

OIL

Medium-Term Market Report 2015

Fifth IEA---IEF---OPEC Symposium on Energy Outlooks

IEF Headquarters , Riyadh

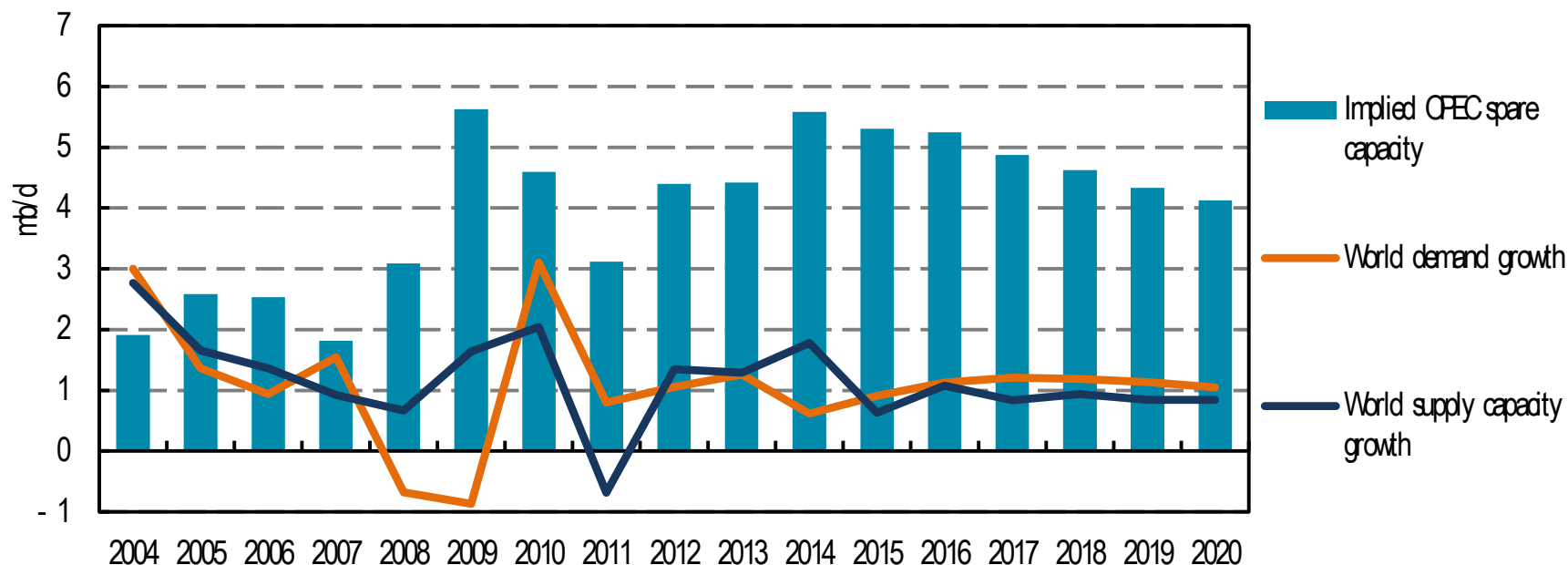
23 March 2015



Market Analysis and Forecasts to 2020

Business as unusual

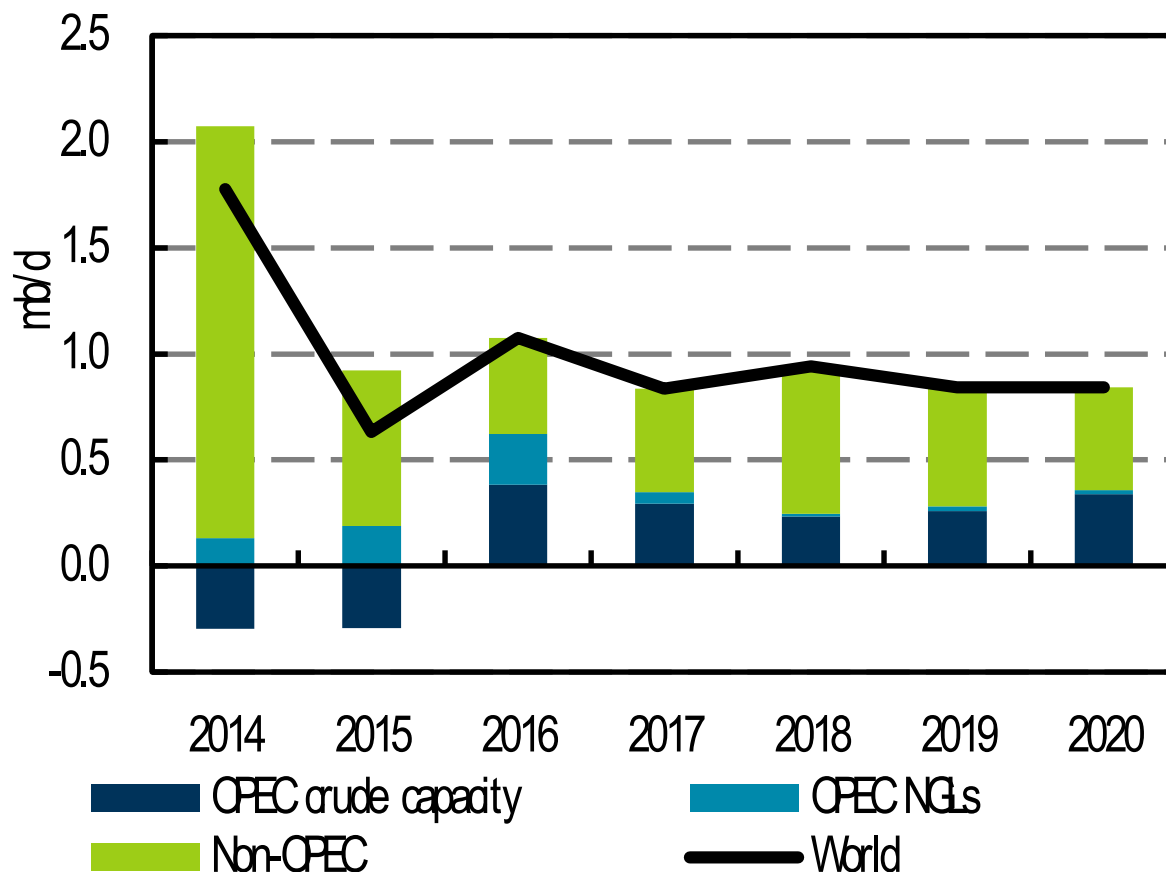
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**The market response to lower prices is asymmetrical:
supply has become more price-elastic, demand less so**

Slowing supply growth

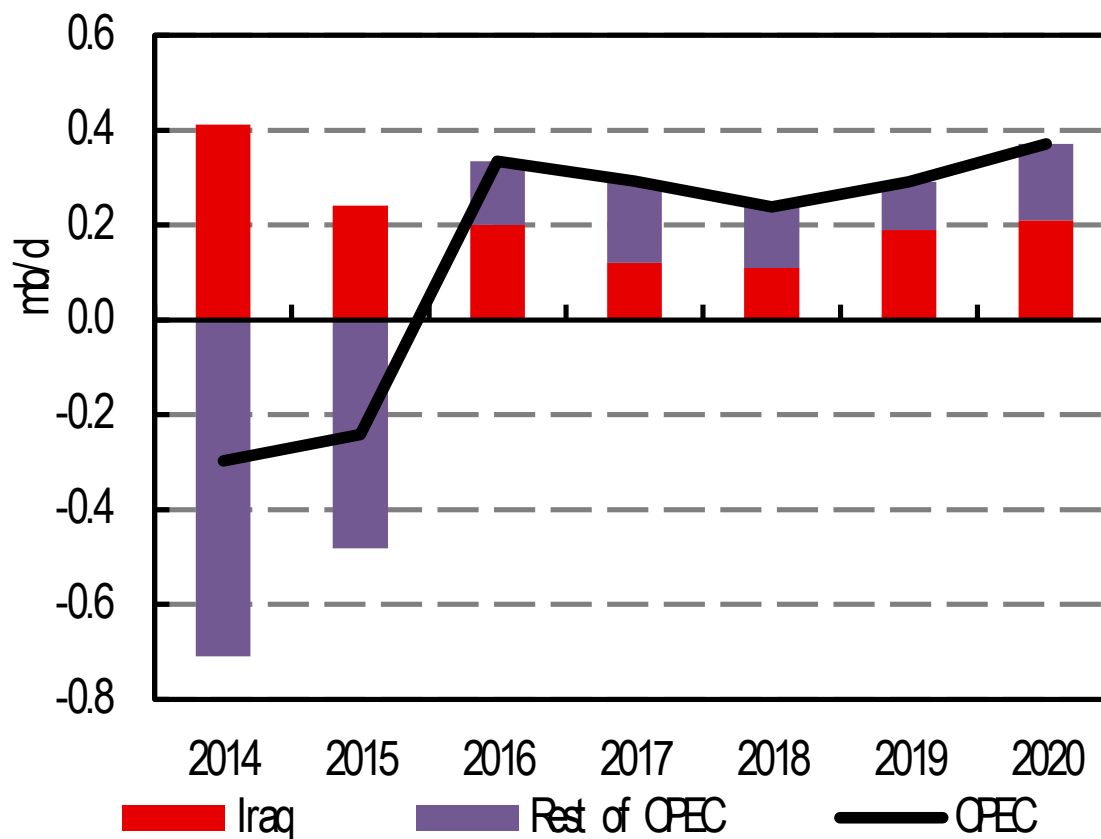
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Global capacity growth cut to annual average 860 kb/d through 2020, down from 1.4 mb/d in 2008-14

OPEC growth hinges on Iraq

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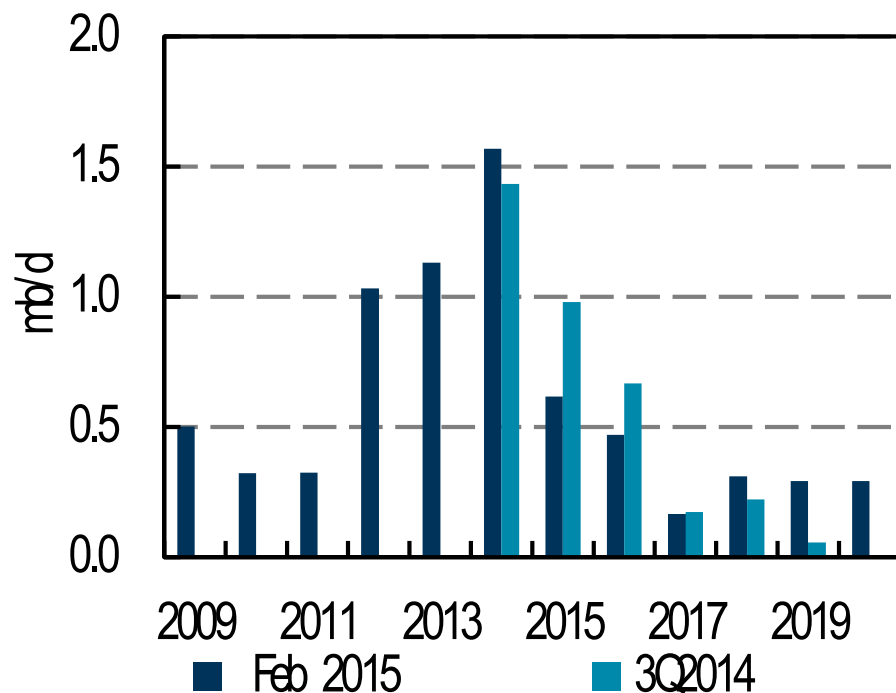


- Price drop, ISIL add to Iraq institutional, infrastructure constraints
- Total Iraq growth estimated at 1.1 mb/d in 2014-2020; elevated risks
- Low prices can be double-edged

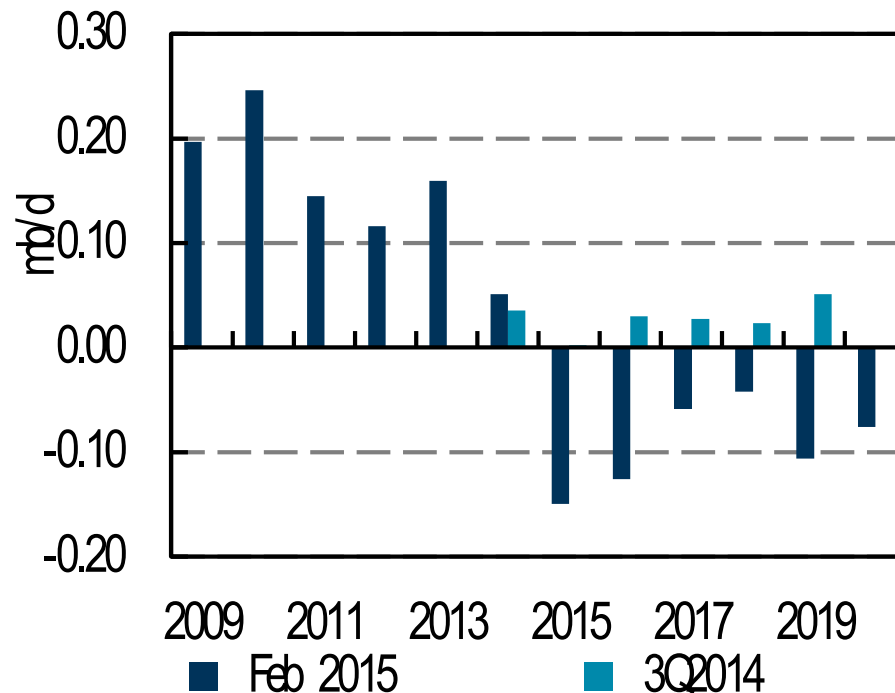
Diverging supply paths

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Change in US liquids production



Change in Russian liquids production

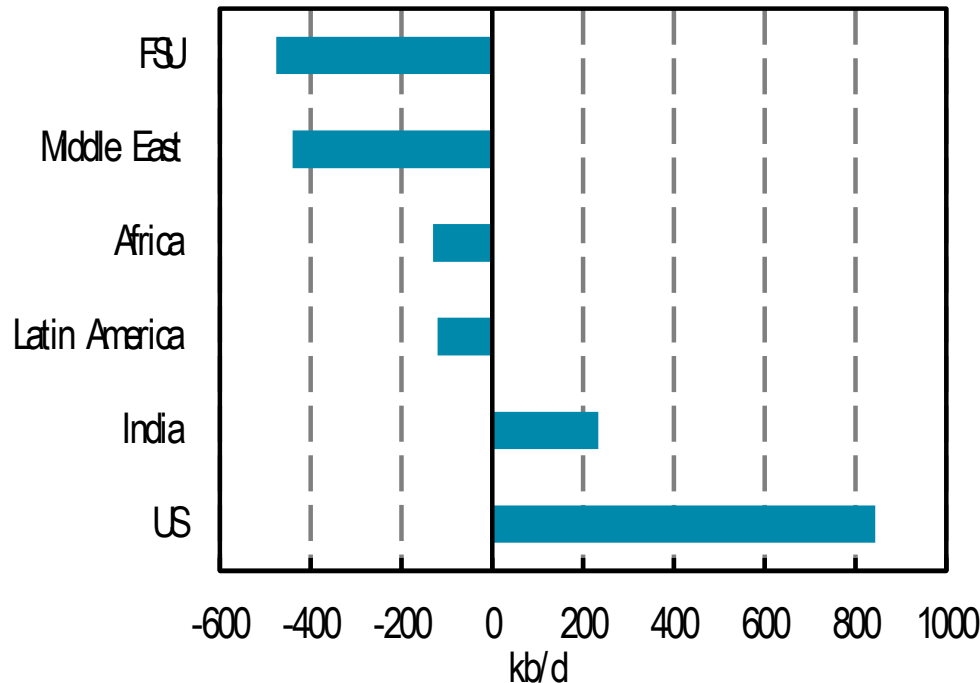


- US production growth slows, then rebounds
- Russian output contracts by 560 kb/d by 2020

Mixed demand response

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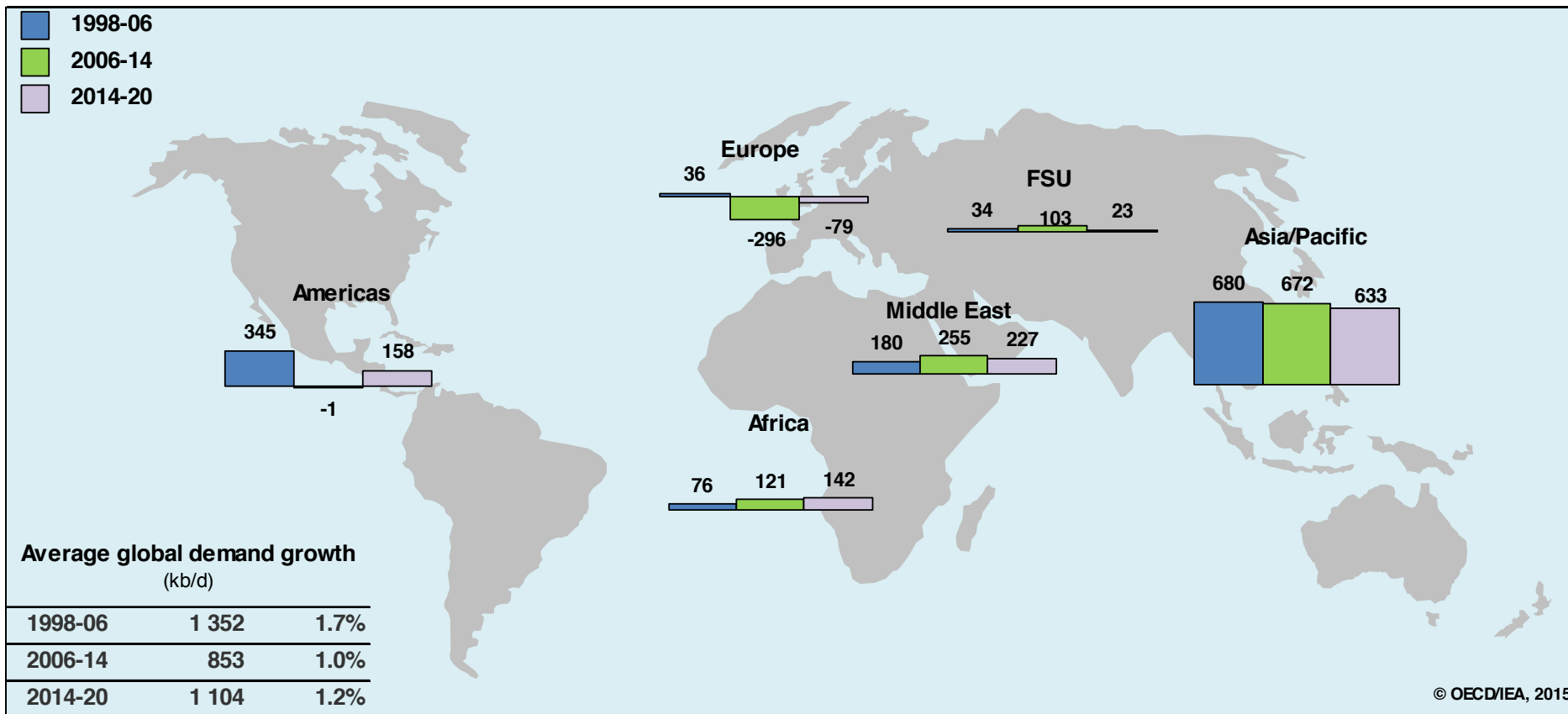
Revised demand growth prospects 2014-2019



- 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

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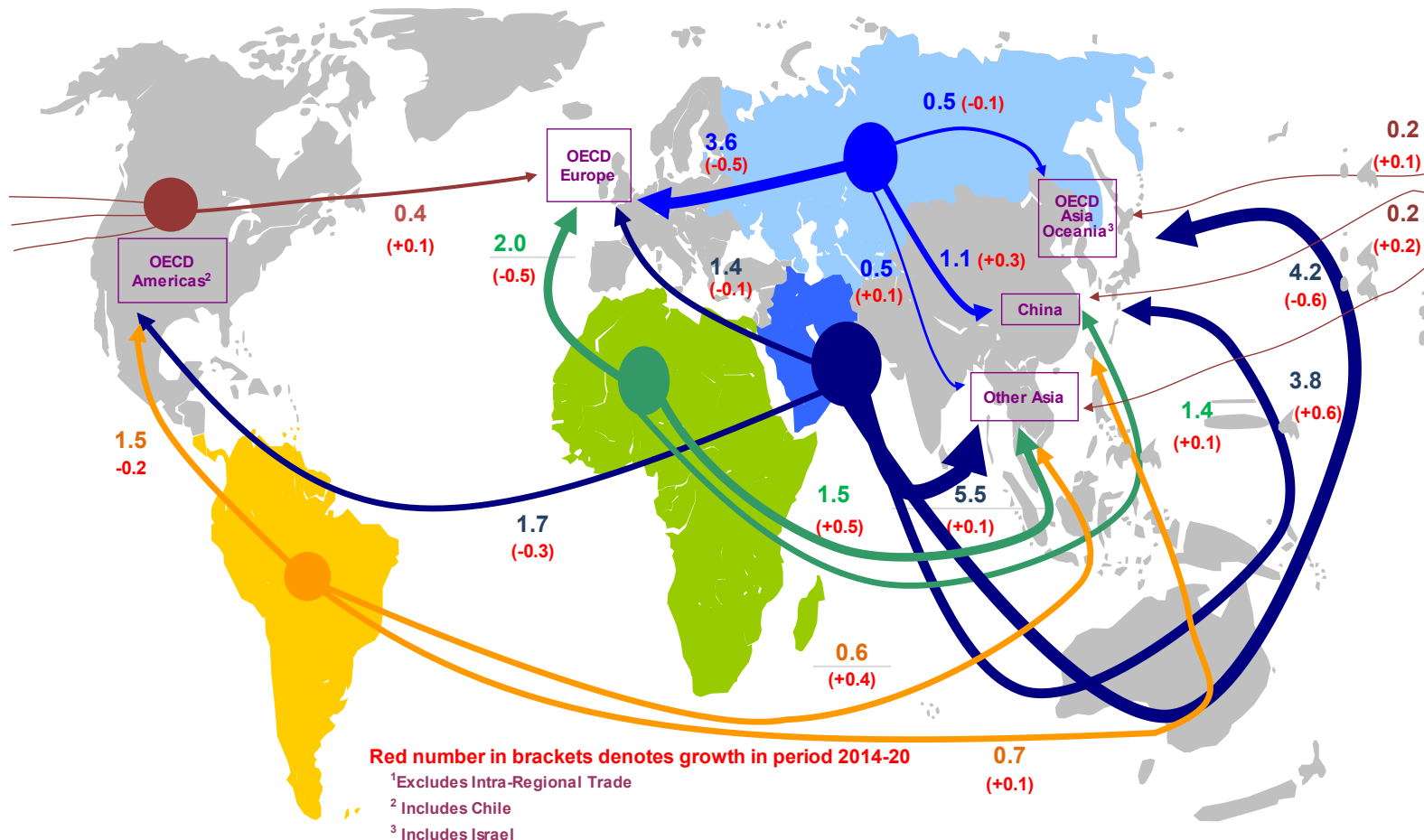
This map is without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

Oil trade tilts to products

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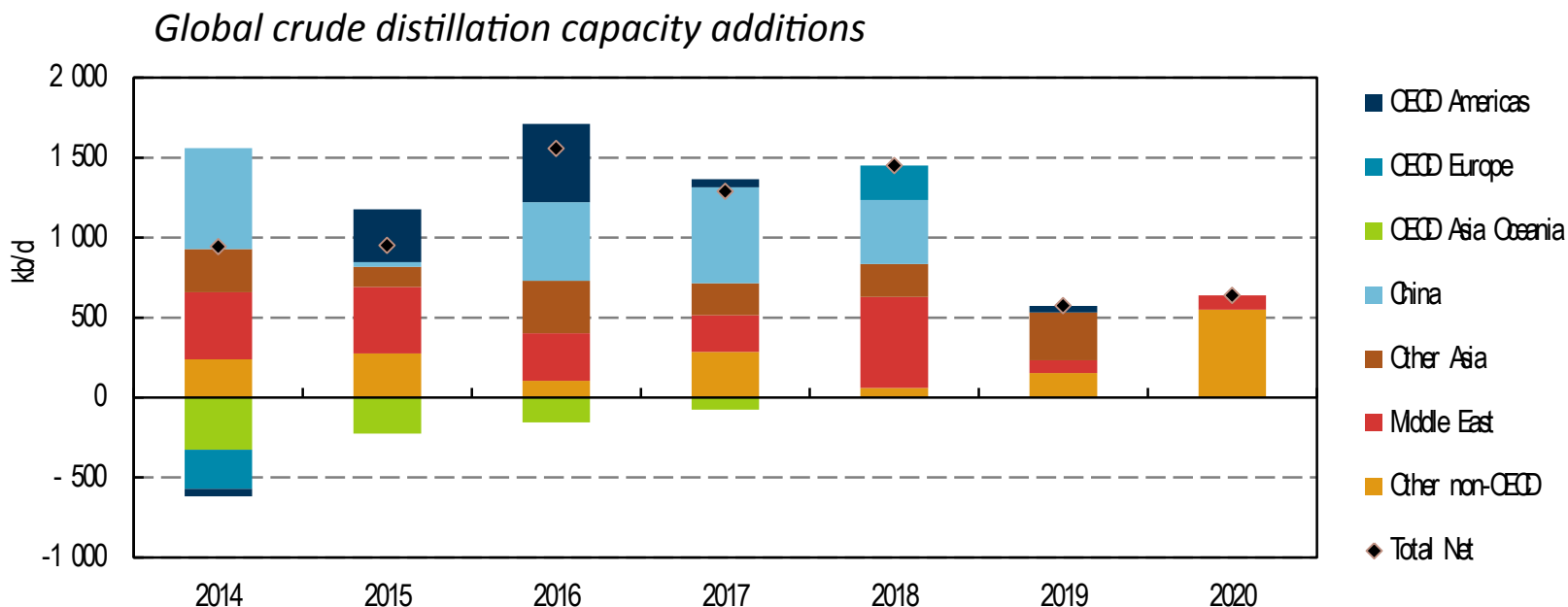
Crude Exports in 2020 and Growth in 2014-20 for Key Trade Routes¹

(million barrels per day)



Refining surplus lingers despite scaling back

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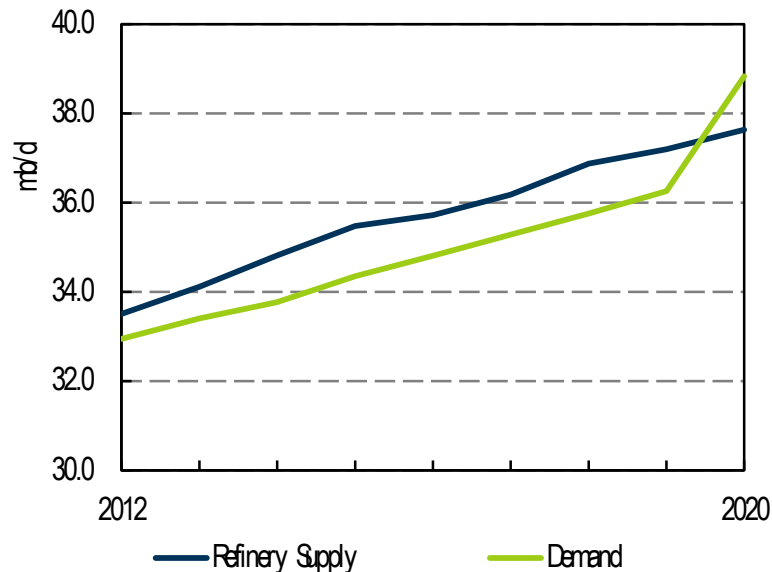


- New capacity of 6.4 mb/d by 2020, led by non-OECD Asia, Middle East
- Brief margin respite in 2014 on shutdowns
- Startups lift surplus to 5 mb/d in 2020 from 6-yr low ~3 mb/d in 2014

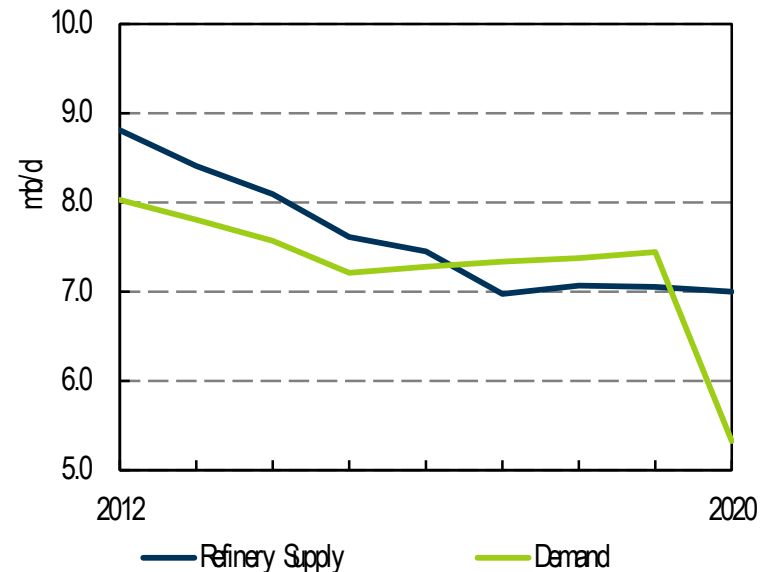
Looming diesel wall

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Middle distillate supply/demand balance



Fuel oil supply/demand balance



Led by tightening bunker fuel rules to be introduced in 2020

