

Fujairah

New Silk Road

WEEKLY NEWSLETTER

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VOL. 10

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

GULF INTELLIGENCE EXCLUSIVE INSIGHTS

OPEC+: Key Takeaways for Saudi Arabia?

By Dr. Anas F. Alhajji, Managing Partner of Energy Outlook Advisors

1. Saudi Steams Ahead

Saudi oil policy has not changed, despite the change of ministers and Saudi Aramco's initial public offering (IPO). Prince Abdulaziz bin Salman, the current Energy Minister, worked closely with Khalid Al-Falih, the former Energy Minister, so their ideas are roughly aligned. And for the IPO, the owner remains the dominant owner. Selling a small share of the company is one thing, privatizing the whole company is another. Don't confuse the two!

2. OPEC+ Unity

OPEC and OPEC+ unity remains a cornerstone in the Saudi oil policy. The kingdom's rift with Russia that has been discussed by pundits for years is not accurate; they are largely in agreement. All the players need each other to sustain global competitiveness, energy security and forging alliances.

3. Bolster Agility!

OPEC and OPEC+ need more dynamic and frequent decision making, hence the extraordinary meeting scheduled in March. This is historically a move only made by OPEC when the market is facing extremes. Other uncertainties include trade wars, global economic growth, non-OPEC supplies (incl. US shale), and US presidential elections in late-2020.

Source: FT, Saudi Gazette, OPEC

#1

Saudi Aramco's shares rose by 10% on 11 December. The market capitalization reached nearly \$1.9trn – making it the world's biggest IPO ever. The IPO places the Saudi Stock Exchange in the top ten largest exchanges worldwide.

March 5th

OPEC will review the current production policy in less than four months.

4

OPEC has only held four extraordinary meetings over the last decade; May 2009, December 2009, December 2010 and September 2016.



Fujairah Average Oil Tank Storage Leasing Rates*

BLACK OIL PRODUCTS

Average Range
\$3.59 – \$4.04/m³



↑ Highest: **\$4.30/m³**

↓ Lowest: **\$3.40/m³**

*Time period: Weekly

Source: GI Research

Fujairah Weekly Oil Inventory Data

5,377,000 bbl

Light
Distillates



3,695,000 bbl

Middle
Distillates



12,265,000 bbl
Heavy Distillates
& Residues



Source: FEDCom & S&P Global Platts

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THE WEEK In Numbers

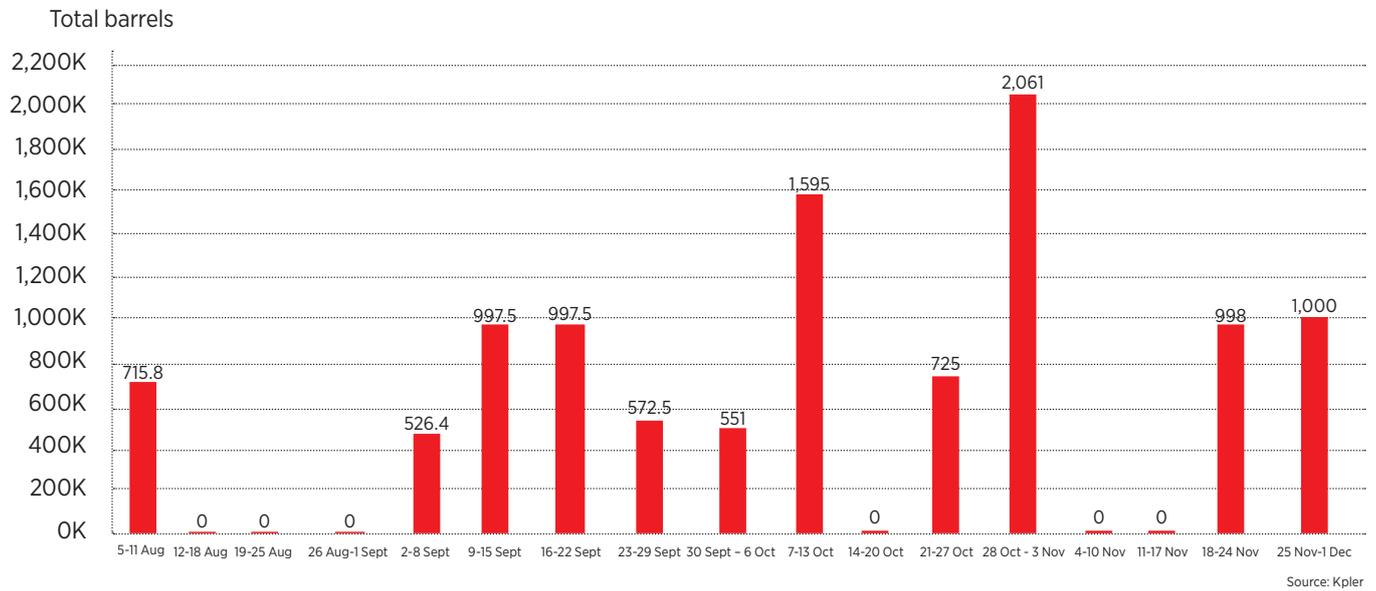


Weekly Average Oil Prices

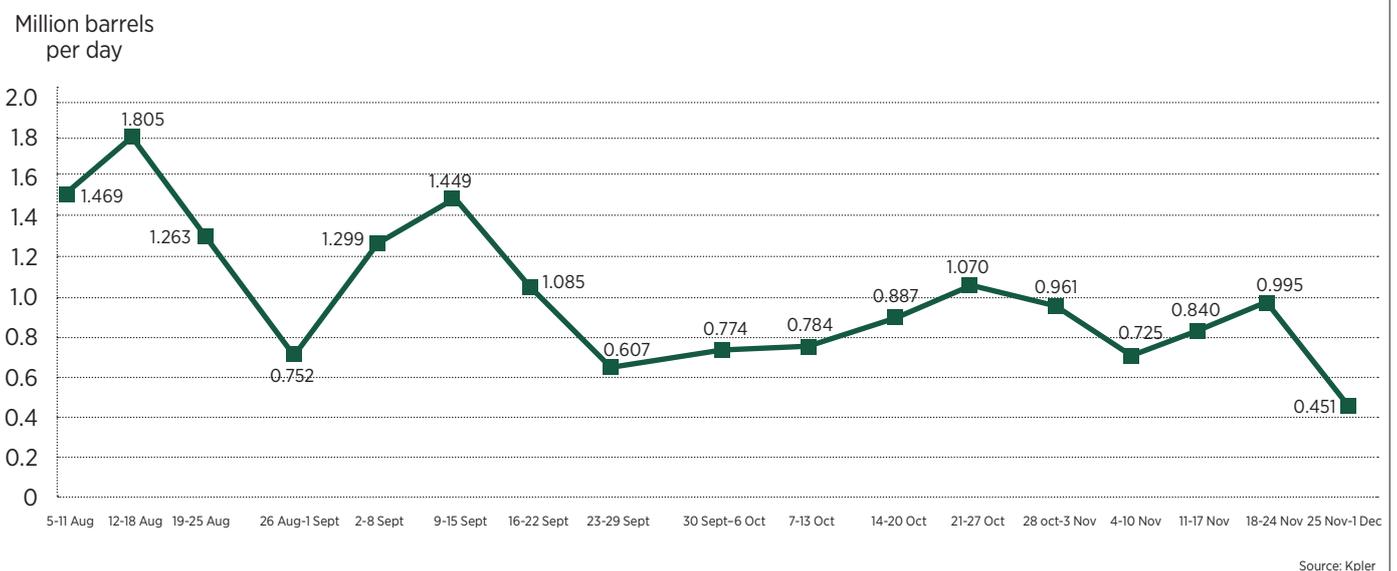
Brent Crude:	\$64.08/bbl
WTI Crude:	\$58.97/bbl
DME Oman:	\$64.76/bbl
Dubai:	\$62.13/bbl

Time Period: Week 2, December 2019
Source: IEA, OilPrice.com, GI Research

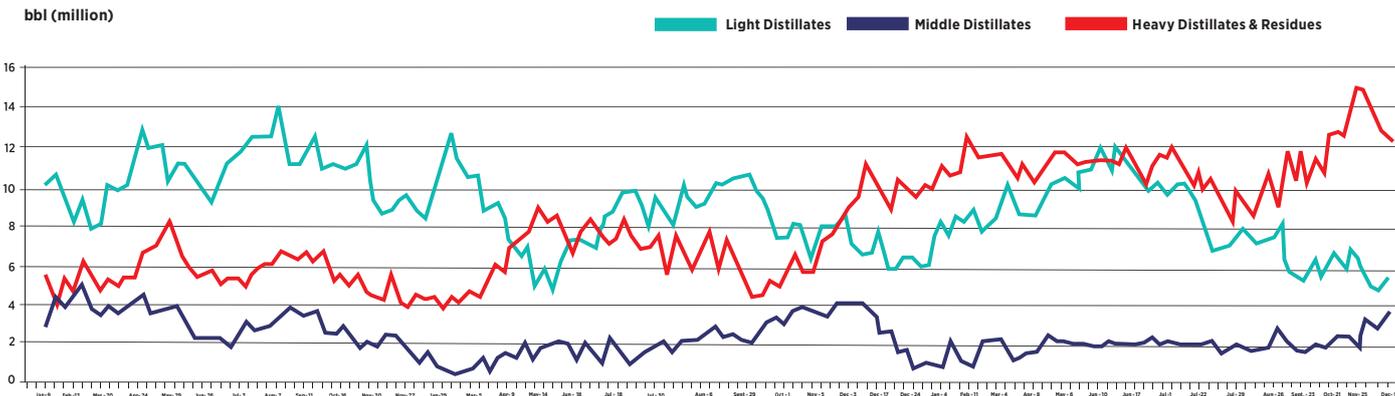
Weekly Imports of Heavy Sweet Crude into Fujairah



Total Refined Product Exports from the GCC to Asia-Pacific



Fujariah Weekly Oil Inventory Data



As of Monday, 9 December total oil product stocks in Fujairah stood at 21.337mn barrels. Stocks built by 520,000 barrels week-on-week. Overall product stocks rose by 2.5%, with builds across light and middle distillate stocks while residue stocks showed a decline.

Stocks of light distillates rose by 719,000 barrels, reflecting a rise of 15.4% week-on-week. Total volumes stood at 3.377mn barrels. The East of Suez gasoline market saw further

support from higher demand from Indonesia, while outages at a number of US refineries was supporting the overall complex for the fuel. The FOB Singapore 92 RON gasoline crack against front month ICE Brent was assessed at \$6.60/bl on Tuesday, a fall of \$1.76/bl week on week.

Stocks of middle distillates built by 9.5%, building by 322,000 barrels to stand at 3.695mn barrels at the start of the week. Higher availabilities of gasoil were seen flowing from

India to Singapore, a factor that could put pressure on the local market, sources noted. "We are seeing gasoil from India moving East because Singapore gasoil [prices] have rallied a lot, so it is attracting volumes here," a source said.

Stocks of heavy distillates fell by 4.1%, down by 521,000 barrels on the week to stand at 12.265mn barrels. The market in Fujairah continued to see tightness in barging slots, with earliest offers located for bunker delivery at least one week forward,

sources said. Some shipowners continued to take both high sulfur and low sulfur bunker fuel, even though most of them have switched the bulk of their procurement to the 0.5% sulfur grade, sources said. Delivered bunkers for marine fuel 0.5% maximum sulfur in Fujairah were assessed at \$570/mt on Tuesday. High sulfur delivered bunkers in the port were assessed at \$271.75/mt on Tuesday, reflecting a spread of \$298.25/mt between the two fuels.

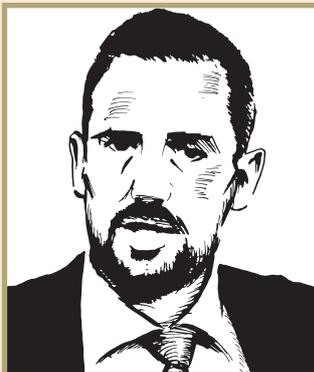
Source: S&P Global Platts

Oil Commentary

"Bulls Cease Control?"

Another day of December and another Christmas cracker joke to lighten the mood. Why is Greta Thunberg boycotting parsnips and carrots at Christmas? Because she's a swede dish campaigner. Don't tell me "heard it before Stanley." This is where humour is AT! OK, other brilliance. Oh wait, I don't mean that do I? This oil market. So, I'm reading stories about "the oil rally comes to a halt" and "bulls cease control of the oil market". And my personal favorite: "The OPEC+ Deal Was The First Step To \$100/bl Oil." The latter I will come to in a bit. I'm sorry, but what in the name of all that's holy are you talking

about? Oil rally, bulls, \$100/bl oil? Let's clear something up to start with this "rally." Are we referring to when oil was at \$60/bl and then it went to \$64/bl? If you call that a rally, then be gone with you my dear. "Bulls cease control" – cease control of what? The only thing the bulls are ceasing control of at the moment are pints of Guinness, save for how pony the markets are right now. And as for you, whoever wrote \$100/bl oil, well, where do I start? Since Friday's OPEC+ announcement, the market has done nothing. There was no rally and there has been nothing but glum looking traders looking for where the next much-needed boost is going to come from. The OPEC+ agreement merely



BY MATT STANLEY
SENIOR BROKER
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ratified current production levels and it was only extended until the end of March. This was not and is not bullish, in my opinion. People who are dismissive that the US are doing nothing else other than increasing oil production are, quite frankly, completely delusional. The figures cannot

be ignored, but when I become very troubled when I read statements like this: "The oceans aren't rising, the polar bears are still producing little polar bears, the planet isn't burning up, and demand for oil is not slowing down anytime soon." Poor old Greta. Can you imagine if she got hold of the guy who wrote that? Ha! "How dare you, how dare youuuu." And the look she'd give! Remember the look the Donald got? That would have me jumping round the back of my sofa and hiding from my TV. Wow. "Polar bears are still producing little polar bears". Amazing. In another blow for the bulls, stats are out soon and apparently, we will see a build on crude stocks. Let's wait and see. Good day.

December 11, 2019

ENERGY NEWS Highlights



Boost for Saudi Arabia as Aramco shares surge 10%

Saudi Aramco shares surged the maximum permitted 10% above their initial public offering (IPO) price on their Riyadh stock market debut on Wednesday, 11 December, closing in on the \$2trn valuation long sought by Saudi Crown Prince Mohammed bin Salman.

Source: Reuters

ENOC strengthens partnership with Indian Oil Corporation (IOC)

ENOC Group has announced the signing of an evergreen aviation fuel supply agreement with IOC, the largest commercial oil and gas company in India. With the evergreen contract, IOC will provide aviation fuel to customers flying to and from 34 Indian airports.

Source: Khaleej Times

Russian CEO: OPEC+ to keep oil between \$55/bl-\$65/bl

The efforts of OPEC and its Russia-led non-OPEC allies to cut production further will be positive for oil prices, which will stay in the \$55/bl-\$65/bl range in the first quarter, Alexander Dyukov, CEO at Russian oil producer Gazprom Neft, said this week.

Source: Oilprice.com



Storage tankers off Singapore decline ahead of IMO 2020

The number of tankers floating around the Singapore Strait have seen a steady decline in recent weeks as low sulfur material gets moved to landed storage to meet rising demand for IMO 2020-compliant marine fuel, market sources said. Several vessels that had been storing low sulfur fuel for weeks around Singapore have moved out in recent weeks after offloading their cargoes, according cFlow, S&P Global Platts trade-flow software.

Source: Hellenic Shipping News

China heralds major energy reform

China has officially launched a new state-owned oil and gas pipeline company, China Oil & Gas Piping Network Corporation, in an effort to revamp the country's oil and gas pipeline sector.

Source: World Pipelines

Africa's appetite for taxing oil scares investors

Foreign investors are reportedly concerned about the uncertainty surrounding the taxation measures that African governments impose on the oil and gas sector. Such hostile environments are likely to dampen the interest of foreign investors, particularly Chinese oil firms looking to invest \$15bn in the sector in the next four years, according to Africa's Energy Outlook 2020.

Source: AllAfrica

Total opens Asia Pacific HQ in Singapore

French energy giant Total reaffirmed its commitment to Singapore as a strategic hub by opening its regional headquarters in Frasers Tower in Cecil Street to manage its businesses across Asia Pacific.

Source: The Strait Times

MARK YOUR CALENDAR

The 10th Gulf Intelligence Energy Markets Forum 2020

Under the Patronage of His Highness Sheikh Hamad Bin Mohammed Al-Sharqi Member of the Supreme Council and The Ruler of Fujairah, UAE

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