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The global market for oil

by

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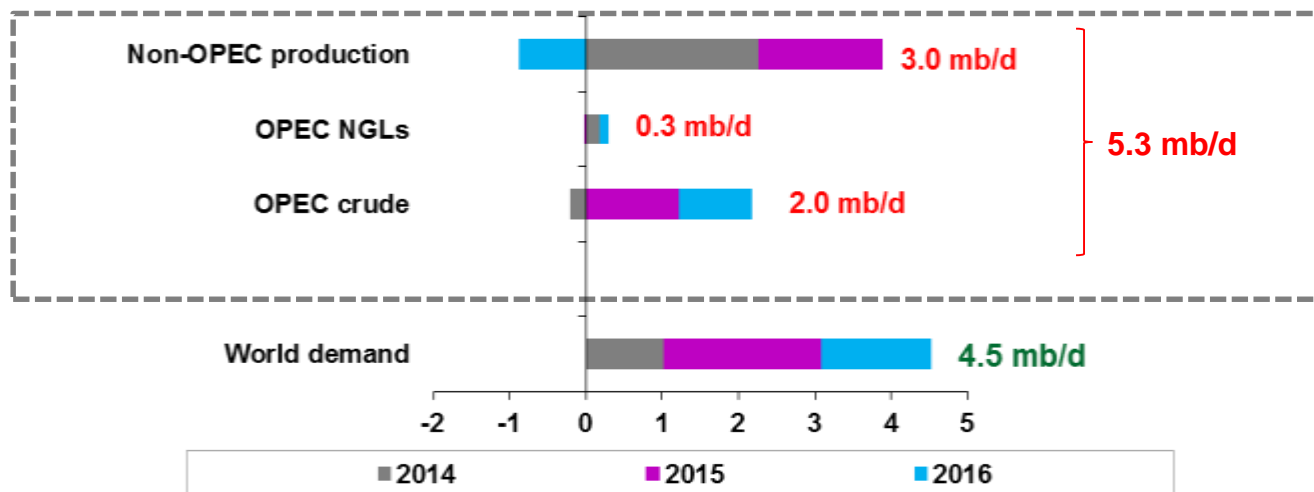


- **Review of the oil market 2014-2016**
- **Declaration of Cooperation (2016 & 2018)**
- **Projections for the oil market in 2018 and 2019**

Oil supply growth outpaced oil demand growth during 2014-16.....

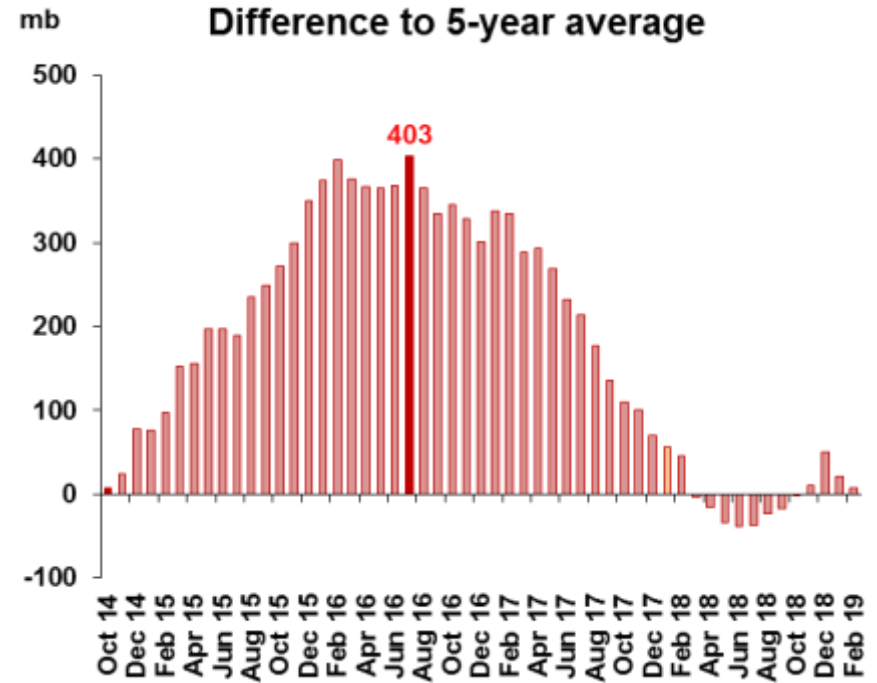
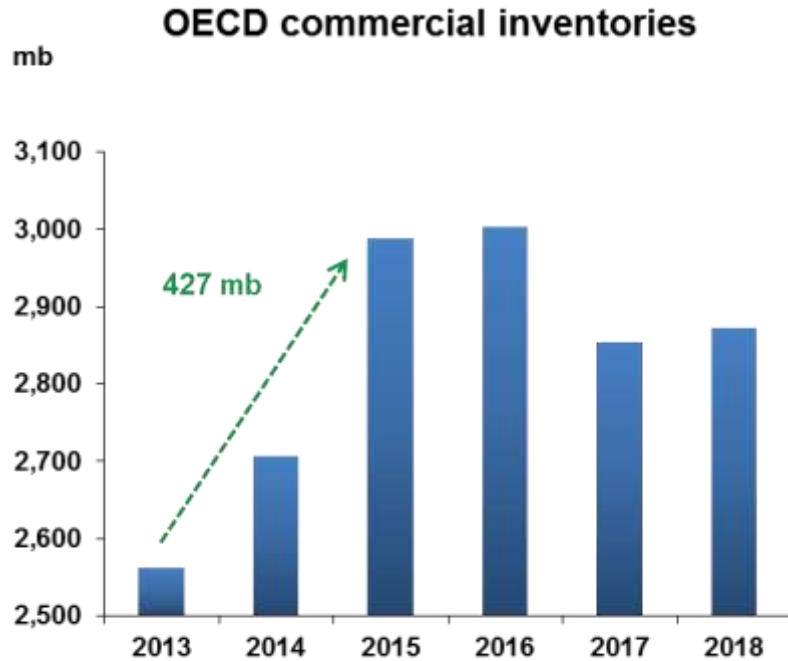


World oil demand / supply balance y-o-y change, mb/d

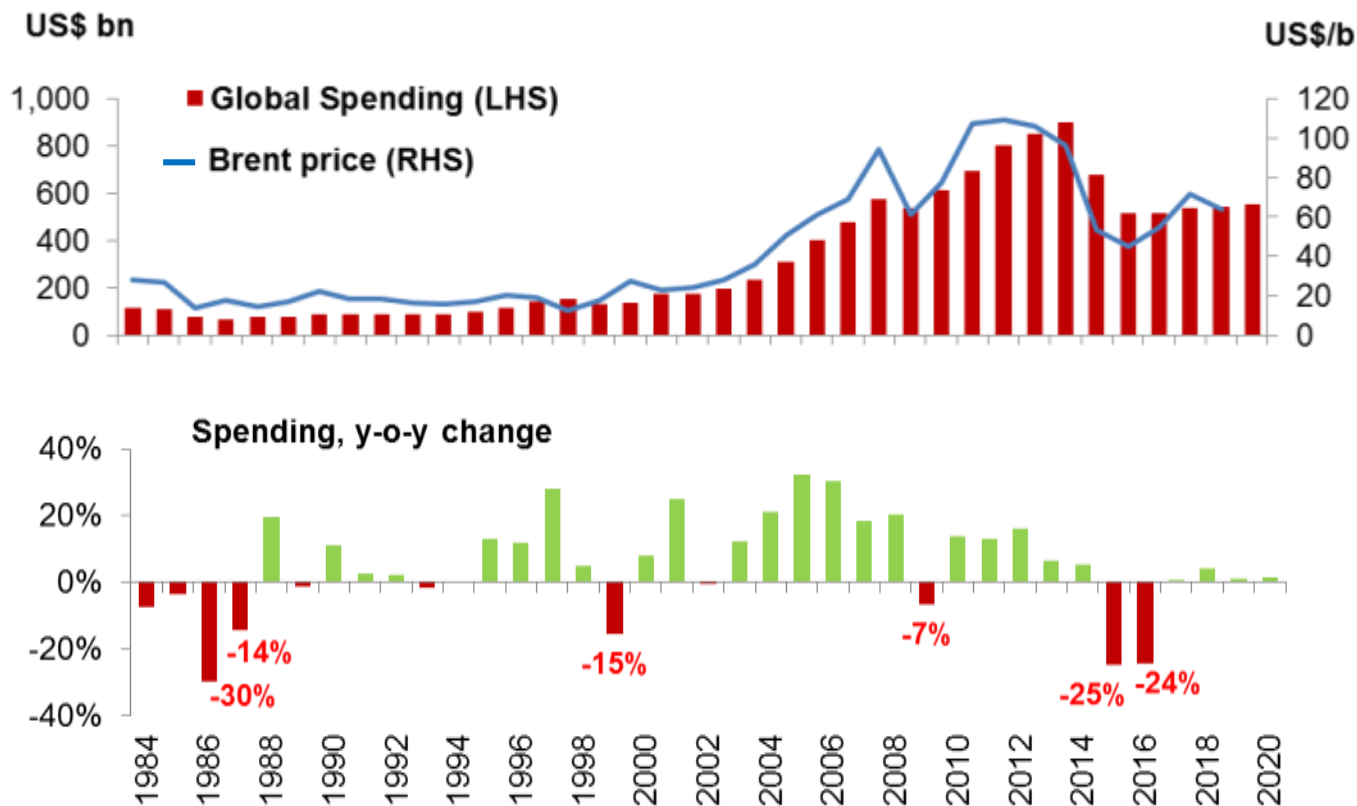


From 2014 to 2016, **world supply** grew by **5.3 mb/d**,
while **world oil demand** increased by **4.5 mb/d**.

.....leading to sharp rise of OECD commercial inventories by 2016



Excessive stock surplus strongly impacted negatively oil prices leading to a deep cut in E&P spending





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OPEC landmark decisions in 2016 & 2018



Algiers Accord

- 170th (Extraordinary) Meeting of the Conference- 28 September 2016; Algiers

Vienna Decision

- 171st Meeting of the Conference – 30 November 2016; Vienna
- **Adjustment of 1.2 mb/d from OPEC-11 countries**

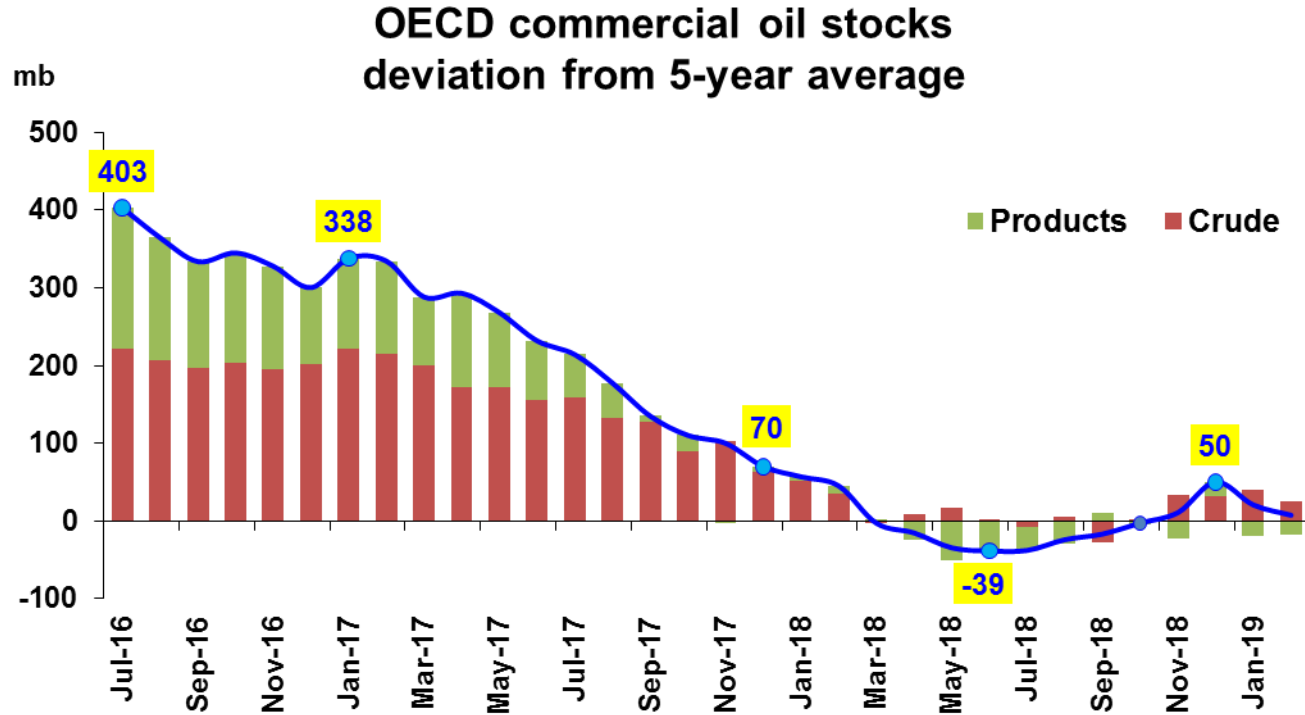
Joint Declaration of Cooperation

- OPEC and non-OPEC Ministerial Meeting – 10 December 2016; Vienna
- **Adjustment of 0.6 mb/d from 11 non-OPEC participating countries**

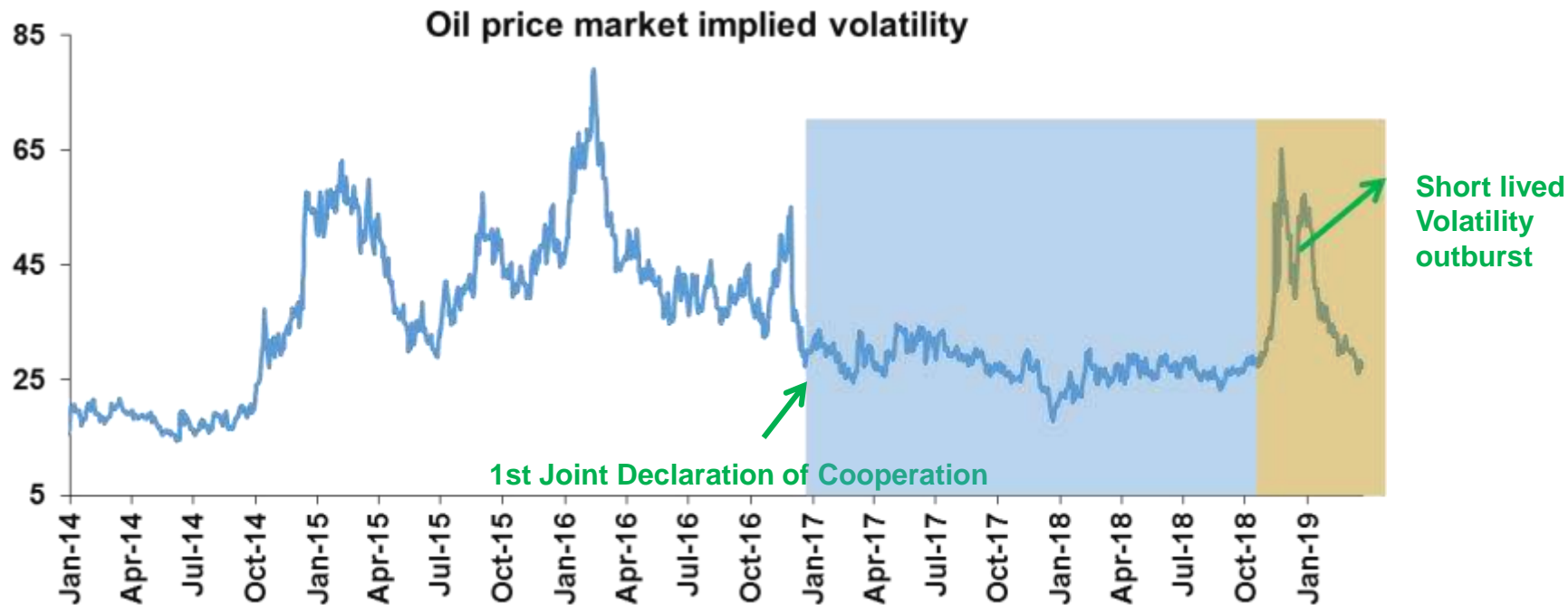
Joint Declaration of Cooperation

- OPEC and non-OPEC Ministerial Meeting– 7 December 2018; Vienna
- **Adjustment of 1.2 mb/d from OPEC -11 countries and 10 non-OPEC participating countries for 6 months**

Declaration of cooperation restored market balance

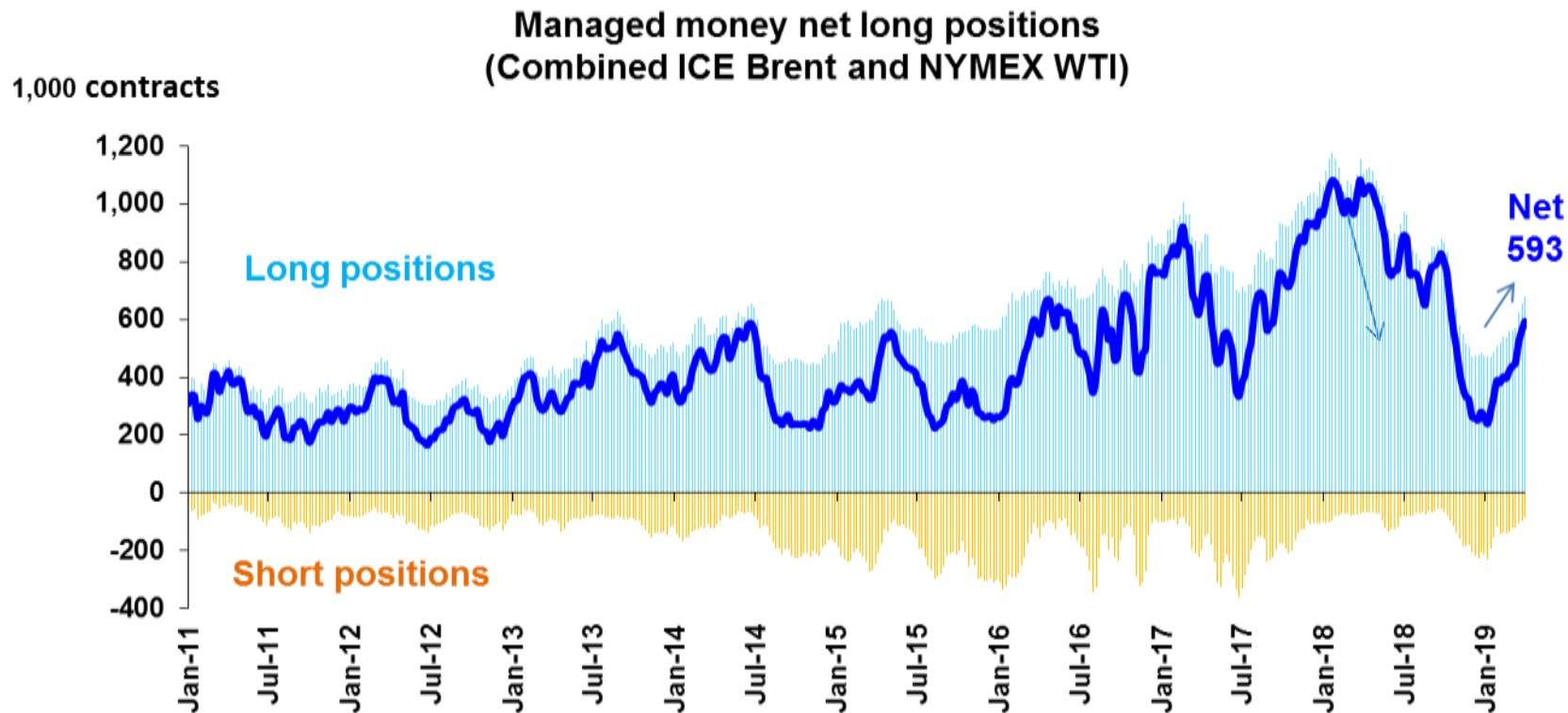


...and also contributed to reduce expected price volatility



The CBOE crude oil ETF volatility index ("Oil VIX", Ticker - OVX) measures the market's expectation of 30-day volatility of crude oil prices

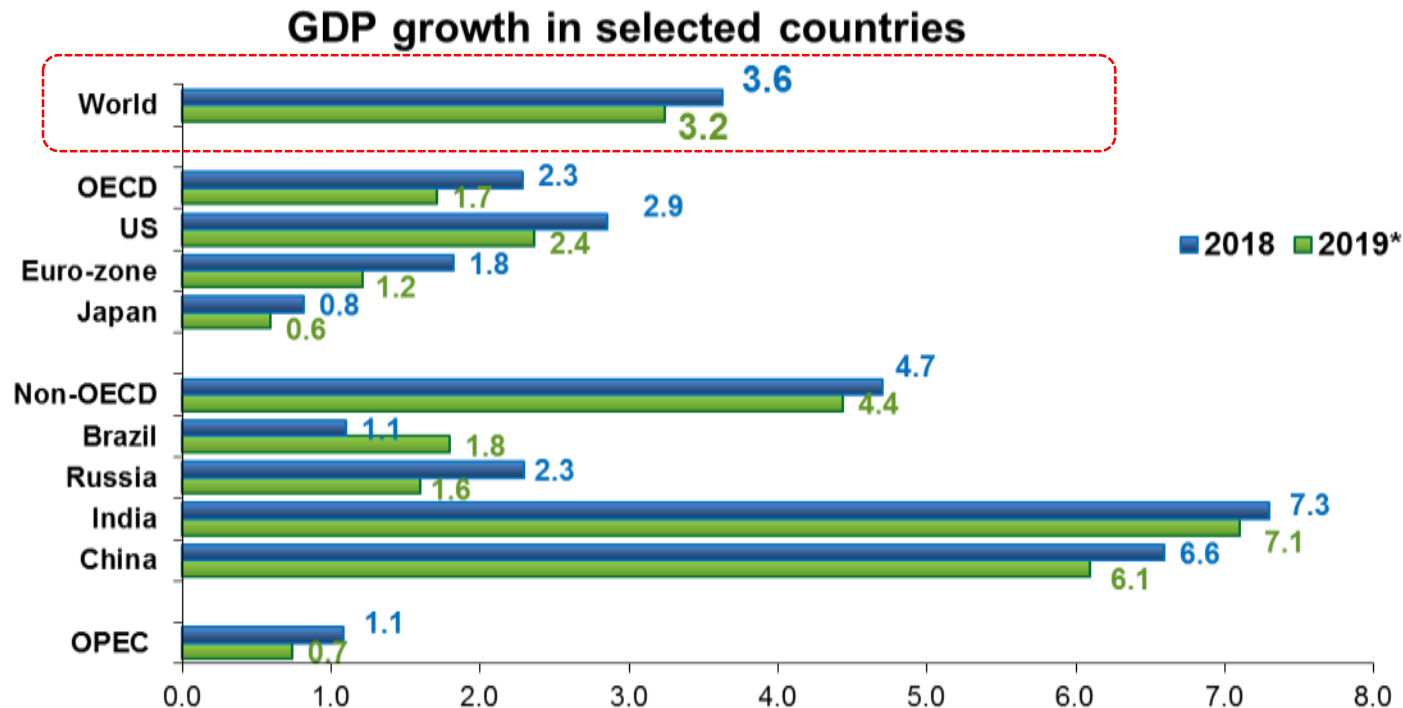
..but non-fundamentals also a factor





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Slowing pace of economic growth in 2019



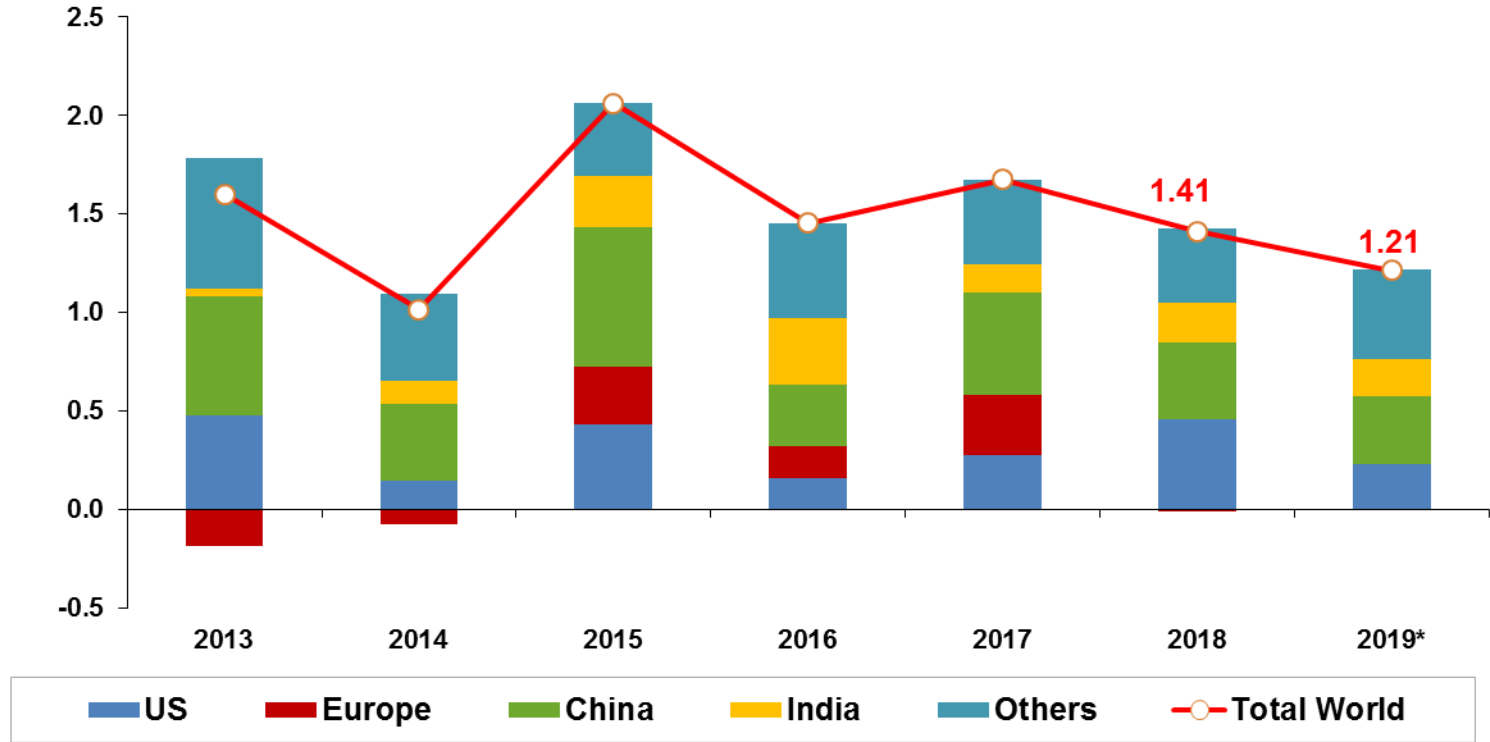
Note: * 2019 = Forecast.

Sources: OPEC Secretariat, IMF, Markit and Haver Analytics.

Leads to lower expected oil demand growth in 2019

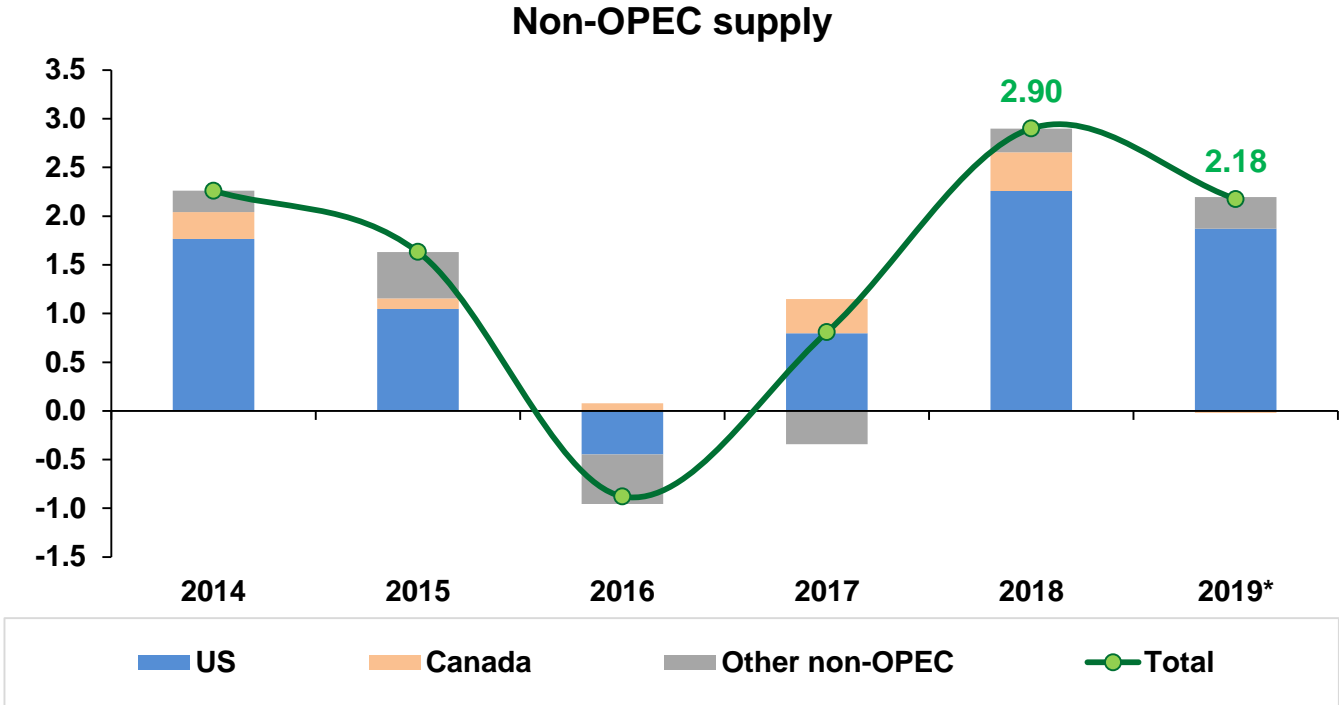


y-o-y change, mb/d



Note: * 2019 = Forecast.

Decelerating oil supply growth in 2019 still outpacing demand, *y-o-y change, mb/d*



Note: * 2019 = Forecast.

Concluding remarks



Declaration of cooperation is instrumental in removing excess supply overhang and reducing volatility.

The **OECD stocks overhang** has been reduced by **330 mb** from January 2017, and now stands 8mb above the five-year average.

In 2019, the **global economy** is forecast to grow at **3.2%** however, uncertainties such as trade restrictions, geopolitical instabilities, etc. remain.

World oil demand is forecast to grow by **1.21 mb/d** in 2019, compared to a growth of **1.41mb/d** in 2018.

Non-OPEC supply is forecast to grow at **2.18 mb/d** in 2019, **compared** to **2.90 mb/d** in 2018. **US oil supply** is projected to increase by **1.87 mb/d** in 2019, compared to **2.26 mb/d** in 2018.



Thank you



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