# Fujairah New Silk Road WEEKLY NEWSLETTER

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AN EXCLUSIVE GULF INTELLIGENCE INTERVIEW

## "Biggest Iceberg Facing Oil Markets Ahead is a Shortage of Supply!"

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

You know, the only iceberg I see ahead is a shortage of oil supply. I think that many people believe that we have plenty of spare capacity in certain countries, and that if we get caught in a demand crunch, we can open up this supply capacity and everything will be fine. The reality is completely different. I think there isn't much idle capacity closed-in anymore. There are probably a few producers left that can actually bring crude back to the market quickly, but the majority can't. This is the true Iceberg because in a situation where we have a serious demand surge, and there is no doubt about the way demand is going up driven by economic activity and the optimistic view that you see in the market. But I think the problems lie in the supply side, and if you look around, it's only a matter of time and there won't be enough supply to cater for all this demand euphoria. That is the real iceberg, because in time you will see if we don't inject serious capital investment into new production, then by 2023 there will be a serious shortage of supply. So, under these circumstances, I think going back to $100 a barrel is not far away.

CONTINUED ON PAGE 3

### Fujairah Weekly Oil Inventory Data

| 4,897,000 bbl | 3,916,000 bbl | 7,471,000 bbl |
|---|---|---|
| Light Distillates | Middle Distillates | Heavy Distillates & Residues |

Source: FEDCom & S&P Global Platts

### Fujairah Average Oil Tank Storage Leasing Rates*

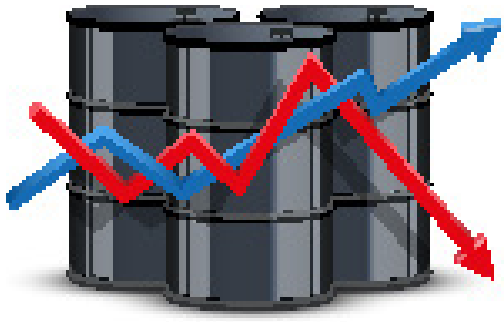
BLACK OIL PRODUCTS

Average Range
$3.54 - 4.38/m³

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

Source: GI Research – Weekly Phone Survey of Terminal Operators

GI Consultancy Intelligence Publishing

**Weekly Average Oil Prices**

| | |
|---|---|
| Brent Crude: | $73.92/bl |
| WTI Crude: | $70.85/bl |
| DME Oman: | $72.08/bl |
| Murban: | $72.69/bl |

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

## Fujairah Weekly Bunker Prices

| VLSFO | MGO | IFO380 |
|---|---|---|
| High = $550.00/mt | High = $664.00/mt | High = $470.50/mt |
| Low = $540.00/mt | Low = $637.50/mt | Low = $449.00/mt |
| Average = $544.00/mt | Average = $653.00/mt | Average = $457.50/mt |
| Spread = $10.00/mt | Spread = $26.50/mt | Spread = $21.50/mt |

*Source: Ship and Bunker, *Time Period: September 8 - September 15*

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

| | | |
|---|---|---|
| 1,752<br>180cst Low Sulfur Fuel Oil | 541,179<br>380cst Low Sulfur Fuel Oil | 29,410<br>380cst Marine Fuel Oil |
| 2,215<br>Marine Gasoil | 28,662<br>Low Sulfur Marine Gasoil | 4,345<br>Lubricants |

*Source: FEDCom & S&P Global Platts*





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

CONTINUED FROM PAGE 1

***Should Middle East oil producers be doing more to seize the moment of opportunity to capture market share?***
***Sara Akbar:*** The reality is that they are. The Gulf national oil companies are making serious investments into expanding their production capacities'. The biggest capacity that could come into the market could be potentially from Iraq because they have discovered plenty of untapped oil reserves. Last week they signed a large $20+ billion contract with TotalEnergies of France, that will include some oilfield developments and green energy, including solar etc. There is huge potential here in the Gulf. You do need investment. Everybody else in the region is on the track of adding capacity. Iraq and the UAE are striving to get to 5 million barrels a day, and the Saudis are talking about targeting 13 million. You are also seeing serious plans about other projects on the plate to capture this resurgent demand.

***Why then is Kuwait struggling to bolster its capacity?***
***Sara Akbar:*** Kuwait needs to make structural changes in the way we approach the production of oil to catch up with our neighbors in the Gulf. We are still living in the old world of trying to do everything on our own, and unfortunately, not successfully, but the potential to raise output is clearly there. I think it's all to do with the way we manage the energy industry in Kuwait. We can definitely add up to one million barrels per day if we put the right investments into the right things, but at this point in time, I really don't see this happening.

But elsewhere in the region they are doing it. They know that this is probably the last cycle of higher oil prices they can capture before the world reaches peak demand, and they must diversify their economies. They need this capital. So, every plan you see in the Gulf has that same target. Let's maximize our production for the next five or six years, because this truly is the last cycle for oil. You hear it everywhere!

***Why do you think we are not seeing higher-cost producers, like US Shale oil, returning faster at these prices?***
***Sara Akbar:***The main reason is a lack of investment. You know, our industry is a very capital-intensive kind of business, and more often than not, if you put the right amount of money in the ground, you will get oil back. The green economy is real and is emerging quicker than expected, which will accelerate with the impact from COP 26. The great energy transition is clearly discouraging investment into hydrocarbons. I see it even in this part of the world. There is a lot of capital earmarked to go into the renewables industry, and the policies that are expected to come from COP26 in Q4 will drive this even further. The reason for this is we've had serious environmental issues in multiple parts of the world in recent years – extreme floods, fires hurricanes etc. – and they are a true reflection of what the planet is going through.

***Where will the Capex come from?***
***Sara Akbar:*** The money we will be spending on trying to protect cities and coping with this environmental change is much bigger than the money we are going to put into developing oil or gas, or even into developing renewable energy. The next reality for the economy is an environmental challenge -- an environmental impact or green economy, which is serious for the planet. People are skeptical because we are not seeing it happening, but it is happening as we speak.

Hydrogen as a business is exponentially growing now in project terms all over the Middle East region, and in Australia, and throughout Southeast Asia, India and in even in Europe. So, I go back to my earlier point. I think for oil, though probably not for natural gas, this will be one of the last cycles where we expect to see oil prices go up and maintain at a very high level. We expect to see a high oil price for a while and then fall because every other type of energy is really picking up. $CO_2$ sequestering and utilization is also becoming a serious business.

***How important is securing an Iran nuclear deal for the Middle East region?***
***Sara Akbar:*** It is a seriously big deal. There have been some ongoing discussions between the Saudis and the Iranians in Baghdad, and between even the rest of the U.S. allies in the region and the Iranians. This is extremely positive. The intention now is that we settle some of these issues amongst ourselves as soon as possible. This week alone we've seen many missiles come from Yemen into Saudi Arabia, that Riyadh seriously want an end to this conflict.

Still, the only way for them to finish this endless war is if we can do two things: the first objective should be to agree something directly between Iran and Saudi Arabia. But the second thing, this big nuclear thing must be settled. So that's why I feel there is a big drive now from all fronts to at least agree something on this agenda.

But genuinely, it's a big deal for Iraq, it's a big deal for Saudi and it's a big deal for the rest of the world as well. By now I would have thought we would have agreed something, but the elections in Iran and the subsequent changes delayed it. Still, I think we will eventually get there because President Joe Biden needs it, he needs a win after the debacle in Kabul.

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# ENERGY MARKETS VIEWS YOU CAN USE

## Mike Muller
## Head
## Vitol Asia

**DO WE YET KNOW HOW BIG AN IMPACT IDA WILL HAVE ON OIL MARKETS?**

The fact that the initial estimates of how much production would be out from Hurricane Ida, which initially was in the 20-to-30-million-barrel total number, that's edged up much closer now to the mid-40s million barrels lost in terms of refinery products output. Then balancing that on the upstream side, currently totaling a figure that's somewhere just below the 40 million barrels. So, all in all, that has meant a few things. It has certainly underpinned refining margins and cracks because other refineries have had to be incentivized to run harder to make up for perceived shortfalls.

**WHAT ABOUT ON TRADE FLOWS?**

It has also meant a total rearrangement in supply because the US Gulf tends to be a big exporter of diesel to Latin America, which needs a little bit more fuel right now because they've got drought issues. That's totally realigned trade flows around the Atlantic, creating a much, much tighter products market and much stronger refining margins. The story is not over because we're seeing that the upstream production is still down, and the consensus now seems to be shifting towards there being a more lasting impact in offshore oil production outages. That's a big hole made in global supply, and of course therefore it's seen as bullish.

**WHAT IS YOUR OUTLOOK FOR CHINA'S POLICY TO RELEASE OIL FROM THE STRATEGIC RESERVE?**

China is growing and will keep consuming more oil. That's a given. But we're seeing many, many headlines of late, most of them surrounding the Strategic Petroleum Reserve or the Commercial Petroleum Reserve, where undoubtedly there has been some official policy directive that these stocks can be drawn down by one or more of the state-owned enterprises, and it would appear by one in particular. The Strategic Petroleum Reserve, in terms of days coverage in China, needs to go up as demand goes up. The mindset there is always very clear that this is a fill and then replenish type policy.

**DO YOU EXPECT CHINA TO BUY MORE OIL IN Q4?**

I can report that China is buying more oil than it was last month, and there are more tenders. My underlying message is demand for oil is going up in China. There were some new quotas released early last week whereby it is permitted for refineries to import a little more crude for the balance of this year. So that signals that private enterprise is being given support to run its refineries and that there's going to be a lot more crude oil demand from China than people have factored in with the previous set of quotas.

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

**WHY HAVE OIL PRICES REACTED SO MODESTLY TO HURRICANE IDA SHUTTING IN OVER 1MBPD?**

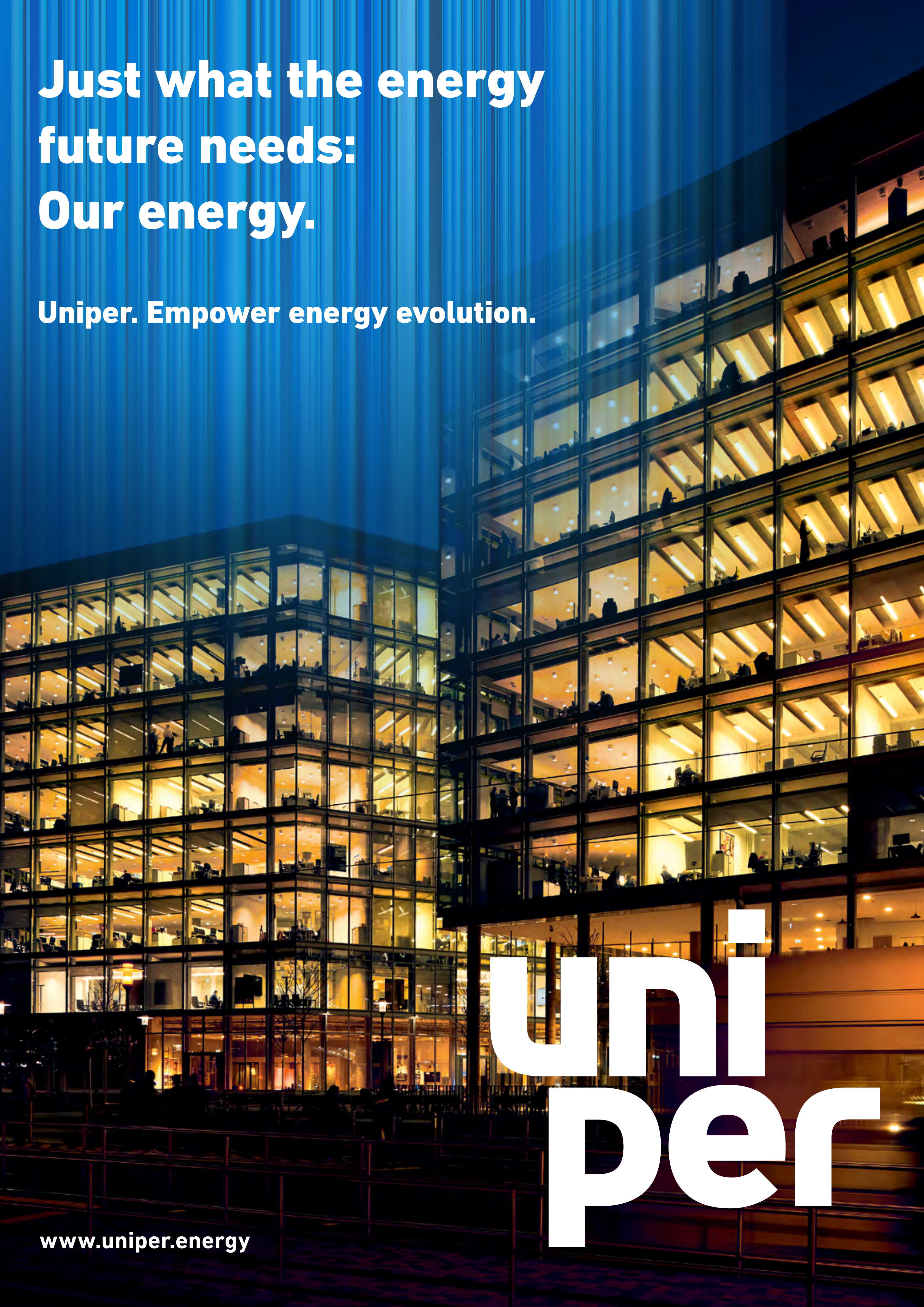
You could also point to another statistic which came out earlier this month in the US -- the claims for unemployment are now below the available job openings. That indicates a red-hot economy on top of these oil production shortages from Ida of 1.4 mbpd, and what both of them tell us is that there's just plenty of oil around. You can also add to that, August production of OPEC+ was still way below their target quotas, so they are under what their own agreement permits them to pump.

**WHAT IS THE OUTLOOK FOR OPEC+ TO ADD MORE SUPPLY?**

It is worth noting that in the producing countries outside of OPEC, the 'plus' countries of OPEC+, other than Russia, most are struggling to reach their quotas and in some cases are declining. That should be another bullish indicator, and still oil prices are only up to $73. So even if there is a short-term price spike right now because of this accumulation of bullish things, it just indicates how oversupplied markets are. It indicates the knowledge that shale oil is coming back gradually, as well as expectation that more production will come from the North Sea, from Brazil and other areas of higher cost production, and so there is just no reason for markets to get concerned by current events.

**SHOULD THE MARKET BE MORE CONCERNED ABOUT SUPPLY OR DEMAND?**

When you combine the outlook for economic growth, the demand side of the equation, you see economies are not exactly taking off like a rocket. You see more worries about the Delta virus and possibly other contagions coming after it. It explains why we are seeing a much more moderated picture. The reality is that despite Hurricane Ida, despite OPEC+ failing to raise production to their quota levels, and despite the strong US economy -- all these factors combined are still not lifting prices much higher. I think it confirms to those of us who sit on fundamentals, there is plenty of oil in the world full stop.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# ENERGY MARKETS VIEWS YOU CAN USE

## Omar Najia
## Global Head, Derivatives
## BB Energy

### POSITIVE SENTIMENT IN THE MARKETS SEEMS UNABATED?

As long as we have people who want to short, then the market's going to continue to track higher. It's the same thing with equities. Markets are healthy. They're in very strong uptrends. It doesn't mean they don't go down, but it means that pullbacks are buying opportunities. In general, markets are viewing the Covid situation as a glass half full scenario - lots of people are going back to work in Europe, jobs in the US are skyrocketing and money continues to be pumped, so I don't see the argument for fear or worry. We think WTI will move from about $70.40 where we are today, to the mid $80s before the end of the year and we see the S&P going back over its highs at 4500 and maybe getting to 4900.

### IS THERE ANYTHING THAT COULD DISRUPT THE CURRENT DIRECTION?

Th bottom line is what's driving this market is basically the lack of investment, at least for the past 10 years, and that's coming home to roost now. The wider business world has decided, I think wrongly, that we're not going to invest in oil and gas anymore. So, you look at energy markets in general, at natural gas prices, at coal prices, and they're all going up. And just because there's spare capacity, doesn't mean oil prices can't go up. We have OPEC Plus actively managing this market and if you're trading, you will go with the bigger probability that the group will hold this course because it makes sense.

## Adi Imsirovic
## Senior Research Fellow
## The Oxford Institute for Energy Studies

### US GULF OF MEXICO HURRICANES STILL CAUSING SIGNIFICANT SUPPLY DISRUPTIONS?

It's a difficult market as it's unpredictable. We are still losing about 800,000 barrels a day from the previous hurricane, with 26 million barrels of total production already gone. The market is definitely pricing that in and on top of that, we have a fairly tight market with Q4 supposed to be the strongest demand quarter.

### HAS HURRICANE IDA ALTERED TRADING PATTERNS?

Production has been lagging behind, but the refineries have actually come back relatively quickly so suddenly we have arbitrage for moving oil for example with Russia being an important supplier to the US. The other point is that Hurricane Ida did not affect mobility, which remained very high. Demand has remained the same, but supply has been tightened both on the refineries and production side.

### WHAT'S BEHIND OPEC'S RAISED 2022 OIL DEMAND GROWTH FORECAST?

We were surprised at that number. We do expect a good rebound in demand, but we see it at around 3.5 million maximum, compared to OPEC's 4.3 million. For this year, we made a downward revision by about 200,000 bd but OPEC did not and it's not clear why. It's difficult for OPEC and everyone because we're still in this phase of demand shock. Covid is still around, cases are rising in China and if India gets another wave for example, it would impact demand. But the market will remain quite well balanced and continue to draw stocks. Q4 is going to be very strong but a lot also depends on China because of government measures to slow down the economy, particularly in the property sector, which will eventually impact demand through the wealth effect. We also have Q4 quotas being released for Chinese independent refiners end of this month which will be a good indicator.

### DO YOU EXPECT WE COULD GO TO $80 AND BEYOND?

The whole energy sector is extremely tight, so I am quite bullish about oil for at least two or three months. We should watch China as well as outages on the supply side from Nigeria and Angola and more potential storms in the US. Demand is growing by at least half a million bd and we are well below five year stocks. That will keep the market backward and reasonably tight. We could blip to $80 but not for long because the balances for next year are a lot better. There's also that magic five million bd of excess capacity out there that can be supplied.

# Fujariah Weekly Oil Inventory Data

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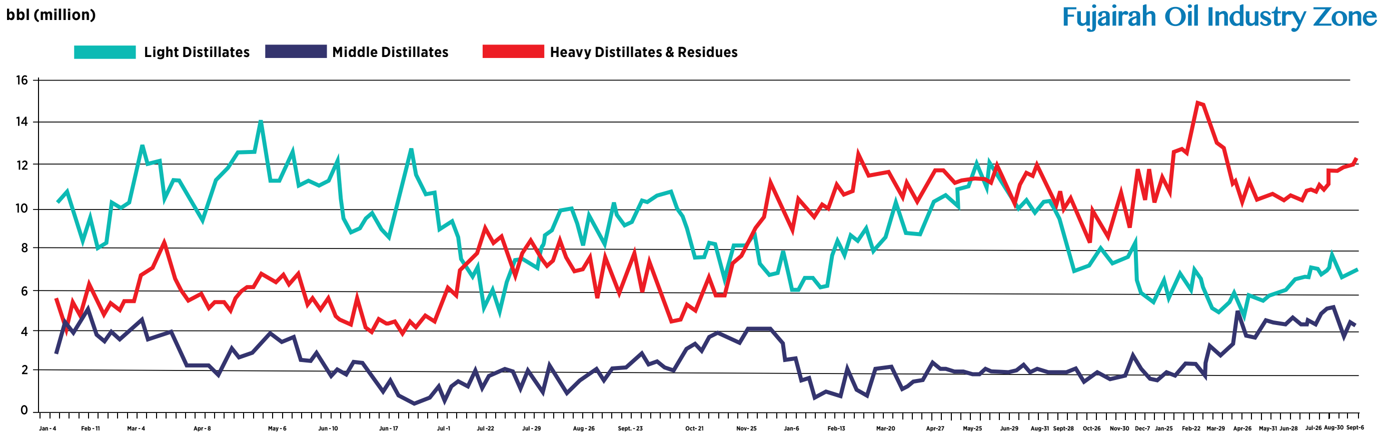


## TOP TAKEAWAYS

- Total oil product stocks in Fujairah were reported at 16.284mn barrels. Total stocks fell by 2.178mn barrels with overall stocks down 11.8% week-on-week. This is the first time they have fallen below 17mn barrels since September 2018. The drawdown is a reversal of last week's rise when total stocks increased 780,000 barrels to total 18.462 barrels. The total stock fall was driven by decreasing stocks of light distillates, middle distillates and heavy residues.
- Stocks of light distillates, including gasoline and naphtha, fell by 858,000 barrels or 14.9% on the week to 4.897mn barrels. The Asian gasoline complex strengthened early this week as participants continued to eye support from the West. The Texas Gulf Coast's refining complex, including ExxonMobil's two Texan refineries – the 560,500 b/d Baytown plant and the 369,024 b/d Beaumont plant - prepared for Tropical Storm Nicholas on Sept. 13, a mere two weeks following the recovery from the devastation of Hurricane Ida. The lingering shut-ins are likely to contribute to further drawdowns in US gasoline supply. In Asia, Indonesia raised its buying in October, with state-owned Petramina buying up to 900,000 barrels of 92 RON gasoline for October at a premium of around 80 cents/bl to the Mean of Platts Singapore 92 RON gasoline assessments.
- Stocks of middle distillates, including diesel and jet fuel, fell by 68,000 barrels or 1.7% on the week to 3.916mn barrels. This is a modest reversal of last week's rise of 309,000 barrels. India's gasoil consumption fell 8.74% month on month to 5.61mn mt in August, Petroleum Planning and Analysis Cell data showed. This is a second consecutive month of decline as seasonal monsoon rains curb transportation activity and boost hydropower generation. India's domestic demand for gasoil typically declines over July-August due to seasonal heavy rains that tilt the power generation mix in favor of hydropower generation, reducing reliance on gasoil, and impacting road traffic and transportation activities. Some analysts expect India's gasoil demand will return to pre-pandemic levels before year-end as growth outlook improves, S&P Global Platts reported earlier.
- Stocks of heavy residues fell by 1.252mn barrels or 14.4% on the week to 7.471mn barrels. This is a reversal of last week's gain of 478,000 barrels. Spot trading in Singapore was heard tepid, while demand for bunker fuel in Fujairah picked up, traders said on Sept.14. During and outside the MOC on Sept. 14, offers for delivered marine fuel 0.5%S fuel in Fujairah were heard between $541/mt and $548/mt. The lower end of the price range was for product deliverable from Sept. 17 onwards. "The market has seen plenty of inquiries today and suppliers could move volumes," a Fujairah-based trader said on Sept. 14. Platts data showed that the premium of Fujairah delivered marine fuel maximum 0.5% sulfur was assessed $541/mt on Sept. 14. The price in Fujairah is a $5/mt discount to Singapore which saw its delivered bunkers on Sept. 14 on the same basis assessed at $546/mt.on Sept. 7 on the same basis assessed at $542.50/mt.

Source: S&P Global Platts

## OIL COMMENTARY

**FX**

A risk-off tone took the dollar lower overnight, albeit marginally. The DXY index fell a second day running but by less than 0.1% to 92.548. The dollar's short-term moves still appear motivated by risk on/risk off sentiment more than fundamentals like expected yield differentials. EURUSD added 0.12% to settle at 1.1817 while JPY was the largest gainer among G3 currencies with USDJPY falling 0.28% to 109.38. Sterling added 0.22% to push up to 1.3840. Commodity currencies benefitted from the change in risk appetite with CAD leading the way. USDCAD fell 0.5% to settle at 1.2630 while AUD and NZD gained 0.18% and 0.11% respectively. Inflation in Canada rose to 4.1% y/y in August, well above the Bank of Canada's upper target of 3% and the highest gains since Q1 2003.

**Equities**

US equities recouped some recent losses yesterday, with all three major indices closing higher as the latest inflation print made a September taper less likely. The S&P 500 was the biggest gainer, adding 0.9%, followed by the NASDAQ with 0.8% and the Dow Jones with 0.7%. All three are lower than they were a week previous however, and only the NASDAQ is higher than it was a month ago, as growth concerns have come to the fore.Things were less positive in Europe where there were losses across the board. The FTSE 100 lost -0.3%, the DAX -0.7% and the CAC -1.0%. All major European equity indices are down m/m and compared to three months ago. There were gains in local markets. The DFM added 0.2%, the Tadawul 0.3% and the ADX 0.8%. The EGX 30 lost -0.3%.

**Commodities**

Oil prices rallied strongly as the market remains supported by disruptions caused by hurricanes in the US. Brent futures added 2.5% to $75.46/bl while WTI added more than 3% to settle at $72.61/bl, its highest level since the end of July. US oil inventories fell sharply last week with a drop of nearly 7mn bbl while gasoline stocks fell almost 1.9mn bbl. Total commercial petroleum stocks fell 8.8mn bbl as hurricanes Ida and Nicholas disrupted production and pipeline infrastructure. Production managed to edge up slightly by 100k b/d to 10.1mn b/d, still well below average levels for the year. Industrial commodities were well supported with gains across aluminium and copper prices despite disappointing data coming out of China. Iron ore, however, extended its slump and has fallen six days in a row. Gold prices edged lower overnight, falling by 0.6% and settling below $1,800/troy oz.

***Source: ENBD***


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# ENERGY MARKETS COMMENTARY WEEK IN REVIEW






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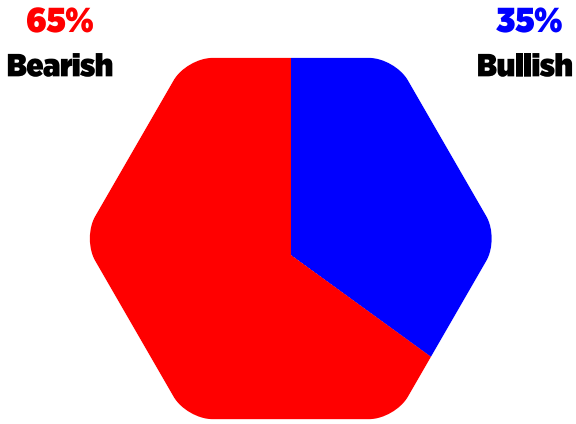
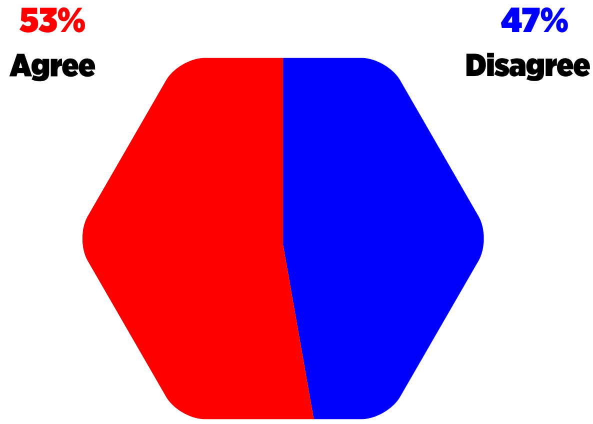
# GIQ Weekly Surveys

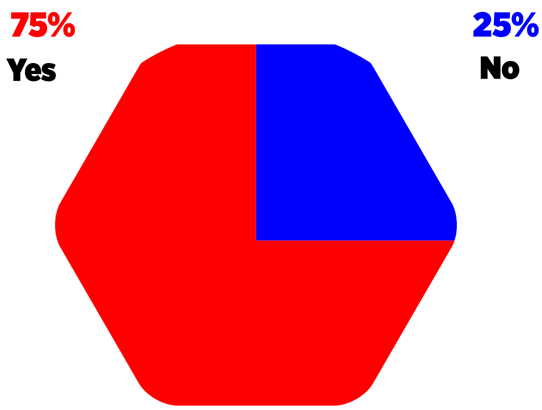
*If the FED backs away from Tapering -- will this be good or bad for financial markets, including oil?*



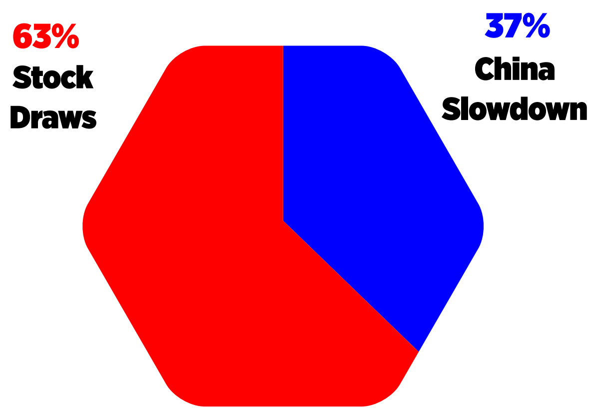

*China slowdown narrative is already baked in the Oil price?*



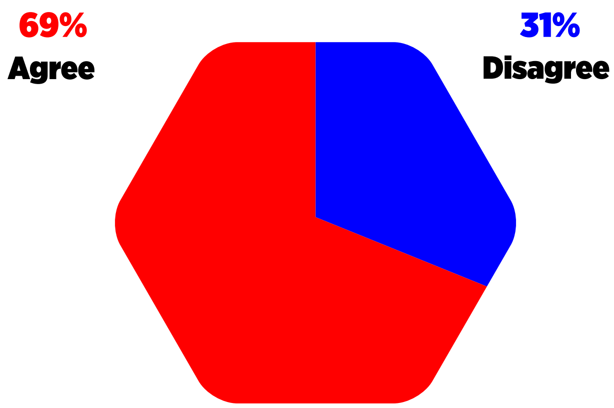

*Is it time to include a Climate Change premium in Oil price as energy infrastructure is no longer fit for purpose to recover quickly from new scale of weather events?*

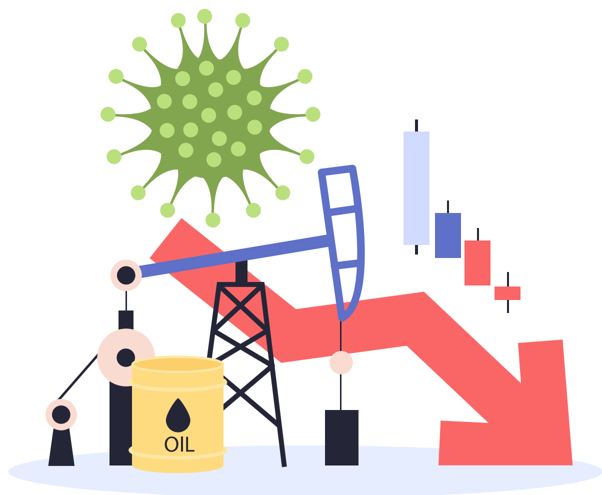



*In a tug of war for the direction of oil price, who wins:*




*In Q4 Brent Crude Oil will break out of $65-$75/bl range of Q3, and move into $75-$85/bl Range:*




Source: GIQ





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# ENERGY MARKETS VIEWS YOU CAN USE

**Victor Yang**
**Senior Editor**
**JLC Network Technology**

### WHY IS CHINA PLANNING FOR STRATEGIC RESERVE SALES OF ITS CRUDE OIL?

The country stocked up a lot of crude last year - over 1.2 million bd went to storage. And for the first seven months of 2021, stockpiling continued, by official data at about 153,000 bd. The actual throughput might have been even higher. Now, with a lot of refineries under pressure from rising costs, it's a good time to release some of these reserves.

### IS THIS MOVE TO RELEASE COMMODITIES SEEN AS POPULAR BY CHINESE INDUSTRY?

Yes, particularly by some of the new refineries which are short on quotas, such as the large private chemical complexes. The shortage of feedstock has caused some fiscal problems, so these moves are designed to relieve some of that pressure.

### WILL WE SEE SUB 6% GROWTH BECAUSE OF CHINA'S STRINGENT ECONOMIC POLICY?

The policy changes have been there to level the playing field for small and medium sized enterprises and China has sacrificed short term growth for the sake of stable growth for the coming years and it's determined to push forward with this. But we already see trade and industrial production and consumption coming back.

### LNG PRICES ARE ALREADY HIGH AND WE HAVEN'T HIT WINTER YET. A CONCERN FOR CHINA?

China has stocked up a lot of LNG for winter heating, so no matter how pricey it gets, that will not hit demand from China much. China has been building extra gas storage tanks for a while also. Domestic production is not strong enough to meet demand and they still rely on imported cargoes.

**Rustin Edwards**
**Head, Fuel Oil Procurement**
**Euronav NV**

### ARE WE MOVING FROM DEMAND WEAKNESS CONCERN TO THAT OF TIGHT SUPPLY?

There's 39% of US Gulf Coast offshore production offline, coupled with about 820,000 bd of refining capacity. Net-net from a macro supply perspective, you've got more refining production offline than crude so you could see crude stocks not draw as hard as the API shows, but the product stocks could still drop.

### THE BALTIC INDEX APPEARS TO STILL BE ON AN UPWARD TRAJECTORY?

It shows that container rates are going to continue to remain strong but they're probably hitting the top end of the curve after a meteoric rise. Major shipping companies are announcing that they're not going to increase rates further. They're going to try to put a cap on it because they're making so much money and have no idea what to do with all the cash. You can only build so many new ships. So, we're coming to the end of the container freight bubbles although they will still be elevated in relation to calendar 2020 prices and going into Q2 2022. We will probably then start to see them flatten out again.

### IS THE HEAT COMING OUT OF THE US ECONOMY?

It still looks hot. Food prices are all up – beef 18% quarter on quarter. And why? Because LNG is so expensive, which is increasing the price of the grain used to feed these animals. Inflation is not transitory. It is getting further embedded into the day to day goods and services that people need to buy to survive and to keep moving. There's also still a tremendous amount of slack on the employment side. Companies are increasing wages to get people back. If we put that rate over all the goods that are bought and sold throughout the system, that's an increase in cost for the consumer. So as wages start to come up, that whole supply chain cost structure goes up.

# OPEC Monthly Oil Report

- Oil demand in 2022 is now projected to reach 100.8mn b/d, exceeding pre-pandemic levels.

- Global oil demand in 2021 is now estimated to average 96.7 mb/d.

- In 2022, oil demand is expected to robustly grow by around 4.2mn b/d

- Ongoing improvements in vaccination rates and a potential increase in public confidence in managing Covid-19 is anticipated to be more widespread in 2022, further supporting the recovery of oil demand, particularly transportation fuels.

*Source: OPEC*



# ENERGY MARKET NEWS

## RECOMMENDED READING

1. OIL SURGE GIVES PRIVATE EQUITY A WINDOW TO EXIT STRANDED CANADIAN ENERGY FIRMS
2. EIA: MORE THAN 6MN BARREL WEEKLY DROP IN US CRUDE SUPPLIES
3. US GULF HAS 30% OF OIL PRODUCTION STILL SHUT AFTER HURRICANE IDA
4. COVID, CHIPS SHORTAGES & GOVERNMENT POLICIES HIT CHINA'S ECONOMY
5. IN GERMANY'S ELECTION, THE FATE OF THE EU IS AT STAKE
6. UK, US & AUSTRALIA ANNOUNCE NEW DEFENCE PACT
7. CHINA TESTS OIL CLOUT, BATTLES INFLATION WITH FIRST OIL RESERVE AUCTION
8. LIBYA'S HARIGA PORT TO RETURN TO NORMAL OPERATIONS, NOC SAYS
9. SAUDI ARABIA CALLS ON IRAN TO FULLY COMPLY WITH IAEA
10. SENSEX CLOSES AT NEW HIGH, CLIMBS 476 PTS, NIFTY CONQUERS 17,500

### RECOMMENDED VIDEOS & REPORTS

- EMIRATES NBD REPORT: OUTLOOK FOR OIL MARKETS IN 2022
- BIDEN DIRECTS TSA TO DOUBLE THE FINES WHO REFUSES TO WEAR MASK
- ABU DHABI CROWN PRINCE & FRANCE'S MACRON MEET IN PARIS
- DELTA VARIANT HAS HIT CHINA'S ECONOMY HARD
- "OIL MARKETS OVER-ESTIMATING SCALE OF OPEC+ IDLE SUPPLY"

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# Fujairah Spotlight

## Fujairah Ruler Highlights Importance of Developing Energy Sector Over Next 50 Years

H.H. Sheikh Hamad bin Mohammed Al Sharqi, Supreme Council Member and Ruler of Fujairah, highlighted the importance of developing the energy sector over the next 50 years and launching initiatives that support the green economy to maintain a sustainable environment. It aligns with the UAE's policy to draft national sustainable development strategies and create a comprehensive infrastructure. Sheikh Hamad made this statement while receiving a delegation from the Ministry of Energy and Infrastructure, led by Sharif Salim Al Olama, Under-Secretary of the Ministry of Energy and Infrastructure. The delegation also included Ahmed Al Kaabi, Assistant Under-Secretary for the Petroleum, Gas and Mineral Resources Sector at the Ministry, and several officials from the ministry.

*Source: Emirates News Agency*

## A Distinguished Collaboration Between Fujairah-Based Rumailah Farms and Al Bahar Hotel & Resort

FUJAIRAH, United Arab Emirates--(BUSINESS WIRE)--Following the successful partnership between Rumailah Farms and Address Hotel + Resorts, the farm-fresh dairy product supplier, Rumailah Farms, has recently launched a promising partnership with a renowned premium luxury hotel located in Fujairah, Al Bahar Hotel & Resort on August 31. The General Manager of Rumailah Farms, Abdullah Taleb, says "The value of establishing strong bonds with local businesses cannot be overstated. Having established ourselves in the B2C market, it's the logical next step for us to branch out and create value in other endeavors, such as B2B partnerships like this one."

*Source: Business Wire*

## Fujairah Oil Terminal Starts $45mn VLCC Link in Bet on Trading Surge in Murban Futures

Fujairah Oil Terminal, the largest independent storage terminal at the Port of Fujairah by throughput, has begun a $45 million project to connect its crude oil tanks to the port's VLCC loading facility via the Matrix Manifold 2 and to Abu Dhabi National Oil Co's ADCOP pipeline, in a bet on a surge in oil trading from the newly started Murban futures on the ICE Futures Abu Dhabi exchange. The project will add four pipelines of 3 km each — two for crude, one for black products and one for clean — and associated pumping capacity, with completion targeted for Q1 2023, Dave Noakes, senior managing director at Prostar Capital, which owns 40% of FOT, told S&P Global Platts. Storage capacity may also be expanded after the project concludes, he added. FOT currently has a capacity of 1.2 million cu m, including 10 crude tanks able to store 580,000 cu m.

*Source: Hellenic Shipping*

## UAE's Brooge Starts 600,000 CBM Fuel Oil, Crude Storage Facility at Fujairah

UAE-based Brooge Petroleum and Gas Investment Co., a unit of Brooge Energy, has started operations at its 600,000 cu m second phase storage facility at the Port of Fujairah, bringing its total capacity to around 1mn cu m (6.3mn barrels). The phase two storage facility, which can store fuel oil, clean products and crude, is fully contracted and has received its first cargo, Brooge Energy said in a statement Sept. 9. The first phase has capacity to store around 400,000 cu m of fuel oil and clean products. Oil storage at Fujairah is "in high demand, which has enabled us to fully contract the entire capacity with multi-year take-or-pay contracts," BPGIC CEO Nicolaas Paardenkooper, said in the statement. The Port of Fujairah, the world's third-biggest bunkering hub, expects its oil storage capacity to triple to 12mn cu m by 2024 as Abu Dhabi National Oil Co. and other terminal operators expand their facilities, Martijn Heijboer, business development manager at the port ,told S&P Global Platts earlier this year.

*Source: S&P Global Platts*

GIQ EXCLUSIVE SOUNDINGS

# Supply Concerns Dominate Markets as Oil Moves to the Upside

**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.**

- Chris Wood, Chief Executive Officer, Savanara DMCC
- Dr. Carole Nakhle, Chief Executive Officer, Crystol Energy
- Andy Laven, Chief Operating Officer, Sahara Energy Resources
- Ole Hansen, Head of Commodity Strategy, Saxo Bank
- Rustin Edwards, Head of Fuel Oil Procurement, Euronav NV
- Laury Haytayan, MENA Director, Natural Resource Governance Institute
- Matt Stanley, Director, Star Fuels
- Andrei Belyi, PhD, Professor; Founder & CEO, Balesene OÜ

***Chris Wood, Chief Executive Officer, Savanara DMCC***
"We are still in a supply-constrained recovery on oil prices. We still have OPEC sitting on 4mn bbls available to be deployed into the market. The market is very aware that we are not in an exact shortage and we are not going to hit a roof of supply capability."

***Dr. Carole Nakhle, Chief Executive Officer, Crystol Energy***
"The world continues to be both 'glass-half-full' and 'glass-half-empty.' I would describe oil markets as being pretty moody at the moment. Last week we were in a downbeat mood and this week we are in an upbeat mood. Overall, though, the movements we are seeing are still in a determined range."

***Andy Laven, Chief Operating Officer***
***Sahara Energy Resources***
"I don't think China is something we should be worrying about. China plays the long-term game. They are not one to whipsaw. They are looking at where they are going in 10-20 years, which gives the global economy a solid base. I think we have overused China as something we should be watching."

***Ole Hansen, Head of Commodity Strategy, Saxo Bank***
"We are now worrying about the tightening supply. The demand outlook according to the IEA and OPEC looks good into the final part of the year and early 2022. That's all about this change in sentiment across the market."

***Rustin Edwards, Head of Fuel Oil Procurement, Euronav NV***
"Container rates are going to continue to remain strong, but I think they are probably hitting the top end of the curve. We have had this meteoric rise and we now have shipping companies announcing that they are not going to increase rates any further. They are going to try and put a cap on it."

***Laury Haytayan, MENA Director***
***Natural Resource Governance Institute***
"We are a bit uncertain about where the US is going in the region. We feel that the vacuum the US is leaving behind is being filled by the French. The French have one purpose, which is to find new markets and they are on good terms with the Iranians."

***Matt Stanley, Director, Star Fuels***
"We're getting to the point now in the recovery cycle where you can look at pandemic charts on how we've compared to this time last year. I don't think anyone thought that we'd be in the position that we're in. It's patchy depending on where you're sitting and the recovery looks fractured."

***Andrei Belyi, PhD, Professor; Founder & CEO, Balesene OÜ***
"Gazprom announced it has issues, but it's important to note what kind of issues they are. They have to conduct repairs on their pipelines. There are no issues with production. Once these repairs are completed and Nord Stream 2 comes in, then there will be capacity to expand supply."

# ENERGY MARKETS FORUM NEW SILK ROAD LIVE

Consultancy Intelligence Publishing

# TOP 10

## SEPT 12th - SEPT 16th

## MARKET OBSERVATIONS FOR THE WEEK

1. Oil inventories will keep on drawing through Q4 as supply increases by OPEC+ remain well below current demand.
2. China's oil imports look set to grow in Q4 as the government approved higher import quotas for some refineries.
3. The FED's retreat from the world of Tapering is likely to keep all financial markets, including oil, bullish.
4. The Big Iceberg ahead for oil markets -- producers & consumers -- is the serious underinvestment in new supply triggering $100/bl era in 2023/24.
5. China's ongoing clampdown likely to scare investors away as no clarity on what endgame looks like.
6. Iran nuclear deal is still a major priority for the Middle East despite all the rhetoric as stability is key for all the neighbors in the neighborhood.
7. OPEC+ demand growth forecast for 2022 is way above market consensus -- what do they see that everyone else doesn't...justify higher quotas?
8. China appears more than willing to sabotage its own economic growth this year as it imposes structural reforms for the years ahead -- the question everyone wants an answer to is how much sacrifice exactly?
9. China slowdown is nothing to worry about -- they are focused on the long game.
10. We enter Q4 with the markets being more led by supply shortage than demand recovery.

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