Oil Market Outlook

by

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Geneva,
20th March 2013
Outline

- Review of market for 2012 and outlook for 2013
- Price developments
- Long-term outlook
- Conclusion
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Slight improvement in the world economic outlook
percentage change from the previous year

<table>
<thead>
<tr>
<th></th>
<th>World</th>
<th>OECD</th>
<th>DCs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>3.0</td>
<td>1.4</td>
<td>3.8</td>
</tr>
<tr>
<td>2013</td>
<td>3.2</td>
<td>1.3</td>
<td>4.1</td>
</tr>
</tbody>
</table>

Average growth rates (2007-2011)
3.1 0.8 4.9
The global economy stabilized in the 4Q, gaining slight momentum in 2013.
World oil demand growth exclusively coming from non-OECD, y-o-y change, mb/d

World demand growth by region

Cumulative oil demand growth

OECD
Non-OECD

China
Middle East
Latin America
Americas
Europe
Asia Pacific
World
Others

2006 2007 2008 2009 2010 2011 2012 2013

mb/d
0
10
20
30

-2.5
-2.0
-1.5
-1.0
-0.5
0.0
0.5
1.0
1.5
2.0
2.5
3.0

2006 2007 2008 2009 2010 2011 2012 2013

mb/d
-6
-4
-2
0
2
4
6
8
10
12

+10.2
-4.6

China
Middle East
Latin America
Americas
Europe
Asia Pacific
World
Others
Non-OPEC supply continues positive growth in 2013, y-o-y change, mb/d

Non-OPEC supply by region

OPEC NGLs production

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-OPEC Supply</th>
<th>OPEC NGLs Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>4.2</td>
<td>4.2</td>
</tr>
<tr>
<td>2010</td>
<td>4.9</td>
<td>5.2</td>
</tr>
<tr>
<td>2011</td>
<td>5.2</td>
<td>5.5</td>
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<tr>
<td>2012</td>
<td>5.5</td>
<td>5.7</td>
</tr>
<tr>
<td>2013</td>
<td>5.7</td>
<td></td>
</tr>
</tbody>
</table>
Product market development

**Distillation capacity additions from existing projects, by region**

- In **2012**, the additional capacity was around 1.3 mb/d and expected to increase further by around 1.7 mb/d in 2013.
- Around 1.0 mb/d was closed last year.
OECD commercial stocks:
Crude inventories are at a comfortable level, *mb*

**High supply buffer to meet the rise in demand**

**OECD commercial stocks in days of forward cover**

- **Crude Oil**
  - Max/Min 2007-11
  - Graph showing monthly data from January to December with average values from 2007-11 and specific years.
  - The graph indicates a comfortable level of inventories with a high supply buffer to meet the rise in demand.

- **Total Products**
  - Max/Min 2007-11
  - Graph showing monthly data from January to December with average values from 2007-11 and specific years.
  - The graph shows a steady trend in total products with a focus on the years 2011 to 2013.
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Price developments

OPEC Reference Basket (ORB)

Major crude oil benchmark prices

US$/b

124.64
(13 March)

88.74
(22 June)

janv. 11
mai 11
sept. 11
janv. 12
mai 12
sept. 12
janv. 13

janv. 10
juin 10
nov. 10
avr. 11
sept. 11
févr. 12
juil. 12
déc. 12

Nymex WTI
ICE Brent
Close link between crude oil price and speculative activity

Nymex WTI price vs. Managed money

US$/b

‘000 Contracts

0 50 100 150 200 250 300
0 100 200 300 400 500 600 700 800 900 1000 1100 1200

Managed money net long positions (RHS)
WTI (LHS)

Increasing trading volumes in paper markets, particularly in ICE Brent

‘000 Contracts

0 200 400 600 800 1'000 1'200 1'400

ICE Brent
Nymex WTI
Total

Jan-Mar

2007 2008 2009 2010 2011 2012 2013*

232 483 264 532 287 545 388 512 669 571 555 588

614 614 1'202

*Year to date
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  - Long-term outlook

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Energy use will continue to rise, oil will remain the leading fuel for some time, gas use rises strongest.

World energy supply by fuel type in the Reference Case: *oil remains leading fuel, and there are sufficient resources*...

... but gas use rises the strongest.
### World oil demand outlook in the Reference Case (mb/d)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2015</th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
<th>2035</th>
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<tr>
<td>OECD</td>
<td>46.8</td>
<td>45.8</td>
<td>45.2</td>
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<td>DC</td>
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<td>46.3</td>
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<td>56.0</td>
<td>60.6</td>
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<tr>
<td>Eurasia</td>
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<td>5.4</td>
<td>5.5</td>
<td>5.6</td>
<td>5.6</td>
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<tr>
<td>World</td>
<td>87.0</td>
<td>91.8</td>
<td>96.9</td>
<td>100.9</td>
<td>104.2</td>
<td>107.3</td>
</tr>
</tbody>
</table>

- Medium-term oil demand reaches 92 mb/d by 2015
- By 2035, oil demand is 107 mb/d, 20 mb/d higher than 2010
- OECD oil demand peaked in 2005
- 87% of increase in demand is in developing Asia
- Transportation sector is key to demand growth
World oil supply outlook in the Reference Case (mb/d)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2015</th>
<th>2020</th>
<th>2025</th>
<th>2030</th>
<th>2035</th>
</tr>
</thead>
<tbody>
<tr>
<td>OECD</td>
<td>20.0</td>
<td>21.8</td>
<td>22.6</td>
<td>23.3</td>
<td>24.1</td>
<td>24.9</td>
</tr>
<tr>
<td>Developing countries, excl. OPEC</td>
<td>16.9</td>
<td>17.8</td>
<td>19.2</td>
<td>19.3</td>
<td>19.1</td>
<td>19.3</td>
</tr>
<tr>
<td>Eurasia</td>
<td>13.4</td>
<td>13.9</td>
<td>14.3</td>
<td>14.7</td>
<td>15.1</td>
<td>15.5</td>
</tr>
<tr>
<td>Processing gains</td>
<td>2.1</td>
<td>2.4</td>
<td>2.6</td>
<td>2.7</td>
<td>2.9</td>
<td>3.0</td>
</tr>
<tr>
<td>Total non-OPEC</td>
<td>52.3</td>
<td>55.8</td>
<td>58.6</td>
<td>60.1</td>
<td>61.1</td>
<td>62.7</td>
</tr>
<tr>
<td>OPEC NGLs</td>
<td>4.9</td>
<td>6.2</td>
<td>7.2</td>
<td>8.0</td>
<td>8.9</td>
<td>9.4</td>
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<tr>
<td>OPEC GTLs</td>
<td>0.1</td>
<td>0.3</td>
<td>0.4</td>
<td>0.5</td>
<td>0.6</td>
<td>0.6</td>
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<tr>
<td>OPEC crude</td>
<td>29.3</td>
<td>29.6</td>
<td>30.9</td>
<td>32.5</td>
<td>33.8</td>
<td>34.9</td>
</tr>
</tbody>
</table>

- Over medium-term non-OPEC supply rises by more than 4 mb/d 2010-2016
- Key drivers: Caspian, Brazil, Canada, US shale oil
- Long-term: wide diversity of sources, large increase in non-crude liquids supply, as well as crude oil from Caspian, Brazil and OPEC
- Non-crude liquids satisfy three-quarters of demand increase to 2035
- OPEC crude share in the future similar to today
Crude oil exports shifting eastward

Major crude exports by destinations
2011 - 2035
Demand growth dominated by diesel

- Largest volume gain for diesel/gasoil: 10 mb/d between 2011 and 2035
- Strong growth for naphtha; share of gasoline demand declines despite volume increases
Long-term refining: continued capacity shift and increase in refining complexity

Global capacity requirements by region and process type, 2011-2035

- Additions to crude distillation capacity projected to reach 14.9 mb/d by 2035
- Vast majority of the refining capacity expansions located in the Asia-Pacific and the Middle East
- Conversion capacity additions represent 85% of the distillation capacity additions
- 22 mb/d of additional desulphurization capacity - nearly 1.5 times those for distillation
Conclusion on the short-term

- World economic growth expected to see an improvement this year (3.2%), however, fiscal uncertainties remain

- World oil demand growth projected at 0.8 mb/d, slightly higher than the previous year. Total growth exclusively coming from non-OECD as OECD will continue to contract

- Non-OPEC supply will see growth in 2013 at 0.9 mb/d, supported by production in US and Canada. OPEC NGLs projected to increase by 0.2 mb/d

- High crude oil inventories combined with sufficient OPEC spare capacity, will meet any sudden surge in demand

- Volatility, speculation and the influence of the financial sector on the oil market and commodity markets in general, are major concerns.
Conclusions on the long-term

- Oil will remain the major source of energy for the foreseeable future.
- The resource base is plentiful, and there will be a very diverse source of supply.
- OPEC is investing heavily.
- But there remain massive uncertainties with regard to the economy, policies and technology.
- The World Oil Outlook underscores concerns over security of demand.
- Challenges also exist in the downstream.
- Importance of dialogue and cooperation will continue to grow.