NEW SEASON '23-'24

Fujairah New Silk Road WEEKLY NEWSLETTER

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Port of Fujairah ميناء الفجيرة Port of Fujairah United Arab Emirates

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

"Japan Needs More Flexible LNG Contracts From Middle East Suppliers!"

Yuriy Humber, Founder, Japan NRG & CEO of Yuri Group

Middle Eastern producers of LNG have the potential to be more significant suppliers to Japan, but volumes are being limited because of contract structures. Japan relies on long term LNG contracts for about 80-85% of its import volumes, with 43% of total volumes of 72 million tons coming from Australia in 2022. With Australia now considering putting a tax on new projects and even taxing some current projects, alarm bells have started to set off amongst Japanese investors in Australian LNG, particularly with a tight LNG market expected for at least the next two years. Japan has traditionally been a massive buyer of LNG from the Middle East and had at one point some big volume contracts with Qatar, as well as Oman and other suppliers. The difficulty with increasing those volumes again, is due to the strict, fixed long-term contractual terms. With no domestic pipeline to avail of for redistribution within the country, Japanese utilities need more flexibility on offtake volumes and delivery destinations. Flexibility on long-term contracts is also important because of the Energy Transition, which is making it harder to predict forward demand 10-15 years. A lot more variable solar and wind are coming onto the grid, so there's less forecast stability around how much of the traditional fuels like LNG that will be required. The big power utilities in Japan, now competing in an open market with renewables, don't want to take on the huge financial risk of long-term large LNG contracts with no flexibility.

CONTINUED ON P 3

Fujairah Weekly Oil Inventory Data

4,021,000 bbl	2,215,000 bbl	10,187,000 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/m³

↑ Highest: $4.60/m³
↓ Lowest: $3.38/m³

Weekly Average Oil Prices

Brent Crude:	$93.42/bl
WTI Crude:	$91.47/bl
DME:	$94.03/bl
Murban:	$95.27/bl

*Time Period: Week 4, September 2023
Source: IEA, OilPrice.com, GI Research

Fujairah Weekly Bunker Prices

VLSFO	MGO	IFO380
High = $665.00/mt	High = $982.50/mt	High = $528.50/mt
Low = $650.00/mt	Low = $965.00/mt	Low = $512.00/mt
Average = $659.50/mt	Average = $975.00/mt	Average = $522.00/mt
Spread = $15.00/mt	Spread = $17.50/mt	Spread = $16.50/mt

*Source: Ship and Bunker, *Time Period: Sept. 20 – Sept. 27, 2023*

Fujairah Bunker Sales Volume (m^3)

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

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CONTINUED FROM PAGE 1

Yuriy Humber, Founder, Japan NRG & CEO of Yuri Group

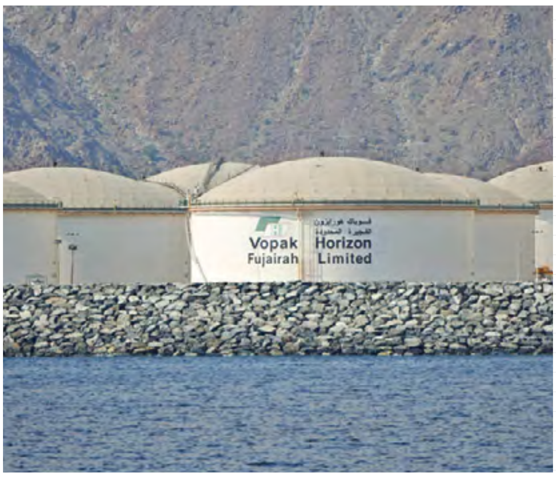
Have higher energy prices been detrimental to Japan's economy this year?

Japan's economy is starting to recover post pandemic but there's one negative related to energy. Because of monetary policy, the Yen is at its weakest point in 30-40 years, at around 149 to the US dollar compared to 80 ten years ago. Japan is the world's fourth largest importer of crude and oil products and the biggest importer of LNG. It's also one of the biggest buyers of coal, mainly from Australia. So, no matter how well your manufacturing sector and the other sectors are doing, a weak currency is going to have an impact. The dollar price of crude may be down 50% compared to a year ago, but in Yen terms, it's only down by a quarter. That shift also makes a big difference to the country's Energy Transition plans. Japan has set ambitious targets, with its Green Transformation plan set to spend ¥150 trillion ($1.5 trillion) over the next ten years. The government won't be able to provide that, so we're hoping that investments will come from the private sector both within and outside of Japan. Overseas companies looking at the Japanese market will see some great technologies and efficient companies and should find the investment attractive in currency terms.

Outlook for nuclear energy within Japan's future energy mix?

It's been more than ten years since the Fukushima disaster and given the energy crisis that ensued after the Russian invasion of Ukraine, we do see a lot of moving geopolitical pieces. Power prices have also more than doubled in Japan because of the increased cost of coal and gas. So, when people are looking at their power bills going up and concerned about energy supply security, there is a certain sense that nuclear power isn't so bad. There has been a swing back towards a pro-nuclear mood in the country in the last year and a half, with more reactors planned for restart, although this is still sensitive to local political support.

WATCH FULL INTERVIEW HERE



Independent Oil Storage Services

Vopak Horizon Fujairah Ltd. offers high quality logistic services to the oil industry

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Fujairah Limited

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ACCELERATING TOWARDS NET ZERO

Marking a new chapter in ADNOC's transformational journey to a lower carbon future, we have brought forward our Net Zero ambition to 2045 and aim to achieve zero methane emissions by 2030.

MARK YOUR CALENDAR
October 10th & 11th, 2023

#EMFWEEK23 ITINERARY

Port of Fujairah
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ENERGY MARKETS FORUM

October 10th - 11th, 2023 | Novotel, Fujairah

"Navigating the Age of Energy Security: Opportunities & Challenges?

OCT. 10th

Time: 11:00AM
What: Open Registration

Time: 1:00PM
What: Welcome Lunch
Host: H.H. Sheikh Saleh Al Sharqi, Chairman of Port of Fujairah
Special Guest Lunch Lecture: H.E. Haitham Al Ghais, Secretary General, OPEC

Time: 2:30PM - 4:30PM
What: ENOC Oil Markets Workshop
"How could Fujairah leverage the fact that it will soon host over 100 million barrels of oil storage capacity to maximize impact on the physical energy markets East-of-Suez and drive commercial trading opportunities across the New Silk Road?"

Time: 2:30PM - 4:30PM
What: "Oil & Geopolitics" - 4 x Seminar Briefings
"Russia - Turkey - US - Pakistan"

Time: 2:30PM - 4:30PM
What: Bus Tour of FOIZ Oil Storage Terminals

Time: 7:00PM - 9:00PM
What: Aramco Trading Gala Awards Dinner
Host: H.H. Sheikh Saleh Al Sharqi, Chairman of Port of Fujairah
Special Feature Interview: H.E. Haitham Al Ghais, Secretary General, OPEC

Time: 9:30PM - 10:30PM
What: The IFAD Social Network Hour

OCT. 11th

Time: 8:00AM - 9:00AM
What: 5 x Breakfast Briefings
Topics:
- "COP28: Port of Fujairah's Contributions?"
- "Top 3 Biggest Long-term Trends to Face the Energy Markets?"
- "Outlook for Middle Eastern Terminals in 2024 & ENOC presence in oil storage terminals business?"
- "ICE Murban Futures Contract: the first 30 Months?"
- "Saudi Arabia Macro-Economic Outlook in 2024?"

Leadership Roundtable Breakfast

Time: 9:00AM - 11:00AM
What: Plenary Session
Hosts: H.H. Sheikh Mohammed Al Sharqi, Crown Prince of Fujairah &
H.H. Sheikh Saleh Al Sharqi, Chairman of Port of Fujairah
Feature Interview: H.E. Suhail Al Mazrouei, UAE Minister of Energy & Infrastructure
Industry Leadership Panels:
- UAE National Energy Infrastructure Panel
- Gulf Oil Markets - CEO Panel
- International Oil Markets Panel

Time: 11:30AM - 1:00PM
What: 6 x Industry Roundtables

Time: 1:00PM
What: Gala Lunch
INTERNATIONAL ENERGY JOURNALISM AWARDS 2023

Time: 2:30PM - 4:30PM
What: Boat Tour of Port of Fujairah

5:00PM - END OF #EMFWEEK23

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Fujairah Spotlight

Fujairah Crown Prince attends launch of Fujairah International Mining Forum, applauds its global strategic objectives

H.H. Sheikh Mohammed bin Hamad bin Mohammed Al Sharqi, Crown Prince of Fujairah, has emphasised the significance of bringing attention to the mining sector by identifying future opportunities within the industry while closely monitoring global developments. This commitment is demonstrated through the launch of international platforms and events that facilitate constructive dialogue among industry leaders and decision-makers, he added. The primary objective is to collectively address challenges and devise innovative and sustainable solutions for the sector's advancement.

Source: Emirates News Agency-WAM

Middle east: Prostar Capital divests GTI Fujairah Storage Terminal

Prostar Capital has announced the sale of its bulk liquid storage terminal, GTI Fujairah (GTIF), to Mercantile & Maritime Group (M&M). The 350,000 cubic metre-capacity (cbm) terminal is part of Prostar's portfolio of bulk liquid storage terminal assets which has an aggregate capacity of more than 24 million barrels (3.7 million cbm). GTIF comprises 14 tanks and 2.2 million barrels, storing 352,000 cbm of black and white refined petroleum products. GTIF is interconnected to all terminals in Fujairah, with 6 jetty lines providing access to nine main berths and two bunker barge berths.

Source: Bunkerspot

UAE'S Fujairah Aug marine fuel sales hit eight-month highs

Marine fuel sales at the UAE's Fujairah, the world's third-largest bunker hub, scaled eight-month highs in August, although volumes remained lower from a year-ago period, data showed. Bunker sales at Fujairah provide a gauge of shipping market sentiment in the Middle East.

Source: Hellenic Shipping News

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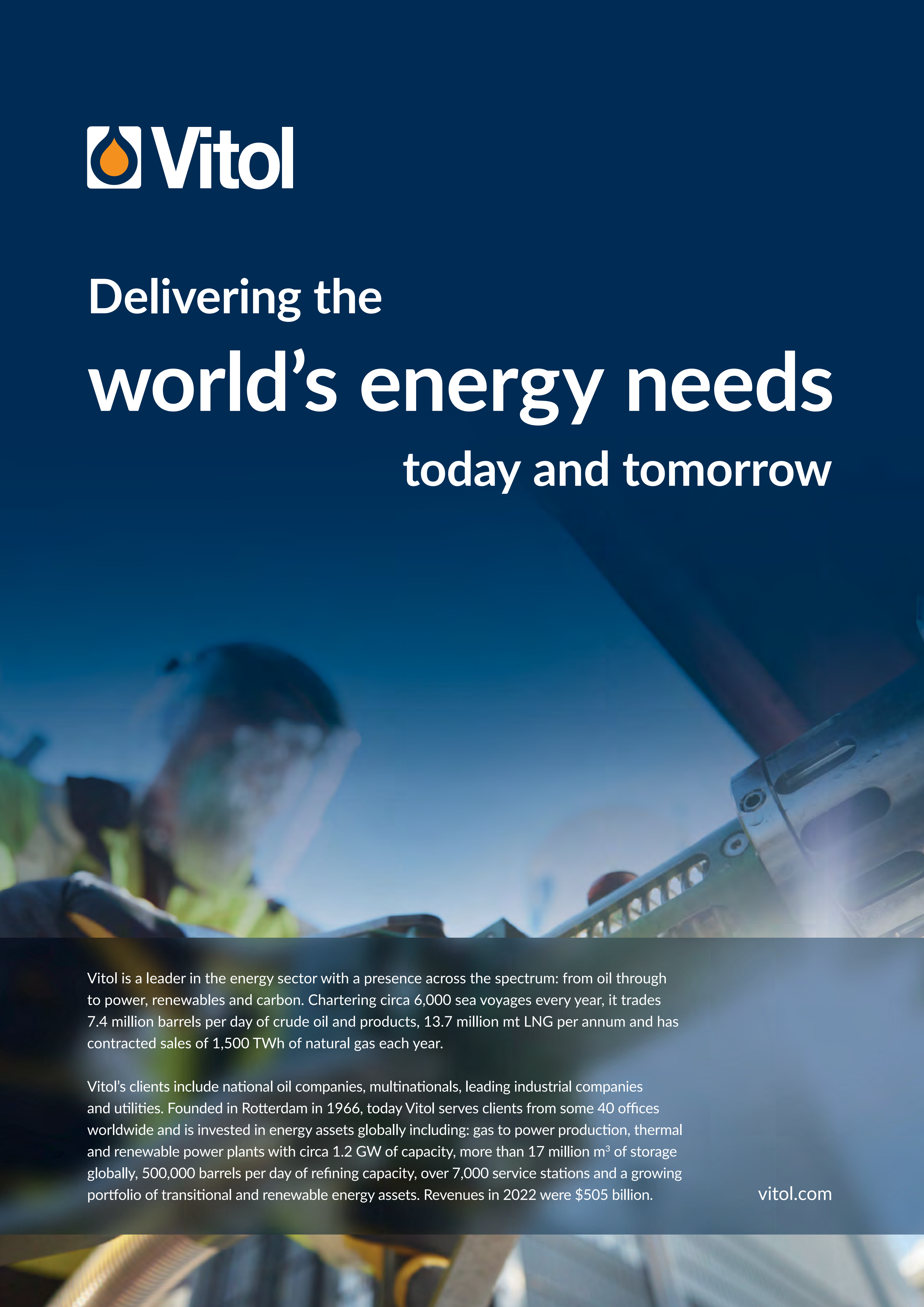
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Vitol is a leader in the energy sector with a presence across the spectrum: from oil through to power, renewables and carbon. Chartering circa 6,000 sea voyages every year, it trades 7.4 million barrels per day of crude oil and products, 13.7 million mt LNG per annum and has contracted sales of 1,500 TWh of natural gas each year.
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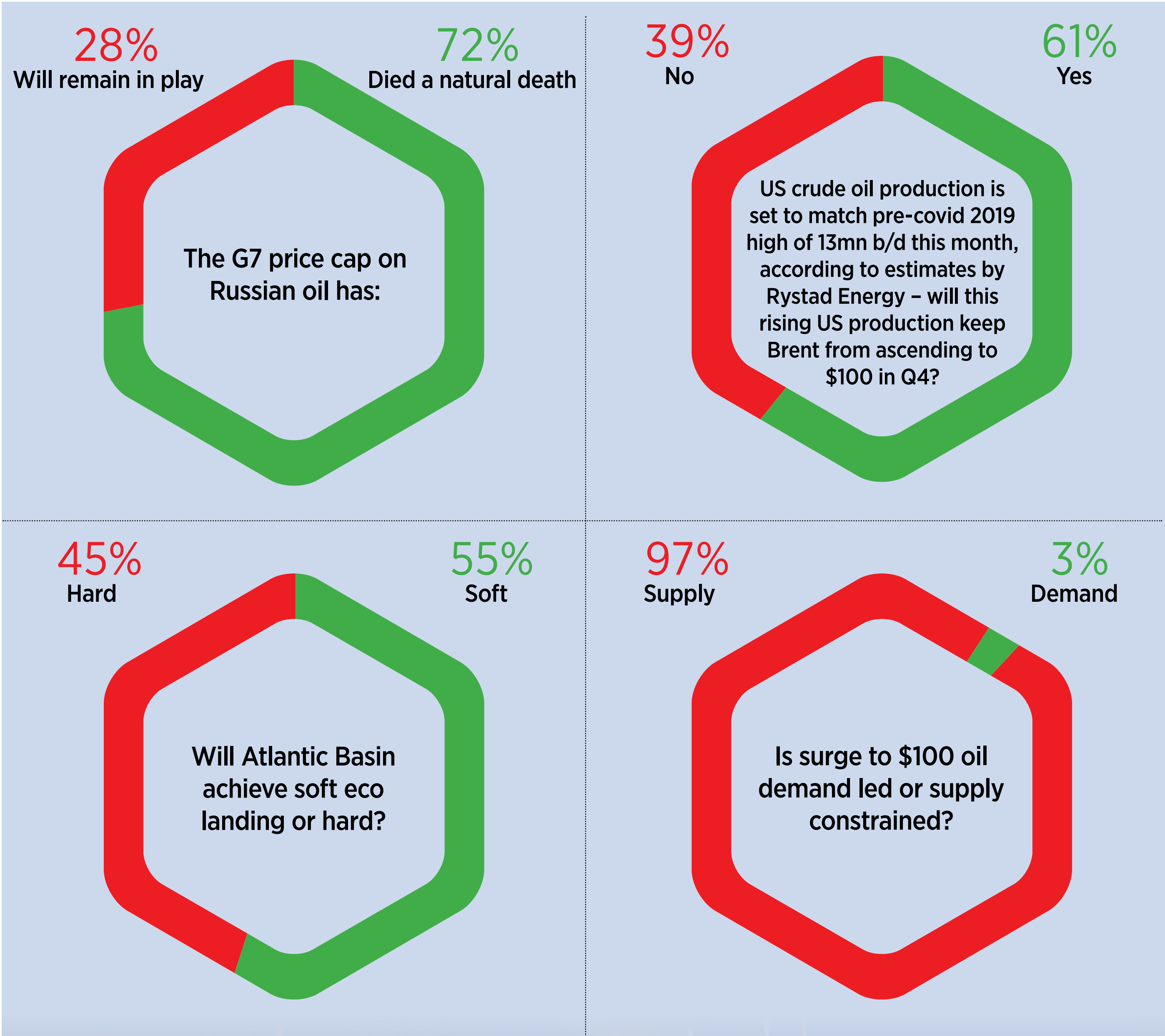
vitol.com

Weekly Surveys



Source: GI Research March 2023

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Fujairah Weekly Oil Inventory Data

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Fujairah Oil Industry Zone

TOP TAKEAWAYS

- Total oil product stocks in Fujairah were reported at 16.423 million barrels with a fall of 1.917 barrels or 10.5% week-on-week moving further below the 20-million-barrel level. The stocks movement saw a small rise for middle distillates, while light distillates posted a large draw and heavy residues were largely unchanged.
- Stocks of light distillates, including gasoline and naphtha, fell by 2.162 million barrels or 35% on the week to 4.021 million barrels. This is their lowest level since late April last year. The East of Suez gasoline complex eased tracking a narrowing US-RBOB Brent crack spread, amid high US interest rates, sources said. Saudi Arabia's gasoline inventory edged up 2.59% month on month to about 3.48 million mt in July as domestic gasoline demand fell 1.11% in the same period to 1.78 million mt, while exports rose 8.78% on the month to 1.090 million mt, figures by the Joint Organization Data Initiative released Sept. 25 showed. In tenders, Qatar Energy was heard offering 20,000 mt of 95 RON gasoline for loading over Oct. 12-13 via a tender.
- Stocks of middle distillates, including diesel and jet fuel, rose by 249,000 barrels or 12.7% on the week to 2.215 million barrels. The East of Suez gasoil market saw a slight easing of backwardation as participants assess the impact of Russia's amended export ban on diesel and gasoline. Russia's government has slightly amended the export ban on gasoline and diesel it published Sept. 21. According to a document approved and published Sept. 23, it removes the ban on the export of heavy distillates such as gasoil as well as marine diesel. The ban therefore includes only Euro 5 gasoline and diesel.
- Stocks of heavy residues fell by 4,000 barrels, unchanged in percentage terms week on week as they stood at 10.187 million barrels. This is the second week they have held above the 10 million barrel level. Spot trading activity at the key bunkering hub of Fujairah was slowing leading to an easing of premiums for bunker fuel. During and outside the Platts MOC process on Sept 26. Fujairah-delivered marine fuel 0.5%S was heard offered at $643-$655/mt with lead times for delivery ranging between prompt to as far out as Oct. 5.

Source: S&P Global Commodity Insights

Energy Markets Views You can Use

Omar Najia
Global Head, Derivatives, BB Energy

Oil is going to go higher.

Brent made a straight line from about $72 back at the end of June and went straight up to $96. I don't think it's ready yet for $100 and I don't even think that's a significant number but eventually we're going substantially higher, and the background to that is geopolitical. The fact that the BRICS have admitted the UAE, KSA and Iran means that there's been a loss of control of oil prices. The west tried to do everything with the SPR. They're trying now to say the Russians can't cut diesel and crude etc. but that's not the case.

How long can Russia keep the diesel ban going?

Months. I think they're doing it on purpose. They want a change in government in the US. OPEC+ will continue to cut production, and the Russians will continue to do whatever it takes to keep prices high and inflation high because the other side has massive debt, and it wants to force the Fed to increase interest rates. It's strategic.

Much more room for speculative length to drive prices higher?

Saudi has not responded to pressure to lower prices. If you tell Saudi and OPEC that oil will not be needed in 10 years, it is in their interest to push prices higher. I see prices getting to $110 and $120 between now and January. We've seen monumental changes in the market. Saudi, the UAE and Iran, 80% of oil production, have joined the BRICS; that means no more US sanctions, and the Petrodollar is on its last legs.

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Energy Markets Views You can Use

Ole Hansen
Head, Commodity Strategy
Saxo Bank

Can we hit $100 despite the global economic outlook?

In the short term yes, as for now the focus is on tight supply. The recent oil price rally kicked off with the cuts extension to year end announced by Saudi Arabia and Russia, followed by the higher for longer message from the Fed, and compounded again by the US inventory report this week. High energy prices are now raising the risk of high inflation, and that's driving up bond yields and the dollar, all adding to potential demand malaise later. The wider market is most certainly signaling that recession will probably arrive in the US over the coming months, but for now, it's this man-made decision to keep supply tight that is forcing prices higher.

Could we see a dramatic drop in prices once demand starts to falter?

Rising oil prices heading into a recession tends not to go well. That and a rising dollar could have a stronger negative impact on demand than previously expected. The cost of crude for China and for Europe is up more than 20% this year and in Turkey, more than 60%. We may be approaching the point where we get an announcement from the Saudis – it's not in their best interest to see prices above $100 at this point. And from a trading point of view, there are literally no shorts left in the crude market. So, when we hit a peak, there will be a lot of longs looking to find a short that wants to buy their position back and so, there could be quite a cramp near the exit door. Also, funds aren't extending their lengths into oil to the degree we've seen in the past because of macroeconomic concerns and at a time where OPEC spare capacity is at the highest levels we've seen in many years.

ENERGY MARKET NEWS

1. OIL PRICES SURGE TO HIGHEST LEVEL IN MORE THAN A YEAR
2. HIGH PRICES PUSHED IRAQ'S OIL EXPORT REVENUES TO $9BN IN AUGUST
3. DOLLAR SHINES AS OIL SURGE SPOOKS INVESTORS
4. PUTIN URGES ACTION OVER FUEL PRICE RISE
5. US SHALE EXECUTIVES ARE BRACING FOR RECORD COSTS TO GET WORSE
6. CHINA PROPERTY GIANT SUSPENDS SHARES AMID REPORTS OF DETAINED LEADERS
7. US OIL JUMPS $1 ON CRUDE DRAW, TIGHT GLOBAL SUPPLY
8. US GOVERNMENT SHUTDOWN COULD ADD MISERY TO AIR TRAVEL
9. MORNING QUOTE: DOOM LOOP MOMENTUM BUILDS
10. POPULISM COULD DERAIL THE GREEN TRANSITION

RECOMMENDED VIDEOS AND REPORTS

OIL PRICES 'MELT UP' IN A MARCH TOWARD $100 A BARREL

NO DEMAND DESTRUCTION AT $90 A BARREL OIL: DEVON ENERGY CEO RICK MUNCRIEF

MIDDLE EAST PASSENGER TRAFFIC TO REACH 429MN IN 2024

HOLIDAYS AT HOME FOR RECORD NUMBER OF CHINESE AS ECONOMIC SLOWDOWN BITES

"JAPAN COMMITTED TO ENERGY TRANSITION BUT LIMITED BY INVESTMENT COST AND ELECTRICITY"

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Energy Markets Views You can Use

Mukesh Sahdev
SVP, Head of Downstream/Oil Trading
Rystad Energy

The oil market will be in two phases over the next few months.
In September and October, the global refinery system takes a pit stop for maintenance and turnarounds but in November and December, the market will come calling for more crude oil of about two to three million barrels - that's when the real impact of the OPEC+ cuts will probably start to bite hard.

Outlook for China demand?
Year-on-year growth in global jet demand is about a million barrels, and 300,000 b/d of that is from China, so demand growth in China is still decent despite the economic headwinds. Many refinery systems coming online in China will buy about 15 million barrels of crude, and the country will also continue to stockpile for the future. China will probably come out stronger than what people think.

Won't China dig into its inventories rather than import more oil?
We need to distinguish between the crude volume story and crude quality story. Demand for jet and diesel is rising as we emerge out of the pandemic globally. The Saudis know very well that for refineries to optimize and make these products in greater quantities, they need medium sour barrels. US oil for example, doesn't provide that. Going into Q1 next year, as travel eases up further, China will continue to buy more oil. in my view, the quality and volume game of cuts will be played by Saudi at least until the summer of 2024. At that point, demand might take over the job of keeping oil prices high rather than the supply cuts.

Jamie Ingram
Senior Editor, Middle East Economic Survey

Are Gulf refiners filling the gap for Europe in Russian diesel exports?
Refineries in Europe have been running a lot lighter crude feedstock than they want to because they've been cut off from their traditional supplies from Russia and the big OPEC+ cuts have fallen on medium sour crude volumes. Middle East refiners will export more middle distillates potentially to Europe. We've seen a lot of barrels from Kuwait's Al Zour refinery and that will be ramped up further. In Oman, the OQ refinery at Duqm is meant to be hitting full capacity by the end of the year. That's going to be export focused and running on the same feedstock that everybody else wants to be using. The Jizan refinery in Saudi Arabia is running at some very small volumes. Some of that is because of technical difficulties, but the feedstock that's required there is also needed by buyers across the world. So, diesel is going to be a big inflationary problem for Europe going through this winter.

How tight is global crude supply at the moment?
We have had supply issues but looking ahead to 2024, we've got strong US supply growth coming back, and growth in Guyana and Brazil, coupled with a lot of uncertainty on demand for the US and China. In Iraqi Kurdistan, crude volumes have been shut off from global markets, but what's happened there is that in southern Iraq, the federal government has basically capitalized on this to remain broadly within their own OPEC+ commitments while boosting output of its own production from the south. So, on a total volumetric basis, it nets off. But when you've got volumes from southern Iraq coming around the Gulf through Suez into Europe, that's a lot more friction and a less efficient way of routing than simply piping it from Ceyhan to the Med.

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Energy Markets COMMENTARY WEEK IN REVIEW

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GI Soundings Week in Review

"Price Rise Seen as Short-term while Demand Concerns into 2024 Linger!"

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.

- **Omar Al-Ubaydli, Director of Research, Bahrain Center for Strategic International & Energy Studies**
- **Vibhuti Garg, Director – South Asia, IEEFA**
- **Neil Atkinson, Former Head of Oil Markets Division, International Energy Agency**
- **Salih Yilmaz, Senior Energy Equity Analyst, Bloomberg Intelligence**
- **Victor Yang, Senior Analyst, JLC Network Technology**
- **Bill Spindle, Senior Global Correspondent, Cipher**
- **Anish Kapadia, Director and Head of Energy, Palissy Advisors**
- **David Fyfe, Chief Economist, Argus Media**

Omar Al-Ubaydli, Director of Research, Bahrain Center for Strategic International & Energy Studies SAUDI OPEC+ POLICY "This is exactly the buffer that Saudi Arabia has been building for the last year or so. It is well-placed now to relieve the pressure and to lower prices in exchange for whatever interests it seeks on behalf of itself and the wider OPEC+ group."

Vibhuti Garg, Director – South Asia, IEEFA BIOFUEL ALLIANCE "While our objective is to reduce our reliance on imports of oil, pushing a lot of biofuel can be counterproductive as it might also come at a cost to food security and water and land use, so why not just leapfrog and promote more electric vehicles?"

Neil Atkinson, Former Head of Oil Markets Division, International Energy Agency STOCK LEVELS "Crude stocks in the US are still well over 400 million barrels. Stocks of products, with the exception of diesel, are still reasonably comfortable. I don't think the drawdown in Q4 is going to be 3mn b/d or even close to that, so we can cope with the expected demand of the next six months or so."

Salih Yilmaz, Senior Energy Equity Analyst, Bloomberg Intelligence ENERGY TRANSITION "European majors have had a lot more shareholder pressure to be focused on climate than US majors, but the last couple of years have reminded everyone how lucrative the legacy oil and gas business can be, and so we're seeing some moderation by certain IOCs in Europe on decarbonization targets."

Victor Yang, Senior Analyst, JLC Network Technology CHINA DEMAND "The economy has been underperforming expectations, but crude throughout has jumped this year and gasoline and jet demand have been much higher than last year. Gasoline has been close to previous record highs before the pandemic, and in August consumption set a new record. Gasoline and jet fuel demand have not peaked yet."

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GI Soundings Week in Review

Continued

Bill Spindle, Senior Global Correspondent, Cipher ENERGY TRANSITION "Supply restraints combined with energy security concerns, have pushed up costs for renewables and led to a slight backing off from the Energy Transition. But down the road, the real question is whether countries such as China that are still expanding production, particularly of coal, are doing that as a real security measure, or as a just in case while they continue to build out their renewable energy."

Anish Kapadia, Director and Head of Energy, Palissy Advisors KAPADI DEMAND "We expect 0.5 mbpd of oversupply in Q4, mainly triggered by concerns on the demand side and the impact of higher interest rates. US gasoline demand in the US is down on 2019 figures and distillate growth hasn't been great in the first half of this year. And we've also got a lot of concerns around the Chinese data that we're seeing."

David Fyfe, Chief Economist, Argus Media GLOBAL GDP "The tightening of monetary policy is only now beginning to feed through into the US market. The European market is looking soft, and Germany is essentially in recession. So, I expect a weak Q4 2023 and first quarter 2024 for the Atlantic basin. China and the emerging markets could help offset that, but 20-year high interest rates for the USD are also not helpful for emerging market demand."

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Fujairah Oil Industry Zone

As the UAE's only emirate on the Arabian Sea coast, Fujairah is at the heart of the new energy corridor opening up East of Suez to Asia. The emirate is already established as a world-scale storage and bunkering center alongside Rotterdam and Singapore and is set to benefit in the next few years from companies' plans to expand crude and petroleum product facilities to avail of the state-of-the-art physical infrastructure on offer.

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