

# **UNCTAD**

## **Multi-Year Expert Meeting on Commodities and Development 2013**

**Recent developments and new challenges in commodity markets, and policy options for commodity-based inclusive growth and sustainable development**

Room XXVI  
Palais des Nations  
Geneva, Switzerland

### **Oil Market Outlook**

by

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Oil Price Analyst  
Petroleum Studies Department, OPEC

20 MARCH 2013

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# **Oil Market Outlook**

**Presented by:**

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**20th March 2013**



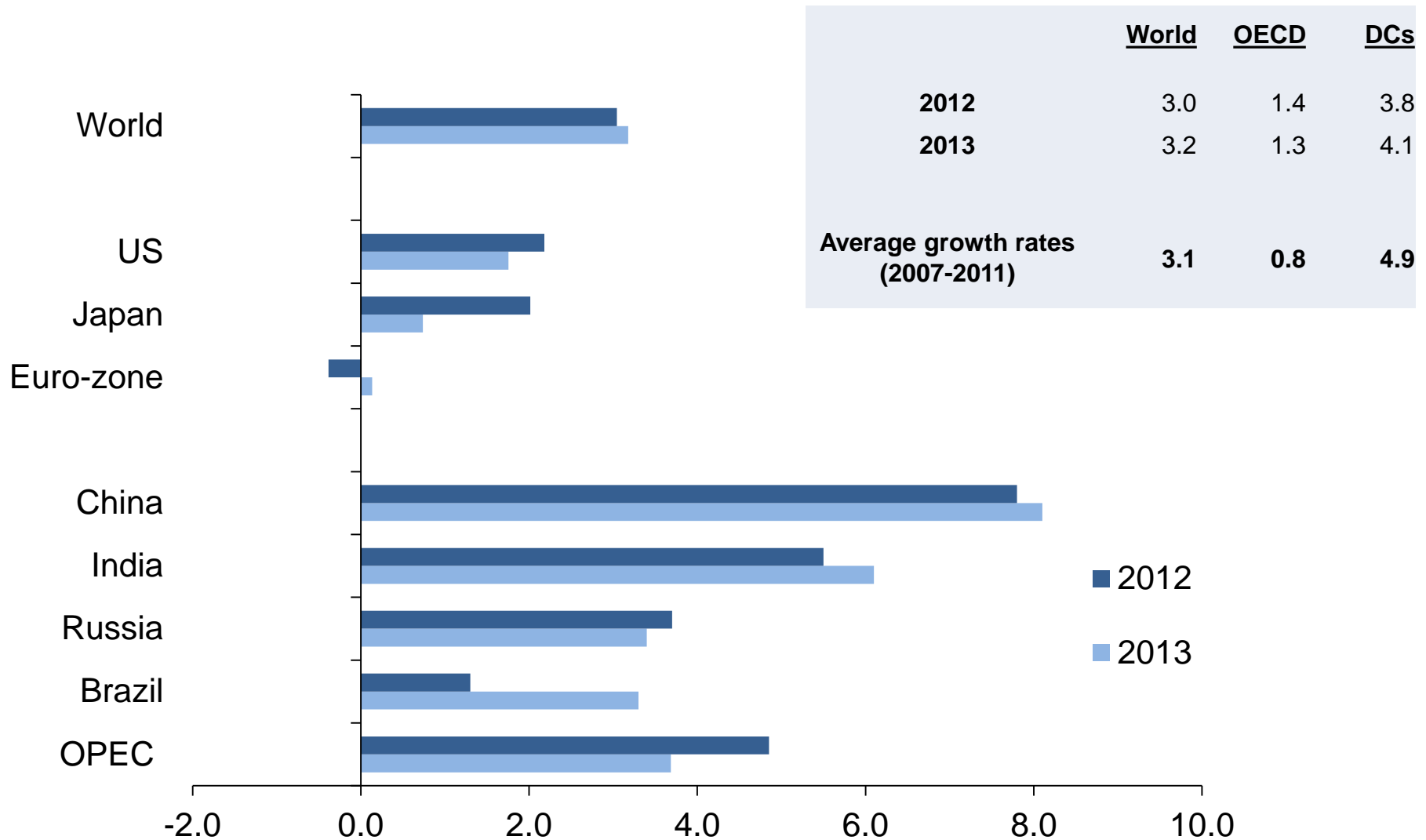
- **Review of market for 2012 and outlook for 2013**
- **Price developments**
- **Long-term outlook**
- **Conclusion**



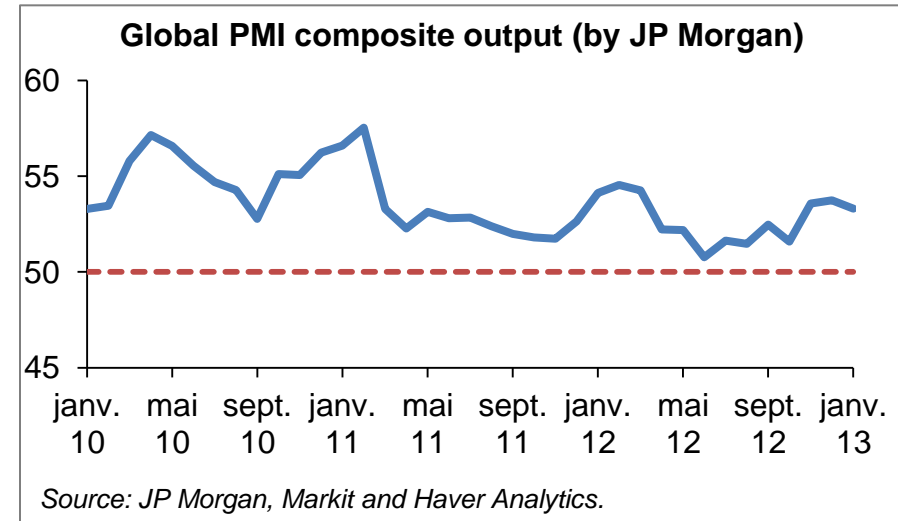
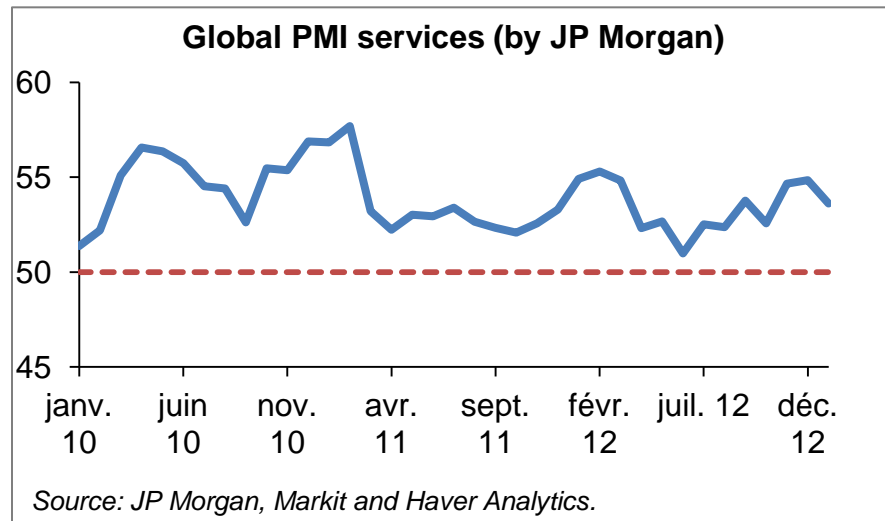
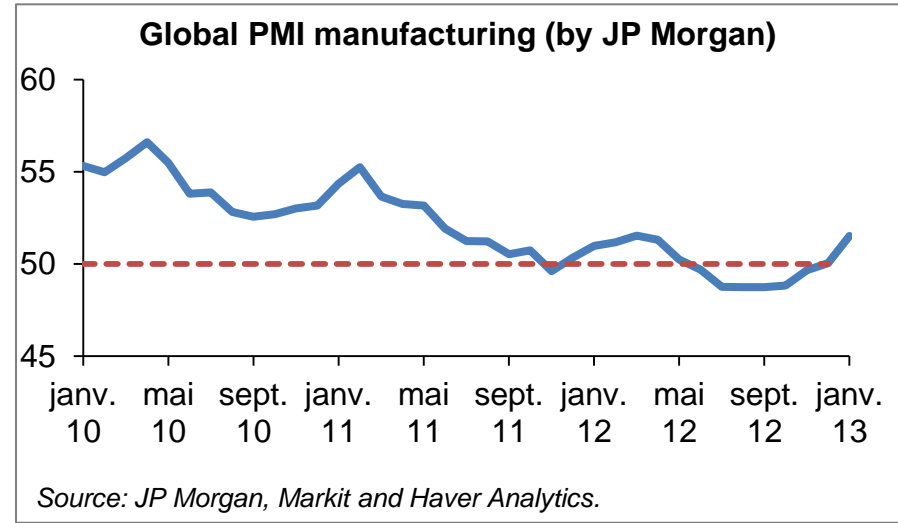
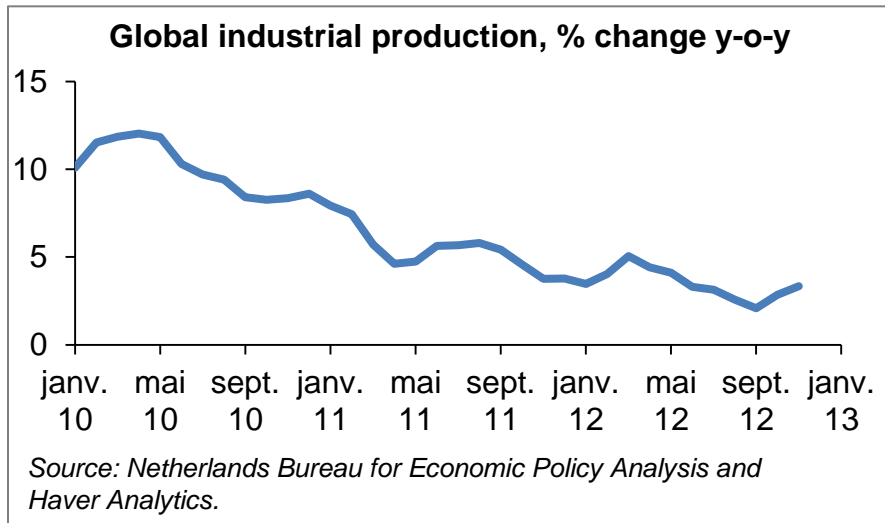
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# Slight improvement in the world economic outlook

*percentage change from the previous year*



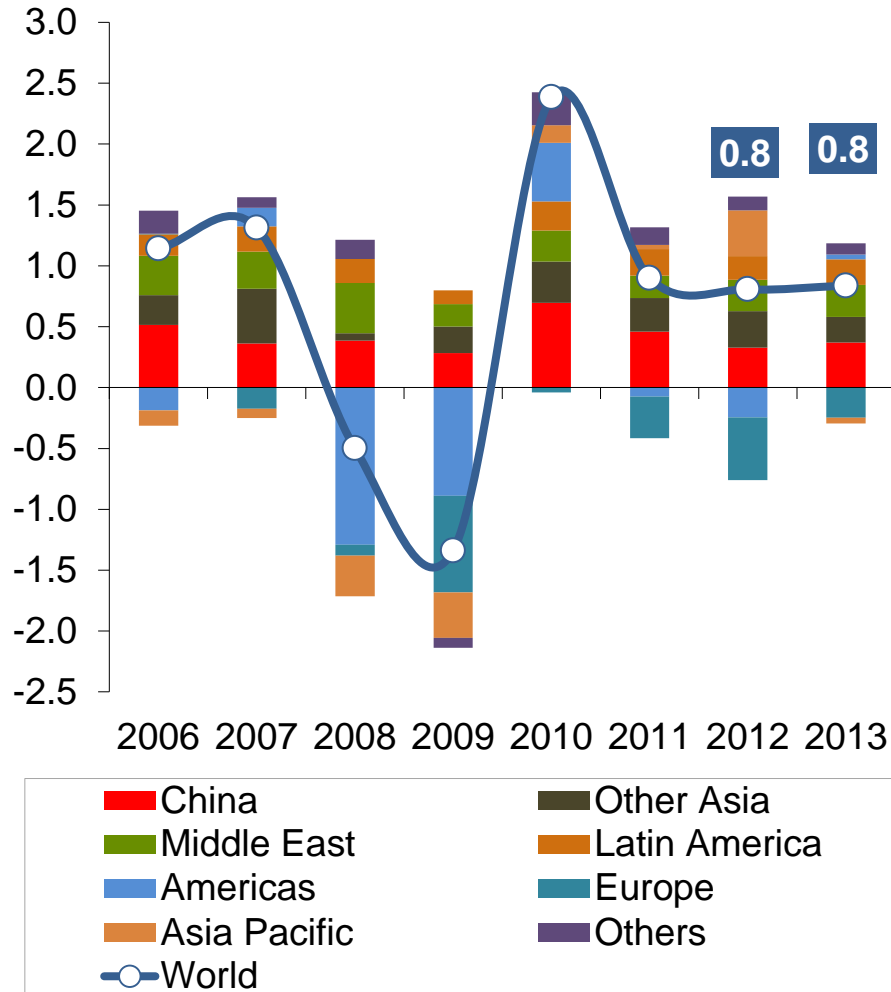
# The global economy stabilized in the 4Q, gaining slight momentum in 2013



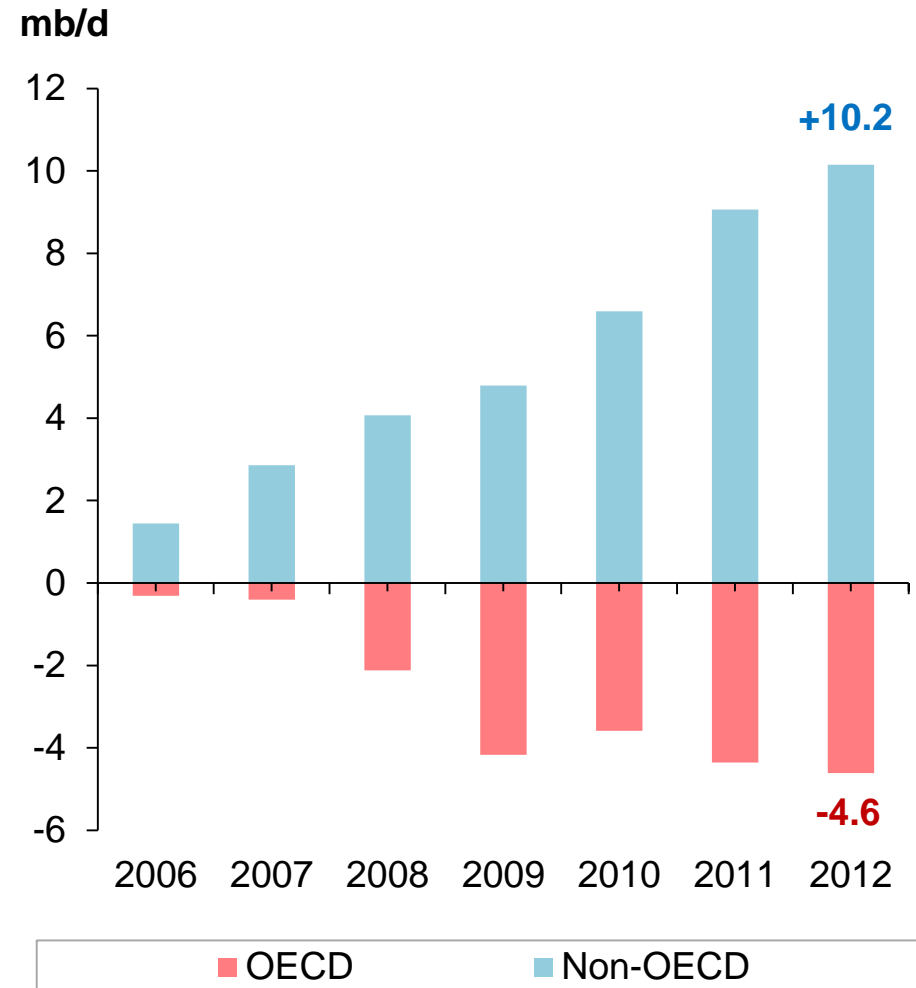
# World oil demand growth exclusively coming from non-OECD, y-o-y change, mb/d



## World demand growth by region



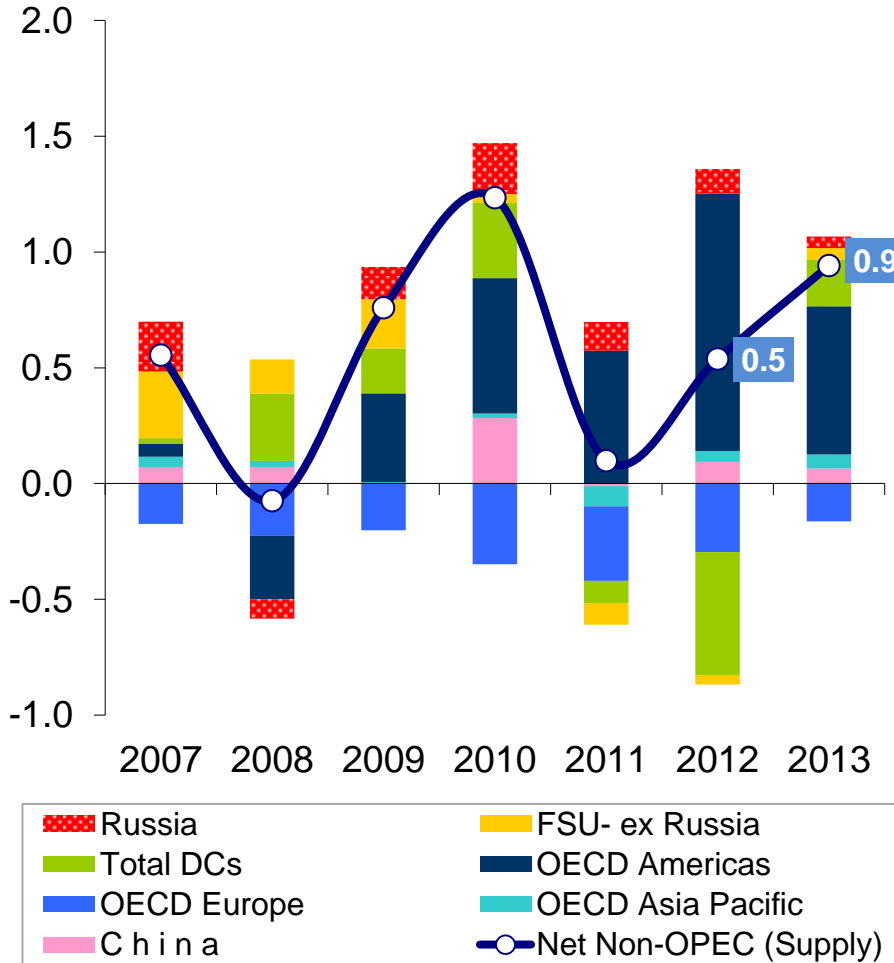
## Cumulative oil demand growth



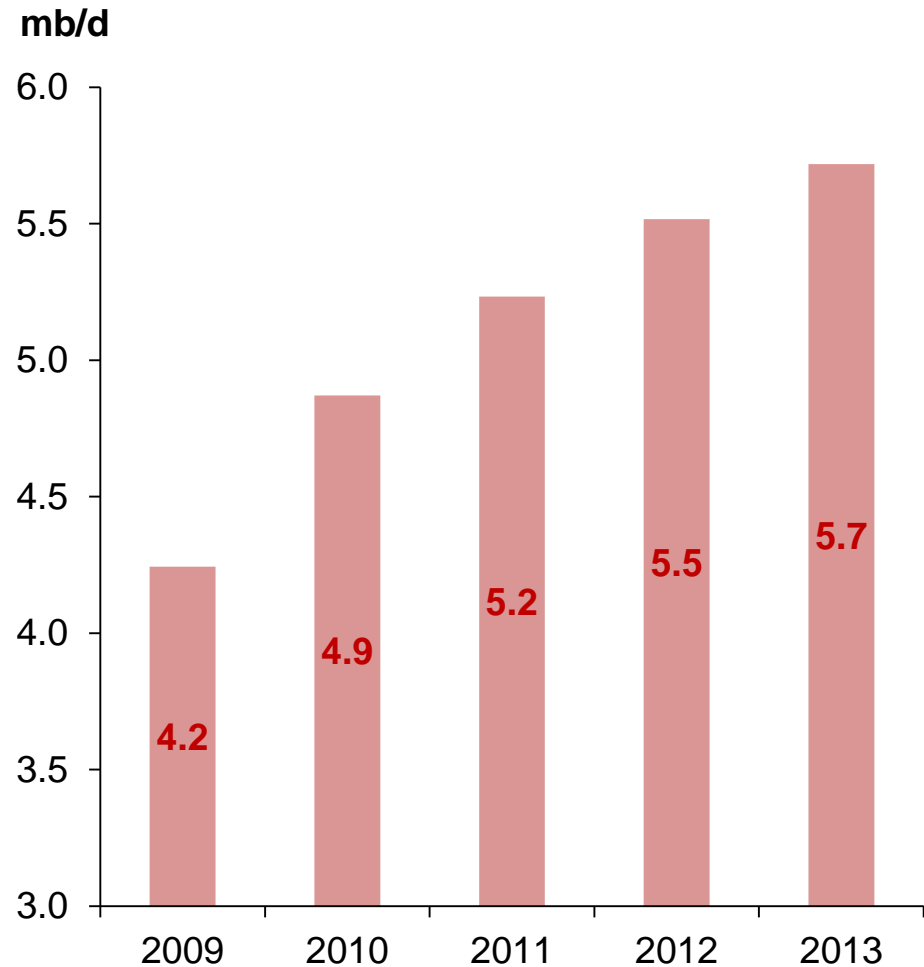
# Non-OPEC supply continues positive growth in 2013, y-o-y change, mb/d



### Non-OPEC supply by region



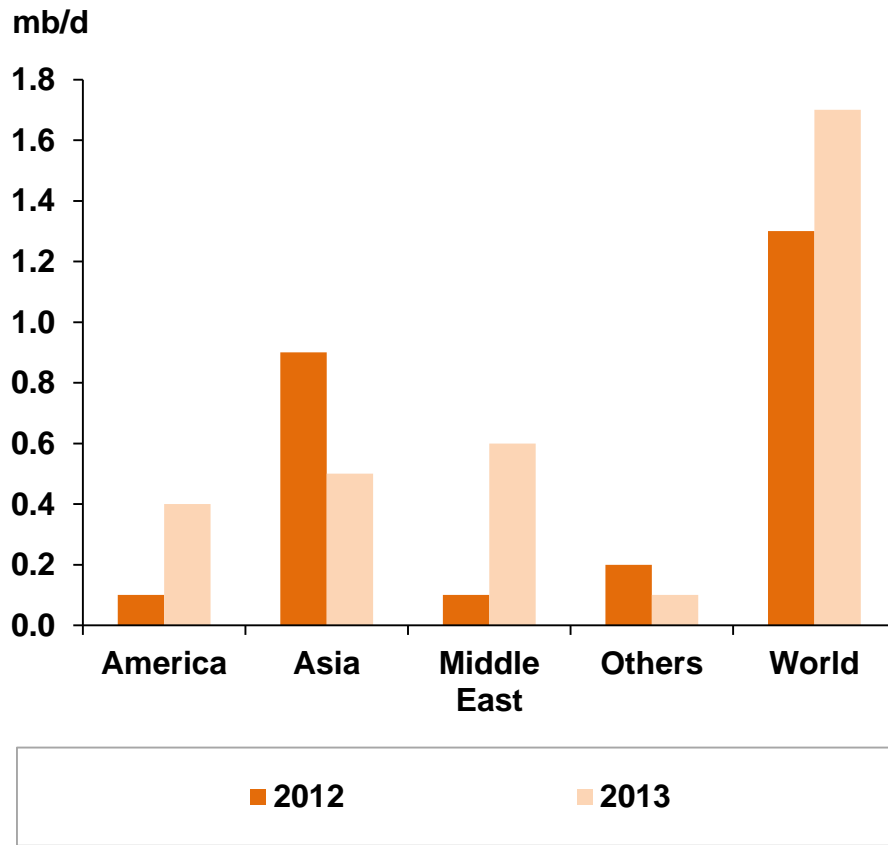
### OPEC NGLs production







## Distillation capacity additions from existing projects, by region



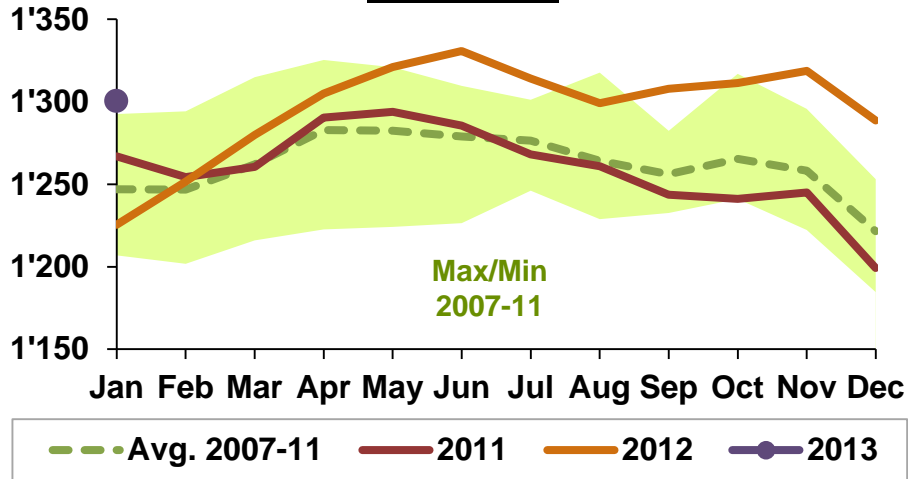
- In **2102**, the additional capacity was around 1.3 mb/d and expected to increase further by around 1.7 mb/d in 2013.
- Around 1.0 mb/d was closed last year.

# OECD commercial stocks:

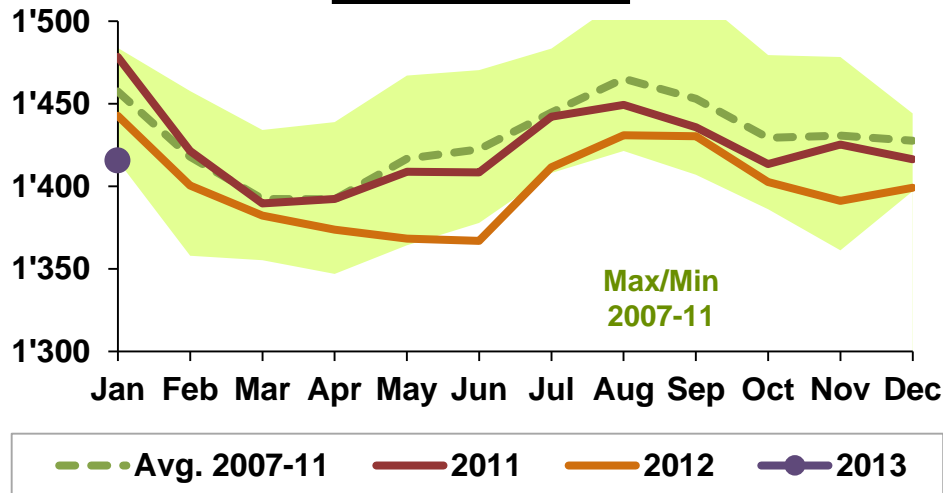
Crude inventories are at a comfortable level, *mb*



## Crude Oil

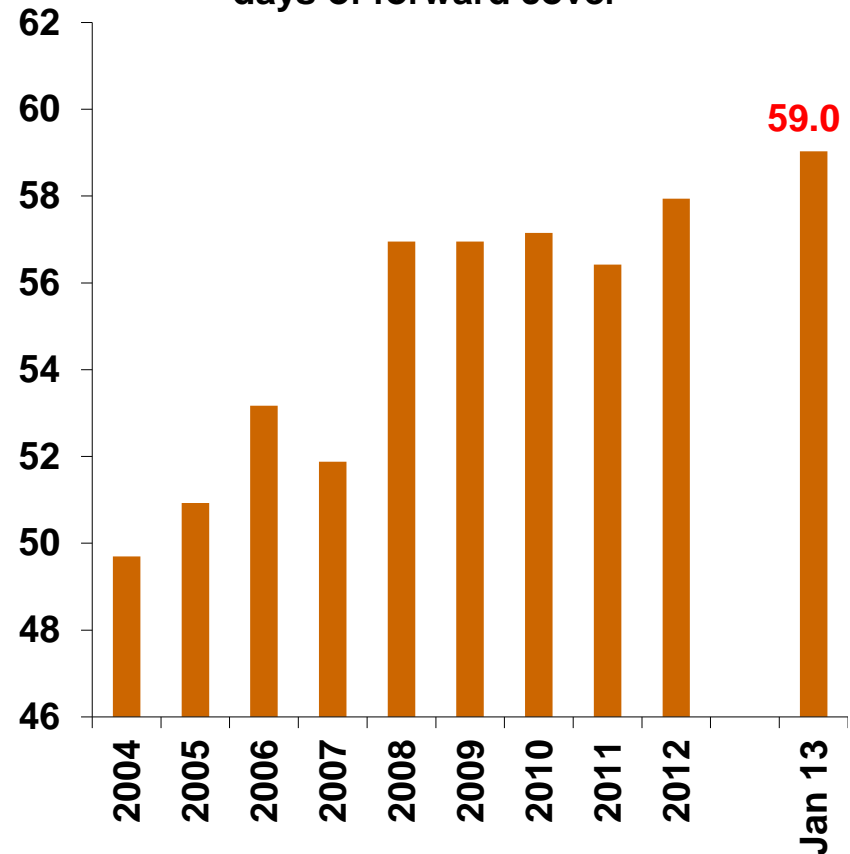


## Total Products



*High supply buffer to meet the rise in demand*

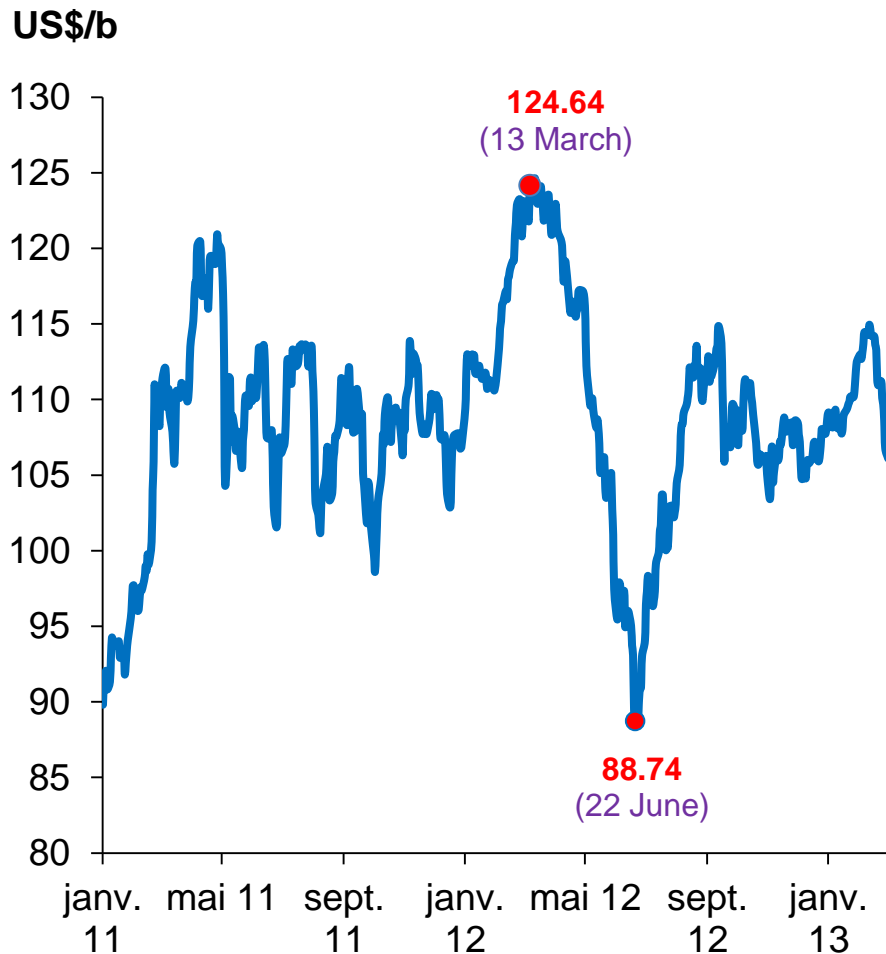
OECD commercial stocks in days of forward cover



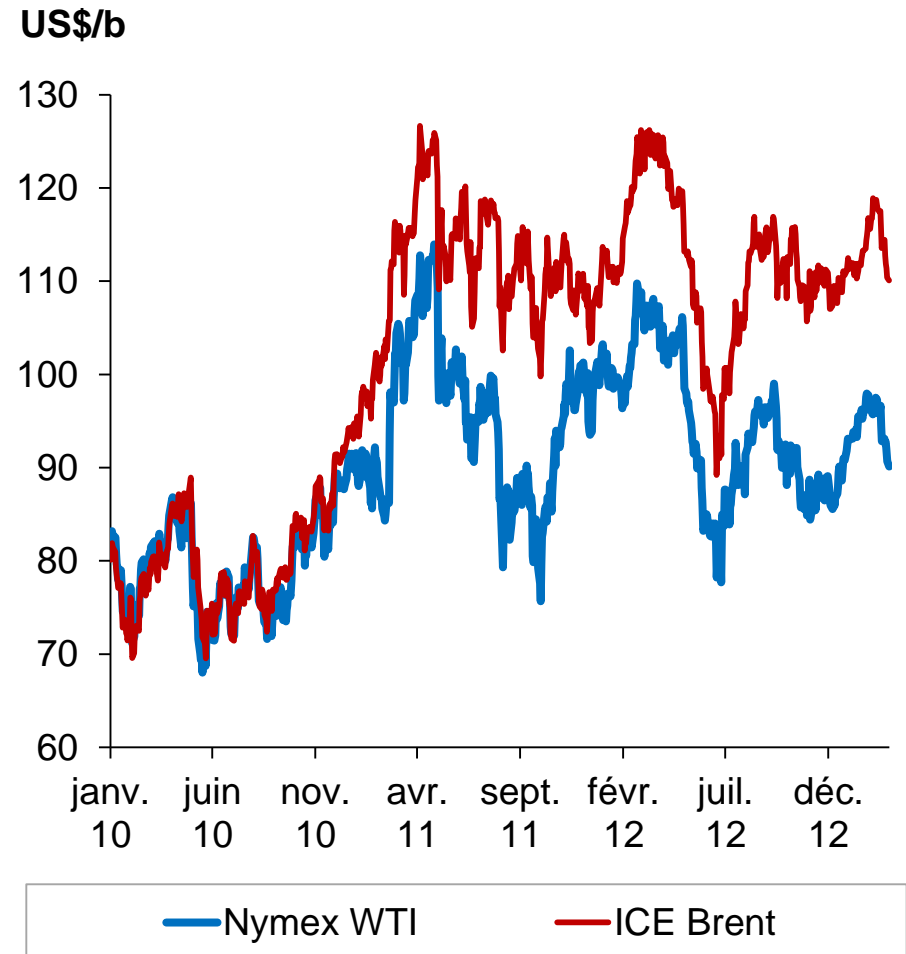


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## OPEC Reference Basket (ORB)



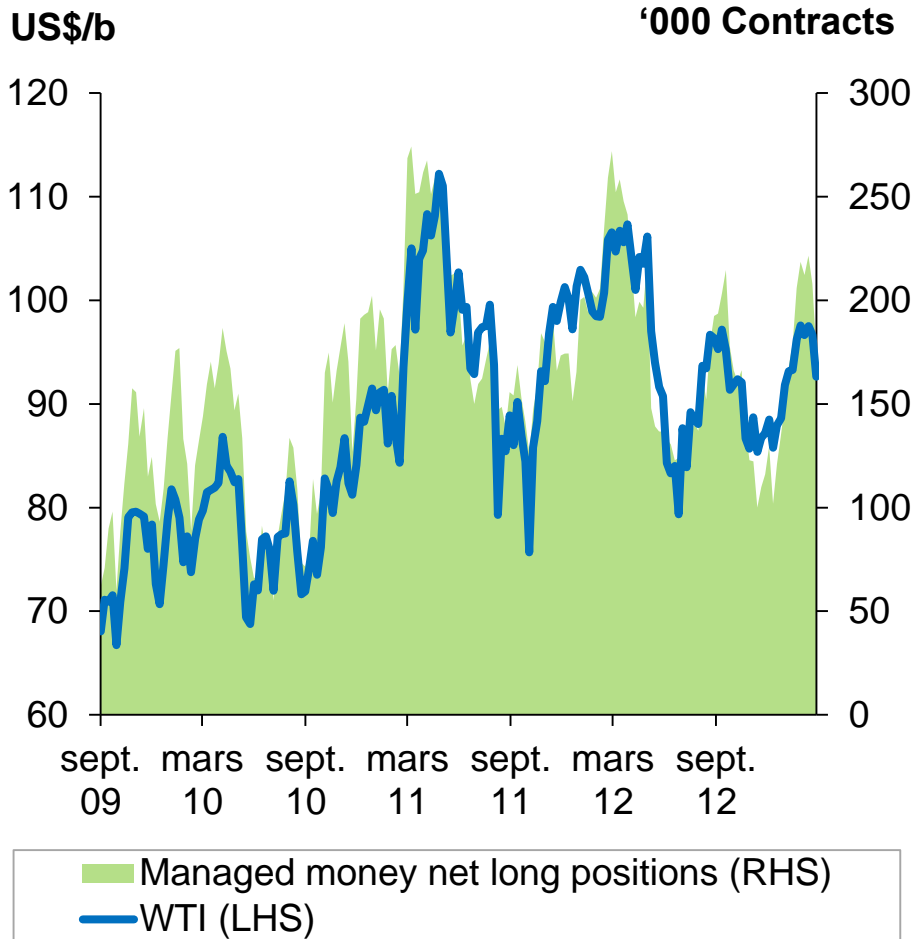
## Major crude oil benchmark prices



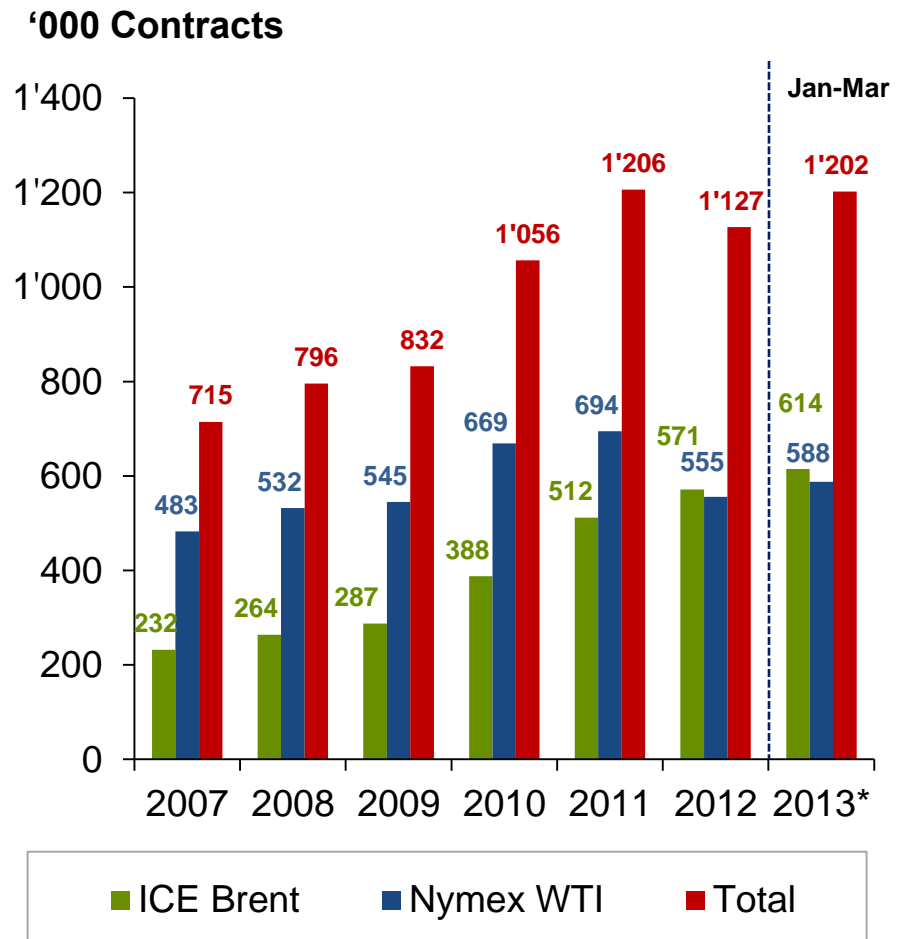
# Close link between crude oil price and speculative activity



## Nymex WTI price vs. Managed money



## Increasing trading volumes in paper markets, particularly in ICE Brent

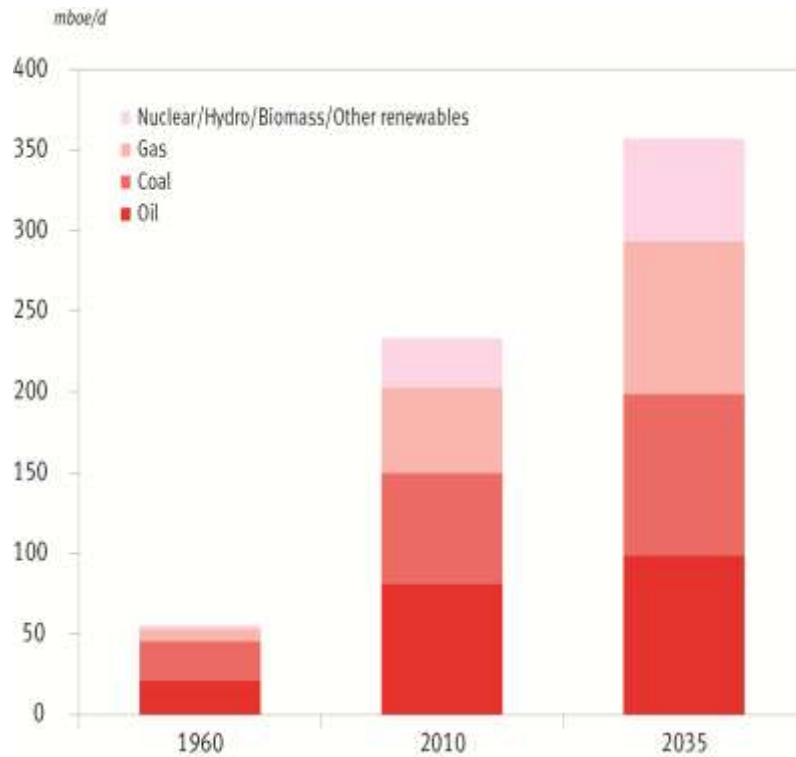


\*Year to date



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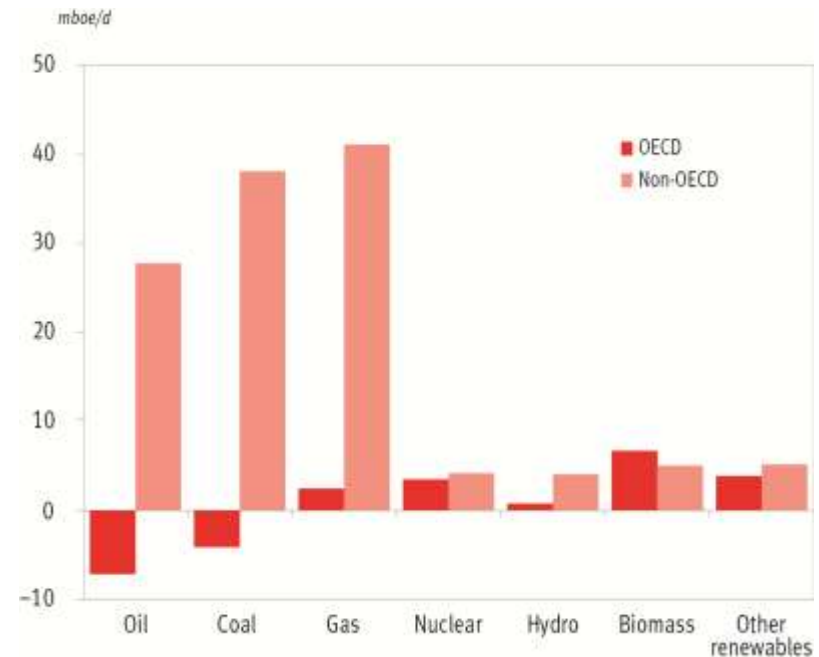
# Energy use will continue to rise, oil will remain the leading fuel for some time, gas use rises strongest



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

Change 2010–2035



# World oil demand outlook in the Reference Case (mb/d)



	2010	2015	2020	2025	2030	2035
OECD	46.8	45.8	45.2	44.0	42.6	41.1
Developing countries	35.4	40.8	46.3	51.3	56.0	60.6
Eurasia	4.8	5.2	5.4	5.5	5.6	5.6
<b>World</b>	<b>87.0</b>	<b>91.8</b>	<b>96.9</b>	<b>100.9</b>	<b>104.2</b>	<b>107.3</b>

- 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)



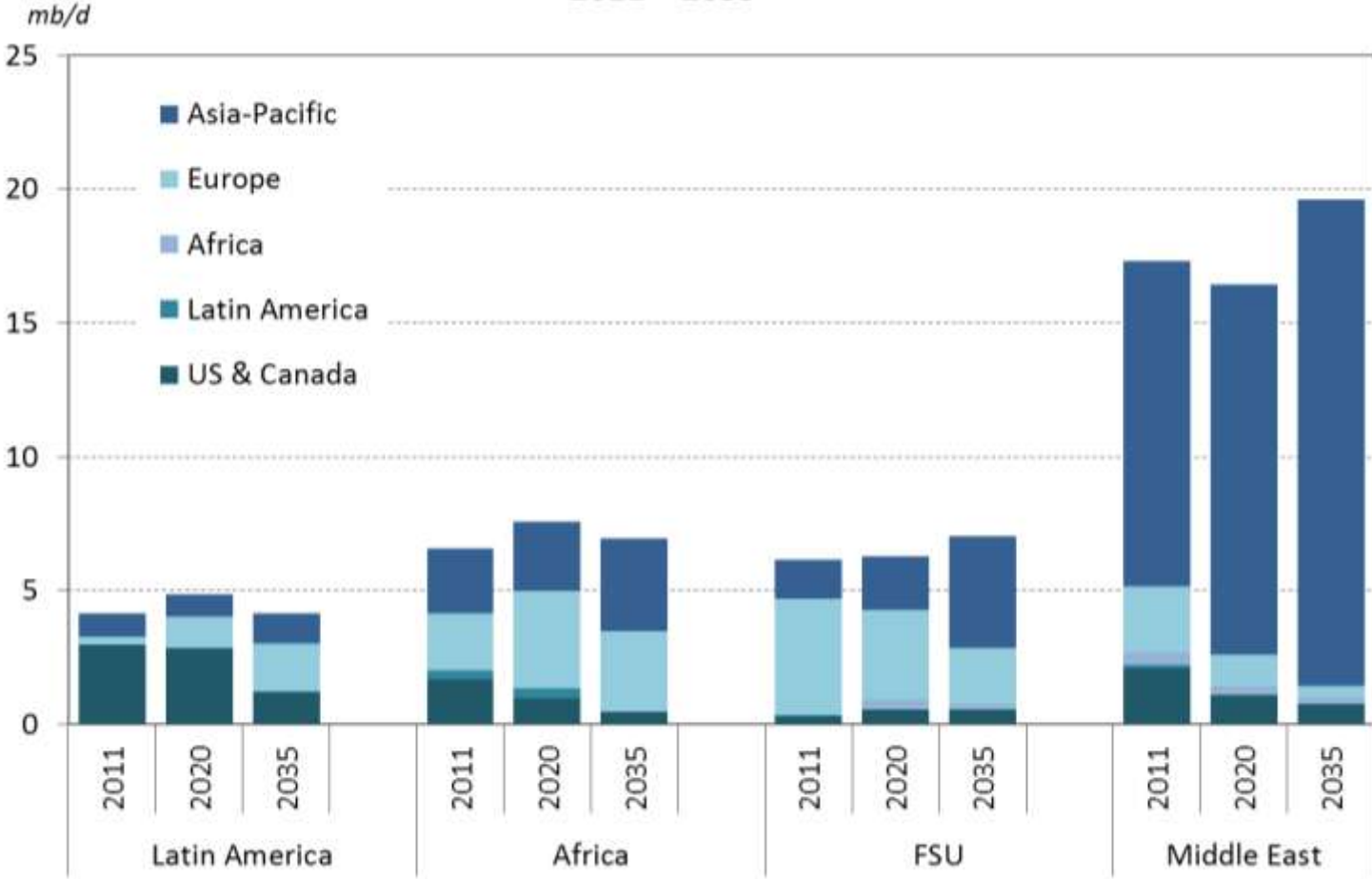
	2010	2015	2020	2025	2030	2035
OECD	20.0	21.8	22.6	23.3	24.1	24.9
Developing countries, excl. OPEC	16.9	17.8	19.2	19.3	19.1	19.3
Eurasia	13.4	13.9	14.3	14.7	15.1	15.5
Processing gains	2.1	2.4	2.6	2.7	2.9	3.0
Total non-OPEC	52.3	55.8	58.6	60.1	61.1	62.7
OPEC NGLs	4.9	6.2	7.2	8.0	8.9	9.4
OPEC GTLs	0.1	0.3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

- 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



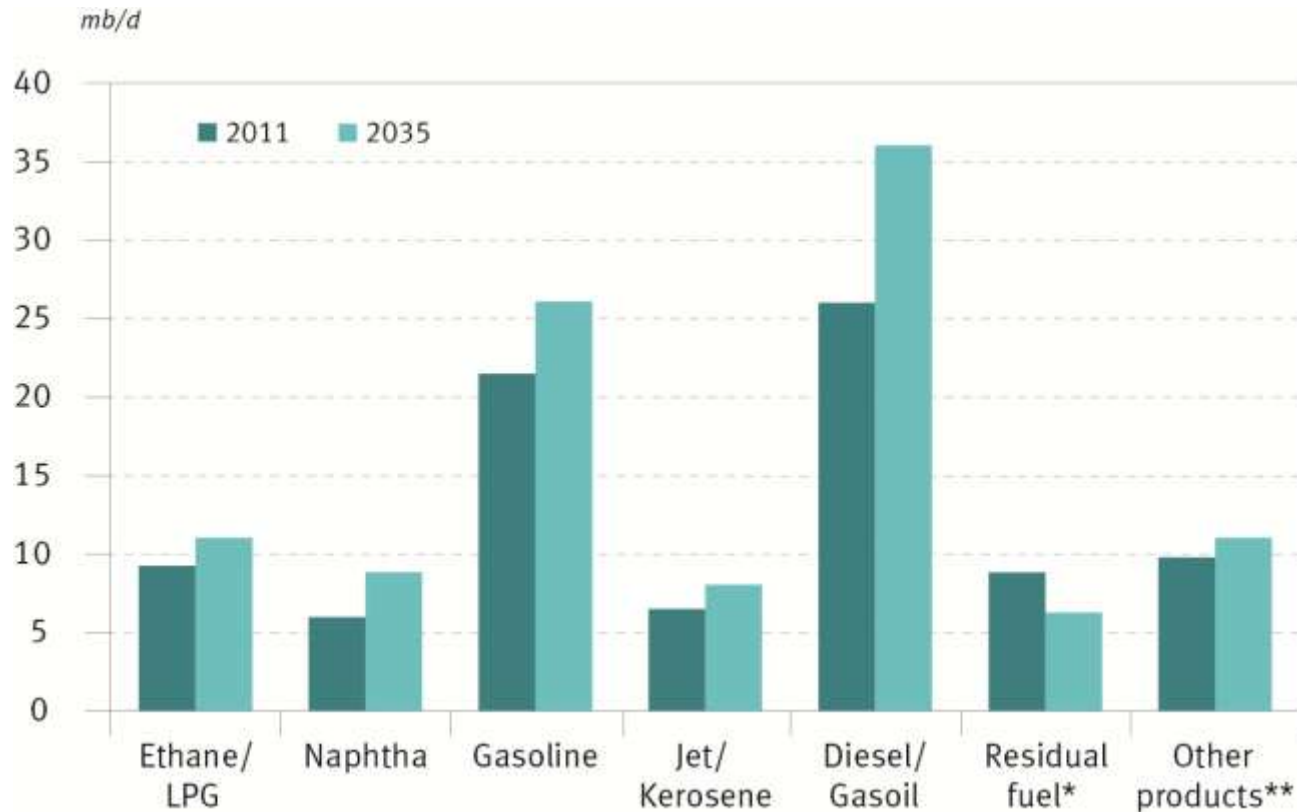
## Major crude exports by destinations 2011 - 2035



# Demand growth dominated by diesel



## Global product demand, 2011 and 2035

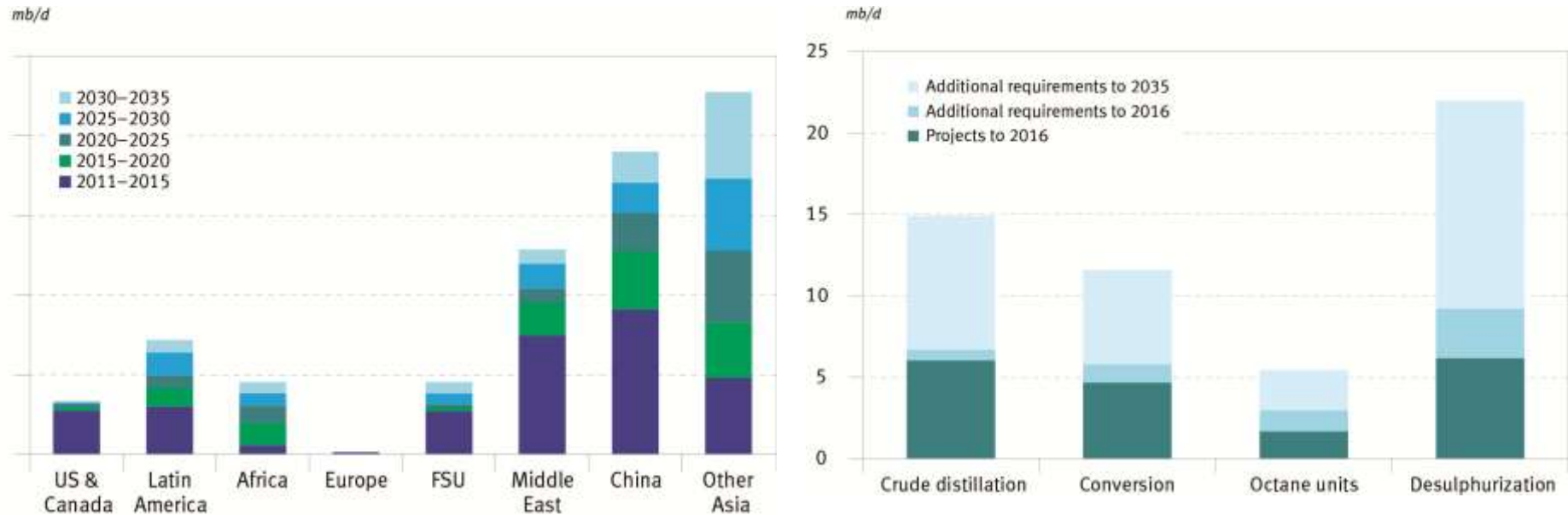


- Largest volume gain for diesel/gasoil: 10 mb/d between 2011 and 2035
- Strong growth for naphtha; share of gasoline demand declines despite volume increases

# 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



- **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.**



- **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**

[www.opec.org](http://www.opec.org)



# OPEC

**Thank you**

