Fujairah New Silk Road
WEEKLY NEWSLETTER
EXCLUSIVE INSIGHTS /// ACTIONABLE INTELLIGENCE /// DATA TRENDS /// LATEST NEWS

SEPT 23rd 2021
VOL. 90

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AN EXCLUSIVE GULF INTELLIGENCE INTERVIEW

"Outlook for Oil Markets in Q4?"

Mike Muller, Head, Vitol Asia

Demand is going to climb quarter-on-quarter. People often get distracted by the summer driving season, but the bigger features are general seasonality and that the baton gets passed from the US to Asia. You have places like Japan, which traditionally consumes more jet fuel, heating oil, and has higher distillate consumption. Generally, Asia will be pulling a lot of oil from the supply system. Plus, OPEC's meetings on a near-monthly basis are keeping the market guessing a little bit. The underlying philosophy is clear and it has been augmented as and when needed by the Saudis. Taking incremental oil off the market via a pretty disciplined approach may suit the playbook. That said, the bottom line is very simple: we have net plus gradually putting 400,000 b/d of oil back into the market monthly – and that is causing some difficulties. Plus, we must not forget that we are still coming off the back of a low-price cycle and an economic wobble driven by Covid-19. Neither is exactly conducive to investments in megaprojects five years away from producing, or the drilling and enhanced production investments required to keep mature fields producing at current levels. So, those natural declines have been kicking in and biting in certain provinces, such as various deep water areas off West Africa and in the North Sea. Also keep in mind that the world normally looks at supply and demand with pretty equal measure. But right now, it is really all about the supply side of the equation. There are not too many economic scenarios that are going to move the needle for demand.

CONTINUED ON PAGE 3

Fujairah Weekly Oil Inventory Data

4,957,000 bbl	3,061,000 bbl	6,980,000 bbl
Light Distillates	Middle Distillates	Heavy Distillates & Residues



Source: FEDCom & S&P Global Platts

Fujairah Average Oil Tank Storage Leasing Rates*

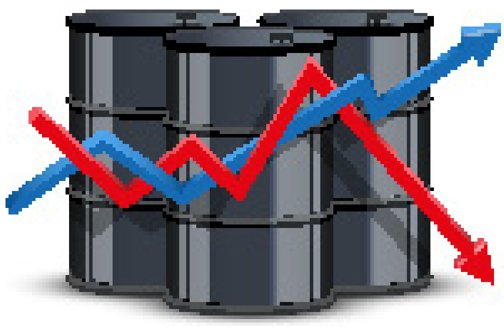
BLACK OIL PRODUCTS

Average Range
$3.54 - 4.38/m³

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

Source: GI Research – Weekly Phone Survey of Terminal Operators

GI Consultancy Intelligence Publishing



Weekly Average Oil Prices

Brent Crude:	$74.39/bl
WTI Crude:	$71.22/bl
DME Oman:	$73.15/bl
Murban:	$73.80/bl

Time Period: Week 3, September 2021
Source: IEA, OilPrice.com, GI Research

Fujairah Weekly Bunker Prices

VLSFO	MGO	IFO380
High = $558.00/mt	High = $675.00/mt	High = $484.00/mt
Low = $549.00/mt	Low = $661.50/mt	Low = $463.00/mt
Average = $554.00/mt	Average = $668.50/mt	Average = $473.50/mt
Spread = $9.00/mt	Spread = $14.00/mt	Spread = $21.00/mt

*Source: Ship and Bunker, *Time Period: September 15 - September 22*

Fujairah Bunker Sales Volume (m^3)

1,752 180cst Low Sulfur Fuel Oil	541,179 380cst Low Sulfur Fuel Oil	129,410 380cst Marine Fuel Oil
2,215 Marine Gasoil	28,662 Low Sulfur Marine Gasoil	4,345 Lubricants

Source: FEDCom & S&P Global Platts

Mike Muller, Head, Vitol Asia

CONTINUED FROM PAGE 1

China typically has 90 days cover, but it looks as if they are now seeking one year at least?

Mike Muller: I would contend that if oil prices had corrected and stayed in the $60s/bl, then there may be less talk on this. There does seem to be some speculation among the trading community that India and China are seeking to not intervene, but to manage markets and have a very commercial attitude towards releasing stock at a price that makes sense. If a trader were to describe it, they would say taking profit at lower prices. In the long run, they all need to be replenished. If there is a geopolitical shortfall or a problem somewhere, people want to have strategic reserves.

How do you think the US economy will impact oil in Q4?

Mike Muller: A lot of people talk about the impact of tapering, overheating, and inflation concerns, but the bottom line is that the US economy looks in reasonable shape. What does this mean for oil consumption? What does this mean for LNG demand? What does this mean for investments in the Permian? We must not just look at drill counts and recounts, as there is a whole new paradigm with assets moving from hedge fund-dominated investment types to all major controls and productivity per well, for example. At the moment, there is a wide range of views on how much the US' production will rise.

Meanwhile, we are all hopefully watching the tail end of Covid-19's impact on Asia's economies.

What will be the US' supply-demand dynamic in Q4?

Mike Muller: The US very much held the baton in the summer in terms of domestic flights, domestic demand, lockdowns being a thing of the past, and so on. Of course, the US has since seen a resurgence in cases of Covid-19. After the lockdown, Hurricane Ida took a big chunk of supply out of the market. But I think if we toss it up and make some sensible projections using previous hurricanes as a template, it does look as if there will be 35mn barrels of offshore production lost permanently.

Should we start considering a climate change premium in the oil price?

Mike Muller: This year and 2020 were characterized by some outlier weather events. If you have ocean surface temperatures in places like Barbados – the 'kitchen' where many weather systems start becoming hurricanes – being 30 degrees instead of 28 degrees, then there is a much bigger engine driving weather changes. In terms of whether we need to start taking climate impact, or perhaps carbon, into consideration, then yes, moves are afoot. There are plenty of discussions in our segment, as we all wish to embrace decarbonization initiatives and see whether there are ways of embedding them in an orderly fashion into global markets. But it is awfully difficult to do with something that is not as fungible as oil. You cannot send it off to an inspector to see the quality or measure it to determine the exact quantity.

WATCH FULL INTERVIEW HERE

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For over fifty years, we've helped drive the prosperity of our world, our nation, our partners and our customers. But this is just the start of our story. We are determined to constantly improve our products, optimize our costs, drive greater efficiencies and deliver more value. All while innovating to protect our environment and to empower the communities we serve. That's not simply our purpose, it's our promise to future generations.
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ENERGY MARKETS VIEWS YOU CAN USE

Robin Mills
Chief Executive Officer
Qamar Energy

HOW WILL EUROPE'S CURRENT GAS SHORTAGE IMPACT OIL MARKETS?

Finally, gas and LNG are back in fashion. In 2019, the LNG industry was incredibly gloomy. We were talking about a glut then and now we are talking about a shortage. People are finally serious about building LNG plants again. The other side to this is China. It is also facing a gas, power, and coal crunch. They are competing for LNG supplies and are a big part of driving up the LNG price as much as it has. China is also getting short of coal because mining has been cut back due to safety and environmental reasons. As a result, the country is finding it hard to get ahold of coal ahead of the winter, which puts more pressure on LNG. This also indirectly puts pressure on oil. We are going to see more fuel oil burned in China, Japan, and countries that have been importing LNG, such as Pakistan and Kuwait. We are in a strange and unusual scenario where LNG prices are significantly more expensive than oil right now.

WILL THE US-IRAN DEAL BE RESURRECTED IN COMING MONTHS?

The US' Biden administration had the opportunity right at the start to rejoin the deal on the terms originally agreed. They did not do that. They chose to negotiate, thinking things may change and perhaps Iran would be under more pressure. As a result, they missed their window. The Iranian elections came along with a new team and a new president in place. However, the Iranians have to do something. They cannot just sit there and accept US sanctions forever. The expectation is that there will be a deal of some kind, but the US is not showing any urgency for it at the moment. The Iranians also think they can wait it out for now. Their oil position has improved enough to take some of the pressure off. This could drag out for quite a while until this dynamic is broken.

Christof Rühl
Senior Research Scholar - Center on Global Energy Policy
Columbia University

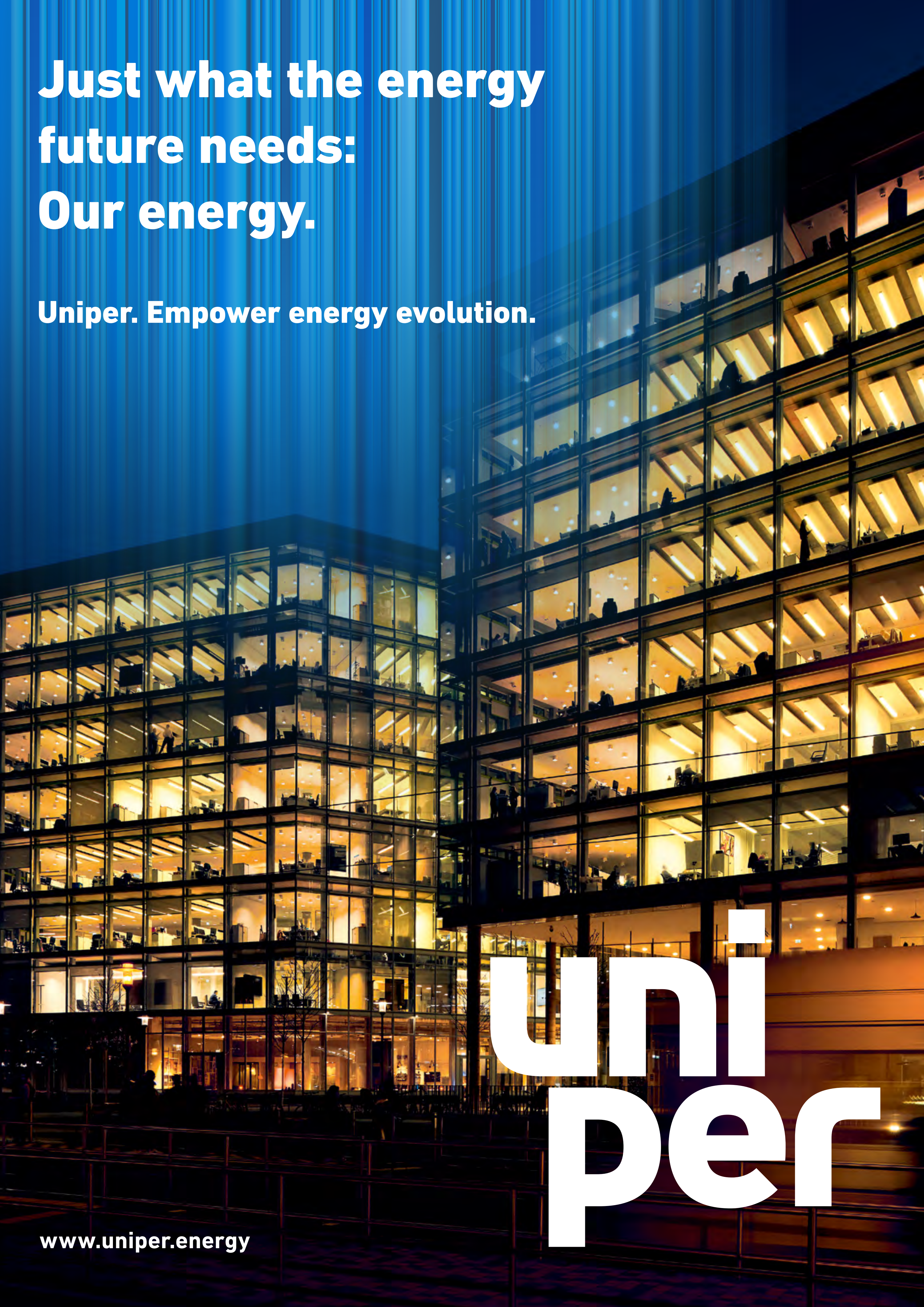
IS US INFLATION LEVELING OFF?

It's way too early to tell. All the stimulus mechanisms are still in place and asset purchases continue unabated. The US Fed has stopped tapering and interest rates are still low. The expenditure multiplier through the government is still upon us. Therefore, the inflationary effects are still in the future. The numbers show that the US Fed has managed to reach its target of +2% inflation, so it's time to start taking the foot off the accelerator. However, we all know that the market tanks a little bit when they start talking like this and there is an immediate reaction of 'maybe they shouldn't do anything.' Overall, the jury is still out.

WHAT IS YOUR OUTLOOK FOR CHINA'S ECONOMIC RECOVERY?

One of the most intelligent things ever said about this pandemic is that Covid-19 is not the end of the world and will not be a switching point that changes everything. Rather, it will be an event that accelerates existing trends. This has been very true. China was already on a trend of slowing growth as it transitions from industry to services. It was already on a trend where people got very worried about financial instability popping up. There isn't a single country in the world which has successfully transitioned from industrialization to a service economy without a financial crisis. So why would China be the first one? We will see, at a minimum, a continued decline in China's growth with all the negative implications for energy and oil markets.

Are current oil demand outlooks too reliant on projections for global GDP growth?
Every year we need less oil to produce the same global GDP. At current GDP levels, you would need about 2.2mn b/d less than the year before. So, to produce the same GDP at the end of 2021 globally, which we had pre-pandemic, we will need 4.3mn b/d less than 2019. That is the gap. It's not because demand is not recovering or very weak. We are seeing the normal pattern of efficiency improvements. We should not expect, as most analysts do, that the GDP level of 2019 equals the oil demand of 2019.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ENERGY MARKETS VIEWS YOU CAN USE

Omar Najia
Global Head, Derivatives
BB Energy

WHAT IS YOUR OUTLOOK FOR OIL PRICES THIS WEEK?

You just need to look at energy prices. Gas prices are so high that chemical plants have stopped operating and those in the UK are receiving letters from energy companies saying that prices are going to increase by 15%-30%. The strong prices mean we are starting to see energy switching. Coal prices are starting to go up, even amongst the current green initiatives in Europe. The market can look at this situation in one of two ways. Either all energy goes up and oil goes down, or everything is going to go up. The latter is my preferred interpretation – I am bullish. Oil and the rest of the energy complex support each other.

WILL OPEC+ PROVIDE ENOUGH SUPPLY IN COMING MONTHS TO CALM MARKET WORRIES?

I do not think they will be able to. We have dislocations and massive problems with power, electricity, gas, and all forms of energy. I can guarantee you when stuff like this happens that as soon as you say to the market 'don't panic, everything is going to be ok,' the market is going to panic. I can see it. It has nothing to do with '1+1=2.' These issues are coming to the fore and everybody seems to have their head in the ground like an ostrich. They are going to say what Boris Johnson said: "Don't panic." I guarantee you they will panic.

Dr. Charles Ellinas
Chief Executive Officer
Cyprus Natural Hydrocarbons Co.

HOW DO YOU SEE THE CURRENT GAS CRISIS IN EUROPE UNFOLDING?

It is going to get worse. Gas supplies are under threat. Norway is having some problems maintaining supply to Europe. Nord Stream 2 is ready to supply gas, but it is still going through approvals, which will take more time. One of the interconnectors between the UK and France had problems, so they stopped producing electricity. All these things are piling up and keeping prices high. They will rise even further if no new source of gas comes through over the next few weeks. Boris Johnson said this is a temporary crisis, but how temporary is temporary? Three or four months? This is having a huge impact and causing havoc everywhere.

WHAT IMPACT WILL THE GAS CRISIS HAVE ON EUROPE'S ENERGY TRANSITION?

Europe has moved into clean energy too fast. The weather during the summer was calm and wind energy was greatly reduced, which caused greater use of gas. The current situation is going to have major implications for the energy transition. The shift in Europe seems to be hurting the continent right now. We have to go back and rethink the whole process. With COP26 in November, there will be discussions about how fast and far we can go. Hopefully, reality will set in.

Fujariah Weekly Oil Inventory Data

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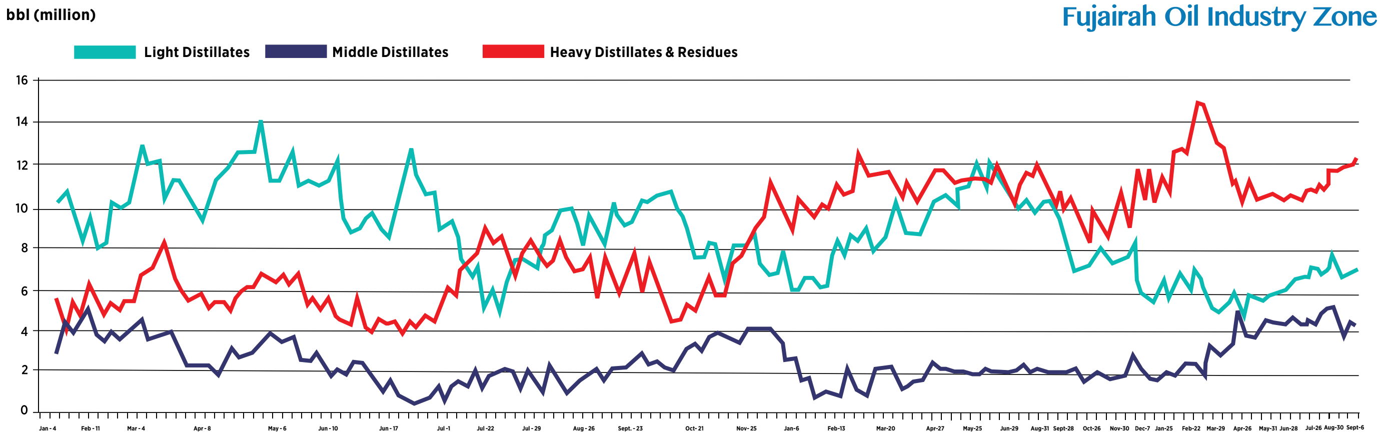


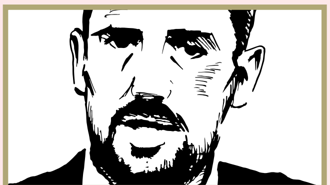
TOP TAKEAWAYS

- Total oil product stocks in Fujairah were reported at 14.998mn barrels, their lowest level since stock reporting began at the start of 2017. The previous record low was on November 13, 2017 when 15.090mn barrels of product was reported in storage. Total stocks fell by 1.286mn barrels with overall stocks down 7.9% week-on-week. The total stock fall was driven by decreasing stocks of middle distillates and heavy residues while light distillates posted a slim build.
- Stocks of light distillates, including gasoline and naphtha, rose by 60,000 barrels or 1.2% on the week to 4.957mn barrels. The Asian gasoline complex was under pressure as ongoing concerns over the spread of the delta variant of the coronavirus weighed on overall sentiment. In Asia movement restrictions persisted in a number of countries with Vietnam extending lockdown measures in Ho Chi Minh City to the end of September. In China "typhoons and heavy rainstorms have contributed to lower gasoline export levels," a trader noted.
- Stocks of middle distillates, including diesel and jet fuel, fell by 855,000 barrels or 21.8% on the week to 3.061mn barrels. The gasoil complex was supported by flows of gasoil to the West and limited supply volumes in the East, industry sources said. In addition to the increased arbitrage flows out of the East and Arab Gulf, market participants expect regional supplies to remain tight on lower export volumes from China, Japan and Taiwan in October.
- Stocks of heavy residues fell by 491,000 barrels or 6.6% on the week to 6.980mn barrels. This is the lowest level since the end of 2018, when a level of 6.216mn barrels was seen on December 31, 2018. The fuel oil market East of Suez has been supported by a combination of lower arbitrage flows from the West coupled with an increase in demand for fuel oil from the power generation sector in recent weeks. Traders have noted that strong LNG prices have led power companies to seek fuel oil as an alternative fuel. In the bunker market in Fujairah an uptick in activity was met with a well-supplied market, trading sources noted. During and outside the MOC on Sept. 21, offers for delivered marine fuel 0.5%S fuel in Fujairah were heard between $545/mt and $554/mt. Delivered marine fuel maximum 0.5% sulfur was assessed in Fujairah at $547/mt on Sept. 21. The price in Fujairah is a $5/mt discount to Singapore delivered bunkers.

Source: S&P Global Platts

OIL COMMENTARY

Brent is trading at $76.30/bl this morning, up 0.11/bl. WTI is trading at $72.34/bl, up 0.11/bl. "A little nonsense now and then, is relished by the wisest men." You know who said that? Charlie from Charlie and the Chocolate Factory. Thanks Chuck and thanks Roald, actually. The thing is though that I'm not sure this market is just a "little" nonsense. I think it's quite "a lot nonsense"...and oh, by the way, please, go ahead and correct my grammar. Let me explain why, and don't throw the "but you said you were bullish Stanley" card in my face. Thanks. So, I sit down at my desk expecting there to be a reaction to the fact that yes, crude stocks in the US drew last week, much to be expected. BUT



BY MATT STANLEY
SENIOR BROKER
STAR FUELS

gasoline stocks built by 3.4mn barrels and US oil production rose by 500k b/d, much to the surprise of most. Gasoline stocks were highly concerning seeing as the market was anticipating a 2mn barrel draw. Market reaction? The old yeah, nah , yeah, of course.

What was it Sam Smith sang? Oh yeah... "I'm covering my ears like a kid, when your words mean nothing, I go la la la." Add eyes, mouth and sense there please Samuel. Thanks in advance. Seriously though, I thought I would read, "US crude stockpiles draw, but gasoline stocks and production build in surprise to the market." Nope. Nada. Not a thing. Then I heard an excellent interview on the radio this morning with H.E. Mohamed Barkindo, Secretary General of OPEC. "The world faces an oil supply crisis." Okayyyyy. Hang on. If the world faces a crisis then why don't you bring back all the production you have on the sidelines? More oil hence more gas. Less pressure on prices, and winner winner vegan friendly dinner. I mean, it's not that simple. I'm simplifying a complicated issue, but when faced with many problems we have to deal with them one at a time. Tick boxes as a wise old sage once told me. You may think I'm ranting, and perhaps I am. I don't know, I just feel like there are a lot of problems, especially in the energy space at the moment, that are fixable. Perhaps prices at $75/bl is not a clever policy if we are, as His Excellency said, facing a "crisis." Think I might be having a crisis of the midlife kind myself based on today's diatribe. On that note, I'm off to buy a Harley Davidson. Lates.

ENERGY MARKETS COMMENTARY WEEK IN REVIEW

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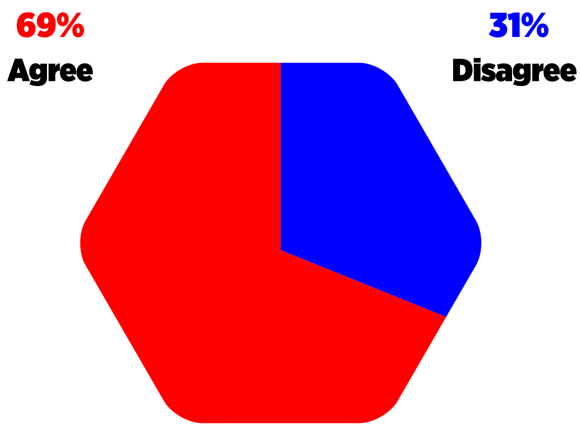
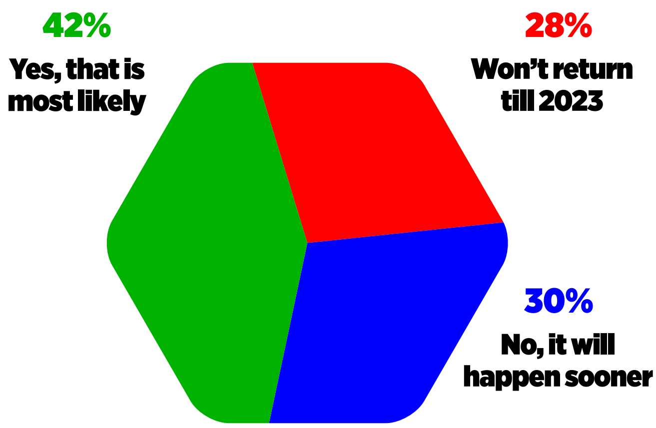
GIQ Weekly Surveys

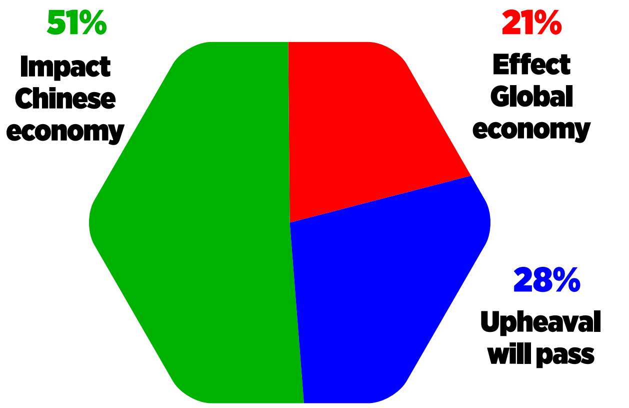
In Q4 Brent Crude Oil will break out of $65-$75/bl range of Q3, and move into $75-$85/bl Range:



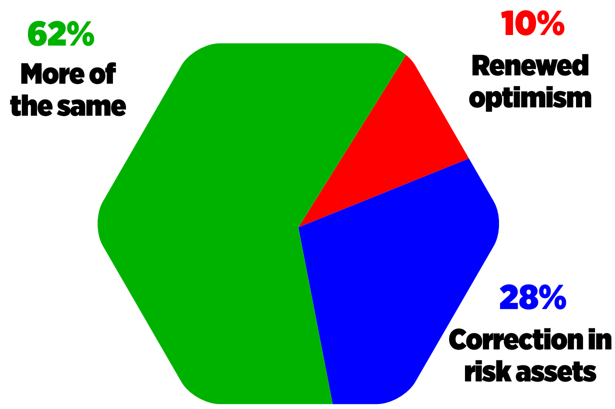
Global oil demand will return to pre-Covid levels by Q3 2022?



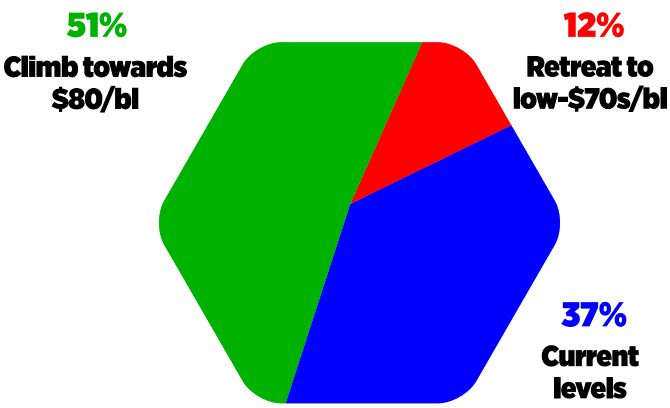
Fears over contagion from China's Evergrande debt crisis was a major factor behind a sell-off in risk assets which saw crude futures slump by 2%. How do you think the situation will end?

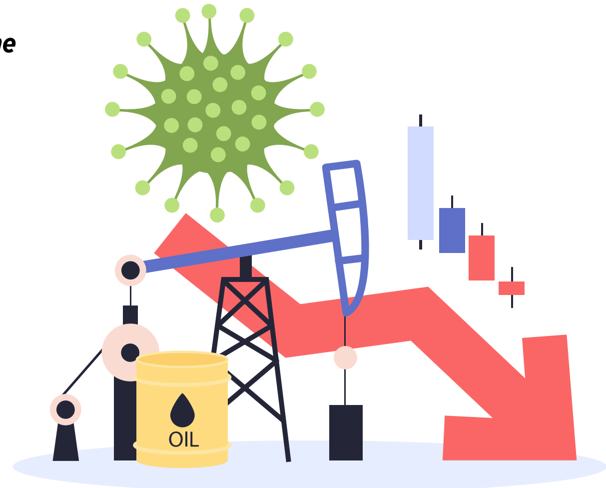


Markets have been rattled this week by fears over Evergrande contagion, Fed's plans to withdraw stimulus & looming expiry of US govt's debt ceiling. What will next few weeks bring?



After Powell's speech & EIA's US stocks report, Brent settled at $76.19/bl, close to 2-month highs - where do you see prices in the coming week?





Source: GIQ

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ENERGY MARKETS VIEWS YOU CAN USE

Randall Mohammed
Former VP, Energy Solutions
Ahart Solutions International

HOW HAS THE SLOW RESUMPTION OF US PRODUCTION POST-IDA IMPACTED OIL PRICES?

US production is creeping – not rushing – back to the market. This has put some downward pressure on oil prices. The Gulf of Mexico is still essential to US production. Over the next couple of weeks, we are going to see more and more production coming back on stream. However, we are currently in the peak of the hurricane period and there are still storms brewing. We do not know what direction they will take, but we need to keep an eye out.

WHAT IS THE SENTIMENT IN THE US AROUND MOBILITY AND CONTINUED RETAIL SPENDING?

There has been a lot of talk around pent up demand and from what I have read, it is estimated to be valued at $2trn. US retailers and the business environment have anticipated this. What we are seeing is inevitable as we transition into a recovery. We are going to see more retail activity. The US is the world's largest consumer of gasoline, consuming 420mn gallons of fuel in 2019. This trend will remain as the economy continues to open up. There are two segments though that have not picked up yet – international flights and the cruise industry. These should pick up towards the end of this year.

WHAT DO YOU EXPECT FROM THE US FED THIS WEEK?

The US Fed is not about to rock the boat. Obviously, we must look at the data. We must look at inflation and unemployment. This is what the US Fed is going to look at before any decisions are made on tapering. I do not expect a lot. The US Fed will be more dovish than hawkish.

Narendra Taneja
India's Leading Energy Expert

WHAT IS YOUR OUTLOOK FOR INDIA'S ECONOMIC RECOVERY?

The picture looks reasonably good when you look at the horizon – political, economic, social, or otherwise. New policy initiatives have been announced by the federal government in recent weeks and they have been very encouraging. When you speak with businessmen in New Delhi or Bombay, the sentiment is positive. When it comes to oil prices, aviation is starting to look pretty good. In the coming months, you will see domestic aviation in India back to approximately 85%. Petrol is already back to normal as people prefer their own mode of transport, instead of more crowded public transportation. People who would normally take their car or motorcycle out once a week are now taking them out everyday. However, the demand for diesel is still struggling, but I think it will be back to normal between Diwali and Christmas.

DO YOU SEE INDIA USING ITS STRATEGIC RESERVES, LIKE CHINA, TO TEMPER HIGH OIL PRICES?

We are not there yet, but maybe in 4-6 years from now. We have tried this, though in a different way. Recently, when the oil prices started moving northward, we did sell part of our crude reserves. However, that was more to do with making a small profit and having the ability to buy oil again. That was a completely different strategy. The scenario in India is quite different when it comes to oil consumption. Energy and fossil fuel consumption is very low per capita compared to China. By my estimates, we probably have 1bn people who would be considered energy poor.

Soundings: Europe's Gas Crisis

"They are queuing up for LNG. We have huge demand from all our customers and unfortunately we can't cater for everyone."

H.E. Saad Sherida Al-Kaabi, Qatar's Minister of State for Energy Affairs, President & CEO at QP

"Emotions have overtaken industry facts... climate activists have taken over the space. Activist shareholders have held the industry nearly to ransom."

H.E. Mohammad Sanusi Barkindo, OPEC Secretary General, OPEC

"Hydrocarbons are here to stay...and natural gas, in fact, is a key element."

Lorenzo Simonelli, CEO, Baker Hughes

"It's inaccurate and misleading to lay the responsibility at the door of the clean energy transition."

Fatih Birol, Executive Director, IEA

Source: Gastech 2021

ENERGY MARKET NEWS

RECOMMENDED READING

1. POWELL SAYS TAPER COULD START "SOON", SPLIT ON 2022 RATE HIKE
2. US STOCKS RALLY ON EVERGRANDE ASSURANCES, FED DECISION
3. OPEC NATIONS WARN OF OIL MARKET TURBULENCE FROM GAS CRISIS
4. SOARING GAS PRICES RIPPLE THROUGH HEAVY INDUSTRY, SUPPLY CHAINS
5. NIGERIA SEES 2022 OIL PRODUCTION OF 1.88MN B/D, SETS $57/BBL BUDGET OIL PRICE
6. SYNCRUDE FORCE MAJEURE ADDS TO NORTH AMERICAN CRUDE DISRUPTION
7. BIDEN ADMINISTRATION MULLS BIG CUTS TO BIOFUEL MANDATES
8. VITOL BOLSTERS ELECTRIC TRANSPORTATION FOOTPRINT WITH CHINA'S BYD
9. TOP GLOBAL COMPANIES CALL FOR ZERO EMISSIONS SHIPPING BY 2050
10. EXXON, CHEVRON CONCEAL PAYMENTS TO SOME GOVERNMENTS

RECOMMENDED VIDEOS & REPORTS

- CRYPTOS – THE BANE OF GOLD BULLS, DOLLAR BEARS BY MIKE MCGLONE
- VANDA INSIGHTS: CRUDE TICKS UP EARLY THU AS ASIA DIGESTS FED NEWS, US STOCK-DRAWS
- "OUTLOOK FOR OIL MARKETS IN Q4?"

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Fujairah Spotlight

47 Years of Achievements, Urban Development

Some 47 years have passed since H.H. Sheikh Hamad bin Mohammed Al Sharqi, Supreme Council Member and Ruler of Fujairah, took charge in Fujairah, during which he has created a legacy of major economic, social, tourism, cultural, sporting and development achievements that reinforced the emirate's stature. Human capital served as the cornerstone of Sheikh Hamad's strategy, utilising education, training and capacity building as critical tools for advancing towards a bright future. He sent students to study in the world's top universities and worked to preserve traditional Emirati heritage, in line with the directives of the UAE's leadership and the vision of the late Sheikh Zayed bin Sultan Al Nahyan. Due to Sheikh Hamad's directives, Fujairah has adopted comprehensive strategic plans in line with the UAE's visions and strategies, and achieved significant development milestones, most notably in the area of the economy, with the establishment and expansion of Fujairah Port and Fujairah Airport.

Source: Emirates News Agency

Al Sharqi Receives Fujairah Police that Received 6-star Rating

His Highness Sheikh Hamad bin Mohammed Al Sharqi, Supreme Council Member and Ruler of Fujairah, has highlighted the importance of the commitment of government authorities to providing services that make customers happy, noting the UAE's achievements are reinforced through maintaining the level of these services. He made this statement while receiving the Ministry of Interior Traffic & License Department Team in Fujairah Police, which received a 6-star rating in a government services centre rating assessment. Sheikh Hamad bin Mohammed was briefed by Major General Mohammed Ahmed bin Ghanim Al Kaabi, Commander-in-Chief of the Fujairah Police, about the work of the centre and the type of services it provides to customers and the evaluation standards for police centres.

Source: Sharjah24

Fujairah Ruler Discusses Energy Sector Growth with Vitol's CEO

H.H. Sheikh Hamad bin Mohammed Al Sharqi, Supreme Council Member and Ruler of Fujairah, stressed the importance of the role of the Emirate of Fujairah in providing a conducive investment environment and infrastructure for international energy companies, in addition to supporting and regulating the emirate's oil sector, in line with the UAE's vision to drive sustainable development. This came during Sheikh Hamad meeting with Russell Hardy, CEO of Vitol, at Al Rumailah Palace. The Ruler said that the Emirate of Fujairah has become a leader in providing logistical services to the local and international oil companies, and has also become a global hub for transporting, storing, trading, supplying and exporting oil and its derivatives. During the meeting, Hardy briefed Sheikh Hamad on regional and international developments in the energy market and ways to enhance cooperation and partnership between the Fujairah Government and Vitol, one of the world's leading energy trading companies.

Source: Emirates News Agency

National Bank of Fujairah Launches Electronic Trading Platform NBFX

Expanding the bank's digital offerings, NBFX offers customers a bespoke digital experience to hedge their treasury requirements and is available for both conventional and Shariah-compliant banking customers. The 24/5 availability means that customers can execute transactions during and beyond the bank's working hours and benefit from liquidity across all time zones. The new platform acts as an efficient, competitive and user-friendly venue for executing Foreign Exchange and Precious Metal transactions. NBFX provides users with a tailored experience that is based on their needs with instant and easy execution of FX trades, order management and readily available transaction history. Unique to NBFX is the possibility for customers to execute FX Non-Deliverable Forwards (NDFs) and FX Time Options on a 24/5 basis.

Source: Khaleej Times

GIQ EXCLUSIVE SOUNDINGS

Oil Prices Rise as the US Fed Signals its Next Move

Over the last week, Gulf Intelligence has held high-level interviews with energy experts in the Middle East, Asia, Europe, and the US. This intel is harvested from the exclusive briefings.

- **Dr. Carole Nakhle, Chief Executive Officer, Crystol Energy**
- **Mike McGlone, Senior Commodity Strategist, Bloomberg Intelligence**
- **Bora Bariman, Managing Partner, Hormuz Straits Partnership**
- **Peter McGuire, Chief Executive Officer, XM Australia**
- **Albert Stromquist, Principal, Lanstrom Advisors**
- **Vladimir Langhamer, Managing Director, Supply & Trading, OMV**
- **Rustin Edwards, Head, Fuel Oil Procurement, Euronav NV**

Dr. Carole Nakhle, Chief Executive Officer
Crystol Energy
"We saw a sign of relief rather than frustration following the US Fed's statement. They were telling us that we are on the right track of recovery. We are getting close to achieving both inflation and employment targets."

Mike McGlone, Senior Commodity Strategist
Bloomberg Intelligence
"The whole concept of tapering and tightening is just entertaining to me. The bottom line is the US stock market has to go higher. There's no way the US Fed is going to tighten and there's no way they're going to taper. We've had the initial correction and the bottom line that matters is the stock market."

Bora Bariman, Managing Partner
Hormuz Straits Partnership
"The US unemployment rate is not that high. It's just that the employment rate is not good. So, the US Fed is fixated on that. If we see a great jobs rush back to pre-covid-19 levels, then there will be serious tapering and a potential interest rate rise."

Albert Stromquist, Principal, Lanstrom Advisors
"Everyone is doing fine in today's market at $75/bl. Producers are doing well. Consumers feel a little stressed, but not like they did when oil was over $100/bl."

Peter McGuire, Chief Executive Officer, XM Australia
"There's a lot going on from a trading perspective. How deep is the inflation story? What impact will Evergrande's credit contagion have? We might be sitting here in two weeks with no problems or damage. Or we might be sitting here in two weeks with the Dow down 10% and crude at $60/bl."

Vladimir Langhamer, Managing Director, Supply & Trading, OMV
"The power struggle news coming from Libya will add to sentiment because that's what really happened in the last two weeks. For oil, there were a couple of ships that loaded a bit late but there weren't disruptions in the grand scheme of things."

Rustin Edwards, Head, Fuel Oil Procurement
Euronav NV
"The UK is a different animal because you have an unregulated market. The price of electricity is the price of electricity. The high gas prices are causing electricity providers to go bankrupt. They can't afford to supply electricity to their customers because the price is a lot higher than what they sold it at."

GIQ **BRIEFING NOTE**

US Federal Reserve's FOMC Statement

With progress on vaccinations and strong policy support, indicators of economic activity and employment have continued to strengthen. The sectors most adversely affected by the pandemic have improved in recent months, but the rise in Covid-19 cases has slowed their recovery. Inflation is elevated, largely reflecting transitory factors. Overall financial conditions remain accommodative, in part reflecting policy measures to support the economy and the flow of credit to U.S. households and businesses.

Projected Change in Real GDP

2021	2022	2023	2024
5.9	3.8	2.5	2.0

"We are strongly committed to achieving the monetary policy goals that Congress has given us: maximum employment and price stability." - Jerome Powell, Chair of the US Federal Reserve

The path of the economy continues to depend on the course of the virus. Progress on vaccinations will likely continue to reduce the effects of the public health crisis on the economy, but risks to the economic outlook remain. The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run.

With inflation having run persistently below this longer-run goal, the Committee will aim to achieve inflation moderately above 2 percent for some time so that inflation averages 2 percent over time and longer term inflation expectations remain well anchored at 2 percent. The Committee expects to maintain an accommodative stance of monetary policy until these outcomes are achieved.

"Inflation is elevated and will likely remain so in coming months before moderating. As the economy continues to reopen and spending rebounds, we are seeing upward pressure on prices, particularly because supply bottlenecks in some sectors have limited how quickly production can respond in the near term." - Jerome Powell, Chair of the US Federal Reserve

The Committee decided to keep the target range for the federal funds rate at 0 to 1/4 percent and expects it will be appropriate to maintain this target range until labor market conditions have reached levels consistent with the Committee's assessments of maximum employment and inflation has risen to 2 percent and is on track to moderately exceed 2 percent for some time.

Last December, the Committee indicated that it would continue to increase its holdings of Treasury securities by at least $80 billion per month and of agency mortgage backed securities by at least $40 billion per month until substantial further progress has been made toward its maximum employment and price stability goals. Since then, the economy has made progress toward these goals.

"While no decisions were made, participants generally view that, so long as the recovery remains on track, a gradual tapering process that concludes around the middle of next year is likely to be appropriate." - Jerome Powell, Chair of the US Federal Reserve

If progress continues broadly as expected, the Committee judges that a moderation in the pace of asset purchases may soon be warranted. These asset purchases help foster smooth market functioning and accommodative financial conditions, thereby supporting the flow of credit to households and businesses.

Source: US Federal Reserve

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