



'Successful past, sustainable future'

OPEC Energy Market Outlook: Short-, Medium- and Long-term

Presented to

10th Anniversary IEA-IEF-OPEC
Symposium on Energy Outlooks

Riyadh, 19 February 2020



This Presentation is intended solely for the use of OPEC and may be legally privileged and/or confidential. Any unauthorized use, disclosure or copying of this Presentation or any parts of it or its attachment(s) by any unintended recipient is strictly prohibited. If you have received this Presentation in error, please immediately return or destroy it. The OPEC does not warrant or assume any liability or responsibility for the accuracy, completeness, or usefulness of any information contained in this Presentation.

Nothing in the Presentation shall be construed as interpreting or modifying any legal obligations under any agreement, treaty, law, or other texts; or expressing any legal opinions or having probative legal value in any proceedings.

- **Short-term market outlook**
 - Short-term oil market outlook
 - Economy, demand, supply and stock assessments
 - Key takeaways

- **Medium- and Long-term Market Outlook**
 - Key assumptions
 - Energy outlook
 - Oil outlook
 - Key takeaways

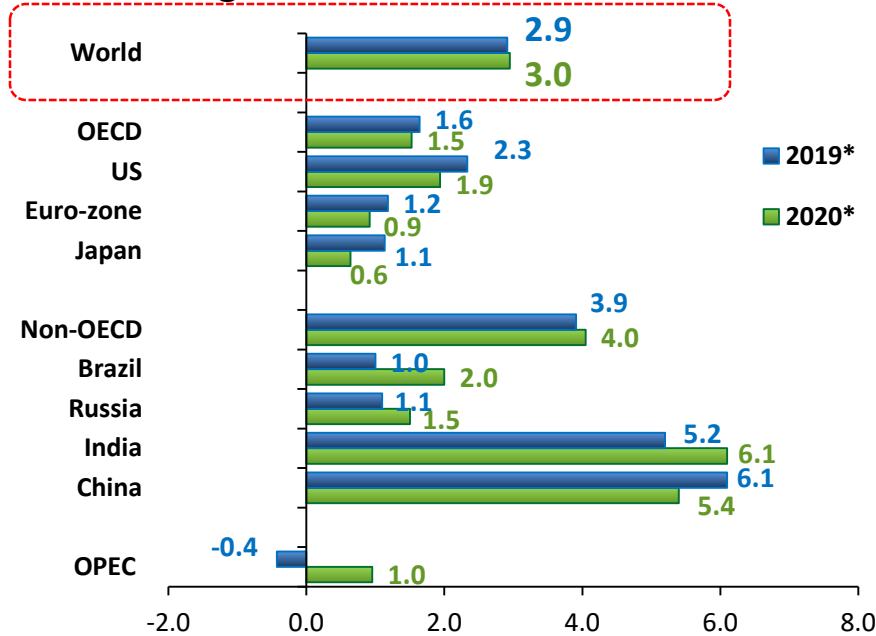
World economy growth expected higher in 2020

GDP percentage change from the previous year, %



'Successful past, sustainable future'

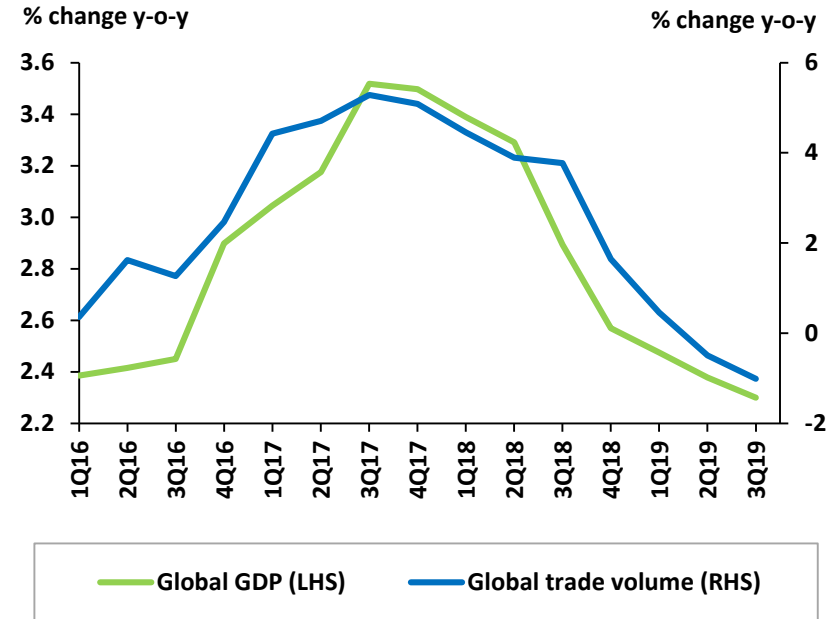
GDP growth in selected countries



Note: 2019 = Estimate and 2020 = Forecast.

Sources: OPEC Secretariat, IMF, IHS Markit and Haver Analytics.

Global GDP and trade

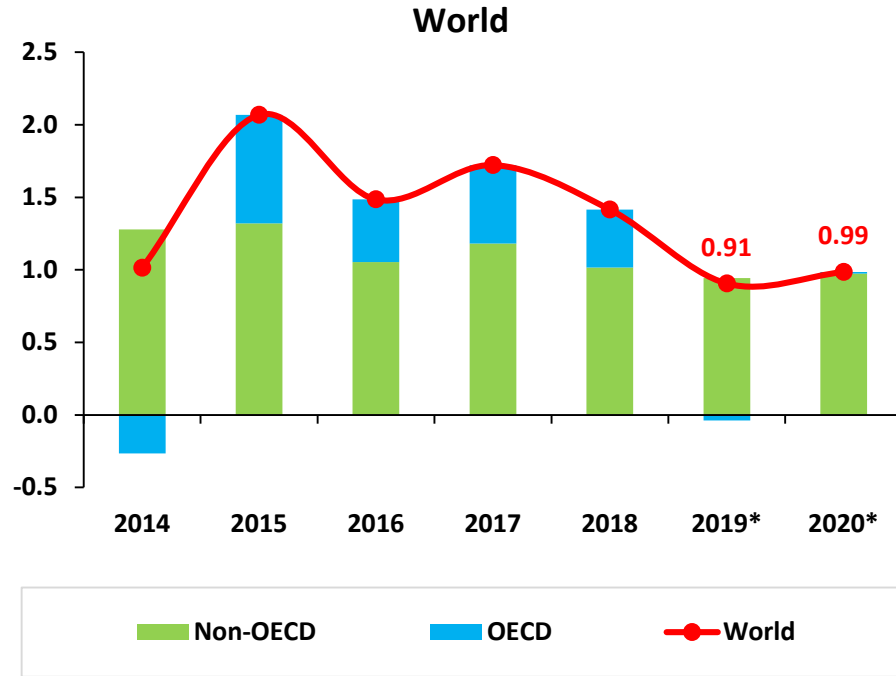


Sources: Netherlands Bureau for Economic Policy Analysis, Haver Analytics and OPEC Secretariat.

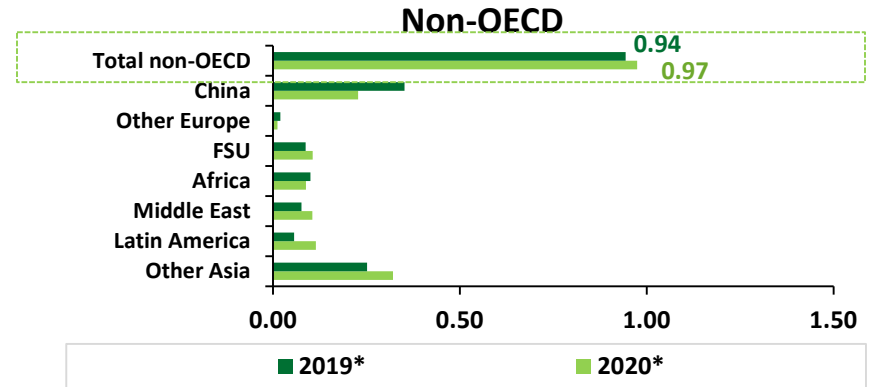
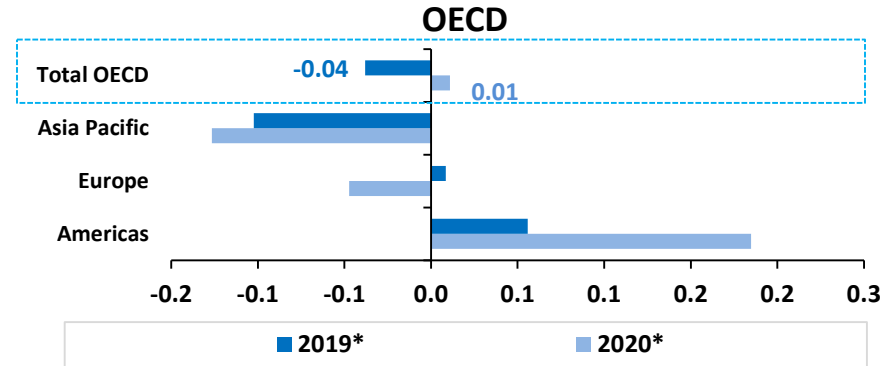
World oil demand growth expected higher in 2020, y-o-y change, mb/d



'Successful past, sustainable future'



Note: * 2019 = Estimate and 2020 = Forecast.

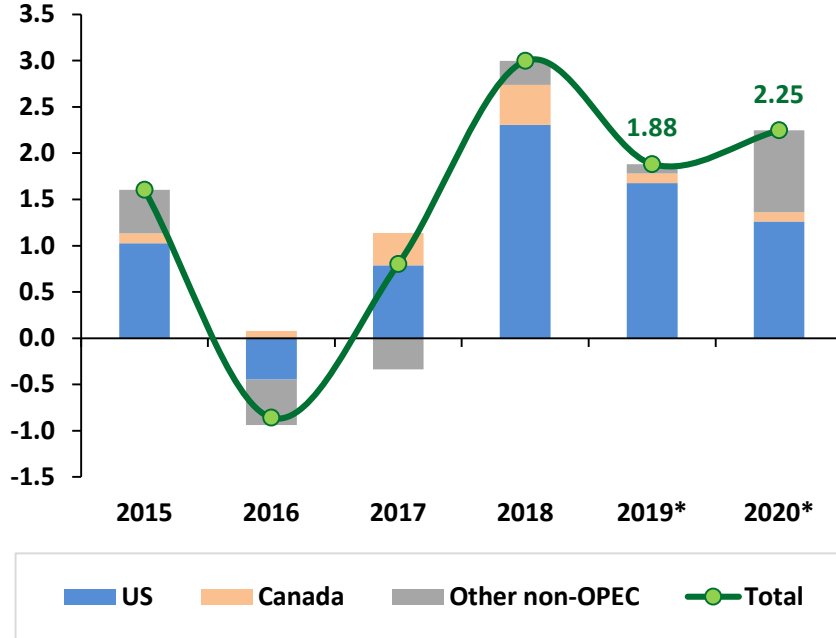


Non-OPEC supply growth expected higher in 2020; US projected lower compared to 2019, *y-o-y change, mb/d*



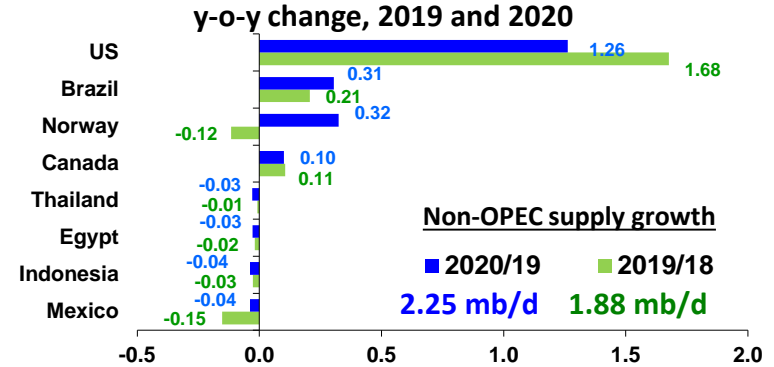
'Successful past, sustainable future'

Non-OPEC supply



Note: * 2019 = Estimate and 2020 = Forecast.

Annual growth for selected countries



Non-OPEC supply growth

■ 2020/19 ■ 2019/18
2.25 mb/d 1.88 mb/d

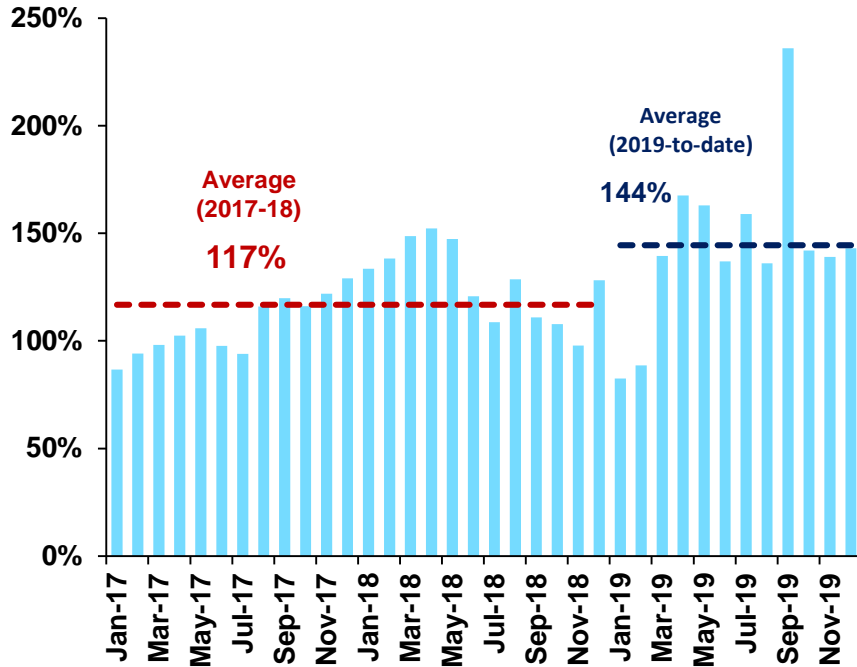
US liquid production breakdown

	2018	2019*	Change 2019/18	2020*	Change 2020/19
Tight crude	6.51	7.69	1.19	8.56	0.86
Gulf of Mexico crude	1.76	1.89	0.13	1.99	0.10
Conventional crude oil	2.72	2.66	-0.07	2.58	-0.08
Unconventional NGLs	3.60	4.00	0.42	4.38	0.38
Conventional NGLs	0.77	0.80	0.01	0.78	-0.02
Biofuels + Other liquids	1.35	1.35	0.00	1.37	0.02
US total supply	16.71	18.39	1.68	19.65	1.26

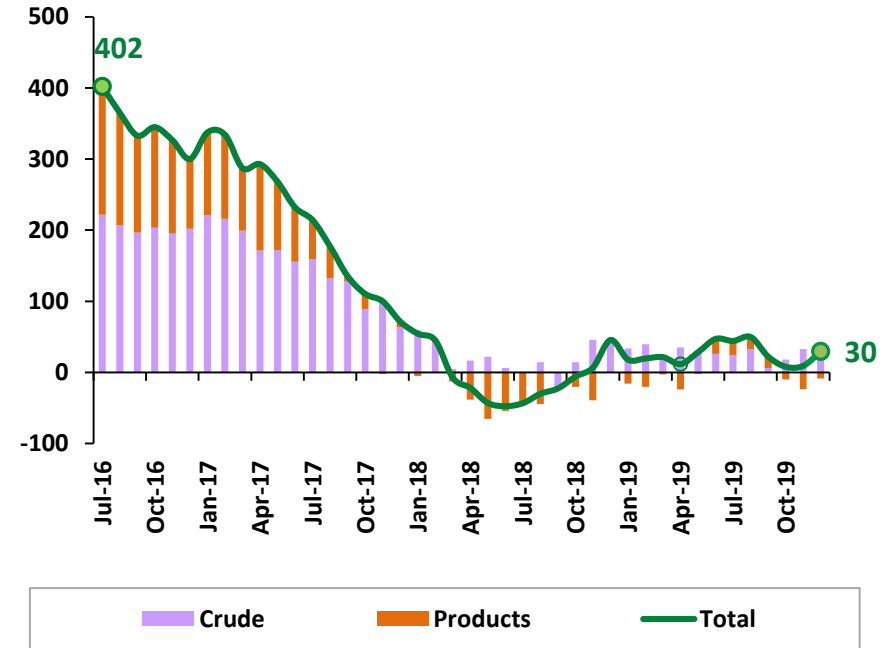
Source: OPEC Secretariat.

Strong conformity led to a drop in OECD commercial oil stocks

Conformity by OPEC and non-OPEC participants (%)



OECD commercial oil stocks (deviation from 5-year average, mb)

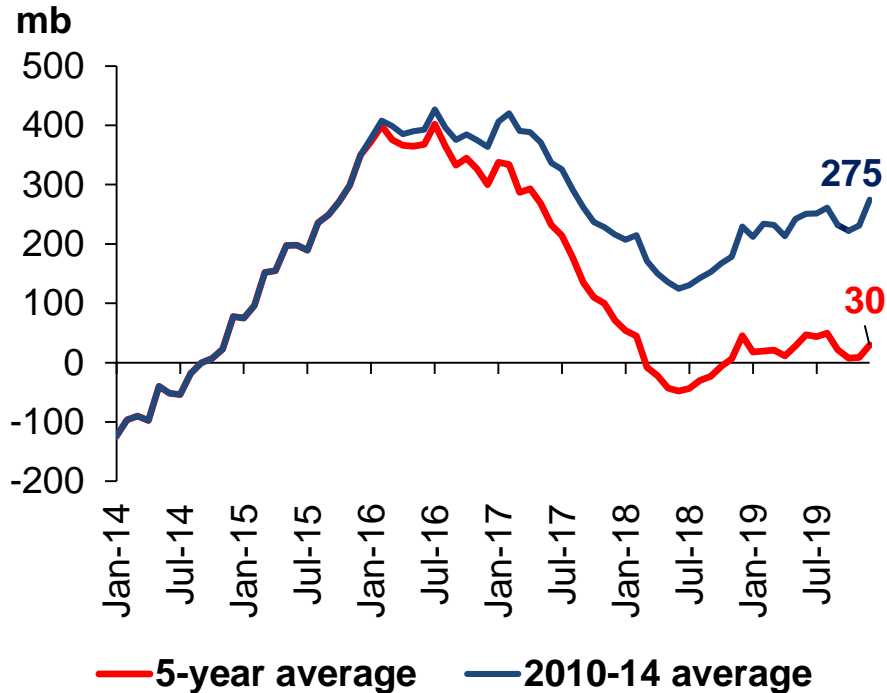


However, assessing OECD commercial oil stocks overhang depends on different reference time periods

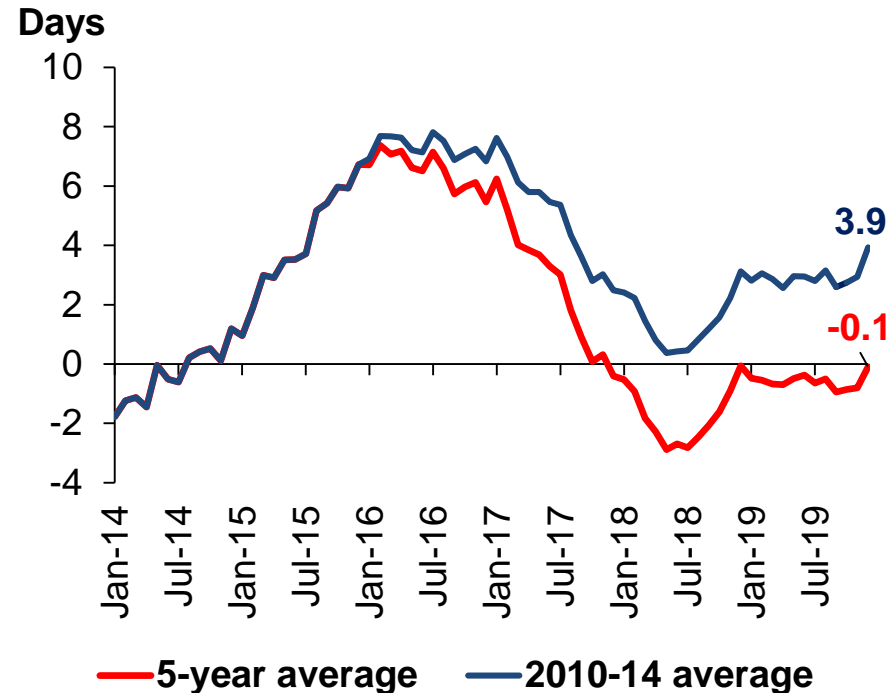


'Successful past, sustainable future'

OECD absolute stocks



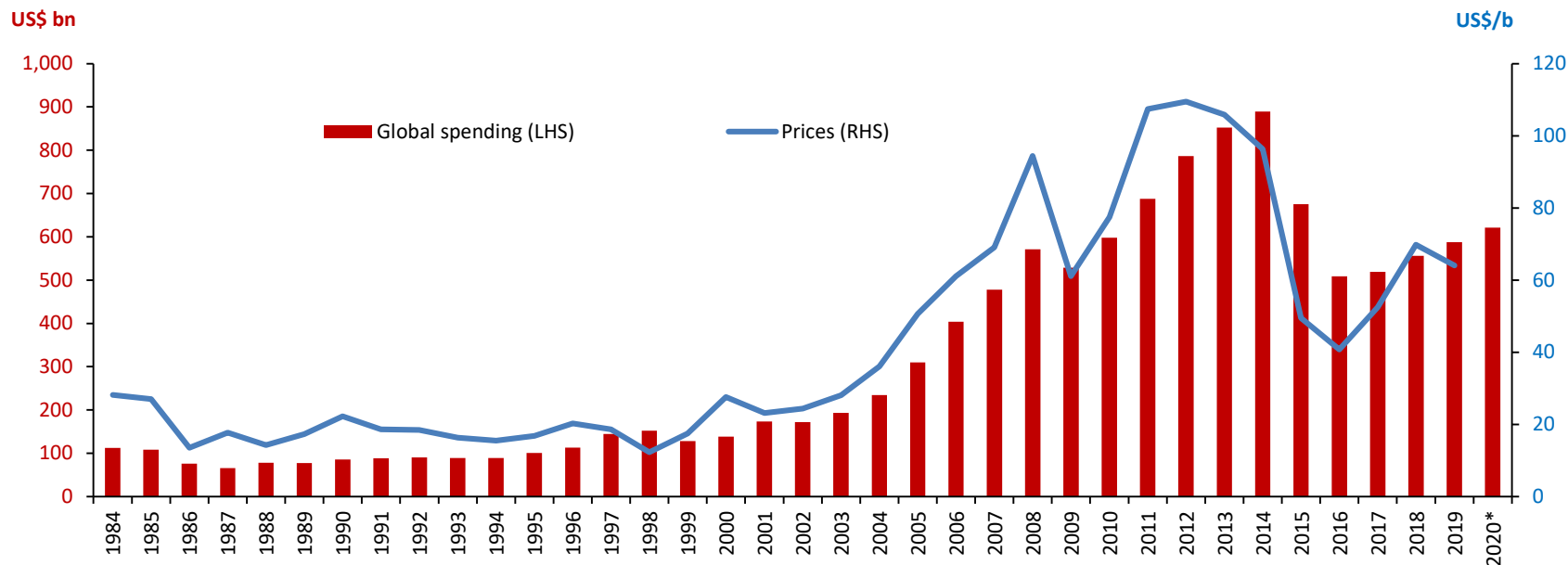
OECD stocks is days of forward cover



Excessive stock surplus strongly impacted negatively oil prices leading to a deep cut in E&P spending



'Successful past, sustainable future'



Concluding remarks



'Successful past, sustainable future'

The global economy is estimated at **2.9%** in **2019** and forecasted at **3.0%** in **2020**, however, uncertainties such as CoV, trade restrictions, geopolitical instabilities, etc. remain.

In **2019**, world oil demand grew by **0.9 mb/d**, and forecast to grow by **1.0 mb/d** in **2020**.

Non-OPEC supply in **2019** increased **1.88 mb/d** and is forecast at **2.25 mb/d** in **2020**. US oil supply grew by **1.68 mb/d** in **2019** and is projected to increased by **1.26 mb/d** in **2020**.

The OECD stocks overhang has been reduced since the beginning of the Declaration of Cooperation to stand at **30 mb** above the latest five-year average.

- Short-term market outlook
 - Short-term oil market outlook
 - Economy, demand, supply and stock assessments
 - Key takeaways

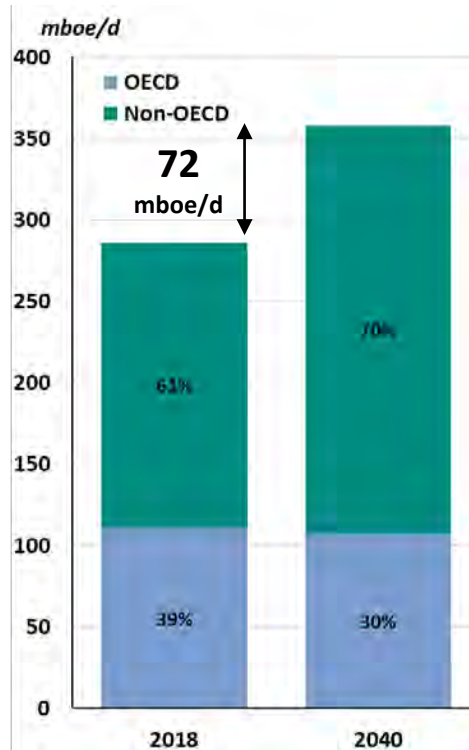
- **Medium- and Long-term Market Outlook**
 - **Key assumptions**
 - **Energy outlook**
 - **Oil outlook**
 - **Key takeaways**

Total global primary energy demand is forecast to reach 357 mboe/d by 2040

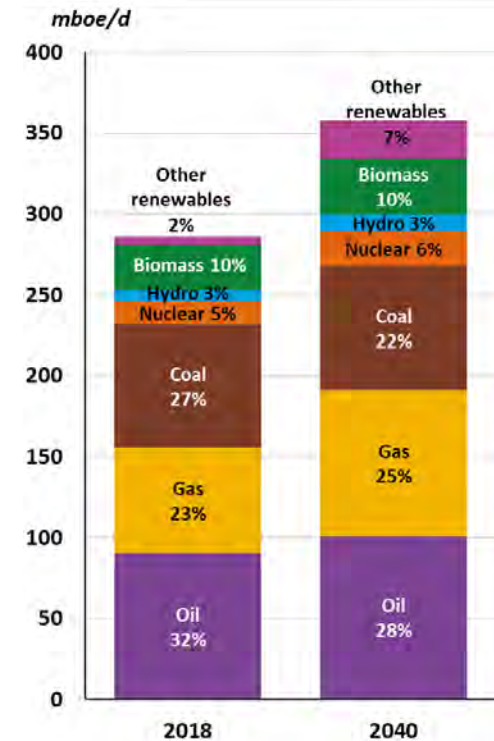


- Total primary energy demand increases by 72 mboe/d (25%) between 2018 and 2040
- Demand growth seen mostly in **non-OECD regions**, predominantly in Asia
- Oil maintains its leading role in the global energy mix (28% by 2040)

Primary energy demand by region



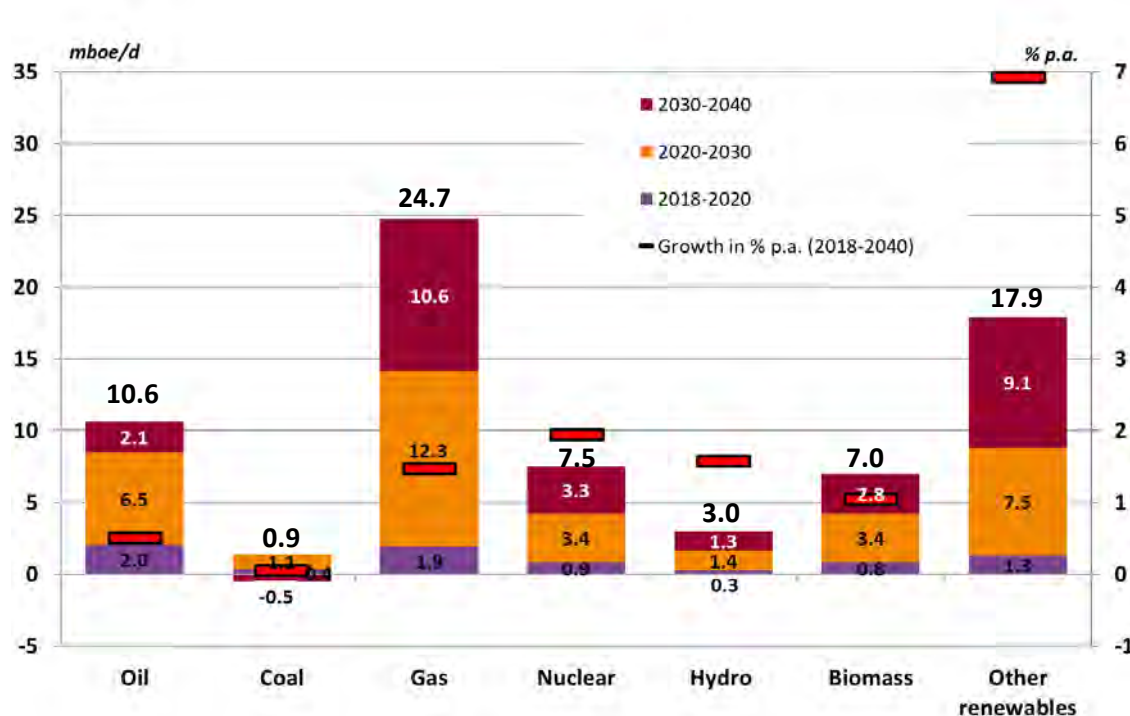
Primary energy demand by fuel



All forms of energy will be required

- **'Other renewables'** (including solar, wind and geothermal)
 - largest growth in percentage terms (+6.9% p.a., or +17.9 mboe/d)
- **Gas**
 - largest increase in demand by volume (+24.7 mboe/d)
- **Oil**
 - demand remains at relatively healthy levels (+10.6 mboe/d)

Growth in primary energy demand by fuel type, 2018-2040



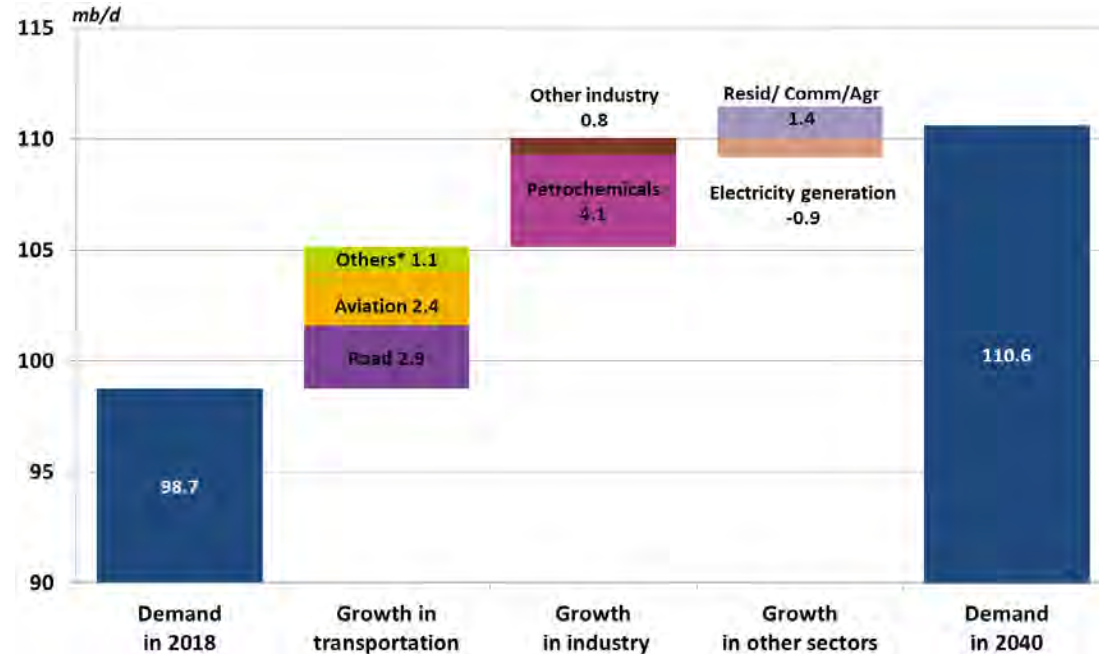
Long-term oil demand to reach 110.6 mb/d in 2040



'Successful past, sustainable future'

- **Non-OECD** drives oil demand growth (+21.4 mb/d by 2040)
- Demand in the **OECD** is estimated to contract (-9.6 mb/d by 2040)
- Largest demand increase comes from **petrochemicals** (+4.1 mb/d)
- The largest portion of oil demand will continue to be for **transportation** (63.2 mb/d by 2040)

Oil demand growth by sector, 2018-2040



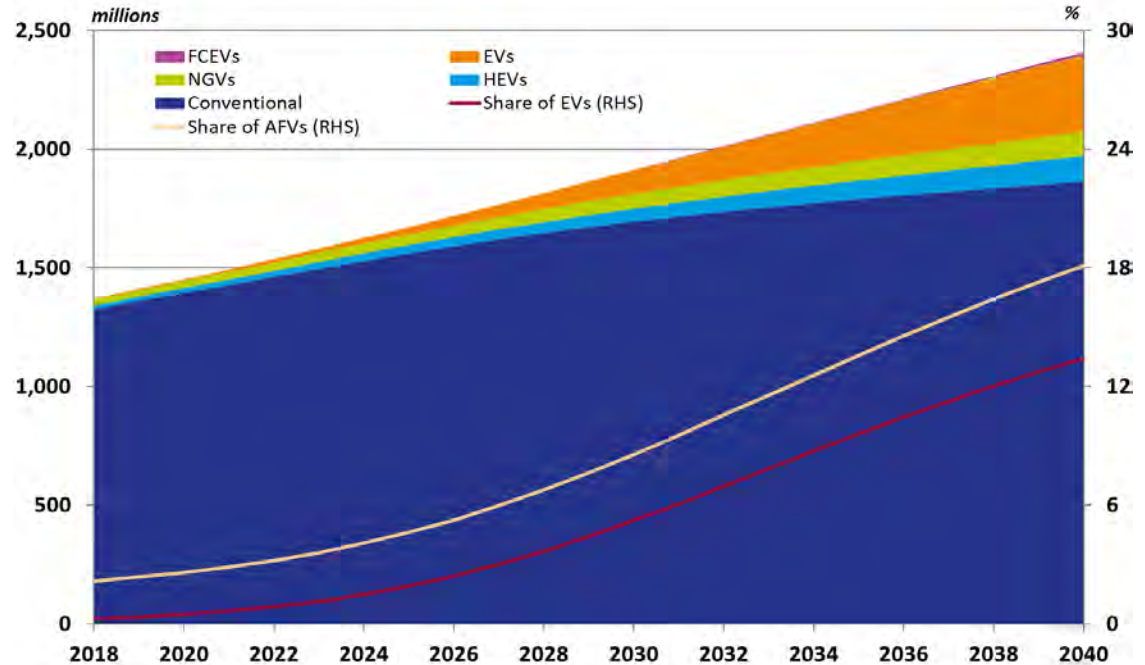
Vehicle fleet will continue shifting towards AFVs



'Successful past, sustainable future'

- Conventional **ICEs** will continue to dominate road transportation through to 2040
- Increasing penetration of alternatively-fuelled vehicles (AFVs) will **accelerate after 2030**
- **Electric vehicles (EVs)** constitute only 13% of the total fleet in 2040.

Composition of the global vehicle fleet, 2018–2040

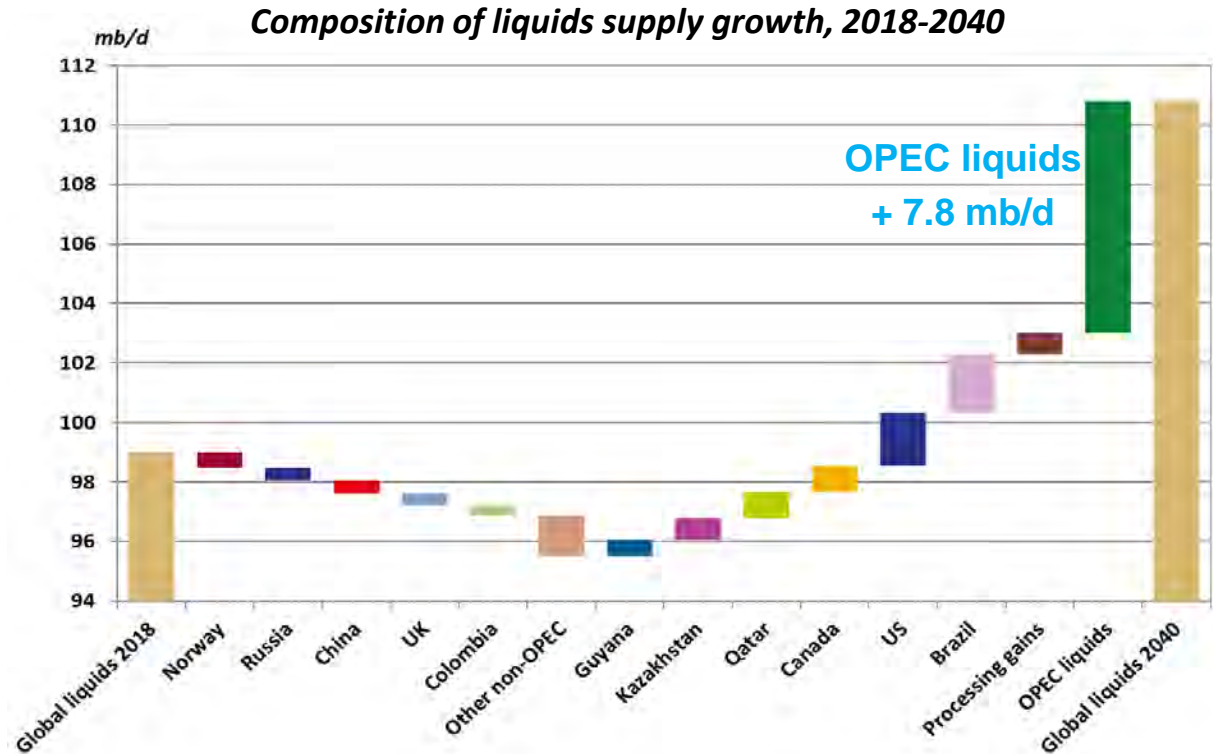


OPEC Members remain key providers of oil to market



'Successful past, sustainable future'

- Robust medium-term non-OPEC supply growth dominated by **US tight oil**
- US total liquids supply **peaks** in mid-2020s
- Long-term, only a few other non-OPEC sources keep growing
- **OPEC total liquids to increase by 7.8 mb/d to 44.4 mb/d by 2040**



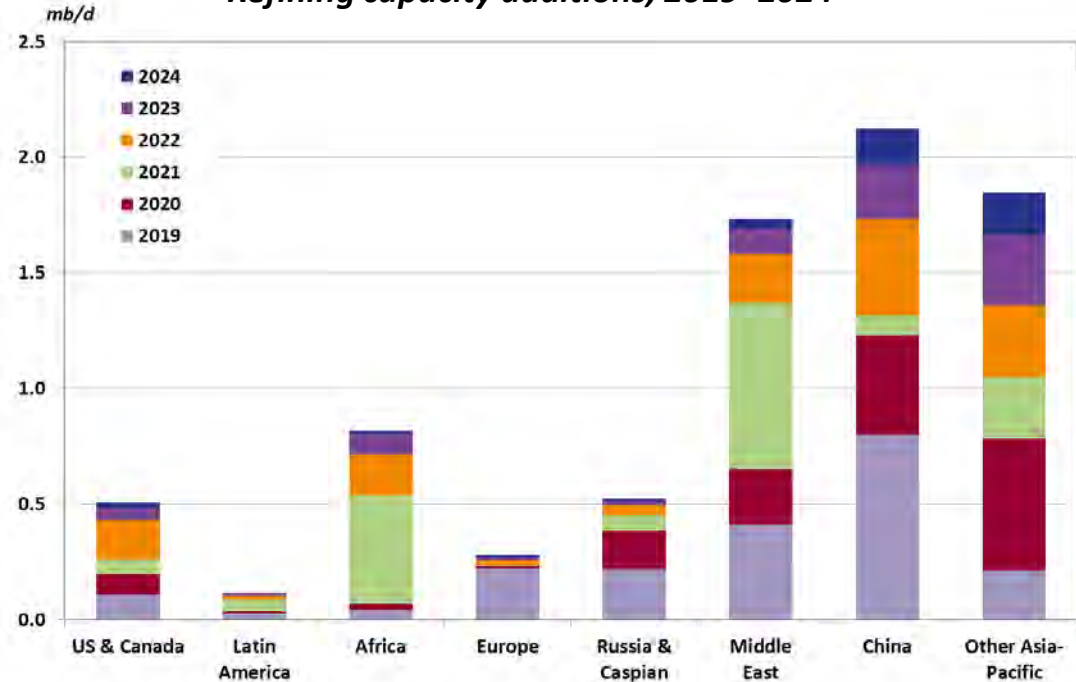
Long-term distillation capacity additions projected at around 16.5 mb/d



'Successful past, sustainable future'

- **8 mb/d** of new refining capacity projected online **by 2024**
- **70%** of the medium-term expansions in the **Asia-Pacific** and the **Middle East**
- **US & Canada** to increase crude and condensate exports in the medium-term
- **Middle East crude** exports to increase by around 7 mb/d in the long-term

Refining capacity additions, 2019–2024



Long-term oil investment requirements of \$10.6 tn

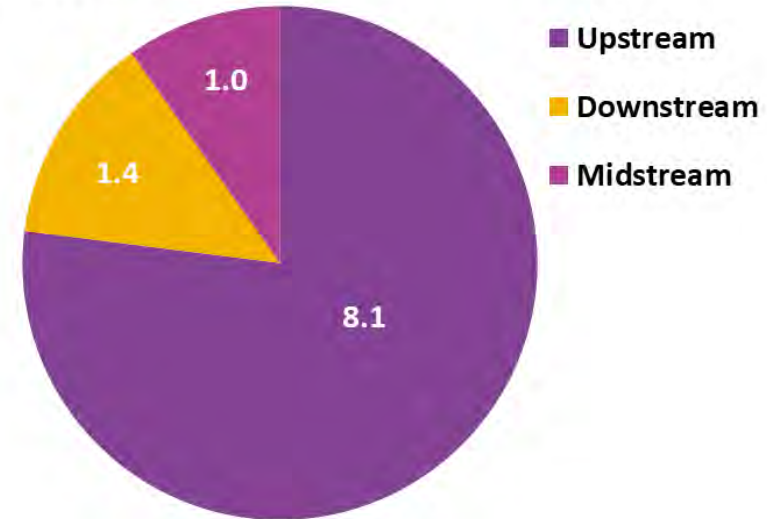


'Successful past, sustainable future'

- **Global upstream capex investment requirements** to average **\$370 bn p.a.**
- The bulk will be required in North America due to:
 - high share of growth
 - relatively high cost
- **OPEC Member Countries remain fully committed** to investments across the whole industry value chain

Oil investment requirements to 2040, by sector

\$(2019) trillion



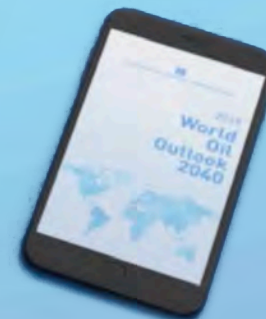
Key takeaways



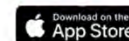
'Successful past, sustainable future'

- All energy sources will be needed for the foreseeable future.
- The dual challenge of providing for growing energy needs and reducing emissions requires further efforts and cooperation.
- Innovative technology advances could help to overcome this challenge.
- The challenge of economic uncertainties likely to persist.
- Oil will continue to play a vital role in fueling economic progress and improving livelihoods.
- Substantial investments in the oil industry will be needed to ensure stable supply.
- The downstream sector will be exposed to the challenges of shifting capacity and environmental requirements.
- The global energy policy framework has to take into account everybody's needs.

Available as:
Book
Interactive version
Smart app

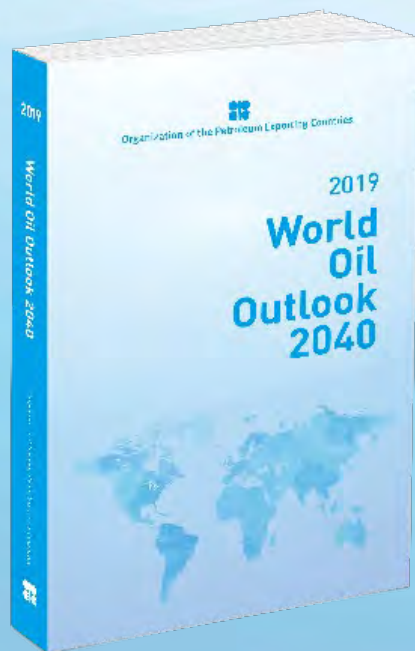


Available for iOS and Android





'Successful past, sustainable future'



Thank you.

www.opec.org