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Fujairah New Silk Road WEEKLY NEWSLETTER

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منطقة الفجيرة للصناعة البترولية
Fujairah Oil Industry Zone
Port of Fujairah
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United Arab Emirates

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

"Oil Market is at the Foothills of a Multi-year Boom Price Cycle!"

Robert McNally, Founder & President, Rapidan Energy Group

When we look at the latest data on oil demand, it's coming along fine. We're recovering briskly from COVID. China is hitting record implied demand levels, India didn't even lose a beat, and the biggest overlooked area of surprising demand strength is ironically in one of the best covered parts of the oil market - the US gasoline market. The East Coast gasoline market is quite tight. Yes, we've had a problem on gasoil and diesel and that's been affected by the global economic slowdown and the warm winter we had, but just about every other category is showing surprising strength. And remember, we only see demand data, especially the hard data, after a several month lag. I believe that the oil market is entering the foothills of a multi-year boom price cycle. We have underinvested in supply, and while demand has been held back by COVID and macroeconomic weakness, it's going to surprise to the upside when the economy returns to health. When OPEC+ looks at the next few years, they see demand exceeding net supply growth, and therefore the price having to rise sharply. And it's very different to 2014 when they saw a risk to their market share. They look forward now and they see a market that's going to get too tight. But until then, traders are very bearish because of the macroeconomic risk of a recession, and we've seen that translate as downward pressure on prices in speculative short positioning in futures markets. We're at almost an 11-year high in terms of net short positions. That is what causes OPEC+ to want to get out in front and be preemptive and proactive on cuts. The group won't want to lose control of prices to financial market participants, even for a short period of time, and if necessary, they will cut again.

CONTINUED ON P 3

Fujairah Weekly Oil Inventory Data

6,967,000 bbl	4,729,000 bbl	11,155,000 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

Weekly Average Oil Prices

Brent Crude:	$76.96/bl
WTI Crude:	$72.93/bl
DME Oman:	$75.17/bl
Murban:	$76.00/bl

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

Fujairah Weekly Bunker Prices

VLSFO

High = $574.50/mt

Low = $553.50/mt

Average = $563.00/mt

Spread = $21.00/mt

MGO

High = $886.00/mt

Low = $854.50/mt

Average = $870.50/mt

Spread = $31.50/mt

IFO380

High = $465.50/mt

Low = $441.00/mt

Average = $448.50/mt

Spread = $24.50/mt

*Source: Ship and Bunker, *Time Period: May 17 – May 24, 2023*

Fujairah Bunker Sales Volume (m^3)

480
180cst Low Sulfur Fuel Oil

441,912
380cst Low Sulfur Fuel Oil

126,943
380cst Marine Fuel Oil

257
Marine Gasoil

26,738
Low Sulfur Marine Gasoil

4,270
Lubricants

Source: FEDCom & S&P Global Platts

CONTINUED FROM PAGE 1

Robert McNally, Founder & President, Rapidan Energy Group

Is there a particular price that would trigger OPEC+ to cut again?
Rather than price, they look at three things. One is the positioning by speculators managing money in the futures market and today, that is flashing to OPEC+ that it may need to send another warning to cut again. They also look at inventories for OECD countries, at Chinese inventories and at oil on the water. And then they look at the term structure of the futures curve and whether it's in contango or backwardation. Those three factors, especially the short positioning, is their main radar screen now. They do also look forward and try and project fundamentals but it's getting harder and harder to have a high confidence on that for the next 3 to 6 months, mainly because of the macroeconomic risk. Once we cross that period, we're into a tight market and the concern for OPEC might be that they won't be able to cap rising prices.

How would you rate economic sentiment in the US?
It's pretty awful, because when we have tightening credit conditions at the rate that we've seen in the past year, we often discover financial problems, such as bad banks and so forth and that raises the risk of contagion that there could be a systemic problem in the financial markets that could cause something similar to 2008. That is something OPEC+ has not forgotten and that traders have not forgotten – when oil prices went from the mid- $140 range to the mid-$30 range within six months. There's no question some traders are positioning for that macroeconomic eventuality, and we see that especially in diesel, with the amount of net short interest there.

Any reason for OPEC+ to be concerned about competing US production?
It's like night and day compared to the 2014-2015 period, when non-OPEC supply growth was close to 2 million b/d per year, and when demand growth was little above a million b/d per year. The other factor that defined that period was OPEC convincing Russia to join in collective supply management and that has continued to this day. As far as US output is concerned, we might see growth of a half million b/d this year and 300,000 b/d or so next year, but nothing like the million b/d that we had in 2014.

Is Russia still relevant to OPEC+ today?
Russian is critical to the group's unity and cohesion. We have seen how when it refuses to cooperate, we get price wars and price collapses. As long as Russia goes along with OPEC+ policy, agreeing to cuts and so forth, then I think there's a lot of empathy and tolerance for it. And because of its invasion of Ukraine and being under sanctions, it's in a grey area on production cuts; it has joined with other OPEC countries but is also not fully expected to adhere to its precise quota level. Russian participation will always be important if there's a risk of an economic downturn as there is today, but once we get into the boom phase later this decade, it will matter less because there won't be the need for collective cuts to balance the market.

Is the global Energy Transition still on track?
Between the Paris Agreement in 2015 and the end of 2020, there was high optimism about the likelihood that the world would be quickly transitioning off oil to reduce emissions. Since 2021 however, there's been a decline in that euphoria. With Russia's invasion of Ukraine, massive oil price spikes, central banks fighting inflation - there's a recognition that we will not be getting off oil and gas any time soon. We also see that now with the UAE in charge of COP 28, and OPEC+ countries asserting themselves in the climate change discussions, saying they're going to decarbonize, but that they're not going to abruptly cut off their oil.

How concerning is the debt issue in the US?
The real threat to the global economy and the energy sector in some ways, is this debt. Even if we get healthy GDP growth, our debt situation is still catastrophic. The US especially, has promised hundreds of trillions of dollars in retirement benefits in the coming decades that are not part of the tax code and that are in addition to the $32 trillion public debt. This is a problem that is going to have an earthquake effect on US politics. The deteriorating debt situation could end up leading to the government having to seize profits from lucrative sectors, like energy, to pay off these enormous implicit promises that have been made to retirees. In a way, the debt question could have a much bigger impact than climate change on the political discussion around energy.

WATCH FULL INTERVIEW HERE

GI Consultancy Intelligence Publishing

MARK YOUR CALENDAR
October 10th & 11th, 2023

#EMFWEEK23 ITINERARY

Port of Fujairah
ميناء الفجيرة
United Arab Emirates

ENERGY MARKETS FORUM

October 10th - 11th, 2023
Novotel, Fujairah

GI Consultancy Intelligence Publishing

aramco trading · Vitol · ADNOC · enoc · S&P Global Commodity Insights · MERCURIA · nbf National Bank of Fujairah · FOIZ Fujairah Oil Industry Zone · Vopak Horizon Fujairah Limited · SNOC · GPS CHEMOIL

OCT. 10th

Time: 11:00AM
What: Open Registration
(GI Consultancy Intelligence Publishing)

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

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

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

Time: 7:00PM - 9:00PM
What: Aramco Trading Gala Awards Dinner
(aramco trading)

Time: 9:30PM - 10:30PM
What: GI Networking Social Hour
(GI Consultancy Intelligence Publishing)

OCT. 11th

ENERGY MARKETS FORUM 2023

Time: 8:00AM - 9:00AM
What: Breakfast Briefings
(enoc, aramco trading)

Time: 9:00AM - 11:00AM
What: Plenary Session
(Vitol, ADNOC)

Time: 11:30AM - 1:00PM
What: Industry Roundtables
(MERCURIA, S&P Global Commodity Insights, SNOC)

Time: 1:00PM - 2:00PM
What: International Energy Journalism Awards Lunch
(nbf National Bank of Fujairah)

Time: 2:30PM - 3:30PM
What: Professional Learning Seminars & Industry Roundtables
(Vopak Horizon Fujairah Limited, GPS CHEMOIL)

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

5:00PM - END OF EMFWEEK23

Energy Markets Views You can Use

Rashid Al Mazrouei
Senior Vice President – Marketing
ADNOC Gas

What's the role for gas and LNG in the Energy Transition?
I like to call LNG a destination fuel. For as long as we can see ahead of us, gas and by extension LNG, will be playing a role in enabling any Energy Transition. It's part of the journey, but also for the foreseeable future, the destiny. One reason is because of the intermittency in renewables; gas by contrast allows for stable networks and can be ramped up and down on days when it's cloudy or when the wind isn't blowing. Gas also alleviates the overall cost that intermittency places on grid management. And lastly, a gas power plant produces 50% less emissions compared to one fired by coal, according to the IEA. LNG can reduce GHG emissions by 30%, according to the Global Methane Initiative. And in the transportation sector, according to the International Association of Ports, when LNG is used as a marine fuel, it can reduce sulfur oxide by about 90%. The European Commission says LNG trucks can reduce emissions by up to 20% compared to diesel.

How is ADNOC Gas evolving to meet these requirements?
ADNOC gas is offering a total downstream solution for about 60% of the UAE domestic market. We run just under 3,500 kilometers of pipeline, have about 10bcf/day of gas processing capacity and 21 million tons of NGLs and are one of the biggest producers of LPG at just above 10 million tons. All this however does not mean that our focus on serving international markets will be any less – we're building on the strengths we have in the system to be able to offer better solutions to some of our global markets.

Are long-term LNG contracts losing their appeal?
A couple of years ago, everybody was saying we can rely on the spot market. But what we've seen is how susceptible the LNG market is to movement and that the only way to protect yourself is by having a big part of your portfolio come from reliable suppliers that will commit to delivering on a specific date and on an agreed basis. We see more and more of that now in the markets and it's the right trend. To have affordable LNG long-term and particularly in developing markets, you need to make a commitment and can't dip into the market simply when prices happen to be low.

How has your business model shifted to access new markets?
In 2019, we started selling to many different markets in Asia that we hadn't served before – with more cargoes going to India, Thailand, China, Vietnam, and Korea. Asia was demonstrating much more demand for LNG than Europe and it continues to have a lot of growth potential. But fast forward to today, and Europe also needs the molecules, and we are willing suppliers. We are blessed to be in a location where we can produce and divert LNG east or west.

Source: Rashid Al Mazrouei spoke at MPGC23 conference, produced by S&P Global Commodity Insights

Mike Muller
Head
Vitol Asia

The market today is more at ease with the supply demand outlook.
One reason is the elimination of the risk premium - it's not that long ago that there was uncertainty around how the price cap legislation would work, and there was a real concern that Russian goods would not come to the market because insufficient players would be able to cope with the impacts of sanctions. The second reason has been recession fears, and so open interest on exchanges for products such as Brent, WTI and most notably middle distillates contracts –heating oil in the US and gasoil in London - is at the smallest level ever for the speculative elements in the market and many fund managers appear to be short on distillate. Why is there that degree of lack of confidence in the market? One reason could be that oil has traditionally been seen as an inflation hedge, and now it is perhaps being seen to have served its purpose with inflation levels going as far as they have to run. The other reason could be that people are simply looking to shift asset allocations wholesale out of fossil fuels because their clientele want to see them deploy their assets in other segments of the market. The last reason the market has softened is that many bottlenecks have been eliminated in terms of supply demand concerns. We had very high natural gas prices because of the Russia-Ukraine conflict, and as a consequence, the fuel to refining systems in Europe and elsewhere, was elevated to a point that it had to force higher margins. That has now gone away and at the same time, we have had a significant addition of refining capacity.

Source: Mike Muller spoke at MPGC23 conference, produced by S&P Global Commodity Insights

Fujairah Spotlight

Fujairah Crown Prince attends World Cup Women's Epee final, honours winners

H.H. Sheikh Mohammed bin Hamad bin Mohammed Al Sharqi, Crown Prince of Fujairah, expressed his views on the emirate's significant role in promoting global initiatives to expand the popularity of martial arts, encourage female participation in sports and advance the status of women worldwide.

Source: Emirates News Agency – WAM

Oil product stockpiles fall for first time in 3 weeks

Stockpiles of oil products at the UAE's Port of Fujairah dropped for the first time in three weeks in the seven days ended May 22 as exports for fuel oils used in power generation and shipping picked up, according to the latest shipping and port data. Total inventories fell 8.2% on the week to 22.851 million barrels as of May 22, after reaching a five-month high a week earlier, according to data from the port's Fujairah Oil Industry Zone provided exclusively to S&P Global Commodity Insights on May 24. Total inventories were up 11% since the end of 2022.

Source: S&P Global Commodity Insights

Population of the Emirate of Fujairah reached 316,790 in 2022: Fujairah Statistics Centre

The population of the Emirate of Fujairah stood at 316, 790 last year, according to estimates by the Fujairah Statistics Centre. The centre's 15-chapter statistical yearbook for 2022 showed that the number of births reached 2,711, marriages 571 and student body at public and private schools stood at 43,234.

Source: Emirates News Agency – WAM

Fujairah and Sharjah step up sea turtle conservation efforts

Sea turtles have recently been spotted laying eggs at the Miramar Al Aqah Beach Resort in the emirate of Fujairah. The Fujairah Environment Authority (FEA), in collaboration with the Fujairah Research Centre (FRC) and Jumeirah Group's Dubai Turtle Rehabilitation Project (DTRP), sent Dr. Juan Diego Urriago, Marine Consultant, and Fujairah Marine Ranger Abdullah Bakhsh to keep the tur-tles safe from outside disturbances and predators.

Source: Alarabiya News

Energy Markets Views You can Use

Maleeha Bengali
Founder, MB Commodity Corner

Is there market disappointment at Chinese demand?
China has had a recovery in jet fuel and travel demand, but manufacturing and industrial demand has not materialized. Our indicators have showed continued weakness in US and European economic data, and China will be impacted by that. The bullish estimates also rest upon China stimulating and providing liquidity injections into its economy. It's the same view in the US - the whole market is predicated on the hopes of a Fed pivot or a pause, but the economic data shows no pick-up in demand. We have housing weakness and issues with the banking sector. And it's not like in 2008 - this time, it's issues about lending, about credit, about a liquidity squeeze. We are not seeing consumer spending. Average real income growth is more negative and we have higher utility costs. All the indicators show actual economic weakness.

Is the market nervous about the debt ceiling default issue?
Even once a debt ceiling is passed, the secondary derivative effects of a possible debt default have not been priced in. There are a lot of issues in terms of Treasury issuance, cash, and liquidity - net money supply is going to be falling, which is bad for risk assets. And with lending to risky ventures now being held back, growth in that part of the economy is coming to a standstill.

Trajectory for the USD?
Most estimates are calling for a lower dollar right now because they're expecting a bit of a pause in interest rates. But the last few weeks have been very interesting as the dollar index is picking up. We think the Euro is too expensive and that the USD is actually quite cheap on a short-term tactical basis, because even if the Fed eventually cuts rates or pivots, there's a wholesale recession risk and in that environment, the dollar always rallies. Eventually there are expectations for a dollar devaluation, but it's going to remain strong as we head into a recession.

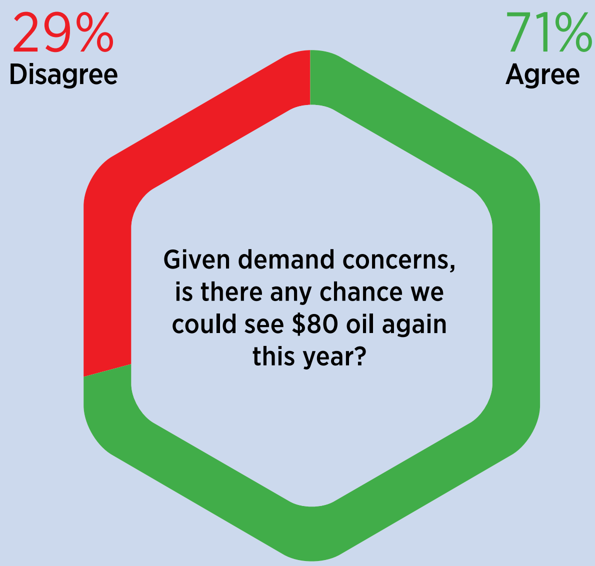
Victor Yang
Senior Analyst, JLC Network Technology

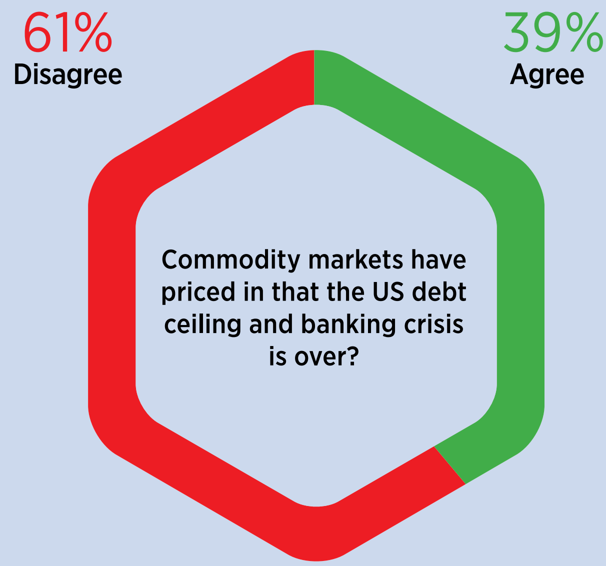
How would you assess China's economic recovery so far this year?
When we first opened after COVID, analysts were quite optimistic about a fast recovery and we did see that in Q1, but we are expecting slower growth in the coming months than originally anticipated, particularly in industry. Diesel demand indicates economic growth quite well and when we look at April data, we didn't see much growth from March. China also depends a lot on diesel exports and international demand is not back yet. The country usually exports to about 40 countries and in April, it exported to only 14. The restrictions on COVID might be over, but the impact on industry and companies, remains. We can't simply be back online when the restrictions are over. It doesn't work that way, but we do expect more recovery in Q3. On the positive side, gasoline demand grew in April alongside a significant pick up in travel.

Expectations for product export quotas in 2H 2023?
China issued a quota in early May, so refiners have enough to use for the moment. The most important issue today is margins, which have been negative for over month and that has dampened refiners' interest in exports. They're now looking for new outlets for their products and a new product mix, especially with two refineries coming online since late last year. Domestic demand has not grown as fast as this new capacity. But with such poor margins, they will hold back on exports unless they improve quite significantly.

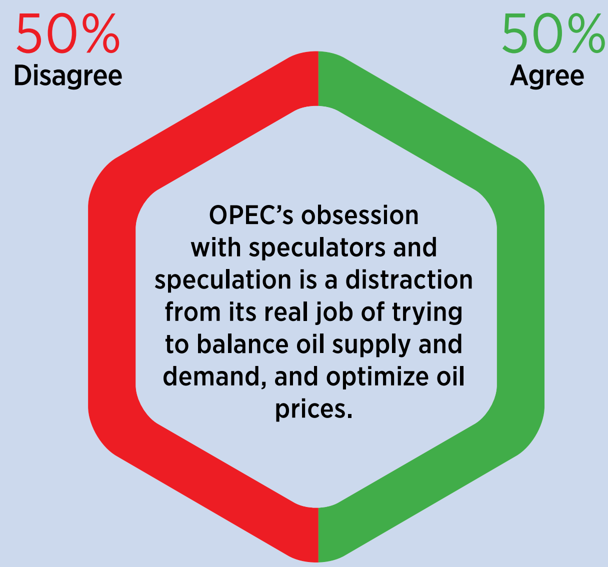
Update on crude inventories?
Stocks are close to full capacity. In the first four months of the year, the country's imports recovered by 4.6% according to official data, but the actual figure could be higher as China also imported a certain volume of bitumen.

Weekly Surveys





What impact would it have on oil prices if OPEC+ formalized the so-called “voluntarily” production cuts of 1.66mn b/d implemented this month by 9-member countries when the group next meets on June 4th?



Source: GI Research March 2023

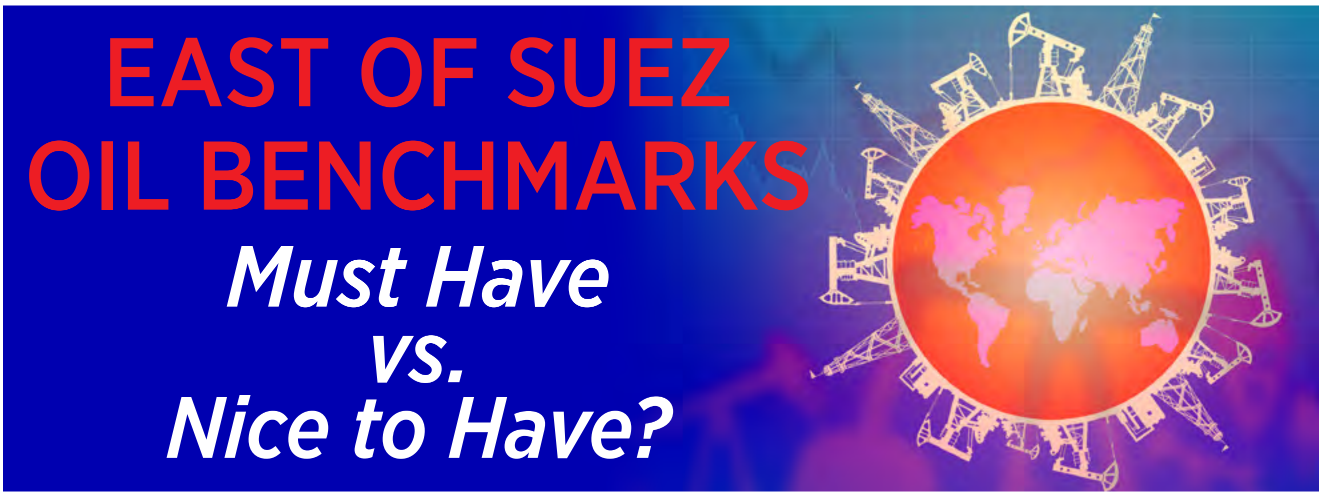
Fujairah Weekly Oil Inventory Data

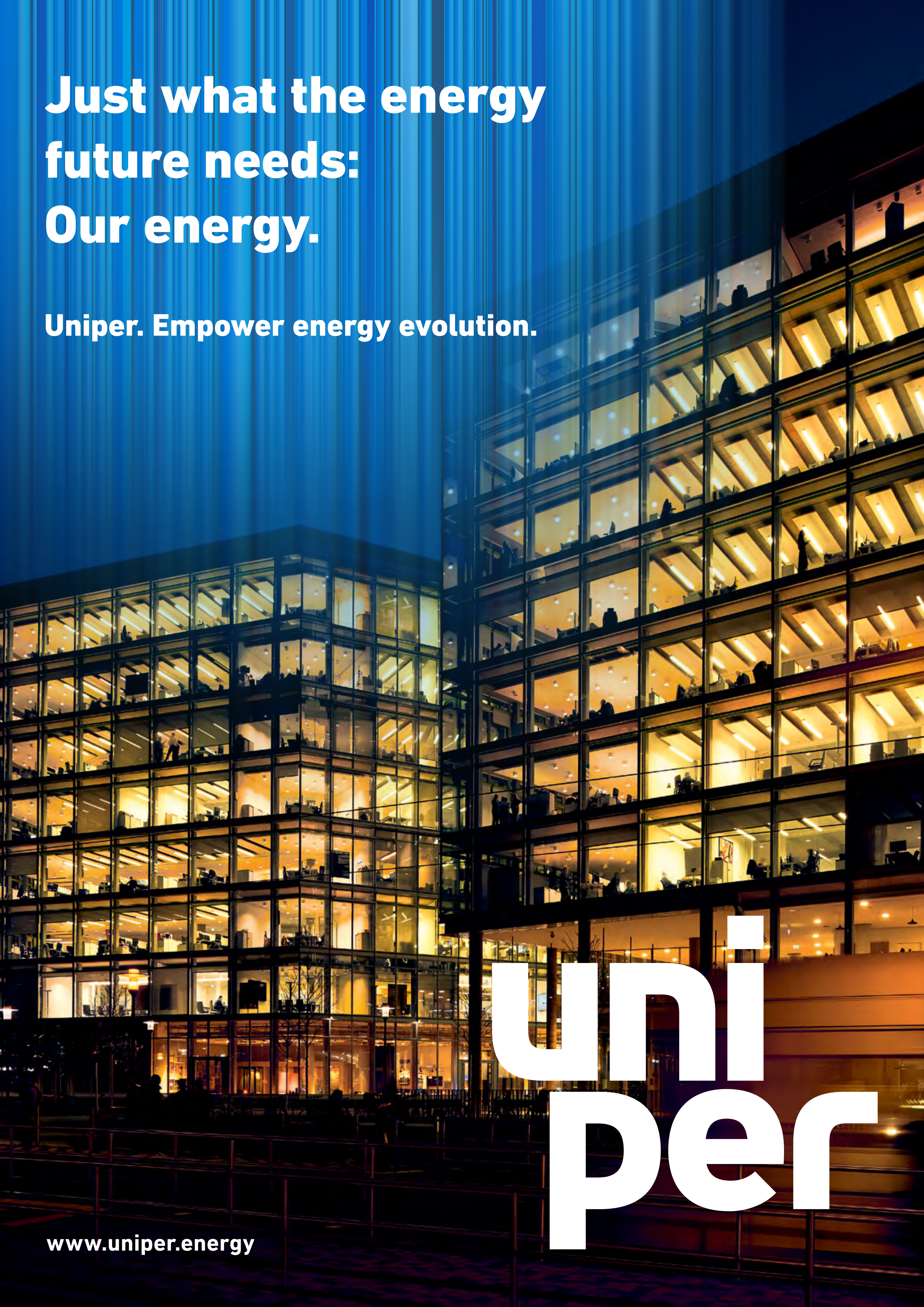
FOIZ
منطقة الفجيرة للصناعة البترولية
Fujairah Oil Industry Zone

TOP TAKEAWAYS

- Total oil product stocks in Fujairah were reported at 22.851 million barrels with a drop of 2.049 million or 8.2% week-on-week. The stocks movement saw a drop for heavy residues and a rise for light distillates and middle distillates.
- Stocks of light distillates, including gasoline and naphtha, rose by 83,000 barrels or 1.2% on the week to 6.967 million barrels. The East of Suez gasoline complex strengthened in early trade May 24, tracking a widening US RBOB-Brent crack ahead of Memorial Day in the US on May 29. Looking ahead, the Singapore reforming spread is expected to widen in June as gasoline prices rise during the summer driving season while the Asian naphtha complex softens amid poor downstream demand.
- Stocks of middle distillates, including diesel and jet fuel, increased by 170,000 barrels or 3.7% on the week to 4.729 million barrels. Backwardation in the East of Suez gasoil market structure eased slightly May 23 but market participants observed that the complex remained supported in the near term. Industry sources attributed the strength in the market to a crimp in supply for June-loading cargoes amid scheduled refinery turnarounds in Northeast Asia. Oil product exports from the Middle East to Europe were performing better than crude flows because they were not linked to official selling prices and benefitted from the expansion of refineries in the region.
- Stocks of heavy residues drop by 2.302 million barrels, down 17.1% on the week as they stood at 11.155 million barrels. Spot trading activity at the key bunker hubs of Singapore and Fujairah was seen ranging between below average and moderate at best, as end-users await pricing cues on the sidelines despite a slight flat price drop, according to market sources May 23. Amid high winds and rough sea conditions around the UAE's bunker hub of Fujairah, barge refueling operations might face potential delays, putting a further cap in the already-thin bunker demand in the downstream market. Tough weather conditions might pose further challenges, especially in the low sulfur fuel oil bunker market, as demand might get more subdued than before. Additionally, the upstream LSFO inventory stock build in Fujairah has persistently outpaced slower demand in the downstream market, as sellers were also seen eager to move cargo and cap stockpiles.

Source: S&P Global Commodity Insights

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Energy Markets COMMENTARY WEEK IN REVIEW

Daily Energy Markets PODCAST

Consultancy Intelligence Publishing

MONDAY /// MAY 22nd /// 10:30AM (UAE)

Omar Najia
Global Head, Derivatives, BB Energy

Vandana Hari
Founder & CEO, Vanda Insights

James McCallum
CEO & Chairman, Xergy Group
Professor of Energy, Strathclyde University

Daily Energy Markets PODCAST

Consultancy Intelligence Publishing

TUESDAY /// MAY 23rd /// 10:30AM (UAE)

Ali Al Riyami
Consultant & Former Director General of Marketing, Ministry of Energy & Minerals, Oman

Maleeha Bengali
Founder, MB Commodity Corner

Victor Yang
Senior Analyst, JLC Network Technology

Daily Energy Markets PODCAST

Consultancy Intelligence Publishing

WEDNESDAY /// MAY 24th /// 10:30AM (UAE)

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

Salih Yilmaz
Senior Equity Research Analyst - Energy, Oil & Gas, Transition, ESG, Bloomberg Intelligence

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

Daily Energy Markets PODCAST

Consultancy Intelligence Publishing

THURSDAY /// MAY 25th /// 10:30AM (UAE)

Tony Quinn
Operating Partner, Prostar Capital
CEO, Tankbank International

Ram Narayanan
Director/ VP - Strategic Market & Business Development
Vedanta

Paul Hickin
Editor-in-Chief
Petroleum Economist

Frank Kane
Editor-at-Large
Arabian Gulf Business Insight
Guest Host

CLICK HERE TO LISTEN

Consultancy Intelligence Publishing

Energy Markets Views You can Use

Asma Rouabhia
MENA Regional Manager at UN Foundation
& SDG 7 Youth Constituency, Regional Manager at Girl Up

Professional sustainability certifications are becoming more prominent
From my perspective as a young person and as someone from the Arab region, what I've noticed is that there has recently been a strong emphasis on sustainability certifications within organizations that seek to encourage and incentivize younger generations. Organizations will often ask their employees what additional skills they would like to acquire, what kinds of certifications they'd like to have, and what kind of courses they'd like to take. The organization will sometimes even offer to pay for it. In my case, I always express interest in deepening my knowledge of sustainability issues and climate change, especially with regards to the energy transition. Since education extends beyond the university, these kinds of opportunities for upskilling employees are becoming crucial elements of corporate social responsibility.

Female empowerment in STEM fields can come from networking with trailblazers
My work with Girl Up at the United Nations Foundation lies at the intersection of young female empowerment, upskilling in underrepresented fields, and the Middle East and Africa region. Childhood and adolescence are very crucial ages for women. And women are often underrepresented in the STEM fields of science, technology, engineering, and mathematics. What we do is to encourage young women to familiarize themselves with STEM opportunities and to pursue education in these fields by connecting them with other successful women in the region and having online bootcamps or in-person trainings.

Source:The Middle East & Africa Forum for Sustainability Leaders Podcast

ENERGY MARKET NEWS

1. OIL PRICES FALL ON US DEBT UNCERTAINTY
2. ARGENTINA ASKS OIL FIRMS TO FUND THEIR OWN IMPORTS AMID FOREX SHORTAGE
3. OPEC WATCHERS SEE STEADY OUTPUT EVEN AS SAUDIS WARN SPECULATORS
4. REVIVAL OF IRAN-OMAN GAS EXPORT DEAL COULD PROVE TRICKY
5. STALLED US DEBT TALKS, INFLATION WOES HIT STOCKS
6. U.S. WTI MIDLAND CARGOES PREP TO BE DELIVERED VS DATED BRENT
7. OPEC+ CREDIBILITY ON LINE WITH TALK OF MORE 'OUCHING': KEMP
8. DOLLAR ASCENDANT AMID RESILIENT US ECONOMY, HAVEN DEMAND
9. OIL MOVES HIGHER AS EIA REPORTS HUGE CRUDE DRAW
10. KAZAKHSTAN TO SEND 100,000 TONNES OF CRUDE TO GERMANY VIA DRUZHBA IN MAY

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RECOMMENDED READING:
- **US PRESIDENTIAL CANDIDATE DESANTIS BACKS BITCOIN, DIGITAL CURRENCIES**
- **NO MORE ENERGY AID IN 2024, EU COMMISSION URGES MEMBER STATES**
- **RUSSIAN HYPERSONIC SCIENTIST ACCUSED OF BETRAYING SECRETS TO CHINA**
- **U.S. DRILLING RIGS SWING TO ANNUAL LOSS FOR FIRST TIME IN YEARS**
- **OIL PRICE PREDICTIONS HAVE BECOME ODDLY POLARIZED**

Energy Markets Views You can Use

Dr. Steve Griffiths
Senior Vice President, Research and Development
Khalifa University

There's a paradigm shift for sustainability skillsets

While many sustainability initiatives will invariably involve regional flavors that conform to a specific part of the world, from the academia side, we strive to find solutions that have global relevance. When it comes to university engagement with various industries to assist in their energy transition, there are three ways in which the traditional paradigm is changing. The first revolves around the fact that the skillsets required for the workforce of the future need a sustainability focus to them. It's hard to begin work at a company and not know the discussions happening around climate change. There's also an increasing cognizance of what evolving sustainability terminology looks like – for example, the differences between scope 1, scope 2, and scope 3. The second shift is about how to package the appropriate skillset together for transformation. Sustainability professions can't work in silos but must rather have a holistic awareness of processes. The third change focuses on enabling the skillset. Part of that requires being digitally savvy and knowing how to organizer and interpret data sets.

Students should graduate with an understanding of digitalization and sustainability

There are several platform capabilities which should really be a common thread throughout every educational curriculum. One of them is digital skills. All students should have a core understanding of how to become more savvy in the use of digital technologies, whether or not they intend to become data scientists or target a different profession. Sustainability is less discussed but nonetheless just as important. If someone is going to work in the corporate environment today and looking to move up the ladder and get promoted, certificates and trainings are great, but the students should already leave universities with that knowledge. I'm a big advocate of cross-cutting themes in educational programs in any university where sustainability and digitalization are taught side by side.

Source:The Middle East & Africa Forum for Sustainability Leaders Podcast

GI Soundings Week in Review

"Markets Are Holding Their Breath on Crossing the X Date for US Debt Ceiling!"

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.

- **Vandana Hari, Founder & CEO, Vanda Insights**
- **James McCallum, CEO & Chairman, Xergy Group, Professor of Energy, Strathclyde University**
- **Omar Najia, Global Head, Derivatives, BB Energy**
- **Ali Al Riyami, Consultant & Former Director General of Marketing, Ministry of Energy & Minerals, Oman**
- **Sara Akbar, Chairperson & CEO, OiLSERV, Kuwait & Non-Executive Director, Petrofac**
- **Salih Yilmaz, Senior Equity Research Analyst - Energy, Oil & Gas, Transition, ESG, Bloomberg Intelligence**
- **Rachel Ziemba, Founder, Ziemba Insights; Adjunct Fellow, Center for a New American Security**
- **Paul Hickin, Editor-in-Chief, Petroleum Economist**
- **Ram Narayanan, Director/ VP - Strategic Market & Business Development, Vedanta**
- **Tony Quinn, Operating Partner, Prostar Capital, CEO, Tankbank International**

Vandana Hari, Founder & CEO, Vanda Insights CHINA ECONOMY "China's recovery is highly uneven, and it's been far less impressive than what people had imagined at the start of the year. That optimism doesn't exist anymore, and for good reason. We must acknowledge that a big part of the economy is still dependent on exports - to the US, to Europe, and those economies are in troubled waters."

James McCallum, CEO & Chairman, Xergy Group, Professor of Energy, Strathclyde University G7-CHINA RELATIONS "China's position in the Energy Transition is massive in terms of its supply of wind turbines, solar panels etc. and so as we look across the energy spectrum, if indeed Europe and the US are going to pull away from China on trade, where is the alternative? Right now, there isn't an answer to that."

Omar Najia, Global Head, Derivatives, BB Energy DEBT "The rate of increase of US debt is becoming exponential. They're adding at least a trillion printed dollars a year, and that's going to go even higher. Corporate debt is unsustainable, consumer debt is at an all-time high, and 14% of US listed companies are losing money. So, it's just a question of when the bubble will burst."

Ali Al Riyami, Consultant & Former Director General of Marketing, Ministry of Energy & Minerals, Oman DEMAND OUTLOOK "The fears of recession in the west and of China's oil demand not being there, means we are in this kind of uncertainty. This will continue, and so I don't see any improvement for the rest of the year - the average oil price will be somewhere between $75 and $80."

Sara Akbar, Chairperson & CEO, OiLSERV, Kuwait & Non-Executive Director, Petrofac KUWAIT PRODUCTION "We are sticking to our OPEC quotas and part of that production goes into our refineries to make products for domestic use. But there is no additional crude that we are producing to have more products available. We do have a shortage of diesel in Kuwait these days and so the additional capacity from the Al-Zour refinery will help in stabilizing that market."

Salih Yilmaz, Senior Equity Research Analyst - Energy, Oil & Gas, Transition, ESG, Bloomberg Intelligence 2H OUTLOOK "The market seems to have been a lot more ready to price-in the downside, given the multiple drivers. In 2H, we are sticking to our original thesis that supply is constrained, with OPEC+ bringing cuts and staying strong with their view of a slowdown, and so they will be pre-emptive. We see them continuing to stick to that."

Rachel Ziemba, Founder, Ziemba Insights; Adjunct Fellow, Center for a New American Security DEMAND OUTLOOK "A lot of demand estimations count on a big rebound out of China and we are seeing some increases there. But I am a little bit more conservative. This rebound in demand might be more of a next year story. I was at a conference recently and the macro news is we might see some more upward adjustments to rates. I am not sure the Fed is fully done."

Paul Hickin, Editor-in-Chief, Petroleum Economist OPEC+ POLICY "The question is, what is the effectiveness of this Saudi attempt to backstop the market. They brought in a price band in the early 2000's and abandoned that when it failed. This is kind of a looser version of that, with a de facto floor that they're trying to implement, but it arguably could lead to more volatility rather than less."

Ram Narayanan, Director/ VP - Strategic Market & Business Development, Vedanta INDIA CRUDE IMPORTS "The big private refiners and some of the public sector ones are configured to handle Russian crude and it will probably remain a good part of India's import basket for the time being. But at some stage there will be a limit - India also has geopolitical considerations and it can't for example neglect the Middle East."

Tony Quinn, Operating Partner, Prostar Capital, CEO, Tankbank International CHINESE DEMAND "China is out of COVID, all the cities are open, the borders are open and everything's back to normal. All those sorts of activities tend to boost everything from aviation to other domestic fuels. Demand has been quite stable so far this year, and we're going to see that growing and getting stronger."

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