APRIL 1st 2021
VOL. 69

Fujairah New Silk Road WEEKLY NEWSLETTER

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

AN EXCLUSIVE GULF INTELLIGENCE INTERVIEW

LAUNCH OF NEW MURBAN OIL FUTURES CONTRACT

"IT IS NOW UP TO THE MARKET TO DETERMINE THE VALUE OF MURBAN!"

Stuart Williams, President, ICE Futures Europe, Intercontinental Exchange

We need to think of the ICE Murban oil futures contract in the broader context of what ADNOC is doing -- ADNOC has lifted the destination restrictions on Murban and its other grades of crude oil. They have indicated that it is now up to the market to determine what the value of Murban is, and for their other grades as well for they will be priced at an announced differential to Murban. The new contract will enable the whole market to contribute to the price formation process in determining the right value for Murban and indirectly for the other ADNOC crudes as well. From an exchange perspective, markets provide the ability to manage price risk, to create a valuation for a particular asset, and for firms it provides the ability to allocate capital and to be more efficient in the way they operate their business. We're already talking with Asian refiners, producers and consumers that have a nexus into Abu Dhabi oil, on how they can use this contract to help them manage their price risk, and also be more thoughtful about how they allocate their capital. We would consider it important for the success of the Murban oil futures contract to have a decent forward curve, and absolutely that is one of the key priorities for ICE. One of the things we are doing to deepen the liquidity is inputting the Murban contract alongside Brent and providing the ability to trade the Brent-Murban spread, thereby using the forward liquidity in Brent to help bring some of that liquidity into the Murban contract and start building that forward curve.

CONTINUED ON PAGE 3

Fujairah Average Oil Tank Storage Leasing Rates*

BLACK OIL PRODUCTS

Average Range
$3.61 - 4.38/m³

↑ **Highest: $4.50/m³**
↓ **Lowest: $3.50/m³**

Source: GI Research – Weekly Phone Survey of Terminal Operators

Fujairah Weekly Oil Inventory Data

7,528,000 bbl	3,523,000 bbl	8,236,000 bbl
Light Distillates	Middle Distillates	Heavy Distillates & Residues

Source: FEDCom & S&P Global Platts

ICE Murban Futures: Now Live

The Middle East is a key crude supplier to Asia, exporting more than two thirds of its oil to the region. Sourced from ADNOC's onshore concessions, Murban crude is recognized for its production capacity of around 2 million barrels of high quality crude, representing more than half of the UAE total oil production.

ICE Murban futures brings transparent pricing and a forward curve to participants, establishing a secondary market for the first time. Murban represents a new oil benchmark, with this light sweet crude well-positioned to serve a global market.

Traded on ICE Futures Abu Dhabi, the contract complements ICE's global oil complex of over 600 products covering 47 distinct geographic locations. This provides participants with delivery at the point of consumption, capital efficiency, and inter-commodity spreads between ICE exchanges.

For an overview of ICE Futures Abu Dhabi, product details for Murban Crude Oil Futures, FAQs and other resources, visit: theice.com/murban

Stuart Williams, President, ICE Futures Europe, Intercontinental Exchange

CONTINUED FROM PAGE 1

GIQ What is the outlook for building a forward curve on the new contract?

Stuart Williams The beauty of a futures market is that it is a low cost to entry for trading firms. We're relying on our partners, physical players, and those that have physical exposure to Murban and other ADNOC grades. But equally, we're bringing in the financial community who are very experienced in managing risk across a curve and in bringing those two constituents of the market together around Murban futures.

GIQ Does it matter that the main global financial trading centers are far from the Middle East?

Stuart Williams When we started building ICE 20 years ago, the idea was to bring trusted, local regulatory environments to our customers. ICE is also a globally distributed platform with access. It's about bringing constituents from across the globe together. ICE Futures Abu Dhabi (IFAD) is also based in ADGM, a regulator that is now a known entity across the world. So, for a customer, connecting into the ICE trading platform doesn't really matter where they sit. It is about that global community and that network.

GIQ Do you see the Murban contract as a pricing reference for the East of Suez market?

Stuart Williams That's where we think it fits a gap today - in the lighter and sweeter side of crude. Of course, there are other instruments as well.

GIQ What does success look like?

Stuart Williams At the launch earlier this week, we saw strong interest in the market on day 1 with 6,344 lots traded in the futures contract and 2,510 lots in the related cash settled derivatives. We had strong two-way pricing from the June expiry out to October and trading out to December. Success for us is building from here and building the forward curve, the open interest and ensuring that we have participation that covers the full range of time zones that trade on the ICE platform.

GIQ What would be some tangible examples of that on the ground?

Stuart Williams We want to see greater adoption from Asian refineries. Many of them have not really hedged a lot of their crude imports so far, either because the instruments have not existed or because the pricing of the crudes, they have been buying have been based on one set of OSPs rather than on marketplace pricing. Many of those refiners are becoming more sophisticated about how they think about hedging and about trading.

GIQ Does success also require other regional producers to use this as a reference in their pricing?

Stuart Williams It's not dependent on that, but that would build further success. We believe we can build a successful contract with the ADNOC crudes referencing this contract directly. But of course, we want to grow from there.

GIQ What should open interest look like in a year from now?

Stuart Williams At the very least, we would like to see open interest equivalent to or more than the physical barrels that are going to be priced against the contract.

GIQ Where does this contract intersect with US crude coming into the East of Suez market?

Stuart Williams The additional competition brought by US barrels coming into Asia was one of the reasons markets started to look for alternative options around pricing. Murban is also a similar grade from a lighter and sweeter perspective to WTI barrels coming from the US, and that provides a bit of a pricing mechanism for US barrels going across to Asia. We've already signed MOUs with some US exporters and plan to develop those conversations on the contract side.

GIQ How will the new contracts help Asian buyers hedge physical US crude purchases?

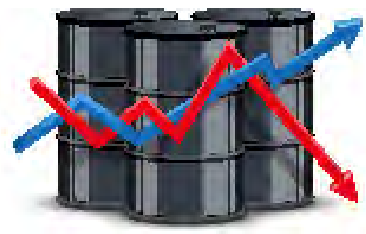
Stuart Williams At the outset, it provides price transparency and the ability to compare barrels of a similar quality coming out of the Middle East versus the US. Once you've got that price transparency developed, then we could see Asian buyers using the Murban futures contract to start hedging some of that crude as well.

GIQ Is there room for both IFAD's Murban contract and China's INE Shanghai contract to coexist?

Stuart Williams There are some challenges associated from a currency and rule of law perspective. IFAD clears into London alongside a lot of the other international crudes. That provides a benefit. But more broadly speaking, our view has always been that these products are complementary. All these pricing mechanisms are providing optionality to the marketplace, which ultimately is good for producers, consumers and refiners.

WATCH FULL INTERVIEW HERE

THE WEEK In Numbers



Weekly Average Oil Prices

Brent Crude: $64.36/bl

WTI Crude: $61.02/bl

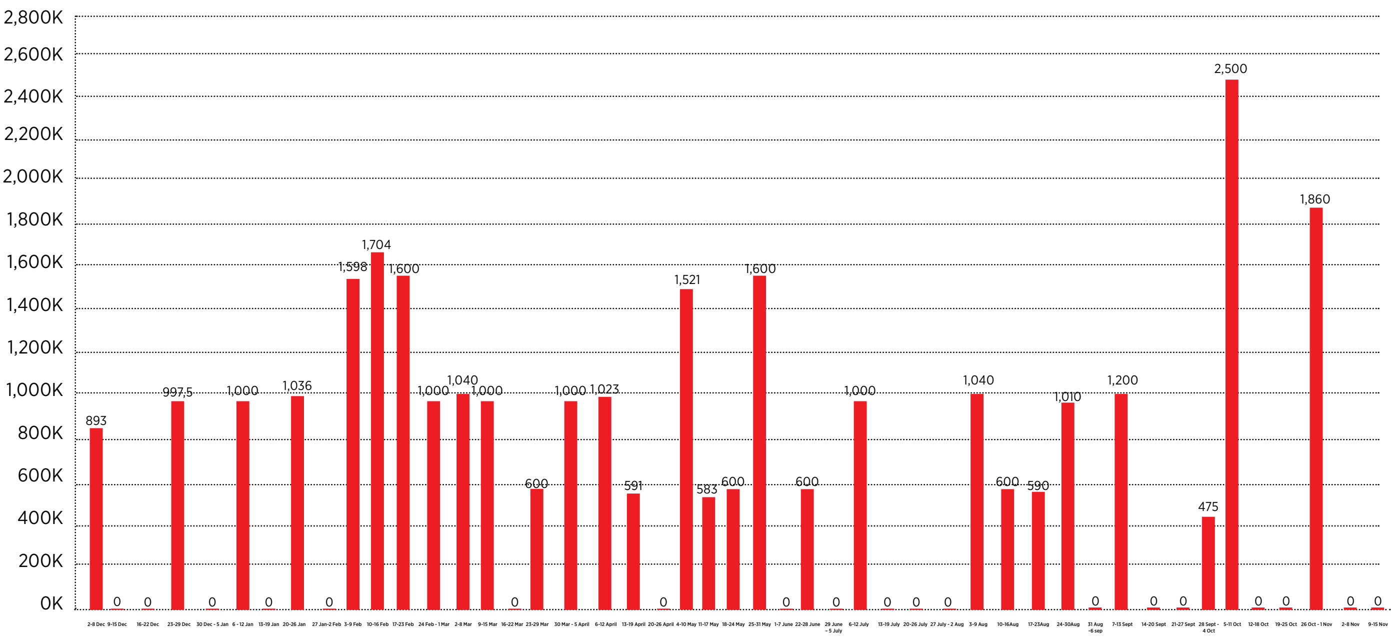
DME Oman: $63.33/bl

Murban: $63.47/bl

Time Period: Week 4, March 2021
Source: IEA, OilPrice.com, GI Research

Weekly Imports of Heavy Sweet Crude into Fujairah

Total barrels



Source: Kpler

Fujairah Bunker Sales Volume (m^3)

200 180cst Low Sulfur Fuel Oil	**494,037** 380cst Low Sulfur Fuel Oil	**114,295** 380cst Marine Fuel Oil
3,499 Marine Gasoil	**19,399** Low Sulfur Marine Gasoil	**6,155** Lubricants

Source: FEDCom & S&P Global Platts

GIQ EXCLUSIVE SOUNDINGS

Crude Oil Markets Continue Choppy Behavior, Still Affected by Covid-19

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.

- **Andrei Belyi, Professor, Founder & CEO Balesene OÜ**
- **Leo Tameeris, Chief Executive Officer, NRG Global**
- **James McCallum, Executive Chairman of Xergy; Professor of Energy, Strathclyde University**
- **Mike McGlone, Senior Commodity Strategist, Bloomberg Intelligence**
- **Ahmed Mehdi, Research Associate, Oxford Institute for Energy Studies**
- **Dr. Carole Nakhle, Chief Executive Officer, Crystol Energy**
- **Chris Wood, Chief Executive Officer, Savanara DMCC**
- **Randall Mohammed VP, Energy Solutions Ahart Solutions International**

Andrei Belyi, Professor, Founder & CEO Balesene OÜ
"It was expected that US shale producers would come back at some point. The expectation of big competition is not very high."

Leo Tameeris, Chief Executive Officer, NRG Global
"Iranian ships typically switch off their transponders for oil. They show up again either in Oman or Malaysia and reload it into other vessels or change documentation. None of it is legal, and it moves on to China. It is usually the teapot refineries that are willing to take more risk on that."

James McCallum, Executive Chairman of Xergy; Professor of Energy, Strathclyde University
"We will see the price nudging down towards $60/bl and then bumping towards $65/bl as the OPEC+ announcements come out. I think OPEC+ continues to do a good job of whatever is needed to keep the price within that window."

Mike McGlone, Senior Commodity Strategist, Bloomberg Intelligence
"There's a massive glut of oil. It's the highest ever and we're all hoping for demand to come back. I'm bearish on crude oil from these levels. I think we've had a pretty significant rally. WTI was over $100/bl from that negative low last year. I fully expect the high in this quarter in Brent, which was $71.38/bl, to mark the high for this whole move."

Ahmed Mehdi, Research Associate, Oxford Institute for Energy Studies
"March and April were maintenance season. China had a lot of refining capacity offline, and physical market pressure from Iranian crude. That has a knock-on effect for other parts of the world. For example, West African crude is struggling to clear and trading at a negative differential to Brent."

Dr. Carole Nakhle, Chief Executive Officer, Crystol Energy
"The rational thing for OPEC+ to do is to roll over production. Lots of people are expecting that. But you never know. The Saudis may surprise us with deeper cuts. It depends on where they want to see prices heading."

Chris Wood, Chief Executive Officer, Savanara DMCC
"If we look at where the oil price has rallied to, it hasn't been a demand-led rally. It's been a supply-cut rally. That's why we've seen a lot of volatility in the market. Aramco and OPEC know everything they are doing is effecting the oil price and therefore the global demand balance."

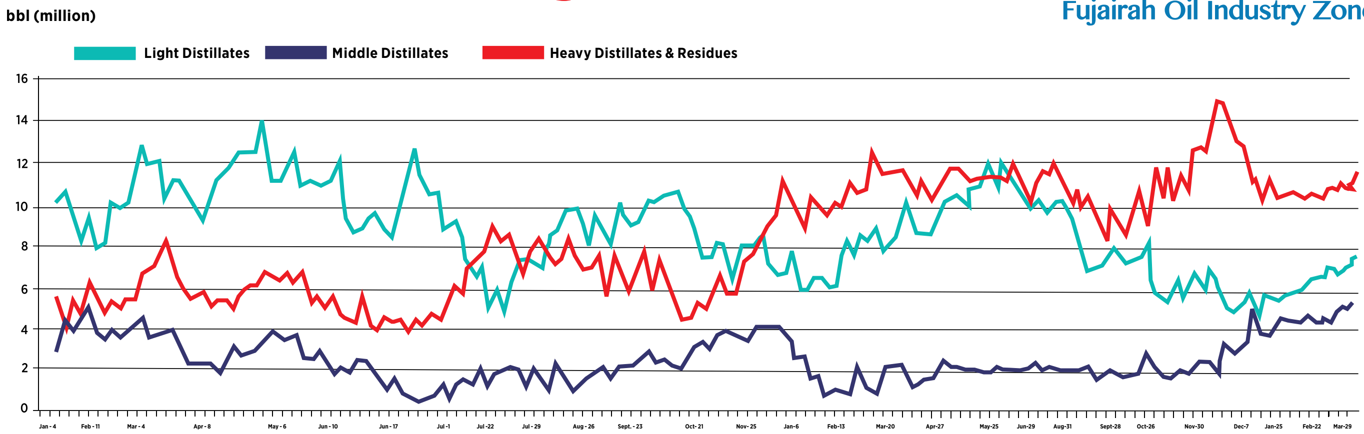
Randall Mohammed VP, Energy Solutions Ahart Solutions International
"Shale has not come back in the way we expected, especially with the price increase. Shale is still down 2mn b/d. These companies are going to focus on drawing down and returning capital to shareholders as opposed to drilling."


أدنوك
ADNOC
WE BRING ENERGY TO LIFE
For over fifty years, we've helped drive the prosperity of our world, our nation, our partners and our customers. But this is just the start of our story. We are determined to constantly improve our products, optimize our costs, drive greater efficiencies and deliver more value. All while innovating to protect our environment and to empower the communities we serve. That's not simply our purpose, it's our promise to future generations.
adnoc.ae
@adnocgroup
Abu Dhabi National Oil Company

Fujariah Weekly Oil Inventory Data

Fujairah Oil Industry Zone

منطقة الفجيرة للصناعة البترولية



TOP TAKEAWAYS

- Total oil product stocks in Fujairah were reported at 19.287mn barrels. Total stocks rose by 1.604mn barrels, as they rebounded from multiyear lows. Overall stocks rose by 9.1% week-on-week. There were builds seen across light distillates and heavy residues while middle distillates posted a draw.
- Stocks of light distillates saw a build of 615,000 barrels reflecting a rise of 8.9% week on week to stand at 7.528mn barrels. The East of Suez gasoline market was steady with sentiment staying buoyant following news more refinery outages across Asia. There were outages in refineries in both Indonesia and Japan which were bolstering sentiment. In Indonesia, there was a fire at Pertamina's 125,000 b/d Balongan refinery. Indonesia is a major buyer of gasoline in Asia and is already structurally short the fuel.
- Stocks of middle distillates fell by 132,000 barrels falling to 3.523mn barrels – down by 3.6% on the week. The gasoil market was under pressure with weak demand in Europe leading to a closed arbitrage to move barrels from East of Suez into the region. "European gasoil continues to see a weak near-term outlook amid continued Covid-19 lockdowns and slow vaccination rates, with prompt ICE gasoil timespreads still in contango" a S&P Global Platts Analytics report released March 25 said.
- Stocks of heavy residues rose by 1.121mn barrels rising by 15.8% on the week to 8.236mn barrels. Bunker sales data for February at the Port of Fujairah indicated that a total of 637,585 cubic meters of bunkers including lubricants were sold last month. Marine fuel 0.5% maximum sulfur was the most popular fuel with 494,037 cubic meters of the product sold last month. In the port of Fujairah there was an uptick in offers for delivered bunkers from sellers, with the tightness seen in recent weeks easing. Fujairah delivered marine 0.5%S bunker was heard offered at \$485 - \$490/ mt on Mar. 30. Fujairah-delivered marine fuel 0.5%S bunker was assessed at \$485/mt, \$1/mt higher on the day. The price level on Mar. 30 in Fujairah is at parity with Singapore delivered Marine Fuel 0.5% bunker prices.

Source: S&P Global Platts

ADNOC NEWS DIGEST LAST 10 PRESS RELEASES

أدنوك ADNOC

1. Historic moment for ADNOC as world's first Murban Futures Contracts commence trading
2. ADNOC Commits to 'Make it in the Emirates' Through Growth of Downstream, Industry Operations and ICV Program
3. ADNOC AND ADMM Announce Extention of Partnership
4. ADNOC and PETRONAS Sign Comprehensive Strategic Framework Agreement
5. ADNOC and Korea's GS Energy Explore Opportunities to Grow Abu Dhabi's Hydrogen Economy and Carrier Fuel Export Position
6. Low Carbon Oil to Play Central Role in the Energy Transition
7. ADNOC Announces Removal of Destination Restrictions on its Crude Grades
8. ADNOC L&S Expands Material Handling Services with Major Equipment Acquisition
9. ADNOC Seeks Interested Partners for Large Scale Seawater Treatment and Transportation Project
10. ADNOC Logistics and Services Announces Strategic Fleet Expansion with Acquisition of 6 Very Large Crude Carriers

GI Consultancy Intelligence Publishing

ENERGY MARKETS COMMENTARY WEEK IN REVIEW

CLICK HERE TO LISTEN

"The launch of the world's first Murban Futures contract makes our largest crude grade even more attractive to the global market, enabling Adnoc's customers and market participants to better price, manage and trade their purchases of Murban. This crude is recognized the world over for its intrinsic chemical qualities, consistent and stable production volumes, large number of international buyers, and numerous long-term concession and production partners."

H.E. Dr Sultan Al Jaber
UAE Minister of Industry and Advanced Technology and ADNOC Managing Director and Group CEO

ENERGY MARKET NEWS

RECOMMENDED READING

Series Supported By:

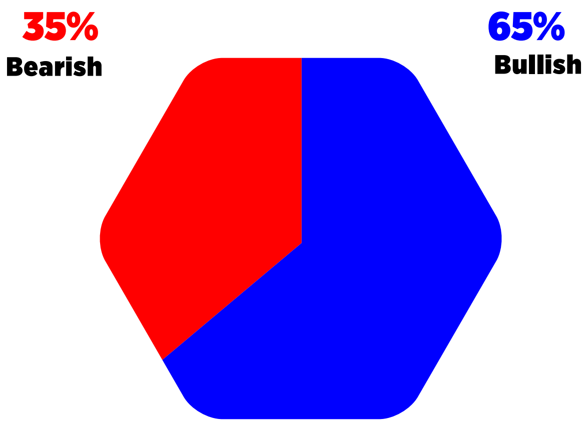
1. OIL GAINS AHEAD OF OPEC+ MEETING ON OUTPUT POLICY
2. BIDEN ROLLS OUT $2.3TRN INFRASTRUCTURE PLAN
3. SAUDI & IRAQ KEEN TO ACCELERATE RESTORATION OF BALANCE TO OIL MARKETS
4. US CRUDE OIL INVENTORY DRAWS RESUME AS REFINERY DEMAND SURGES
5. US DOMESTIC LEISURE TRAVEL DEMAND BACK TO PRE-PANDEMIC LEVELS
6. CHINA'S MARCH FACTORY ACTIVITY GROWTH LOWEST IN ALMOST A YEAR
7. PROLONGED OPEC+ OUTPUT CUTS WILL CONFIRM BEARISH OUTLOOK
8. ELECTRICITY TARIFF IN SINGAPORE TO RISE BY 8.7% FOR APRIL TO JUNE
9. G7 TRADE MINISTERS TAKE AIM AT CHINA OVER 'HARMFUL INDUSTRIAL SUBSIDIES'
10. SCOTT TISSUE MAKER HIKES TOILET PAPER PRICES AMID RISING COMMODITY COSTS

RECOMMENDED VIDEOS & REPORT

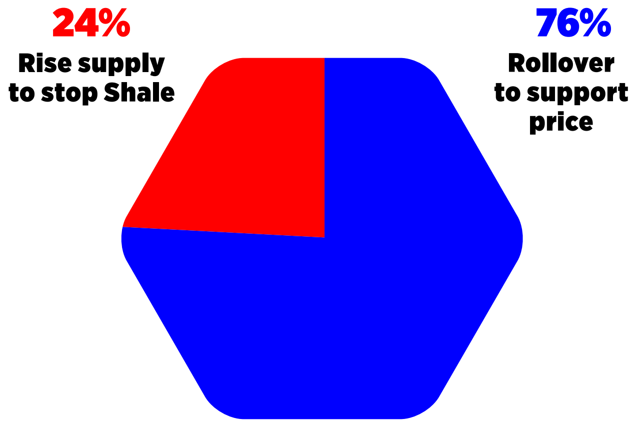
- CHINA'S MEGA-REFINERIES ARE THROTTLING OTHER ASIA OIL PROCESSORS
- FRANCE ORDERS SCHOOLS CLOSED, WIDENS COVID-19 RESTRICTIONS
- IRISH JOURNALIST LEAVES CHINA AFTER RISE IN SURVEILLANCE
- OIL & GAS MAJORS MUST SHIFT FIDUCIARY FOCUS
- LAUNCH OF NEW MURBAN OIL FUTURES CONTRACT

GIQ Weekly Surveys

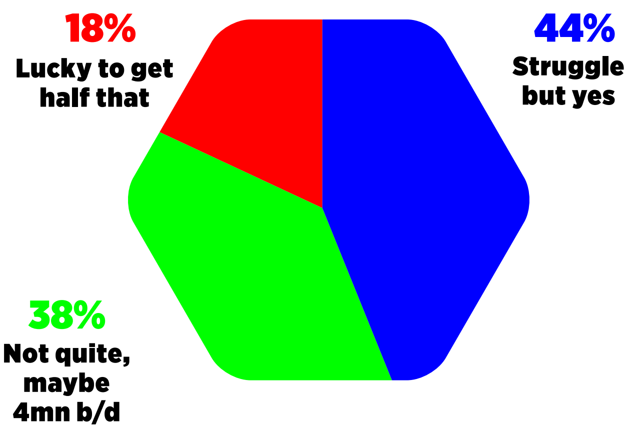
Is a prolonged Blockage (Weeks not Days) of Suez Canal bullish or bearish for oil markets?



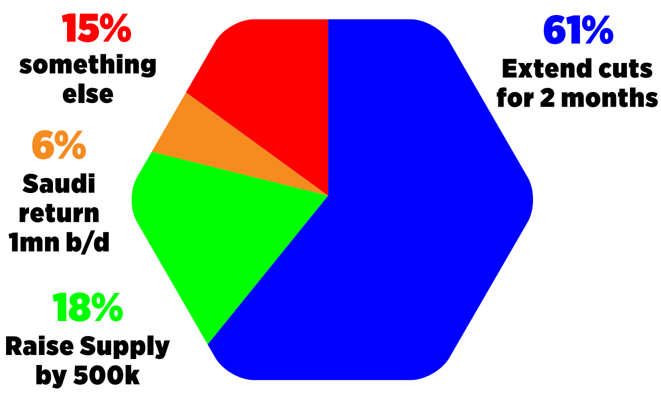
What do you expect OPEC to do this week?



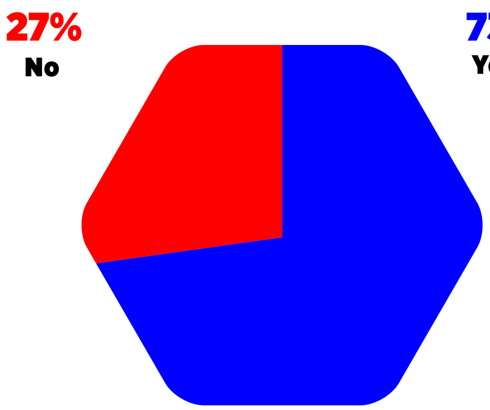
The IEA's March Report forecasts Demand Recovery of 5.5mn b/d in 2021. Do you think that will be achieved?

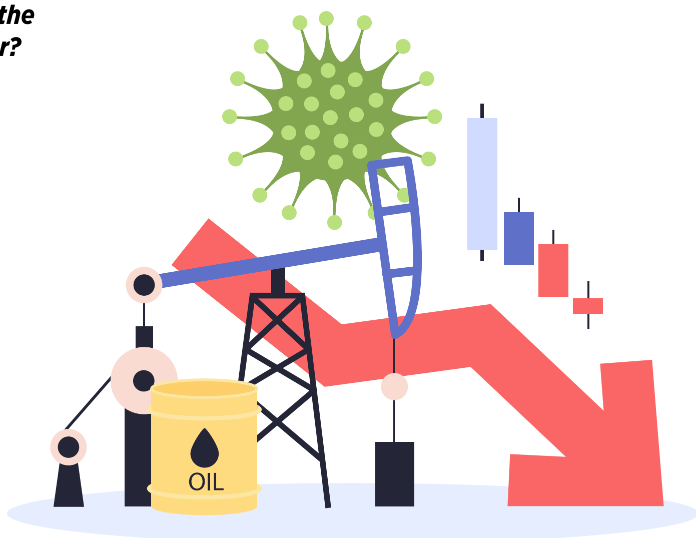


If OPEC+ continue trend to surprise, what would it most likely be at meeting tomorrow:



Would the market rise on the back of a reaffirmation of the commitment by OPEC+ laggards to cut oil supply further?





Source: GIQ

GI Consultancy Intelligence Publishing

ENERGY MARKETS VIEWS YOU CAN USE

Amena Bakr
Deputy Bureau Chief
Energy Intelligence

What are we expecting from the OPEC meeting on April 1?

At the Joint Technical Committee meeting earlier this week, delegates expressed caution about the uncertainties that remain in the market and about price volatility. That creates momentum for keeping the status quo on output. It's still not clear if Russia and Kazakhstan and others are going to ask for any exemptions to increase supply. Russia has expressed that the existing increase they have secured isn't enough to meet domestic demand. OPEC plus members are aligned that they need to continue managing the market and if that means exemptions, then that may have to happen. Any consideration of deepening cuts would again have to come from the bigger players. However, the group should look at the compliance numbers – many countries are still struggling to achieve 100% and haven't even submitted compensation plans for the extra production.

So, no surprises expected tomorrow?

They always tend to have something extra for the market. Saudi's one million barrels voluntary cut ends in April so there's a possibility of that being extended further and it's possible the agreed overall cuts could be extended for more than a month. On the demand side, OPEC growth estimates have again been revised downwards, from 5.9 million barrels to 5.6 million, mainly it seems on the request of Algeria which is pushing for higher prices as it's unable to ramp up production as fast as other countries.

Is OPEC still using five-year average inventory figures as a destination point?

It's still one of the factors that the group looks at, but price volatility is now a major concern as is the fact that geopolitical risk is not impacting prices as much as it used to.

Rustin Edwards
Head, Fuel Oil Procurement
Euronav NV

What has the main fallout been from the Suez Canal blockage?

It's going to take them a few days to clear up the backlog of traffic and get things moving on a somewhat normal basis. We will start seeing congestion at delivery ports when the diverted ships start arriving close to those destinations. Container companies will also need to clean up their supply chains and get things moving more efficiently over the coming two weeks.

Air travel within the US appears to be on a positive trajectory?

The recovery is coming and it's helping to drive refining margins in the US higher. Domestic travel is picking up, but business travel has not. But we need to be cautiously optimistic given the most recent CDC statements on a fourth wave of the virus and advice not to travel. The Federal government has yet to impose any particular restrictions on that front.

How are extra costs in shipping impacting inflation?

Inflation is the specter in the room that everybody wants to acknowledge but also ignore. Bond yields have risen again in the last 24 hours. The cost of freight is going to translate into higher cost of goods, and that will hit the pocketbook. Even rising oil prices will eventually reduce the amount of disposable income that people have. Another $3 trillion in infrastructure stimulus is perhaps something that the US should consider carefully as it may also trickle down to the consumer at the end of the day.

Most likely OPEC decision this week?

Demand is still not there. If you look at forward refining margins, they are still very poor, at under $4.00 in Europe. OPEC may consider extending the cuts for more than a month this time. I can't see them justifying any production increase unless they want to push that oil flow into the US market where margins are very good.

ENERGY MARKETS FORUM NEW SILK ROAD LIVE

GI Consultancy Intelligence Publishing

TOP 10

MARCH 28th - APRIL 1st

MARKET OBSERVATIONS FOR THE WEEK

1. OPEC+ to approach April 1st meeting on output supply with great caution, likely rollover of current levels.

2. OPEC+ may want to target $60/bl rather than $70/bl if they want to keep US shale oil producers on the sidelines.

3. Oil markets are in correction but the jury is still out on how long it will take before markets continue to test new highs.

4. ICE Murban oil futures contract launched in Abu Dhabi, traders will wait to see if the new benchmark attracts volumes.

5. China's oil buying will likely return strongly in the second-half of the year after refinery maintenance season and after draw-downs from cheaper inventories.

6. Suez Canal to take a week to clear back-log of traffic, but problems will move on to delivery ports where 100s of vessels will be arriving at the same time.

7. OPEC+ surprise could be to extend current oil supply quotas for two months and not just one.

8. OPEC+ may need to pay attention to Commercial hedges by US oil producers as they have now reached highest in three years, signaling more supply coming.

9. US shale oil producers are more focused on drawing-down debts and returning capital to shareholders, as compared to embarking on new drilling programs.

10. Q1 ends after what has been a bumpy inconsistent demand recovery, with an oil market that has been built on one main pillar of strict compliance with supply cuts. Will that continue in Q2?

Fujairah Spotlight

Fujairah Expects Oil Storage to Triple by 2024 as ADNOC, Other Tenants Expand Facilities

The Port of Fujairah, the world's No. 3 bunkering hub, expects its oil storage capacity to triple to 12 million cu m by 2024 as Abu Dhabi National Oil Co. and other terminal operators expand their facilities, an official told S&P Global Platts on March 28. Abu Dhabi National Oil Co. is building in Fujairah underground caverns that can store 42 million barrels when they are expected to be finished in 2022. Two other UAE companies, Ecomar and BPGIC, are also expanding their storage facilities at Fujairah, one of the seven emirates in the UAE federation that is located outside the key chokepoint of the Strait of Hormuz. Sixteen storage terminals currently operate out of the port and storage capacity is set to exceed 11 million cu m by the end of this year, said Martijn Heijboer, business development manager at the port.

Source: Hellenic Shipping

National Bank of Fujairah (NBF) Shareholders Approved 2020 Annual Report

NBF held its Annual General Assembly Meeting (AGAM) today remotely through Webex application, where shareholders approved the Chairman's and Directors' Reports, the Internal Shari'a Supervision Committee Report for NBF Islamic, the Islamic Banking Window of NBF. In addition, the bank's Corporate Governance Report and the consolidated financial statements for the year ended December 31, 2020 were discussed and approved. The shareholders confirmed the appointment and remuneration of the bank's external auditors, Ernst and Young, for the year ending December 31, 2021; and the Internal Shari'a Supervision Committee members for NBF Islamic for a period of three years. The AGAM approved the appointment of two independent representatives to facilitate shareholders who wish to attend and vote through proxies; and also approved no dividend for the year ended December 31, 2020.Sheikh Saleh Bin Mohamed Bin Hamad Al Sharqi, NBF chairman, said, "2020 was a year unlike any other, bringing with it the world's worst recession since the Great Depression. Covid-19's impact on the world economy was extraordinary, causing business activity to contract, oil prices to slump, and governments to support national economies through increased borrowing. The UAE has not been immune to the pandemic and the government has taken a number of measures for the safety and sustainability of businesses that will enable progressive economic recovery in 2021 and beyond."Our underlying core business remains robust, our liquidity is in good shape, helped by our short term trade finance business, and our capital adequacy is at a recent high; enabling us to face these exceptional times with confidence and providing us a good platform for our recovery.

Source: Arabian Business

Convenience Meets Cost-Effectiveness at Fujairah Free Zone

In Fujairah Free Zone, cost-effectiveness, convenience and easy access to authorities as well as well-priced human resource facilities are the key factors that draw in entrepreneurs, says Sharief Habib Al Awadhi, Director General, Fujairah Free Zone. "I think the best thing about our free zones are the easy licencing procedures and cost-effective tariffs." While easy regulations and a generous grace period smoothen the process of business set-up at Fujairah Free Zone, they also comply with international standards of corporate governance, he adds. Today's convenience was unthinkable a decade ago. "Ten years ago, it might take months to get a license. Today, it's simple. You can just do everything online."

Source: Gulf News

VLSFO Crack Pulls Back from 3-month low, Fujairah Inventories Rebound

Asia's 0.5% very low-sulphur fuel oil (VLSFO) crack against Dubai crude rebounded from a near three-month low on Wednesday due to weaker crude oil prices. The February VLSFO crack was at $11.44 a barrel above Dubai crude prices on Wednesday, down from a near three-month low of $11.20 a barrel in the previous session, data from Refinitiv Eikon showed. The front-month VLSFO crack versus Dubai dropped 22% in March amid improved regional supplies and rising arbitrage inflows. Oil prices fell on Wednesday on concerns about the market's recovery after OPEC and its allies lowered their 2021 demand growth forecast, although strong Chinese factory activities lent some support. Meanwhile, fuel oil inventories in the Fujairah bunkering and storage hub jumped 16% in the week to March 29, rebounding from a more than two-year low in the week before, data released on Wednesday showed.

Source: Business Recorder

ENERGY MARKETS VIEWS YOU CAN USE

Peter Mcguire
Chief Executive Officer
XM Australia

Asian equities opened stronger today while oil prices fell?

It's been a mixed bag across Asia following last week's drop in equities. The US dollar index continues to climb - we may be getting to that magic 93 level. The Suez issue may lead to some correction to the downside on equities across the euro zone and other markets that are being impacted by it. The volatility of markets leading into the Easter vacation period will probably witness further swings of 6% or 7% up and down, like last week.

The trendline across markets still appears to be to go higher?

It just seems beyond comprehension that 35,000 is achievable in the next quarter but momentum and sentiment is building. We will continue to have volatility, but the trend is upwards from here. Asset prices are rising across major cities, US non-farm payrolls coming out on Friday seem to be heading towards a headline figure of 500,000, unemployment numbers are running at 6.3% and may touch 6% and President Biden wants to spend a further $3 trillion on infrastructure.

What's the likely decision at this weeks' OPEC meeting?

If the Suez situation is not resolved in the next 48 hours, OPEC will probably need to take it into consideration. We also have fresh lockdowns in parts of Asia and US infection numbers are creeping up. Taking all that on board and moving into summer in the Northern hemisphere, OPEC should in fact be very satisfied with current prices.

Omar Najia
Global Head, Derivatives
BB Energy

When can we expect the market to stabilize?

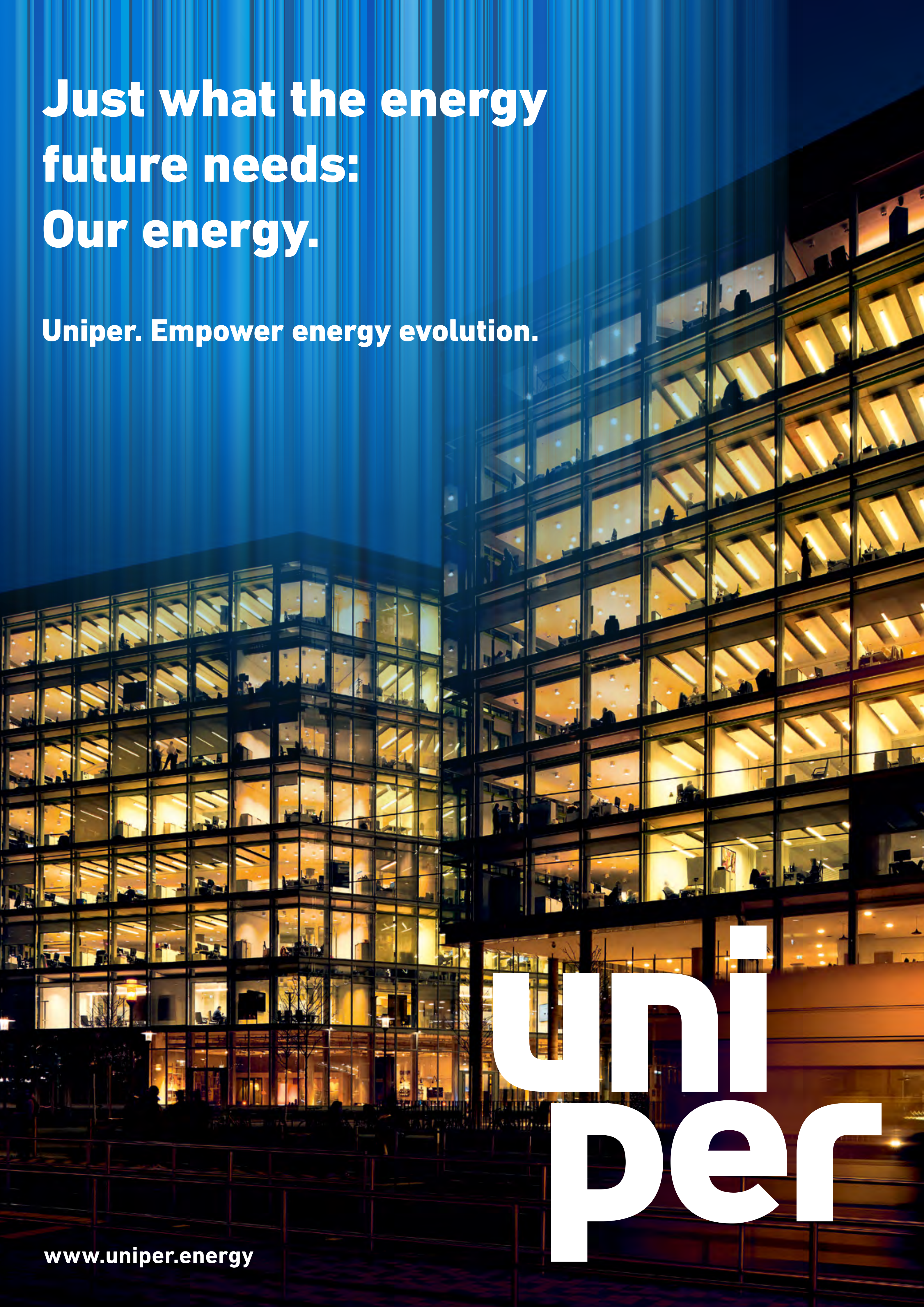
Markets have been extremely volatile recently and are still correcting but we still see an upward trend overall. And that applies across the board, whether it be WTI, S&P or Bitcoin. Corrections can be extremely complex but after this process of consolidation, which will preferably be quick, we will move higher. The question is when and whether it will be a matter of days or weeks.

How significant is the launch of the Abu Dhabi Murban contract?

For the first couple of months, it will be futures trading only but once it becomes physically deliverable, if there are large volumes, then it could get very interesting. The whole point about the new Murban contract is the physical delivery which leads to price discovery – it would be the first time ever that crude in the Arab Gulf is being priced in its own right, and in the region, as opposed to being some kind of netback to another crude such as Brent.

What's on the radar for the week ahead?

There's no real clarity – the Suez Canal might clear up and we will see what OPEC decides - they certainly need the money while the going on prices is good.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Walter Simpson
Managing Director
CCED

How big a deal is the Suez Canal issue for the industry?

What is does reflect is the fragility of the markets today and how every little bit of news affects the oil price and that's a reflection of the lack of confidence in long term demand. Every little nudge here and there has an impact on the oil price, but the Suez matter itself is temporary and will be resolved.

Expectations for the OPEC meeting outcome this week?

Caution – OPEC is right to be concerned about the increase in supply elsewhere and the softening in demand forecasts. Iran, Libya, and Venezuela remain relative wild cards. I don't see any further cuts being made on the agreed quotas, but some of the bigger players could potentially do that if needed. The US is becoming a real consideration with the rig count slowly increasing over the first quarter. Some estimates are putting the breakeven price for new oil wells at $52 and at $31 for existing production. So, at $70, producers would be extremely keen to get involved. OPEC will be seeking a price to keep some of these marginal producers out of the game for longer - $60 could be that mark.

Is the skills nationalization program progressing across the industry value chain?

It is nothing new but is becoming an increasing trend across the region. Certainly, the economic penalties from the oil price crash have brought about a renewed focus. It can be a challenge to get the right experience into roles but as companies, we have an obligation to train nationals and equip them with what they need. And this goes beyond oil companies - contractors employing nationals should also pursue the same training goals.

Christof Rühl
Senior Research Scholar – Center on Global Energy Policy
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Is the Suez Canal issue bullish for oil markets?

Most of the oil which flows across Europe, the Middle East and Asia does not need the Suez Canal and Caspian oil mostly uses pipelines. Suez only accounts for 4% percent of water bound crude and 9% of total oil including refined products. The blockage will be costly and trigger some relocation of ships, but it can eventually be surmounted.

What's the expected outcome from the OPEC meeting this week?

They will likely rollover the existing cuts but whether Saudi will retain its extra voluntary cut volumes is a question. OPEC has been managing the situation by holding most of the spare capacity but China for example has piled up huge inventories so it can counter any potential price spikes using some of these reserves. And we also have US shale capacity.

At what point does OPEC have to pay attention to US shale again?

They have already been doing that and this is really their ultimate dilemma. OPEC is placing a huge bet on demand recovery, but demand is fragile and prices are today high enough for shale to be economic. I expect the US rig count and production to rise. To cancel that out, OPEC's hammer will have to get bigger and bigger but it's hard to know what its strategic end game will be. The US on its' part is not really looking at OPEC anymore. The shale industry is being restructured and getting its finances in order, but shale is a technology and therefore it will never die. It's just a matter of when and how it comes back.

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