# Fujairah New Silk Road

## EMFWEEK23 NEWSLETTER

NEW SEASON '23-'24

OCTOBER 5th 2023

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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**

# "Sustainability Goes Hand-in-hand with Trade and Infrastructure Expansion!"

## Eng. Abdulaziz Mubarak Al Balooshi
## CEO, Fujairah Terminals, AD Ports Group

There is a direct correlation between growth in trade and a well-developed infrastructure and at AD Ports Group, we are constantly planning our expansion accordingly so that we can handle the expected growth in cargo volumes. Industry stakeholders and public authorities must cooperate to ensure the smooth flow of international cargo shipments as well as local and regional trade. Fujairah terminal has plans to expand the terminal cargo capacity from 700,000 to 1.3 million tons and container capacity up to 720 TEUs, supported by a dedicated terminal area of up to 200,000 square meters. Other enhancements include connecting Fujairah to the Etihad Rail network as soon as the fourth quarter of this year, to move containers and other traffic. We also plan to double our cruise operations by next season from 20,000 passengers today. Part and parcel of this expansion is to align our sustainability strategy with local and global sustainable agendas. We are committed to driving sound financial, social and environmentally responsible operations. One of the many sustainable case studies we are conducting is the construction of the first building to be fully powered by renewable energy sources, at Khalifa port, which will further benefit from carbon offsets. What will be the world' first ever net zero carbon building will represent a major milestone for the company and for the UAE. The project will use significant amounts of concrete with recycled content, saving an equivalent of 38,000 metric tons of carbon dioxide over 30 years. We are looking to roll out this pilot across other assets. The project will be an opportunity for AD Ports Group to offer a green business model for future tenants and similar future initiatives, whether in shipping, land assets, and in time also maritime assets.

CONTINUED ON P 3

### Fujairah Weekly Oil Inventory Data

**4,589,000 bbl**
Light Distillates

**2,331,000 bbl**
Middle Distillates

**11,653,000 bbl**
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: | $89.04/bl |
| WTI Crude: | $87.39/bl |
| DME: | $90.98/bl |
| Murban: | $92.63/bl |

*Time Period: Week 1, October 2023
Source: IEA, OilPrice.com, GI Research

## Fujairah Weekly Bunker Prices

### VLSFO

High = $671.50/mt

Low = $650.00/mt

Average = $664.00/mt

Spread = $21.50/mt

### MGO

High = $994.00/mt

Low = $965.00/mt

Average = $974.50/mt

Spread = $29.00/mt

### IFO380

High = $537.00/mt

Low = $494.00/mt

Average = $515.50/mt

Spread = $43.00/mt

*Source: Ship and Bunker, *Time Period: Sept. 27 – Oct. 4, 2023*

## Fujairah Bunker Sales Volume ($m^3$)

| | | |
|---|---|---|
| 0<br>180cst Low Sulfur Fuel Oil | 450,420<br>380cst Low Sulfur Fuel Oil | 196,343<br>380cst Marine Fuel Oil |
| 459<br>Marine Gasoil | 30,281<br>Low Sulfur Marine Gasoil | 4,587<br>Lubricants |

*Source: FEDCom & S&P Global Platts*





GI Consultancy Intelligence Publishing

CONTINUED FROM PAGE 1

# Eng. Abdulaziz Mubarak Al Balooshi
# CEO, Fujairah Terminals, AD Ports Group

## What challenges do you face as you invest in greener infrastructure?

The transition must be an integrated approach for the energy, industry, shipping and logistics sectors. It requires innovative solutions for heating, transport and feedstock challenges. All renewables are produced on a large scale and alternative sources such as hydrogen can be imported and converted into sustainable chemical building blocks. There is a great necessity for a solid and flexible energy system that complements local production of green energy with the import of renewable products. Hydrogen allows long distance transport of large volumes, exactly where and when consumers need it, across sectors and regions. It could serve as a renewable feedstock, improve system resilience, and help to decarbonize transportation and industrial energy use. To decarbonize hydrogen, we need a full capacity of worldwide renewable energy production and must fully commit to innovation and unite with ambitious partners to achieve that goal. Building a hydrogen ecosystem roadmap for the UAE is crucial. One example is connecting the solar energy facility at KEZAD to power hydrogen facilities. Ports such as Khalifa port and Fujairah will play an increasingly pivotal role, as they will contain and transport these materials overseas. It's very important to give the market assurance of what we are doing in terms of sustainability and developing a future roadmap in hydrogen leadership.

## Can new standards be coordinated across sectors and geographies?

The UAE is very advanced when it comes to adopting new regulations and sustainable shipping and port operations. As a group, AD Ports cascades down our policies to the local and international ports that we are operating. Our policies are aligned by national and international regulations, such as phasing out old vessels with new sustainable vessels entering the market. We are mandated and committed to sustainability.

WATCH FULL INTERVIEW HERE

ACCELERATING TOWARDS
# NET ZERO

Marking a new chapter in ADNOC's transformational journey to a lower carbon future, we have brought forward our Net Zero ambition to 2045 and aim to achieve zero methane emissions by 2030.

# MARK YOUR CALENDAR
# October 10th & 11th, 2023

# #EMFWEEK23 ITINERARY

Port of Fujairah
Port of Fujairah
United Arab Emirates

# ENERGY MARKETS FORUM

## October 10th - 11th, 2023 | Novotel, Fujairah

aramco trading | Vitol | ADNOC | enoc | S&P Global Commodity Insights | MERCURIA

## "Navigating the Age of Energy Security: Opportunities & Challenges?

### OCT. 10th

**Time:** 11:00AM
**What:** Open Registration

**Time:** 1:00PM
**What:** Welcome Lunch
**Host:** H.H. Sheikh Saleh Al Sharqi, Chairman of Port of Fujairah
**Special Guest Lunch Lecture:** H.E. Haitham Al Ghais, Secretary General, OPEC
**Fireside Chat: "COP28: Hopes & Expectations"**
H.E. Dr. Nawal Al-Hosany, Permanent Representative of the UAE, International Renewable Energy Agency

**Time:** 2:30PM - 4:30PM
**What:** ENOC Oil Storage Workshop
***"How could Fujairah leverage the fact that it will soon host over 100 million barrels of oil storage capacity to maximize impact on the physical energy markets East-of-Suez and drive commercial trading opportunities across the New Silk Road?"***

**Time:** 2:30PM - 4:30PM
**What:** "Oil & Geopolitics" - 4 x Seminar Briefings
***"Russia - Turkey - US - Pakistan"***

**Time:** 2:30PM - 4:30PM
**What:** Bus Tour of FOIZ Oil Storage Terminals

**Time:** 7:00PM - 9:00PM
**What:** Aramco Trading Gala Awards Dinner
**Host:** H.H. Sheikh Saleh Al Sharqi, Chairman of Port of Fujairah
**Special Feature Interview:** H.E. Haitham Al Ghais, Secretary General, OPEC

**Time:** 9:30PM - 10:30PM
**What:** The IFAD Social Network Hour

### OCT. 11th

**Time:** 8:00AM - 9:00AM
**What:** 5 x Breakfast Briefings
**Topics:**
- "COP28: Port of Fujairah's Contributions?"
- "Top 3 Biggest Long-term Trends to Face the Energy Markets?"
- "Outlook for Middle Eastern Terminals in 2024 & ENOC presence in oil storage terminals business?"
- "ICE Murban Futures Contract: the first 30 Months?"
- "Saudi Arabia Macro-Economic Outlook in 2024?"

**Leadership Roundtable Breakfast**
***Invitation Only**

**Time:** 9:00AM - 11:00AM
**What:** Plenary Session
**Hosts:** H.H. Sheikh Mohammed Al Sharqi, Crown Prince of Fujairah &
H.H. Sheikh Saleh Al Sharqi, Chairman of Port of Fujairah
**Feature Interview:** H.E. Suhail Al Mazrouei, UAE Minister of Energy & Infrastructure
**Industry Welcome Address:** H.E. Saif Humaid Al Falasi, CEO, ENOC Group
**Industry Leadership Panels:**
- UAE National Energy Outlook?
- International Oil Markets Outlook?

**Time:** 11:30AM
**What:** Palace Visit Meet & Greet (Invitation Only)

**Time:** 11:30AM - 1:00PM
**What:** 6 x Industry Roundtables

**Time:** 1:00PM
**What:** Gala Lunch
INTERNATIONAL ENERGY JOURNALISM AWARDS 2023

**Time:** 2:30PM - 4:30PM
**What:** Boat Tour of Port of Fujairah

5:00PM - END OF #EMFWEEK23

# Fujairah Spotlight

## FUJAIRAH DATA: Oil product stockpiles rise to seven-week high

Stockpiles of oil products at the UAE's port of Fujairah rose 13% on the week in the week ending Oct. 2, their highest in seven weeks, according to data from the Fujairah Oil Industry Zone. Total industries rose to 18.573 million barrels, down 9% since the start of the year, the FOIZ data published Oct. 3 showed.

*Source: S&P Global Commodity Insights*

## First edition of Fujairah International Conference on Bee Research kicks off

The first edition of the Fujairah International Conference on Bee Research, organised by the Fujairah Environment Authority and supported by the Fujairah Research Centre, kicked off today and will be held until tomorrow, at the Double Tree by Hilton in Fujairah. The event is held under the patronage of H.H. Sheikh Mohammed bin Hamad bin Mohammed Al Sharqi, Crown Prince of Fujairah.

*Source: Emirates News*

## GULFNAV submits proposal to acquire Brooge Petroleum and Gas Investment Company

Gulf Navigation Holding PJSC ("GULFNAV"), the Dubai Financial Market listed maritime and shipping company, announced that it has submitted a formal proposal to fully acquire Brooge Petroleum and Gas Investment Company ("BPGIC") from Brooge Energy Limited ("BEL"), a Leading Oil Refinery & Storage Company Listed on NASDAQ.

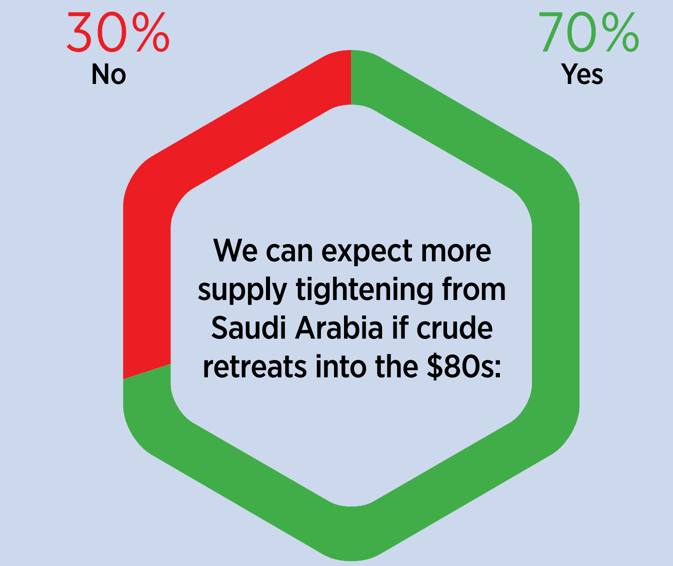
*Source: Zawya by Refinitiv*

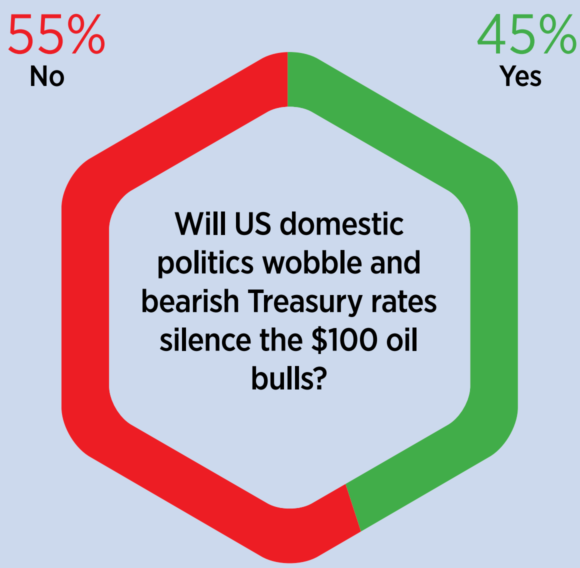
## Fujairah Storage Shakeup With Lakhani Entry

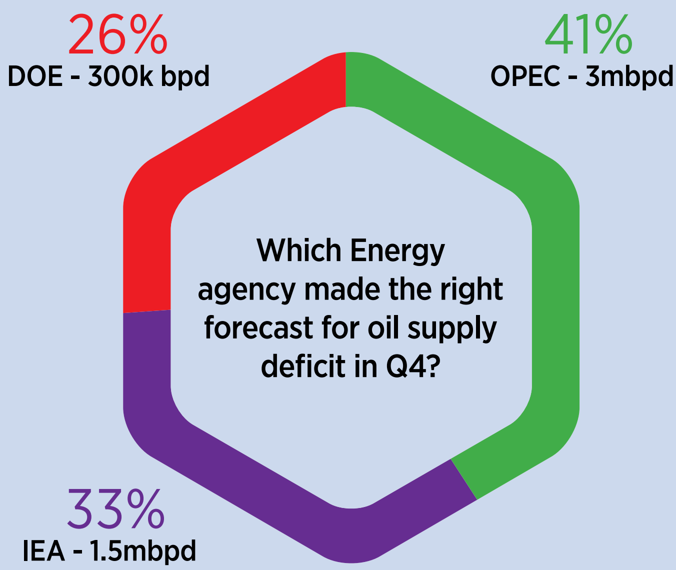
Murtaza Lakhani's Mercantile & Maritime Group is buying the GTI Fujairah storage facility, securing a key asset with scope for expansion in the strategic hub. Industry players have been scrambling to secure tankage at the UAE's Fujairah storage and bunkering hub over the past 18 months amid the recalibration of global trade flows following Russia's invasion of Ukraine. Fujairah's strategic location outside the Strait of Hormuz and midway between Europe and Asia has enabled it to capitalize on these dynamics.

*Source: MEES*

# Weekly Surveys


Source: GI Research March 2023

# Fujairah Weekly Oil Inventory Data

## TOP TAKEAWAYS

- Total oil product stocks in Fujairah were reported at 18.573 million barrels with a rise of 2.150 barrels or 13.1% week-on-week staying below the 20-million-barrel level. The stocks movement saw a rise for light distillates, middle distillates and heavy residues.
- Stocks of light distillates, including gasoline and naphtha, increased by 568,000 barrels or 14.1% on the week to 4.589 million barrels. The East of Suez gasoline complex strengthened Oct. 3 on the back of firm domestic demand in China amid the Golden Week holidays, sources said. Some market participants said that domestic demand for gasoline in China could be buoyed by high levels of internal travel amid the Golden Week holidays. "I think China's exports should drop, if there is no new quota. Also, export margins went down so there's less incentive for China to export," an industry source said. The September traded volume of 95 RON gasoline doubled on the month to 200,000 barrels, S&P Global data showed, amid a planned turnaround at Vietnam's Nghi Son refinery in September, sources said.
- Stocks of middle distillates, including diesel and jet fuel, rose by 116,000 barrels or 5.2% on the week to 2.331 million barrels. Backwardation in the East of Asia ultra low sulfur gasoil market eased slightly Oct. 3 as market participants await fresh pricing direction amid the Golden Week holiday in China. The volume of Singapore gasoil swaps that traded during the Platts Market on Close assessment process jumped 20% on the month to 5.7 million barrels in September, S&P Global data showed Oct. 2. The month-on-month rise in trading volume was underpinned by a tight supply outlook for Q4 2023 as Russia cautioned Sept. 28 that its snap ban on diesel and gasoline exports could last longer than many expected. The curb on Russian diesel outflows would see buyers who benefited from the Russian price cap compete for diesel from other regional exporters. Analysts expected the move to be temporary, due to seasonal factors including the harvest, as well as limited storage capacity and the potential impact on Russian tax revenues. "There is no big change in gasoil demand. [Price direction] is mainly driven by supply-side fundamentals," a regional gasoil trader said.
- Stocks of heavy residues increased by 1.466 million barrels, up 14.4% on the week as they stood at 11.653 million barrels. Spot trading activity at the key bunker hubs of Singapore and Fujairah improved Oct. 3 as demand grew amid easing crude oil prices. In the Middle Eastern port of Fujairah, offers for delivered marine fuel 0.5%S bunker were heard in the $660-$668/mt range during the MOC, with the earliest delivery dates from Oct. 8 onward. The grade was assessed at $664/mt, $8/mt lower on the day, while the premium for Fujairah-delivered marine fuel 0.5%S bunker over Singapore 0.5%S marine fuel cargo values strengthened $2.36/mt on the day at $7.30/mt. Trade activity in Fujairah also improved on the day with good demand, traders said. "[It's] a little more than yesterday," said a Fujairah supplier Oct. 3.

*Source: S&P Global Commodity Insights*

# Energy Markets Views You can Use

**Narendra Taneja**
India's Leading Energy Expert

### Discounted oil from Russia has been a major help.

If oil prices are around $80, Indian consumers and manufacturers can deal with it. Anything higher and it becomes a hot potato, and you will likely see New Delhi calling Saudi Arabia or exchanging notes with President Biden or talking to Moscow to buy more oil at a discounted rate. We know that Saudi Arabia, a very close and strategic friend of India, wants revenues to prepare for a post-oil economy and so it will seek a minimum of $90 per barrel for the next two years. But why should we be subsidising that? Now that we have the two largest oil importers and two largest oil producers in the world within the BRICS group, my sense is that we will see some conversations taking place. A price of $90 over the next few months as we head into elections in May in India, won't go well for the ruling party, and the same might happen with President Biden in the US.

### Where does India stand on coal?

Our dilemma is that 67% of the electricity produced and consumed in India comes from coal. We can't switch out of this overnight. Coal is the only energy source which really provides energy security. We import 88% of our oil, 56% of our gas, 90% of our solar equipment and a large chunk of uranium. We're also building new power plants so our dependance on coal unfortunately is not going to come down anytime soon.

# Energy Markets Views You can Use

## Dave Ernsberger
Head of Market Reporting & Trading Solutions
S&P Global Commodity Insights

### The question today is how long OPEC+ cuts will be kept off the market.
The trading community is assessing what the right strategy is to have through that lens. Currently, with these voluntary production cuts in place, the oil market is burning around 2.5 million barrels a day of inventory. That erosion of stockpile is what's driving market structure from contango to backwardation, and the trading community wants to know what's coming at the turn of the year.

### Why is there such a gap between agencies on peak demand forecasts?
The IEA statement on oil demand peaking by the end of the decade was probably more a marker than anything else. It means that if the right measures are taken, here is where we will be. I don't think demand is trending that way right now. OPEC's counterpoint is that, without a major transition transformation, the world still needs secure, and affordable energy supply. What these agencies do agree on is that there will be a supply deficit in Q4.

### How big is the gap between industry and government on the Energy Trilemma?
It's narrowing. At COP 26 in Glasgow, we were just coming out of the pandemic and government and industry could not have been further apart. There's been a coming together since. On the policy side, there's a recognition that fossil fuels will supply significant amounts of our global core energy for at least 40 to 50 more years and so that needs to be managed, de-carbonized and dealt with, not simply ignored. The price shocks of 2022 brought a bit of reality around that. On the industry side, there's a recognition that without investment in decarbonization and new fuel supplies, those companies are missing out on new opportunities.

# ENERGY MARKET NEWS

1. OIL FALLS MOST IN A YEAR AS ECONOMIC STORM CLOUDS IMPERIL DEMAND
2. GLOBAL BUNKER FUEL MARKET TO WITNESS SIGNIFICANT SHIFT TO LNG OVER THE NEXT DECADE – VITOL CEO
3. OPEC LEADERS SAUDI ARABIA, RUSSIA TO STICK WITH 1 MN BP/D OIL PRODUCTION CUT UNTIL END OF YEAR
4. SHELL'S CEO PLANS TOWN HALL FOR STAFF AMID ANXIETY OVER OIL SHIFT
5. INDIA FLAGS SHIFT IN IOC WEST COAST REFINERY PLAN
6. PUBLICLY TRADED U.S. OIL COMPANIES INCREASE INVESTING ACTIVITIES AND CRUDE OIL PRODUCTION
7. PRIVATE PAYROLLS ROSE 89,000 IN SEPTEMBER, FAR BELOW EXPECTATIONS, ADP SAYS
8. RUSSIA'S OIL COMPANIES AND AUTHORITIES SAY THAT FUEL MARKET IS IN BALANCE, HAS VOLUMES IT NEEDS – NOVAK
9. CITI RAISES CHINA GDP FORECAST, SAYING ECONOMY HAS BOTTOMED OUT - BLOOMBERG NEWS
10. OIL TENSIONS MOUNT AS IRAQ CONTRADICTS TURKEY'S EXPORT CLAIMS

**RECOMMENDED READING**

DELOITTE: CANADA SET TO ADD NEARLY 600,000 BPD TO OIL SUPPLY NEXT YEAR
RUSSIA COULD EASE DIESEL EXPORT BAN
US 30-YEAR MORTGAGE RATE TOPS 7.5% FOR FIRST TIME SINCE 2000
THE PERMIAN OIL BOOM ISN'T OVER JUST YET
OIL PRICES TICK UP AFTER OPEC+ PANEL MAINTAINS OUTPUT CUTS
US NATGAS PRICES EDGE UP TO 7-MONTH HIGH ON LOWER OUTPUT, RISING EXPORTS
UKRAINE SAYS ITS FORCES MAKE HEADWAY IN SOUTH, HOLD GAINS IN EAST
UNDETERRED BY DOLLAR'S RENEWED STRENGTH, ANALYSTS SEE WEAKNESS AHEAD
THE GLOBAL CONSEQUENCES OF THE CRISIS IN CONGRESS
COLUMN-OPEC+ GAMBLES THAT CRUDE ISN'T TOO EXPENSIVE TO CRIMP DEMAND: RUSSELL

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# Energy Markets Views You can Use

## Sheikh Khaled Ahmad M. Al-Sabah
Managing Director - International Marketing
Kuwait Petroleum Corporation

### The Oil Market is Accepting a $90-$95 Price.
The market today has to accept that prices of $50-60 a barrel are no longer there. Geopolitics, supply and demand all influence prices. I would say that $80 to $95 barrel is a fair price for consumers and producers. We've seen how there's been very little investment in new production from non-OPEC countries and that's a reflection that the forecasts for prices don't encourage that. OPEC producers are continuing to invest to keep the market in balance and to have extra capacity in case it's needed. The Arabian Gulf is known as a sour grade producer and refiners are now investing to upgrade their refineries to use more sour crudes, so OPEC members in the Gulf will try to secure any shortage in the market. For its part, KPC has plans to reach 3.0-3.2 million barrels a day of crude production by 2025 and is targeting 4 million barrels a day by 2035.

### Will the increased uptake of Russian crude by China and India be permanent?
The Russia-Ukraine war has impacted the oil market heavily and we can see now that most Russian oil is going east. China and India have become baseload buyers for Russian grades and the massive quantities going to India, are displacing other grades. But the fear that those volumes will be permanent is an over estimation.

### Where is Kuwait's main new growth area?
KPC has a good market share in the east already, so we are now looking at Europe more in terms of jet fuel and diesel exports. We are focusing more on refined products and will have about 33 million tons of middle distillates for export. We also see more demand opportunities in Africa.

### When does KPC plan to kick off its trading business?
Most of our neighboring countries have been doing trading and we've learned from their experience that it's quite a successful and challenging model, but with good returns. Following internal studies, initial approvals have been granted and we now need to decide on the locations. These will be announced soon, with many options on the table.

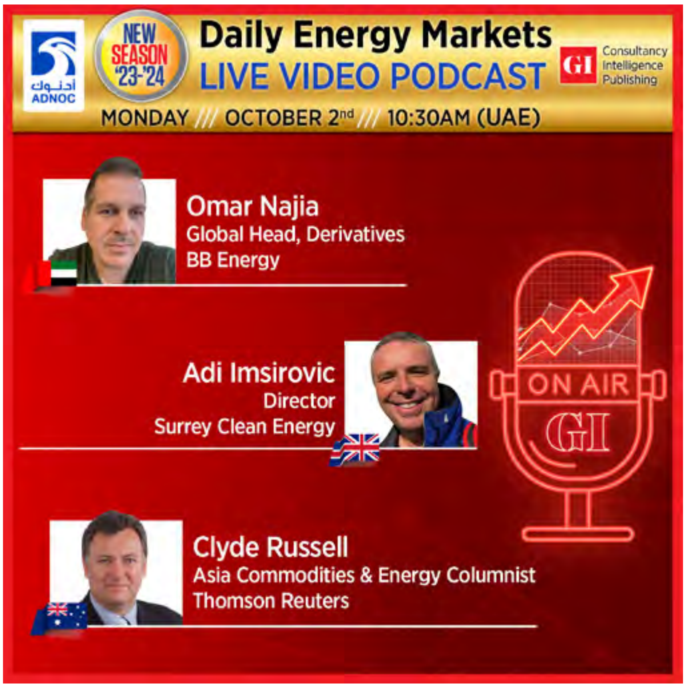
## Ali Rashid Al Jarwan
Chief Executive Officer, Dragon Oil

### The oil industry Has mitigated the impact of the Ukraine War.
At Dragon Oil, we immediately put a task force to see what mitigation measures were needed when the war started. We absorbed all the disruption and expedited some of the materials and chemicals we needed from the east, in Kazakhstan, to fill any gaps. Another major impact was that we were not able to continuously export because of the embargo on Russian tankers and all the Caspian countries were concentrating on sending their oil through Baku. We suffered between March and August 2022 but were lucky to have storage tanks which absorbed more than 2 million barrels in capacity. We released that a year ago when the pipeline reopened and also by securing tenders for 2023 with the Azeri marketing companies. High oil prices this year have also been an advantage. Today, the industry is stable. Europe especially has developed alternative supplies to those from Russia and managed to absorb the shock last winter. Companies and countries are now prepared for the year ahead because they have solutions.

### Outlook for global demand given the questions marks around China?
There is a more positive economic outlook for many countries. The US economy is strong, diversified, and innovative and inflation is coming down worldwide because of central bank policy. China's growth is not looking that bad for 2023 – it was estimated previously to be above 6%, but the actual result might be around 4%, similar to other emerging markets.

### Concerns on lack of investment in new global capacity?
Dragon Oil is producing 180,000 b/d from its three sites – in Turkmenistan, Egypt, and Iraq. Our strategy for new production is that 50% will be from organic growth, mainly from Turkmenistan, using new technologies and drilling for new prospects within the Cheleken concession, and the rest of our growth will be through acquisition. The time cycle to increase long-term capacity is typically four to seven years in normal conditions. So, in the interim, I think most operators will adopt smart, disciplined investment which will enable them to at least maintain production levels or increase them lightly through efficiencies.

# Energy Markets COMMENTARY WEEK IN REVIEW







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GI Soundings Week in Review

# "Oil Price Rise Flips Downwards but Market Still Expects $100 by Year End!"

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.

- **Clyde Russell, Asia Commodities & Energy Columnist, Thomson Reuters**
- **Omar Najia, Global Head, Derivatives BB Energy**
- **Adi Imsirovic, Director, Surrey Clean Energy**
- **Marc Ostwald, Chief Economist & Global Strategist, ADM Investor Services International**
- **Paul Hickin, Editor-in-Chief, Petroleum Economist**
- **Peter McGuire, CEO, XM Australia**
- **Richard Redoglia, CEO, Matrix Global Holdings**
- **Ami Daniel, Co-Founder & CEO, Windward**
- **Dr. Yousef Alshammari, CEO & Head of Energy Research, CMarkits, Senior Research Fellow, Imperial College London**
- **Bora Bariman, Managing Partner, Hormuz Straits Partnership**

***Clyde Russell, Asia Commodities & Energy Columnist, Thomson Reuters*** CHINA CRUDE DEMAND "If they choose to, the Chinese can go from importing about 12mn b/d down to about 10mn b/d, while still running their refineries as hard as they currently have been and capture those diesel profit margins to be made in Asia right now. That would be the sensible way for them to go - lower their crude import bill but still make lots of money on exports, and we're starting to see that."

***Omar Najia, Global Head, Derivatives BB Energy*** MARKET DIRECTION "We see $110 Brent going into the end of the year. Following the market rally since late June from $67 basis WTI, we're now in the skepticism phase with everybody saying that it's bound to come off, but I'm looking for another leg higher, and a substantial one at that."

***Adi Imsirovic, Director, Surrey Clean Energy*** OPEC+ POLICY "I think Saudi Arabia's quite happy with these prices and I would guess they would want to see prices a little bit higher, even without admitting it, particularly with the expectation now of a budget deficit for this year and next. I do think we'll see $100 by the end of the year with Chinese industrial activity looking quite positive and the US economy ticking along very well."

***Marc Ostwald, Chief Economist & Global Strategist, ADM Investor Services International*** OIL PRICE "I suspect we are going to have another look at $100 at some stage simply because the long-term supply backdrop is not good and there's no sign as yet that Saudi Arabia and Russia are about to relent on those production cuts."

***Paul Hickin, Editor-in-Chief, Petroleum Economist*** UPSTREAM CAPACITY "The message from OPEC [at Adipec] is the same but it's getting louder: we need to invest in oil, or we will have chaos in transition. Clearly, OPEC also thinks $90-100 will be needed for a consistent period of time to attract investment into oil."

***Peter McGuire, CEO, XM Australia*** INFLATION "I won't be surprised if the Fed raises rates in November, or certainly early next year because inflation won't be contained, especially if you've high energy prices and a USD that's reigning supreme. Look at Japan - it's now more expensive in Yen to buy a litre of gasoline with crude at $90 than it was in 2008 when crude was $150!"

# GI Soundings Week in Review

## Continued

***Richard Redoglia, CEO, Matrix Global Holdings*** US ECONOMY "The debt situation is dire, both on a corporate and real estate level. You have office buildings in San Francisco and other places with prices 50% below where they were just two years ago. On a government level, the interest on our debt is at $650 billion and heading towards $800 billion, and the federal government only takes in $3.5 trillion, so it's a really, really big number."

***Ami Daniel, Co-Founder & CEO, Windward*** DARK FLEET "This practice is extremely dangerous. The size of the prize is too big. You can make $40 million, $80 million, $100 million, on just one trade of a million barrels of oil, so the appetite is very high. That means you have 52% more vessels involved in that trade and these people don't have proper insurance. What happens if a big oil spill occurs - who's going to cover that?"

***Dr. Yousef Alshammari, CEO & Head of Energy Research, CMarkits, Senior Research Fellow, Imperial College London*** OPEC+ POLICY "US production currently at a high of 12.9mn b/d and increased supply elsewhere from Iran and Libya, plus the bearish economic outlook, is one reason why prices fell this week and why Saudi and Russia have decided to keep voluntary cuts fixed through to December. If we had continued to above $100, we might have seen a rethink of the policy."

***Bora Bariman, Managing Partner, Hormuz Straits Partnership*** MARKET VOLATILITY "I'm wondering whether it's going to be a 'coyote and roadrunner' type of landing, with a very unexpected abyss that brings us to a retrenchment across the board. What we saw this week is a theme that will be played out in the weeks and months ahead repeatedly – a froth or euphoria followed by a correction."

GI

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