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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+ UNLIKELY TO REACH CONSENSUS ON POSTPONING PRODUCTION INCREASE"

Walter Simpson, Managing Director, CC Energy Development (CCED)

On January 1st, OPEC+'s current plan is to add 2 million barrels of oil back on to the market – clearly they will be facing a difficult question of whether or not they should defer that increase for a few months? That's going to be a really tough decision for them. I feel as though the markets have built in that production already and the oil price is hovering in the low $40s/bl at the moment. I'm not sure OPEC wants it to take a big jump up. If it stays around where it is, people are relatively comfortable with that. At the same time, I know there are a number of countries feeling the economic pain of the cuts and are pushing hard to be able to produce more. The political will to defer the reduction in the cut beyond January is going to be really difficult to get to. It's just going to be too tough. They will probably not bite that bullet and we'll start to see production increase in January.

CONTINUED ON PAGE 3

Fujairah Weekly Oil Inventory Data

6,307,000 bbl	5,963,000 bbl	8,166,000 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
$3.61 - 4.38/m³

↑ Highest: $4.50/m³
↓ Lowest: $3.50/m³

Source: GI Research – Weekly Phone Survey of Terminal Operators

MARK YOUR CALENDAR JANUARY 13th 2021

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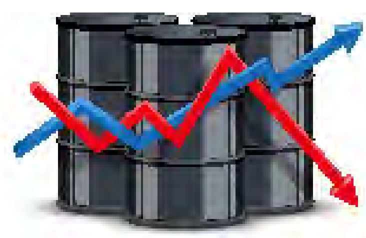
The 11th Gulf Intelligence "GLOBAL" UAE ENERGY FORUM 2021

GI Consultancy Intelligence Publishing

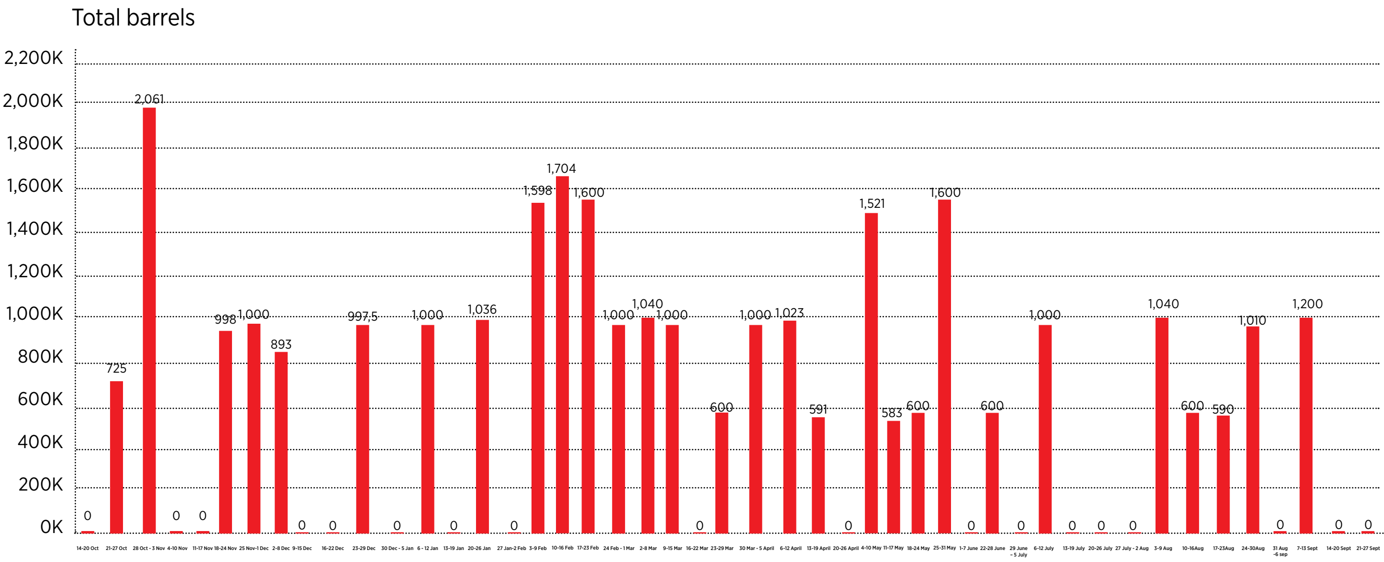


Weekly Average Oil Prices

Brent Crude:	**$43.71/bl**
WTI Crude:	**$41.21/bl**
DME Oman:	**$43.89/bl**
Murban:	**$44.03/bl**

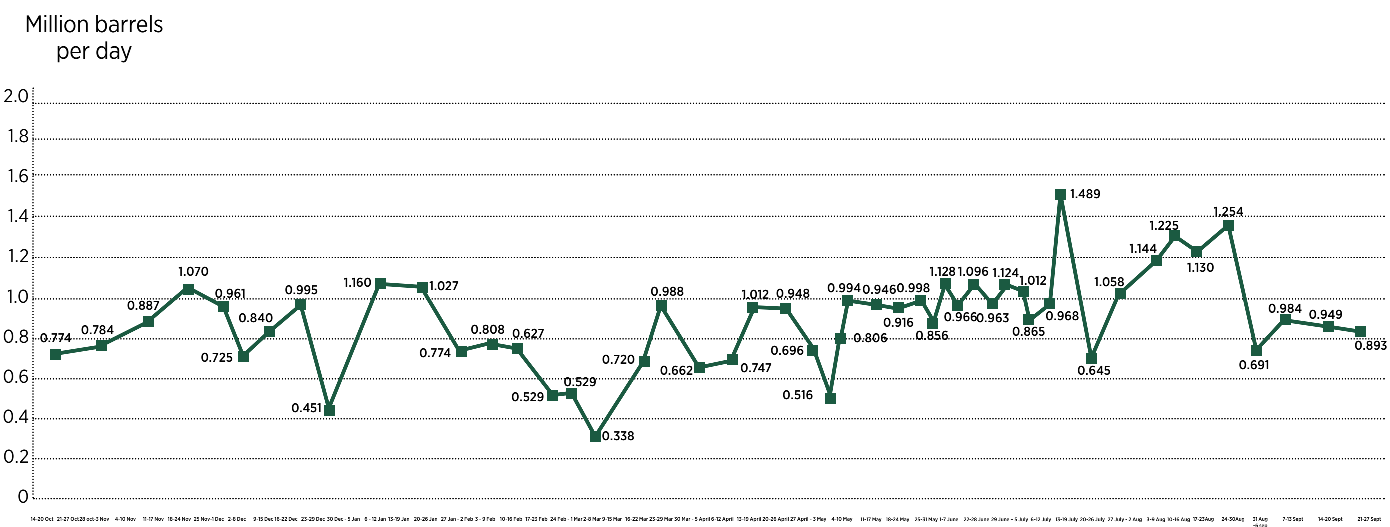
Time Period: Week 3, November 2020
Source: IEA, OilPrice.com, GI Research

Weekly Imports of Heavy Sweet Crude into Fujairah



Source: Kpler

Total Refined Product Exports from the GCC to Asia-Pacific



Source: Kpler

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GIQ: Should OPEC move back to a market share strategy?

Walter Simpson: It is a delicate balance. There are some really tough choices to be made. You've got the choice between propping up the price versus the economic harm that it is doing to almost all the OPEC members through the revenue restriction. So far, the conformance with the cuts has been very good. Is that going to last into the middle of next year? It's going to be tough because there is real hardship on a number of the member states due to that drive in revenue loss. There are some difficult times ahead for people. Clearly, there are going to be challenges in the market with Libya production coming back, if Iran sanctions go away and Iran production comes back, and if Venezuela's production comes back online. It may well come to who can get their market share back. Distance also matters. The Middle East is very conveniently placed to supplying China where, for example, with Venezuela that isn't the case.

GIQ How has the Covid-19 pandemic impacted the oil and gas industry?

Walter Simpson: It's been a tough year. Certainly, in the middle of the year, it looked like it was going to be really difficult for everybody. It didn't quite turn out as bad as that. The recovery in the oil price to where it is today has been very beneficial for us. The impact of Covid-19 has certainly been a challenge, but I've been impressed with the way people have risen to that challenge. They have managed to keep things moving and get stuff done, even with the restrictions put in place. So, it's been a very interesting year with challenges, but the outcome is much better than expected.

GIQ: How has the current crisis accelerated the transformation of the sector?

Walter Simpson: It has either accelerated a lot of work that people were thinking about doing or they were forced into accelerating it. That's potentially really good and I hope it doesn't become something that goes to the rearview mirror. We have some really challenging times ahead with some big issues to wrestle with as an industry. At present, about 80% of energy generation is from hydrocarbons of some description. When you add that to global warming, that's going to have to change. How do you get yourself set up for being part of that change rather than being a victim of it? That is what we're starting to see from the majors which is, "I want to be part of that. I don't want to just suffer from it. What can I do to be part of that?" We've seen from the likes of Shell and BP that they are going to be part of that change in the energy mix. They are going to be benefiting from it and leading it. That's going to be a real challenge for them. There's limited capital for anybody. So where do you invest that capital? Hydrocarbons aren't going away. They're going to be a major part, if not half of, the energy mix even if we do get to the place we want to go with climate change. But, it's how you spend that capital. We saw from the share prices, the markets didn't necessarily like the message that the majors were moving away from the traditional high returns of developing hydrocarbons and into renewables.

GIQ: How will the current oil price recovery impact the energy transition of oil majors?

Walter Simpson: There's a bit of optimism in the oil price. If I'm honest, I'm still a bit of a bear with that. There are still challenges about the recovery, which we can see with the second Covid-19 waves. The vaccine is really optimistic news and people are banking on that for recovery next year being accelerated. But I still think there's a way to go and we have to counterbalance it with other signals. OPEC still have their cuts in place. Will they decide to push the next step or will the pressure of the economies of the individual countries come into play? Libya's bringing production back into play. What's going to happen with the Biden administration and sanctions on Iran? Will that production come back? Will a Biden administration move to loosening sanctions on Venezuela? Will there be a counterbalance from environmental and air quality policies hitting shale in the US? There's a whole bunch of uncertainty that's sitting in there that says, hydrocarbons are going to be part of the mix for a long time to come. There's definitely a place for the IOCs, but if you're really looking for a long-term dividend from the likes of Shell and BP, then they are going to have to change their business model a bit. I'm encouraged to see they're looking to do that. The question is how the market sees it and whether they think somebody who's a renewable specialist should be doing it instead.

GIQ: Will the operational cuts that the industry has made during this period be permanent?

Walter Simpson: I think they are, to be honest. We've seen a certain element of the skills that the industry had leaving and they're not going to come back. That does present a challenge for those of us who are still trying to operate. It's tough to get the right level of skills. Also, if you look at Europe and the US, attracting young people into the industry is tough. That may be offset a little bit by the energy transformation of the big companies and people might be more interested in working there. I still see there are plenty of people in the Middle East and in the developing countries such as China or India, who are very keen to work in this industry because it's still respected and is still going to be there for many years to come. But there's going to be a move where those skills come from in the industry. We're going to have to start making sure we're training and developing skills.

GIQ: How disruptive has the ongoing situation been for staff deployment into field operations?

Walter Simpson: It has been an issue. It's not completely over but It's getting better. I do see that as temporary because it's the travel restrictions that have brought it in place. As people get used to the way we have to live and work at the moment, combined with the prospect of a vaccine coming in, I think that will be eased. It will be much easier to get those resources to travel and get them in. We've managed it here but I think it'll go away. It's not something I see as a long-term issue.

GIQ: Do you expect a continued increase in China's oil demand?

Walter Simpson: It has held up and I'm very pleased that it has. There were some particular circumstances in China that made that happen. They've been building storage because they wanted that ability to be protected from the market. They saw the opportunity for the lower oil price to get that storage filled. There are also a number of internal reasons as to why China is still buying. That's been good for us and I'm really pleased. We're seeing that the domestic market in China is recovering – there is renewed optimism, people are going back to work and they have money in their pockets and so they do need those supplies. I'm hopeful that in 2021 we'll get back to the big rates, if not slightly above where we were in 2019 for China. But interestingly, we've also started to see the energy transition accelerating in China. There's a big push for new electric vehicles (EV) and incentives for manufacturers to produce them. They're trying to get rid of internal combustion engines quicker and there's a push to move away from road transport and diesel to rail and electrification. This has accelerated recently and is partly due to the population changing their habits – why should people take public transport when they can get on a scooter.

GIQ: How will the composition of the barrel impact demand in 2021?

Walter Simpson: We've seen this year that the composition has had an impact. The lighter ends for aviation and diesel fuels haven't been in such demand. Next year it will probably carry on pretty much the same. But I do think there's going to be a shift, particularly when you look at the trends in China for refining to move to chemicals rather than the distillate products. That may have an influence about where China goes for its oil in the future and how that might impact things. For transportation fuel, as we electrify around the world, we're going to move away from the consumption of diesel. That's a big driver for those fuels. It's going to get harder over the next 20-30 years for individuals to buy internal combustion engines as traditional refining for transportation fuels will move to more petrochemical-type refining. How quickly this happens is going to be very important. It will be driven by the move to rail and away from diesel for the internal combustion engine. People will still want to travel, but it's the ability to travel with electric-powered vehicles rather than diesel or petrol.

GIQ: What impact will a Biden administration have on the global oil and gas industry?

Walter Simpson: There's a real opportunity here. The Biden administration is coming into a place where the US stepped away from its global leadership role under the previous administration. Why is that important? I think it left a vacuum. The US stepped away from the Paris Climate Agreement, the World Health Organization and from leadership of the Covid-19 pandemic. That left a void and China has stepped in. Now, they haven't taken it over, but they have started to look at that. There's a clear need for that relationship between the US and China to be re-evaluated. We see that across the board. It's important because the US needs to step back into the Paris Climate Accord. I think it will. As part of that, it needs to bring leadership around the world on climate change and how we're going to drive those governmental policies that make sure people are driving towards that. That will have a repercussion back into the US. I recognize we still won't know until January whether or not they've got the Senate majority, but I don't think it matters too much. There are still a number of mechanisms for the Biden administration to look at federal land use, the Clean Air Act, and constraining what the oil industry can do in the US.

WATCH FULL INTERVIEW HERE

ENERGY MARKETS COMMENTARY WEEK IN REVIEW

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GIQ EXCLUSIVE SOUNDINGS

OPEC+, Vaccine News, Demand Recovery: Is There Light at the End of the Tunnel for Oil Markets?

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.

- **Matt Stanley, Director, Star Fuels**
- **Peter McGuire, Chief Executive Officer, XM Australia**
- **Dan Graeber, Author, The GERM Report**
- **James McCallum, Executive Chairman, Xergy; Professor of Energy, Strathclyde University**
- **Omar Najia, Global Head of Derivatives, BB Energy**
- **Vandana Hari, Founder & CEO, Vanda Insights**
- **Leo Tameeris, Chief Executive Officer, NRG Global**
- **Andrei Belyi, PhD, Professor, Founder & CEO, Balesene OÜ**
- **Mike McGlone, Senior Commodity Strategist, Bloomberg Intelligence**
- **Dr. Carole Nakhle, Chief Executive Officer, Crystol Energy**
- **Ahmed Mehdi, Research Associate, Oxford Institute for Energy Studies**

Matt Stanley, Director, Star Fuels
"There is hesitant trading at the moment. There is hope about the vaccine and what it is going to do for future demand, but the problem is in the immediate. I think we are going to stay range-bound until next week in Vienna. That's what people are really looking at."

Peter McGuire, Chief Executive Officer, XM Australia
"There are a lot of moving parts all coming together. Are we at highs for the year in terms of equites? Is there more room to build over the next six weeks taking us into January? That's a little bit of an unknown."

Dan Graeber, Author, The GERM Report
"Gasoline demand, or total product demand, is still pretty low relative to last year. Normally, in the US, we would start to see some of that demand come back into the equation as we get close to the Thanksgiving holiday. Nobody is going anywhere. Covid-19 numbers are at a frightening rise in the US."

James McCallum, Executive Chairman, Xergy; Professor of Energy, Strathclyde University
"Realistically, energy markets, won't see real recovery until the second half of 2021. Super major stocks have bounced up but if you measure that in terms of where we have been, we are still very much at the bottom end of equity value."

Omar Najia, Global Head of Derivatives, BB Energy
"The sentiment today is bullish. The only question is where that spark comes in. Technically speaking, you could say that the crude market has found a low but to confirm that, we need to see when and where we break out of the trading range that has been going on since June."

Vandana Hari, Founder & CEO, Vanda Insights
"It's already baked in the cake that OPEC will suspend the 2mn b/d increase so despite the stronger prices and more positive Asia demand outlook, if the group does anything else, it will rattle markets and possibly wipe out the recent premium."

Leo Tameeris, Chief Executive Officer, NRG Global
"China is continuing to pick up all the crude that is on the market. The oil demand y-o-y for the first nine months is even slightly up from last year despite the Covid-19 pandemic."

Andrei Belyi, PhD, Professor, Founder & CEO, Balesene OÜ
"What happens after the Covid-19 pandemic ends? There is huge pressure on the European majors that have now stopped investing in oil, a sentiment shared among the global financial community."

Mike McGlone, Senior Commodity Strategist, Bloomberg Intelligence
"I sense an over-optimism right now for demand. The key thing is that the problem remains in lack of demand, too much supply, and the need for revenue. The market is hanging out on a cliff's edge."

Dr. Carole Nakhle, Chief Executive Officer, Crystol Energy
"What people tend to forget is that we don't just have inventories at record highs, it's also OPEC's spare capacity, which is really massive these days. Experience from previous production cuts shows that, when you have high spare capacity, maintaining compliance becomes more challenging than if you had lower spare capacity."

Ahmed Mehdi, Research Associate, Oxford Institute for Energy Studies
"The big challenge to watch for in the mechanics of Iraq's upstream production is going to be how the negotiations will take place between the government and the IOCs because they need to keep them on board. I think that's going to be more challenging in the current environment."

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ENERGY MARKETS FORUM 2020

NEW SILK ROAD LIVE

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TOP 10

NOVEMBER 15th - 19th

MARKET OBSERVATIONS FOR THE WEEK

1. FThe oil demand destruction caused by the Covid-19 second wave is still unknown, best one can say for now is it's not as bad as last time - minus 20mn b/d.

2. China's oil buying looks like it's accelerating for January delivery.

3. Crude Oil markets may have found a likely low and is set for blast-off if WTI can move above resistance level of $43.78/bl.

4. The rapid and somewhat unexpected return of Libya's oil production is sustainable and likely to plateau at around 1.2mn b/d approx.

5. OPEC+ rollover is baked in the cake and market actors are recommending that the oil exporters group don't consider raising supply again until Q2.

6. China's oil demand continues to surprise on the upside, and they aren't alone in Asia with Japan and South Korea also entering into post-Covid-19 era.

7. The political will to defer the OPEC+ supply increase beyond January will be too difficult to get to, they will probably not bite that bullet, and so we will start to see production rise come January.

8. Oil Markets may be wise to take on board Bloomberg reports that UAE may leave OPEC; and/or the group may struggle to reach consensus on postponing supply hike.

9. The jury is still out on the impact of Covid-19 2.0 on US/EU oil demand recovery, and in the meantime China keeps buying every barrel it can find.

10. The US death toll from Covid-19 surpassed a grim new milestone of 250,000 lives yesterday, and at the same time the main US stock index hit a record - go figure!

ENERGY MARKETS VIEWS YOU CAN USE

Mike Muller
Head of Vitol Asia

Outlook for Libya to Keep Increasing Production?

It is true that some of the Libyan oil fields that can be brought online are now in the process of coming online and have come online a lot faster than expected. So, getting from the very small output numbers to just above 1mn b/d seems deliverable, but moving further towards 1.7mn b/d would probably be a lot tougher because of underinvestment and teams have not been into those fields to test their true capacities. The nature of oil fields is that you cannot just expect them to go to full capacity after being idle for so many months, or in some cases even years of not running at full. One would have to assume that things should level out at the sort of levels that have been forecast, and yet further expectations of getting Libya to the 1.7 level would appear to be misplaced if people are suggesting that.

Impact of Libyan Oil Exports on Market Structure?

The Libyan production exceeding expectations has come at a time when we also had an exceeding of the drawing away of floating inventories, and therefore, it's been at an opportune time for Libya and hasn't impacted the market materially. If you look at what sort of indicators you would expect to be hit, it is two things. It is the crude traded differentials versus dated Brant typically, and it is also the structure of the market, the backwardation or contango. This surprise increase in Libyan output have not been greeted by a steepening in the contango, which is what you'd normally see if you get prompt oil at the front of the market, creating an unexpected surplus. The drive for market forces to incentivize people to store that Libyan oil has not been there, and that tells us that the underlying demand has been solid and good enough to absorb the Libyan barrels without impacting the American, the Caspian, the North Sea and the West African fundamentals.

Outlook for China's Oil Demand?

The trading window has moved into next year already and the differentials at which Chinese refineries, both independents and state-owned enterprises, are purchasing landed crude oil is going up. At the same time, the queue of ships waiting to discharge into Shandong is eroding markedly, and all that paints a healthier picture of Chinese demand for crude. The import quotas that have been granted, indicatively granted, for next year would appear to be some 20% higher than this year. The corresponding products' export quotas are nothing like that, so that either tells you that China is expected to grow very fast or that these numbers, that are indicative, will be brought further into line. But there's no question, there is new refining capacity coming to China, they're buying to meet their quotas, and the demand for crude oil will continue to be healthy if you believe the market on the product side. ■

Vladimir Langhamer
Managing Director, Supply & Trading, OMV

Is the recent increase in Libyan production sustainable?

It feels like it is this time, at least for the coming months. It caught a lot of people by surprise and it obviously poses a challenge to OPEC. In a few weeks' time, we will suddenly have a million barrels a day (bd) capacity. We could reach around 1.2 or 1.3mn b/d but going beyond that might be more difficult due to damaged infrastructure and fields that have not been in production for a long time.

Is the lack of demand data a problem for market assessments?

The focus should be on Asia and not the US and Europe. In the last two weeks, we have had a buying spree from the Chinese and the Indians have also come back to the market – supply is now actually looking quite tight.

What factors will impact the outlook for oil markets this week?

The attention is largely around OPEC and its short-term management of supply. Further out, the market will be watching the situation in the US post election, even if it is largely symbolic. It feels like the impetus for the market is for it to go long and any bullish news might make it shoot up. The risk for the next two weeks is on the upside rather than the downside. ■

ENERGY MARKET NEWS

RECOMMENDED READING

1. OIL PRICES SLIP AS SURGING COVID-19 CASES OVERSHADOW VACCINE HOPES
2. WILL THE UAE WITHDRAW FROM OPEC?
3. EIA: U.S. CRUDE STOCKPILES RISE SLIGHTLY, DISTILLATE INVENTORIES PLUNGE
4. IRAQ-SAUDI ARABIA BORDER CROSSING OPENS FOR TRADE, FIRST TIME SINCE 1990
5. CHINA'S OIL BUYING BINGE TO RUN ON IN 2021 AS TANK OPERATORS, REFINERS STOCK UP
6. OIL CRASH CONTINUES TO CLAIM BANKRUPTCY VICTIMS IN US SHALE PATCH
7. GETTING PAID TO BORROW? CHINA SELLS BONDS AT NEGATIVE INTEREST RATE
8. UN ATOMIC WATCHDOG: IRAN NOW OPERATING NATANZ CENTRIFUGES
9. GOLDMAN SACHS: COMMODITIES POISED FOR BULL MARKET
10. ASIA STOCKS TAKE A BREATHER, BONDS BET ON FED ACTION

RECOMMENDED VIDEOS & REPORT

- OPEC+ UNLIKELY TO REACH CONSENSUS ON POSTPONING PRODUCTION INCREASE
- XI JINPING DELIVERS KEYNOTE SPEECH AT APEC CEO DIALOGUES MALAYSIA 2020
- THE GERM REPORT: OIL PRICES LOOK TO THE FUTURE, BUT WE HAVE PROBLEMS NOW
- PFIZER-BIONTECH VACCINE DELIVERIES COULD START 'BEFORE CHRISTMAS'

OPEC+ JMMC MEETING TAKEAWAYS

November 17th 2020

OPEC+ noted the robust demand in Asia and the positive news of possible vaccines against the Covid-19 virus. These developments have been overshadowed by the resurgence of Covid-19 cases in major economies.

OPEC+ reported that more stringent Covid-19 containment measures across continents, including full lockdowns, are impacting the oil demand rebound and that the underlying risks and uncertainties remain high.

OPEC+ reported that all participating countries need to be vigilant, proactive and be prepared to act, when necessary, to the requirements of the market.

Sources: OPEC, The 24th Meeting of the Joint Ministerial Monitoring Committee (JMMC)

ENERGY MARKETS VIEWS YOU CAN USE

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

Outlook for More Monetary Policy Intervention in the time of COVID?

What Central Banks are worried about is a higher burden for monetary policy, and they do have reasons to be worried. They have accommodated as much as they could. They have done that for 10 years since the last crisis, and they have done it through the intervening years of recovery. They have particularly done it in COVID to an extent like never before.

The US is now running this year a COVID deficit of 15% to 16%, and yet it will cost them less to finance the interest payments for that than last year when they had a deficit of 4.5%. The reason for that is the Fed has driven interest rates down to near zero alongside with other major Central Banks. But now they are worried mostly because they see that fiscal policies, the ability of the government to borrow money and to spend it and keep the economy up, are slackening off. It is still not clear that the Biden Administration will be in control of the Senate, and that would probably make for a smaller stimulus package in the US.

In Europe, they have gone out of their way during the first wave of Lockdowns to band together and finally agree a unified fiscal policy stimulus in the European Union. But that is unlikely to repeat itself, and they are more likely to go down the old ways of bickering against each other. Asia does not have a unified bloc outside China, and China has already recovered sufficiently to probably not need a major fiscal stimulus.

All of this shifts the burden, which Central Banks see coming towards them. They will be expected to do more for longer, buying more bonds, buying more junk bonds even. The question is whether monetary intervention can still be effective?

While it does nothing but stoke up problems for later, it can still be effective as long as there is no inflation. There will be no inflation as long as demand is low, and we are still in this semi-crisis mode. If demand picks up big time; if the economy recovers; if there are inflationary pressures, they will have to reverse course. Then a highly indebted world will have to see how they can deal with high interest rates – that is going to be difficult! ■

Fujairah Spotlight

Fujairah Completes Work on 'Green' Shipping Port

The Port of Fujairah has announced the completion of its new refuelling and shipping facility, which has been built at a total cost of AED350mn ($95.2mn).It is claimed to be the first specialist port in the Middle East to fully adopt environment-friendly standards. The new facility aims to provide a wide range of services to all ships operating along Fujairah's coast. H.H. Sheikh Hamad bin Mohammed Al Sharqi, Supreme Council Member and Ruler of Fujairah, carried out an inspection tour of the port and was briefed by engineers and technicians about its operation.

Source: Emarati News

Fujairah Ruler congratulates Sultan of Oman on National Day

H.H. Sheikh Hamad bin Mohammed Al Sharqi, Supreme Council Member and Ruler of Fujairah, has sent a message of congratulations to Haitham bin Tariq Al Said, Sultan of Oman, on the occasion of his country's 50th National Day, observed on 18th November. H.H. Sheikh Mohammed bin Hamad bin Mohammed Al Sharqi, Crown Prince of Fujairah, sent similar messages to the Omani Sultan on the occasion.

Source: Emarati News

Oil Products Stockpiles Climb to Six-Week High

Oil products stockpiles at the UAE's Fujairah port, the most important bunkering hub in the Middle East, jumped to a six-week high even as fuels for power generation and marine bunkers tumbled to the lowest in almost two years, as fuel oil shipments to South Korea resumed. Total inventories as of Nov. 16 stood at 20.436mn barrels, up 3.9% from a week earlier and the most since Oct. 5, according to data released on Nov. 18 by the Fujairah Oil Industry Zone.

Source: S&P Global PLatts

FUJCON 2021 & The Fujairah Bunkering Week Forge Ahead Virtually

Organisers and Hosts have confirmed that Fujairah Bunkering & Fuel Oil Forum, will convene as a virtual Forum on March 22-24 2021, maintaining its biennial timing since the Forum was launched in 2000. The dates for Fujcon 2021 were set at the close of the event in 2019 and the event will be held as scheduled in a virtual format, taking into account Covid-19. Under the theme, "Fuelling the Future –Solutions & Challenges", the Forum, where key decision makers, thought leaders and marine experts will be sharing views, analysis and insights on the global bunker and fuel oil market developments, will explore the continuing impact and recovery from Covid-19 against the backdrop of industry challenges of the IMO 2020 transition, OPEC + oil price collapse, the horizon of a multiple fuel future, digitalization, decarbonisation and sustainability goals.

Source: Robban Assafina

Fujariah Weekly Oil Inventory Data

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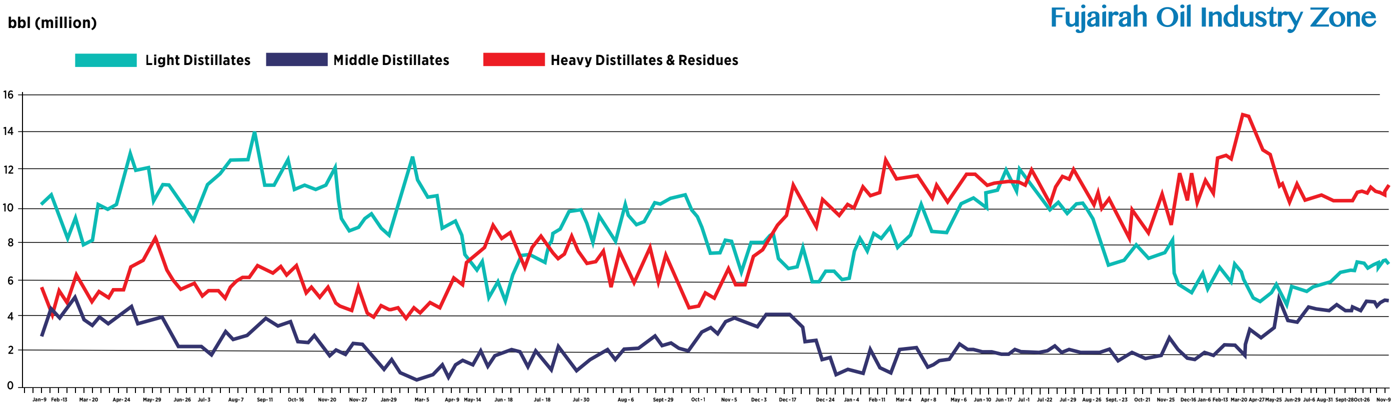
Fujairah Oil Industry Zone



TOP TAKEAWAYS

- Total oil product stocks in Fujairah were reported at 20.436mn barrels, rebounding back above the 20mn barrel level. Total stocks rose by 765,000 barrels or 3.9% week on week, with builds in light and middle distillates, while heavy residues saw a draw down in their levels on the week.
- Stocks of light distillates saw a build of 933,000 barrels or 17.4% week on week to stand at 6.307mn barrels. This is the first time they have stood above 6mn barrels in just over a month. Overall the gasoline market East of Suez was under pressure, as the market was inundated with supply and demand was slow to absorb the regional supply glut. Coupled with an uptick in regional barrels was a rise in Covid-19 cases in the West as gasoline demand enters a seasonal lull ahead of winter, sources said.
- Stocks of middle distillates rose by 607,000 barrels to 5.963mn barrels – up by 11.3% on the week. In contrast to gasoline, gasoil was steady with fundamentals remaining balanced to slightly firmer on the back of a supply crunch. Demand for product in India was seen as a supporting factor, sources noted. Some regional demand was discussed by market participants, with a preliminary notice being issued that there might be some demand for up to 170,000 mt of 50 ppm gasoil for product into Kenya.
- Stocks of heavy residues fell for the fourth consecutive week, dropping by 775,000 barrels or 8.7% on the week to stand at 8.166mn barrels, their lowest level since February 2019. In Fujairah bunker activity was muted, with lackluster demand coupled with ample availability, on the other hand, has led Fujairah-delivered marine fuel 0.5% bunker valuations to dip in the recent days, market participants noted. Fujairah-delivered Marine Fuel 0.5%S bunker was assessed at $360/mt November 17, reflecting a rise of $5/mt week on week, with bunkers at the port assessed on Tuesday at a $3/mt premium to Singapore.

Source: S&P Global Platts

BY MATT STANLEY
SENIOR BROKER
STAR FUELS

Morning all, Brent is trading this morning at $44.47 up 0.13 and WTi is trading flat at $41.82. I want to talk about the economics of spinach. Spinachnomics. It's no secret that spinach is in that "trendy veg" category. Like it's Swiss chard, curly kale and mung bean cousins. 3 quid for a 250g plastic bag of spinach. 3 quid! But you go to the frozen section and you can get 500g for a quid. Price per gram of fresh = $0.012. Price per gram of frozen = $0.002. Spinachnomics. Now I know you're going to say yeah but you can't put frozen spinach on top of some sourdough and place a poached egg on top and drizzle with something stupid, I get that, but the price difference is amazing. Why am I talking about spinach? Well I'll tell you. OPEC want to produce fresh spinach. They want organic, dolphin friendly spinach prices for their crude and I just don't think everyone within that cartel agrees. Some want to bag it up and freeze it and sell their crude alongside Green Giant bags of corn. The issue within OPEC is and has been clear for quite some time now, the cartel cannot afford to allow certain producers to consistently overproduce only for other members to compensate for those cuts. It would be like Ronaldo joining Plymouth Argyle, eventually he's going to get bored of doing all the work. Rumours this morning, and they are just that at the moment, rumours, that the UAE are in discussions about its position within OPEC. Now, I'm not going to comment on conjecture, me, controversial? never, but I will say this - it would be naïve for the cartel to assume that these discussions are not taking place, with more cuts and higher flat price it allows producers from elsewhere to grab market share. Perhaps certain members are happy with frozen spinach prices as long as they can capture market share and adjust accordingly. Keep your eyes on the headlines and have a good day.

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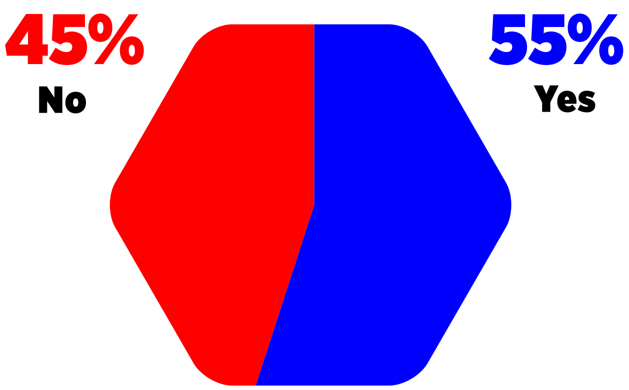
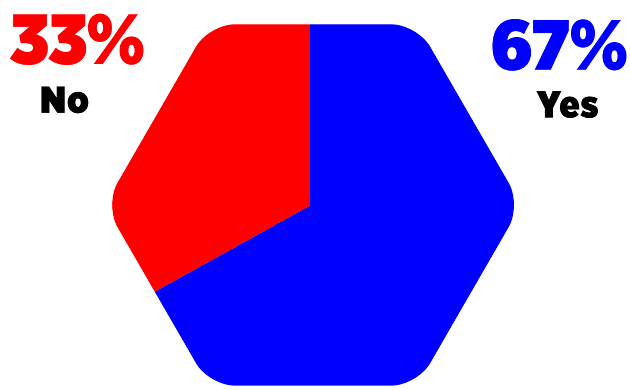
GI Consultancy Intelligence Publishing

GIQ Weekly Surveys

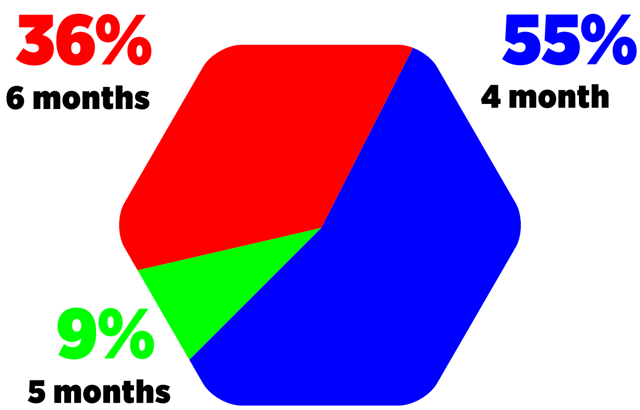
Does the oil market need to revise its assumption that OPEC+ will postpone its planned 2mn b/d supply increase?



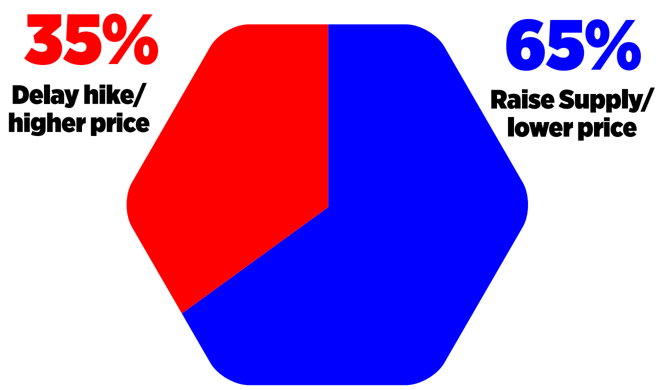
Can Libya's oil production recover to near historic average 1.5mn b/d over coming months?



OPEC+ is set to meet today to review a proposal on how long they should postpone 2mbpd production hike beyond 3 months - what do you recommend



What do you think the new Biden Administration would prefer as next step for OPEC+ oil supply in January?



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