# Fujairah New Silk Road WEEKLY NEWSLETTER

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AN **EXCLUSIVE** GULF INTELLIGENCE INTERVIEW

## "ADIPEC 2021 - TOP 3 TAKEAWAYS: GREEN-GREEN-GREEN!"


### Christof Rühl
*Senior Research Scholar - Center on Global Energy Policy*
*Columbia University*


For the first time in the history of the oil and gas industry, people are seriously worried about the massive attempt to cut into production and supply opportunities. We saw this at ADIPEC last week, where industry representatives showed they were feeling the heat of the energy transition coming closer. And it wasn't only talk about carbon prices. It was concrete conversations about access restrictions and massive public opinion supporting that. As a result, oil and gas companies are now seeing it as more tangible and more practical to accept something like a carbon price but they don't want their volumes of production threatened. Another takeaway from last week was the strong reaction to what has been labeled this year as an energy crisis - of high oil prices and in particular, gas prices. The first voices are now being raised to say that we cannot sell the energy transition in this blue eyed, hilarious fashion, as a free ride into a good future where everybody creates green jobs and it's basically cost free. People are getting much more on the front foot. OPEC has said repeatedly that the energy transition is not simply about fuel substitution and voices from Africa are especially coming out strongly to say that they are not going to leave valuable barrels in the ground. That they need the money and also only account for about 3% of global emissions. The realization is that we can't just jump out and away from fossil fuels tomorrow - the world is a bit more complicated than that. And those who see that their livelihood is directly attacked – whether as companies or as countries, are now more willing and have more analytical material to raise their voice. That's a debate which I see getting stronger.

CONTINUED ON PAGE 3

### Fujairah Weekly Oil Inventory Data

| 4,269,000 bbl | 2,822,000 bbl | 9,165,000 bbl |
|---|---|---|
| Light Distillates | Middle Distillates | Heavy Distillates & Residues |

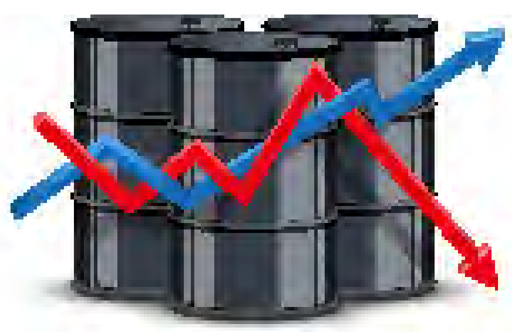
Source: FEDCom & S&P Global Platts

### Fujairah Average Oil Tank Storage Leasing Rates*

**BLACK OIL PRODUCTS**

**Average Range**
**$3.54 - 4.38/m³**

**↑ Highest: $4.50/m³**
**↓ Lowest: $3.40/m³**

**Weekly Average Oil Prices**

| | |
|---|---|
| Brent Crude: | $80.60/bl |
| WTI Crude: | $77.30/bl |
| DME Oman: | $79.52/bl |
| Murban: | $81.59/bl |

*Time Period: Week 3, November 2021
Source: IEA, OilPrice.com, GI Research

# Fujairah Weekly Bunker Prices

## VLSFO

**High = $626.50/mt**

**Low = $605.50/mt**

**Average = $614.50/mt**

**Spread = $21.00/mt**

## MGO

**High = $782.50/mt**

**Low = $762.50/mt**

**Average = $773.50/mt**

**Spread = $20.00/mt**

## IFO380

**High = =$494.50/mt**

**Low = $464.00/mt**

**Average = $477.00/mt**

**Spread = $30.50/mt**

*Source: Ship and Bunker, *, *Time Period: November 17 - November 24*

# Fujairah Bunker Sales Volume ($m^3$)

| | | |
|---|---|---|
| **573**<br>180cst Low Sulfur Fuel Oil | **606,093**<br>380cst Low Sulfur Fuel Oil | **135,150**<br>380cst Marine Fuel Oil |
| **1,964**<br>Marine Gasoil | **32,402**<br>Low Sulfur Marine Gasoil | **5,878**<br>Lubricants |

*Source: FEDCom & S&P Global Platts*

# Christof Rühl

## Senior Research Scholar - Center on Global Energy Policy Columbia University

CONTINUED FROM PAGE 1

***Hydrogen seems to be grabbing a lot more headlines this year?***

***Christof Rühl:*** Green hydrogen is being dubbed by many as the new savior. Hydrogen has been around for a long time, but no one has so far been willing to take the stand of it being the fuel of the future. That opinion is changing, with a stronger willingness by some oil and gas producers to jump on something which promises to use the same infrastructure, familiar processes, and the same business model.

***How does the global economy look as we approach 2022?***

***Christof Rühl:*** It's not currently in great shape, nor is the outlook very positive, and that's what determines people's sentiment. China is looking fragile - whether from the angle of financial sector stability, or inflation or growth. It's going to be an economy which will be growing by not more than 6%. That may be good by normal standards, but not for China's record of the past 30-40 years. In the US, inflation numbers are prompting the Fed to talk about being more aggressive. And meanwhile Europe has a double problem. Slower growth than the US and a resurgence in Covid-19 numbers. The ECB has also said it can't start tightening up monetary policy because it can't afford it. The ultimate question for the global economy is whether growth will return to 2019 levels or whether, like in previous recessions, we will get a slower long term growth rate as a result of all of these misallocations. It's starting to look decidedly more like the latter and that's bad news for everyone, in a situation where the instruments of economic policymaking have been more or less exhausted.

***Will we see a more hawkish policy materialize in the US?***

***Christof Rühl:*** Inflation is now 6% for this year, and if it continues to go up, voices in the US will become stronger. Biden on the other hand will be keen to make sure that the central bank doesn't turn too hawkish. All of this is familiar breeding ground for more uncertainty into the future, because time and again, we have seen the Federal Reserve erring on the side of being peaceful, not to shock markets, but it just leads to bigger disruptions down the road. I was quite impressed by the Biden administration in its first 100 days, with a few blueprints ready to implement one after another. What I see lately is it's veering into more opportunistic territory, which is not very healthy. So what we see now is the US dollar going up for very good reason and interestingly so is gold because inflation fears persist. Normally they would move in opposite directions. This inflation problem could be around much longer than it needs to be and that's the point at which trouble really starts.

***Was the US wise to release SPR reserves?***

***Christof Rühl:*** It is off the mark. We have already seen oil prices stabilizing. And the key thing to remember is that these prices are politically motivated – OPEC is in control. Existing spare capacity is still way higher than the expected increase in demand to come for 2022. In fact, we are now seeing that demand next year will be much lower than had been expected and that with a global economy back to 2019 levels, corresponding oil demand will be 4.3mn barrels lower, and the IEA estimates now point that way. Secondly, SPR releases prevent supply from coming forward because they cool down prices temporarily. That then takes away the carrot for private producers to produce more. Biden really hasn't had a coherent energy policy. First, by reining in domestic producers while riding this wave of climate change, and then turning to OPEC for more production and others around the globe to release SPR. He is surrounded by people who know a lot about climate, but very little about oil and gas.

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# ENERGY MARKETS VIEWS YOU CAN USE

**Jorge Montepeque**
**President & Founder**
**Global Markets**

### WOULD OPEC BE HAPPY WITH THE DISTORTION AN SPR RELEASE COULD BRING?

Governments globally, including the US, Japan and China, are very concerned about the surge in oil prices since September, so they're jumping in to take action to flatten the curve by considering releasing strategic reserves. The imbalance between supply and consumption continues and inventories are being depleted and we expect demand to remain healthy with winter and travel seasons coming up. Any recent softness in the market will recover in December and January. OPEC will continue to optimize the value of the commodities they sell. They are in the driver's seat and will continue to be so, while observing their impact on the market. An SPR release will impact prices but usually, the price continues to go the way it should go because those measures are, by definition, temporary and ineffectual.

### WHY ARE US PRODUCERS BACKING AWAY FROM HEDGING FOR 2022?

As an oil producer, your choice is to tell shareholders that you are exposed to price or that you are managing price by hedging. It's clear today that prices are, plus or minus, $80 and that we're not going to go to $50 or $150 so it is more efficient from a capital consumption point of view, for a company not to hedge and just ride the market.

### WHAT'S THE LATEST SENTIMENT ON US FED POLICY AND ITS IMPACT ON OIL MARKETS?

The numbers are showing that there should be interest rate increases in the US and elsewhere but it's unlikely the US will act anytime soon despite the stronger narrative. If and when it does however, that is likely to be before others, like Europe for example, and hence we are seeing the USD strengthen relative to other currencies. By definition, that also increases the cost of energy to the rest of the world because oil is denominated in US dollars.

**Marc Ostwald**
**Chief Economist & Global Strategist**
**ADM Investor Services International**

### MARKET CONCERNS ABOUT COVID IN EUROPE, CHINA ECONOMIC UNCERTAINTY?

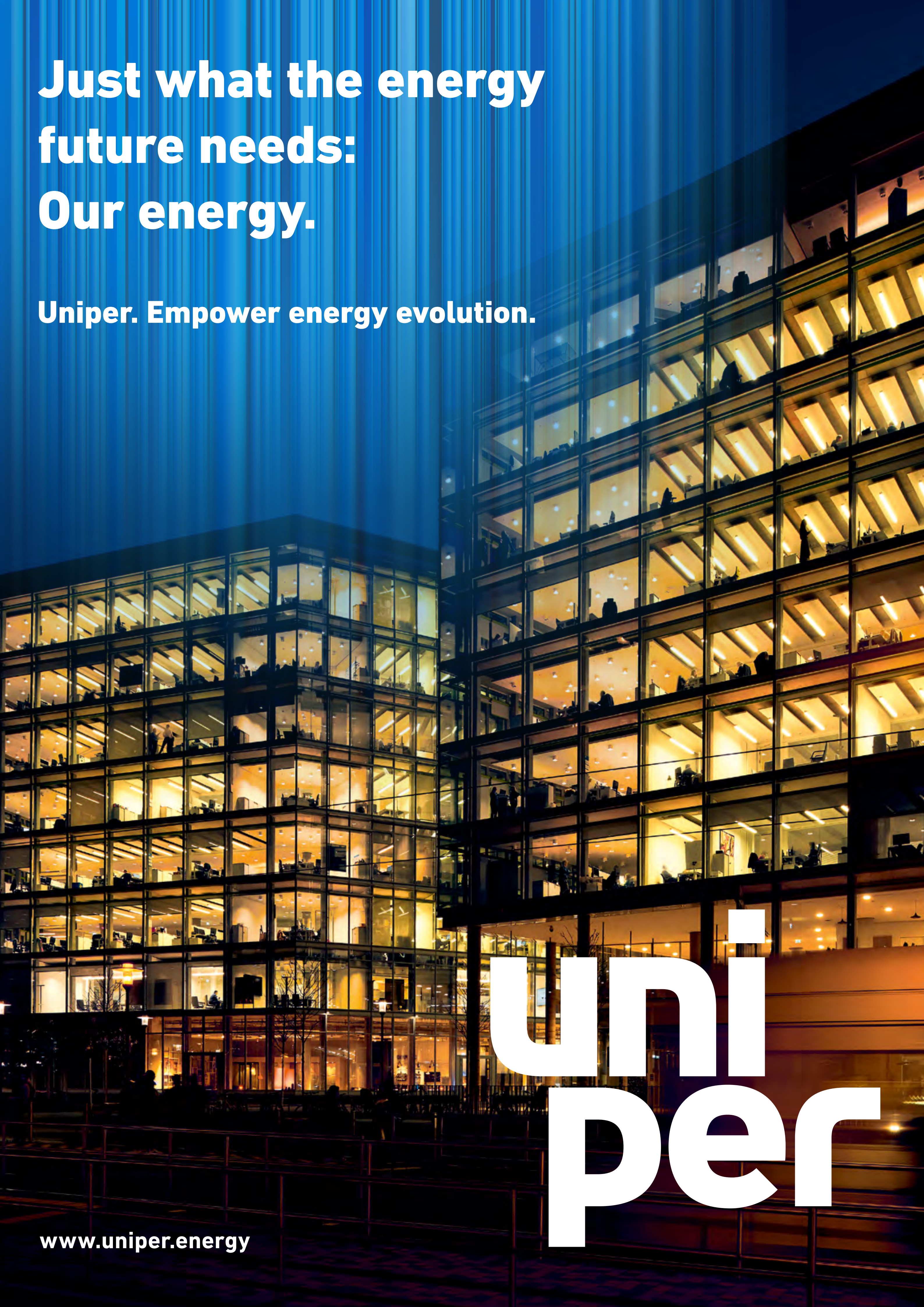
The latest outbreak of Covid in Europe is adding another layer of uncertainty but as we have learnt in the last 18 months, we will deal with it better, again. The biggest threat in Europe today is probably social unrest but the mood within the political community is also not to impose severe lockdowns. Meanwhile, the US economy is looking pretty good. The uncertainties around China are not going away in a hurry. The country is going through a transition period, but the rest of Asia is bouncing back from that third quarter Covid shock. As an example, South Korean exports of petroleum products are in very strong demand and that also reemphasizes the point that we don't have a crude deficit problem, but rather a refining product capacity problem and supply bottlenecks, everywhere.

### HOW SERIOUS IS THE INFLATION THREAT TO GLOBAL GDP GROWTH?

There is concern on the rise of non-discretionary costs such as energy, food and household related expenses and we're not seeing a level of pay rises to match that. The other issue with this economic recovery is the realization that we haven't invested in infrastructure capacity enough, to handle it. That creates a backlog of orders which will feed the economy for quite some time. The only danger is if central banks suddenly throw in the towel and say they have to do something about inflation. But that would be futile as it won't create jobs, won't control energy prices nor resolve labour and supply chain issues.

### COULD THE US FED BE FORCED TO MOVE ON RATES EARLIER?

Anything that they do to fight inflation will be ineffective. Where the danger lies is if markets suddenly feel that central banks are being backed into a corner and that they have lost control of the whole narrative. So far, markets have not questioned this but we may be getting close to that inflection point where they do. The other risk for equity markets is if we see bond yields rise in response to inflation and we're starting to see credit spreads widen quite sharply.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## ANY FALLOUT FOR OPEC FROM A COORDINATED SPR RELEASE?

OPEC needs to keep their customers front and center, but their major customers are also signing up to commitments to phase out oil to an extent, while asking them to lower their margins today so it puts OPEC in a difficult position. Some countries, like the US and Turkey, are releasing their strategic reserves out of political necessity. The main trigger behind inflation is central bank policy, and in a way, that's been a success. People are out and spending money. What's creating concern is that this has been established on the basis of an extraordinary expansionary policy, and yet we don't have full employment and things are getting more expensive.

## CAN THE US FED DO ANYTHING ABOUT THIS INFLATION?

They can do something with monetary policy, but it would be easier to just shift the narrative, such as admitting that inflation is not so transitory and so the market should expect more aggressive moves at some point. And that narrative - that tightening is on the horizon and that inflation will remain high through 2022 - is in fact already out there. It's possible that further decisions could be made before or after the US mid-term elections. But whereas in the past, you could go up 500 basis points in a normal tightening cycle, the prospect of that today would spook investors into the very asset classes that are booming - oil, property, technology, crypto and SPACs.

**Vanda Insights**
**Albert Stromquist**
**Principal**

## WILL OPEC COUNTER OIL CONSUMING COUNTRIES' RELEASES OF SPR?

It depends on the magnitude, but I absolutely expect OPEC+ to respond with an equal and opposite reaction and as a result, so we won't see much change on supply. OPEC is hell bent on ensuring that they keep the markets undersupplied, at least through the fourth quarter as it still expects a surplus next year. It would be a fool's errand releasing these SPR barrels and the companies that borrow them will also have to return the oil at some point with interest. If it does materialize, China's volume will probably be around seven million barrels. South Korea and Japan will do something as it's diplomatically hard for them to say no to the US request, but volumes will be token gestures. As for India, it doesn't have much SPR (about 37 million barrels) and I would be very surprised to see them releasing a big chunk of it.

## ARE WE GOING TO SEE OIL PRICES BACK UP ABOVE $80?

Friday's sell off was overdone so I remain constructive. The energy crisis is still here so oil fuel substitution remains in the picture for oil demand. The market probably overreacted to Austria going into full lockdown. Most of the western European countries that account for most of the oil demand growth have reasonably high rates of vaccination and I expect these governments to avoid very stringent Covid restrictions.

## US SHALE PRODUCERS' REINVESTMENT RATES AT ALL-TIME LOWS IN Q3. WHY?

Hundreds of millions of dollars have been lost on hedging this year with more losses expected into next year because most of the hedges were put in place in the first half of 2021. So, the mantra of cash discipline is very much intact. There's also more consolidation expected with the smaller players in trouble. Those are the producers who would have in current times drilled more wells, while the majors would remain more cash disciplined and are also pivoting away their entire business more towards clean energy.

# Fujariah Weekly Oil Inventory Data

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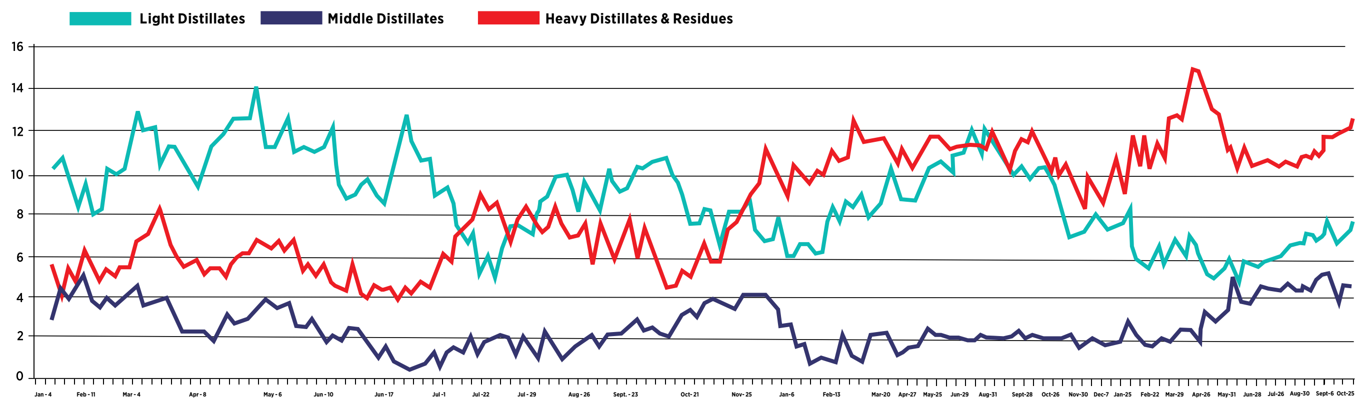
Fujairah Oil Industry Zone

bbl (million)




## TOP TAKEAWAYS

- Total oil product stocks in Fujairah were reported at 16.256mn barrels. Total stocks fell 4.04mn barrels with overall stocks down 19.9% week-on-week. This is a reversal of last week's build when total stocks were reported above 20mn for the first time since July 26. The total stock draw was driven by decreasing stocks of light distillates, middle distillates and heavy residues.
- Stocks of light distillates, including gasoline and naphtha, fell 1.569mn barrels or 26.9% on the week to 4.269mn barrels. This is a reversal of last week's rise of 168,000 barrels. Fresh evidence of spot demand surfaced in the Middle East and South Africa this week. South Africa's Engen was seen on the spot market seeking 38,000 mt of 95 RON gasoline for delivery to Durban over Jan. 1-2, in a tender closing Nov. 23, according to market sources. Meanwhile, Kuwait Petroleum Corporation was also seen in the spot market seeking 35,000 mt of 91 RON gasoline for delivery to Mina al-Ahmadi over Dec. 1-2, in a tender closing Nov. 23, according to market sources. Supporting the gasoline crack spread, total US gasoline stocks are expected to hold at current levels in the week to Nov. 19, analysts surveyed by S&P Global Platts said. Historical data shows gasoline stocks typically build during the autumn, and the lack of increase would put inventories almost 5% behind the five-year average.
- Stocks of middle distillates, including diesel and jet fuel, fell by 755,000 barrels or 21.1% on the week to 2.822mn barrels. This is a continuation of last week's fall of 102,000 barrels. The East of Suez ultra-low sulfur diesel market regained a measure of stability this week, with the volatility observed in earlier trading sessions — prompted by jitters over the return of Covid-19 restrictions in the West as well as movements in the crude arena — ebbing away. Traders maintained that while the outlook for the East of Suez ULSD market was still constructive, some new factors — such as increasing supply streams — have emerged which could shift dynamics slightly. In spot news, Bahrain Petroleum Company BSC has issued a tender offering 40,000-60,000 mt of 10 ppm sulfur gasoil for loading from Sitra over Dec. 17-20, trade sources said. The tender closed Nov. 23. Sri Lanka's Ceylon Petroleum Corp. is seeking 280,000 barrels of 0.05% sulfur gasoil for dual berth delivery at Dolphin Tanker Berth and SPM Muthurajawela, Colombo, over Dec. 27-28. The tender closes Dec. 7. In India, Mangalore Refinery and Petrochemicals Ltd. has issued a tender offering 65,000 mt of 10 ppm sulfur high speed diesel for loading from New Mangalore over Dec. 11-13 via a tender that closes Nov. 24.
- Stocks of heavy residues fell by 1.716mn barrels or 15.8% on the week to 9.165mn barrels. This is a reversal of last week's rise of 380,000 barrels. Spot trading activity at the major bunkering hubs of Singapore and Fujairah dialed down this week, especially when compared to a surge in buying interest seen on the first trading day of last week, market sources said. With flat price for bunkers staying steady mirroring a steady crude price demand was said to be average on Nov. 23, as buyers waited for further pricing cues. In the Middle Eastern port of Fujairah, delivered marine fuel 0.5%S bunker was heard offered at $600/mt-$605/mt, with offers at the lower-end of the range for product deliverable from Nov. 30 onwards. Lackluster demand, however, led sellers to lower offers to meet buy ideas, as trades were heard concluded at $595/mt-$597/mt. Fujairah-delivered marine fuel maximum 0.5% sulfur was assessed $596/mt on Nov. 23. The price in Fujairah was assessed at a $5/mt discount to Singapore which saw its delivered bunkers on the same basis assessed at $601/mt.

Source: S&P Global Platts

## OIL COMMENTARY

**BY MATT STANLEY**
SENIOR BROKER
STAR FUELS

To everyone over the pond and celebrating around the world may I wish you a very Happy Thanksgiving. Like a Michael Carrick interim appointment, let's keep it brief. Brent is trading this morning at $82.40/bl up 0.15 and WTI is trading up 0.01 at $78.40/bl. So, EIA data out last night showed draws on product stocks and modest builds on crude. That was perfectly acceptable for the bulls torest happily over the long weekend so don't expect much else to happen over the next couple of days. The market will happily sit at $82.50/bl until OPEC+ meet next week. I find it quite bizarre that the market is expecting some form of reaction from the group on output levels to compensate for the SPR releases. Quite frankly, as I have mentioned before, if the group do adjust output in line with what has been released then the group lose a lot of credibility, they have spent time, effort and indeed money, building up over the last 18 months or so. It would also send a clear signal that OPEC+ are trying to protect prices at these levels and not considering the longer-term effects on the end user and the inflationary argument thereof. Oof. Very serious today. Shall we have a Thanksgiving cracker? OK then let's do that. What's the best song to play while cooking a turkey? All about that baste. OH, COME ONNNN. I wish everyone a good day ahead.



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# ENERGY MARKETS COMMENTARY WEEK IN REVIEW





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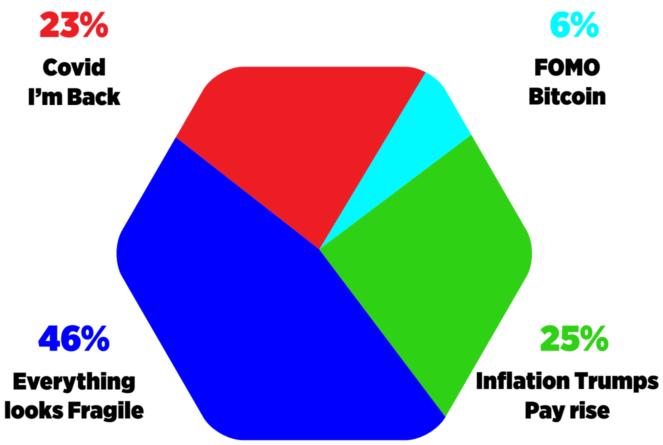
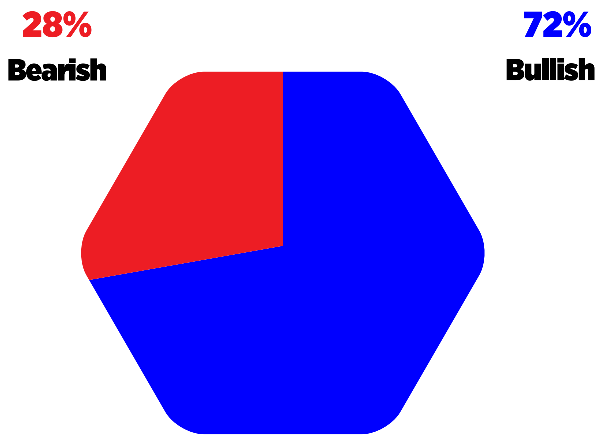
# GIQ Weekly Surveys

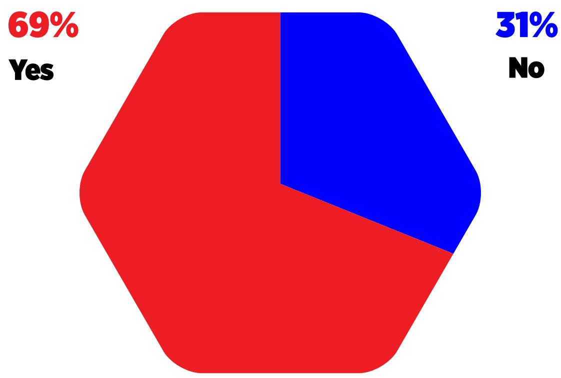
***The World Economy Is Good -- So Why Do We Feel Terrible About It?***



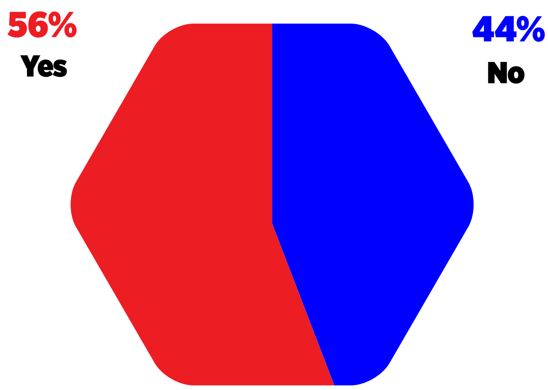

***Will the actual release of SPR trigger further oil price declines (bearish) or end slide and send prices higher (bullish)?***




***Should OPEC+ counter coordinated SPR release by suspending the current agreement to add 400k b/d per month?***




***Brent has jumped over $3 since US announced SPR release -- does that put the issued to BED for OPEC+ ahead of meeting next week?***





Source: GIQ





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# ENERGY MARKETS VIEWS YOU CAN USE

**Henning Gloystein**
**Director - Energy, Climate & Resources**
**Eurasia Group**

**THE CONSIDERATION TO RELEASE SPR IS ENTIRELY US DOMESTIC POLICY DRIVEN.**
The Biden administration is under pressure and wants to ease inflation pressure and so they've targeted gasoline prices. That's fair enough but the IEA, of which the US is a member, states that the emergency response system is not there to influence prices. So, the US is losing credibility.

**SHOULD OPEC SUSPEND ITS CURRENT OUTPUT AGREEMENT?**
OPEC has been quiet so far, but it has to react if there is a big release of oil by the US and other consumers because the market will flip from being slightly undersupplied to being quite oversupplied. If it's just a few million barrels over a month or so, they will probably sit tight but if it's 80-100 million barrels, they could suspend the deal for at least a month or two. It's a tricky situation and this polarization of the market isn't good.

**BUT OPEC+ ARE NOT EVEN MEETING THEIR CURRENT SUPPLY AGREEMENTS?**
That's true and mostly because of upstream production problems for some members, but the GCC countries have been trying to increase supply. OPEC is worried about the demand situation going into 2022 – with inflation, new waves of Covid and lockdowns and the China slow down.

**HAS THE COVID RESURGENCE IN EUROPE GIVEN THE MARKETS A BIT OF A WOBBLE?**
There is concern in Europe and the rising cases have been a surprise because with vaccination rates at around 70%, everything should have been alright. There will be more restrictions to come - Germany is almost certainly going to do something soon and the Netherlands have already - but it won't mean that everything shuts down. The one to really keep an eye on is the US.

**Dr. Carole Nakhle**
**Chief Executive Officer**
**Crystol Energy**

**THE US SPR RELEASE DIDN'T HAVE THE DESIRED IMPACT ON THE MARKET?**
We were expecting the release and the scale of the volumes were not that big. There's also talk that some of those volumes should be returned to the US after a few months, so it created a kind of disappointment in the market and backfired.

**SHOULD OPEC REACT?**
There are lots of wise people in OPEC who understand Biden's dilemma. Biden had to be seen to be doing something in the current inflationary environment, especially ahead of the big Thanksgiving weekend when Americans go to great expense. But he didn't do it as an act of war against OPEC. If you recall, he also made an announcement before the SPR release, that he would be investigating whether local domestic distributors - petrol stations and various refineries – were manipulating supplies and therefore price. OPEC sees the SPR move as something to meet Biden's domestic agenda. It may be too early to tell whether they will retaliate but I doubt it. They have to ask themselves – do they want to win the battle or the war.

**WHY HAS THE IEA NOW STEPPED IN TO URGE OPEC TO DO MORE?**
Interestingly, the IEA did not get involved with the US SPR release debate and were in fact saying that they saw no crisis. The IEA and OPEC have generally been aligned in their statements in the last few years. But perhaps because of the change in the US administration, we have seen some indirect pressure on the IEA to change its tone this year. That first emanated in their 2050 outlook report, which called for no further investment in oil and gas, and most importantly, with recently pointing the finger at OPEC and its allies to put more oil in the market to ease pressure on a weakening global economy. It's been a 180 degree shift in their position.

**WILL IMPROVED US JOBLESS CLAIMS LEAD TO FASTER MONETARY TIGHTENING?**
The figures this week sent a very positive signal that despite all the talk about high energy prices and worsening inflation, the US economy seems to be on firm ground for a recovery after Covid. The Fed has always had two targets in mind - inflation and unemployment. If we see them both heading in the right direction, the Fed might at its next meeting announce an acceleration of tapering, that would also lead to an acceleration of when to raise interest rates.

*"Some of the key strains in today's markets may be considered as artificial tightness ... because in oil markets today we see close to 6mn b/d of spare production capacity lies with the key producers, OPEC+ countries."*

*Fatih Birol*
*Executive director*
*International Energy Agency (IEA)*



# ENERGY MARKET NEWS

## RECOMMENDED READING

1. CRUDE OIL FUTURES STEADY AS RISK SENTIMENT REMAINS FIRM DESPITE US STOCK BUILD
2. CONSUMERS SHAKE FIST AT OPEC-PLUS WITH SPR ACTION
3. OIL BULLS REJOICE AS BIDEN'S SUPPLY STRATEGY BACKFIRES
4. IEA URGES OPEC TO TAKE 'NECESSARY STEPS' TO LOWER OIL PRICES
5. UAE & IRAN TO DEVELOP TIES IN 'NEW CHAPTER IN RELATIONS'
6. CHINA KEEPS MARKETS IN THE DARK ABOUT SPR RELEASE
7. RUSSIA'S OIL RESERVES ARE BECOMING INCREASINGLY HARD TO RECOVER
8. WEEKLY JOBLESS CLAIMS POST STUNNING DECLINE TO 199,000
9. RUSSIA EXPECTS DECREASE IN WHOLESALE & RETAIL PRICES FOR DIESEL
10. UAE: NO NEED FOR OPEC+ TO DEVIATE FROM 400,000 B/D OIL OUTPUT INCREASE

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## RECOMMENDED VIDEOS & REPORTS

- IRISH CITIZENS IN ETHIOPIA ADVISED TO LEAVE IMMEDIATELY
- UAE'S CROWN PRINCE TRIP TO TURKEY TELLS US ABOUT THE POST-AMERICAN MIDEAST
- IT'S NOT JUST PENG. CHINA IS CRACKING DOWN ON METOO MOVEMENT
- A NORDIC ENERGY GIANT SHOWS HOW A CARBON TURNAROUND HAPPENS
- CHINA'S 7-WEEK COVID-19 PORT QUARANTINE SNARLS SUPPLY CHAINS FURTHER
- ROBIN MILLS, QAMAR ENERGY: ENERGY THIS WEEK REPORT

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# Where Trade Flourishes

# Fujairah Spotlight

## Fujairah Ruler issues Emiri Decree to Establish Fujairah Government Excellence Programme

H.H. Sheikh Hamad bin Mohammed Al Sharqi, Supreme Council Member and Ruler of Fujairah, has issued Emiri Decree No.4 of 2021 establishing the Fujairah Government Excellence Programme that aims to improve the level of government performance in the Emirate of Fujairah, keeping pace with standards of excellence. The programme also aims to enable the government sector in the Emirate of Fujairah to excel in performance and services, develop human energies, support the policy of excellence and creativity in the local government institutions and create competition among them. The Fujairah Government Excellence Programme will also establish and support the strategic partnership between local government departments and the private sector, regionally and globally.

*Source: Emirates News Agency*

## Fujairah Marine Fuel Sales Rise 22% to Record High

Sales volumes of marine fuel in the UAE's Fujairah marine refuelling and oil storage hub jumped by 22 per cent in October to the highest since records began in January, spurred by increased regional shipping demand, official data showed. Fujairah's October bunker sales volumes totalled 776,000 cubic metres, according to the latest data from the Fujairah Oil Industry Zone (FOIZ) data, equivalent to about 743,000 tonnes, Reuters calculations showed. In September, Fujairah bunkering volumes sank to a six-month low of 636,000 cubic meters. A Dubai-based bunker fuel trader, speaking on condition of anonymity, said more dry bulk and tanker ships had used the hub as trade had recovered strongly following an easing of coronavirus restrictions. Fujairah bunkers were also slightly cheaper than Singapore, which had driven demand, the trader added.

*Source: Khalleej Times*

## VLSFO Market Spikes on Persistent Supply Concerns

VLSFO markets have gained steadily in recent weeks amid limited refinery output, short arbitrage or blendstock supplies as well as firm demand. The front-month VLSFO time spread spiked to $16 a tonne on Wednesday, up from $11.25 in the previous session. The front-month crack rose to $14.99 a barrel above Dubai crude from Tuesday's $13.63 a barrel, Refinitiv data in Eikon showed. This came as fuel oil inventories in the Fujairah bunkering and storage hub dropped 16% to a three-week low in the week ended Nov. 22, data released on Wednesday showed. The lower inventories came amid limited imports from regional and west-of-Suez suppliers, elevated exports as well as firm utility demand and steady bunker consumption at the Fujairah hub, trade sources said.

*Source: Brecorder*

## Fujairah Ruler Receives Minister of Justice

His Highness Sheikh Hamad bin Mohammed Al Sharqi, Supreme Council Member and Ruler of Fujairah, received at Al Rumaila Palace Abdullah bin Sultan bin Awad Al Nuaimi, Minister of Justice. Al Nuaimi gave a detailed presentation on the ministry's work, the mechanisms followed in the federal courts, and the general plan of the ministry's work for the current year, on the occasion of Al Nuaimi's assumption his ministerial duties. The Minister of Justice thanked the Ruler of Fujairah for receiving him and supporting the ministry's work. Mohammed Saeed Al Dhanhani, Director of the Fujairah Emiri Court, attended the meeting.

*Source: Sharjah24*





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# GIQ EXCLUSIVE SOUNDINGS

# Prices Remain Steady as Oil Markets Shrug off SPR Release Plans

**Over the last week, Gulf Intelligence has held high-level interviews with energy experts in the Middle East, Asia, Europe, and the US. This intel is harvested from the exclusive briefings.**

- **Robin Mills, Chief Executive Officer, Qamar Energy**
- **Omar Najia, Global Head of Derivatives, BB Energy**
- **Albert Stromquist, Principal, Lanstrom Advisors**
- **Victor Yang, Senior Editor, JLC Network Technology**

***Robin Mills, Chief Executive Officer, Qamar Energy***
"One really interesting aspect of the SPR release is the coordination with China. US-China relations are not exactly great at the moment. It's interesting to see that they were able to get together on a move like this."

***Omar Najia, Global Head of Derivatives, BB Energy***
"With the inflation situation, there is nothing that the central banks can do. The idea that they are going to raise interest rates means that they are going to all default on their debts. And if they raise interest rates and spook the markets, everyone is going to be crying."

***Albert Stromquist, Principal, Lanstrom Advisors***
"China has been successful in restoring power output from coal fired power plants by re-establishing mining operations. However, the country still has a way to go with the challenge of a formidable winter. They aren't out of the woods by any means, but they feel that they have had a notable success so far."

***Victor Yang, Senior Editor, JLC Network Technology***
"A lot of enterprises in China are having a harder time this year than the year before. This is mostly due to higher costs combined with lingering impacts from the Covid-19 pandemic."





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# ENERGY MARKETS FORUM
# NEW SILK ROAD LIVE

GI Consultancy Intelligence Publishing

# TOP 10

## NOV 21st - NOV 25th

## MARKET OBSERVATIONS FOR THE WEEK

1. Oil markets may be taking a pause ahead of final attempt to reach $90/bl by year-end.
2. OPEC+ is firmly in the driving seat regardless of how loud consuming countries complain about higher oil prices.
3. What is going on in China is anybody's guess, but clearly the long road of uninterrupted bionic growth is evaporating before our eyes.
4. Central Banks are increasingly like the boy who cried wolf one too many times, they have a credibility issue!
5. The actual release of SPR will more likely signal the end of the current wave of oil price declines (bearish), and instead send prices higher (bullish).
6. We end 2021 with the US being the engine of global economic recovery and China looking like the poster child for the bionic emerging economy that finally ran out of cheap labor.
7. Europe's move back into Covid-19 shutdowns are unlikely to reverse the recovery we have seen in European energy demand in 2021.
8. OPEC+ would be best placed to stick with their monthly plan to raise supply by 400k b/d p/m and not react to SPR release, which has not knocked oil prices off their 2021 upward trajectory above $80/bl.
9. The Chinese economy is stuttering, but will still likely reach the government's target figure of 6% - no surprise there.
10. One to watch will be whether the FED will accelerate tapering schedule as job markets gets tighter and tighter.







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