Fujairah
New Silk Road
WEEKLY NEWSLETTER

رمضان كريم
Ramadan Kareem

MARCH 31st 2023

VOL. 152

Supported By:
FOIZ منطقة الفجيرة للصناعة البترولية Fujairah Oil Industry Zone
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EXCLUSIVE INSIGHTS /// ACTIONABLE INTELLIGENCE /// DATA TRENDS /// LATEST NEWS

"Oil Traders would be Wise to Remember that Financial Markets Matter!"

Adi Imsirovic, Director, Surrey Clean Energy
Senior Research Fellow, The Oxford Institute for Energy Studies

The IMF this week said that it's still worried about the impact of the current financial issues, on the overall growth of the economy, and that they now expect global growth to be well below the last few years' averages. Very often, my colleagues in the market say that supply demand balances do not reflect the situation. Well, they do. The flat price is set by the anticipated demand and supply situation in a few months, not necessarily by expectations about current balances. That's where the futures markets trade, and then we trade off the futures markets with physical differentials. I think that's something a lot of people in the market forget. So financial markets matter and expectations matter, and we still don't know how this current financial crisis is going to pan out. Even if we assume there's no more dominoes, the current state of financial markets mean that we are going to see lending curbed, especially to startups. Higher rates are certainly going to curb borrowing by many people, so there's going to be no more risk on and chasing the high yield through risk for the foreseeable future. For weeks and probably even months, I think we are going to see some pressure on the oil markets, which is going to be fundamentally driven by the fact that there's going to be less lending to new businesses in the marketplace and therefore that will curb economic growth overall.

CONTINUED ON P 3

Fujairah Weekly Oil Inventory Data

7,722,000 bbl	2,595,000 bbl	11,602,000 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
$3.61 - 4.38/m³

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

Weekly Average Oil Prices

Brent Crude:	$78.23/bl
WTI Crude:	$73.50/bl
DME Oman:	$77.01/bl
Murban:	$78.12/bl

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

Fujairah Weekly Bunker Prices

VLSFO	MGO	IFO380
High = $573.50/mt	High = $1,061.50/mt	High = $427.50/mt
Low = $557.00/mt	Low = $1,031.50/mt	Low = $413.00/mt
Average = $566.50/mt	Average = $1,045.50/mt	Average = $420.00/mt
Spread = $16.50/mt	Spread = $0.00/mt	Spread = $14.50/mt

*Source: Ship and Bunker, *Time Period: Mar. 23 – March 30, 2023*

Fujairah Bunker Sales Volume (m^3)

545 180cst Low Sulfur Fuel Oil	389,544 380cst Low Sulfur Fuel Oil	159,908 380cst Marine Fuel Oil
713 Marine Gasoil	21,661 Low Sulfur Marine Gasoil	4,549 Lubricants

Source: FEDCom & S&P Global Platts

CONTINUED FROM PAGE 1

Adi Imsirovic, Director, Surrey Clean Energy
Senior Research Fellow, The Oxford Institute for Energy Studies

Outlook for energy demand recovery in China?

China is coming back from COVID and there is pent up demand, and we will see growth, but the question mark is how long is it going to last? As we've seen in Europe post-COVID, demand picked up, but then it levelled out. China also has a lot of issues. The government has limited tools in terms of how they can stimulate the economy. There's a lot of debt, there's still a problem with the housing market and just by throwing money at the problem, they know they're going to exacerbate those issues, so they will be careful. And from the people point of view, the safety net is not necessarily as strong as in developed countries. People don't just go out and start shopping when they feel better coming out of COVID. Chinese consumers are showing that they are very careful about what they're spending money on.

What about India?

India is a different case. It is doing extremely well, but it is still a relatively small energy consumer, importing less than half the volumes of oil that China does. India is not going to pull the world out of this demand conundrum. So, all in all, I'm not expecting a big boom in the second half of this year. There's also a lot of supply coming out of the US, Brazil, Canada, Guyana and other places.

Is the Ukraine war now a marginal actor in energy markets?

The situation is certainly not improving from a security point of view. What we have is a stalemate and a Chinese proposal which is very much rewarding Putin's conquests, and so not acceptable to the West or Ukraine. But the G7 high price cap is basically allowing Russian oil to flow and a lot better than we expected in many ways. If there is any impediment, it will probably be physical in terms of shipping, for example. Those costs have gone through the roof. We've seen products struggling, especially gasoil looking for new markets, but sooner or later, Russian oil gets blended elsewhere and markets continue to work.

Some US majors are starting to build their own trading desks. Is that a coincidence with WTI now being included in the Brent contract?

A lot of people have forgotten that after the 1986 price collapse, over 20,000 wells in the US shut and liquidity in the WTI contract dried up. At the time, NYMEX introduced the alternative delivery so that Brent, West African and other sweet crudes could be delivered into the WTI contract. And it worked very well. So, if you read that history, you realise that it's not so odd now to include WTI in Brent, as we are running out of liquidity in the North Sea. And with the Energy Transition and companies looking for their role in that, trading is one of the obvious opportunities that the majors like Exxon, Shell and BP will pursue. We also have had power and electricity and LNG trading becoming a big deal in the last ten years. Markets are important - they can't solve all the problems but where they work well, they work really, really, well.

WATCH FULL INTERVIEW HERE

Energy Markets Views You can Use

Vandana Hari
Founder & CEO, Vanda Insights

Russian Oil Cuts Shrugged Off:
Russia will extend its 500,000 b/d oil output cut that began this month through June, Deputy PM Alexander Novak said this week. The figure is broadly in line with our estimated drop in Russian exports following the European Union's February 5 ban on refined products purchases from the country. The news was barely a blip on the oil radar; current economic and oil demand worries far outweigh any concerns over potential disruption in Russian supplies.

US SPR Refill Plans Turn Bearish:
Ongoing sales from the US Strategic Petroleum Reserve and maintenance at two of the reserve's four sites will make it difficult for the US Administration to replenish the country's crude stockpiles this year, Energy Secretary Jennifer Granholm said. That went down as bearish in a market expecting that WTI's recent slide below the administration's target price of $72 to buy back crude for the SPR might trigger some purchases. Last year's massive sales have left the SPR stocks at 40-year lows of around 371.6 million barrels.

No Big Waves from Xi-Putin Summit:
The meeting last week between Presidents' Xi Jinping and Vladimir Putin in Moscow did not go much beyond cliches. There was no news on Xi's planned talks with Volodymyr Zelensky and we wouldn't hold our breath for moves towards peace talks on Ukraine. Russia is banking on boosting gas supplies to China through the Power of Siberia 2 pipeline by 2030, but Beijing seems more cautious and circumspect over putting too many eggs in that basket.

Bora Bariman
Managing Partner
Hormuz Straits Partnership

Money will continue to flow out of banks when short-term US Treasuries pay 4%.
The market signal is that investors don't feel comfortable with their money sitting in these banks and that's because they have been crowded out in their competition for capital by their own governments and the Fed. The only place that the banks have been able to go for liquidity is back to the Fed via this discount window which has injected $300 billion into the system over the past couple of weeks. This is the culmination of 15 years of free money policy that has distorted the architecture of the world economy and that structure is no longer sound. Until a new architecture is put into place, we will have this volatility and uncertainty. We have a lot more to run on inflation because we don't have a Volcker moment. The cure to this situation is a massive downgrade in living standards that we're trying to postpone. The difference between now and the 1970s is that Asia was not a factor at all then. Today, we have a globalized economy and India and China are not growing on capital inflows from America or Europe - they're growing on their own dynamics. I think we are in for more of the same in the weeks ahead. The markets are betting that we will keep kicking the can down the road but there will be a point where that stops.

Fujairah Spotlight

Russian oil influx boost storage fees at Fujairah to record highs

Large inflows of Russian crude oil and refined products have boosted tank storage demand at the United Arab Emirates' Fujairah, pushing storage fees at the transit and blending hub to all-time highs in the first quarter, industry sources said. The European Union banned imports of Russian crude and oil products in December and February, respectively, forcing shipments to head elsewhere.

Source: Hellenic Shipping News

Fujairah Faces Growth Debate As Tanks Fill Up

Demand for oil storage at Fujairah has soared following Russia's Ukraine invasion, with the emirate well placed to serve growing African demand. Yet last week's Fujcon conference showcased a disconnect between Fujairah officials and industry players on whether additional storage capacity is required.

Source: MEES

Mass flow meters at Fujairah need robust regulatory support: bunker suppliers

Bunkering at Fujairah would benefit from the transparency that mass flow meters confer and consequently attract more market players, but only if a mandate to use the units had robust backing from the authorities, according to bunker suppliers. Fujairah is the world's third largest bunker hub, with 8.03 million mt of marine fuel sold there in 2022.

Source: S&P Global Commodity Insights

Brooge Energy Ltd Recognized for Multiple Awards at The Global Ports Forum Awards

Brooge Energy's award at the Global Ports Forum Awards is a significant achievement that highlights the company's commitment to providing high-quality services, promoting sustainability, and driving innovation in the industry. Lina Salah Saheb, Interim Chief Executive Officer of Brooge Energy, stated, "We are honored to receive these awards at such a prestigious ceremony. This recognition is a testament to our unwavering commitment to excellence, innovation, safety and security. We have always strived to set a new benchmark in the terminal industry by delivering world-class infrastructure, state-of-the-art technology, and services to our customers. We will continue to strive to take our excellence to the next level, and we look forward to building even stronger track records in the years to come."

Source: XM

Energy Markets Views You can Use

Victor Yang
Senior Analyst
JLC Network Technology

To what extent has the Chinese economy recovered in Q1?

It's been modest. Sinopec's recent annual report forecasts its oil demand throughput in 2023 to rise by 2.3% and oil products output to climb by 7.7%. Domestic demand in China is forecast to grow by over 7% for the whole year. It recovered fast in January and the first half of February on the back of the Chinese New Year peak travel rush but in the second half of February, jet and gasoline demand shrank a little. It has picked up slightly again in late March as travel comes back. Diesel demand has picked up only modestly. Official figures for crude oil imports in January and February showed a decline, but probably because of the delay in unloading and customs declarations, and so now, we might see a jump in March imports indicated on the customs data.

Is foreign travel expected to give a lift to aviation fuel demand in China?

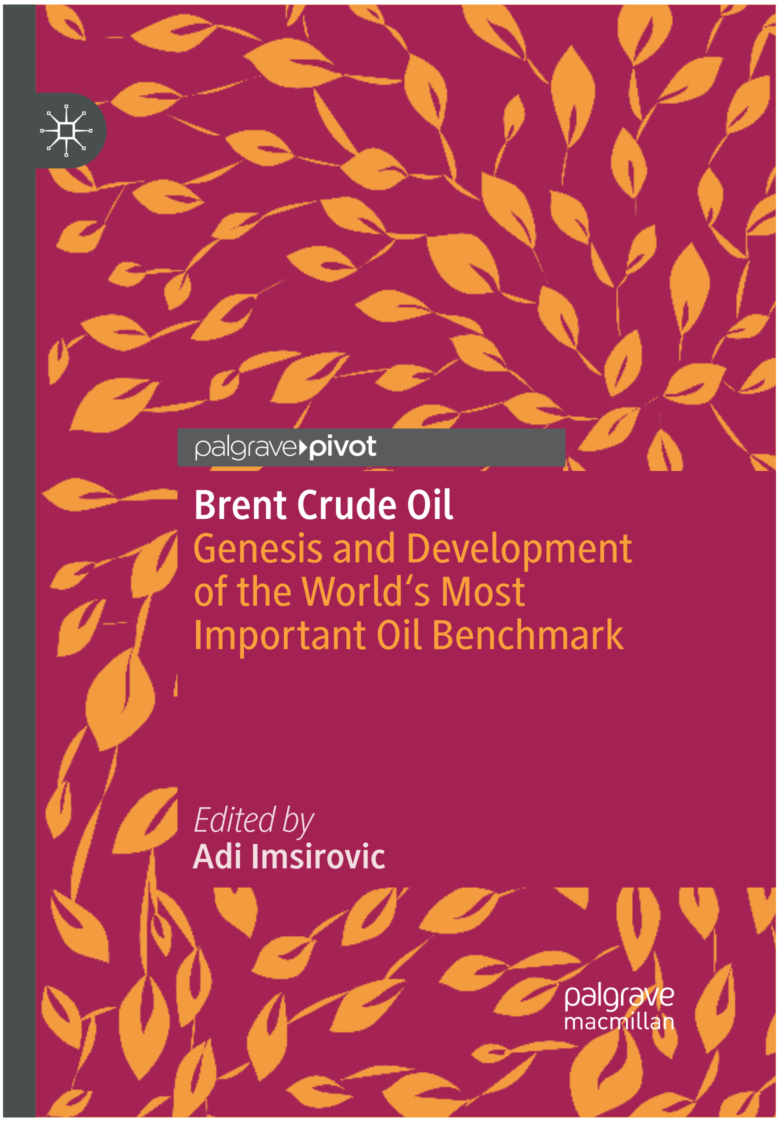
National travel has recovered to 60% of pre-pandemic levels and will grow to about 70%-80% in the next couple of months and the country is now trying to speed up the process of tourists coming to China.

Outlook for China's imports of Russian crude in Q2?

Russian crude accounted for 18.7% of China imports in the first two months of 2023 and they will stay high and may come close to 20% in Q2.

Has government policy changed towards business since the economy reopened?

China is trying to create a better environment for domestic private companies and is also providing foreign companies with more facilities to enable them to do better in the Chinese market. Some companies have moved away from China because of Covid, because of cost and because of the decoupling of Chinese business by the US. The Chinese government has announced a plan for tax cuts which will amount to ¥480 billion ($70 billion) for small and micro private companies and some other sectors such as R&D and high-tech manufacturing. .



Fujairah Weekly Oil Inventory Data

TOP TAKEAWAYS

- Total oil product stocks in Fujairah were reported at 21.919 million barrels with a rise of 581,000 barrels or 2.7% week-on-week as they maintain above the 21-million-barrel level. The stocks movement saw a rise for light distillates and heavy residues, while a drop for middle distillates.

- Stocks of light distillates, including gasoline and naphtha, rose by 405,000 barrels or 5.5% on the week to 7.722 million barrels. The East of Suez gasoline complex strengthened in early trading March 29 tracking gains in the US-RBOB Brent crack spread, market sources said. US gasoline prices were expected to continue to rise on the back of an expected decline in inflows from Europe amid strikes in France, sources said. France's refinery production has declined on the back of a near four-week long strike, local media reported. India's gasoline output fell 7.72% on the month to a three-month low of 3.53 million mt as total domestic demand slipped 1.8% on the month to 2.78 million mt in February amid relatively stable petrol prices, showed Petroleum Planning and Analysis cell data.

- Stocks of middle distillates, including diesel and jet fuel, decreased by 19,000 barrels or 0.7% on the week to 2.595 million barrels. Macroeconomic concerns weighed on the East of Suez gasoil complex March 28, with some middle distillate sources saying that traders preferred to remain on the sidelines amid jitters over uncertainties in the broader financial environment. "The French strikes, yes, it would be supportive, but sentiment is more driven by the macro meltdown [at the moment]," a regional trader said March 28. "Flat price and spreads are almost perfectly correlated by equity markets since the Credit Suisse meltdown, so [it] is just a function of market being in extreme risk off mode," the trader said. S&P Global previously reported the possibility of lower Chinese gasoil exports in March and the onset of the refinery turnaround season in Northeast Asia will likely pillar sentiment for the Asian gasoil market, with momentum expected to pick up.

- Stocks of heavy residues rose by 195,000 barrels, up 1.7% on the week as they stood at 11.602 million barrels. Spot trading activity at both the bunker hubs of Singapore and Fujairah slowed on March 28, as most buyers were seen on the sidelines amid a strong recovery in international crude oil prices during the second trading day of the week started March 27, according to market sources. Market sources said that it's that time of year again when high winds and rain tend to move in on the UAE's east coast, potentially disrupting bunkering operations at the world's third-biggest ship fueling hub, the Port of Fujairah. Traders were seen already reporting some disruptions as bunker fuel deliveries have slowed. "Weather has been quite poor over the past seven days with stronger winds," a Fujairah bunker supplier said March 28. Refueling operations and loadings have slowed, he said. "Disruptions have been on and off over the past week," another supplier said. Bad weather at this time of year is common for Fujairah, he said. The port did not respond to an email seeking comment. Demand for low sulfur fuel oil at the port has been slow since February and any weather-related disruptions could cap any improvement in demand, traders said.

Source: S&P Global Commodity Insights

GI Consultancy Intelligence Publishing

Energy Markets Views You can Use

Peter McGuire
Chief Executive Officer, XM Australia

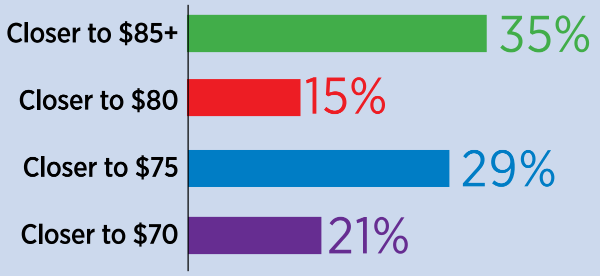
How is China's recovery progressing with its reopening?
In Q2 and leading into Q3, I think China will come out of the blocks even harder with relatively strong growth in domestic demand and I wouldn't be surprised if they try and export their way out of any internal issues that they have – the property sector is still a work in progress. One would hope that China's demand picture across energy, coal and base metals improves – the overall theme seems to be onwards and upwards for the economy.

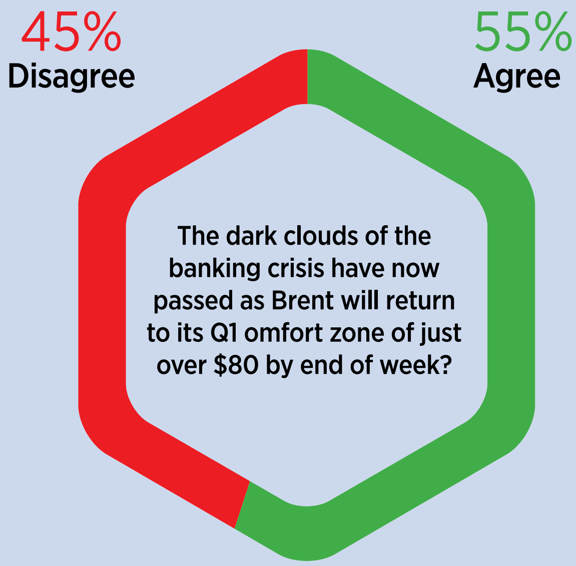
Where are we with the FED rates cycle and impact on markets?
I'm waiting to see that inflation data - it all hinges on what happens with that. We may not see a rate rise for a month or two until the Fed gets a better picture as far as the domestic scene goes in the US. Some analysts are saying the fourth quarter will see a big pullback on rates. If energy prices continue to climb, that's not a good sign for Jay Powell. I wouldn't be surprised if what we saw in the last couple of weeks was the low possibly for the year. Maybe $85 to $90 is going to be where we're heading for a break in the short run, probably by end of April. But there a lot of issues to be worked through yet to get a clean bill of health as we run into the third and fourth quarters.

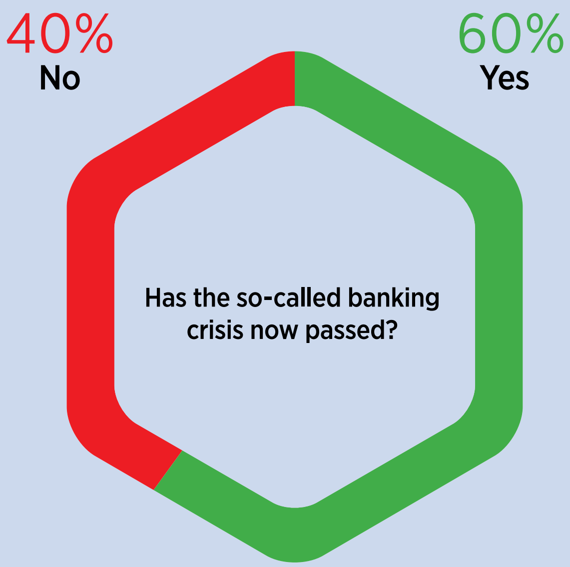
Japan's economy and the Yen making a good recovery?
The yen been very choppy over the last month and that's been great for traders. The last six months has been nothing short of outstanding with plenty of opportunity and they had better than expected inflation numbers again. I'm not expecting rates to ratchet up very heavily in the next couple of months from Japan. If they can get inflation under control, that's going to be a good sign and could lend further strength to the upside for their currency, dependent also on what happens with the USD index.

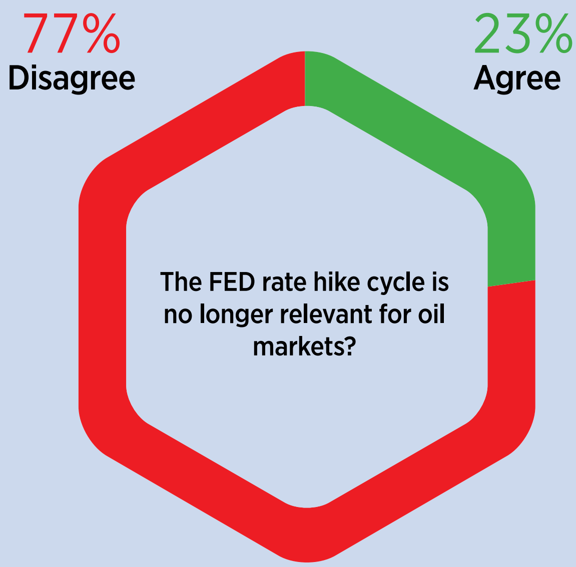
GI Weekly Surveys

Brent crude oil Averaged at close to $81 a barrel in Q1 – what will it average in Q2?

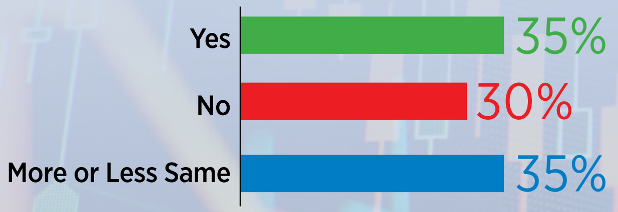








US equity futures ticked higher and Asian stocks advanced as a gauge of global shares headed for a second-straight quarterly gain – will this lead to higher oil prices in Q2:



Source: GI Research March 2023

Energy Markets Views You can Use

Ole Hansen
Head, Commodity Strategy, Saxo Bank

How has the so-called 'banking crisis' impacted oil markets?
There's no doubt that we are struggling in the aftermath of this succession of rate hikes that has uprooted some of the market, especially bonds. We should see some normalization start to return. As far as the recent bounce in the crude market, we came out of a four-month period where it had been rangebound and volatility had dropped to the lowest we've seen for a while. Then, as we broke into the low 80s, that triggered a massive amount of selling with traders looking for new momentum to the downside that failed to materialize. For now, it's primarily a short covering bounce and obviously some hedging coming in at these lower levels. But generally, it all highlights once again how speculative interests in the market have outsized market reaction.

Outlook for Russian gas, oil and liquids exports in the second quarter?
There's a lot of oil now sitting on ships looking to find a home. We haven't seen the full story yet on whether Russia is going to uphold exports like it did in Q1, but Europe has to be looking elsewhere for fuels. Russia has managed to continue to export gas by cutting pipeline supply and increasing LNG. Europe has added LNG import terminal capacities and those are not going to be used for Russian ships offloading, but how they solve that remains to be seen because it seems like most of the LNG that is coming out of Russia has been delivered to ports in southern Europe.

Are other commodity complexes giving any guidance to Q2 direction?
Generally, they are indicating some recovery. Crude oil was the one that took the brunt of the beating during the past few weeks. The industrial metals sector is still recovering quite decently from the pick-up in China. Gold is also probably a good guide right now. It got rejected above $2000 last week and now hovering a bit lower, but that is the market's nervousness coming from pricing in a 1% rate hike to now pricing in a 25-basis point cut over the next 12 months. Until we get that gap in expectation narrowed in either direction, we'll probably continue to see some volatility. The banking sector stress is going to move to other sectors in the coming months - into private equity and the retail sector, which are suffering the consequence of this rapid rise in rates.

Osama Rizvi
Energy & Economic Analyst, Primary Vision Network

Outlook for oil prices?
Global economic conditions are perfectly fit for a bearish case for every commodity. These recent oil price hikes are temporary. The ICE data showed about 150 million barrels of various positions being built and about 140 million barrels sold in the week ending March 21. In the physical markets, we don't see any signs of a supply crunch. The case for a price below $50 remains stronger than for $100 oil, at least for this year.

Would Pakistan consider importing Russian oil?
For technical, diplomatic, and economic reasons, it is challenging for Pakistan to do that. We still haven't signed an agreement with the IMF, our refineries would need billions of dollars of investment before they could refine Russian grades, and there are the higher freight costs to consider. The country is not in a cash position to add more cost to its national exchequer.

How is Pakistan handling its geopolitical relations amid all this change?
For a country like Pakistan, it's like walking a tightrope. We need Russia for our falling gas production. we need the US and IMF to save us from bankruptcy, and we need European markets which account for more than 60% of our textile sector export earnings. Our biggest trading partner remains the US, not China, but we need China's support as a diplomatic counterweight to the rising economic and diplomatic power of India in the region.

Energy Markets COMMENTARY WEEK IN REVIEW

Daily Energy Markets PODCAST

Consultancy Intelligence Publishing

MONDAY /// MARCH 27th /// 10:30AM (UAE)

Omar Najia
Global Head – Derivatives, BB Energy

Bora Bariman
Managing Partner, Hormuz Straits Partnership

Bill Spindle
Council on Foreign Relations, International Affairs Fellow in India

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Daily Energy Markets PODCAST

Consultancy Intelligence Publishing

TUESDAY /// MARCH 28th /// 10:30AM (UAE)

Dr. Iman Nasseri
Managing Director - Middle East, FGE Dubai

Vandana Hari
Founder & CEO, Vanda Insights

Victor Yang
Senior Analyst, JLC Network Technology

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WEDNESDAY /// MARCH 29th /// 10:30AM (UAE)

Peter McGuire
Chief Executive Officer, XM Australia

Ole Hansen
Head, Commodity Strategy, Saxo Bank

Neil Atkinson
Former Head of Oil Markets Division
International Energy Agency (IEA)

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Daily Energy Markets PODCAST

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THURSDAY /// MARCH 30th /// 10:30AM (UAE)

Mike McGlone
Senior Macro Strategist, Bloomberg Intelligence

Rachel Ziemba
Founder, Ziemba Insights; Adjunct Fellow, Center for a New American Security

Osama Rizvi
Energy & Economic Analyst, Primary Vision Network

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Daily Energy Markets PODCAST

Consultancy Intelligence Publishing

FRIDAY /// MARCH 31st /// 10:30AM (UAE)

Dr. Aldo Flores-Quiroga
Former Deputy Secretary of Energy for Hydrocarbons, Mexico's Ministry of Energy; Senior Advisor, FTI Consulting

Andrew Critchlow
Head of News, EMEA
S&P Global Commodity Insights

Marc Ostwald
Chief Economist & Global Strategist, ADM Investor Services International

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Energy Markets Views You can Use

Neil Atkinson
Former Head of Oil Markets Division
International Energy Agency (IEA)

No oil supply crunch in sight?
There are large volumes of Russian oil still on the water, so supply is not expected to drop any time soon. With demand, all eyes are on China, and we don't know how strong that rebound is going to be. The range of estimates on global oil demand growth this year is 700,000-800,000 barrels a day - to have that disparity at the end of the first quarter of the year is unusual. But with the outlook not as rosy as some people think, we should have a relatively rangebound comfortable market.

Continued impact of sanctions and price caps on Russian exports?
We all know that the importance of Russian energy exports is enormous; it is still a preferable source of energy, and the price cap mechanism recognizes that. With gas, moving into 2024, Europe is still in a very vulnerable situation because if we were to get a really cold winter, we're in a situation where we would have to cut off supplies to industry to make sure domestic household supplies were maintained. We can't be sure that there's going to be the availability of ever-increasing volumes of LNG from places like the US and elsewhere and there isn't necessarily the regasification capacity in Europe. And let's not forget that developing economies in Asia will also be pulling on gas supplies.

Outlook for the US replenishing its SPR?
At current price levels, they've decided not to go back into the market. But in any case, going back to the Obama administration, the US had already decided, partly because its domestic production had soared, that it would start to draw down the SPR in a managed and careful way over a few years, because they no longer needed 700 million barrels, and rather, use the money for other purposes.

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4. REFINER VALERO SEEKS US APPROVAL TO IMPORT VENEZUELAN OIL
5. SOUTH KOREA DATA SHOWS UNEVEN ECONOMIC RECOVERY, SUGGESTS STEADY RATES
6. CHINA-DRIVEN GROWTH SEEN HELPING EMERGING ASSETS DESPITE BANK WORRIES
7. REPUBLICAN-SPONSORED ENERGY BILL PASSES THE HOUSE
8. INDIA'S GRID STRAINED BY BURGEONING POWER DEMAND
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INDIAN OPPOSITION LEADER RAHUL GANDHI EXPELLED FROM PARLIAMENT
NUCLEAR PLANT AT RISK AS UKRAINE AND RUSSIA GEAR UP FOR SPRING OFFENSIVE

Energy Markets Views You can Use

Mike McGlone
Senior Macro Strategist, Bloomberg Intelligence

Is this indeed a bull market as some are inferring?
This is a bear market rally in my view, in all markets. The key fact remains that there is this banking crisis that's supposed to be over, yet the main reason for the banking crisis was the Fed and most central banks raising rates so fast that they forced the banking crisis - and they're still raising rates. This is the early days of what I call the global economic reset - a significant one. Inflation is still sticky. The Bloomberg Commodity Index has dropped 30% from the peak. During the financial crisis, it dropped 50%, so it's still going. Natural gas has dropped to its cost of production. I fully expect WTI to go towards $40; it's very unlikely to make a new high above $82 this year. That's simply following things like natural gas and lumber at a normal trajectory in a recession, as suggested by an inverted yield curve. And remember, it's only been about a year since the Fed first started hiking rates and since we had the Russian invasion of Ukraine.

What are the indications today for US field production?
Supply is stable but it's demand that we need to look at. In a recession, demand globally usually drops about 5%. In June last year, US unleaded gas demand peaked during the driving season and it's still heading lower. The key thing to remember is that price is one of the number one drivers of demand and that is on its way down. The key question is what stops that downward trajectory. It won't be the Fed. The only factor that can save oil prices is a buoyant and continued rally in the stock market - the correlation between crude oil and the stock market is the highest ever. What we're seeing right now in equities is short covering of bonds. The tilt downwards is going to be a matter of time. If stocks don't rollover, the Fed's going to keep tightening in its stated goal to increase unemployment, which means a recession.

GI Soundings Week in Review

"What Was All The (Banking) Fuss About?"

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**
- **Bill Spindle, Council on Foreign Relations, International Affairs Fellow in India**
- **Dr. Iman Nasseri , Managing Director - Middle East, FGE Dubai**
- **Rachel Ziemba, Founder, Ziemba Insights; Adjunct Fellow, Center for a New American Security**
- **Marc Ostwald, Chief Economist & Global Strategist, ADM Investor Services International**
- **Andrew Critchlow, Head of News, EMEA, S&P Global Commodity Insights**
- **Dr. Aldo Flores-Quiroga, Former Deputy Secretary of Energy for Hydrocarbons, Mexico's Ministry of Energy; Senior Advisor, FTI Consulting**

Omar Najia, Global Head, Derivatives, BB Energy GLOBAL MARKETS "The market is going to reflect it [banking crisis] at some point. But right now, there is complacency, thinking that the Fed can fix everything. They found a buyer for Credit Suisse and SVB, and everything is going to be OK. But I think the issues, especially in the financial markets, are systemic. Corporate bonds can be the next issue and interest rates are not likely to come down anytime soon."

Bill Spindle, Council on Foreign Relations, International Affairs Fellow in India US ECONOMY "The Fed is in a much trickier position that could put the US potentially into a 'fever'. They're really trying hard to figure out how much more they are going to raise rates, whether they're going to raise rates any more at all, and what the implications of that are for inflation on the one hand, and for the banking system and onwards to the economy on the other."

Dr. Iman Nasseri , Managing Director - Middle East, FGE Dubai LNG DEMAND "We expect China's incremental volumes of LNG import over the past few years to return to the scene, but it will not be at full scale. China will have to continue competing with Europe for LNG spot cargoes. The market will remain tight until the first Qatari LNG trains come online in 2026."

Rachel Ziemba, Founder, Ziemba Insights; Adjunct Fellow, Center for a New American Security US SPR "Not refilling the SPR at $70 WTI does not help the US' credibility on the energy front. It adds to downside risk if and as and when we have new financial stress and that means there's not that safety cushion to the same extent. And maybe it brings back the dynamics and question marks on OPEC ability to act as a cutting, stabilizing force on the downside, where they tend to be more effective than adding supply when things are strengthening."

Marc Ostwald, Chief Economist & Global Strategist, ADM Investor Services International RATE HIKES "The tricky part now is the narrative from the Fed and the ECB on further rate hikes. Markets are assuming that the banking crisis puts rate hikes at maybe one more from the ECB and the Fed to hold. I'm not so sure that will be the case and I'd be cautious in overinterpreting this move."

Andrew Critchlow, Head of News, EMEA, S&P Global Commodity Insights DEMAND "Our forecast for the rest of the year is about 2.3mn b/d of net growth in the market, largely fueled on the basis of a strong recovery continuing in China. We're seeing a lot of jet demand coming back and as the summer season starts, the emphasis turns away from diesel to gasoline, and that will help petrochemicals which have been under pressure recently."

Dr. Aldo Flores-Quiroga, Former Deputy Secretary of Energy for Hydrocarbons, Mexico's Ministry of Energy; Senior Advisor, FTI Consulting THE AMERICAS"Given the leftward turn of the region, there's more policy uncertainty and that is being reflected in the enthusiasm for investing. It all now boils down to Brazil and Guyana, with the rest of the countries either stagnant or with falling output. For the short and medium term, this is not a picture that will change much."

Daily Energy Markets

TOP TAKEAWAYS
MARKET OBSERVATIONS FOR THE WEEK
March 27th - 31st

1. We have just enjoyed the first weekend in three without a banking collapse - the big question; is this the quiet between the storms or the end of the storm?
2. While Asian oil demand recovery looks like it is happening slowly but surely, it is very hard to see how the IEA will not have to revise down its robust 2023 global demand recovery of over two million bd.
3. Financial markets are sleepwalking to the seductive tones of all will be well monetary policy makers - rallying on the back of a 25 basis-point rate hike in the midst of a banking crisis does look very Icarus like.
4. China's economic recovery has been moderate in Q1 with oil imports declining in January & February.
5. The dark clouds of the banking crisis are receding and hence pushing Brent crude up towards its Q1 comfort zone of $80.
6. China spent $240 billion bailing out 22 developing countries between 2008 and 2021 as they struggled to repay loans spent building "Belt & Road" infrastructure, World Bank reports.
7. Oil market back to moving on fundamentals such as low inventories, supply disruptions and national strikes.
8. NASDAQ may be enjoying a move into a Bull market (+20%) but most commodities remain in a Bear market.
9. The FED is still restraining liquidity and tightening rates with its target still focused on driving up unemployment.
10. The US Department of Energy is likely to provide clarity on their outlook for refilling the SPR within the coming months.

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