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Fujairah New Silk Road WEEKLY NEWSLETTER

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

AN EXCLUSIVE GULF INTELLIGENCE INTERVIEW

OPEC+ STRATEGY TO BE GUIDED BY SUCCESS OF VACCINE ROLLOUT

H.E. Eng. Suhail Mohamed Al Mazrouei
UAE Minister of Energy & Infrastructure

Last Year was an extraordinary year and fundamentals are still changing all the time, so OPEC+ is implementing a phased approach to new supply volumes. We are meeting on a regular basis during the first quarter to add the necessary flexibility for required adjustments. The second wave of the COVID-19 virus prompted us to withhold from adding the planned 500,000 barrels a day to the market in both February and March, and we will decide on volumes for the second quarter at our March meeting. We're dealing with a pandemic that we have never seen before and although we are in recovery now, we must remain cautious. Whether the market can absorb an additional 1.5 million bd of OPEC supply come April will depend on the success of the vaccine rollout, and how that impacts demand recovery. We also need to look beyond balancing supply and demand, to inventories that may build up during 2021, and we are still trying to reduce those to a normal level. We have had a better than anticipated start to recovery in January and now expect to see demand back to 2019 levels by the beginning of 2022. What is even more critical than prices and a balanced market, is ensuring that we continue to incentivize capital investment in new supply to ensure that the volumes are there when demand recovers.

CONTINUED ON PAGE 3

Fujairah Weekly Oil Inventory Data

6,871,000 bbl	3,879,000 bbl	11,399,000 bbl
Light Distillates	Middle Distillates	Heavy Distillates & Residues

Source: FEDCom & S&P Global Platts

Fujairah Average Oil Tank Storage Leasing Rates*

BLACK OIL PRODUCTS

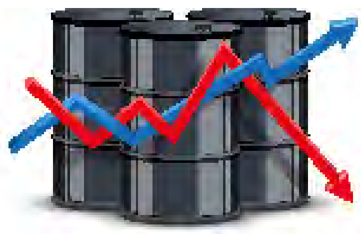
Average Range
$3.54 - 4.38/m³

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

Source: GI Research – Weekly Phone Survey of Terminal Operators

GI Consultancy Intelligence Publishing

THE WEEK In Numbers



Weekly Average Oil Prices

Brent Crude: **$55.55/bl**

WTI Crude: **$52.91/bl**

DME Oman: **$55.29/bl**

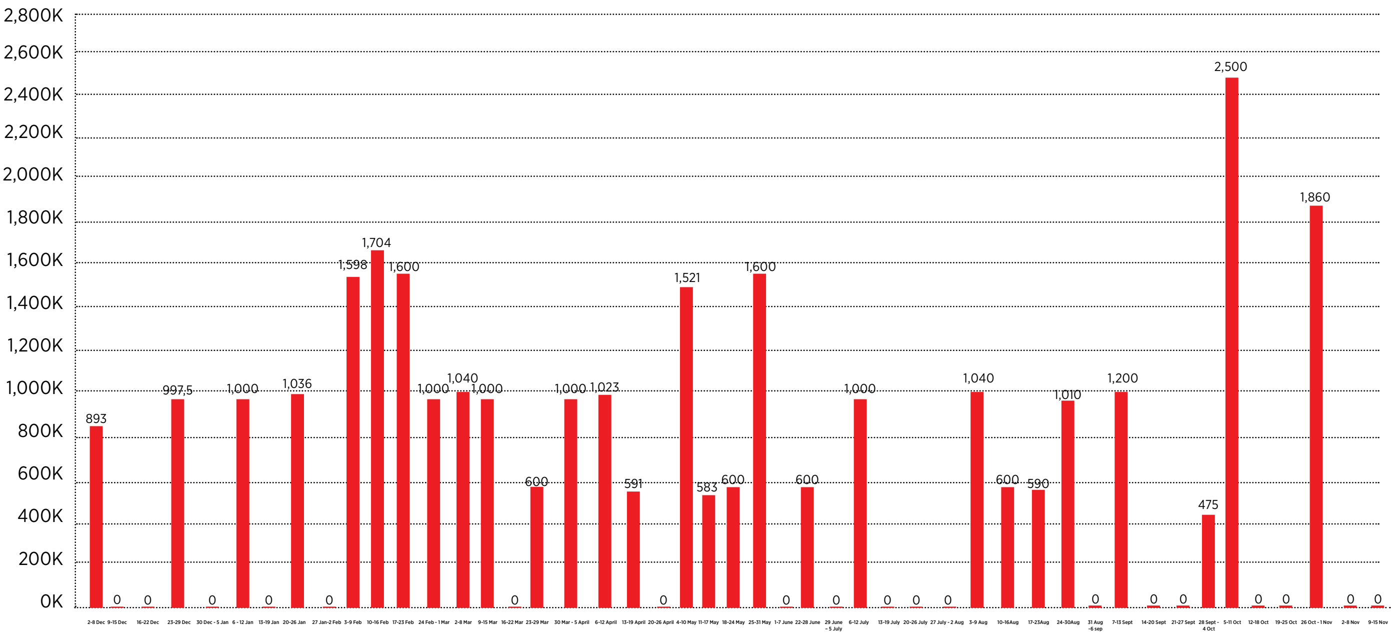
Murban: **$55.42/bl**

Time Period: Week 3, January 2021

Source: IEA, OilPrice.com, GI Research

Weekly Imports of Heavy Sweet Crude into Fujairah

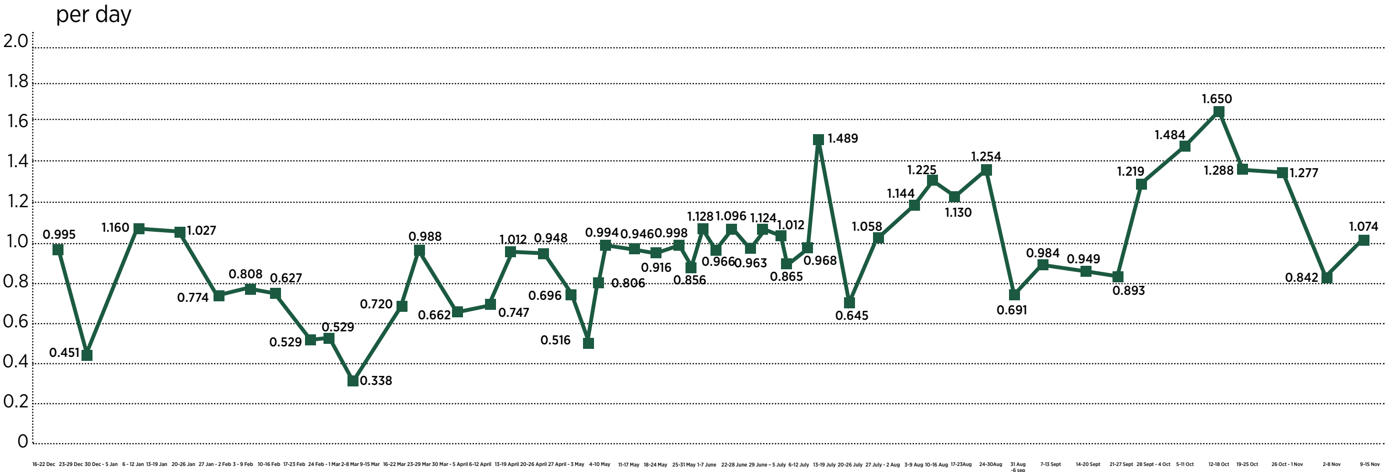
Total barrels



Source: Kpler

Total Refined Product Exports from the GCC to Asia-Pacific

Million barrels per day



Source: Kpler

H.E. Eng. Suhail Mohamed Al Mazrouei
UAE Minister of Energy & Infrastructure

CONTINUED FROM PAGE 1

GIQ: How robust is Asian demand?

H.E. Mazrouei: This has not been easy to predict following last year. We are working on ensuring that communication between suppliers and consumers is strong and that we produce in a phased manner to cater for any demand increase. I'm confident that this approach will continue, enabling us to balance any demand increase in a more predictable way than before. Let's also remember that Chinese oil companies are investors and part of the producer club.

GIQ: When can we expect OPEC to recover the market share it gave up in 2020?

H.E. Mazrouei: We're not looking at this from a market share point of view. Having said that, as the lowest cost producers, we know that when the situation returns to normal, we could easily retrieve that. Today's focus is to balance the market and incentivize investors to ensure we have enough hydrocarbons in two to three years. If every country was looking at its market share, then we would not be able to balance the market. As an example, the UAE has an installed capacity of more than 4.2 million bd, but we are working with the group to cut significantly from that volume.

GIQ: Is US shale profitable at current price levels?

H.E. Mazrouei: All producers need to be careful not to over flood the market. If not, prices will suffer and so will investment. Having said that, it's not going to be easy for US producers to build up output given the inventory levels we see today. They need to be cautious. We have a good dialogue with US shale companies and we appreciate that they also cut volumes in April and May of last year to help balance the market, but I think they would be wise not to jump the gun and overproduce during this recovery year.

"OPEC+ IS NOT A TEMPORARY RELATIONSHIP. IF WE HAVE LEARNT ANYTHING IN 2020, IT IS THAT PRODUCERS NEED TO WORK TOGETHER DURING DIFFICULT TIMES."

GIQ: Does Saudi Arabia's unilateral output cut in January open the door to less compliance?

H.E. Mazrouei: Not at all and in fact Saudi Arabia has been instrumental in implementing the new rule for countries to compensate for the volumes that they have not complied to. Those countries are doing their best and the message from their ministers is that they are committed to reducing any barrels that were overproduced. As a member of the JMMC, the UAE is also continuing to work to become more than 100 percent compliant. As for Kazakhstan and Russia, they were given some slack to increase production for two months to cater to local winter demand and Saudi Arabia was ready to compensate for that. The key factor here is trust - the decisions made have been cohesive and done through conviction rather than force.

GIQ: Will the OPEC Plus relationship survive beyond the current agreement?

H.E. Mazrouei: This is not a temporary relationship. If we have learnt anything in 2020, it is that producers need to work together during difficult times. We have built great confidence amongst ourselves these past years and that reassures us that we will continue doing so in the future.

GIQ: Does the UAE not need more independence given its Murban contract launch plans?

H.E. Mazrouei: Our benefit is to stay within the group. I am also confident that the investments made in Murban and the efficiency improvements done by ADNOC, will enable us to compete because the volumes will be needed. At the end of the day, it's the cost of production that matters and the demand recovery beyond the pandemic is way above what we are producing today.

WATCH FULL INTERVIEW HERE

ENERGY MARKETS COMMENTARY WEEK IN REVIEW

CLICK HERE TO LISTEN

LNG Market to be "Extremely Volatile" Through 2021

Charif Souki, Executive Chairman of the Board, Tellurian

Last year was a difficult year particularly in the energy business. The market capitalization of most companies dropped somewhere between 60%-70%. We were not spared. Everybody had a moment of doubt from March-April saying, "where are we going with this?" But, as things started normalizing and getting back on track, the fundamentals also came back. You look at what needs to happen, what is currently happening, and you can start seeing some trends. Firstly, natural gas consumption never came down the way oil consumption came down. This occurred mostly because when people stay at home, they still need electricity and home heating. As a result, the impact on the gas side was not the same as oil. You could see that as 2020 progressed, we slowly went back to normal. Secondly, there was a phenomenon that started a few years before that was starting to materialize. Most of the North American LNG production was coming on stream and the US was becoming a very significant player. It was not as prevalent in 2019, but it became increasingly so in 2020. As the US became more responsible for almost 20% of global energy production, what happened there became important for the rest of the world. Thirdly, we've gone through a long phase of under investing in the industry in general, but in LNG in particular. All the projects that have finally arrived were started 7-8 years ago. We now find ourselves with very little projects coming online in the near future. The system has been tightening. We were operating very close to full capacity, which is not sustainable. You can see the trends as early as June 2020. As the year progressed, it became more and more significant.

TOP 3 TAKEAWAYS

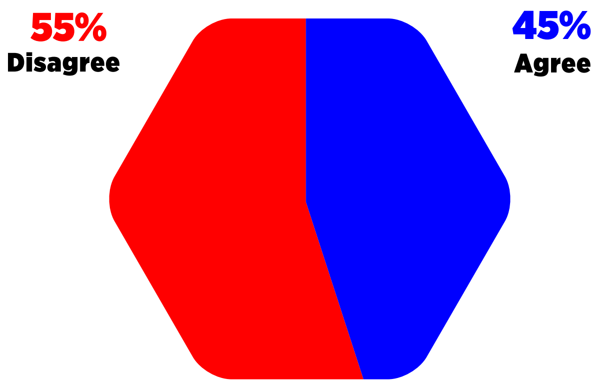
1. **The Biden Administration's first immediate domestic energy challenge could be a turn to coal for power generation due to rising natural gas prices.**
2. **There is definitely dysfunction in the gas market because LNG is in transition from being a point-to-point trade to being a commodity trade.**
3. **Consumer countries became complacent during a period of low gas prices in recent years with lack of investment in new supply infrastructure, which needs to change quickly to remove uncomfortable volatility.**

WATCH FULL INTERVIEW HERE

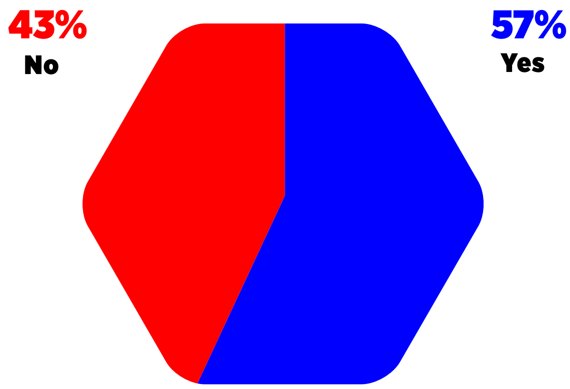
TELLURIAN

GIQ Weekly Surveys

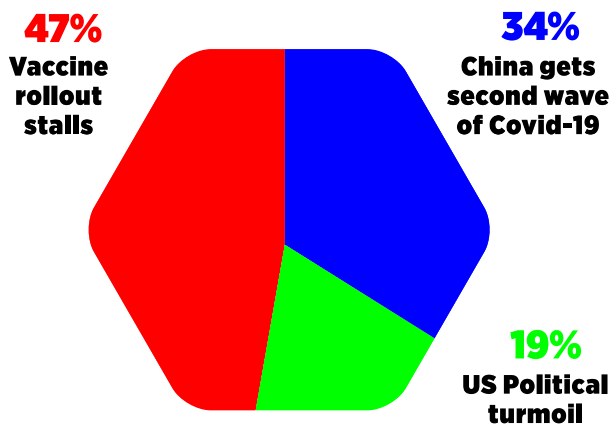
Brent Crude Oil Prices are more likely to reach $60/bl In Q1 than drop back to touch $50/bl?



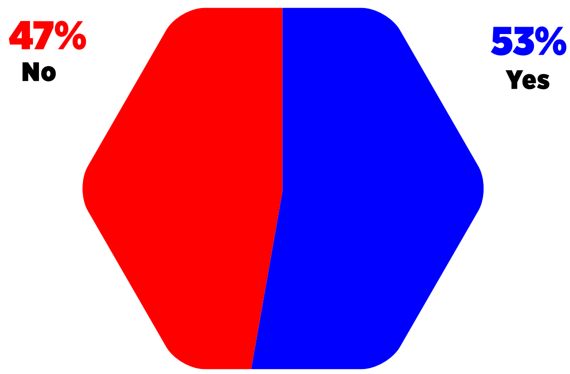
Do you concur with dominant narrative that second half of year will see significant economic recovery with vaccine-led end of the pandemic?



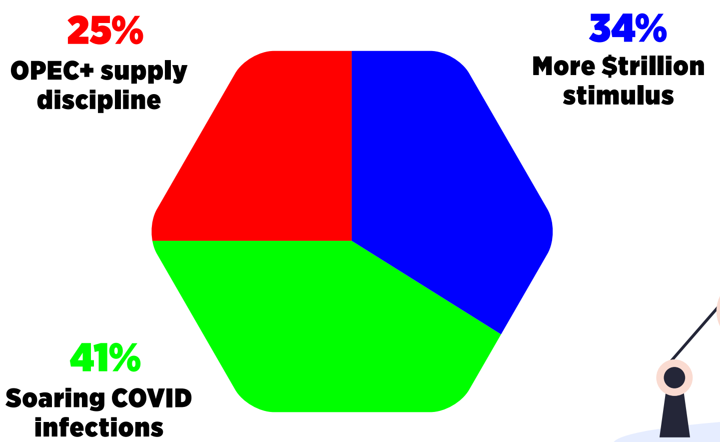
What is possible black swan event that could threaten demand recovery in 2021?

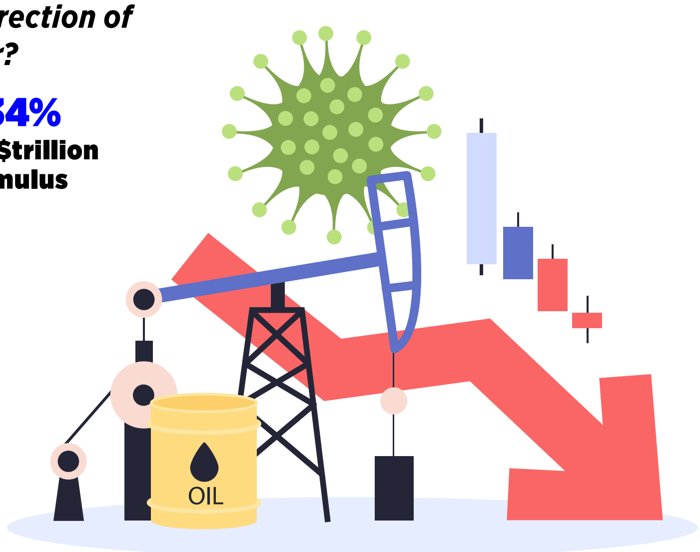


China has been reporting 100-plus cases per day, most of them locally transmitted, for over a week – the highest number since the initial outbreak was contained in Wuhan in March: Do You Expect these developments to negatively impact China's Q1 Oil Demand?



Which of the following offers biggest threat to over-supply What will have a greater impact on direction of oil markets in Q1? in the oil markets next year?





Source: GIQ

ICE Futures Abu Dhabi (IFAD) to Lead a Year of Change in Global Oil Markets

Khaled Salmeen, Executive Director of Marketing Supply & Trading, ADNOC

أدنــوك
ADNOC

GIQ: What is so attractive about the prospect of a Murban Futures contract?

Khaled Salmeen: Murban has been at the heart of ADNOC since its inception back in 1958. So, it has been a while and it continues to be our flagship crude. It is a crude that is well-known to our customers and it is very diversified in number of ways. It has multiple customers across all of Asia. It also has many owners i.e., Murban's ownership is in the hands of many producers under ADNOC onshore as a part of the Joint Venture, who then sell it into the market through seven different companies. Therefore, it is not controlled by one company i.e. ADNOC. Furthermore, the prospect of a Murban Futures Contract is really exciting because, given these elements, it allows for market-driven pricing for a special grade such as Murban, a light crude that is mostly used in Asia. It allows that flexibility to our customers to make sure that they manage the risk. And we believe that it is also more suitable to our ever-changing landscape. Overall, we believe this is the right move. It is becoming more customer-centric and it provides a range of activities and tools to our customers and partners to move away from the retroactive pricing that was used for a long time.

GIQ: For ADNOC, what is the driving value incentive of this over the current or previous pricing structures?

Khaled Salmeen: We believe we are a part of the value chain. Murban is just one crude out of a basket of crudes that every refiner in the world ends up having to make a selection on a monthly or quarterly basis on what they want. For us, it is important to ensure that this crude continues to be competitive in the market. And to do so, we need to give it the tools that will allow it to be competitive. The retroactive pricing mechanism comes with some major disadvantages and we have now moved away from that era, but for a very long time it provided stability, market position and trust. Now that we have 50 years under our belt, the trust relationship with our customers is there as we move into a new era with a market-driven pricing mechanism. For us, the main value add is to deliver value to our partners, who have invested a significant amount of money and believed in Abu Dhabi and ADNOC. We believe that a market-driven price enables us to be much more transparent to the market and our partners on how this very important commodity is priced.

GIQ: How does the launch of ADNOC Global Trading fit into the wider company strategy of chasing the last dollar of value in the barrel?

Khaled Salmeen: It all stems from the transformation that H.E. Dr. Sultan Al Jaber, Group CEO of ADNOC, has led over the last five years. It is about transforming how we do business, how we are commercially driven and customer centric. We launched ADNOC Trading, our crude book as well as our global trading arm, in 2020 under very difficult conditions, but gladly we were able to pull it through. Ultimately, it is not only about getting more dollar-value out of the barrel – even though that will always be the aim of all commercially driven entities – but it is more about stretching the value from every barrel that we produce, refine, sell, ship and trade, and we will continue to do that. But this has to be done with the concept of creating real value for our customers using these tools, and that continues to be our focus. Now, how does that change the business? I think it actually enhances the relationship because today we are offering our existing customers pricing options that we could not do only months ago, and that strengthens the relationships even within our own value chain. Given the partnerships that we have, I believe it is a great move for us and it is going well.

WATCH FULL INTERVIEW HERE

ENERGY MARKET NEWS

RECOMMENDED READING

1. OIL SLIPS ON SURPRISE RISE IN US CRUDE STOCKS
2. SAUDI ARABIA REMAINED CHINA'S TOP OIL SUPPLIER IN 2020
3. SHELL LIFTS FORCE MAJEURE ON EXPORTS OF NIGERIA'S FORCADOS CRUDE
4. ASIAN STOCKS AT RECORD HIGHS AS BIDEN INAUGURATION LIFTS STIMULUS HOPES
5. RISING SAUDI CRUDE EXPORTS LEAVES DOMESTIC STOCKS AT 17-YEAR LOW
6. OIL PRODUCERS FACE A LONG HAUL BACK TO BUSINESS AS USUAL
7. BIDEN ANNOUNCES RETURN TO GLOBAL CLIMATE ACCORD, NEW CURBS ON US OIL INDUSTRY
8. IRAN SAYS BALL IS IN US' COURT TO RESOLVE NUCLEAR ISSUE
9. CHINA'S 2020 CRUDE IMPORTS FROM US SURGE 211% TO 396,000 B/D, VALUED AT $6.28BN
10. US HAS 'URGENT' RESPONSIBILITY TO ENSURE IRAN DOESN'T ACQUIRE NUCLEAR WEAPON

RECOMMENDED VIDEOS & REPORT

- REALISTIC TARGETS FOR THE EU'S GREEN DEAL IN 2021 AMID COVID-19?
- OUTLOOK FOR US LNG EXPORTS?
- CHINA SANCTIONS 28 TRUMP OFFICIALS INCLUDING POMPEO FOR VIOLATING "SOVEREIGNTY"
- INDIAN HESITANCY SETS BACK WORLD'S BIGGEST COVID VACCINATION DRIVE

OPEC Participates in the 11th Gulf Intelligence 'Global' UAE Energy Forum

The forum was held under the patronage of HE Suhail Al-Mazrouei, UAE's Minister of Energy and Industry, and organized by Gulf Intelligence. The Secretary General took part in a Q&A session that focused on the current oil market situation and the prospects for the Declaration of Cooperation (DoC) and world oil demand in 2021. The session was moderated by Bloomberg's Manus Cranny. Barkindo emphasized that the year 2020 offered many lessons and it was vital to take stock for the year ahead. He noted, however, that "the worst is over" and he was "hopeful and cautiously optimistic going forward."

CLICK HERE TO VIEW

Source: Organization of the Petroleum Exporting Countries (OPEC)

GIQ EXCLUSIVE SOUNDINGS

Oil Edges up on Optimism Over Economic Recovery but Outlook for Demand Remains Cloudy

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.

- Bora Bariman, Managing Partner, Hormuz Straits Partnership
- Laury Haytayan, MENA Director, Natural Resource Governance Institute
- Rustin Edwards, Head, Fuel Oil Procurement, Euronav NV
- Andrei Belyi, PhD, Professor, Founder & CEO, Balesene OÜ
- Vandana Hari, Founder & CEO, Vanda Insights
- Omar Najia, Global Head - Derivatives, BB Energy
- Peter McGuire, CEO, XM Australia
- Matt Stanley, Director, Star Fuels
- Mike McGlone, Senior Commodity Strategist, Bloomberg Intelligence
- James McCallum, Executive Chairman of Xergy; Professor of Energy at Strathclyde University
- Andy Laven, COO, Sahara Energy Resources

Bora Bariman, Managing Partner, Hormuz Straits Partnership
"We can't talk about a V-Shaped recovery or a U-Shaped recovery or an L-Shaped recovery. We're living the future now, which is a K-shaped recovery. Some people have recovered and they're going to continue to do very well. And others will continue to be reliant on assistance."

Laury Haytayan, MENA Director, Natural Resource Governance Institute
"Given the uncertainty in demand that we are currently witnessing, it was the right decision [by OPEC+] to not to add the extra 500,000 bbls that we were expecting."

Rustin Edwards, Head, Fuel Oil Procurement, Euronav NV
"We are seeing better refinery demand; refinery runs are picking up ever so slightly. As we progress in the last data from the EIA, we have the US now at 82% utilization, which is up 3% from where it was at the end of 2020. We are also seeing increased refinery utilization in Asia. In short, things are moving up."

Andrei Belyi, PhD, Professor, Founder & CEO, Balesene OÜ
"Nordstream 2 Project is not a secure project. It has a number of impediments, including the US sanctions, and that refrains service companies to risk their capital."

Vandana Hari, Founder & CEO, Vanda Insights
"I will watch out for what happens at the beginning of March as that is when Saudis will have to think about bringing that 1mn bbls back into the market. At the same time, there will be 18 other OPEC and non-OPEC members under the quota system, who will also want to put more oil into the market, up to collectively another 1mn b/d, equal to what they had held back over February and March. The question is, can the market in April accommodate potentially up to 2mn b/d coming back into the market?"

Omar Najia, Global Head, Derivatives, BB Energy
"We were calling for a higher S&P, higher oil and higher bitcoin and lower gold, and we're calling for the strengthening of the US dollar in the US dollar index. The trend in all four of those is higher, so higher oil, higher S&P, higher Bitcoin and higher USD and lower gold."

Peter McGuire, CEO, XM Australia
"If you didn't make a dollar trading in the last 13 months, give it away. It's been one way traffic for so many different markets. We've made a fortune out of commodities. We've done incredibly well when you look at some of those equity plays and the crude oil market. Let's get through this week [with the US president inauguration] and we'll get a clear indication."

Matt Stanley, Director, Star Fuels
"Oil prices have been stuck in a bit of a range for the last two weeks. We're getting closer to $60/bl. It seems that the rhetoric at the moment is dollar weakness and I think that that's a good thing."

Mike McGlone, Senior Commodity Strategist, Bloomberg Intelligence
"If there's one sector I cannot expect higher prices to sustain without something unexpected it's fossil fuels, most notably, crude."

James McCallum, Executive Chairman of Xergy; Professor of Energy at Strathclyde University
"With a new president in the White House, we have clearly entered a four-year cycle in which policy is going to be driven by a global agenda rather than a Texas agenda. And I think that is a great thing for the planet. I also think it's a great thing for the industry because we have firmly now entered the era of the low-cost producer where it is all going to be around business efficiency and lifting costs per barrel or barrel equivalent."

Andy Laven, COO, Sahara Energy Resources
"What we are going to see in 2021 is that the market is going to be constrained by demand. Demand is the key issue here, not supply. I believe, the market will move back up towards $60/bl and actually drift up rather than down this year."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For over fifty years, we've helped drive the prosperity of our world, our nation, our partners and our customers. But this is just the start of our story. We are determined to constantly improve our products, optimize our costs, drive greater efficiencies and deliver more value. All while innovating to protect our environment and to empower the communities we serve. That's not simply our purpose, it's our promise to future generations.
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ENERGY MARKETS VIEWS YOU CAN USE

Mike Muller,
Head of Vitol Asia

Oil Outlook 2021 – Big Picture?

The big picture outlook for oil in 2021, after we suffered a draw of about 9 million barrels per day in 2020 versus 2019, is that we are going to see a big demand surge. By the end of this year, we think we should see in excess of about 6mn bpd more demand than in 2020 - that is a massive shift! How we navigate our way through 2021 in response to that demand change is going to be the big challenge. And what makes it even more interesting is that people are not united in their views on this. Some prominent advisory investment banks think that by summer, people will be jumping on planes again. Jet fuel is a big lump of that demand that has gone missing - roughly 3mn/bl a day, or roughly half of that demand recovery for 2021.

LNG Prices Reach Record Levels – What's Next?

We do have a market that always prices off the marginal barrel, and where people keep inventories tight for cash management reasons, and it is very understandable that people are going to behaving that way with the current stresses to the economy, does lead to surprises. It has been a very long time since we have had a cold winter to contend with, not just in Northeast Asia, but look at how Spain was blanketed in snow also recently. So, the gas markets are pricing to respond to that. And it is now fair to say that whilst a week ago we had Asia sucking gas from all over the world, now Europe is setting a price for gas or had set a price for gas that was designed to prevent gas from leaving Europe. But these weather statistics are very, very important and I think Meteorologists are in strong demand right now.

Outlook for China Demand Growth in 2021?

The big warning sign about China on the energy front, and oil in particular, China has been relatively quiet. Any crude oil trader will tell you that the Chinese SOEs and the Chinese independent sector have been buying less crude than expected. And that could point to a few things, like overstocking, or maybe, just maybe, the demand lash back from the shutdowns of the two high-profile cities in Hubei Province, which is the province that wraps its way all the way around Beijing, are locked down completely to roll out a COVID-19 testing program. When China locks down a city, people do not drive, there is no demand. So, there is some early evidence here that the demand for gasoline has been a little bit lower than expected, and therefore China growth may have run its course if this happens in more cities.

Christof Ruhl
Senior Research Scholar, Center on Global Energy Policy
Columbia University

The Economy – 2021 OUTLOOK?

The big, big, big question for 2021 will be on the outlook for the global Economy. In 2021, we are in unprecedented and totally unchartered territory with the amount of money that has been created by Central banks and with the global debt which has been created. It is terrifying. There is just very, very, very little room to manoeuvre to get out of this without, you know, raising interest rates, causing a financial crisis or having inflation, or in both cases after the financial crisis, having a recession. It looks very dire in the long term. And serious voices like the ex-chief economist of the BIS and others are now saying that maybe, just maybe monetary policy over the last 20 years has just been stoking up a big disaster.

OPEC+ Get an A+ for 2020 Discipline

I think OPEC+ has done a remarkable job in holding the line and draining U.S. inventories. That really looks good. But now the old saying applies -- no good deed goes unpunished -- because we have prices in the range where you see U.S. Shale coming back, and other private producers coming back. And that is what I and others have been preaching all along. This is not a winnable strategy. It is hard to see it, impossible to see, how prices should stay north of $55 a barrel without a very glorious economic recovery.

Geopolitics is Relatively Easier to Predict

The geopolitical outlook for the year ahead is relatively easier to predict now with Biden having control over the US Senate. It is clear Biden will move ahead and will try to implement as much of his agenda as possible, such as elements of the Green New Deal will advance in the US without rocking the boat, it will not shut down shale (or anything like that). It means reconciliation with Europe in terms of trade and general geopolitical cooperation, and it also means he will seek to move forward with the nuclear deal with Iran.

Gulf Intelligence
~ Presents ~

THE ARAMCO TRADING
NEW SILK ROAD

CEO
– OF THE YEAR –
AWARDS
2020
FUJAIRAH

aramco trading

2020 AWARD WINNERS

TRADING

Russell Hardy
Group Chief Executive Officer
Vitol

REFINING

Nicke Widyawati
President Director & Chief Executive Officer
PT Pertamina (Persero)

STORAGE

Rob Nijst
Chief Executive Officer
VTTI

PORTS

Quah Ley Hoon
Chief Executive
Maritime and Port Authority of Singapore

SHIPPING

Kristian Mørch
Chief Executive Officer
ODFJELL SE

Fujairah Spotlight

Oil Product Stocks at Port of Fujairah Snap Slide as Heavy Distillates Rebound

Oil product stockpiles at the UAE's east coast port of Fujairah snapped a four-week slide as heavy distillates rebounded, making up for a record string of declines in middle distillates and a drop in light distillates to a six-week low. Total inventories as of Jan. 18 stood at 22.149mn barrels, up 0.1% from a week earlier and the first gain in five weeks, according to Jan. 20 data from the Fujairah Oil Industry Zone. Heavy distillates used in marine bunkers and for power generation jumped 10% to 11.399mn barrels after falling 11% a week earlier.

Source: Hellenic Shipping

Fujairah Suppliers Unsure on Qatari Demand Rebound

Vessels of state-owned Qatargas were major buyers of bunker fuels from Fujairah, before the UAE, along with several other regional states, imposed a blockade in June 2017 banning Qatari ships from entering its ports. The resolution of the dispute this month led some market participants to suggest that Fujairah will recoup around 2mn t/yr in sales volumes lost during the ban. Fujairah's sales fell to 8-9mn t/yr in 2018-19, and even lower during 2020 as a result of weaker demand because of Covid-19 pandemic restrictions.But traders in Fujairah believe a rise in bunker demand will not be substantial and is likely to not be immediate.

Source: Argus Media

Get the Covid-19 Vaccine for Free at all these Locations in Fujairah

UAE's Ministry of Health and Prevention (MOHAP) announced the availability of Covid-19 vaccine in a number of health centers around the UAE for free. The centres are in Fujairah, Dubai, Sharjah, Ajman, Ras Al Khaimah and Umm Al Quwain. According to the information shared by MOHAP on their social media accounts, this is the list of all the locations where the vaccination will be provided for free.

Source: Fujairah Observer

Crown Prince Receives Consul-General of Kyrgyzsta

H.H. Sheikh Mohammed bin Hamad bin Mohammed Al Sharqi, Crown Prince of Fujairah, today received Kuban Omuraliev, Consul-General of the Republic of Kyrgyzstan in Dubai, who paid a courtesy visit to mark the end of his tenure in the country. The Crown Prince of Fujairah and Consul-General of Kyrgyzstan discussed the distinguished bilateral relations between the UAE and Kyrgyzstan, wishing him success in future assignments and the people of his country's progress and prosperity.

Source: Fujairah AE

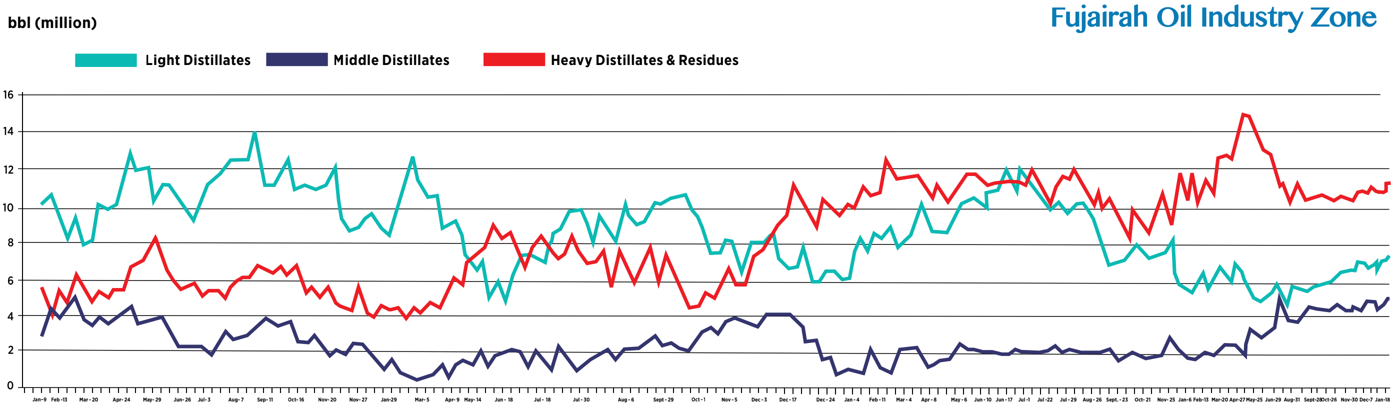
Top Seeds Continue their March at Fujairah International Women Tournament

The top two seeds lived up to form while the next two succumbed as the quarter-final line-up fell in place at the inaugural Fujairah International Women Tournament at the Mohammad Bin Rashid Al Maktoum tennis complex in Fujairah on Wednesday. Top seed Viktorija Golubic easily swept aside Georgia's Mariam Bolkvadze 6-0, 6-4 to book her spot in the quarter, while second seed Clara Tauson from Denmark also sealed her spot with a 6-2, 6-0 win against South Korea's Na-lae Han.

Source: Gulf News

Fujariah Weekly Oil Inventory Data

FOIZ
منطقة الفجيرة للصناعة البترولية
Fujairah Oil Industry Zone



TOP TAKEAWAYS

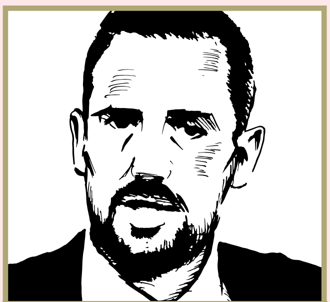
- **Total oil product stocks in Fujairah were reported at 22.149mn barrels. Total stocks rose by 27,000 barrels or 0.1% week on week. Despite the overall stability in stock levels, there were draws in light and middle distillates which were offset by a large build in heavy residues.**

- **Stocks of light distillates saw a draw of 471,000 barrels or 6.4% week on week to stand at 6.871mn barrels. This is the first time they have stood under 7mn barrels since early December, The East of Suez gasoline market was seeing bearish news in Asia weighing on fundamentals. "In India, sales of diesel in the first half of January dropped by 6.6% from December...Sales of gasoline and jet fuel also declined," ANZ analysts said in a Jan. 19 note. "This comes as rise in cases of Covid-19 threaten to weigh even further on demand. China and Japan have seen a flurry of cases which authorities are struggling to contain," the analysts added.**

- **Stocks of middle distillates fell by 521,000 barrels, to 3.879mn barrels – down by 11.8% on the week. This is the first time they have been below 4mn barrels since mid-October. The gasoil market East of Suez was stable with fundamentals still seen holding largely unchanged. Some upcoming support was expected from a combination of spring turnarounds at some refineries, coupled with additional demand persisting from South Africa, where refinery issues have led to greater imports in recent months. Engen Petroleum issued a tender seeking a combination cargo of winter specification 10 ppm sulfur gasoil and dual purpose kerosene, industry sources said. The gasoil portion consists of a 25,000 mt cargo for loading from Singapore/Malaysia or the Gulf Feb. 13-15, and the tender closes Jan. 19, with next-day validity.**

- **Stocks of heavy residues posted a large build, rising 1.019mn barrels or 9.8% on the week, to 11.399mn barrels, largely offsetting last week's draw in stocks. Bunker activity in Fujairah was slow but steady, market sources said. Fujairah-delivered marine 0.5% bunker was heard offered at $447/mt-$450/mt levels on Jan. 19, with the fuel assessed at $442.00/mt, reflecting a rise of $4.00/mt day-on-day. The price level on Jan. 12 in Fujairah reflects a $4.00/mt discount to Singapore delivered Marine Fuel 0.5% bunker prices.**

Source: S&P Global Platts



BY MATT STANLEY
SENIOR BROKER
STAR FUELS

Morning all. Brent is trading this morning down 0.17 at $55.91 and WTi is trading at $53.10 down 0.21. People asked me if I watch the Biden inauguration last night, and I have to confess that I didn't. I'll quote a very good friend of mine who is a US citizen " Politics has become boring again. Thank god.". That just about sums it up perfectly, I think. Anyway, I did more than enough about US politics during yesterday's commentary so let's talk about what's happening elsewhere. I don't know about you, but everything just seems a little bit edgy at the moment. People, in general seem a little bit fed up. Take me for example. Last night I had an argument with a lemon. Yes, a lemon. It was one of those really stupid annoying lemons, when you squeeze it, suddenly a flurry of pips descends onto whatever you're trying to season. You then spend the next 40 minutes picking up what can only be described as the most difficult thing in the world to pick up. That lemon really got it, let me tell you. And I feel as if the oil market is fighting lemons, too. Sure, things look a lot more positive than they have in a while. Trump has left the White House. Vaccines are starting to roll out and equity market globally are at record highs. Nice. But for prompt oil demand it just seems a little bit like too much optimism, too soon. Don't get me wrong, certain parts of the barrel are doing very nicely, thank you very much, low sulphur fuel oil being the beauty of the beast right now, but if we look at things then global stocks are still very high, and production is starting to come back from a lot of places. I wonder what a market would look like if Saudi Arabia hadn't taken the genius pragmatic stance to voluntarily cut their production by 1mn bbls per day. The future is bright but the immediate still looks a little shaky. Stats out later. Look out. Good day.

January 21, 2021

ENERGY MARKETS FORUM 2020
NEW SILK ROAD LIVE

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TOP 10

JANUARY 17th - 21st

MARKET OBSERVATIONS FOR THE WEEK

1. The big expectation for 2021 is whether economic recovery will meet the expectation of unanimous optimism -- can Covid-19 vaccines trump the deadly second wave of the virus?

2. Brent crude oil is more likely to hit $50/bl in Q1 before it reaches $60/bl.

3. The big warning sign about China is that it has been relatively quiet recently in the oil markets, buying less crude and products than expected.

4. The power of endless free money will continue to drive financial markets to new highs in 2021, regardless of the COVID 2.0 wildfire and political turmoil in US.

5. China's economic growth returns to pre-COVID levels despite COVID 2.0 raging in Europe & US.

6. Everybody is signing up to the dominant narrative that second half of year will see significant economic recovery with a vaccine-led end of the pandemic - sounds like an opportunity to short.

7. OPEC+ is well placed to absorb the possible return of oil exports from OPEC members Venezuela and Iran during 2021.

8. 2021 is probably the first year we start where unconventional monetary policy has firmly established itself as the conventional policy.

9. China Q1 oil demand is unlikely to be negatively impacted by the rising Covid-19 infection rates in Hubei province, where three cities near Beijing are in lockdown.

10. Saudi Arabia's decision to unilaterally cut 1mn b/d is likely to underpin unity within the OPEC+ group.

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