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Fujairah New Silk Road WEEKLY NEWSLETTER

Supported By:
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EXCLUSIVE INSIGHTS /// ACTIONABLE INTELLIGENCE /// DATA TRENDS /// LATEST NEWS

"China Leadership Realizes Political Relaxation & Economic Recovery Go Hand in Hand!"

Mehmet Öğütçü, Group CEO, Global Resources Partnership, Chairman, London Energy Club

We cannot look at China's economic recovery in isolation from what's happening politically in the country. Xi Jinping has been clamping down on the opposition and the middle class protesting about COVID restrictions, and now there has been some easing of that, but over the medium to long term, there is no doubt that energy demand is going to pick up in China. There will always be ups and downs in the economy because of the fragility in certain sectors and high subsidies here and there, but overall, I think the government is in full control. President Xi is becoming very pragmatic because they learned lessons in Tiananmen in 1989. Stability is key to all Chinese leaders in a nation of 1.4 billion people. They have to pay close attention to what happens not only to the economy and to military stability, but also to what people want. As the middle class has grown stronger in China because of economic prosperity over the past three decades, Chinese leaders are smart enough to understand that if they don't satisfy people, especially in the urban areas, there is going to be a bigger political problem. So, political relaxation and economic recovery will have to go hand in hand whatever the instincts of one man rule, led by Xi Jinping, will be. In that regard, there is smartness. We should also look at the relationship between China, Central Asia, Turkey, and the European Union and to what extent Central Asia will continue to be in the orbit of Russia or China or the West? Russia has already lost a great deal of ground in Central Asia, even before the war in Ukraine, because China had economically created huge clout there - through soft loans and its Belt and Road Initiative. Also, most Central Asian leaders are really scared of what happened in Ukraine, in Georgia, with the annexation of Crimea, and also Putin's remarks about Kazakhstan not being a nation. So, there is a concern there, but they don't know where to turn and they don't trust China either.

CONTINUED ON P 3

Fujairah Weekly Oil Inventory Data

7,133,000 bbl	3,160,000 bbl	12,560,000 bbl
Light Distillates	Middle Distillates	Heavy Distillates & Residues

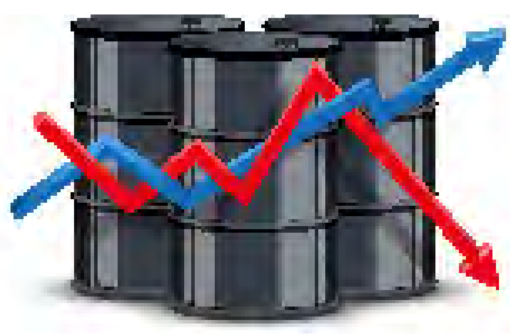
Source: FEDCom & S&P Global Platts

Fujairah Average Oil Tank Storage Leasing Rates*

BLACK OIL PRODUCTS

Average Range
$3.62 - 4.38/m³

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



Weekly Average Oil Prices

Brent Crude:	$80.49/bl
WTI Crude:	$74.97/bl
DME Oman:	$77.63/bl
Murban:	$80.92/bl

*Time Period: Week 2, Dec.2022
Source: IEA, OilPrice.com, GI Research

Fujairah Weekly Bunker Prices

VLSFO

High = $654.00/mt

Low = $612.50/mt

Average = $638.50/mt

Spread = $41.50/mt

MGO

High = $1,151.00/mt

Low = $1,093.00/mt

Average = $1,133.50/mt

Spread = $0.00/mt

IFO380

High = $359.00/mt

Low = $345.50/mt

Average = $353.00/mt

Spread = $13.50/mt

*Source: Ship and Bunker, *Time Period: Nov. 30 – Dec. 7, 2022*

Fujairah Bunker Sales Volume (m^3)

984 180cst Low Sulfur Fuel Oil	481,052 380cst Low Sulfur Fuel Oil	141,780 380cst Marine Fuel Oil
1,164 Marine Gasoil	30,146 Low Sulfur Marine Gasoil	4,269 Lubricants

Source: FEDCom & S&P Global Platts

CONTINUED FROM PAGE 1

Mehmet Öğütçü, Group CEO, Global Resources Partnership, Chairman, London Energy Club

Impact of the EU oil price cap on Russian flows?

It seems it will be implemented quite strictly but the $60 agreed cap isn't going to have much impact on oil markets because the Russians are already able to sell at $52 with a huge discount to countries like China and India. The real challenge was going to be about shipping and insurance, but the Russians are bringing their old fleet of tankers and their own insurance schemes. I don't know how it's going to work. As of now, there are almost 20 oil tankers waiting on the Black Sea.

Is Turkey facilitating a more muscular interpretation of the cap?

There was some lack of clarity on how Turkey should be dealing with these tankers because there is both Kazakh and Russian crude coming through the Bosphorus from the Russian port of Novorossiysk. Turkey didn't know whose crude oil it was in terms of origin, so they had to be extra vigilant when checking insurance and shipping documents as they didn't want to be on the wrong side of enforcement. The US has since clarified that there is no need for additional checks for insurance and shipping purposes.

Turkey is clearly repositioning itself geopolitically?

It is recalibrating its foreign policy with the Gulf nations, with Israel and with Egypt. Geopolitically, there is a realignment emerging with more pragmatic policies. Turkey is also economically fragile – it needs fresh funds to be injected into the economy in the run up to the elections in six months. Saudi Arabia, the UAE and Russia have all declared investment intentions. That's the reason why Erdogan is showing so much pragmatism and opportunism. It's a critical life and death matter for him. Without the economy being somehow relaxed and people's expectations met, it will be very, very difficult. It's also in the interests of many countries that Erdogan is reelected. The US should be happy that Turkey is reengaging with countries such as Saudi and Israel, and that it does not slide to the hostile camp led by Iran, Russia and China. The alternative to Erdogan would be a coalition government of six parties and a power vacuum in Ankara.

What's the situation today with European gas supply?

The view from Brussels is that this winter is not going to be as bad as expected as stock levels are good and LNG facilities are quickly being constructed, especially FSRUs in Germany. Germany is also receiving LNG directly from Belgium, and there is a project for LNG through pipelines to Germany from Italy as well as Spain where there's huge capacity. The real trouble will be next winter. It will be difficult to cut Russia out of the picture but right now, the intention is to have a Russia free energy supply architecture in Europe.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Energy Markets Views You can Use

Vandana Hari
Founder & CEO
Vanda Insights

The market feels a little directionless.
Three factors could push it either way. OPEC policy, the price cap impact on Russian oil flows and Chinese demand. The cap will be inconsequential as Europe has now agreed on $60 a barrel, which is about $5 above where Russian oil is trading. One thing the EU did manage to achieve was to save face; they managed to forge a consensus and agree on a figure. But they're not going to achieve the intent of squeezing Russian oil revenues nor save their shipping and insurance industries from taking a hit. The OPEC+ decision was as expected and safe given all the market uncertainty, but one surprise element was that they laid out the course for the next six months. China is now resolutely moving away from its zero COVID policy, but that will still be gradual, with things possibly starting to normalize in the middle of next year.

Will countries like India still import Russian oil with the price cap in place?
China and India won't go along with the price cap and even if they were to consider signing up, it would set a dangerous precedent. There's been talk of Malaysia, Indonesia, and Pakistan emerging as buyers of Russian oil to try and extract the maximum possible discount. I see the discount probably increasing because Russia has the same number of barrels to offer to a sizably smaller market.

Has market concern once more switched from demand to supply?
I would say the demand erosion narrative will stay potentially through 2023, with the US Fed continuing to tighten and the Ukraine war continuing to fester. The biggest supply concern is how bad it could get for Russian oil under EU sanctions. In recent weeks, it's become very clear to the market that alternatives are available, including shipping and insurance. We still have the outside risk of a million barrels per day getting shut off in Libya any time and issues in Nigeria, but I don't see a sustained supply shock there as such, so my view is a steady, albeit gradual, downward drift in prices.

Yousef Alshammari
CEO & Head of Oil Research, CMarkits
Senior Research Fellow, Imperial College London

The output cuts decided on by OPEC+ in October are close to 1mbd.
I would have expected to see at least 800,000 barrels to be enforced. Saudi Arabia, according to Bloomberg's latest figures, has made a cut of at least 470,000 barrels and the whole alliance has cut close to a million barrels. No one expected them to cut by two million. Now, China has emerged as a key factor, especially over the past two weeks, with Shanghai and other regions easing their lockdowns and that will be reflected in global demand next year. So, it certainly was not the right time for OPEC+ to make any further cuts at its meeting last week and if China does come back fully economically by June, perhaps we will see an emergency OPEC+ meeting to bring back more of the barrels that were cut back in October.

Impact of the EU price cap on Russian oil flows and OPEC+ policy?
I would expect Russia to continue supplying Europe with oil despite the threats that they will stop supplies from countries participating in the cap, simply because it's still an attractive deal. China will be the biggest factor for OPEC+. I don't think the price cap will really have an impact on its policy.

Expectations for President Xi's visit to Saudi Arabia?
Saudi Arabia is leading the Arabs in terms of opening and consolidating relations with China, especially in terms of economic diversification. China is a major partner in achieving that economic vision led by the Crown Prince. Chinese companies will find strong opportunities to explore the energy transition in the Kingdom - in hydrogen, ammonia, solar energy. China is also an important partner in oil; it gets at least 1.5 million barrels a day from Saudi Arabia, sometimes with favorable prices, and I would expect them to continue importing Saudi oil for at least 20 years. Xi's visit will focus on expanding these already established oil relations into other sectors in the economy, especially those that can achieve Vision 2030.

Fujairah Spotlight

Oil product stockpiles rebound after exports slowdown

Oil product stockpiles at the UAE's Port of Fujairah rose 1.5% in the week ended Dec. 5 led by gains in light and middle distillates, according to Fujairah Oil Industry Zone data published Dec. 7. Total inventory was 22.853 million barrels on Dec. 5, up 1.5% from a week earlier when the total was the lowest since the end of October. Stockpiles are up 43% since the end of 2021.

Source: SPGCI

FUJCON Makes its Physical Return at Fujairah

The International Fujairah Bunkering & Fuel Oil Forum (FUJCON) returns for an in-person, 13th convening in Fujairah on March 13-15, 2023, following the 2021 virtual session and the last in-person session in 2019, prior to the Covid-19 pandemic.

Source: Hellenic Shipping News

Mammoet completes installation of UAE's three largest gas turbines

Heavy-lifting specialist Mammoet has completed the delivery and installation of the three "largest-capacity gas turbines" in the UAE, the company has announced. The turbines were transported and installed as part of the Fujairah F3 Power Plant project, a 2.4GW plant, which will be the largest independent combined cycle power plant in the UAE.

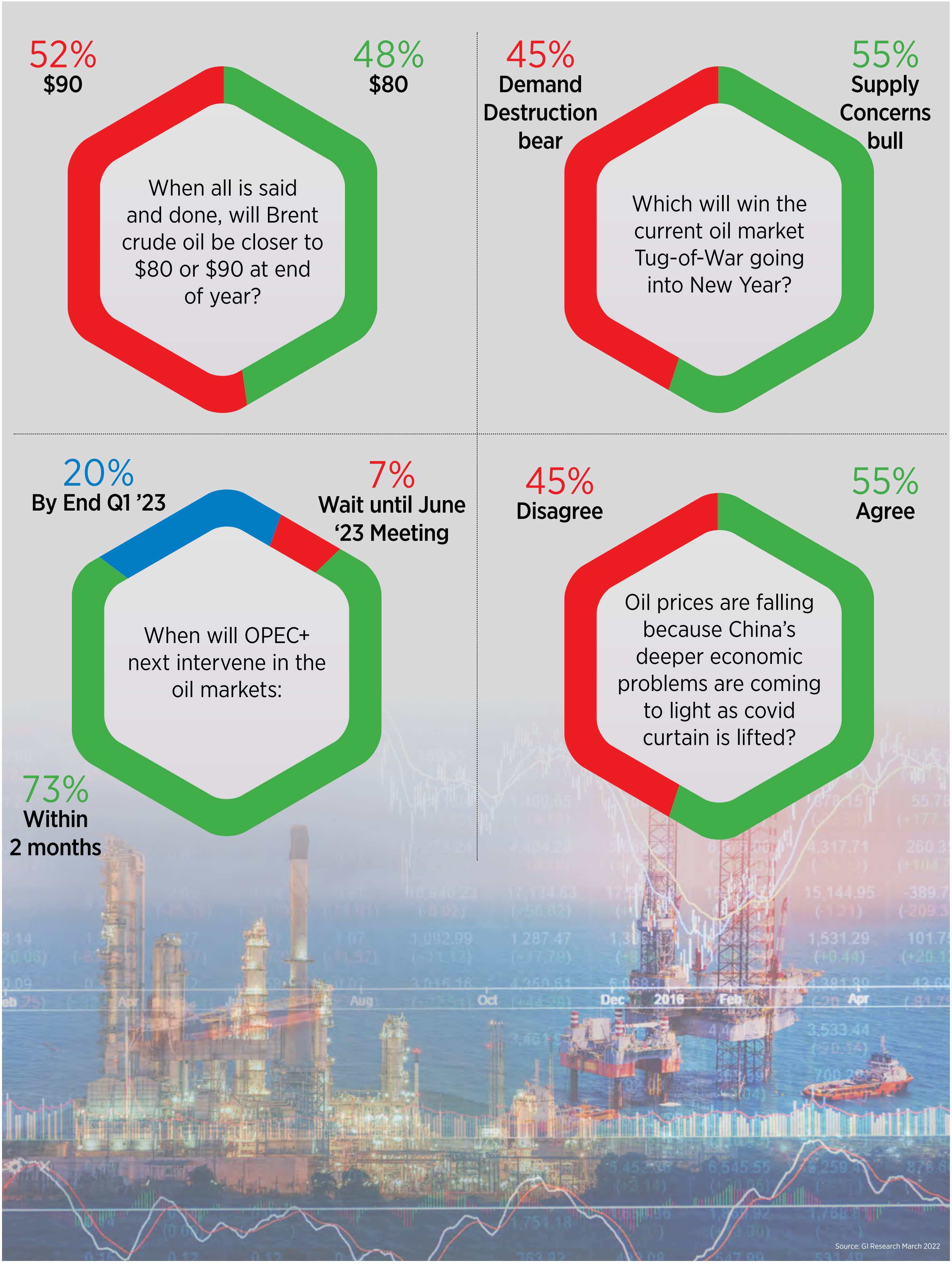
Source: ME Construction News

Fujairah opens new runway to increase airport capacity

Coinciding with the UAE's 51st National Day, Fujairah Airport on Friday celebrated the obtaining of an operating licence for a new runway from the General Civil Aviation Authority (GCAA), after fulfilling all international and local requirements and standards required for the runway's operation. The new runway has a length of 3,050 metres and a width of 45 metres, and is equipped according to the highest standards approved by the International Civil Aviation Organisation (ICAO) and the GCAA in the UAE, he added.

Source: Khaleej Times

Weekly Surveys



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Energy Markets Views You can Use

Victor Yang
Senior Editor
JLC Network Technology

China has eased most lockdown restrictions across the country.
With the exception of Beijing, since November 30th, most cities and provinces are allowing free movement and are limiting lockdowns to only where particular cases have been found. COVID tests are now also optional – all this is quite a dramatic change. The government is planning to open up gradually however as it cannot open all at the same time because there are still fears about the capacity of the medical system.

Where does that leave the outlook for economic growth and oil demand?
Official data just released shows that November oil imports jumped by 12%. We expect demand to recover gradually next year as well as in the month of December, as things continue to open. The world should be more worried about global demand than Chinese demand as the worst is over now, here. We are moving forward across the country and lots of provincial governors are telling industries to resume normal worker activity. This is going to speed up very quickly.

Expectations for President Xi's visit to Saudi Arabia?
We expect deeper economic cooperation between China and Saudi Arabia and some other countries in the Middle East, and we have already been seeing that in the past few years. Saudi Arabia has shown interest in purchasing weapons from China as it seeks to lessen its reliance on other countries and China needs to keep securing its energy from the Middle East too. Oil imports from the GCC region rose this year, even though total oil imports into China as a whole dropped.

China's current stance on the Energy Transition?
China has been speeding up its Transition in the past few years and this will continue at a faster rate. It needs to do this for its own growth, as it cannot rely on fossil fuels for long and has set carbon emissions and sustainable development targets.

Mike McGlone
Senior Commodity Strategist
Bloomberg Intelligence

WTI Crude oil is simply coming back to its most comfortable price of $72/bl.
That's the average price since 2006, close to the first time it traded there. It got way too expensive above $100. Right now, we're at a pretty good clearing price. The key thing to think about for next year is what stops WTI crude oil from getting too cheap? The view from Bloomberg is a global economy heading towards recession - certainly in the US and Europe, with some uncertainty about China. WTI could hit a low next year around $50, and I don't think it gets much above $90.

US economy outlook?
There is a 100% chance that we're going to have a recession in the US. When you get recessions, it almost always follows a spike in crude oil, like we had this year, and then it gets very cheap. Right now, it's not cheap. As for the endurance of the recession globally, my view is that it is going to be one of the worst we've ever had.

Where's the nexus for equities and Fed action going forward?
The Fed is no longer there to save the stock market when it drops 20%. We are seeing an orderly liquidation of the stock market. VIX is running around 22%. Typically, you need the VIX to peak about 40% to 50% and you need the market to have about a year and a half after the first ease, for a bottom. So, we're nowhere near a bottom as I see it. There's a high correlation between crude oil and the equities and there's an orderly liquidation – and if the two-year note is giving 8% or 9%, I'm just going to buy treasuries. That to me is the massive liquidation that's going to happen. This is part of the pendulum swinging to a slow recession and people realizing the stock market might have a peak that lasts 10 to 13 years. That's what it did last time, and it is way overdue. The key thing that's changed in my lifetime, is that we have weaker economic growth, the market is going down and the Fed's going to tighten more.

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Fujairah Weekly Oil Inventory Data

FOIZ
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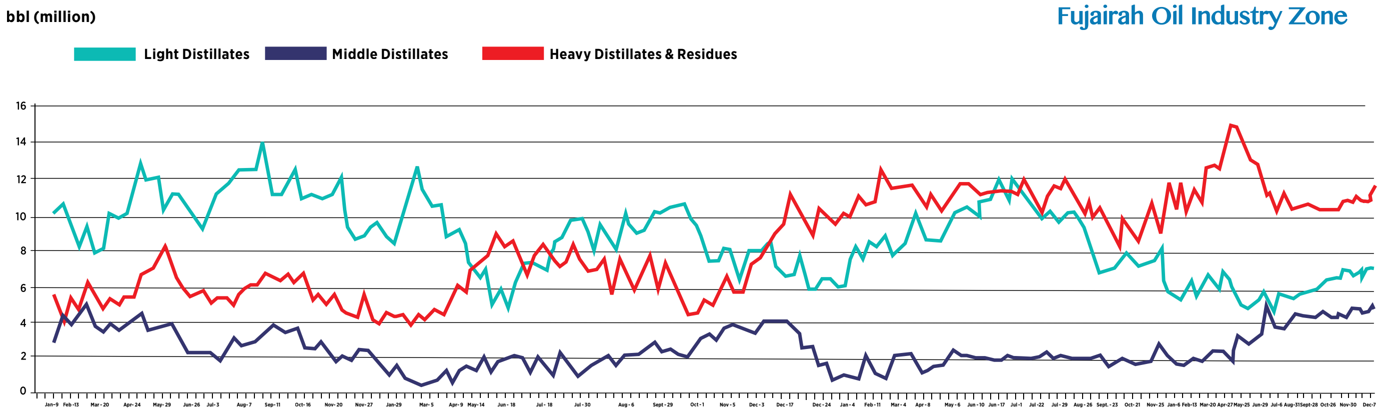
Fujairah Oil Industry Zone



TOP TAKEAWAYS

- Total oil product stocks in Fujairah were reported at 22.853 million barrels with a build of 337,000 barrels, or 1.5% week-on-week as they remained below the 23-million-barrel level. The stocks movement saw builds for light distillates and middle distillates while heavy residues posted a draw.

- Stocks of light distillates, including gasoline and naphtha, rose by 803,000 barrels or 12.7% on the week to 7.133 million barrels. The East of Suez gasoline complex weakened as market participants continued to expect Chinese exports to bolster overall supplies. Chinese refiners were expected to keep run rates high in order to support high gasoline export volumes as the government was heard encouraging exporters to use up remaining export quotas in order to support the country's GDP, sources said.

- Stocks of middle distillates, including diesel and jet fuel, rose by 187,000 barrels or 6.3% on the week to 3.160 million barrels. The East of Suez gasoil complex was stable-to-weaker, as eroding arbitrage economics to divert barrels from Asia and the Middle East to the West of Suez continued to weigh on sentiment. On the buying front, market participants were not surprised that regional demand has been lackluster given the typical "lull period", preferring not to keep high stocks during the end of the year.

- Stocks of heavy residues fell by 653,000 barrels, down 4.9% on the week as they stood at 12.560 million barrels. At the bunkering hub of Fujairah, spot trading activity was seen to have picked up on the back of softening crude oil prices. In Fujairah, offers for marine fuel 0.5%S bunker were heard between $618/mt and $638/mt on Dec 6, with lower range of offers for product deliverable from Dec 12-15 onward. The grade was assessed at $619/mt, down $20/mt on the day. In Singapore, the same grade was assessed at $630/mt down $20/mt day on day. With the price in Singapore reflecting a $11/mt premium to bunkers in Fujairah.

Source: S&P Global Platts

Energy Markets COMMENTARY

WEEK IN REVIEW

Daily Energy Markets PODCAST

ADNOC | Consultancy Intelligence Publishing

MONDAY /// DECEMBER 5th /// 10:30AM (UAE)

Omar Najia
Global Head, Derivatives
BB Energy

Vandana Hari
Founder & CEO
Vanda Insights

Yousef Alshammari
CEO & Head of Oil Research, CMarkits, Senior Research Fellow, Imperial College London

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Daily Energy Markets PODCAST

ADNOC | Consultancy Intelligence Publishing

TUESDAY /// DECEMBER 6th /// 10:30AM (UAE)

Marc Ostwald
Chief Economist & Global Strategist
ADM Investor Services International

Kate Dourian, FEI
MEES Contributing Editor & Non-Resident Fellow
The Arab Gulf States Institute in Washington

Osama Rizvi
Energy & Economic Analyst
Primary Vision Network

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Daily Energy Markets PODCAST

ADNOC | Consultancy Intelligence Publishing

WEDNESDAY /// DECEMBER 7th /// 10:30AM (UAE)

Ole Hansen
Head, Commodity Strategy
Saxo Bank

Victor Yang
Senior Editor
JLC Network Technology

Rafiq Latta
Senior Correspondent
Energy Intelligence

Frank Kane
GUEST HOST

Series Supported By: Vitol | FOIZ | CC Energy Development

Daily Energy Markets PODCAST

ADNOC | Consultancy Intelligence Publishing

THURSDAY /// DECEMBER 8th /// 10:30AM (UAE)

Mehmet Öğütçü
Group CEO, Global Resources Partnership, Chairman, London Energy Club

Neil Atkinson
Former Head of Oil Markets Division
International Energy Agency

Mike McGlone
Senior Commodity Strategist
Bloomberg Intelligence

Series Supported By: Vitol | FOIZ | CC Energy Development

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Energy Markets Views You can Use

Marc Ostwald
Chief Economist & Global Strategist
ADM Investor Services International

A lack of liquidity is leading to choppy trade in oil markets.
Brent has been in a $80-90 range for the last two weeks. The problem is that the market wants China to open up, it wants the Ukraine war to end, and it wants a situation where the US Fed can feel more comfortable with starting to ease the pace of rate hikes. But these uncertainties are not going to go away as quickly as we may want.

How is Europe managing its winter energy needs?
Product pressures have not gone away and in some countries, such as Poland, it's going to be a bitterly cold winter. The natural gas problem that Europe has, particularly with wind supply being very low, is also not going away. The bigger problem however is our lack of consistency in how to deal with these problems. There is disagreement at so many levels. If we do hit a crunch point somewhere in January on supplies, there hasn't been any agreement on how we redistribute resources. Europe's gas storage may be full, but 90% of it will go to the highest bidder, and that's not necessarily going to be European or evenly distributed amongst countries within Europe.

Have central banks clarified forward policy on inflation and rates?
The message from central banks right now is that they are probably going to slow down the pace of rate hikes, but that the risks are still on the upside for rates going higher. But the problem is, that has already been priced in, so anything which veers onto the other side, will be risky for risk assets - be that commodities, equities, or credit markets.

ENERGY MARKET NEWS

1. OIL GIVES UP THE YEAR'S GAINS, CLOSING AT 2022 LOW
2. RUSSIAN OIL EXPORTS COLLAPSE IN THE WAKE OF EU BAN
3. SAUDI ARABIA WILL SOON MAKE $5 BLN DEPOSIT WITH TURKEY
4. CHINA NOV CRUDE OIL IMPORTS HIT 10-MTH HIGH ON STOCK BUILD
5. EU SET TO IMPORT BANNED RUSSIAN DIESEL WITHOUT KNOWING
6. CENTRAL ASIA CAUGHT BETWEEN CHINA & THE WEST AS IT CUTS TIES RUSSIA
7. SAUDI-CHINESE COOPERATION SCALES NEW HEIGHTS WITH EACH PASSING YEAR
8. US TELLS TURKEY NO NEED FOR ADDITIONAL CHECKS ON OIL TANKERS
9. RUSSIAN SEABORNE CRUDE EXPORTS SLIDE IN OPENING DAYS OF NEW BAN
10. PUTIN: NUCLEAR RISK IS RISING, BUT WE ARE NOT MAD

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- WHAT COP27 MEANS FOR OIL AND GAS
- CHINA EASES ANTI-COVID MEASURES FOLLOWING PROTESTS
- SAUDI ARABIA EXPECTS LOWER SURPLUS IN 2023
- TURKISH STRAITS TANKER DELAYS JUMP TO 12-MONTH HIGH AFTER G7 PRICE CAP
- SUSPECTED GERMAN COUP PLOT SPAWNS DOZENS OF ARRESTS
- PETRONAS SIGNS HISTORIC UNCONVENTIONAL DEAL IN ABU DHABI
- THE GREAT CHIP WAR — AND THE CHALLENGE FOR GLOBAL DIPLOMACY
- THIS WEEK IN PETROLEUM
- IEA: EU URGENTLY NEEDS A NEW INDUSTRIAL MASTER PLAN
- TROPHY ROLEX, PATEK AND AUDEMARS PIGUET PRICES SKID TO PRE-BOOM LEVELS

Energy Markets Views You can Use

Neil Atkinson
Former Head of Oil Markets Division
International Energy Agency

It doesn't look like it's going to go back to being the Wild West in Chi

There are still going to be restrictions and there may be short, sharp reintroductions of limitations if COVID cases take off. So, the jury's still out on how strong any recovery in Chinese oil demand is going to be. There are other bullish factors, such as uncertainty on Russian oil exports, so we can't rule out higher prices in 2023 but the likelihood is that crude prices are going to remain much closer to where we are now, and slightly downwards.

What's the likely Saudi stance if oil prices hold below $80?

We've learned over the last couple of years that OPEC can make any changes as they see fit at very short notice. As far as Saudi goes, with Russian oil being locked out of the EU and US, it is well aware that Russia has already increased shipments to China and to India, which is competition in two markets which are extremely important to them. It's vital that Saudi Arabia maintains its market share and it will move commercially to do whatever is necessary to ensure that.

What oil price should Saudi realistically target for it 2023 budget?

Defending $90 or more would be a fruitless task if all the gloomy macro news turns out to be the case, so what they've been allegedly targeting this during 2022 is not going to happen. They are seeing that the market is going to be potentially weaker in 2023 and that will determine their attitude towards production levels. Putting aside Russia, I think OPEC+ is going to react flexibly and regularly as we move into 2023. That's just sensible policy.

Impact of the price cap on Russian oil flows so far?

I don't think it's going to be as disruptive as we were all writing about when this idea was first cooked up earlier in 2022. Obviously, there's going to be leakage in cheating and prices are falling towards the price cap level anyway. Russian oil will continue to flow in much larger quantities than we might have expected and quite frankly, a lot of the people within the G7 are going to be secretly relieved.

GI Soundings Week in Review

"SOFT LANDING FOR RUSSIAN OIL PRICE CAP AS BRENT DIPS BELOW $80!"

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**
- **Osama Rizvi, Energy & Economic Analyst, Primary Vision Network**
- **Ole Hansen, Head, Commodity Strategy, Saxo Bank**
- **Rafiq Latta, Senior Correspondent, Energy Intelligence**

Omar Najia, Global Head, Derivatives, BB Energy **PRICE DIRECTION:** "The market needs to drop before money comes back in on the long side. It seems everybody is waiting for it to do something. Until it makes a $10 move either way, I don't think it's worth playing. If it rallies $10, then it would be a sale, and if it were to drop by $10 or $15, then it would be a buy but where it is right now, the smart thing to do is just wait and see."

Osama Rizvi, Energy & Economic Analyst, Primary Vision Network **DISCOUNTED RUSSIAN OIL:** "There are many challenges to this for Pakistan. We are facing a liquidity crunch, our reserves are at their lowest, and we recently averted a default on our sovereign bonds. Secondly, we have long term contracts with other producers such as the UAE, so getting crude from Russia could jeopardize that relationship. Thirdly, Pakistan's market is not that huge in terms of incentivizing Russia - we consume around 500,000 bd and none of that is Russian oil so far. Also, our freight costs to receive Russian oil are around $8, compared to $1.50 from the Middle East."

Ole Hansen, Head, Commodity Strategy, Saxo Bank **BRENT OUTLOOK:** "There's no doubt that this market is in a bit of a flux trying to work out what should be its main driver. We're seeing open interest in Brent crude oil futures dropping to the lowest level since 2015, liquidity down, and volatility up. But the price weakness we are seeing is near the base of what we are looking at for 2023 with darker clouds on the horizon on growth and recession risks being offset by tight supply, sanctions against Russia and potential OPEC+ action."

Rafiq Latta, Senior Correspondent, Energy Intelligence **TANKER BLOCKAGE:** "We're in a real Bermuda Triangle as far as what's going on – we don't know how this price cap is going to be implemented, how it's going to be managed. We don't know about the Russian response yet. What we're seeing at the Turkish Straits is the first example of some unintended consequences. The Turkish Chamber of Commerce has sent a message out to all ships passing through, that they need to show they have insurance for the area. We simply don't know how bad it is."

Daily Energy Markets

TOP TAKEAWAYS
MARKET OBSERVATIONS FOR THE WEEK
December 5th - 8th

1. India has consistently stated its intention to continue to purchase whatever crude oil makes the most financial sense for the import-heavy country i.e. they won't comply with Price Cap!

2. OPEC+ decision to rollover output agreement has brought supply concerns back to the forefront, giving temporary respite from demand erosion concerns.

3. One big question remains around the severity of the FED tightening cycle - have we seen the peak in US dollar strength?

4. There is a lot of 'Hopium' in the markets that we are going to get a FED pivot; that inflation will be brought under control; that China will reopen and that the war in Ukraine will end, and that Santa Claus will come!

5. OPEC+ have no choice but to sit on their hands to wait and see as we end the year, with so many uncertainties bouncing around the oil markets pinball machine.

6. Russian oil flows may be reoriented in different directions, but few believe it will stop, because for countries like Pakistan, the last thing they will be worried about is whether the tanker bringing them deeply discounted oil has insurance coverage.

7. OPEC+ may be forced to intervene once again in oil markets sooner rather than later as prices have resumed their downward trend with Brent dropping below $80 a barrel.

8. The worst may be over with China's COVID lockdowns, but it will take at least six-months for the world's largest oil importer to recover to pre-2019 levels.

9. Price cap has landed like more of a feather landing on the oil markets as compared to the sledge hammer that was feared.

10. Major powers signal support for Erdogan's re-election next year as Saudi Arabia looks to deposit $5 billion in Turkish Central Bank to help stabilize economy.

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GI Consultancy Intelligence Publishing

JAN. 11th, 2023

The 13th Global UEF YEAR AHEAD 2023 ENERGY OUTLOOK

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مؤسسة نفط الشارقة الوطنية SNOC

Market Forecasts From 12 Time Zones All in One Day?

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