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Fujairah New Silk Road EMFWEEK23 NEWSLETTER

EXCLUSIVE INSIGHTS /// ACTIONABLE INTELLIGENCE /// DATA TRENDS /// LATEST NEWS

“World Faces Energy Chaos and Economic Chaos Without More Oil Investment!”

H.E. Haitham Al Ghais, OPEC Secretary General

Energy security is at the core of OPEC's founding commitment to support a stable and sustainable oil market in the interest of producers, consumers, and ultimately the global economy. This issue has gained additional momentum over the past six years as OPEC has been working with other leading oil producing countries through the Declaration of Cooperation. Together, we have been front and center in helping reduce volatility and supporting a balanced and stable global oil market. The importance of energy security and market stability is not only vital for the short term; it is critical for the long term too. This is clear when we look at the Energy Transition and its intertwined issues on energy availability and affordability and the need to reduce emissions. In this regard, at OPEC, we take a fact-based approach to deliver an inclusive and realistic transition and sustainable energy future. Unfortunately, some people remain ideologically driven about the world's energy future, with a narrative that fossil fuel demand will peak by 2030, and in some net zero scenarios, global oil demand drops to 75 or 80 million barrels a day. That is less than six years from now and yet, over that same period, it is expected that another half a billion people will move into cities. The OPEC World Oil Outlook 2023 shows global energy demand expanding by 23% between now and 2045. There is no credible way to address this without utilizing all forms of energy. And yes, renewables will have to play a greater role. OPEC members are already investing significantly in this area, but oil will remain integral in the future energy mix, at around 30% by 2045. Our outlook now estimates that oil demand will reach 116 million b/d by 2045. To meet this, \$14 trillion of investment will be required across the whole value chain. We believe that calls to stop investment in new oil projects, are misguided and will only lead to energy chaos and economic chaos.



Source: Edited Comments, Energy Markets Forum, Fujairah October 10th

Fujairah Weekly Oil Inventory Data

5,825,000 bbl

Light
Distillates



2,494,000 bbl

Middle
Distillates



11,447,000 bbl

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: \$3.20/m³

THE WEEK In Numbers



Weekly Average Oil Prices

Brent Crude:	\$86.30/bl
WTI Crude:	\$84.31/bl
DME:	\$86.96/bl
Murban:	\$87.94/bl

*Time Period: Week 2, October 2023
Source: IEA, OilPrice.com, GI Research

Fujairah Weekly Bunker Prices

VLSFO

High = \$661.50/mt

Low = \$621.50/mt

Average = \$640.00/mt

Spread = \$40.00/mt

MGO

High = \$973.00/mt

Low = \$918.50/mt

Average = \$943.00/mt

Spread = \$54.50/mt

IFO380

High = \$505.50/mt

Low = \$462.00/mt

Average = \$482.00/mt

Spread = \$43.50/mt

Source: Ship and Bunker, *Time Period: Oct. 4 – Oct. 11, 2023

Fujairah Bunker Sales Volume (m³)

0

180cst Low Sulfur Fuel Oil

450,420

380cst Low Sulfur Fuel Oil

196,343

380cst Marine Fuel Oil

459

Marine Gasoil

30,281

Low Sulfur Marine Gasoil

4,587

Lubricants

Source: FEDCom & S&P Global Platts

CONTINUED FROM PAGE 1

H.E. Haitham Al Ghais, OPEC Secretary General

What triggered OPEC to revise oil demand upwards to 116mn b/d by 2045?

The global economy is expected to double in size compared to what it is today and population growth to reach 9.5 billion from 8 billion, by 2045. Oil is just one component of the energy that will be required to fuel all this growth. But in the last couple of years, we've seen a shift in tone by some countries and governments around the world, pushing back on transition and emissions deadlines. What this all means is that there will be more use for oil, and for longer. So, we are encapsulating all of this in our updated numbers. The issue is how we decarbonize oil and how we get rid of the emissions. That's the main objective.

Where would you expect to see investment come from?

Many OPEC member countries have continued to invest, even during the COVID period downturn of 2020 and 2021. As an example, the UAE is advancing its targets to increase production capacity to 5 million barrels a day by 2027. Saudi Arabia, Kuwait, Iraq, and Iran and Venezuela once sanctions are lifted, are all planning increases. OPEC will continue to invest because it's part of our mission and objective and we call on other parts of the industry to also do so – it should be a global responsibility.

Any concerns about demand?

Again, it's important to differentiate between the short and medium term versus the longer term. We have built into our assumptions that Chinese economic growth will continue to be robust up to 2045. China, India, most of Asia, and the Middle East, will provide a big portion of what we see as year-on-year oil demand growth, whereas we will see a decline in the OECD advanced economies.



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Fujairah Spotlight



Fujairah CP highlights Fujairah's strategic role in supporting global energy market

H.H. Sheikh Mohammed bin Hamad bin Mohammed Al Sharqi, Crown Prince of Fujairah, highlighted Fujairah's strategic role in supporting global energy markets, as well as its significance as a vital economic hub for international companies. Fujairah has established itself as a prestigious destination for the international oil industry's service sector, he added.

Source: Emirates News Agency - WAM



National Bank of Fujairah partners with Malabar Gold & Diamonds as sponsor for its annual Fujairah Run

National Bank of Fujairah PJSC (NBF) has secured sponsorship from Malabar Gold & Diamonds for its annual Fujairah Run for the fifth consecutive year, significantly enhancing and strengthening the event's profile. This year's run will take place on Saturday 18 November 2023.

Source: Zawya by Refinitiv

Mercuria sees oil likely hitting \$100 on Middle East turmoil

FUJAIRAH, Oct 11 (Reuters) - The deputy CEO of commodity trader Mercuria, Magid Shenouda, said on Wednesday that oil could go to \$100 a barrel if the situation in the Middle East escalates. "I don't think there are that many analysts that believed that it was going to go to \$100, in a normal circumstance. I think the events that have happened recently, I think that puts a great cloud (over) where things could go, because the market is not pricing much of a conflict," Shenouda, also Mercuria's global head of trading, said at an industry conference in Fujairah, the United Arab Emirates.

Source: Reuters



PROSTAR SELLS GTI FUJAIRAH TO MERCANTILE & MARITIME

Prostar Capital has confirmed the sale of its bulk liquid storage terminal facility, GTI Fujairah (GTIF), to Mercantile & Maritime Group (M&M). GTIF is located in the Port of Fujairah and has a total capacity of 350,000m³. GTIF was one of several bulk liquid storage terminals owned by Prostar which has in excess of 24 million barrels (3.7 million m³) in storage capacity globally.

Source: The Maritime Standard



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vitol.com

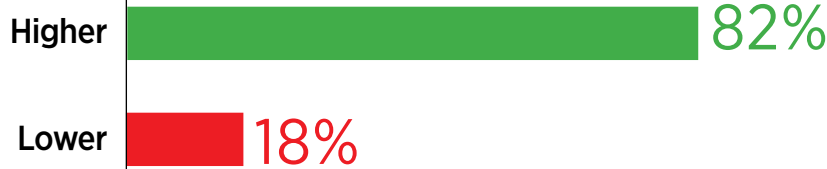
#EMFWEEK23

SURVEY RESULTS

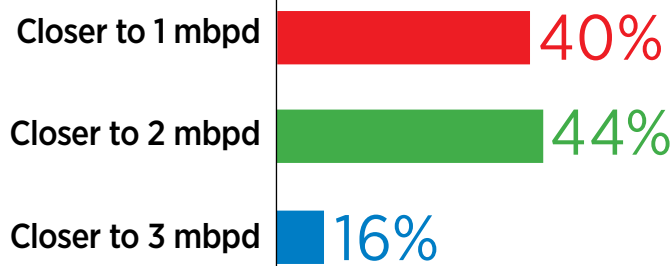
11th ENERGY MARKETS FORUM

Navigating the Age of Energy Security: Opportunities & Challenges?

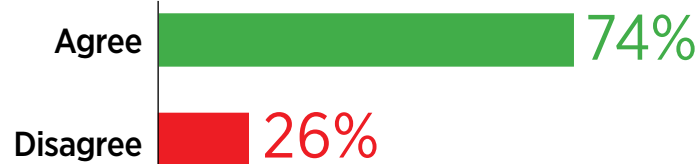
Brent crude oil has averaged at around \$84 a barrel in the first 9 months of 2023 – **will the average price of Brent crude oil be higher or lower over the final 3 months of the year?**



World oil demand is expected to grow by 2.4 million b/d in 2023 but next year forecasts are indicating it could be half of that – closer to 1.2 million b/d – **what do you expect world oil demand growth will reach in 2024?**



The Russia-Ukraine conflict has opened up significant opportunities for Gulf refiners, such as replacing some of the 600,000 barrels a day of lost Russian diesel exports and new arbitrage windows for the import and export of products



OPEC said yesterday that Global oil demand will soar 15% to 116 million barrels day over the next two decades, which is 6 million barrels a day more than OPEC had forecast only 12 months ago – and this forecast comes a few weeks after the IEA said oil demand would peak by 2030: **Do you think these forecasts are more based on concrete research data with rise in Energy Security priorities or the politics of the energy transition?**



#EMFWEEK23 SURVEY RESULTS

At the start of 2023, there was a confident narrative that it would be a year of two halves with recession hitting G7 economies and global markets being saved by China's recovery during H2 – neither have essentially happened. What is the most definitive outlook to payout in 2024?

China will show signs of stronger recovery as government stimulus takes effect on consumer behaviour

34%

G7 economies will definitely head into recession next year as central bank policy starts to bite

24%

None of the above will happen and we will see a repeat of 2023

42%

OPEC+ policy during 2023 has achieved a reduction in oil price volatility (reaching near 10-year lows earlier in September). Can it's "light-handed regulation" continue to control volatility in international energy markets through Q4 and into 2024?

Yes – OPEC+ will continue to use its output adjustment mechanism to efficiently influence oil balances and prices

58%

No – there are simply too many unknowns – outlook for China demand, OECD recession, Russian production, Mideast regional conflict – to enable the same control

42%

While the UAE's energy infrastructure is highly advanced, it continues to evolve as the country pursues its strategic goals of energy diversification, sustainability, and economic diversification away from a heavy reliance on fossil fuels – ***should the UAE integrate the country's legacy energy infrastructure with the development of the new low-carbon energy infrastructure?***

Yes

98%

No

2%

The updated UAE Energy Strategy aims to promote the deployment of renewable and nuclear energies, enhance energy efficiency, increase local clean energy capacity, and encourage investments in the country's renewable and clean energy sector – ***Will existing industries be held accountable to decarbonize their activities as part of the 2050 national strategy?***

Yes

81%

No

19%

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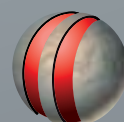
We conduct business in more than fifty countries across five continents. Our diverse and experienced workforce of 1300+ employees sustain Mercuria's entrepreneurial and innovative spirit and are the reason for our strong reputation and successful track record.

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Fujairah Weekly Oil Inventory Data



TOP TAKEAWAYS

- Total oil product stocks in Fujairah were reported at 19.766 million barrels with a rise of 1.193 million barrels or 6.4 % week-on-week staying just below the 20-million-barrel level. The stocks movement saw a rise for light distillates, middle distillates and a drop for heavy residues.
- Stocks of light distillates, including gasoline and naphtha, increased by 1.236 million barrels or 26.9% on the week to 5.825 million barrels. The East of Suez gasoline complex was rangebound Oct. 10 on the back of a narrowing US RBOB-Brent crack spread ahead of the US winter season and continued expectations of lower China gasoline exports towards the end of the year, market sources said. Market participants continued to expect China's gasoline exports to fall in November and December as the remaining export quota volumes for this year was limited. Other participants said China's incentive to export gasoline was reportedly moderate as gasoil export margins continued to outpace that of gasoline.
- Stocks of middle distillates, including diesel and jet fuel, rose by 163,000 barrels or 7% on the week to 2.494 million barrels. Sentiment in the East of Asia gasoil market was softer Oct. 10 as traders awaited fresh pricing direction amid uncertainty following Hamas' surprise attack on Israel. The balance October-November Singapore gasoil swap time spread was pegged by brokers at plus \$2.55/b intraday Oct. 10, narrowing 20 cents/b from the Platts-assessed plus \$2.75/b at the Asian close Oct. 9. "For now, oil markets are pricing in a risk premium given the uncertainty in the Middle East," a regional gasoil trader said, adding that there has not been any material impact on the middle distillates complex. "If tensions [in the Middle East] escalate and it turns out that Iran is involved, then China will struggle to buy Iranian crude, which might lead to tighter crude supply," another regional gasoil trader said. "This will impact refinery run rates and margins."
- Stocks of heavy residues decreased by 206,000 barrels, down 1.8% on the week as they stood at 11.447 million barrels. Spot trading activity at the key bunker hubs of Singapore and Fujairah inched up Oct. 10 as more buyers submitted inquiries, encouraged by the slight dip in outright prices, market sources said. During and outside the MOC, Fujairah-delivered marine fuel 0.5%S was heard offered at \$628-\$645/mt, with lower to mid-range offers for product deliverable from Oct. 13-14 onward. No bids or offers were heard during the MOC. Platts eventually assessed the grade at \$629/mt Oct. 10, down \$1/mt day on day. The Fujairah-delivered marine fuel 0.5%S bunker premium with the benchmark Singapore Marine Fuel 0.5%S cargo assessment inched up 39 cents/mt on the day to \$3.40/mt Oct. 10. Plateauing demand of China's straight-run HSFO and waning appetite from Middle Eastern utility sectors are likely to point more barrels toward Asia and buoy inventories in the near term, market sources said.

Source: S&P Global Commodity Insights

ENERGY MARKET NEWS

1. GLOBAL DIESEL PRICES SOFTEN AS INVENTORIES EDGE UPWARD
2. UAE NOT LEAVING 'ANY STONES UNTURNED' IN HYDROGEN DEVELOPMENT, ENERGY OFFICIAL SAYS
3. GAZA WAR: FIRST PLANE CARRYING US AMMO LANDS IN ISRAEL
4. EIA EXPECTS MOST U.S. HOUSEHOLDS WILL PAY LESS FOR HEATING THIS WINTER
5. OPEC'S GREATEST OPPONENT IS DISAPPEARING, SHALE CEO WARNS
6. FINLAND POLICE INVESTIGATE UNDERSEA GAS PIPELINE LEAK AS POSSIBLE SABOTAGE
7. REPUBLICANS NOMINATE STEVE SCALISE TO BE HOUSE SPEAKER BUT STRUGGLE TO UNITE QUICKLY AND ELECT HIM
8. EXXON MOBIL DOUBLES DOWN ON FOSSIL FUELS WITH \$59.5 BILLION DEAL FOR PIONEER NATURAL AS PRICES SURGE
9. JAPAN'S GOVERNMENT CONSIDERING EXTENDING FUEL SUBSIDIES -KYODO
10. RUSSIA'S OIL AND GAS REVENUE EXPECTED TO RISE IN OCTOBER



RECOMMENDED READING

- INDIA LAUNCHES OPERATION AJAY TO EVACUATE CITIZENS FROM ISRAEL
- GAZANS BOMBARDED BY ISRAEL HAVE NO HOPE AND NO ESCAPE
- PUTIN SIGNALS OPEC+ CUTS ARE HERE TO STAY
- FEDERAL RESERVE MINUTES: OFFICIALS SIGNAL CAUTIOUS APPROACH TO RATES AMID HEIGHTENED UNCERTAINTY
- CHINA SAVED BILLIONS DESPITE RECORD OIL IMPORTS THIS YEAR. HERE'S HOW
- PUTIN SAYS GERMANY IS SHOOTING ITSELF IN FOOT BY NOT BUYING RUSSIAN GAS VIA NORD STREAM 2
- AUTO WORKERS ESCALATE STRIKE AS 8,700 WORKERS WALK OUT AT FORD KENTUCKY TRUCK PLANT IN LOUISVILLE

Energy Markets Views You can Use



H.E. Dr. Nawal Al Hosany
Permanent Representative of the UAE
IRENA

One of the core pillars of the UAE COP Presidency will be fixing finance.

There are commitments that have been made for years and decades, that have not been fulfilled; we want developed countries to honour those. The UAE has demonstrated what financing and creating real solutions for climate mitigation can do. We are an oil and gas leader country, but we also want to maintain our leadership in the whole energy sector. As an example, we knew very early on that renewables would be part of the energy mix. Today, Masdar is one of the biggest renewable energy companies in the world, investing in the UAE and abroad. That investment in leading edge technology did not only create solutions and opportunities, but also led to the acceleration of adoption of renewables around the world. Today, we have renewable energy such as solar, cheaper than traditional energy sources. Technology will only advance if you make the right investment in research and development and in large scale solutions and projects, and by creating the financing mechanisms that make those solutions viable.

Do countries participating in COP accept that not 'one size fits all'?

We have always said that it needs to be a just transition. What works as a solution for renewables in the UAE, does not necessarily work for other countries. Geothermal energy works in Iceland but does not work for countries that don't have the same environmental conditions to pioneer those solutions. We must create a road map for different countries in different ways and we need to understand what those differences are.

Is there coordination within the energy sector on a cleaner energy pathway?

The sector has always been about competition, but when we started talking about decarbonization, it became a collaboration. We now see CEOs personally committing to decarbonization. The sector understands that it needs to collaborate on a sustainable future. GCC governments now see clean energy solutions as opportunities to create new jobs and grow their economies. We want to cut emissions, but not growth. Policy frameworks should also enable an investment environment for private companies. The private sector also can't succeed without the support of international financial institutions. And lastly, the sector should engage with society. Most companies are investing heavily in spreading awareness and educating the public on the work they are doing as part of the Energy Transition. We have a very well-informed global customer and well-informed youth nowadays, who are very selective on the sectors that they are going to engage.

Source: edited comments from Energy Markets Forum, Fujairah, October 10, 2023

"The Growth Narrative of ADNOC and Fujairah Are Inextricably Intertwined!"

**Philippe Khoury, Executive Vice President, Sales & Trading
ADNOC Group**

The Port of Fujairah's significance cannot be overstated. Its strategic geographical position and cutting-edge infrastructure have been invaluable. ADNOC's onshore 360-kilometers crude oil pipeline from the Habshan oil fields in Abu Dhabi to the ADNOC underground strategic stocks oil storage in Fujairah, is testament of the existing synergy between our organizations. In short, the growth narrative of Fujairah and ADNOC are inextricably intertwined, promising a future teeming with mutual growth, innovation, and success.



Source: Extract from speech at Energy Markets Forum, Fujairah

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Omar Najia
Global Head, Derivatives
BB Energy

Jorge Montepeque
President & Founder
Global Markets

Scott Livermore
Chief Economist
Oxford Economics

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THURSDAY // OCTOBER 12th // 10:30AM (UAE)

Max Torres
Managing Partner
Plata Energy

Amena Bakr
Chief Opec Correspondent &
Dubai Deputy Bureau Chief
Energy Intelligence

Andrew Critchlow
Head of News, EMEA
S&P Global Commodity Insights

ON AIR
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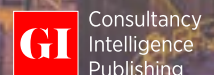
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GI Soundings Week in Review

“Oil Price Rise on Regional Tensions Muted, with Demand Recovery Still in Question!”

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

- Jorge Montepeque, President & Founder, Global Markets
- Omar Najia, Global Head, Derivatives BB Energy
- Scott Livermore, Chief Economist, Oxford Economics
- Amena Bakr, Chief Opec Correspondent & Dubai Deputy Bureau Chief, Energy Intelligence
- Andrew Critchlow, Head of News, EMEA, S&P Global Commodity Insights
- Max Torres, Managing Partner, Plata Energy

Jorge Montepeque, President & Founder, Global Markets **GEOPOLITICAL MARKET IMPACT** “Any geopolitical risk is going to create a short-term bullish move, but the global economic picture is also very gloomy given the very high interest rates. Even after the most recent major events in the region, the market only jumped a bit and has already started to lose ground. The jump didn’t even erase the previous downward correction.”

Omar Najia, Global Head, Derivatives BB Energy **TRADING PORTFOLIOS** “What you saw over the weekend is short covering. We’d had three waves up and that’s been correcting since September 19th when the market topped out. I think that the correction since then ended on the 6th of October, and now we’re going to see new highs and risk to the upside.”

Scott Livermore, Chief Economist, Oxford Economics **DEMAND** “The kind of economic slowdowns we’ve been talking about - a soft landing in the US, and whether China rebounds as strongly as we hoped, or it continues to be a little bit lacklustre - those don’t create big variances in the outlook. So, against that backdrop, demand’s likely to continue to grow.”

Amena Bakr, Chief Opec Correspondent & Dubai Deputy Bureau Chief, Energy Intelligence **OPEC+ CUTS** “I think they’re going to keep the group cuts in place until the end of 2024 and stick to the plan of having the voluntary cuts until the end of this year, and perhaps even into the first quarter - until they see signs that this market is less volatile, that stock levels are down, and that there’s a recovery in demand.”

Andrew Critchlow, Head of News, EMEA, S&P Global Commodity Insights **IRAN CRUDE** “About 500,000 b/d of Iranian exports could be threatened by the current geopolitical crisis in the Middle East, especially if we see a tightening of US sanctions. The sieve that the US uses to restrict Iranian supplies to the market was opened up a bit over the last six months - will we see that tightened as a response to the crisis now in the region?”

Max Torres, Managing Partner, Plata Energy **US SHALE** “Exxon have been building up their shale play position and basically want to control that in the US, where shale makes up almost 70% of total production of about 12 million b/d. So, overall, the acquisition of Pioneer was a great move for Exxon, to control a very large chunk of the Permian, and production of shale is climbing.”



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