

JANUARY 9th 2020
VOL. 11



INSIDE
EXCLUSIVE GI INTERVIEW
CAPT. MOUSA MORAD
MANAGING DIRECTOR
PORT OF FUJAIRAH

Fujairah

New Silk Road

WEEKLY NEWSLETTER

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

“WE ARE BACK WHERE GEOPOLITICS HAS MORE INFLUENCE”

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

Exclusive The 10th Gulf Intelligence UAE Energy Forum 2020

Moderator: John Deferios, Emerging Markets Editor and Anchor, CNN Business News
H.E. Suhail Al Mazrouei, Minister of Energy and Industry, UAE

Moderator: What is your initial response to the recent ballistic missile attacks on two US installations and the influence it can have on oil prices?

His Excellency: Over the past two to three years, geopolitics started to play a smaller role as market conditions and supply and demand took the lead. Now, we are back where geopolitics has more influence. The bigger picture is that oil demand is healthy. The fundamentals that OPEC+ has worked to achieve, which is the balance of supply and demand, remains intact. We are hovering around the five-year average, which was not easy to achieve. We promised that we would achieve this, and we will always work to keep this balance. We don't have control over wars or geopolitics. We have control over how much oil we produce and how much we invest in the industry to ensure that, whether there is war or geopolitical tensions, the world is supplied and we have healthy economic growth.

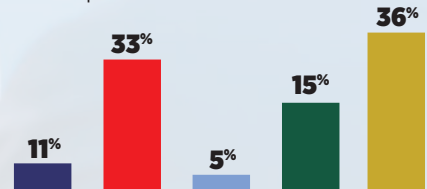
**Edited transcript*

CONTINUED ON PAGE 3



Which of the following will have the biggest impact on direction of oil prices this year?

- A. OPEC+ Output Cuts
- B. US-Iran Tensions
- C. US-China Trade disputes
- D. US Shale oil production
- E. Geopolitics



Source: Survey results were harvested from the input of more than 350 government and high-level energy stakeholders in Q1, 2020

Fujairah Average Oil Tank Storage Leasing Rates*

BLACK OIL PRODUCTS

Average Range
\$3.59 - \$4.04/m³



↑ **Highest: \$4.30/m³**

↓ **Lowest: \$3.40/m³**

*Time period: Weekly

Source: GI Research

Fujairah Weekly Oil Inventory Data

5,886,000 bbl
Light Distillates



3,644,000 bbl
Middle Distillates



11,205,000 bbl
Heavy Distillates & Residues



Source: FEDCom & S&P Global Platts

Insights brought to you by:



Publishing

Thegulfintelligence.com

THE WEEK In Numbers



Weekly Average Oil Prices

Brent Crude: \$67.42/bbl

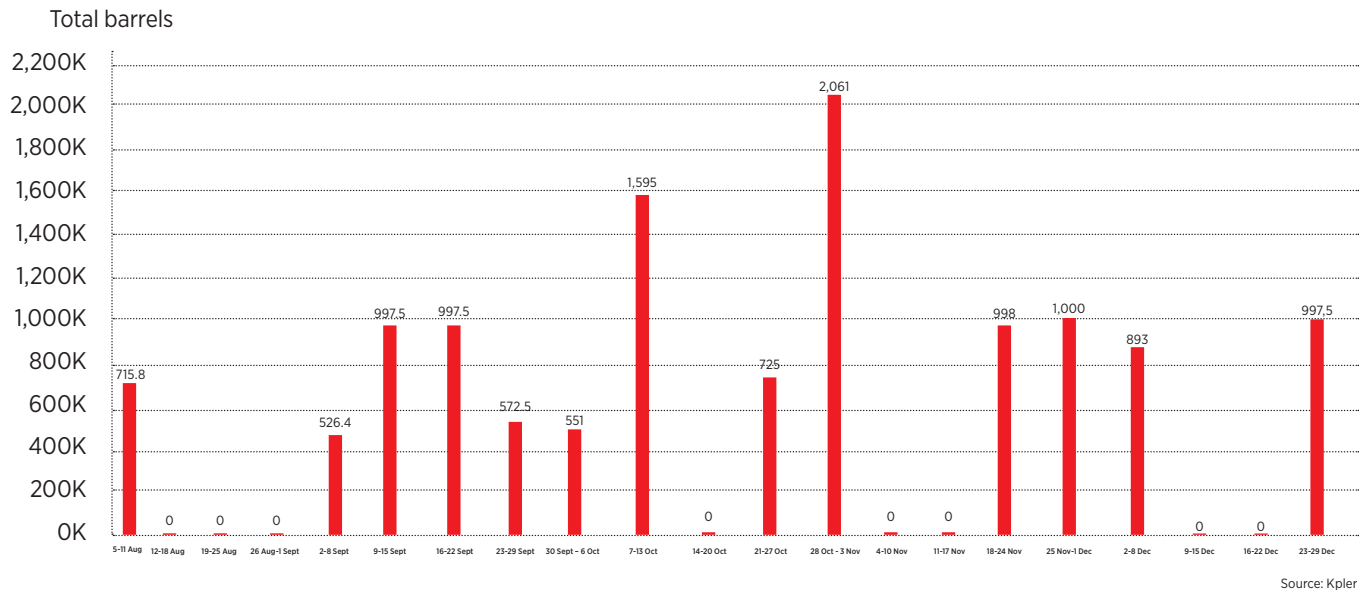
WTI Crude: \$61.73/bbl

DME Oman: \$67.91/bbl

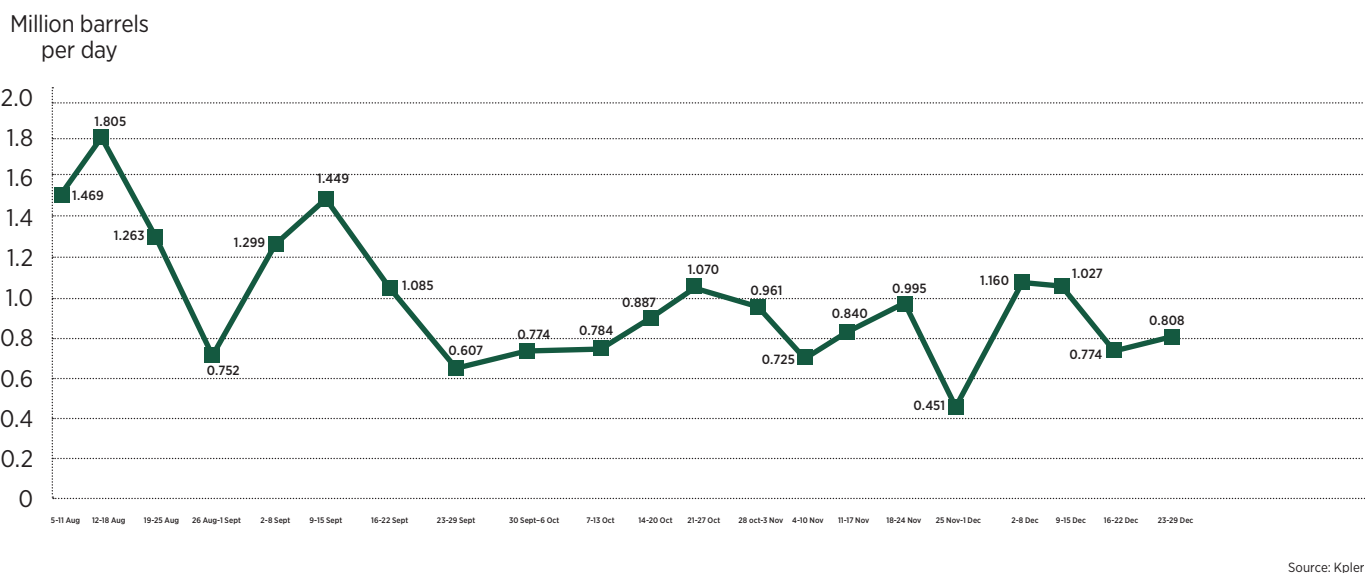
Dubai: \$66.55/bbl

Time Period: Week 2, January 2020
Source: IEA, OilPrice.com, GI Research

Weekly Imports of Heavy Sweet Crude into Fujairah



Total Refined Product Exports from the GCC to Asia-Pacific



Exclusive

CONTINUED FROM PAGE 1



“The Strait of Hormuz is important for the whole world economy. If that supply is cut, I can assure you that every country worldwide will be impacted. The global economy cannot sustain \$100/bl oil prices again.”

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

Moderator: Does the rise of US oil production give the country greater power to make decisions and to be more aggressive in the Middle East?

His Excellency: No, it does not. Peace in the Middle East is one of the areas that the US supports. They have been here, and they have helped with fighting terrorism. The US' role in the Middle East has been positive in ensuring that we do not have extremism. We understand this and we appreciate this. I don't believe the US wants to be more aggressive in the Middle East. But this is a power that is also trying to go beyond the borders of certain countries and trying to affect their neighbors, which is not fair. This will not reassure future generations that they will have a better life. Every country needs to concentrate on what is good for their people and needs to concentrate on building their futures.

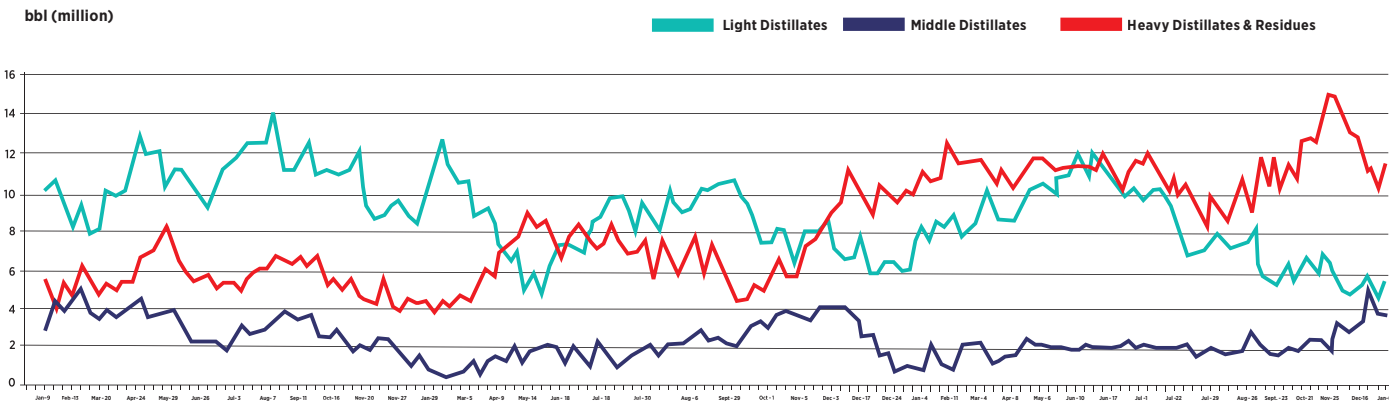
Moderator: How do you convince investors that there will be plenty of supply and that you can protect your assets in the UAE?

His Excellency: We have had wars in the Middle East, as well as war between two OPEC members. During the war between Iraq and Iran, the oil was flowing. We have always been a reliable supplier, here in the UAE, and throughout the GCC. The Strait of Hormuz is not only important for us; it is important for the whole world economy. If that supply is cut, I can assure you that every country in the world will be impacted. The global economy cannot sustain \$100/bl oil prices again.

**Edited transcript*

Source: The 10th Gulf Intelligence UAE Energy Forum 2020

Fujairah Weekly Oil Inventory Data



As of Monday, January 6 total oil product stocks in Fujairah stood at 20.735 million barrels. Stocks rose by 2.167 million barrels week on week. Overall product stocks were up 11.7% on sizable builds across all light distillates and residuels while middle distillates showed a marginal draw.

Stocks of light distillates rose by 1.121 million barrels reflecting a rise of 23.5% week on week. Total volumes stood at 5.886 million barrels.

The East of Suez gasoline market started the year with additional spot supply continuing to underscore weakening fundamentals in the region. Also weighing on sentiment was a possible spike in total US gasoline inventories, expected to have expanded 4.5 million barrels in the week ended January 3, according to analyst polled by Platts.

Stocks of middle distillates fell by 2.1% or 80,000 barrels to stand at 3.644 million barrels at the start of the

week. Gasoil markets East of Suez remained under pressure from higher flows out of China, despite steady demand from India. “The general feel is that despite India still importing, the market expects China exports to be heavy given the higher quotas,” a source said. Traders previously estimated China’s gasoil exports for December at around 1.9 million mt, with some saying that January exports are expected to be higher, at around 2-2.1 million mt.

Stocks of heavy distillates rose

by 11.2%, adding 1.126 million barrels on the week to stand at 11.205 million barrels. Prices for 0.5% IMO 2020 compliant bunker fuel remained well supported in Fujairah, with the spread between HSFO and 0.5% marine fuel continuing to widen. Tuesday saw delivered bunkers for marine fuel 0.5% maximum sulfur in Fujairah assessed at \$760/mt while HSFO 380 CST delivered bunkers were assessed at \$315/mt reflecting a spread of \$445/mt.

Source: S&P Global Platts

Oil Commentary



OUTLOOK FOR 2020

“Demand is what’s going to be key! Supply isn’t an issue.”

MATT STANLEY
SENIOR BROKER STAR FUELS





EXCLUSIVE INTERVIEW

“The outlook for 2020 is positive.”

Capt. Mousa Morad, Managing Director, Port of Fujairah

GIQ: What’s the port’s outlook this year?

Capt. Mousa Morad: There are challenges at the moment in the trading industry, as stated by H.E. Suhail Al Mazrouei, UAE Minister of Energy and Industry, and Khaled Salmeen, Executive Director, Marketing, Supply and Trading at ADNOC. But actions are being taken to overcome them. For example, ADNOC has established two trading segments; one is wholly owned by the company and one is a joint venture between ENI and OMV. Fujairah is the right place to host these trading activities and offers the best environment to do so. Known for its maritime services, Fujairah is the second largest bunkering hub in the world. Plus, we are moving further into storage, oil products trading and crude, with large projects coming online. Fujairah is always investing in its main infrastructure, which gives us an advantage. This also applies to our deep-water infrastructure, barges and facilities.

GIQ: How will oil product benchmarks evolve in 2020?

Capt. Mousa Morad: The outlook in 2020 with regards to developing an oil products benchmark for Fujairah is positive. We have heard from H.E. Suhail Al Mazrouei that ADNOC already has a benchmark for crude, but Fujairah is looking to establish one for products. We have a large quantity of products in Fujairah, so we are working closely with our partners at ADNOC, Saudi Aramco and the Government of Fujairah to establish a way to benchmark them. We will focus on the crude aspect when more volume comes in.

**Edited transcript*



WATCH VIDEO HERE

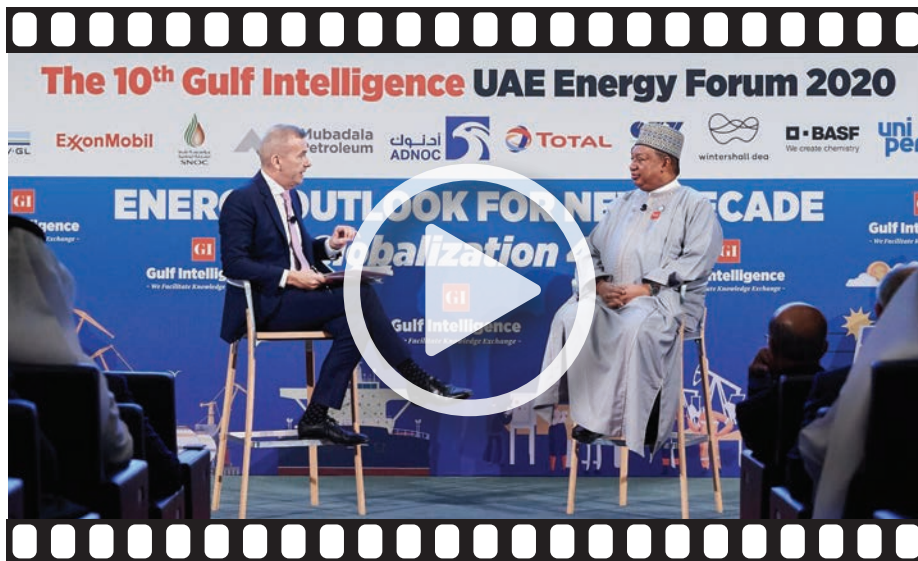
ENERGY NEWS Highlights



OPEC's Barkindo Confident Leaders Restoring Calm in Gulf

OPEC Secretary-General Mohammad Barkindo is confident that Middle East leaders are doing everything possible to restore calm in the region.

Source: Bloomberg



China's Inflation May Hit 5% in January on Oil Spike

China's surging consumer inflation will rise further on the current oil spike, but the jump won't last long and probably won't affect the pace of monetary easing in 2020, according to Citigroup Inc.

Source: Hellenic Shipping News

Oil Falls on Bearish Inventory Data

Crude oil prices fell further after the Energy Information Administration (EIA) reported a crude oil inventory build of 1.2mn barrels for the first week of the 2020.

Source: Oilprice.com



UAE Energy Minister H.E. Suhail Al Mazrouei: 'We Will Not See a War'

The UAE Minister of Energy and Industry said he saw no immediate risk to oil travelling through the vital gateway of the Strait of Hormuz after Iran attacked bases that were housing US forces in Iraq.

Source: Gulf Business



India Unlikely to Face Oil Crisis Even if Iran, US Turn to War

India may not face a crude oil shortage if the tensions in the Middle East escalate (even to a war), as many countries such as Saudi Arabia, Venezuela and other Middle Eastern and Mediterranean nations can assure supplies. However, an increase in prices could affect India's fiscal deficit and consumer price index in the long run.

Source: Business Today

Saudi Aramco Shares Hit Lowest Point

On Wednesday, 8 January shares began trading on the Saudi Tadawul stock exchange at 34 riyals (\$9.06), down 12% from their peak of 38.70 riyals. This puts the stock into technical correction territory. Saudi stocks more broadly were down by almost 1% by mid-morning, slightly paring earlier losses.

Source: CNBC

OPEC December Oil Output Slips

OPEC oil output fell in December as Nigeria and Iraq adhered more closely to pledged reductions and top exporter Saudi Arabia made further cuts ahead of a new production-limiting accord, a Reuters survey found.

Source: Reuters