Fujairah New Silk Road WEEKLY NEWSLETTER

رمضان كريم
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Fujairah Oil Industry Zone

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

"Keeping Energy Moving Safely in the Gulf is Critical for World Energy Flows!"

Guy Mason, Chairman, International Foundation for Aids to Navigation, Former Global Head of BP Shipping

Shipping is always dynamic, and the industry is notoriously good at adjusting and improving supply chains. The war in Ukraine has caused some new inefficiencies to appear, and while the new flows may not be permanent, we are likely to have a period of adjustment that will be long running. Tanker market rates are strong today and likely to remain so for a while. Importers and exporters are having to source energy beyond what might be obvious near markets. They're having to go further afield to deliver and get that energy. And there are many more ship to ship operations than previously; commentators in the market aren't aligned on this yet, but somewhere between 5% and 10% of all tanker demand is now tied up in STS operations and some of that has to do with these new routes to get Russian product to Asia and US exports to Europe. The Ukraine war has also meant that less experienced operators are entering the market, and some of them tend to use older vessels. Keeping energy moving safely in the Gulf is critical for world energy flows and that requires many things to be in place such as geopolitics and crew competency, but perhaps the most critical of all is the ability to navigate safely. The 'dark' part of the fleet is a concern. It is illegal to turn off your AIS system, but this is somewhat resolved with the many companies that come together, using machine learning and algorithms and artificial intelligence, so that vessel activity and vessel behavior is still very visible, whether your AIS is switched on or not. So, the 'dark' in itself is not a problem. What's behind it is however - that there are less experienced operators who are using older vessels, with insurance that has not been tested through the conventional P&I system.

CONTINUED ON P 3

Fujairah Weekly Oil Inventory Data

6,075,000 bbl	3,074,000 bbl	10,048,000 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: $3.40/m³

THE WEEK In Numbers

Weekly Average Oil Prices

Brent Crude:	$83.97/bl
WTI Crude:	$79.62/bl
DME Oman:	$83.16/bl
Murban:	$84.98/bl

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

Fujairah Weekly Bunker Prices

VLSFO

High = $609.50/mt

Low = $570.50/mt

Average = $591.50/mt

Spread = $39.00/mt

MGO

High = $1,081.00/mt

Low = $1,031.50/mt

Average = $1,057.50/mt

Spread = $0.00/mt

IFO380

High = $467.50/mt

Low = $427.00/mt

Average = $447.50/mt

Spread = $40.50/mt

*Source: Ship and Bunker, *Time Period: Mar. 30 – April 6, 2023*

Fujairah Bunker Sales Volume (m^3)

545 180cst Low Sulfur Fuel Oil	389,544 380cst Low Sulfur Fuel Oil	159,908 380cst Marine Fuel Oil
713 Marine Gasoil	21,661 Low Sulfur Marine Gasoil	4,549 Lubricants

Source: FEDCom & S&P Global Platts

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CONTINUED FROM PAGE 1

Guy Mason, Chairman, International Foundation for Aids to Navigation, Former Global Head of BP Shipping

How is the demand for 'dark' ships impacting the pace of tanker upgrades?
The older ships have been kept in service longer, when they would have normally found a way to scrap. So, in some sense that could delay the transition to lower carbon fuels if the existing fleets are around longer. But I don't think they'll be kept for another decade or anything - we're talking about a few years, and in the timescale of the decarbonizing of the industry, the impact of that will be relatively small.

Has the sector been successful at coordinating emissions plans and targets?
There is a lot that can be done in that space - there's a huge focus on new fuels and new technologies, more efficient engines, better route planning, chartering only the most fuel- efficient vessels – all those things can make a material difference to the amount of carbon that you emit and the fuel that you use. The industry is getting together and taking the lead on pushing for stronger and even faster change than the industry regulator is through the IMO, which is quite unusual. Most of the big reputable shipping companies are desperately unhappy with 50% emission reductions by 2050 – they're pushing for net zero.

What is likely to be the chosen greener fuel in shipping?
That's the $64 million question. Will it be ammonia or methanol? Perhaps it will be a selection of fuels. Thinking that there's going to be one fuel which replaces the conventional bunker fuel, isn't the right thinking. If you're running coastal services up and down in Norway or around the UK, for example, then a battery driven ship is a really good solution because you're popping into port often and taking short journeys. In the deep-sea segment, there would obviously be more of a debate about whether it be methanol or ammonia, probably the two frontrunners. There are already some ammonia ships today - it's a bit of a toxic substance and so there are concerns in terms of training crews. We haven't quite reached the hockey stick take off yet, but by 2050, we need to be predominantly on new fuels - otherwise we will have failed as an industry.

Will the EU Emissions Trading System impact the maritime sector?
All hydrocarbon markets are decarbonizing and shipping is no exception. I think it's long overdue and it's great that shipping emissions are now beginning to be caught within the EU ETS, phasing in gradually over the coming years. It'll provide a good incentive for operators to really understand their emissions and then to reduce them.

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Energy Markets Views You can Use

Dr. Carole Nakhle
Chief Executive Officer
Crystol Energy

It would have been naïve for OPEC+ to sit still and do nothing.
With prices hovering in the mid to low seventies, their announcement was somehow expected, but the timing of it happening very close to the JMMC meeting, was a surprise. Also, unlike their announcement of cuts in October last year which caught the Americans by surprise, this time it seems that the US was informed ahead of this decision.

Will sanctions finally impact Russian production this year?
We should expect some loss of production. The sanctions are biting to a certain extent, and the ones on products which impact Russian refineries have been hugely subsidized by the government, with diesel sold at a discount because of the price cap and other factors. That could start to affect production. But the forecast last year that we would lose three million barrels a day of Russian production has not happened and there's nothing today that causes a major deficit in the market. Unless Russia decides to completely shut down exports for political reasons, we'll continue to see this redirection of flows, where more Russian oil goes to Asia, and oil from outside Russia, including the Middle East, going to other key markets such as Europe.

Are we likely to see less volatility this year in oil markets?
When we have such an uncertain economic and geopolitical outlook, we cannot take things for granted. Last year, China announced the lifting of its Zero-Covid policy and everyone said demand would come roaring back with a vengeance, but they overlooked the policies that China had implemented. There are still huge uncertainties and so I expect volatility to continue – OPEC+ has not removed that from the oil market for this year at least.

Clyde Russell
Asia Commodities & Energy Columnist
Thomson Reuters

Does the shock output cut by OPEC+ signal uncertainty on bullish oil demand?
In the short term, it shows that OPEC+ wants higher prices. But you also have to see that as exporters, they know what's going on in the physical market probably months in advance of everyone else, so the logic tells us that OPEC sees that demand isn't as strong as they thought it was going to be. It certainly is not shaping up to be a particularly strong first half of the year - Asian imports have been flat in Q1. I think with the world still teetering economically, we're more likely to see demand not meet expectations going forward.

Where does China sit in reaction to the OPEC+ decision?
The Chinese do not think or act like Westerners and they say very little. China has lots of oil inventories at the moment. Even last year at high prices, they were still adding 700,000 barrels a day to storage. I expect that if oil prices move above $80, China will simply cut back on their imports - they won't drop dramatically but they won't take extra volumes and that will impact the Middle East predominantly because those are the more expensive barrels. It will be key from the May to July period onwards to see if China's imports of crude do accelerate and if so, where those volumes come from.

Is OPEC+ coordination and unity now at stake?
I think the move showed that OPEC+ is still working remarkably well despite their disparate backgrounds and interests, and that the group is holding together very strongly. In some ways, it was an incredibly smart play because they said, if we want to tighten supply, we're going to do it and act in our own interest.

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Fujairah Spotlight

Fujairah Crown Prince attends WAM lecture, stresses media role in raising public awareness

H.H. Sheikh Mohammed bin Hamad bin Mohammed Al Sharqi, Crown Prince of Fujairah, emphasised the vital role of media entities in increasing public awareness, given that media is one of the most powerful instruments of communication. He made these remarks while attending the third lecture of the "Mohammed bin Hamad Al Sharqi Majlis," which was presented by Mohammed Jalal Al Rayssi, Director-General of Emirates News Agency (WAM). The lecture, titled "Emirates News Agency... Establishment and Development," was attended by Sheikh Eng. Mohamed bin Hamad bin Saif Al Sharqi, Head of the E-Government in Fujairah, and Sheikh Abdullah bin Hamad bin Saif Al Sharqi. The Crown Prince of Fujairah praised the directives of H.H. Sheikh Hamad bin Mohammed Al Sharqi, Supreme Council Member and Ruler of Fujairah, to promote the media's role and objectives and to adopt renewed practices that keep pace with global changes in the media field.

Source: Emirates News Agency

UAE's Fujairah port set for robust growth as Russian oil trade reshuffles

Oil storage demand and transit volumes are poised to grow further at the United Arab Emirates' Fujairah port this year as Russian trade flows continue to flood the hub, while latest price caps on Russian petroleum products have a mild impact on trade, industry executives said on Tuesday.

Source: Reuters

Fujairah Ruler receives Ramadan well-wishers

H.H. Sheikh Hamad bin Mohammed Al Sharqi, Supreme Council Member and Ruler of Fujairah, on Wednesday received a host of Ramadan well-wishers on the fourteenth day of the holy month. Sheikh Hamad exchanged the greetings with sheikhs, state officials and heads of local government departments, as well as dignitaries, Emiratis and members of the Arab and foreign communities in the UAE who prayed to Allah Almighty to revisit the fasting month with more goodness, progress, security, safety and prosperity for the UAE and its people. The reception was attended by H.H. Sheikh Mohammed bin Hamad bin Mohammed Al Sharqi, Crown Prince of Fujairah, and several top officials of the Emirate of Fujairah.

Source: Emirates News Agency

Sheikh Ahmed crowns winners of third Fujairah Open Swimming Championship

The third edition of the Fujairah Open Swimming Championship concluded on a successful note with the participation of 215 swimmers from different clubs and academies in the UAE. The championship was held under the patronage of Sheikh Ahmed Bin Hamad Bin Saif Al Sharqi. Fujairah Martial Arts Club swimmers emerged winners at the championship. The winners were crowned in the presence of Saeed Al Ajil, Vice President of the UAE Sports for All Federation; Ahmed Al Abdouli, Director of the Community Sports Department at the General Sports Authority; and Hania Reggi, general manager of Tennis & Country Club Fujairah.

Source: Gulf Today

MARK YOUR CALENDAR
October 10th & 11th, 2023

11th ENERGY MARKETS FORUM

October 10th - 11th, 2023
Novotel, Fujairah

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Energy Markets Views You can Use

Laury Haytayan
MENA Director, Natural Resource Governance Institute

How do you interpret the recent Iran-Saudi rapprochement?
Saudi Arabia sees that it needs to take things into its own hands. They need to stabilize the region for their own benefit and to facilitate the investments coming in. They've seen that nothing is happening from the US and EU side, who also have their own agendas. So, if China can have more leverage on Iran to make it respect a deal, then why not go with China. They also understand that Iran has maybe no interest in the US and that it sees benefits with China. These geopolitical alignments are one way to understand why China was able to do the deal between Iran and Saudi Arabia.

What was the thinking behind the recent OPEC+ cut?
Saudi Arabia is going through a tremendous transformation and to diversify their economy, they need the money that comes from oil and gas. If they're going to see volatility in oil prices, they would prefer to see that play out in the $80-$90 range and not $70-$80. Saudi today sees everything it does through its plans to diversify for the future and create another economy next to its oil economy.

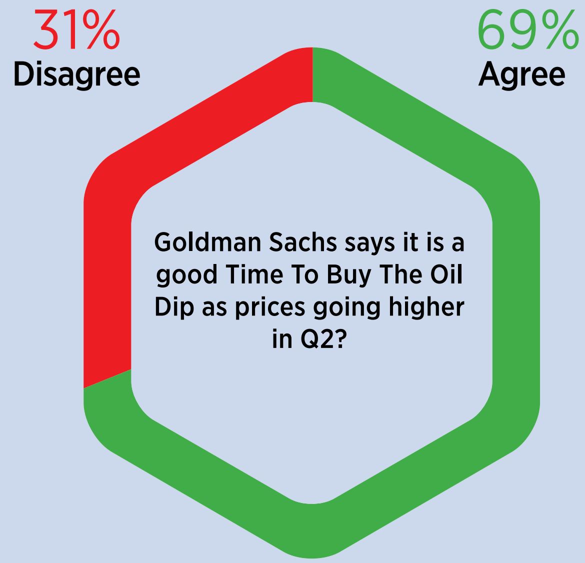
Where does Europe sit in relation to gas security today?
EU policy is taking the view that it needs to protect its gas security not just for the coming winter but through several winters, and that it needs to change the whole system and that it is an opportunity to accelerate the Energy Transition. That's why countries have been shopping for gas in the past year from North Africa and signing MOUs with countries like Egypt and Israel.

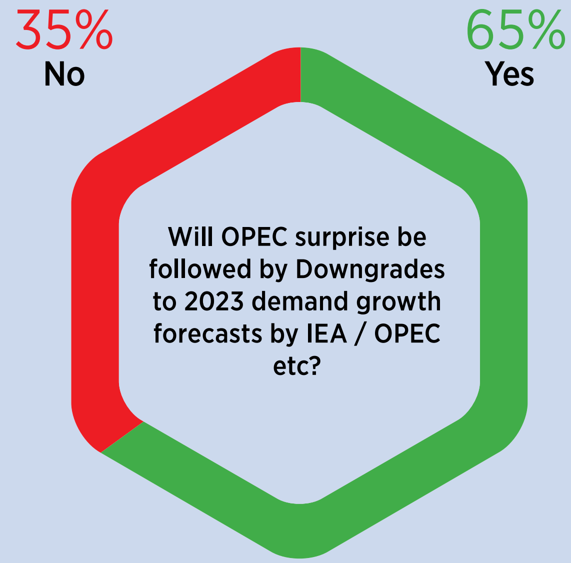
Gulmira Rzayeva
Founder & Managing Director
Eurasia Analytics

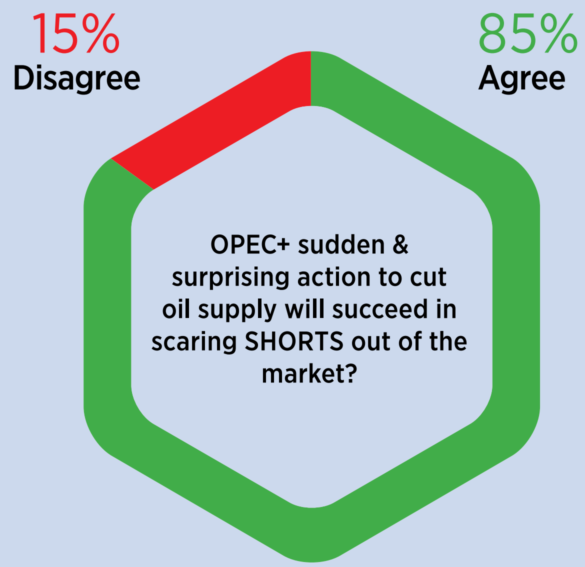
Outlook for Europe and gas supply in the year ahead?
The European Union has not banned or sanctioned gas imports from Russia and most countries are still importing its LNG. With summer gas demand decreasing soon, it might be a good time for some to decrease or stop importing Russian LNG but Europe doesn't have many alternatives for pipeline gas. There are discussions for importing more from North African countries but that is limited as their domestic demand is growing. And similarly for extra LNG volumes from Egypt, Cyprus and Israel. The only alternative is pipelined gas from the Southern Gas Corridor and Azerbaijan. The EU needs to continue the measures it took last winter - diversifying supply and structurally reducing demand. For example, Romania and Hungary will start buying 2bcm from Azerbaijan next month and over the next few years, other countries in southeast and central Europe will follow suit, taking in 10bcm of Azeri gas by 2027. That will be a great help especially for those who were 100% reliant on Gazprom.

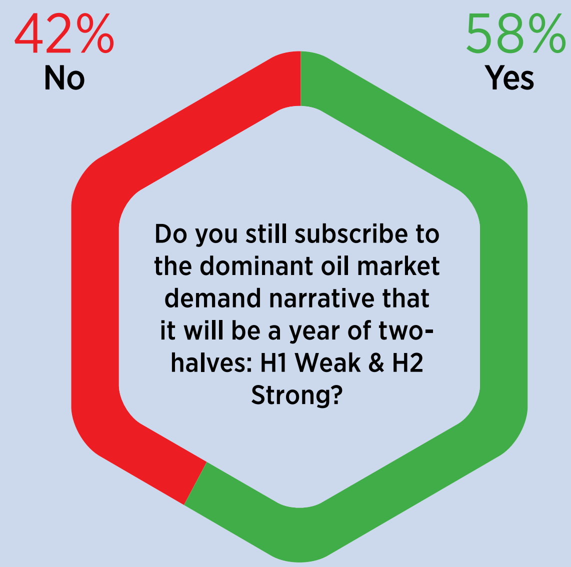
How have central Asian energy producers been impacted by the Ukraine war?
Most of them have never been independent from Russia in reality. The Kremlin kept a very strong grip, especially on energy policy. They did manage to export natural gas to China simply because Russia could not stop that. Azerbaijan is different in that it has had an independent energy policy from the start 30 years ago, exporting natural gas and oil westwards. Azeri Light crude has been sold at a premium for the last few years and since the Ukraine war, that has risen to 50 cents or even $1.00.

Weekly Surveys

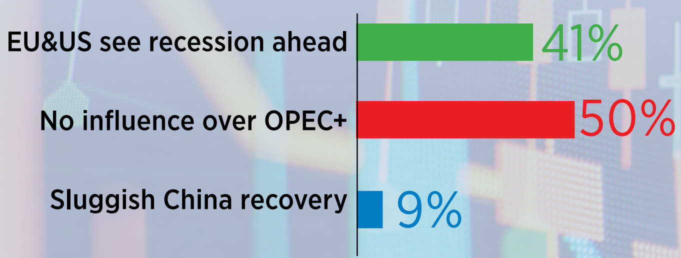




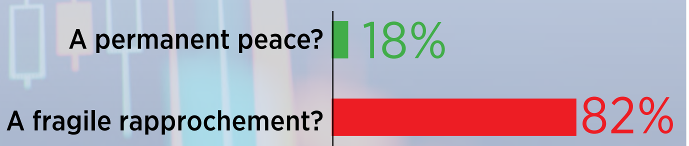




The US & EU have been pretty quiet in reaction to OPEC+ decision to shock world with oil supply cut – WHY?



The rapprochement between Saudi Arabia and Iran could be a game changer in Middle East politics that will lead to a period of peace, prosperity and unity. Or, given the long standing animosity between the two, it could all fall apart with the first Houthi drone. Is it:



Source: GI Research March 2023

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Fujairah Weekly Oil Inventory Data

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TOP TAKEAWAYS

- Total oil product stocks in Fujairah were reported at 19.197 million barrels with a fall of 2.722 million barrels or 12.4% week-on-week as they fell below the 20-million-barrel level. The stocks movement saw a drop for light distillates, a rise for middle distillates and a drop for heavy residues.

- Stocks of light distillates, including gasoline and naphtha, fell by 1.647 million barrels or 21.3% on the week to 6.075 million barrels. The East of Suez gasoline complex softened in early trading April 4 as Indonesia's gasoline demand was not expected to rise despite the recent fire at Pertamina's 170,000 b/d Dumai refinery, amid healthy inventories, sources said. Prior to the blaze, Indonesia was heard to be deferring 1.5 million barrels of gasoline slated for delivery in April to May, suggesting that inventories were ample. China was expected to export between 800,000 mt and 1 million mt of gasoline in April, up from an estimated 300,000 mt in March, as domestic demand is expected to be less than previously anticipated, sources said.

- Stocks of middle distillates, including diesel and jet fuel, increased by 479,000 barrels or 18.5% on the week to 3.074 million barrels. The East of Suez gasoil market opened the week on a subdued note, with market participants preferring to stay on the sidelines amid volatility in crude prices, sources said April 3. Some traders said that with arbitrage lanes to send gasoil to the West still closed, there was a possibility of India and Arab Gulf cargoes being pointed toward Asia, which could add to regional supply volumes. However, the prospect of leaner availabilities from China in April due to refinery maintenance and a preference to keep barrels domestically due to the country's post-COVID-19 demand recovery pillared sentiment for the middle distillate. Asian gasoil traders had previously estimated China's gasoil exports at around 800,000 mt in March, with some saying that export volumes in April could halve to just over 400,000 mt. Over January and February, China's gasoil exports were at 2.39 million mt and 2.15 million mt, respectively, data released by the General Administration of Customs March 18 showed.

- Stocks of heavy residues fell by 1.544 barrels, down 13.4% on the week as they stood at 10.048 million barrels. Spot trading activity at both the bunker hubs of Singapore and Fujairah was seen average at best as most buyers stayed along the sidelines to await pricing cues, according to market sources April 4. During and outside the MOC, Fujairah-delivered marine fuel 0.5%S bunker was heard offered at $592-$608/mt, with the lower range of offers for product deliverable from April 12-13 onward. No bids or offers were heard during the MOC. Platts eventually assessed the grade at $592/mt April 4, $5/mt higher day on day. Fujairah-delivered marine fuel 0.5%S bunker premium against benchmark Singapore Marine Fuel 0.5%S cargo assessment settled 2 cents/mt higher day on day at $10.35/mt April 4. Strong winds and high sea swells in Fujairah have weighed on bunker demand since the week ended March 31, with rough conditions expected to last through the evening of April 4, according to the latest weather report from Dubai's Ports, Customs and Free Zone Corporation April 3. Though Fujairah's refueling operations have been hampered, high sulfur fuel oil bunker demand has outstripped that of its low sulfur counterpart, local bunker suppliers said. "Weather has caused some [intermittently] delays, but it is that time of the year anyway," a Fujairah-based bunker supplier said April 3.

Source: S&P Global Commodity Insights

Energy Markets Views You can Use

Maleeha Bengali
Founder, MB Commodity Corner

The crisis in US regional banks is not like in 2008.
This is an issue where these banks took an inordinate amount of risk and had assets and liabilities mismatched. But there's another bigger problem that's emanating in terms of risk. A lot of these banks have exposure to commercial and residential real estate mortgages. So as the consumer weakens, the market weakens. There's still a lot of concern about a massive slowdown in growth. China is not enough to save the entire market from going into recession. The Fed is hoping that the data comes down fast enough so that they can support the markets in H2 2023, but there's so much volatility in assets right now – and not just banks, but also in cyclicals and manufacturing, which are showing weakness. The market is pricing in an 80% chance of a 25-basis point increase in May, but the Fed will need to keep raising rates. Non-farm payroll data is out this Friday. We've seen some of the tech companies announce massive layoffs, but this has not yet shown in the data. The Fed can only cut rates if it sees a very weak labor market or if inflation has come back down to 2%.

Growth outlook for China in 2H 2023?
China's been very clever in terms of injecting liquidity to support the housing market, but we don't see a pick-up in physical flows yet. The China recovery will also depend on a US and European recovery and the reality is that we have an economic recession. China's growth plan is also no longer built on infrastructure - it's based more on the domestic consumer. There is reason to be positive about China's growth, but there's also some room for disappointment.

Rustin Edwards
Head of Fuel Oil Procurement
Euronav NV

OPEC+ cutting output shows they are trying to preempt the slowdown.
Manufacturing PMI data across the board from China to the US has shown a contraction in manufacturing so overall energy demand will drop. If you look at Q1 gasoline jet and diesel consumption, it's about 6 to 10% lower than in 2017 to 2019, so consumers aren't out there buying fuel despite what inventory levels show. The OPEC+ cut accelerates any type of recessionary pressure that's in the marketplace already because now you've got increasing energy prices on top of slowing economic growth, which will eventually roll into core inflation after a few weeks.

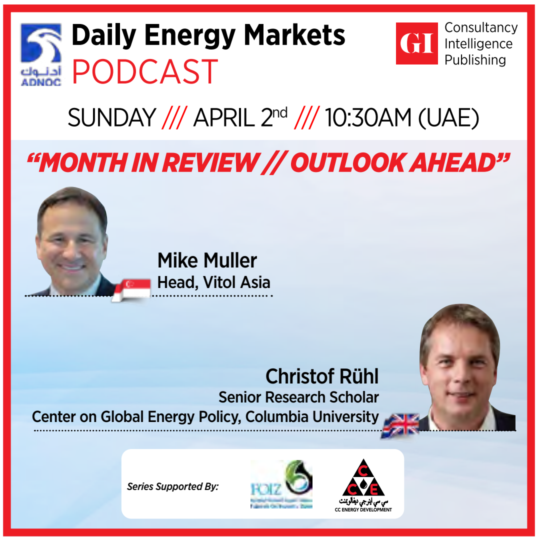
Impact of the OPEC+ cut on prices?
Part of the reason why the markets had a tepid response after the initial rally is because OPEC+ was already about 1.6 million barrels below their quota levels so this cut basically brings them down to actual production levels. And if anything, this cut establishes a far larger spare capacity because the three main producers are reducing their exports.

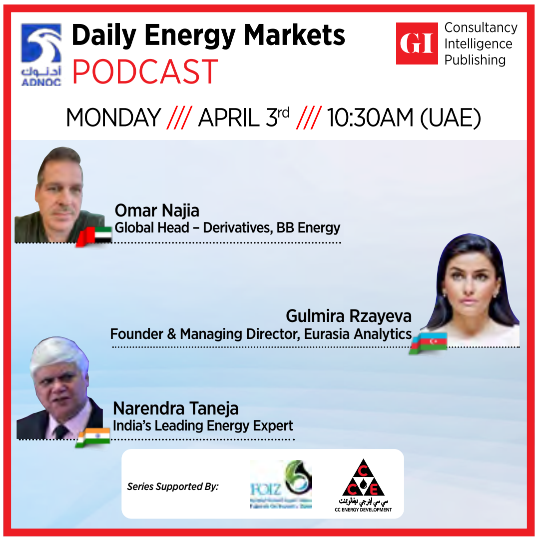
How are product prices fairing at the start of Q2?
There has been an increase in jet demand with more travel in Asia, but product cracks for distillates have been coming off, and that's despite refinery strikes in France and roughly 800,000 b/d of shut-ins for the last three weeks. There's also weakness in other industrial fuels such as VLSFO mainly on the back of higher supply and weaker bunker demand, and road fuel demand is OK but not robust.

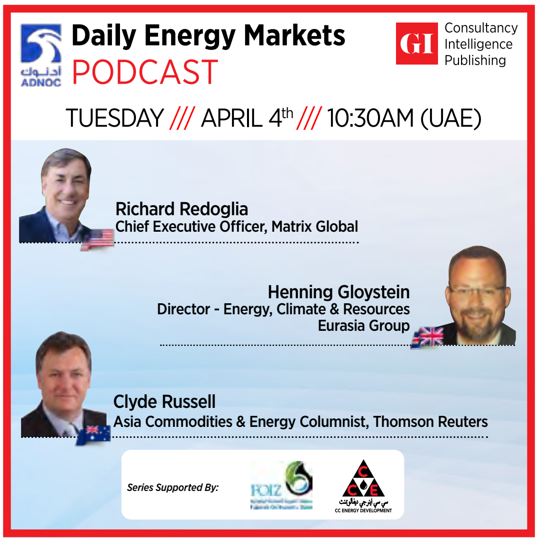
Any sign that Russian export volumes are being impacted by sanctions yet?
From a shipping perspective, I haven't seen anything to show a cut in Russian crude or product exports. When you look at the data of what's been nominated to ship out of the Black Sea, it actually looks like a month on month increase for gasoil and fuel oil coming out of those regions.

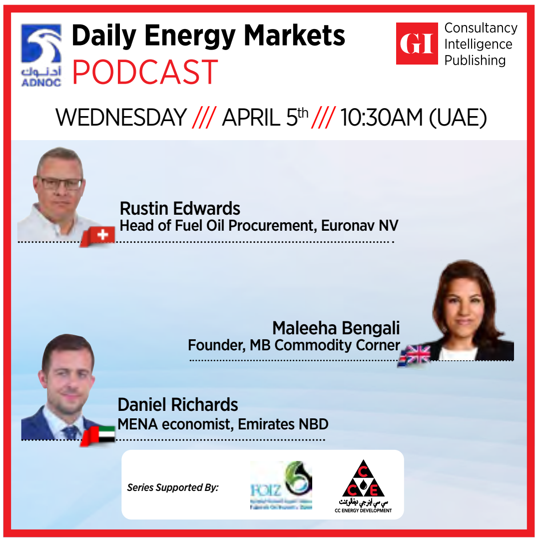
Outlook for gas supplies to Europe this year?
Europe rolls out of the winter this year with higher stock levels than normal. We also have increased export capacity out of the US, and Germany has started up their new import facilities. So, the gas issue is a done deal this year. The EU has also extended its gas saving measures of 2022-2023 into 2024.

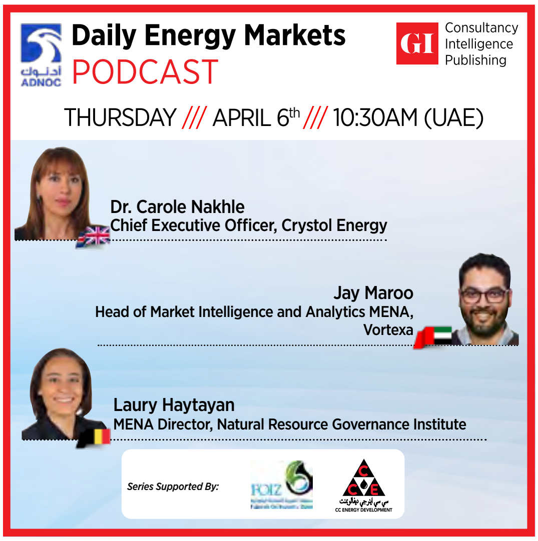
Energy Markets COMMENTARY WEEK IN REVIEW

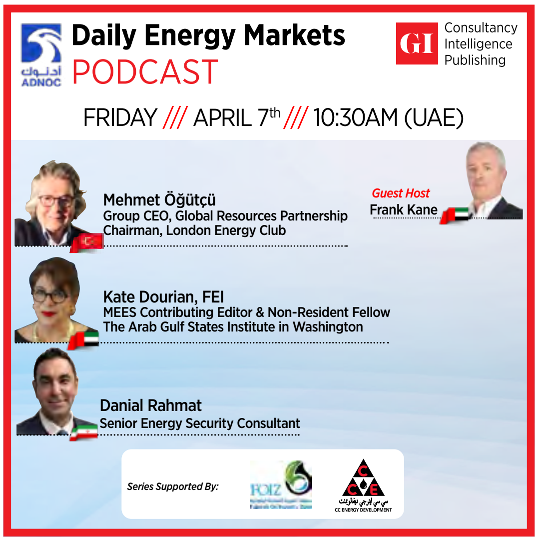












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Energy Markets Views You can Use

Daniel Richards
MENA Economist
Emirates NBD

The OPEC+ cuts are there to put a floor under prices.
We're not convinced it was necessary though. The volatility after the US banking incidents last month did cause a sharp fall in oil prices but that then eased off. We still expect market tightness in the second half of the year and the move by OPEC+ will just exacerbate that and make the central banks jobs much harder.

What's the impact on regional economies here in the Gulf?
There are implications from the OPEC+ cut on headline growth in the Gulf. We had revised down our growth forecast for Saudi Arabia to 2.1% for this year, and we now expect a balanced budget as opposed to a modest surplus previously. Non-oil growth will remain robust but there are inflationary impacts that will cut into real growth. We forecast inflation in Dubai to be 3.5% this year, so nothing too painful. But affordability is declining sharply in terms of the housing market on the back of strong population growth in UAE and high net worth individuals coming from around the world feeding through that. What we must also remember is that house prices haven't really fed into the CPI yet. Last year, the key driver of inflation was transport costs, which went up 40% year on year.

Oil Price Trajectory?
We had a forecast of $105 before the banking crisis and have now revised this down substantially to an average of $88. We still expect an average price in H2 of around $93 and above but we might not get back to $100.

ENERGY MARKET NEWS

1. IMF FORECASTS DECLINING GROWTH FOR 90% OF ADVANCED ECONOMIES THIS YEAR
2. RARE SHIPMENTS OF FORTIES CRUDE HEAD TO EAST COAST REFINERS
3. RUSSIAN OIL HAS SMALL SHARE ON JAPANESE MARKET
4. SAUDI-IRAN DIRECT FLIGHTS COULD BE 'WIN-WIN' FOR NATIONAL AIRLINES, ANALYSTS SAY
5. HIGH FOOD PRICES TO WEIGH ON MENA ECONOMIES' GROWTH IN 2023, WORLD BANK SAYS
6. SINGAPORE'S RUSSIAN DIESEL IMPORTS HIT MORE THAN 1-YEAR HIGH
7. IRAQ'S NORTHERN OIL EXPORTS TO TURKEY YET TO RESUME, KURDISH OUTPUT SHUT IN
8. WALL STREET REBOUNDS, BOND YIELDS STEADY AHEAD OF JOBS REPORT, HOLIDAY WEEKEND
9. APPLICATIONS FOR JOBLESS AID RISING BUT STILL AT LOW LEVELS
10. THE ONE CATALYST THAT COULD KEEP OIL FROM HITTING $100

RECOMMENDED VIDEOS AND REPORTS
- **OPEC+ CUTS WILL ELIMINATE OIL SURPLUS**
- **SOUTH ASIA FACES WEAKENING GROWTH AMIDST TIGHTENING FINANCIAL CONDITIONS**
- **'POWELL'S CURVE' PLUNGES TO NEW LOWS, FLASHING US RECESSION WARNING**
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- **THERE ARE STORM CLOUDS AHEAD FOR THE ECONOMY, JPMORGAN CHASE CEO SAYS**

Series Supported By:

Energy Markets Views You can Use

Narendra Taneja
India's Leading Energy Expert

Surprised by the OPEC+ move targeting a higher oil price?

No and this was not a demand decision. It goes deeper. Saudi Arabia, Iraq and others have again asserted their independence. Yesterday, a phone call from the White House mattered. Now, they're carving out a completely different space for themselves in energy geopolitics, and in cooperation with countries like India, China, and Japan. This is a fundamental shift. Also, if Brent dips below $80, then Saudi Arabia in particular, is going to intervene one way or another to maintain its internal social and political equilibrium. Russia behind the scenes will also do whatever it can to make sure that oil prices remain at least at that level. As far as India is concerned, it is now importing 28% of its oil from Russia but that's temporary. If $80-90 oil can ensure economic and social stability in the Gulf, that's not so bad for us because our economies are quite integrated, and we can live with $85 Brent and maneuvers things internally to protect the ordinary consumer. However, other countries in the Global South – Pakistan, Bangladesh, Sri Lanka – will have massive problems. Sanctioning oil has triggered a completely new game and we can't ignore it. And what we have seen the last 24 hours from OPEC+ is part of that same game. The global oil landscape is fundamentally changing.

GI Soundings Week in Review

OPEC+ Delivers Shock Therapy to Investors Shorting Oil Markets!

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.

- **Omar Najia, Global Head, Derivatives, BB Energy**
- **Henning Gloystein, Director – Energy, Climate & Resources, Eurasia Group**
- **Richard Redoglia, Chief Executive Officer, Matrix Global Holdings**
- **Kate Dourian, FEI, MEES Contributing Editor & Non-Resident Fellow, The Arab Gulf States Institute in Washington**
- **Mehmet Öğütçü, Group CEO, Global Resources Partnership, Chairman, London Energy Club**
- **Danial Rahmat, Senior Energy Security Consultant**

Omar Najia, Global Head, Derivatives, BB Energy OPEC+ OIL CUT "The pricing control that the West used to have, is absolutely gone. That is intrinsically bullish, not just for oil, but for all commodities. It's intrinsically bearish for the US dollar, which is again bullish for commodities in general. That's the big picture."

Henning Gloystein, Director – Energy, Climate & Resources, Eurasia Group EUROPE ECONOMY "The DAX reaching record highs is an indicator of how it underperformed in the last decade versus US equities. What has changed is that industries output grew by 1.9% across the EU despite the 25% reduction in gas consumption. I share the cautious optimism of the market because Europe has avoided a recession this winter and will almost certainly avoid energy shortages next winter."

Richard Redoglia, Chief Executive Officer, Matrix Global Holdings OPEC+ CUT "It is going to be inflationary. I was looking at the data on drilling in areas where there's inflation in the oil patch in the US. I think it's up 10% or 12% now. So, we're seeing it - inflation is here and higher energy prices will contribute, not just in oil but also in LNG and other forms of energy."

Kate Dourian, FEI, MEES Contributing Editor & Non-Resident Fellow, The Arab Gulf States Institute in Washington OPEC+ "What was surprising was that this cut was made while prices were actually on their way up, after the initial panic over the banking crisis had subsided. Prices were closer to $80 than $70. Also, the announcement was done on the Sunday before the JMMC meeting and there were no leaks, so OPEC+ meant to spring a surprise on the markets."

Mehmet Öğütçü, Group CEO, Global Resources Partnership, Chairman, London Energy Club EU-US Energy Council "If you read between the lines, they made it quite clear that they will continue their efforts to enforce sanctions against Russia and will not allow any attempts to skirt around these. They also said they will take actions to counter what OPEC+ is trying to do in terms of reducing output and destabilizing the energy markets. That's how they put it."

Danial Rahmat, Senior Energy Security Consultant IRAN-SAUDI "There is no fundamental change in Iranian-Saudi relations. The only factor which was recently added to the equation is the presence of China and its will to maintain energy security in the region. As long as the Chinese want that, Iran and Saudi Arabia will be forced to do so, and the push on the Iranian side is even more than on the Saudi side."

Daily Energy Markets

TOP TAKEAWAYS
MARKET OBSERVATIONS FOR THE WEEK
April 2nd - 7th

1. OPEC+ decision to surprise global markets with an oil supply cut of 1.6mn b/d could be seen more as a geopolitical strategic decision rather than a tool of market management.
2. India and other major Asian economies won't be happy with $80+ oil, but they can live with it if it delivers the economic security oil producers need for their stability.
3. OPEC+ surprise may be followed by downgrades to 2023 oil demand growth forecasts by IEA and OPEC.
4. The FED is once again forced back into a space between a rock and a hard place as the OPEC+ move forces upward pressure on the price of everything.
5. Weakening middle distillates, gasoline and industrial fuels crack spreads manifesting weaker overall global demand.
6. US Fed will keep raising rates and not pivot despite asset weakening across the board.
7. OPEC+ cut decision was a surprise in its timing, but not the fact that they stepped in to try push prices back into the $80s and upwards range. Saudi Arabia taking a 'Saudi first' approach to required revenues for economic diversification.
8. OPEC+ cuts announced to start last November not yet manifesting in seaborne loadings of crude, including Russian exports.
9. China won't like to see tighter oil markets and higher prices, but they have more flexibility than most as they have a massive amount of crude in storage to draw on.
10. Gulf economies headline growth not immune to inflation despite raking in healthy oil revenues.

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