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The world oil outlook

By

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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.

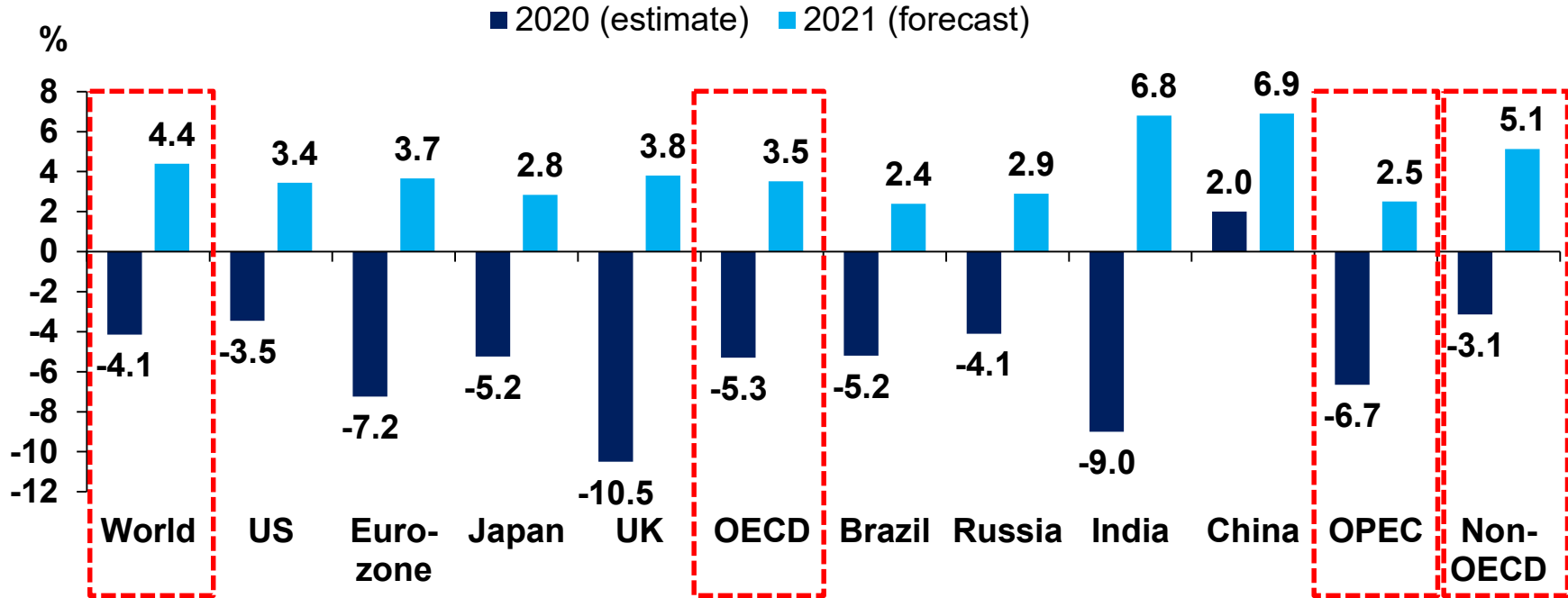
A blue wireframe graphic on the left side of the slide, showing a perspective view of a building or structure with a grid of lines. The graphic is semi-transparent and set against a blue background.

World Oil Market

Presented by
OPEC Secretariat

- **Short-term outlook**
(Based on January 2021 Monthly Oil Market Report)
- Medium- and long-term outlook

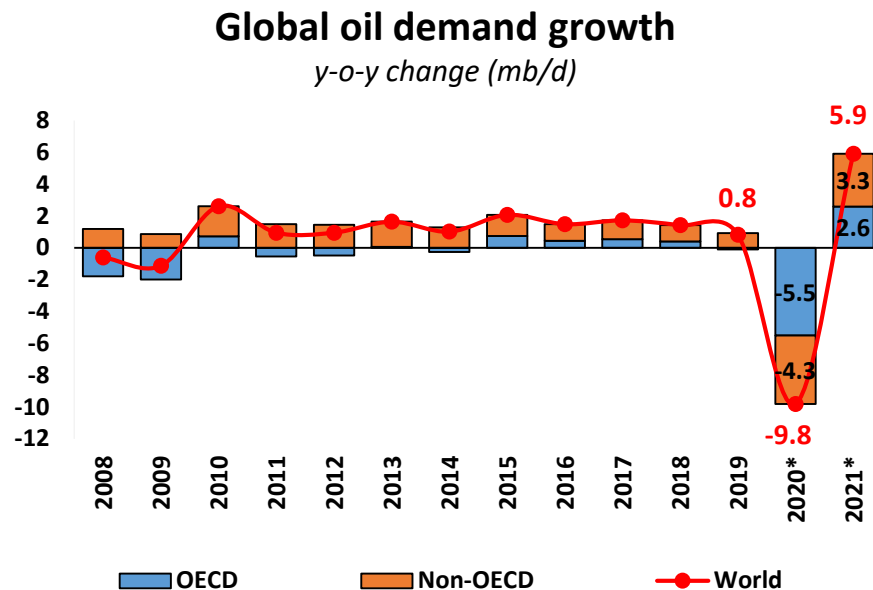
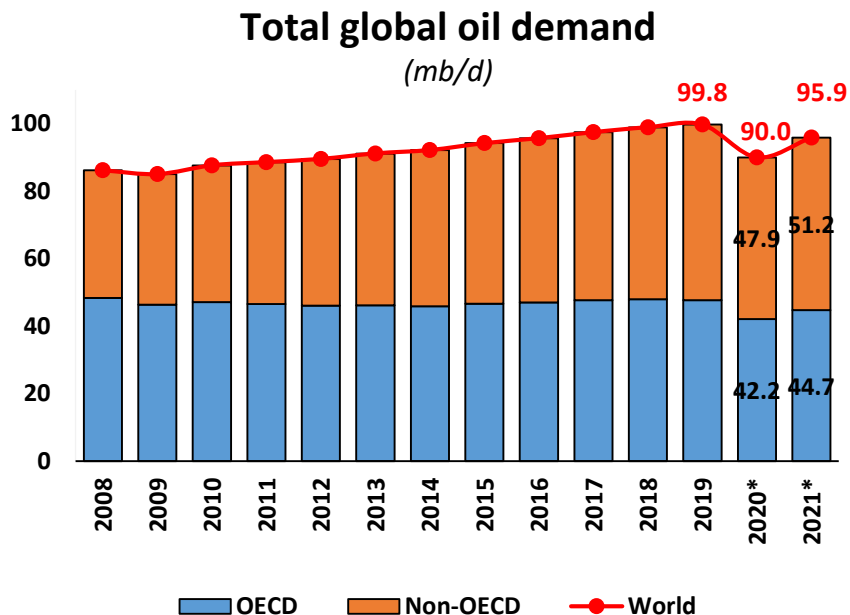
World economy is expected to recover in 2021



Source: OPEC, aggregations are based on 2017 ppp levels.

Note: Data refers to January OPEC Monthly Oil Market Report (MOMR).

Steady oil demand growth in the decade pre-2020



Note: * 2020 = Estimate and 2021 = Forecast. Source: OPEC.

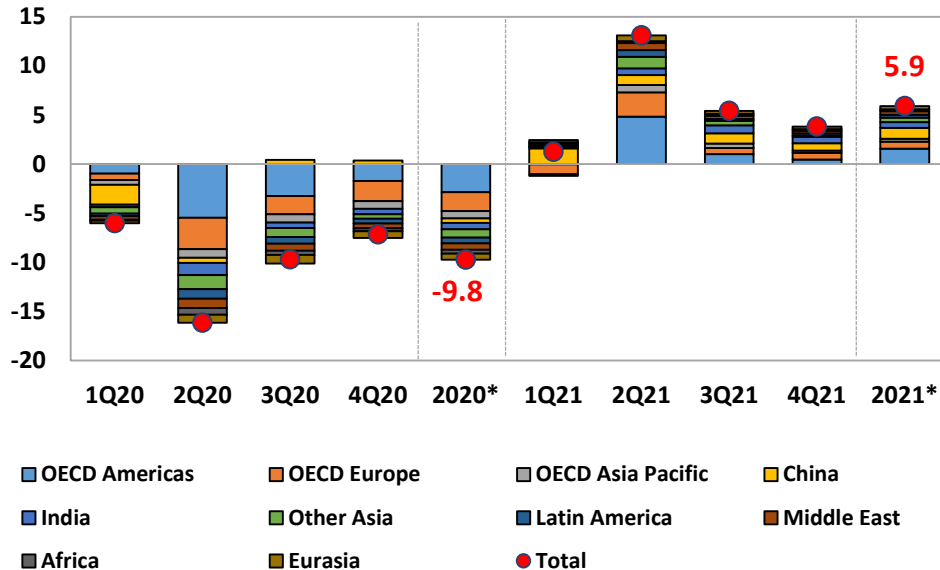
Data refers to January OPEC MOMR.

2021 oil demand to grow by 5.9 mb/d, but uncertainties remain high



World oil demand growth by region

Y-o-y change, mb/d



Note: * 2020 = Estimate and 2021 = Forecast. Source: OPEC.
Data refers to January OPEC MOMR.

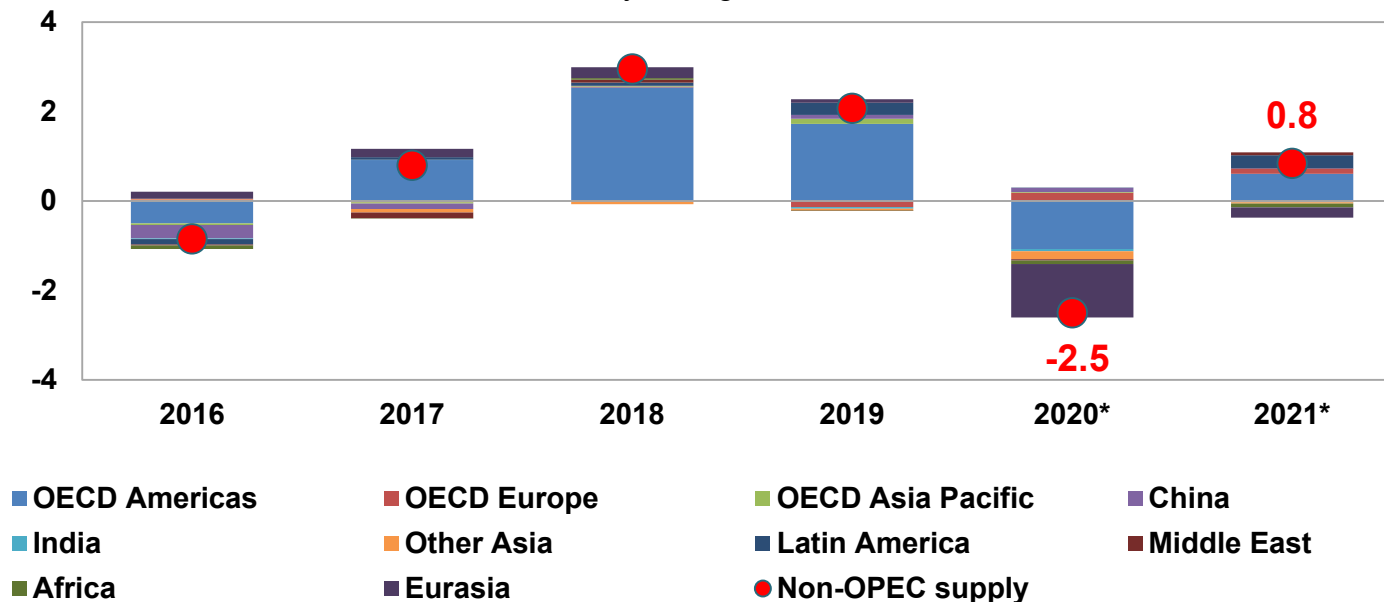
- Losses in **transportation fuels** accounted for more than **70%** of last year's decline
- Total world oil demand foreseen at **90.0 mb/d in 2020** and **95.9 mb/d in 2021**
- **Historical low baseline** and strong economic recovery is estimated to support consumption potential in 2021
- **Uncertainties** are high and clouding the outlook particularly to issues related to **COVID-19 development**

Non-OPEC supply to grow by 0.8 b/d in 2021



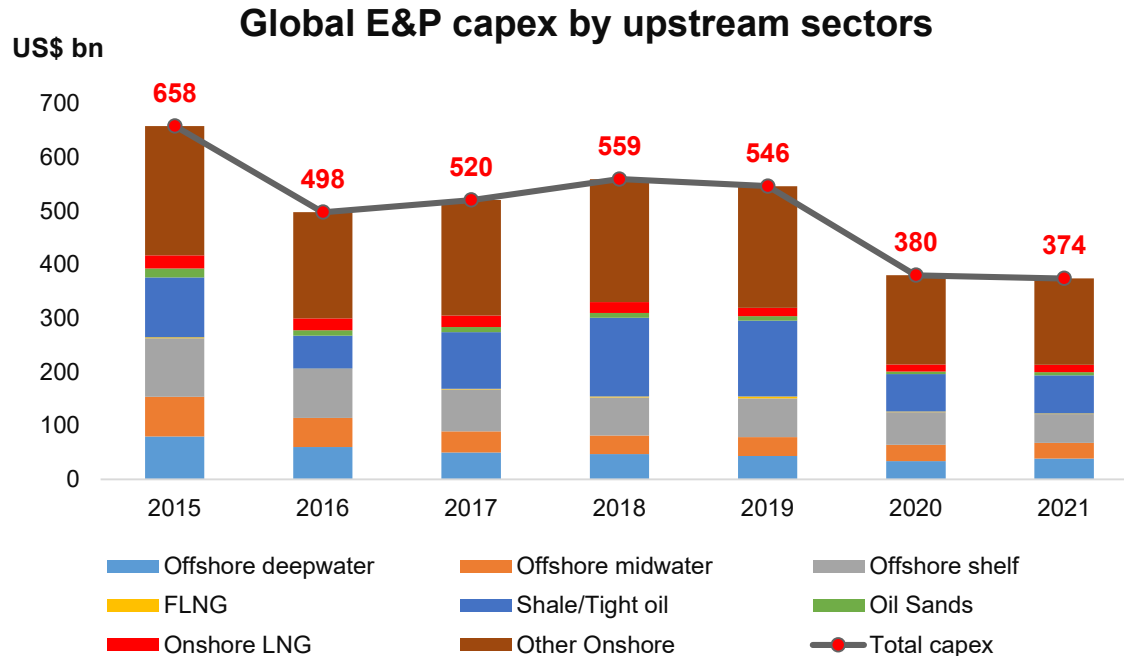
Non-OPEC annual supply growth by region

Y-o-y change, mb/d



Note: * 2020 = Estimate and 2021 = Forecast. Source: OPEC.
Data refers to January OPEC MOMR.

Upstream spending down by 30% in 2020, y-o-y

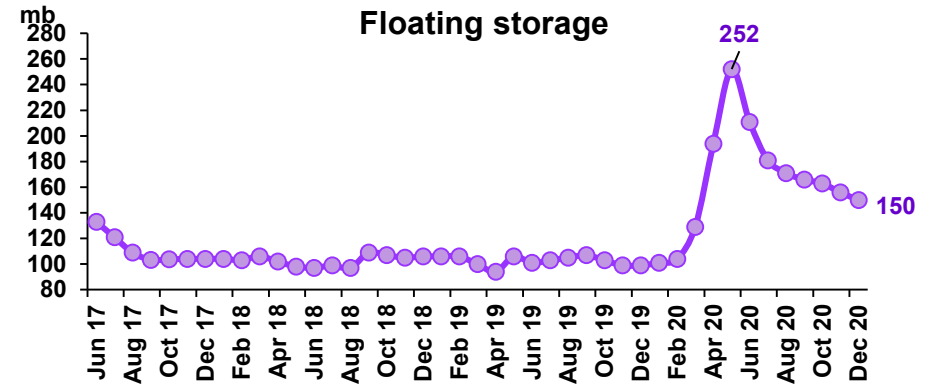
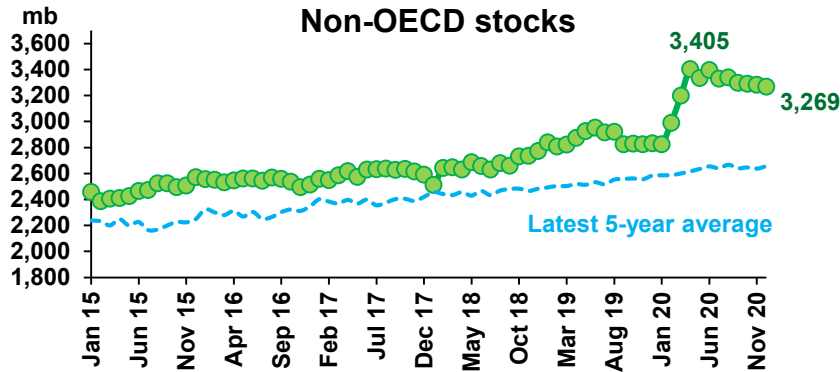
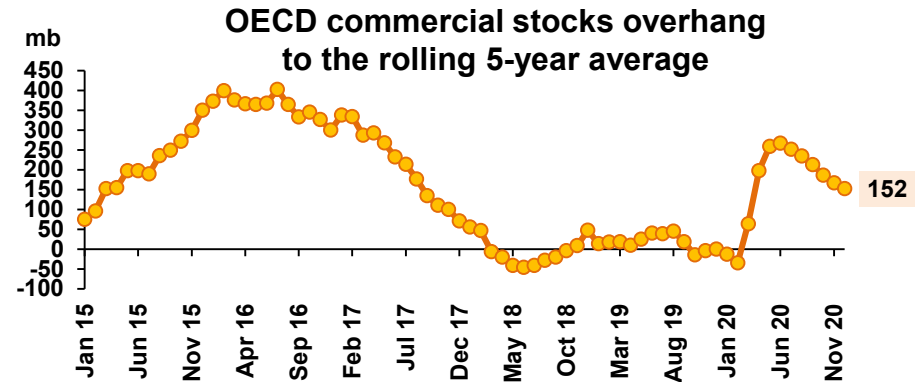
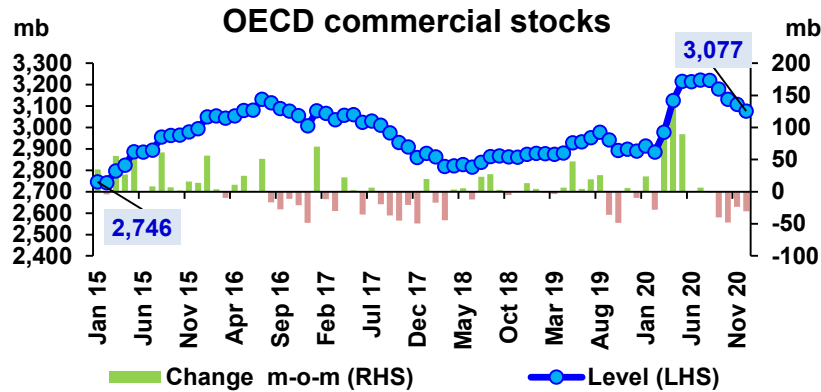


- Market **volatility** and demand uncertainty negatively impacted spending in 2020
- The sharper decline in capex was observed in **shale tight** oil sector, down by around half in **2020**
- **Financial** discipline is expected to continue into **2021**

Sources: OPEC and Rystad Energy.

Note: Data refers to January OPEC MOMR.

Huge build in global oil stocks is in decline

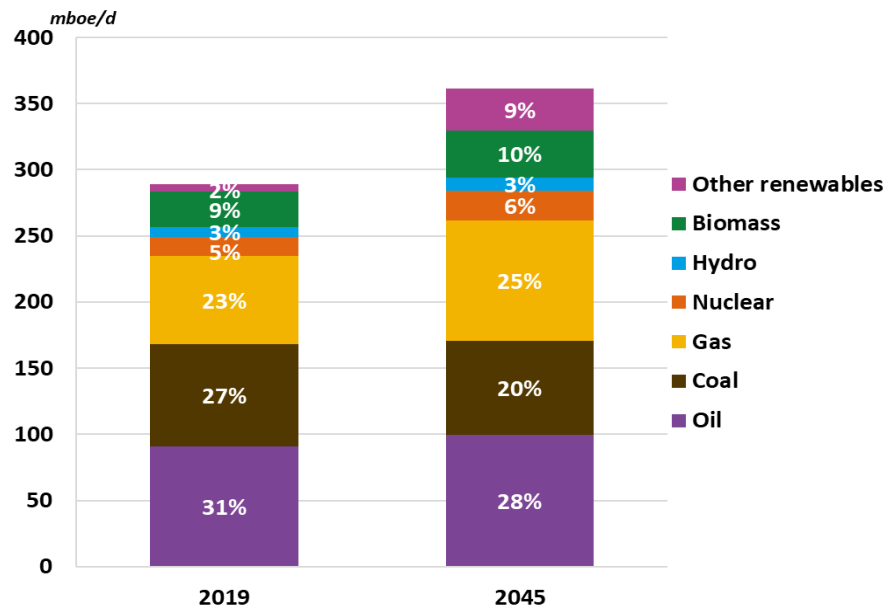


- Short-term outlook
(Based on January 2021 Monthly Oil Market Report)
- **Medium- and long-term outlook**

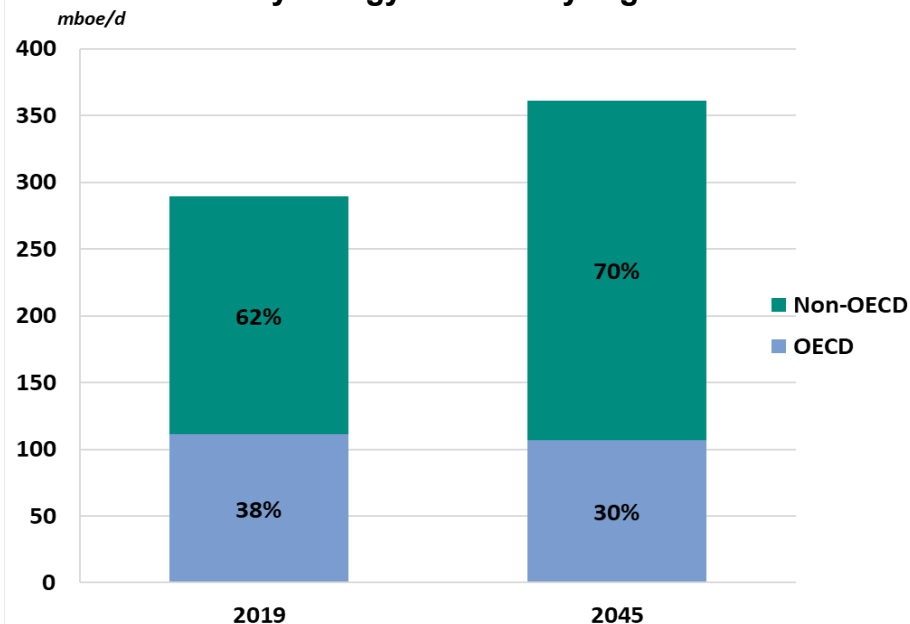
All energy sources needed to meet future demand, fuel economic growth, and eradicate energy poverty



Primary energy demand by fuel



Primary energy demand by region



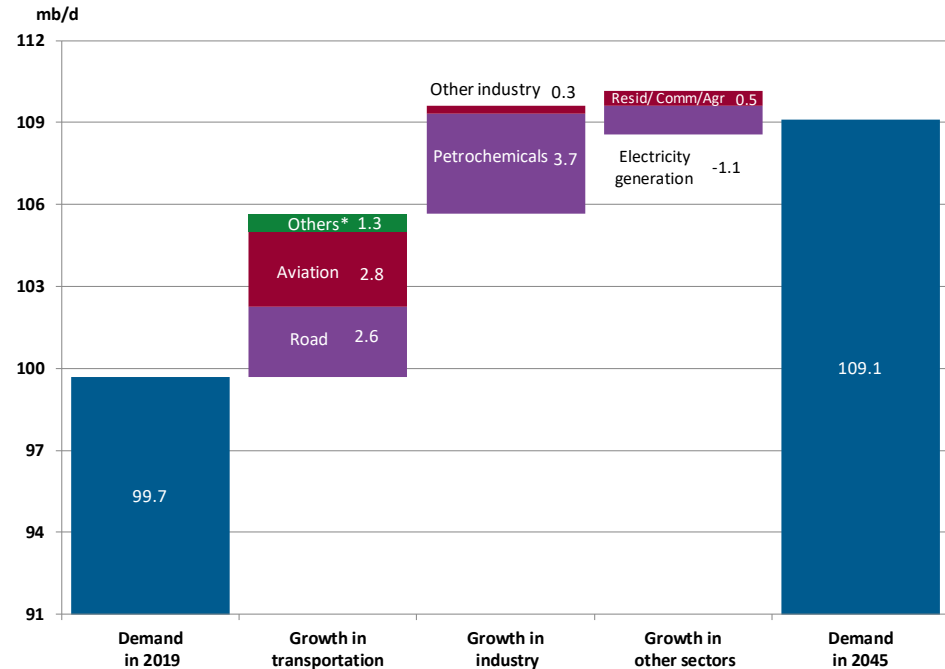
- Global energy demand projected to increase by around 25% between 2019 and 2045
- Demand increases in **non-OECD regions** but drops in **OECD**

Transport & petrochemicals remain key to future demand



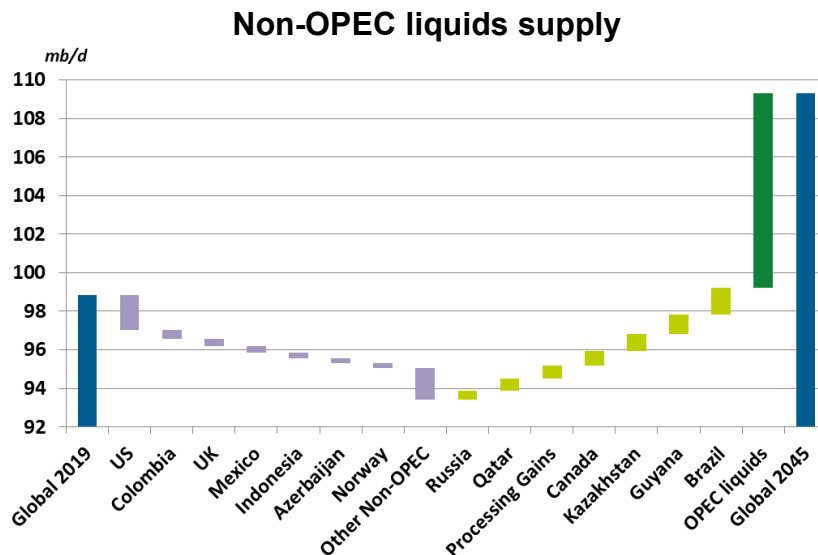
- Various **transport** modes will continue providing basis for oil demand growth
 - Aviation sector **+2.8 mb/d**
 - Road transport **+2.6 mb/d**
 - Marine bunkers **+0.8 mb/d**
- **Petrochemicals** will be the largest incremental demand (**+3.7 mb/d**)
- Some demand increase also in “other industry” and “res./comm./agriculture”
- **Electricity generation** demand is expected to decline by more than 1 mb/d

Oil demand growth by sector between 2019 and 2045



*Marine bunkers, rail and domestic waterways

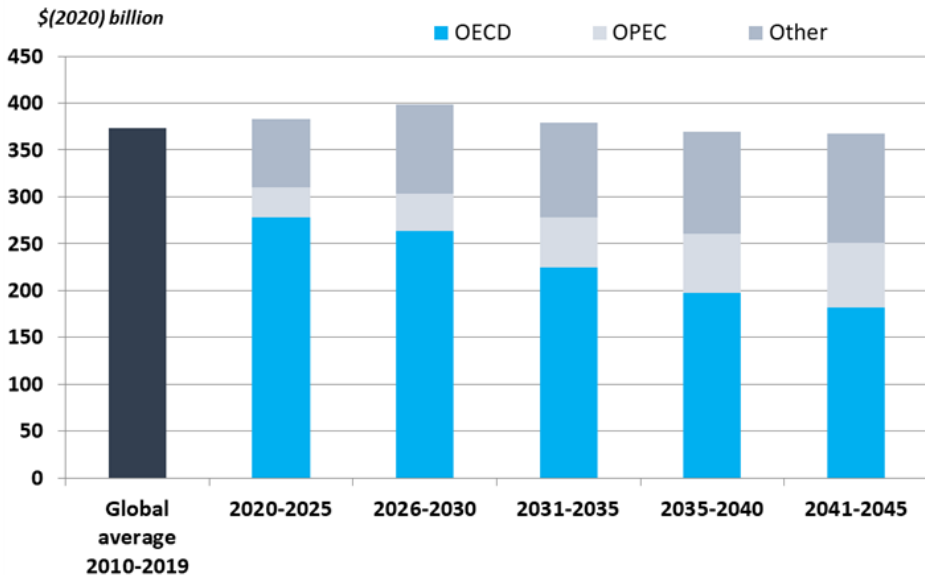
Ample scope for OPEC total liquids supply



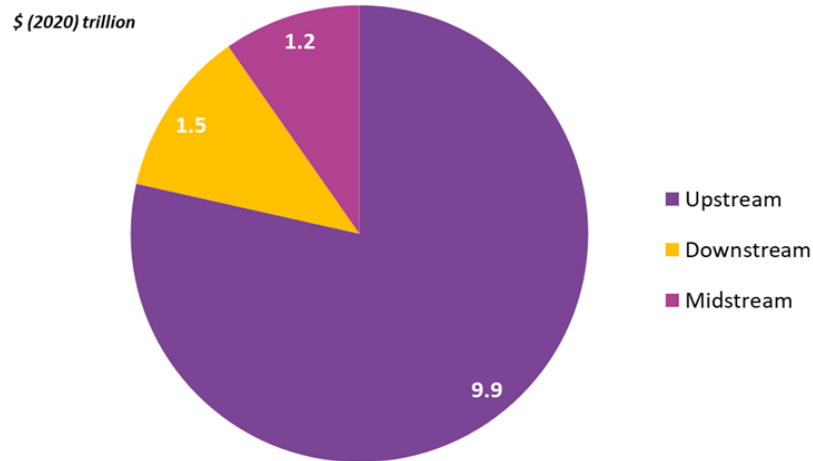
- After 2020 sharp decline, **non-OPEC liquids supply** in medium-term **to recover from pandemic-related shut-ins**
- Few non-OPEC producers to see growth beyond late 2020s, resulting in supply to return almost to 2019 levels
- Over long-term, **OPEC liquids will fill the gap, growing from 34 mb/d in 2019 to 44 mb/d by 2045**

Cumulative oil-related needed investments ~\$12.6 trn

Annual upstream investment requirements



Cumulative oil-related investment requirements 2020–2045



- Recent **drop in global upstream investments** is a **major concern**
- **Upstream** spending needs to average **\$380 billion per year**

Thank you



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