



INTERNATIONAL ENERGY FORUM

COMPARATIVE ANALYSIS OF MONTHLY REPORTS ON THE OIL MARKET

Summary findings from a comparison of data and forecast
on the oil market by the International Energy Agency, and
Organization of the Petroleum Exporting Countries

September 2017



IEF Summary of Key Oil Market Findings 17 September 2017

Comparative Analysis of OPEC and IEA Monthly Releases on the Oil Market

Note by the Secretary General of the International Energy Forum

This summary report by the International Energy Forum (IEF) builds on the outcomes and insights gained from the comparative analysis of short-term reports on the oil market that the International Energy Agency (IEA), and the Organization of the Petroleum Exporting Countries (OPEC) release on a monthly basis.

The IEF conducts a comprehensive comparative analysis of the short-, medium-, and long-term energy outlooks of the IEA and OPEC, to inform the IEA-IEF-OPEC Symposium on Energy Outlooks that the IEF hosts in Riyadh as part of the trilateral work programme on a yearly basis.

This monthly summary provides key findings gained from comparing basic historical data and short-term forecasts that the IEA and OPEC provide in the IEA Oil Market Report, and the OPEC Monthly Oil Market Report, enhancing market transparency by informing IEF stakeholders on how perspectives on the oil market of both organization evolve over time on a regular basis.

Dr Sun Xiansheng
Secretary General
International Energy Forum



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Key points

- Hurricane impacts on the global oil market are well cushioned in the current energy landscape but increased reliance on weather-affected U.S. Gulf of Mexico highlights potential new vulnerabilities.
- World oil demand is firming up on stronger global economic data underpinned by growth in China and other dynamic developing economies, and OECD consumption influenced by low prices.
- Both the IEA and OPEC continue their pattern of monthly upgrades of OECD oil demand growth, and edge closer to convergence on OECD supply growth estimates for 2017.

When hurricane Katrina hit the Gulf of Mexico in September 2005 the oil market was tight and the IEA offered up 60 million barrels of emergency stocks. In 2017 the availability of abundant supplies, high crude-, and product inventories, and growing arbitrage and trade opportunities cushioned the impact of three successive hurricanes; Harvey, Irma, and Maria, on the global oil market but also placed growing reliance on the Gulf of Mexico into the spotlight.

Global trade and refineries will benefit as product markets tighten, increasing crack spreads, and overseas trade to cover shortages, while US reconstruction may boost demand by the end of the year. Despite the resilience demonstrated by world markets, the growing importance of the Gulf Coast in the changing geography of energy markets reveals new vulnerabilities in relation to extreme weather events that invite a closer look at crude oil and product stock balances.

Demand data

Increased confidence in oil demand growth on stronger economic data, and low oil price impacts resulted in the third and fifth consecutive monthly upward revision of demand growth estimates for both OPEC and IEA assessments. OPEC and the IEA see 2017 world demand total 96.77 mb/d, and 97.73 mb/d, diverging by 0.96 mb/d, marking a year to year demand increase of 1.42 mb/d, and 1.61 mb/d respectively.

OPEC and the IEA have revised their demand growth estimates by a total of plus 0.28 mb/d, and 0.1 mb/d over 2017 quarters respectively. This is the third consecutive upward revision of



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demand growth estimates (see graphs) reflecting increased confidence in 2017 oil demand growth on stronger economic data.

OPEC and the IEA project 2018 world demand totals 98.12 mb/d, and 99.1 with the IEA projecting world oil demand reaches the 100 mb/d point in the fourth quarter. 2018 assessments of the IEA and OPEC diverge by 0.98 mb/d and mark a year to year increase of 1.37 mb/d and 1.35 mb/d respectively. OPEC revised demand growth for 2018 up by 70 kb/d. IEA's outlook for demand growth in 2018 remains largely unaltered with a moderate revision of 0.01 mb/d.

Supply data

High compliance with the OPEC Non-OPEC agreement to adjust production, and incidental reductions due to data revisions and outages notwithstanding, world oil supply remains resilient as year on year increases show: OPEC and the IEA project total world supply in 2017 at 96.8 and 97.7 mb/d, diverging by 0.9 mb/d, and mark a year on year increase of 1.45 mb/d, and 1.2 mb/d in 2017 respectively. IEA cut 2017 world oil supply projections to 97.7 mb/d from 98.3mb/d in July, following a decline in August of 720 kb/d, including a monthly decrease of 210 kb/d in OPEC production, but still marks a 1.2 mb/d year on year growth of world supplies in 2017. OPEC and IEA forecast total world supply in 2018 at 98.1 mb/d, and 99 mb/d, diverging by 0.9 mb/d, and mark a year on year increase of 1.28 mb/d, and 1.3 mb/d respectively.

Non-OPEC supply

OPEC expects non-OPEC supply to grow by 0.78 mb/d and 1 mb/d in 2017 and 2018 reaching 57.8 mb/d, and 58.8 in 2017 and 2018 respectively. This compares to the IEA projecting non-OPEC supply to grow year on year by 0.7 mb/d and 1.5 mb/d reaching 58.1 mb/d, and 59.6 mb/d in 2017, and 2018.

OPEC and Natural Gas Liquids (NGL) supplies

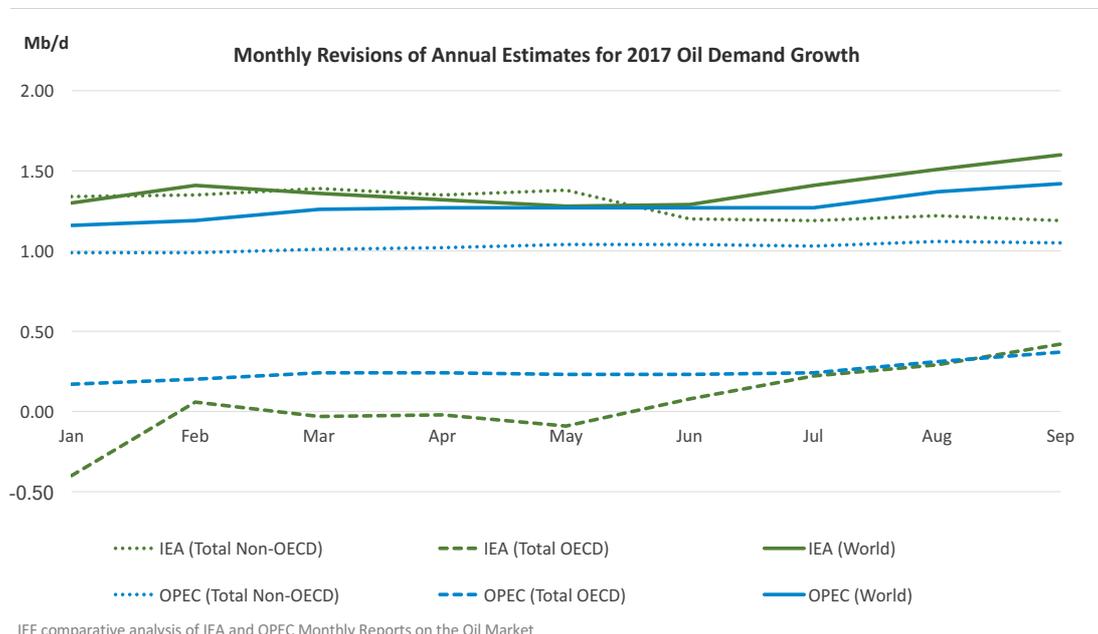
OPEC notes that OPEC crude will increase by 0.5 mb/d to 32.7 mb/d in 2017, and by 0.2 mb/d, reaching 32.8 mb/d in 2018 citing secondary sources. NGL supplies will grow by 0.17 mb/d to 6.31 mb/d in 2017, relative to 2016, and by 0.18 to reach 6.49 mb/d in 2018. IEA records OPEC crude supplies to have dropped by 0.5 mb/d reaching 32.3 mb/d in the second quarter of 2017 relative to 2016, while OPEC NGL supplies have grown by 0.1 mb/d amounting to 6.9 mb/d over the same period.



Graphs

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IEA in 5th consecutive OECD Demand Growth Upgrade OPEC converges with 3rd monthly upgrade in OECD demand

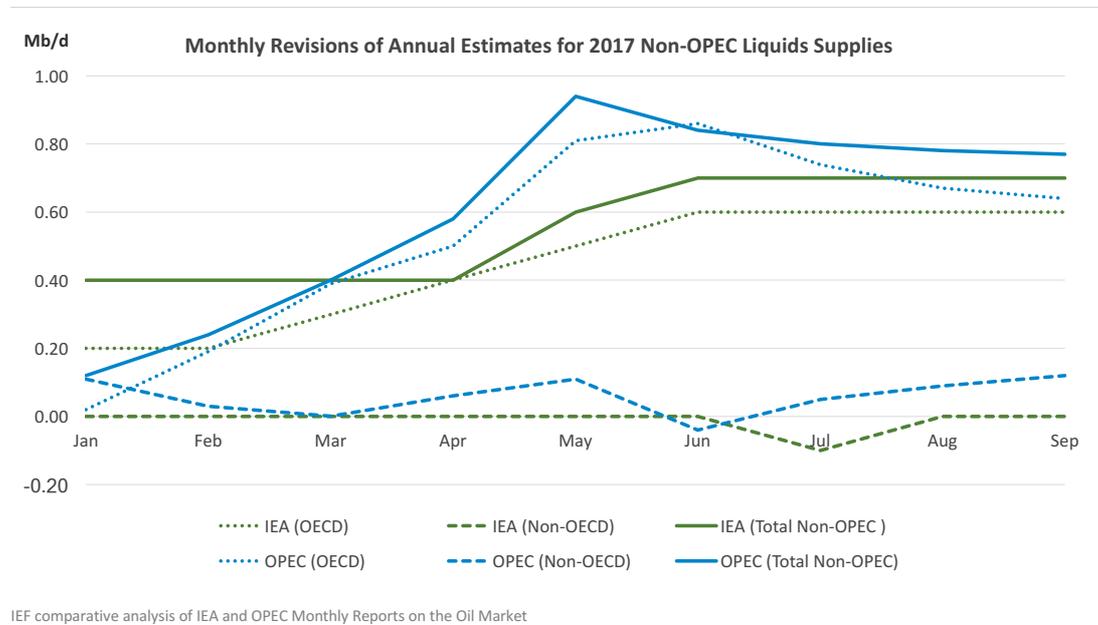


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IEA and OPEC converge on Non-OPEC supply growth OPEC further downgrades OECD-, and upgrades non-OECD supply



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