Medium-Term Market Report 2015

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Market Analysis and Forecasts to 2020
Business as unusual

The market response to lower prices is asymmetrical: supply has become more price-elastic, demand less so
Slowing supply growth

Global capacity growth cut to annual average 860 kb/d through 2020, down from 1.4 mb/d in 2008-14
OPEC growth hinges on Iraq

- Price drop, ISIL add to Iraq institutional, infrastructure constraints
- Total Iraq growth estimated at 1.1 mb/d in 2014-2020; elevated risks
- Low prices can be double-edged
Diverging supply paths

- US production growth slows, then rebounds
- Russian output contracts by 560 kb/d by 2020
Mixed demand response

- Low price dampens outlook for oil exporters
- Oil importers enjoy benefits but ...
- ... weak economic recovery, subsidy cuts, forex, fuel-switching provide offset
Eastward pull unabated

Average global demand growth
(kb/d)

<table>
<thead>
<tr>
<th>Period</th>
<th>Growth (kb/d)</th>
<th>Average Demand Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998-06</td>
<td>1 352</td>
<td>1.7%</td>
</tr>
<tr>
<td>2006-14</td>
<td>853</td>
<td>1.0%</td>
</tr>
<tr>
<td>2014-20</td>
<td>1 104</td>
<td>1.2%</td>
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</tbody>
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This map is without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.
Oil trade tilts to products

Crude Exports in 2020 and Growth in 2014-20 for Key Trade Routes

(million barrels per day)

- **OECD Americas**
  - 0.4 (+0.1)
  - 2.0 (-0.5)

- **OECD Europe**
  - 3.6 (-0.5)
  - 0.5 (+0.1)

- **OECD Asia Oceania**
  - 0.5 (-0.1)
  - 1.1 (+0.3)

- **China**
  - 5.5 (+0.1)

- **Other Asia**
  - 1.7 (-0.3)
  - 1.5 (+0.5)

- **OECD Asia**
  - 1.4 (-0.1)

- **Oceania**
  - 0.5 (+0.1)

- **OECD Americas 2**
  - 1.5 (-0.2)

- **OECD Americas**
  - 0.2 (+0.1)

- **OECD Europe**
  - 0.2 (+0.2)

- **OECD Asia**
  - 4.2 (-0.6)

- **OECD Americas**
  - 1.4 (+0.6)

- **OECD Asia Oceania**
  - 3.8 (+0.6)

Red number in brackets denotes growth in period 2014-20

1 Excludes Intra-Regional Trade
2 Includes Chile
3 Includes Israel
Refining surplus lingers despite scaling back

- New capacity of 6.4 mb/d by 2020, led by non-OECD Asia, Middle East
- Brief margin respite in 2014 on shutdowns
- Startups lift surplus to 5 mb/d in 2020 from 6-yr low ~3 mb/d in 2014
Looming diesel wall

Led by tightening bunker fuel rules to be introduced in 2020