed up but we are also seeing more volatility compared to other commodities. The key difference is that the oil market is politicized by supply constraints whereas the driver for other commodities has been real demand growth. Also impacting oil demand going forward will be the Delta variant which is ravaging Asia and looking quite worrying for Europe and elsewhere.

HOW SHOULD WE VIEW US AND CHINA GROWTH VERSUS WEAKER DEMAND CENTERS?

These higher prices are already impacting struggling emerging economies. Our eyes have been focused on the US and China, not surprisingly, as they are the two largest economies but even in China, vaccine effectiveness is becoming more of an issue. It's still a fluid situation for long term global economic growth because of the divergent speed of recovery between richer and poorer countries. And the Saudis have been aware of this when it comes to increasing supply. They need to feel more confident about long term structural change, looking beyond China and the US.

WILL 2H 2021 BRING THE RECOVERY JUGGERNAUT WE HAVE BEEN EXPECTING?

I look at it as two quarters. We have the summer season where we expect to see pent up demand for travel kicking in, but the more you look at the numbers today, that's maybe not going to happen. In Q4, things might look better but we already have warnings in the UK for example of a tough winter ahead. We need to look at it bit by bit – this is what the virus has taught us. As for next year, I'm trying to get my head around the figures - even the most trustworthy forecasting agencies don't have a solid grip on what's going to happen to demand. And on supply, we haven't heard the end of US shale. It will come back at some point, especially if prices stay where they are today. It's simple economics.

Leo Tameeris
Chief Executive Officer
NRG Global

IS ASIA STILL AN INCREMENTAL DEMAND GROWTH AREA FOR SECOND HALF 2021?

There is a realization that the Delta variant will likely lead to activity restrictions again. And vaccine access has been deterred by cost and accessibility - a country like Indonesia spreads over 14,000 islands with 250mn people. We have similar logistical challenges with the Philippines and India. But the realization has hit home in Asia that vaccination is now absolutely necessary.

IS THE MARKET DISMISSING THE IMPACT OF IRANIAN FLOATING STORAGE VOLUMES?

The Iranians are putting large volumes in the Gulf and around Malaysia and China. If there is a deal done, they can open that up, but the surprise may be on the downside. There will be less additional Iranian oil available – they have been very good at making their current volumes on the market invisible.

WHAT'S YOUR SENSE ABOUT CHINA'S REGULATORY OVERSIGHT ON IMPORTS?

The clamp down on smuggling is not aimed at specific origins or specific producers. They are trying to clean up imports of products that are depressing refining margins in China, so they are increasing import taxes on some products.

WILL THIS LEAD TO FURTHER DRAWDOWNS IN CHINESE STOCKS IN 2H 2021?

Stocks are already being drawn down inside China and there's floating storage out there that has not been bought yet. Refining will continue in China but at a slower pace. We are seeing some cracks appearing in the growth projections for next year and credit restrictions and loan rejection rates are very high at the moment.

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ENERGY MARKETS FORUM NEW SILK ROAD LIVE

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TOP 10

JUNE 27th- JULY 1st

MARKET OBSERVATIONS FOR THE WEEK

1. OPEC+ likely to maintain a conservative posture when they meet July 1st to consider further oil output increases from August.
2. The US age of massive Covid stimulus likely to take at least a pause, if not end, with inflation starting to bite.
3. OPEC+ likely to add close to 2mn b/d of extra oil supply between August and December.
4. Weak dollar and other moderating factors are easing the burden of higher commodity prices on emerging markets – but for how much longer?
5. China's economic growth in 2021 may be less than expected as cracks start to appear in outlook for recovery.
6. Oil demand recovery is likely to disappoint in the second half of the year as new COVID variants are set to keep travellers on the ground.
7. OPEC+ would be well advised to maintain policy of 3-month forward guidance, rather than resort to month-by-month keep the market on its toes volatile strategy.
8. Emerging economies are sailing into a perfect storm of soaring commodity prices, surging Delta variant and low vaccination rates.
9. OPEC+ have won 2021 by battening down the hatches, and are now gaming out battle plans for winning 2022.
10. The big question about $75/bl oil is how much of it has baked in a massive demand recovery in H2 that won't arrive?

Independent Oil Storage Services

Vopak Horizon Fujairah Ltd. offers high quality logistic services to the oil industry

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VLSFO Crack at One-Month Low, PSO Buys Fuel Oil Cargoes

Asia's 0.5% very low-sulphur fuel oil (VLSFO) crack fell to a one-month low on Wednesday as benchmark crude oil prices were steady by the end of Asia trading hours. The front-month VLSFO crack was at $11.19/bl above Dubai crude, down from $11.60/bl on Tuesday and its lowest since May 31, Refinitiv data in Eikon showed. Oil prices were broadly steady on Wednesday, heading for monthly and quarterly gains, after some data suggested US crude stockpiles were shrinking while an OPEC report warned of a possibly significant glut building by the end of next year. The lower inventories came amid steady bunkering demand in the Fujairah hub and firm export volumes to regional neighbours and Asia, trade sources said. Compared to last year, Fujairah's fuel oil inventories were 28% lower.

Source: Business Recorder

UAE's Fledgling Rail Network to Connect All Six Gulf Countries

In the desert emirate of Abu Dhabi, Ibrahim al-Hammadi inspects a freight train on the UAE's first railway line. He climbs aboard the locomotive, does a final system check and then it's full steam ahead. Hammadi is the first Emirati to become a train driver, in a country which already has a space programme and two of the world's biggest airlines but is only now developing a rail network to connect all seven of its emirates. When completed, Etihad Rail will operate 1,200km of track connecting all the emirates from Ghweifat in the western region of Abu Dhabi to the emirate of Fujairah on the eastern coast and link with neighbouring Saudi Arabia.

Source: Arab Weekly

Building a Robust Cybersecurity Strategy

The Covid-19 outbreak has expedited the digitisation movement at an unprecedented pace, and we have witnessed a massive shift from the physical world to the online space. The banking sector, which has been a pioneer in this transformation, is no exception. And while digital banking offers customers convenience and faster processing of financial transactions, it heightens vulnerabilities that banks spend years pre-empting and preparing for. At National Bank of Fujairah (NBF), we have built a robust cybersecurity strategy that focuses on three main pillars: identity protection, data protection and culture. To protect the identity of our customers, we have deployed the most advanced authentication methods such as biometrics and facial recognition and will continue to evolve our techniques to maximise security.

Source: Gulf News

H.H. Mohammed Bin Hamad Al Sharqi Briefed on Plans, Projects of Fujairah's Scientific Club

His Highness Sheikh Mohammed bin Hamad bin Mohammed Al Sharqi, Crown Prince of Fujairah, received in his office in the Amiri Diwan, chairman of the board of directors of the scientific club and the team of the club in Fujairah. During the meeting, His Highness was briefed on the club's programs and future plans, as well as scientific projects that were designed and worked on to keep pace with the UAE's strategic vision in the field of artificial intelligence and modern technology. Saif Al-Maaili, Chairman of the Scientific Club team, reviewed activities and events targeting talented people in all regions of Fujairah emirate from 16 years and older, including practical and training workshops in programming, electricity, mechanics, maps and scientific processing, as well as training in the assembly, installation, manufacture and maintenance of drones.

Source: Fujairah AE

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ENERGY MARKETS VIEWS YOU CAN USE

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

NOTHING SEEMS TO BE HOLDING OIL PRICES BACK?

The core reason has been shale not returning as fast as expected - because of capital constraints or stricter financial restructuring by shale investors. Regardless, it's just a delay and shale will be back by Q1 2022. The other factor influencing market sentiment is what is now an almost unanimous opinion on expectations that the US Fed rate increase of 1-1.5% will happen by 2023. The question is whether markets at some point sell off due to any uncertainty and create financial instability.

YET THE APPETITE FOR RISK ON IS VERY SOLID DESPITE THESE SIGNALS FROM THE FED?

It's simply the massive wall of money so even if markets react adversely, they will bounce back because people have to put their money somewhere. I would expect that as the tapering starts in earnest, we will see more volatility but also the upward drift to continue. The long-term problem will be how to pay off the debt buildup.

HOW WILL THIS AFFECT EMERGING MARKETS?

We will even see a split within the G7 on economic recovery. The US is growing and so will the UK most likely but Japan, I'm not so sure. Historically, when Fed policies turn restrictive, they could trigger a crisis in in emerging markets or in the corporate sector globally – it's never certain. But the more the Fed concentrates on what happens in the US, the higher the risk that something goes wrong in emerging markets or with non-triple A rated corporate bonds more broadly.

OPEC'S DECISION AT ITS JULY 1 MEETING?

They're likely to make a short-term announcement only and keep options open. They need to err on the side of caution as it's not clear that demand will bounce back as strongly as projected. If it does cross certain thresholds, they can always release more oil. They will signal flexibility - ready to rein in any rally while at the same time taking as much money off the table as possible. The start of 2022 is also something to watch – with shale returning, the OPEC agreement expiring and the Fed signaling whether they will raise rates the year after. The economic situation in China, including inflation and its financial sector issues, will make its way back into the news and may not be as stable as some would suggest.

John Defterios
Former Emerging Markets Editor & Anchor, CNN
Chairman, The Agora Group

HOW ARE OIL MARKETS MOVING AROUND THE EXPECTED US FED RESTRAINTS?

The rally we are seeing today is constraint driven because there's still oil off the market. The long-term trend is that the Federal Reserve is not going to let the economy tilt off the edge. They're going to be accommodative but just not at the levels that we've seen before. It's a balancing act by the central banks – to maintain this momentum as we start to open up, but also keep an eye on real demand and demand for energy.

WILL OPEC BRING BACK MORE THAN A MILLION BARRELS FROM AUGUST?

It will be interesting to see how accommodative the OPEC Plus group will be on July 1. I don't think they're going to overreact. They will want to send a signal that they're sensitive to not killing off the rally and not come back too quickly, while watching fourth quarter demand. The Saudi strategy has prevailed, and not necessarily to the happiness of all OPEC plus members. Extra capacity of 5.8mn barrels is substantial at the end of the day. OPEC is also managing the signals from the US Fed. They will give the market a line of sight for the next three months but will be ready to respond month to month if necessary.

HOW UNCERTAIN IS DEMAND FOR THE REMAINDER OF THE YEAR?

I don't see any real shocks on the economic front between now and December unless there's a further flare up in the Delta variant. First quarter 2022 demand for oil and gas could be back up to pre pandemic levels. In the G7 economies, there's a lot of pent-up demand, particularly from the US. People are trying to deploy their assets as much as possible and look for returns. We see it in the real estate market for example. However, it's not the same scenario in China or other emerging markets. We don't have that robust demand coming from Southeast Asia, from Africa, or from India which is still struggling with Covid. And even within Europe, we still don't have free movement of travel, with debates between countries on the pace of opening up – that's going to actually hold back growth when it comes to consumer and business movement, at least for the next three or four months.

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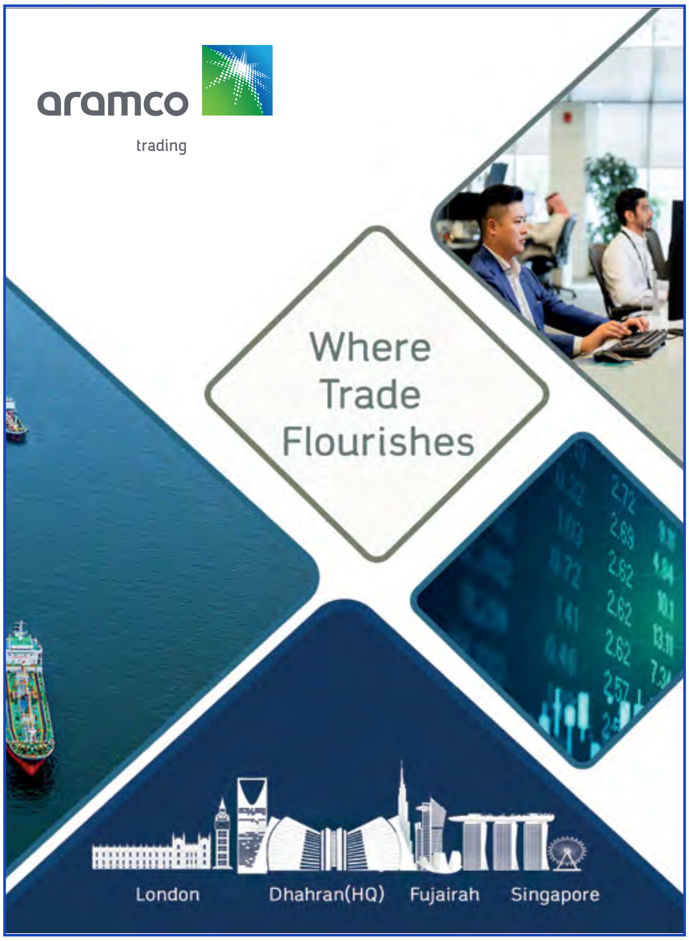
"Inflation is a challenge to the globe today – we are also facing this in our economy. But we are confident that by the end of this calendar year, we will be in a position to restore our original consumption behavior."

Shri Dharmendra Pradhan
Hon'ble Minister of Petroleum, Natural Gas & Steel
Republic of India



ENERGY MARKET NEWS

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3. OPEC TO HOLD FIRST IN-PERSON MEETING IN A YEAR IN IRAQ IN SEPT.
4. 40% RALLY PUTS OIL PRICES ON TRACK FOR BEST FIRST HALF SINCE 2009
5. OPEC+ MAY EXTEND OIL SUPPLY CUTS AMID WARNING OF GLUT
6. EIA: US CRUDE STOCKS FALL AGAIN, GASOLINE INVENTORIES UP
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