SEPTEMBER 22nd 2022
VOL. 129

Fujairah New Silk Road WEEKLY NEWSLETTER

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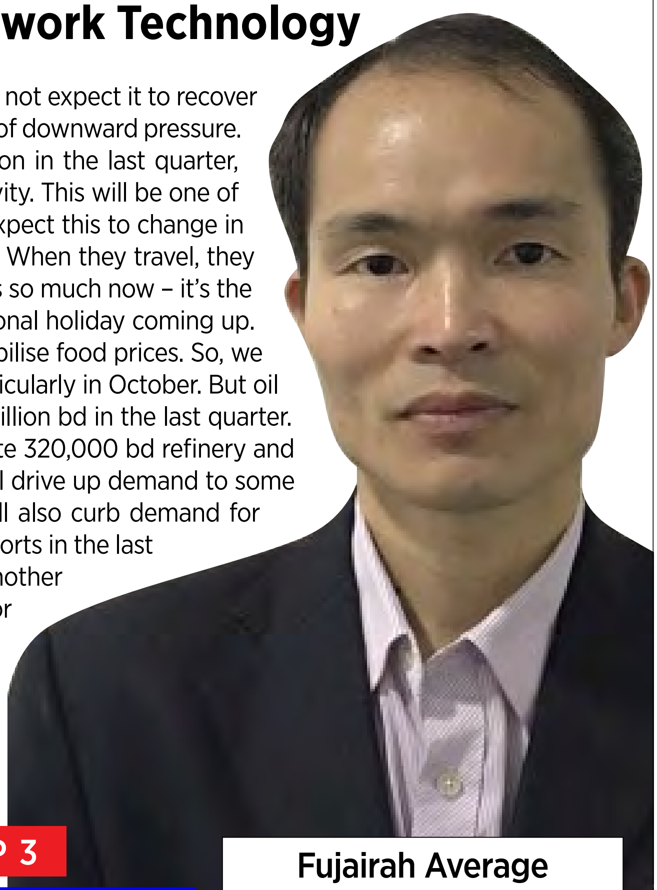
EXCLUSIVE INSIGHTS /// ACTIONABLE INTELLIGENCE /// DATA TRENDS /// LATEST NEWS

China's GDP Growth to Fall Short of 5% Target in 2022

Victor Yang, Senior Editor, JLC Network Technology



We are seeing quite slow economic growth for this year, and we do not expect it to recover significantly in Q4 because the Chinese economy is still facing a lot of downward pressure. What China is now trying is to stimulate infrastructure construction in the last quarter, such as by building dozens of railways and other construction activity. This will be one of the main drivers in the last quarter. As for Covid policy, we don't expect this to change in the remaining part of this year. People are used to this policy now. When they travel, they just need to have a nuclear acid test, so they don't worry about this so much now – it's the new normal. We expect a lot of people to travel for the 7-day national holiday coming up. Consumption of food is also rising, and the country is trying to stabilise food prices. So, we are expecting a pickup in economic activity in the last quarter, particularly in October. But oil imports will remain largely stable at the current level of about 10million bd in the last quarter. We do have two new refineries coming online in October - a private 320,000 bd refinery and PetroChina's 400,000 bd refinery in Guangdong Province. This will drive up demand to some degree but the high stockpiles in most state-owned refineries will also curb demand for crude oil. And that's why China is talking about larger products exports in the last quarter. It was rumored last week that the country could release another batch of oil product export quotas, possibly another 10 million or even 15 million metric tons. This caused quite a lot of concern amongst other Asian refiners in the market who have benefitted so far this year while China has kept a tight lid on exports. But now, they are worried, particularly for diesel, because it could cause a surge in supply and so could cause prices to plunge. The latest news is that this quota is still under discussion.

CONTINUED ON P 3

Fujairah Weekly Oil Inventory Data

6,475,000 bbl	2,985,000 bbl	12,548,000 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
$3.62 - 4.38/m³

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

THE WEEK In Numbers

Weekly Average Oil Prices

Brent Crude:	$90.01/bl
WTI Crude:	$83.98/bl
DME Oman:	$91.61/bl
Murban:	$92.66/bl

*Time Period: Week 4, Sept 2022
Source: IEA, OilPrice.com, GI Research

Fujairah Weekly Bunker Prices

VLSFO

High = $719.50/mt

Low = $686.00/mt

Average = $708.50/mt

Spread = $33.50/mt

MGO

High = $1,338.00/mt

Low = $1,195.50/mt

Average = $1257.50/mt

Spread = $0.00/mt

IFO380

High = $449.00/mt

Low = $427.00/mt

Average = $434.50/mt

Spread = $22.00/mt

*Source: Ship and Bunker, *Time Period: Sept. 14 – Sept. 21, 2022*

Fujairah Bunker Sales Volume (m^3)

528 180cst Low Sulfur Fuel Oil	549,205 380cst Low Sulfur Fuel Oil	142,548 380cst Marine Fuel Oil
1,607 Marine Gasoil	29,530 Low Sulfur Marine Gasoil	4,869 Lubricants

Source: FEDCom & S&P Global Platts

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CONTINUED FROM PAGE 1

"In the past, Chinese independent refiners were disclosing receiving Russian cargoes, but now they are telling us not to do that"

Victor Yang, Senior Editor, JLC Network Technology

Why is China not importing more Russian crude given the discounted price?
August data shows that China imported crude from only 20 sources, and Saudi Arabia surpassed Russia again as the top one. Imports from Russia in fact dropped. And that's because Chinese refiners and traders are becoming more worried about being sanctioned by the US because the relationship with China has been deteriorating. The US is trying to decouple from China, and this is impacting China's economy and will continue to do so in the future. More and more companies, both US and Chinese, have been sanctioned by each other. In the past, Chinese independent refiners disclosed receiving Russian cargoes, but now they are being told not to do that. This is a new trend and will limit the imports of Russian crude in the future.

Will China's stimulus plans be at a scale that energy markets will pay attention?
The investment in infrastructure has been down this year, even in railways. Before 2020, the investment in railways was over ¥800 billion per year but it dropped in 2020 and even further in 2021. So far this year, it has dropped again to about 740 billion, but the government now wants to try and keep it at a level of 800 billion, so they are ramping up investment in the last quarter. Usually, Q4 is also the peak season for construction because temperatures cool down. So, we do expect this to stimulate the economy and to drive up oil demand to some degree too.

Outlook for final GDP growth for 2022?
Average growth for 2022 will probably end much lower than the 5% target we started with. I think it would be great to have about 3%. But the lower figure is not just because of Covid policy. It's also due to other geopolitical tensions, such as those between China and the US and other parts of the world like Europe. Also, the country's push to upgrade its industrial structure with green energy has led to slower growth. With the Chinese economy now facing a lot of pressure, that upgrade is sort of being slowed down, so that might help drive up the economy and stimulate consumption in the last quarter.

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ENERGY FOR LIFE

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Energy Markets Views You can Use

Vandana Hari
Founder & CEO
Vanda Insights

India's Oil Demand Numbers Looking Strong
Russia has been the biggest crude supplier to China for the past couple of years, but it was not the case with India. India hardly bought any Russian crude until last year, but now it imports substantial volumes of at least 700,000 to 800,000 b/d. From January to August, demand was about 4.7 million barrels per day, which is 9% up year-on-year. The continued flow of discounted Russian crude to China and India, apart from benefiting these two countries, has been critical in maintaining the balance of supply in the world. If these two countries weren't taking in that incremental oil, and more Russian production was locked in, what kind of prices might we have seen today?

Asia, Except China Steady on Post-COVID Recovery
The divergence between how the Chinese and the Indian economy are faring in terms of post-COVID recovery has probably grown this year. India has been on a completely different path with the economy looking up - becoming the fifth largest economy by GDP. This year, the GDP growth is expected to be 7% year-on-year. The other two major economies in the region - Japan and South Korea – are steady and continuing to recover.

Supply Dynamics after December 5th EU Russian Oil Embargo
Another interesting dynamic that is developing around the continued Russian discounted supplies which might grow as the EU proceeds to completely ban imports on December 5th is the nearly 1.3 million b/d of crude that is still flowing into Europe will also be looking for new homes. It is also worth noting is that Iran has been reported that it had stockpiled a lot of oil in Asia, hoping that the restoration of the JCPOA will proceed and it will be able to unleash all that oil into the markets. It has been apparently offering $5 to $7 discount to Russian crude, to China just a bit due to be able to push its oil into the country.

Ole Hansen
Head of Commodity Strategy
Saxo Bank

Correlation between equity markets and commodities?
The correlation is there because the stock market is trying to price in a further economic deterioration than the one we have seen already because we have not seen any major setbacks yet. But early next year, we may see the US economy come off the boil. That is also potentially sowing the seeds for the recovery in the stock market because perversely, right now the stock market is reacting negatively to the strong data and positively to weaker data because of the impact on the terminal rate, which is currently priced in close to 4.5% in the US by March next year. The question is what kind of economic impact it will have? I see that growth will slow down going forward. It remains to be seen whether that is going to translate into a weaker oil price because the supply side remains equally challenged. Demand is going to be weaker and will continue in the coming months.

China will not stay locked down forever.
A recovery in demand from China will add some additional input to the upside or at least add some support to the price. They have an economic growth situation that is deteriorating, and they want to get that back on track. There will be some parts that will be commodity-intensive and will require energy. This is one leg of the equation that could start the fire and provide some underlying support to oil prices.

The dollar is key.
Some of the risks on and off the markets recently are driven to a large extent by the dollar moves. Getting a more balanced view on where interest rates are going could be a trigger for some dollar weakness. I see the dollar remaining strong into the winter months, but some weakness would be in our forecast for next year.


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Fujairah Spotlight

UAE celebrates Sheikh Hamad's 48-year legacy as ruler of Fujairah

September 18 marks the anniversary of His Highness Sheikh Hamad bin Mohammed Al Sharqi, Supreme Council Member and Ruler of Fujairah, assuming the role of the ruler of the emirate. He succeded his late father, Sheikh Mohammed bin Hamad bin Abdullah Al Sharqi. Sheikh Hamad carried on his father's legacy of serving his country, building the nation and developing its foundations in all sectors, making the people and their prosperity his ultimate priority. This anniversary marks an important occasion in the history of the UAE and the emirate of Fujairah; it tells a history full of dedication, giving and responsibility, and shows a track record full of local and global achievements that have contributed to strengthening the UAE's position as one of the world's most developed countries.

Source: Khaleej

August bunker sales climb 2.9% on year to 3-month high

Ship fuel sales at the UAE's Port of Fujairah, the world's third-biggest bunkering hub, climbed 2.9% in August on the year even after floods disrupted operations. Total sales were 728,287 cubic meters, 8.7% higher than in July, according to data on the Fujairah Oil Industry Zone website. Heavy rain and floods at the end of July disrupted operations through early August as refueling operations for bunker barges were mostly hampered and upstream cargo suppliers ceased terminal operations, thus limiting product availabilities for downstream bunker deliveries.

Source: S&P Global Global Commodity Insights

Fujairah Ruler receives Ambassadors of Singapore, Türkiye; Consul-Generals of Kuwait, Algeria, Netherlands

H.H. Sheikh Hamad bin Mohammed Al Sharqi, Supreme Council Member and Ruler of Fujairah, today held separate meetings at his palace in Al Rumaila Palace with Kamal R Vaswani, Ambassador of the Republic of Singapore to the UAE, and Tugay Tuncer, Ambassador of the Republic of Türkiye to the UAE. H.H. Sheikh Hamad also had separate meetings with Ali Salem Al Thayedi, Consul-General of Kuwait in Dubai; Mahmoud Mohammadi, Consul-General of the Democratic Republic of Algeria in Dubai; and Dr. Carel Richter, Consul-General of the Kingdom of the Netherlands in Dubai and the Northern Emirates. The Ruler of Fujairah welcomed the diplomats, wishing them good luck and success in their missions. During the meetings, joint relations in various domains between the UAE and their countries were discussed.

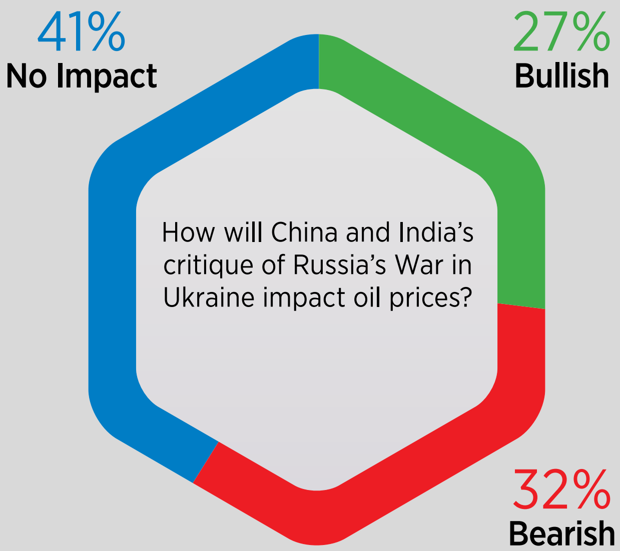
Source: Emirates News Agency-WAM

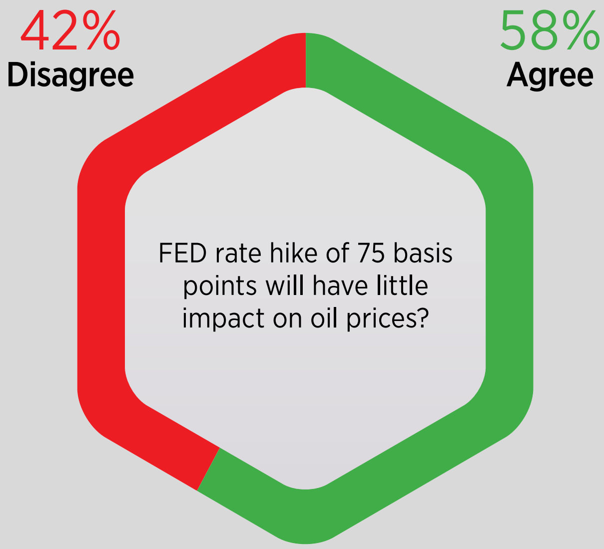
Fujairah Airport & YASA Dubai announce tie-up for Qatar football World Cup fans

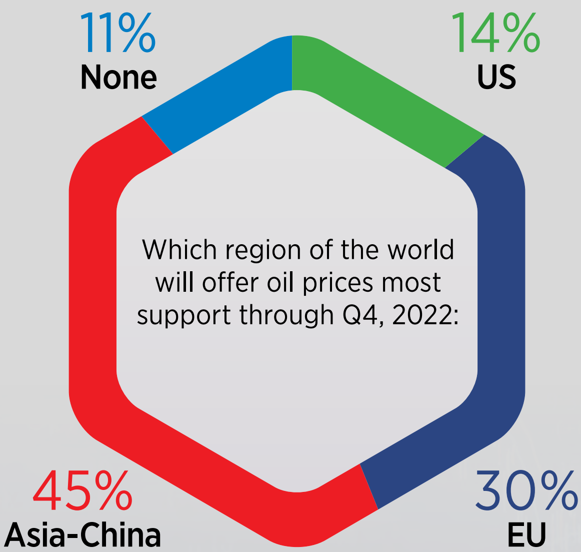
YASA Dubai - a leading project management company - has signed a strategic partnership with Fujairah International Airport that involves exclusive hospitality packages for football fans to fly on chartered aircraft from Fujairah International Airport to Doha, Qatar, for the football World Cup tournament (November 21-December 18, 2022).

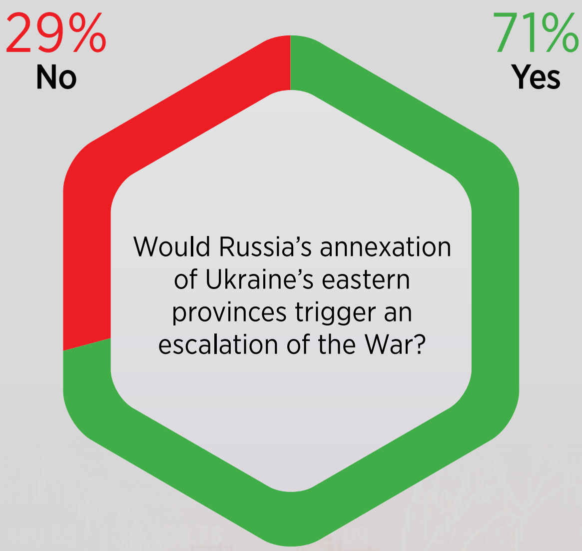
Source: Zawya

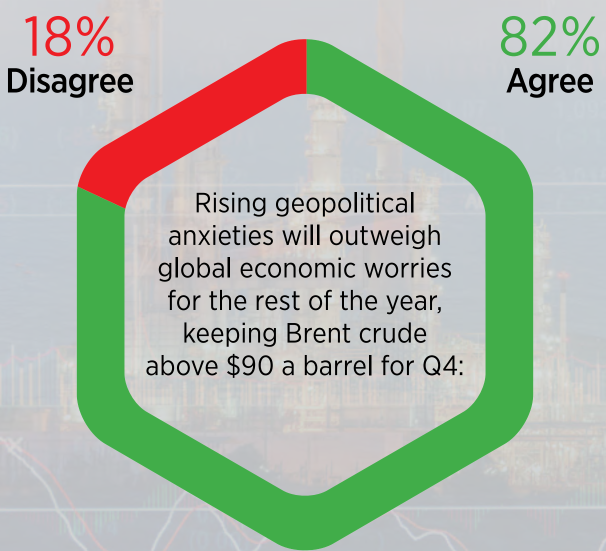
GI Weekly Surveys











Source: GI Research March 2022

Energy Markets Views You can Use

Sara Vakhshouri
Founder & President
SVB Energy International

Iran Deal Far-Fetched at this Point
Is it politically worth for the US at this time to become more flexible to the Iranian demands regarding the JCPOA? At the end of the day, the question is, how much Iranian oil will come to the market given the political sensitivities near the US midterm elections for Biden -- would the US government entertain the idea of offering temporary waivers to European countries to import Iranian oil? The statement of the energy minister of Saudi Arabia is very clear that if the prices start going down, OPEC is going to cut back production, and many countries supported that. This has reduced the impact of Iranian oil on the market and prices because OPEC countries are ready to cut back production if Iranian oil is out and prices start declining. The amount of oil that the Arab Gulf is using domestically for power generation during the cooler winter is less by about 850,000 barrels per day. They can add that to global supplies.

We Forget Russia's Nuclear Influence
Russia is no longer a huge oil exporter now as it was in terms of volumes and there are arguments that the long-term lack of investment is going to hurt Russian oil and gas production capacity. But Russia has a huge and strong influence in nuclear, as they process 40% of the nuclear fuel cycle. As the world uses more nuclear power, Russia and China's influence is going to strengthen even more. With the European Union announcing and recognizing nuclear energy as green energy, many countries now are looking at nuclear as a major component of energy transition and energy security.

Adi Imsirovic
Senior Research Fellow
The Oxford Institute for Energy Studies

Oil Price Cap is not Going to Work
My view is that the price cap pushed by the Biden administration aims to water down the European sanctions that will kick in on December 5th. The sanctions on Russian exports in terms of not giving them the ability to use Western insurance services would hurt Putin very badly. I think the Biden administration is worried about it. They don't want a strict policy that would reduce the flow of Russian oil. They want low oil prices. If you put a ceiling on a price, you will have a lot less supply and a lot more demand. Russian crude becomes legitimate at prices that are 30% below the market. Of course, everyone will want it. How on earth do you allocate it? Who allocates it, and who gets it? China and India are currently getting the 30% discount anyway. Why would they agree to get a slightly bigger discount on very limited supplies?

Oil Fundamentals not Looking Great at all
Overall, things do not look particularly good other than the geopolitical situation. To underline, I was following the front end of the market and in July, physical front Brent was trading $10 above forward Brent. Currently, it is trading a dollar below. We have a lot of Nigerian cargoes that are trading $12 or more premium. Now they are trading about $7or $8 below that. There's still a looming recession in the Western world, including China. There are a lot of other economic problems in China other than lockdowns. There is also the subprime situation. In terms of US financials, a poll has shown that majority of top economists in the US believe that for interest rates to tame inflation, it will have to go up well above 4%, while most of them said 5%. That's double where we are right now. So, the economy will slow down. The reason we are seeing the oil market where it is, despite of the geopolitical issues, the cold winter coming, and everything else, is the fear of demand destruction and a recession especially in the Western world.

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Fujairah Weekly Oil Inventory Data

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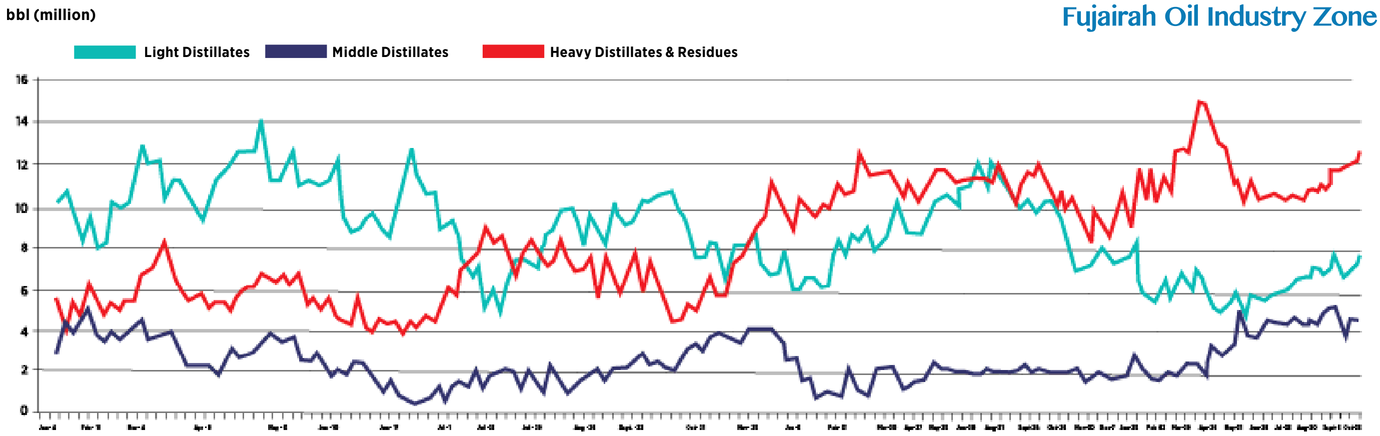

TOP TAKEAWAYS

- Total oil product stocks in Fujairah were reported at 22.008 million barrels, with a draw of 1.442 million barrels, or 6.1% week-on-week. The stocks movement saw draws for light distillates and heavy residues while middle distillates posted a build.

- Stocks of light distillates, including gasoline and naphtha, fell by 886,000 barrels or 12% on the week to 6.475 million barrels, their lowest level since late July. The East of Suez gasoline complex was under pressure as expectations that China's oil product export quotas for the fourth quarter could be up to the 10 million-15 million mt range were impacting sentiment in the market. In Saudi Arabia gasoline inventories fell 2.8% month on month to 3.55 million mt in July, Joint Organization Data Initiative data showed, despite domestic demand falling 5% over the period to 1.78 million mt following the end of Eid al-Adha festivities in July. The kingdom's gasoline exports declined 20.7% during the period to 784,112 mt.

- Stocks of middle distillates, including diesel and jet fuel, rose by 292,000 barrels or 10.8% on the week to 2.985 million barrels. The East of Suez gasoil complex was steady as market participants await the confirmation of China's oil product export quotas. In Saudi Arabia's gasoil exports fell 2.80% month on month and 2.07% on the year to 2.92 million mt in July, the latest data from the JODI. The month-on-month dip in gasoil outflows from Saudi Arabia, which snapped a three-month uptrend, came on the back of a seasonal uptick in domestic consumption, which could have reduced the availability of barrels for export. Gasoil consumption in Saudi Arabia was recorded at 2.50 million mt in July, the strongest level seen since pre-pandemic times, when it was last higher recorded during July 2019 at 2.62 million mt, historical JODI data showed.

- Stocks of heavy residues fell by 848,000 barrels or 6.3% on the week to 12.548 million barrels. Fujairah bunker sales data for August emerged showing a total of 728,287 cubic meters of bunkers were sold through the month. This is the second highest level on record since bunker reporting data has been published at the start of January last year. A total of 549,733 cubic meters of low sulfur fuel oil was sold last month reflecting a rise of 31,097 cubic meters month on month. In the high sulfur market a total of 142,548 cubic meters of high sulfur fuel oil was sold in August, reflecting a rise of 30,325 cubic meters month on month. There has been an uptick in demand for high sulfur bunker fuel in the Port of Fujairah which has seen larger stems sought by ships recently, sources noted. Fujairah delivered marine fuel 0.5%S bunker was assessed at $695/mt on Sep 20, reflecting a rise of $15/mt day on day. In contrast delivered marine fuel 0.5%S bunker in Singapore was assessed $5/mt lower than Fujairah at $690/mt on Sep 20, also reflecting a rise of $15/mt day on day.

Source: S&P Global Platts

Commodities

Oil prices dropped overnight in response to the aggressive messaging coming from the Federal Reserve. Benchmark futures reversed an earlier spike in response to the news that Russia was partially mobilizing its armed forces with Brent future closing down 0.9% at USD 89.83/b and WTI falling by 1.8% to USD 82.94/b.

FX

The Fed's hawkishness along with heighted geopolitical risk helped the US dollar soar overnight with the DXY index hitting a record level. EURUSD dropped by more than 1.3% to 0.9837 as the ECB is unlikely going to be able to match the Fed's assertiveness on policy while GBPUSD fell by nearly 1% to 1.127. Both currencies are extending their losses in early trade today. USDJPY has also pushed higher, up by 0.2% overnight to 144.06 with no change expected from the Bank of Japan today.

Equities

US markets slumped on the back of the hawkish messaging from the Fed yesterday. Both the Dow Jones and the S&P 500 lost -1.7%, while the NASDAQ dropped -1.8%.

Source: Emirates NBD Report

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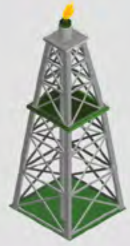
& PRODUCTION



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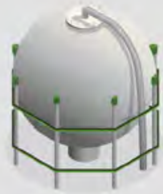

STORAGE
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Today, we continue to look for new and innovative ways to maximize the value of our resources, pioneering those approaches and technologies that will ensure we are able to meet the demands of an ever-changing energy market, and continue to have a positive impact on the Sharjah economy for future generations.

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Energy Markets Views You can Use

Raad Alkadiri
Managing Director - Energy, Climate & Resources
Eurasia Group

Russia is Going to be the Big Loser from this War No Matter What!
In energy terms, the lack of leverage that it has and the weakness that has been forced upon it, is evident. It is a vital energy exporter and component of the energy system. But from its gas relations with Europe, and its difficulties in its crude oil having to offer big discounts, this is a Russia that is certainly not looking as strong as it was six months ago. Last week's meeting in Uzbekistan has placed Putin in a rather uncomfortable position. It has made it clearer that this conflict could be more but is also an indication of how much Russia has been cut down in size. Some of the strategic implications of the war is now showing up six months in. And when it comes to China, Russia starts to look like the younger sibling and the smaller and weaker party. Another key takeaway from that meeting is that despite that pressure from Putin, we still see the determination to continue this war which is going to be the biggest problem in the context of some of the battleground events in Ukraine. Ukrainian forces are making progress. What I am seeing is a longer-term conflict on the ground. Russia is certainly not going to be given any face-saving off ramp. On the one hand, it is not one that is willing to give up just yet.

Has the Uzbekistan meeting changed the dynamic from India and China's perspective?
I am not sure it is one that moves the dial, but it is important because it publicly recognized the discomfort that India and China feel. The war puts them in an awkward position as also don't want to align with Western sanctions. Russia has exposed that geopolitical division, and those EU schisms in a way that puts pressure on India and China. India has certainly faced some pressure from Washington and the EU over its purchases of Russian oil. In China's case, it plays into the overall geopolitical competition with the United States. But it is hard to see them stepping away from the inputs of that meeting. It is just not in their economic interests. With oil sitting at present inflationary levels and the benefit of the $30 discounts, they are going to be taken up and moving forward.

Neil Atkinson
Former Head of Oil Markets Division
International Energy Agency

Recipe for higher oil prices
The uncertainty over the onset of the winter weather and Putin's announcement of mobilizing more troops which is a sign of potential escalation in Ukraine will have an even bigger impact than what we have seen so far on the supply of oil and gas. On top of that, we continue to see the EU and others move towards imposing tighter Russian oil sanctions as we get towards December 5th. If there is a ratcheting up of tensions on the ground in Ukraine, and the cold weather early in the winter season, then we have a recipe for severe market tension, and thus higher oil prices.

Is stress coming out of energy crisis in Europe?
To some extent, what we are seeing in gas prices in Europe is like what has happened with oil prices just after the invasion of Ukraine where it shot up to $139 a barrel. Nobody knew exactly what was going to happen, there's an element of a knee-jerk response. But crude oil prices have settled down since, not the products. European economies have done a good job in filling their gas inventories ahead of the winter season, so there is expectation of the heat to come out of the big gas price. At one point one of the major European economies had an energy equivalent basis of $600 a barrel. Until recently, it was still well over $450 a barrel for gas. So, they are coming down a bit, but prices are still sky-high.

Product prices have been very dramatic.
We have seen jet fuel prices on an equivalent basis, close to $300 a barrel earlier this year and diesel prices at very elevated levels. Why is that? Because globally, there is pressure on refining capacity. This has been highlighted during the summer by the United States. We should not overlook that there is pressure on this too and that raises more questions about investments.

Energy Markets COMMENTARY

WEEK IN REVIEW

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Energy Markets Views You can Use

Yesar Al-Maleki
Gulf Analyst
Middle East Economic Survey

OPEC+ countries miss their oil production quotas for various reasons.
The COVID-19 pandemic had a big impact on upstream investment in many OPEC+ states, and before that member-countries like Iraq and Libya had to contend with political and social unrest; and countries like Iran and Venezuela have been under sanctions and not been able to invest into their own energy sectors. Overall, there were problems in terms of cash flow and at the same time, management issues. Not every NOC has the same level of competence as ARAMCO or ADNOC throughout the OPEC's sphere of countries.

Supply concerns are what drives the market.
Oil producers have argued that investments in upstream oil and gas projects should continue as there is a risk of supply crunch, and thereby high energy prices. Since 2015, the UAE, Saudi Arabia, and other OPEC producers have been shouldering any investment into the upstream sectors in their region. Within the context of the energy transition, Saudi Arabia and the UAE have been promoting a low carbon transition agenda through technologies like carbon capture, utilization and storage, blue hydrogen, green hydrogen, and renewables. They are trying to be technology leaders in this field.

Impact of tightening cycle on Middle East oil producers?
It will depend on each country and how it finances projects. With the Ukraine crisis, there is an emphasis on bringing investments into key capacities, especially gas. For instance, Qatar had brought the gas majors into the north fields east projects which will boost the LNG capacity from some 77 millon tons per year to 110 mn tons per year. There is also a lot of interest in the East Med and North Africa. How are these projects going to be financed? Do they come from the end of season funds, or do they come from investors? In both cases, it all depends on the internal finances of the energy majors that are less entangled on other projects.

Energy Markets Views You can Use

Ali Al Riyami
Consultant & Former Director General of Marketing
Ministry of Energy & Minerals, Oman

Oil price uncertainties will continue until Q1 next year.
The fundamentals are there but demand is not very strong, so it is not surprising to see the oil prices stay in the $90-range. It is not as good as everybody expected as with this kind of situation, we expect the price would be $100, $105, and $110 per barrel. But because there is lack of demand and growth, we see these actions from the US FED and central banks elsewhere tightening the monetary policy to reduce the pressure on the price. In addition to this situation, the war in Ukraine and the Iran nuclear deal, not being there again. So, nobody ´can predict what the price will be next week. We read a lot of reports from everywhere, but nobody is expecting the price to change dramatically. The price range of $85, $92, $95 is reasonable. We will continue seeing this for the rest of this year and maybe the first quarter of next year.

OPEC+ countries missing their quotas?
You need to break down the numbers to see each country and why some of them have failed to fulfill their production quotas, rather than just seeing the big number of 3 million barrels of shortage without knowing the reasons. It's not just because of investment or political reasons, but the fact that the technical capacity is not there for some of these countries. They need to do a lot to be able to meet their quota. I don't believe it will be reduced to 2 million or 1.5 million in the coming months. OPEC will continue having this shortage for the coming three or four months. Regardless, there is no appetite in the market with the growth problems in China and the rest of Asia.

ENERGY MARKET NEWS

1. OIL PRICES SLIP AFTER US INTEREST RATE HIKE ON FEARS FOR DEMAND
2. US DOLLAR IS SHOWING STRENGTH AS A SAFE HAVEN ASSET
3. PUTIN ORDERS FIRST RUSSIAN TROOP MOBILIZATION SINCE WORLD WAR II
4. CHINA SAYS ITS COAL RESERVES WILL LAST FOR 50 YEARS
5. INDONESIA, PHILIPPINES SET TO HIKE RATES FURTHER TO QUELL INFLATION
6. WHY THE WORLD NEEDS TO INVEST IN FOSSIL FUELS
7. RUSSIA ARRESTS HUNDREDS AT ANTI-WAR PROTESTS
8. PROTESTS OVER WOMAN'S DEATH CLAIM MORE LIVES IN IRAN
9. CHINA LEADING RACE TO MAKE TECHNOLOGY VITAL FOR GREEN HYDROGEN
10. US OIL DEMAND IS NOT ANYWHERE NEAR AS BAD AS THE WEEKLY DATA IS SUGGESTING

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- **"CHINA'S ECONOMY WILL STILL FACE MORE DOWNWARD PRESSURES IN Q4!"**

GI Soundings Week in Review

"Oil Prices Find Renewed Support as Geopolitics Trumps Demand Concerns!"

Over the last week, Gulf Intelligence has held high-level interviews with energy experts in the MiddleEast, Asia, Europe, and the US. This intel is harvested from the exclusive briefings.

- **Dr. Carole Nakhle, Chief Executive Officer, Crystol Energy**
- **Vibhuti Garg, Energy Economist & IEEFA Lead India**
- **Walter Simpson, Managing Director, CCED**
- **Omar Al-Ubaydli, Director of Research, Bahrain Center for Strategic International & Energy Studies (DERASAT)**
- **Omar Najia, Global Head, Derivatives, BB Energy**
- **Osama Rizvi, Energy & Economic Analyst, Primary Vision Network**

Dr. Carole Nakhle, Chief Executive Officer, Crystol Energy RUSSIA: "For many, they see Russia winning at the moment because they are benefitting from high oil and gas prices. They did not experience the loss of production that was predicted at the beginning of the war. That has not materialized. The real problem with Russia is not today, but in the longer term as investment has been declining. To see the impact of investment on production, we have to wait a little longer."

Vibhuti Garg, Energy Economist & IEEFA Lead India INDIA: "Inflation has been hitting hard on all the countries and India has been no exception. The country imports more than 85% of its oil and it is huge. So while India benefited from the discounted Russian oil, that amount is very small compared to Europe. Russia has become the third largest oil supplier from ninth only because of commercial reasons."

Walter Simpson, Managing Director, CCED OPEC+: "Neutrality is very important for OPEC+ members because its purpose is to keep the price up, to keep revenues coming into the countries and make sure that those fiscal deficits were corrected. That has been very successful, and they are not going to go away from that. They are trying to keep politics out of it, and thus keeping a relationship with Russia to keep those prices up and take back control of the market."

Omar Al-Ubaydli, Director of Research, Bahrain Center for Strategic International & Energy Studies (DERASAT) OPEC: "Historically, OPEC has been much more about projecting influence and making OPEC's producers feel as though they can hold the West to ransom. But ever since the crash we had in 2014, OPEC is now fixed in a unified way on maintaining oil price stability. I think there's a collective awareness that maintaining some degree of price stability through good management is in everyone's interest."

Omar Najia, Global Head, Derivatives, BB Energy LIQUIDITY: "Credit is going to get squeezed from corporate and government bonds, and even from the consumer banks. They are not lending and trying to reduce their balance sheets. It is all coming. There is this piece from Credit Suisse which said that Germany on its own, leveraged $20bn of Russian gas into $2 trillion of product. That's gone forever."

Osama Rizvi, Energy & Economic Analyst, Primary Vision Network OIL PRICES: "There has not been any considerable report from any agency that sees demand destruction. Why this is important? Oil supplies will fall in the coming months as the EU embargo of Russian oil takes effect – that should trigger another price rally and a shift in sentiment. Oil prices will rise, and for Pakistan and other low- and middle-income countries, it is going to get tough in terms of system management."

Daily Energy Markets

TOP TAKEAWAYS
MARKET OBSERVATIONS FOR THE WEEK
September 18th - 22nd

1. Saudi Arabia's willingness to cut oil supply has removed a lot of the possible benefit from an Iran nuclear deal to push crude prices lower.
2. The continued threat of geopolitics to oil supplies are likely to trump concerns about demand destruction, and so keep prices elevated above $90 a barrel.
3. Everyone forecasting the demise of Europe are going to be so incredibly wrong - in the next months alone we will see the price of natural gas drop by half in Europe.
4. OPEC+ will continue to do all they can to maintain oil market stability because extreme volatility doesn't serve anyone's interests as it seriously discourages Capex investment.
5. The FED's move to raise interest rates by 75 basis points this week will likely have little impact on oil markets.
6. China may increase its diesel and oil product exports to Asia in Q4 as state refineries are holding massive inventories, which could help ease prices across the region and the world.
7. Pakistan, Bangladesh, Indonesia and other low middle-income countries across Asia could face civil unrest over the coming winter months as the perfect storm of record food prices compounds an already challenging period of inflation and strong dollar.
8. Iran may give up waiting for a nuclear deal and commence to sell its 50+ million barrels of floating oil storage at a discount into Asian markets.
9. OPEC+ failure to meet existing production quotas – 3mbd below -- is likely to continue and could get worse through the winter as some countries lack the capital to main current production levels.
10. Iran may struggle to offload their vast armada of floating oil storage without the lifting of sanctions.

ITINERARY

Port of Fujairah

10th Anniversary EMF22 WEEK

ENERGY MARKETS FORUM

October 4th - 6th, 2022 | Novotel, Fujairah

GI Consultancy Intelligence Publishing

DAY 1 - OCT. 4th

What: Port of Fujairah Executive Boat Tour
Where: Port of Fujairah
Time: 2:00pm

What: FOIZ Oil Storage Terminals Industry Tour
Where: Port of Fujairah
Time: 2:00pm

What: The Aramco Trading New Silk Road CEO of the Year Awards 2022
Where: Novotel, Fujairah
Time: 7:00pm

DAY 2 - OCT. 5th

What: Industry Forum - East of Suez Outlook
Where: Novotel, Fujairah
Time: 8:00am - 3:00pm

What: International Energy Journalism Awards Dinner
Where: Novotel, Fujairah
Time: 7:00pm

DAY 3 - OCT. 6th

What: Energy Markets Workshop - Benchmarks
Where: Novotel, Fujairah
Time: 8:00am - 2:00pm

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