Fujairah New Silk Road WEEKLY NEWSLETTER

NEW SEASON '23-'24

SEPTEMBER 14th 2023
VOL. 167

Supported By:
FOIZ منطقة الفجيرة للصناعة البترولية Fujairah Oil Industry Zone
Port of Fujairah ميناء الفجيرة Port of Fujairah United Arab Emirates

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

"Oil Market is Accepting $90-$95 Price!"

Sheikh Khaled Ahmad M. Al-Sabah
Managing Director – International Marketing
Kuwait Petroleum Corporation

We should define what are high prices and low prices. The market today is setting a new era of pricing and how that correlates with supply and demand. We've seen a lot of change in prices during and since COVID. OPEC and OPEC+ have been trying to balance the market and they want stable prices and that's what has kept them at current levels. The market today has to accept that prices of $50-60 a barrel are no longer there. Geopolitics, supply, and demand, all influence prices, and taking all of those into account, I would say that $80 to $90 barrel is a fair price for consumers and producers. I don't think $90 to $95 is a very high price either and lately the markets are accepting that. However, I don't see them going any higher than this, although as a producer we wouldn't mind, but we are also quite comfortable with where they are. We've seen how there's been very little investment in new production from non-OPEC countries and that's a reflection that the forecasts for prices don't encourage that. But OPEC producers are continuing to invest to keep the market in balance and to also have extra capacity in case it's needed. The Arabian Gulf is known as a sour grade producer and refiners are now investing to upgrade their refineries to use more sour crudes, so OPEC members in the Gulf will try to secure any shortage in the market. For its part, KPC has plans to reach 3.0-3.2 million barrels a day of crude production by 2025 and is targeting 4 million barrels a day by 2035.

CONTINUED ON P 3

Fujairah Weekly Oil Inventory Data

5,826,000 bbl	1,801,000 bbl	9,090,000 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

THE WEEK In Numbers

Weekly Average Oil Prices

Brent Crude:	$91.55/bl
WTI Crude:	$88.28/bl
DME Oman:	$92.52/bl
Murban:	$93.24/bl

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

Fujairah Weekly Bunker Prices

VLSFO
High = $655.00/mt
Low = $634.00/mt
Average = $646.00/mt
Spread = $21.00/mt

MGO
High = $974.50/mt
Low = $942.50/mt
Average = $961.50/mt
Spread = $32.00/mt

IFO380
High = $540.50/mt
Low = $517.00/mt
Average = $532.00/mt
Spread = $23.50/mt

*Source: Ship and Bunker, *Time Period: Sept. 6 – Sept. 13, 2023*

Fujairah Bunker Sales Volume (m^3)

1,272	180cst Low Sulfur Fuel Oil
459,665	380cst Low Sulfur Fuel Oil
174,227	380cst Marine Fuel Oil
1,387	Marine Gasoil
23,015	Low Sulfur Marine Gasoil
4,151	Lubricants

Source: FEDCom & S&P Global Platts

CONTINUED FROM PAGE 1

Sheikh Khaled Ahmad M. Al-Sabah
Managing Director – International Marketing
Kuwait Petroleum Corporation

Will the increased uptake of Russian crude by China and India be permanent?
Nobody can deny that the Russian-Ukrainian war has impacted the oil market heavily and we can see now that most Russian oil is going east. China and India have become baseload buyers for Russian grades and the massive quantities going to India, are displacing other grades. But the fear that those volumes will be permanent is an over estimation of the situation. Economics, credibility and established relationships will always play a part in the formula for marketing oil. Kuwait has maintained our market share in India and China but because we have started the Al Zour refinery, which will have about 1.4 million b/d capacity, we've been trying to limit those volumes to keep them in-house. Still, given our ambitions to increase production, I'm sure that we will continue to engage our partners in the industry to take those barrels. We are also focusing more on refined products and will have about 33 million tons of middle distillates for export. We can now meet European specs, and so we are moving more diesel and jet into Northwest Europe.

Will Europe be your main new growth area?
KPC has a good market share in the east already, so we are now looking at Europe more in terms of jet fuel and diesel exports. We also have good contracts already in Africa but we see more demand opportunities there. Our increased volumes of middle distillates will allow us to diversify our market share.

When does KPC plan to kick off its trading business?
Most of our neighboring countries have been doing trading and we've learned from their experience that it's quite a successful and challenging model, but with good returns. Following internal studies, initial approvals have been granted and we now need to decide on the locations. These will be announced soon, with many options on the table.

WATCH FULL INTERVIEW HERE

MARK YOUR CALENDAR
October 10th & 11th, 2023

#EMFWEEK23 ITINERARY

ENERGY MARKETS FORUM

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

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: *H.E. Haitham Al Ghais, Secretary General, OPEC*

Time: 2:30PM - 4:30PM
What: ENOC Oil Markets Workshop

Time: 2:30PM - 4:30PM
What: BUS TOUR of FOIZ Oil Storage Terminals

Time: 2:30PM - 3:30PM
What: After Lunch Briefings
Oil & Geopolitics

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

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

OCT. 11th

ENERGY MARKETS FORUM 2023

Time: 8:00AM - 9:00AM
What: Breakfast Briefings &
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*
Special Guest: *H.E. Suhail Mohamed Al Mazrouei UAE Minister of Energy & Infrastructure*

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

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

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

5:00PM - END OF EMFWEEK23

Fujairah Spotlight

Sheikh Mansour bin Zayed visits Zayed Educational Complex in Fujairah

Sheikh Mansour bin Zayed, Vice President, Deputy Prime Minister and Minister of the Presidential Court, on Wednesday announced the launch of 11 new government schools to serve 28,000 pupils across the country. The state-of-the-art schools – opened under the Zayed Educational Complex project – are at the heart of a major drive to boost public education standards nationwide. Sheikh Mansour hailed the initiative as a "national achievement" during a tour of one of the sites in Fujairah. The schools are to feature cutting-edge laboratories, as well as facilities for sports and arts.

Source: The National

National Bank of Fujairah partners with Living Business to provide sustainability guidance to businesses

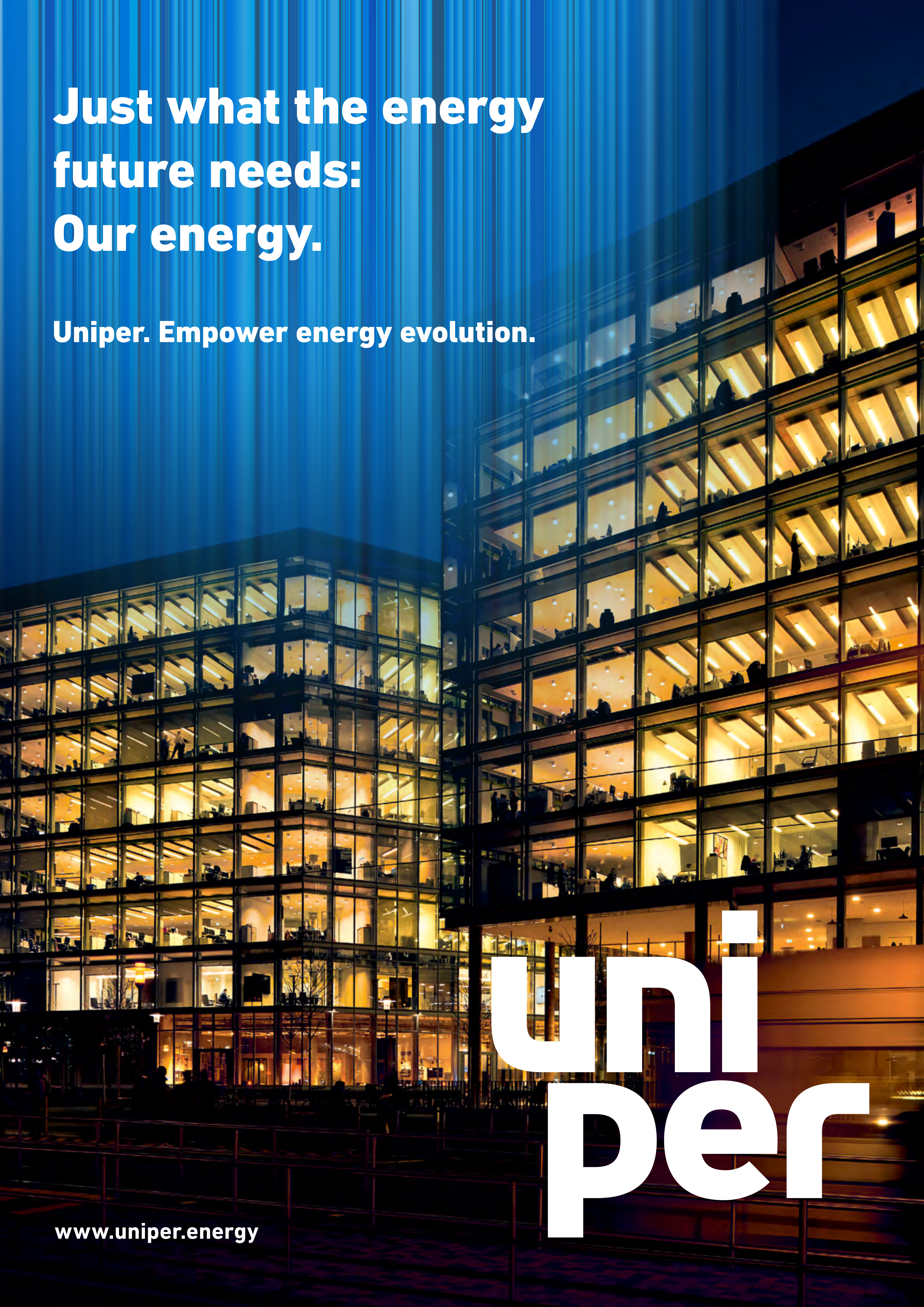
National Bank of Fujairah (NBF) has announced a new partnership with Living Business, designed to provide comprehensive sustainability coaching services to business customers. As NBF continues its focus on embedding sustainability into the heart of its own business operations, this partnership will enable the bank to continue supporting its customers in doing the same, providing access to expertise in the fields of Environmental, Social and Governance (ESG) strategy, measurement, reporting, certification and implementation.

Source: Zawya by Refinitiv

FUJAIRAH DATA: Oil product stockpiles rebound from 17-month low

Stockpiles of oil products at the UAE's Port of Fujairah climbed 4.5% in the week ended Sept. 11, the first increase in four weeks from a 17-month low a week earlier, according to latest data from the Fujairah Oil Industry Zone. Total inventories rose to 16.717 million barrels as of Sept. 11, after falling to its lowest since April 2022 on Sept. 4, the FOIZ data provided exclusively on Sept. 13 to S&P Global Commodity Insights showed. The total stockpile dropped 15% in the previous four weeks and was down 19% since the end of 2022.

Source: S&P Global Commodity Insights


Just what the energy future needs: Our energy.
Uniper. Empower energy evolution.
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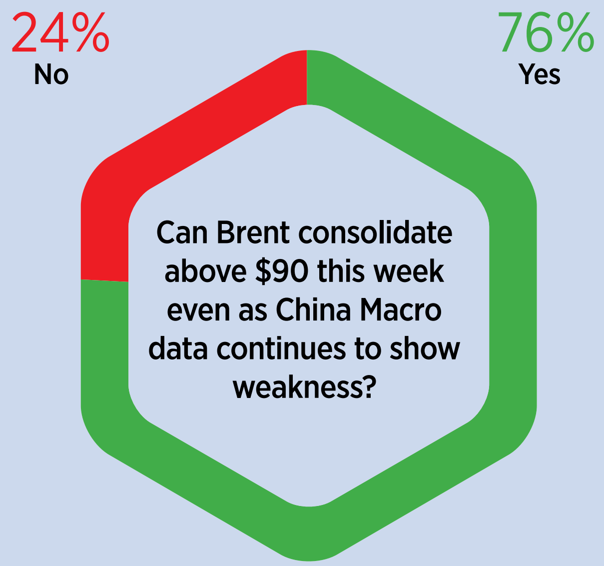
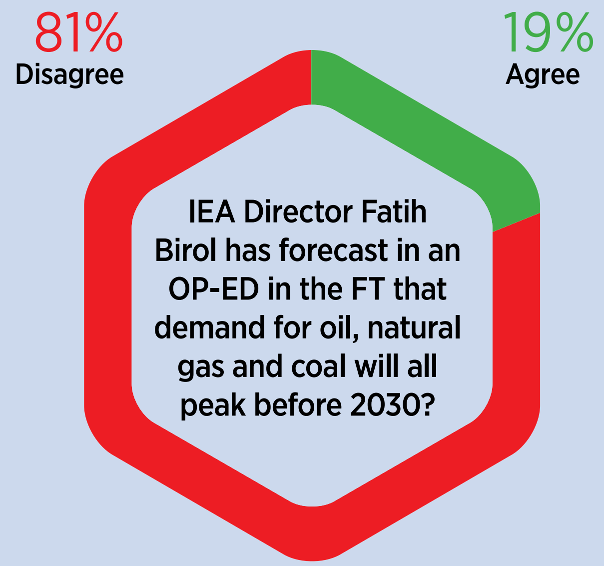
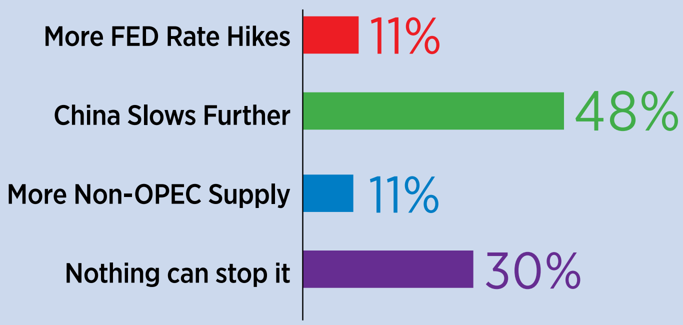
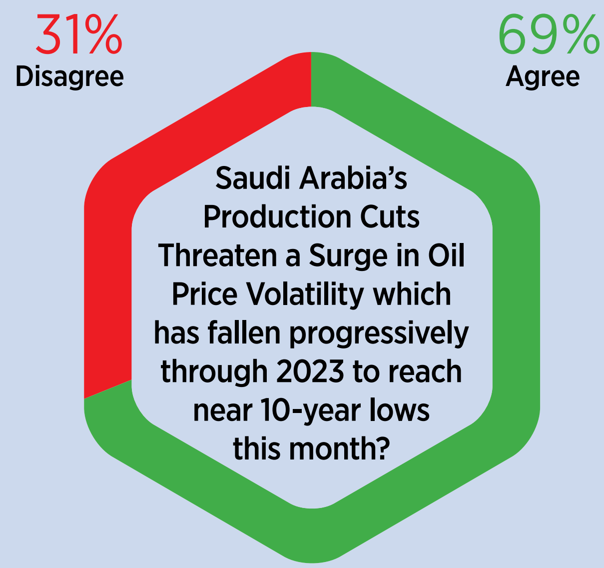
GI Weekly Surveys





Which of the following could stop Brent reaching $100 this Year?





Source: GI Research March 2023

GI Consultancy Intelligence Publishing

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 16.717 million barrels with a rise of 717,000 barrels or 4.5% week-on-week. 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 129,000 barrels or 2.2% on the week to 5.826 million barrels. The East of Suez gasoline complex was reportedly stable Sept. 11 following an unexpected refinery turnaround in Japan, market sources said. Singapore's gasoline exports plummeted 83.62% week on week to 172,106 mt, while imports fell 66.15% to 128,088 mt, pushing net gasoline exports to 44,018 mt in the week to Sept. 6, down from 672,356 mt the previous week, Enterprise Singapore data released Sept. 7 showed. Outflows to Indonesia sank to 55,266 mt from 423,193 mt the previous week. Moving forward, Indonesia's gasoline imports for September and October are expected to remain stable at 10 million-11 million barrels amid healthy inventories, market sources said.
- Stocks of middle distillates, including diesel and jet fuel, rose by 365,000 barrels or 25.4% on the week to 1.801 million barrels. The East of Suez gasoil market backwardation for the front-month time spread could steepen further Sept. 11 after Russia said it would cut diesel exports from this month, trade sources said. Around 12 big Russian refineries are set to carry out maintenance works in September, according to market sources. In addition to the heavy spring and autumn maintenance, ongoing railway delays have led to shortages at regional tank farms. As a result, the current dearth of diesel and gasoline supply is likely to last throughout September, S&P Global reported earlier. While industry sources have said arbitrage flows have been limited by the steep backwardation in market structure, a crimp in Russian diesel exports could prompt some buyers in the West to pull barrels from the East. Despite the increase in stocks, market participants remained concerned over the low levels heading into winter. "Refined product markets remain vulnerable. Inventories are mostly tight and global refining capacity has remained largely unchanged since 2019," Warren Patterson, head of commodity strategy at ING, said in a note.
- Stocks of heavy residues increased by 481,000 barrels, up 5.6% on the week as they stood at 9.090 million barrels. Spot trading activity at the key bunker hubs of Singapore and Fujairah started the new week off on a slow note Sept. 11, as buyers likely remained reluctant to enter the market amid still-high oil prices, sources said. Demand in Singapore and Fujairah was reported by suppliers to be mostly weaker for the Sept. 11 session, with one Fujairah supplier saying "Has been the same volume as last week, but lower than normal yes." "[Demand] just so-so," one Singapore supplier said.

Source: S&P Global Commodity Insights

Energy Markets Views You can Use

Laury Haytayan
MENA Director
Natural Resource Governance Institute

We're witnessing a new Saudi Arabia.
There is a transition that is happening in the world economy and connectivity is key. Whoever is driving it, whether the West or China or both, regional forces in the Middle East and Asia are playing an important role. Saudi Arabia has a clear objective of surviving in the future, whatever the situation with oil and gas is. It's working with China, with India, with Europe and the US. The first step has been to establish an economic corridor, a common project that includes Saudi Arabia and Israel. We don't know yet what deals will happen but at the end of the day, there are countries now in the Gulf and the Middle East, that are connecting to each other through this new grand project. The big story will then be the Israel-Saudi rapprochement and how that relationship will grow.

Any spoilers that could disrupt this?
That could be Iran and its allies in the region and that's why we see this parallel track now between the Iranians and the Americans so that the 'deal of the century' between Israel and Saudi Arabia, is not ruined. Another very important element for both Republicans and Democrats in the US is the security and survival of Israel. If the price of that is to give the Saudis a security deal, I think it will happen. It's a parallel strategic positioning of the US protecting Israel and aligning to the point that Israel is now making deals not only with Jordan and Egypt, but beyond that.

ENERGY MARKET NEWS

1. GLOBAL OIL DEMAND TO EXCEED SUPPLY BY 1.4 MN B/D A DAY IN Q4
2. OIL PRICES TICK UP AS MARKETS ZOOM IN ON SUPPLY TIGHTNESS
3. CHINA'S LNG BUYING SPREE THREATENS GLOBAL GAS MARKET STABILITY
4. UAE'S ADNOC LOOKS TO BOOST ITS OIL TRADING BUSINESS IN EUROPE
5. US BOOSTS BAHRAIN TIES WITH NEW SECURITY AGREEMENT
6. GLOBAL DIESEL SHORTAGE BOOSTS PRICES
7. CHINA'S MILITARY SPENDING IS MUCH BIGGER THAN WE THOUGHT
8. INDIA'S BPCL EYES 2028 FINISH FOR BINA REFINERY UPGRADE
9. CHINA UPGRADES RELATIONSHIP WITH VENEZUELA TO 'ALL WEATHER' PARTNERSHIP
10. UKRAINIAN ATTACK DAMAGES 2 SHIPS, INJURES 24 PEOPLE AND SETS PORT ON FIRE IN RUSSIA-ANNEXED CRIMEA

RECOMMENDED READING:

NORTH KOREA- RUSSIA RELATIONSHIP EXPLAINER
OVER 5,000 FEARED DEAD IN STORM DANIEL AS LIBYA REOPENS PORTS
GIANTS BID ON GUYANA'S LONG-AWAITED 14-BLOCK OIL AUCTION
HEADLINE INFLATION UP ON 'HUGE' HIKE IN ENERGY PRICES
CHINA'S DATA TO SHOW ECONOMY IS TRYING TO MOVE PAST THE WORST
TRAINER, PENNSYLVANIA, REFINERY MAINTENANCE TO BEGIN SATURDAY -SOURCE
ASIAN STOCKS CLIMB AS TRADERS SHRUG OFF INFLATION SURPRISE
THE IRA'S BEST KEPT CLIMATE SECRET: MOVING OIL AND GAS TOWARDS OPERATIONAL NET ZERO

Energy Markets Views You can Use

Victor Yang
Senior Analyst
JLC Network Technology

How weak is the consumption outlook for China?
When we compare this market to last year, demand has improved significantly. In the first six months of 2023, PetroChina and Sinopec gasoline sales grew by 12% and 17.5% respectively and diesel sales, spurred by a recovering logistics sector, surged by 8.2% and 13.1%. Jet fuel demand surged most significantly by over 43%. Crude imports in the first seven months grew by about 700,000 b/d, boosted by expanding refining capacity, a rebound in fuel demand and stockpiling. However, as crude prices rise in the next few months, we may see imports slowing. Also, while products exports should continue to grow next year, we don't expect the country to continue encouraging this long-term as it doesn't fit into its policy on energy consumption.

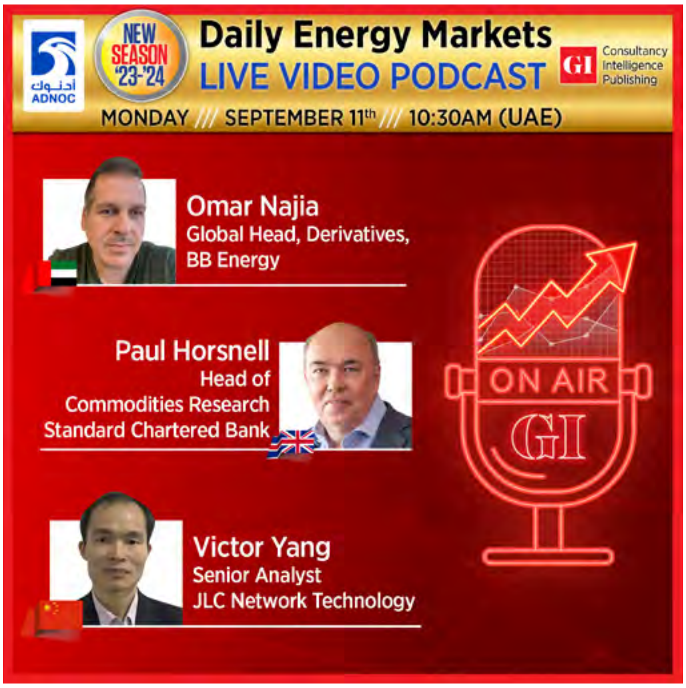
Do you expect to see more stimulus to get the economy back on track?
The country is under more pressure to push the economy and one measure has been to increase exports, including oil products. The government has raised quotas on 12 million metric tons of oil products exports for gasoline, diesel, and jet fuel at the end of August for the last quarter of this year. In terms of other stimuli, they want to encourage people to spend more but consumers are still wary, including in the real estate sector where house prices are expected to drop further. Still, the government continues to try and improve its policies for this sector to make it easier for developers to sell property.

Neil Atkinson
Former Head of Oil Markets Division
International Energy Agency

There's still uncertainty about how strong demand growth will be this year.
The data so far shows that it's going to be fairly strong, but it could end even stronger than we currently think. Nobody really knows because of the macroeconomic pressures about potentially more interest rate increases and the ongoing woes in China and its property sector and in other parts of its economy. And then on the other side, we have the OPEC+ supply cuts – if those do indeed stay in place until the end of the year, it's difficult to see how oil prices could slide back significantly from where they are now, but equally difficult to see prices soaring much higher. They will likely settle around the high eighties to $90 a barrel.

Do you concur that we are nearing peak oil demand?
We saw peak oil demand in certain OECD countries back in 2005 and 2006. All the action now and for many years to come is in developing countries, which have energy use per capita significantly below that of Western countries, and growth pressures from rising incomes and populations. The idea of a centrally organised Energy Transition plan is nonsense. China only uses 65% of the energy per capita that the OECD does; India only 15%, and in Africa it's only 8%. You can't tell me that those countries and regions can grow their energy sectors over the next 20 or 30 years, without continuing to use massive amounts of fossil fuels for transportation and petrochemicals for consumer goods.

Energy Markets COMMENTARY WEEK IN REVIEW



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Energy Markets Views You can Use

Marc Howson
Head of Asia
Welligence Energy Analytics

The mood in Asia is very bullish on LNG and gas demand.

Chinese economic growth is still running at almost 6.5%. Incremental LNG demand in the country during the first half of this year was up 7% year on year, and that's in addition to increasing their domestic production in the South China Sea, and also piped imports predominantly from Russia. LNG spot prices in Asia are already over $13 per MMBtu and over $11 per MMBtu in Europe, which is particularly high for this time of year. Market supply is quite constrained and so therefore also quite fragile going forward. There's falling domestic gas production in certain Southeast Asian countries such as Vietnam and the Philippines. Both those countries haven't been able to incentivize domestic production or piped gas imports from their neighbors. So, they have been forced, despite the relatively high prices, to begin importing LNG already.

Outlook for new global LNG supply

The LNG market has very little new supply coming on stream, and in the case of Australia, it's potentially falling. The exception is perhaps the US. Ten years ago, it didn't export any LNG. In the first half of this year, it has become the world's largest exporter surpassing 80 million tons and surpassing both Australia and Qatar. Canada is also set to become an LNG exporter for the first time, next year.

GI Soundings Week in Review

"Demand Sentiment Outweighs Supply, Keeping Market Above $90/bl!"

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 Najia, Global Head, Derivatives, BB Energy**
- **Paul Horsnell, Head of Commodities Research, Standard Chartered Bank**
- **Vandana Hari, Founder & CEO, Vanda Insights**
- **Ali Al Riyami, Consultant & Former Director General of Marketing, Ministry of Energy & Minerals, Oman**
- **Andrew Critchlow, Head of News, EMEA, S&P Global Commodity Insights**
- **Narendra Taneja, India's Leading Energy Expert**
- **Walter Simpson, Managing Director, CCED**

Omar Najia, Global Head, Derivatives, BB Energy MARKET DIRECTION "The next target is probably $96 and change. I like the fact that it's a rally that not many are convinced of and that we've been talking about the Chinese macro situation since July, when prices were at $67. The risk to me seems to be a complete slam dunk up in your face higher on oil, simply because it can."

Paul Horsnell, Head of Commodities Research, Standard Chartered Bank SUPPLY "The key point to consider is how strong the market is overall even when we have a very weak China outlook and a fairly anemic global demand outlook overall. It still comes out looking quite strong because of the supply side, and if demand turns out stronger than we think, then again, that's further upside."

Vandana Hari, Founder & CEO, Vanda Insights SAUDI CUTS "Saudi Arabia has been perhaps the most surprising element of the market so far this year, compared to where we were at the beginning. It has changed the market calculus completely and I think nobody had foreseen that they would take such a hawkish turn in strategy."

Ali Al Riyami, Consultant & Former Director General of Marketing, Ministry of Energy & Minerals, Oman PRICE DIRECTION "I think that the backwardation will continue for the end of this year and that is the intention of the OPEC+ cuts. But we won't see what was being talked about at the beginning of this year, a price of $110 or $120 in the fourth quarter. I think it will be between $90-$92 maximum."

Andrew Critchlow, Head of News, EMEA, S&P Global Commodity Insights GCC OIL FLOWS "The region has become very good at navigating this multipolar world and building stronger bridges to the east and that ties into the flow of products, such as LNG. That's a fundamental trade flow which isn't going to reverse anytime soon and it's the same with crude - Asia, China, India, are the major consumers of the region's products."

Narendra Taneja, India's Leading Energy Expert OIL PRICES "My sense is that oil in the $90s is unsustainable because it's going against the economic interests of the large importers – the US, China, India, and several others. OPEC is probably just testing the market. I think prices will come back to $82-$85 because that's what consuming countries can handle."

Walter Simpson, Managing Director, CCED TRAJECTORY "The Chinese economy, inflation in the West, the Ukraine war - all of these will factor into prices, but I'm not sure they're going to change the upwards trend line. I believe we will end the year somewhere in the $90s and go into next year at that sort of level."

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