APRIL 15th 2021
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Fujairah New Silk Road WEEKLY NEWSLETTER

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AN EXCLUSIVE GULF INTELLIGENCE INTERVIEW

"CHINA'S ECONOMIC GROWTH DATA COULD BLOW OUR SOCKS OFF AT OVER 15%!"

Jorge Montepeque, President, General Index

Global oil demand is strong. There are exceptions like Europe for the time being, but China is doing remarkably well. There's economic data expected this week from China that could blow our socks off - we could see year-on-year GDP numbers for Q1 jump over 15%! China was the first country to lock down last year, and they have had a unique approach of controlling the pandemic by tightening their borders to avoid contamination. The UK and the US has been fighting it off via vaccine. But at the end of the day, China and the US are consuming a lot of energy. The emerging markets world, meanwhile, despite still having major issues with the pandemic, is getting on with life. In 2021, we should not be surprised to see global economic data very close to pre-pandemic levels. The horrible period is totally behind us and we will be facing a new normal – and that means a major drawdown in crude oil inventories. We have now had backwardated markets for over 3 months, which signals that inventories have been drawn down, and that backwardation has since steepened significantly.

CONTINUED ON PAGE 3

Fujairah Average Oil Tank Storage Leasing Rates*

BLACK OIL PRODUCTS

Average Range
$3.61 - 4.38/m³

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

Source: GI Research – Weekly Phone Survey of Terminal Operators

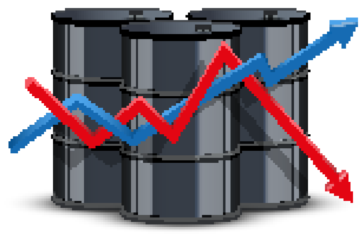
Fujairah Weekly Oil Inventory Data

6,011,000 bbl	3,082,000 bbl	9,994,000 bbl
Light Distillates	Middle Distillates	Heavy Distillates & Residues

Source: FEDCom & S&P Global Platts

GI Consultancy Intelligence Publishing

THE WEEK In Numbers



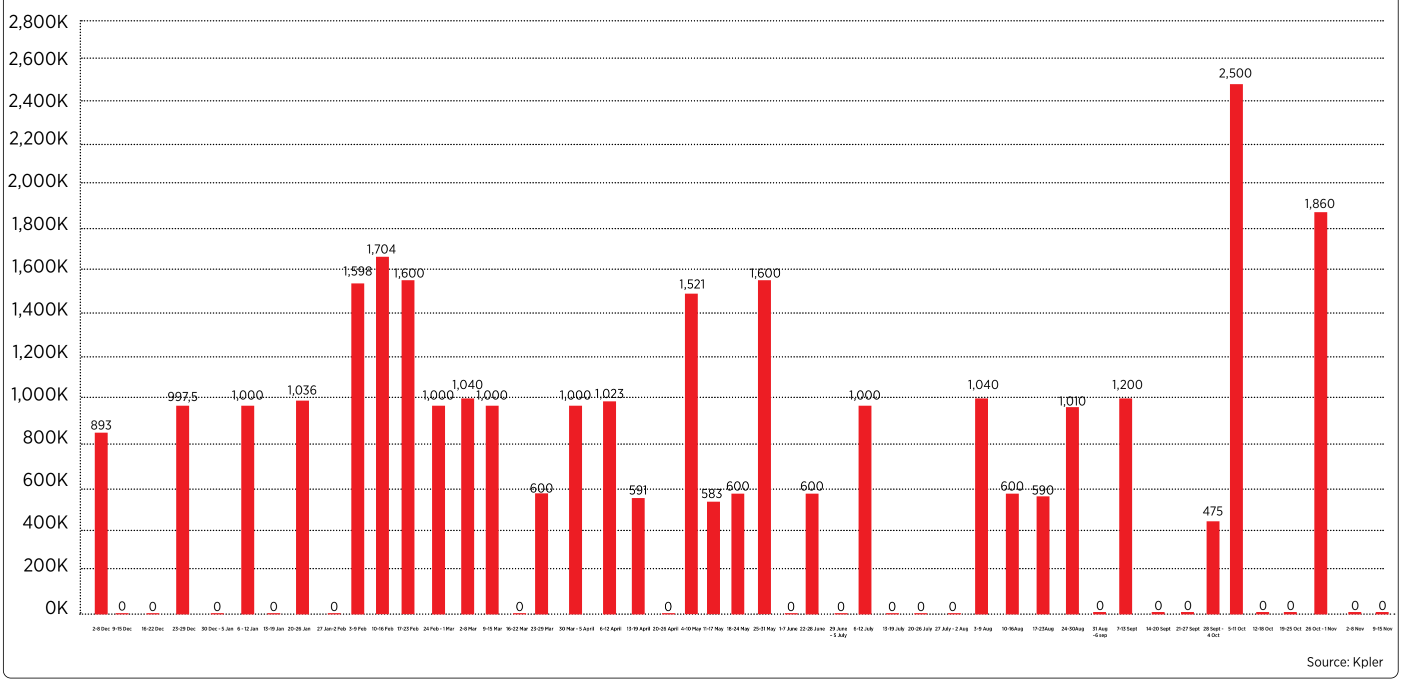
Weekly Average Oil Prices

Brent Crude:	**$64.55/bl**
WTI Crude:	**$61.03/bl**
DME Oman:	**$62.29/bl**
Murban:	**$62.13/bl**

Time Period: Week 2, April 2021
Source: IEA, OilPrice.com, GI Research

Weekly Imports of Heavy Sweet Crude into Fujairah

Total barrels



Source: Kpler

Fujairah Bunker Sales Volume (m^3)

200 180cst Low Sulfur Fuel Oil	**494,037** 380cst Low Sulfur Fuel Oil	**114,295** 380cst Marine Fuel Oil
3,499 Marine Gasoil	**19,399** Low Sulfur Marine Gasoil	**6,155** Lubricants

Source: FEDCom & S&P Global Platts

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Jorge Montepeque, President, General Index

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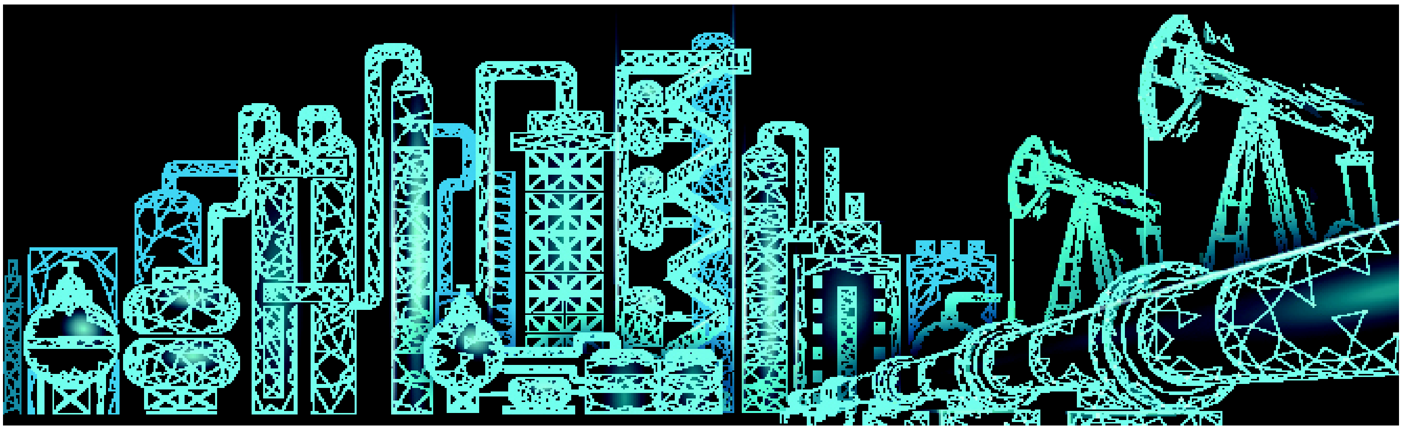

GIQ: What is Your outlook for oil prices in the second quarter?

Jorge Montepeque: As we come out of the refinery maintenance turnaround season through Q2, demand is going to surge again. Demand is back. OPEC has done a tremendous job in herding the stray cats and reducing supply, at a time when demand is in fact exceeding what most are declaring what demand should be. The market is reacting by drawing on inventories and lifting the price up.

Between now and mid-May, we are going to see a line-up in the flat price, and it will not surprise me if we test $70/bl again because refineries will need to go into purchasing mode to replenish their inventories. No one wants to hold excess stock because the markets are backwardated, so they will wait for the last minute, and then we will see the purchasing surge between now and mid-May.

GIQ: Should OPEC open the taps further ahead of the Summer?

Jorge Montepeque: If we look back a little bit, like three months, we have been consuming inventories at a rate that exceeds two million barrels a day, maybe even 3 mbpd. OPEC and Saudi Arabia decided to increase production less than what was needed to balance the market. Some people say they should increase production more. But their goal has not been to match demand – their goal has been to drive inventories to normal historical levels.

Once they reach 5-year average stock level, then supply will match demand and Saudi Arabia will go back to normal. Things are fairly on track to have a very tight summer in terms of supply, with a more normal market towards the end of the year. But that does not mean low prices because US production has seen its peak and is now shrinking; the bankers are pulling away from that market, so US production overall is on a downward trend.

I am extremely optimistic about the oil world that is going to remain very tight through the summer, and perhaps not so tight in the winter, but it is tight still. So that will continue to create a positive momentum in prices.

GIQ: Do you think oil inventories could even drop below normal levels this year?

Jorge Montepeque: We do not know what is normal in terms of inventories, but in a way, it does not matter what we think. What matters is what Saudi Arabia thinks. In my discussions with them, they think that inventories are above normal. That means that in their actions, they want to continue to restrict supply until it gets to the level where they think stocks are within the normal range.

So, we should not expect a surge in supply coming out of Saudi Arabia and the OPEC members. They have taken a very cautious approach in analyzing the impact of COVID, which in a way has not been wrong. They expected Europe to lag on for another wave to come through, which it has. Where I disagree with their thinking is that we have been caged animals for over a year. And we are ready to burst out, regardless of what the data says,

GIQ: What is your outlook for the return of all the idle oil supply?

Jorge Montepeque: If we look at it from a higher level, we have a managed return of oil supply by Saudi Arabia in particular, and they are managing it very well -- dribbling into the market as the market needs it, maybe even falling a little bit behind, and as a result the oil price is surging.

At the same time, from an economic point of view, Central Banks have delivered an unprecedented feed of money supply into the market, combined with what appears to be a surge in consumption and investment plans by the Biden administration. Those investment plans lead to resource consumption.

This is not an issue of oil being bullish, it is an issue about oil, metals, grains, and any kind of feedstock being bullish. And yes, I agree this could spark inflation. But will the Biden administration say inflation is picking up? I am going to reduce investment. I do not think so.

WATCH FULL INTERVIEW HERE

Fujariah Weekly Oil Inventory Data

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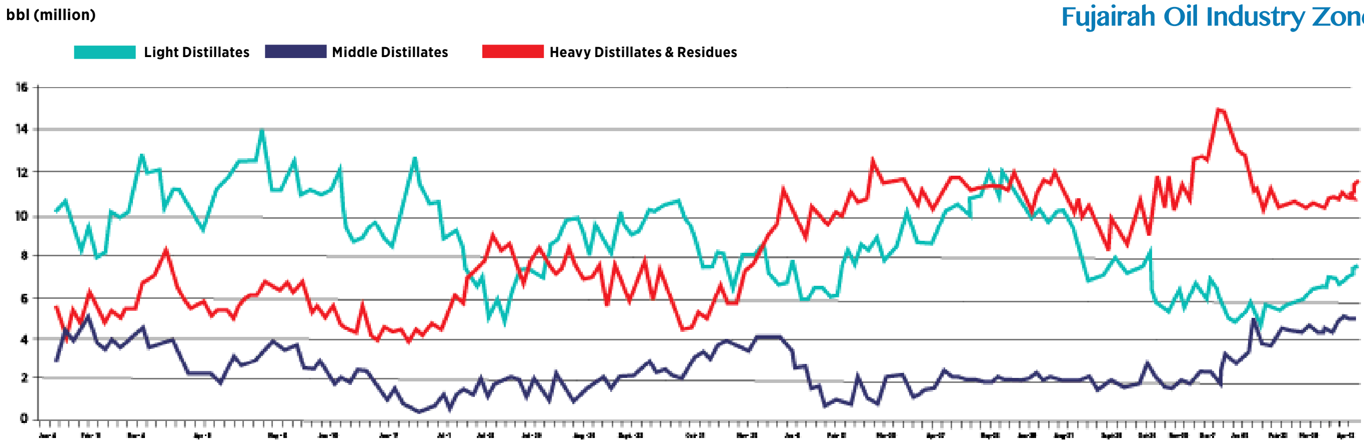

TOP TAKEAWAYS

- **Total oil product stocks in Fujairah were reported at 19.087mn barrels as they fell across all three stock categories. Total stocks fell by 1.683mn barrels with overall stocks falling by 8.1% week-on-week.**
- **Stocks of light distillates saw a draw of 200,000 barrels reflecting a fall of 3.2% week-on-week to stand at 6.011mn barrels. The East of Suez gasoline market was under some pressure as mounting Covid-19 infections in India coupled with warnings of a potential fourth wave of Covid-19 infections from Malaysia were impacting sentiment for the transportation fuel. In Malaysia, from April 15th-28th, the states of Johor, Kelantan, Penang and Selangor as well as the Malaysian capital of Kuala Lumpur will remain under the conditional movement control order, or CMCO, while Sarawak will also be placed under CMCO from April 13th-26th, according to a government announcement made late-April 12th.**
- **Stocks of middle distillates fell by 266,000 barrels falling to 3.082mn barrels – down by 7.9% on the week. This is their lowest level in a year, with them last standing lower on April 13th, 2020, when they stood at 2.919mn barrels. The gasoil market was also under pressure as a raft of spot cargoes were being pushed into the market. Despite an uptick in gasoil demand in India in March, fresh Covid-19 related lockdowns in the country were expected to impact prompt demand for the fuel, leading to refiners offering additional spot cargoes for export.**
- **Stocks of heavy residues fell by 1.217mn barrels falling by 10.9% on the week to 9.994mn barrels. In the port of Fujairah, activity was somewhat muted amidst a well-supplied market for both HSFO and VLSFO. Suppliers were optimistic in the long term that HSFO demand would pick up as more scrubber installed vessels looked for fuel. "A longer term upside is on the horizon," a trader said. Fujairah delivered marine 0.5%S bunker was heard offered at $480 - $486/mt on April 13th, for oil delivered from April 16th onwards. Fujairah-delivered marine fuel 0.5%S bunker was assessed at $480/mt, up $1/mt day on day. The price level on April 13th in Fujairah is at a $5/mt discount to Singapore delivered Marine Fuel 0.5% bunker prices.**

Source: S&P Global Platts

BY MATT STANLEY
SENIOR BROKER
STAR FUELS

Morning all and welcome to the confusion zone. Brent is trading this morning down 0.02/bl, up 0.10/bl, wait down 0.10/bl, wait flat at $66.60/bl. WTI is a bit more stable down 0.03/bl, at $63.12/bl. I know what you're thinking "Is a person who cleans a vacuum cleaner a real vacuum cleaner?" Hmm, no not that, but it's a very interesting thought. No, what you're really thinking, did oil really rally by 4% yesterday? Yes, it most certainly did my oil chums. Why? Well, there are a few reasons I suppose. In the bullish corner we have IEA and OPEC both dismissing vaccine rollout delays and cases surging around the world, as both agencies revised up their demand forecasts. Nice. Then we had Goldman's also saying that, yeah don't worry, everything's going to be fineeeee, don't worry. Great. Then the EIA said that crude stocks dropped 5.9mn bbls, distillate stocks also drew and gasoline builds were negligible. Add all these three together, mix well, bake for ten minutes at 180 C, then garnish with a healthy sprinkling of free money and bosh, you're enjoying bullish pie with extra ignorance all evening. The thing is though is that actually, things are looking better. I can't deny that. Vaccine rollouts were always going to be bumpy seeing as demand for them is nigh on infinite and people are gradually venturing out and spending money. I get that and trust me, I'm happy. Who doesn't like a Roast dinner at a pub on a Sunday? Zactly. But here's the thing, I can't ignore current market headwinds in the front of the curve. I mention it again, but India is looking worse and worse every day, as is Brazil, Iran and cases in the US are still high. I know things will get better but I'm certainly not going to dismiss what second, third, or even fourth waves mean regarding lockdowns and the inevitable effect they will have on demand. Let's not forget that places like Brazil and India is where the demand growth has really stemmed from over the last couple of decades. I'll leave you with this from a very good friend and experienced oil trader I spoke to this morning "..so I would describe the market as such....a financially strong market on weak fundamental foundations." Couldn't have said it better myself, oh I just have. Good day.

April 15, 2021

GIQ EXCLUSIVE INTERVIEW

"We are Going to Have a Very Uneven Recovery Globally!"

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

GIQ: How would you assess the potential threat of inflation?

Marc Ostwald: We need to be really careful when discussing the threat from inflation. There are two aspects to this, and they are very different pairs of shoes. We will have certain pockets of inflation, not only because of the base effects, but because we're going to have a very uneven recovery globally. China is well-ahead, as we've already seen. The US is well-ahead of Europe. We shall see what happens in the UK, but it would appear with the vaccination program that they have an advantage, but we don't really know what the longer-term protection is going to be. So, what we're going to be doing is hitting on these pockets of lack of production. Now, there's two aspects to the lack of production. The first one is "oh we just haven't got the factories up and running again" that are required, or the mines, which are needed for the raw materials. That'll probably prove to be temporary spikes. What we don't know – but we are seeing some good examples of in the auto sector with supply problems – is how much production capacity have we lost? We know we're going to lose quite a lot of businesses. We've tried to support them and we've tried to ensure that they keep their employees, but at some point, the support for employment is going to have to be withdrawn.

WATCH FULL INTERVIEW HERE

GIQ: What impact will large government stimulus have on the markets as we come out of this cycle?

Marc Ostwald: The central banks don't call it outright monetary financing, but what they're actually doing with their quantitative easing programs is outright monetary financing. We shouldn't try and pretend it's stimulus. All the borrowing is not stimulus either, it is to make sure that the worst effects and scars of this pandemic do not hit the labor market. That's absolutely critical. How we extricate ourselves is going to be extremely complicated. It's a dual aspect. At what point do central banks decide that we don't need that amount of constant stimulus? We have a precedent here because we've had a lot of this in place since the global financial crisis. The Fed had a little bit of a go at extricating itself that proved to be very short-lived. Suddenly, its balance sheet has now doubled. Quantitative easing has gone exponential. There's no record of anyone successfully untangling themselves from all of this. We have a long-term example from Japan, but they've never really managed to cut loose from that. The much bigger task is, when do governments start to rein in all the support that they've been providing for the economy? The perceived wisdom is that we don't need exercises in austerity. The main reason that governments have taken a lot of the burden of debt is because it wasn't worthwhile burdening the private sector. Otherwise, we would have spent the whole time cutting back on jobs and investment.

Top 3 Takeaways

1. **There's no record of anyone successfully untangling themselves from such a massive monetary financing (stimulus) programme, we have a long-term example with Japan, but they haven't managed it yet after 20 years.**
2. **It's a myth that we will come out of Covid-19 with all this pent-up demand and excess household savings ready to unload, as most of the savings are with the wealthy who have the least propensity to spend.**
3. **If you look at the long-term price indices, whether Bloomberg or Goldman Sachs, and compare where we are now to previous commodity supercycles, we aren't even in the foothills of a new commodity supercycle.**

GIQ EXCLUSIVE SOUNDINGS

Brent Hits One Month High Driven by Revised OPEC and IEA Forecasts

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.

- Christof Rühl, Senior Research Scholar, Center on Global Energy Policy Columbia University
- Omar Najia, Global Head of Derivatives, BB Energy
- Laury Haytayan, MENA Director, Natural Resource Governance Institute
- Paul Young, Head of Energy Products, Dubai Mercantile Exchange
- Peter McGuire, Chief Executive Officer, XM Australia
- Dr. Carole Nakhle, Chief Executive Officer, Crystol Energy
- Vladimir Langhamer, Managing Director – Supply & Trading, OMV

Christof Rühl, Senior Research Scholar, Center on Global Energy Policy, Columbia University
"There's still uncertainty on demand recovery outside of the US and China. Europe continues to fail to get its act together on vaccines. But the markets are also a bit confused on the recent supply announcements. The production numbers announced by OPEC+ for the May to July period sound bigger than they are."

Omar Najia, Global Head of Derivatives, BB Energy
"China is across the finish line. Everybody is coming back. Europe and the US are going to grow. The question now is – by how much? It's all positive."

Laury Haytayan, MENA Director, Natural Resource Governance Institute
"What we will see until the elections in Iran, is goodwill statements and Houthi and Israeli attack tracks. Iran will keep on exporting crude in different ways until we have an official deal."

Paul Young, Head of Energy Products, Dubai Mercantile Exchange
"China is still fine on imports and was pretty much flat from February to March at 11.7mn b/d. These are not the heavy levels of 13mn b/d seen during Q3 2020, when they were taking advantage of low prices. It looks reasonable in Asia."

Peter McGuire, Chief Executive Officer, XM Australia
"The equity markets may be the drawcard for Asia. Japan has been quite surprising over the last few months, and China is getting a bit of wind in its sails. The overall mood is fairly good."

Dr. Carole Nakhle, Chief Executive Officer, Crystol Energy
"We have consensus among major market forecasters that there is an uptick in oil demand for the rest of the year, especially with the summer season. We had a drawdown in inventories in the US."

Vladimir Langhamer, Managing Director – Supply & Trading, OMV
"The market is a bit sentiment-driven. I don't think prices can decline from the $60s/bl - $70s/bl range. In this last week, the market has returned to confidence and that's why it's growing."

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ENERGY MARKETS COMMENTARY WEEK IN REVIEW

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EXCLUSIVE SERIES

VIEWS YOU CAN USE

Adi Imsirovic
Senior Research Fellow
The Oxford Institute for Energy Studies

"Murban Crude Oil Contract has a Very, Very Good Chance of Succeeding!"

The new Murban contract makes a lot of sense. I think there is more and more of that sort of quality of crude oil which is in demand in the region. It has a very, very good chance of succeeding. I traded DME Oman Contracts from day one when it launched in 2007, and I know it can be hard to get contracts to work over the long run.

I think Murban will do fine. It will be welcome by the trading community, especially with LNG traders, as it is one of the ways you can hedge the Japanese Crude Cocktail exposure, which many LNG traders have. Still, I do think any talk of Murban overtaking Brent and WTI is way overblown, it does not make any sense, at least for a while.

I think Murban will be another instrument in the armour of oil traders and hedgers. It will be most welcome by the market, and has a very, very good chance of succeeding, as the benefits of the new contract are multiple.

Firstly, Murban has a large production volume and is a very popular crude East-of-Suez. It replaces the vestiges of the old 1986 OPEC price control mechanism of the Official Selling Price (OSP), and hence raises the question of why even bother with the OSP anymore? Let the market decide what the OSP is. I think that is a great development and it sends a message to all the other OPEC producers, who may now look into it.

Secondly, Murban is also very similar to Russian crudes coming out of the East in terms of quality. It is not dissimilar, a little higher in sulphur perhaps, from the US crude grades coming into the Asia. When I traded North Sea crude oil, like Forties, and investigated the arbitrage into Asia, I always looked into the market value of Murban. People do look at those values, and once they are market related, I think they are extremely useful. ■

**Paraphrased comments*

ENERGY MARKETS VIEWS YOU CAN USE

John Roper
CEO, Middle East
Uniper Global Commodities SE

Have LNG markets settled down following the price spikes in Q1?

The demand and supply structure is coming into what analysts would reasonably expect at this time of the year. If we look at countries where significant disruption took place earlier in the year, for instance Japan, METI has published average prices in March at around $6.50 per million BTU whereas in January they were around $18.50 per million BTU.

Is oil demand today supporting the planned OPEC output increases?

There was a sense that there would be demand recovery, but I think there's going to be volatility for a good while yet. There are significant volumes coming into the market and yet prices are not quite sure where to go – that reflects demand uncertainty. The OPEC monthly meetings will be an opportunity to address that. If volumes are changed on a rolling basis, that's the type of guidance that markets can start to get to grips with.

What could lift prices out of their current stagnant low $60s range?

Only a significant increase in demand but I struggle to see where that will come from. US gasoline prices are rising indicating more demand, but we also need the aviation industry to come back and lift jet fuel demand, both of which are examples of a rise in demand for transport and a healthier global economy. Many things have to come together rather than one single item.

Sara Akbar
Chairperson & CEO, OiLSERV, Kuwait
& Non-Executive Director, Petrofac

What do you make of this monthly management of the market by OPEC?

Real time data is enabling demand and supply changes all the time. On the supply side, what helps is having OPEC surplus capacity that can be brought in at any minute. When things start to become tighter - which they will - then it will be a different ball game but until we consume the remaining six or seven million barrels, the market will be managed in real time. In terms of future direction for prices, as long as economic growth remains on track for this year in major centres such as the US and China, we are likely to stay at these levels.

Geopolitical tensions seem to be having little impact on prices?

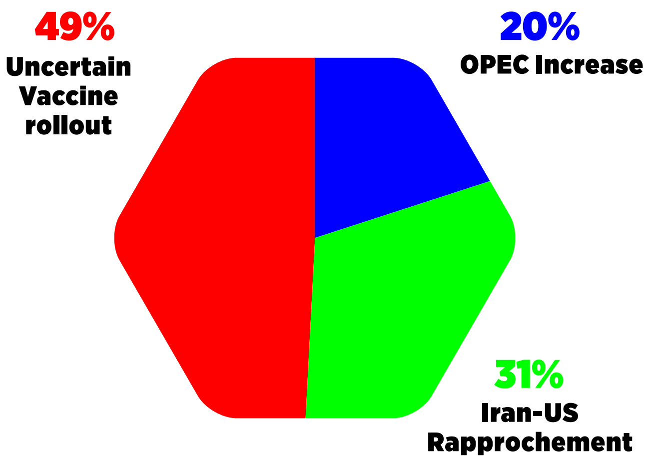
The geopolitical picture is continuously getting more tense with third party proxy wars or direct attacks on infrastructure. It's all related to the discussions between the US and Iran on the nuclear treaty. When we get that agreement, things will slowly get back to normal. Both the US and Iran are very keen to reach a deal for their own reasons. GCC countries also don't want to see more tension in the region – it's in the interest of all to have an agreement that can settle things down for a while and I believe a deal is imminent.

How is Kuwait managing its fiscal condition amidst depleted oil revenues?

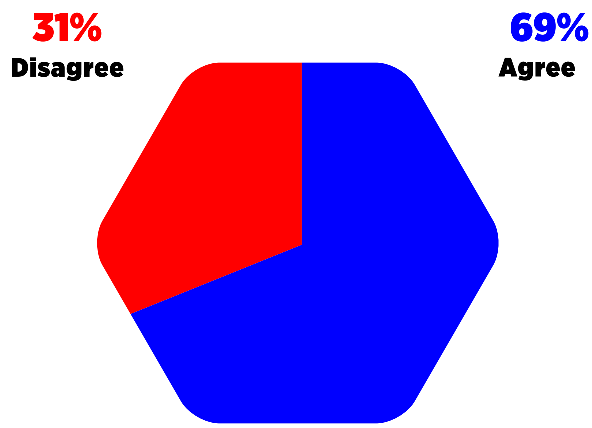
Oil revenue is one source of income and in the long run, we need to lessen our reliance on it. The second is services and taxes and lastly, we have the sovereign wealth fund but traditionally we have not used income from the latter to fund expenditure. The government is looking to raise $75 billion in the market to resolve the liquidity crisis but because of internal political turmoil, we haven't managed to do so yet.

GIQ Weekly Surveys

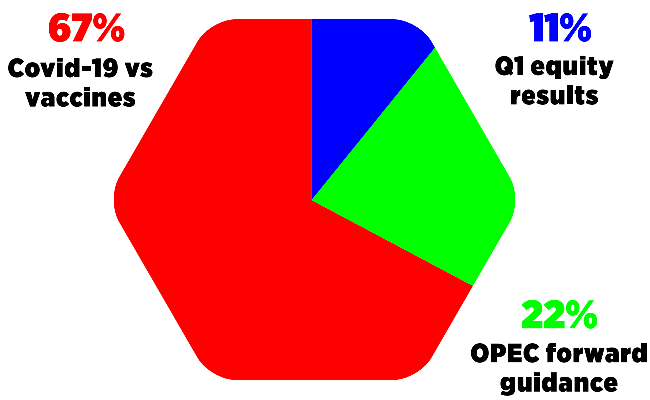
What is most pressing issue keeping oil prices closer to $60/bl than $70/bl?



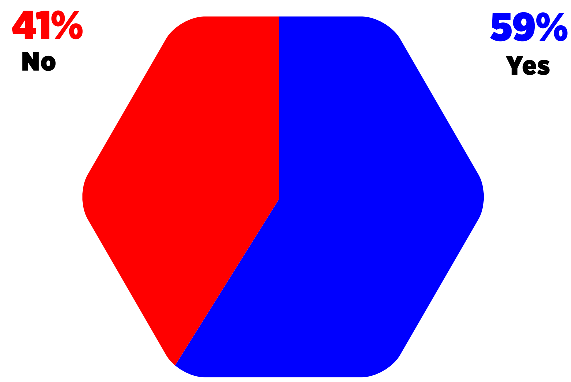
Oil prices stuck at low $60s because markets have woken up to the fact that 'oh my lord' there is indeed lots of crude available?



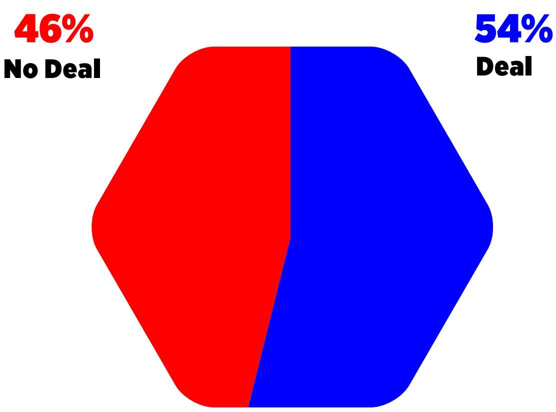
What will have the biggest impact on giving markets direction?



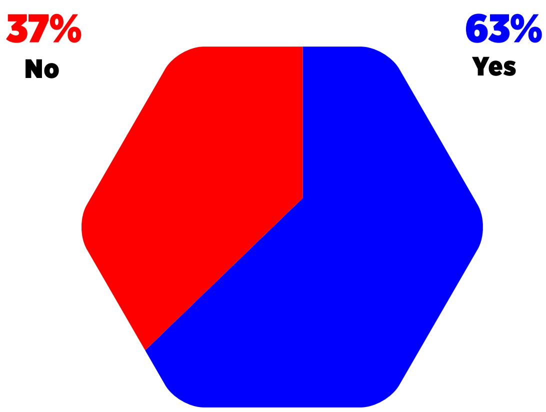
Can Oil prices return closer to $70/bl than $60/bl on demand recovery in China and US, while India, Brazil and Europe continue to labor under resurgent Covid-19 infections?



Iran-US talks restart today in Vienna - deal or no deal?



Do you expect to travel by airplane this summer?



Source: GIQ

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ENERGY MARKETS VIEWS YOU CAN USE

Richard Redoglia
Chief Executive Officer
Matrix Global Holdings

Is OPECs changing outlook for demand recovery confusing?
It's changing as it's supposed to be. Today, we're seeing real time management and reporting of the largest producers in the world adjusting their supply. This is the new future, enabled by advances in information and technology. In the past, OPEC's biggest problem for cohesion was compliance. Nowadays, tracking companies report on oil from when it loads onto a cargo all the way to the refinery in China. Equally as important is the fact that the demand function – for flights and gasoline for example - is also known in real time. OPEC is adjusting supply in real time and every merchant in the world has a system that calculates it.

Can the expected US economic recovery overcome any vaccine hiccups?
The printing of the trillions of dollars will wash out any issues of demand. People want to be out and about so we will see demand on the rise. US gasoline stocks are at the low end, distillate stocks are coming back, and refinery utilization is at 85%.

How bullish is the recent API report of a 3.6mn barrel drawdown?
The drawdown is continuing - it's a one-way street at this point. And OPEC is in control. US Shale is not going to come roaring back. The majors are building large pipelines into refineries in Houston - medium sour crude in the US Gulf is not going to be exported. We're looking at the U.S. following the path of the rest of the world.

Could we possibly move below the five-year stock average?
Volatility, which is the real pulse and decision making centre of the market, is trending down – Brent got to 30%. OPEC has effectively crushed volatility and the market is starting to find equilibrium, with an upward trend. When volatility is under pressure, it tends to also put real pressure on storage and so drawdowns increase.

Dr. Carole Nakhle
Chief Executive Officer
Crystol Energy

The market seems to have found a new upward direction this week?
The optimistic sentiment has been related to IEA, EIA and OPEC data, all upgrading their forecasts for oil demand. We also saw draw downs in inventories in the US. While most of the positive economic data so far has concentrated on the US, being the largest global economy, there will be positive spillovers on its trading partners. We also started to finally see improvements in Europe's vaccine program though still not up to speed with the UK and US. We must remain cautious for the coming months because the pandemic is not quite under control and we will see an uneven recovery geographically speaking.

Have monetary policy makers pushed inflation worries away?
We should bring different time frames into perspective. The longer term we look, the more the inflation risk and other scars from the pandemic might reemerge to impact economic growth. Inflation is still a worry for many market observers today, but it seems to have tamed down from a month ago. I wouldn't be surprised to see the conversation brought back into the picture. We should also consider the correlation between oil prices and cost trends. High oil prices can sometime also attract the taxman and the industry could be at risk as governments look for ways to generate income.

ENERGY MARKETS FORUM NEW SILK ROAD LIVE

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TOP 10

APRIL 11th - 15th

MARKET OBSERVATIONS FOR THE WEEK

1. Uncertain vaccine rollout appears to be the most pressing issue keeping oil prices closer to $60/bl than $70/bl.

2. OPEC's strategy of supply restraint for higher prices may be running out of time as producers can no longer afford to maintain so much idle capacity.

3. The longer oil prices remain stagnant and move sideways in the low $60s/bl, the tighter the spring may be wound up for the next move up or down being dramatic.

4. Iran-US talks in Vienna are accompanied by noisy background music with the Yemen conflict and Israeli-Iran game of chicken -- which one will trump the other?

5. While physical oil markets are still stuck in pandemic reality, the paper oil markets are already trading second half of the year and from that vantage point they see significant economic growth and demand recovery.

6. India is sending mixed signals as it reaches new record Covid-19 infection levels, while at the same time gasoline consumption soars as people avoid public transport.

7. The ongoing battle for market sentiment between Covid-19 infections and vaccine rollouts is likely to have the biggest impact on giving oil markets direction in Q2.

8. OPEC+ wants to signal towards more robust demand coming, but at the same time not raise supply too fast and risk collapsing the market.

9. US oil inventories are likely to keep falling through Q2 & Q3 and end the year below the 5-Year average.

10. The rise in Middle East geopolitical tensions could signal we are getting closer to an Iran-US deal, rather than further away.

Fujairah Spotlight

Israeli Vessel Attacked near Fujairah Port in the UAE

A commercial vessel owned by an Israeli firm was targeted near Fujairah port in the United Arab Emirates, Unews news agency said on Twitter on Tuesday. The Jerusalem Post (JP) also carried news of the attack.

No casualties have been reported in the attack, Israel's CH 12 TV said on Tuesday. JP quoted Israeli media reports and said the ship, called the Hyperion Ray, had minor damages. Al Arabiya reported that this is the second time that a ship owned by the same company has been targeted.

Source: Gulf News

Asia Fuel Oil: VLSFO Crack Firms, Fujairah Stocks Fall

The VLSFO market has been supported this week by expectations that arbitrage volumes will recede in the near term following strong inflows in March and April, trade sources said. However, the firming crack values may cap gains as refiners are incentivised to maintain higher output of the fuel amid firm profit margins, the sources said. Meanwhile, fuel oil inventories in the Fujairah bunkering and storage hub dropped 11% to a two-week low in the week ended April 12, data released on Wednesday showed. The lower inventories came as export volumes to regional and Asian markets firmed, trade sources said. Bunkering demand in the Fujairah hub, however, was lacking over the past week, the sources said. While the inventories were lower, supplies were seen as plentiful, said one Dubai-based oil trader.

Source: Business Recorder

ESAG Real Estate Partners with National Bank of Fujairah

Easa Saleh Al Gurg Group (ESAG), one of UAE's leading business conglomerates, said its real estate unit has announced a partnership deal with the National Bank of Fujairah that will provide the tenants at all its properties with the option to pay their rent in monthly direct debit instalments. The forward-thinking collaboration will provide greater flexibility to tenants who have traditionally paid rent by cheque through quarterly instalments.

Trade Arabia

Fujairah Ruler Congratulates King of Jordan on Kingdom's Centenary

H.H. Sheikh Hamad bin Mohammed Al Sharqi, Supreme Council Member and Ruler of Fujairah, has sent a message of congratulations to King Abdullah II of Jordan on the occasion of the centenary of the Kingdom's founding, marked on 11th April. H.H. Sheikh Mohammed bin Hamad bin Mohammed Al Sharqi, Crown Prince of Fujairah, dispatched a similar message to the Jordanian King.

Source: Emirates News Agency

ENERGY MARKETS VIEWS YOU CAN USE

Ole Hansen
Head, Commodity Strategy
Saxo Bank

We've had a 15% reduction in the speculative length in crude since January.
Brent has been holding in a steady range of $60-65 on the back of short-term economic challenges counterbalanced by longer-term positives for the second half of the year. Today's oil price is quite supportive for a new push when and if the fundamentals justify it. We have not seen any major build in short positions so it's unlikely we will go lower at this stage.

Is the US economy at an inflection point?
We are facing a period of high inflation over the coming months with a rally across many commodities, especially oil. How governments respond remains to be seen but the US doesn't appear to be in any hurry to tighten and will allow inflation to overshoot as long as it is temporary. That's obviously the big question today - whether we are going to see the spikes of the next six months taper off as we head into early 2022.

Where is there risk to this strong commodities cycle?
We have seen factory cost prices increasing in China for several months now and there are signs that the country may want to tighten liquidity and curb inflation. If so, that could potentially have a negative impact on economic activity over the next six to nine months.

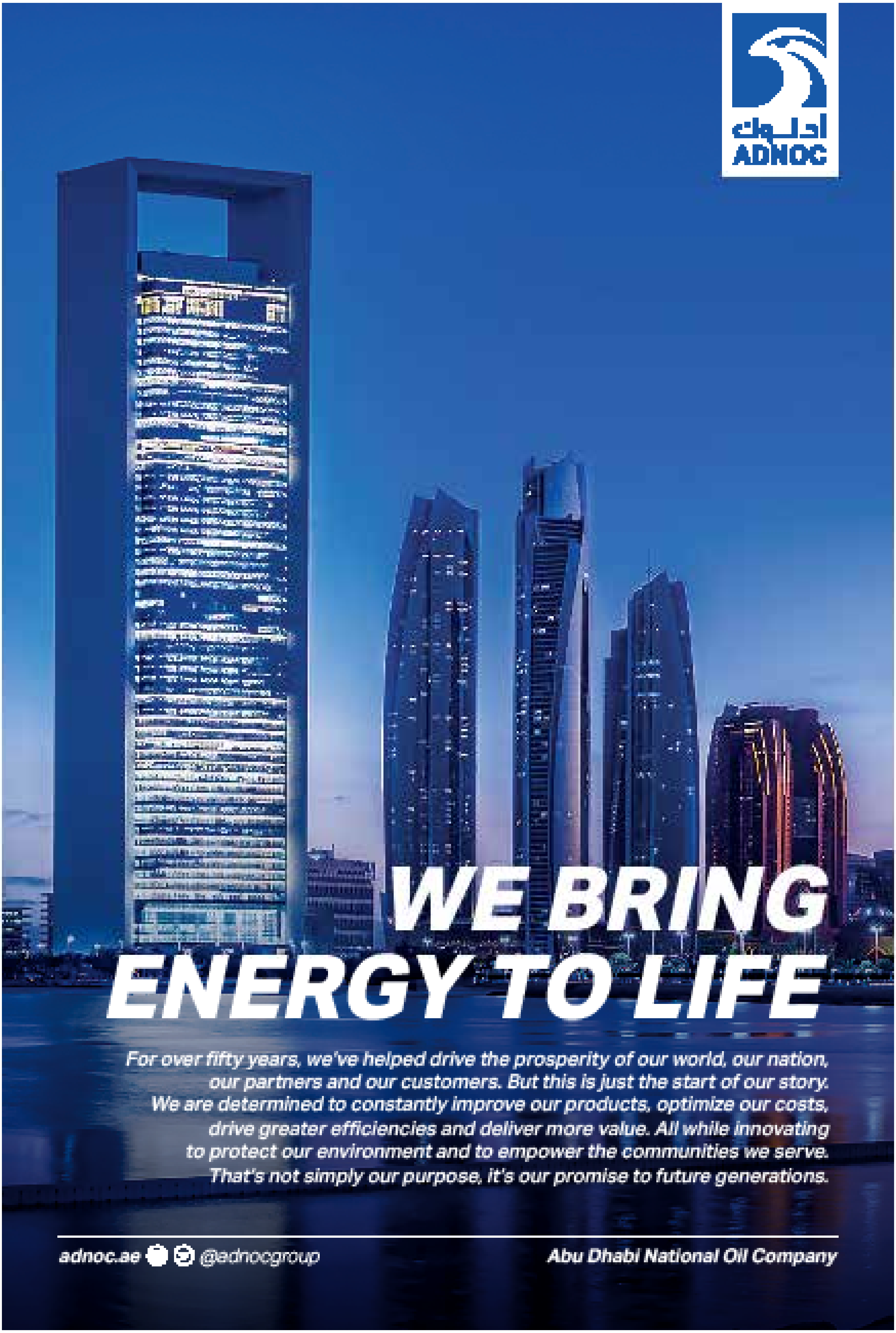
What's the outlook for the US Dollar?
We had a very elevated speculative short position on the dollar for many months last year but that obviously didn't materialize and it started to strengthen in November with vaccine rollouts and the US presidential election. However, since then the futures FX market short has collapsed by 85%, down to the lowest level in in 11 months. Clearly investors are carrying much leaner books so any news that's potentially dollar negative will trigger a greater response than a few months ago.

Vandana Hari
Founder & CEO
Vanda Insights

Is the crude market at an impasse?
I don't see a major bullish impetus just yet. There seems to be this tussle between the glass half full crowd who see the second half of the year as positive, and those looking quite dramatically at the current situation with the resurgence of Covid and hiccups in vaccine rollouts. India for example has hit a daily average of 143,000 cases – that surpasses the 93,000 last September. And yet, gasoline demand in the country is back at pre-2019 levels. Geographically there is also quite a divide, with optimism on US economic growth but pessimism over Europe. The biggest paradox in the markets today is that despite the real time management of supply, there is no way to predict where Covid will take us. The forward picture of demand is keeping us on tenterhooks.

Any concern about Chinese demand or inflation?
Month on month balances are looking strong but we should exercise some caution there. Higher crude imports are also translating into higher products exports so if you're looking at a global balance of oil, even double-digit growth in Chinese imports doesn't mean Chinese demand is growing at that rate. Optimism for the US recovery at the moment is far higher than for China. Also, Chinese demand was largely factored into the markets last year.

Likely OPEC next steps?
They will continue to taper an increase in supply even if demand doesn't quite pan out in the most optimistic scenario. As for the week ahead, we have the IEA monthly outlook coming out and it will be interesting to see if they revise forecasts upward again for 2021. Attention will also be focused on US oil demand, especially the trajectory for gasoline.



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Abu Dhabi National Oil Company

"The global economic recovery continues, significantly supported by unprecedented monetary and fiscal stimulus. The recovery is very much leaning towards the second half of 2021"

– OPEC

Source: OPEC Monthly Report - April 2021

ENERGY MARKET NEWS

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