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Fujairah New Silk Road WEEKLY NEWSLETTER

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Fujairah Oil Industry Zone
Port of Fujairah
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EXCLUSIVE INSIGHTS /// ACTIONABLE INTELLIGENCE /// DATA TRENDS /// LATEST NEWS

'OPEC+ ACTION HAS GIVEN THE MARKET STABILITY AND ASSURANCE!'

HRH Prince Abdulaziz bin Salman Al Saud
Minister of Energy, Kingdom of Saudi Arabia

As OPEC+, we have tackled issues head on with a view to giving the market more and more transparency and leaving no questions unaddressed and no possibility of cracks. As a group, we have done ourselves a great service in ensuring that we seek the support of independent third parties, that deliver monthly production and supply numbers and show members' commitments to quotas, and we have created the compensation scheme to ensure that people uphold their commitments. We met on a monthly basis, to mitigate the market situation since COVID and created an agreement that went on for two years, the wisdom for which is now quite apparent, and that's why we are repeating it, albeit for a shorter period. There's always the chance that people will misread our statements or intent, but it's also our job to make sure that it is properly heard. The market has rightly posed questions about actual production and ceilings and as a group we have sat together and sorted these out. That's why we had the June 4th meeting. The ask was so big for each member and I'm very grateful for the efforts that were made in the 36 hours. When people ask why Saudi Arabia made a voluntary cut, my answer is very simple. We had to do it because there was an expectation and we wanted to be fair to other members and make sure that they maintain their focus on the more relevant, long-term issues. That's why we elected to take that job on a temporary basis. And it was not the first time – we also had temporary voluntary cuts within the group in 2020 and 2021. Where would the market have been if we hadn't done those things? It gave the market assurance and stability. And in the latest move this week, we continued with our voluntary cut of one million b/d, and also got validation from the Russian side that they will cut 500,000 b/d from exports. The OPEC secretariat has worked hard with the seven independent sources verifying Russia's number, and they are going to be doing it on a monthly basis. For Russia to choose a voluntary cut that was not imposed on them, including delivering it from their exports, is a meaningful commitment.

CONTINUED ON P 3

Fujairah Weekly Oil Inventory Data

6,231,000 bbl	3,559,000 bbl	10,399,000 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
$3.52 - 4.40/m^3

↑ Highest: $4.52/m^3
↓ Lowest: $3.38/m^3

THE WEEK In Numbers

Weekly Average Oil Prices

Brent Crude:	$75.96/bl
WTI Crude:	$70.16/bl
DME Oman:	$75.81/bl
Murban:	$76.00/bl

*Time Period: Week 1, July 2023
Source: IEA, OilPrice.com, GI Research

Fujairah Weekly Bunker Prices

VLSFO	MGO	IFO380
High = $584.00/mt	High = $814.00/mt	High = $441.00/mt
Low = $570.50/mt	Low = $797.50/mt	Low = $417.00/mt
Average = $577.00/mt	Average = $808.00/mt	Average = $425.50/mt
Spread = $13.50/mt	Spread = $16.50/mt	Spread = $24.00/mt

*Source: Ship and Bunker, *Time Period: June 28 – July 5, 2023*

Fujairah Bunker Sales Volume (m^3)

170 180cst Low Sulfur Fuel Oil	468,635 380cst Low Sulfur Fuel Oil	126,586 380cst Marine Fuel Oil
2,021 Marine Gasoil	22,976 Low Sulfur Marine Gasoil	4,723 Lubricants

Source: FEDCom & S&P Global Platts

CONTINUED FROM PAGE 1

HRH Prince Abdulaziz bin Salman Al Saud
Minister of Energy, Kingdom of Saudi Arabia

Does data transparency challenge the future road map of the Declaration of Cooperation?
What is challenging are the revisions on demand. The IEA have a set of numbers, but then they revisit and revise them along with other anomalies, which creates a distortion to what the market should see today. I say that this market is about 'show-me, don't tell-me' and that's why consistently, ever since even October, we've been saying we will believe it when we see it. And if we don't see it simply because the data is lagging, that makes it even more difficult and more challenging.

Why has the market been rather slow to respond to the output cuts?
Speculators are in every market but in this case, I would have to argue it is all about the input that they're getting and that input of so-called data or news, in my judgement, has been exaggerated negatively. Look at how much of a verbal barrage came out after the OPEC meeting in October, saying that OPEC+ had acted belligerently to increase prices.

What's next beyond the current market stabilization phase?
That's what is perplexing - look at the US April demand figures that were released. Corrections are coming ex post facto. You cannot change a negativity that is emanating from 'tell, don't show'. If we look at central bank policy also, people have overlooked the fact that inflation is now under control, so those tools are working, as are ours. OPEC+ is doing a great job of maintaining stability of this market. We are not devoid of tools – we have the JMMC meetings etc. and after the changes that OPEC+ attended to at the June meeting, we will become even more effective and transparent. People should feel in their comfort zone – this market won't be left unattended.

Edited comments from 8th OPEC International Seminar 5th July 2023

Consultancy Intelligence Publishing

MARK YOUR CALENDAR
October 10th & 11th, 2023

#EMFWEEK23 ITINERARY

Port of Fujairah

ENERGY MARKETS FORUM

October 10th - 11th, 2023
Novotel, Fujairah

Consultancy Intelligence Publishing

OCT. 10th

Time: 11:00AM
What: Open Registration

Time: 1:00PM
What: Port of Fujairah EMFWEEK23 Welcome Lunch

Time: 2:00PM - 4:00PM
What: FOIZ Onshore Terminal Tours

Time: 2:00PM - 5:00PM
What: ENOC Oil Markets Workshop

Time: 7:00PM - 9:00PM
What: Aramco Trading Gala Awards Dinner

Time: 9:30PM - 10:30PM
What: GI Networking Social Hour

OCT. 11th

ENERGY MARKETS FORUM 2023

Time: 8:00AM - 9:00AM
What: Breakfast Briefings

Time: 9:00AM - 11:00AM
What: Plenary Session

Time: 11:30AM - 1:00PM
What: Industry Roundtables

Time: 1:00PM - 2:00PM
What: International Energy Journalism Awards Lunch

Time: 2:30PM - 3:30PM
What: Professional Learning Seminars & Industry Roundtables

Time: 2:30PM - 4:30PM
What: Port of Fujairah BOAT TOUR

5:00PM - END OF EMFWEEK23

Sanctions Complicating Gulf Countries' Global Bilateral Relations!

Robert Mogielnicki

Senior Resident Scholar,
Arab Gulf States Institute in Washington

Governments in the Gulf Arab states understand the use of sanctions as an approach that typically has been adopted by Western governments, but they certainly don't appreciate the complexity that sanctions add to their bilateral relations with a range of global governments. This was a big problem in the immediate aftermath of Russia's invasion of Ukraine with respect to assets that Gulf Arab governments, especially their sovereign wealth funds, held in terms of Russian assets. And it continues to be problematic in terms of ongoing trade and investment and flows of high net-worth individuals from Russia to the region. On a broader level, sanctions create a lot of additional political and reputational risks. It's a thorny issue that Gulf governments are going to have to work their way in and around, while they still try to accomplish strategic interests with a range of global partners. Sanctions don't just make things difficult for engagements with Russia, but also with countries such as Syria and Iran. Saudi Arabia is making a big push to restore diplomatic relations with Iran and has the most to gain by reducing regional tensions as there are positive spillovers for the economic transformation program of the kingdom and in particular, with its efforts to attract tourists, high net worth individuals, and investors and residents. And for its part, Iran also needs engagement with the international community and the global economy and sees the potential warming of ties as an opportunity to do that.

How is the dynamic between Saudi Arabia and China viewed today?

Some see the current dynamic as a turning away from the US, while others will say that the kingdom has moved squarely into the China camp because they see their future, in terms of diplomatic and economic clout, as resting more in Asia. I see it more as an attempt by the Saudi government and in particular Mohammed bin Salman, to raise the international profile of Saudi Arabia by enhancing global partnerships. I don't see a lot of evidence to suggest that it's actively looking to burn bridges with its American and European partners, but most of its efforts these days do seem to be focused on enhancing bilateral partnerships with players where Saudi sees that it can make big gains - with China, with Russia, and with African and even Latin American countries. The US does not expect the Gulf to break diplomatic, economic and other relations with China, but there is some concern that Saudi Arabia in particular, seems to be engaging with China in a way that is a bit more aggressive and visible, and it's more willing to play the China card than its neighboring Gulf Arab states and other Middle Eastern and North African countries that seem to be a bit more cautious, especially in non-economic realms.

How successful has Saudi Arabia been at attracting FDI?

It's coming in, but not at the level that they want and ultimately are going to need, to make this spending equation work over the longer run. The big problem is that Saudi government officials have been struggling to reverse a trend of declining or stagnating FDI that began in 2009. There has been fluctuation in inward FDI trends for the last couple of years, but for the most part we have not seen the windfall that many had expected with the culmination of all these megaprojects and broader opening of the Saudi economy. The question now is whether the state will need to continue to be the main financier of these projects, not just for the short or mid-term, but for the long term. Given the scale and scope of some of the economic initiatives underway, I believe that's a burden that will be very difficult for the Saudi government to carry over the long run.

Are jitters in the global economy being felt in the GCC?

The general uncertainty is weighing on global growth and we can see that reflected in growth and investment trends in GCC economies. Growth in the Gulf region in 2022 was in the high single digits, with record profits for energy firms that trickled down into the broader economy. However, this year, growth in the region is going to be cut in half, if not more. The economies are still growing but there's a huge deceleration, so businesses are going to be cautious about investment. There's also an overall concern about Chinese growth and that the pent-up demand post-COVID just hasn't panned out as expected. None of these factors are a cause for panic, but Gulf economic policy makers will be watching Asian economies, like China, very carefully.

Should investors have any concerns about stability in the region?

On a broad level, GCC economies like the UAE, Saudi Arabia, and Qatar do offer that relatively stable safe-haven for global capital investments - the GCC as a subset of the broader Middle East and North Africa, has a much better economic outlook. The big two players that we hear most about, at least on the political economy side of things, are Saudi Arabia and the UAE, with overlapping development trajectories and a certain degree of economic competition between them. But the deceleration of growth is going to play into those competitive dynamics and will raise the stakes somewhat. The UAE has a track record that has unfolded over a course of decades, not a handful of years as we're seeing in Saudi Arabia, so the latter is at a bit of a disadvantage, just because of the short period of time that it has undertaken this very, very ambitious and aggressive economic and social transformation.

WATCH FULL INTERVIEW HERE

Fujairah Spotlight

National Bank of Fujairah hosts knowledge-sharing platform and shares insights into trade finance trends

The National Bank of Fujairah (NBF) has hosted the latest in its long-running series of knowledge-sharing events. The event, which was attended by more than 50 participants, explored the regional and global outlook for trade finance, based on research by the International Chamber of Commerce, as well as case studies touching on Letters of Credit and Standby Letters of Credit, which are used to underpin trade.

Source: zawya

Thumbay Hospital Fujairah celebrates 17 years of excellence in healthcare and community service

Thumbay Hospital Fujairah, UAE's leading healthcare provider owned and managed by Thumbay group, commemorated its 17th anniversary of delivering quality care and fostering a nurturing environment that prioritizes well-being and satisfaction of patients. The momentous occasion was marked by a grand celebration attended by esteemed dignitaries, including Akbar Moideen Thumbay, Vice President of Thumbay Group, and Mr. Brian, CEO of Thumbay Healthcare.

Source: Gulf News

Fujairah Ruler congratulates Custodian of Two Holy Mosques on successful Hajj season

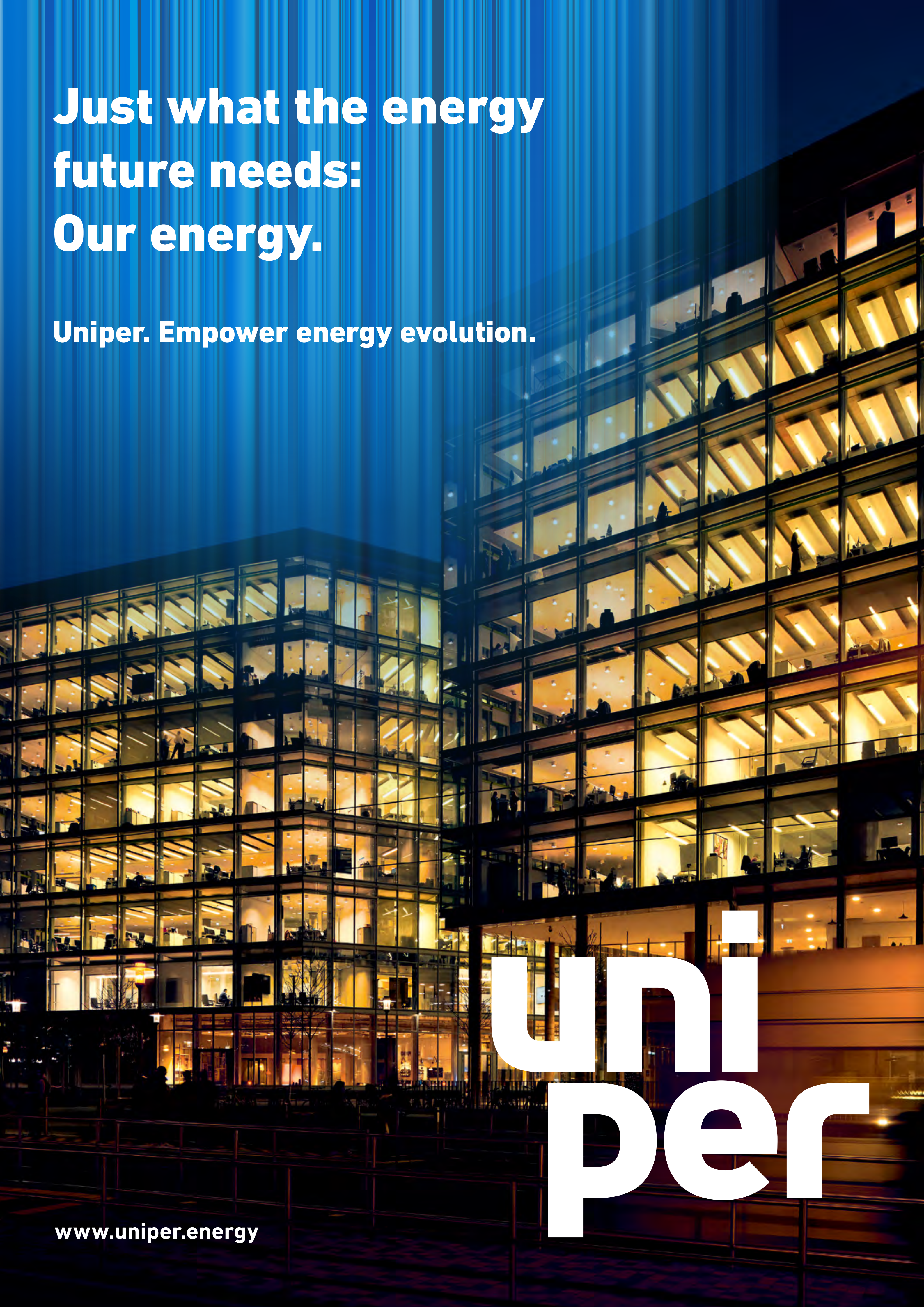
H.H. Sheikh Hamad bin Mohammed Al Sharqi, Supreme Council Member and Ruler of Fujairah, sent a congratulatory message to the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud of Saudi Arabia, on the occasion of the success of the Hajj season of 1444 AH. H.H. Sheikh Mohammed bin Hamad bin Mohammed Al Sharqi, Crown Prince of Fujairah, also sent a similar message to the Custodian of the Two Holy Mosques.

Source: Emirates News Agency - WAM

Emirati Researchers Pioneer First Fisheries Resource Assessment Survey to Reveal Groundbreaking Insights in Fujairah's Deeper Waters

The Fujairah Environment Authority recently selected Maryam Alhefeiti, a Marine researcher, and Sabhah Alhmoudi, an Environmental researcher at the Fujairah Research Center, to undertake the First Fisheries Resource Assessment Survey in the deeper waters of Fujairah. Equipped with the most advanced marine scientific research vessel in the Middle East, the Jaywun, operated by the environment agency – Abu Dhabi; the researchers embarked on a two-week survey to gather crucial data on the fish stocks in Fujairah.

Source: Fujairah Observer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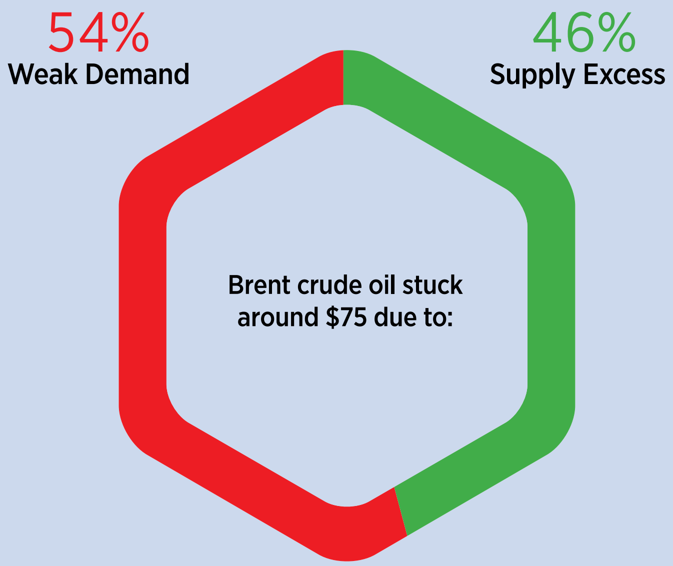
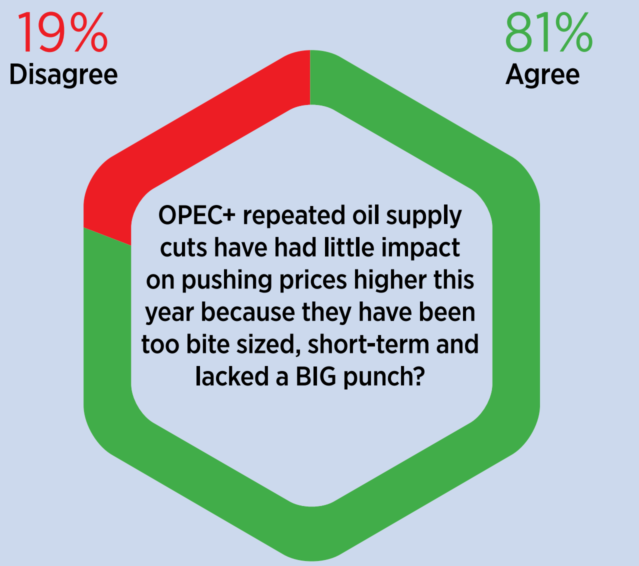
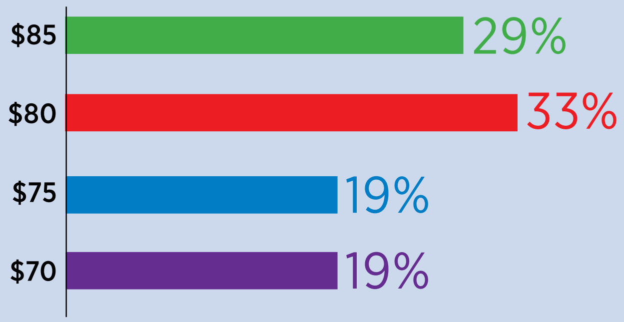
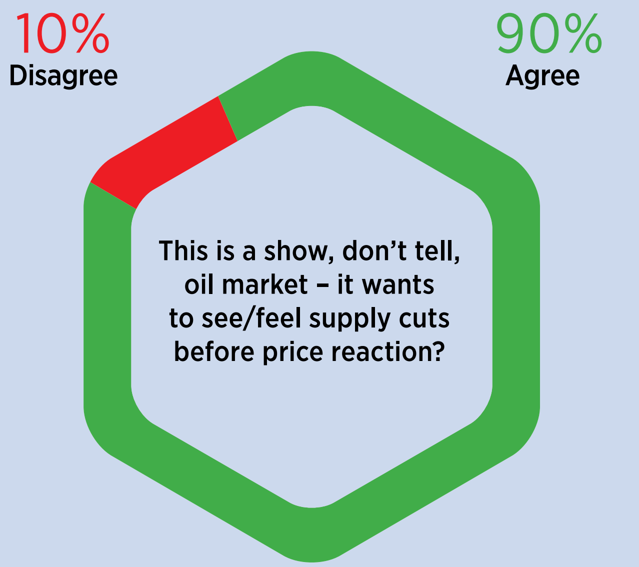
Weekly Surveys





What will be the average price for Brent Crude oil in H2 2023 – closer to?





Source: GI Research March 2023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5 MONTHS TO GO!!
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FORUM
for Sustainability Leaders
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NYU | ABU DHABI
COP28 CURTAIN RAISER
How to Make Every Employee a Chief Sustainability Officer?
#MEASustainabilityForum

Fujairah Weekly Oil Inventory Data

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Fujairah Oil Industry Zone

TOP TAKEAWAYS

- Total oil product stocks in Fujairah were reported at 20.189 million barrels with a drop of 488,000 or 2.4% week-on-week falling to just above the 20-million-barrel level. The stocks movement saw a drop for light distillates, and a rise for middle distillates and heavy residues.

- Stocks of light distillates, including gasoline and naphtha, decreased by 867,000 barrels or 12.2% on the week to 6.231 million barrels. The East of Suez gasoline complex strengthened in early trade June 30 tracking a widening US RBOB-Brent crack amid US summer driving season, sources said. Total US gasoline stocks also rose by 603,000 barrels on the week to 222.005 million barrels in the week ended June 23, the data showed. Moving forward, some market participants expect US gasoline demand to taper off towards the end of driving season in September. Indonesia's gasoline imports rose 2.51% on the month but slipped 1.07% on the year to 1.456 million mt in April, data from Statistics Indonesia showed June 27, amid Eid al-Fitr festivities. Gasoline demand was supported by firm driving activity in April as Indonesians typically travel across the country for family reunions during Eid al-Fitr, industry sources said. Gasoline imports over January-April totaled nearly 5.28 million mt, down 1.38% year on year. Indonesia's gasoline imports were expected to fall in May, sources said. Indonesia was also heard deferring cargoes for May delivery to June amid ample inventories, sources said.

- Stocks of middle distillates, including diesel and jet fuel, rose by 65,000 barrels or 1.9% on the week to 3.559 million barrels. The East of Suez gasoil market was largely stable July 3 amid a lack of fresh pricing direction, while industry sources weighed an anticipated uptick in China's gasoil exports in July against stable regional demand. Market participants were seen keeping an eye on gasoil exports from China amid estimates of around 800,000-900,000 mt of outflows expected in July, or at least 30% higher from June. Market sources and analysts estimate June gasoil exports to be at 450,000-700,000 mt, S&P Global Commodity Insights reported earlier. "There should be more cargoes in the region in July than June, but regional demand should be stable with Vietnam and Australia supporting demand," a regional gasoil trader said. Physical gasoil trades were last lower in December 2022 at 300,000 barrels. Trade sources said the decline in volumes came on the back of unviable East-West arbitrage economics, which trapped surplus barrels in the region. Toward the end of June, industry sources said that East-West arbitrage lanes were marginally open with inquiries streaming in from Europe and South Africa.

- Stocks of heavy residues rose by 314,000 thousand barrels, up 3.1% on the week as they stood at 10.399 million barrels. Spot trading activity at the world's largest bunker hub of Singapore and Fujairah was seen ranging below-average to moderate at best during the first trading day of the week started July 3, according to market sources. Amid adequate low sulfur fuel oil cargo availabilities and mediocre demand in the downstream market, Singapore's bunker premiums might come under pressure during the first half of July, traders said. As few buyers have also chosen to postpose LSFO requirements, Singapore's bunker suppliers were seen eager to move cargoes for prompt deliveries, traders also said. Barge schedules were also mostly healthy with prompt refueling dates available for as early as four to six days away, as of July 4, according to local bunker suppliers.

Source: S&P Global Commodity Insights


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Energy Markets Views You can Use

Russell Hardy
Group Chief Executive Officer
Vitol

Vitol's Future Divided into 3 Divisions

Our traditional oil business supplies 4 million barrels a day of crude oil to refiners around the world and 4 million barrels a day of products to customers. That business is going to grow considerably in Africa and Asia and probably shrink in Europe and the US because change is coming. Oil demand in Europe and the US has peaked and will decline progressively as mobility moves towards electrification. So, we adjust that out in our own business. Secondly, gas and power are a growing business for us in terms of energy – we've seen that in Europe over the last five years and that will continue for some time. Thirdly, we have the opportunity at Vitol to build a sustainable business. This year, half our Capex is going into power and renewables; certainly, from the European perspective, we see it as a business opportunity.

Mike Muller
Head
Vitol Asia

Nothing seems to be able to shake Brent to rise above $75/bl?

The general overtones of a softer economic global picture, fueled not least by concerns around Chinese demand, explains why markets have generally held at where they were before the last OPEC+ meeting. If you look at certain leading indicators that the oil market tends to take a cue from, such as the petrochemical sector, that still doesn't look particularly healthy. Also, the Chinese construction sector is not underpinning markets that are energy intensive and shipping markets aren't bullish. So, we have a sense of balance now rather than the predicted tightening, which may still occur later this year as jet fuel demand accelerates, primarily because China and some other countries haven't come back to full travel since COVID. Overlay on top of that seasonal demand recovery in the West over the summer and then Asia in Q3 and Q4, and we should see an acceleration in demand.

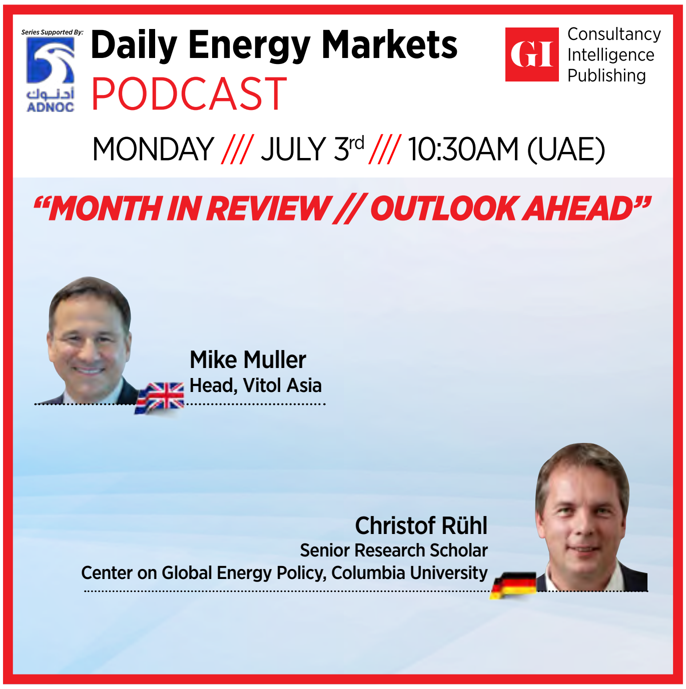
Would it be bearish if Saudi didn't continue with its 1mn b/d cut beyond July?

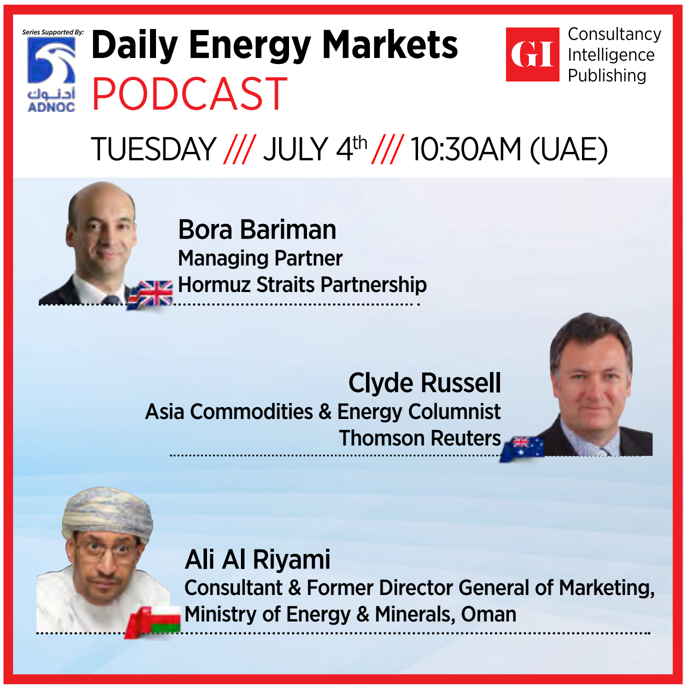
People are going to be looking for confirmation and they may not necessarily see it in the shape of reduced exports from the kingdom. It may be in terms of stock draws and in the very large downstream system that Saudi Aramco has control over. But regardless, the market still seems to be trading in a reasonable balance. If you look at the front spread in Brent for example, the backwardation between the first and second month on ICE is barely positive - it went to almost zero. That's not telling you that we have a particularly strong market at the front end despite these volumes being cut.

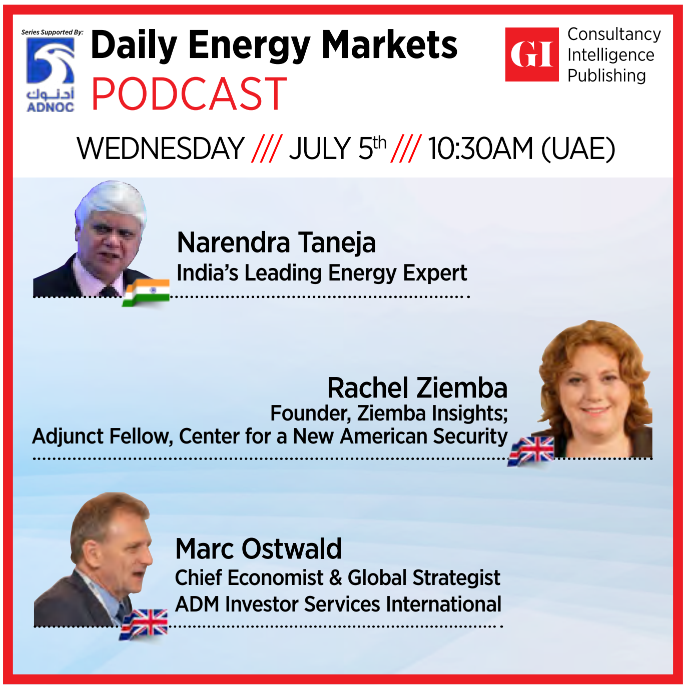
Outlook for Russian fuels as we commence 2H 2023?

Russian exports of both refined products and crude have continued at the higher end of expectations. Interestingly, we see a much larger export program of products from the Baltic and the Black Sea, and those flows are largely having to find their way through the Suez Canal, although many countries in the global south have moderated their view towards taking Russian refined products also. So, you are seeing more material volumes staying in the Western Hemisphere going to places that they hadn't done so before.

Energy Markets COMMENTARY WEEK IN REVIEW







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Energy Markets Views You can Use

Rachel Ziemba
Founder, Ziemba Insights;
Adjunct Fellow, Center for a New American Security

Outlook for China's economy in 2H 2023?
Markets were expecting too much stimulus out of China. I don't think that's going to happen because of its debt issues and because in some ways, like the US, the economic conditions in China aren't that bad. The Chinese government's going to be focused on rolling over the debt and looking at the medium-term - not the short-term sugar rush that people in the equity and oil markets were perhaps hoping for.

Will we see consistency in US policy in refilling the SPR?
It's finally happening but very slowly. There were questions on whether they would use it both to upside and downside and that did add to tensions with Saudi Arabia as the US was only using the SPR on the upside at one point. But the Biden administration is going to want cheaper oil for US consumers - they'll frame it as being beneficial for global consumers and the emerging world but there is a domestic story there – so we might see this drip, drip of more volumes out of Venezuela and maybe even Iran.

Any impact from Janet Yellen's visit to China?
We're going to continue to see both the US and China using national security as a justification for more trade restrictions. We might not see an escalation of the tit-for-tat, or see it stretch into military affairs, but I do think that this bifurcation of certain sensitive industries is going to stay. But it's interesting that if you look at global trade, the US, if anything, is buying more from China than they used to.

Main points to look for in H2 2023?
What Russia does on the supply side and further signals on demand will be important. Beyond oil, I'm watching what happens with the refilling of gas storage - are we going to see Europe say they need to sign more long-term contracts in future? We will also be watching the dynamics of a whole set of countries that are trying to act in their national interest in this multipolar world.

ENERGY MARKET NEWS

1. VOLUNTARY OIL OUTPUT CUTS ENSURE MARKET STABILITY: SUHAIL AL MAZROUEI
2. OPEC+ MINISTERS SAY BIGGER GROUP WOULD BE BETTER
3. VIDEO: SPECIAL INTRODUCTORY SESSION HRH MINISTER OF ENERGY IN OPENING OF THE 8TH OPEC INTERNATIONAL SEMINAR
4. FED SEES MORE RATE HIKES AHEAD, BUT AT A SLOWER PACE, MEETING MINUTES SHOW
5. UAE CRUDE CAPACITY REACHES 4.5MN B/D
6. IRAN'S CRUDE OUTPUT EDGES PAST 3MN B/D: OIL MINISTER
7. ARAMCO CHIEF BLAMES RECESSIONARY SIGNALS FOR LOW OIL PRICE, SAYS 'OPTIMISTIC' ABOUT FUTURE OF DEMAND
8. IRANIAN NAVY REPORTED TO HAVE FIRED SHOTS AT LADEN CHEVRON VLCC OFF OMAN
9. TOTALENERGIES CEO: OIL COMPANIES SHOULD SET CARBON TARGETS AT UPCOMING COP28
10. OPEC ENERGY AND OIL MINISTERS ATTENDING THE 8TH OPEC INTERNATIONAL SEMINAR IN VIENNA MET ON THE SIDELINES OF THE EVENT

RECOMMENDED VIDEOS AND REPORTS

- RYSTAD: UNDERINVESTMENT CLAIMS IN OIL & GAS ARE EXAGGERATED
- GUYANA'S OIL REVOLUTION BOOSTED BY MORE NEW DISCOVERIES
- CHINA'S METAL EXPORT CURBS REIGNITES GLOBAL COMPANIES' HUNT FOR STABLE SUPPLIERS
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Energy Markets Views You can Use

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

Macro outlook for G7 economies and their pull on the oil markets?

What's been underestimated around the oil price weakness is how a period of high prices destroys demand. Still, probably more important is the supply side, where a few months ago, we had very little inventory and spare capacity, but now after the US resumed filling its SPR and the OPEC+ cut announcements, we have much bigger safety margins. That explains the absence of any price spikes. Supply can also be adjusted much faster than demand which moves very slowly. However, I do think that the economy is in better shape than indicated and that the interest rate cycle is approaching its peak. Even with one or two more rate hikes this year, the economy has an underlying strength, which has been persisting for a while. Broadly speaking, I see the market as probably flat but as the Saudi cuts kick in and US inventories continue to decline during the driving season, we could see an upward drift over the summer. It won't be very dramatic, but for now it seems these constant price declines may have reached the bottom. In the autumn, we will then have to reassess.

Won't the US Fed keep tightening, with core inflation still very sticky?

They may have to, but they probably will not. Inflation is not going to go down to 2%. Given the extraordinary debt levels and amounts of government spending, and given the limited options to tax, we will have higher monetized deficits and that means that we will learn to live with slightly higher inflation. I don't think they will let rates go to 7% or 8% as that would push the economy into recession.

Marc Ostwald
Chief Economist & Global Strategist
ADM Investor Services International

Why are oil prices still not moving off their $75 mark?

OPEC keeps on cutting and that doesn't seem to be having much impact. There's also the lack of evidence of compliance by Russia, which undermines the whole drive to try and prop prices up. It's very much that people are very negative on the global economy, although there is a big disconnect on that between Europe and the US. The evidence from America shows that the survey data is a lot more negative than the real data. Above all, there is disappointment in China. People are looking at data there particularly for the second half of the year, having seen the strength of Chinese oil imports during H1, but even then, we didn't see the domestic demand - rather a lot of re-exports of refined products. And lastly, where is the big stimulus package in China? That is one of the big issues for markets.

How bad is the economic picture for Europe and the UK?

We will eventually see stimulus in China, and we've had a lot of stimulus in the US thanks to the Inflation Reduction Act. But Europe is very sluggish because of a cumulative effect of inflation and high interest rates. The EU has talked a lot about attracting cheap manufacturing and energy transition materials manufacturing, but nothing is being done, whether on energy and power market reforms or budget reform. As far as interest rates are concerned, I think the UK suffers from a lack of credibility – both fiscal and monetary. In the Euro area, interest rates are not that prohibitive, with a landing place for ECB rates of around 4% but in UK, markets are pricing in 6.25% as an end rate that is not representative of what markets had expected; rather, it represents a risk premium because of bad policy making.

GI Soundings Week in Review

"This Is a Market for Show, Don't Tell!"

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.

- **Bora Bariman, Managing Partner, Hormuz Straits Partnership**
- **Clyde Russell Asia Commodities & Energy Columnist Thomson Reuters**
- **Ali Al Riyami, Consultant & Former Director General of Marketing, Ministry of Energy & Minerals, Oman**
- **Narendra Taneja , India's Leading Energy Expert**
- **Mike McGlone, Senior Macro Strategist, Bloomberg Intelligence**
- **Robin Mills, Chief Executive Officer, Qamar Energy**

Bora Bariman, Managing Partner, Hormuz Straits Partnership GDP GROWTH "The UK and Europe are in a more difficult space than the US. The line that's being pushed is we need to have growth and perhaps accept 5% as an inflation target and we need to assist people with that through welfare transfers. I'm not happy with that message because that just says the economy is not growing and we need to print and hand out money."

Clyde Russell Asia Commodities & Energy Columnist Thomson Reuters CHINA DEMAND "They've been putting about 740k b/d of crude into storage throughout the first five months of this year and they did 1.77mn b/d in May. China is building up optionality- if prices go too high, then they can dip into their ample stockpiles. They can also cut back on their refined products exports which are up 60% this year so far, which is huge. But as long as oil remains around $70-75, they'll be happy to keep importing it."

Ali Al Riyami, Consultant & Former Director General of Marketing, Ministry of Energy & Minerals, Oman GCC-IRAN RELATIONS "Things are moving very fast. Just recently, I heard from some Omani officials that it's a matter of weeks before we see an agreement. I would always take this news with a pinch of salt but I'm optimistic this time. There's no longer reasons to continue with sanctions on Iran. Everybody in the region is supporting the Saudi Arabia-Iran relationship and the Houthis in Yemen are also part of the dialogue."

Narendra Taneja , India's Leading Energy Expert OIL PRICES "A price of $75 per barrel is something that the Indian economy can live with, but because we want to achieve if possible 7.5% growth, and because it's also an election year, it's important for the government to make sure that oil prices remain at a level which is acceptable to the ordinary consumer and which also boosts growth."

Mike McGlone, Senior Macro Strategist, Bloomberg Intelligence OIL PRICE DIRECTION "In the US, we have a significant inversion of the curve and major indications that it's going to be in a recession. The market's just starting to price that. I see this as a body in motion that's accelerating to the downside. The market's very comfortable around $70 a barrel on WTI and is just waiting for that next catalyst. I don't see how it's going to be positive."

Robin Mills, Chief Executive Officer, Qamar Energy NEW INVESTMENT "The US is still active and if prices are right, we'll see more investment. You've got hot spots like Guyana, emerging places like Namibia, but then you have mature basins like the UK North Sea where there's not a lot of room for new investment. Norway just approved 15 or 18 new projects, so it has potential. We're also seeing a very strong wave of new LNG coming on the market 2027 onwards."

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