

Fujairah

New Silk Road

WEEKLY NEWSLETTER

NOVEMBER 21st 2019
VOL. 7

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

AN EXCLUSIVE GULF INTELLIGENCE INTERVIEW

“Not only is gas plentiful, but it is relatively affordable as well.”

Keith Martin, CEO, Uniper Global Commodities & CCO, Uniper SE

The US is leading in liquefaction capacity growth. How do you see that impacting the market?

The impact of US shale gas has been revolutionary and has turned the US into an exporter. A lot of that export capacity is going to be switched on in the next few years. That is good for the market because we have more reliable supply. And it's good for our customers because we can guarantee that supply. We can associate a lot of oil production with additional gas and this has caused the price of Henry Hub to go down. Not only is gas plentiful, but it is relatively affordable as well.

How is the US China trade dispute impacting global LNG trade flows, if at all?

It impacts everything because trade has slowed down, which is bad for the global economy and bad for oil commodities.

Tariffs have been imposed on LNG and have caused the market to react by simply shuffling the volume around. The volume hasn't disappeared, it is just less optimal in the way that it is being delivered, so there is an additional cost to be paid. Hopefully, the US and China come to an agreement, which will be good for the global economy.

**Edited Transcript*

 [VIEW FULL INTERVIEW HERE](#)



Fujairah Weekly Oil Inventory Data

6,198,000 bbl
Light
Distillates



3,517,000 bbl
Middle
Distillates



15,425,000 bbl
Heavy Distillates
& Residues



Source: FEDCom & S&P Global Platts

Fujairah Average Oil Tank Storage Leasing Rates*

BLACK OIL PRODUCTS

Average Range
\$3.52 - \$4.10/m³



↑ Highest: \$4.50/m³

↓ Lowest: \$3.20/m³

*Time period: Weekly

Source: GI Research

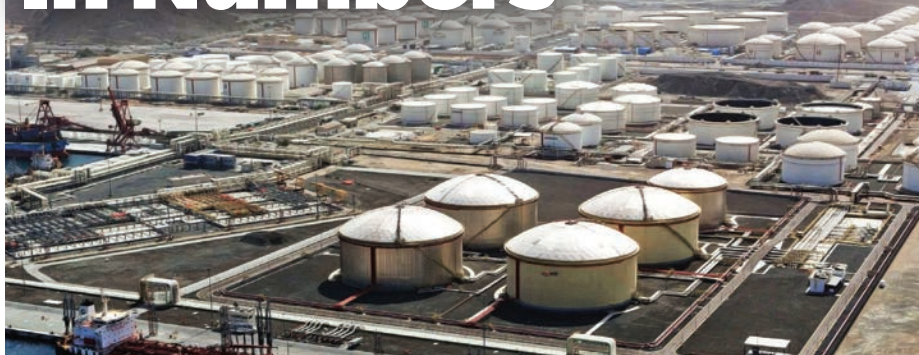
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THE WEEK In Numbers



Weekly Average Oil Prices

Brent Crude: \$61.08/bbl

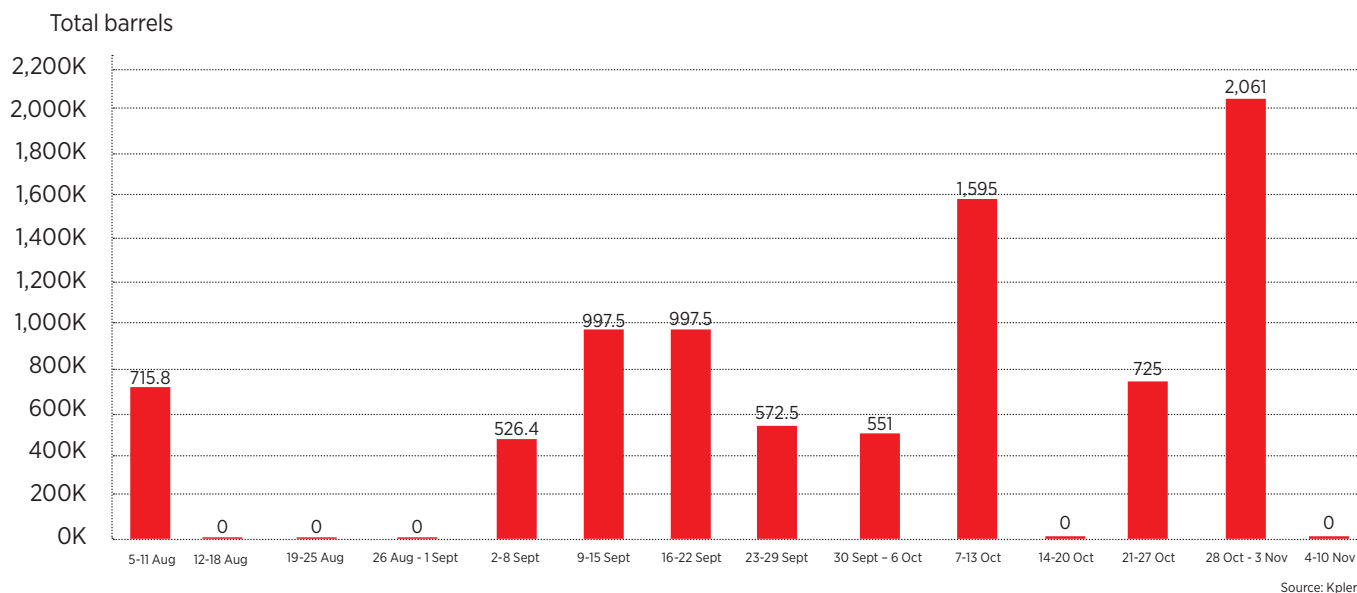
WTI Crude: \$56.44/bbl

DME Oman: \$63.20/bbl

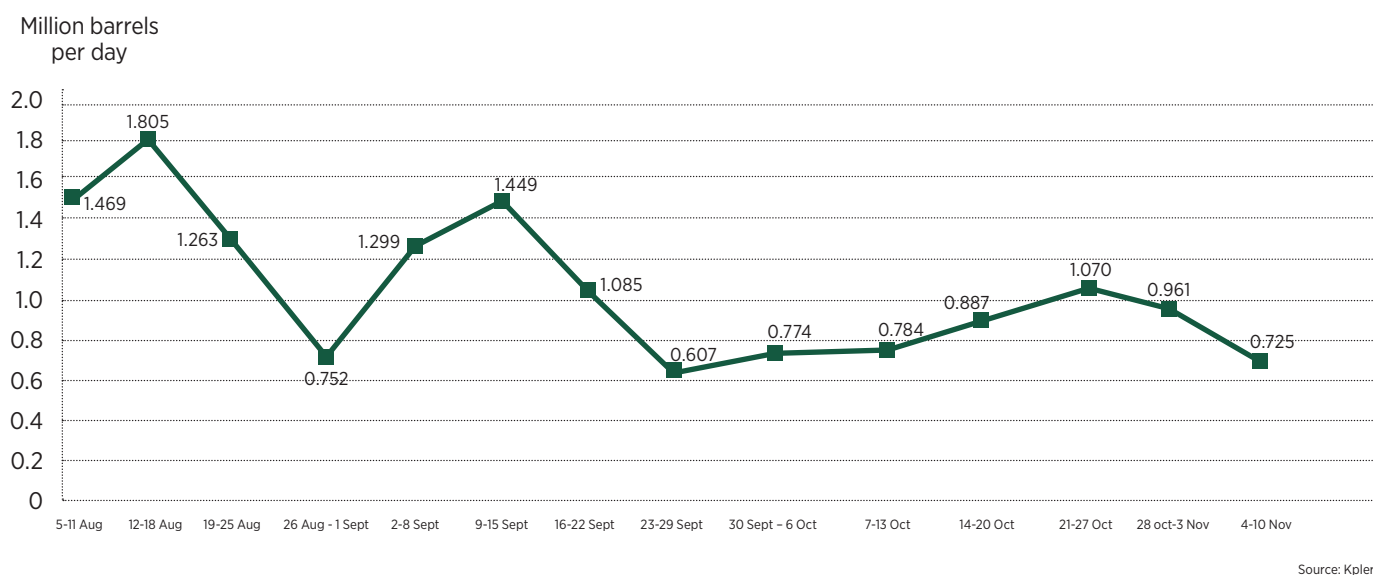
Dubai: \$60.44/bbl

Time Period: Week 3, November 2019
Source: IEA, OilPrice.com, GI Research

Weekly Imports of Heavy Sweet Crude into Fujairah

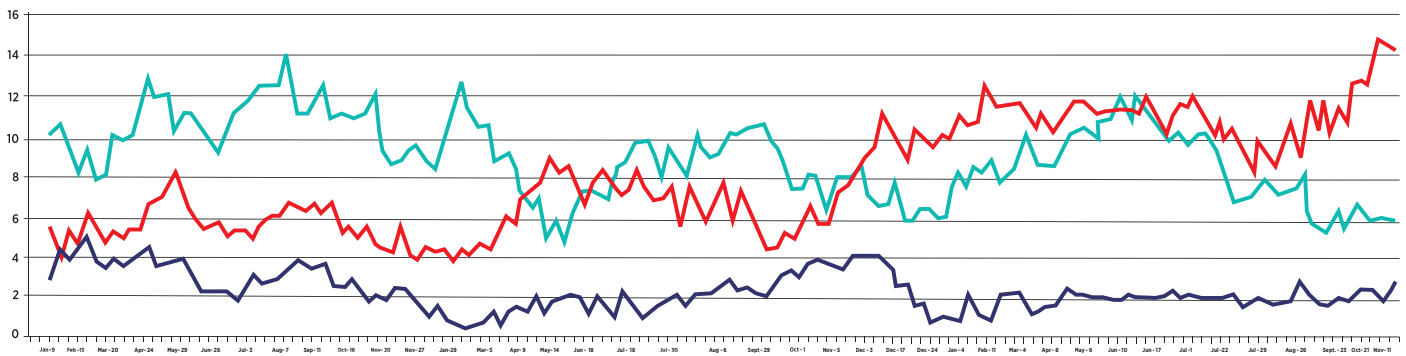


Total Refined Product Exports from the GCC to Asia-Pacific



Fujairah Weekly Oil Inventory Data

bbl (million)

■ Light Distillates ■ Middle Distillates ■ Heavy Distillates & Residues


As of Monday, 18 November total oil product stocks in Fujairah stood at 25.140mn barrels, breaching 25mn barrels for the first time since the end of April.

Stocks rose by 2.289mn barrels week-on-week. Overall product stocks rose by 10%, with builds across all three stock levels. Heavy distillate stocks hit a fresh high, breaching 15mn barrels for the first time since records began at the start of 2017.

Stocks of light distillates rose by 597,000 barrels, reflecting a build of 10.7% week-on-week. Total volumes stood at 6.198mn barrels. East of Suez gasoline was seeing a largely balanced picture, with supply-demand fundamentals in the region expected to hold steady in

the near term, sources said. Increasing supply from China, as well as the return of Asian refineries from turnaround, will add some drag on fundamentals. But healthy demand from the Middle East, India and Southeast Asia is set to absorb some of the additional supply, sources said. However, downward pressure from the weaker US RBOB/Brent crack was reflected in East of Suez derivative and physical crack spreads. The FOB Singapore 92 RON gasoline crack against front month ICE Brent was assessed at \$9.16/bbl on Tuesday, a fall of \$1.33/bbl week-on-week.

Stocks of middle distillates rose by 8.8%, building by 283,000 barrels to stand at 3.517mn barrels at the start of the week.

The East of Suez gasoil market was seeing downward pressure exerted on it due to a hike in distillate exports out of China. The country's state-owned refiners seek to expend their oil product quotas before the end of the year. This higher outflow comes as unsold cargoes in the region were adding to pressure on the market, sources said. "The market structure for gasoil has come off a lot...there are a lot of end-November cargoes that are still unsold," a source said.

Stocks of heavy distillates rose by 10.1%, building by 1.409mn barrels on the week to stand at a record 15.425mn barrels. This is the first time they have breached 15mn barrels and they now stand at the highest level since stock

reporting began at the start of 2017. The previous record high was seen on 28 October this year when they hit 14.551mn barrels. The shift by shipowners away from high sulfur fuel oil (HSFO) to low sulfur fuel oil (LSFO) continued to gain pace with under six weeks until the end of the year and the implementation of IMO 2020 regulations. "Demand for high sulfur fuel is disappearing. It is highly unlikely that the HSFO market recovers," a source said. The shift in demand with more LSFO demand was leading to a tightening in availabilities in Fujairah, sources noted. "Barging is very tight [for LSFO] as the spot demand picks up...there is also more backlog due to tank cleaning," a source said.

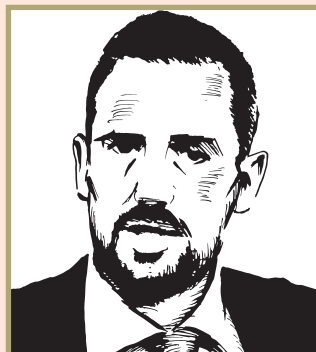
Source: S&P Global Platts

Oil Commentary

"The Black Eyed Peas. Prince Andrew. What do these things have in common?"

All three are worse after Fergie left. Allegedly, of course. I was going to start mocking every single Spurs fan that they've just hired Mourinho, but I'm struggling to type, save for laughing. Plenty of time to mock at a later stage. On to other disappointments – this oil market. Hopeless, isn't it? Even \$63/bbl was a bridge too far for Brent. And, for no particular reason, the crude market crashed down \$1.50/bbl on Brent and nearly \$2/bbl on WTI. But I know the question you're all asking. Why is a carrot more orange

than an orange? No, not that, but it's a good question. Why did we drop? Well, like I've been saying for a while now, there are myriad of reasons to be bearish, demand being more rubbish than a press conference from the special one, the US-China trade stand off and of course, the fact that there really is still way too much oil around. None of these three lingering issues have changed course over the last couple of months, regardless of any hot air coming from either the US, China, OPEC+ or delusional forecasters. Supposedly, we will see another build on US oil inventories later,

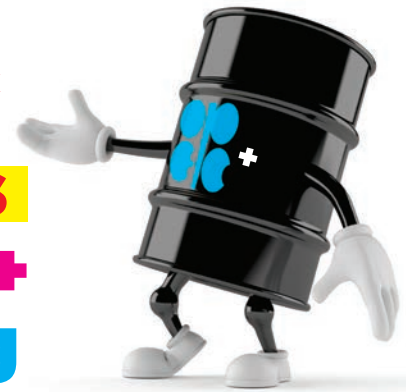


BY MATT STANLEY
SENIOR BROKER
STAR FUELS

which is hardly surprising given that production is at a mind boggling 12.8mn b/d. If API data is to be believed, then the net draw on US crude stocks so

far in 2019 is 2.8mn b/d. Given the way things are going, you have to predict that come end of the year, US crude stocks will most likely show a build this year. Not great, I think you'll agree. Let's wait and see what the Energy Information Administration (EIA) say later. What else is going on? UK election campaigns are in full swing and I'll leave you with this quote from Boris Johnson, which I promise I'm not making up: "Voting Tory will cause your wife to have bigger breasts and increase your chances of owning a BMW M3." Who said anything about just Trump being able to make stupid comments? #wearealldoomed Good day.

November 20, 2019

**VIENNA****5 Dec. 177th Meeting of OPEC****6 Dec. 7th Meeting of OPEC+**

EXCLUSIVE INSIGHTS

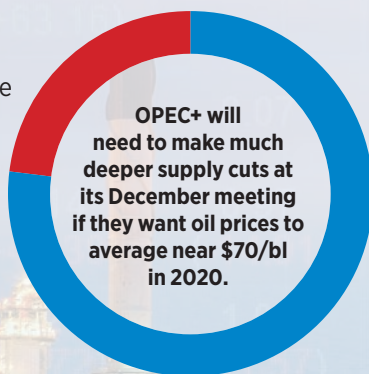
All Eyes on OPEC+ Ahead of Meeting

“We have been challenged year-on-year to take proactive decisions and we have been able to move forward, despite the diversity of OPEC+. In December, we are expecting all member countries to come with their government’s endorsement.”

H.E. Suhail Mohamed Faraj Al Mazrouei, Minister of Energy & Industry, UAE

Source: ADIPEC 2019

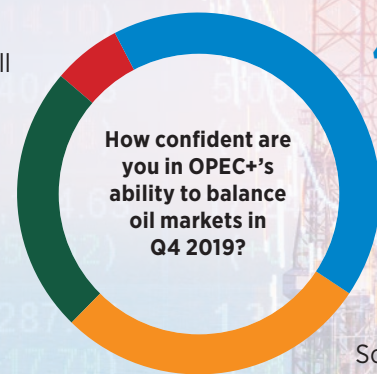
23%
Disagree



77%
Agree

6%
Not at all

24%
Not very

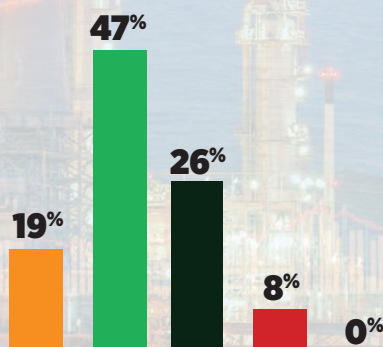


42%
Very

28%
Somewhat

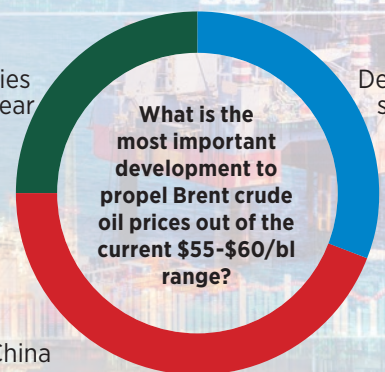
What price will Brent crude oil be per barrel at the end of 2019?

- A.** \$50-\$60
- B.** \$60-\$65
- C.** \$65-\$70
- D.** \$70-\$75
- E.** \$75-\$80



25%
Oil inventories fall to five-year low

44%
End of US-China trade war



31%
Deeper OPEC+ supply cuts

Source: Survey results and insights were harvested from the brainstorming sessions and input of more than 350 government and high-level energy stakeholders in Q4, 2019.

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ENERGY NEWS Highlights



Crude Oil Prices Weaken With US-China Trade Hope

The US Congress voted unanimously for legislation in support of human rights in Hong Kong on Wednesday, 20 November. The US President ramped up the trade rhetoric by threatening China with perhaps significantly higher tariff barriers if negotiations don't progress.

Source: Dailyfx.com



Singapore LSFO Bunker Demand Surges in October

Sales of low sulfur fuel oil (LSFO) rose sharply in Singapore in October, but a slump in demand for high sulfur fuel oil (HSFO) sent total bunker sales lower for the tenth straight month.

Source: Argus Media

India's Oil Imports from OPEC Lowest Since 2011

OPEC's share of India's oil imports fell to 73% in October, its lowest monthly share since at least 2011, as refiners shipped in fuel from the US and other suppliers.

Source: Business Standard

China Fuel Oil Yield Remains Below 4% as Industry Awaits Cues on Tax Rebates

China's fuel oil yield will likely not rise as significantly as initially envisaged from the current 3.6% until Beijing provides tax rebates for the supply of domestically produced fuel oil to bonded bunker fuel ports and for export, industry sources told S&P Global Platts this week.

Source: S&P Global Platts

Saudi Aramco Sets Its Market Value at Up to \$1.7trn

Saudi Aramco, the world's largest oil company, offered more details on the enormous share offering it is planning for December, setting an overall market value of the company of as much as \$1.7trn. This figure is short of the \$2trn initially estimated by Crown Prince Mohammed bin Salman.

Source: New York Times

Uniper Bullish on LNG Availability

Uniper is confident that LNG supply will continue to be bountiful in the years to come, providing a secure source of supply for demand around the world.

Source: Energy Voice

GIQ EXCLUSIVE INTERVIEW

Moutaz Al Riyami
Gas Director
Petroleum Development Oman (PDO)

In a world of \$60/bl of oil, what can we expect from PDO's gas development plans in the next six months?

Our current strategy will continue. We will maintain constant investment levels with a laser focus on cost efficiency and cost effectiveness. We are making sure that our supply chains, end-to-end, are lean and efficient. Also, with the advent of the 4th Industrial Revolution, we will be piloting many digitalization and innovation initiatives to optimize our operations.

What is PDO's role with developments at the giant Mabrouk field, which was discovered last year?

PDO has played a key role in the exploration and appraisal phase of the Mabrouk field. Moving forward, our strategy is to develop the Mabrouk field from an integrated value chain perspective. We wanted to have our upstream development connected to downstream opportunities, as gas to liquids (GTL) or LNG bunkering.

 FULL INTERVIEW HERE

Source: ADIPEC 2019, GI Research



Africa will Push for "Right to Drill"

Gabriel Mbaga Obiang Lima, Minister of Mines and Hydrocarbons of Equatorial Guinea, summed it up quite decisively to the press during Africa Oil Week 2019 in Cape Town. "Under no circumstances are we going to be apologizing," he said. "Anybody on the continent saying we should not develop those oil and gasfields, that is criminal. It is very unfair."

Source: Africa Oil & Power