

# Global Oil Market Outlooks: Short- to Long-term

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Energy Outlooks



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- **Short-term market outlook (MOMR)**
  - Short-term oil market outlook
  - Economy, demand, supply and stock assessments
  - Key takeaways
- **Medium- and Long-term Market Outlook (WOO)**
  - Key assumptions
  - Energy outlook
  - Oil outlook
  - Key takeaways

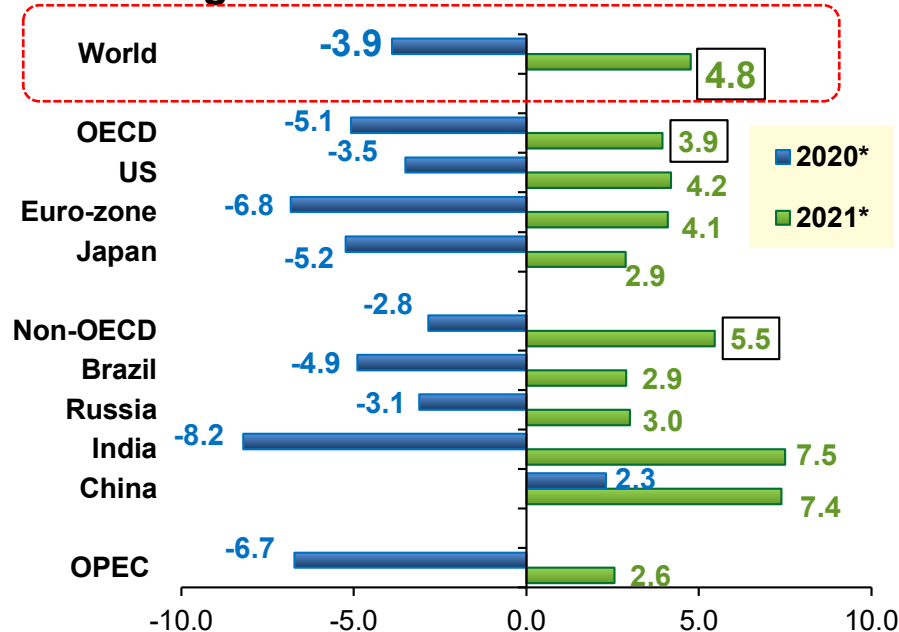
# World economic growth expected higher in 2021

GDP change from the previous year, %



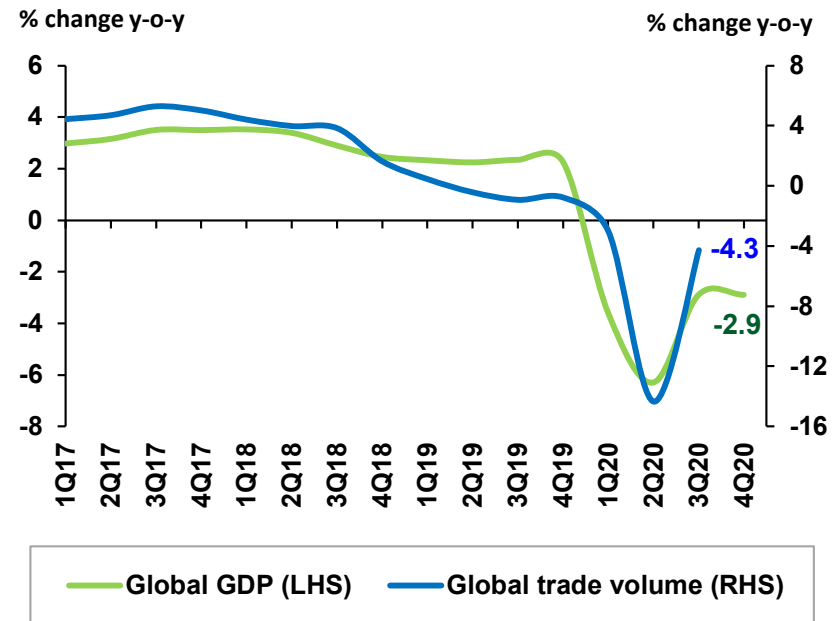
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## GDP growth in selected countries



Note: 2020 = Estimate and 2021 = Forecast.  
Sources: OPEC, IMF, IHS Markit and Haver Analytics.

## Global GDP and trade



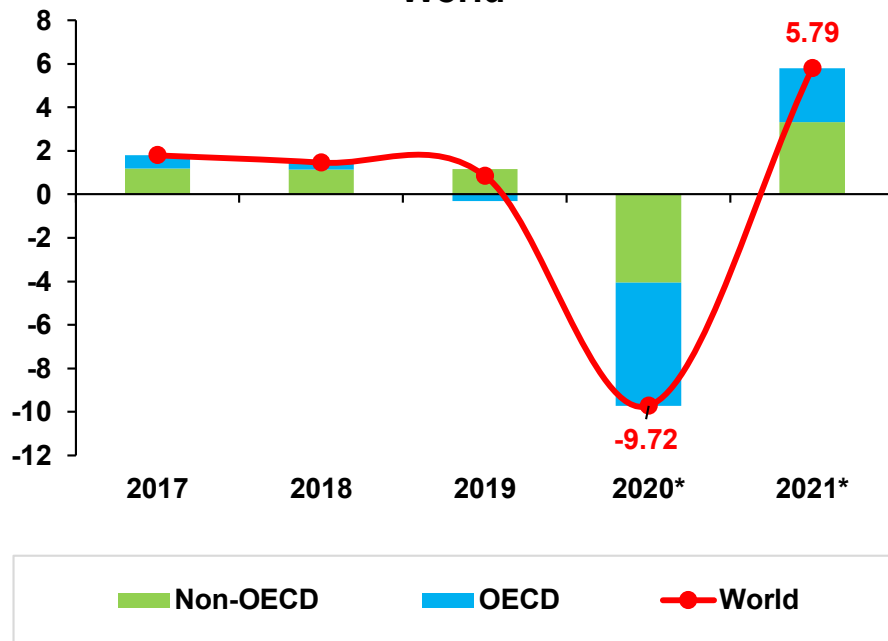
Sources: Netherlands Bureau for Economic Policy Analysis, Haver Analytics and OPEC.

# World oil demand growth expected higher in 2021, *y-o-y change, mb/d*



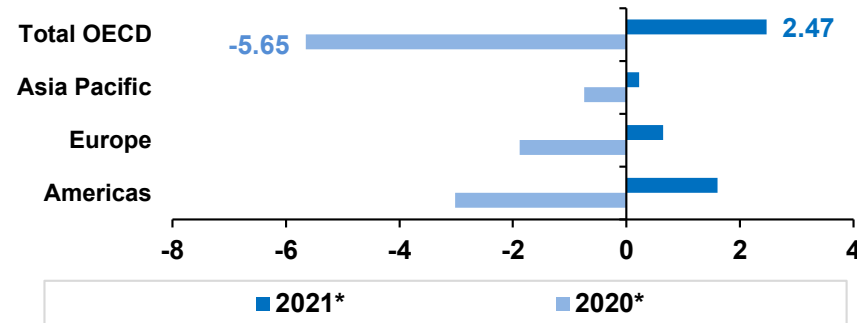
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## World

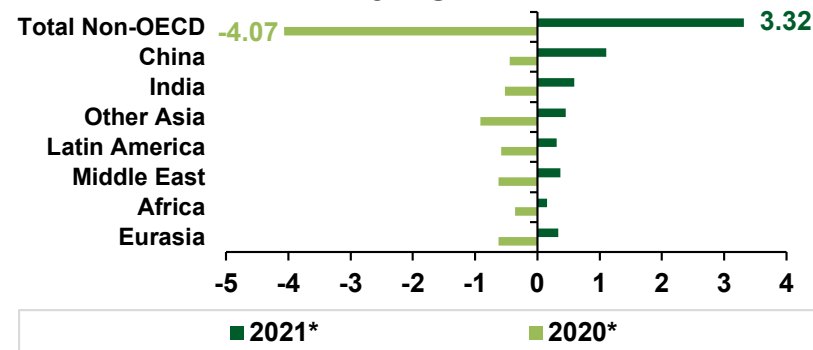


Note: \* 2020 = Estimate and 2021 = Forecast. Source: OPEC.

## OECD

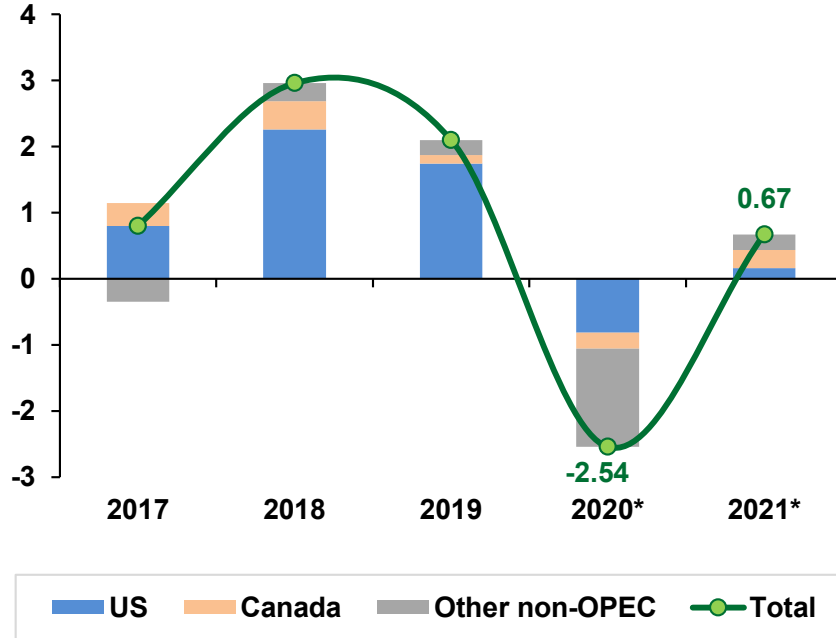


## Non-OECD



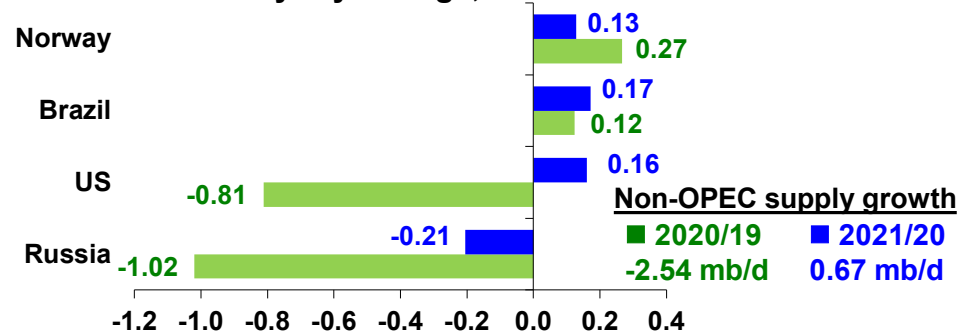
# Non-OPEC supply growth expected higher in 2021; US projected lower compared to 2020, y-o-y change, mb/d

## Non-OPEC supply



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

## Annual growth for selected countries y-o-y change, 2020 and 2021



## Non-OPEC supply growth

■ 2020/19 ■ 2021/20  
-2.54 mb/d 0.67 mb/d

## US liquid production breakdown

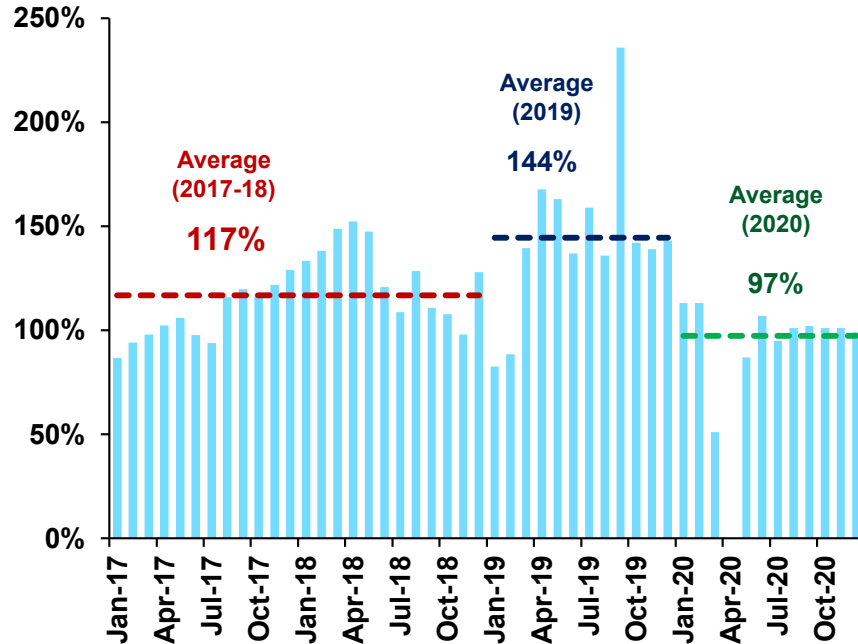
	2019	2020*	Change 2020/19	2021*	Change 2021/20
Tight crude	7.75	7.30	-0.45	7.16	-0.14
Gulf of Mexico crude	1.90	1.64	-0.26	1.78	0.14
Conventional crude oil	2.60	2.34	-0.26	2.27	-0.07
Unconventional NGLs	3.92	4.27	0.35	4.42	0.15
Conventional NGLs	0.90	0.90	0.00	0.86	-0.04
Biofuels + Other liquids	1.36	1.16	-0.19	1.29	0.12
<b>US total supply</b>	<b>18.43</b>	<b>17.61</b>	<b>-0.81</b>	<b>17.77</b>	<b>0.16</b>

# Strong conformity led to a drop in OECD commercial oil stocks

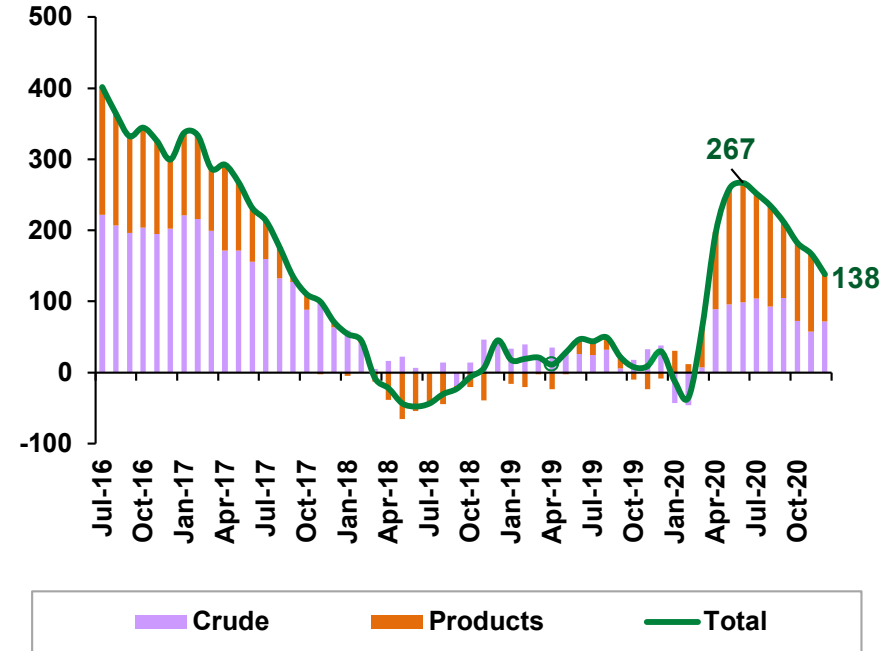


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## Conformity by OPEC and non-OPEC participants (%)

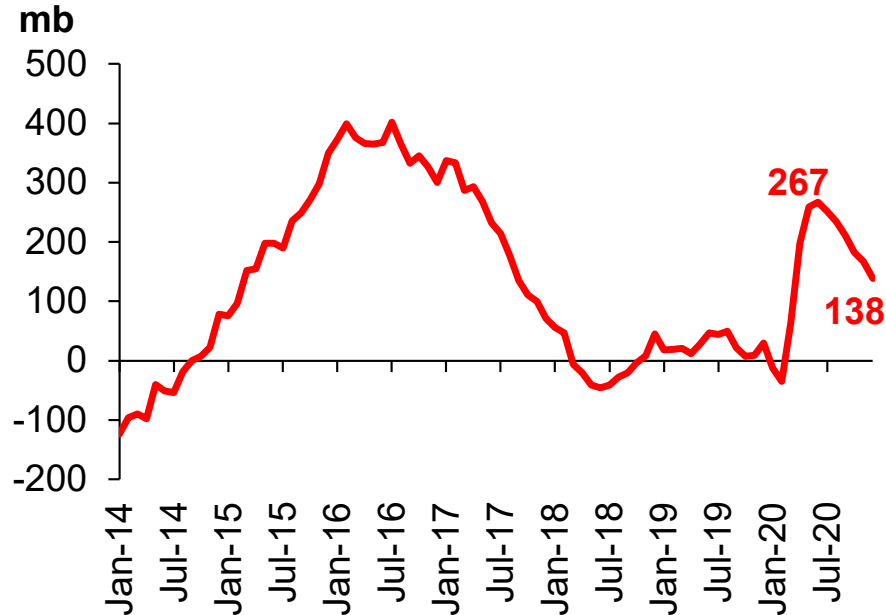


## OECD commercial oil stocks (deviation from 5-year average, mb)

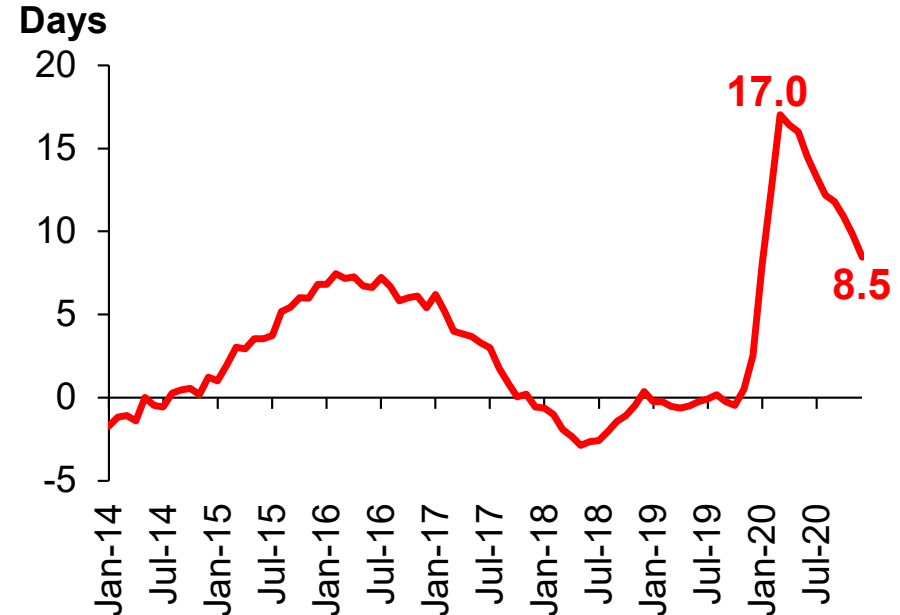


# OECD commercial oil stocks: Difference to the latest five-year average

## OECD absolute stocks



## Days of forward cover



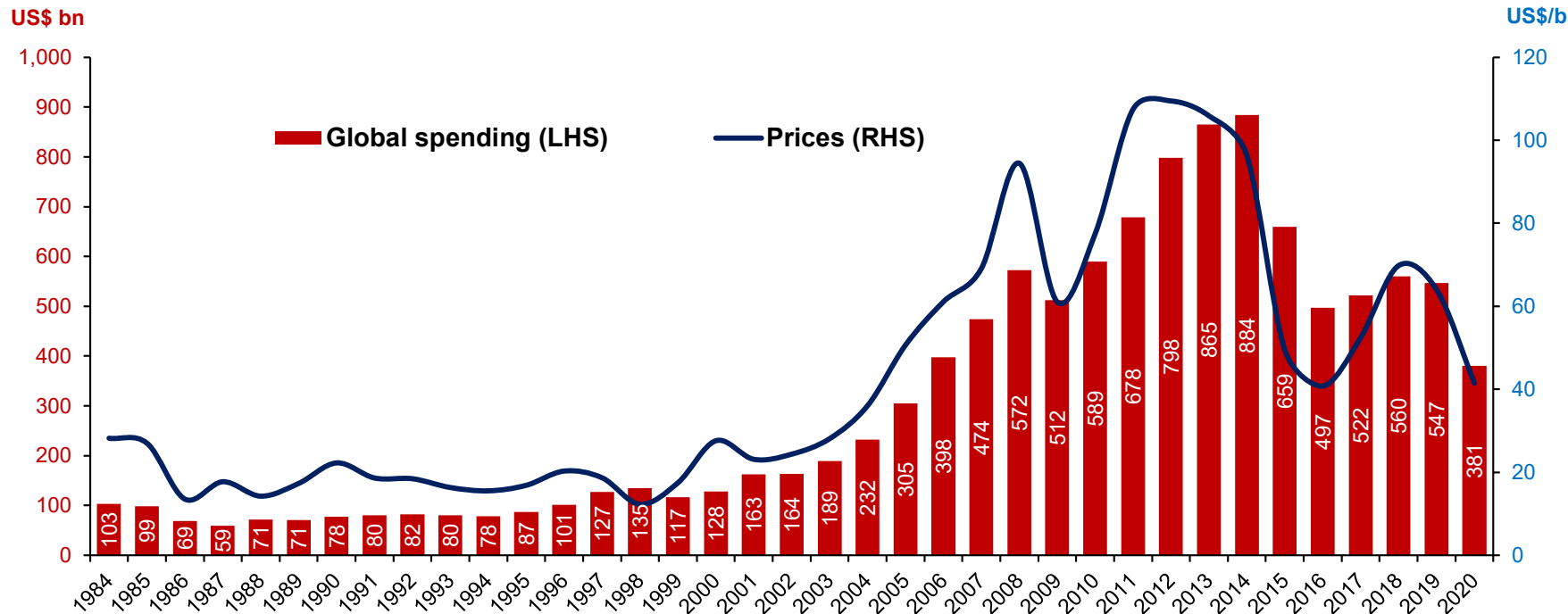
Source: OPEC.



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



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# Concluding remarks (short-term outlook)



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- The **global economy** is expected at **-3.9%** in **2020** and **4.8%** in **2021**, however, significant uncertainties remain.
- In **2020**, **world oil demand** is estimated to have decreased by **9.7 mb/d** and is expected to increase by **5.8 mb/d** in **2021**.
- **Non-OPEC liquids production** in **2020** is estimated to have decreased by **2.5 mb/d** and is forecast to increase by **0.7 mb/d** in **2021**. **US oil supply** is expected to have declined by **0.81 mb/d** in **2020** and projected to increase by **0.16 mb/d** in **2021**.
- **OECD commercial stocks fell** in December to stand at **138 mb above the latest five-year average (2015-2019)**, crude (+72 mb), products (+67 mb).

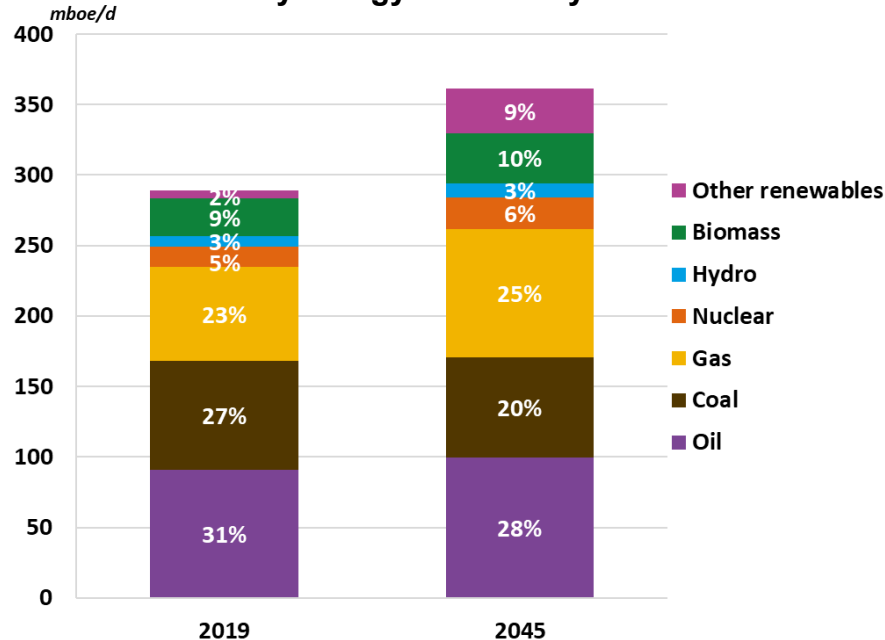
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# All energy sources needed to meet future demand, fuel economic growth & eradicate energy poverty

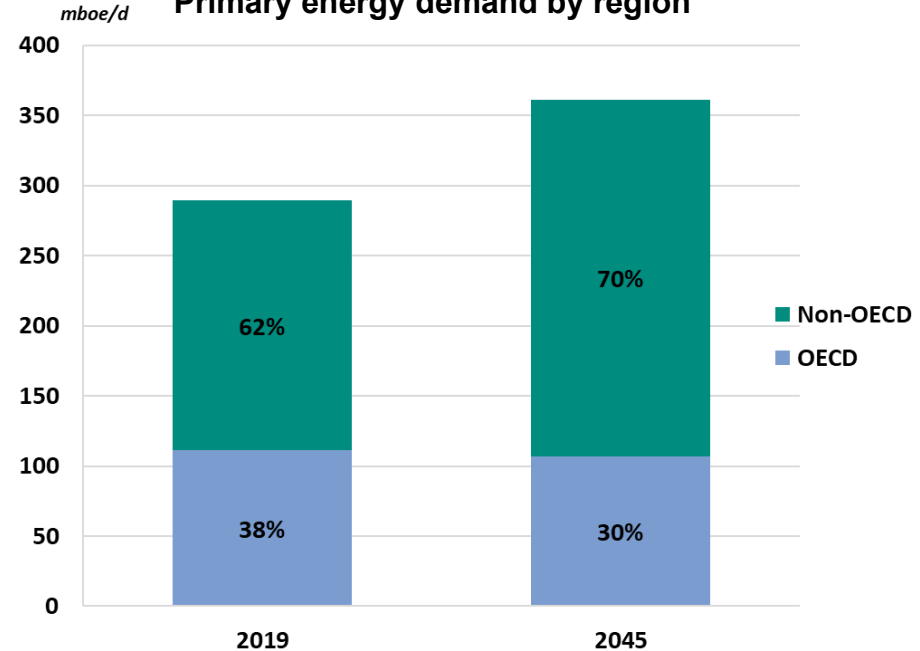


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## Primary energy demand by fuel



## 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**

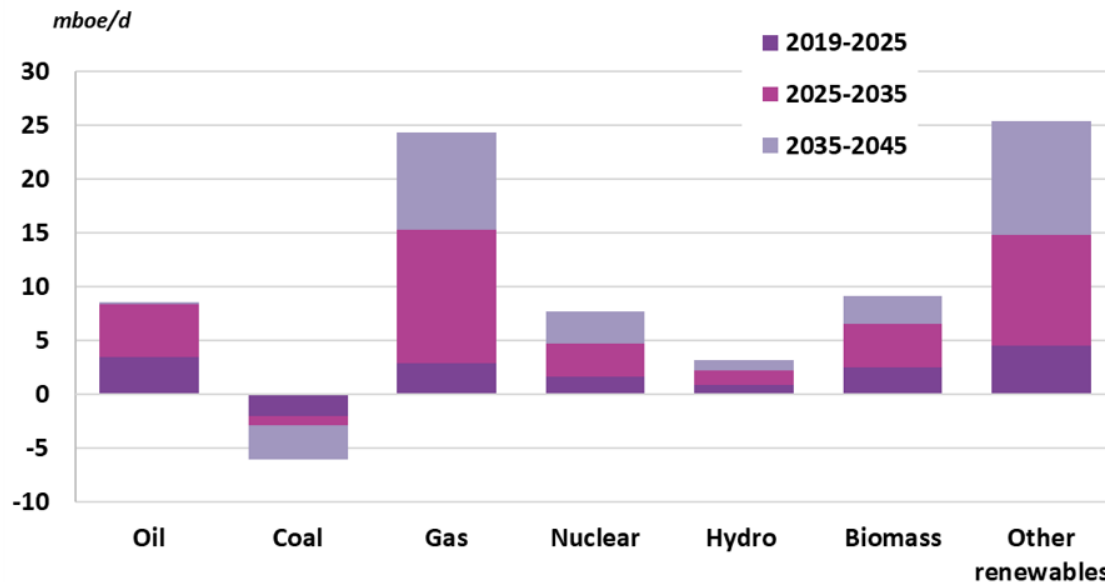
# Extending time horizon to 2045 amplifies the role of other renewables in future energy demand mix



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- **Other renewables** projected to experience the largest growth (+25.5 mboe/d)
- **Gas** expected to see a large demand increase (+24 mboe/d)
- **Coal** demand set to decline
- **Oil** will retain the highest share in the energy mix

Growth in primary energy demand by fuel, 2019-2045



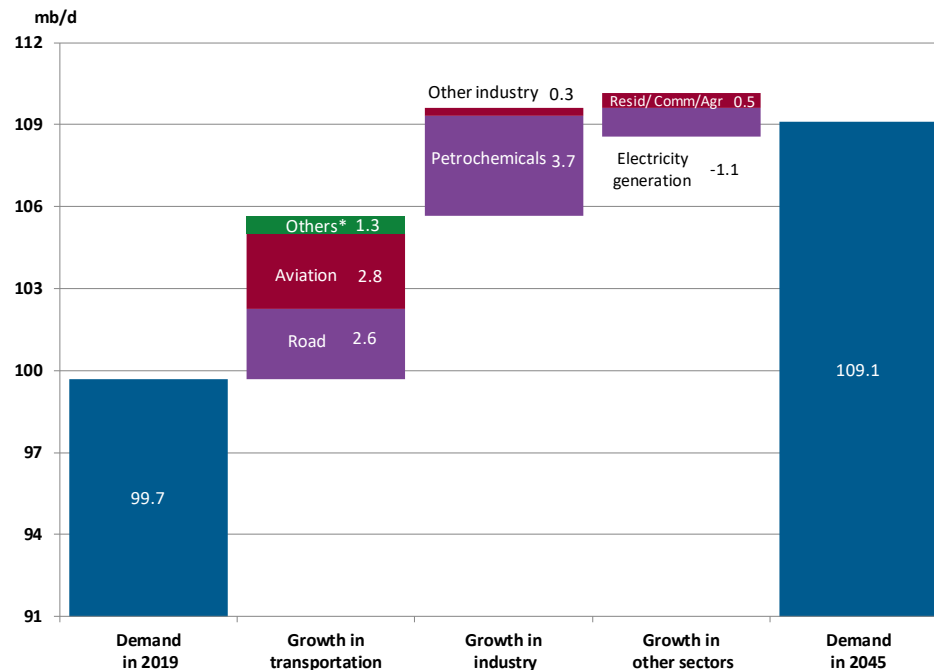
# Transport & petrochemicals remain key to future demand



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- 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

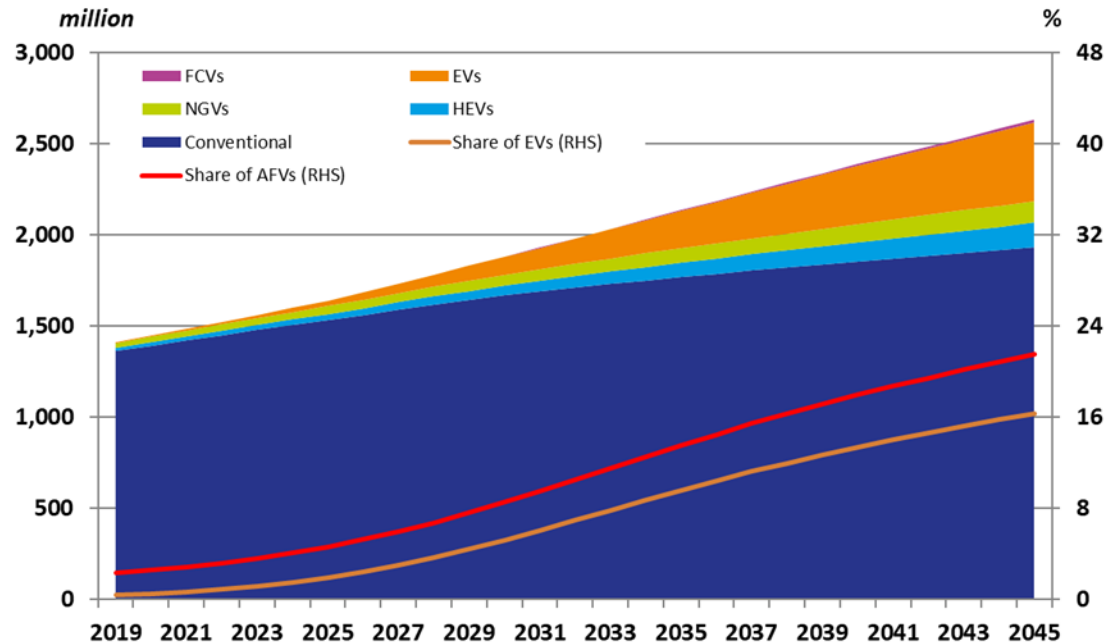
# The share of EVs is projected to reach more than 16% in 2045



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- **2.6 billion** vehicles on the road by 2045
- Around **430 million EVs**
- The share of EVs projected to reach around **5% in 2030**, **13% in 2040** and more than **16% in 2045**
- **NGVs** will account for around **120 million** vehicles in 2045
- Oil demand in the **road transport** sector at a **relatively stable** level around 47 mb/d after 2030

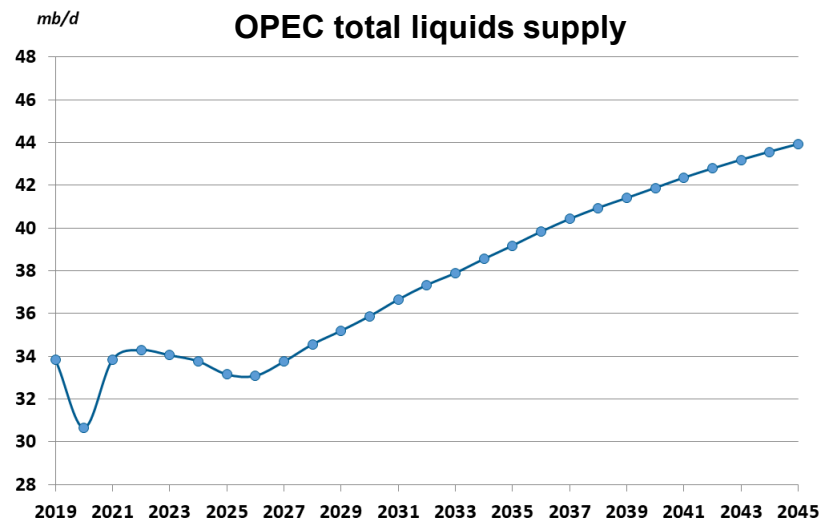
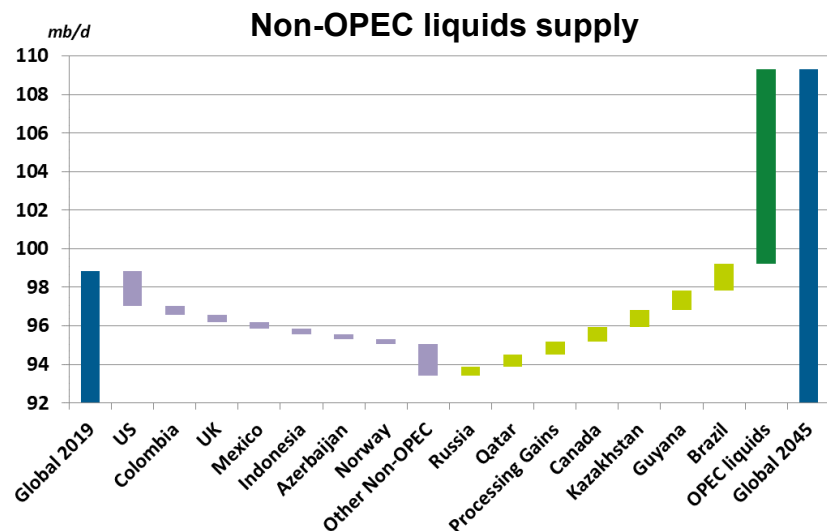
Composition of the global vehicle fleet, 2019–2045



# Ample scope for OPEC total liquids supply



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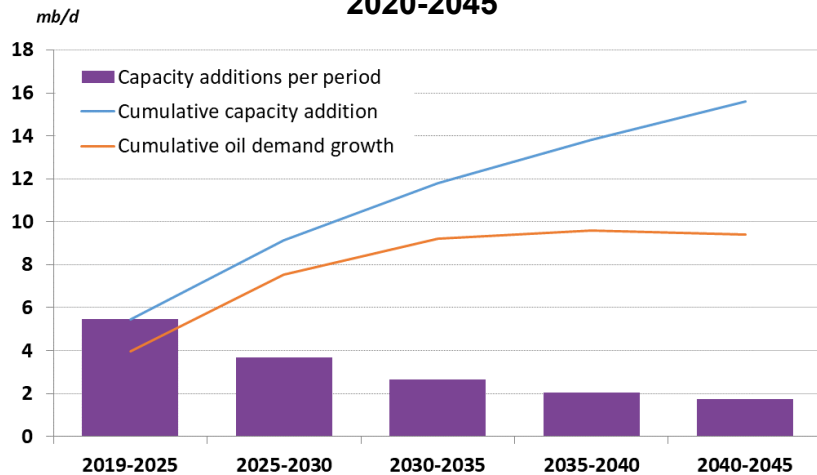


- After 2020 sharp decline, **non-OPEC liquids supply to recover from pandemic-related shut-ins** in medium-term
- **Few non-OPEC producers to see growth beyond late 2020s**, resulting in supply to return almost to 2019 levels
- Over long-term, **OPEC liquids will fill the gap, growing from 34 mb/d in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

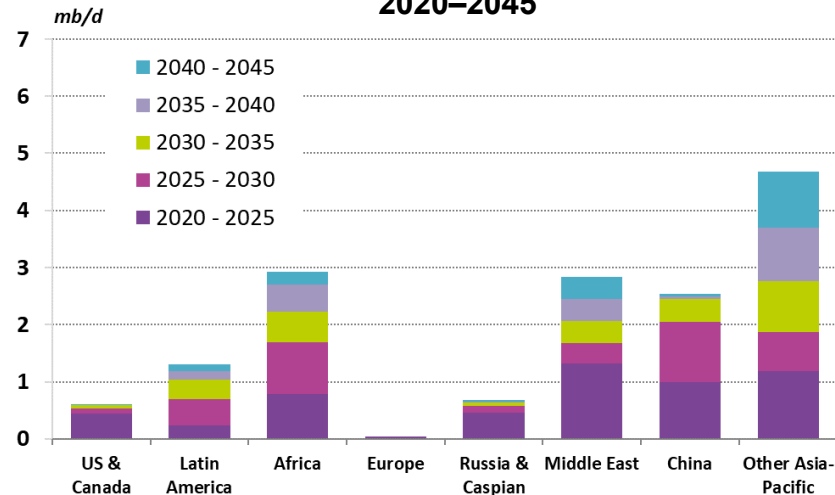


# Total distillation capacity additions at 15.6 mb/d

**Distillation capacity additions vs. oil demand growth, 2020-2045**



**Distillation capacity additions, 2020-2045**



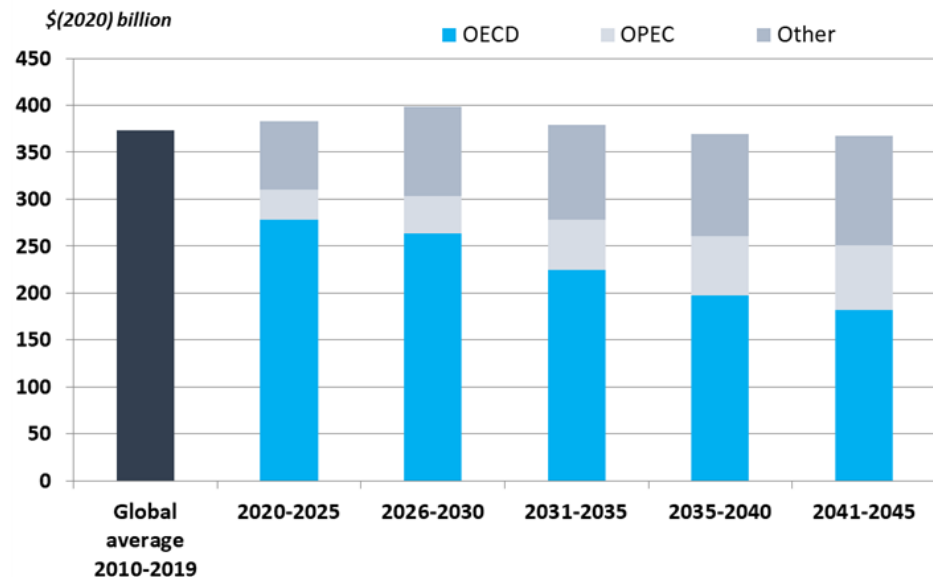
- **Distillation additions** in the LT follows **demand growth in developing regions**
- Towards end of the projection period, **average annual addition at around 0.35 mb/d**
- **Almost 85%** of new additions projected in **Asia-Pacific, the Middle East and Africa**

# Cumulative oil-related needed investments ~\$12.6 trillion

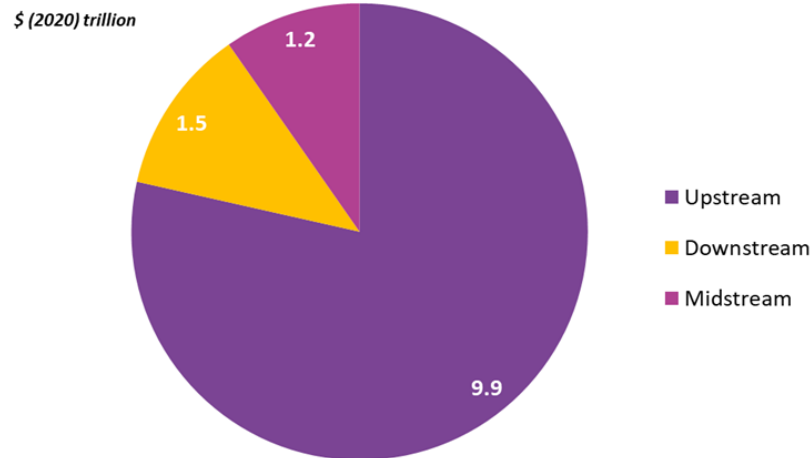


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## Annual upstream investment requirements



## 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**

# Key takeaways



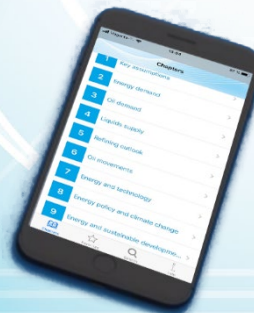
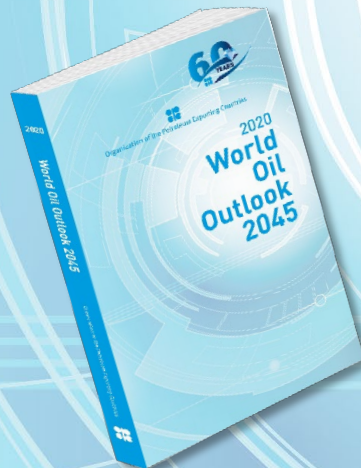
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- The **COVID-19 pandemic** has transformed oil markets and **increased uncertainties**
- Oil markets experienced their largest-ever **demand contraction** when the pandemic struck, but first **signs of recovery** are visible
- **All forms of energy will be needed** to allow for economic recovery, a reduction of **energy poverty** and a **sustainable energy future**
- **Healthy oil demand growth** in the first part of the forecast period will be followed by **plateauing demand in the second part**
- Nevertheless, **oil will retain the highest share** in the global energy mix, even while the share of **renewables** grows rapidly
- Prospects for growth in **non-OPEC supply are also dimmed**, and will require **steady investment**. OPEC Member Countries will need to increase production to meet the world's needs
- The downstream sector has also been affected by weaker oil demand prospects, and will need **consolidation**



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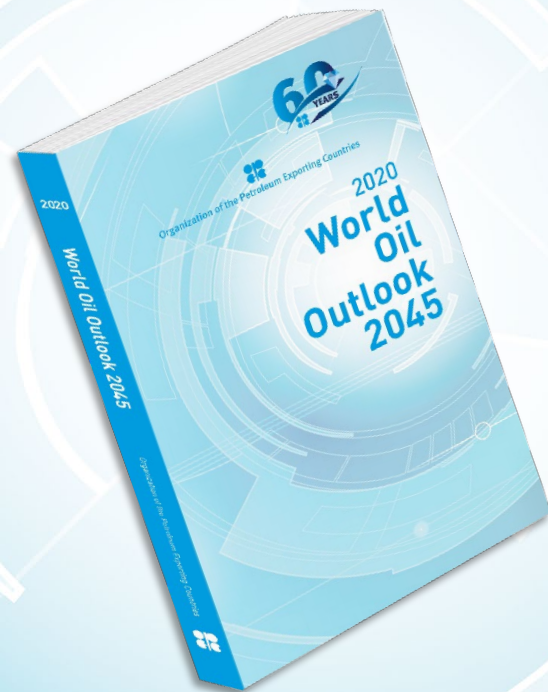




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**Thank you.**



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