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Broad perspective on oil markets

By

Alexander Bressers
Demand Senior Analyst, International Energy Agency

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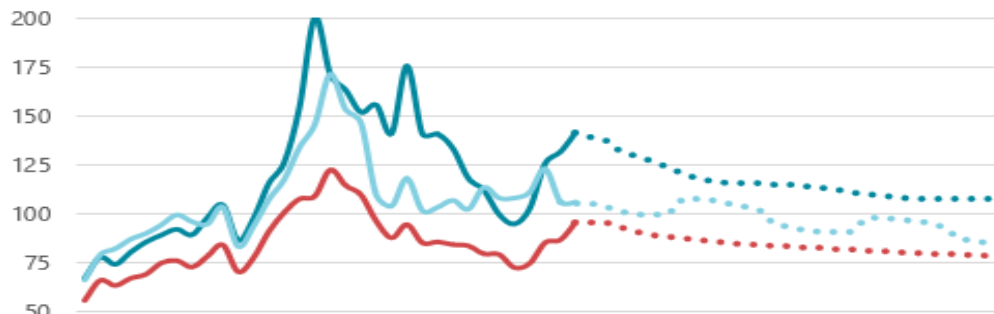
Broad perspective on oil markets

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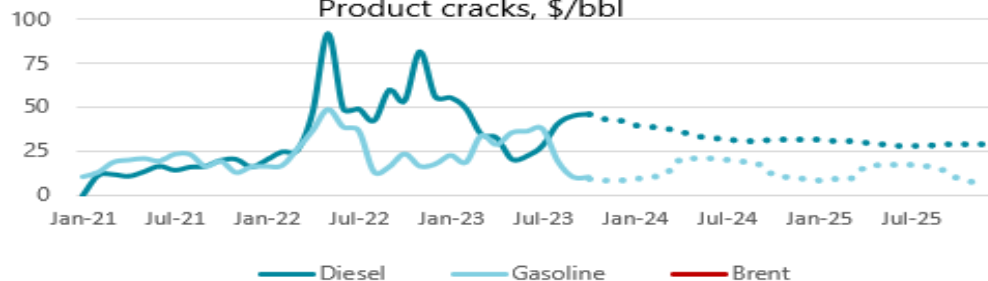
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Crude oil prices climbed to 2023 highs in September

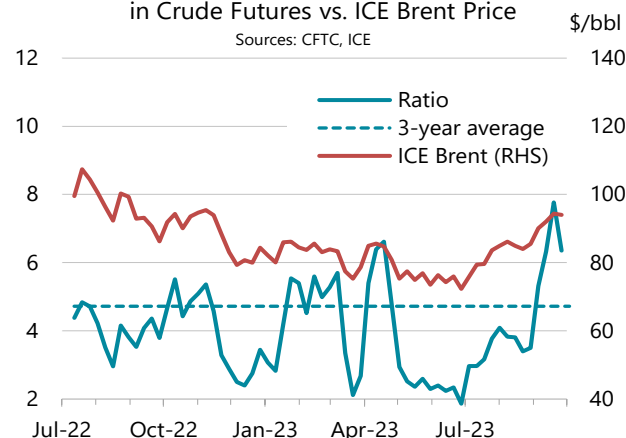
Diesel, Gasoline, Brent Crude \$/bbl



Product cracks, \$/bbl

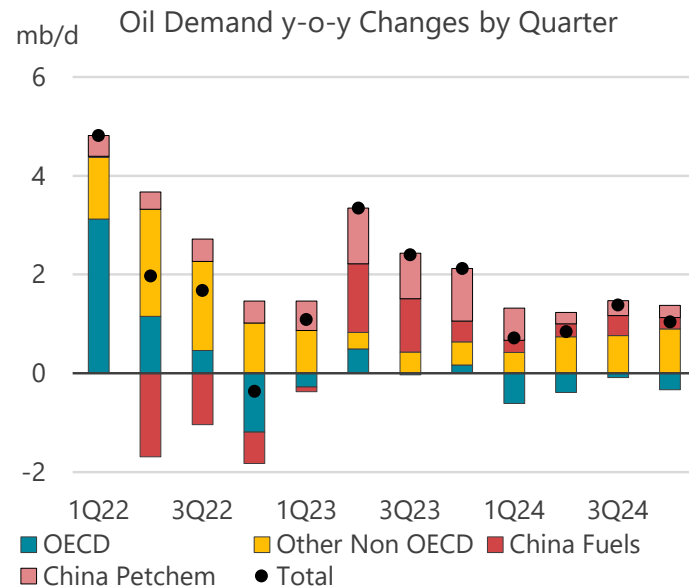
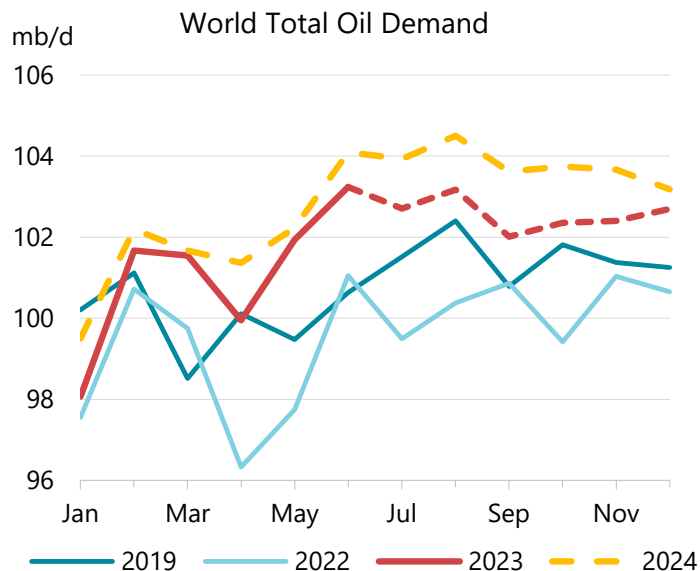


Money Managers' Long/Short Ratio in Crude Futures vs. ICE Brent Price



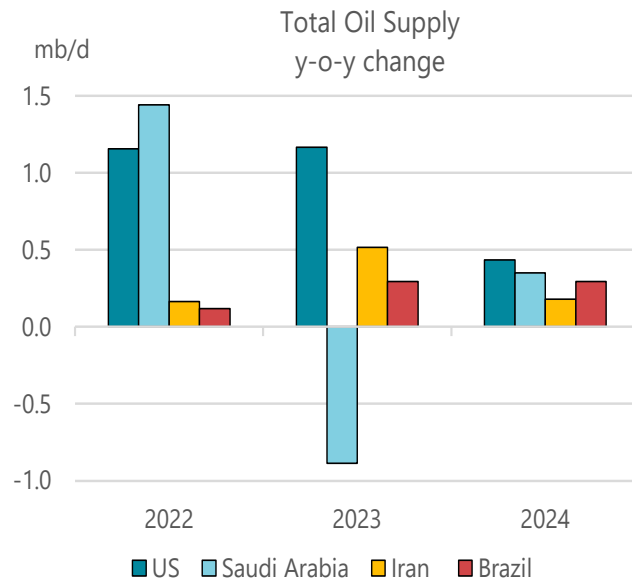
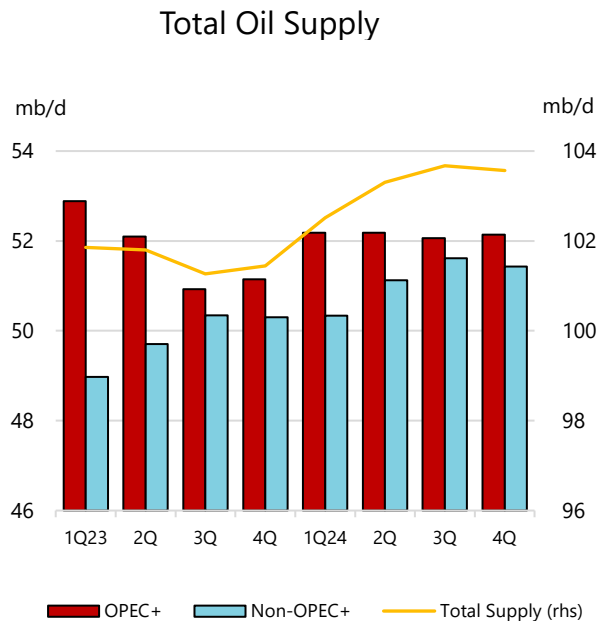
Extended cuts from Saudi, Russia propelled crude prices to 10-month high above \$90/bbl in September. Speculative futures positions on exchanges rose to highest since Ukraine invasion

Global oil demand hits record summer highs above 103 mb/d



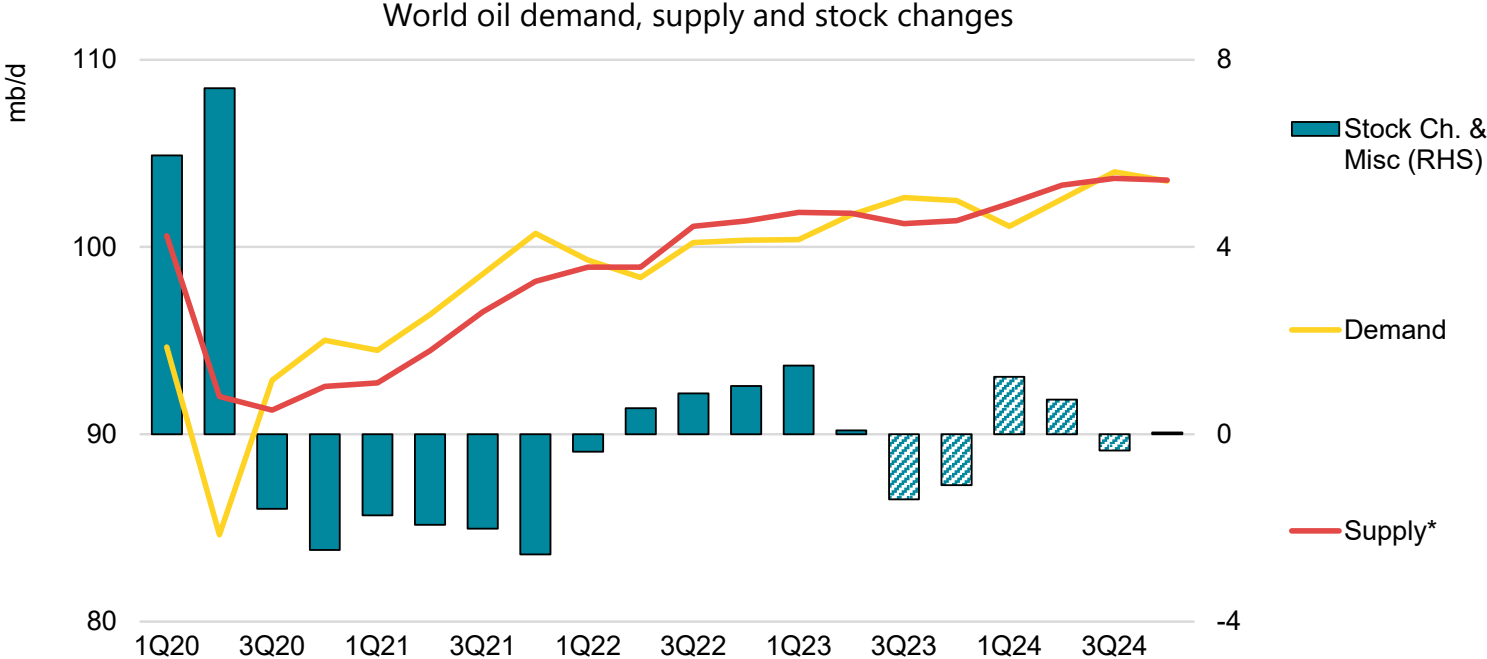
Total oil demand is set to rise by 2.2 mb/d to 101.8 mb/d in 2023. With the post-pandemic recovery having largely run its course and as the energy transition gathers pace, growth will slow below 1 mb/d in 2024.

Saudi, Russia extend cuts while non-OPEC+ supply surges, led by US



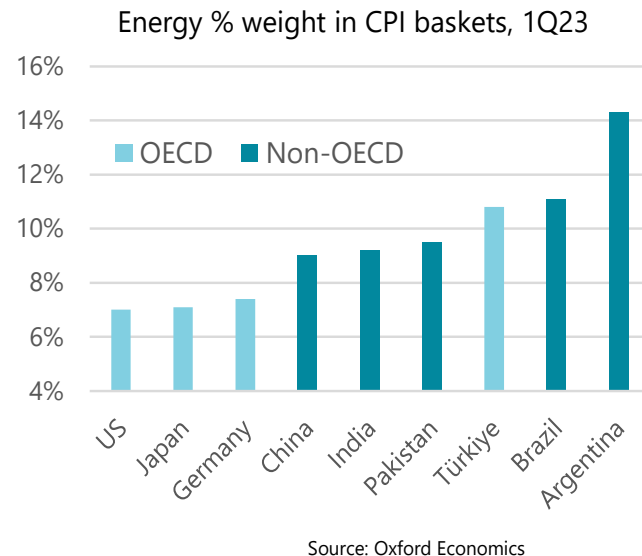
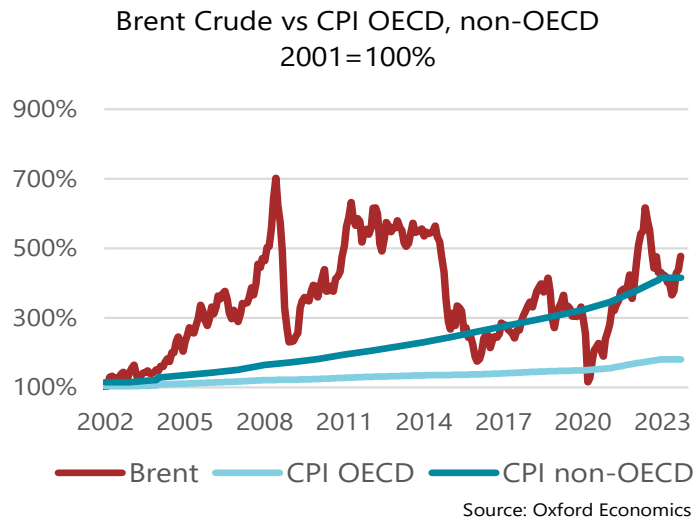
Global oil supply is set to rise by 1.5 mb/d in 2023. Voluntary cuts by Saudi, Russia contributed to a decline in OPEC+ output of 500 kb/d y-o-y. This is offset by soaring non-OPEC+ growth of 2 mb/d, led by the US.

Extended output cuts lock in significant market deficit in 2H23



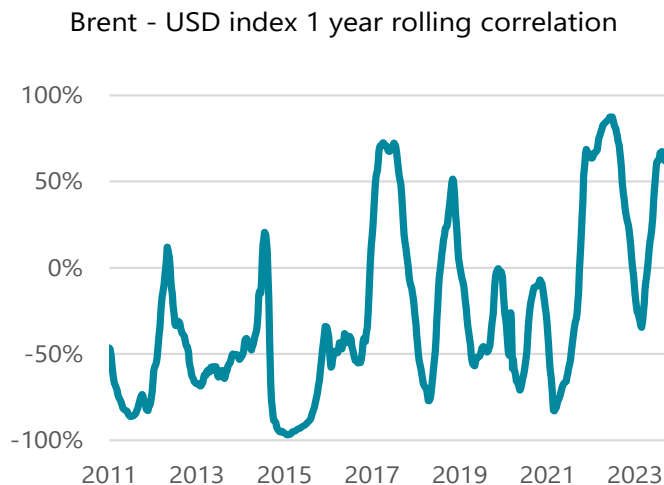
Market could flip to surplus in 2024, as demand growth slows and if OPEC+ ends voluntary cuts. With global oil inventories set to fall to critically low levels before then, a return to stock builds would be welcome.

Oil's rally to boost inflation, especially in developing countries



Economic models in developing countries tend to be more oil intensive, with a higher oil-share in CPI consumption baskets. The inflationary impact of oil's rally will therefore be felt more acutely.

Oil's changed relationship with US dollar to lift inflation further



% Change Jan 2015 - Aug 2023		
Country	Retail Gasoline Price	FX vs USD
Argentina	2405%	-97%
Egypt	84%	-77%
Pakistan	260%	-66%
Sri Lanka	149%	-59%
Ghana	335%	-71%
Türkiye	260%	-66%

Source: GlobalPetrolPrices.com

Oil has become more positively correlated to the US dollar in recent years in the wake of the US Shale Revolution, adding to import costs and contributing to consumer inflation.

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