

Fujairah

New Silk Road

WEEKLY NEWSLETTER

OCTOBER 24th 2019
VOL. 3

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

AN EXCLUSIVE GULF INTELLIGENCE INTERVIEW

How to Navigate a New Era of US - China Trade War?

Thomas Waymel, President of Trading & Shipping, TOTAL

Moderator: Is there an end in sight for this battle between the world's largest two economies?

Thomas Waymel: We're closer to the beginning than to the end of this trade war, which has in fact been going on for years and hasn't made any decent progress. I don't see any breakthrough in the negotiations now ahead of the US Presidential elections next year.

Moderator: How are Middle East trading and shipping routes being impacted by trade dynamics?

Thomas Waymel: The US and Asia are the two regions most affected, not the Middle East. The US export market for crude and gas now has limitations. Most of the LNG that was destined for China now can't find

a home and this has impacted the price of LNG significantly. There is obviously enough crude supply in the market today and US crude is being redirected to Europe instead of China, while Europe continues to take West African crude. The Middle East has perhaps been benefiting in the short term with more Abu Dhabi and Saudi Arabian crude going to China.

*Edited Transcript

 FULL INTERVIEW HERE

 WATCH VIDEO HERE



Fujairah Average Oil Tank Storage Leasing Rates*

BLACK OIL PRODUCTS

**Average Range
\$3.52 - \$4.10/m³**



↑ Highest: \$4.50/m³

↓ Lowest: \$3.20/m³

*Time period: Weekly

Source: GI Research

Fujairah Weekly Oil Inventory Data

6,769,000 bbl
Light
Distillates



2,718,000 bbl
Middle
Distillates



12,530,000 bbl
Heavy Distillates
& Residues



Source: FEDCom & S&P Global Platts

Insights brought to you by:



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THE WEEK In Numbers

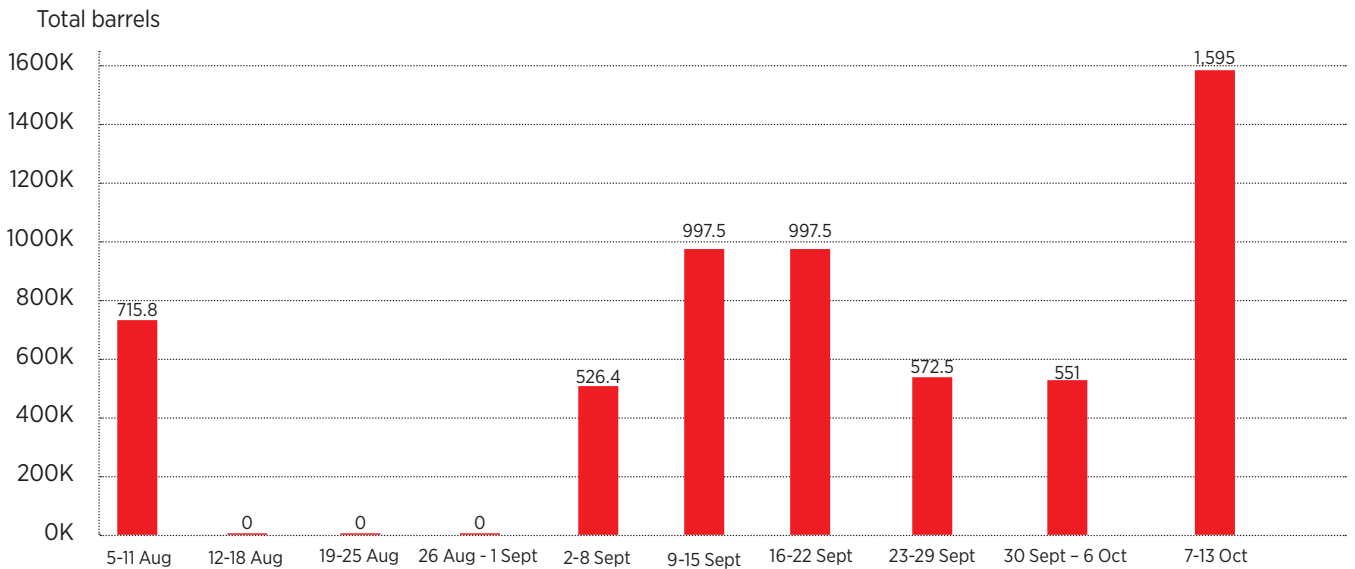


Weekly Average Oil Prices

Brent Crude:	\$59.50/bbl
WTI Crude:	\$53.80/bbl
DME Oman:	\$60.42/bbl
Dubai:	\$57.84/bbl

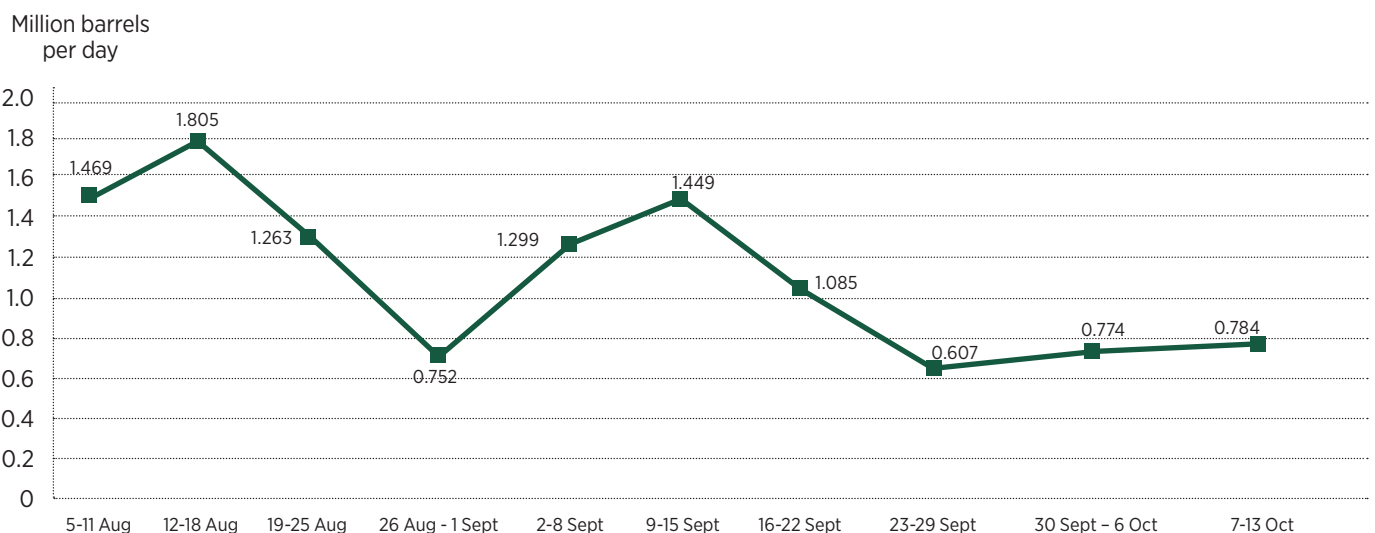
Time Period: Week 3, October 2019
Source: IEA, OilPrice.com, GI Research

Weekly Imports of Heavy Sweet Crude into Fujairah



Source: Kpler

Total Refined Product Exports from the GCC to Asia-Pacific



Source: Kpler



EXCLUSIVE REPORT

Saudia Arabia: The 4th Industrial Revolution
Outlook for Energy, Industry and Minerals

EXECUTIVE SUMMARY

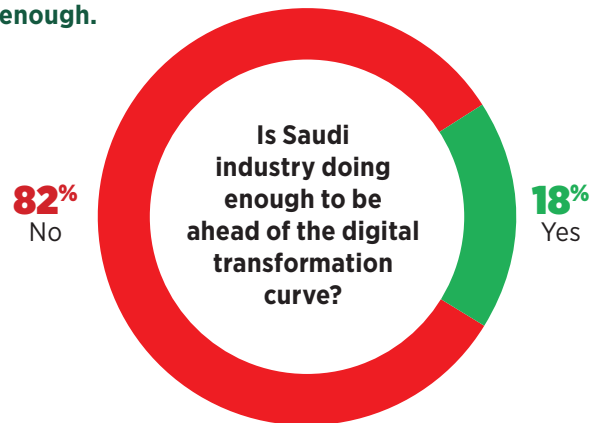
Energy security enables civilizations to thrive, to push intellectual and geographical boundaries. The need for an unshakeable foundation of supply – of fossil fuels and increasingly, renewables – binds us all. Therein lies the relevance of the how the 4th Industrial Revolution (4IR) is unfolding in one of the world’s most successful and influential energy economies: the Kingdom of Saudi Arabia.

INSIGHT

“Our country is witnessing a giant transformation, which requires doubling the size and diversity of the national economy, including the mining sector, to meet the increasing global and domestic demand for energy through the development and diversification of the energy mix. This includes traditional hydrocarbon sources, as well as renewable energy sources and nuclear energy.”

H.E. Khalid Al Falih
Former Minister of Energy, Industry, & Mineral Resources, Kingdom of Saudi Arabia

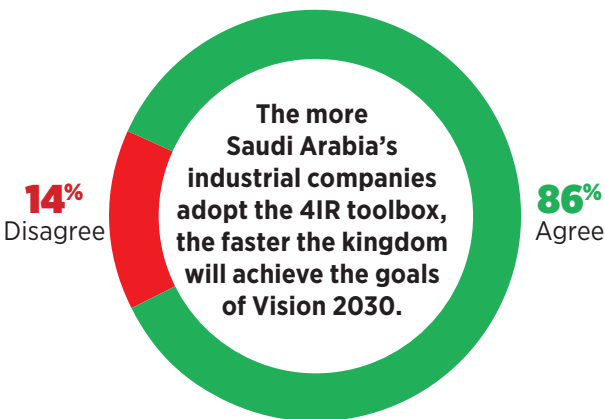
Saudi energy stakeholders understand that speed will dictate success in the 4IR. But less than a fifth of respondents believe the industry is doing enough.



INSIGHT

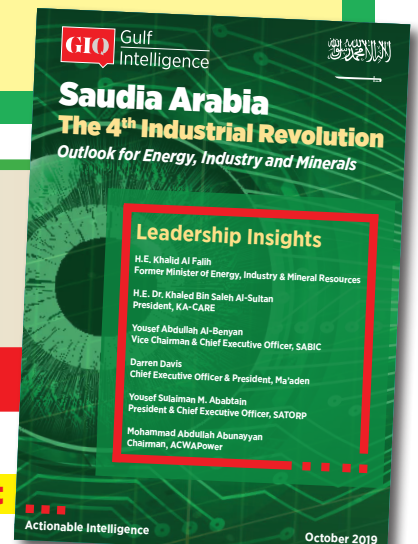
“Today, in Saudi Arabia, we are sitting in a bullet train. You can decide to step on or you can decide to wait, but you will be left behind when it takes off. For me, Industry 4.0 is not an option. You have to take it.”

Mohammad Abdullah Abunayyan
Chairman, ACWAPower



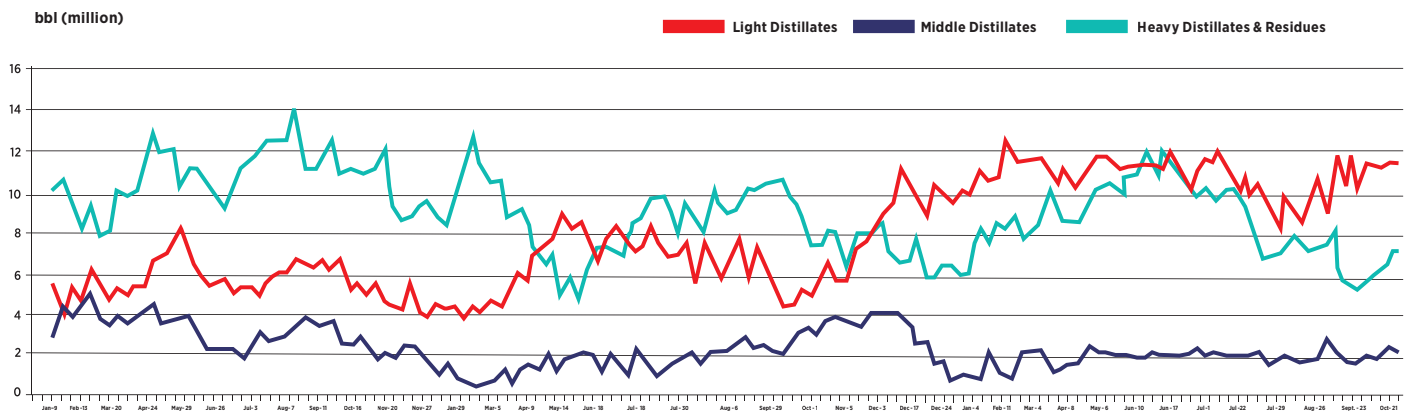
GIQ, a unit within Gulf Intelligence, provides forecasts and advisory services through research and analysis.

[READ FULL REPORT HERE](#)



GIQ must be cited whenever using and sharing information from this report

Fujariah Weekly Oil Inventory Data



As of Monday, October 21 total oil product stocks in Fujairah stood at 22.017 million barrels. Stocks fell by 689,000 barrels week-on-week. Overall product stocks drew down by 3%, a fall across all three product stock categories. The greatest overall decline was seen in light distillate stocks.

Stocks of light distillates fell by 337,000 barrels, reflecting a fall of 4.7% week-on-week. Total volumes stood at 6.769 million barrels. The gasoline market East of Suez continued

to be supported on the back of stronger crack spreads, led by strong US fundamentals. In the Arab Gulf, news emerged that the SASREF refinery in Saudi Arabia will be under maintenance until mid-November. The FOB Singapore 92 RON gasoline crack against front month ICE Brent was assessed at \$7.45/b on Tuesday, standing \$2.29/b lower week-on-week.

Stocks of middle distillates fell by 3.9%, falling 111,000 barrels to stand at 2.718 million barrels at

the start of the week. The gasoil market East of Suez was seeing an uptick in flows into Singapore from India, North Asia and the Arab Gulf. One of the movements from the Arab Gulf was said by market participants to be on VLCC the Nissos Donoussa, however this movement was unconfirmed.

Stocks of heavy distillates fell by 1.9%, falling by 241,000 barrels on the week to stand at 12.530 million barrels. The spread in Fujairah between 380

CST HSFO and 0.5% maximum sulfur marine fuel assessments hit \$236.69/mt on Tuesday – a record spread since the start of the year when 0.5% maximum sulfur marine fuel assessments were launched. Fujairah Oil Tanker Terminals loaded its first bunker barge of 0.5% maximum sulfur marine fuel last Thursday, with the loading done via one of its dedicated bunker barge berths for low sulfur material, sources said.

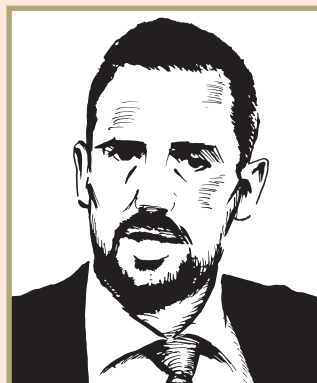
Source: S&P Global Platts

Oil Commentary

“Like that emoji on your phone with the bloke with his hands up in the air looking confused, that’s how the market seems to be reacting.”

Brent is trading this morning at \$59.50/bbl down 0.20 from last night's close and WTI is at \$54.14/bbl down 0.34. This market is about as inspiring as Arsenal's performance against the Blades on Monday night. To say we are stuck in a rut is an understatement. I have been banging on all year about the many, many ambiguities the world currently faces itself with. The US-China trade war, Brexit, tensions in the Middle East, what Trump does next, the relentless drive on environmental matters

(thanks Greta) and myriad of other small issues that have manifested themselves into one big reaction – don't ask me gov. That's how the market seems to be reacting. Like that emoji on your phone with the bloke with his hands up in the air looking confused. My favourite of all the emojis, I hasten to add. However, in times of doubt the market can reach out to one faithful old friend – that old mucker you know, whatever time you need him, he will be there. That friend is, of course, OPEC and their merry band of Cronies. We



BY MATT STANLEY
SENIOR BROKER
STAR FUELS

are getting ever closer to the next meeting in Vienna (early December) and I imagine we will hear and possibly see over the course of the coming weeks some headlines that OPEC “will do whatever it takes” to keep prices at levels above

\$60/bbl. Keep your eyes on those headlines. What else is going on? Well the Energy Information Administration (EIA) data is out later and, according to API, we can expect another crude build on US stockpiles later of 4.45 million barrels. I said last week that with a quite frankly brain spasm on freight costs we have seen over the last month, that not even the looniest of traders would look at buying any crude oil when the cost of freight increased by 300% and there was no movement on flat price or the cracks. So, expect to perhaps see another build next week. Freight has started to flatten out, so I don't see the builds on crude stocks lasting for much longer than a few weeks. BREXIT! Oh wait... Good day.

October 23, 2019

EXCLUSIVE INTERVIEW

IMO 2020



**Chris Wood, Managing Director
Uniper Energy DMCC**

**Moderator: Andy Critchlow
Head of News, EMEA, S&P Global Platts**

Moderator: *Uniper is well positioned for IMO 2020 and for the growth of Fujairah. What are the next steps for the company post-2020?*

Chris Wood: We invested in Fujairah in 2015 with our refinery, mainly to focus on early IMO implementation and for those seeking 0.1% sulfur fuel. We have battled through the low sulfur market for the last couple of years and we are now very focused on 0.5% with IMO 2020 just two months away. We are also building strong relationships with the shipping industry and other supply chain partners, as well as making assets on the ground more competitive and reliable. We expect that the 12-month program to de-bottleneck our units should lead to a 10%-15% increase in production of our existing infrastructure. We want to grow the business beyond the bottlenecking also, in a sustainable manner.

Moderator: *What is particularly appealing about Fujairah given the market you serve and given there are now alternatives in the region, such as the Port of Duqm and Sohar?*

Chris Wood: In identifying where the best place was to invest, we looked at Europe, this region and even out in Asia. We set upon Fujairah because it is a developing energy hub. It's at the midpoint of major bunker demand centers in Europe and Asia, coupled with the fact that our crude comes from Africa. The investment climate in Fujairah is also very encouraging.

*Edited Transcript, Source: MEEPEC, 2019

FULL INTERVIEW HERE



**GIQ TOP 3 Fujairah
TAKES Beyond 2020**

What are Next Steps Required for Fujairah to Achieve 'Leading Global Energy Hub' Status?

1. CREATE AN INDEPENDENT BENCHMARK FOR FUEL OIL

Creating a benchmark for fuel oil by a pricing reporting agency (PRA) would help facilitate the development of a healthy derivatives market and mitigate financial risk.

2. CREATE A PREDICTABLE LEGAL STRUCTURE

A firm legal compass is crucial to Fujairah's ability to enhance local and foreign traders and banks' appetite. A more mature legal structure in Singapore and Rotterdam

provides security of the product on structured transactions and reassures refiners and investors.

3. MARKET FUJAIRAH GLOBALLY

As opposed to relying purely on reputation, Fujairah must proactively go out into the world and market its capabilities as a leading global energy hub. Putting more focus into global marketing will expedite the emirate's goal of reaching an elite status, within the business community, that is similar to Singapore and Rotterdam.

Source: GI Research, Q4 2019



Dear valued customer,

We are delighted to inform you about ADNOC's Marketing, Supply and Trading Forum at this year's ADIPEC, where you will have the chance to hear perspectives from ADNOC and key industry figures on the future of the trading landscape, as well as ADNOC's vision and plans for its Marketing, Supply and Trading Directorate.

The Forum, entitled "Transforming the Trading Landscape: An Unprecedented Opportunity for the Middle East", will take place in the ICC Hall at the Abu Dhabi National Exhibition Centre, on 12th November from 15:45-17:15.

Please do join us for what will no doubt be an interesting and spirited debate, with expert views from our panellists and speakers. Please register your interest by e-mailing ADNOCtradingforum@adnoc.ae. More details and agenda to follow.

ENERGY NEWS Highlights



Malaysian PM Warns of Possible Sanctions Amid US-China

Malaysian Prime Minister Mahathir Mohamad said on Monday that his export-reliant country could be hit with trade sanctions amid the rising protectionism that has been highlighted by the US-China tariff war.

Source: Reuters

Africa's Biggest Crude Producer Remains Stuck on Imported Fuels

Over the past 12 years, Nigeria tried and failed four times to crank up its aging and unprofitable crude processing plants. Now the state-run energy company is giving it another shot that, if successful, could end the nation's reliance on fuel imports.

Source: WorldOil

Oil Tanker Rates to Stay High Until Year-End

Rates to hire oil supertankers are likely to remain very high until the end of the year. This could squeeze the profits of Asian refiners, such as Sinopec, and US exporters, such as Occidental Petroleum.

Source: Financial Times

Uganda Sees Investors Lined Up for Five Oil Blocks by End-2020

Uganda expects to start producing crude as early as 2023. The landlocked East African nation plans to build a pipeline to export its oil through neighboring Tanzania.

Source: Bloomberg

The Pipeline That Could Derail China's LNG Boom

The Power of Siberia pipeline to China could further eat some of the growth in Chinese LNG imports in a few years, when the pipeline starts operations at full capacity.

Source: S&P Global Platts

The End Of the Asian Oil Product Glut

Trafigura expects the Asia Pacific region to have a deficit of refined oil products by 2025, despite the current fuel glut and despite the new refining capacity in China coming online over the next few years.

Source: OilPrice.com

India's Oil and Gas Purchases from US seen rising 42% to \$10bn

India's energy trade with the US is expected rise by more than 42% in the current financial year as the world's third largest oil consumer expands non-OPEC energy sources to derisk oil supplies.

Source: Times of India



Kuwait and Saudi Arabia Agree on Restarting Neutral Zone Oil Production

OPEC members Saudi Arabia and Kuwait have agreed to resume oil production in jointly-operated fields in the Saudi-Kuwaiti Neutral Zone. Production is expected to restart in 30-45 days from October 23, 2019.

Source: Reuters, Bloomberg