Fujairah New Silk Road WEEKLY NEWSLETTER

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AN EXCLUSIVE GULF INTELLIGENCE INTERVIEW

Oil Could Peak as Early as 2025

Tim Gould, Chief Energy Economist International Energy Agency (IEA)

All eyes will be on government leaders as they meet in Glasgow at COP26 next month. If we take the pledges made thus far at face value and implement them, the average global temperature at the end of this century will see a rise of 2.1°C. That is still a long way from being compatible with the Paris Agreement – but it does have tangible implications for energy markets. By 2025, we would see demand for oil peak and a flattening in natural gas demand not long after, along with a continued sharp rise in renewable energy deployment. The global economy would continue to grow, but energy demand would flatten out and emissions could fall by 40% by 2050. It is still not enough – but it is a big departure from what we have seen so far.

CONTINUED ON PAGE 3

Fujairah Weekly Oil Inventory Data

5,038,000 bbl	3,529,000 bbl	7,751,000 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

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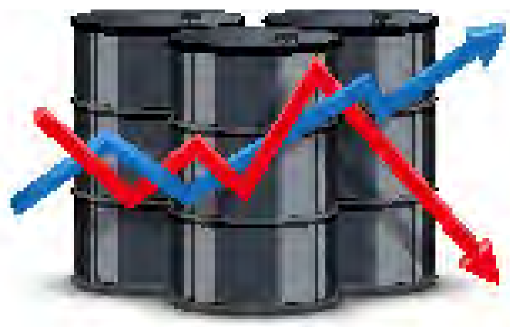
THE WEEK In Numbers



Weekly Average Oil Prices

Brent Crude:	$84.64/bl
WTI Crude:	$82.00/bl
DME Oman:	$82.79/bl
Murban:	$84.05/bl

Time Period: Week 3, October 2021
Source: IEA, OilPrice.com, GI Research

Fujairah Weekly Bunker Prices

VLSFO

High = $627.00/mt

Low = $607.00/mt

Average = $617.00/mt

Spread = $20.00/mt

MGO

High = $772.50/mt

Low = $746.50/mt

Average = $761.50/mt

Spread = $26.00/mt

IFO380

High = $524.50/mt

Low = $508.00/mt

Average = $518.00/mt

Spread = $16.50/mt

*Source: Ship and Bunker, *Time Period: October 12 - October 19*

Fujairah Bunker Sales Volume (m³)

1,752 180cst Low Sulfur Fuel Oil	**541,179** 380cst Low Sulfur Fuel Oil	**129,410** 380cst Marine Fuel Oil
2,215 Marine Gasoil	**28,662** Low Sulfur Marine Gasoil	**4,345** Lubricants

Source: FEDCom & S&P Global Platts

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Tim Gould, Chief Energy Economist International Energy Agency (IEA)

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What can be done to better address the risk of methane emissions?

Tim Gould: This issue is getting more attention. One third of the world's temperature rise since the pre-industrial age is due to methane. Now, while energy is not the biggest contributor, it is a sector that can bring emissions down quickly. For one, the abatement possibilities are reasonably cost effective because we have values associated with the additional gas that can be captured. That value can often be greater than the cost of the abatement measure. The Global Methane Pledge initiative, put forward by the US and EU, is gaining traction in the run up to COP26. We now also have increased monitoring and measuring of methane emissions [in part due to satellites and digitalization] so it is becoming harder for the worst performers to hide. And as ESG criteria and data become more widely available, the finance industry will be asking industry to demonstrate how it is taking all the necessary steps to bring this under control.

Some Tier 1 fossil fuel companies are selling assets, or creating separate entities, to improve their decarbonization rates. Is that a concern?

Tim Gould: Our concern is to get to a safer and more sustainable place for the energy system. Are the entities taking on these assets implementing the necessary steps, like those selling them on? Maybe, but one positive is that the leading international companies can also spread best practices across these joint ventures and partnerships. It is an important way to get the whole industry to up its game.

What are your thoughts on climate funding for developing nations?

Tim Gould: If you exclude China, the amount of money flowing into clean energy in developing economies has been stuck at around $150bn each year. That is nowhere near what is required to meet the growing energy needs of many of these economies. That points to a need for greater international collaboration. For one, there is a role for international public finance to manage some of the risks that are preventing the private sector from getting involved in many of these projects.

Is there a low emissions pathway for these countries?

Tim Gould: Yes, particularly in the electricity sector. But there are also many other aspects – urbanization, industrialization, and the growth of cities across the developing world. This will require steel, cement, plastics, and much more. All these industrial processes are associated with fossil fuels. That is the missing piece of a real low emissions development strategy for many of these economies. We need to be much more focused on those tough questions about the future when we think of the development model that some of these economies will follow. Equal access to finance and technologies has been another dividing factor between advanced and developing economies.

How integral is a carbon price?

Tim Gould: It clearly makes a difference and is one of the key tools, but it takes its place alongside other regulatory and support measures that governments can implement. For example, carbon pricing has not effectively brought in new and innovative technologies in the transport sector, or for residential energy use. There are also questions surrounding the impact of carbon pricing on vulnerable parts of the population.

What should be the focus at COP26?

Tim Gould: There are many measures that can be taken to mitigate climate change that are within the imaginations of policymakers, regulators, and companies today. We can spend this decade bringing costs down to support the large-scale deployment of advanced battery technology and/or hydrogen value chains, for example. In the meantime, there are plenty of other measures that are perfectly cost effective – that we can do much more of.

WATCH FULL INTERVIEW HERE

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ENERGY MARKETS VIEWS YOU CAN USE

Maleeha Bengali
Founder
MB Commodity Corner

IS THERE ANYTHING WHICH CAN PULL THESE MARKETS BACK?

There's a dislocation in asset classes. The macro markets are talking about stagflation and that is a concern. PMI indicators and growth numbers are pointing downward for both the US and Europe despite the surge in gas, coal, copper and oil prices. It's mainly commodities that are rallying in equity markets on inflationary fears. We see 10-year US bond yields threatening 1.6% percent again. But equities should be going lower, not higher. Something's going to snap very fast as the market can't take this high inflationary shock. The Fed is in a bit of a catch-22. They can't print more to get higher growth because they would get more inflation but if they raise rates, that's game over. They're still hoping that this inflation is transitory but it's not looking like that – it's real demand that's taking these commodity prices higher. Right now, the market's all about liquidity. The Fed may be talking about tapering, but they're still buying $120 billion of treasuries every single month and that's holding asset prices higher.

ASIAN REFINING MARGINS ARE AT THEIR HIGHEST LEVEL SINCE JANUARY 2020?

Demand is holding on distillates, with gasoline a bit softer but we're not impressed with Asian demand. Crude import numbers have been stagnating for months now. This rally in oil is basically very macro driven and it's exacerbating the actual physical tightness that's in the market.

US PRODUCTION FINALLY TICKING UP, NOW AT 11.4 MILLION BD?

We don't see it going back to 13 million bd, but people are considering whether to hedge forward production and lock in these amazing prices, which will allow them to give cash back and continue to produce. There's also the debate within the White House on whether to incentivise US producers rather than pressure OPEC+ for more oil.

WHERE ARE WE AT WITH THE US FISCAL SPENDING DEBATE?

The US government has done a very good job in delaying the debt ceiling debate to December for now. The infrastructure bill will all depend on what happens in the equity and macro markets. We know the Fed has two key objectives - employment and inflation. The former is a concern and payroll growth in August and September were disappointing. Their objective has always been to see employment growth return back to pre-Covid levels and thereafter talk about tapering.

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

SPOT RATES FOR COAL AND GAS TODAY ARE NOT AVERAGE PRICES.

These are the peak spot prices underneath of which there is a huge amount of gas being transacted at long-term contract prices and as well as lower spot prices and also gas which is being redirected when contracts have been broken. These headline numbers apply to a small segment of the gas market and that means that the competition between natural gas and fuel prices will kick in soon because oil is also relatively expensive.

DOES OPEC HAVE ANY EXTRA BARRELS TO CHEAT WITH?

We have had systematic overproduction by one or two of the big players and we do have spare capacity. What makes the management of that so easy for OPEC is that it's highly concentrated in the GCC countries. But I don't detect from Saudi Arabia a great desire or offer to release additional volumes, especially if they're seeing that there's no economic crisis at $80 or $90. Overall demand doesn't look very strong. The IMF growth forecast for China in 2022 is at 5.4%, which is low by historical standards. We are seeing the last demand growth centres being eroded. What we also see today is an opportunity for producers to hedge for at least a year out at these prices. Those are the seeds to watch because they could trigger the next down swing, which might be just as volatile as this upswing if it happens on a grand scale.

EQUITY MARKETS DO NOT SEEM CONCERNED ABOUT EXPECTED TAPERING?

It's the only investment in town and what's also interesting is that the segments within it are not moving in unison anymore, which indicates that the rally has some way to go. As far as tapering goes, everybody knows that there is an inflationary threat so the Fed and other central banks - in Japan, the ECB, the BOE - have to scale back their asset purchases. Interest rate increases can also probably be engineered without too much fallout for the equity markets, with inflationary numbers now between 3-5%. If the market does tank 10-20% in the short term, there's so much in the money in the system that it would be a buying opportunity, even with an interest rate hike in the US.

WEEK AHEAD OUTLOOK?

This week is data heavy. We have Chinese Q3 GDP numbers out on Monday and then inflation numbers, both from the UK and the EU. The UK central bank might be the first to announce an interest rate hike.

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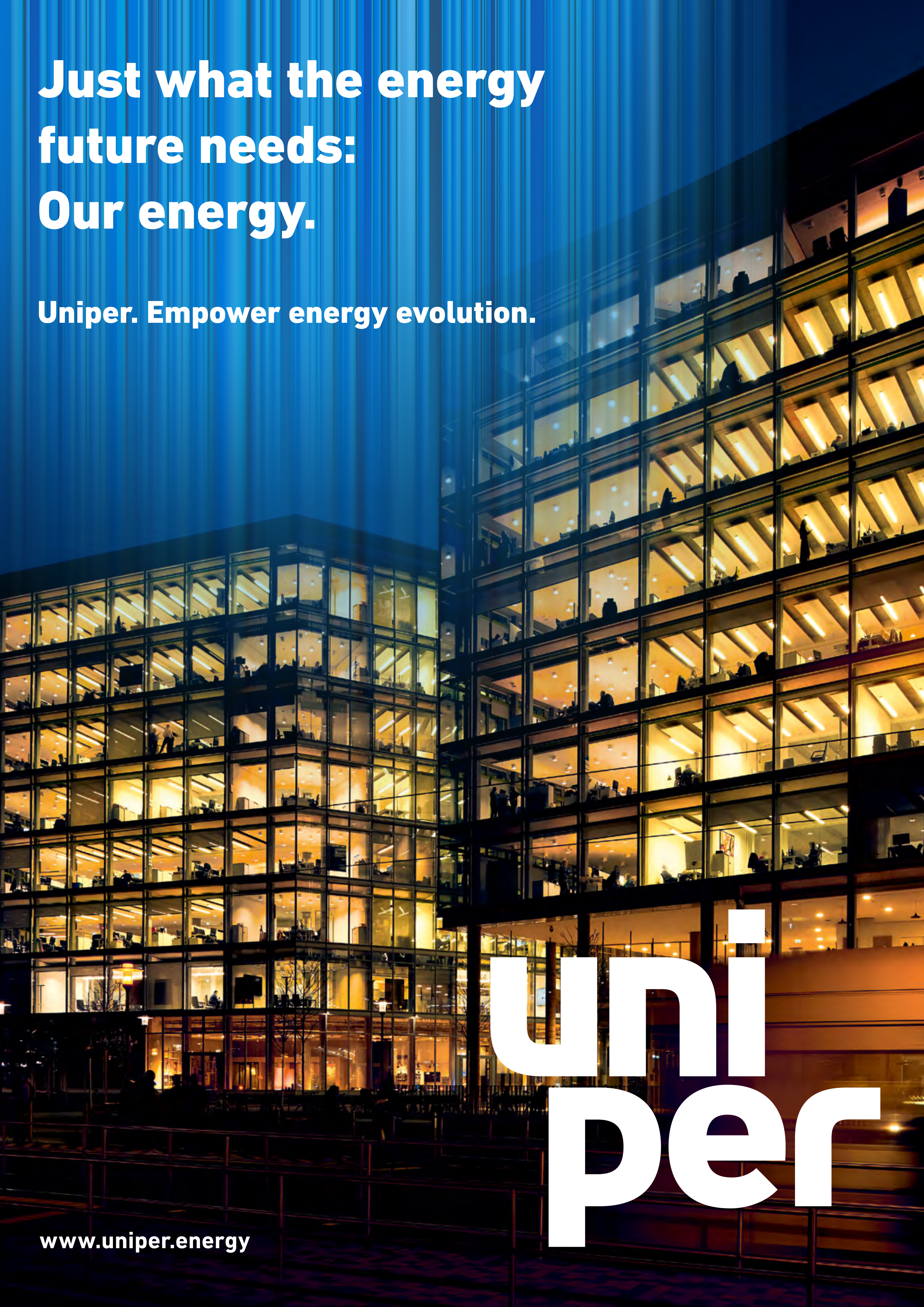
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ENERGY MARKETS VIEWS YOU CAN USE

Amena Bakr
Deputy Bureau Chief & Chief OPEC Correspondent
Energy Intelligence

OPEC+ IS NOT OVERLY CONCERNED ABOUT THE MARKET OVERHEATING AT THIS POINT.
On the contrary, we're hearing that the group is opening up to the possibility of Brent reaching $100 a barrel. I see them continuing with the current policy of easing production cuts by 400,000 bd and no appetite to ease the cuts more than that. OPEC+ states are still trying to make up for losses incurred in 2020.

DOES THE GROUP FEEL ANY RESPONSIBILITY FOR THE CURRENT INFLATION NARRATIVE?
They understand that oil prices impact the world economy, but they also don't see extra demand. Refineries in Asia and the US are not asking for more oil. They want to examine the market fundamentals and the fear is that by 2022 we will get an overhang in supply, so they need to be proactive now.

MIGHT A COLD WINTER PROPEL THEM TO ADD MORE BARRELS?
I don't see them revising stock outlooks for 2022. There's also a lot of focus on the group's spare capacity but some countries can't even reach their current quota and they would have to be compensated by other players like Saudi Arabia and maybe the UAE. Kuwait has huge issues with declining capacity, Nigeria and Libya also have issues and of course, Iran can't export. That is all adding a lot of pressure. There is about six million barrels of spare capacity among OPEC+ members, but that figure can't come to the market very quickly.

WHERE DOES OPEC+ SIT ON THE ISSUE OF ENERGY TRANSITION AHEAD OF COP 26?
OPEC+ states are investing in new energy projects but there are questions around the pace of the transition and how it is managed. The current energy crisis has highlighted that investment in upstream needs to continue in parallel with renewables. It also comes down to affordability - there needs to be a level of transparency with consumers on how much the transition is going to cost.

Victor Yang
Senior Editor
JLC Network Technology

CHINESE GDP GROWTH HAS NOT BEEN THE PRIORITY OF THE GOVERNMENT IN 2021.
The focus rather has been on the resurgence of the virus and restructuring industries around carbon emissions targets. Not every industry or local government has followed these directives on efficiencies, which has included power rationing. So, the central government has taken some drastic measures on that front, and that has impacted power prices.

WHAT'S YOUR EXPECTATION FOR THE SLOWER GROWTH TREND THROUGH Q4 AND INTO 2022?
We expect more slowdown. It's a critical time for the country to further restructure its industries as well as remove small and outdated capacities in the oil industry. Some of those who did not follow the country's legislation on use of imported crude have had quotas cut or even suspended. The oversight on regulation is increasing.

EXPECTATIONS FOR CHINA'S AVERAGE GDP GROWTH NUMBER FOR THIS YEAR?
It wouldn't be surprising if we slide below the target of 6%. In the past, China liked to bolster its GDP numbers, but that's not the case anymore.

ANY IMPACT FROM HIGHER GAS PRICES ON CHINA'S OIL PURCHASES GOING FORWARD?
Last year, China bought lots of crude and independent refiners have actually increased buying slightly in the last two months. China will buy gas for the winter no matter how high prices get because it relies a lot on it for winter heating. It's also started to release coal production capacity to replace some of the shortages of natural gas to make sure there's no shortages in power supply.

WILL CHINA CONTINUE TO DRAW ON ITS CRUDE OIL INVENTORIES?
In the first nine months of 2021, crude throughout jumped 9.4% versus 2019 so we still see an uptrend. It is slowing down temporarily but that doesn't mean crude demand is weakening.

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Fujariah Weekly Oil Inventory Data

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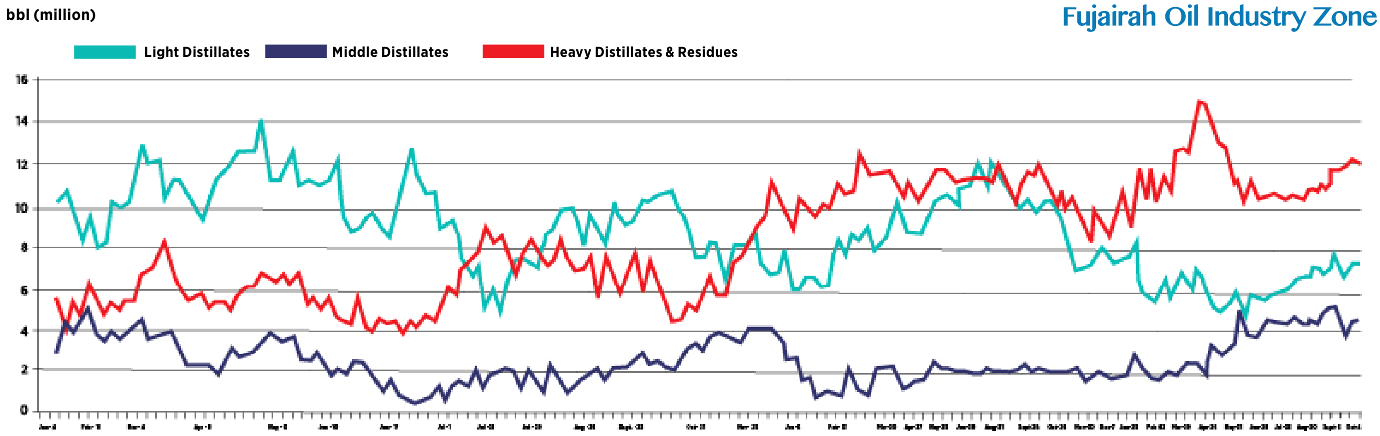

TOP TAKEAWAYS

- Total oil product stocks in Fujairah were reported at 16.318mn barrels. Total stocks rose 634,000 barrels with overall stocks up 4.0% week-on-week. This is a reversal of last week's draw. The total stock build was driven by increasing stocks of middle distillates and heavy residues while light distillates posted a draw.
- Stocks of light distillates, including gasoline and naphtha, fell 975,000 barrels or 16.2% on the week to 5.038mn barrels. Demand recovery was reported in the Middle East and Asia, as more gasoline buy tenders surfaced in the spot market. Indonesia's Pertamina sought two 200,000 barrels parcels of 90 RON gasoline for November, for loading from Karimun/Singapore/Malaysia over Nov. 1-5 or delivery to Cilacap over Nov. 1-10 and state-owned Indian Oil Corp. sought up to 101,000 mt 92 RON gasoline in 3 cargoes with delivery over Oct. 27-28 at SOJ, Paradip, then Haldia, or over Nov. 2-3 at SOJ, Paradip, or over Nov. 3-4 at Chennai, then Kochi. Meanwhile, market sources said PetroChina's Dalian Petrochemical in northeastern Liaoning province will cut product exports in October by 42% on the month to 240,000 mt due to quota shortage and export 80,000 mt of gasoline, down by 54% from last month. In Kuwait, a fire broke out in the atmospheric residue desulphurisation unit at Mina al-Ahmadi oil refinery. "The refinery operations and export operations were not affected and there has been no impact to local marketing operations and supplies to the electricity and water ministry," said Kuwait National Petroleum Company.
- Stocks of middle distillates, including diesel and jet fuel, rose by 941,000 barrels or 36.4% on the week to 3.529mn barrels. This is a reversal of last week's fall of 1.267mn barrels. In Singapore the 10 ppm sulfur gasoil cash differential hit a near 15-month high at the Asian close Oct. 18. The cash differential has almost doubled since the start of the month amid a decline in the number of spot gasoil cargoes emerging from major north Asian supply centers. The cash differential for FOB Singapore 10 ppm gasoil cargoes was assessed up 8 cents/b day on day at a premium of 64 cents/b/ to the Mean of Platts Singapore gasoil assessments on Oct. 18. It was last higher July 22, 2020, at 74 cents/b/, S&P Global Platts data showed.
- Stocks of heavy residues rose by 668,000 barrels or 9.4% on the week to 7.751mn barrels. Spot trading activity at the bunker hubs of Singapore and Fujairah firmed up on the back of a softening flat price, industry sources said Oct. 19. "There were some prompt inquiries as well as good overall demand, but some suppliers were not able to meet the buyers' requirements due to tight barge availability," a trader said. Offers for delivered marine fuel 0.5%S fuel in Fujairah were heard between $615/mt and $630/mt. The lower end of the price range was for product deliverable from Oct. 23 onward. Meanwhile, the same grade was assessed at $613/mt Oct. 19, down $7/mt on the day, Platts data showed. Amid firmer demand for low sulfur fuel oil bunkers, the Fujairah-delivered marine fuel 0.5%S bunker differential against the 380 CST high sulfur fuel oil delivered assessments settled up $3/mt on the day, widening for the second consecutive trading day to a near seven-month high of $118/mt Oct. 19, Platts data showed. The spread was last wider on March 19 at $130/mt, the data showed. "The slight tightness in cargo availability is starting to keep pace with bunker demand, while schedules are quite filled with barging jobs," a Fujairah-based bunker supplier said. Fujairah-delivered marine fuel maximum 0.5% sulfur was assessed $613/mt on Oct. 19. The price in Fujairah matched Singapore which saw its delivered bunkers on Oct. 19 on the same basis assessed at $613/mt.

Source: S&P Global Platts

OIL COMMENTARY

FX

The dollar lost ground against its major pairings yesterday to see the DXY drop -0.2% to 93.734, back at levels last seen a couple of weeks ago. Expectations of rate hikes by other central banks sooner than by the Fed are outweighing the risk-off tone that had boosted the greenback in recent weeks. GBP hit a one-month high against the dollar, with traders buying into the narrative that rate hikes are coming sooner than later after comments by BoE Governor Andrew Bailey. It gained 0.5% to 1.3797 while the Euro added 0.2% to 1.1633. The Yen fell to levels last seen in November 2017 yesterday, adding 0.1% to 114.52.

Equities

East Asian equity markets started the trading day off on the front foot with the Shanghai Composite and the Nikkei gaining 0.7% and the Hang Seng 1.5%. On the other hand, Indian equity markets lost some of their momentum seen on Monday (driven by government assurances over stimulus) yesterday, as the Sensex lost -0.1% and the Nifty -0.3%. Both indices have seen substantial ytd gains however, of 29.2% and 31.7% respectively. European markets were fairly lacklustre through most of the day, before picking up later in the session as strong US earnings started to come in. France's CAC lost -0.1%, but there were gains elsewhere with the composite STOXX 600 and the DAX adding 0.3%, while the UK's FTSE 100 closed 0.2% higher on the day. In the US, there were gains across the board as earnings season continued at a robust clip. The tech-heavy NASDAQ and the broad-based S&P 500 led the charge with a 0.7% gain, while the blue chip Dow Jones climbed 0.6%. All three remain off their record highs set over August and September, however.

Commodities

Weakness in the dollar provided further impetus to oil markets yesterday, as Brent futures climbed 0.9%, to $85.1/bl, while WTI added 0.6%, to $83.0/bl, a seven-year high. Both are ceding some ground this morning but remain at highly elevated levels compared to recent historical averages. API reported that US crude inventories rose by 3.3mn bbl last week, which would be the fourth week in a row that stockpiles have climbed if confirmed by the official data later today.

Source: ENBD

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ENERGY MARKETS COMMENTARY WEEK IN REVIEW

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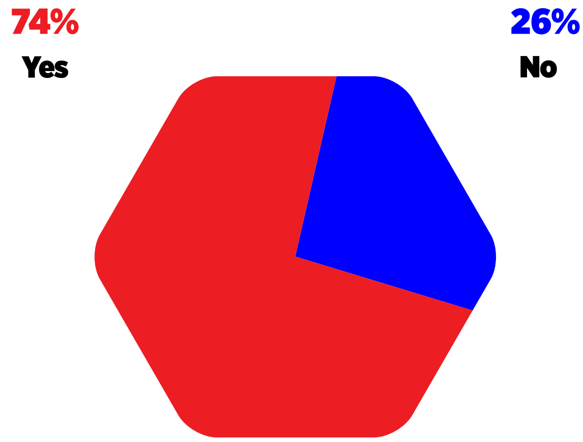
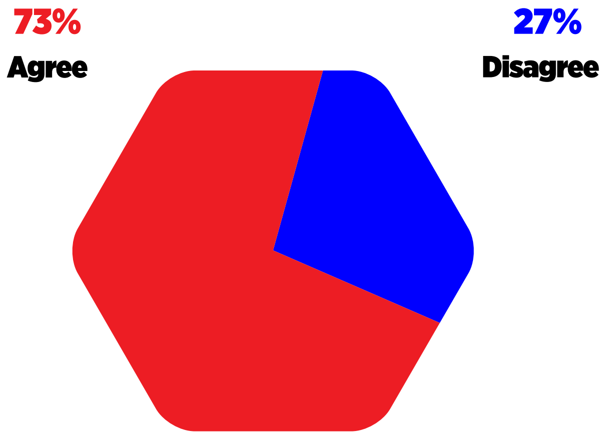
GIQ Weekly Surveys

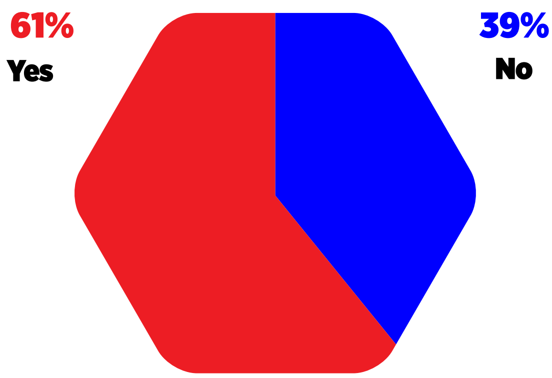
Will Brent crude oil break $90/bl in Q4 when demand is expected to exceed supply on average by 1mn b/d?



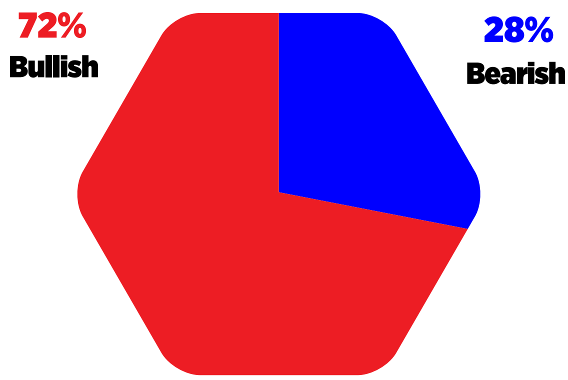
China Economy slows down but oil prices rise because Global demand still exceeds global supply?

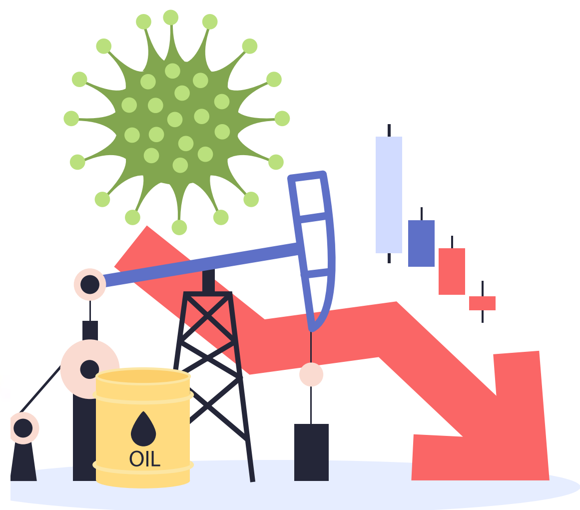


Does the US Fed need to redefine its employment & inflation targets to allow it to be more hawkish?



Expectations of rate hikes by other central banks sooner than by the US Fed is causing the Dollar to weaken -- will that be bullish or bearish for oil prices?





Source: GIQ

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"I like to be a bit controversial, but the rush to net zero, this space is going to have dire consequences. Energy is the most important commodity for human development. People can't do without it. Under risk, we see that the costs are going to be high, we're going to be hit by the economic cycle of low investments and high prices."

– H.E. Sheikh Mohammed bin Khalifa Al Khalifa
Minister of Oil, Bahrain

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trading

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Fujairah Spotlight

Surging Oil Demand sees VLSFO Prices Surpass $600 for First Time Since the Start of the Pandemic

Oil prices are beginning the week on another hefty rise, following eight weeks of gains. Brent increased by 0.97% in early trading to $85.68 a barrel on the December ICE contract. WTI was up by 1.36% to $83.40 in the November Nymex market, the highest figure seen since 2014. In Rotterdam, the price of VLSFO is now $606 per ton and in Singapore it stands at $ 622 per ton. February 2020 was last time VLSFO prices were in the $600 per ton territory. Analysts at Norwegian shipbrokers Lorentzen & Stemoco noted today that as VLSFO prices march ahead, prices for high sulphur fuel oil are starting to lag, reopening the spread in the fuel types. In Fujairah, for example, the delta is over $100 per ton."That will comfort shipowners with scrubber installations able to save some $6,000 a day on VLCCs laden with crude consuming about 60 tons per day," the analysts suggested

Source: Sharjah24

Fujairah Ruler Receives Arab-Brazilian Chamber of Commerce President

His Highness Sheikh Hamad bin Mohammed Al Sharqi, Supreme Council Member and Ruler of Fujairah, received Osmar Chohfi, President of the Arab-Brazilian Chamber of Commerce (ABCC), and his accompanying delegation, at Al Rumaila Palace. During the meeting, they discussed ties between the Emirate of Fujairah and ABCC and ways to enhance them. His Highness Sheikh Hamad listened to a detailed explanation on the work mechanism of the chamber and its partnerships with Arab countries. Mohammed Saeed Al Dhanhany, Director of the Emiri Court of Fujairah; Fernando Igreja, Brazilian Ambassador to the UAE, and other officials, attended the meeting.

Source: Sharjah24

Fujairah Finance Department Signs Strategic Agreement with JAGGAER to Enhance Purchasing Operations

JAGGAER and The Finance Department for Fujairah Government in cooperation with Fujairah E-Government has officially announced a new seven-year partnership during a signing ceremony which took place today at GITEX Technology Week 2021. The partnership will see the government department transform their sourcing and supplier management processes through the implementation of JAGGAER's source-to-pay platform, JAGGAER ONE. The intuitive platform will enable better sourcing decisions, faster cycle times, and streamlined data processes for enhanced collaboration and supplier relationships through capabilities including electronic sourcing and supplier and contract management. Sheikh Mohammed bin Hamad bin Saif Al Sharqi Director, Fujairah E-Government Department, said: "JAGGAER's SaaS-based source to pay solution was the ideal fit for our requirements and aligned perfectly with our business strategy.

Source: Emirates News Agency

Fujairah-Based Rumailah Farms Partners up with the Luxury Destination Miramar Al Aqah Resort

Rumailah Farms, the Fujairah-based enterprise committed to providing the UAE's east coast with access to high quality, nutritious, and delicious dairy products, and Miramar Al Aqah Beach Resort, one of Fujairah's favored premium luxury hotel destinations, signed a new partnership to take the market by storm. During the elegant partnership ceremony between Rumailah Farms and Miramar Al Aqah Beach Resort on September 30, it was agreed upon for the former to supply the resort with its luscious dairy products. Following the successful partnership between Rumailah Farms and other local resorts including Address Hotel + Resorts and Al Bahar Hotel & Resort, the General Manager of Rumailah Farms Abdullah Taleb highlights the significance of these new partnerships saying: "Miramar Al Aqah Beach Resort is yet another reputable establishment that we've had the pleasure of expanding our network to. The value of establishing strong bonds with local businesses is of the utmost importance to us."

Source: Emirates News Agency

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GIQ EXCLUSIVE SOUNDINGS

Oil Remains Near Multi-Year as Coal Crunch in China Persists

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
- Peter McGuire, Chief Executive Officer, XM Australia
- Henning Gloystein, Director - Energy, Climate & Resources, Eurasia Group
- David Rundell, Author, "Vision or Mirage, Saudi Arabia at the Crossroads
- Dr. Carole Nakhle, Chief Executive Officer, Crystol Energy
- Mike McGlone, Senior Commodity Strategist, Bloomberg Intelligence
- Bill Spindle, Council on Foreign Relations, International Affairs Fellow in India

Omar Najia, Global Head, Derivatives, BB Energy
"In the short-term, the maximum pain is to the upside. I think things will keep pushing up. However, I think we are at the tail end of this rise. It is always difficult to pick a top or bottom. You have to wait for the market to show you."

Peter McGuire, Chief Executive Officer, XM Australia
"The huge uptick that we saw when oil prices were in the early $60s/bl took everyone by surprise. The market has put $20/bl on top of this over the last few months. The momentum has just been one-way traffic."

Henning Gloystein, Director - Energy, Climate & Resources Eurasia Group
"We are fairly concerned about the situation in China. If it's just Evergrande then it's really not that big of a problem. However, if there is contagion and a breakdown in trust between construction and real estate companies active in China, then that could have a serious impact."

David Rundell, Author
"Vision or Mirage, Saudi Arabia at the Crossroads"
"What is happening now is a long-term cyclical trend. The last 40 years have seen a decline in inflation rates. I think now we are going to see a long-term shift towards higher inflation rates for a variety of reasons."

Dr. Carole Nakhle, Chief Executive Officer
Crystol Energy
"It all boils down to what OPEC decides to do. At the moment, I don't see them revising their plans. Historically, when OPEC decided to open the taps, it was due to political pressure or demand destruction."

Mike McGlone, Senior Commodity Strategist
Bloomberg Intelligence
"We need to understand how we got here. It all started with coal issues in China which kicked over to natural gas and then trickled up to crude oil. There's a big problem with China. You can't be bullish with commodities when you see China cutting its RRR rate and demand within the country is slacking."

Bill Spindle, Council on Foreign Relations
International Affairs Fellow in India
"You have this situation where producers are looking down the road to next year and worried about stagflation. They are seeing decelerating economies. They are not interested in easing up the market at the moment and would rather err on the side of higher prices."

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GI Consultancy Intelligence Publishing

ENERGY MARKETS FORUM NEW SILK ROAD LIVE

GI Consultancy Intelligence Publishing

TOP 10

OCT 17th - OCT 20th

MARKET OBSERVATIONS FOR THE WEEK

1. Financial markets have already baked in that tapering will start soon as Central Banks need to tighten excess credit liquidity -- the real question now is how fast interest rates will come into focus.
2. Russia sitting pretty as the big winner of 2021 with rally in oil and gas prices -- one wonders how many bitcoins they have?
3. China slowdown likely to continue through Q4 and don't be surprised to see GDP growth for 2021 falling below government target of 6%.
4. Oil markets could be topping out as signs of demand limitations will start to appear once dislocations are straightened out.
5. Further upside on crude prices seen but remaining in $80/bl-$90/bl range and not hitting $100/bl by year end, checked by consumer pain threshold.
6. US Fed needs to play catch up quickly, with inflation galloping away on supply chain shortages and strong commodities, and 2022 threatening softer year for economic growth.
7. Saudi Arabia and Iran talks going nowhere, with Iran unwilling to change nuclear and regional proxy policies. Sanctions and economic stress not altering its approach.
8. OPEC+ doesn't see it as their responsibility to tackle inflation when all other actors are priming the pump of the global economy.
9. COP26 will deliver a big message to Oil consuming countries that fossil fuels are in the final days -- how they react will determine the date of peak oil demand?
10. Expectations of rate hikes by other central banks sooner than by the US Fed is causing the Dollar to weaken -- this will likely be another bullish engine for oil prices!

Independent Oil Storage Services

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