

15th International Energy Forum Ministerial

Algiers, 27 September 2016



Plenary Session 1 Oil markets: outlook and the stability challenge

Presented by:

M.S. Barkindo
OPEC Secretary General

Disclaimer



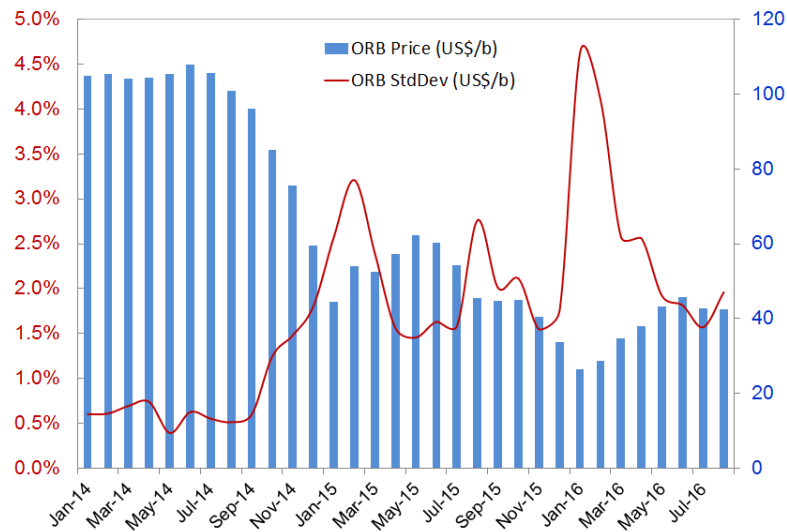
The data, analysis and any other information ('Content') contained in this presentation is for informational purposes only and is not intended as a substitute for advice from your business, finance, investment consultant or other professional. Whilst reasonable efforts have been made to ensure the accuracy of the Content of this presentation, the OPEC Secretariat makes no warranties or representations as to its accuracy, currency or comprehensiveness and assumes no liability or responsibility for any error or omission and/or for any loss arising in connection with or attributable to any action or decision taken as a result of using or relying on the Content of this presentation. This presentation may contain references to material(s) from third parties whose copyright must be acknowledged by obtaining necessary authorization from the copyright owner(s). The OPEC Secretariat will not be liable or responsible for any unauthorized use of third party material(s). The views expressed in this presentation are those of the OPEC Secretariat and do not necessarily reflect the views of individual OPEC Member Countries.

Upheaval and volatility in the oil market

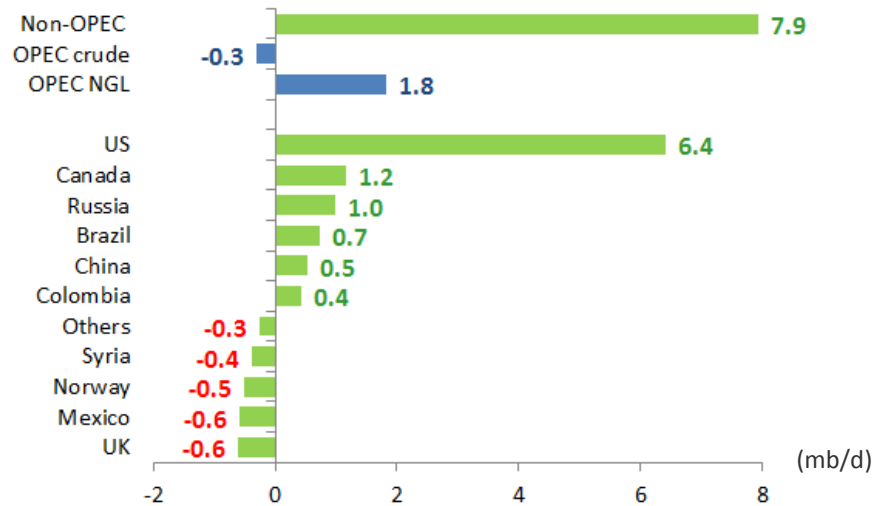


- Sharp slide in crude oil prices since mid-2014
- Supply-driven market: surge in North American supply during 2008-2015
- Global E&P spending has fallen dramatically

Crude oil price and volatility (2014–2016)



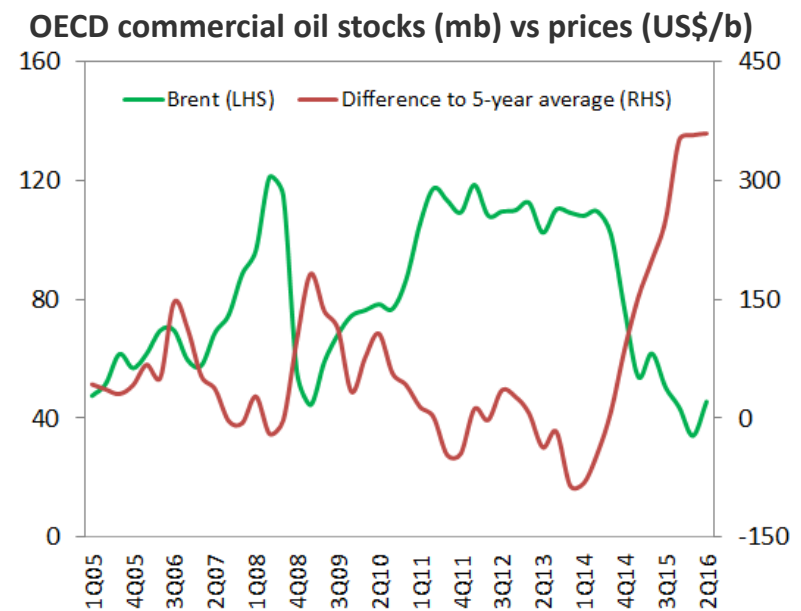
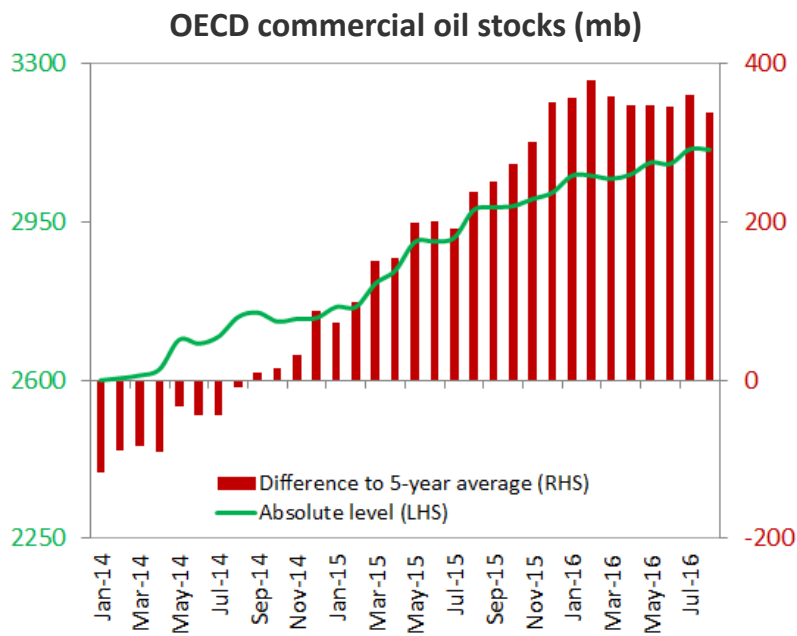
Cumulative growth in liquids supply (2008–2015)



Excess supply and the OECD stock overhang



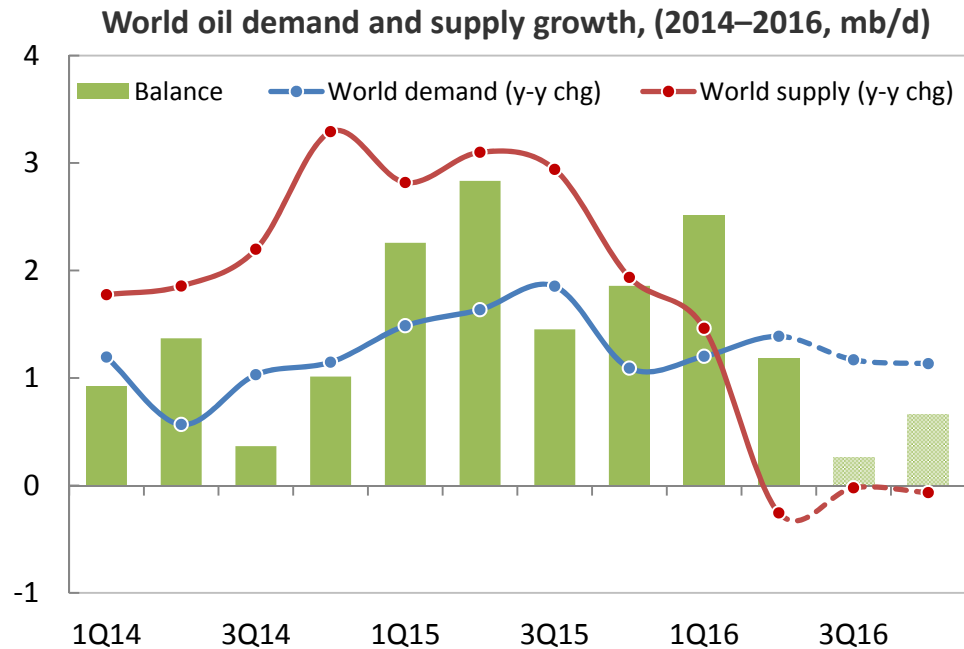
- Excess supply and OECD stock overhang at 339 mb by end-August 2016
- Oil price decline and rebound are correlated with excess stock levels (inverse relationship)



Realigning global oil demand and supply



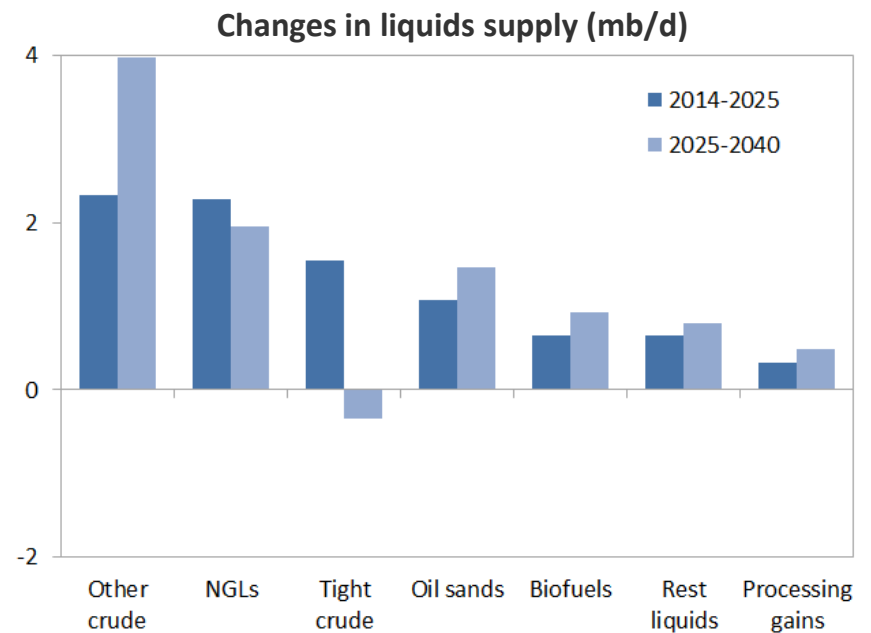
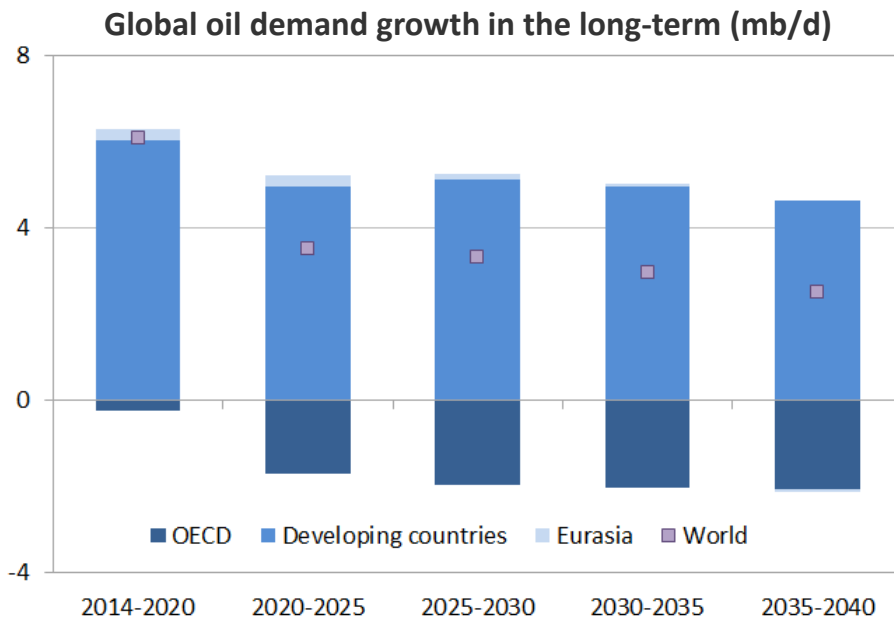
- Oil market gradually rebalancing, as supply and demand realign
- In 2016, global oil demand is robust at 1.2 mb/d, while non-OPEC supply contracts -0.6 mb/d



Oil will remain a fuel of choice



- Global oil demand is projected to increase by around 17 mb/d and reach 110 mb/d in 2040
- Crude oil will largely supplement the growth with complementary volumes from other liquids





Facing challenges: a continuous process

- The uncertain prospects for the global economy
- Excessive speculation and the role of financial markets for commodities
- The impact of geopolitics
- Energy policy directions
- Investments in the face of large uncertainties
- Technology advances in exploration and production
- Promotion and deployment of cleaner technologies (enhanced CCS with EOR)
- Environmental and sustainable development concerns (energy poverty)

Oil markets are dependent on stability



- Striving jointly for common ground to:
 - Reduce the length and depth of downturns, and lessen any volatility
 - Make the petroleum industry more resilient and more efficient
 - Ensure an enabling environment for the timely and adequate investments
 - Enhance energy data transparency (JODI) and predictability
 - Develop coordinated approaches to complex challenges and the multitude of uncertainties
- Market stability and sustainable energy development goes hand-in-hand with open dialogue and action-oriented cooperation to evolve inclusive solutions
- OPEC remains a reliable supplier of oil and a dependable partner in a broad community of stakeholders and is committed to delivering a sustainable oil and energy future for all

15th International Energy Forum Ministerial
Algiers, 27 September 2016



Thank you



www.opec.org