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Fujairah New Silk Road WEEKLY NEWSLETTER

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AN EXCLUSIVE GULF INTELLIGENCE INTERVIEW

"THE BUNKER MARKET WILL LIKELY SEE A 10% DECLINE OVERALL IN 2020."

Unni Einemeo
Director, International Bunker Industry Association

Even though some ports are managing to do better, and some suppliers are managing to hold on to their market share, others are not. It varies. Some of our members are very pessimistic and think the bunker market will shrink by 20%. Others think it's more like 5% if you take 2020 as an overall picture. We won't really know until the end of the year exactly how it pans out. However, we have already seen a big shrinkage during some months, which will certainly take a chunk out of the market. It is difficult to put a number on it. A lot will depend on how the market reacts to Covid-19 going forward. Ultimately, bunker demand depends on shipping trade. How many ships are being taken out of service? Initially, in the container trade we saw empty ships doing empty sailings and they still used bunkers then. But when you start taking ships out of service, then you get less bunker demand. So, if you're putting me on the spot and taking a mid-range of what our members are saying, the bunker market will likely see a 10% decline overall in 2020.

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Fujairah Weekly Oil Inventory Data

6,658,000 bbl	4,706,000 bbl	10,058,000 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

Source: GI Research – Weekly Phone Survey of Terminal Operators

Insights brought to you by: 2010 GI 2019 Publishing
Thegulfintelligence.com

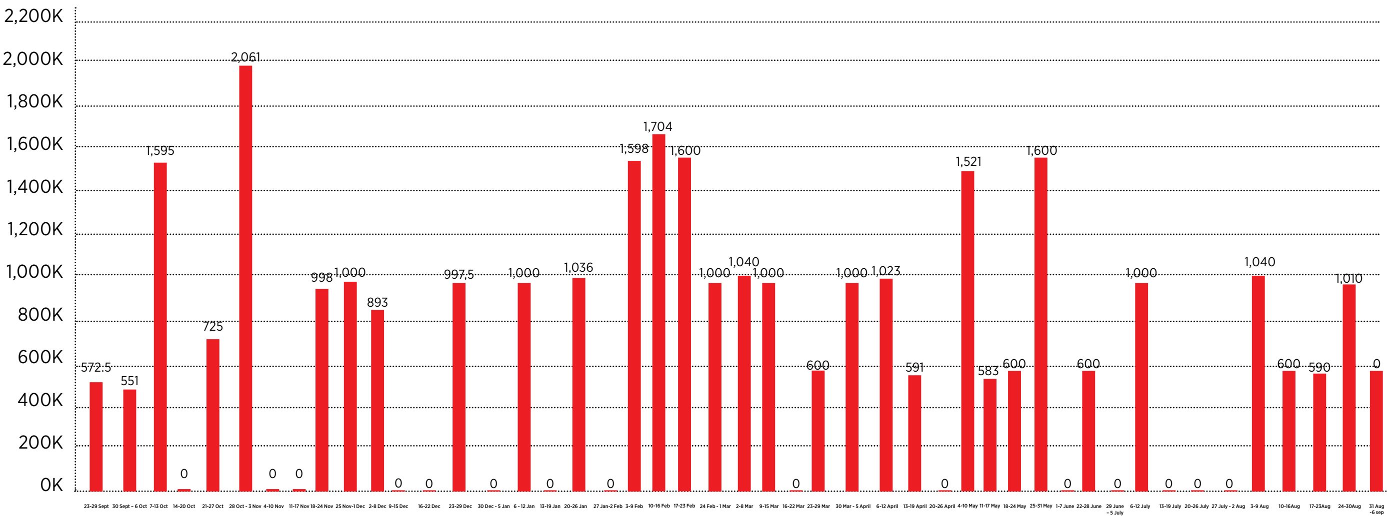
THE WEEK In Numbers

Weekly Average Oil Prices

Brent Crude:	$42.30/bl
WTI Crude:	$40.00/bl
DME Oman:	$42.02/bl
Murban:	$42.07/bl

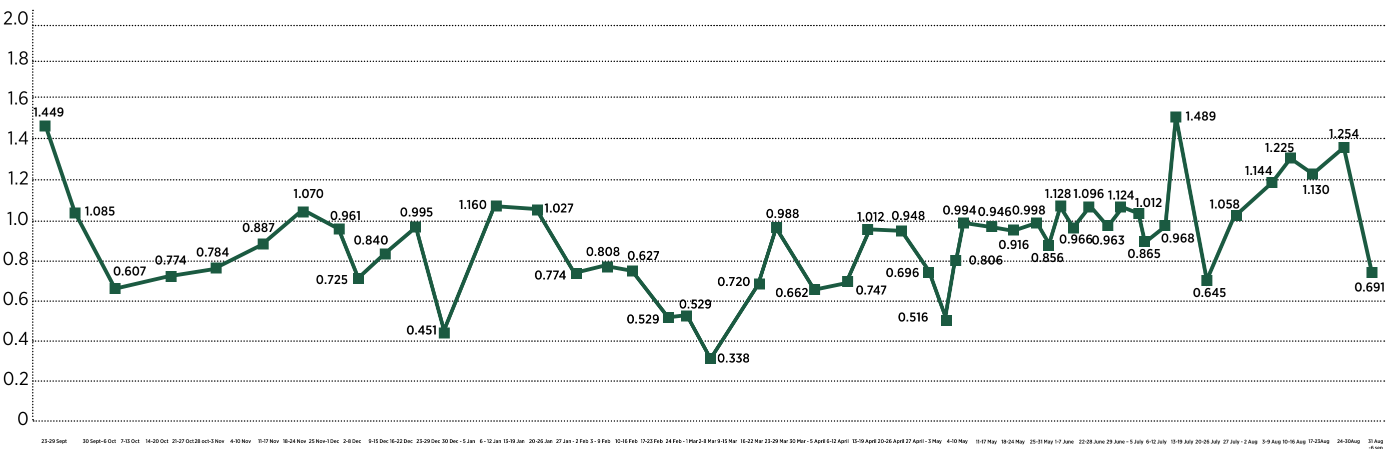
Time Period: Week 4, September 2020
Source: IEA, OilPrice.com, GI Research

Weekly Imports of Heavy Sweet Crude into Fujairah



Source: Kpler

Total Refined Product Exports from the GCC to Asia-Pacific



Source: Kpler

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GIQ: How has Covid-19 impacted the international bunker market?

Unni Einemeo: Covid-19 has had a number of effects. When the pandemic first started, we saw initial problems around the ship and barge interface because of social distancing measures. Traditionally, during a banking operation you might have a ship's chief going onboard a barge or you might have a barge company coming onboard a ship to exchange documents. That whole area of interaction was quite complicated for some time because several countries would not allow anybody off the ship or anybody onto the ship. It has been a big crisis in the crew change area. Many have been onboard ships way beyond their contract periods. We've seen it happening with barge operators as well. The whole practical side of things have been an issue. But in that whole interface area, they reverted to very old-fashioned methods of exchanging things between the ship and the barge. For example, some have used a bucket with a rope down the side of a ship to pass documentation and sample bottles between each other.

We have already seen demand go down significantly in some areas and in other areas bunker demand has held steady or even grow y-o-y. When we realized that Covid-19 was going to have a massive impact on global oil demand, we were looking to see when it was going to hit the bunker market. Initially, it didn't. In February and March we saw several ports actually increase their bunker sales y-o-y. Also, bunker sales held up quite well during April and May in many areas. Although, some of the smaller ports started to take a hit. There's also speculation that bunker sales held up well in that period because shipping companies were taking advantage of low prices to fill up their tanks. However, June is when we saw the biggest hurt in many areas. These things can change very rapidly. It's very unpredictable at the moment. You will see some areas benefit from being places where ships go to as safe havens in terms of good quality of product and service. Singapore has benefited from this. Also, ports that have the widest variety of products available are holding up as well. For example, HSFO isn't on offer everywhere anymore. The majority of the market has gone to using LSFO and, as a consequence, the ports which don't have a lot of turnover will not necessarily stock HSFO anymore.

GIQ: IMO 2020 regulations also came into effect this year. Combined with Covid-19, what legacy impact will this volatility have on the bunker market?

Unni Einemeo: As we were preparing for IMO 2020, everybody saw at the start of the year that costs for shipping companies, who were going to use compliant fuel, would rise significantly. That is something they had to contend with. For the supply side, another element to consider is that the marine fuel market runs on unsecured credit. Typical credit terms would be 30 days after delivery for when you must pay your bill. It can be shorter or longer, but it depends on the relationship you have with your supplier. In the supply sector, there was a huge worry about whether there was going to be sufficient credit and liquidity available in the markets. That concern dissipated as oil prices came down. For the shipping sector, at a time when some of them were beginning to see market conditions become more difficult because of declining trade volumes, at least they had the help of fuel prices going lower. In some respects, this has been a relief for many. It also made the liquidity problem less of an issue for the supply side. This kind of volatility isn't new. Interestingly, we saw something similar back in 2015. Then, the sulfur limit in emission control areas fell from 1% to 0.1%. Ships operating in those control areas were expecting a massive increase in their bunker bills. But, at the end of 2014, oil prices fell off a cliff. In June 2014, we were looking at a $300/mt HSFO increase for ships operating in those emission control areas. However, in January 2015 the gas oil that they needed to buy to be compliant cost less than it did in June, half a year earlier. Market volatility is something that the industry has had to contend with many times.

GIQ: How would you assess the market's transition to implement IMO 2020 regulations?

Unni Einemeo: During the early phase of the IMO 2020 transition, things went as expected with regards to scrubber economics being really favorable. There was a massive price difference between 0.5% low-sulfur fuel oil (LSFO) and high-sulfur fuel oil (HSFO), where ships with scrubbers were still able to use compliantly. You have to remember that this is a market where a huge volume of fuel went from being allowed to be high-sulfur to now having to be low-sulfur over a very short period of time. The limit came into force on January 1st 2020. Most ship operators were waiting for as long as possible to make the change because the price difference was very high in the run up to January 1st as well. Fuel is often the biggest cost in shipping. So, operators took any savings they could make by pushing that forward for as long as possible. The market was trying to find a balance for a while. Initially, there was a lot of HSFO available because those stocks were still in the market and the supply chain. The price difference was more than $300/mt. These were the happy days for those that had already installed scrubbers before the IMO 2020 came into place. However, by February the price differential between LSFO-HSFO started to come down quickly. The peak was very much in January. In Singapore, the difference was around $360/mt during this time. The spread decreased for two reasons. Oil prices came off a high and fell very rapidly. When oil prices fall, the price differential between the highest and lowest prices coming out of the barrel will also narrow. We also saw that the HSFO surplus in the market was disappearing and the market was adjusting to LSFO supply. Consequently, the spread between LSFO-HSFO came down to about $50/mt by April and it hasn't really recovered since. This has made scrubber economics less attractive. Those that have scrubbers onboard ships had the benefit of a period with a high price differential. They are still able to run those ships on fuels cost – maybe $50/mt less than what their competitors are running on. But it doesn't make investment in retrofits as attractive as it used to be. The economics of that doesn't really add up at the moment.

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DAILY ENERGY MARKETS FORUM
NEW SILK ROAD "LIVE" September 20th - 24th

GIQ

EXCLUSIVE WEBINAR

TOP 10 MARKET OBSERVATIONS FOR THE WEEK

1. OPEC+ may have done enough to ease immediate concerns on oil market balance in Q4, but they will need to turn quickly to address the looming Q1 2021 imbalance.

2. As Mike Tyson once said – everyone has a plan until they get punched in the face – beware COVID 2.0 lockdowns.

3. Libya's crude exports are unlikely to reach a level in Q4 that could torpedo OPEC's efforts at rebalancing the oil market.

4. China's oil demand is likely to remain above 2019 levels through Q4.

5. OPEC+ will likely feel resistance to any attempt to postpone oil production increase in January as most members are reeling from budget deficits.

6. China still holds over 300mn barrels of available crude oil storage.

7. Lockdowns, whether partial or complete, could derail economic recovery in Europe through Q4.

8. The FED's echo chamber is starting to sound like a broken record promising to come to rescue the Titanic.

9. PMI reports for September show two-tier economic recovery bedding in, with manufacturers doing well and the service economy reeling from social distancing.

10. Final weeks to the US election are likely to deliver a period of flight to safety for strong dollar, weaker equities and a grinding lower oil price.

ENERGY MARKETS VIEWS YOU CAN USE

Energy Markets Outlook

By Christof Rühl, Senior Research Scholar, Center on Global Energy Policy, Columbia University

Global Economic Growth?

The Chinese economy, contrary to what has been reported, is not taking off like a rocket, with its manufacturing sector as dependent, if not more so than others, on a stable global environment. Yes, they have recovered from the Pandemic, but it is not clear that the long-term growth outlook is anything close to what it was before the pandemic. This is a very important phenomenon because we will see the same in the US and Europe and other OECD countries as well. All of these places will now come up with very stellar growth rates for the third quarter, but that's of course because the base was low due to the Covid decline in Q2, but that doesn't mean that the GDP is fully recovered or that we have the same growth rates as we had before COVID.

Oil Majors & Valuations?

Equity markets have been telling us something all along - while oil prices rose and stabilized, the shares of oil companies never rose and stabilized. And it tells us something else. You look at those who are trying to switch away from oil and gas and become leaders in renewables, look at BP, they are severely punished. And in normal cycles, we would now be entering the phase in the downturn where you would think about who is going to buy whom in this game. It is just that none of the IOCs left standing are big enough to buy the others. So, I think if this continues and if the market continues to punish those who want to go into renewables, we may see companies splitting. It reminds me of the old mantra of upstream vs downstream - why should they be together? There was a big discussion about this ten years ago. ConocoPhillips was the only one who split. Now we are going to get something similar maybe for European majors with renewable sources, oil and gas. Something has to give. Share prices are now below where we were after the Deepwater Horizon accident. That is not reflected even in current oil prices. There is some punishment here with some not liking, not believing in the party line.

Germany vs Russia and Nord Stream 2?

The Germans are sort of trapped-in because they do not want to be seen to give in to American sanctions threats. And that was the sort of life assurance for Nord Stream 2, but now their Russian partners are misbehaving again as we have seen before. And so, something needs to be done. My best guess is that this is a waiting game and will be postponed until after the Nov. 3rd US election. And then my second-best guess in terms of natural gas and economics is that Nord Stream 2 will be built and that we will see some other European Union wide measures against Russia, but not a complete blockage of the pipeline. Germany has had several of these poisoning cases in the past and they all have been put more or less under the rug. There is still very strong support here for saying, OK, we and Russia have a long history, including a stable trade relationship, and we are not letting this be distorted by these machinations or by threats of sanctions from others. So, I think it will be a topic which will resurface as one of the first boxes to be ticked by the Biden administration.

Oil Price Needs Correction with WTI Sub-$35/bl... Then It'll Hit New Highs

Omar Najia, Global Head, Derivatives, BB Energy

Equity markets have been coming off – a correction which will continue. Right now, they are trading at just above 3300 on the S&P. We need one more sizeable correction before the market becomes investible and is unleashed to new highs. And then on WTI oil...we saw the correction earlier this month drop to $36/bl, but that still isn't enough. Although we bounced back to $41/bl, we still need to test somewhere between $31-$35/bl. Then the trend would be higher to new highs.

Everybody who bought on the Covid-19 rally and doubled the value of X or tripled the value of Y and for those who bought for no fundamental reason – i.e. rumors about a new vaccine, the FED, etc - need a little dose of reality. It needs to correct just one last time. After that, there won't be an explosion up to $100/bl, but there'll be a decent uptick. Of course, that's if OPEC doesn't mess things up by saying things like: 'We are going to overproduce', or 'We are going to have a price war'.

OPEC: Promises, promises?

I've seen OPEC, and now OPEC+, quite a bit over the years. And every time they seem to do something, they break their word and then they say no and then they say yes. I hate to say it, but it's like OPEC is a bit like Inspector Clouseau; they eventually arrive at the right answer, but it's chaos getting there.

It's important that OPEC provides the right sentiment for the market, giving guidance to say things aren't going to deteriorate. This is what the market is looking for from OPEC – a reassurance that they're not going to mess things up. That they are not going to have a price war, like we saw in March and April when they declared it was everybody for themselves. And if they can manage to avoid things like that again, then the market kind of takes care of itself, plus or minus.

ENERGY MARKETS VIEWS YOU CAN USE

OPEC Must Narrow OPEC+ Crack to Sustain Pact

Adi Imsirovic, Senior Research Fellow
The Oxford Institute for Energy Studies

Many would agree that OPEC+ has done a fantastic job in controlling the market, reversing the price freefall in April. Of course, there have been ups and downs. The biggest problem for the Saudis, as the OPEC leader, are the sort of volumes overproduced from within OPEC. It's very, very hard for them to press countries outside OPEC if OPEC members themselves aren't sticking to the agreement.

The priority right now is just to press the production laggards who have been overproducing, as there's not much else they can do given that this market is still very, very much about demand recovery. OPEC+ have done a great job preventing further price falls given the current situation. But it's not going to be easy moving forward.

Hurdles ahead?

If we had the demand recovery that we had expected in the third quarter, we would see higher prices. There are still many challenges; the latest is Libya potentially coming out again. It's very hard to know what is true in this Libya story. Even if we get just the El-Sharara oilfield, which is the largest one in the country, then we are talking about up to 300,000 b/d coming very quickly into an already weak market. It's certainly not going to help.

But we've seen previous reports of Libya coming back to the market and then nothing ever happens. That's why everyone's sort of muted about it. The most likely scenario is going to be one or two fields coming back, even if it's the biggest one, we're only talking about an additional 300,000 b/d, 400,000 b/d at most. That's not going to break the bank.

Sharp warning

The Saudis scared the daylights out of everyone in March and April. They had about 1-2mn barrels of excess capacity – and that was their whip. They cracked it pretty hard in March and we ended up with -$40/bl on WTI in April. That sent quite a message to everyone, and they are capable of doing it again.

What worries me a little are the comments by the Saudi minister last week at the OPEC meeting about fellow producers not complying and threats to market traders. They sounded a little bit desperate. If you get to that stage where you have to threaten everyone else, that means things are not working out as well as they should. I think if the problem is OPEC within the OPEC+ agreement – i.e. the UAE overproducing, along with Iraq and Nigeria – then at some point, the Russians would just turn around and say: 'Get your act together before you actually ask me out. I have done my job". So, the Saudis are doing the only thing they can do by saying: "Come on guys, shape up and now!"

Peak Fossil Fuels is Happening – Right Now!

Kingsmill Bond, MA, CFA, Energy Strategist, Carbon Tracker

The main driver of change? New technology providers, from solar and wind companies to battery developers, and many more. The victims of change are the incumbents, especially those who have resisted change for as long as they could. While many are taking their heads out of the sand, they're still desperately behind the curve. Some are increasing their efforts, from just tinkering with renewables to using maybe 10% of their CapEx. That sounds great, but it's definitely not enough. We've already seen write downs in the oil sector reach $90bn this year – and that's the tip of the iceberg.

Petrochemicals: Tone deaf?

The petrochemicals sector has huge amounts of overcapacity, yet people are still very naively building more. There's an enormous disconnect between the plans of the plastics industry and the start of a massive war against waste. Society is no longer prepared to tolerate unabated plastic pollution. We fully expect a combination of cooler, saner heads from investors and governments will mean plans for many hundreds of millions of tons of new petrochemical capacity are cancelled in the early 2020s.

GIQ EXCLUSIVE SOUNDINGS

Oil Falls as Demand Concerns over Covid 2.0 Outweigh US Stock Drawdown

Over the last week, Gulf Intelligence has interviewed energy market experts in Asia, the Middle East, Europe and the US – the intelligence below is harvested from these exclusive briefings:

- Daniel Richards, Senior MENA Economist, Emirates NBD
- Walter Simpson, Managing Director, CCED
- Robin Mills, Chief Executive Officer, Qamar Energy
- Victor Yang, Senior Editor, JLC Network Technology
- Tony Foster, CEO/CIO, Marine Capital
- Rustin Edwards, Head, Fuel Oil Procurement, Euronav NV
- Kevin Wright, Lead Analyst APAC, Kpler
- Mike McGlone, Senior Commodity Strategist, Bloomberg Intelligence
- Gavin Maxwell, Partner, Ernst & Young

Daniel Richards, Senior MENA Economist, Emirates NBD
"It's such a hard time for local economies. For the most part, they are implementing fairly tight fiscal policy. For example, in the UAE, we've seen an expansionary fiscal policy this year and even that is only 2-3% of GDP. It's a challenging double whammy for local economies to be in this environment."

Walter Simpson, Managing Director, CCED
"Oil prices are hanging on and they've been incredibly resilient. The market seems to be balancing out at present and I'm expecting OPEC production to increase in January next year. All of the OPEC countries are hurting economically, so I think they're going to take the opportunity to increase supply."

Robin Mills, Chief Executive Officer, Qamar Energy
"We have had some concerns on OPEC compliance. We will evaluate that again and see if non-compliant members have improved their compliance and made up for months of under compliance. We also have the partial return of Libya with some ports being reopened for oil exports. Libya is unpredictable and another wildcard for OPEC to think about."

Victor Yang, Senior Editor, JLC Network Technology
"In China we call September 'Golden September' because it is peak demand season. We still have a lot of tankers queuing up in some large provinces. We expect congestion to ease in the coming two weeks. Also, a large amount of imported crude went into storage in the first eight months of this year, much more than all of last year. So, the question is, how much storage does China have left?"

Mike McGlone, Senior Commodity Strategist, Bloomberg Intelligence
"There's been too much optimism for demand pick-up. We're not going to be getting that for a long time. There's plenty of producers who just can't wait to add to supply. The crude oil market is still a solid bear market."

Tony Foster, CEO/CIO, Marine Capital
"The tanker market is looking soft. Most of the leading brokers would say they expect a much weaker Q4, 2020 and Q1, 2020 than they normally have. Investor sentiment, if you talk about the acquisition of assets, is also weak. The news in the broader world like the European ETS are significant. Those items are making difficult decisions more difficult and more investment problematic. We're in for a very quiet time."

Rustin Edwards, Head, Fuel Oil Procurement, Euronav NV
"The API Inventory numbers are very typical of a hurricane event A lot of refineries were impacted an runs were cut down. Exports were not allowed due to port closures by the US Coast Guard. So, you would see organic growth in stock and draw downs on products. Stocks should draw because you don't have replacement barrels moving up the pipelines with all the shutdowns or run cuts we had."

Kevin Wright, Lead Analyst APAC, Kpler
"The Chinese procurement activity in April-June was very significant and elevated. That resulted in huge imports for the country and a huge growth in inventory levels. Now we're seeing that growth slowing down slightly. We are also seeing a bit of an increase in refinery runs. So hopefully that will mean that we start to draw down some of that built-up inventory."

Gavin Maxwell, Partner, Ernst & Young
"The whole ecosystem is under pressure. It's not just the oil and gas sector. However, the NOCs are the funding mechanism for the majority of governments in the region. So, there is significant pressure for them to continue to make their dividends back to the government whilst trying to honor commitments around curbing increases in production. What we're seeing is greater focus on cost optimization and trying to manage large layoffs because they have a major destabilizing effect."

ENERGY MARKETS COMMENTARY WEEK IN REVIEW

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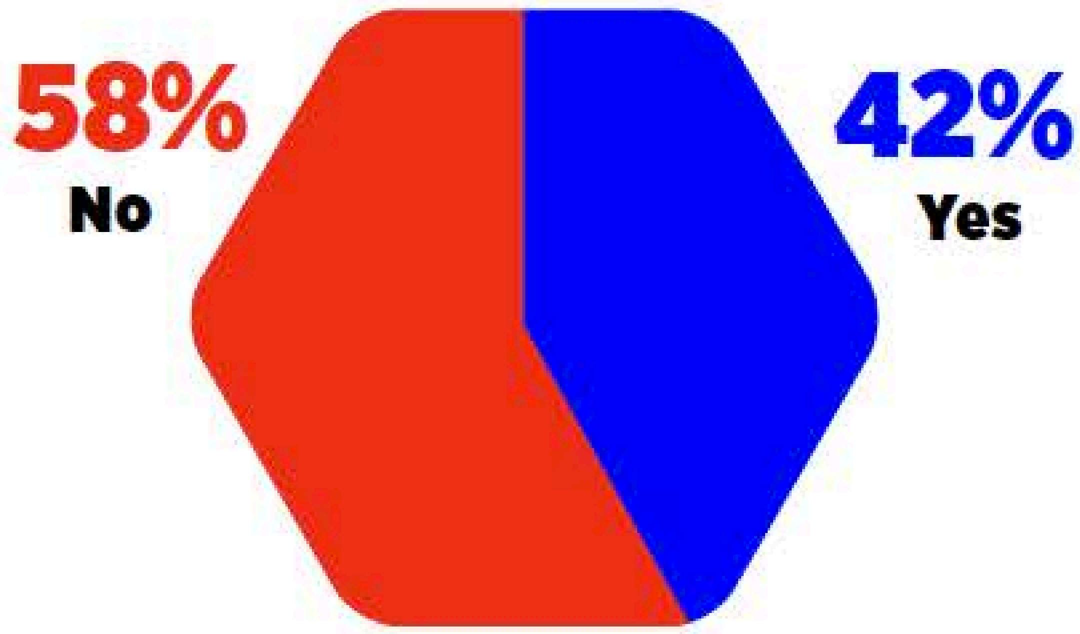
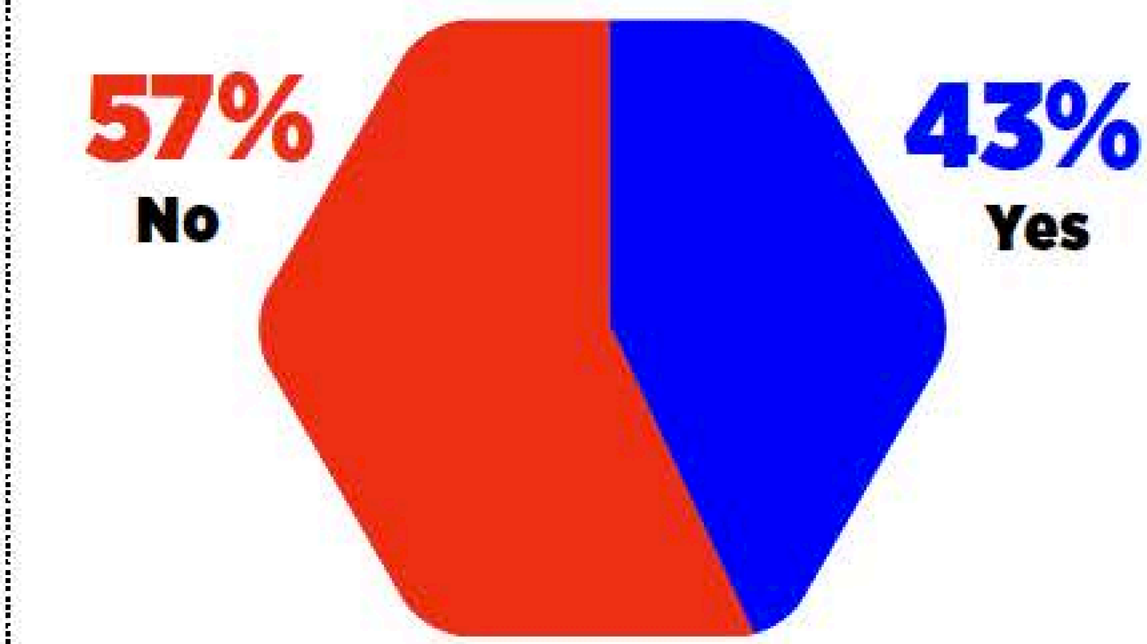
GIQ Weekly Surveys

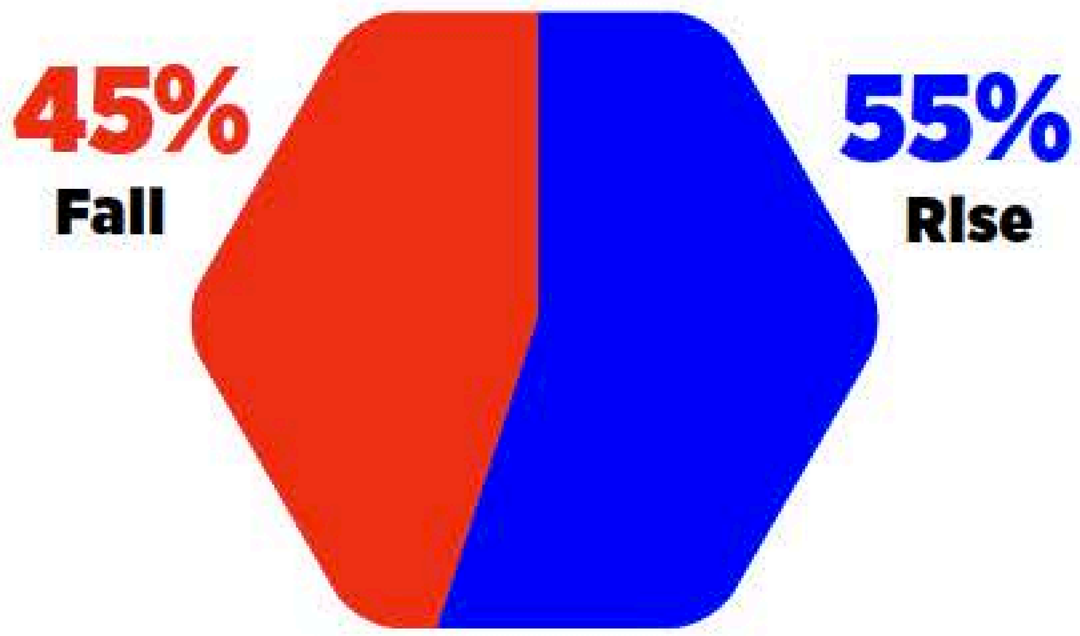
Has OPEC+ done enough to scare market actors away from shorting oil?



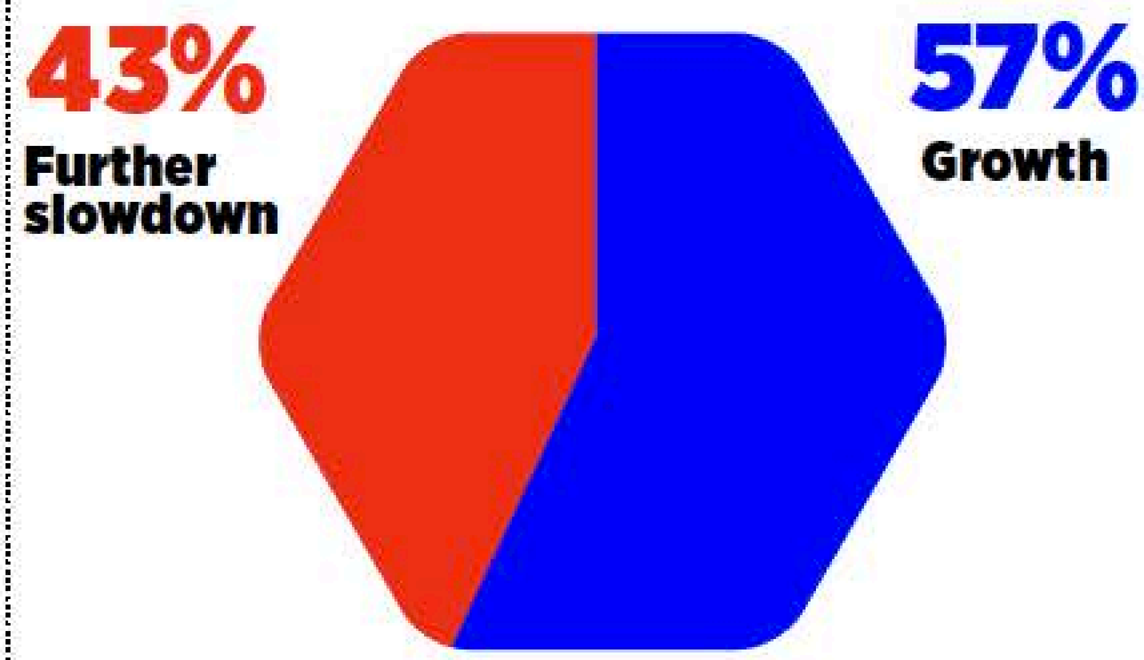
Do you expect the (announced) end of Libya's oil export restrictions to derail oil market rebalancing in 2020?



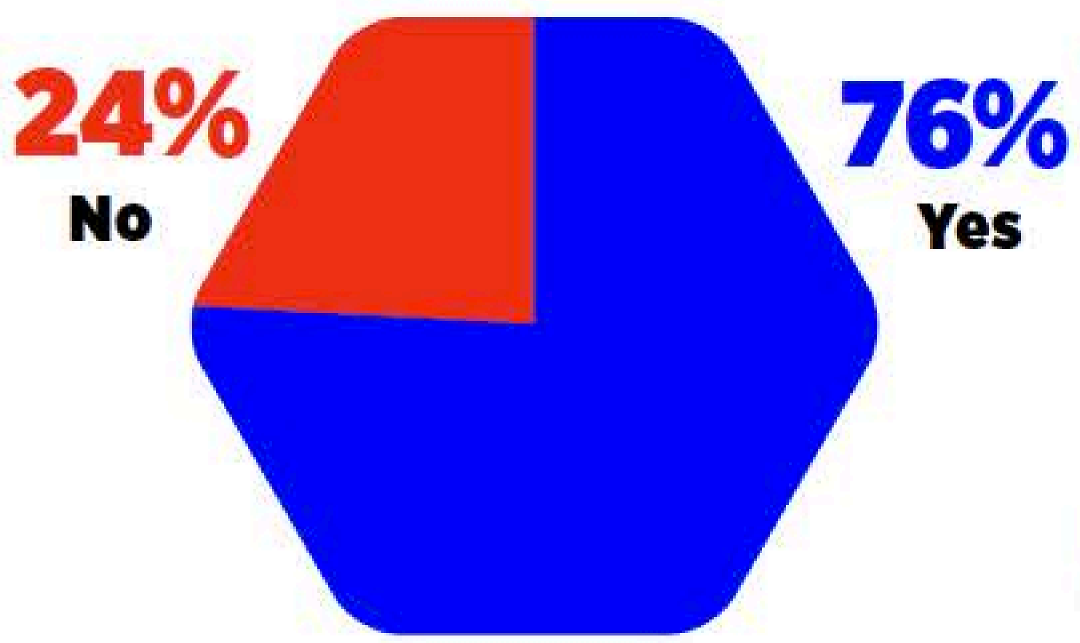
Will Global Oil Demand Rise or Fall in Q4?



PMI reports showed slow down in eco growth through Q3 –will we see recovery or further declines in Q4 economic growth?



Will Chinese OIL Demand remain strong enough in Q4 to keep Brent at around $40 a barrel?



Source: GIQ

Fujairah Spotlight

H.H. Hamdan bin Rashid Receives Fujairah Crown Prince

H.H. Sheikh Hamdan bin Rashid Al Maktoum, Deputy Ruler of Dubai and Minister of Finance, received this morning H.H. Sheikh Mohammed bin Hamad bin Mohammed Al Sharqi, Crown Prince of Fujairah, who congratulated him on his safe return to the country after a successful surgery abroad. Sheikh Hamdan also received Lieutenant General Abdullah Khalifa Al Marri, Commander-in-Chief of Dubai Police, accompanied by a number of senior police officers who also congratulated him on the successful surgery.

Source: Emirates News Agency

Fujairah Crown Prince Presides over the Meeting of the Board of Trustees of the University of Science and Technology

Sheikh Mohammed bin Hamad bin Mohammed Al-Sharqi, Crown Prince of Fujairah, Chairman of the Board of Trustees of the University of Science and Technology, briefed the University's strategic plan for the current academic year and its precautionary measures in the face of the new Corona virus and its prevention. His Highness stressed the need to identify the most prominent challenges and identify the necessary needs of the university by providing scientific expertise to raise the educational level of its students.

Source: Fujairah AE

Fujairah VLSFO Rises to Premium to Singapore for First Time in 7 Weeks

Very Low Sulfur Fuel Oil (VLSFO) prices at Fujairah have risen to a premium to Singapore's level for the first time in 7weeks. Fuel stock in Fujairah have dropped to the lowest since August 2019 according to the Data of FOIZ and price reporting agency S&P Global Platts, as demand on the Middle Eastern hub improves.

Source: Ship & Bunker

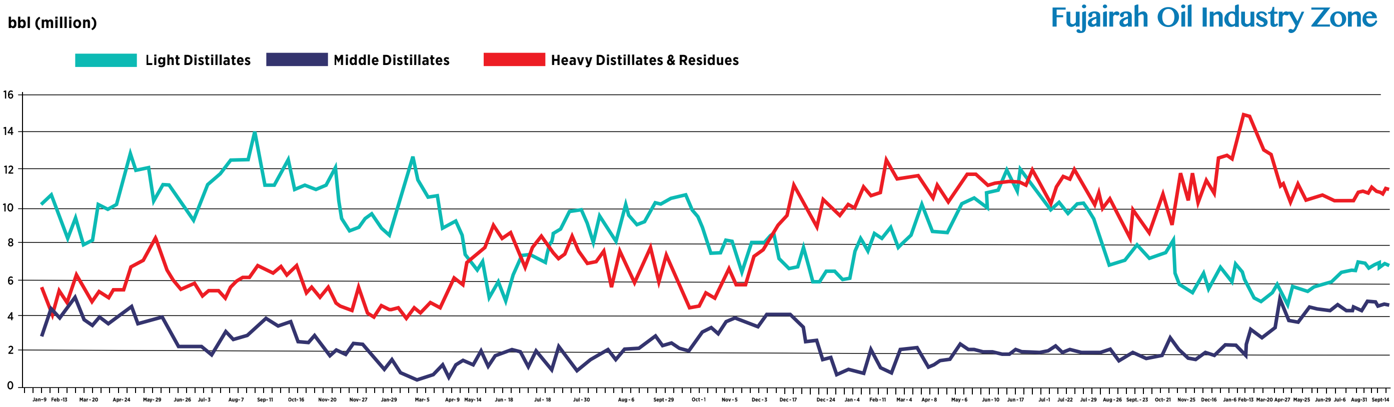
Oil Product Stocks Hit Near Six-Month Low

Inventories of oil products at Fujairah on the UAE's East Coast have fallen to their lowest in almost six months, led by the biggest drop in heavy distillates in almost two years as bunker fuel prices flipped to a premium over Singapore. Ships needing prompt spot bunker fuel from Fujairah will likely pay a premium until the end of September, because of tight availability of barges until then, sources told Platts previously.

Source: S&P Global Platts

Fujariah Weekly Oil Inventory Data

FOIZ
منطقة الفجيرة للصناعة البترولية
Fujairah Oil Industry Zone



TOP TAKEAWAYS

- **Total oil product stocks in Fujairah were reported at 21.422mn barrels. This is their lowest level since March 23 when they stood at 21.180mn barrels. Total stocks fell by 1.819mn barrels falling 7.8% week on week, with a large draw in heavy residues and small draw in light distillates offsetting a build in middle distillates.**

- **Stocks of light distillates fell by 238,000 barrels or 3.5% week on week. Gasoline was finding support from expectations of near-term supply-side tightness. China a major producer and exporter of gasoline in Asia was seeing state-owned oil companies and independent refineries cutting run rates amid high oil product stocks and weakening refining margins, a factor lending support to the transportation fuel. Notwithstanding the bullish sentiment, the 92 RON physical gasoline crack in Singapore dipped slightly week on week to be assessed at $4.12/bl on September 22, a dip of $0.19/bl week-on-week.**

- **Stocks of middle distillates rose by 913,000 barrels to 4.706mn barrels as they increased by 24.1%. This is their highest level since late June when they stood at 5.073mn barrels on June 22. The gasoil market East of Suez was coming under pressure from a combination of underwhelming demand against a backdrop of abundant spot supplies, thanks to consistent outflows from key exporters. Industry sources, however, noted that refinery run cuts across Asian refiners could keep a lid on exports in the coming weeks.**

- **Stocks of heavy residues fell by 19.9% drawing 2.494mn barrels on the week to stand at 10.058mn barrels, their lowest level in over a year. They were last lower on August 19, 2019 when they stood at 9.333mn barrels. Bunker demand in Fujairah remained healthy with steady inquiries, particularly for prompt date deliveries, with tight barge availabilities persisting, sources noted. "Barge availability is still tight and there is a $10-20/mt premium for prompt deliveries if suppliers even have any spots left," a trader said. Bunker prices for delivered Marine Fuel maximum 0.5% sulfur in Fujairah were assessed at $325/mt on Tuesday, reflecting a $1/mt premium to Singapore.**

Source: S&P Global Platts

"Why would Ryan Reynolds possibly look at buying Wrexham Football Club?"

BY MATT STANLEY
SENIOR BROKER
STAR FUELS

Morning all. Brent is trading this morning at $41.49/bl, down 0.28/bl. WTI is trading down 0.31/bl, at $39.62/bl. I know the question you're all asking this morning. "Why would Ryan Reynolds possibly look at buying Wrexham Football Club?" No not that, but it's a very good question and one, frankly, I cannot possibly answer. No, the real question you're all asking this morning is across the board on US oil stocks, yet prices came off. EIA data over the last couple of weeks has been skewed owing to the effects of several hurricanes in the USGC. One after the other has upset local supply. So, in all honesty, I'm not sure EIA data is a fair reflection of US oil demand at the moment. However, we are coming to the end of Q3, a moment in time where four months ago people were forecasting that demand would be back to similar levels before the menace that is Covid-19. This has not transpired. I made a point a couple of weeks ago that it was fairly easy that two thirds of demand was lost owing to everyone having to stay at home and like Gruffalo's in a cave would come back fairly quickly. This is what has happened but it's that final 10% that's the problem. This is what we face ourselves with. Government data showed the four-week average for gasoline demand was 8.5mn b/d last week, down 9% from a year earlier. Let's bear in mind that at the start of the year the market was fairly well balanced. If anything, there was perhaps too much supply but prices were in the mid $50's/bl and everyone was dancing round happily singing "Don't Stop Me Now." Fast forward nine months later and "we're not having a good time." "We're not having a ball." And the only way someone would call you "Mr. Fahrenheit" would be if you bought a bottle of cheap aftershave from Christian Dior. Macro-economic data is what people will be keeping an eye on over the coming days and sentiment from both Bailey at the BoE and Powell of the Fed who are due to speak later. Any dovish tone and this market could very well act like a tiger defying the laws of "gravityyyyyyy." Thanks Freddie. Good day.

September 24, 2020

ENERGY MARKET NEWS

RECOMMENDED READING & VIEWING

1. OIL FALLS ON FUEL DEMAND GROWTH CONCERNS AS COVID-19 LINGERS
2. FUJAIRAH DATA: OIL PRODUCT STOCKS HIT NEAR SIX-MONTH LOW
3. EIA:US OIL INVENTORIES FALL ACROSS THE BOARD LAST WEEK
4. FIRST TANKER TO LOAD CRUDE AT LIBYA'S HARIGA PORT SINCE JANUARY
5. BNP SHUTS SWISS COMMODITY TRADE FINANCE TEAM AMID FRAUDS
6. SUPPLY CHAIN SHAKE-UP
7. US BUSINESS ACTIVITY RISES AT SLIGHTLY WEAKER PACE IN SEPTEMBER
8. EUROZONE ECONOMY BARELY GREW IN SEPTEMBER, PMI DATA SHOW
9. IS CHINA ECONOMIC RECOVERY FROM THE PANDEMIC OVERRATED?
10. CHINA-US RIVALRY: ASIAN COUNTRIES FEAR GETTING CAUGHT IN A NEW COLD WAR

RECOMMENDED VIDEOS & REPORT

- BUNKER MARKET LIKELY TO DECLINE BY 10% IN 2020
- PEAK FOSSIL FUELS IS HAPPENING - RIGHT NOW!
- KPLER: INDIAN OIL DEMAND TURNS A CORNER IN AUGUST AND SEPTEMBER

SNAPSHOT

The 22nd JMMC Meeting

The Committee reviewed the crude oil production data for August 2020 and welcomed the positive performance in overall conformity for participating OPEC and non-OPEC countries of the DoC, which was recorded at 102% in August 2020, including Mexico as per the secondary sources.

The JMMC reiterated the critical importance of adhering to full conformity and compensating overproduced volumes as soon as possible.

The JMMC supported, and recommended, to the OPEC and Non-OPEC Ministerial Meeting, the request of several underperforming participating countries in the DoC to extend the compensation period till end of December 2020, after pledging that they will fully compensate for their overproduction. This is vital for the ongoing rebalancing efforts and helping deliver long-term oil market stability.

The JMMC observed that the recovery has not been even across the world and an increase in COVID-19 cases has appeared in some countries. In the current environment, the JMMC emphasized the importance of being pro-active and pre-emptive and recommended that participating countries should be willing to take further necessary measures when needed.

Source: OPEC, September 17, 2020

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