Fujairah New Silk Road
WEEKLY NEWSLETTER

JUNE 17th 2021
VOL. 79

Supported By:
FOIZ منطقة الفجيرة للصناعة البترولية Fujairah Oil Industry Zone
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AN EXCLUSIVE GULF INTELLIGENCE INTERVIEW

OPEC+ SHOULD ADD A FURTHER 1 MILLION BARRELS A DAY TO COOL-OFF THE MARKET!

Sara Akbar, Chairperson & CEO, OiLSERV, Kuwait & Non-Executive Director, Petrofac

I think OPEC+ will open the taps when they meet on July 1st. There is about five to six million barrels of crude capacity locked up in various countries, so some of that will have to come back. I believe that they will have to act, probably they should add a further one million barrels a day to cool off the market. We have been through many cycles where we have seen that higher oil prices can be as harmful as very low oil prices. The demand is coming back much quicker than anybody had expected, so they must balance that by adding some production to the market. I do not think anyone expected this level of price, and with the forecasts for crude to reach $80 or $90 they will have to open a little bit more. I suspect Russia will insist. Kuwait has shut in about 800,000 barrels of capacity and we are very keen to put some of that back into the market. Now, if you can sell more barrels at a higher price, then why not if the market demand is there. That said, I think OPEC and non-OPEC, everyone has learned the lessons from the past – if you exaggerate the price too fast and you continue this upward trend, then in the longer run you lose. At $75, definitely you will have Shale oil come back. There is already a lot of activity going into shale. A lot of capital is now looking to get back into the shale oil patch, and other renewables become far more competitive.

CONTINUED ON PAGE 3

Fujairah Weekly Oil Inventory Data

7,115,000 bbl	3,993,000 bbl	12,362,000 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:	$73.64/bl
WTI Crude:	$71.62/bl
DME Oman:	$72.00/bl
Murban:	$72.82/bl

Time Period: Week 1, June 2021
Source: IEA, OilPrice.com, GI Research

Fujairah Weekly Bunker Prices

VLSFO

High = $532.50/mt
Low = $524/mt
Average = $527.50/mt
Spread = $9.50/mt

MGO

High = $641.50/mt
Low = $632/mt
Average = $637.50/mt
Spread = $9.50/mt

IFO380

High = $427/mt
Low = $415/mt
Average = $423/mt
Spread = $12/mt

*Source: Ship and Bunker, *Time Period: June 9 - June 16*

Fujairah Bunker Sales Volume (m³)

596 180cst Low Sulfur Fuel Oil	532,374 380cst Low Sulfur Fuel Oil	112,952 380cst Marine Fuel Oil
2,508 Marine Gasoil	25,866 Low Sulfur Marine Gasoil	5,042 Lubricants

Source: FEDCom & S&P Global Platts

Sara Akbar, Chairperson & CEO, OiLSERV, Kuwait & Non-Executive Director, Petrofac

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What Impact did 2020 Oil Price Collapse have on Middle East Expansion Plans?

Sara Akbar In the Middle East region people never change their production plans based on the price cycle. While there may have been some delays in the sanctioning of projects, it was purely a delay and not cancelation. We move through cycles. This has been the norm in the region for a long time.

We have heard the Saudi oil minister saying that they want to go to 13 million barrels a day, and probably they already have plans in place to achieve this target. The UAE is poised to reach 5 million barrels per day, and they are on that route. So, in this region we never go slow because of a price cycle, we just go through them, and we continue with the plans as if things are on the upward trend all the time.

What is the Legacy of Cutbacks Imposed on GCC Oil Services Supply Chain Last Year?

Sara Akbar The austerity imposed on the oil services supply chain in the Gulf last year during Covid is still here, but the tightening was completely merited because over the last few years everything had become inflated. There are now more efficient processes put in place and costs are more manageable. It was like a true correction in the infrastructure of the industry in the Gulf countries.

It was a moment for reflection and change, and I think this change is here to stay. It is not to go back to the same ways of doing business where we had really high G&A costs and the gold plating of the industry. I think there is more of this institutional efficient process put in place. In this pandemic, the lower oil price was the engine for this change, and this change is here to stay. While the major projects were delayed, yes, but definitely they will happen now.

Can Kuwait Balance its Budget with Oil Price Recovery?

Sara Akbar Kuwait's fiscal stability is still challenging because the break-even price that we need to balance the budget is $78. So, if we get to $78, then I think we can cover all the requirements of the budget. The challenge facing Kuwait is that we have a political standstill between government and parliament – the government is not able to pass new legislation that is essential for efficient financial management of the cash flows of the country.

Kuwait is a very wealthy country – we have oil reserves, and we have the sovereign wealth fund. The issue here is the financial cash management of the country, and for that we do need to completely restructure things and change the way we do business here in Kuwait. But because of this political standstill we are still stuck, but the situation will definitely have to change because there is no way it can continue.

Does the Kuwaiti Government have the Political will to Impose Much Needed Reforms?

Sara Akbar The political system we have here works on consensus, and as you can imagine most of the reforms needed are not popular. People do not want to see new taxes imposed. They do not want to change things. They are really change averse. But I think at the end of the day, these things must happen, and just like the rest of the region it has to be done with consensus as well. Yes, this is not popular, but I do not think there is any other way around it.

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EXCLUSIVE INTERVIEW

Rustin Edwards, Head of Fuel Oil Procurement, Euronav NV

"FREIGHT MARKETS ARE NOT PRICING IN AN OIL RECOVERY JUST YET!"

Tanker rates are still relatively low. The freight markets are not pricing in an oil recovery just yet. It might be more of a question of let us wait until we see the whites of their eyes i.e. how much oil does OPEC actually put back into the market? Does Iran come out of sanctions, which would generate a higher TD3 - TD20 - TD8 type tanker rates than what we are currently seeing.

The dichotomy of tanker rates versus the forward recovery story that all the oil analysts keep throwing out there – if you looked at tanker rates right now, you would think, there is no oil price recovery. CAL 2022 tanker rates for TD3 are at 9.5 or 9.6 a ton, which equates to about $16,000 a day-time charter rate, which if we had a recovery that is being projected by everybody, tanker rates should be closer to $25,000 a day on a forward curve.

What is the Outlook for Container Shipping Rates?

Record container shipping rates is a story that has been hitting international freight markets pretty much all year. We have had multiple supply chain disruptions, from Covid to the Suez Canal blockage, and now the economic recoveries that are starting to take hold in the US, which are driving up demand and causing delays at many different ports.

What Impact is it all having on China?

The current issues right now are at Gaoujong and Shenzhen, which are two of the largest export facilities in China, they are experiencing up to 16 or 17-day delays in getting ships in and out of ports. This is causing shippers who want to move boxes, to re-route containers through other ports, which then incurs even more costs, and it just starts adding up to the inflationary pressure that we are seeing across the board.

What about Fuel Prices?

If you couple the port congestion with the higher price of fuel oil, because as fuel prices move along the same route higher as crude oil prices have been moving – you have got the ultralow sulfur bunker fuel price above $525 dollars per ton, and you have high sulfur fuel oil above $400 per ton. That adds even more upward price pressure to the market.

Is this only Happening in the Container Shipping Market?

While we are seeing this mainly in the container space, you are also seeing the run up in the dry-bulk market, where the raw materials are going in to make finished goods. Those prices are going up mainly because there is a lot of surge capacity to bring in the iron ore, the grains etc. that go into the mass production of goods. And with that, you enhance even more further delays in the delivery of goods, and it is just this inflationary spiral coming to root – that shipping container that now costs $10,000+ is eventually going to impact the price of your Nike shoes.

How are Retailers Handling such Uncertainty?

Home Depot, which is one of the larger box stores in the United States, akin to Walmart, but they are more into the home improvement sector. They have chartered their own ship, which is the first time they have ever done anything like that. They have charted their own large container ship to secure their own supply chain because of all these delays that are happening downstream from their retail side. They do not have the goods in store to sell. So, when you start seeing retailers chartering a ship that just tells you this inflation period is going to continue all the way through to 2022.

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ENERGY MARKETS COMMENTARY WEEK IN REVIEW

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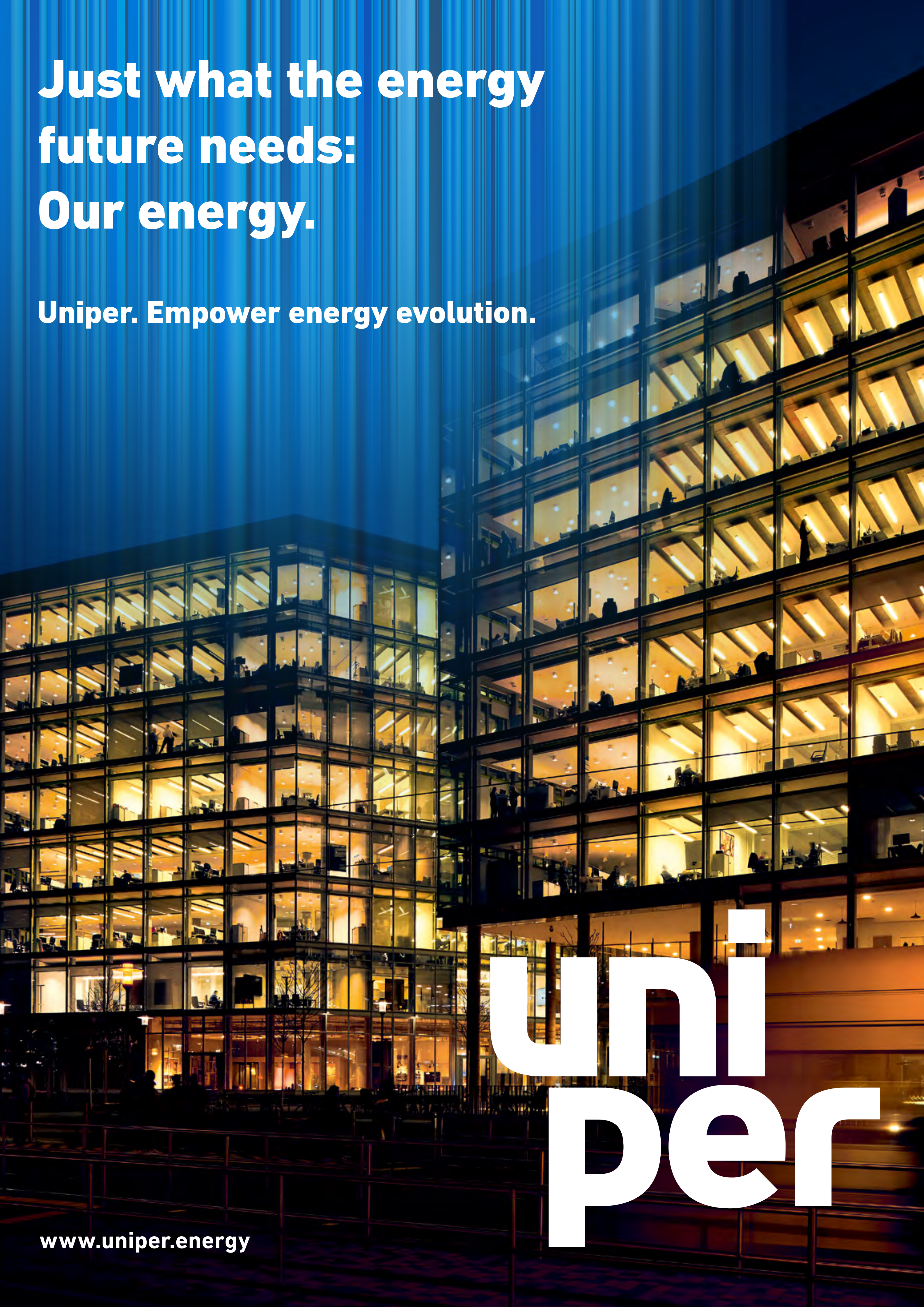
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GIQ EXCLUSIVE SOUNDINGS

$100/bl Forecasts Soar Over Supply Concerns & Inflation Data

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.

- **David Rundell, Author of "Vision or Mirage, Saudi Arabia at the Crossroads"**
- **Kevin Wright, Lead Analyst APAC, Kpler**
- **Dr. Charles Ellinas, Chief Executive Officer, Cyprus Natural Hydrocarbons Co.**
- **Victor Yang, Senior Editor, JLC Network Technology**
- **Dr. Carole Nakhle, Chief Executive Officer, Crystol Energy**
- **Randall Mohammed, Former VP, Energy Solutions, Ahart Solutions**

David Rundell, Author of "Vision or Mirage, Saudi Arabia at the Crossroads"
"Inflation is happening. I do not agree with the narrative that this is a temporary phenomenon. You cannot print money at the rate that the central banks have been doing and not have some sort of sustained inflation. Once inflation takes hold, it begins to build into expectations."

Kevin Wright, Lead Analyst APAC, Kpler
"Asia won the battle last year. The region effectively restricted transmission and the number of cases. But the countries across Asia have now kind of started to lose the war to an extent because they haven't taken advantage of the time they bought themselves. They've been very sluggish with vaccination rollouts."

Dr. Charles Ellinas, Chief Executive Officer, Cyprus Natural Hydrocarbons Co.
"Biden is reestablishing his leadership of the western world. The key from these meetings is that the rest of the western world is reassured now that they have the leadership of the US. Biden, from that point of view, has been quite successful. That will definitely bring stability."

Victor Yang, Senior Editor, JLC Network Technology
"I expect China will start to dig into its crude oil inventories instead of buying more at the moment. But on the other hand, refining maintenance is coming to an end. This will help drive demand up to some degree."

Dr. Carole Nakhle, Chief Executive Officer, Crystol Energy
"We finally have the US Fed telling us that it's going to taper policies and consider increasing interest rates, at least once, by 2023. That is a sign that they are concerned about inflation now more than before. For the last several meetings, they kept on telling us that that inflation is not a worry and it's more of a question of rebound."

Randall Mohammed, Former VP, Energy Solutions, Ahart Solutions
"Even with WTI prices up in the $70s/bl, the rate of recovery for US shale is going to be slow. Producers are now focused on cost discipline and returning capital to their shareholders. You also have pressure on the oil majors with regards to net-zero carbon."

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Fujariah Weekly Oil Inventory Data

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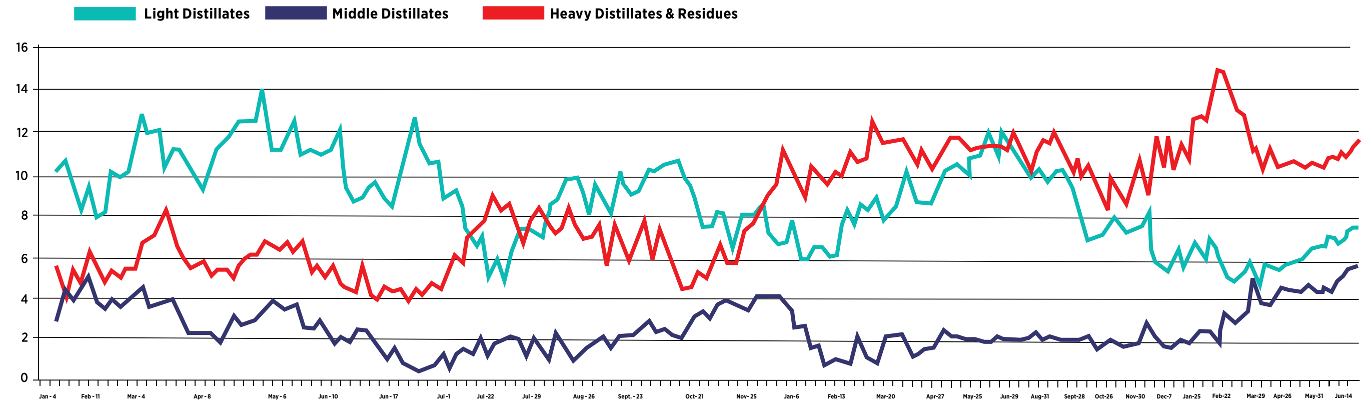
bbl (million)



TOP TAKEAWAYS

- Total oil product stocks in Fujairah were reported at 23.470mn barrels. Total stocks rose 1.135mn barrels with overall stocks rising by 5.1% week-on-week. This comes after last week's total stocks draw of 1.359mn barrels, a fall of 5.7%. Builds were reported in light and middle distillates, with light distillate jumping 42.9% week-on-week, while heavy residues saw a fall.
- Stocks of light distillates, including gasoline and naphtha, rose by 2.137mn barrels, up 42.9% week-on-week, to stand at 7.115mn barrels. This is a reversal of the 247,000 barrels draw seen the week before and the highest since March 29th, when stocks stood at 7.528mn barrels. Market participants said the rise was due to delays in loadings at Fujairah port where suppliers, including Saudi Aramco store their products. Any slight delays in shipping schedules have an immediate impact on light distillate stocks, traders said. Furthermore, Asian gasoline demand was under pressure on a lower US RBOB-Brent crack dragging down Asian crack spreads, tepid expectations over upcoming US gasoline inventory data and decreasing demand from Vietnam where a rise in Covid-19 infections has prompted movement restrictions.
- Stocks of middle distillates, including diesel and jet fuel, rose by 509,000 barrels to total 3.993mn barrels – up 14.6% on the week versus the previous week's draw of 335,000 barrels. The East of Suez gasoil market found support from a combination of significant cuts to Chinese gasoil exports as well as steady demand from regional outlets. Gasoil traders also attributed some of the support to a Reliance cargo carrying high sulfur 500ppm gasoil which arrived at Port Fujairah. According to gasoil traders, the cargo is now in storage waiting to be sold or moved.
- Stocks of heavy residues, including fuel for power generation and bunkers, fell by 1.511mn barrels to total 12.362mn barrels, representing a 10.9% drop week-on-week. Market participants said regional demand for fuel oil was picking up as summer approaches when fuel oil is used for electricity generation. Fujairah-delivered marine fuel 0.5%S bunker was heard offered at $524/mt-$527/mt on June 15th. with offers deliverable at the prompt from June 20 onwards. The grade was assessed at $524/mt on June 15th, unchanged from the previous day, this level represents a $2.75/mt discount to delivered bunkers in Singapore.

Source: S&P Global Platts

BY MATT STANLEY
SENIOR BROKER
STAR FUELS

Morning all and welcome to Saturday at The Masters. Or "moving day" as a non-golfer would call it. And no, I'm not talking about packing up your tupperware and moving home. I'm talking about moving day in markets. Brent is trading this morning at $73.80/bl, down 0.59/bl. WTI is trading down 0.56/bl, at $71.59/bl. OK so, Saturday at the Masters, what are you talking about Stanley? I shall explain. Yesterday Jerome Powell, Chair of the US Federal Reserve, hinted at the possibility of tapering stimulus and raising interest rates. Not until 2023, sure, but it is the first signal that the free money party may be coming to an end. I mean come on, this was inevitable, surely? I remember my first job. It was in McDonald's and one of the perks you used to get was a free meal during break time. Beaut. 17 and free McDonald's? Course you would. But there was one guy who took advantage - a nugget here, apple pie there, stuffing as many fries into a large box ("just a medium portion guv"). Greedy. He got caught and subsequently dismissed. That's where the markets are. Free money wasn't going to last forever and a few of the funds will be a bit concerned they've had their hand in the chicken nugget jar for too long. What does it mean for oil? Well, here's the thing. Stats last night showed a 7.8mn draw on crude stocks. Crude stocks continue to draw and are at a four-month low. Nice. Right? Ehh uhh (That's the noise the buzzer makes on Family Fortunes. erhh urgh? Eeh uuuh?). Anyway...NOT that nice actually as gasoline and jet fuel stocks rose. Gasoline stocks are above the 5-year average for the first time since February. What's happened to all this supposed demand returning? Too early Stanley. OK fine. Here's another indicator for you – the 321 WTI crack. 3 barrels of crude in. 2 gasoline, 1 diesel out. Long seen as a bellwether for US product demand. May 18th it was trading at $24.02/bl. Today? $17.22/bl. The lowest since February. I mean don't get me wrong, it's a lot better than this time last year (12.57 FYI), but I'm sorry comparing any economic indicator to this time last year when you had to give a valid reason why you need a loaf of bread from the shops, is not what I would call an "indicator." Wall Street has led the way in economic recovery. How much of this is and was leveraged off stimulus measures will be the talking point over the next few weeks and months. Good day.

June 17, 2021

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ENERGY MARKETS VIEWS YOU CAN USE

Bora Bariman
Managing Partner
Hormuz Straits Partnership

HOW IS GLOBAL INFLATION IMPACTING THE ENERGY INDUSTRY?

In contrast to the US government's own data with the 5% inflation figure recently reported, Fed Chairman Powell and Secretary Yellen continue to see deflation as a threat. I don't know why that is. Perhaps it is a fear of a Covid-19 comeback or some other factor derailing the economy. But right now, there is no real counterweight on asset inflation. Many investors hedge against inflation into commodities such as gold. How do companies prosper in this climate? They have to look into their pricing power and understand if they can set their own prices, control input costs, and drive towards lower labor intensity. The tech and automated industries are very strong on this point. Within the energy industry, the national oil companies have that type of bargaining power, but the private equity backed players and the international players perhaps don't.

WILL THE US' AND UK'S CURRENT LAX POSITION ON INFLATION PUSH COMMODITIES UPWARD?

The global economy is undisputedly hot right now. The G7 countries can create fiscal and monetary expansion with the luxury of lockdowns. For example, the feeling in the UK is that the economy is doing well and "why don't we give it another four weeks?" These are also the countries that have a very effective vaccine expansion roll out scheme. Combined with China and India, all cylinders are firing with a range of activity. There is more money out there right now and it is supporting consumption. However, we still have a K-shaped economic recovery structure because developing countries have not had the same progress with vaccinations. They are also unable to pull off this developed country trick of buying their government's own debt without consequences. The inflation that is occurring really pinches on the lower income segments of those countries. Food and energy inflation will be a challenge for the world, especially Asia and Africa, which are very important regions for global growth prospects.

Vandana Hari
Founder & CEO
Vanda Insights

DO YOU AGREE THAT ALL BOATS SEEM TO BE RISING FAST ACROSS MARKETS?

It's obvious that demand is picking up. All the macroeconomic data in the US shows that everything there is rebounding nicely – it's almost a Goldilocks economy scenario. However, there is a blind spot; the oil market might be ignoring the 5.8mn bd of supply that OPEC and non-OPEC will still be withholding from the market at the end of July. Even the IEA report last week seems to be assuming that all or most of this will not be coming back. That would be a mistake. Saudi Arabia is managing to keep a very tight rein on supply, but I see Russia flexing its muscles at the next meeting on July 1. I expect the 5.8mn bd to start coming back and faster than what we have seen in the first six or seven months of the year.

ANY CONCERN ON CHINA'S SLIGHTLY WEAKER GROWTH PROJECTIONS?

Asia does have a new Covid playbook, with governments able to move very fast and ring-fence and contain virus outbreaks. That gives the market confidence, but I don't think Asia is past Covid. Let's also remember that incremental demand growth globally for the past decade or more, has come from Asia and after Covid, it will continue to do so. I would be cautiously optimistic.

SHOULD OPEC BE CONCERNED ABOUT MARKET SHARE AT THESE PRICES?

They need to ensure that they don't lose market share as demand returns. They should keep an eye on US crude exports instead of simply on US production. The US exported on average 2.8 - 3mn bd in 2019. Last year, it exported 3.2mn bd. In Q1 2021, the number was 2.85mn bd, with 3.7mn bd for last week. So, the US is using much less crude at home but exporting more. OPEC will start to have internal tensions and leaks might occur if demand growth and prices remain high and countries like Norway and Canada are bound to increase as well - another reason I feel OPEC will start opening the spigots.

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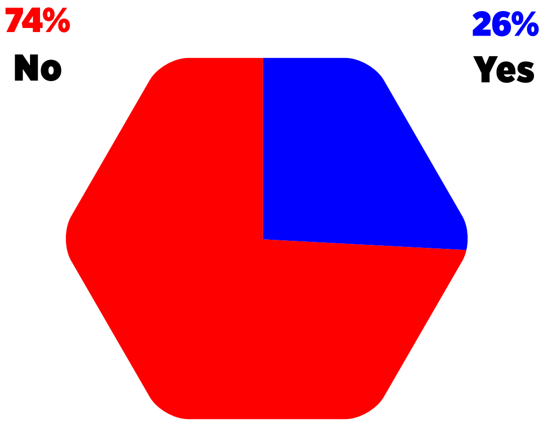
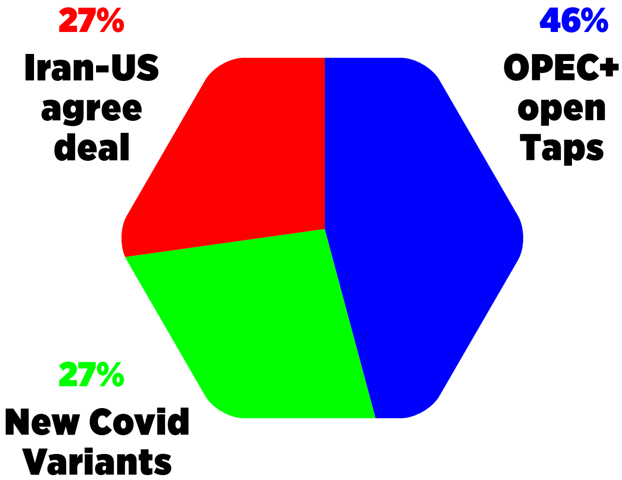
GIQ Weekly Surveys

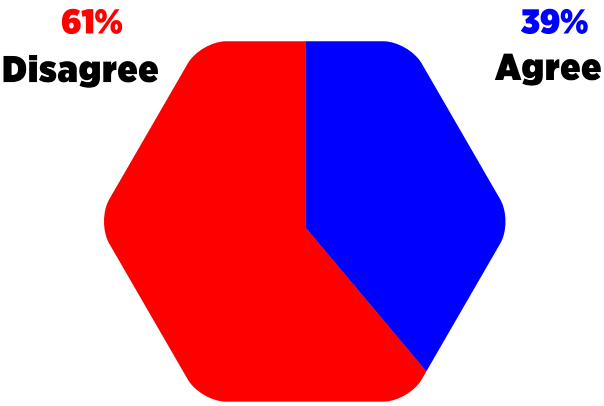
There is a prevailing statement from Epidemiologists – we are not safe until we are all vaccinated: Do financial markets believe this?



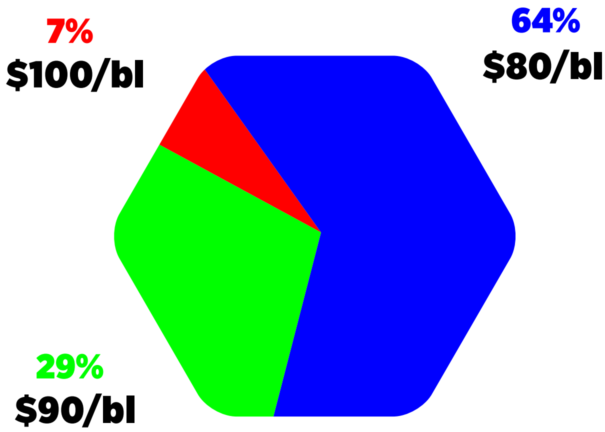
What is the biggest obstacle to Brent hitting $80/bl over the summer?



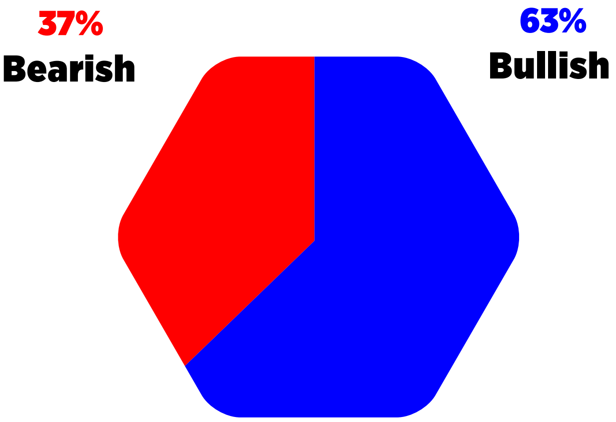
Aviation travel will return to pre-covid levels in the US & EU by end of 2021?

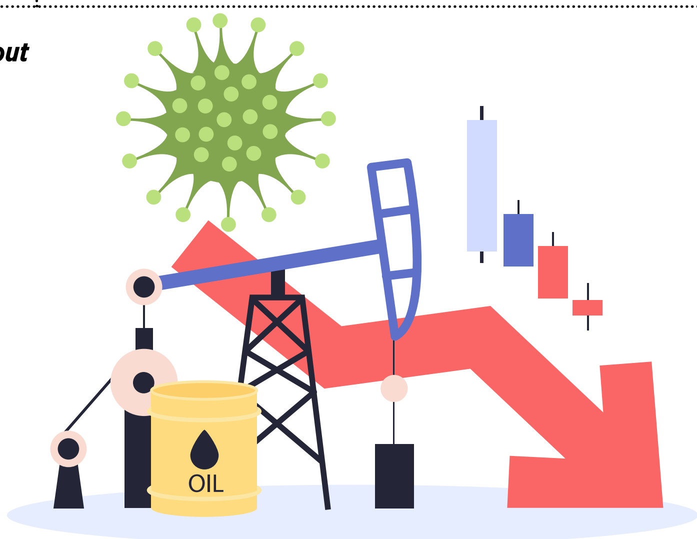


What will be the Brent high for H2 2021? Closer to:



What impact will the FED's process to start thinking about tapering/easing have on oil markets?





Source: GIQ

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ENERGY MARKETS VIEWS YOU CAN USE

Omar Najia
Global Head, Derivatives
BB Energy

WILL ANYTHING STOP BRENT HITTING $75 SOON?

No – we are now going to get what we call ‘mass amnesia’, where everybody forgets that they were bearish. That’s going to take us another $7 or $8 higher by the end of the year - I would be looking at WTI to trade very close, if not at $80, along with higher equities, higher commodities, higher bitcoin. Market participants are going to wake up and it’s going to be risk on and decent buying across the board. Shorter term, we could hit $72 this week, with the next target at $78 or $79.

IS THIS BULLISHNESS PURELY SENTIMENT DRIVEN GIVEN COVID REALITIES?

Bottom line is that Covid was done and dusted for the markets about a year ago. Covid will still be in the news but the pool of possible people that can get infected and transmit it is getting smaller and smaller and deaths are mercifully falling everywhere. If the massive vaccine drive is not convincing people that Covid is coming to end, nothing will. Everything from inflation to massive liquidity, to growth and overheating economies - all of that is positive for oil and commodities. The only thing that keeps being brought up repeatedly is Covid. OPEC meanwhile is not going to shoot itself in the foot by allowing prices to drop - it will continue to keep oil off the market and keep prices in line with inflation, the S&P and other commodities.

Jorge Montepeque
President
General Index

EXPECTATIONS FOR THE WEEK AHEAD IN OIL MARKETS?

We’re heading to $80 and will pass that. Gasoline demand is booming in the US and there’s continued monetary easing by central governments everywhere. Prices will continue to go up until such a time as customers say enough and we are still below where that pain happens. There’s been some noise out of China, but it has limited options, with a booming economy and a growing need for energy. The market today is extremely fundamental and rational, following an economic trend. We have a demand surge and supply contraction, with inventories continuing to be destroyed week on week. The outcome of that is that prices need to go up. The speed at which they have done so is what is perhaps surprising.

ARE SHALE COMPANIES MISSING AN OPPORTUNITY TODAY BY NOT PRODUCING?

They’re not constraining production on purpose - they’re doing so because it’s not profitable. They can’t get truck drivers, pipes, field workers - the whole cost structure is rising alongside the price of oil. They cannot go beyond the constraints of economics.

HAS OPEC MOVED BEYOND ITS TARGET OF $65 AND 5-YEAR AVERAGE INVENTORIES?

OPEC countries need cash. We are now at $70 and they should be relaxed with prices going up. However, Saudi Arabia is raising additional money from the sale of bonds and although Qatar had its best year ever in 2020 for LNG, that wasn’t enough.

WHAT DO YOU EXPECT FROM THE SAUDI OIL MINISTER’S WALL STREET VISIT?

The message will be, invest in Saudi Arabia, and he has a good pitch. This is the best time for Saudi Arabia to sell whatever it wants to raise funds and one reason is that the independent oil companies are under pressure. Saudi Arabia made a commitment to control supply to meet demand and to drive down the overhang in inventories to support prices. And it delivered. Prince Abdul Aziz’s message to Wall Street will be the same. Bet on us.

HAVE BIDEN’S FIRST 6 MONTHS IN OFFICE BEEN A SUCCESS?

I have been surprised by his strident position globally, against China and Russia and anyone who stands against the US. The world has changed. Russia is in a much stronger position than it was 10 years ago and so discussion will be much harder when the world is not unipolar anymore. Other challenges facing Biden will be the impact of expected inflation and the prospect of military friction increasing over the next three years.

ENERGY MARKETS FORUM NEW SILK ROAD LIVE

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TOP 10

JUNE 13th- 17th

MARKET OBSERVATIONS FOR THE WEEK

1. Oil markets are poised to continue to rally towards $80/bl and perhaps above as there is no consumer pain threshold in sight.
2. Financial markets as a whole appear unperturbed by lack of vaccination penetration in much of the world.
3. Iran nuclear talks are very unlikely to find a breakthrough ahead of the June 18th Iranian elections.
4. Oil Bears are likely to wake up from Mass Amnesia in H2 and push the market higher by $7/bl-$8/bl this year.
5. OPEC+ opening their supply taps is probably the biggest obstacle to oil prices reaching $80/bl.
6. The Biden administration appears keen to reach a deal with Iran as soon as possible so they can turn their attention to Asia.
7. Asian refining cracks are picking up but nowhere near the levels you would expect for this time of year.
8. The big question for the markets to unwind is why the Fed is maintaining such a strongly rooted fear of deflation when all data is saying the opposite.
9. Biden's charm offensive on his European tour has been a great success in reestablishing the US as leader of the Western world.
10. China's oil market is slowly but surely facing structural change as the government clamps down on illegal trade.

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Fujairah Terminal Expansion Opened by Crown Prince

H.H. Sheikh Mohammed bin Hamad bin Mohammed Al Sharqi, Crown Prince of Fujairah, has officially opened Fujairah Terminals' expansion programme, which comprises both infrastructure developments and service enhancement projects for the East Coast UAE maritime hub. Fujairah Terminals, part of Abu Dhabi Ports, has now passed a critical milestone in its long-term AED 1 billion programme for the development of multi-purpose terminal facilities within the port. The completion of the expansion works, which commenced three years ago, will increase the terminal's general cargo throughput to 1.3 million tonnes, provide a multi-purpose area of 25,000 m2 for general cargo and ro-ro services and increase container capacity to 720,000 TEU, with a total of 110,000 m2 of container terminal area.

Source: The Maritime Standard

Hamdan bin Zayed Lauds Fujairah's Ruler for Emirate's Economic Well-Being

H.H. Sheikh Hamdan bin Zayed Al Nahyan, Ruler's Representative in Al Dhafra Region, has praised Fujairah's vital and economic role due to the directives of H.H. Sheikh Hamad bin Mohammed Al Sharqi, Supreme Council Member and Ruler of Fujairah. These directives are aimed at creating a conducive investment environment by developing its port, raising its efficiency to deal with ships and marine tankers of all sizes. This has enabled Fujairah Port to become one of the most important maritime shipping destinations in the world. This was stated when H.H. Sheikh Mohammed bin Hamad bin Mohammed Al Sharqi, Crown Prince of Fujairah, and Sheikh Hamdan, accompanied by Sheikh Maktoum bin Hamad Al Sharqi, toured the Fujairah Port and learned about the work progress and the latest projects at the port.

Source: Emirates News Agency

East of Suez Bunker Fuel Availability Outlook

Prompt supply remains tight in Singapore and Fujairah, while easing of quarantine restrictions in Hong Kong set to bring back demand. Singapore's fuel oil inventories rose to five-week highs last week, according to Enterprise Singapore data. A rise in net imports and a slowdown in demand through May has added weight to the port's stocks. VLSFO and LSMGO can be tight for prompt dates in Singapore. Lead times for VLSFO stems are unchanged on the week at 5-6 days, while LSMGO lead times are one day longer this week at 4-5 days. Some suppliers have more prompt delivery slots. Fujairah's heavy distillate and residual fuel oil inventories fell by 5% to 13.87 million bbls last week, after rising sharply in the preceding week, data from S&P Global Platts and the Fujairah Oil Industry Zone showed.

Source: Hellenic Shipping

Stanford Marine Group Secures Financing from National Bank of Fujairah

Stanford Marine Group (SMG), one of the leading offshore services companies in the Middle East, has made significant progress in its revitalised growth plans following the completion of the AED1.13 billion ($308 million) debt buyout by Shuaa Capital earlier this year. Representing the first key milestones on its path to growth, the company has secured new bank financing of $45 million from National Bank of Fujairah (NBF), as well as appointed a new Board of Directors who bring significant expertise to help guide its growth. The NBF financing is structured as a bilateral facility for a period of approximately five years. The financing will be used to support SMG's expansion opportunities arising in the offshore support vessel sector as well as to optimise SMG's capital structure.

Source: Trade Arabia

ENERGY MARKETS VIEWS YOU CAN USE

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

A CONFIDENT MARKET LAST WEEK WITH PRICES CONSOLIDATING ABOVE $70?

Correct and that was on the back of the rise in demand continuing in the US and China at least as well as OPEC maintaining discipline and feeding that demand quite carefully, including the Saudis apparently getting rid of some of their surplus of 500,000 bd of extra cuts. In addition, we have the mystery of US shale production still not returning, whether due to infrastructural or financial reasons. It will however come back by the beginning of 2022 if prices remain this high.

IDLE SUPPLY NO LONGER SEEMS TO BE A BEARISH COMPONENT?

The decision to squeeze the market of supply by OPEC is a political one. What has really changed is that shale has not come back as everybody had expected. So, in the meantime, OPEC is going to take as much money as they can. Once shale does return, it will be interesting to see what OPEC does – they might make US producers' lives difficult by crushing the price right back down. At some point, this run-up in prices will end with a huge burst of volatility.

WHAT DO YOU MAKE OF THE IEA'S COMMENTS TO MAJORS ON THE ENERGY TRANSITION?

At some point, we may get a severe backlash against this, which will include the discovery that maybe it's not a good idea to turn off oil production before you have replacements for it to meet demand. The energy transition is getting a little bit ahead of itself and the beneficiaries today are those who are sitting on oil production possibilities who believe that oil will still be needed and so are continuing to invest, and I think that would be right.

ANY CONCLUSIONS DRAWN FROM THE G7 MEETING THIS WEEKEND?

Biden is clearly bringing the US back to an international leadership role with measures like taking the pressure off the Europeans to increase their contributions to NATO and attempting to resolve the Iran and Nord Stream 2 situations. It's admirable how swiftly and consistently the US administration has moved on all these different fronts, and at the same time putting China and Russia a little in their place. It demonstrates a well-crafted public way of doing business.

Dr. Carole Nakhle
Chief Executive Officer
Crystol Energy

KEY TAKEAWAYS FROM THE US FEDERAL RESERVE MEETING THIS WEEK?

It is now considering increasing interest rates at least once by 2023. That's earlier than previously mentioned and a sign that they have more serious concerns about inflation. The date might even be closer to where we are today. We might see more volatility in the stock market if we remain in this limbo of uncertainty on when interest rates will rise. We should get accustomed to the fact that governments and their central banks are going to start tapering their support of policies that they implemented to revive the economy. The time is right because of the vaccination rollout but they must be careful on the speed at which this is done – we don't want to create massive volatility and reverse the gains achieved so far. It will be a delicate balancing act between withdrawing support, and letting the economy stand by itself because it is going in the right direction.

WHAT'S THE FALLOUT FOR WEAKER MEMBERS OF THE GLOBAL ECONOMY?

The US dollar reaction was expected and there will be a chain reaction, including on oil exports, especially for those that have their currency pegged to the dollar. But it's not just the poorer nations who will be impacted. The markets and health of the global economy today are still dependent on what governments and central banks do. The question remains whether we see the economy go back to the same growth rate as before the pandemic, or to a much lower speed, once the massive support is withdrawn.

"The process of reopening the economy is unprecedented, as was the shutdown at the onset of the pandemic. As the reopening continues, shifts in demand can be large and rapid, and bottlenecks, hiring difficulties, and other constraints could continue to limit how quickly supply can adjust, raising the possibility that inflation could turn out to be higher and more persistent than we expect."

Jerome Powell,
Chair of the US Federal Reserve

ENERGY MARKET NEWS

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4. DOLLAR HITS TWO-MONTH HIGHS ON FED'S HAWKISH SURPRISE
5. SAUDI: OIL PRICE SURGE COULD FOLLOW REDUCED GLOBAL CRUDE EXPLORATION
6. BULLISH FUNDAMENTALS DRIVE OIL PRICES HIGHER
7. GOLDMAN SACHS DELAYS RETURN TO OFFICE FOR WORKERS
8. FEDERAL RESERVE WARNS US ECONOMY PATH DEPENDS ON VIRUS
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