Fujairah New Silk Road WEEKLY NEWSLETTER

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Port of Fujairah ميناء الفجيرة United Arab Emirates

NET ZERO EMISSIONS COP28 UAE CURTAIN RAISER UNITE. ACT. DELIVER.

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

"The World is More Than 50% Short of the Finance Required to Tackle Climate Change!"

Saugata Saha, President, S&P Global Commodity Insights

There's a lot more work to be done to get us on track to meet the Paris Climate Agreement goals. The S&P Global Commodity Insights base-case centers around global warming getting to about 2.4°C by the year 2100. Our optimistic best-case scenario talks about a significant amount of carbon reduction and that would get us to about 1.7°C global warming by 2100. And our pessimistic worst-case scenario sees about 3.0°C global warming over the period, which assumes that there will not be a lot of abatement or reduction in the usage of carbon-based fuels. One of the themes we'll hear a lot about at COP28 over the coming weeks will be around financing decarbonization, or the lack there of, and how we go from vision to strategy to execution on climate action. Our research shows that over the next several years, globally, we will need about $1.7 trillion of financing annually and if you look at what's lined up currently, it gets us to only about $700 billion per year, so that's more than a 50% gap between what's required and what's available. Another theme at COP 28 will be 'stocktaking' - looking at what was planned and promised, and where we are now and how we bridge the difference. We will also hear a lot of conversations around 'phasing out' versus 'phasing down' hydrocarbons. We also expect there to be robust conversations at COP28 between the so-called Global North and the Global South, and how can we have a thoughtful Energy Transition while continuing to bring a billion people out of poverty across the world and increase their standard of living.

CONTINUED ON P 3

Fujairah Weekly Oil Inventory Data

5,237,000 bbl	2,656,000 bbl	9,513,000 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
$3.57 - 4.06/m³

↑ Highest: $4.50/m³
↓ Lowest: $3.20/m³

THE WEEK In Numbers

Weekly Average Oil Prices

Brent Crude:	$81.74/bl
WTI Crude:	$76.67/bl
DME:	$81.88/bl
Murban:	$82.54/bl

*Time Period: Week 5, November 2023
Source: IEA, OilPrice.com, GI Research

Fujairah Weekly Bunker Prices

VLSFO

High = $682.00/mt

Low = $636.50/mt

Average = $658.50/mt

Spread = $45.50/mt

MGO

High = $930.00/mt

Low = $910.00/mt

Average = $919.50/mt

Spread = $20.00/mt

IFO380

High = $454.00/mt

Low = $439.50/mt

Average = $446.00/mt

Spread = $14.50/mt

*Source: Ship and Bunker, *Time Period: Nov 22 – Nov. 29, 2023*

Fujairah Bunker Sales Volume (m^3)

792
180cst Low Sulfur Fuel Oil

449,652
380cst Low Sulfur Fuel Oil

164,107
380cst Marine Fuel Oil

1,699
Marine Gasoil

37,903
Low Sulfur Marine Gasoil

4,499
Lubricants

Source: FEDCom & S&P Global Platts

CONTINUED FROM PAGE 1

Saugata Saha, President, S&P Global Commodity Insights

Has Energy Security derailed the momentum behind the Energy Transition?

The Russia-Ukraine war did make the world pause and focus on energy security and energy affordability, but I'm optimistic about the long-term prospects of the Energy Transition. Today, everybody is talking about solutions for the trilemma - energy security, energy affordability and energy sustainability, and very often, they don't go hand in hand with each other in the sense that if you optimize for one, the other becomes a challenge. We anticipate that's going to continue to be the case for the foreseeable future. If you look at energy consumption across the world, about 80% of it is hydrocarbon based. Under the scenarios that we have built at S&P Global Commodity Insights, which look all the way out to 2050, we see that number getting to between 30% and 60%. So, hydrocarbon-based energy will still be around for a long time. The quest is how to make sure that we can shift to an energy mix that is both sustainable and affordable for all. The Energy Transition is now being solved in a much more pragmatic manner, in coordination with affordability considerations and long-term sustainability considerations.

Could we see countries agreeing at COP28 to phase out versus phase down?

That will be one of the contentious areas of discussion, especially if you look at some of the large economic blocs like the EU or India. Another key consideration will be unabated or abated use of fuels. The latter helps hydrocarbons stay in the energy mix much longer while being able to 'offset' a lot of the related emissions, which is a more pragmatic approach. Another discussion will be around the construct of carbon markets - how we can set up a global mechanism of valuing and trading carbon will be an important part of how we get to net zero. S&P is helping build carbon intensity assessments and carbon assessments in terms of prices; we think carbon intensity of various grades of oil will also over time become an important part of the trading consideration. Another topic which will be discussed is the elimination of methane from production systems and supply chains; that is a relatively simpler problem to resolve but it still requires significant resources and money – with pipelines and connectivity needing to be retrofitted to get lower, or zero methane emissions.

How much will renewable energy feature at Cop28?

One area will be hydrogen. That's an important ingredient for decarbonizing hard to abate sectors such as steel, cement, and aluminum. What types of licensing and incentives countries are willing to provide to develop hydrogen as an important part of the energy mix, will also matter. Carbon capture, utilization, and storage (CCUS) is an important part of the mix of technologies that will be available to help us get to net zero, and progress has been made in the last couple of years in terms of direct air capture and new technologies for sequestration.

Where does the debate stand today on more investment in conventional energy?

We're starting to see a pickup in Capex. Since 2020, which was an all-time low, we've had sequentially increasing years of investment in E&P, but levels are still well below the 2014 highest recorded levels on an annual basis. Investment in Energy Transition related projects is also starting to pick up; in 2023, we expect this to be about $500 billion.

Outlook for oil prices?

There's going to continue to be volatility and a lot depends on what Russia and Saudi decide to do with voluntary cuts, but we think oil prices will stay somewhere in the $75 to $95 range. We are predicting a high $80s oil price for the end of 2024 and an important part of that would be that it creates value to support ongoing investments in finding future oil and gas sources.

WATCH FULL INTERVIEW HERE

GI Consultancy Intelligence Publishing

ACCELERATING TOWARDS
NET ZERO

Marking a new chapter in ADNOC's transformational journey to a lower carbon future, we have brought forward our Net Zero ambition to 2045 and aim to achieve zero methane emissions by 2030.

Fujairah Spotlight

Fujairah set to host its first show jumping competition next month

Show jumping competitions will take place for the first time in Fujairah on December 12, 2023, under the patronage of Sheikh Mohammed Bin Hamad Al Sharqi, Crown Prince of Fujairah, coinciding with the Fujairah International Arabian Horse Championship.

Source: Gulf Today

UAE to pump CO_2 into rock as ADNOC plans more decarbonisation projects

High in remote mountains in the oil-rich United Arab Emirates, a new plant will soon take atmospheric CO_2 and pump it into rock, part of attempts to target planet-heating emissions without abandoning fossil fuels.

Source: jordantimes.com

FUJAIRAH DATA: Oil product stocks drop to two-week low

Stockpiles of oil products at the UAE's Port of Fujairah dropped 7.7% in the week ended Nov. 27 to a two-week low, according to data from the Fujairah Oil Industry Zone. The total fell to 17.406 million barrels as of Nov. 27, the FOIZ data published Nov. 29 showed. The total stockpile is now down 16% since the end of 2022.

Source: S&P Global Commodity Insights

Energy Markets Views You can Use

Hatem Al Mosa
CEO, SNOC

SNOC Publishes Greenhouse Gas Emissions Report for 2021 & 2022

Sharjah National Oil Corporation, SNOC, is proud to announce the publication of its Greenhouse Gas (GHG) Emissions Performance Reports for the years 2021 & 2022, highlighting the organization's dedication to environmental sustainability and transparency.

Key highlights from the GHG Performance Reports include:

1. Emissions Performance & Reduction Initiatives, detailing GHG performance and categorizing the sources of carbon emissions, as well as the various initiatives undertaken by SNOC to minimize such emissions.
2. SNOC Renewable Energy Usage, mainly solar power.
3. Carbon Intensity Metrics, measuring SNOC emissions, per-business type, and highlighting efficiency improvements in its operations.

In January 2023 SNOC announced its ambitious committed target of Net Zero by 2032, covering Carbon Emissions, on Scopes 1 & 2, from all operations under its control. Through this publication of GHG Performance Report, SNOC has taken a tangible action and a firm step on the path to achieving Net Zero target by 2032. SNOC has been one of the first organizations to sign up for the UAE Climate-Responsible Companies Pledge initiated by UAE Ministry of Climate Change & Environment (MOCCAE) in February 2023, in which transparent reporting is a main commitment under the Pledge.

SNOC's GHG performance reports provide a comprehensive overview of the company's emissions data, reflecting energy consumption and environmental impact for the years 2021 & 2022. Despite its rich operational history of emissions reduction achievements since the year 1998, SNOC has selected 2021 as the base year for its GHG performance monitoring and reporting. The reports, which have been meticulously compiled in accordance with internationally recognized sustainability reporting standards, Greenhouse Gas Protocol and ISO 14064-1, are further supported by Independent Quality Assurance Statements issued by DNV Business Assurance Group AS, who conducted an independent audit and verification of the methodology and reported figures.

Paul Hickin
Editor-in-Chief, Petroleum Economist

The dispute about baselines in OPEC+ is just one pain point.

Iran has come back with a million b/d of supply over the past year, and Libya has been stable at 1.2 million b/d for some time. On demand, bearish trends in China and the OECD for 2024 means we're still not out of the woods. So, if we just get a rollover of the same cuts at the OPEC+ meeting, with Saudi Arabia picking up the tab, the question is how long that is sustainable, especially if they want to support an $80 oil price floor. Also, when OPEC achieves $80, that incentivizes more investment, which is what it wants, but it also brings on more supply from other producers, so it will have to wrestle with that going forward.

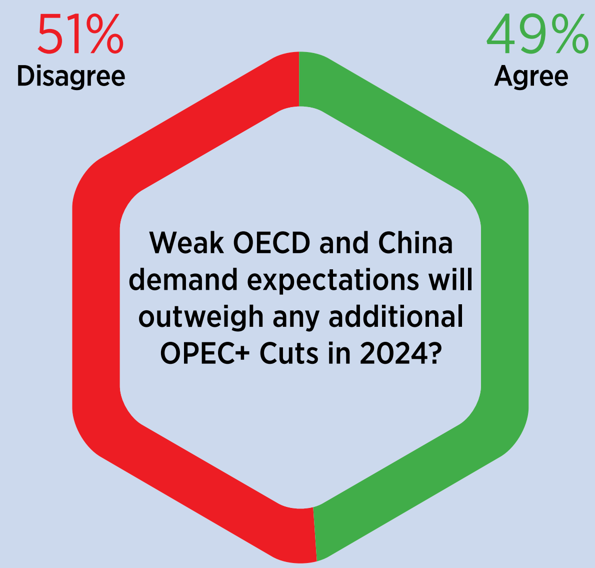
Are current quotas realistic as we move into 2024?

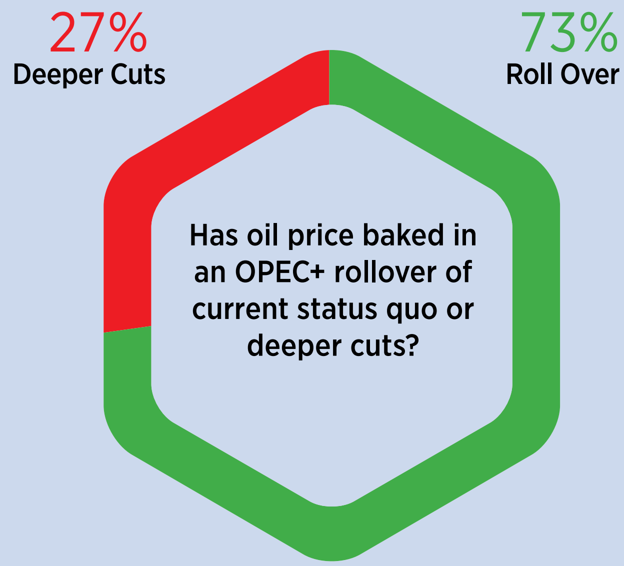
We were here six months ago with the UAE and with the African members' baselines, and we're now back here again. It's difficult for some of the African producers because their production has been all over the place, but there's always been some wiggle room around compliance on quotas. OPEC+ has been trying to overhaul and reform how they do things for many years and made positive changes to be more flexible, meeting monthly, etc. But there's more to do. Exports versus production is another big pain point, as is what comes from storage or actual production at the wellhead. Privately, OPEC+ delegates are also concerned about market structure.

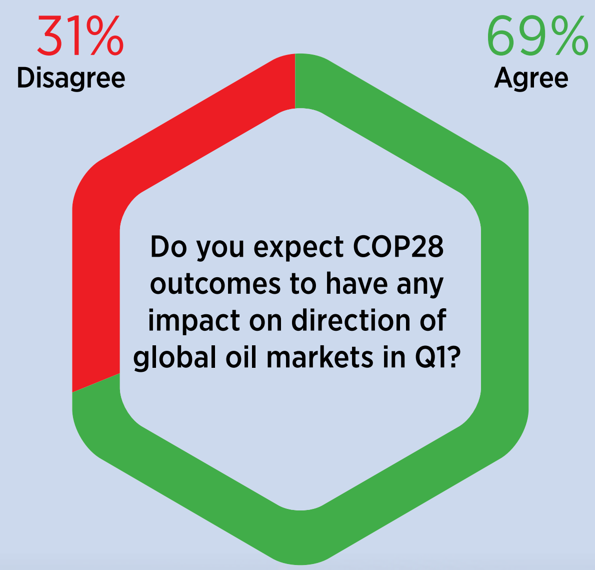
Are hedge funds playing much relevance in OPEC's decision making?

Managed money can sometimes confuse the situation, but OPEC can control the physical market and the link between that, and the futures and financial markets is still relevant. They still converge. If you take enough oil out of the market, it's going to have an impact on supply and demand fundamentals and ultimately on the structure of the market.

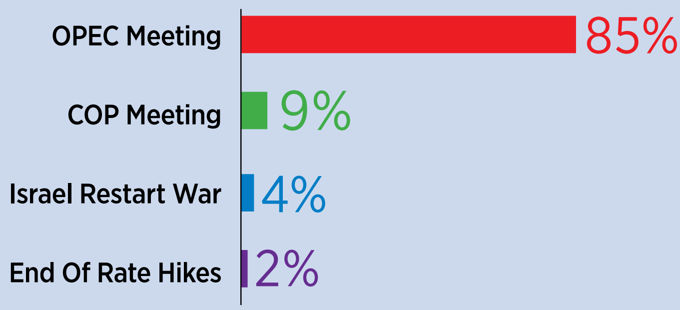
GI Weekly Surveys







We have a trilemma starting today – which will have biggest relevance for oil markets?



Source: GI Research March 2023

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Energy Markets Views You can Use

Peter McGuire
Chief Executive Officer, XM Australia

There's no growth anywhere that's really outstanding for 2024.
Chinese exports are down, global exports are very weak, and look at German PMIs. That's a mindset that we're going to have to wrap our heads around and if 2024 does turn out to be tough, we're probably going to see big cuts from OPEC if they want to support prices. Meanwhile, domestic consumption in China seems quite strong, with 1.4 billion people running into winter that all need fuel, base metals and plenty of energy.

What's behind the weakening USD?
It was probably cooked to the upside. The Fed came out of the blocks very quickly with raising interest rates, while the Eurozone and UK were slower off the mark. Now, both the Euro and GBP are strengthening, and commodity currencies like the Australian Dollar has gained 3.8% in the last ten days. Gold has gained $200 in less than two months. US GDP is still strong today, but with rates up at 5% now, it's going to cost a lot more to service the debt and trillions of dollars pumped into the economy during Covid. GDP for the third quarter 2023 is estimated at around 5% annualized, up from 4.9%. We also have other core inflation data being released this week; energy prices at these lower levels are a good sign for central bankers, with less impact on inflation.

Robin Mills
Chief Executive Officer, Qamar Energy

It's a much more contentious OPEC meeting this time.
The challenge is oversupply and growing production from some members, and concerns on demand going into next year. Also, Saudi Arabia's fatigue with its own voluntary cuts and its feeling that others should now support, as those cuts will continue into next year. Russia has not been fully compliant with its voluntary cuts and there's been less compliance by some other OPEC+ members, Iraq in particular. So, Saudi will be looking for some adjustment by all members, even from the smaller producers, to show some kind of commitment to the cause.

How tricky is reconfiguring quotas in a weak market?
OPEC had hoped to be in a better place by Q4, and to be coming into the new year with a chance to cut back on output reductions and realigning quotas in a stronger market. It hasn't turned out like that. The one advantage for Saudi Arabia, in realigning quotas in a weaker market, is that it has a stick to say, if we don't agree, these voluntary cuts could go away. Realignment of quotas is essential. African members had their quotas set back in 2020 and have not been able to produce up to those levels. That said, Nigerian production has been a bit stronger recently, so they will feel like they have a bit of a case to hold on to their quota, and we understand that they and other African members have been pushing back on this independent assessment of their capacity levels. The UAE clearly has a lot more capacity and already has a deal on increasing its quota and has borne a bigger burden percentage wise with its cuts, so it will now be seeking a return on that.

Expectations for COP28?
What's key to me is to see practical action on some subsidiary, but very important issues. Mobilizing funding for developing countries is essential. The amount of funding going to renewable energy in Africa is falling, not rising, which is detrimental, whether we look at it from a climate, economic development, or energy access viewpoint. Another issue is mobilization of carbon trading through the so-called Article 6 in the Paris Agreement; getting that up and running could release a lot of money for funding things like carbon capture and storage - all the major energy bodies agree that CCS is extremely important and that it has to scale up hugely. And lastly, a deal on methane, which the US is very much pushing for, and which is low hanging fruit; if we can't get that, I really would be very disappointed.

Fujairah Weekly Oil Inventory Data

TOP TAKEAWAYS

- Total oil product stocks in Fujairah were reported at 17.406 million barrels with a drop of 1.461 million barrels or 7.7% week-on-week staying well below the 20-million-barrel level. The stocks movement saw a drop for light distillates, a rise for middle distillates and a decrease in heavy residues.

- Stocks of light distillates, including gasoline and naphtha, decreased by 243,000 barrels or 4.4% on the week to 5.237 million barrels. The East of Suez gasoline complex softened Nov. 29, despite firm demand from India, as regional refineries returned from turnaround, sources said. India's domestic gasoline production was expected to remain firm as Reliance's 1.36 million b/d refinery returned from maintenance in mid-November, S&P Global Commodity Insights reported previously. However, gasoline prices are likely to be supported in the near term amid strong demand from India during the wedding season that started Nov. 23 and continued expectations of low Chinese exports, sources said. "During the wedding season, guests come from all across the country, so India's driving mobility should be supported," a source said. This year, 3.5 million Indian couples are expected to get married between Nov. 23 and Dec. 15, up from 3.2 million couples during the same period last year, according to a survey by the Confederation of All India Traders.

- Stocks of middle distillates, including diesel and jet fuel, rose by 491,000 barrels or 22.7% on the week to 2.656 million barrels. Backwardation in the benchmark East of Suez gasoil market steepened slightly Nov. 29, while market participants focused on ongoing spot and term tender activity for fresh pricing direction. Industry sources attributed the easing of backwardation to a confluence of softer regional demand and a slow start to winter stockpiling activity in the Northern Hemisphere. Despite this, some market participants highlighted that the region could see a crimp in supply if East-West arbitrage lanes swing open. "Colder weather in Europe and a cold snap in the US means that it is unlikely we're going to have a record-breaking warm winter as we did a year ago," Phil Flynn, senior account executive at Price Futures Group, said in a late-Nov. 28 note. "We expect that we will see more of a normal demand cycle this year [compared with a year ago] which means supplies will end up being a lot tighter especially when it comes to distillate inventory," he added.

- Stocks of heavy residues decreased by 1.709 million barrels, down 15.2% on the week as they stood at 9.513 million barrels. Spot trading activity in the bunkering hub of Singapore remained sluggish Nov. 28, weighed down by a slight uptick in flat prices amid scarce supplies for on-specification grades, traders said. The LSFO ex-wharf prices are coming off as some people are panicking, backed by expectations that H2 December would likely see some inflowing cargoes, one Singapore based trader said. "Demand [for LSFO bunkers] is not there today to be honest... And the market looks quite choppy as the flat price was seen rising," he added.

Source: S&P Global Commodity Insights

ENERGY MARKET NEWS

1. OIL PRICES FALL ON WEAK DEMAND INDICATORS, CHINA DATA
2. COP28: INDIA DOUBLES DOWN ON RIGHT TO INCREASE CLIMATE EMISSIONS
3. SAUDIS OFFER INVESTMENT TO IRAN IF IT CURBS PROXIES – REPORT
4. CRUDE PRICES MARCH UPWARDS ON OPEC ANTICIPATION
5. GULF PETROSTATES BRING AN INCREASINGLY COMPLEX RELATIONSHIP WITH FOSSIL FUELS TO COP28
6. UPDATE 2-EXXON CEO DARREN WOODS LIKELY TO ATTEND COP28 – SOURCES
7. CHINA FACTORY ACTIVITY SHRINKS FOR A SECOND MONTH IN NOVEMBER
8. FED'S BARKIN SAYS RATE HIKES ARE STILL ON THE TABLE IF INFLATION DOESN'T CONTINUE TO EASE
9. REACTION TO THE DEATH OF US DIPLOMAT HENRY KISSINGER
10. OPEC+ OIL PRODUCERS HEAD INTO MEETING WITH QUOTA UNEASE AND GEOPOLITICAL RISKS CASTING A SHADOW

RECOMMENDED READING:

THE ROAD AHEAD FOR COP28: SUSTAINABILITY LEADERS' PERSPECTIVES & SOUNDING

DAILY ENERGY MARKETS BULLETIN

TACKLING METHANE EMISSIONS

CHINA CALLS FOR 'CONCRETE' ROADMAP FOR TWO-STATE SOLUTION TO SOLVE GAZA CONFLICT

CHINESE FACTORIES SLIP DEEPER INTO CONTRACTION, MORE POLICY SUPPORT LIKELY

RED SEA ATTACKS ON SHIPS SPARK SAFETY CONCERNS FOR SAILORS

Energy Markets COMMENTARY WEEK IN REVIEW

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GI Soundings Week in Review

"MARKET WAITS FOR OPEC+ MEETING DECISION, WITH MOST ANTICIPATING FURTHER CUTS!"

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.

- **Omar Najia, Global Head, Derivatives BB Energy**
- **Jamie Ingram, Senior Editor, Middle East Economic Survey**
- **Narendra Taneja, India's Leading Energy Expert**
- **Omar Al-Ubaydli, Director of Research, Bahrain Center for Strategic International & Energy Studies**
- **Jorge Montepeque, President & Founder, Global Markets**
- **Dr. Iman Nasseri, Managing Director - Middle East, FGE Dubai**
- **Rachel Ziemba, Founder, Ziemba Insights; Adjunct Fellow, Center for a New American Security**

Omar Najia, Global Head, Derivatives BB Energy MARKET IN LIMBO "I wouldn't buy cracks now. They've been holding up quite well on distillates. Calendar 2024 is trading around $25, so it needs to fall a bit more to be interesting. The market right now is in kind of a no man's land; it needs to go down enough to become a no brainer to buy."

Jamie Ingram, Senior Editor, Middle East Economic Survey VOLUNTARY OUTPUT CUTS "Stocks haven't necessarily drained in the way that Saudi Arabia was hoping that they would after they introduced what was meant to be a one month cut at first. I don't think many people expected it to extend out until the end of 2023 and most likely beyond. So, Saudi Arabia will be looking to bring other people into this."

Narendra Taneja, India's Leading Energy Expert INDIA AT COP28 "India has no option but to follow the middle path at COP28 in the sense that we are a densely populated country with a serious climate challenge. But where we have disagreement is the way forward to get there, because we need to balance climate security with energy security, and coal is our only alternative fuel resource that is not heavily dependent on imports."

Omar Al-Ubaydli, Director of Research, Bahrain Center for Strategic International & Energy Studies MIDEAST CONFLICT "If the three primary potential entrants to the regional conflict - Hezbollah, the Houthis and Iran – were to want to get involved, the ideal time strategically would have been on day one when Israel was not mobilized to respond. The longer we go without them getting involved, the less likely it is to happen, barring an unlikely background risk of escalation because of errors."

Jorge Montepeque, President & Founder, Global Markets OPEC+ MEETING "It is obvious from the oil price performance and supply fundamentals point of view and with China slowing down, that OPEC+ has met to cut an additional 500,000 b/d to 1mn b/d. It will be very hard for them to come out of the meeting without an agreement; otherwise, the market will react."

Dr. Iman Nasseri, Managing Director - Middle East, FGE Dubai IRAN SANCTIONS "The recent resumption of adding names of companies and people in Iran, to be sanctioned by the US, is less of a concern for market players, but if we also see Chinese and UAE company names added to that list, it would add to the fear and risk, and could cut the expanded market of Iranian crude further down to perhaps where it was a year ago."

Rachel Ziemba, Founder, Ziemba Insights; Adjunct Fellow, Center for a New American Security MIDEAST CONFLICT "The response from Arab Americans in the US is that Biden should have done more on the humanitarian pause. And some of the progressives think the US should be conditioning aid to Israel. Where US electoral politics does come together, is this desire for the administration to be tougher on Iran and questioning why it has been allowed to produce more oil and generate more money."

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