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Fujairah New Silk Road WEEKLY NEWSLETTER

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OPEC+ ROLLOVER or DEEPER CUTS: ALL OPTIONS OPEN?

Amena Bakr, Deputy Bureau Chief & Chief OPEC Correspondent
Energy Intelligence

Given the current environment, OPEC+ has two options - either to keep things as is with no change to the current pact or consider a deeper cut. As I understand for the time being, there is no single proposal being discussed by the Ministers. Maybe they're waiting a few days ahead of the actual meeting to discuss it, but those are the two things they need to consider. We still have a lot of question marks – such as the impact of the sanctions on Russia or whether the US will release more stocks. There's so much uncertainty so to wait and see is a good approach. Taking preemptive action and perhaps deepening the cuts would also be a viable option. We saw in the last OPEC report, they revised demand downward for both this year and 2023 so they are seeing weaker demand. How they respond to that is still unclear. It's also a very, very volatile environment at present and so OPEC has to look at the fundamentals, but they also understand market sentiment. That's why they need to keep alive the idea of signaling to the market, even if action is not taken. We've been seeing that with the cuts happening right now - there is an over compliance to a huge degree and things don't add up. It's all on paper, but sentiment plays a big role in today's market and OPEC+ understands that.

CONTINUED ON P 3

Fujairah Weekly Oil Inventory Data

6,330,000 bbl	2,973,000 bbl	13,213,000 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 - 4.10/m³

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

Weekly Average Oil Prices

Brent Crude:	$84.39/bl
WTI Crude:	$77.29/bl
DME Oman:	$78.81/bl
Murban:	$85.47/bl

*Time Period: Week 5, Nov.2022
Source: IEA, OilPrice.com, GI Research

Fujairah Weekly Bunker Prices

VLSFO

High = $648.00/mt

Low = $615.00/mt

Average = $635.00/mt

Spread = $33.00/mt

MGO

High = $1,218.00/mt

Low = $1,103.00/mt

Average = $1,175.50/mt

Spread = $0.00/mt

IFO380

High = $385.00/mt

Low = $351.50/mt

Average = $372.00/mt

Spread = $33.50/mt

*Source: Ship and Bunker, *Time Period: Nov. 22 – Nov. 29, 2022*

Fujairah Bunker Sales Volume (m^3)

984 180cst Low Sulfur Fuel Oil	481,052 380cst Low Sulfur Fuel Oil	141,780 380cst Marine Fuel Oil
1,164 Marine Gasoil	30,146 Low Sulfur Marine Gasoil	4,269 Lubricants

Source: FEDCom & S&P Global Platts

GI Consultancy Intelligence Publishing

CONTINUED FROM PAGE 1

Amena Bakr, Deputy Bureau Chief & Chief OPEC Correspondent Energy Intelligence

Would a price below $80 Brent trigger more preemptive action by OPEC+?

I would say that Prince Abdulaziz bin Salman is very cautious in general. And before they see any clear signs that demand is improving with news on lockdowns coming out of China for example, and the impact of that on the market - they won't make any rash decisions to reverse the pact that's currently in place until December 2023. I expect them to continue this very, very, cautious path because they don't want to land into a situation like we had in 2020. The memory is still very fresh, and they don't want their budgets to be again exposed to this huge collapse. So, to avoid that, I would say that they will remain very cautious and that opens the options of taking further preemptive action.

How much does the price cap on Russian oil feature in OPEC+ decision making?

It's going to factor in. We expected the EU to make a decision on the caps last week and they're still stalling. The range we're hearing now is $65 to $70, which is a joke, as Russia is selling its oil to China and India at these prices. And if they go for a lower range, nobody really knows what Russia's reaction will be. We did hear from Novak; that if the price caps are implemented by certain countries, they will no longer ship crude to those countries and they might even shut-in production. In a report that we did a month ago at Energy Intelligence, we expected that between the EU sanctions and the US price caps, that Russia would have difficulty exporting around 1.2 million barrels a day of crude and condensate. That's the average. I've heard higher ranges of losses of two or even three million barrels a day. No one has certainty on what will happen. OPEC+ will probably just see how things play out with the caps and with the sanctions, and then make a decision later on. They had reversed the policy of having monthly meetings, but they could call for an extraordinary meeting at any point in time, so that gives them a lot of flexibility.

WATCH FULL INTERVIEW HERE


أدنـوك
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TOGETHER, WE BRING ENERGY TO LIFE.

Energy Markets Views You can Use

Rustin Edwards
Head of Fuel Oil procurement
Euronav NV

The market is not as tight as people want to report.
Since the last cut by OPEC+, we have had stabilization in Libya, Nigerian flows are back on and Kazakhstan has also come back online fully – that basically negates the reduction in supplies from both the UAE and Saudi Arabia, making the cut a non-issue.

Should OPEC+ be concerned about $80 Brent?
OPEC+ should be concerned about the general economic health of the world, because without that, you don't have demand for oil. They're also still underproducing versus their quota, so if they were to cut another 2 million barrels, they're still behind by about 800,000 bd.

How much support can the oil market expect from Chinese demand?
Chinese demand is not as strong as people perceived it would be and we've seen that reflected with a pullback in tanker freight rates. I don't think there's any real change to happen in Chinese demand regardless of lockdowns. China is suffering from the same economic conundrum that the rest of the world is. Their economy is maturing to a point where they need to do something other than trying to buy commodities to stimulate internal infrastructural growth to help make GDP look better than it really is.

Market sentiment ahead of the embargo and price cap landing next week?
There's a wide gap on the price cap idea. Poland is pushing for a punitive measure of around $30 a barrel, maritime states in the EU are pushing for $70 and others are looking for a middle road. The price cap in itself is also a hard thing to make work, because a lot of gaps can be taken advantage of to make sure that Russian oil flows, and that's inevitably the whole rationale behind the cap anyway. There are enough ships available that are from marginal flag states or from operators or ownership outside of the EU, that will enable Russian oil to move. There will be some logistical hurdles but that will account for maybe a 500,000 bd drop in Russian exports. There's enough capacity in the world to ensure Russian oil flow outside of the EU and UK dominated scheme.

Narendra Taneja
India's Leading Energy Expert

India's economy, unlike China's, is heavily driven by domestic demand.
So, overall economic sentiment is good with demand for petroleum products and other commodities rising. Many investors have started moving their capital and even manufacturing facilities from China to India. That's a good news for us but that said, reports of protests coming from China are disturbing because although China is our rival, we don't want to see it destabilized because it tends to then open confrontations with its neighbours to divert attention. The second development we are following closely is Europe's fatigue with Ukraine. Germany is trying to now go its own way, France has different ideas and some of the smaller countries are feeling very tired, so they will probably put pressure on that Russian oil and gas to continue to flow, which means prices will ease a bit.

Does India plan to keep importing Russian crude?
India is importing 11% of its total oil requirements from Russia now, compared to about 1% at the start of the year. With prices going down, Indian refiners can go to Moscow and negotiate for even deeper discounts. Anything less than $80 per barrel is good for Indian consumers, for our economy, and for political and economic stability in Asia. But we also would not want to see prices at $60 as that is not good for oil producers and it is in our interest that their economies do well.

Are western sanctions on Russia working?
They are but maybe about 40% and my sense is that Germany, Italy and France are not wholeheartedly with the west on the US price cap. So even if it goes ahead, it might also work only about 50%. As far as our own crude purchases go, we do need to ship that oil and Russia has only 68 ships, including product tankers. We have only 12 of our own, which means that we have no option but to depend on other ships, most of which are registered in the western hemisphere, so the cap will prove tough for us. Insurance and payments for crude are also a big challenge so our imports from Russia may come down by about 35%.

Likely OPEC+ action at its meeting in early December?
My sense is they won't cut further because they need to understand first what happens in China as well as everything else. China is a very important customer for the Gulf, particularly to Saudi Arabia. OPEC is a very mature organization - they know Asia very well and I don't think there will be any knee jerk reactions.

Fujairah Spotlight

Under the patronage of Fujairah Ruler, Mohammed Al Sharqi attends 24th mass wedding

Under the patronage of H.H. Sheikh Hamad bin Mohammed Al Sharqi, Supreme Council Member and Ruler of Fujairah, H.H. Sheikh Mohammed bin Hamad bin Mohammed Al Sharqi, Crown Prince of Fujairah, attended the 24th mass wedding, coinciding with the celebrations of the 51st Union Day, with the participation of 175 couples. Sheikh Mohammed was accompanied by Sheikh Dr. Rashid bin Hamad Al Sharqi, Chairman of the Fujairah Culture and Media Authority, Sheikh Maktoum bin Hamad Al Sharqi, Sheikh Saif bin Hamad bin Saif Al Sharqi, Chairman of the Fujairah Free Zone Authority, and Sheikh Ahmed bin Hamad bin Saif Al Sharqi. During the ceremony, Sheikh Mohammed stressed the importance of the values of social cohesion, noting that mass weddings can promote community closeness and have a positive impact on society.

Source: Emirates News Agency

Commemoration Day is for appreciation to heroes

His Highness Sheikh Hamad bin Mohammed Al Sharqi, Supreme Council Member and Ruler of Fujairah, has said that the 30th of November is a day to recall the UAE's righteous martyrs, who sacrificed their lives to defend the nation's dignity and gains and uphold its human values. In a statement to "Nation Shield," the UAE Armed Forces' magazine, on the occasion of Commemoration Day, H.H. Sheikh Hamad said, "Our martyrs wrote with their blood and valiant sacrifices, indelible letters throughout history. Commemoration Day is a day of honour, appreciation and loyalty." Sheikh Hamad expressed his deep thanks and gratitude to those who lost their very souls in the protection of the sovereignty of the homeland to ensure a safe, secure and stable livelihood for all.

Source: Sharjah 24

UAE National Day: 153 prisoners pardoned

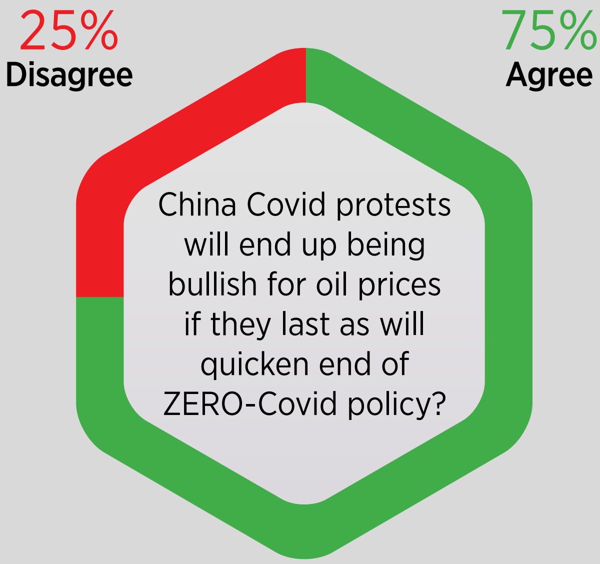
A total of 153 prisoners of different nationalities shall be released in Fujairah after being pardoned by the emirate's Ruler. His Highness Sheikh Hamad bin Mohammed Al Sharqi, Member of the Supreme Council and Ruler of Fujairah, has ordered their release on the occasion of the UAE's 51st National Day. The pardoned prisoners have shown good conduct and behaviour, proving their eligibility for the noble gesture. With the initiative, Sheikh Hamad hopes to give the inmates a chance to start a new life and bring joy to their families. Brig-Gen Muhammad bin Nayea Al Tunaiji, Deputy Commander-in-Chief of the Fujairah Police, thanked the emirate's Ruler. expressing his hope that the decision would inspire the pardoned inmates to follow the right path.

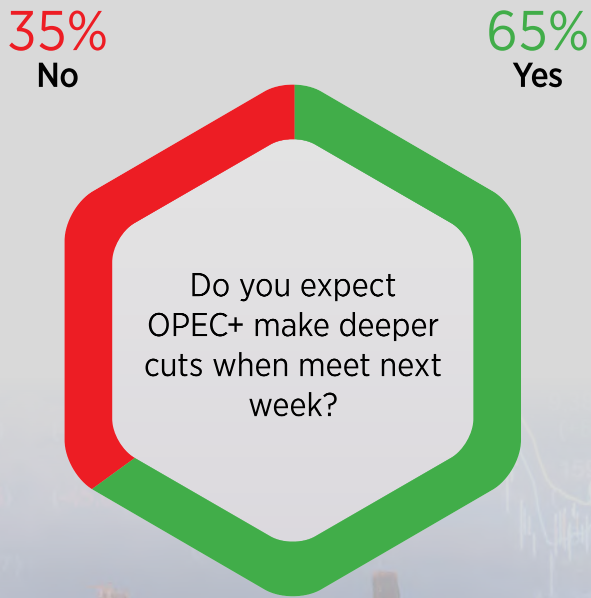
Souce: Khaleej Times

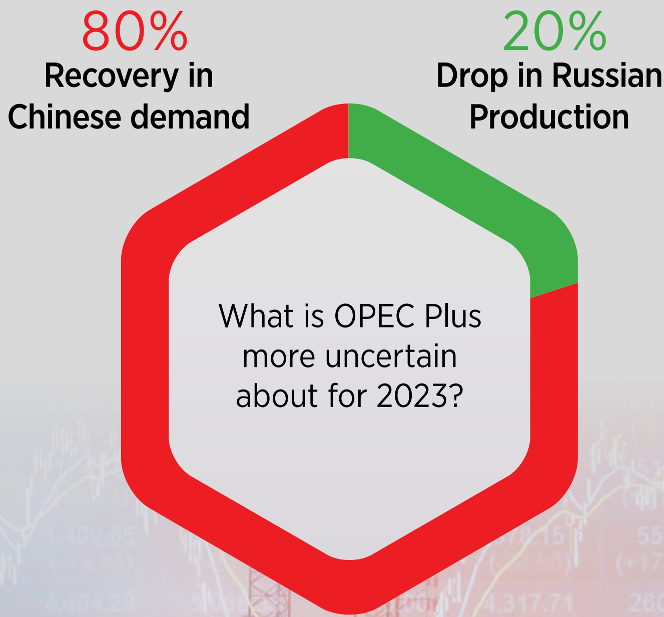
Consultancy Intelligence Publishing

Weekly Surveys

Brent crude oil has dropped $15 a bbl in November from $98+ to $83+ - what will happen in December?







Source: GI Research March 2022

Energy Markets Views You can Use

Peter McGuire
Chief Executive Officer
XM Australia

It's Certainly Show Time.
The market hasn't disappointed over the first 11 months of the year and as we get into December and look forward, it's a 50/50 toss of the coin as far as recessionary fears go for 2023. Whether the equity market rally will continue into the new year is a question. Certainly, the energy sector has been massively sold off and the US dollar has capitulated. We have so many global themes going on - uncertainty in China is creating much angst on Main Street and certainly for retail market sentiment. The fragility in its property sector is very tight. It's causing much concern across mainland China and debt holders are very worried. If that does unravel badly, then it will create much angst globally. Traders are looking at these signals to take a real deep appreciation as far as market sentiment and overall confidence across so many different asset classes. And as far as inflation is concerned, we could see interest rate rises softening next year, but it's very much a week by week, month by month proposition.

Forward direction for gas prices?
It's cratered compared to where it was a couple of months back. Next winter is the real cause for concern but the draw could be quite severe also if we get a cold winter in the Northern Hemisphere this year. NYMEX natural gas is sitting at around about $7.12 but it's been an incredibly volatile market. We might have supply issues again in February and weather outages.

David Rundell
Former Chief of Mission, American Embassy in Riyadh &
Author - Vision or Mirage, Saudi Arabia at the Crossroads

The slowdown of the Chinese economy has been predictable for some time.
Whether COVID ends tonight or next year, China's growth is not going to be 11% or even 7% going forward. The oil price surge that began at the beginning around the year 2000, has been driven by the explosive growth in China. That's not going to happen again. That said, there will be incremental growth in oil demand globally for the next 20 years, regardless of any effort to transition away from hydrocarbons in Europe and the US. There's a lot of scope for growth in India and Africa and other places, so as far as Gulf OPEC producers go, they will be called upon to produce at least as much oil as they're producing today. They would not be investing in production capacity as they are, if they didn't believe that global demand was set to keep growing.

Direction for the US Dollar?
There is a lot of talk these days about the significant impact of 'financial imperialism' – that is, the abuse of the financial system by the West of the reserve currency status of the dollar and of the SWIFT system. The idea that there will be no alternatives to any of these, I think, is naïve and we are going to see a lot of people working hard to extricate themselves from the dollar and bodies such as the London Metals Exchange and Lloyds, and from this control in general that the West has exerted over the international financial system.

Outlook for US production in 2023?
It is at a higher level compared to what it was five years ago. The majors and some of the large independents have readjusted their business model. Both are giving back more money to their shareholders and the majors have also reconsidered their whole CAPEX strategy as they face the environmental movement. For small independents, however, there certainly doesn't seem to be any slowing down. There is a waiting list at the moment in the Permian for crews, drilling rigs etc., but this is a cyclical industry.

Fujairah Weekly Oil Inventory Data

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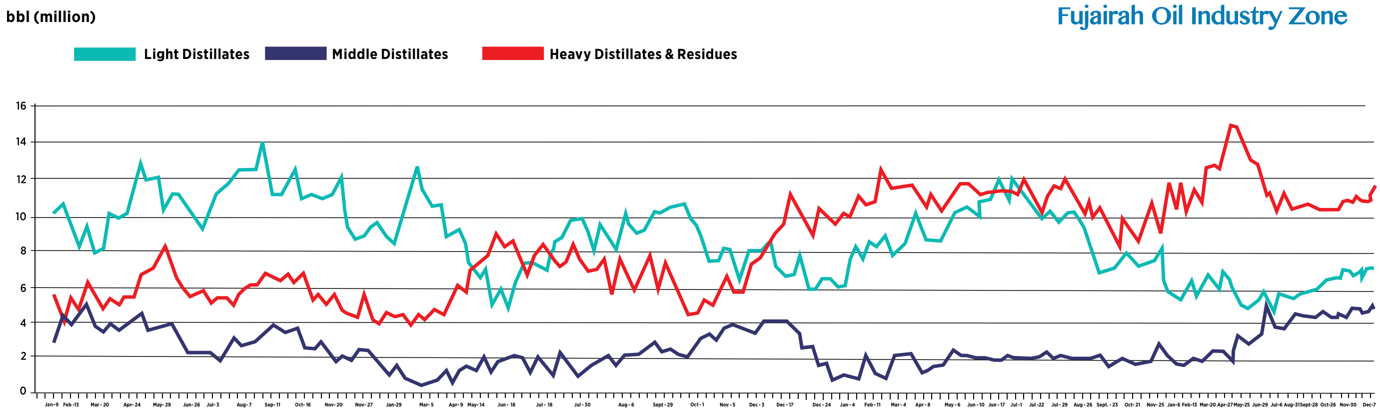


TOP TAKEAWAYS

- Total oil product stocks in Fujairah were reported at 22.516 million barrels with a draw of 2.627 million barrels, or 10.4% week-on-week as they retreated below the 23-million-barrel level. The stocks movement saw draws across all three stock categories. Heavy residueseaHe posted the greatest overall draw falling 1.213 million barrels week on week.
- Stocks of light distillates, including gasoline and naphtha, fell by 1.173 million barrels or 15.6% on the week to 6.330 million barrels. The East of Suez gasoline complex softened as the market tracked a narrowed US RBOB-Brent crack spread as Thanksgiving festivities ended in the US. In China gasoline exports in November are expected to total 2 million mt, up from 1 million mt in October. In tenders, Lanka IOC was heard seeking 12,000 mt of Euro 3 grade 92 RON gasoline for delivery over Jan. 2-6.
- Stocks of middle distillates, including diesel and jet fuel, fell by 241,000 barrels or 7.5% on the week to 2.973 million barrels. The East of Suez gasoil complex in recent days has seen pressure from a combination of higher outflows from China and weaker East-West arbitrage economics which have been key factors leading to the softening backwardation seen largely through November. The arbitrage of gasoil to the West is facing further headwinds from soaring freight rates which make long haul voyages on arbitrage lanes increasingly expensive.
- Stocks of heavy residues fell by 1.213 million barrels, down 8.4% on the week as they stood at 13.213 million barrels. At the bunkering hub of Fujairah, a surge in flat price led by a firming crude had led buyers, especially those that were on the sidelines on the first trading day of the week on hopes that flat price would continue to drop, to come in and meet their requirements. In Fujairah, most offers for marine fuel 0.5%S bunker were heard between $640/mt and $645/mt on Nov 29, with lower range of offers for product deliverable from Dec 6. onward. The grade was assessed at $640/mt, up $35/mt on the day. In Singapore, the same grade was assessed at $670/mt up $37/mt day on day. With the price in Singapore reflecting a $30/mt premium to bunkers in Fujairah.

Source: S&P Global Platts

Commodities
Oil prices closed mixed overnight as there is still no clarity on the status of the EU's price cap plan while market attention shifts to OPEC+ next week. Brent futures fell 0.19% to USD 83.03/bl, their fifth day in a row of declines while WTI added 1.24% to USD 78.2/bl.

Equities
After strong gains in Asian markets on the back of hopes that China would ease some of its more onerous Covid-19 rules, US and European markets failed to carry the momentum forward. The Dow Jones closed unchanged while the S&P 500 and NASDAQ dropped 0.16% and 0.59% respectively. European markets were more mixed with a gain of 0.5% in the FTSE and basically flat close in French markets offset by a 0.19% drop in the DAX.

FX
Currency markets endured another choppy day of trading with initial gains against the dollar spurred by an early risk-on tone. Those gains faded for the most part later in the session though movements against the dollar were generally mild. EURUSD dropped 0.1% to 1.033 while GBPUSD fell less than 0.1% to 1.1952. JPY benefitted from a haven bid with USDJPY down 0.2% to 138.63.

Source: Emirates NBD Report

Energy Markets Views You can Use

James McCallum

CEO & Chairman, Xergy Group
Professor of Energy, Strathclyde University

Sentiment around oil in the markets is clearly in bearish territory.

Concerns about supply are not having an impact, with prices now in contango. The markets are blowing past an awful lot of issues that might have seemed big ticket items in the past. The G7 cap on Russian oil is likely to be totally irrelevant at $65 to $75, while Russian oil already finds its way into markets at around $55 a barrel. We have gas constraints into Europe, and yet gas stocks at the end of the year are higher than what everybody expected them to be. Russian gas is finding its way through Iran to Turkey, to Europe. US independent producers are beginning to look at Venezuela to produce undeveloped fields as a pathway back to business as normal. So, I think we're back at a level of around $80, which is where we started the year.

Rig Count Still Very Low

The numbers we are seeing are still very, very small in terms of where the rig count market and where service companies' activity was as recently as 2014. The US shale oil market is continuing not to invest, and instead pay back high dividends to shareholders so activity is not flooding back into the shallow shale gas basins there, and international rig activity such as that off South America and West Africa, has been absolutely decimated. Perhaps the only exception has been Asia which was relatively steady throughout the post-COVID period.

OPEC+ Seen Sticking to Current Output Plan at December Meeting

It's unlikely that they will revise their decision before the current production announcement has really begun to flow through to the markets and $80 seems like a price point which Middle East economies can defend. But Saudi Arabia and the UAE have continued to invest in their ability to increase production and in 2023, they will take an increasingly stronger position in the OPEC+ community in controlling where the price needs to be.

Bora Bariman

Managing Partner
Hormuz Straits Partnership

We are looking at a long period of slow to negative growth.

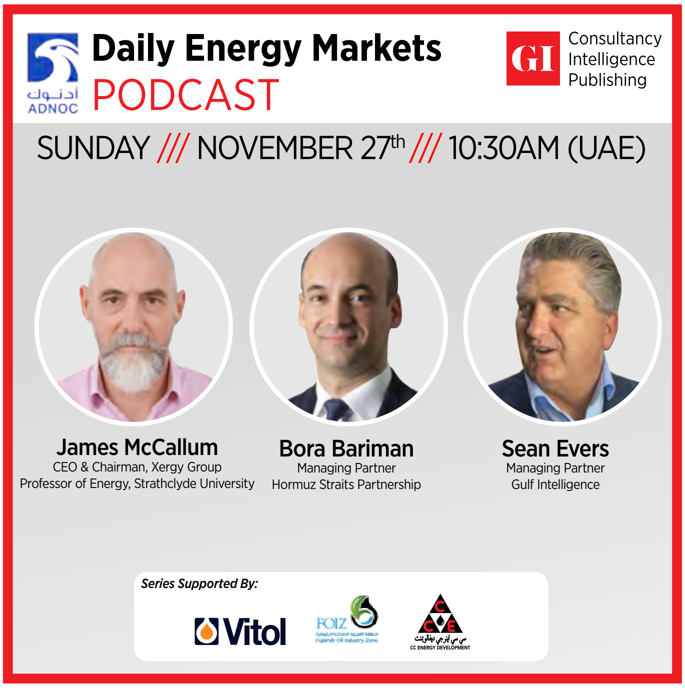
This has been very openly engineered by the US Fed in its aim to recover its' credibility following its 'inflation is transitory' narrative. A lot of the G7 economies are not going to cope with the higher interest rates trend and perhaps that's what the energy price today is reflecting. There are going to be a lot of job efficiencies. We saw it being implemented in Silicon Valley because there's no more free money. The negative trickle down of these cost rationalizations and jobs being cut in both sectors of the economy, will impact demand for energy in the G7 nations. There's clearly a couple of years of 1% to negative growth on the cards for the US consumer and it will be even worse for the European consumer. Germany is already in a recession.

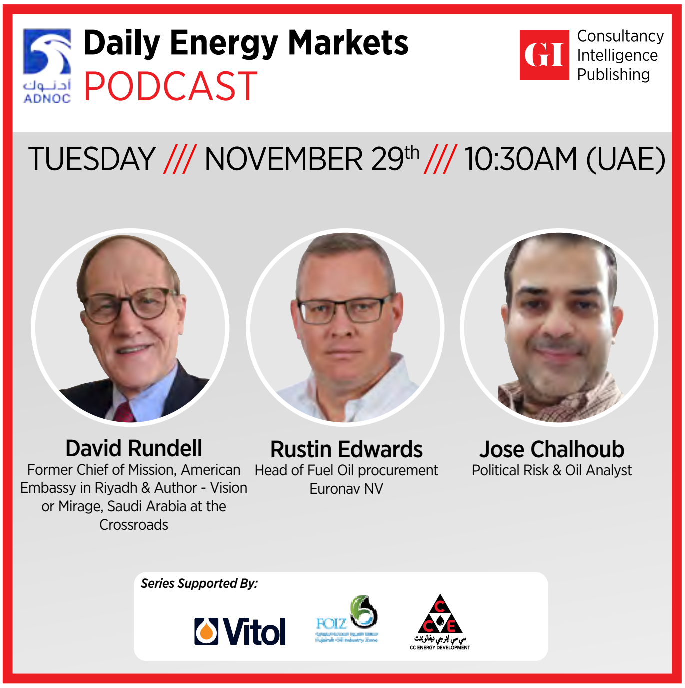
Outlook for oil demand in 2023?

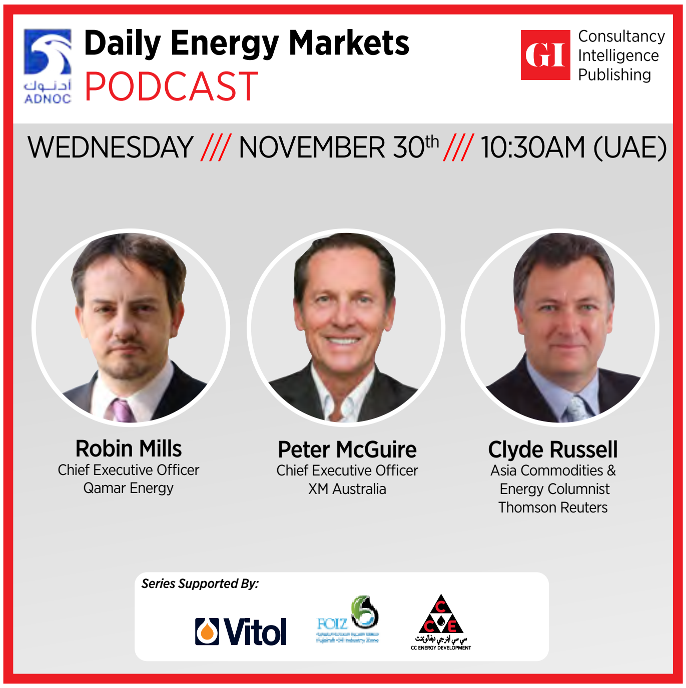
I don't see China coming out of their COVID permanent emergency state and that is a political decision. But the sooner that ends, the sooner they will normalize because they will experience the same dynamics as the rest of the world did when it opened. In the meantime, China's outlook will remain under a cloud of uncertainty and coupled with the two-year slow growth outlook for the West, the demand dynamics are weak. Still, the world needs OPEC+ oil, with Africa and non-China Asia in growth mode. So, there will be this tension between a short-term softening of the oil price, and a medium-term outlook that could see price spikes when the underinvestment into the oil complex supply chain manifests.

Energy Markets COMMENTARY

WEEK IN REVIEW







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Energy Markets Views You can Use

Clyde Russell
Asia Commodities & Energy Columnist
Thomson Reuters

China has the desire to ease restrictions and kick start the economy.

China is in a very different spot to virtually everywhere else in the world. They don't really have an inflation problem. They have an economic growth problem. That is what they'll be looking at. I would expect that things will get better in the first half of next year with the caveat that they could manage COVID and the social unrest without things getting out of hand. The authorities in Beijing want to ease as much as they possibly can without letting COVID run rampant and put pressure on their public health system. But there are two things that they can't really tolerate: open displays of dissent, so I imagine that if those continue, that you will see a harsher response and that's not good for the economy. The other is high rates of infection.

Are we seeing renewed confidence in China's property sector?

The $160bn worth of new loans into the property development sector speaks to quite a positive outcome. Also, we all focus too much on the residential property sector and ignore the government construction sector - defense installations, schools, hospitals. That's been going very well, and you can see that by the fact that steel and iron ore demand is not down dramatically.

Will the EU price cap deter Russian crude flows?

The greater worry is when the EU implements the ban on Russian products in February. Europe was a big buyer of Russian diesel. Where is that diesel going to go? Are you going to have ships carrying Russian diesel off to Asia, the Middle East and ships carrying Asian diesel back into Europe? That would seem to be illogical and hard to organize from a transport perspective.

What is the floor price that would trigger OPEC+ to step in?

If you are in a race between output cuts and global recession, recession has won every time in the past. We are starting to see a market coalesce around $70 to $90 but if you have a recession, then all bets are off. At the moment, everybody is happy to keep things in that range, which possibly means that OPEC is going to roll over its agreement in December and possibly for the next couple of months as they assess how things are going to go.

ENERGY MARKET NEWS

1. CRUDE OIL HIT BY HEAVY FUND SALES AS FEARS ABOUT CAP RECEDE
2. OPEC+ LEANS TOWARD MAINTAINING FLAT PRODUCTION
3. WHY US OIL MAJORS ARE OUTPERFORMING THEIR EU COUNTERPARTS
4. UAE TO EXPAND OIL & GAS PRODUCTION CAPACITY WITH $150BN INVESTMENT
5. PUTIN WARNS OF 'GRAVE CONSEQUENCES' TO OIL PRICE CAPS
6. WHITE HOUSE CHANGES PLAN TO REFILL SPR AT $70/BL
7. CRUCIAL GLOBAL STRATEGIC OIL & GAS HUB OMAN EYES BIG NEW PROJECTS
8. CHINA READY TO BOOST ENERGY TIES WITH RUSSIA
9. US CONSUMER CONFIDENCE FALLS IN NOVEMBER FOR 2ND MONTH
10. INDIA PURCHASED 40% OF SEABORNE RUSSIAN URALS OIL IN NOVEMBER

RECOMMENDED VIDEO & REPORTS

- SAUDI ARABIA'S CHINA POLICY IS MADE IN THE USA
- CHINA'S NOV FACTORY, SERVICES ACTIVITIES FALL TO 7-MONTH LOWS ON COVID CURBS
- WELCOME TO OUTLOOK 2023
- WHAT TO KNOW ON CONGRESS' BID TO BAR RAIL STRIKE
- IMF HEAD URGES CHINA TO END MASS LOCKDOWN
- RUSSIA'S NORD STREAM 1 PIPELINE OUTAGE EXTENDED UNTIL APRIL
- XI JINPING'S MASK OF COMPETENCE HAS SLIPPED
- QATAR & GERMANY SIGN LONG-TERM NATURAL GAS AGREEMENT
- THERE'S A DARK SIDE TO US OIL & GAS EXPORTS

GI Soundings Week in Review

"OPEC+ Reminds the Oil Markets about 'Ouching'!"

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**
- **Jose Chalhoub, Political Risk & Oil Analyst**
- **Robin Mills, Chief Executive Officer, Qamar Energy**

Omar Najia, Global Head, Derivatives, BB Energy **PRICE DIRECTION:** "I was looking for this market to rally before it falls, but it seems like it just wants to fall. I was hoping that $75 WTI would hold. One thing that I keep an eye on is that everybody has discounted the winter cold weather. It is going to be interesting to see - maybe we get divergence between what is really happening in the world and where futures are heading. But right now, my view is it is no longer bullish."

Jose Chalhoub, Political Risk & Oil Analyst **VENEZUELAN OIL:** "OPEC+ should not worry about any significant ramping up of production from Venezuela unless a significant amount of money is invested by Chevron. That's going to be a critical issue for Chevron and the Venezuelan government, because the license also prohibits any payments of royalties or dividends to the government of Maduro and the Venezuelan government just announced that it's not going to allow itself to come out empty handed with regards to this new license by the Biden administration."

Robin Mills, Chief Executive Officer, Qamar Energy **OPEC+ UNITY:** "Saudi Arabia and the UAE have generally been very closely aligned on OPEC policy but that position and between the other members is going to erode. The UAE has been aggressively expanding capacity - they've moved forward their 5mbd target from 2030 to 2027 and informally set a 6mbd aspiration. If we go into a phase of continuing production cuts and global demand slowdown, the tension will become wider and the question of how quotas get reallocated will definitely be one to watch."

Daily Energy Markets

TOP TAKEAWAYS
MARKET OBSERVATIONS FOR THE WEEK
November 27th - 30th

1. Beijing's continued commitment to its emergency COVID policy will continue into 2023, but regardless of when it lifts, global supply chains are likely to shift permanently away from dependence on China.

2. OPEC+ meeting on Dec. 4th is becoming increasingly complicated the closer that Brent crude oil falls towards $80 a barrel as it brings deeper cuts clearly onto the agenda.

3. Investment in new oil supply capacity remains limited despite the fact that we are ending a year in which Brent crude will average at around $100 a barrel.

4. China protests could end up being bullish for oil markets if it accelerates the end of the ZERO-COVID lockdown emergency.

5. OPEC+ will be considering two options at their meeting next week -- either rollover the existing output policy or make deeper cuts to try reverse the slide in oil prices.

6. Financial markets may be wearing blinkers again by already discounting the fact that European winter won't be as harsh as first feared. . .it is only the end of November!

7. OPEC+ need to be concerned about the economic health of the world when they meet next week because without growth demand will remain weak!

8. China's economic growth and oil demand will remain weak regardless of when and how much the economy reopens.

9. Slower global growth next year will open structural tensions within OPEC+ regarding reallocation of quotas.

10. Oil market seems to be coalescing around a range of $70-$90, with the anomaly being global recession, which would throw a spanner in the works.

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