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VOL. 6

Fujairah New Silk Road WEEKLY NEWSLETTER

INSIDE
EXCLUSIVE GI INTERVIEW
H.E. SUHAIL AL MAZROUEI
Minister of Energy & Industry
United Arab Emirates

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

“Part of this is creating a natural evolution and not so much a revolution.”

Jeffrey Sprecher, Chairman and CEO, Intercontinental Exchange and Chairman, the New York Stock Exchange

Moderator: What were the driving forces behind establishing the ICE Futures Abu Dhabi (IFAD)?

Jeffrey Sprecher: This past year has been volatile, which is OK if that's the macro environment we operate in. But how does anybody exist in that environment and make long-term investment decisions? A solution to this is creating the ability to hedge out some of that risk and that's really the opportunity that the new exchange and Murban futures contract bring. Growth throughout the world has been very Asia oriented over the last few years – and Murban has been the engine fuelling that growth.

Moderator: How are you going to ensure that the new exchange is an open and transparent electronic market for trading?

Jeffrey Sprecher: Firstly, there is always a resistance to change. As much as we all expect transparency and want information at our fingertips, many existing markets have a custom practice in the way of doing business. You are asking people to change their behavior and change their workflow.



Part of this is creating a natural evolution and not so much a revolution, because the market will really resist revolution. It is going to be incumbent on us to make it easy to access these markets, easy to learn about what you can do and easy to interface with a workflow of clients. That is going to be the challenge that we are going to have with all our partners in this venture.

*Edited transcript
Source: ADNOC Trading Forum, ADIPEC 2019



Fujairah Average Oil Tank Storage Leasing Rates*

BLACK OIL PRODUCTS

**Average Range
\$3.61 – \$4.10/m³**



↑ Highest: \$4.50/m³

↓ Lowest: \$3.40/m³

*Time period: Weekly

Source: GI Research

Fujairah Weekly Oil Inventory Data

5,601,000 bbl
Light Distillates



3,234,000 bbl
Middle Distillates



14,06,000 bbl
Heavy Distillates & Residues



Source: FEDCom & S&P Global Platts

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THE WEEK In Numbers

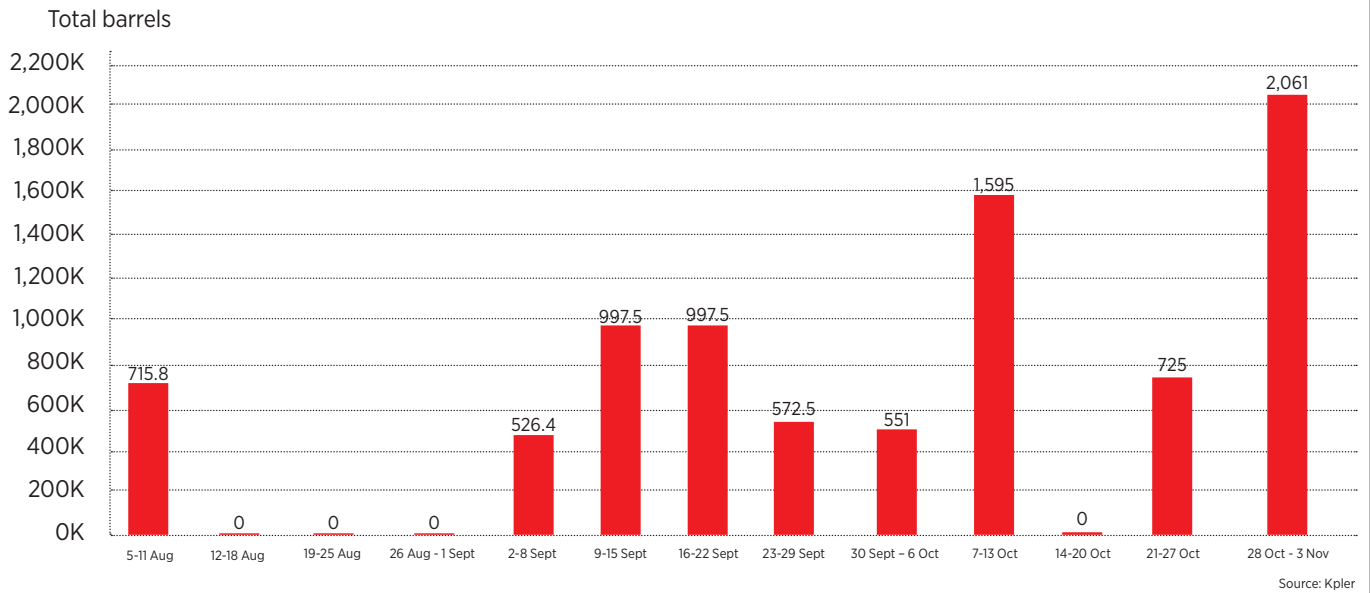


Weekly Average Oil Prices

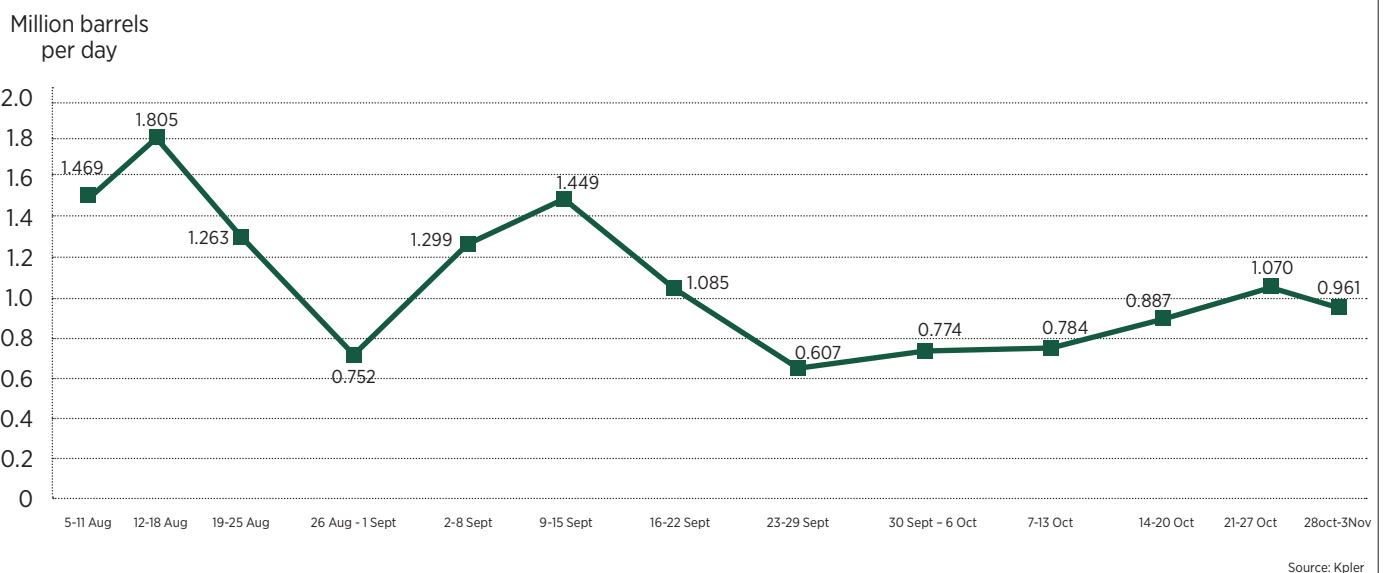
Brent Crude:	\$63.34/bbl
WTI Crude:	\$56.93/bbl
DME Oman:	\$62.56/bbl
Dubai:	\$59.89/bbl

Time Period: Week 2, November 2019
Source: IEA, OilPrice.com, GI Research

Weekly Imports of Heavy Sweet Crude into Fujairah



Total Refined Product Exports from the GCC to Asia-Pacific



AN EXCLUSIVE GULF INTELLIGENCE INTERVIEW

OPEC+; WHATS THE DEAL?

“The direction of where and when that balance occurs in the market is coming.”

H.E. Suhail Al Mazrouei, Minister of Energy & Industry, UAE

What will be on the agenda for the OPEC+ meeting in December? Will you discuss another rollover, or something more substantial?

We will have a discussion on both. We will decide what is best for the market. We have been challenged year-on-year to take proactive decisions and we have been able to move forward despite the diversity of OPEC+. In December, we are expecting all member countries to come with their government’s endorsement. The group, including Russia and non-OPEC, has been very active in meeting and showing solidarity. The continuation of these efforts is what the market needs.

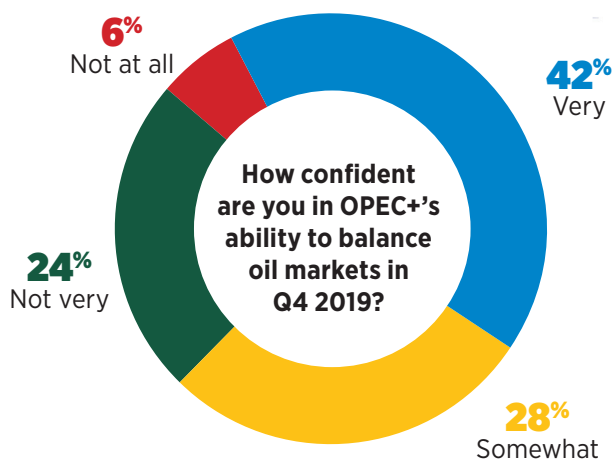
What is OPEC+’s view on the US-China trade war? How has this affected the predictability of supply-demand patterns?

We are seeing a conversion on the dialogues between the US and China where we are getting some clarity. But of course, it is not up to us but to the two countries to decide. This is one element out of many affecting the market. Supply and demand are what we control – not the politics. Hopefully, in the future, oil supply and demand will be clearer. The direction of where and when that balance occurs in the market is coming.

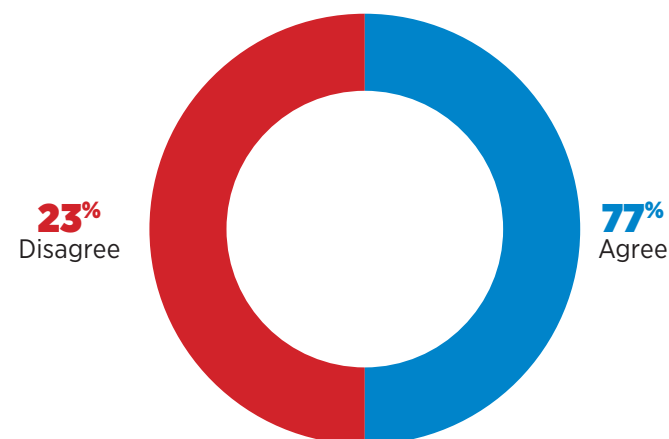
Will OPEC+ decide to rollover its agreement through to Q1, 2020? Is there a need for deeper cuts?

The answer is, I don’t know. All options are on the table.

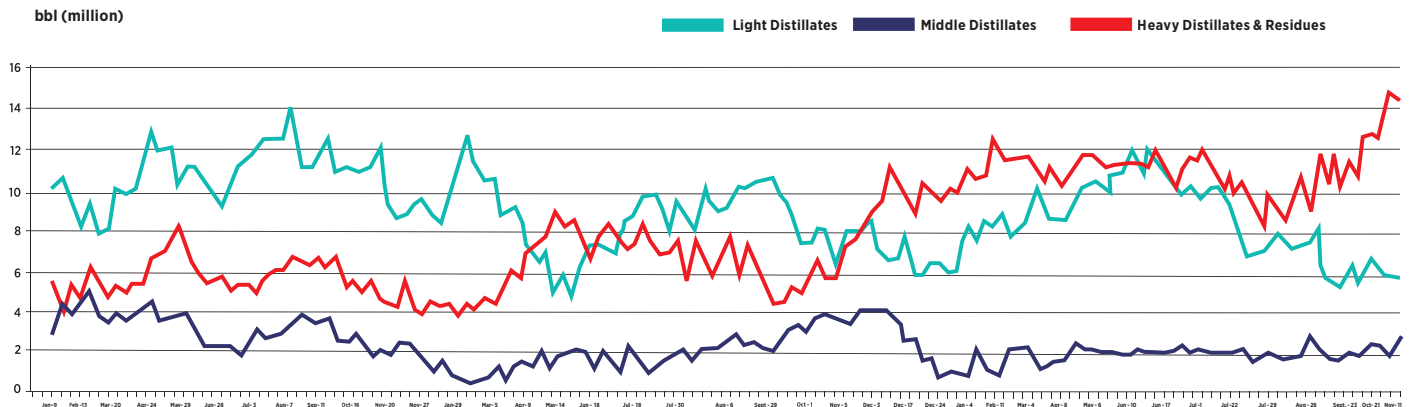
**Edited transcript
Source: At ADIPEC 2019*



OPEC+ will need to make much deeper supply cuts at its December meeting if they want oil prices to average near \$70/bl in 2020.



Fujairah Weekly Oil Inventory Data



As of Monday, 11 November, total oil product stocks in Fujairah stood at 22.851mn barrels. Stocks fell by 491,000 barrels week-on-week. Overall product stocks fell by 2.1%, with draw downs in the light and heavy distillate stocks, offsetting a build in middle distillate stocks.

Stocks of light distillates fell by 322,000 barrels, reflecting a fall of 5.4% week-on-week. Total volumes stood at 5.601mn barrels. Gasoline cracks have risen in recent days to a point that was uncommon going into the year-end period, sources noted. "The gasoline market is currently very strong right now, which is

seasonally unusual," a source said. Despite higher outflows from China, steady demand from the Middle East and India were factors lending support to the East of Suez gasoline market. The FOB Singapore 92 RON gasoline crack against front month ICE Brent was assessed at \$10.49/bl on Tuesday, a rise of \$3.08/bl week-on-week.

Stocks of middle distillates rose by 4.7%, adding 144,000 barrels to stand at 3.234mn barrels at the start of the week. The East of Suez gasoil market was seeing some downward pressure on the back of healthy supplies coupled with middling demand, sources

said. Overall, rising outflows on a combination of higher exports from India and China, as well as annual destocking, has left the market comfortably supplied, sources added.

Stocks of heavy distillates fell by 2.2%, falling by 313,000 barrels on the week to stand at 14.016mn barrels, the third week on record they have stood above 14mn barrels, since stock reporting began at the start of 2017. Market participants continued to shift focus towards lower sulfur residual material, with premiums for 0.5% marine fuels continuing their upward trajectory. The spread between FOB Fujairah

high sulfur fuel oil (HSFO) 3.5% maximum sulfur cargoes and FOB Fujairah 0.5% marine fuel cargoes hit a \$256.79/mt premium on Tuesday, the highest level since assessments of the new marine fuel grade were launched at the start of the year. Shipping sources said Uniper had chartered a Suezmax tanker, the Cap Diamant, to load 130,000mt of fuel oil for a Fujairah-Singapore voyage, loading November 24, at \$1.25mn. Trade sources said the cargo was very low sulfur fuel oil (VLSFO), which would have 0.1% sulfur and likely for use as a blending component for low sulfur fuel oil. Source: S&P Global Platts

Oil Commentary

"I want to talk about Donald Trump..."

Honestly, I just find the guy absolutely fascinating - he is proper box office stuff. Mind you, so was Mussolini, but we won't compare the two. Trump was at it again yesterday, speaking at some club that he probably owns in Manhattan. Let's get something right, this man is the supposed 'leader of the free world.' Markets globally were hanging on his words for some sort of direction on the groundhoggy (thanks for that Bojo, great word) that is the China-US trade deal. Did he offer anything? Not a bit of it. And the market deflated like one of those inflatable tube men outside Tesco's when the power is switched

off. Meewwwwww. Fair enough as well, neither party are in a rush regardless of market pressures. Quite whether we will see some form of agreement regarding "Phase 1", I genuinely think may boil down to if global markets collapse before year end. I think there's a high chance of it and Trump will not want 2020 to start off on bad economic footing when it is election year. Just sticking with Trump a sec, I want to share some of his quotes. This is the leader of the free world remember; that's why I find it so funny/fascinating/amazing. On global warming: "It's really cold outside, they are calling it a major freeze, weeks ahead of normal. Man, we could use a big,



BY MATT STANLEY
SENIOR BROKER
STAR FUELS

fat dose of global warming!". On fighting terrorism: "When you see the other side chopping off heads, waterboarding doesn't sound very severe." On global warming again: "The concept of global warming was created by and for the Chinese in order to

make US manufacturing non-competitive." And my personal favourite on why people should vote for him: "To be blunt, people would vote for me. They just would. Why? Maybe because I'm so good looking." I have to stop it because my sides hurt. Ha! Nobody can argue that under Trump's "leadership", US energy policy has completely shifted. They are now the biggest energy producer in the world and that prize doesn't seem to be going anywhere off the agenda any time soon. The market is still looking at others for direction, i.e. OPEC+, or at least it did. Quite whether people dismiss Trump is anyone's guess. Personally? I think ignore him and the US energy outlook at your peril. Good day.

November 6, 2019

GIO **EXCLUSIVE**
INTERVIEW

“The cost of doing this is going to be instant double-digit billions and that cost will ultimately be borne by taxpayers. Nothing is for free.”

Keith Martin, CEO, Uniper Global Commodities, CCO, Uniper SE

GAS **– The Friend You** **Cannot Afford** **to Ignore**

A gendas are moving forward at a rapid pace. We are talking about a decade before we see substantial change. Not 20 or 30 years – but ten years. I don't see gas and renewables as competitors at all. Without gas, we can't all quickly get to that dream of a low carbon economy. It is absolutely essential. We need sensible policies that encourage gas investment and don't see it as an enemy. Obviously, renewables are going to grow at a fantastic pace, but you also need support for that renewable base – and that's gas. It provides reliable technology. It gives security and flexibility. A world without gas as a bridge in the energy transition is a world that will struggle to have a low carbon economy.

There is a public passion for decarbonization. This has turned itself into a political agenda and it has been instrumental in some of the massive changes that are taking place today. For one, Germany has decided to do nuclear power and wants no coal production from any source by 2025. This is massive as that provides the baseload of energy supply to customers. The cost of doing this is going to be instant double-digit billions and that cost will ultimately be borne by taxpayers. Nothing is for free.

**Edited transcript*
Source: ADNOC Trading Forum, ADIPEC 2019



ENERGY NEWS Highlights



ADNOC's Murban Crude Listed on ICE

Intercontinental Exchange (ICE), an operator of global exchanges, clearing houses and provider of data and listings services, has announced its launch of a new exchange, ICE Futures Abu Dhabi (IFAD). The exchange will host the world's first futures contracts that are based on ADNOC's Murban crude oil.

Source: Gulf News

BP, Total, Shell, Vitol Take Stakes in Abu Dhabi Oil

BP, Total, Royal Dutch Shell and Vitol are among partners in a new exchange to trade Abu Dhabi's flagship oil grade (Murban) in what could become a new price benchmark for 20% of the world's crude.

Source: Gulf Business



Offshore Could Get Major Boost in Southeast Asia

Offshore project sanctions in Southeast Asia could lift greenfield investments in the oilfield services market by nearly 70% in 2020. That's thanks to megaprojects in Malaysia, Myanmar and Vietnam, with new final investment decisions (FIDs) expected in 2021 for Vietnam, Indonesia and Brunei.

Source: Rystad Energy

OPEC's #2 Seizes Market Share After Saudi Oil Attacks

Despite a marginal decline in overall crude oil exports, Iraq has boosted the sales of its crude to top Asian importers China and India since late September. This comes amid confusion over the return of full Saudi capacity after the attacks [on oil infrastructure in September] made other Middle Eastern producers more popular in Asia.

Source: OilPrice.com

Indian Oil Corporation Looking at Russian Crude

State-owned Indian Oil Corporation, the biggest refiner in India, is looking at importing Russian crude to meet growing demand in what is one of Asia's fastest growing economies.

Source: The National

African Oil States Offer New Deals to Lure Investors

Lower prices and increasing competition for investments are driving many African countries to make it easier and cheaper for overseas companies to keep their oil and gas output flowing. From Ghana to Gabon, governments are adjusting terms to lure picky investors who are also increasingly concerned about long-term demand for fossil fuels as renewable energy gains ground.

Source: Reuters

Oil Down on Mixed Trade War Signals

Oil retreated from a seven-week high on Monday, 11 November, as investors weighed mixed signals on the progress of US-China trade talks, while worsening violence in Hong Kong dampened sentiment across financial markets. Futures fell as much as 1.2% in New York, after gaining 1.9% last week.

Source: Bloomberg

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