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Fujairah New Silk Road WEEKLY NEWSLETTER

Supported By:
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"Fit for Purpose Gas infrastructure Saved Europe Last Winter!"

Roxana Caliminte, Deputy Secretary General, Gas Infrastructure Europe

Industry, business models and regulation proved to be fit for purpose in responding to the biggest disruption we've had in the energy system since the Second World War. Tens of thousands of gigawatts were rerouted from traditional import and transport routes and EU gas stocks were filled at almost full capacity, much earlier and well above targets. To diversify supplies, new LNG regasification capacities were developed in no time at locations where they could serve the wider EU market. LNG terminals regasified 75% more gas in 2022 compared to 2021. Some LNG terminals were extended with new regasification capacities and a lot of FSRUs were also brought to EU shores. We also saw new pipeline interconnectors, such as those in the Baltics, being built to allow supplies to reach landlocked countries and reach markets with no import terminals. The current trend certainly illustrates the flexibility and optionality of LNG in substituting missing Russian gas. LNG terminals have clearly proven to be enhancers of security of supply through source and route diversification, securing access to global and competitive energy and qualifying as reliable storage providers that enable development for hubs and trading. LNG has also become viable as a baseload supply for Europe, a role that was previously limited mostly to other parts of the world, such as Asia. The US will also remain a stable and long-term gas partner for the EU. This relationship has only been reinforced by Russia's invasion of Ukraine, and has not been limited to energy, but also included other aspects such as technology.

CONTINUED ON P 3

Fujairah Weekly Oil Inventory Data

6,884,000 bbl	4,559,000 bbl	13,457,000 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
$3.54 - 4.38/m³

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

THE WEEK In Numbers

Weekly Average Oil Prices

Brent Crude:	$75.58/bl
WTI Crude:	$71.49/bl
DME Oman:	$73.92/bl
Murban:	$74.53/bl

*Time Period: Week 3, May 2023
Source: IEA, OilPrice.com, GI Research

Fujairah Weekly Bunker Prices

VLSFO

High = $562.00/mt

Low = $547.50/mt

Average = $556.00/mt

Spread = $14.50/mt

MGO

High = $917.50/mt

Low = $866.00/mt

Average = $890.00/mt

Spread = $51.50/mt

IFO380

High = $455.50/mt

Low = $441.50/mt

Average = $448.00/mt

Spread = $14.00/mt

*Source: Ship and Bunker, *Time Period: May 10 – May 17, 2023*

Fujairah Bunker Sales Volume (m^3)

480 180cst Low Sulfur Fuel Oil	441,912 380cst Low Sulfur Fuel Oil	126,943 380cst Marine Fuel Oil
257 Marine Gasoil	26,738 Low Sulfur Marine Gasoil	4,270 Lubricants

Source: FEDCom & S&P Global Platts

CONTINUED FROM PAGE 1

Roxana Caliminte, Deputy Secretary General, Gas Infrastructure Europe

Is Europe well equipped to handle the coming 12 months of gas demand?

It's very important to look at two possibilities because they will be decisive for next winter. Firstly, if China's LNG demand recovers to its 2021 levels, this would capture over 85% of the expected increase in the global LNG supply. Secondly, Russia might stop gas flows completely. According to the International Energy Agency, these two factors combined would mean the EU facing a gap of 30 billion cubic meters during the key period for refueling gas storage this summer. Today, EU gas storage is filled at around 60% capacity – a record level. The question is how to prepare for these eventualities. Gas infrastructure operators will deliver their part. They are going to increase market transparency and contribute data to a common EU purchase platform for LNG terminals so that they are in a better position to negotiate for new capacities being booked in the spot market. Operators can also identify logistical bottlenecks, both at terminals and in transport, but for that to work, we also need a regulatory framework and financial support.

Is there enough gas to meet demand, even with the infrastructure in place?

That is the big question. We need the whole of Europe to play its part because domestic gas production is set to decline this year in the Netherlands, Denmark and the UK for example. The EU needs to diversify and lock new deals with the likes of Algeria, Azerbaijan, Egypt, the US and potentially Norway. We are also going to need to take steps to structurally reduce gas demand, including behavioral changes.

How much cooperation is viable between EU countries on gas strategy?

There's no one solution fits all. Some countries, like Romania, are self-sufficient, whereas Poland was very reliant on Russian gas, but it has done well in the past year to diversify gas supplies. In North-West Europe, renewables are very established. While we need to ensure continuous flows of natural gas, we also need to invest in decarbonization projects. Our members and our whole gas sector are working hard to fulfill decarbonization goals but we have to be very realistic that the starting points, the speed of the Energy Transition and the decarbonization pathways, are different from one country to another.

WATCH FULL INTERVIEW HERE

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11th ENERGY MARKETS FORUM

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– OF THE YEAR –
AWARDS 2023
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Fujairah Spotlight

Fujairah Crown Prince attends launch of Fujairah Government Excellence Programme

H.H. Sheikh Mohammed bin Hamad bin Mohammed Al Sharqi, Crown Prince of Fujairah, underscored the importance of promoting leadership and excellence, enhancing performance, and upgrading government services by employing every means necessary to support the Government Excellence System, which is up to date with global advancements in government operations, and supports the UAE's comprehensive development plan for all sectors.

Source: Emirates News Agency

Oman Cables Industry partners with Fujairah Gold to achieve concrete sustainable goals

Oman Cables Industry (OCI), leading company in the cables and systems industry which is part of Prysmian Group, visited Fujairah Gold, Vedanta Group, to strengthen its partnership towards sustainable goals. The two Companies, represented by Cinzia Farise', CEO of Oman Cables, and Puneet Khurana, CEO of Fujairah Gold, signed a Collaboration Agreement at the presence of H.E. Sharief Habib Al Awadhi Director General of Fujairah Free Zone Authority, Guest of Honor, with the scope to explore potential opportunities in different areas of collaboration: from jointly develop green copper rod from 100% secondary copper, to establish acceptability of Green Copper rod for cable manufacturing and jointly develop a value proposition for Green Copper to achieve sustainability goals and support Net Zero Carbon targets by 2050.

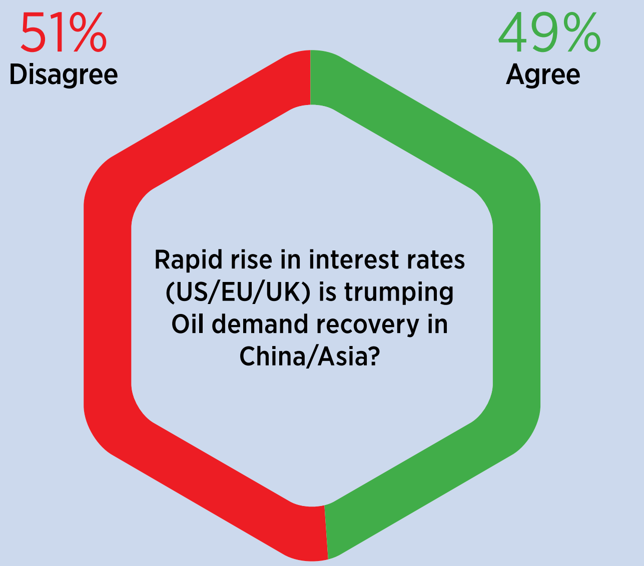
Source: Zawya

April bunker sales jump 6.6% from record low

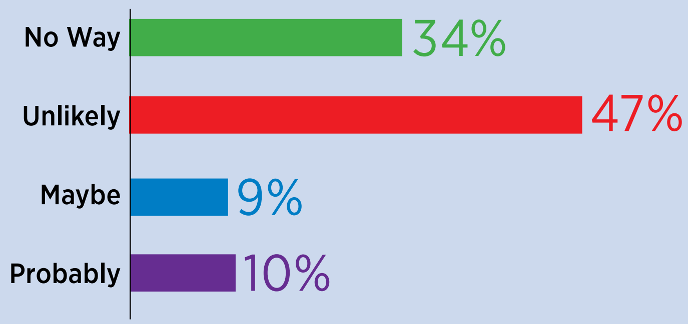
Ship fuel sales in April at the UAE's Port of Fujairah, the world's third-largest bunkering hub, touched a three-month high of 600,600 cu m, 6.6% higher than in March on signs of buyers taking advantage of a dip in prices for high sulfur fuel oil, according to data from the Fujairah Oil Industry Zone and S&P Global Commodity Insights. The total was up for the first time in four months after hitting 563,275 cu m in March, the lowest since FOIZ began providing the data to S&P Global in January 2021. The total was still down 10.4% from a year earlier. Singapore and Rotterdam are the world's largest bunker suppliers.

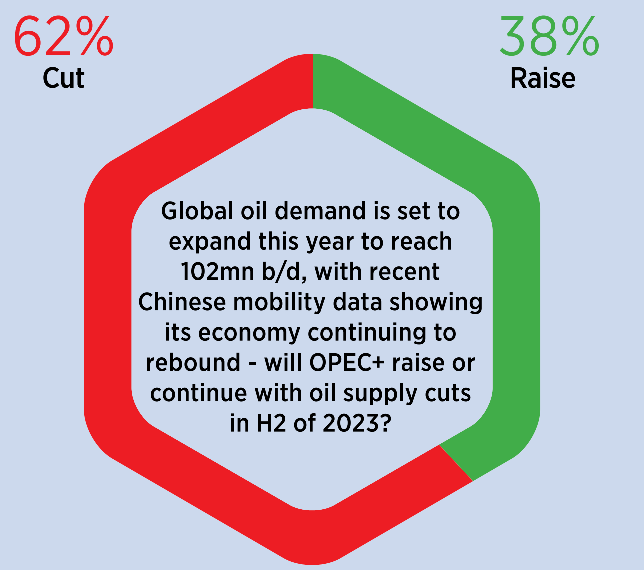
Source: S&P Global Commodity Insights

Weekly Surveys

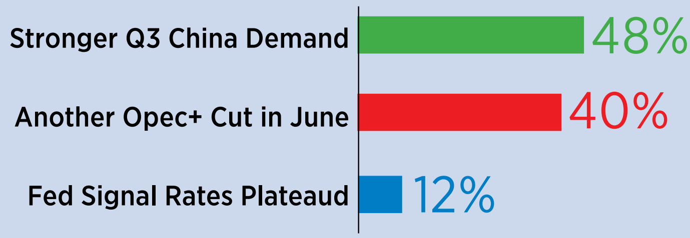


What is the likelihood that US will default on debt?





What is more likely to pull oil prices back up to $80?



Source: GI Research March 2023

Fujairah Weekly Oil Inventory Data

FOIZ
منطقة الفجيرة للصناعة البترولية
Fujairah Oil Industry Zone

TOP TAKEAWAYS

- Total oil product stocks in Fujairah were reported at 24.900 million barrels with a rise of 1.737 million or 7.5% week-on-week rising past 24-million-barrel level. The stocks movement saw a drop for light distillates, then a rise for middle distillates and heavy residues.

- Stocks of light distillates, including gasoline and naphtha, fell by 1.086 million barrels or 13.6% on the week to 6.884 million barrels. The East of Asian gasoline complex softened in early trade May 15, as market participants expected overall supply to be bolstered by firm exports from China. Market participants expected China's exports in June and May to rise to 1.3 million mt/month, up from an estimated 800,000 mt to 1 million mt in April. "I believe that in May and June the market will receive a lot more Chinese exports as China tries to expend the previous oil product export quota," a trader said.

- Stocks of middle distillates, including diesel and jet fuel, increased by 1.180 million barrels or 34.9% on the week to 4.559 million barrels. The East of Suez ultra low sulfur gasoil market structure flipped into backwardation May 16 as leaner supply due to ongoing refinery turnarounds in the region bolstered the complex. Brokers pegged the prompt-month Singapore gasoil time spread at plus 3 cents/b at intraday trading May 16, widening 20 cents/b from minus 18 cents/b at the Asian close May 15, showed data from S&P Global Commodity Insights. "There will be fewer volumes from SK and S-Oil in June because of planned maintenance. So gasoil is being supported a bit," a regional gasoil trader said. Australia's gasoil imports rose 22.05% month on month and 33.85% year on year to 17.66 million barrels in March, showed latest preliminary data from the Department of the Environment and Energy. Gasoil inflows rose 23.44% to 45.89 million barrels over January-March. South Korea remained the top supplier of gasoil to Australia at 6.87 million barrels in March, followed by Singapore and Malaysia at 2.76 million barrels and 2.57 million barrels, respectively.

- Stocks of heavy residues rose by 1.643 million barrels, up 13.9% on the week as they stood at 13.457 million barrels. Spot trading activity at both the key bunker hubs of Singapore and Fujairah was seen lukewarm, as buyers held back inquiries in anticipation of lower international crude oil prices which will soften the flat price, according to market sources May 16. Ship fuel sales at the UAE's Port of Fujairah, the world's third-largest bunkering hub, touched a three-month high of 600,600 cu m in April, 6.6% higher from March but a 10.4% year-on-year drop, according to data from the Fujairah Oil Industry Zone. This was the highest since January and reversing three consecutive months of decline.

Source: S&P Global Commodity Insights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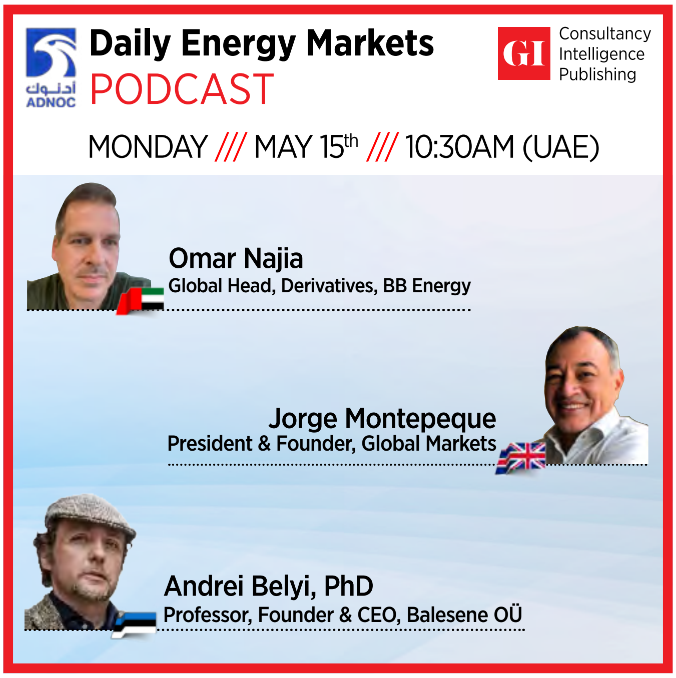
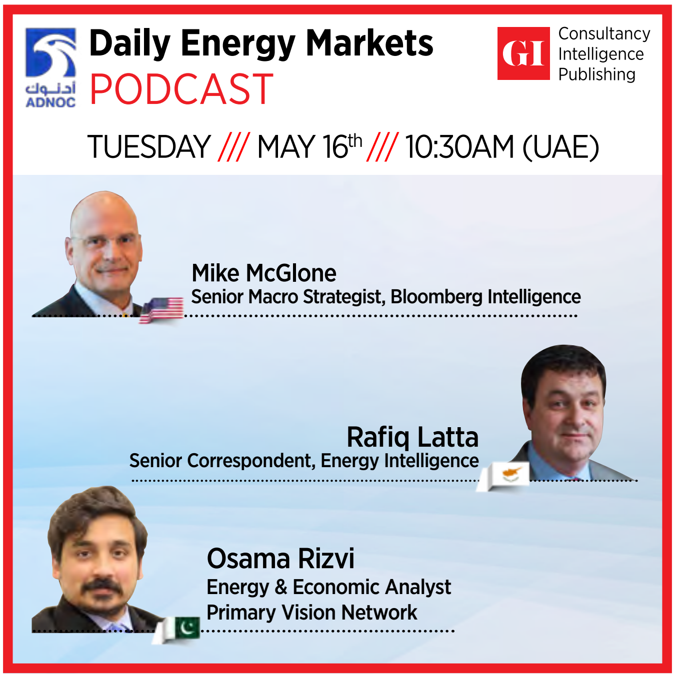
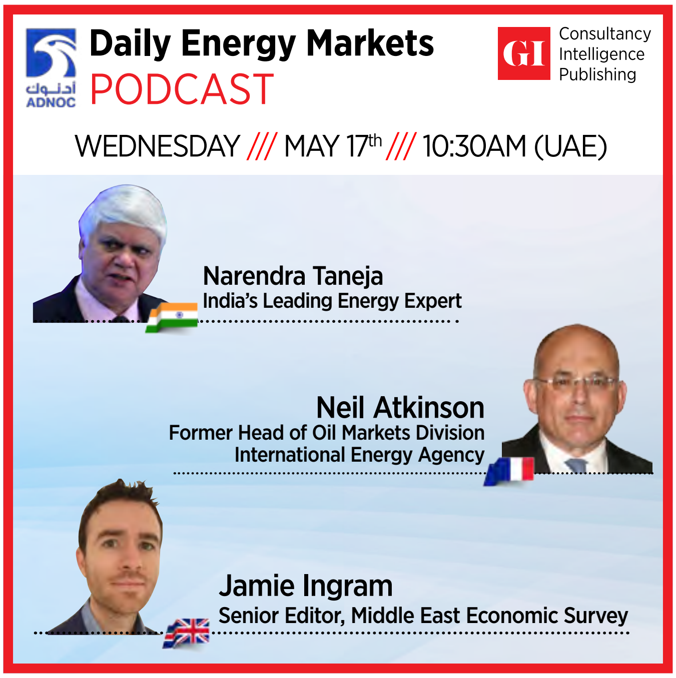
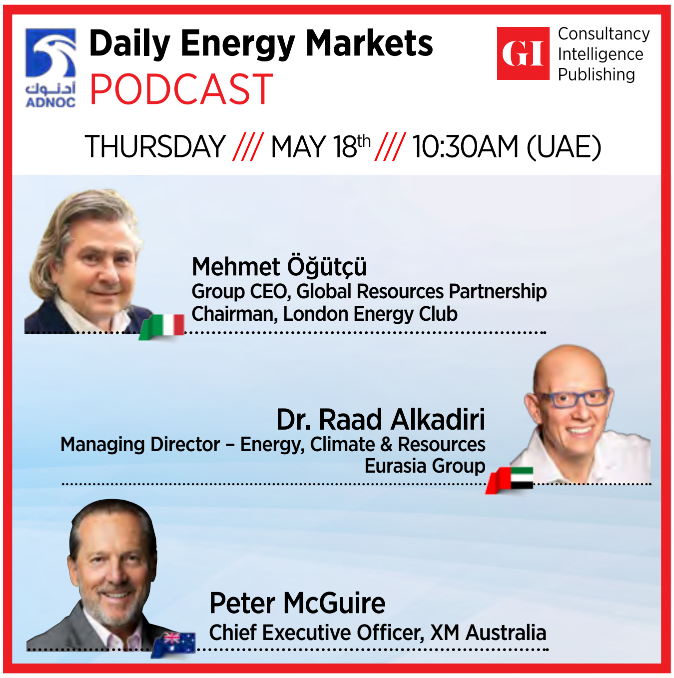
Energy Markets COMMENTARY WEEK IN REVIEW









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Energy Markets Views You can Use

Jamie Ingram
Senior Editor, Middle East Economic Survey

Are we likely to see more consensus on demand outlooks?
The IEA and OPEC are sticking to their narrative that growth will kick in during 2H 2023 and that China will continue to perform strongly. That seems very strange when you look at the latest economic data, which points towards China's economic performance losing a bit of steam. At the end of the day, a large part of its industrial industry is based on supplying goods to the west, where disposable income is falling amidst recession concerns - that's got to be having a knock-on impact on the Chinese industrial base. The consensus that I've been hearing is that these Chinese numbers seem way too high and that is dragging on the oil price.

Economic outlook for Europe in this year and impact on energy demand?
People expected the recession to have hit quite a long time ago, let alone still just be lurking on the periphery. A lot of this is down to improved energy prices from the drop in demand - lower gas prices have eased a lot of pressures and oil prices are continuing to do a lot of heavy lifting as well. But nobody is expecting a surge in economic activity in the Eurozone or in the US; the OECD won't be providing much relief to oil markets in terms of supply and growth. Even the IEA is talking about this massive widening gap between OECD and non-OECD countries on the demand front.

Outlook for further supply disruptions from the Kurdistan region?
The latest on the whole Iraq Kurdistan outage is another missed deadline. This is a political issue effectively between Turkey and Iraq and a lot of it comes down to Turkey playing hardball to get a better deal when it comes to paying for reparations. Iraq has up until now with the current OPEC+ agreement, not seen any revenues from anything that's come out of Kurdistan. So, they're very happy for these 400,000 barrels a day effectively to be shut in because it means that they can just ramp up production from the south and boost exports. And when we eventually see flows kick in, Iraq will say it needs to compensate for the outages and produce whatever it wants going forward. That will definitely take some of the shine off of these OPEC voluntary cuts.

ENERGY MARKET NEWS

1. OIL PRICES EASE AFTER U.S. OIL STOCK BUILD
2. US DEBT CEILING: BIDEN AND REPUBLICANS HOPEFUL OF A DEAL
3. UPDATE 2-JAPAN'S EXPORT GROWTH HITS TWO-YEAR LOW ON WEAK CHINA DEMAND
4. VAUXHALL-MAKER WARNS BREXIT MAY FORCE IT TO CLOSE UK FACTORY
5. INDIA'S RUSSIAN OIL BUYING HITS RECORD HIGH, SLASHES MIDEAST, AFRICA SHARE
6. RUSSIA'S PUTIN SAYS OIL OUTPUT CUTS NEEDED TO MAINTAIN PRICE
7. THE OIL MARKET'S REAL WEAKNESS IS SUPPLY, NOT DEMAND
8. US SPR REFILL PLAN TO START OUT SMALL, SOUR
9. SAUDI ARABIA MOVES CLOSER TO ANOTHER ARAMCO STOCK OFFERING
10. HUNGARY BLOCKS NEXT TRANCHE OF EU TOOL TO PROVIDE MILITARY SUPPORT TO UKRAINE

RECOMMENDED READING:
- CHART OF THE DAY: EU LNG IMPORTS CLIMB TO ALL-TIME HIGH
- GOLDMAN SACHS: OIL MARKETS TO FACE SUPPLY CRISIS IN 2024
- OIL, AUTO DEMAND DRIVES JAPAN'S JAN-MAR ECONOMY REBOUND
- FUJAIRAH DATA: OIL PRODUCT STOCKPILES EXTEND GAINS TO FIVE-MONTH HIGH
- SIGNS OF STRONG U.S. FUEL DEMAND SHOULD BOOST OIL PRICES
- 2.7 MN BD OF CRUDE IN ALBERTA UNDER EXTREME WILDFIRE THREAT
- EU UNLIKELY TO AGREE TO PERMANENT SHUTDOWN OF RUSSIAN GAS PIPELINES TO EUROPE
- US SUPPLY CHAIN WOES SHIFT AND PERSIST IN 2023
- ASIA IS SPENDING BIG TO BATTLE LOW BIRTH RATES - WILL IT WORK?

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Energy Markets Views You can Use

Neil Atkinson
Former Head of Oil Markets Division
International Energy Agency

Is the market surprised by the positive IEA demand forecasts?

For quite a few months now, the outlooks from both the IEA and OPEC have been overcooked and factoring in too much demand growth. There are very difference outlooks out there for global demand growth in 2023, from as little as 1.3 million b/d year on year growth, to closer towards 2 million b/d. There isn't unanimity. Some of the wiser forecasters are taking account the weaker economic outlook, with rising interest rates and China emerging more slowly than expected. I'm slightly surprised that the IEA has kept such a bumper growth number in its outlook. But also, no one really knows what Chinese demand really is. The numbers being put out by investment banks, consulting firms, and agencies, vary by at least half a million b/d and sometimes up to a million b/d because China does not publish transparent numbers on demand.

Global supply and inventories appear very comfortable?

The impact of the Russian production cap on supply was also overcooked. Everybody has failed to understand the resilience of Russian production and exports and the fact that countries such as China and India were going to take advantage of an unmissable commercial opportunity when Russian crude slumped, at one point, to $40 below Brent. As for global stock levels, there's no issue so far, with output maintained at fairly strong levels in 2022 and 2023, coupled with the weaker demand performance this year. However, if the more positive outlooks for demand growth of 2.5 million b/d in the second half of 2023 are accurate, and if OPEC+ and non-OPEC supply doesn't change, that does imply a significant tightening in the second half, which implies that prices will rise. In the past, that would have meant OPEC coming in and raising production to take some of the heat for rising prices. Whether that will happen now, given Saudi Arabia's apparent pivot away from the close relationship it has traditionally had with the US, remains to be seen.

GI Soundings Week in Review

"Negative Market Sentiment Continues to Outweigh Positive Fundamentals!"

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**
- **Andrei Belyi, PhD, Professor, Founder & CEO. Balesene OÜ**
- **Jorge Montepeque, President & Founder, Global Markets**
- **Mike McGlone, Senior Marco Strategist, Bloomberg Intelligence**
- **Rafiq Latta, Senior Correspondent, Energy Intelligence**
- **Osama Rizvi, Energy & Economic Analyst, Primary Vision Network**
- **Narendra Taneja, India's Leading Energy Expert**
- **Peter McGuire, Chief Executive Officer, XM Australia**
- **Dr. Raad Alkadiri, Managing Director – Energy, Climate & Resources, Eurasia Group**
- **Mehmet Öğütçü, Group CEO, Global Resources Partnership, Chairman, London Energy Club**

Omar Najia, Global Head, Derivatives, BB Energy CURRENCIES "Short term – let's call it a month - you'll see the dollar rally but trend wise, the dollar's going to go lower, and the euro and the GBP higher. The reason for that is the dollar rallied for over 12 years and that rally came to an end earlier this year in our view."

Andrei Belyi, PhD, Professor, Founder & CEO, Balesene OÜ SANCTIONS "There is a huge cost from sanctions for the Russian oil industry - the royalties they pay domestically go up because the state needs revenue, and they also accrue costs when shipping oil to India and because of sanctioned technologies and equipment. So, the real cost in the long term for the Russian economy is huge."

Jorge Montepeque, President & Founder, Global Markets SUPPLY: "Part of the low oil price we have seen in the last year is due to the steady release of barrels from the Strategic Petroleum Reserve by the US Administration, which has effectively acted like extra oil supply into the market of about 700k to 750k b/d. That will end in June, and so it will likely alter the market dynamics very much at that time."

Mike McGlone, Senior Marco Strategist, Bloomberg Intelligence MARKET OUTLOOK "What we see now is a lose-lose for most risk assets: crude oil, copper, and stock markets. At some point, the stock market will roll over into recession, maybe accelerated by the debt issue. That will be solved, but it might take the stock market going down to solve it."

Rafiq Latta, Senior Correspondent, Energy Intelligence OIL DEMAND "I think OPEC is not convinced of the economic bearish outlook. I understand that the OPEC Secretary-General is in China this morning and he's looking at this. What comes out of that visit could well determine how they will behave on June 4th."

Osama Rizvi, Energy & Economic Analyst Primary Vision Network RUSSIAN OIL IMPORT "The most significant issue now is that we don't have the currency – the yuan or ruble - in which Russia is asking us to pay for the oil imports. We never build reserves for those currencies so that is a major hindrance right now."

Narendra Taneja, India's Leading Energy Expert WINDFALL TAX "The Indian government decided to impose taxes on upstream and downstream companies because they were making good margins, but now, although Russian oil is still attractive, it's not as cheap as it was seven months ago, so the windfall tax has been removed."

Peter McGuire, Chief Executive Officer, XM Australia OIL PRICE "The $90-100 handle is where OPEC wants the price and if it gets there, I think you're going to see cuts to try and get a fair value. They're conscious that the US dollar has come under a big sell off from 114 to 102 since October last year, so you don't have to be a mathematician to work out the differential."

Dr. Raad Alkadiri, Managing Director – Energy, Climate & Resources, Eurasia Group SUPPLY "OPEC will want to see signs of not only sustained fundamentals, but a sustained change in market sentiment before it does anything to potentially undermine a recovery of prices. It will be quite happy to allow prices to rise to that $90-100 level before it takes any measures. And looking at the balance of things this year, it's tough to see three figures right now."

Mehmet Öğütçü, Group CEO, Global Resources Partnership, Chairman, London Energy Club TURKISH ELECTIONS "If Erdogan wins, we are expecting a very serious economic crisis. Turkey has no access to fresh money and its coffers - Treasury funds and central bank reserves - are at minus $70 billion. If we don't get a huge turnaround towards more orthodox policies on interest rates and our currency, there is a very serious risk of the Turkish economy defaulting."

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