MARCH 10th 2022
VOL. 109

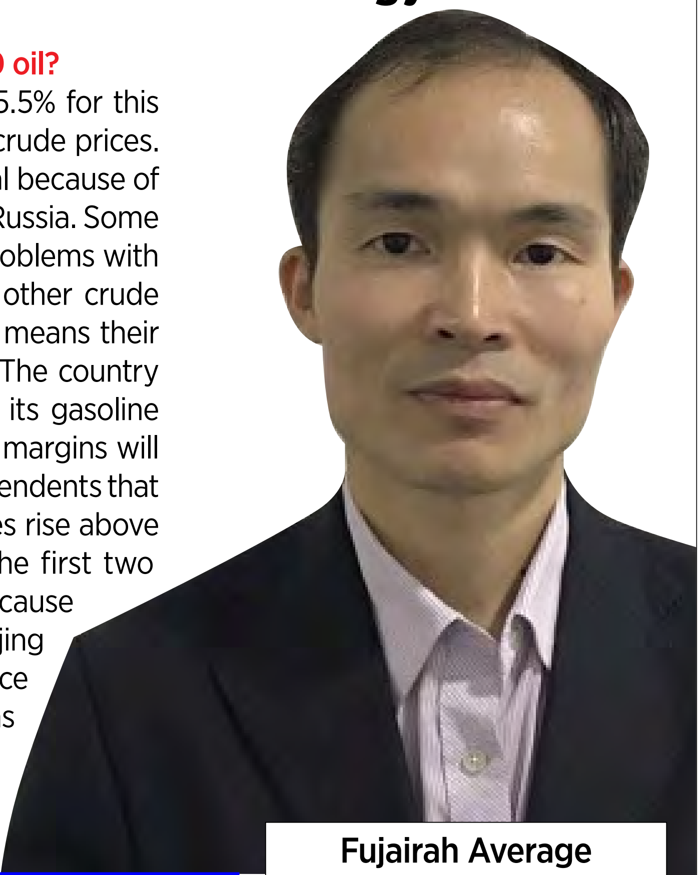
Fujairah New Silk Road WEEKLY NEWSLETTER

Supported By:
FOIZ منطقة الفجيرة للصناعة البترولية Fujairah Oil Industry Zone
Port of Fujairah ميناء الفجيرة Port of Fujairah United Arab Emirates

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

"CHINA'S OIL IMPORTS ARE DECLINING FOR SECOND YEAR IN A ROW!"

Victor Yang, Senior Editor, JLC Network Technology



How vulnerable is China's economic growth to $130 oil?
The government has adjusted its growth target to 5.5% for this year, partly because of the Ukraine crisis and rising crude prices. China is already cutting crude imports for April arrival because of the possible risks associated with taking crude from Russia. Some of the independent refiners are worried about the problems with shipping and other issues so they are planning on other crude grades from regions like the US and Africa, but this means their costs will jump so it's dampening demand already. The country also has a pricing mechanism that does not adjust its gasoline and diesel prices when oil is above $130, so refining margins will shrink quite significantly and particularly for the independents that do not have government subsidies when crude prices rise above that level. Crude imports had already dropped in the first two months of this year by 4.9% year on year, mainly because of reduced industrial activity ahead of the Beijing Olympics, but we are now going into the maintenance season and if crude stays around $100, for six months or more, it will have a negative impact on imports.

CONTINUED ON P 3

Fujairah Weekly Oil Inventory Data

5,834,000 bbl	1,103,000 bbl	10,788,000 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: $3.20/m³

THE WEEK In Numbers

Weekly Average Oil Prices

Brent Crude:	$119.73/bl
WTI Crude:	$115.56/bl
DME Oman:	$115.26/bl
Murban:	$118.66/bl

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

Fujairah Weekly Bunker Prices

VLSFO
High = $1,052.50/mt
Low = $817.50/mt
Average = $943.50/mt
Spread = $0.00/mt

MGO
High = $1,464.00/mt
Low = $984.50/mt
Average = $1,147.00/mt
Spread = $0.00/mt

IFO380
High = $711.00/mt
Low = $572.50/mt
Average = $649.00/mt
Spread = $138.50/mt

*Source: Ship and Bunker, *Time Period: March 2 - 9*

Fujairah Bunker Sales Volume (m^3)

288
180cst Low Sulfur Fuel Oil

497,670
380cst Low Sulfur Fuel Oil

119,747
380cst Marine Fuel Oil

1,215
Marine Gasoil

27,169
Low Sulfur Marine Gasoil

5,341
Lubricants

Source: FEDCom & S&P Global Platts

CONTINUED FROM PAGE 1

Victor Yang, Senior Editor, JLC Network Technology

Does China have sufficient volumes of crude reserves it can dip into?
Last year, China did not consume all the stock it had built up in 2020, so that offers an option. We can't be sure what reserves are in place although the government did make plans a few years ago for about 90 days. The market does however know how much crude China is releasing from the reserves. Last year, it released one batch of crude, but it was quite small and didn't have much of an impact on the market.

How is the country's Covid policy impacting the GDP outlook?
I think it will be more challenging this year than in 2021 because we still have quite a few cities reporting new cases every day. About 85% of the population has been fully vaccinated so it's possible the country may reconsider its zero Covid policy later this year, but it won't do that any time soon.

"Turkey Doesn't Trust Russia & Russia Doesn't Trust Turkey!"

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

Could Turkey end up siding with Russia rather than the West and NATO?
If you look at the fundamentals, Turkey is facing a very difficult choice as its economy is already in dire straits. It imports 98% of its gas and 95% of its oil and is heavily dependent on Russia for this. 80% of the country's grain imports also come from either Ukraine or Russia. The EU is a group of 28 nations which can take collective action to ease the pain. If Turkey suffers a blow to its trade, investment and supplies coming from Russia, who is going to help? That's the critical question. Still, if Turkey has to make a choice, it will favor the western camp. One reason is that it does not trust Russia and Russia also doesn't trust Turkey.

Can the Turkish economy sustain these inflationary commodity prices?
The price spikes in oil and natural gas will be unsustainable in many ways and might lead to social unrest. The measures taken so far by the US and EU are miniscule compared to the magnitude of the crisis we are facing. We need a stronger response. We cannot deal with this energy crisis in a piecemeal approach. We need an international response which includes China and India because they are also big players in the global energy market.

Who blinks first in the Ukraine crisis?
It's going to have to be Ukraine, since it is the victim and also the origin of the problem that emerged. I think both Russia and the West will put pressure on Ukraine and try to find a face saving formula in which Ukraine and Russia emerge as having won. However, we must also not forget about what's happening in the bigger geopolitical play between the US and China. As soon as this crisis is over, we will turn back to that and to China's sense of insecurity at the containment policy of the West. For the time being though, China won't jump in with Russia because it has bigger ambitions in the global system. Its relations with the West are more significant than with Russia. ■


Vitol
At the heart of the world's energy markets
Serving customers with our expertise, logistical excellence and unique opportunities.
vitol.com
NO SM
SAFET

Energy Markets Views You can Use

Dr. Li-Chen Sim
Assistant Professor, Khalifa University, UAE

Is Putin vulnerable internally given the precarious economic outlook for Russia?
'Fortress Russia' has been strengthening its economy ever since 2014, when Crimea and the two other republics claimed independence. Before the recent invasion, it looked like it was in pretty good shape, but obviously now, the Ruble has tanked, its stock market has tanked and with the western sanctions on its Central Bank, it's a whole new ballgame. And while energy sanctions have not been imposed, there's a lot of self-sanctioning by those in the Russian market. On the political and social front, we've seen demonstrations but not as big as in the past. And while the Russian oligarchs are annoyed, they can obviously move their money and assets around, so that's not really a huge source of discontent. There are however murmurings of Putin becoming increasingly isolated within his circle.

How solid will the China Russian relationship remain?
Supposedly the China Russian bond has no limits but if you know the Chinese, business is business, and politics is politics. They tend to separate the two so they may charge Russia a premium for yuan or dollar trades. They will try to make Russia a bit less vulnerable, but they will drive a very hard bargain. China still relies on the US and the West for 25% of its trade whereas Russia only accounts for 2%. China will try to hedge as fast as it can but it will come under increasing pressure, with the Chinese banks not wanting to give out letters of credit. I think we will see more of this happening.

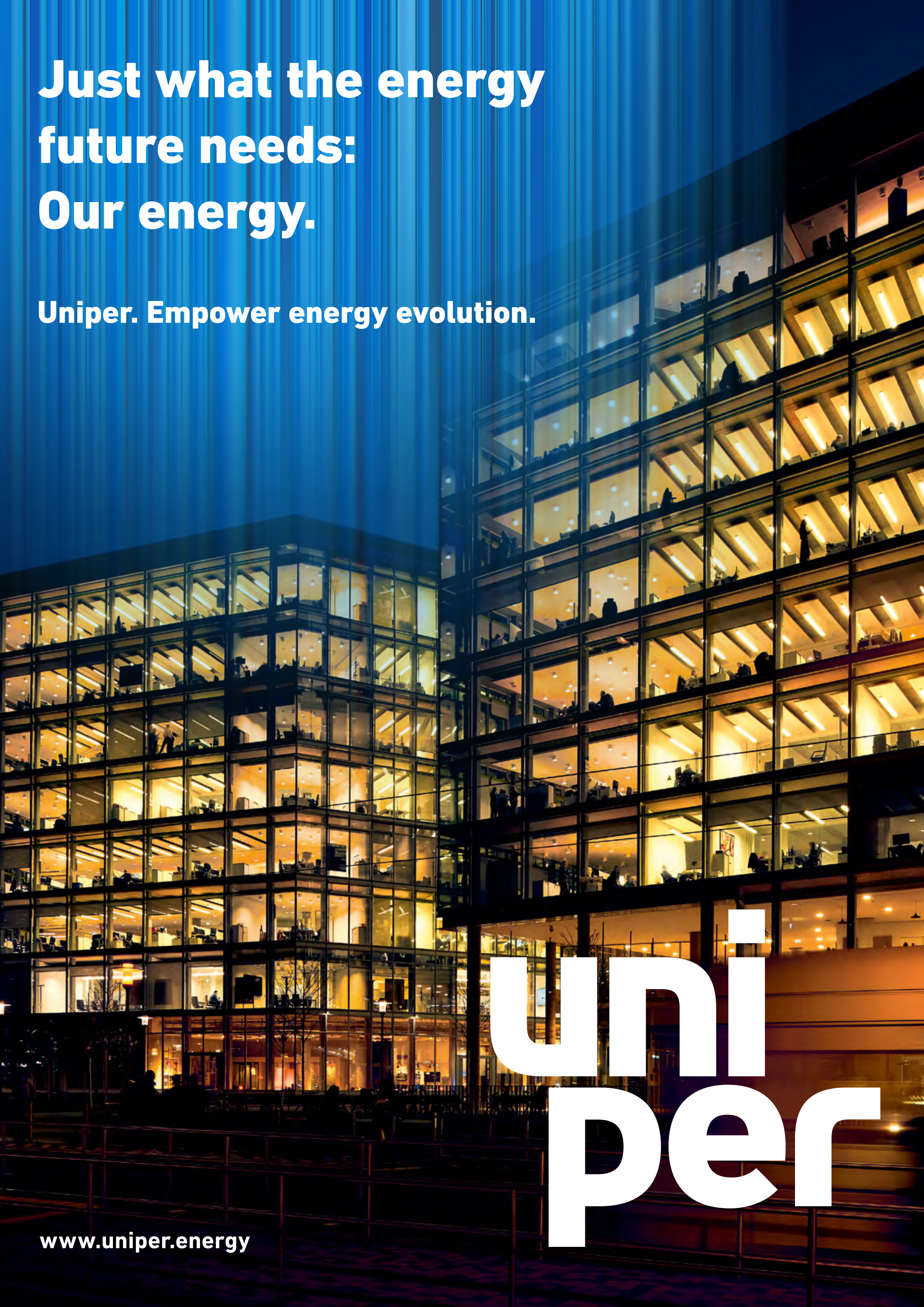
Mike Muller
Head, Vitol Asia

The market was already extremely tight on oil before the Russian invasion.
In places like Germany, where some refineries run on 100% Russian Urals and others have it as the largest grade in their diet, it's awfully hard to come by any other crude when we have delays in other streams, and there are many disruptions. Some places are still buying Russian oil, such as China, and it might now have to be the backstop home for a lot of Baltic Urals and even Black Sea Urals that's loading, which will have to find its way East if the West rejects it wholesale.

Have we seen these disruptions fully priced in yet?
Oil has not yet made its all-time highs of 2008 when it was $147, so we have another $20 or so to go. We have plenty of twists and turns yet to come and I'm not sure the fundamentals have borne out in terms of tightness and pockets of scarcity expressing themselves in yet steeper backwardation potentially. But if look at other energy markets like coal and natural gas, which are of more importance to Europe, these are at all-time highs. Natural gas has triple peaked above euros 200 per megawatt hour. You could say that the oil supply chain is more resilient and has more depth to it and hasn't yet panicked in the way that those utility markets already have.

Will sanctions on Russian oil make a difference to the market?
They will. It looks like much of the western hemisphere Russian export program, other than that down the pipelines, is still up in the air. The world doesn't have enough spare capacity nor enough crude. The supply demand balances with full Russian production in the picture were not enough. Now, with millions of barrels a day of Russian oil probably likely to be packed in, some of it perhaps making the long way around to east Asia markets, the impact is going to be very profound. And even if it all gets to Asia, there's still going to be a shortage of sweet barrels for the western hemisphere refining system. And the market is telling us that because it's showing a $5-$6 backwardation not seen since 1991 before Desert Storm. This is unprecedented stuff, and the law of higher prices is going to have to weed out the weaker demand and destroy it.

How long can OPEC hold out on adding extra supply?
There have been stronger nominations for Saudi and OPEC oil than the group has had in mind to put to the market. They're going to have this challenge every month. At some point, they're going to have to consider focusing back on the fundamentals of today's market rather than managing inventories from the point of view of 2020 when the pandemic hit.


Just what the energy future needs: Our energy.
Uniper. Empower energy evolution.
www.uniper.energy
uni
per

GI Soundings Week in Review

"End to Russia Ukraine War, Not Supply, Will Calm Prices!"

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

- **Dr. Fatih Birol, Executive Director, IEA**
- **Khatija Haque, Head of Research & Chief Economist, Emirates NBD**
- **Laury Haytayan, MENA Director, Natural Resource Governance Institute**
- **Victor Yang, Senior Editor, JLC Network Technology**
- **Edward Bell, Senior Director, Market Economics, Emirates NBD**
- **Matt Stanley, Director, Star Fuels**
- **Yesar Al-Maleki, Gulf Analyst, Middle East Economic Survey**
- **James McCallum, Executive Chairman of Xergy, Professor of Energy at Strathclyde University**

Dr. Fatih Birol, Executive Director, IEA

"The decision made last week by OPEC+ to stick with its plan for a 400,000 b/d increase in collective crude oil production quotas for April was in just one word — "Disappointing!".
(Source: IEA press conference)

Khatija Haque, Head of Research & Chief Economist, Emirates NBD

"The developments in Ukraine over the last week, and the sanctions imposed on Russia as a result, have had a significant impact on financial markets and increased the risks and uncertainties facing the global economy. Policy making has become even more challenging in a fluid environment as some of the consequences of the economic sanctions imposed on Russia are still unclear."

Laury Haytayan, MENA Director, Natural Resource Governance Institute

"Libyan production disruption of 500,000 bd may have made a difference when everybody was only talking about the tightening of supply, but all focus is now on the Russia Ukraine situation and the implications that has on the world economy."

Edward Bell, Senior Director, Market Economics, Emirates NBD

"Energy markets responded to the US ban on Russian oil imports by moving higher but the gains were then quickly faded. Brent futures closed up 3.9% to $127.98/bl, while WTI added 3.6% to $123.70/bl. A more meaningful effect on oil markets would be a plan from the EU to ban imports of Russian oil, but so far that hasn't been forthcoming."

Matt Stanley, Director, Star Fuels

"The biggest issue that the world is not acknowledging is the impact of this conflict on trade finance in the commodities sector. If you've got the Russian sector being sanctioned, the banks will lose money. That's going to have such an effect down the chain, within the next three weeks, and we will look back at $130 a barrel and think, that was a time when the end user could just about cope."

Yesar Al-Maleki, Gulf Analyst, Middle East Economic Survey

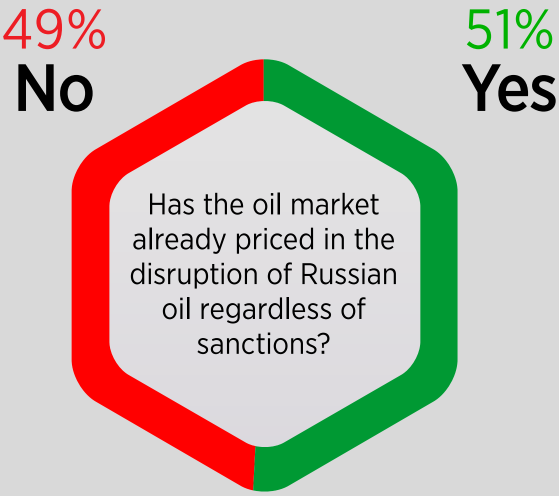
"The argument OPEC has made so far is that the additional $10-15 in the price has nothing to do with fundamentals, and that if it goes through its spare capacity now, it will leave the market vulnerable to further disruptions. Today, the group might be pressed to reconsider its position, but first it will want to assess whether the loss of Russian oil is likely to be permanent."

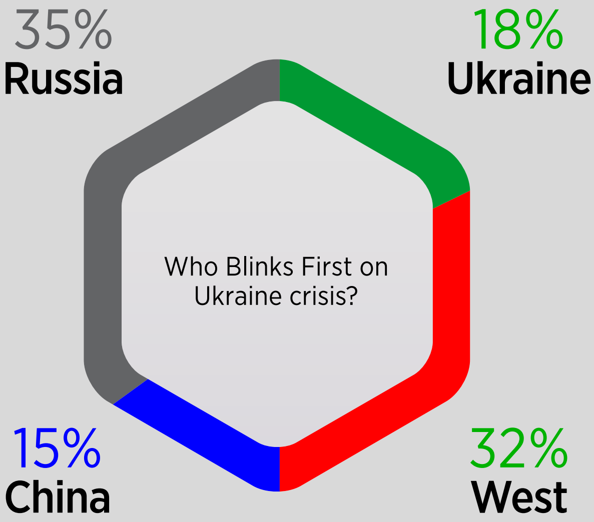
James McCallum, Executive Chairman of Xergy, Professor of Energy at Strathclyde University

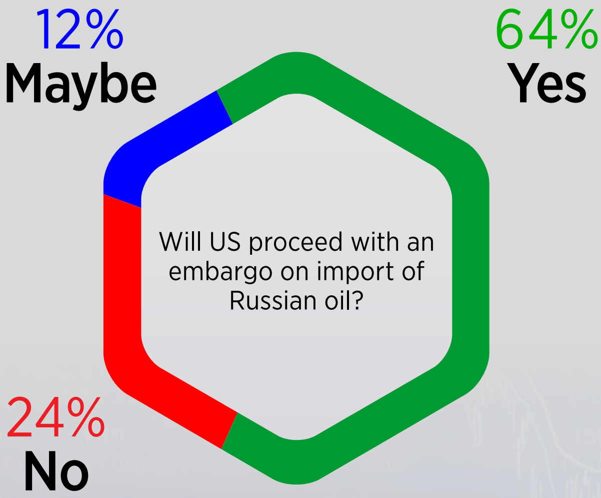
"We will see demand erosion, and governments are going find that they can't be going back to try to subsidize the economy to work off of its habit that it had before. It's going to have to allow for an increase in prices to hit the pump, but also politically address issues like Iran, to create a supply into the market that will have a pullback effect on prices."

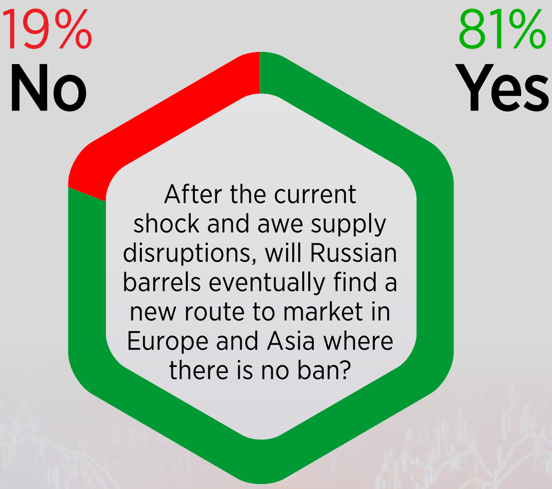
GI Consultancy Intelligence Publishing

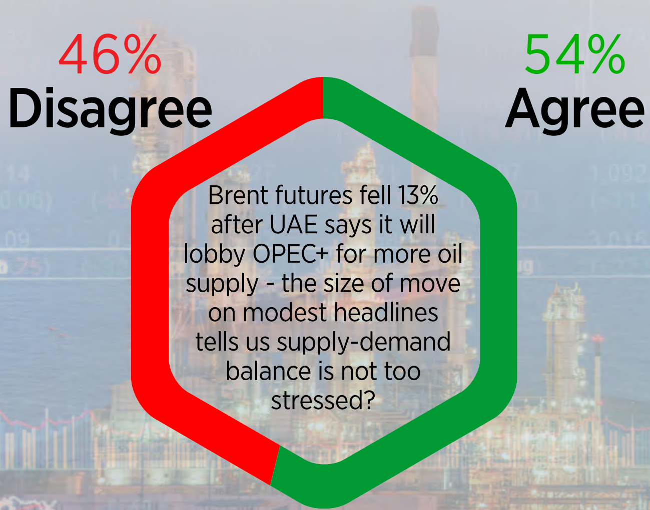
Weekly Surveys











Source: GI Research Jan 2022

Energy Markets Views You can Use

Amena Bakr
Deputy Bureau Chief & Chief OPEC Correspondent
Energy Intelligence

OPEC+ adding extra supply into the market won't do anything to prices.
The spare capacity limits of the group today of just under 2.5 million bd would be unlikely to make any difference. The root cause of these high prices is the war in Ukraine and that will need to end before prices can calm down. We're dealing with a huge geopolitical premium. OPEC also wouldn't want to risk the unity of the group at this point. That is important for Saudi Arabia and for the UAE, as is having Russia on board for long term market management. I think they're going to continue monitoring market fundamentals and see to what extent Russia's exports are hit.

How much oil could Iran unleash onto the market if sanctions are lifted?
That would be one way to ease supply back into the market. Current production is assessed at about 2.5 million bd and Iran has said it could reach 4mbd within three months of sanctions being lifted. I think that's a bit optimistic, but they do have that ambition to revive their production as fast as possible. In the meantime, they have floating storage of around 60 million barrels, but they still need to secure buyers and also ensure a system to clear payments, and that will take a bit of time.

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

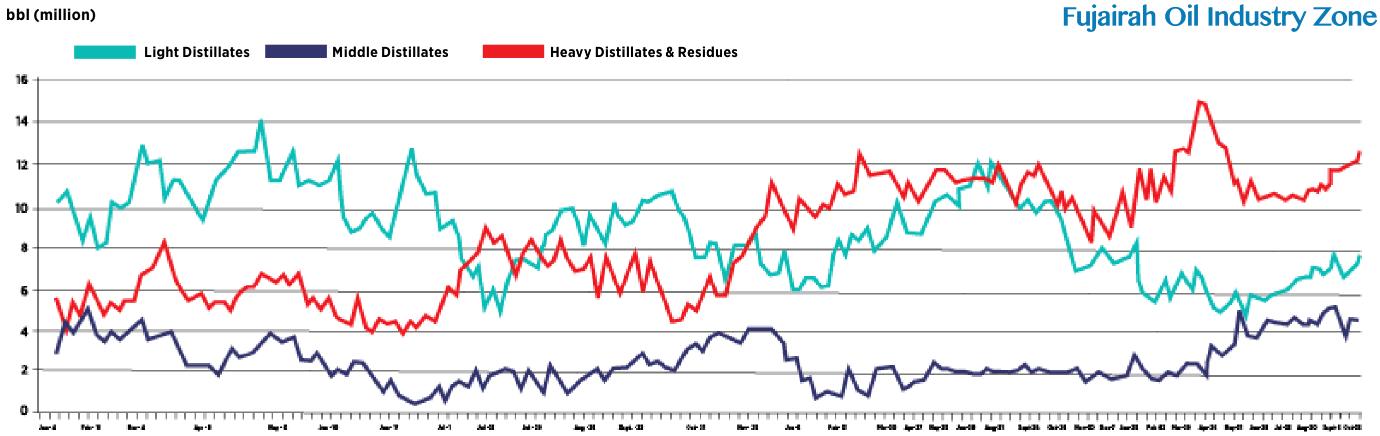
Any collision between Fed tightening and emerging stagflation?
When you only have an increase in energy prices, it's usually considered a shift in relative prices, and transitory. But if inflation is being triggered by bottlenecks, as is this case with this war, it's a different story, and it looks as if in Europe, it's coming in higher than expected, above 6%. That would force the ECB into action earlier than it would have otherwise. But it also looks like the US equities markets could drop off if people don't want to risk their profits and that's the classical scenario in which the US Fed would take its foot off the brakes a bit. I think the current situation has moved more towards a quarter percent rate rise for March rather than 0.5%, because the Fed has this inherent bias.

If Central banks do step back, is there any way to avoid stagflation?
Inflation would have gone up without the Ukraine crisis. But what has happened is that the financial sanctions on Russia have been much stronger than anticipated. They have effectively meant the Central Bank has lost its reserves and cannot act on anything. What that means for the economy in the short-term, is disruptions in oil and commodities exports and consequent price hikes. In the long term, very importantly, it means that Russia will have to export to get some cash and they will rely on China for hard currency swaps. The Chinese in exchange will want more Russian commodities, more energy, and more of everything, to the extent their infrastructure allows.

How do you see the Ukraine crisis playing out this week?
I'll be looking for clues on the willingness of Russia to find a way out, such as with humanitarian corridors, and also any willingness from the Russia people, its business sector and within its government, to put an end to this. A solution has to come from within Russia. Many of those now exposed to western sanctions are those who have always argued that they don't want to be pushed into the same boat as China, but rather that of Brussels, London and Washington. And they're all afraid of course because they don't want to be cut off from their refuge in the West. At some point, when the pressure gets high enough, maybe things will change internally, but this is impossible to predict from the outside.

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 17.725 million barrels – down from last weeks levels. Total stocks fell 1.299 million barrels with overall stocks down 6.8% week-on-week. Light and middle distillates posted draws while heavy residues posted a build. Middle distillates fell to their lowest ever level since stock reporting began at the start of January 2017 with 1.103 million barrels held in storage. The previous record low was on December 4 2017, when 1.212 million barrels were held in storage.
- Stocks of light distillates, including gasoline and naphtha, fell by 953,000 barrels or 14% on the week to 5.834 million barrels. The East of Suez gasoline market was strengthening as concerns over possible sanctions on Russian oil created uncertainty over oil supplies, exerting an upward pressure on gasoline prices. "Potential supply issues concerning possible sanctions on Russian oil continue to create uncertainty," a trader said. In the spot market Egyptian General Petroleum Corporation was heard seeking two cargoes of 95 RON gasoline for delivery over April 3-24 to Alex port and Suez port, in a tender closing March. 10, with validity till March 14.
- Stocks of middle distillates, including diesel and jet fuel, fell by 1.361 million barrels or 55.2% on the week to a record low of 1.103 million barrels. The previous record low was on December 4 2017 when 1.212 million barrels were held in storage. As with gasoline, the East of Suez gasoil market continued its upward momentum after a third round of Russia-Ukraine talks ended without a resolution, keeping traders on edge about prolonged supply disruptions of oil products from Russia. Steep backwardation in the gasoil complex continues to stymie the flow of gasoil barrels to the West, even as the gasoil Exchange of Futures for Swaps spread remains deeply negative, which typically supports East-West gasoil movement.
- Stocks of heavy residues rose 1.015 million barrels or 10.4% on the week to 10.778 million barrels. In the Port of Fujairah, relatively high bunker prices were leading to buyers seeking to minimize requirements leading to slower demand at the port. Marine fuel 0.5% sulfur in Fujairah breached the $1000/mt level on March 7 for the first time since the grade was first assessed in July 2019 with the grade assessed at $1005/mt on March 7. During and outside the Market On Close March 8, offers for delivered marine fuel 0.5%S fuel in Fujairah were heard at $1,005- $1,020/mt. The same grade was assessed at $1,003/mt March 8, down $2/mt day on day. The assessed level in Fujairah reflects a $20/mt premium to delivered bunkers in Singapore which were assessed at $983/mt.

Source: S&P Global Platts

Brent is trading this morning at $115.46/bl up 4.28 and WTI is trading 2.88 up at $111.58/bl. Good job The Bangles didn't record "Just another manic Monday" in 2022 because they'd have a hard job of picking a day! A day in the life of an oil trader - "How was your day?". "Well, let me see. I sat down at 7:00am, Brent was at $130.85/bl. I bought some. Then I put the kettle on. I came back after some breakfast at 8:00am. Crude was at $131.71/bl. Nice. I bought some more. Then I went for a meeting. I came back at 10:00am and Brent was at $130.55/bl. Hmm I thought. I bought some more. Then I had a conference call. I got back to the desk at 12:00pm and Brent was at $128.98/bl. Hmm. Bought some more. I went for lunch. Looked at my phone at 2:00pm,

BY MATT STANLEY
DIRECTOR
STAR FUELS

Brent was at $124.72/bl. Hic. Think I'll stay at lunch. Hic. Bought some more. Buy it. Hic. Looked at my phone, hic. Brent at $119.70/bl. Hic. Can't be right. Buy some. Hic. Taxi. Somewhere in taxi? Brent $105/bl. I mean it's funny, not funny, isn't it? I know I sound like a broken record but genuinely how does one trade this market? Or even attempt to offer counsel on how to look at trading at it? The low yesterday (as our sozzled mate says above) was $105.60/bl and the high (whilst he was eating poached eggs on toast don't you know) was $131.64/bl. A $26.04 range in a day. Can I just point out that on the 18 March 2020 Brent was worth $24.88/bl? So, the swing in prices yesterday was greater than what the blooming stuff was worth just two years ago. Hello grey hairs. I am firmly of the belief that whilst yesterday was nothing short of extraordinary in terms of volatility, we may just have to get used to wild swings in oil markets. And indeed, every commodity market may need to adjust, too. Anyway, what news yesterday I ask ye yell to drive such volatility? Well, we heard from the UAE ambassador to Washington that the UAE favoured a bigger increase in OPEC production. Then hours later His Excellency Suhail Al-Mazrouei, Energy Minister for the UAE said that "The UAE believes in the value OPEC+ brings to the oil market". So, once that was cleared up, we moved on to EIA data. Now, in a normal world a headline like this "US CRUDE STOCKS IN SPR FELL LAST WEEK TO LOWEST SINCE JULY 2002 -EIA" would give even the most horizontal of traders a wakeup call and the market would, justifiably so, go bid. But we're not in a normal world, are we? Arsenal are 4th for god's sake! What kind of madness is this!! Eyes. Peeled. Headlines. Good day to all.

Energy Markets Views You can Use

Robin Mills
Chief Executive Officer, Qamar Energy

How real is the threat of disruption to Russian oil supply?
The prospect of taking seven million bd of Russian crude and a substantial volume of products off the market, is so destructive that there will be more of an effort to define some special channels, but for the next month or two, it will be very chaotic. We already have ample signs that it's going to be severely diminished over the next few weeks. Some traders and banks have already stopped loading and financing Russian crude. There's also a big war risk premium to go into the Black Sea, with tankers possibly not being able or willing to load. The market was already very tight, with OPEC struggling to meet its own targets and Russia was probably already maxed out on production capacity before its invasion of Ukraine. There's also the question of the pipeline which runs a little through Ukraine, but mostly through Belarus - there's no real alternative to that. The other one to watch is the Caspian pipeline which runs into the Black Sea and carries about a million barrels per day of Kazakh crude through Russia. There are Western companies using that pipeline alongside Rosneft.

How does the invasion impact Sino-Russian relations?
It puts China in a very difficult spot diplomatically, politically, and economically. For example, China has been Iran's only window on the world for its oil, but it won't play that same role for Russia. I think Russia perhaps counted on that but it's not going to happen. China won't openly abandon Russia and will help it in certain ways economically, but they can't possibly replace most of the rest of the world as an economic partner.

How will Gulf countries now balance their relationship with the US and Russia?
It's clear that the US is the Gulf's security partner despite some concerns about whether it is backing them up over certain security issues, particularly relating to Iran. But we won't see Chinese or Russian warships coming to help the Gulf states against Iran or against any other local threat. The security partnership with the US is probably more in place now than ever.

How close are we to a US Iran nuclear deal?
There's a very strong incentive for the US to close this deal now if they can. They need more oil on the market to back up their Russia policy, and they don't want another crisis in the Gulf distracting them. The spoiler could be if the Russians try to slow this whole thing down if they realize that the nuclear deal would not be in their interests right now.

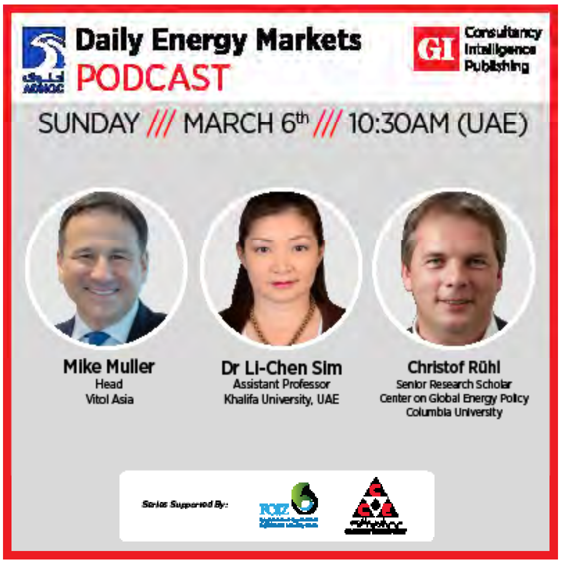
Dr. Carole Nakhle
Chief Executive Officer, Crystol Energy

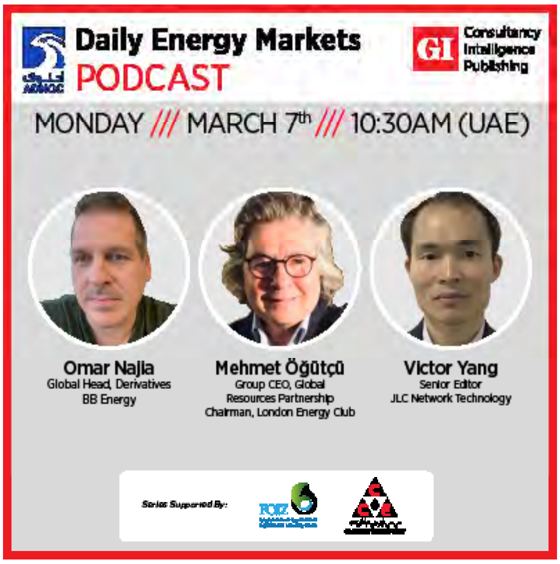
What impact would US sanctions on Russian energy exports have?
The US would not really be helping the market by appeasing prices but it's really Europe that would be much more exposed. Having said that, we cannot rule out the EU joining the US if there are greater political gains to be achieved. No matter how catastrophic we might think the economic consequences are going to be, I wouldn't rule anything out and OECD economies can afford higher prices than what we are seeing today.

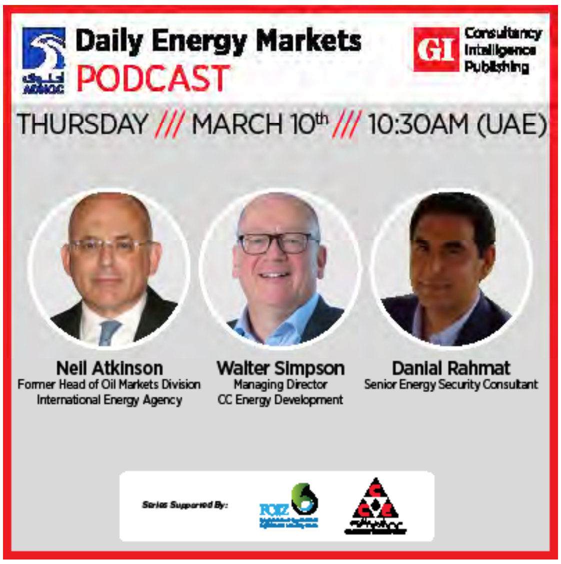
Why has the EU not yet managed to sufficiently diversify its energy needs?
This has been discussed for decades and to be fair, the EU has succeeded in reducing its reliance on Russian gas, although to different degrees between different countries. But there's also no silver bullet that will solve the EU energy crisis. Part of the solution is more investment in oil and gas. Until we have a technological breakthrough for energy storage to become widely and cheaply available, we cannot expect to rely on renewable and green energy. But investors aren't going to jump into oil and gas simply because prices have spiked. Policy needs to show more commitment, and this is where we have the conflict between economic and political realities. However, I do feel that we might see a greater push for investment in oil and gas going forward because we have come to this reality that we need that for the energy transition and climate security, and also to avoid situations like dependence on Russian energy, which can endanger our economies and our security of supply

Energy Markets COMMENTARY

WEEK IN REVIEW







CLICK HERE TO LISTEN

Consultancy Intelligence Publishing

Energy Markets Views You can Use

Edward Bell
Senior Director, Market Economics, Emirates NBD

Oil Prices Wilt after UAE Proposes OPEC+ Boost Production.
Oil prices wilted on news that the UAE was considering raising production at a faster pace than the current OPEC+ targets. Brent futures fell 13% to USD 111.14 while WTI dropped more than 12% to USD 108.70/b. The size of the moves, on relatively modest headlines, highlights the inherent volatility of oil markets at this time.

The UAE has proposed that OPEC+ increase oil production at a faster pace than its current 400k b/d monthly target in light of the volatility in oil markets caused by the war in Ukraine. OPEC+ showed no overt acknowledgement of the tightness in oil markets at present when they met earlier this month and haven't responded to pressure from importing nations to add more production back to the market. The UAE had pushed for larger production allocations last year as the previous OPEC+ targets failed to take account of higher capacity levels in the country thanks to heavy upstream investment.

The JOLTS report for January in the US showed that the number of job openings fell slightly to 11.3m from 11.4 a month earlier while the number of quits fell to its lowest level in three months. Along with the February non-farm payrolls that showed no monthly increase in wages, the JOLTS report gives a sign of a labour market that is starting to ease up after shortages caused firms to raise wages to scramble after any available workers. Should a trend of a more normalized labour market and modest wage growth persist, it will give room for the Federal Reserve to carry out a steady path of rate hikes as it targets inflation.

Producer price inflation in Japan soared to 9.3% for February from year ago levels and also accelerated from levels in January. The jump is in line with moves higher in global commodity prices, even ahead of most of the war in Ukraine. Energy prices in the index rose more than 34% from year ago levels. However, on consumer inflation Japan remains an anomaly with persistently low levels of price gains. That should serve to keep Bank of Japan policy on hold for the remainder of the year.

ENERGY MARKET NEWS

1. OIL PRICES FALL MOST IN 2 YEARS AS UAE SUPPORTS OUTPUT HIKE
2. ONLY OPEC CAN HELP THE WEST REPLACE RUSSIAN OIL
3. US CRUDE-OIL INVENTORIES FALL MORE THAN EXPECTED
4. EU PLANS A "POTENTIALLY MASSIVE" BOND SALE TO FINANCE ENERGY & DEFENSE
5. BAN ON RUSSIAN OIL SET TO DELIVER DEVASTATING BLOW TO UK ECONOMY
6. CHINA'S XI CALLS FOR 'MAXIMUM RESTRAINT' IN UKRAINE
7. JAPANESE UTILITIES' LNG STOCKS FALL 18% ON WEEK TO 1.47 MIL MT
8. ENI SUSPENDS THE PURCHASE OF OIL FROM RUSSIA
9. EMPLOYEES ARE PRESSURING BIG OIL FIRMS TO PULL THE PLUG ON RUSSIA
10. RUSSIAN ANNUAL INFLATION UP 9.15% IN FEB

RECOMMENDED VIDEOS & REPORTS

- 4.3MN PEOPLE QUIT THEIR JOBS AS THE GREAT RESIGNATION SHOWS NO SIGN OF SLOWING DOWN
- CHINESE SHIPBUILDERS SEE SURGING ORDERS AMID RISING DEMAND FOR GLOBAL SHIPPING
- WHITE HOUSE - RUSSIA COULD LAUNCH CHEMICAL ATTACK IN UKRAINE
- KAYRROS CHIEF ANALYST TALKS RUSSIAN OIL & HOW MARKETS ARE ADJUSTING TO SANCTIONS
- "AZERBAIJAN'S OIL & GAS EXPORTS WON'T BE DISRUPTED BY SANCTIONS ON RUSSIA"

S&P Global and IHS Markit Complete their Merger

S&P Global
Commodity Insights

Fujairah Spotlight

Oil product stockpiles fall after record decline in middle distillates

Oil product stockpiles at the Port of Fujairah on the UAE's East Coast fell for a second week, with gasoil and other middle distillates declining the most on record to an all-time low. The total inventory stood at 17.725 million barrels as of March 7, down 6.8% from a week earlier and the lowest since the record low of 14.266 million barrels on Feb. 14, showed data released March 9 by the Fujairah Oil Industry Zone. Middle distillates stocks fell a record 55% on the week to 1.103 million barrels, the lowest since the port began sharing data with S&P Global Commodity Insights in January 2017.

Source: Hellenic Shipping News

National Bank of Fujairah collaborates with Emirates Environment Group

Emirates Environmental Group continues its mission towards protecting the environment and has collaborated with the National Bank of Fujairah to organise a massive urban afforestation activity under "For Our Emirates We Plant" programme. This Tree Planting Activity took place at Dibba area in the Emirate of Fujairah on Saturday 6th March 2022 where 265 saplings of indigenous Sidr and Ghaf trees were planted at a honey protected area.

Source: Zawya by Refinitiv

Fujairah Crown Prince chairs first meeting of FFRD in 2022

H.H. Sheikh Mohammed bin Hamad bin Mohammed Al Sharqi, Crown Prince of Fujairah and Chairman of the Board of Directors of the Fujairah Foundation for Region Development (FFRD), chaired the first meeting of the foundation in 2022, attended by Saeed Mohammed Al Raqbani, Vice Chairman of FFRD, Khamis Al Noun, Director-General of the FFRD, and other members of the foundation. During the meeting, Crown Prince of Fujairah was briefed about the foundation's activities in 2021 and its current construction and housing projects.

Source: Emirates News Agency-WAM

Fujairah VLSFO Price Breaches $1000/MT Level

VLSFO delivered at Fujairah has breached the $1,000/mt level for the first time. The VLSFO price at the Middle Eastern hub surged by $76.50/mt to $1,0001/mt on Monday, according to Ship & Bunker pricing. The level is almost double the $532.50/mt price seen at Fujairah this time last year.

Source: Ship & Bunker

Daily Energy Markets

TOP TAKEAWAYS
MARKET OBSERVATIONS FOR THE WEEK
March 6th - 10th

- Oil Markets are clearly volatile, but prefer to race to the downside whenever there is some supply reassurance I.e. there are no current shortages.
- Unlike Iran, Russia will struggle to get around oil sanctions as they have little experience in seaborne smuggling.
- The Oil Industry and governments have an opportunity to rebuild a fraught relationship by finding alignment on how to invest the windfall profits coming to the industry from elevated oil prices.
- There is no doubt that the world doesn't have the capacity to replace Russian oil --10 mbpd-- if it becomes part of Western sanctions i.e. $150 would be new floor, not ceiling!
- The FED may have found the excuse it was looking for -- Russia's invasion of Ukraine-- to step back from a more robust tightening cycle, for Powell at the end of the day is a dove like most of his predecessors since Greenspan.
- China is the winner of Round 1 of the Ukraine crisis, but for how long can the fragile Chinese economy handle record high commodity prices.
- China's oil imports are likely to drop-off further in Q2 after declines in Jan Feb, as independent refiners avoid the complications of buying Russian oil.
- When push comes to shove, Turkey is likely to fall on the side of the West and NATO in the growing standoff with Russia, as history has sown too much distrust between Ankara and Moscow.
- Extra OPEC supply won't impact market as geopolitical war premium root cause of higher prices. OPEC will monitor any gap to fill Russian oil, but its hands are also tied with limited spare capacity and it won't want to risk unity within the group, including keeping Russia on board long term.
- Iran has 60m barrels of floating storage ready for release, but first needs to secure buyers and practicalities for transactions mechanisms.
- Can't rule out EU joining US on Russia energy sanctions on political grounds, regardless of catastrophic economic consequences. OECD economies today also more resilient to higher energy prices.
- Russian oil sanctions won't just affect crude, but rather the whole oil complex – we will continue to see record high prices globally for end-user products like gasoline and gasoil.
- Consumers will need to bear short term price pain at the pump as long as war continues, but current crisis has once more highlighted the connectivity of energy security and economic security, an opportunity not to be wasted.

Consultancy
Intelligence
Publishing