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NEW SILK ROAD Fujairah WEEKLY NEWSLETTER

May 23rd 2024

Vol. 195

SOUNDING

RUSSIAN REFINERIES

"If Ukraine's drone attacks on Russia's refineries continue, we could see a serious scarcity of Russian exports and a price impact. A few months ago, it impacted around 500,000 b/d of by-products, and that number will increase if the attacks resume."

Gulmira Rzayeva
Founder & Managing Director
Eurasia Analytics

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FOIZ
منطقة الفجيرة للصناعة البترولية
Fujairah Oil Industry Zone

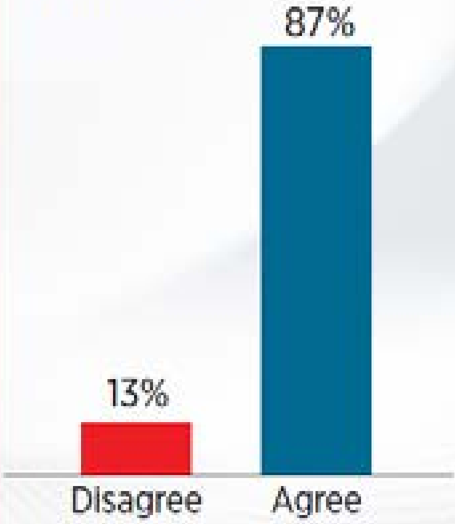
Port of Fujairah
United Arab Emirates

"National Security & Industrial Competitiveness Driving US Clean Energy Policy!"

Carlos Pascual
SVP Global Energy & International Affairs,
S&P Global Commodity Insights

TOP SURVEY

OPEC+ will have to keep cuts in place in H2 with the US Fed Now Signaling Only One Rate Cut This Year?



PODCAST OF THE WEEK

FUJAIRAH WEEKLY OIL INVENTORY DATA

6,559,000 bbl	3,705,000 bbl	9,241,000 bbl
Light Distillates	Middle Distillates	Heavy Distillates & Residues

THE WEEK IN NUMBERS

WEEKLY AVERAGE OIL PRICES

BRENT CRUDE	WTI CRUDE	DME	MURBAN
$82.70/bl	$78.53bl	$84.05/bl	$84.51/bl

*Time Period: Week 4, May 2024
Source: IEA, OilPrice.com, GI Research

FUJAIRAH WEEKLY BUNKER PRICES

VLSFO	MGO	IFO380
High = $629.00/mt	High = $883.00/mt	High = $517.50/mt
Low = $615.50/mt	Low = $868.50/mt	Low = $508.00/mt
Average = $625.00/mt	Average = $877.00/mt	Average = $512.00/mt
Spread = $13.50/mt	Spread = $14.50/mt	Spread = $9.50/mt

Source: Ship and Bunker. *Time Period: May 15 - May 22, 2024

FUJAIRAH BUNKER SALES VOLUME (M^3)

742 180cst Low Sulfur Fuel Oil	434,918 380cst Low Sulfur Fuel Oil	171,841 380cst Marine Fuel Oil
634 Marine Gasoil	30,825 Low Sulfur Marine Gasoil	3,734 Lubricants

Source: FEDCom & S&P Global Platts

Carlos Pascual, SVP Global Energy & International Affairs, S&P Global Commodity Insights

The choice that the US has made with the Inflation Reduction Act (IRA) and with the bipartisan Infrastructure Law or 'Chips Act', is to use subsidies to create American productive capacity in clean energy technologies and information technologies. We see this in the development of wind, solar, batteries and electric vehicles, on carbon capture, hydrogen, and nuclear energy, and we see it in the development of semiconductors, which is particularly critical in the relationship with China. It's an industrial strategy partly focused on energy, but for the purpose of creating a new manufacturing capability in the US. Originally, the IRA had an estimate of about $390 billion worth of investment on the part of the government through tax incentives. In just the first year, investment in renewable technologies was $320 billion, and the expectation for future investment by the US on clean technologies is that it will go into the trillions of dollars. Interestingly, from a domestic politics point of view, when one looks at the states and the businesses that are the principal beneficiaries of these tax incentives, the majority of those are either Republican or swing states in the US election process. This policy is changing the dynamic of politics in the US. The companies in those states have a self-interest in seeing the continuing flow of subsidies from the IRA into clean technology, whether we end up with a Biden or Trump administration. This is no longer just seen as an issue of resolving climate change. It's now one of national security and industrial competitiveness. It puts it on a completely different playing field.

What's the greatest challenge facing the Energy Transition today?

It's going to be one of the most significant issues that gets debated possibly for many years, and it's going to be a critical factor in COP29. The challenge is tremendous - technological, economic, commercial, and diplomatic capabilities will all need to come together to achieve the targets set. The COP28 consensus recognized the need to transition away from fossil fuels in a way that is consistent with the science, but also recognized the multi multi-dimensional nature of this issue. The question becomes how to make that happen. Between 1990 and 2022, the world's primary demand dependance on fossil fuels decreased from 82% to 80%. During the same period, $6 trillion was invested in renewable energy, which principally went to meet increasing demand. That shows how difficult it is. Innovation, technology, and private investment are going to be critical components. The oil and gas industry should be involved as it brings engineering and technology skills, and the ability to operate at scale. Energy security, energy affordability, energy sustainability and competitiveness; that's what we're trying to achieve in a very challenging environment. The international community should also recognize the reality that countries with different income levels and different resources, will be transitioning at different paces.

Why have oil prices been so resilient to the volatility in global geopolitics?

The prevailing factor has been the growing production from non-OPEC+ countries such the US, Brazil, Guyana and Canada, which is exceeding the global growth in demand. The US is producing over 13 million b/d – more oil than any country has ever produced. That's not to say that geopolitical events don't have an impact on the market. When we saw the heightening of tensions in the Middle East, such as between Iran and Israel in April, prices spiked, and there was even concern they could hit $100 again. But the marketplace looks well supplied, and so prices have been in a band of $75 to $85. That's good news for the marketplace, for consumers, and for investment in new capacity.

Is the market nervous at all about a wider regional conflict in the Middle East?

What we've seen throughout the region, in most countries, is a recognition that it's in everyone's interest to move away from any direct confrontation, such as what we saw between Iran and Israel. The principal client for Iranian oil coming out of the Strait of Hormuz is China, and Iran has a fundamental interest in those resources getting there. It's also important to recognize that China's strongest relationship in the Middle East is with Saudi Arabia, and that will continue to grow. The level of investment between the two is extraordinary, particularly in the petrochemical sector. Those types of interests are going to be the counterbalancing factors around the general sense of instability in oil markets.

Any changes expected for Mexico's oil sector after the elections?

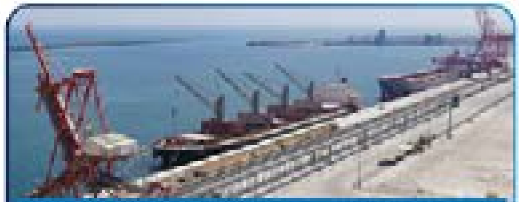
Pemex is going to continue as a key player within Mexico. One of the issues will be whether there are possibilities that are created to bring private sector investment back, and whether there need be a reopening of the bid rounds. This is one of the major differences between the two candidates who are most likely to win the election. One of them has focused more on continued development of oil and gas and electricity resources with state owned entities, while the other wants to maintain state-owned entities and create greater possibilities for private investment.

Have we turned the tide on US sanctions on Venezuelan oil?

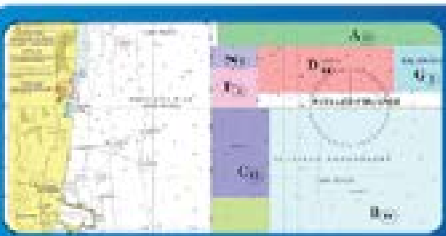
One fundamental point which drove the decision not to continue the license that was previously issued for Venezuela, was President Maduro not meeting the condition for free and fair elections. At the same time, the Biden administration sent the signal that they want to be able to entertain the possibility of giving individual licenses at the request of individual companies, suggesting they would like to create the possibility for an energy relationship with the country. Much of it now rests in the hands of Venezuela and what kind of actions they take during their election process.

THE MULTI PURPOSE PORT

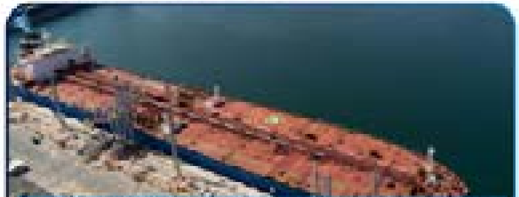
ONE OF THE WORLD'S LEADING ANCHORAGE AND BUNKERING LOCATIONS



Dry Bulk Cargo - Key regional aggregate export hub.



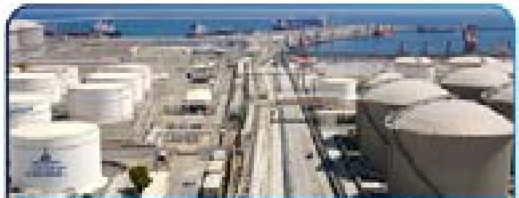
Stategically situated on the East Coast of the UAE outside the Straits of Hormuz.



Fujairah Oil Tanker Terminals (FOTT) - The Middle East's premier hub location for oil trading activities.

Bunkering at Fujairah Offshore Anchorage Area - Fujairah is the world's third largest Bunkering Hub.

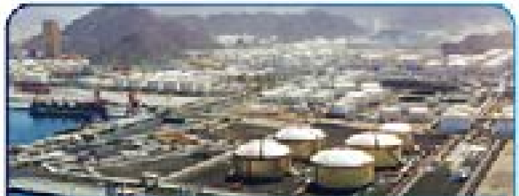
Fujairah Terminals "FT" - FT provides a full range of container, general and project cargo services.



Extensive pipeline infrastructure connecting the Tank Storage Terminals with FOTT

Liquid Bulk Tank Storage Terminals - The Middle East's largest oil storage hub.

Fujairah Grain Silos - Strategic & commercial grain storage and trading.



FOTT Matrix Manifold System - This unique system provides terminals access to all berths as well enable ITTs between Terminals.

VLCC Berth - The first VLCC Berth on the Indian Ocean, which accommodates oil tanker up to 350,000 DWT.

Service Harbour - A Key facility to support one the world's biggest maritime service hubs.

FUJAIRAH SPOTLIGHT

Saudi Aramco backed ATC Fujairah, GO Petroleum to supply petrol, diesel products to Pakistan

Aramco Trading (ATC) Fujairah and fuel retailer Gas & Oil Pakistan Ltd (GO Petroleum) have been granted a time-bound exemption by the state-backed Competition Commission of Pakistan (CCP) for importing and selling gasoline and diesel products to the Asian country.

Source: ZAWYA

BUNKER HUB PRICE WATCH: FUJAIRAH

Very low sulphur fuel oil (VLSFO) and low sulphur marine gasoil (LSMGO) prices decreased week-on-week at the Port of Fujairah, according to Bunkerspot Price Index (BPI) data. The price of VLSFO fell $3 over the last seven days the week, from $625 per metric tonne (p/mt) on 14 May to $622 today (21 May).

Source: Bunkerspot

FUJAIRAH DATA: OIL PRODUCT STOCKS DROP FOR FIFTH CONSECUTIVE WEEK

Stockpiles of oil products at the UAE's Port of Fujairah dropped for a fifth consecutive week, the longest losing streak since 2020, as shipments of fuel oil used for bunkers and for power generation increased ahead of summer and peak demand for air conditioning in the Middle East, according to the Fujairah Oil Industry Zone and ship tracking data.

Source: S&P Global Commodity Insights

MENA TERMINALS FUJAIRAH FZC

Profile

MENA Terminals Fujairah is an independently owned and operated storage terminal located within the Fujairah Oil Industry Zone at the Port of Fujairah. Established in 2012, the terminal has been effectively catering to the storage requirements of major trading houses, multinational corporations, and medium-sized traders.

The terminal comprised of 14 tanks with a total capacity of 352,000 cbm, is capable of handling Class I, Class II, and Class III products ranging from light distillates like Gasoline all the way up to Middle and Heavy distillates like Gas Oils and Fuel Oils, respectively.

Equipped with the state-of-the-art technologies, the terminal can accomplish operations such as vessels and bunker barges loading and discharge, pipeline transfers with other terminals, inter-tank transfers, additive blending, cargo heating, circulation, and truck loading services.

MENA Terminals Fujairah is part of the Mercantile & Maritime Group, which specializes in oil and gas marketing & trading, shipping, logistics and consultancy services. The group offers a comprehensive range of services across the oil and gas value chain.

MENA Terminals Fujairah has a sizable landbank with the potential to add more than 1 million cbm of new storage capacity to its existing infrastructure. Anticipated developments within the Port of Fujairah and region are expected to create substantial storage demand going forward.

Terminal Highlights

- State-of-the-Art engineered Class-I Oil Storage Terminal.
- Strategically located at Port of Fujairah (PoF) - One of the largest bunkering ports in the world.
- Current operational capacity of 352,200 m³ with 14 tanks (Phase 1 & 2) with truck loading facility.
  - 230,246 m³ – Black Products (6 tanks).
  - 121,954 m³ – Clean Products (8 tanks).
- Connectivity with all berths of Port facilitating Vessel operations and inter-terminal trade.
- Consistently best performing terminal in shipping operations against Port KPIs.
- Zero claim on contamination, product loss or vessel delays
- Zero Operational downtime given to effective Preventive maintenance.
- Efficient control on product loss.
- Pre-qualified by Oil Majors for storage.
- Dedicated team of well experienced and qualified oil industry professionals.

Operational Excellence

- Multipurpose Class-I switchable tanks with Internal Floating Roofs
- State-of-the-Art Terminal Automation System
- Best in class pumping capacity amongst FOIZ terminals with 4,500 and 3,000 m³/hr flowrates for black and clean products, respectively.
- Two jetty lines (30" each) for black products capable of 4,500 m³/hr flowrates per line
- Four jetty lines (24" each) for clean products capable of 3,000 m³/hr flowrates per line
- End-to-end piggable pipeline between the Port Jetties and the terminal
- Cone-bottom and fully strippable product tanks
- Efficient product blending and heating capability
- Dedicated matrix manifold for positive segregation of black and clean products
- All pumps equipped with Variable Frequency Drives for optimized flow rates.
- Redundant critical utilities & equipment in place to ensure business continuity.

ENERGY MARKETS VIEWS YOU CAN USE

Vandana Hari
Founder & CEO
Vanda Insights

How will OPEC+ approach their meeting on June 1st?
They really don't have a choice right now. This is not the right time to unwind production cuts if they want to maintain prices with a floor of $80 Brent. Even the mere announcement from Saudi Arabia, which is cutting more than a million b/d, that they would start bringing this oil back into the market could cause Brent prices to slip towards $75. The key factor holding crude prices up over the past several months, especially reaching year-to-date highs of $91 in April, has been the geopolitical fear premium, which has now completely dissipated. What's likely to be far more interesting will be what happens in the weeks after the meeting. By the end of June, they are set to review and revisit the baselines that will be used for 2025. Recently, we've heard from countries like Iraq and Kazakhstan, which have significantly more capacity than their current baselines and are eager to increase production.

Will Asia deliver the most significant part of marginal oil demand growth this year?
Where else would the growth come from? US and European data, indicates that post-COVID recovery is either stagnant or declining year-on-year, with both regions still below their 2019 levels in oil consumption. In Asia, the primary contributors are China and India. If we consider a total year-on-year global growth of 1.2mn b/d, China might contribute 400,000 b/d and India another 300,000 b/d.

How would you rate China's ability to tackle its real estate problem with stimulus?
To me it wreaks of desperation. They're reducing the down payment from 20% to 15% and removing the floor from mortgage rates to try and stimulate consumer interest in buying property. On the supply side, state-owned enterprises are receiving significant funding from the central government to purchase unsold properties, possibly converting them into affordable housing. However, this seems to be a shifting of funds rather than a sustainable solution, potentially exacerbating debt issues at the local government level. This sluggishness in the property sector ties directly into oil demand. The bulk of China's post-COVID recovery in oil demand likely occurred last year, with a gradual tapering off expected from here onwards.

Adi Imsirovic
Director, Surrey Clean Energy &
Senior Associate, CSIS

We've got an extremely uneven crude market.
There's a massive supply of light, sweet crude, primarily from the US. North Sea Forties crude often sits on ships for two weeks before being sold. Light grades like Saharan Blend have collapsed, and some Nigerian grades are trading below dated Brent. The UAE, with its Ruwais project completed, also wants to export more of its Murban grade. So, it's a very weak market for light sweet crudes because of oversupply. On the other side, heavier sour crudes are looking stronger and in demand because of the OPEC+ cuts.

Is the current oil price level the floor or ceiling for the market?
It's neither. The middle ground seems to be around $85. I'm a bit surprised; I expected the oil market to be around $90. Still, I think in Q3, we will see a pickup in demand, as the second half of the year typically performs better than the first. By the end of the year, we could easily see $90. There have been several surprises. Production from the Americas has been extremely good. Canada is now exporting more, with the first cargo from Vancouver heading to China, which will support Canadian crude values and drive investment. Meanwhile, the UAE and Saudi Arabia have massive excess capacity, totaling about 6mn b/d between the two of them, making it hard to get overly bullish. There's also been a flood of Chinese oil product exports and that has impacted global refinery margins.

What's holding prices above $80?
It's all about expectations. Initially, there was an anticipation of a hard landing for the US economy, but now the outlook is for a more benign macroeconomic environment. The expectation of even tual interest rate cuts is favourable for commodities, contributing to a bullish market outlook. Investors are hesitant to sell off assets if rates are expected to decline, and commodities like oil are a good hedge against inflation. If the Federal Reserve adopts a more dovish stance, holding commodities can be advantageous.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GI WEEKLY SURVEYS

The oil market has become increasingly numb to geopolitical developments, and the large amount of spare OPEC+ production is likely contributing to this?

How could the US-led backlash against the ICC arrest bid for Israel's Prime Minister impact oil markets:

Even if 2H oil demand beats expectations, higher for longer rates will keep prices below $90 this year?

ENERGY MARKETS VIEWS YOU CAN USE

Yesar Al-Maleki
Gulf Analyst
Middle East Economic Survey

Is the market nervous at all about the availability of Russian refined products?
What we have seen over the past couple of months with Ukraine intensifying its attacks on Russian refineries is that those facilities have become cyclical in their recovery pattern after each attack. The Russians are good at utilizing spare processing capacity and quickly restoring operations at damaged units. But that still does not mean they can bring back all lost capacity quickly. Russian products typically go to Middle Eastern markets like Fujairah or African markets, and from there, they are redistributed elsewhere. Is the world waiting on these gasoline exports from Russia or middle distillates? Not really. We have weakening margins in the refining sector. Refiners across Asia, Europe, and the US are utilizing their capacity. We also have a light-heavy problem with the crude grades.

OPEC+ has no option but to keep voluntary cuts in place to support current prices?
The sentiment has changed in the last few weeks because of the supply overhang and some demand expectations. There are continued concerns over economic growth, slow inventory depletion, weak refining margins, and strong non-OPEC supply. These all point to a cautious approach to unwinding the cuts later this year or perhaps early next year. At the same time, OPEC+ has internal issues to deal with, like market share, quality concerns, and capacities.

Is consensus with the group at risk?
Market share is a concern, given that non-OPEC supply is high and Russian flows to China and India remain undeterred, which are key markets for many Middle Eastern producers. They also need to look at the results of the capacity audit conducted by external auditors. Countries like Iraq and the UAE want higher quotas based on their capacity gains. Will quotas need to be adjusted between other members? They also need to ensure compliance by members, especially Iraq and Kazakhstan.

Our energy for change

Because energy is the driving force behind industry and everyday life. Even and especially in challenging times. That's why our heart beats for a reliable, flexible and increasingly greener energy supply.

We are shaped by change and our strength is our experienced team. We are doing all we can to accelerate the green transformation. Like no other company, we master the interplay between electricity and gas – both regionally and on the international markets.

We deliver the right energy to the right place at the right time at the right price – for all our customers.

Uniper. The beating heart of energy.

GULF NOCS & ENERGY MINISTRIES PROFILE SERIES - SUBSCRIPTION

Gulf Intelligence is a Strategic Communications Consultancy & Publisher engaged across the full value-chain of the Middle East Energy Sector, with an unparalleled last mile of connectivity in the region. We facilitate critical knowledge exchange and networking between National and International energy stakeholders tasked with leading the development of the physical energy markets East of Suez.

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- Monthly Stakeholder Database Assignment on Request
- Monthly NOC Profile Briefing on Request

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 19.505 million barrels with a fall of 36,000 barrels or decline of 0.2% week-on-week. The stocks movement saw builds in light distillates and middle distillates, which were offset by a draw in heavy residues.
- Stocks of light distillates, including gasoline and naphtha, rose by 185,000 barrels or 2.9% on the week to 6.559 million barrels. The East of Suez gasoline complex was easing tracking a narrowing US RBOB-Brent crack, and amid poor trading activity, sources said. Market participants said that demand East of Suez is poor, citing a widening East-West spread that reflected that East of Suez gasoline barrels were much cheaper than European barrels.
- Stocks of middle distillates, including diesel and jet fuel, rose by 501,000 barrels or 15.6% on the week to 3.705 million barrels. The East of Suez gasoil complex was put under downward pressure from a persistent supply glut as tepid demand failed to stem its recent slide, sources said. Ample supply kept sentiment bearish, as reflected by the contango structure in the swap market.
- Stocks of heavy residues fell by 722,000 barrels, down 7.2% on the week as they stood at 9.241 million barrels. Spot trading activity around the bunker hub of Fujairah ranged from moderate to lackluster, with limited inquiries from end-users despite competitive offers, according to traders. On May 21, during and outside the Market On Close process, Fujairah delivered marine fuel 0.5%S was heard offered at $609-$620/mt, with lower range of offers for product deliverable from May 22 onwards. Platts assessed the grade at $608/mt, $9/mt down on the day. The price in Fujairah was assessed at parity to the price for the same grade in Singapore on the day.

Source: S&P Global Commodity Insights

ENERGY MARKETS NEWS

1. Oil prices fall on worries of higher US interest rates
2. Rishi Sunak announces UK general election for Thursday 4 July
3. China starts 'punishment' drills around Taiwan
4. Fed meeting minutes show some 'willingness' to hike rates again
5. Inflation rate falls to lowest in almost three years
6. EIA Warns Severe Hurricane Season Could U.S. Disrupt Oil & Gas
7. Shell Plans Major Work at Its Largest German Oil-Processing Complex
8. Dollar hovers near highest in a week after hawkish Fed minutes
9. Asia stocks weaken on the patient approach to rate cuts
10. Petronas' flagship Bintulu LNG facility resumes full operations

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RECOMMENDED READING

- Vivo Energy to invest over $550 mln in South Africa, minister says
- ADNOC to Acquire 10% Equity Stake in Major LNG Development in Mozambique
- Saudi Arabia welcomes move by Norway, Ireland and Spain to formally recognize Palestinian state
- UAE's Fujairah oil inventory data for week ended May 20
- Trump re-election bigger risk to Iranian crude supply than Raisi's death, experts say
- Japan says it will directly convey to China importance of peace in Taiwan Strait
- Washington stepping up defense cooperation with GCC states: US official
- Families of female Israeli hostages release graphic abduction footage to pile pressure on Netanyahu


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12th Anniversary
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ITINERARY
ENERGY MARKETS FORUM
October 1st - 2nd, 2024 | Fujairah, UAE
GI Consultancy Intelligence Publishing
DAY 1 OCT. 1st
Time: 11:00AM
What: Open Registration
Time: 1:00PM
What: Welcome Lunch
Host: H.H. Sheikh Saleh Al Sharqi, Chairman of Port of Fujairah
Time: 2:30PM - 4:30PM
What: ENOC Oil Markets Workshop
Time: 2:30PM - 4:30PM
What: "Energy & Geopolitics" Briefings x 4 Vitol
Time: 2:30PM - 4:30PM
What: 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
Time: 9:30PM - 10:30PM
What: GI Networking Social Hour
DAY 2 OCT. 2nd
INDUSTRY FORUM
Time: 8:00AM - 2:30PM
What: Breakfast Briefings x 5
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
International Energy Journalism Awards
What: Industry Roundtables x 6
Time: 2:30PM - 4:30PM
What: BOAT TOUR of Port of Fujairah
5:00PM - END OF EMFWEEK24
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منطقة الفجيرة للصناعة البترولية

Fujairah Oil Industry Zone

The Gateway to the World's Fastest Growing Energy Consumers!

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.

STRATEGY

Developing the petroleum strategy for investment in the region

REGULATORY AUTHORITY

Regulating all aspects associated with the Oil and Gas Industry

ADMINISTRATIVE SERVICES

Providing administrative services to stakeholders for smooth operation of the business

INFRASTRUCTURE

Infrastructure enablement & provisioning for companies investing in the region.

Energy Markets Commentary
Week in Review

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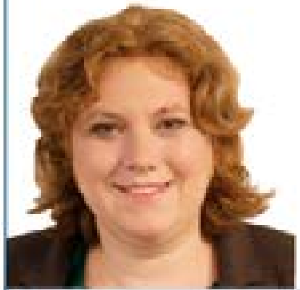
GI SOUNDINGS WEEK IN REVIEW

"Oil Market Remains Rangebound with Little Hope for Any Upside!"

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



US TARIFFS

"The Trump administration used tariffs to keep goods out and they cut taxes at home. Biden is using the balance sheet differently; we're seeing tariffs in the very sectors the US is trying to build up at home. Will that be successful in creating competitive products? I'm not sure, and there's also the matter of where allies like Europe stand."

Rachel Ziemba, Adjunct Fellow, Center for a New American Security
Senior Advisor, Horizon Engage

INTEREST RATES

"There's probably not a lot of immediate shocks to the oil market visible at this time. I would be interested to see, as the Fed moves towards a more meaningful rate movement later in year, what impact that's going to have on housing markets, and the implications that has for the demand side of the equation."

Jamal Qureshi, Managing Director, Analysis & Strategy, Petro-Logistics

OIL TRAJECTORY

"Demand for oil is going to increase exponentially. The geopolitical environment today is sufficient on its own, not to be short oil. The inflation environment on its own is sufficient not to be short oil. Look at the USD and equity markets. Every single one of those is bullish."

Omar Najia, Global Head, Derivatives, BB Energy

GI SOUNDINGS WEEK IN REVIEW

SUSTAINABLE AVIATION FUEL

"The EU and the UK next year will require a 2% blend of SAF, 98% fossil, in jet. The mandate is expected to grow by the end of the decade to 6% in the EU, 10% in the UK. There's even talk that China will put a blending requirement on SAF. The challenge will be bringing to market the infrastructure to produce these fuels in great enough quantities."

David Elward, Pricing Director, Energy Transition, General-Index

INDIA-EUROPE TRANSIT LINK

"Even if we saw a tangible commitment from India, given the way the Middle East is at the moment, it's difficult to imagine any credibility being given to the proposal made at the G20 summit, for the transregional transport corridor."

Omar Al-Ubaydli, Director of Research, Bahrain Center for Strategic International & Energy Studies

GLOBAL TRADE

"The big elephant in the room for the global economy, is the brewing trade dispute, not only between the US and China, but also between China and the EU. Those could really derail not only demand, but also investor sentiment."

Arne Lohmann Rasmussen, Chief Analyst and Head of Research, Global Risk Management

OIL PRICE TRAJECTORY

"This is a market that is in relative balance and that seems comfortable in the low $80s for Brent. It's a market that has baked in OPEC+ cuts, certainly into the next quarter, and that sees relatively decent demand into the second half of the year. It's a market that's anticipating that US rates will be higher for longer, which will keep a lid on some of the upside."

Dr. Raad Alkadiri, Non-Resident Fellow, Center for Strategic & International Studies

OIL DEMAND

"OPEC is counting on the second half of the year for an uptick in demand. The question is how the remainder of May and next month is going to pan out. We'll probably keep bouncing within this rangebound atmosphere that we have, between $80 and $85 bucks."

Gaurav Sharma, Journalist and Energy Analyst

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