

Fujairah

FEBRUARY 6th 2020
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New Silk Road

WEEKLY NEWSLETTER

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

A GULF INTELLIGENCE EXCLUSIVE

“We want our own natural gas to come to the surface by 2025.”

Dr Symeon Kassianides
Chairman, Cyprus Natural Gas Public Company
tells *G/Q* why now is the right time for Cyprus to spur gas development projects.

“Cyprus is moving into natural gas with the construction of the Cyprus LNG import terminal. We are shifting away from heavy fuel oil to natural gas for power generation. At the same time, we have issued the first exploitation license for a block. Our goal is to have our own natural gas come to the surface by 2025. We are moving into natural gas as a buyer, but also as an exporter. With the advent of Globalization 4.0, the east Mediterranean is a regional play now. For the region to hit its full potential, we require the cooperation of all stakeholders. There are already plans for electricity interconnections, between Cyprus and multiple countries, such as Egypt, Israel, Greece and Italy. There is great momentum for the east-west Mediterranean pipeline, which is going to connect the southern corridor for European supply. The only way we can proceed and be successful is by adopting the concept of regional cooperation and globalization. If we achieve this, the eastern Mediterranean will enter a new era of peace and prosperity.”

*Edited transcript



Fujairah Average Oil Tank Storage Leasing Rates*

BLACK OIL PRODUCTS

Average Range
\$3.57 - \$4.12/m³



↑ Highest: **\$4.50/m³**

↓ Lowest: **\$3.30/m³**

*Time period: Weekly

Source: GI Research

Fujairah Weekly Oil Inventory Data

7,332,000 bbl
Light Distillates



4,058,000 bbl
Middle Distillates



12,862,000 bbl
Heavy Distillates & Residues



Source: FEDCom & S&P Global Platts

Insights brought to you by:



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THE WEEK In Numbers

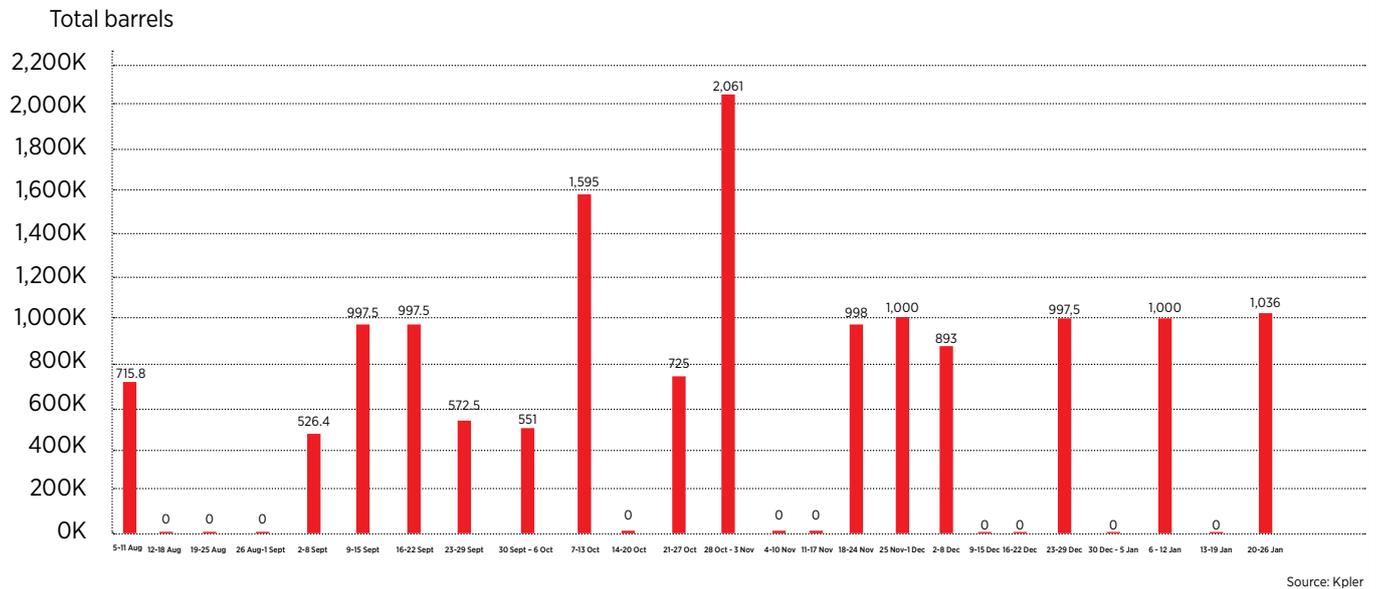


Weekly Average Oil Prices

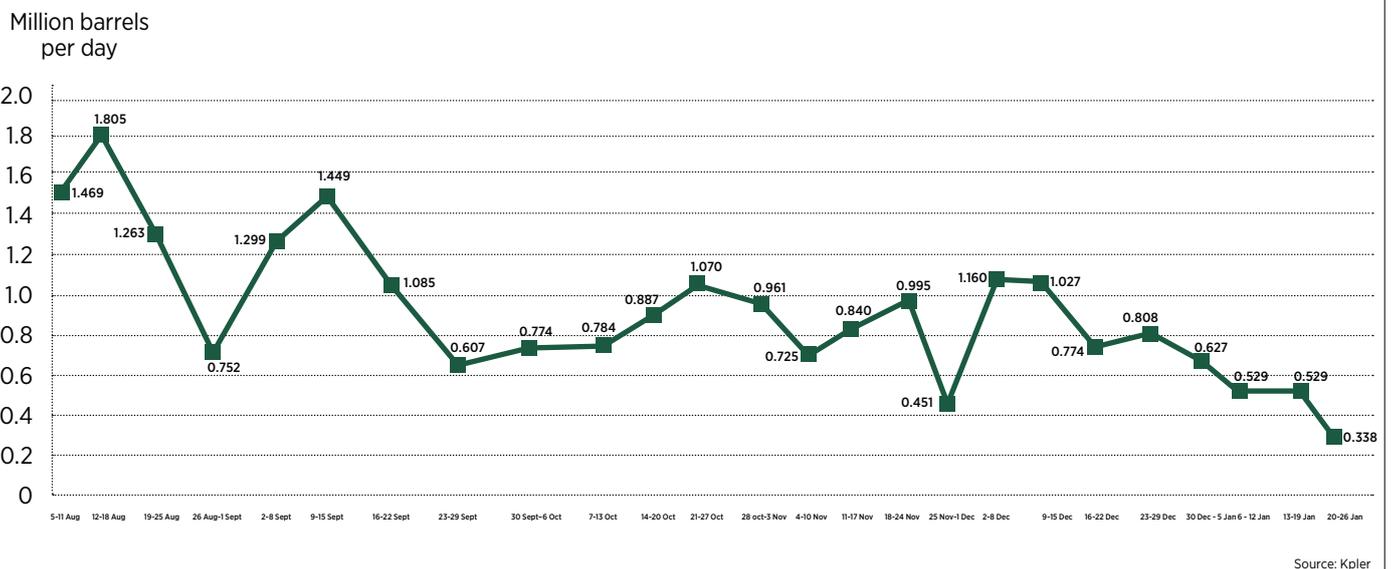
Brent Crude:	\$55.42/bbl
WTI Crude:	\$50.62/bbl
DME Oman:	\$55.08/bbl
Dubai:	\$53.71/bbl

Time Period: Week 1, February 2020
Source: IEA, OilPrice.com, GI Research

Weekly Imports of Heavy Sweet Crude into Fujairah



Total Refined Product Exports from the GCC to Asia-Pacific



GIO **SNAPSHOT**

Fujairah Oil Tanker Terminals (FOTT) Performance 2019

Successful Year As Global Influence Grows

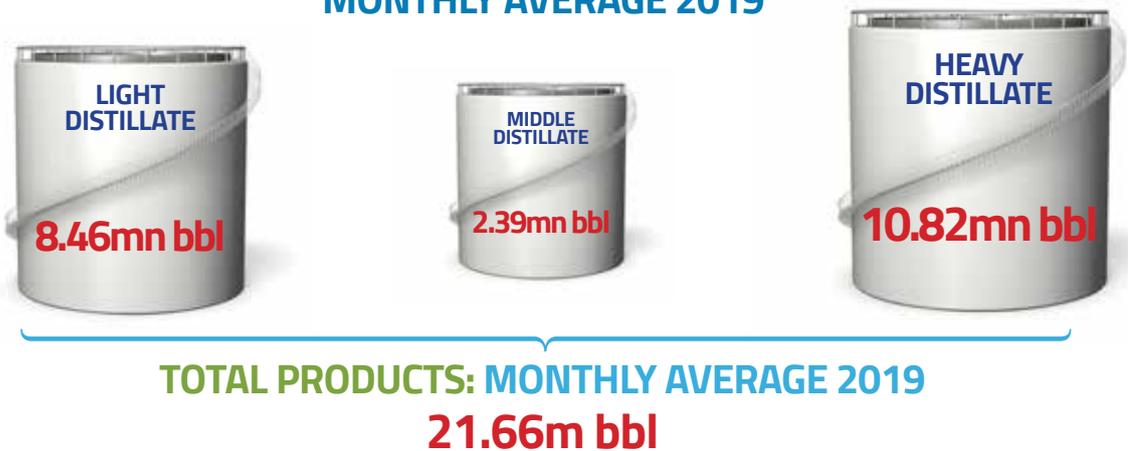

73,648,275mt
 Overall Product handled


62,228,657mt
 Product handled across the Berths


10,741,423mt
 Product transferred between terminals

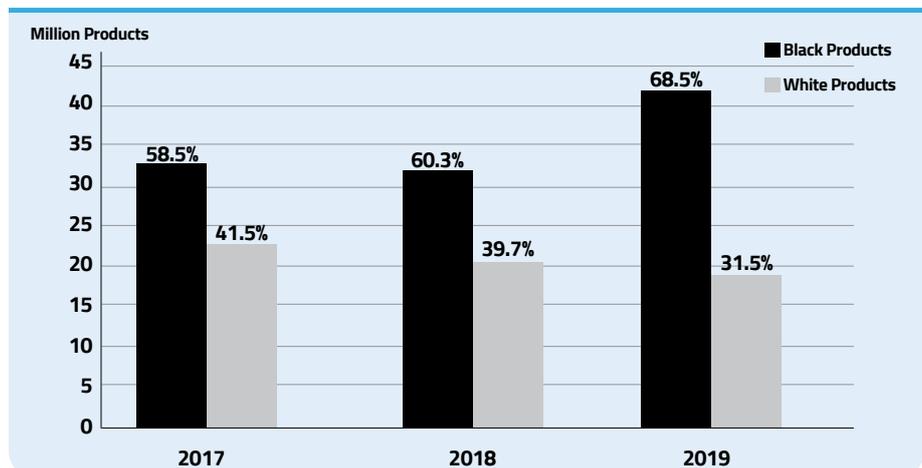
Fujairah Oil Industry Zone Product Inventory 2019

MONTHLY AVERAGE 2019



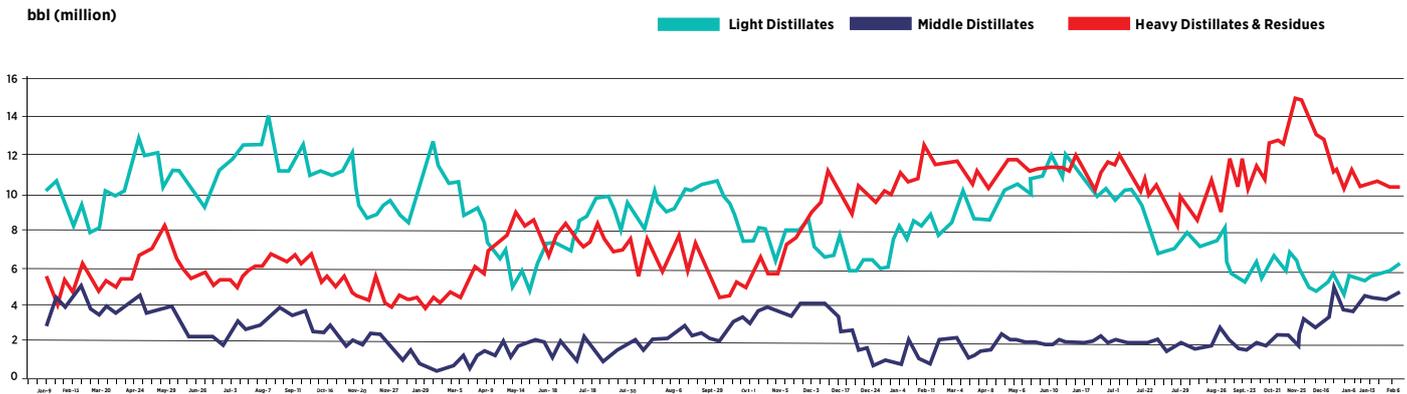
Fujairah Oil Tanker Terminals Light, Middle, Heavy Distillate

Percentage ratio for Black and White products handled year to date; 2017, 2018 & 2019



Source: FOTT Monthly Report December 2019

Fujairah Weekly Oil Inventory Data



TOP 10 TAKEAWAYS Monday, February 3

- Total oil product stocks in Fujairah stood at 24.252mn barrels – the highest level since mid-November. Overall product stocks were up by 12.5%, with builds across all three stock categories with residual stocks showing the largest week-on-week rise.
- Stocks of light distillates saw a rise of 221,000 barrels (+3.1%) week-on-

week to 7.332mn barrels. Rebound in East of Suez gasoline market, with unplanned outages in the US supporting values and having a knock-on effect on crack spreads for the fuel relative to crude.

- Concerns over demand in Asia remain. “The market is very cautious with what is happening. It is likely going to take a while to clear up, but the impact of the virus on the Chinese economy is very large,” a source said.

- Stocks of middle distillates rose by 58,000 barrels (+1.5%), to 4.058mn barrels at the start of the week. Gasoil saw support from strong demand in India and the Gulf.
- India’s pull for gasoil barrels is ongoing since early December. Refinery turnarounds in the Arab Gulf help underpin the market’s strength.
- Stocks of heavy distillates rose by 2.412mn barrels

(+23.1%) on the week to 12.862mn barrels – the highest level since late November.

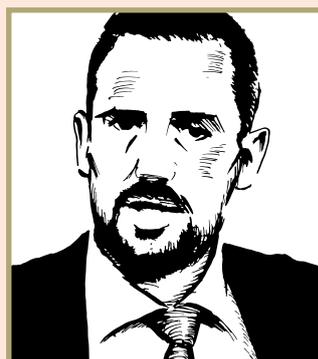
- Bunker market in Fujairah saw easing of barge tightness, allowing for more prompt deliveries. Bulk of suppliers in the port could offer deliveries within the next day, versus up to five days in January. Buying interest for low sulfur fuel oil (LSFO) remains.

Source: S&P Global Platts

“The real question you’re asking is: ‘Have we seen the worst of the sell off on crude yet?’”

It seems a correction of a correction is upon us when it comes to oil prices. However, if you think about it, is this a correction of a correction that was incorrect in the first place? To me, things were incorrect and have been incorrect for as long as I can remember. So, to correct that incorrectness? Incorrect, me thinks. Perhaps I stand to be corrected, so correct me if I’m wrong. There’s a thinker. I’ve been saying that things were perhaps a little over sold and there wasn’t a great deal of bullish news in the oil market yesterday. Indeed, US crude stocks showed a build,

as was widely expected. But I know the question you’re all asking: “If you could wedgie any historical figure, who would you pick?” No, not that, but it is a very good question. The real question you’re asking is: “Have we seen the worst of the sell off on crude yet?” Well, this is the issue. We were always going to see a rebound, purely down to the fact that the selloff has been so dramatic. It was inevitable that people were going to start taking some profit. I think we do have a serious chance to test the dreaded \$50/bbl on Brent again, but it might take a couple of weeks to get there. OPEC+ are standing on the side-



BY MATT STANLEY
SENIOR BROKER
STAR FUELS

lines waiting for that potential drop down again with news that they hope will cause the market to bounce up again. It’s an interesting one, the current OPEC+ meeting. What could

they possibly have to talk about for four days? Is the “do whatever it takes” attitude still there? Or is it now “do the minimal we have to in order to show support”? I think the latter. The newly formed cartel and its allies cannot simply be there every time a flat price decides to have a little puke. This is even if it is triggered by an unfortunate incident, with the coronavirus outbreak being the current predicament. I’m sure we will hear a minister or two come out once the flat price has adjusted saying: “We will take no action until our planned meeting in March”. Predictable to say the least. What else is going on? US equities continue to soar. And the Trump effect is still well and truly upon us it seems, right Nancy? Good day all.

February 6, 2020

ENERGY NEWS

Highlights



Russia ups India's oil exports by 15mn barrels

Russian oil company Rosneft has signed a contract on February 5, with refiner Indian Oil Corporation to supply up to 14.7mn barrels, of crude before the end of 2020. The oil will be shipped to the refiner via the port of Novorossiysk.

Source: S&P Global Platts



China's COSCO carriers head to Singapore, Fujairah

A total of 10 very large crude tankers (VLCCs) owned by COSCO Shipping Tanker (Dalian), previously blacklisted by the US for violation of sanctions on Iran, have left anchorage on February 3. This suggests they have returned to service. While the removal of the sanctions may come as welcome news to COSCO, the message is less positive for the wider tanker market, with analysts predicting a challenging short-term outlook.

Source: Lloyd's List



Tullow Oil: Shares plummet, third of staff cut

Tullow Oil plans to cut a third of its staff to save approximately \$20mn after the firm was hit by weak output in Ghana, delays in East Africa and lower-than-hoped-for oil quality in Guyana. After a string of production downgrades, Tullow expects its production to shrink to 75,000 b/d this year and to 70,000 b/d from 2021.

Source: nasdaq



UAE: World's biggest gas discovery since 2005

Dubai and Abu Dhabi have made what could be the world's largest natural gas discovery since 2005, as the two biggest sheikhdoms in the UAE aim to push the country to energy self-sufficiency. The Jebel Ali reservoir located between the two emirates has 80trn cubic feet of gas resources, according to H.H. Sheikh Mohammed bin Zayed Al Nahyan, Abu Dhabi's crown prince, and H.H. Sheikh Mohammed bin Rashid Al Maktoum, the UAE's prime minister and Dubai's ruler.

Source: Bloomberg



OPEC+: Struggle for output consensus

The technical committee, which consists of country representatives from OPEC and Russia, extended its two days of meetings into February 6, to find a consensus. The committee is tasked with running scenarios on the oil market that would lead to a recommendation on production policy. OPEC and its non-OPEC partners, including Russia, are currently holding back 1.8mn b/d, with Saudi Arabia reducing its output the most.

Source: CNBC



Virus: Short-term oil, gas sales to China paralyzed

Short-term sales of crude oil and LNG into China almost ground to a halt this week as the coronavirus slows economic activity and cuts demand. Plus, buyers are pondering legal action to avoid having to honor purchase agreements. Commodity supply chains have been disrupted with shipments canceled or delayed and stocks piling up, especially as mild weather had already slowed heating fuel demand.

Source: Reuters