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Fujairah New Silk Road WEEKLY NEWSLETTER

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AN EXCLUSIVE GULF INTELLIGENCE INTERVIEW

"US ENERGY POLICY WILL CHANGE DRAMATICALLY IF JOE BIDEN IS ELECTED PRESIDENT"

Amos Hochstein, Former Obama Administration International Energy Envoy

Oil companies in the US are going to have to adapt. They should have adapted sooner. They are living under a false narrative from the Trump Administration that is lulling them into a sense that the world that is changing outside the US is not going to change inside. That Ship has sailed! The Peak demand for oil is an argument we can have of 'When', but no longer one of 'If'. The US oil majors will have to make the acquisitions into Clean Tech and Renewables that their European and Asian counterparts have already done. This will be the best benefit that a Biden Presidency will deliver to these companies. It will save them in the long term, because if they stay in the current posture of thinking we are not already in an Energy Transition, they will not survive.

CONTINUED ON PAGE 3

Fujairah Weekly Oil Inventory Data

7,487,000 bbl	5,536,000 bbl	17,090,000 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
$3.55 – $4.38/m³

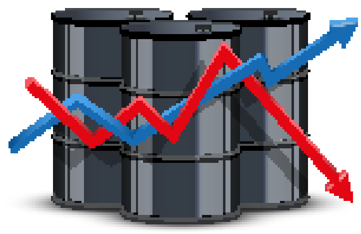
↑ Highest: $4.50/m³
↓ Lowest: $3.50/m³

*Time period: Weekly

Source: GI Research – Weekly Phone Survey of Terminal Operators

Insights brought to you by: 2010 GI 2019 Publishing
Thegulfintelligence.com

THE WEEK In Numbers



Weekly Average Oil Prices

Brent Crude: $40.11/bl

WTI Crude: $37.47/bl

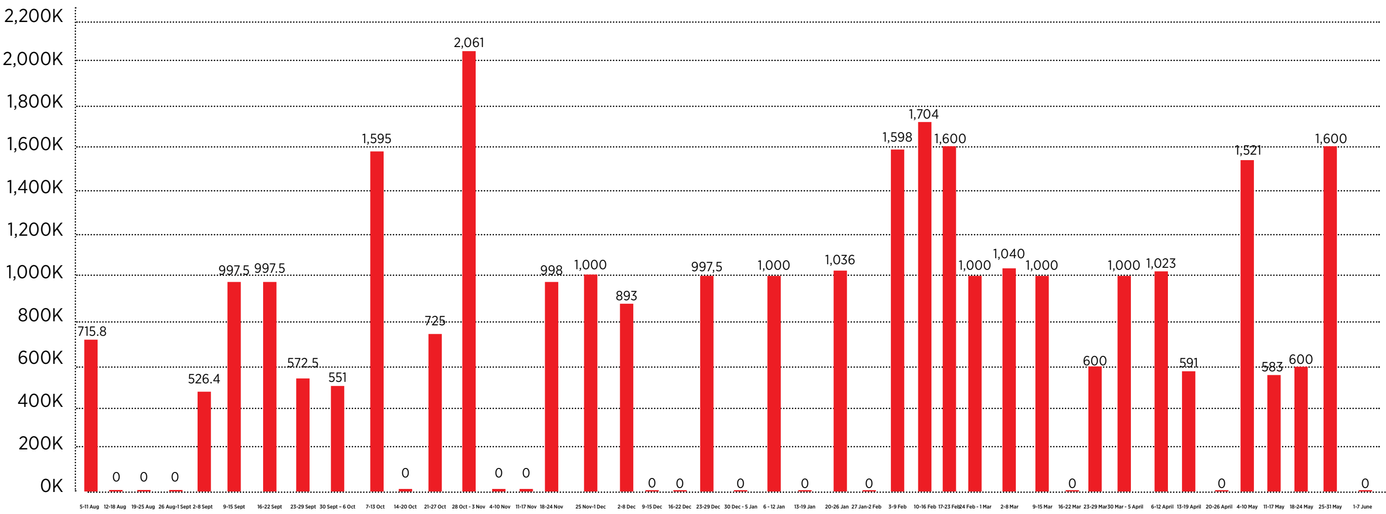
DME Oman: $39.44/bl

Murban: $41.85/bl

Time Period: Week 3, June 2020

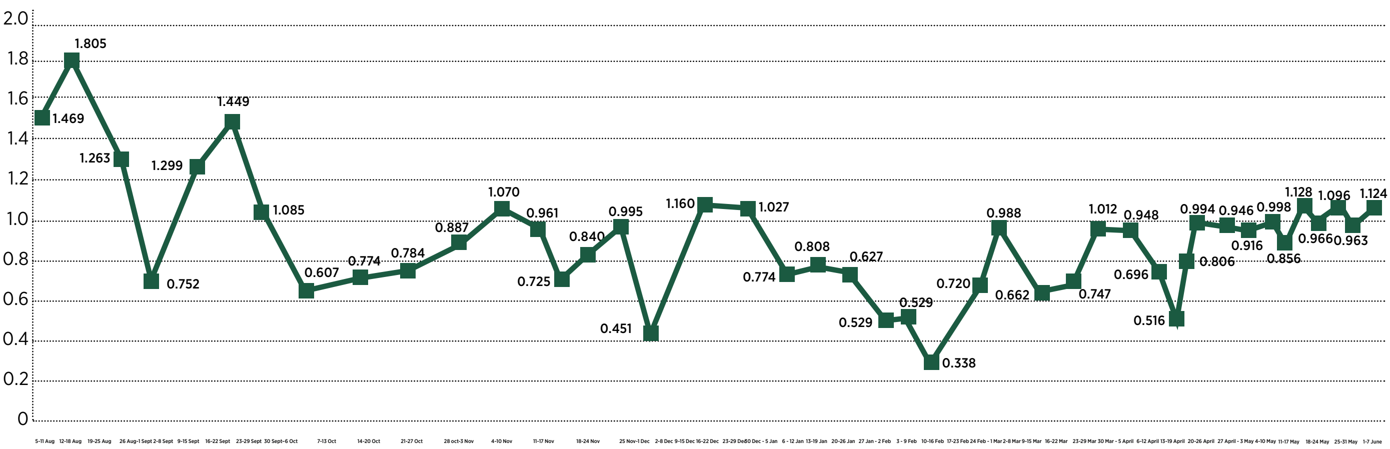
Source: IEA, OilPrice.com, GI Research

Weekly Imports of Heavy Sweet Crude into Fujairah



Source: Kpler

Total Refined Product Exports from the GCC to Asia-Pacific



Source: Kpler

CONTINUED FROM PAGE 1

GIQ: What will be some of the big energy policy changes if a Democratic Administration comes to Power?

Amos Hochstein: We will see strict regulations reinstated on activities like gas flaring from shale production, and we will continue to see more money spent on energy infrastructure for renewables. The shift will be something the oil and gas sector must adapt to. American companies have been laggards at doing so thus far because previous Obama-era regulations were admonished by the Trump Administration, but we are already seeing some companies making a change. By contrast, European majors, like BP, have been transforming themselves tremendously.

GIQ: Should energy-rich states such as Texas be fearful that a President Biden would abandon the dream of US Energy Independence?

Amos Hochstein: I do not think so. I do not think it is something to fear. I think we must start by understanding that there is no such thing as energy independence. There was not during the Obama administration, and there is not any today. We are living in a global world, dealing with global commodities. The idea that the more we produce, the more independent we become, is not only a fallacy, but it is a dangerous set of expectations that you cannot live up to. What we have seen now with COVID is that a set of circumstances anywhere around the world will impact our ability to produce and our ability to be independent.

GIQ: Do you think the tripartite coalition between Russia-Saudi Arabia and the U.S. to raise oil prices by cutting supplies is a sustainable alliance?

Amos Hochstein: I believe this is a temporary alliance because we are walking into a conflict that we seemingly cannot avoid because of these unprecedented declines in oil production. We have recently seen a remarkable rally in oil prices, and some financial houses are already starting to predict that we are going to see $50 oil by the end of this calendar year. If we see prices sustained above $40, U.S. producers are going to produce. They have already begun increasing production. While we are seeing the declines continue in some Shale basins, some basins in the U.S. are already seeing a recovery, not to where they were, but some rigs are coming back. If prices move towards $50, you could see a significant increase in Shale production, and a natural conflict will then emerge with Russia, Saudi and other OPEC members who absorbed the pain of lower production and lower prices, and they won't be happy to see U.S. producers once again reap the benefits and take away market share.

"THERE IS NO SUCH THING AS ENERGY INDEPENDENCE. THERE WAS NOT DURING THE OBAMA ADMINISTRATION, AND THERE IS NOT ANY TODAY."

GIQ: How would you assess US geopolitical energy policy in the Gulf today and how will this change if there is a new US Administration in November?

Amos Hochstein: I think changes are coming. The Gulf is a very adaptable region. A Biden Administration would change the posture towards Iran because it will want to ensure that Iran's nuclear weapons program is once-again mothballed. We cannot ignore the fact that four years have passed however, and perhaps we will have to have a different sunset provision that delays things somewhat. Perhaps other issues on terrorism and missile technology will have to be addressed. That will happen. The question becomes, how does that shape the relationship between the U.S. and the UAE and Saudi Arabia? I believe the administration will come in wanting to have a good relationship with the all the Gulf states, but nobody today knows how that will work. A Democratic administration will also be facing challenges from its own constituencies and its own feelings about how to build these relationships.

WATCH FULL INTERVIEW HERE

Fujariah Weekly Oil Inventory Data

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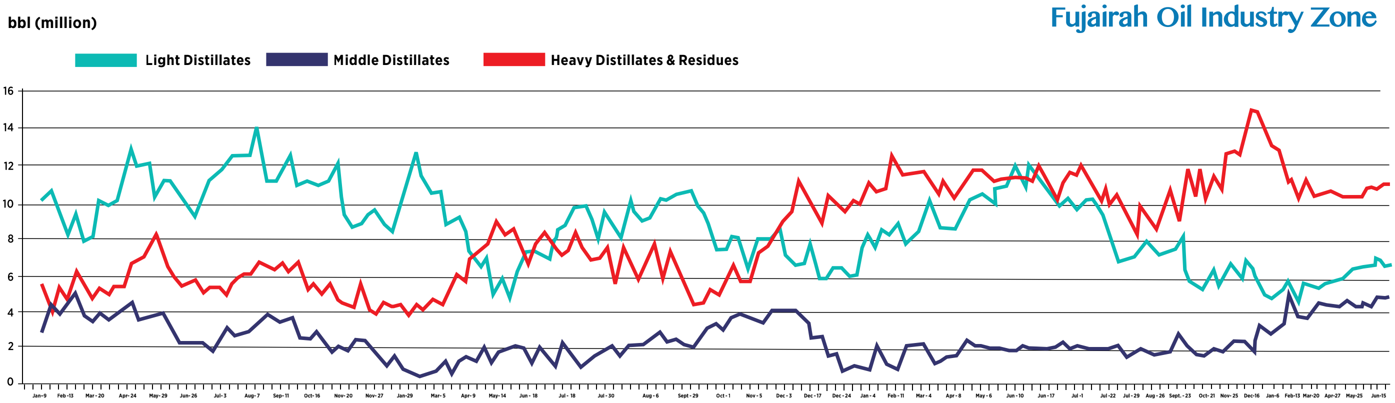


TOP TAKEAWAYS

- Total oil product stocks in Fujairah were reported at 30.113mn barrels, drawing down slightly from last week's levels. Overall stocks fell by 387,000 barrels falling by 1.3% week on week, with draws in light distillates and heavy residues while middle distillates showed a build.
- Stocks of light distillates fell by 831,000 barrels or 10% week on week. Total volumes stood at 7.487mn barrels. The East of Suez gasoline market continued to find support as the gradual process of easing domestic movement restrictions continued, leading to a signs of demand recovery across various countries. On the buy side, Pakistan State Oil Company was heard seeking additional cargoes of 45,000 mt-55,000 mt of 92 RON gasoline for delivery over August 21-September 2 to Keamari terminal.
- Stocks of middle distillates rebounded to 5.536mn barrels as they rose by 10.4% or 522,000 barrels. The gasoil market continued to find support as ongoing supply concerns persisted, boosting prices for the ultra-low sulfur gasoil and medium sulfur gasoil grades. Market participants noted that a shortfall in barrels in Asia was likely to draw across barrels from the Middle East. "What's clear in the East is that there's a general lack of cargoes and it needs to attract oil from the Persian Gulf and India," a trader said.
- Stocks of heavy residues fell by 0.5%, dipping 78,000 barrels on the week to stand at 17.090mn barrels, dipping from last week's record high, but holding above the 17mn barrel level for the second consecutive week. The market for bunkers in Fujairah had slowed since the start of the week, market participants noted. While Fujairah delivered bunker prices traded higher, this was largely in line with rising Brent prices, participants added. Values for Marine Fuel 0.5% delivered bunkers in Fujairah continued to be seen at discounts to Singapore with the grade assessed in Fujairah at $310/mt on Tuesday, reflecting a discount of $7/mt to Singapore.

Source: S&P Global Platts

Nothing changes in this oil market...

Brent is trading down 0.07c/bl this morning at $40.64/bl and WTI is trading at $37.75/bl, down 0.21c/bl. Nothing changes in this oil market. Same pattern this morning, grim news overnight, market gets sold off in early trade before climbing out of the doom when London crawls out of bed. I ask you – what more does this market need to be faced with to break this current belligerence? OPEC last night said that they still expect the market to be in surplus 2H 2020 despite the record production cuts currently in place. EIA data showed another build on crude. US shale is expected to restore roughly 500,000 bls of production by the end of June. Beijing and five states in the US are facing a new Covid-19 outbreak. Yet flat price is refusing to let go of $40/bl. Like I said yesterday, I just don't think the market wants to acknowledge any more bad news and the global economy needs to see a stellar June so that Q2

BY MATT STANLEY
DIRECTOR
STAR FUELS

economic indicators don't predict The Great Lockdown recession will be the worst the world has ever faced, if it isn't already of course. So, expect flat price to flirt between $37.50 and $45 on Brent until the end of June. There's also a JMMC meeting today where ministers will get together and decide what OPEC+ should do. The market has always fond buoyancy when OPEC meet, just in case they decide to support the market even further so, with crude on a precipice, I think we can safely say they will be meeting every other week for the foreseeable future. An important day later with some economic indicators out – the Bank Of England interest rate decision and US jobless claims.

June 18, 2020

GIQ EXCLUSIVE INTERVIEW

HATEM AL MOSA, CEO, SHARJAH NATIONAL OIL CORPORATION

GIQ: Do you expect to see more upward revisions in demand forecasts this year?

Hatem Al Mosa: There's definitely been significant improvement in the second quarter, especially in China. But short-term demand is really a very strong function of sentiment and any development in the Covid-19 situation, as well as the political wrangling between the US and China.

GIQ: Power generation demand seems to be holding strong this year?

Hatem Al Mosa: It has actually suffered because industrial demand has dropped, but it didn't get anywhere close to the plunging demand for oil and coal. Even gas in general had a significant reduction in price over this period. Short term, I think demand will continue to grow, but slowly, and it will be like this for another year.

GIQ: Do you think there is more work for OPEC to do?

Hatem Al Mosa: OPEC+ is doing everything possible to keep prices within a certain range and they now need to manage the cuts for the whole of next year or more to maintain this.

GIQ: Do you mean they need better compliance to existing cuts or deeper cuts?

Hatem Al Mosa: Better compliance is needed and then potentially, they could start ramping up production within a few months. US production is dropping by 10,000-20,000 barrels every day. It has fallen 2mn bls since March and I expect another 2mn bl decline by the end of this year. Canada is facing the same situation, so at some point this will have to be compensated by OPEC. On prices, OPEC should not try to recover pre-Covid-19 levels as that will invite shale oil back too prematurely. A price range of $35/bl - $45/b for the next 6 -12 months would be good, while keeping an eye on the capital needed to be invested into the sector. By then, some shale should be back in production, and when OPEC+ cannot meet the demand, shale can maintain the balance.

GIQ: We have not seen many bankruptcies or consolidations in the sector in this cycle. Are you surprised?

Hatem Al Mosa: On an international level, there will be a lot of downward pressure on revenues and net incomes. A lot of companies are losing money, but I don't think any of the majors are heading into bankruptcy. Some US and North American producers will however, but it makes no sense to consider bailing them out. They are not money makers in any case and their future is again, very uncertain.

IEA Oil Market Report June 2020

TOP 5 HIGHLIGHTS

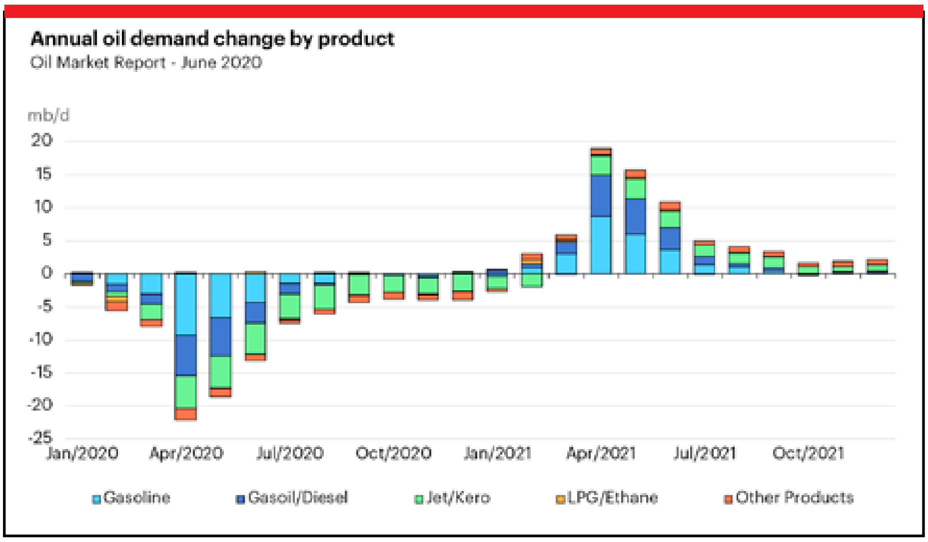
- Oil demand in 2020 is expected to fall by 8.1mn b/d, the largest in history, before recovering by 5.7mn b/d in 2021. Reduced jet and kerosene deliveries will impact total oil demand until at least 2022. The forecast for 2020 oil demand has been raised by nearly 500k b/d to 91.7mn b/d, due to stronger than expected deliveries during the Covid-19 lockdown. In China, oil demand recovered fast in March-April and India's demand rose sharply in May.

- Global oil supply plunged by 11.8mn b/d in May, driven by a record OPEC+ cut and economic shut-ins in the US, Canada and elsewhere. After tumbling by 7.2mn b/d in 2020, global oil output is set for a modest 1.7mn b/d recovery in 2021, assuming OPEC+ cuts ease, Norway, Brazil and Guyana deliver solid gains and Libya manages to sustain a rebound. US supply is poised to fall by 0.9mn b/d in 2020 and a further 0.3mn b/d next year unless higher prices unlock fresh investments in the shale patch.

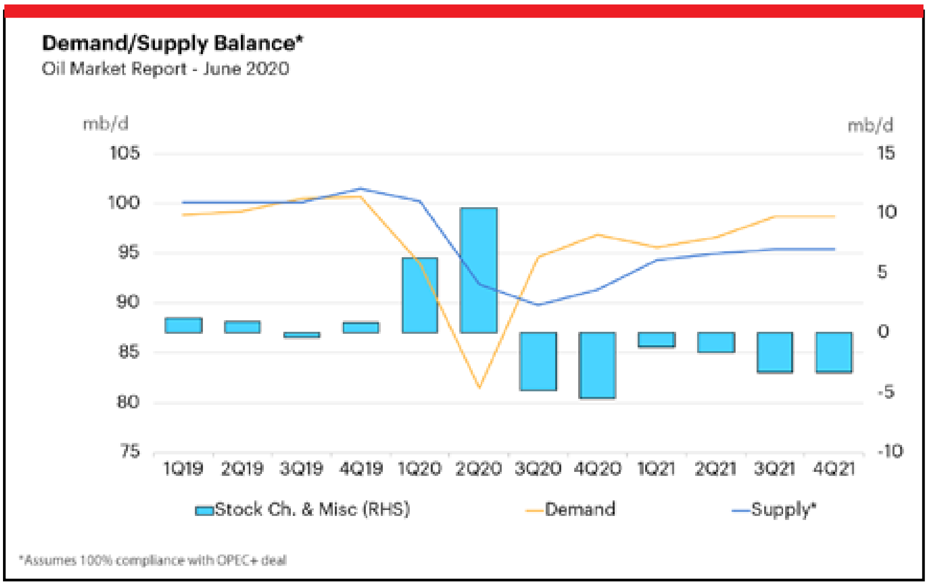
- Global refining intake in April fell 6.6mn b/d month-on-month to just 68.8mn b/d, down 12.3mn b/d year-on-year and in May it was down by a further 1mn b/d. Large implied product stock builds set the stage for a subdued margin environment for the near future. After a 5.4mn b/d decline this year, refining activity is set to gain 5.3mn b/d in 2021, nearly recovering to 2019 levels, but below the 2018 historical peak.

- OECD data for April show that industry stocks rose by 148.7mn barrels (4.9mn b/d) and were 208.3 mb above the five-year average. In the US, preliminary data show that commercial stocks in early June were at record highs, having built by about 1mn b/d in 2020. In Q1 2020, government held stocks increased by nearly 2mn barrels, mainly product stocks in Europe. In May, floating storage of crude oil fell by 6.4mn barrels from its all-time high (172.2mn barrels in April) to 165.8mn barrels.

- Crude prices rose in May to the highest in three months as demand began to recover and global supply fell sharply. Rising prices squeezed product cracks, in particular diesel and jet/kerosene due to concerns about the global economy and the weak outlook for the aviation industry. Freight rates plummeted as OPEC+ cuts took effect. In early June, both WTI and Brent traded close to $40/bl for several days before easing back slightly.



Source: International Energy Agency (IEA)



Source: International Energy Agency (IEA)

Source: International Energy Agency (IEA)

OPEC Monthly Oil Report – June 2020

Oil Market Highlights

Crude Oil Price Movements

Spot crude oil prices rebounded in May from low levels registered a month earlier, as physical market fundamentals improved significantly. The OPEC Reference Basket (ORB) value rose by $7.51/bl, or 42.5%, m-o-m, to stand at $25.17/bl. Crude oil futures prices also bounced back in May, amid renewed optimism on the outlook of global oil market fundamentals and expectations for a further recovery of oil demand and tightening global supply. Brent increased by $5.78/bl, or 21.7%, m-o-m to average $32.41/bl, and WTI soared by $11.83/bl, or 70.8%, m-o-m to average $28.53/bl. The contango structure of oil futures prices flattened considerably over the month in all three markets, suggesting that the supply-demand fundamentals are gradually improving.

World Oil Demand

World oil demand is projected to decrease by 9.1mn b/d in 2020, unchanged from the previous month's assessment. The Covid-19 pandemic has negatively affected global economic activities, eliminating global oil demand growth potential and leading to a y-o-y decline of 6.4mn b/d in Q1 2020 and by 17.3mn b/d y-o-y in Q2 2020 . Transportation fuels are projected to be under pressure during 2020 as lockdowns in various countries particularly the US, Europe, India and the Middle East reduce demand for gasoline and jet fuel, as air travel and distances travelled anticipated to significantly decline compared with a year earlier. Furthermore, decreased manufacturing activities, compared with the previous year, will limit industrial fuel requirements.

World Oil Supply

Non-OPEC liquids production growth in 2020 (including processing gains) is revised up by 0.3mn b/d from the previous month's assessment and is now forecast to decline by 3.2mn b/d y-o-y. The revision is based on oil production estimations for April and May in non-OPEC countries participating in Declaration of Cooperation (DoC). Strong conformity with the voluntary production adjustments by the 10 non-OPEC participating countries in the DoC led to a drop in crude oil output of more than 2.59mn b/d in May, while OPEC-10 cut 6.25mn b/d m-o-m. At the same time, preliminary oil production outside the DoC showed a decrease by 2.0mn b/d in April and furthermore by 0.8mn b/d in May, mainly in the US and Canada. Oil supply in 2020 is forecast to show growth only in Norway, Brazil, Guyana and Australia.

World Economy

The world economic growth forecast remains unchanged, declining by 3.4% y-o-y in 2020, following global economic growth of 2.9% in 2019.

World oil demand in 2019 and 2020

Table 4 - 1: World oil demand in 2019*, mb/d

	2018	1Q19	2Q19	3Q19	4Q19	2019	Change 2019/18 Growth	%
World oil demand								
Americas	25.60	25.14	25.29	26.03	25.99	25.62	0.01	0.05
of which US	*20.82*	*20.65*	*20.66*	*21.05*	*21.02*	*20.85*	*0.03*	*0.12*
Europe	14.33	14.09	14.25	14.75	14.25	14.34	0.01	0.06
Asia Pacific	8.08	8.50	7.61	7.68	8.05	7.96	-0.12	-1.49
Total OECD	**48.01**	**47.72**	**47.15**	**48.46**	**48.29**	**47.91**	**-0.10**	**-0.21**
Other Asia	13.64	13.91	13.96	13.51	14.08	13.86	0.23	1.66
of which India	*4.73*	*5.03*	*4.75*	*4.49*	*5.10*	*4.84*	*0.11*	*2.36*
Latin America	6.53	6.35	6.58	6.87	6.53	6.58	0.06	0.87
Middle East	8.12	8.25	7.87	8.67	8.00	8.20	0.08	0.93
Africa	4.33	4.45	4.42	4.36	4.50	4.43	0.10	2.31
Total DCs	**32.62**	**32.96**	**32.84**	**33.41**	**33.10**	**33.08**	**0.46**	**1.41**
FSU	4.76	4.70	4.68	4.96	5.04	4.84	0.09	1.84
Other Europe	0.74	0.75	0.71	0.75	0.84	0.76	0.02	2.69
China	12.71	12.63	13.19	12.95	13.52	13.07	0.36	2.85
Total "Other regions"	**18.21**	**18.08**	**18.58**	**18.66**	**19.40**	**18.68**	**0.47**	**2.58**
Total world	**98.84**	**98.75**	**98.56**	**100.53**	**100.79**	**99.67**	**0.83**	**0.84**
Previous estimate	98.84	98.75	98.56	100.53	100.79	99.67	0.83	0.84
Revision	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

*Note: * 2019 = Estimate. Totals may not add up due to independent rounding.*

Source: OPEC.

ENERGY MARKET NEWS

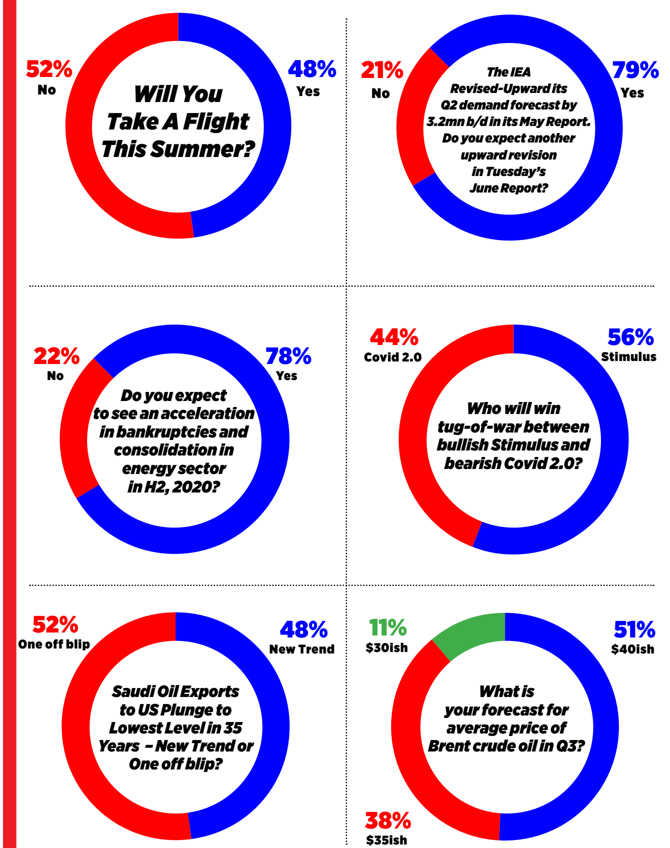
Recommended Reading JUNE 18th, 2020

1. OPEC RAISES NON-OPEC SUPPLY FORECAST FOR 2020
2. OIL PRICES DROP ON DEMAND WORRIES AS CORONAVIRUS CASES RISE
3. SURPRISE DRAW IN FUEL INVENTORIES BOOSTS OIL PRICES
4. CONOCOPHILLIPS TO RESTART IDLED ALASKAN PRODUCTION
5. PM MODI: INDIA CAN RESPOND TO CHINA IF PROVOKED
6. TRUMP SIGNS BILL PRESSURING CHINA OVER UIGHUR MUSLIM CRACKDOWN
7. XI JINPING: CHINA TO FORGIVE INTEREST-FREE LOANS TO AFRICA DUE IN 2020
8. AS COVID-19 SURGE, IS INDONESIA READY TO REOPEN?
9. ESCALATING TENSIONS WITH US POSE BIGGEST RISK TO CHINA ECONOMY IN 2020
10. EUROPE IS IN DANGER OF ANOTHER SOVEREIGN DEBT DOOM LOOP

DAILY RECOMMENDED VIDEOS

- AMOS HOCHSTEIN: “US ENERGY POLICY WILL CHANGE SIGNIFICANTLY IF VP BIDEN ELECTED”
- HOW THE HISTORIC COLLAPSE IN OIL PRICES HAS PLAYED OUT

Weekly Surveys



Source: GIQ

Fujairah Spotlight

Fujairah Ruler Congratulates King of Morocco on Successful Surgery

H.H. Sheikh Hamad bin Mohammed Al Sharqi, Supreme Council Member and Ruler of Fujairah, sent a message to King Mohammed VI of Morocco, congratulating him on the successful surgery he recently underwent. The Fujairah Ruler also wished King Mohammed a speedy recovery, and further health and wellness.

Source: MENA FN

Fujairah Fines 38 outlets, Warns 396 Others in 6 Months for Flouting Rules

As many as 38 shops and outlets across the city were fined by the Dibba Al Hisn Municipality (Dahm) in the first six months of the year. Taleb Abdullah, director, Dahm, said warning letters were also issued against 396 other outlets during the inspections. "The civil inspectors have carried out 3,875 inspection raids in the first half of the year." The raids covered all shops, shopping centres, markets, restaurants, and institutes across the city, he added.

Source: Khaleej Times

Rescue Helicopter Airlifts Walker to Safety from Fujairah Mountain

A rescue helicopter team has airlifted a man to safety from the top of Dibba Al Fujairah mountain. The 24-year-old Emirati was said to be suffering from exhaustion and was unable to return down without help. Officials from the National Search and Rescue Centre said the incident had occurred on Sunday and that the walker had been flown to hospital.

Source: The National

GP Global: Spotlight on Fujairah

GP Global has been on an expansion drive in recent months and there's no sign of a brake on its growth plans, with Anil Keswani, Head of Bunkering – East of Suez. Looking back to the start of the year and the implementation of IMO 2020, Keswani said that some markets had seen an initial mismatch in compliant fuel demand and supply, but the situation had now largely been resolved. In terms of the demand from scrubber-equipped vessels for high sulphur fuel oil (HSFO), Keswani looks at buying patterns in the Fujairah market." High sulphur has been roughly 8%-10% of our Fujairah market, and in Q3 and Q4 I think that there may be more scrubber-equipped ships," he notes.

Source: Bunkerspot

GIQ EXCLUSIVE SOUNDINGS

Fears of COVID 2.0 Weigh on Outlook for Global Oil Demand Recovery

Over the last week, Gulf Intelligence has Interviewed energy market experts in Asia, the Middle East, Europe and the US – the intelligence below is harvested from these exclusive briefings

- Christof Rühl, Senior Research Scholar , Center on Global Energy Policy, Columbia University
- Paul Young, Head of Energy Products, Dubai Mercantile Exchange
- Omar Najia, Global Head, Derivatives, BB Energy
- Robin Mills, Chief Executive Officer, Qamar Energy
- Andy Laven, Chief Operating Officer, Sahara Energy
- Amena Bakr, Deputy Bureau Chief, Energy Intelligence
- Raj Jhajharia, Technical Manager, Gulf Downstream Association
- Kevin Wright, Lead Analyst APAC, Kpler
- Capt. Tarun Arora, General Manager, GPS CHEMOIL
- Randall Mohammed, VP Energy Solutions, Ahart Solutions International
- Rustin Edwards, Head, Fuel Oil Procurement, Euronav NV
- James McCallum, Executive Chairman, Xergy & Professor of Energy, Strathclyde University

Christof Rühl, Senior Research Scholar, Center on Global Energy Policy, Columbia University
"Demand in the big consuming countries is probably going up, like the US, Europe and China. These countries are big in absolute numbers. But you have to ask yourself where demand growth has come from the last few years and it can only be from three regions. It came from China, India, and the Middle East. Two out of three of these regions are in trouble."

Paul Young, Head of Energy Products, Dubai Mercantile Exchange
"Coming out the other side of Covid-19, how is the market going to look? Jet fuel won't return to normal levels for a long time. Certainly not this year and probably not next year. What we will see though, is a rapid recovery in gasoline as people will prefer to drive."

Omar Najia, Global Head, Derivatives, BB Energy
"Donald Trump is famous for saying debt doesn't matter and this is now a view in the US. When you get into that kind of magical thinking, it's not a good thing. For me, there is nothing that goes into the S&P until people have an explanation. Fairies and Unicorns don't do it for me."

Robin Mills, Chief Executive Officer, Qamar Energy
"Given all the uncertainties out there, I think $40/bl is not too bad. But if we remain at $40/bl, then there will be a big question of what OPEC+ does next after the current set of cuts are supposed to be easing off in July. Do they take the chance of keeping those cuts tight, or do they start relaxing them?"

Andy Laven, Chief Operating Officer, Sahara Energy
"In reality, all the stimulus is doing for the market is throwing a life buoy to someone who can't swim. The problem with that is, especially in the US, it's impossible to just throw the life buoy to people who can't swim. Everyone gets the stimulus and therefore it is very much a bubble."

Amena Bakr, Deputy Bureau Chief, Energy Intelligence
"The talk amongst OPEC, and this still isn't confirmed, is that they are going to need another extension of the current cuts of 9.6mn b/d beyond July. I have spoken to ministers from both OPEC and non-Opec, and they want to see an extension of 2-3 months."

Raj Jhajharia, Technical Manager, Gulf Downstream Association
"The refiners in the GCC are very squeezed. On the one hand, they have market pressure, and on the other they have their economies to support. The good news is that there are domestic requirements keeping them afloat. For example, BAPCO has not reduced its throughout in its refinery."

Kevin Wright, Lead Analyst APAC, Kpler
"The second wave of Covid-19 is something that is being discussed and has been feared for a number of weeks in a number of different countries. We have seen R-rates gradually falling and all of a sudden an outbreak in Beijing is concerning the markets."

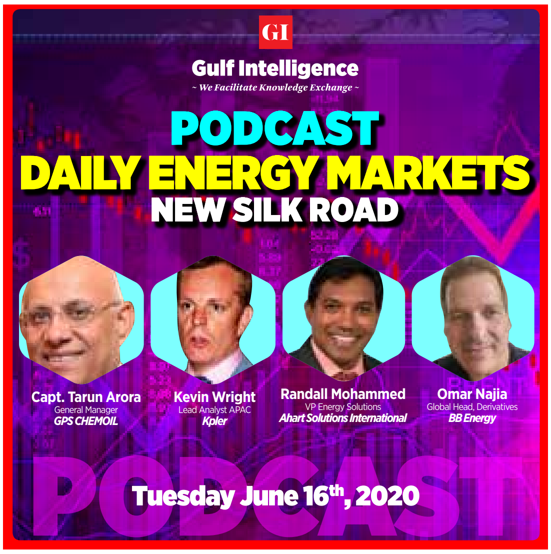
Capt. Tarun Arora, General Manager, GPS CHEMOIL
"Last month, Fujairah reported its highest inventory levels ever. We are sustaining these levels which is good. However, the throughput of overall volumes handled in Fujairah, has dropped compared to last year. Incidentally, the bunker barge volumes in the last 2 months have shown almost a 5% increase."

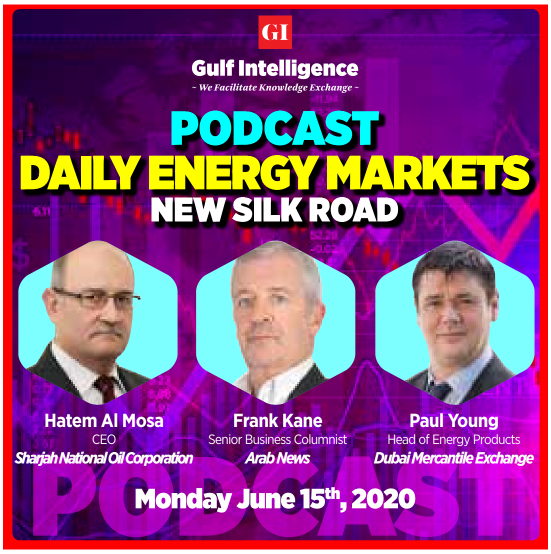
Randall Mohammed, VP Energy Solutions, Ahart Solutions International
"Undoubtedly, from a demand perspective in the US, we are still on very shaky ground. Yes, there is some mobility, but gasoline consumption is nowhere near what it was pre-Covid 19."

Rustin Edwards, Head, Fuel Oil Procurement, Euronav NV
"The carry is coming out of the market and it's going to continue to move out. The market will take a while though to get to an inverted structure because you have to suck down the inventory stacks. Even though we see refining runs picking up, they are going to pick up to the point where we see them flood the market."

James McCallum, Executive Chairman, Xergy & Professor of Energy, Strathclyde University
"In the last 2-3 weeks, we have actually seen a sense of logic return to oil markets. We have OPEC putting a more focused constraint on the market and compliance is holding even with countries that have not behaved as well in the past with regards to cuts."

ENERGY MARKETS COMMENTARY WEEK IN REVIEW





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DAILY ENERGY MARKETS WEBINAR June 14th - 18th
NEW SILK ROAD "LIVE"

GIQ EXCLUSIVE

TOP 10 MARKET OBSERVATIONS FOR THE WEEK

1. OPEC+ should tread carefully with deeper cuts for longer, as likely to encourage return of Shale.

2. Banks tightening credit on Asian oil traders could disrupt markets in Q3.

3. The biggest oil demand growth centers from recent years – China, India & Middle East – are unlikely to offer much sanctuary to markets in H2.

4. Gasoline is likely to lead demand recovery as people choose driving over flying.

5. Financial markets need a more comprehensive correction for logic of fundamentals to return and sweep away the casino of hope as a strategy.

6. China and US have found a common enemy at the same time – COVID 2.0 – that could derail recoveries in both states.

7. The IEA monthly oil demand adjustments are simply a rounding-up error in a number that is still a disaster of close to 10mn b/d destruction.

8. OPEC+ has no choice but to keep full pressure on compliance with oil cuts because demand recovery is lost in a fog.

9. Demand destruction is hiding in places where CNBC and Bloomberg cameras don't go i.e. unemployment lines and foodbanks, and hence markets think all is well.

10. EIA shows inventories of gasoline and distillate – include diesel and heating oil – may be entering a declining trend.

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