Fujairah New Silk Road

WEEKLY NEWSLETTER

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

AN EXCLUSIVE GULF INTELLIGENCE INTERVIEW

"STIMULUS FATIGUE IS DEFINITELY EMERGING – WE CAN'T KEEP PRINTING MONEY FOREVER!"

Manish Chawla, Global Managing Director, Energy & Natural Resources Industries, IBM

Stimulus fatigue is definitely starting to emerge - we can't keep printing money forever. But I do not expect the new Democratic administration to support fiscal tightening anytime soon, as government initiatives are driving a lot of fiscal spending. On the flip side, at least in the US, we are already seeing proposals emerge around paying for all the spending with higher taxes on the wealthy. At some point, the cheque will have to be cut to pay back whoever the money was borrowed from. Infrastructure or consumer spending will itself also create a rise in tax revenues, so the two forces of government and consumer spending should start to balance each other out and erode the fiscal deficit in due course. We are seeing prices soar to unsustainable levels across most commodities and real estate, but one big positive at least that was not present 10 years ago after the financial crisis, is that the monetary and fiscal stimulus programmes that are being unleashed on this occasion are geared towards an accelerated and sustainable recovery. As the COVID pandemic settles down, demand will start to recover, but one of the main challenges that will linger will be in supply-chain constraints across markets and countries as vaccination campaigns are rolled out at different speeds. The big piece that is still missing in the COVID recovery is a coordinated multilateral vaccination plan, especially for poorer economies - there are still very closed boundaries within countries as vaccine nationalism is the dominant trend for now.

CONTINUED ON PAGE 3

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

Fujairah Weekly Oil Inventory Data

5,256,000 bbl	2,945,000 bbl	15,075,000 bbl
Light Distillates	Middle Distillates	Heavy Distillates & Residues



Source: FEDCom & S&P Global Platts

GI Consultancy Intelligence Publishing

THE WEEK In Numbers

Weekly Average Oil Prices

Brent Crude:	$66.15/bl
WTI Crude:	$63.00/bl
DME Oman:	$63.48/bl
Murban:	$63.67/bl

Time Period: Week 4, April 2021
Source: IEA, OilPrice.com, GI Research

Fujairah Weekly Bunker Prices

VLSFO	MGO	IFO380
High = $512/mt	High = $612/mt	High = $404/mt
Low = $496/mt	Low = $591/mt	Low = $396.50/mt
Average = $502.50/mt	Average = $600.50/mt	Average = $399/mt
Spread = $16/mt	Spread = $21/mt	Spread = $7.50/mt

*Source: Ship and Bunker, *Time Period: April 21 - April 28*

Fujairah Bunker Sales Volume (m^3)

811 180cst Low Sulfur Fuel Oil	**480,402** 380cst Low Sulfur Fuel Oil	**125,787** 380cst Marine Fuel Oil
2,456 Marine Gasoil	**19,203** Low Sulfur Marine Gasoil	**5,386** Lubricants

Source: FEDCom & S&P Global Platts

Manish Chawla, Global Managing Director, Energy & Natural Resources Industries, IBM

CONTINUED FROM PAGE 1

GIQ: Could we have a two-speed global economic recovery?

Manish Chawla: I think it's inevitable, whether we wanted it or not. As a couple of key economies come through, that should release the vaccination supply for other countries and start to lift everything up. It will be a volatile recovery right through to 2022. We won't achieve uniformity and stability until then.

GIQ: Are we already in another commodity super cycle?

Manish Chawla: We are definitely in a growth cycle. Many companies seem to think it will last two to three years. There is a recognition of the delicate balance between fiscal stimulus, taxes and having to cool down economies at some point. CEOs are a bit wiser this time around versus other growth cycles. They are going to lean in to meet demand but also make investments that have a sustainable break-even reliance price point. They're being fiscally prudent. It's a bullish but measured approach.

GIQ: Could India be the locomotive to pull the next commodity super cycle?

Manish Chawla: India will be a very important growth driver for the global economy over the next decade, but it won't be the differentiator between growth or a flat economy. China, Europe and the US will be as, if not more, important.

GIQ: How do international companies position themselves in the China US standoff?

Manish Chawla: There is an economic battle to own the resources of the world. But supply chains are so intertwined now that few countries are picking sides - most are positioning themselves on one side of the center point. They are taking a more balanced approach based on what is needed from an economic perspective. This point of balance is reinforced by the sheer volume of China's investments around the world and the debt that it holds. There will be a trend towards trying to disentangle these supply chains and China seems to be preparing for this as well as building up its domestic consumer economy.

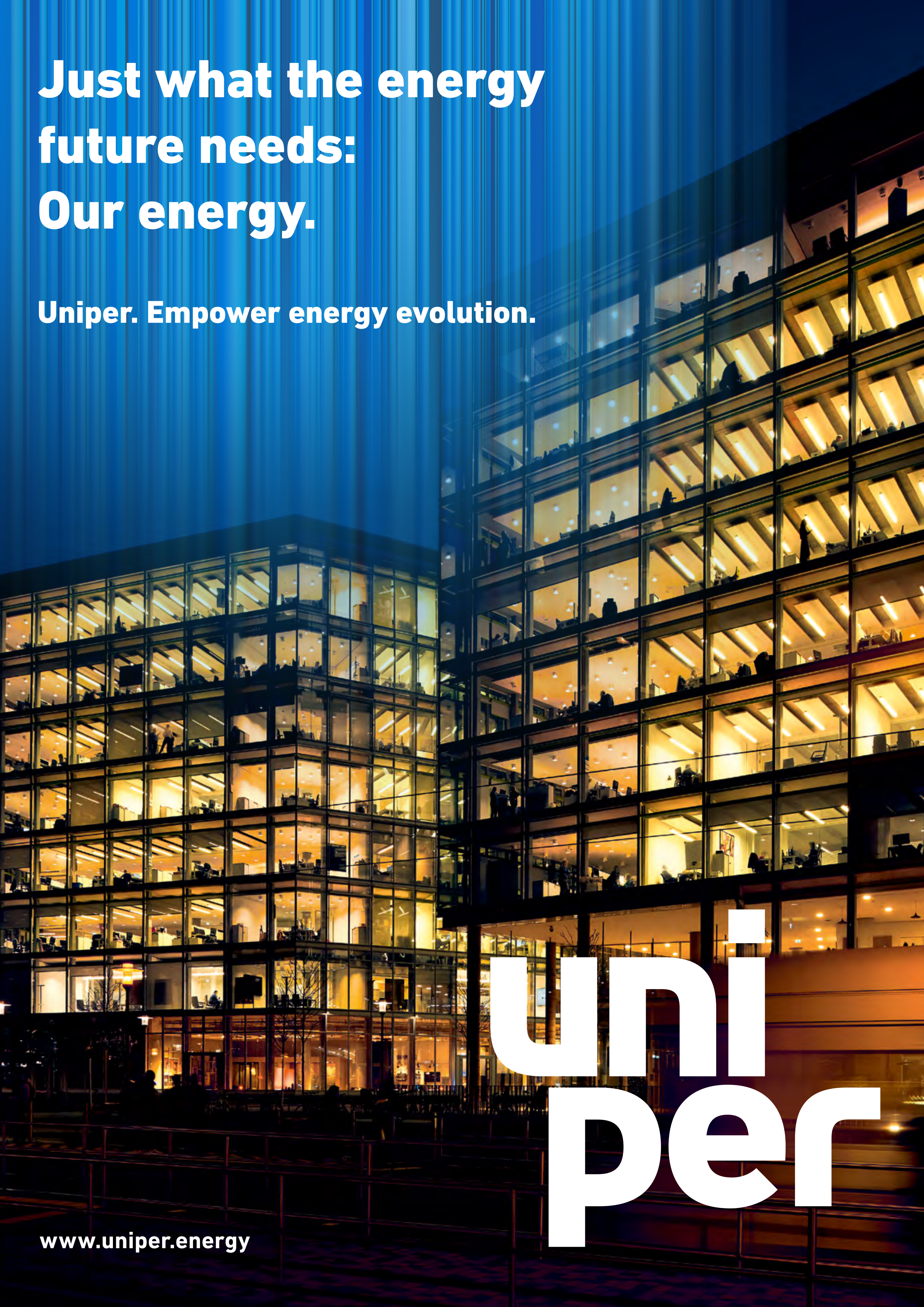
GIQ: How has the pandemic impacted the digital transformation trend?

Manish Chawla: It has accelerated it dramatically. Many industries and governments now consider it as critical to their resilience. Consumers are also expecting a much more seamless digital front end and businesses recognize that they must provide it.
There's also a strong intersection here with sustainability - what we can measure end to end, we can improve.
The global workforce also needs to transition into digital careers. The digital march is on and it's only accelerating.

GIQ: Does digital literacy need to be elevated across the energy sector?

Manish Chawla: We've got to focus on intelligent workflows - whether it's operating an oil rig or maintaining a gas station or transmission grid point. Start with the user in the center and then work backwards from there on what information is needed and digital literacy will be a success.

WATCH FULL INTERVIEW HERE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ENERGY MARKETS COMMENTARY WEEK IN REVIEW

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GIQ EXCLUSIVE SOUNDINGS

Oil Rises as US Demand Outweighs India Covid-19 Cases

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.

- **Randall Mohammed, VP, Energy Solutions, Ahart Solutions International**
- **Peter McGuire, Chief Executive Officer, XM Australia**
- **Andy Laven, Chief Operating Officer, Sahara Energy Resources**
- **Vandana Hari, Founder & CEO, Vanda Insights**
- **Ahmed Mehdi, Research Associate, The Oxford Institute for Energy Studies**
- **Dr. Carole Nakhle, Chief Executive Officer, Crystol Energy**
- **Victor Yang, Senior Editor, JLC Network Technology**
- **Maleeha Bengali, Founder, MB Commodity Corner**

Randall Mohammed, VP, Energy Solutions, Ahart Solutions International
"The US has done a tremendous job in rolling out vaccines and it is on a positive growth trajectory. We're seeing travel bookings back in play and Biden has said he wants families and friends back together on the 4th of July weekend."

Peter McGuire, Chief Executive Officer, XM Australia
"India is struggling with Covid-19 numbers that seem to be gaining momentum. I'm not sure how it will play out over the next few weeks from a demand destruction standpoint."

Andy Laven, Chief Operating Officer, Sahara Energy Resources
"The signs are relatively positive. Things are getting back to normal. Demand is recovering. But underneath it all, there is a significant amount of uncertainty and variation. The market is feeling positive, but it is not back to normality yet."

Vandana Hari, Founder & CEO, Vanda Insights
"The acceleration of economic recovery in the US is dominating market sentiment right now. The oil market is also expecting Europe to get back on track. India will be the one to keep a very close eye on."

Ahmed Mehdi, Research Associate, The Oxford Institute for Energy Studies
"The overlying issue is the market remains in stock-draw mode. Despite the issues in India, inventories are continuing to draw and mobility is improving."

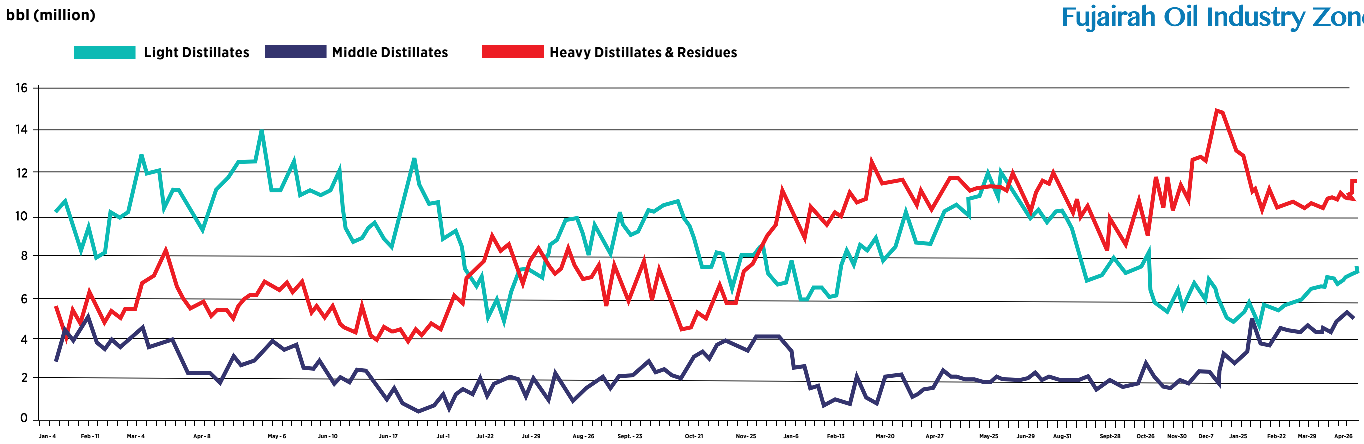
Dr. Carole Nakhle, Chief Executive Officer, Crystol Energy
"Things are heading in the right direction for the US in terms of recovery. For a while, The Fed has been telling us to expect what's happening today, a bit of pressure on prices, and a weaker dollar. However, it's not yet where they want to see the economy going."

Victor Yang, Senior Editor, JLC Network Technology
"Chinese imports for March were quite high. However, on a year-on-year comparison, imports in the second quarter might not grow, because last May's imports surged to a record high."

Maleeha Bengali, Founder, MB Commodity Corner
"In terms of inventories, OPEC has done a very good job of containing the market. Distillate demand week-on-week has been picking up, and that is key for where the market goes in the summertime."

Fujariah Weekly Oil Inventory Data

FOIZ
منطقة الفجيرة للصناعة البترولية
Fujairah Oil Industry Zone



TOP TAKEAWAYS

- **Total oil product stocks in Fujairah were reported at 23.276mn barrels, rising for the second consecutive week as a large rise in heavy residues offset draws in light distillates and middle distillates. Total stocks rose by 1.620mn barrels with overall stocks rising by 7.5% week on week.**
- **Stocks of light distillates saw a draw of 226,000 barrels reflecting a fall of 4.1% week on week to stand at 5.256mn barrels, falling for the fourth consecutive week. This is their lowest level since October 26th, 2020 when they stood at 4.198mn barrels. The East of Suez gasoline market was under pressure as sentiment weakened on fresh supply and news of increases to regional refinery run rates. In the US, gasoline stocks are expected to remain steady from the week prior at around 235mn barrels, analysts surveyed by Platts said. Likely contributing to weaker gasoline cracks, Apple mobility data shows US driving activity remained rangebound last week, edging 0.4% higher but still below levels seen in early April.**
- **Stocks of middle distillates fell by 283,000 barrels falling to 2.945mn barrels – down by 8.8% on the week. The gasoil market was on an even keel as participants continued to weigh developments in India's fight against Covid-19 versus demand expectations from Europe. "The [gasoil] market was going up due to optimism over Europe reopening, but then I think it got sold yesterday on India news," a trader said April 27th, adding that the Asian gasoil market has been volatile of late. "One moment there's optimism and lots of buying and the next moment, when there's bad news, people just start to sell," he said.**
- **Stocks of heavy residues rose by 2.129mn barrels rising by 16.4% on the week to 15.075mn barrels. This is their highest level since August 24th last year when they stood at 15.486mn barrels. In the port of Fujairah bunker activity was steady, with no tightness in prompt availabilities, traders noted. "Supply is ample and demand is just average, so suppliers are able to supply very promptly," a Fujairah based trader said. Fujairah delivered marine 0.5%S bunker was heard offered around $494 - $500/mt on April 27th. Fujairah-delivered marine fuel 0.5%S bunker was assessed at $495/mt, up $10/mt day on day. The price level on April 27th in Fujairah is at a $0.75/mt discount to Singapore delivered Marine Fuel 0.5% bunker prices.**

Source: S&P Global Platts

BY MATT STANLEY
SENIOR BROKER
STAR FUELS

Morning all. Brent is trading this morning up 0.25/bl, at $67.52/bl. WTI is trading at $64.05/bl, up 0.19/bl. OK, nearly at the end of April, and what do we all need? I know! the words of Winston Churchill, "It is a mistake to look too far ahead. Only one link of the chain of destiny can be handled at a time." The oil market doesn't care what Churchy thinks or says, yeah, nah, yeah, ignore problems that are happening right now. Hence why Brent edges ever closer to $70/bl. What Winnie also said though was "You must look at facts because they look at you." And this is just what I simply cannot ignore. Rising cases in India, and whilst not trivialising what a disaster we are all witnessing unfold before us, the impact this second wave will have on Indian oil demand. There were 379,257 announced in the last 24 hours as well as 3,645 deaths, another record. Records we don't want to see broken. The situation there is now dominating global headlines and aid has been offered by every nation to help support the fight against the pandemic. What I cannot understand though is how the oil market is ignoring this. Let's take jet fuel demand. Dubai International for example is the world's biggest airport for passenger traffic. India is by far the largest market DXB has, accounting for 32% of all traffic. Flights from India are currently suspended. 32%! That is an extraordinary number. Nobody can tell me that the current flight suspensions are not going to have an effect on jet fuel demand, and even though that 32% number is important for DXB, it will be fairly negligible in the grand scheme of things for what localized lockdowns mean for overall product demand. India has a large refining network themselves too, so with domestic consumption falling we will see more barrels into what is, quite frankly, an over supplied distillates market in Asia. Has this been reflected in flat price? Nope. Not at all. Over in the US things are going very nicely. Grandpa Joe says America is moving again and the vaccination drive is going great guns. Lower than expected builds on crude stocks and a big draw on distillate stocks gave the oil market a nice little boost last night. What's that Joe? Increased taxes? Didn't hear that. Hands on ears, lalalalalala. Good day.

April 29th, 2021

GI Consultancy Intelligence Publishing

ENERGY MARKETS VIEWS YOU CAN USE

Adi Imsirovic
Senior Research Fellow
The Oxford Institute for Energy Studies

Why can't oil prices seem to find the same momentum as equities?
The recovery is still to come from the demand shock. The situation in India is also a reminder that the Covid problem is still around and that there are many unknowns that could take us back to square one. So, we're still in a risk off mode despite fundamentals looking very good.

Is Chinese consumption going to come alive over the second quarter?
There's more likelihood that China may at some stage have to start tapering all that growth. It doesn't need more stimulus to the economy - we've seen growth year on year of 18% and refinery runs at over 14mn barrels, near to US levels at times. PMIs are looking excellent across many countries. All this data shows that we are learning to live with the pandemic so it's hard to be pessimistic on demand.

Is OPEC likely to change its current production plans?
It will continue with gradually increasing production as already agreed while being cautious and keeping an eye on any further dynamics. What if for example we get a similar second wave in China as we're seeing in India? All that great demand will suddenly turn around. We are also expecting a growth of non-OPEC supply next year of 1.4mn barrels. That's a lot of extra oil when demand is going to level off. The forward curve of any benchmark is below $60 in two years' time.

How important is jet fuel recovery in 2H 2021?
It's very important. Jet demand is muted but there is also lot of pent-up demand for travel. However, even if the skies do open up by summer, the practicalities are already showing signs of red tape and inconvenient conditions. We will probably only see a big pick up with jet demand towards the end of the year and not at the front end.

Robin Mills
Chief Executive Officer
Qamar Energy

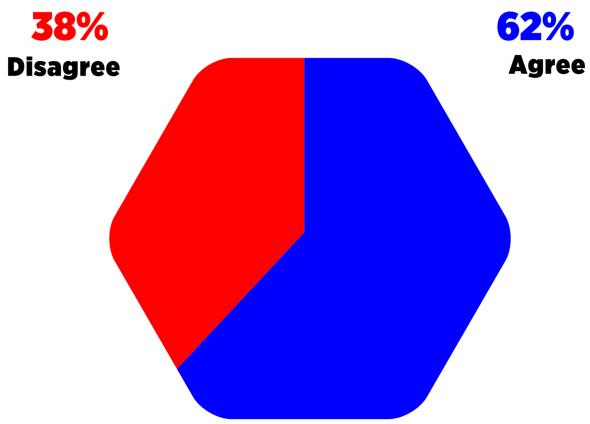
Does OPEC need to revisit its 2021 demand outlook of 6 million bd growth?
The demand picture is patchy. If you look at it over the space of a year, OPECs' current projections are probably fine, but the shorter term holds big negative risks. India could be losing 600,000 bd of road fuel demand and up to 100,000 bd of jet demand. Japan is perhaps seeing its first serious wave of cases and gasoline usage there could drop 100,000 bd. That brings us close to one million bd of lost demand across just those two countries.

Will the strong backwardation deter upstream oil and gas investment?
OPEC wants this backwardation and wants to draw down the excess stocks. They're now close to the five-year average. The reason why the curve is where it is – at $60 two years out - is because shale producers are happy to hedge at that price. It allows them to lock in a significant amount of future supply. If the forward curve was around $40 or below, then they're in a dilemma. The more prices continue above $60, the stronger the US supply response will be. We do see some slow recovery in the US already – the rig count is rising steadily and the production outlook, including NGLs, is still well below record highs.

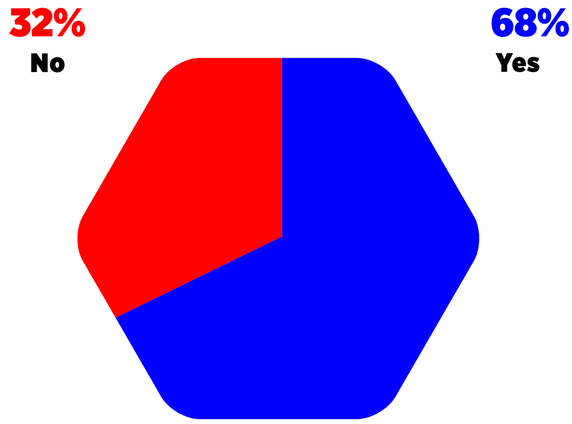
Can gasoline make up for any of the shortfall in aviation fuel recovery?
Domestically in the US and China yes, but not internationally. That's a longer path to recovery. Until we have effective and widespread vaccination, nobody is going to take non-essential long distance international travel. Aviation demand is very significant – there's 2.5 to 3 million bd that's been lost.

GIQ Weekly Surveys

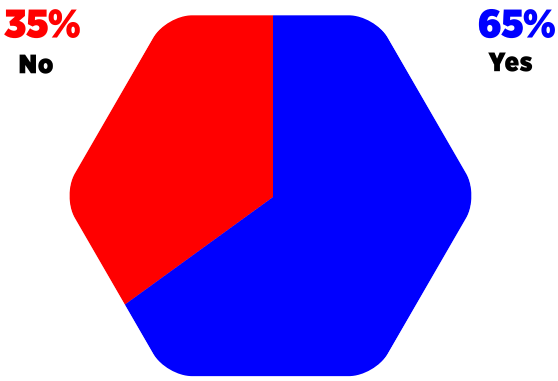
Covid-19 pandemic will have less and less impact on economic growth regardless of infection rates?



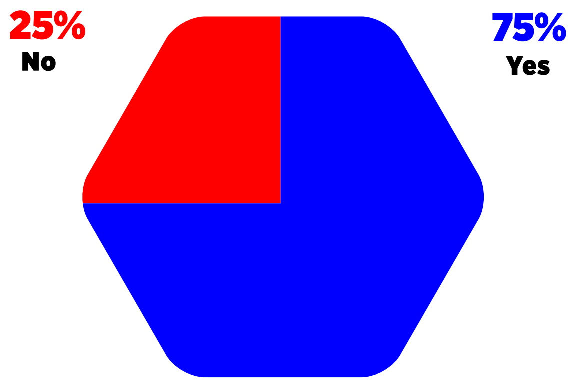
Do you think there is any chance OPEC will make it 4 times in a row and surprise the market this week?



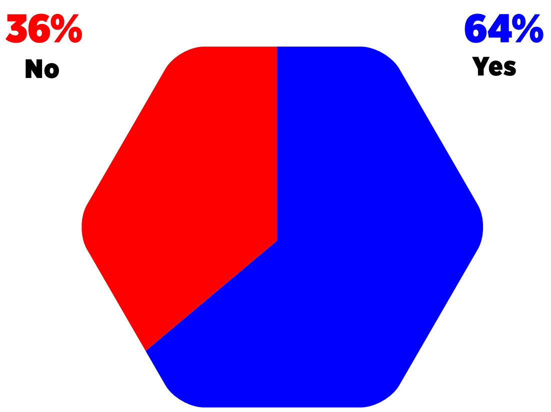
Have we already seen the 2021 high for Brent at $70/bl?

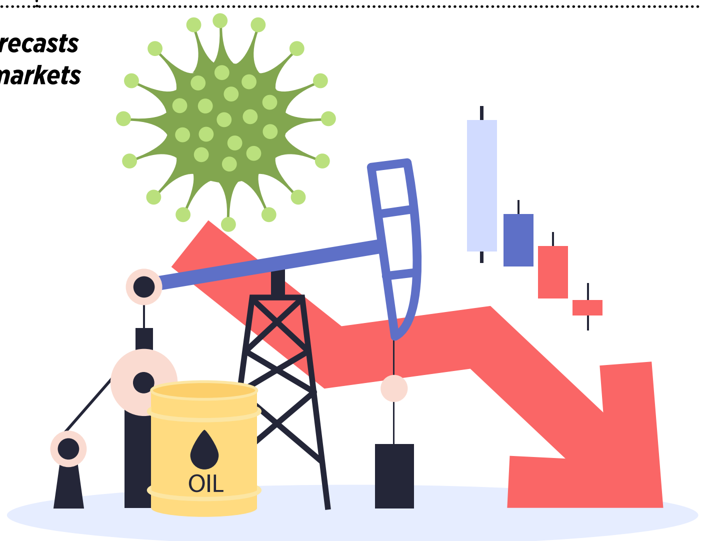


Did OPEC+ make the right decision to stick with plans to increase supply by 2mn b/d from May-July?



U.S. GDP report due later on Thursday, where market forecasts are for annualised growth of a whopping 6.1% – has oil markets already baked 2021 growth into price?





Source: GIQ

Decarbonizing the Car!

Aldo Flores-Quiroga
Former Deputy Secretary of Energy for Hydrocarbons, Mexico's Ministry of Energy

Transportation is at the center of current efforts to reduce carbon emissions. The reason is not a mystery: people and goods move around the world in fleets that use gasoline, diesel, fuel oil, jet fuel, whose combustion releases carbon. According to figures from the International Energy Agency, 25% of global CO_2 emissions come from transport, of which almost half correspond to cars.

Decision makers have four basic options to try to reduce automotive emissions:

1. Taxes. Establish a carbon tax emitted when driving a car.
2. Regulations and mandatory policies. Impose a target of kilometers per liter consumed on car manufacturers.
3. Technological development. Driving a change in the type of propulsion technology - from an internal combustion engine that runs on a single fuel to one that uses a variety, is hybrid or electric.
4. Change of habits. Reduce the number of kilometers traveled.

The debate on the usefulness of each one persists due to the technical and political difficulties in implementing them.

The first option – the carbon tax – is the best for economists because it charges directly for emissions, so that whoever generates them takes them into account when driving. Beating around the bush with the other options works but is less effective and equitable. A car tax or its equivalent, a fuel efficiency standard that raises the car's price, is charged equally to those who drive a lot or a little and has a dose of regressivity – it is paid equally by the rich and the poor. The carbon tax is charged as an additional cost to gasoline, based only on the emissions that result from driving. Whoever covers more distance emits more and pays more.

Like all policies, this tax has drawbacks. One is that it raises the price of gasoline and stirs up opposition in the streets or in legislatures. Governments in Europe have been able to levy high gasoline taxes for decades, but not all governments have the political space to introduce it. In Europe, political resistance seems to be lower because countries in the region have been net importers for decades and their cities are denser, or less suburban and extended than in, say, the United States.

Another drawback is that it is unclear the extent to which, when buying a car, people consider or correctly calculate the cost of the gasoline they will consume throughout the vehicle's lifecycle. On this point the evidence is contrasting. One group of studies finds that car buyers only consider a fraction of your future gasoline outlays. Another group provides evidence suggesting that they do calculate a figure closer to the expected reality. Assuming the first scenario - that consumers are not running around with their calculators estimating the cost of fuel they will pay for the next ten years - then it is convenient to create an environment in which fleets of cars are more efficient.

Enter the distance requirement per liter that is required of car manufacturers – the second policy option. It works as a tax on the purchase of more polluting vehicles and as a subsidy in favor of the least polluting (generally new ones). An example is the fuel economy standard, or Corporate Average Fuel Economy (CAFE), adopted in the United States during the energy crisis of the 70s and reinforced after the price spike of the 2000s. Europe and Japan adopted similar standards in the 2000s. These policies have increased the efficiency of automobiles by inducing car manufacturers to reduce the weight of the cars and the size of the engines, and to design more aerodynamic bodies.

This solution also has drawbacks. On the one hand, the "rebound effect" motivates people to drive more when they face a lower cost per kilometer traveled. If the car travels a longer distance on the same tank of gas, people take advantage of these savings to make even more trips. For the same budget for travel, the greater efficiency of the car allows to increase the consumption of "distance" and, consequently, drivers emit more carbon than they should.

On the other hand, CAFEs were limited to the average of the entire fleet of automobiles produced by a car manufacturer. Heavier vehicles, such as trucks or other cars classified for "service" or used for agricultural work, generate more profit per unit sold and have less stringent requirements than light ones. This distinction allowed automakers to classify popular SUVs, so popular with today's motorists, as service vehicles – literally suburban sports utility vehicles. The result is that, despite the greater efficiency of modern automobiles, the segment of the now most popular SUVs has grown, to the detriment of the goal of achieving more kilometers per liter of gasoline and reducing emissions.

The third policy option, changing powertrain technology, is a step that accompanies the decrease in the size of engines or the weight of cars. It has taken much longer than expected to materialize because the technology and policy challenges are more complex than expected, and costs are still not competitive in most segments of the auto market. Cars that can use gasoline or ethanol circulate where the abundance of sugarcane and public policy dictates it, as in Brazil. There are fleets of trucks or taxis that use compressed natural gas, but they need to reach a greater market share in more countries. Hybrids are increasingly popular, but their cost of ownership has been a barrier to their penetration. And electric cars, even if their market share is growing, are starting from a low base and are still relatively expensive.

Another question is whether the carbon footprint of alternative fuels is lower. By considering the complete cycle of manufacture and consumption, biofuels can end up being more polluting than gasoline or diesel. In any case, promoting the use of clean fuels will help reduce emissions of both CO_2 and other harmful particles.

There is finally the option of reducing the number of kilometers traveled per person. It is perhaps the utopian approach, as it requires a redesign of cities and economic activity itself. The future of cities is a separate issue, but the experience of the pandemic suggests that a reduction in the number of trips made is feasible without affecting economic activity. In many sectors where white-collar professionals work, it was possible to maintain and even raise the level of productivity without displacing millions of people, or displacing them less, to office buildings and other work centers. The question is whether in a post-COVID world people will prefer the car to public transportation. Because if work returns to the offices and the fear of contagion persists, the number of cars in circulation will increase and so will emissions.

Ultimately, the challenge of reducing car emissions is to increase the mileage per liter that can be driven, and there are only three routes: getting the same amount of gasoline to cover a greater distance, using less gasoline to cover the same distance, or both. The lower the amount of fuel burned to move a car, the lower the volume of emissions.

Clearly, the ways out of the fuel consumption mess in automotive transportation are all imperfect. The political difficulty of applying carbon taxes explains the longevity of efficiency standards, which have been applied in the United States for more than 40 years. But the latter have only advanced under sharp and sustained increases in the price of oil, as in the 70s and 2000s, and they also encounter political constraints or produce unwanted side effects.

Decarbonize the car with emissions taxes or by imposing fuel efficiency standards? Yes, both; and continue promoting alternative technologies.

ENERGY MARKETS VIEWS YOU CAN USE

Omar Najia
Global Head, Derivatives
BB Energy

Is the health crisis in India shaking overall positive market sentiment?

The short answer is no. Most of the trading goes on in the US, EU or Far East and whether it be equities, or oil or Bitcoin, we're starting on new trends to the upside across the board. Markets are finishing corrections and as we move into the second half of the year, we're going to see more demand.

Any shifts on open interest liquidity on oil futures expected?

Open interest is interesting but it's also a blunt tool. We need to study what speculators are doing – is their open interest going up or down, becoming more positive or negative. Hedgers will always want to hedge and sell. What indicates how much money is coming into oil markets is the flows into funds - for example, into commodity ETFs - and all of those are going up. Money is coming into oil and at a big pace.

What's guiding the week ahead?

Oil is looking to break out. It will either need to get to new highs of $68 or it needs to continue lower and correct even more than it has already. On the lows, it will need to drop to $57.25. I would suggest that time is against corrections; demand and vaccinations keep improving – in the UK, the US and Europe. It's basic science. The bears are pushing but when they finally get too tired and stop, the shorts will come out. The momentum of selling from the high of $68 is being slowed down so as soon as we start seeing bullish momentum, it will steamroll everybody to the upside.

Jorge Montepeque
President
General Index

Can India's Covid resurgence derail the global demand recovery outlook?

Its impact will be muted in terms of energy or refining demand. It's going to have some impact across India's supply chain through - oxygen is being diverted from refinery use into hospital use so this will impact sulfur fuels production. The resurgence is a serious issue but demand for fuels continues. The trend is up. Imports of crude oil into the US are rising. India needs more oil. China needs more oil. And as we move forward, I can see inflation simmering - this is going to be a major issue for policymakers over the next two years - we're just seeing the beginning of it coming back.

How should OPEC manage any inconsistencies in demand?

Numbers are not comparable from one country to another. Plus, they are always retrospective. What's needed is to observe today's market and today's industrial and consumer behavior. People are going to restaurants; they're buying things from Amazon. Chinese factories' operating industrial activity is 24% higher than last year. PMI figures are up in Europe on the back of government support for employment. Any inconsistency in data will mean no change by OPEC because they are under pressure to supply what the market wants. Inventories are being destroyed rapidly.

What's your expectation for the OPEC meeting this week?

We are watching the tone and the rate at which Saudi Arabia returns oil. More Iranian oil is closer to becoming a reality and Saudi has the capacity to balance that out. Geopolitical military activity in the region is another bullish aspect in the market but I am hoping that it eventually leads to détente. It's public knowledge that the Iranians and Saudis are already having discussions. Economic growth requires people talking to each other and being able to move goods towards one another.

ENERGY MARKETS FORUM
NEW SILK ROAD LIVE

GI Consultancy Intelligence Publishing

TOP 10

APRIL 25th - 29th

MARKET OBSERVATIONS FOR THE WEEK

1. Despite all the geopolitical noise – drone missiles etc. – surrounding the Iran-US nuclear talks, the sentiment appears to be shifting towards resolution and peace.
2. India's second wave of Covid-19 is tragic, but in terms of sentiment, it is unlikely to alter the upward trend of the financial markets.
3. US recovery is sailing on the back of vaccine rollouts, with bond yields rising and inflation on the horizon.
4. Baltic Dry Index is at a 10-year high as Chinese demand for all commodities is growing and likely to sustain through 2021.
5. Aviation fuel may falter when travelers face the bureaucracy of crossing borders with vaccine passports and evidence of a clean bill of health.
6. OPEC+ avoided any surprises for the first time this year, and the market appears to generally agree with the decision to stick with plans to increase supply by 700k b/d approximately in May, June & July.
7. India is unlikely to revert to a total nation-wide lockdown despite the overwhelming nature of the second wave of the Covid-19 pandemic.
8. An improving outlook for world oil demand and a decline in surplus OECD inventories over the past few months have propped up Brent as the benchmark most representative of global balances.
9. Could the Covid-19 tragedy currently overwhelming India deliver a silver lining of herd immunity quicker than a vaccination campaign could do.
10. If the global economic outlook is so great, why do we still need massive monetary easing? The world has become addicted to free lunch since the 2009 crash and there will never be a reversal as the debt mountain is too big to fail.

Fujairah Bans Crew Change for Ships Arriving from India

Fujairah Immigration has verbally advised that, with immediate effect, if a vessel's last port of call is India, signing-off crew are not allowed to disembark at Fujairah. This applies for all nationals. The move by Fujairah follows similar action by Singapore last week that barred crew change for all seafarers arriving from India in the last 14 days. Meanwhile GAC reported that Indonesian had banned all entry for all foreign nationals arriving in the country who have been in India the last 14 days and South Korea has added India to its list of high-risk nations. A negative Covid-19 test is required for all personnel arriving at Korean ports.

Source: Hellenic Shipping

UAE Oil storage Company in Talks to Buy Green Energy Firm

UAE oil storage company BPGIC is in advanced talks to buy a green energy firm as it aims to diversify its business and contribute to the global push to fight climate change, an industry source close to the discussions told Reuters. Brooge Petroleum and Gas Investment Co (BPGIC) is in talks with two companies, Austria's Heliovis AG -a solar energy equipment supplier, and Serbia's Storenergy- a renewable energy solutions firm, the source said. BPGIC, established in 2013, is one of the largest holders of storage assets in Fujairah, one of the seven emirates in the UAE. Fujairah is one of the world's biggest ship refuelling hubs because of its location just outside the Strait of Hormuz, an important shipping lane for oil exports from Iraq, Saudi Arabia, Kuwait and Iran.

Source: Reuters

National Bank of Fujairah Reports 44.3% Year-On-Year Dip in Q1 Net Profit

National Bank of Fujairah (NBF) has recorded a net profit of Dhs42m for the three months ended March 31, 2021, down 44.3 per cent compared to Dhs75.4m during a year earlier period, and up 107.8 per cent compared to Q4 2020. The bank's operating income stood at Dhs360.2m, up 11.4 per cent compared to Q4 2020 and down 13.7 per cent compared to Dhs417.5m in the corresponding period of 2020. Its net interest income and net income from Islamic financing and investment activities, went up 0.3 per cent and net fees, commission and other income, rose 12.9 per cent compared to Q4 2020, standing at Dhs227.6m and Dhs78.4m respectively.

Source: Seatrade Maritime News

East of Suez Bunker Fuel Availability Outlook

Lead times for bunker stems are similar as last week in Singapore, while supply has tightened in Fujairah, Port Suez and in South Korean ports this week. VLSFO stems still require 6-8 days of lead time. LSMGO lead times are also unchanged on the week at 4-6 days. That is not the case for HSFO380 stems in the bunkering hub, with lead times for the high sulphur fuel grade stretching to 12-15 days ahead. Fujairah's bunker market has tightened this week, with lead times for low sulphur fuels almost doubling up on the week to stand at nine days now. Three bunker suppliers are tied up with deliveries in the UAE hub until late next week, while others can deliver prompt in the port. Lead times for HSFO380 stems are also longer by four days on the week, stretching to 10 days now.

Source: Hellenic Shipping

ENERGY MARKETS VIEWS YOU CAN USE

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

The growing realization is that Covid can be put behind us with vaccination.
Economies are growing despite supply chain issues and unemployment is low - in some countries such as Germany, it's proving hard to get any kind of labor services. Most businesses are adjusting to the new normal; the main loser has been the service sector but generally, we are today in an economically decent starting position.

How is India's Covid resurgence impacting global growth prospects?
As serious as the situation is, on a per capita basis India's infection rates are not any worse than in some other countries. The reason why most poor countries are suffering disproportionately is due to crowded living conditions and no effective practice of social distancing. Their health systems are also completely overwhelmed. We're seeing this in India, Brazil and parts of Africa and Southeast Asia.

Are we underestimating the danger of inflation numbers on commodities?
We should distinguish where inflation is occurring. There are severe bottlenecks, but they mostly affect finished, manufactured goods such as home appliances where there is also strong demand. The service industry has not been affected so far and nor has the energy sector by and large. Inflation has not been triggered by these bottlenecks - our global market system is typically very successful at alleviating these within a matter of months. Also, in many countries, inflationary numbers are composed of the whole economy and in the US, the service sector is much larger proportionally.

US economic activity figures continue to be strong?
We need to be wary that there's a lot of slack in the US economy - in existing factories, in airline fleets, in cars – any new growth needs to address and absorb that first. The jury's still out on the pandemic's impact on long term global growth trends – a case in point is the potential fallout from large economies like India and what it's going through today.

How can OPEC manage the market amid all these uncertainties?
OPEC now faces a credibility challenge on two fronts. One is that depleting inventories in the US and other consuming countries can be replaced with the high flexibility of shale. The other is OPEC's own spare capacity. Managing supply has become more intricate.

Leo Tameeris
Chief Executive Officer
NRG Global

The recovery towards pre-pandemic gasoline demand seems undisrupted?
China continues to be a bullish market and it will only get stronger in the next month. Chinese refineries are running full out if they are not under maintenance. They are even exporting diesel, but the gasoline is being consumed in country.

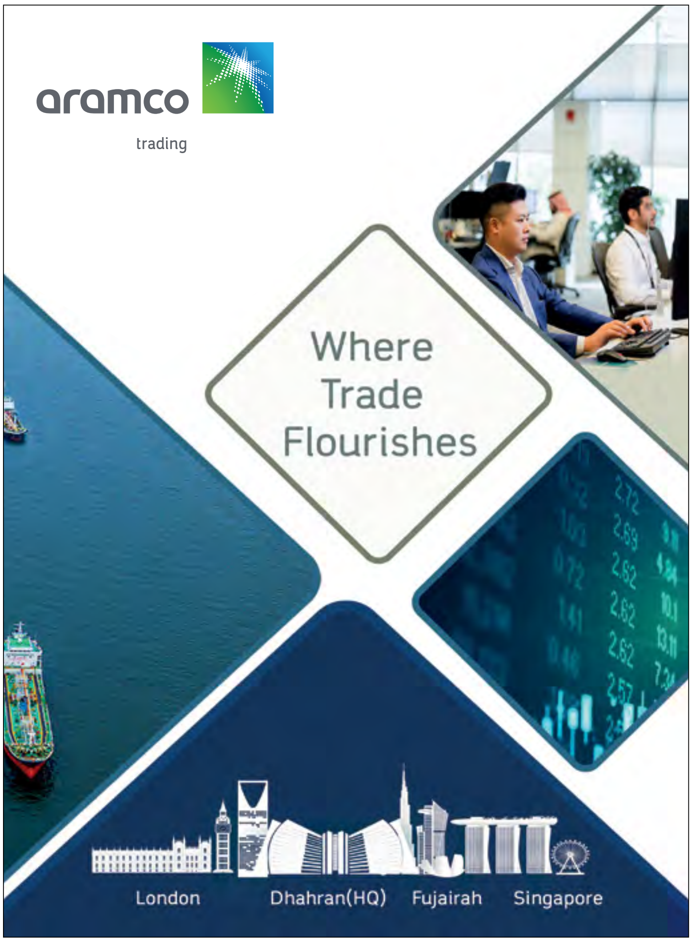
Can OPEC still hang its hat on China's demand recovery outlook?
The Chinese markets are very much in full speed. We see that in activity at dry docks for products like iron ore and steel. Chinese steel futures this week hit record highs. In terms of demand for crude, China still has lots of storage, which they are consuming first, but they will look to replenish this, especially if and when prompt prices soften.

What's the view on aviation picking up across Asia in 2H 2021?
Domestic travel in China is growing but international travel will take much longer to recover. Bureaucracy and waiting times are also proving costly and will deter enthusiasm for travel unless necessary. We're not going to reach any kind of stability on international travel for the time being.

Goldman Sees Oil at $80/bl

"We expect the biggest jump in oil demand ever, a 5.2mn b/d rise over the next six months."

– Goldman Sachs Commodities Research



ENERGY MARKET NEWS

RECOMMENDED READING

1. OIL PRICES EXTEND GAINS AS DEMAND OUTLOOK OFFSETS INDIA CONCERNS
2. FOMC: RATES LEFT UNCHANGED, NO CHANGE TO QE, MILD UPGRADE ON ECONOMY
3. OIL TO HIT $80 ON LARGEST EVER DEMAND JUMP, GOLDMAN SACH SAYS
4. MAJOR CHINESE INVESTORS IN TALKS TO TAKE ARAMCO STAKE
5. OMAN'S NATIONAL OIL FIRM TO SELL OFF ASSETS TO FUND $8BN IN SPENDING
6. US EYES MAJOR ROLLBACK IN IRAN SANCTIONS TO REVIVE NUKE DEAL
7. US OIL INVENTORIES SHOW MODEST RISE
8. DOLLAR LEFT DEFENCELESS BY DOVISH FED, EURO MUSCLES HIGHER
9. INDIAN SHARES MARK BEST DAY IN A MONTH ON EARNINGS CHEER
10. CHINA 'CLOSING IN FAST,' BIDEN WARNS CONGRESS

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