Fujairah New Silk Road WEEKLY NEWSLETTER

NOVEMBER 17th 2022
VOL. 137

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

"China Crude Imports to Surge in Final Two Months of 2022!"

Victor Yang, Senior Editor, JLC Network Technology

China's crude oil imports are going to surge on a month-on-month comparison in the final two months of this year, particularly in November because of large product exports. As you may know, the Chinese government issued large quotas on exports for the last quarter so Chinese refiners are now trying to use these before the end of the year. Exports of gasoline, diesel and jet fuel in November could exceed 6 million metric tons; that's over 2 million metric tons for each product. That will bolster the country's crude imports quite significantly in the last two months. As for the whole year, the number might edge down a little bit, particularly because of draws in the first six months of 2022. The large products exports will however be a temporary transition because of the challenges of economic growth. GDP growth in the fourth quarter will be quite similar to Q3 and so it will be hard for the government to achieve its target of over 5% for the whole year. As for 2023, it will all depend on how soon the government lifts its COVID restrictions. If the country opens up early next year, we will see much better demand for the whole year, but if it's not till the middle of the year, demand might not rebound that much. But on the whole, we see better demand next year as we do not expect to see such high restrictions and that's a very important factor.

CONTINUED ON P 3

Fujairah Weekly Oil Inventory Data

6,810,000 bbl	2,629,000 bbl	14,419,000 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
$3.61 - 4.10/m³

↑ Highest: $4.50/m³
↓ Lowest: $3.40/m³

Weekly Average Oil Prices

Brent Crude:	$93.48/bl
WTI Crude:	$86.19/bl
DME Oman:	$88.79/bl
Murban:	$92.45/bl

*Time Period: Week 3, Nov.2022
Source: IEA, OilPrice.com, GI Research

Fujairah Weekly Bunker Prices

VLSFO

High = $691.50/mt

Low = $660.50/mt

Average = $677.50/mt

Spread = $31.00/mt

MGO

High = $1,317.00/mt

Low = $1,225.00/mt

Average = $1,258.50/mt

Spread = $0.00/mt

IFO380

High = $402.00/mt

Low = $386.50/mt

Average = $395.00/mt

Spread = $15.50/mt

*Source: Ship and Bunker, *Time Period: Nov. 9 – Nov. 16, 2022*

Fujairah Bunker Sales Volume (m^3)

589 180cst Low Sulfur Fuel Oil	508,277 380cst Low Sulfur Fuel Oil	128,515 380cst Marine Fuel Oil
1,210 Marine Gasoil	29,287 Low Sulfur Marine Gasoil	5,269 Lubricants

Source: FEDCom & S&P Global Platts

Consultancy Intelligence Publishing

CONTINUED FROM PAGE 1

Victor Yang, Senior Editor, JLC Network Technology

Have COVID restrictions started to ease at all already?
The good news is that the government in China is easing some restrictions, and in some cities, they have canceled whole city tests. And in the future, the plan is that restrictions will be isolated to small areas that need to take tests. The biggest news is that earlier this month, one local government reported that the virus is no longer COVID and that it has become a virus that you can heal from, even without medicine. This is the first time the government has allowed such a report in China in about three years, so it is a great signal that the country is changing its attitude towards this virus. It has also said that before opening up, more facilities, such as hospitals, need to be built to ensure the virus can be managed.

How much Russian oil will China continue to take next year?
China has cut imports of Russian crude in the past two months. Independent refiners in Shandong have done that because more cargoes have been taken by Europe before the embargo takes effect in December. We expect Russian crude to take a smaller share among China's imports in November than in the previous two or three months. Crude from the Middle East has been taking more of a share for at least two months, after Russia briefly overtook Saudi Arabia. But this trend has now been reversed and so we do not expect Russian crude to account for the largest share in the near term. The discount on Russian crude compared to the most expensive grades in the market, has not changed much. Judging from official data on crude imports of different countries one month ago, the discount is about $20 per barrel.

China's Real GDP Growth Rate Quarter-on-Quarter

March 31, 2022	1.40%
June 30, 2022	-2.60%
September 30, 2022	3.90%

Source: National Bureau of Statistics of China

CHINA'S OIL IN NUMBERS

IMPORTS OF CRUDE OIL

10.06mn b/d
MARCH

8.75mn b/d
JUNE

9.79mn b/d
SEPTEMBER

EXPORTS OF CRUDE PRODUCTS

4.07mn mt
MARCH

1.58mn mt
JUNE

5.64mn mt
SEPTEMBER

Source: Reuters

WATCH FULL INTERVIEW HERE

ENERGY FOR LIFE

Abu Dhabi National Oil Company (ADNOC) is one of the world's leading energy producers and a reliable global energy supplier. With a production capacity of 4 million barrels of oil per day and around 11 billion standard cubic feet of natural gas per day, our work continues to enable our country and our people to realize their remarkable potential, acting as a catalyst for the growth and diversification of the UAE economy.

TOGETHER, WE BRING ENERGY TO LIFE.

أدنوك
ADNOC

Energy Markets Views You can Use

Maleeha Bengali
Founder
MB Commodity Corner

The big debate in oil markets right now is demand in Q4.
There is tightness but it's coming from products – distillates, gasoline, and the refining side due to maintenance outages. We think demand looks quite weak. It's being compensated by seasonal strength and heating oil issues, but the market is balancing itself out. Russian oil is finding its way to the UAE, to India, and is being processed and spit back out. China is not opening up fully; it's looking at pockets of strength and supporting the market, but the bigger picture is that it cannot stimulate its way out. There's also a lot of weakness in developed markets right now - the US and Europe - big export markets for China.

Fed policy direction of travel?
The market has been positioned very long US dollar, very bearish bonds so the glimmer of hope on the soft CPI numbers last week just caused books to massively unwind their positions, mainly a lot of hedge funds who had gone into November on the wrong foot. The Fed may slow the rate of tightening, but they're not easing in any way. Going from 75 to 50 basis points is not a pivot. Until inflation comes down to 3% or 4%, the Fed will not hold off.

Has the USD peaked?
It has just reversed some very overbought conditions down to the 100-day moving average. We feel the dollar will still stay strong against the euro and sterling. The Fed is still tightening a lot more, relatively. The December FOMC will be a very important time for the Fed to reassess and clarify its assumptions. It will not want the market to think that the financial conditions have eased. We are still in the dollar bullish camp.

The negative outlook for the US economy has not materialised?
We have not seen it yet but the data on payrolls will start getting very negative into next year. We think 1H 2023 will be very ugly. It will be a time where the Fed is raising rates, and the economic data is very weak and that's when the Fed, if at all, might pivot.

Ali Al Riyami
Consultant & Former Director General of Marketing
Ministry of Energy & Minerals, Oman

Volatility in oil markets will continue as long as there are reasons for it.
One moment we see China is easing COVID restrictions and the next, we have an escalation in Europe between Russia and Ukraine. The mix of uncertainties out there will continue for the coming few months and that will be reflected in prices, with no clarity possibly until the second quarter of next year.

What action might OPEC+ take at its meeting in December?
They might reduce output further and if that happens, it may help some of this volatility because I believe that there are some extra barrels out there. For now, there's no price support from the market because of the fear of a recession. OPEC+ is in a very uncomfortable position at the moment because they don't know what demand will be and despite the sanctions on Russian crude coming on Dec 5th, there are uncertainties on the impact that will have on the market. They will keep monitoring the situation on a regular basis and wait to see the numbers.

Are Gulf producers feeling secure on oil demand from Asia?
So far, we haven't seen any impact on Gulf producers' market share into Asia. But if, as expected, we see lower or no growth in the global economy next year, very soon we will start hearing some noise, especially from big producers like Russia, Saudi, Kuwait, Iraq and the UAE.

Fujairah Spotlight

Port of Fujairah opts for Oracle cloud to accelerate growth and support global trade

Port of Fujairah has chosen Oracle Fusion Cloud Applications Suite for finance, human resources and supply chain to improve insights, reduce costs, enhance employee engagement and streamline its global procurement process. The port has implemented Oracle Fusion Cloud Enterprise Resource Planning, Oracle Fusion Cloud Human Capital Management and Oracle Fusion Cloud Supply Chain and Manufacturing.

Source: Gulf News

ENOC concludes the annual distributors forum for the lubricants sector

NOC Group, the leading integrated international oil and gas player operating across the energy sector value chain, has concluded the 8th annual distributor forum, a platform that brings together ENOC's lubricant oil distributors every year to address challenges facing the industry, as well as the current opportunities and future prospects. ENOC Group produces lubricants in two facilities located in Fujairah and Jebel Ali, with a total production capacity of more than 300,000 tons.

Source: Zawya

'NBF Fujairah Run' set to return stronger than ever with record attendance for sixth edition

National Bank of Fujairah (NBF) today announced that it is in the final stages of preparations for its sixth annual run through Fujairah, and is set to welcome over 2000 runners of all ages and abilities from its home emirate and across the UAE on 19th November. The NBF Run is designed to encourage residents to adopt active lifestyles, and promises to deliver fun and fitness for all who take part, thanks to a packed event programme.

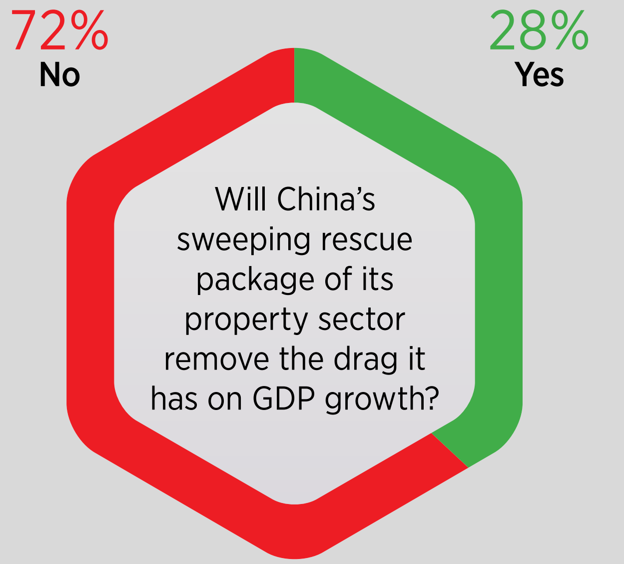
Source: Emirates News Agency-WAM

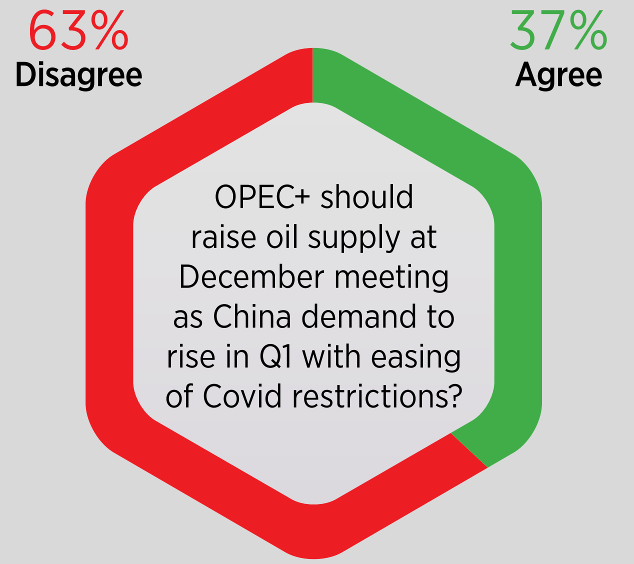
East of Suez Bunker Fuel Availability Outlook

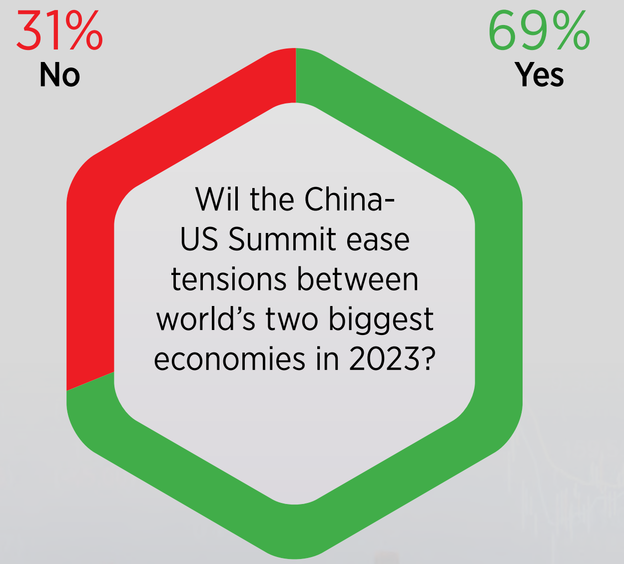
Fujairah's heavy distillate and residual fuel oil inventories have grown for a third consecutive week, the latest data from Fujairah Oil Industry Zone (FOIZ) and S&P Global shows.According to cargo tracker Vortexa, Russia re-emerged as the top fuel oil source for Fujairah in October, a trend that has continued into this month.

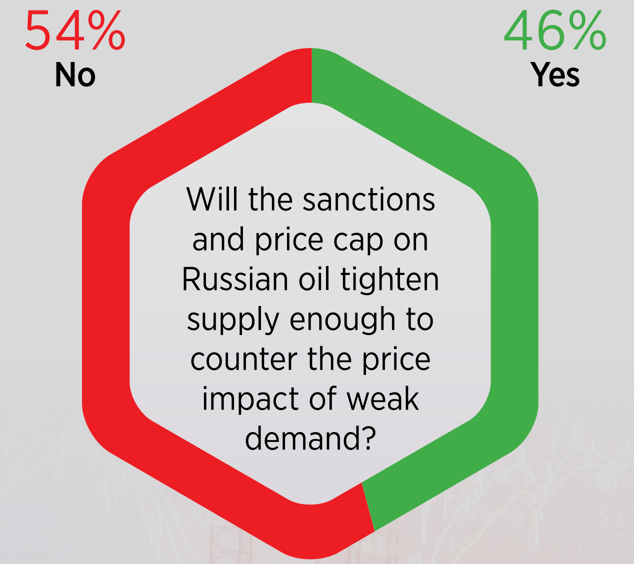
Source: Hellenic Shipping News

Weekly Surveys









The target of keeping global warming to the 1.5 degrees suggested in the Paris Agreements is now impossible to meet, and international policymakers should abandon this and prepare for the worst:

Source: GI Research March 2022

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Energy Markets Views You can Use

Dr. Carole Nakhle
Chief Executive Officer
Crystol Energy

Expectations for the Dec 4th OPEC+ meeting?
There's a good chance they might stick to what they had announced last time, particularly if they keep their gloomy outlook for demand. Privately, some of the OPEC+ members feel that the 2mbd cut was too much but publicly, they have put on a united front. And with their demand forecast recently revised down again, that by itself could provide them with the support they need to justify their cuts. But the biggest wildcard today is demand, with China the largest component. We've heard about a bit of easing of lockdowns but that could mean that infections are going to spread more rapidly, and that increases the likelihood of more lockdowns even if they are short lived, and that by itself creates uncertainty.

Will the US midterm election result influence Biden's energy policy?
It will be interesting to see whether Biden now softens his stance on SPR releases, or towards OPEC+ and prices at the pump. The US has really politicized this topic, putting all the blame on Russia so far. In terms of any impact on domestic energy policy, I don't expect them to show a more lenient stance on the oil industry. They want companies to invest but then they threaten them with the idea of windfall tax. What people don't realize is that in the US, the tax system on oil is already much more complicated than elsewhere. And on top of everything, they then subsidize demand and tame energy prices. It's contradictory.

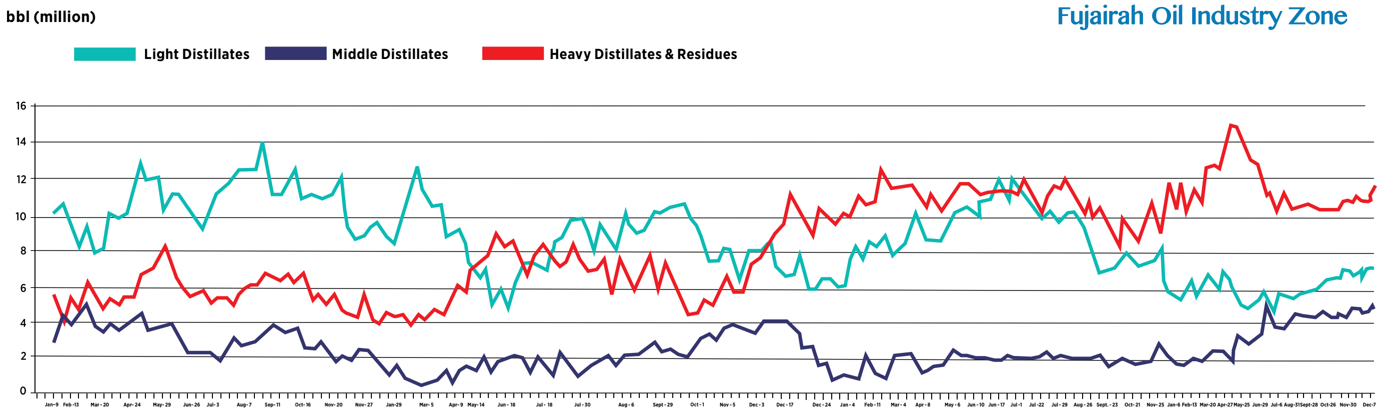
Kate Dourian, FEI
MEES Contributing Editor & Non-Resident Fellow, The Arab Gulf States Institute in Washington

Expectations on what OPEC+ might do at its December meeting?
It will be held a day before EU sanctions on seaborne imports of Russian crude come into effect on Dec 5th, so OPEC+ will certainly need to consider whether they can risk reducing production further. We don't know how much we're going to lose from Russia - it could be 1.5mbd in the first quarter of next year and OPEC+ is already 3.5mbd below their ceiling. As far as price caps go, the whole idea is that you can get insurance and tankers if you abide by it but it's not going to work because Putin has already said he's not going to cooperate with any country that applies the caps. Moreover, caps on gas prices will only push demand higher. European policy is all over the place.

How is the US navigating its relationships with Saudi and China?
There is an increased assertiveness by which Saudi Arabia is managing OPEC+, effectively saying, we're not going to be bullied into doing what consuming nations want us to do. That confrontational relationship remains between the US and Saudi Arabia. With China, I don't think the US expects any breakthrough in the talks this week but both sides probably want to avoid relations sinking any further, as that has implications. China is still buying US LNG and will need more and more gas next year. China is also still a big market for Saudi oil, despite its buying increased volumes of discounted Russian crude in recent months.

Is gas to oil switching tapering off in Europe with gas prices dropping?
One of the reasons for the strength in crude oil demand has been the fuel switching. But Europe seems to be okay for this winter because they've got enough gas in storage and have been importing more LNG. The problem is they don't have the infrastructure to import any more. Next winter may be difficult because there's going to be less gas around with no new supply coming online. Before the invasion, Russia was exporting 150 million cubic meters of mainly pipelined gas to Europe. Today, Europe is getting about 20% of this and if we get any interruption from Ukraine because of attacks on infrastructure, it will put Europe in a very difficult position of being unable to fill up storage for next winter.

Fujairah Weekly Oil Inventory Data



TOP TAKEAWAYS

- Total oil product stocks in Fujairah were reported at 23.858 million barrels with a draw of 1.302 million barrels, or 5.2% week-on-week as they retreated below the 25-million-barrel level. The stocks movement draws across all three stock categories. Middle distillates posted the greatest overall draw falling 678,000 barrels week on week.

- Stocks of light distillates, including gasoline and naphtha, fell by 441,000 barrels or 6.1% on the week to 6.810 million barrels. The East of Suez gasoline complex was finding support with fresh buying interest seen with India supporting trading sentiment as a purchase tender heard was issued from the country's HPCL for 91 RON non-oxygenated gasoline for delivery over Dec. 1-20 to Ennore and Vizag, sources said. India's demand for gasoline imports is expected to remain robust on the back of increased driving activity from end-year festivities, elections, and tight availability domestically.

- Stocks of middle distillates, including diesel and jet fuel, fell by 678,000 barrels or 20.5% on the week to 2.629 million barrels. The East of Suez gasoil complex was under some downward pressure with easing supply tightness in the region. Furthermore, softer demand from the West in recent weeks has reduced gasoil's East-West arbitrage attractiveness that could result in more East of Suez gasoil cargoes being stuck in the Asian region, unlike earlier weeks when competitive pricing was pulling most swing gasoil barrels west. "Arb is workable from AG/WCI [Arab Gulf/ West Coast India], however from Singapore/Asia is tough," said a trader.

- Stocks of heavy residues fell by 183,000 barrels or 1.3% on the week to 14.419 million barrels as they held above the 14-million-barrel level for the second consecutive week. At the bunkering hub of Fujairah spot trading activity was heard to have picked up as a sharp drop in crude oil prices pushed the outright price lower. In Fujairah, most offers for marine fuel 0.5%S bunker were heard between $650/mt and $665/mt on Nov 15, with lower range of offers for product deliverable from Nov. 20 onward. A 600 mt parcel of Fujairah-delivered marine fuel 0.5%S bunker for delivery from Nov. 22 onward was eventually heard traded at $645/mt. The grade was assessed at $645/mt, down $35/mt on the day. In Singapore, the same grade was assessed at $658/ mt down $37/mt day on day. With the price in Singapore reflecting a $13/mt premium to bunkers in Fujairah.

Source: S&P Global Platts

Commodities

Geopolitical tensions seemed to ease quickly over the crashing of missiles in a town in eastern Poland. Oil markets then can turn back to the recession narrative with both major benchmarks falling; Brent futures down by 1.1% at USD 92.86/b and WTI falling by 1.5% to USD 85.59/b.

Equities

Hawkish comments from Fed officials weighed on US equity markets following a previous bout of optimism. The NASDAQ dropped -1.5%, followed by the S&P 500 which lost -0.8%. Losses on the blue chip Dow Jones were less severe at -0.1%.

FX

Currency markets were a little driftless overnight although with a bias toward a weaker dollar. EURUSD managed to gain about 0.4% overnight to settle at 1.0395 while GBPUSD added about the same amount to close at 1.1914. Both pairs are tending lower in early trade today. USDJPY, by contrast, moved against the yen, rising by 0.2% to 139.50.

Source: Emirates NBD Report

مـؤسـسـة نفـط
الشـارقة الوطنية
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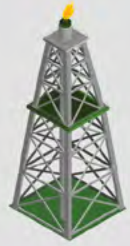
EXPLORATION
& PRODUCTION



PROCESSING
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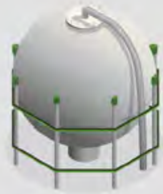

STORAGE
& LOADING

Today, we continue to look for new and innovative ways to maximize the value of our resources, pioneering those approaches and technologies that will ensure we are able to meet the demands of an ever-changing energy market, and continue to have a positive impact on the Sharjah economy for future generations.

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Energy Markets Views You can Use

Rachel Ziemba
Founder
Ziemba Insights

Outlook for the US economy in 2023?
It's a mixed story and very sector dependent. My worry is that markets have become a bit overexuberant, and too quickly, not only about the reopening in China, but also about the US Fed possibly changing course. The core inflation outlook might be looking more manageable but it's still not one where there is a deflation risk, so I still see higher rates ahead, and if anything, this is a Fed that, having been caught behind the curve, doesn't want to fall further. That might also mean that some of the recent softening we have seen on the dollar might reverse. Also, the recent US midterms results of a mixed government, mean we will likely see less fiscal room for any new expansion.

Were OPEC+ right to take the decision on cutting production?
What struck me about their last decision was that it indicated the direction of travel for cuts but that they thought they were going to maintain that lower production level throughout all of next year. That seemed to me to be very much at odds with their own internal forecasts for economic growth. That may not be a risk right now that OPEC+ is cutting into a growing economy but later into next year, we might see a need for reassessment. The other big elephant in the room is how the EU embargo and price caps materialize – it will probably mean more oil coming offline from Russia than the US was hoping.

How serious are indications of China's reopening?
There are signals that local authorities should be more targeted in their lockdowns, but it will still be very gradual. And there won't be much other stimulus. For the last couple of years or more, loans from Chinese banks have been very modest and demand for additional capital has not been strong. The tech and property sector will get some government support but overall, China will not want to make its debt issue even worse. On oil, we will be watching China's actual demand and their willingness to boost refinery throughput. If that continues into next year, it would be a positive sign for some refined product spreads even though it's too soon to see much tightening on the diesel side.

Henning Gloystein
Director - Energy, Climate & Resources
Eurasia Group

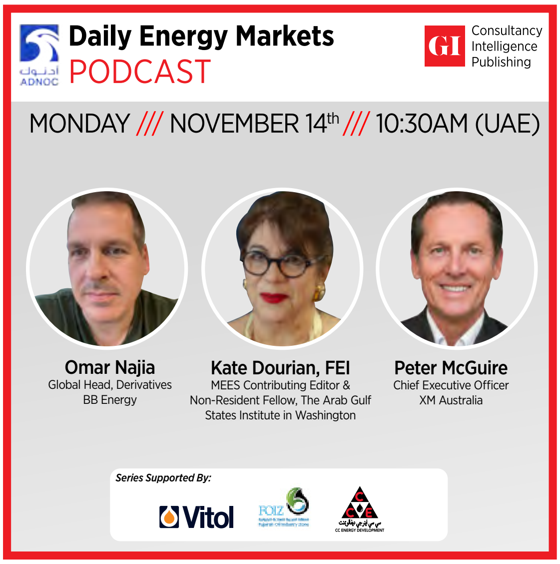
How big a deal is the Dec 5th date to oil markets?
We still think that the imposition of the Western phase out and then the price cap via the maritime insurance ban, will disrupt the market. Europe has to stop its shipped imports from Russia, especially of Urals crude from the Black Sea. Italy has been frontloading a lot of oil from Russia so that will have to stop. But it will be sapped up elsewhere. The Chinese might underwrite some shipments themselves as governments can underwrite their own national tankers. But the big one I would look at is India, because it doesn't have its own fleet or own insurance market and relies on third party merchants. Overall, there is probably enough crude in the market to meet current demand levels, so full on disruption will be fairly limited because of that.

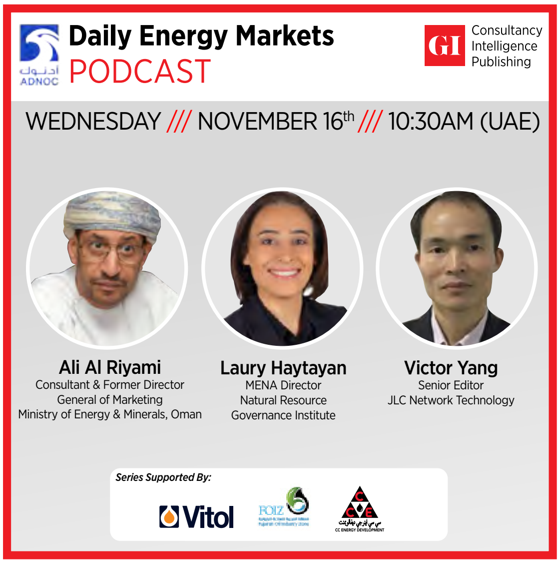
Should we stop saying that Europe has an energy crisis?
Not yet but the very mild weather in October-November so far has really helped. Industrial consumption is also down by a third in northwest Europe, so far without a loss of output. The efforts made, especially by industry, to reduce consumption by investing in efficiency gains, are remarkable. And the alternative supply side of things has also worked very well - LNG from the US, pipelined gas from Norway, Mozambique just delivered its first LNG cargo on schedule into Europe. So, we're cautiously optimistic about this winter but still expecting a recession.

Expectations for COP 27?
We can't expect another range of big announcements as we got last year, and the world is distracted with so many other issues. Still, the fact that people are meeting and talking is always a positive development and the fact that COP 27 is being held in Africa gives a different sense than it being in a rich G7 nation.

Energy Markets COMMENTARY

WEEK IN REVIEW





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Energy Markets Views You can Use

Adi Imsirovic
Senior Research Fellow
The Oxford Institute for Energy Studies

We shouldn't get too bullish despite recent oil market strength.
There are a lot of positive signs out there and the cycle of big interest rate rises might be coming to an end. Still, that doesn't mean they won't rise, and they are already at a much higher point than they were, which is not good for commodities. Also, Europe is almost certainly going into recession; the UK had negative growth in Q3 and will have something close to zero in Q4; and China is also a story of subdued growth due to the subprime situation and despite the stimulus package that's coming, it's a bubble that needs to be slowly deflated so it won't be a quick fix.

What's the current view on the Price Cap?
The price cap is a mess. It's created more uncertainty and more volatility. If anything, part of the price rise last week was due to the fact that we just don't know what's going on and that very much depends on the actual level of the cap. If it turns out to be high enough, then it will be business as usual but if it's somewhere around $60 in the current market, the cap will be about $10 below where Russian oil is pricing today and that will cause problems, particularly for products, because of shipping. Russia may be able to find a 'grey' fleet for its crude, but products have differing qualities which makes them difficult to mix and match. The result will be a big fall in exports and that's why we have seen a big surge in diesel imports into Europe prior to December 5.

Does Europe still have a gas crisis?
The news of Rotterdam refinery workers going ahead with a strike is not a good thing. It's a very large 400,000 bd refinery which supplies the whole of Europe with diesel. Still, it will be a temporary glitch and overall, gas and electricity, for this winter at least, should be okay.

Energy Markets Views You can Use

Laury Haytayan
MENA Director
Natural Resource Governance Institute

The situation in Iran has changed a lot.
These ongoing protests will make it hard on the Biden administration to sit down with the Iranians and talk about the JCPOA. It's not off their radar, but I don't think anything will happen now or next year on the nuclear talks. The question is, what could Iran put on the table that would make the Americans look good by accepting to sit with them. But ultimately, Iran wants to be a regional force with nuclear power so that there is stability and so that it won't be so easy to place sanctions on it. Everything else is just tactics to get to that real objective.

What will it take to get oil and gas companies to invest significantly in E&P?
As long as there are contradictory messages between energy security and climate change, and investors being pushed to clean energy and being told that the fossil fuel era has ended, we're not going to see any investment into oil and gas by private companies. The producers in our region, the Saudis and the UAE especially, are saying that we need to invest today or else we will see high prices, because we are not seeing the disruption in demand that everyone wants to think of.

ENERGY MARKET NEWS

1. OIL FALLS AS GEOPOLITICAL TENSIONS EASE, CHINA COVID CONCERNS RETURN
2. OPEC READY TO INTERVENE "FOR THE BENEFIT OF OIL MARKETS"
3. ASIAN STOCKS MIXED, DOLLAR FINDS FOOTING AS TRADERS ASSESS FED OUTLOOK
4. IRAQ TARGETS 7 MLN BPD OIL OUTPUT CAPACITY IN 2027
5. RETAIL SALES RISE 1.3% IN OCT, SLIGHTLY BETTER THAN FORECAST
6. GERMANY INAUGURATES FIRST NEW LNG TERMINAL
7. COLOMBIA EYES CHANGING OIL, MINING ROYALTY DISTRIBUTION
8. INDIA RAISES WINDFALL TAX ON CRUDE OIL
9. EU CENTRAL BANK: RECESSION 'HAS BECOME MORE LIKELY'
10. CHINA EXPANDS ITS FOOTPRINT IN CENTRAL ASIA AS RUSSIAN INFLUENCE FLOUNDERS

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- IRAN HANDS OUT MORE DEATH SENTENCES TO ANTI-GOVERNMENT PROTESTERS
- BRAZIL IS BACK ON THE WORLD STAGE, LULA TELLS CLIMATE SUMMIT

GI Soundings Week in Review

"DEMAND BIGGEST WILDCARD DESPITE LONGER-TERM TIGHT SUPPLY CONCERNS!"

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.

- **Mike McGlone, Senior Commodity Strategist, Bloomberg Intelligence**
- **Omar Najia, Global Head, Derivatives, BB Energy**
- **Peter McGuire, CEO, XM Australia**
- **Matt Stanley, Partnerships Lead, Middle East, Kpler**
- **Richard Redoglia, CEO, Matrix Global Holdings**

Mike McGlone, Senior Commodity Strategist, Bloomberg Intelligence FED OUTLOOK: "The US and much of the world may be entering a period of downward revisions to inflation expectations, which is typical in recessions. A key difference is the Federal Reserve is unlikely to ease like it has before, leaving lower commodities as a primary contender to help reset demand and supply."

Omar Najia, Global Head, Derivatives, BB Energy UKRAINE WAR: "The endgame to the Russia-Ukraine war is one or zero. If the West wins, Russia falls and takes all the commodities with it and everything screams higher - S&P at 7000, oil zero, gold zero, metals zero, gas zero. If Russia wins, then it's the other way around – inflation plus plus, higher oil, equities at zero, and that's it. It's a winner takes all kind of market."

Peter McGuire, CEO, XM Australia ECONOMIC DIRECTION: "China and Japan CPI stats and US retail sales out this week, and UK inflation tipped to hit 11%. The US dollar has tumbled, stocks are up, but the mood on the street is still 50 basis points with the Fed possibly being less aggressive in December. We will have to see where that goes. And if energy prices creep back up and breach that $100, cost and inflation will ratchet back up, and that would seem to be everyone's nightmare."

Matt Stanley, Partnerships Lead, Middle East, Kpler OIL PRICE: "When we hit $139 in March, the market thought, we're going to run out of Russian oil. The flat price got carried away and slowly it started trickling back. But now that there is an official banning of Russian energy in the EU, it will be scrutinized and will be enforced a lot stricter than it has been. If by January, we start seeing Russian production come off, then prices could get back up to the mid $100s."

Richard Redoglia, CEO, Matrix Global Holdings SUPPLY: "The market is telling us that there's going to be tightness. The 12-month forward spread on Brent is currently 60c backwardated. That's the highest spread value almost in history and that tells me that the market is worried about supply. It's the shape of that curve that's the biggest determinant today."

Daily Energy Markets

TOP TAKEAWAYS
MARKET OBSERVATIONS FOR THE WEEK
November 13th - 17th

1. Financial market may have got ahead of itself last week with an over-reaction on signals from China that they were lifting COVID restrictions.
2. US core inflation came in a little lower than expectations last week, but it was still at an elevated level that will keep the FED on track for higher rates for longer.
3. OPEC+ may have to row back on some of their recent cuts as China oil demand seasonally climbs ahead of Chinese New Year.
4. China's bail out of its property market may emerge over time to be seen as a bearish move for it is some acknowledgement of the scale of this crisis.
5. OPEC+ is unlikely to adjust output at its next meeting in December because they will want to see the impact of the EU embargo on Russian oil before making any further changes.
6. FED tightening may drop off from the massive 75 basis points hikes, but it will still likely move through a phase of robust 50 basis points steps.
7. Iran's objective is to be a regional power that can protect itself against future sanctions and sees the only defensive path towards that by having nuclear capability.
8. Energy security has this year trumped climate agenda as primary concern, with oil producers and refiners, in the GCC particularly, standing to gain for the next few years.
9. OPEC+ production policy and price stability will continue to be complicated by uncertain geopolitics and mixed global economy signals.
10. Biden mid-term election victory will embolden his climate agenda, so US energy industry will continue to suffer. Finance sector will follow, backing green investment.

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