MARCH 25th 2021
VOL. 68

Fujairah New Silk Road WEEKLY NEWSLETTER

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FOIZ
منطقة الفجيرة للصناعة البترولية
Fujairah Oil Industry Zone
Port of Fujairah
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EXCLUSIVE INSIGHTS /// ACTIONABLE INTELLIGENCE /// DATA TRENDS /// LATEST NEWS

SUEZ CANAL BLOCKAGE IMPACTS MULTIPLE INDUSTRIES – 185+ SHIPS WAITING TO TRANSIT WATERWAY

40 Bulk Carriers	32 General Cargo Ships	17 Crude Oil Tankers	17 Chemical/ Products Tankers	15 Products Tankers
10 LPG Tankers	8 Livestock Carriers	6 Crude Oil Products / Tankers	4 LNG Tankers	1 Water Tanker

Sources: Bloomberg, Kpler, Photo by Julianne Cona/Instagram

PREVIOUS CLOSURES OF SUEZ CANAL

The canal was closed to navigation twice in the contemporary period. The first closure was brief, coming after the tripartite British-French-Israeli invasion of Egypt in 1956, an invasion primarily motivated by the nationalization of the waterway. The canal was reopened in 1957. The second closure occurred after the June 1967 War with Israel and lasted until 1975, when Egypt and Israel signed the second disengagement accord.

Fujairah Weekly Oil Inventory Data

6,913,000 bbl	3,655,000 bbl	7,115,000 bbl
Light Distillates	Middle Distillates	Heavy Distillates & Residues



Source: FEDCom & S&P Global Platts

Fujairah Average Oil Tank Storage Leasing Rates*

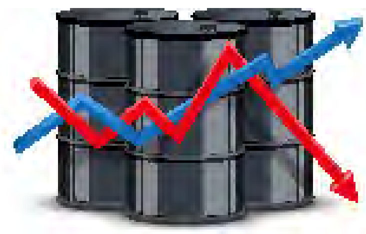
BLACK OIL PRODUCTS

Average Range
$3.61 - 4.38/m³

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

Source: GI Research – Weekly Phone Survey of Terminal Operators

GI Consultancy Intelligence Publishing



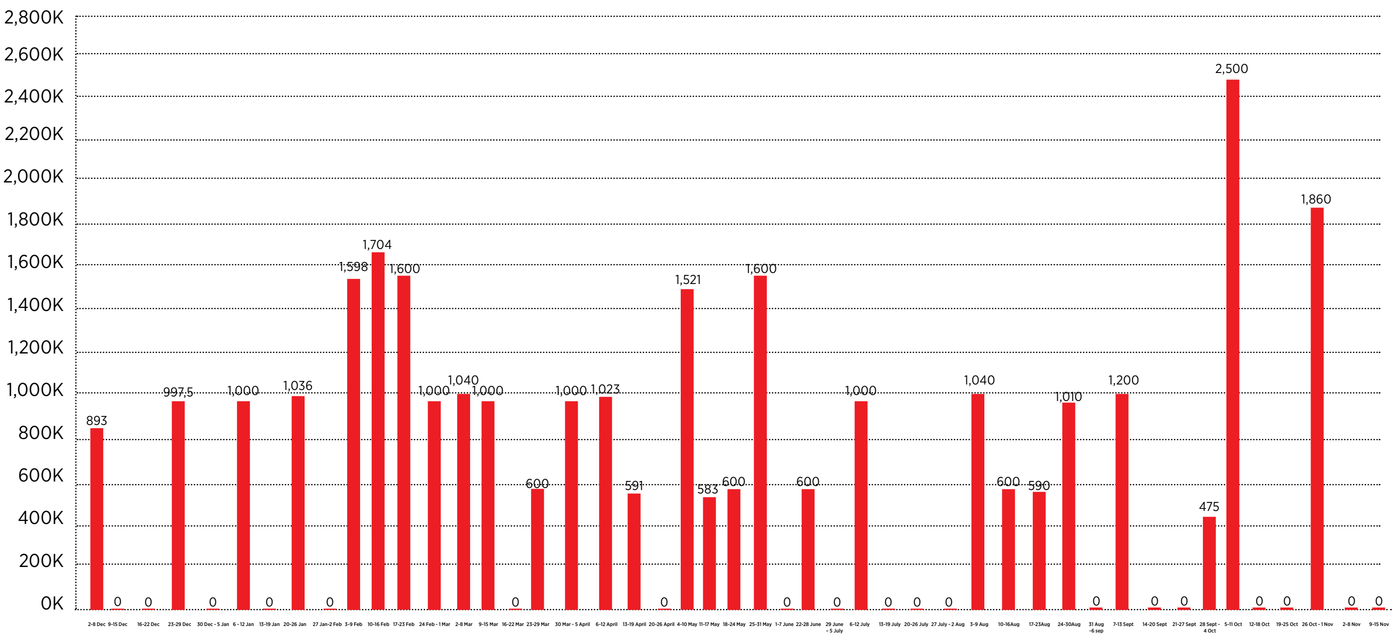
Weekly Average Oil Prices

Brent Crude: **$63.46/bl**
WTI Crude: **$60.39/bl**
DME Oman: **$62.77/bl**
Murban: **$62.89/bl**

Time Period: Week 4, March 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

ICE Murban Futures: Launching March 29

The Middle East is a key crude supplier to Asia, exporting more than two thirds of its oil to the region. Sourced from ADNOC's onshore concessions, Murban crude is recognized for its production capacity of around 2 million barrels of high quality crude, representing more than half of the UAE total oil production.

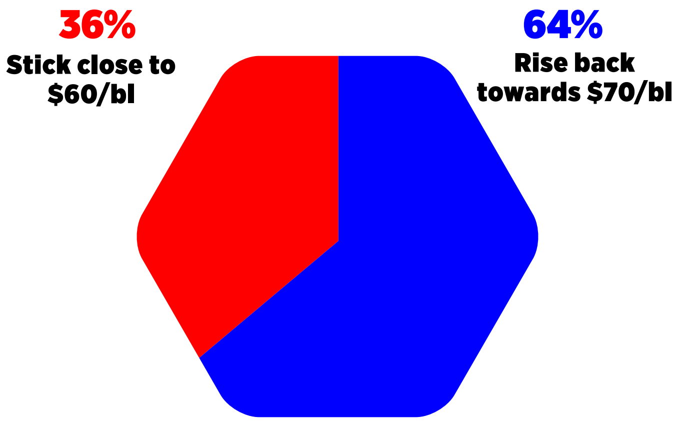
ICE Murban futures will bring transparent pricing and a forward curve to participants, establishing a secondary market for the first time. Murban represents a new oil benchmark, with this light sweet crude well-positioned to serve a global market.

Traded on ICE Futures Abu Dhabi, the contract will complement ICE's global oil complex of over 600 products covering 47 distinct geographic locations. This provides participants with delivery at the point of consumption, capital efficiency, and inter-commodity spreads between ICE exchanges.

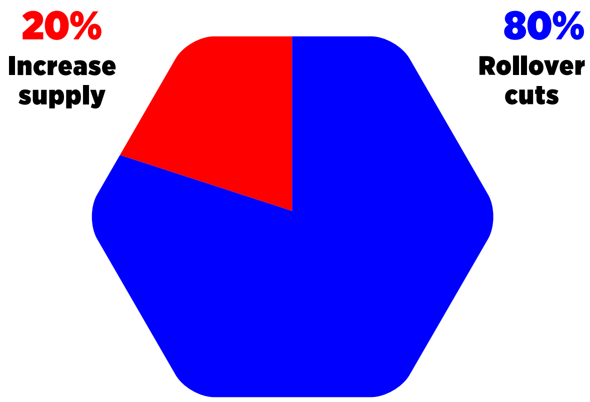
For an overview of ICE Futures Abu Dhabi, product details for Murban Crude Oil Futures, FAQs and other resources, visit: theice.com/murban

GIQ Weekly Surveys

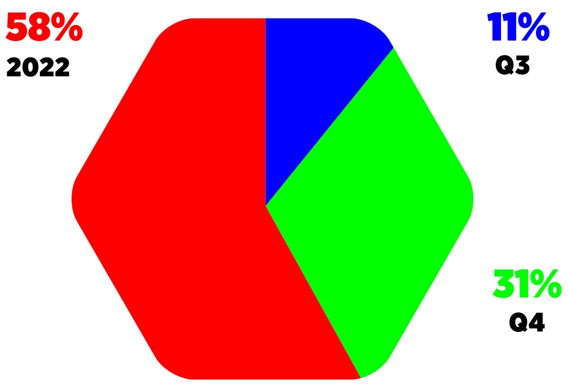
As we run into the April 1st OPEC meeting, do you expect prices to:



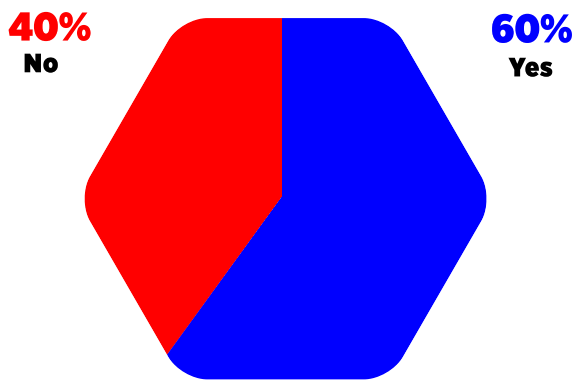
What do you think OPEC+ "WILL" decide at April 1st Meeting?



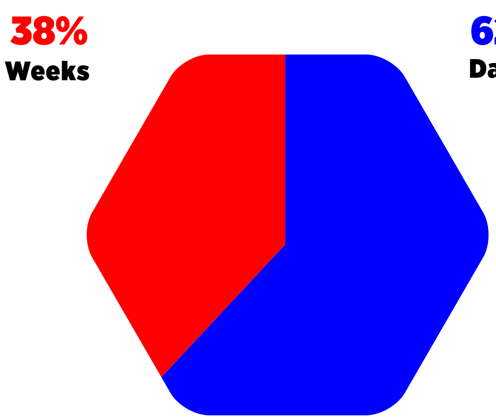
Extended lockdowns in Europe are being driven by the threat of a third wave of infections, with a new variant of the virus on the continent. When do you expect Europe to return to post-covid normal?

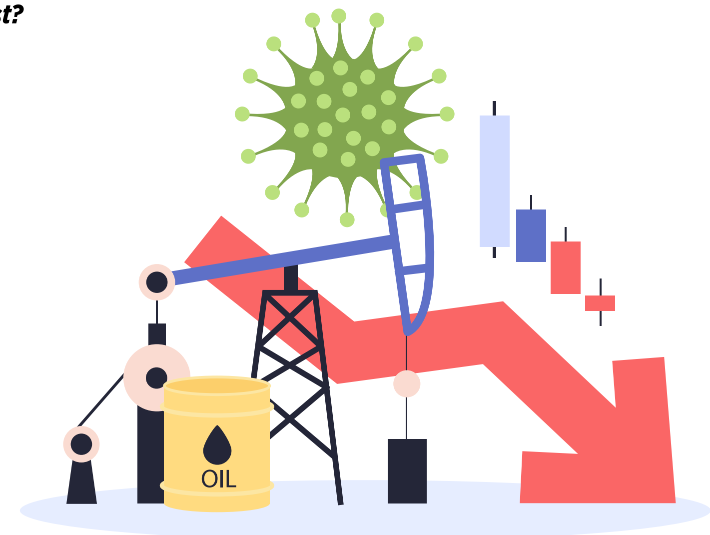


Oil markets have slipped into contango after 15% price drop – do you expect this structure to sustain?



How long do you expect the Suez Canal blockage to last?





Source: GIQ

S&P Global Platts

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Fujairah Oil Industry Zone

Fujairah Partners with S&P Global Platts to Publish Monthly Bunker Sales Data

- **Brings Additional Transparency to Global Audiences Interested in Bunker Sales Flows**
- **Extends Existing Weekly Oil Products Inventory Storage Data Publishing Agreement**

Fujairah, March 23, 2021 – Fujairah, which hosts the Middle East's largest commercial storage capacity for refined oil products, has strengthened its longstanding relationship with S&P Global Platts to jointly publish monthly sales of bunker fuels and lubricants. This is part of the Emirate's vision to drive increased transparency as one of the leading global oil and bunker trading and storage hubs.

The Port of Fujairah and S&P Global Platts will make the monthly volume of bunker sales during the previous month, freely available to the market on the 20th of each month, with history commencing from the start of 2021 at https://fujairah.platts.com/fujairah/.

The bunker sales volume data is broken down across six categories covering conventional and emerging products, including 180cst low sulfur fuel oil, 380cst low sulfur fuel oil, 380cst marine fuel oil, marine gasoil, low sulfur marine gasoil and lubricants. The volumes are reported in cubic meters together with insight provided by S&P Global Platts about the inventory statistics in absolute and relative terms.
The new data will complement the weekly oil products inventory data on light distillates, middle distillates and heavy distillates & residues that FOIZ - acting through Fujairah Energy Data Committee (FEDcom) - and S&P Global Platts have jointly published since the start of 2017.

"We are pleased to have extended our successful partnership with Fujairah to ensure that the Fujairah Oil Industry Zone data continues to gain traction among global audiences interested in understanding the flows of bunker fuel in the region. Bunker sales represent a good lead indicator of economic activity and, as the world begins to emerge from the COVID-19 pandemic, these important regional trends and differentials will help market participants' understanding in the context of supply, demand and the flow of goods. The integration of this crucial data into our worldwide distribution capabilities allows us to support Fujairah in the next step of its development towards becoming a global trading hub," said Dave Ernsberger, Head of Pricing & Market Insight, S&P Global Platts.

The Fujairah Energy Data Committee, known as FEDCom, is tasked with the responsibility to collect, verify and distribute inventory and bunker data to replicate the data sets that are provided in other global trading centers such as Singapore and Rotterdam.

Capt. Salem Al Hmoudi, Director of Fujairah Oil Industry Zone (FOIZ), said: "We're delighted to continue our existing successful partnership with S&P Global Platts and bolstering our strong organic growth towards becoming a comprehensive global energy hub. Adding additional data sets shall enhance the visibility on trade and volume handled in Fujairah as transparency and market clarity are key ingredients of successful liquid trading centers around the world and helps reduce market opacity, enabling traders and investors to see opportunities and develop cohesive risk strategies."

Fujairah, the UAE's only Emirate on the Indian Ocean, is accelerating its strides towards becoming a critical node on the international energy markets map. This is most evident by FOIZ & Port of Fujairah's continued infrastructure investment and the expansion of its capacity to handle and process petroleum and bunker products, which now amounts to over 120 million tons per year of crude oil and refined products.

Fujairah benefits from its strategic geographic location outside the Straits of Hormuz, bridging the time gap between the East and the West. The port helps facilitate the export of Murban crude through three single point mooring systems located in the Fujairah anchorage area, with the crude carried to Fujairah along a 360-kilometre pipeline that has a 1.5 million b/d capacity. In addition, ADNOC is constructing a 42 million barrel underground crude storage facility in Fujairah, the largest underground oil storage project in the world.

Platts has published independent refined product prices on an FOB Fujairah basis since October 2016, enhancing transparency for market participants.


أدنوك
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For over fifty years, we've helped drive the prosperity of our world, our nation, our partners and our customers. But this is just the start of our story. We are determined to constantly improve our products, optimize our costs, drive greater efficiencies and deliver more value. All while innovating to protect our environment and to empower the communities we serve. That's not simply our purpose, it's our promise to future generations.
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Abu Dhabi National Oil Company

Fujariah Weekly Oil Inventory Data

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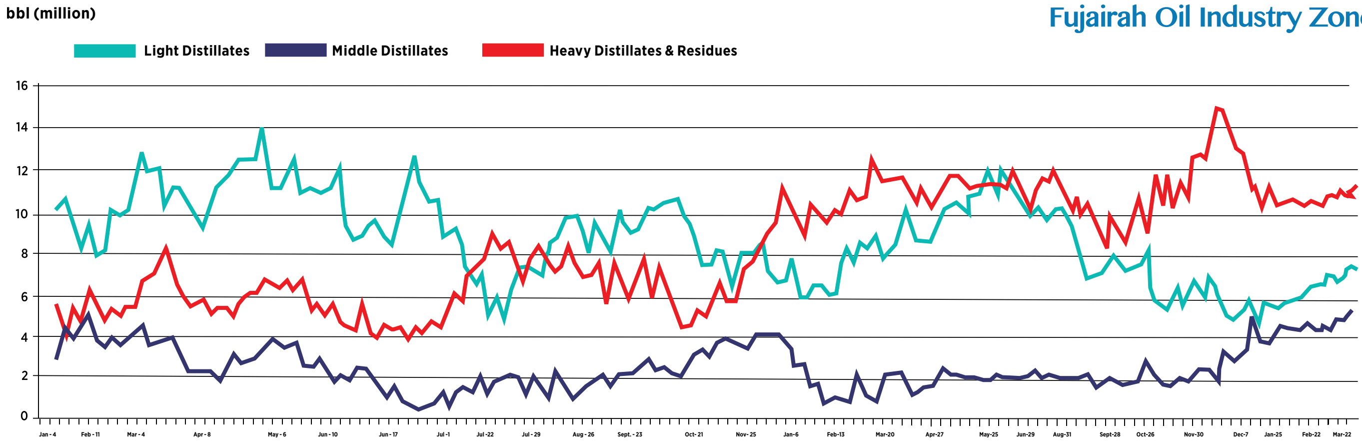
Fujairah Oil Industry Zone



TOP TAKEAWAYS

- **Total oil product stocks in Fujairah were reported at 17.683mn barrels. Total stocks fell by 1.534mn barrels, as they returned to multiyear lows week. Overall stocks fell by 8% week-on-week. There were draws seen across light distillates and heavy residues while middle distillates posted a build.**
- **Stocks of light distillates saw a draw of 739,000 barrels reflecting a fall of 9.7% week on week to stand at 6.913mn barrels. The East of Suez gasoline market was steady-to-weaker amid expectations of a rise in US gasoline stocks and possibly higher exports from China in April, market sources said. "I heard China is exporting more in April. [I] don't really have a figure, but it's news today," a trader said. China had exported 1.65mn mt of gasoline in February, data released by the General Administration of Customs showed, with Singapore, Philippines, Indonesia and Pakistan the top four destinations.**
- **Stocks of middle distillates rose by 194,000 barrels rising to 3.655mn barrels – up by 5.6% on the week. The gasoil market was under pressure with bearishness in the crude market having a knock on effect on the fuel. "With the selling off, everyone is going [in] one direction, it feels more crude driven," a trader said. S&P Global Platts reported that a wave of Covid-19 infections across Europe's biggest economies continued to create headwinds for oil, threatening the delicate state of demand recovery.**
- **Stocks of heavy residues fell by 989,000 barrels falling by 12.2% on the week to 7.115mn barrels. In the port of Fujairah a fall in the crude price was having a knock on effect on bunker values, with sellers making progressively lower offers in a bid to attract buying interest. Fujairah delivered marine 0.5%S bunker was heard offered at $497 - $505/mt on Mar. 23. Fujairah-delivered marine fuel 0.5%S bunker was assessed at $495/mt, $10/mt lower on the day. The price level on Mar. 23 in Fujairah reflects a $15.00/mt premium to Singapore delivered Marine Fuel 0.5% bunker prices which were assessed at $480/mt.**

Source: S&P Global Platts

FX

The dollar extended gains overnight with the DXY index rising 0.2% to 92.528. Most of the gains came against GBPUSD which was off by 0.5% driven as much by diplomatic tussles between the EU and UK over the distribution of Covid-19 vaccines and a softer than expected inflation print. Better than forecast PMI numbers from major Eurozone economies failed to lift the Euro overnight and EURUSD settled down 0.3% overnight. Elsewhere a steady risk-off tone helped to draw momentum away from both the AUD and NZD both of which declined by around 0.5%.

Equities

Equity markets were fairly mixed yesterday. The ongoing pushback by Jerome Powell against rising bond yields being a matter for concern, but rather indicative of an improving economy, did little to help the tech-heavy NASDAQ, which closed down -2.0%. The blue chip Dow Jones fared better, closing flat, while the S&P 500 lost -0.6%. In Europe, markets were fairly muted but there were some modest gains recorded, boosted by positive action in the PMI surveys which helped to offset ongoing lockdown concerns. The composite STOXX 600 closed flat, as did the CAC, while the FTSE 100 gained 0.2% and the Italian FTSE MIB 0.4%. Germany's DAX lost -0.4% however. Within the region, the DFM lost -0.7% and the Tadawul -0.3%. In Egypt, the EGX 30 gained 2.2% but remains down 7.9% m/m.

Commodities

Oil prices managed to recover most of their losses from earlier in the week as a blocked ship in the Suez Canal continues to disrupt tanker flows. Brent futures settled up 6% at $64.41/bl while WTI managed a 5.9% gain at $61.18/bl. Dislodging the stuck container vessel may only occur over the coming weekend or later, helping set a near term bid under oil prices. EIA data showed a modest build in US crude stocks of 1.9mn bbl last week along with builds across the rest of the barrel. Total production in the US rose by 100k b/d to 11mn b/d while product supplied fell back by 231k b/d to 18.7mn b/d.

Emirates NBD

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ENERGY MARKETS COMMENTARY WEEK IN REVIEW

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GIQ EXCLUSIVE INTERVIEW

"Target Market for US LNG is Asia"

Andree Stracke, Chief Commercial Officer, RWE Supply & Trading

GIQ: How has the Covid-19 pandemic impacted the natural gas industry?

Andree Strake: There was a significant drop in demand last year in the first quarter, mostly in Asia, followed by Europe in Q2. Combined with high temperatures and low demand for heating, we had a 6% drop in gas demand in Europe and that effectively set prices for the world market. Then came the extreme cold snap in winter - especially in China, Japan and South Korea – and strong demand coupled with an insufficient supply of ships, pushed prices up. What is significant about 2020 is that it demonstrated LNG's development as a traded market. With the very low prices, there were 160-170 export cargoes canceled out of the US, but the gas was able to be utilized in the domestic market. It showed a new tool in the LNG world to help maintain balance - sourcing cargoes and pushing them elsewhere. The only question is what price this flexibility requires.

GIQ: What is your outlook for US gas exports as we move out of the Covid-19 pandemic?

Andree Strake: Overall, it's a positive outlook for the US because the gas is mainly coming out of shale oil as a byproduct. And shale opportunities are still pretty good in the US with marginal costs dropping. It also depends on the overall price level of commodities worldwide. At today's prices, US projects are profitable and competitive.

GIQ: Where is the target market for US LNG exports?

Andree Strake: The target is Asia at the end of the day because that's where the real demand growth is.

GIQ: Will Asia's current infrastructure be able to handle LNG coming from the US?

Andree Strake: It's a pricing question. So far for example, the negotiations with European companies have led to long-term offtake contracts indexed on Henry Hub. Henry Hub indexed LNG is different to what we have in Europe, which is NBP or TTF indexed gas. It's a different pricing signal. If you buy it, you take a long-term price risk over Henry Hub, which is difficult to absorb.

GIQ: Does the US gas price structure therefore need to change?

Andree Strake: Oil indexed would be potentially easier. Ideally, it's a netback. It's either JKM for the Asian market or TTF indexed. But then, you would be putting the price risk back on the producers and the question is, are they willing to take JKM or price risks in Europe? Oil producers with massive investments into oil fields know the oil will go somewhere and so they take price risks. The question is, are US producers in the future capable of doing the same with their risk appetite to produce LNG, without necessarily having 15 to 20-year offtake agreements in place? I believe the market is so liquid that you can sell every cargo produced. The only question is price.

GIQ: How has natural gas and LNG performed during the great energy transition?

Andree Strake: There's no competition between renewables and gas. Gas is a complementary fuel and is necessary for the next 10-20 years to play in tandem with renewables. Last year in Germany, a highly industrialized country, 35%-40% of power demand was generated by renewable power. In the UK it's been very similar.

GIQ: Are there any indications that gas could be excluded from the transition fuel mix in the EU?

Andree Strake: For the European Union, it's clear that renewable energy will take the lead on power supply. As RWE, we have now invested in 9 gigawatts of installed capacity and we will increase it in the next year to 13 gigawatts. We also have in the pipeline plans to install 34 gigawatts of renewable energy in the future. US and Asian markets are not dissimilar. The question is what will the next resource alternative to gas be? We believe it is hydrogen, which is why we have committed massively into this area, with 30 projects already underway in Europe. There are also strong stimulus measures in the EU towards hydrogen. It will not play a major role tomorrow, but step-by-step, it will roll into the mix.

WATCH FULL INTERVIEW HERE

ENERGY MARKET NEWS

RECOMMENDED READING

Series Supported By:

1. OIL PRICES SLIDE AS LOCKDOWN OUTWEIGHS SUEZ CANAL DISRUPTIONS
2. US OIL ACTIVITY JUMPS AS EXECUTIVES REMAIN WARY OF OPEC
3. TUGS WORK TO FREE GIANT CONTAINER SHIP STRANDED IN SUEZ CANAL
4. DOLLAR EXTENDS FOUR-MONTH HIGH TO EURO
5. AS EU TIGHTENS LOCKDOWNS, OPEC+ TO KEEP OIL TAPS TIGHT
6. RUSSIA ACTIVATES ITS POLICY IN THE PERSIAN GULF REGION
7. US MANUFACTURING PMI EDGES HIGHER TO 59 VS. 59.3 EXPECTED
8. EU PMI READINGS HANDILY BEAT EXPECTATIONS
9. US CRUDE STOCKPILE UNEXPECTEDLY ROSE 1.9MN BL LAST WEEK
10. SUEZ CANAL BLOCKAGE SENDS RIPPLES THROUGH GLOBAL COMMODITY MARKETS

RECOMMENDED VIDEOS & REPORT

- HUGE CONTAINER SHIP BLOCKS SUEZ CANAL
- MANILA DEMANDS BEIJING WITHDRAW 'FISHING VESSELS'
- TARGET MARKET FOR US LNG IS ASIA
- BIDEN TO UNVEIL MULTI-TRN-DOLLAR INFRASTRUCTURE PLAN IN PITTSBURGH
- US: WINERY WILL PAY YOU $10,000 A MONTH TO LIVE THERE & DRINK WINE FOR A YEAR

"We expect recovery to accelerate, especially in the second half of 2021. The improvement now underway in oil prices has been faster than many expected...
We are confident that Aramco is emerging from the pandemic in a position to deliver the supplies of affordable energy needed to support the recovery."

– Amin Nasser, President and CEO, Saudi Aramco

GIQ EXCLUSIVE SOUNDINGS

Oil Rises on Suez Blockage, but Lockdowns Take Toll

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.

- Adi Imsirovic, Senior Research Fellow, Oxford Institute of Energy Studies
- Victor Yang, Senior Editor, JLC Network Technology
- Omar Najia, Global Head, Derivatives, BB Energy
- Edward Bell, Senior Director, Market Economics, Emirates NBD
- Henry Wang, President & Chief Executive Officer, Gate International
- Rustin Edwards, Head, Fuel Oil Procurement, Euronav NV
- Dr. Carole Nakhle, Chief Executive Officer, Crystol Energy
- Laury Haytayan, MENA Director, Natural Resource Governance Institute
- Richard Redoglia, Chief Executive Officer, Matrix Global Holdings

Adi Imsirovic, Senior Research Fellow, Oxford Institute of Energy Studies
"It's not looking great. Even before the correction in crude prices, we saw all the tell tales coming. Dated Brent got weaker. Within one-week, differentials for African crude collapsed over $1/bl."

Victor Yang, Senior Editor, JLC Network Technology
"Iranian cargoes have increased over the past 2 months. Demand is mostly coming from independent refiners in Shandong. This month, demand has declined because of very high crude stocks, and now premiums have gone up."

Omar Najia, Global Head, Derivatives, BB Energy
"If the market can rally around $63/bl-$64/bl, the correction will be short-term. If it wants to go back and test the lows, then it is going to take a few weeks to hang around here. The trend on my end is still up."

Edward Bell, Senior Director, Market Economics, Emirates NBD
"There are a couple of things that are driving the downward move that we have seen in oil prices. One is profit-taking from long positions in the market. We had a 30% gain in Brent and WTI futures up until the last fortnight. On top of that, there is anxiety about the demand outlook in the near-term."

Henry Wang, President & CEO, Gate International
"The growth of the oil market is more conservative looking ahead. With Xi Jiping's speech about China's goal to reach net zero by 2060, a lot of Chinese state oil companies are now planning slower growth in the fossil fuel area and diversifying into the clean energy area."

Rustin Edwards, Head, Fuel Oil Procurement, Euronav NV
"Markets are already selling off the news that the ship is not T-boning the canal, it's now alongside. It's a matter of getting the right tugboats into the canal to secure the vessel and shift it up with proper towage."

Dr. Carole Nakhle, Chief Executive Officer, Crystol Energy
"Since February, if you look at the behaviour of prices, one week it goes up, another week it goes down. If you look at the bigger picture, they have recovered significantly from last year's levels. The recent developments confirm OPEC+'s concerns when they were cautious about market recovery."

Laury Haytayan, MENA Director, Natural Resource Governance Institute
"The Iranians are moving forward with more than 1mn b/d coming into the market. By April, we were supposed to have 2mn barrels from OPEC+, and we are seeing other countries like Libya and Iran bringing this to the market."

Richard Redoglia, Chief Executive Officer, Matrix Global Holdings
"Refinery runs are down significantly. Inventories rose again this week. People just don't travel as much as they used to. The roads just aren't as busy everywhere. It's a blotchy return."

ENERGY MARKETS FORUM NEW SILK ROAD LIVE

GI Consultancy Intelligence Publishing

TOP 10

MARCH 21st - MARCH 25th

MARKET OBSERVATIONS FOR THE WEEK

1. US gasoline demand is approaching normal levels as Americans hit the road amid the economic recovery and the Covid-19 vaccine rollout.

2. As we run into the April 1st OPEC+ meeting, oil prices are likely to rise back towards $70/bl on expectations that the group will maintain tight supply policy.

3. China is the largest holder of US Treasuries and could use them as leverage in the rising hostilities between Washington and Beijing.

4. Oil market pullback is likely more due to technical correction after bull run, rather than due to market supply/demand fundamentals.

5. US Shale oil producers may still be on the sidelines, but they are ready to pounce once demand and prices look sustainable at $70/bl.

6. Extended lockdowns in Europe, which are being driven by the threat of a third wave of infections, could push Europe's recovery from the Covid-19 pandemic into 2022.

7. India is likely to accelerate its strategy to diversify oil suppliers beyond the Middle East to mirror China with over 40 sources.

8. OPEC+ meeting on April 1st will need to weigh-up a push for higher prices at risk of losing more market share.

9. Oil price decline accelerated on Hedge funds and financial investors are backing away on outlook for weaker demand recovery.

10. OPEC+ may have to once again show the markets that they are all committed to strict compliance with output cuts.

ENERGY MARKETS VIEWS YOU CAN USE

Ole Hansen
Head, Commodity Strategy
Saxo Bank

Is the market's move into contango likely to last?

The market got overexcited about the medium-term outlook for global demand recovery. Any growth for 2021 has already been priced in and continues to be backloaded into the second half of the year so we will need to see quite an aggressive recovery in that period for those numbers to really stack up. Reduced risk appetite coming from rising bond yields in the US is also having a negative impact on all levels of investment. We haven't seen any additional new buying from hedge funds in oil for the past five weeks. OPEC can keep supply limited but what counts is demand and that's still not recovering strongly enough.

How difficult is the decision that OPEC plus faces next week?

They were hoping to increase production but now that the market is facing the low $60s again, they need to carefully assess demand. What they ultimately decide on will be a strong signal about their expectations for crude demand in the summer months. But at this point in time, the market probably needs some reassurance, so OPEC may struggle at justifying adding barrels even if potential end of Q2 demand justifies an increase. If Brent breaks below $60, we can't rule out OPEC stepping in and managing supply further to keep the market balanced.

Can OPEC maintain cohesion amidst such market uncertainty?

In a falling market, OPEC loses its grip so there will be an increased focus on compliance to rein in some of those barrels that the market can't support at this stage. The question is whether countries like Iraq, Iran and Libya will be willing to cut back. We should also remember that market structure is not just about underlying demand – speculators are also operating at the front of the curve. The fact is that the demand outlook hasn't shifted dramatically over the last two weeks - investor interest has.

Kevin Wright
Lead Analyst APAC
Kpler

What are the biggest drivers in the market today?

The pull back of the last 10 days has been triggered by oversupply weighing on the market and a lack of belief that demand is returning on the product side. As a result, some of the hedge funds that piled into crude in the last year or so have been taking profits.

Is the market firmly back in contango?

Gasoil cracks don't seem toppy and the arbitrage to Europe hasn't worked so with the build-up into tank storage and oversupply, it was only a matter of time before we saw a weakness in the market. Demand is weak across the board. At the same time, Chinese and Asian refineries are still running pretty hard so that's going to create an ongoing surplus of distillates. The contango is going to get steeper and deeper – this overhang is here for the foreseeable future.

Can Asia take advantage of the contango and store for the forward curve?

Chinese crude inventories have in fact dropped over the last few months. Last year, they rose by 800mn barrels to about 960mn barrels in storage by September. According to Kpler data, they are currently at about 935mn barrels. But the Chinese have also expanded their storage capacity over the last year so they could take more. On products, especially looking at floating storage, we have started to see a build-up again and the contango will only incentivize that.

Has the tanker blockage in the Suez Canal perturbed oil markets?

Hopefully it will be short lived but even if it's only for two or three days, it can significantly affect supply chains and will impact diesel within Europe and gasoline and naptha moves from Europe to Asia.

Fujairah Spotlight

Sahara Energy backs Fujairah to Emerge as Global Trading Hub

The availability of locally produced fuels, enhanced automation and access to clean fuels should provide a level of market confidence in supply at the Port of Fujairah, Andrew Laven, Chief Operating Officer, Sahara Energy Resources DMCC, Dubai has said. Speaking ahead of the upcoming virtual 12th International Fujairah Bunkering & Fuel Oil Forum (FUJCON 2021) in the United Arab Emirate (UAE), Laven said ongoing transformative projects would give traction to the drive to develop Fujairah "as a global trading hub will also support the growth in demand as activity levels continue to increase." "The bunker market during 2020 has had to deal with a number of challenges. At the beginning of the year, we had the IMO 2020 specification change, then following the COVID-19 pandemic, global demand and bunker markets around the world have been impacted in different ways. Hopefully 2021 will see a return to normality and Fujairah can see growth," he added. Launched in 1978 and fully operational in 1983, the Port of Fujairah is the second-largest bunkering hub in the world.

Source: Hellenic Shipping

Fujairah Mulls Boosting Storage Capacity to 17mn Cubic Meters in Four Years

Fujairah, which hosts the Middle East's largest commercial storage capacity for refined oil products, has strengthened its longstanding relationship with S&P Global Platts to jointly publish monthly sales of bunker fuels and lubricants. This is part of the Emirate's vision to drive increased transparency as one of the leading global oil and bunker trading and storage hubs. The Port of Fujairah and S&P Global Platts will make the monthly volume of bunker sales during the previous month, freely available to the market on the 20th of each month, with history commencing from the start of 2021 at: fujairah.platts.com. The bunker sales volume data is broken down across six categories covering conventional and emerging products, including 180cst low sulfur fuel oil, 380cst low sulfur fuel oil, 380cst marine fuel oil, marine gasoil, low sulfur marine gasoil and lubricants.

Source: Cision

Fujairah Crown Prince Opens Fujcon 2021

H.H. Sheikh Mohammed bin Hamad bin Mohammed Al Sharqi, Crown Prince of Fujairah, highlighted the importance of adhering to international conventions aimed at preserving the marine environment and its natural resources, in line with the directives of H.H. Sheikh Hamad bin Mohammed Al Sharqi, Supreme Council Member and Ruler of Fujairah, and his keenness to reinforce the emirate's international status as a centre of ship refuelling and petroleum storage.

Sheikh Mohammed made this statement while opening the 12th Fujairah International Bunkering and Fuel Oil Virtual Forum (Fujcon 2021), held virtually by the Government of Fujairah, under the patronage of Sheikh Hamad, with the attendance of Sheikh Saleh bin Mohammed Al Sharqi, Chairman of Al Fujairah Department of Industry and Economy, and over 400 participants from 36 countries who are specialists in bunkering and fuel oil.

Source: Emirates News Agency

ENERGY MARKETS VIEWS YOU CAN USE

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

What's your expectation for OPEC's decision come April?
If the group deploys rational thinking, I expect Saudi Arabia to put the one million barrels back into the market and for some of the other members to agree to an increase so that prices can at least stabilize around $60. That would be a win-win for producers and consumers.

Is the fiscal stress from lower oil revenues weighing heavily on Gulf states?
This is not a new problem. We have had cycles of low and high oil prices for 60 years. What we need is real and permanent economic reform and diversification - without it, we will not have a sustainable long-term solution to finances. Today's lower oil prices are beneficial to producers in the GCC as they should help trigger change. We also need to consider reform because of climate change and the trend towards electrification across the world - oil as a fuel for industry and transportation is not going to be here forever. We need to detach our economies from oil, and we have that opportunity today.

Can OPEC meet the call on its crude to supply the world in 2025?
The natural annual decline of oil fields around the world is around five million barrels while demand growth has been three to five million. However, there has not been significant exploration activity because of capital and structural constraints. US shale has so far filled the gap, but it too is unreliable, linked to capital constraints and market sentiment. There will be a shortage of oil by 2025 if we don't cover for the natural decline. Iraq has the potential to be a big contributor – it's the only country in the region which has discovered reserves that can still be developed. Iran also has potential, as do the UAE and Kuwait which have targeted production levels respectively, of 5mn bd and 3.4mn barrels by 2025.

Narendra Taneja
India's Leading Energy Expert

Is the resurgence in Covid rates in India a cause for concern?
There have been partial setbacks in key states like Maharashtra, Kerela and Punjab but by and large, the country is doing fine and consumption figures for petrol, diesel and other commodities have not been impacted. There has of course been an overall negative impact on economic activity for the past year due to the limitations on free movement of goods and people.

How serious is India about diversifying its oil portfolio away from the Middle East?
Just as China has done, we don't want to depend on only one region – that is not a smart energy security strategy – and the fact is that the Middle East is volatile. At the same time, we want to continue to build investment bridges with countries the region. The fact that we have been taking more oil from the US is simply because there's more of it available for export.

What's your view on OPEC's current market strategy?
We don't like the way it is artificially managing prices to the disadvantage of consumers. OPEC should let more crude flow into the market and look to stabilize prices in the region of $55-$60/bl. What they're doing is counterproductive. They must realize that the world we live in is one of interdependence and that the time of looking at things from their viewpoint only, is over.

Why doesn't India dip into its high storage reserves to avoid these higher prices?
We are not only building oil storage to make money. We are doing so as part of a military strategy - we have tensions with China, with Pakistan - there's a lot of military activity in the Indian Ocean. We need to protect ourselves against any potential disruption in supplies.

MATRIX GLOBAL AUCTION NOTICE

Location:	**OiltankingMOGS Saldanha Bay**
Auction Date:	March 25th, 2021
Time:	3:00 Central European Time
Notice Date:	March 15, 2021

Supplement Notice

This Notice supersedes and replaces the Notice sent on March 5, 2021

You are invited to participate in an auction for Crude Oil Storage Capacity on the following terms and conditions:

Storage Location: OiltankingMOGS Saldanha Bay South Africa

Product to be Stored: Crude Oil

Tank Capacity: Two (2) Tanks -- 1,121,000 barrels per tank

Minimum Bid Price: $0.01 per barrel per month (bids may be made in increments of $0.005 per barrel)

Reserve Price: Minimum price at which storage facility is obligated to accept a bid, which is less than the most recent offer to lease the Tank Capacity ($0.10 per barrel)

Term: 4 to 15 months commencing 1st May 2021 as determined by winning bidder

Special Terms:

i. Tank Capacity will be awarded to the highest bidder if the bid equals or exceeds the Reserve Price (the "Winning Bidder")
   - Matrix will receive notice of Reserve Price prior to the auction
   - The Reserve Price is binding on the storage facility
   - If the highest bid is less than the Reserve Price, the highest bidder will be notified of the Reserve Price and will have an exclusive right for 2 business days to negotiate a mutually acceptable price for the Tank Capacity

ii. The "Winning Bidder" or "Highest Bidder" will have seven (7) days to execute the storage contract, which will be on terms consistent with the those in the Blending and Storage Agreement, a copy of which is available upon request (or the winning bidder may elect to use the terms of its existing or most Blending and Storage Agreement

iii. This Auction Notice will supersede anything to the contrary in the Auction Procedures

Execution Fee: USD$ 0.01 per barrel per month

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ENERGY MARKETS VIEWS YOU CAN USE

Robin Mills
Chief Executive Officer
Qamar Energy

What are prices reflecting on the outlook for demand recovery?

Despite the price pullback last week, fundamentals remain strong, as long as OPEC discipline holds together. Saudi Arabia's decision to hold back supply at the last meeting has been being vindicated but OPEC will have to bring most of its supply back by the end of this year. It's a question of by how much and how quickly.

How does OPEC factor in the unknowns around Iranian oil exports?

A few hundred thousand extra barrels of Iranian crude can be accommodated. Iran was already producing between 200,000 and 500,000 bd on average before the recent uptick in exports and demand recovery has been able to support that. The big question is when Iran comes back fully as a major producer and exporter with another 1.5 million bd. For now, other member countries in OPEC will be quite relieved that no deal has been reached with the US on sanctions. It could be months before we have any serious discussions but if there's a realistic prospect of Iran going back to 2.5 million bd of exports by early next year, OPEC has to factor that into its long term planning.

Should OPEC roll over current production volumes into April?

It's likely they will rollover the cuts but even though the physical market remains relatively weak, they should probably consider increasing volumes. US drilling has already started to come back and will certainly do so if we have six months of prices above $70 and most definitely at anything above $80. There are also slight concerns on Indian demand being impacted at those higher levels. So, the warning signs are there that oil should be added into the market at above $70. Also, the longer prices remain relatively high, the weaker the demand recovery will be and the more potential for OPEC to lose market share that it may never be able to retrieve.

Christof Rühl
Senior Research Scholar – Center on Global Energy Policy
Columbia University

Do you expect further correction in oil markets this week?

We saw markets under pressure across the board last week. The US Fed is still being pushed by the market not to give in on interest rates rising and interestingly, the ECB announced they might buy more government paper from the eurozone to avoid rising interest rates. It's a dilemma - if they do that, market expectations of future inflation will rise and then they will have to buy more and more government paper as inflation gets even higher. At some point the bill will have to be paid. OPEC similarly has a dilemma. There's ample oil in storage so if they increase supply, prices may take another nosedive. But if they don't, we will see more supply from the US, Libya, and Iran. OPEC may also be accused of fueling inflation by supporting higher oil prices.

US-China relations have not had a good start under the Biden Administration?

China, at the very least, should be taken seriously as a competitor. It can cause issues on trade, on the military front in the South China Sea and in energy markets as the largest importer of crude globally. Let's not forget that the US is now an oil supplier, so it's impacted by China buying from countries like Iran and Venezuela. The road to resuming nuclear talks with Iran is going to be rockier as a result of its recent oil sales to China.

On the watchlist for the week ahead?

It's going to be a busy and volatile one – we have inflation data being released in the UK and the US, PMI forecasts, EIA stock data and the next round of Treasury bond auctions which will determine whether this market driven increase in interest rates continues or whether the Fed has managed to calm markets down. Bear in mind that China is also the biggest holder of these very U.S. Treasuries.

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