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NEW SILK ROAD Fujairah WEEKLY NEWSLETTER

May 2nd 2024

Vol. 192

SOUNDING

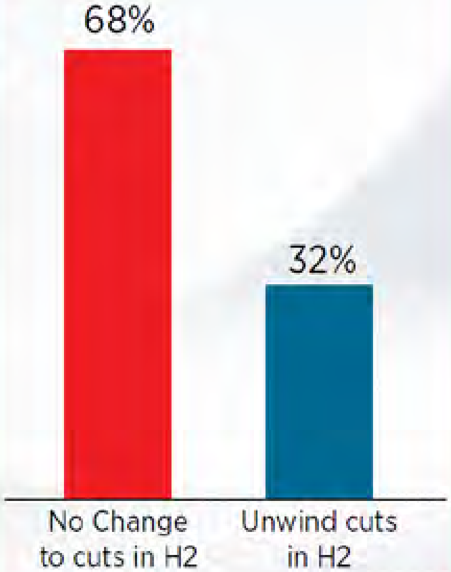
ASIAN REFINING

"Refining margins in Asia are being pulled down by diesel and while generally Asian refiners are not yet cutting runs, at least one South Korean refiner has started trimming. So, diesel is putting a lot of pressure on refining margins in Singapore and North Asia."

Nur Azlin Ahmad
Managing Editor, Asia
Argus Media

TOP SURVEY

What will OPEC+ agree when they meet in one month from now?



"Oil Markets Have Proven Resilient Against Geopolitical Disruption!"

Dr. Tatiana Mitrova
Research Fellow
Center on Global Energy Policy
Columbia University

PODCAST OF THE WEEK

FUJAIRAH WEEKLY OIL INVENTORY DATA

7,448,000 bbl
Light Distillates

3,466,000 bbl
Middle Distillates

9,882,000 bbl
Heavy Distillates & Residues

THE WEEK IN NUMBERS

WEEKLY AVERAGE OIL PRICES

BRENT CRUDE	WTI CRUDE	DME	MURBAN
$88.55/bl	$81.43/bl	$87.33/bl	$86.60/bl

*Time Period: Week 1, May 2024
Source: IEA, OilPrice.com, GI Research

FUJAIRAH WEEKLY BUNKER PRICES

VLSFO	MGO	IFO380
High = $651.50/mt	High = $904.50/mt	High = $516.50/mt
Low = $642.50/mt	Low = $891.50/mt	Low = $498.50/mt
Average = $648.00/mt	Average = $897.50/mt	Average = $509.00/mt
Spread = $9.00/mt	Spread = $13.00/mt	Spread = $18.00/mt

*Source: Ship and Bunker. *Time Period: April 24 – May 1, 2024*

FUJAIRAH BUNKER SALES VOLUME (M^3)

924 180cst Low Sulfur Fuel Oil	463,245 380cst Low Sulfur Fuel Oil	198,273 380cst Marine Fuel Oil
321 Marine Gasoil	38,155 Low Sulfur Marine Gasoil	5,171 Lubricants

Source: FEDCom & S&P Global Platts

Dr. Tatiana Mitrova, Research Fellow, Center on Global Energy Policy, Columbia University

The past two years have demonstrated quite clearly that we were all previously focused on the energy trilemma, environmental consequences and economic performance, and so energy security and geopolitical risk were a bit downplayed. Now, they have come back to the arena. But if you analyze the reaction of the energy markets to incredible events like Russia invading Ukraine or attacks between Iran and Israel, your assumption would be that the oil price would hit $200 or more. Yet oil markets have proved to be extremely resilient, much more than anybody could expect. Russia is under sanctions, with its oil and oil products embargoed by G7 countries. We would have expected this to lead to economic collapse and deficit and complete disruption of the market, but it's nothing close. Instead, Russian oil flows were redirected, markets are balanced, and prices are staying in quite a comfortable range. So, despite all the instability, the oil market is feeling quite satisfied and relaxed, with $80 per barrel as a consensus price that's acceptable for both producers and consumers.

Will new US aid to Ukraine mean no further attacks on Russian refineries?

The attacks have not stopped. In February the situation for refineries was worse, with 15% of Russia's capacity affected by the drone strikes. But during March and April, Russian oil companies managed to fix the damage quickly. From now on, it will be a tussle between more Ukrainian strikes and oil companies fixing the damage. But I do not think we will see massive disruption to the global petroleum products market either way. The bigger issue will be in the Russian domestic market, because there's now seasonal products demand for agriculture and oil companies are facing quite severe bottlenecks with domestic logistics, for example with the railroads, which are not just required to redirect flows of petroleum products, but also for container shipping, coal and other things.

Might we see disruption to Russian crude exports with tighter US sanctions?

It will be a balance between how much pressure the US imposes, and Russian oil companies managing to convince their counterparts in non-OECD countries, to take crude that's cheap and available. The stricter investigations on specific shipping companies has made off takers more cautious about Russian crude. For a while, Indian refineries no longer took its oil, and Chinese banks didn't process transactions with Russian oil companies. But Russia has found ways around that by engaging new shippers and setting up new companies. And recently, India approved coverage by Russian insurance companies, which keeps everything legal. But at the end of the day, the US wants Russian oil to remain in the market; nobody wants a price spike, especially before the elections. Sanctions on Russia, and on Iran for that matter, have been imposed to decrease the profits and margins of those producers, not remove the oil.

How likely is it that OPEC+ will adjust volumes after June?

My general feeling is that we will not see any significant moves this year. They can afford to manage the market without any problem and without any significant loss of market share or revenues. I don't think that they want to make the situation tense or create any confrontation. It's election year in the US and there are many other factors affecting the geopolitical landscape. In 2025, they can assess how demand will perform.

Is there a price ceiling that OPEC+ would want to cap?

Anything above $100 would be psychologically undesirable and would for example encourage faster growth of EVs and consumers to change choices. Of course, if OPEC+ sees a real demand surge, they can add that idle capacity and regain their market share. That was the expectation right after Covid, but it didn't materialise. If demand stagnates from here, then it will be a difficult situation because non-OPEC producers are increasing production, and at a certain point, OPEC+ will start to compete for market share, creating a price war. I don't think that will happen this year.

Has Energy Security trumped Energy Transition?

It depends on the region. For Europe, the transition is priority number one, from an environmental and energy security point of view. For countries like China, it has made enormous investments in transition technologies because they've decided to make that a flagship of their industrial strategy. In the US, there's the Inflation Reduction Act and renewables expansion and at the same time, impressive activity in the upstream sector. One development that has come from global oil and gas companies, which were only talking about renewables for the last few years, has been a move of focus back to their core business, encouraged by better margins and providing good returns to shareholders. The alternative is to invest in riskier renewable projects, with lower returns. Nevertheless, 2023 was still an incredible year in terms of renewables capacity additions and investment and we could see the mood change again, but for now, it seems an existential challenge for oil and gas firms to think about their business models in the era of peak oil.

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GI Consultancy Intelligence Publishing

THE MULTI PURPOSE PORT

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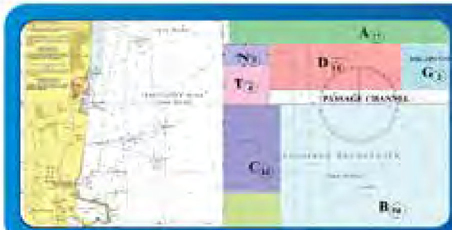
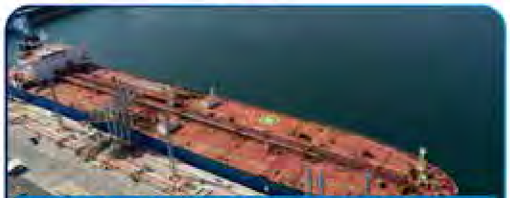
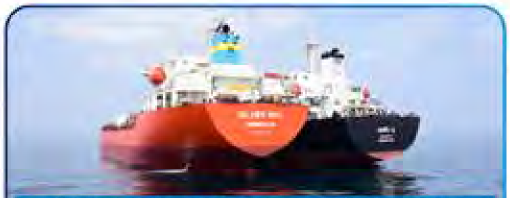
Dry Bulk Cargo - Key regional aggregate export hub.

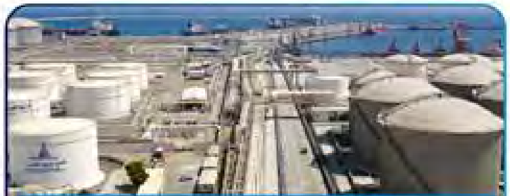


Stategically situated on the East Coast of the UAE outside the Straits of Hormuz.


Fujairah Oil Tanker Terminals (FOTT) - The Middle East's premier hub location for oil trading activities.

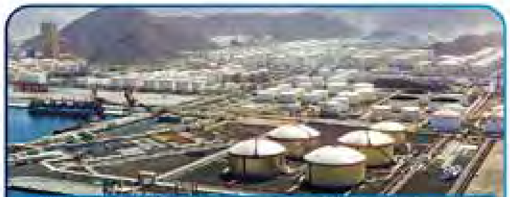

Bunkering at Fujairah Offshore Anchorage Area - Fujairah is the world's third largest Bunkering Hub.


Fujairah Terminals "FT" - FT provides a full range of container, general and project cargo services.


Extensive pipeline infrastructure connecting the Tank Storage Terminals with FOTT


Liquid Bulk Tank Storage Terminals - The Middle East's largest oil storage hub.


Fujairah Grain Silos - Strategic & commercial grain storage and trading.


FOTT Matrix Manifold System - This unique system provides terminals access to all berths as well enable ITTs between Terminals.


VLCC Berth - The first VLCC Berth on the Indian Ocean, which accommodates oil tanker up to 330,000 DWT.


Service Harbour - A Key facility to support one the world's biggest maritime service hubs.

www.fujairahport.ae

FUJAIRAH SPOTLIGHT

The Fujairah Government recently took part in the World Future Energy Summit 2024 in Abu Dhabi, showcasing the emirate's commitment to sustainability and renewable energy. Six key governments entities highlighted their initiatives and future projects aligned with Fujairah's vision and the UAE's national agenda for sustainable development.

Source: https://ae.linkedin.com/company/foiz?trk=public_post_feed-actor-name

National Bank of Fujairah posts 81% rise in Q1 pretax profit

National Bank of Fujairah (NBF) recorded year-on-year growth of 80.8 PER CENT to close the three-month period at a net profit before tax of Dh274.8 million compared to Dh152.0 million in the corresponding period of 2023.

Source: Gulf News

Fujairah Government participates in World Energy Congress' roundtable in Rotterdam

A delegation from the Fujairah Government participated in a Ministerial, CEO and Mayors' Roundtable, as part of the World Energy Leaders' Dialogue series, which was held on the sidelines of 26th World Energy Congress in Rotterdam, the Netherlands, from 22 to 25 April.

Source: Emirates News Agency – WAM

BUNKER HUB PRICE WATCH: FUJAIRAH

Very low sulphur fuel oil (VLSFO) and low sulphur marine gasoil (LSMGO) prices decreased week-on-week at the Port of Fujairah, according to Bunkerspot Price Index (BPi) data. The price of VLSFO slipped $5 during the week, from $647 per metric tonne (p/mt) on 23 April to $642 p/mt today (30 April).

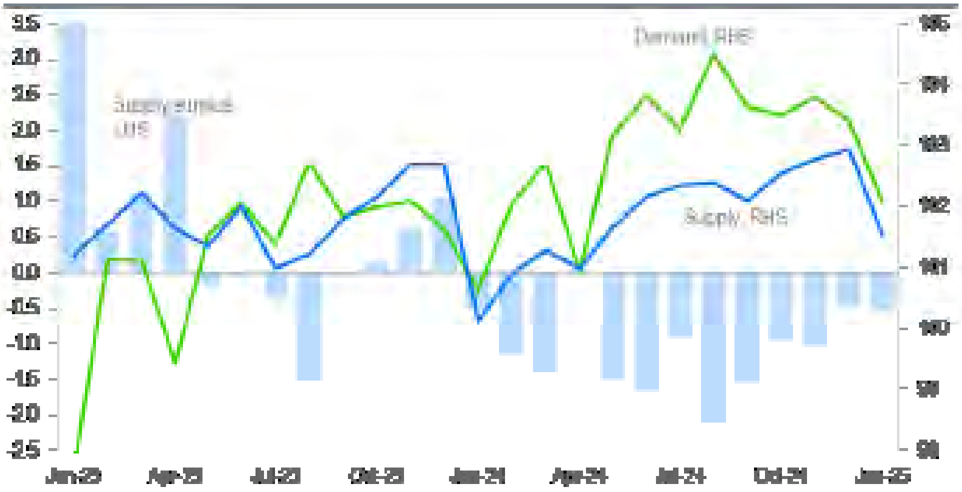
Source: Bunkerspot

COMMODITY ROADMAP

Our oil supply and demand balances (Figure 1) show a significant tightening this year relative to the surplus conditions of early 2023. Our model shows a cumulative global stock draw of 189 million barrels (mb) in H1-2024, a sharp improvement from the H1-2023 stock build of 218mb which overhung the market and flattened forward price curves last year. The fastest rate of H1 stock draws in our model are in May and June; we are now entering a key period for oil fundamentals in terms of whether the market will tighten further or disappoint. The key is demand; we expect it to reach an all-time high of 103.1mb/d in May and rise further to 103.8mb/d in June. We forecast y/y demand growth at 1.62mb/d in May and 1.74mb/d in June. For comparison, the US Energy Information Administration (EIA) also puts June demand at 103.8mb/d but is cautious about May, forecasting 102.2mb/d. In our model half the H1 draw takes place in May and June, while in the EIA model around half the H1 draw is in June alone.

Figure 1: Oil balances if OPEC+ does not add supply in Q3

Global inventory build, mb/d (LH axis); global supply and demand, mb/d (RH axis)



The next OPEC+ ministerial meeting is set for 1 June in Vienna. Information on actual May and June fundamentals at that point will be limited and largely confined to reflected indicators, such as market spreads, prices and sentiment. Our balances indicate that OPEC has scope to increase output by over 1mb/d in Q3 without increasing inventories. However, in the absence of a sufficiently powerful immediate market signal ministers might not feel comfortable acting without knowing whether H1 tightening was fully delivered in May and June. Should the return of some barrels be delayed, we expect the supply deficit to exceed 2mb/d in August (Figure 1 balances assume no OPEC+ supply is added in Q3). It appears to us that OPEC+ has control of the H2 balances; however, we think market pricing and sentiment is yet to fully reflect this.

Source: Standard Chartered Bank – Commodity Roadmap

WHAT A CASTE CENSUS CAN COME TO MEAN

Narendra Taneja
India's Leading Energy Expert

I was born in the Indian Railways township of Tundla, a major junction on the historic Delhi-Howrah trunk route, in the heartland of Uttar Pradesh. The town had a population of just 30,000 then, divided almost equally between the railwaymen and their dependents and 'the townwallahs', as the others - shopkeepers, traders, professionals and some farmers - living there were fondly called.

Tundla was like a microcosm of India, with people from all parts of the country, representing all religions, faiths, languages, traditions, colours and festivals, living there. Ramlila, Durga Puja and Guru Parva festivities always fascinated me, as did the sombreness of the Muharram processions. Nobody ever asked me my caste or, for that matter, my religion. My parents were refugees, thanks to the unfortunate Partition. My father had to leave behind his ancient village in the Frontier, bordering Afghanistan, and my mother had to flee from Mianwali in western Punjab. But it did not matter to our neighbours or friends. It was a childhood full of carefree joy, play and happiness. The whole town was like a family, which would transform into a big mela (a fair) on occasions like Diwali, Durga Puja and 'chhabbis janvary' (January 26, the Republic Day of India). I did not know anything about caste. Two families living opposite our house were Dalit, which I had heard - mostly in whispers - from the priest of our local temple, but we all prayed together, celebrated together, and often ate together.

Facing The Caste Question

I am sure the caste fissures were all there, and probably profoundly, but they were under the radar, never paraded nakedly. Caste was a reality, a big social cleavage in villages just outside our microcosm, but I also know for sure that most even in those villages would have wanted to be like us.

Honestly, I did not know - and did not care to know - my caste until I was already settled, had travelled all around the world, married and even had the first child. The 1990 violence over the implementation of the Mandal report shattered me. Suddenly, everybody was asking each other about their caste. If you used only 'Kumar' or 'Singh' or 'Bharti' as your last name, people were careful not to offend you, staying neutral on the Mandal debate in social gatherings. It was in such an atmosphere and anxiety I called up my father one evening to ask him about our 'caste'. He was baffled. All he managed to say was, "We are Hindus, Panjabi Hindus." I persisted, "That I know, but what is our caste ... I mean caste?" I listed out all the four varnas and asked him to tick the right box. He said, "We are Arora. I do not know beyond that." There was no Google in those days. My probing ended there, and I did not care to find out more. Being an Indian was all that mattered to me - and still does.

The Meaning Of A Caste Census

But what if a government led by parties who promote a national caste survey actually conducts such a study? What if they knock at my door with a lengthy form asking my caste, insisting that I either declare my caste or face punishment? What if they do not accept 'Arora' as a caste or do not have it listed in their miles-long list of all castes, sub-castes and so on? What if I write only 'Hindu Indian' in response to my caste? I also wonder whether leaders from these parties, if voted to power, would make caste declaration mandatory for other public services too: airport immigration counters, banking, etc. I wonder whether they ever discuss caste with their own children at the dining table.

A caste survey at the national level might deliver some perceived dividends to some political parties, but at what cost? At the cost of dividing a population of over 750 million young Indians, especially those living in urban and semi-urban areas, into unfamiliar verticals, or even silos, and placing them in an atmosphere they would be extremely uncomfortable in. Why are some of our politicians so disconnected from the aspirations and dreams of young Indians? Yes, I know, caste is still a reality, unfortunately, in many parts of the country. But why not go for scientific surveys, preferably digital, to render India free from ills like illiteracy, poverty, caste system, discrimination against women, etc, as envisaged in the Constitution?

Such surveys can measure, for instance, why some parts of the country have been left behind economically and socially and what needs to be done as a nation to pull them into the national mainstream. We need studies to find out why not a majority of our colleges and universities are as good as, say, Delhi University or Jamia Millia Islamia. We need surveys to know why a large number of young people prefer government jobs over entrepreneurship in some states, why a farmer's yield is still below international standards, and why there are still so few new-generation women entrepreneurs in the country. All that 1.4 billion Indians want today, after all, is a united and developed India.

Source: https://www.ndtv.com/opinion/thinking-beyond-a-caste-census-5528292

ENERGY MARKETS VIEWS YOU CAN USE

Nur Azlin Ahmad
Managing Editor, Asia
Argus Media

Chinese demand was strong in Q1 but it's now slowing down.

Chinese New Year, spring construction, and higher LPG imports spurred demand in the first quarter. But diesel consumption has been lower than expected, with stocks 20% higher year on year as of August. Margins for products inside the country, especially gasoline, are not attractive, leading refiners to consider exporting more. Most Asian refiners are not yet cutting runs, but one South Korean refiner is already doing so. So, demand for products is weak, with diesel putting a lot of pressure on margins in Singapore and North Asia.

How is the strong dollar impacting Asian buyers, particularly of LNG?

Rising oil prices are affecting the USD index and consumers in Asia. While higher prices may not significantly impact demand, they do influence pricing trends. Oil prices could drop if we see a ceasefire in the Middle East and that would benefit Asian consumers and with moderate demand in Asia, prices could stabilize or even decrease slightly.

Outlook for China's economy this year?

Despite higher GDP growth in the first quarter, inflation remains a concern, with real growth surpassing nominal growth due to producer price deflation. The downturn in China's real estate sector is counteracting Beijing's fiscal stimulus efforts and slowing income growth is curtailing household consumption, which is seen as a major driver of changes in oil demand.

Maleeha Bengali
Founder
MB Commodity Corner

What can we expect next from the US Fed?

While economic indicators in the US are on a downward trajectory, consumer prices continue to surge. The Fed finds itself in a conundrum with neither the option to raise nor cut rates. They are essentially in a holding pattern, awaiting an opportunity to intervene as the economy cries out for stimulus. However, the current data doesn't align with their intentions, leaving them to bide their time and hope for a shift in market sentiment. The probability of a rate cut by the end of the year has dwindled significantly. The uncertainty surrounding the Japanese Yen and its ripple effects on bond markets only exacerbates the situation. There are indications of a slowdown in the robust labour market, with job openings declining, but unemployment remains below 4%, indicating that intervention isn't immediately necessary. Nonetheless, there's a growing disparity between official labour market data and anecdotal evidence from households. A negative jobs report in the coming months could provide the impetus for the Fed to consider rate cuts. But until such a signal emerges, there's no immediate reason for them to act.

Will the oil price continue to decline?

It's all about demand dynamics. Take, for instance, the recent Israel-Iran tensions a couple of weeks back, which caused oil prices to drop. We are not attributing any geopolitical price premium to oil; rather, it's all about demand, especially with the onset of the summer driving season. However, recent indicators, such as yesterday's four-week moving average on US gasoline, suggests lower-than-expected demand. We've consistently argued that there's no actual shortage of oil; the market is balanced, hovering between \$80 and \$85. However, if we witness an economic slowdown, particularly stemming from the US or China and filtering into other regions like Europe, demand could decline further. The critical question here is the discrepancy between the optimistic forecasts of many economists regarding economic recovery or growth and the reality we observe.

MENA
TERMINALS

MTF Storage Terminal

MENA TERMINALS FUJAIRAH FZC

Profile

MENA Terminals Fujairah is an independently owned and operated storage terminal located within the Fujairah Oil Industry Zone at the Port of Fujairah. Established in 2012, the terminal has been effectively catering to the storage requirements of major trading houses, multinational corporations, and medium-sized traders.

The terminal comprised of 14 tanks with a total capacity of 352,000 cbm, is capable of handling Class I, Class II, and Class III products ranging from light distillates like Gasoline all the way up to Middle and Heavy distillates like Gas Oils and Fuel Oils, respectively.

Equipped with the state-of-the-art technologies, the terminal can accomplish operations such as vessels and bunker barges loading and discharge, pipeline transfers with other terminals, inter-tank transfers, additive blending, cargo heating, circulation, and truck loading services.

MENA Terminals Fujairah is part of the Mercantile & Maritime Group, which specializes in oil and gas marketing & trading, shipping, logistics and consultancy services. The group offers a comprehensive range of services across the oil and gas value chain.

MENA Terminals Fujairah has a sizable landbank with the potential to add more than 1 million cbm of new storage capacity to its existing infrastructure. Anticipated developments within the Port of Fujairah and region are expected to create substantial storage demand going forward.

Terminal Highlights

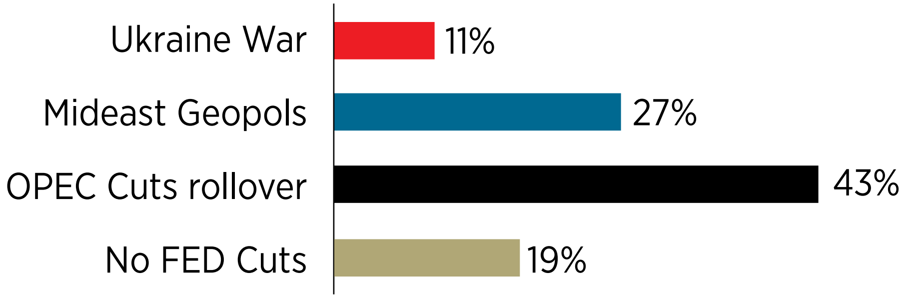
- State-of-the-Art engineered Class-I Oil Storage Terminal.
- Strategically located at Port of Fujairah (PoF) - One of the largest bunkering ports in the world.
- Current operational capacity of 352,200 m^3 with 14 tanks (Phase 1 & 2) with truck loading facility.
    - o 230,246 m^3 - Black Products (6 tanks).
    - o 121,954 m^3 - Clean Products (8 tanks).
- Connectivity with all berths of Port facilitating Vessel operations and Inter-terminal trade.
- Consistently best performing terminal in shipping operations against Port KPIs.
- Zero claim on contamination, product loss or vessel delays.
- Zero Operational downtime given to effective Preventive maintenance.
- Efficient control on product loss.
- Pre-qualified by Oil Majors for storage.
- Dedicated team of well experienced and qualified oil industry professionals.

Operational Excellence

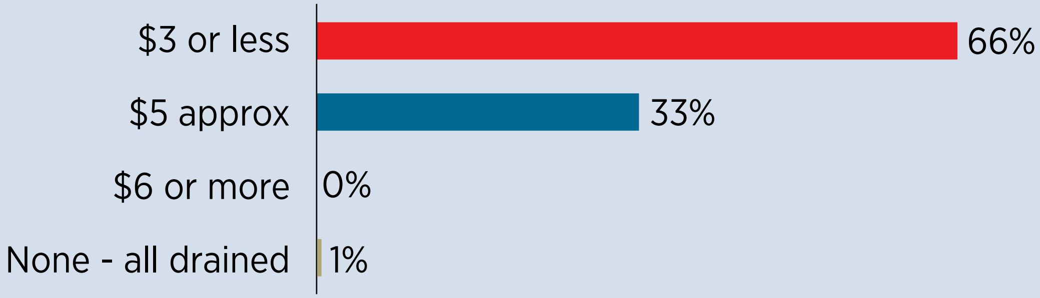
- Multipurpose Class-I switchable tanks with Internal Floating Roofs
- State-of-the-Art Terminal Automation System
- Best in class pumping capacity amongst FOIZ terminals with 4,500 and 3,000 m^3/hr flowrates for black and clean products, respectively.
- Two jetty lines (30" each) for black products capable of 4,500 m^3/hr flowrates per line
- Four jetty lines (24" each) for clean products capable of 3,000 m^3/hr flowrates per line
- End-to-end piggable pipeline between the Port Jetties and the terminal
- Cone-bottom and fully strippable product tanks
- Efficient product blending and heating capability
- Dedicated matrix manifold for positive segregation of black and clean products
- All pumps equipped with Variable Frequency Drives for optimized flow rates.
- Redundant critical utilities & equipment in place to ensure business continuity.

WEEKLY SURVEYS

What will have biggest determination on the direction of oil prices in H2?



Oil fell 1.5% after the New York Times reported that Israel is open to a truce involving an initial release of hostages – how much Geo-Pol risk premium still in oil price?



Is Brent more likely to hit $80 or $90 first?

ENERGY MARKETS VIEWS YOU CAN USE

Dr. Charles Ellinas
CEO, Cyprus Natural Hydrocarbons Co. &
Senior Fellow, Global Energy Center - Atlantic Council

The oil price has been attempting to breach the $90 mark for some time now.
It reaches $90, then declines, then rises again, only to drop once more. This fluctuation likely influences sentiment. OPEC+ and particularly Saudi Arabia, are trying to maintain it at or slightly above $90. The kingdom is growing increasingly concerned about the sustained criticism of the oil industry, particularly spearheaded by the IEA. It is taking its toll, leading to a decline in oil investments and casting doubt on the future of the industry. This morning, Brent crude dropped to $85.50 following the latest news from the US on inflation and interest rates, signaling continued uncertainty. So Saudi Arabia's aspirations for prices above $90 seem increasingly challenging, and so it is likely to adopt a more conservative stance regarding long-term plans and expenditures.

Could we see the US Fed increase rates this year?
There's a possibility that if inflationary conditions don't improve, rates may escalate at some point. The market has already factored in this anticipation over the past few days so if the Fed confirms that interest rates are staying put, we shouldn't anticipate significant fluctuations in oil prices, especially considering the recent downward trend.

Outlook for Europe buying gas this summer?
Only half of the 20% decline in gas utilization in Europe over the past couple of years is expected to be recovered, so 10% of gas demand will be permanently lost. And despite ample gas supply and near-full storage, Europe's gas market lacks direction. One consequence is that US LNG producers are turning to Asia, anticipating stagnant demand in Europe due to green policies and hesitancy by utilities to enter long term contracts.

Choeib Boutamine
Energy Advisor & CEO
Ranadrill Consulting

The gap left by Russian gas to Europe has placed North African gas development in the spotlight.
Algeria is focusing on investing in natural gas fields to meet this demand, with $50 billion allocated from today through to 2028, and $8.8 billion in 2024 alone. The war in Ukraine in 2022 led to a surge in demand for natural gas, highlighting the need for long-term investment in the industry. European countries, facing a shortage of natural gas, are seeking steady supplies. Algeria is today supplying 70% of its natural gas to Europe through pipelines. Furthermore, the US administration's decision to postpone LNG projects had significant implications for European leaders, underscoring the importance of secure and steady natural gas supplies. Algeria's strategic location and significant natural gas reserves position it as a key supplier to Europe.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We're taking the next step.
OMV is a reliable partner – both for energy supply and research. We are already working on tomorrow's solutions today. We invest in innovative recycling technologies and sustainable biofuels, just to name a few examples. These investments are part of our contribution towards a future with low CO_2 emissions.
Find out more at: **omv.com**

ENERGY MARKETS VIEWS YOU CAN USE

Paul Hickin
Editor-in-Chief
Petroleum Economist

The predominant issue weighing on oil prices is macroeconomic. Inflation remains a significant concern for the US economy. At the beginning of the year, there was talk of numerous interest rate cuts from the Federal Reserve. Now, the conversation has shifted towards the possibility of rate hikes. While still a distant possibility, the lack of progress in tackling inflation undermines the efficacy of interest rate adjustments. This uncertainty suggests that sustained higher interest rates could weaken the economic engine of the US. This apprehension is echoed across global markets, with a spotlight on China, where despite a robust GDP, leading indicators like the PMI have been less than convincing. Given this landscape, there's no guarantee that OPEC+ will reverse its production cuts at the upcoming June meeting. While there are signs of market tightening, the pace at which OPEC+ is draining supply remains uncertain. The crucial May-June data won't be available for the meeting, so decisions will rely heavily on sentiment and prices. There's a strong argument for OPEC+ to extend its current production levels, potentially until the end of the year or beyond. There's a merit in maintaining the cuts until the third quarter. Some key OPEC members seem content with current price levels, preferring stability around $90-95 per barrel. The fear of market instability if prices drop below $80-85 prompts caution in unwinding production cuts too soon.

GI Consultancy Intelligence Publishing

ENERGY MARKETS VIEWS YOU CAN USE

Andrew Critchlow
Head of News, EMEA
S&P Global Commodity Insights

What will determine the trajectory for oil prices in the coming months?

While much attention is paid to post-COVID demand projections, it's crucial not to overlook supply-side factors. For example, the imminent expansion of the Trans Mountain pipeline in Canada, is going to add another 300,000 plus barrels of Alberta oil sands to the West Coast, and that's going to go into the Pacific basin and Asia. It will have a massive impact on this market share battle, which is already starting to percolate even within OPEC+, between Russia and some of the other countries, for supplying heavy crude grades into China and other Pacific Basin countries. And that's also off the back of 2023 where we saw record US production of over 13mn b/d of crude and upwards of 20mn b/d of total liquids.

Can OPEC+ extend its cuts through to the end of the year?

The pressure on the members to maintain these reductions is mounting. Even Saudi Arabia is struggling. It has had to cut its ambitious Neom real estate project to about half of what it was meant to be, and that's all to do with the oil price. So, how long can Saudi sustain holding back these volumes of its own production? It certainly can't ask any of the members within OPEC to do that for much longer. And while prices are around the high-$80s to low-$90s range, that is a long way below fiscal break-even points for Gulf producers. Abu Dhabi and Riyadh cannot run themselves on $80 oil. To grow, they need $100 in the Gulf, and you can see that with the amount of capital spending on the ground, and with the need to invest more foreign reserves overseas through their sovereign wealth funds.

Our energy for change

Because energy is the driving force behind industry and everyday life. Even and especially in challenging times. That's why our heart beats for a reliable, flexible and increasingly greener energy supply.

We are shaped by change and our strength is our experienced team. We are doing all we can to accelerate the green transformation. Like no other company, we master the interplay between electricity and gas – both regionally and on the international markets.

We deliver the right energy to the right place at the right time at the right price – for all our customers.

Uniper. The beating heart of energy.

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ENERGY MARKETS VIEWS YOU CAN USE

Peter McGuire
Chief Executive Officer
XM Australia

Geopolitical risk and demand should give oil upside of $5 or more.

The broader commodity complex remains strong, with copper up by almost 20% in the last couple of months, surpassing $10,000 per metric ton, spurred by increasing industrial demand in China and solid commodity prices early in the season. Copper is projected to rise further and reach nearly $12,000 by the end of the year. Meanwhile, the CSI 300 in China has seen a 16% increase since February, indicating a strong market trend for further growth. In the US, economic indicators such as the core Personal Consumption Expenditures Price Index in March, came in at 2.8%, indicating persistent inflation. Interest rate cuts, which were originally anticipated for March, have been pushed out to possibly September, with an election in early November adding complexity.

Where does the ECB stand versus the FED in cutting rates?

There's no doubt Europe needs a cut. Consumer sentiment over the last couple of years has been anemic, coupled with a weak manufacturing picture in Germany, in France and Spain. The whole zone is pretty much underwater. GDP in the fourth quarter last year was flat and we've seen a slight uptick of 0.2% for Q1 this year. It will get to a point where we have stagflation, so a rate cut would certainly help and also take some pressure off the Euro.

Fujairah Weekly Oil Inventory Data

FOIZ
منطقة الفجيرة للصناعة البترولية
Fujairah Oil Industry Zone

TOP TAKEAWAYS

- Total oil product stocks in Fujairah were reported at 20.796 million barrels with a fall of 844,000 barrels or decline of 3.9% week-on-week, as they held above the 20-million-barrel level for the fifth consecutive week. The stocks movement saw a small build in light distillates while there were draws in middle distillates and heavy residues.

- Stocks of light distillates, including gasoline and naphtha, rose by 138,000 barrels or 1.9% on the week to 7.448 million barrels. The East of Suez gasoline complex strengthened, tracking a widening US RBOB-Brent crack, and amid diminished regional supplies from refinery turnarounds. India's gasoline exports rose 6.5% on the month to a 12-month high of 1.338 million mt in March, amid a 12.5% on-the-month rise in Indian gasoline refinery output to 4.129 million mt, provisional data from the Petroleum Planning and Analysis Cell showed. Indian gasoline barrels flowed to Asia in March to bolster overall supplies amid an expected drop in regional output due to turnarounds at Vietnam's Dung Quat refinery and Malaysia's Melaka refinery. India did not import any gasoline for the fourth consecutive month in March, the data showed. In tenders, India's IOC was heard seeking up to 96,000 mt of gasoline for delivery over May-June at Kandla, Kochi and Chennai via tender that closes May 2, sources said.

- Stocks of middle distillates, including diesel and jet fuel, fell by 97,000 barrels or 2.7% on the week to 3.466 million barrels. The East of Suez gasoil complex remained under downward pressure amid high supplies, while refiners assessed their run rates in the prompt period due to weak refining margins. The prompt gasoil derivative time spread stayed in a contango structure amidst the weak sentiment. QatarEnergy offered on behalf of ORYX GTL limited a 40,000-mt GTL diesel cargo loading over May 23-24 from Ras Laffan via a tender that closes May 1, with same-day validity. BAPCO offered a 40,000 mt or 60,000 mt cargo of 10 ppm sulfur gasoil FOB Sitra for loading over June 4-7 via a tender, which closes April 30. Meanwhile, South Africa's Engen sought 40,000 mt of 10 ppm sulfur gasoil via a tender closing April 30, with same-day validity. The cargo can be loaded over May 21-23 from Singapore/Malaysia, or over May 25-27 from India or the Arab Gulf, or over May 27-29 from Duqm in Oman.

- Stocks of heavy residues fell by 885,000 barrels, down 8.2% on the week as they stood at 9.882 million barrels, moving back below the 10-million-barrel level. Spot bunker trading activity at the Port of Fujairah was seen mostly average at best, or even slightly subdued overall during the last trading day of the month, traders said April 30, capping premiums in the downstream market. Although low sulfur fuel oil demand in the downstream market around Fujairah has remained largely healthy over the past recent weeks, competitive offers by keen sellers induced some degree of volatility. This might pressure delivered premiums, they added.

Source: S&P Global Commodity Insights

ENERGY MARKETS NEWS

1. Oil prices pick up on prospect of US replenishing strategic reserve
2. Asia's crude oil imports slip in April, trail OPEC forecasts: Russell
3. Base metals gain on softer dollar
4. Asia stocks rise as Fed tamps down hike fears; yen leaps
5. US payroll report key to EUR/USD as Fed hike risk subsides
6. UK Manufacturing Sector Hit by Weak Demand and Red Sea Crisis
7. US natgas prices fall 3% on forecasts for less demand, storage oversupply
8. Tanker Traffic Resumes at Beleaguered Freeport LNG Terminal

0. US senator urges Biden to include safeguards in any nuclear power deal with Saudi Arabia

10. WATCH LIVE: Federal Reserve Chair Powell holds news conference following interest rate meeting

RECOMMENDED READING

- The Next Two Months Will Be Critical For Oil Fundamentals
- UAE's Fujairah oil inventory data for week ended April 29
- ADNOC, G42 and Presight Partner to Accelerate AI Solutions for the Energy Sector
- Saudi Arabia, UAE supplied 85% of Japan's crude oil in March
- Blinken says US cannot support Rafah assault without humanitarian plan
- Turkiye to join South Africa's genocide case against Israel at World Court, minister says
- House passes antisemitism bill with broad bipartisan support amid campus arrests
- Solomon Islands lawmakers to vote Thursday for new PM as China deals eyed
- Indian Oil-Refining Giant Joins Army of Traders of Key Oil Price

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FOIZ
منطقة الفجيرة للصناعة البترولية
Fujairah Oil Industry Zone

The Gateway to the World's Fastest Growing Energy Consumers!

As the UAE's only emirate on the Arabian Sea coast, Fujairah is at the heart of the new energy corridor opening up East of Suez to Asia. The emirate is already established as a world-scale storage and bunkering center alongside Rotterdam and Singapore and is set to benefit in the next few years from companies' plans to expand crude and petroleum product facilities to avail of the state-of-the-art physical infrastructure on offer.

STRATEGY

Developing the petroleum strategy for investment in the region

REGULATORY AUTHORITY

Regulating all aspects associated with the Oil and Gas industry

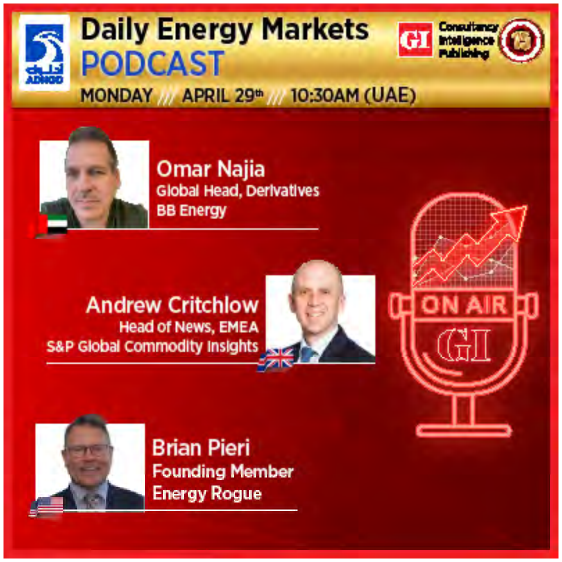
ADMINISTRATIVE SERVICES

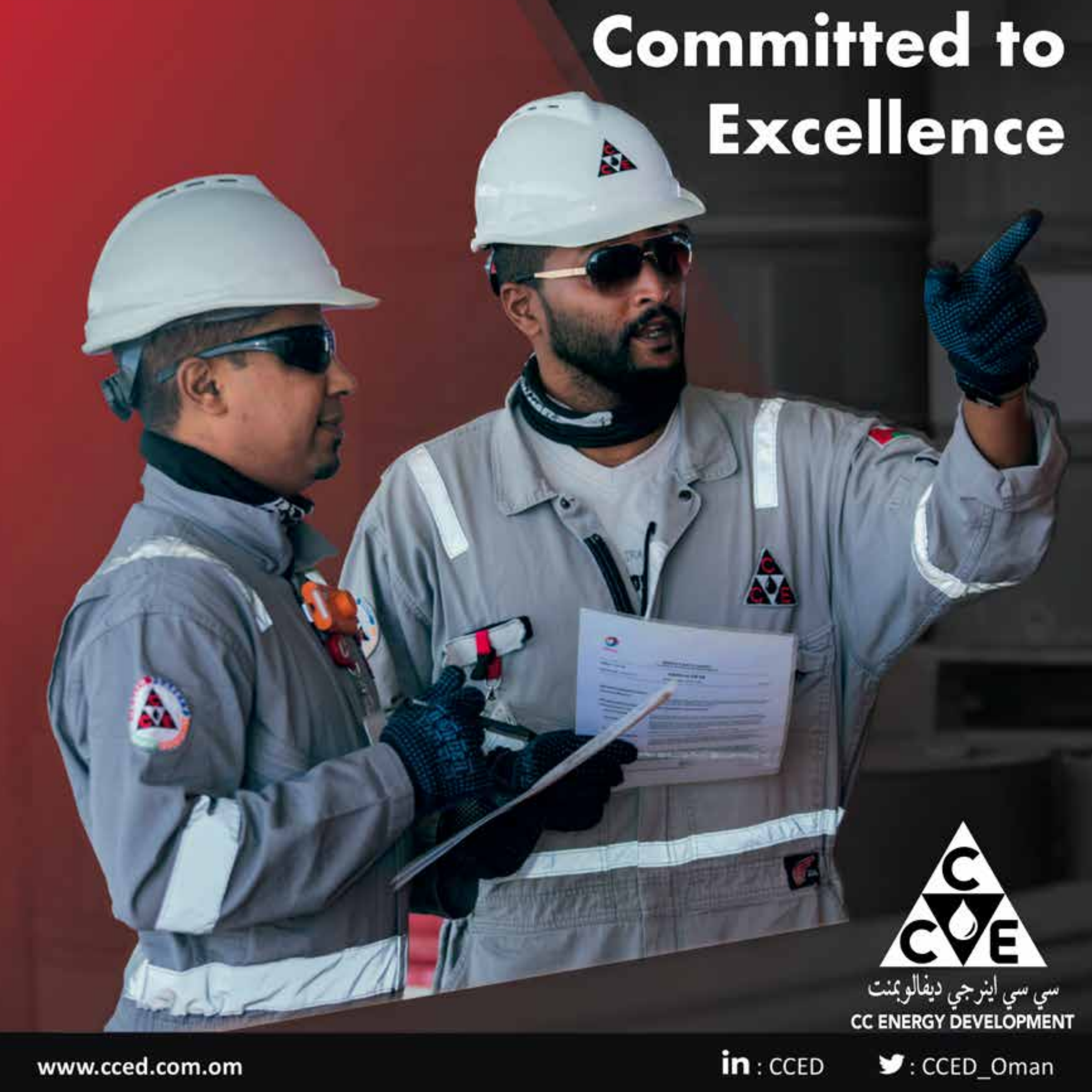
Providing administrative services to stakeholders for smooth operation of the business

INFRASTRUCTURE

Infrastructure enablement & provisioning for companies investing in the region.

Energy Markets Commentary
Week in Review

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GI SOUNDINGS WEEK IN REVIEW

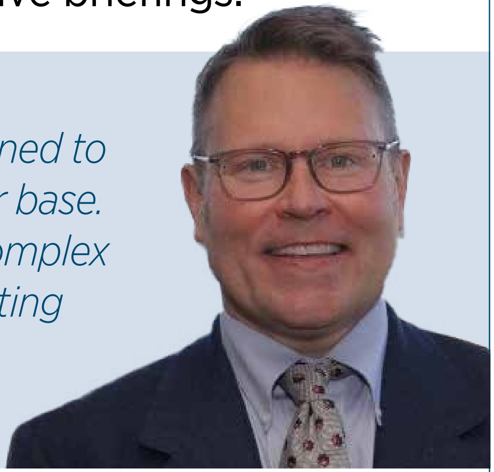
"Sticky Inflation Continues to Confuse US Fed Rate Policy!"

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.

US DEBT

"Debt is undeniably a looming issue and not solely confined to the government, but also pervasive within the consumer base. The US finds itself increasingly cornered, navigating a complex financial landscape, and the temptation to resort to printing more currency as a quick fix is palpable."

Brian Pieri, Founding Member, Energy Rogue



US FED POLICY

"The Fed is trying to keep the economy going. The problem the US has is that it needs to borrow money and it cannot afford to pay interest on its debt even now at 5%. The Fed has to decrease rates to allow the Treasury to borrow more money and that perpetuates the debt accumulation."

Omar Najia, Global Head, Derivatives, BB Energy

GI SOUNDINGS WEEK IN REVIEW

ECB

"We have observed that the peak of inflation has passed and that the European Central Bank is considering slowing down interest rate increases and is planning cuts. But we still don't know the extent of what this cut will be."

Andrei Belyi, PhD, Professor, Founder & CEO, Balesene OÜ

US FED POLICY

"They would like to establish a direction after the June meeting so that they're not seen to be taking sides with Biden or Trump. But I'm not sure they're going to be able to do that as it will depend on the numbers. That last bit of inflation, down to 2%, is proving sticky and difficult."

Bill Spindle, Senior Global Correspondent, Cipher News

SAUDI GEOPOLITICS

"It is a very clever approach being followed by Mohammed bin Salman. Saudi Arabia's relations with Iran, China, the US, European Union, other Gulf nations, Turkey – is a multifaceted approach to global relations, and not putting all the eggs in the same basket."

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