OIL Medium-Term Market Report 2013

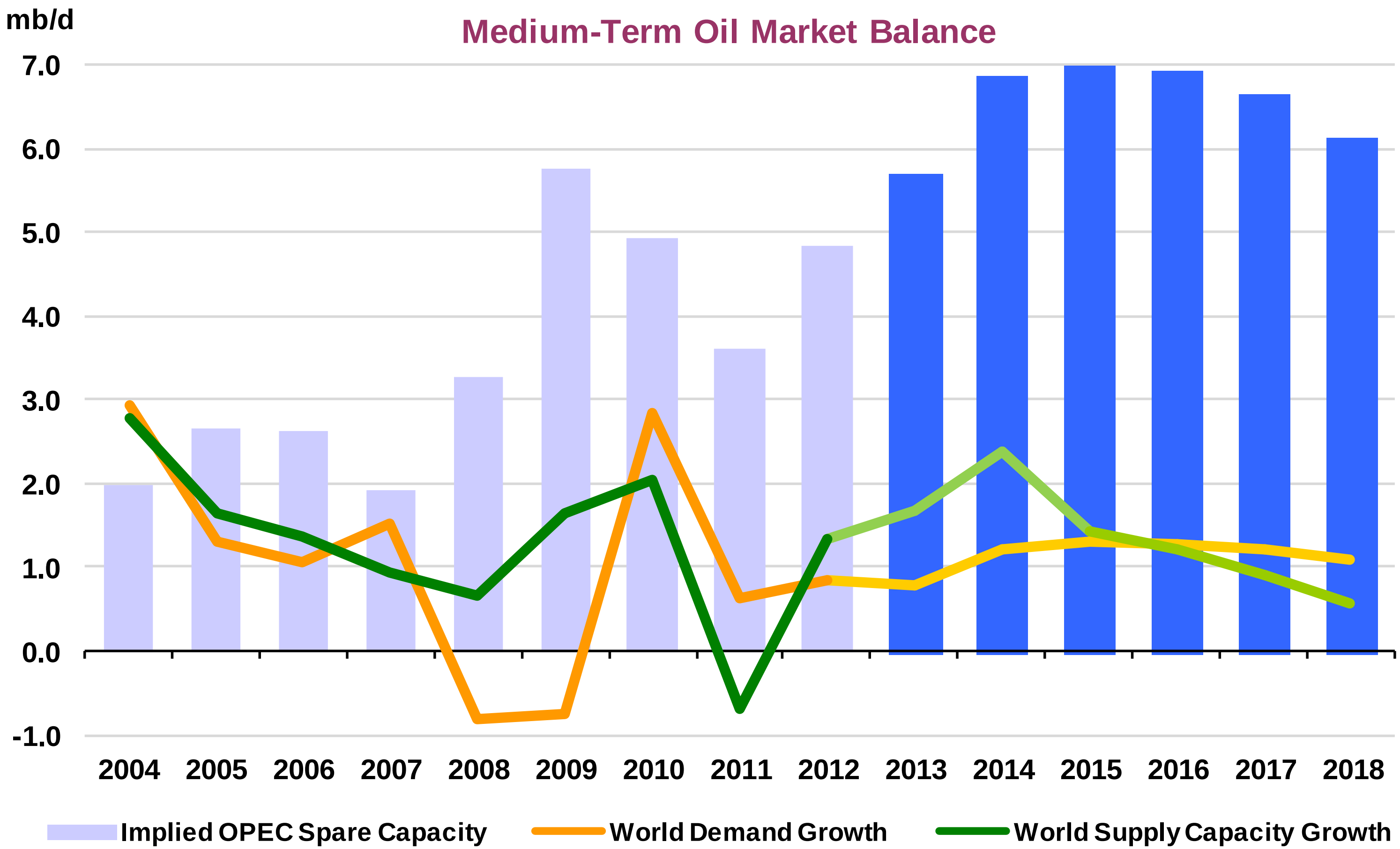
International Energy Agency
iea

4th IEA-IEF-OPEC Symposium on Energy Outlooks

Riyadh, 22 January 2014

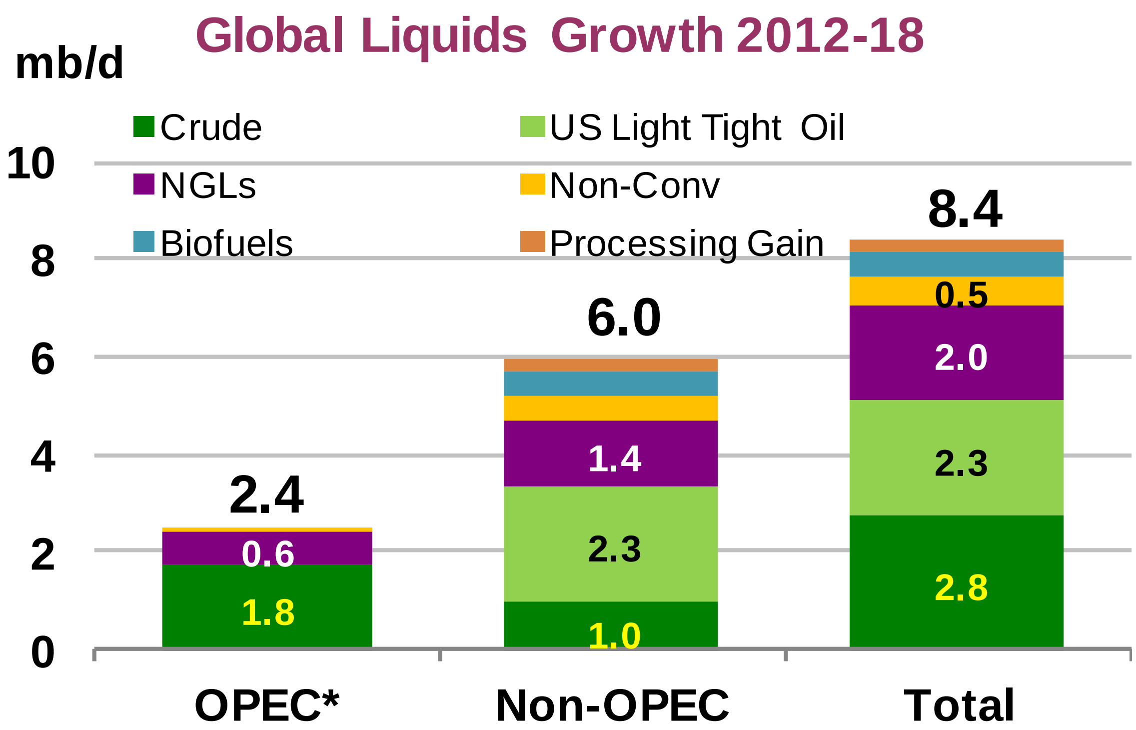
Market Trends and Projections to 2018

Spare or stranded?*



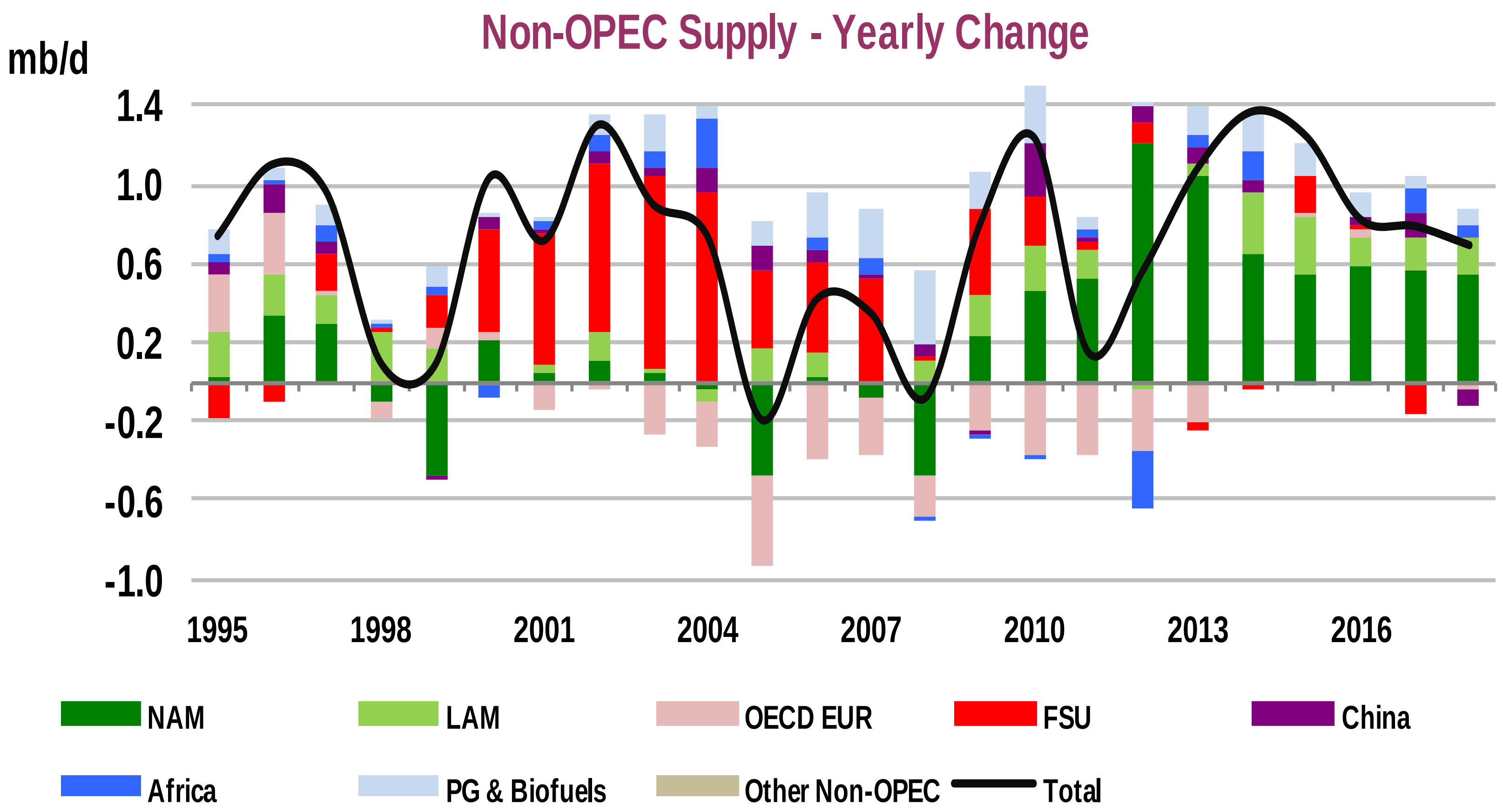
* Note: all medium-term slides in this presentation based on the IEA's *Medium-Term Oil Market Report 2013* released 14 May 2013. Slides 11-14 are based on the IEA *Oil Market Report* of 21 January 2014.

Supply: US & Iraq in the lead



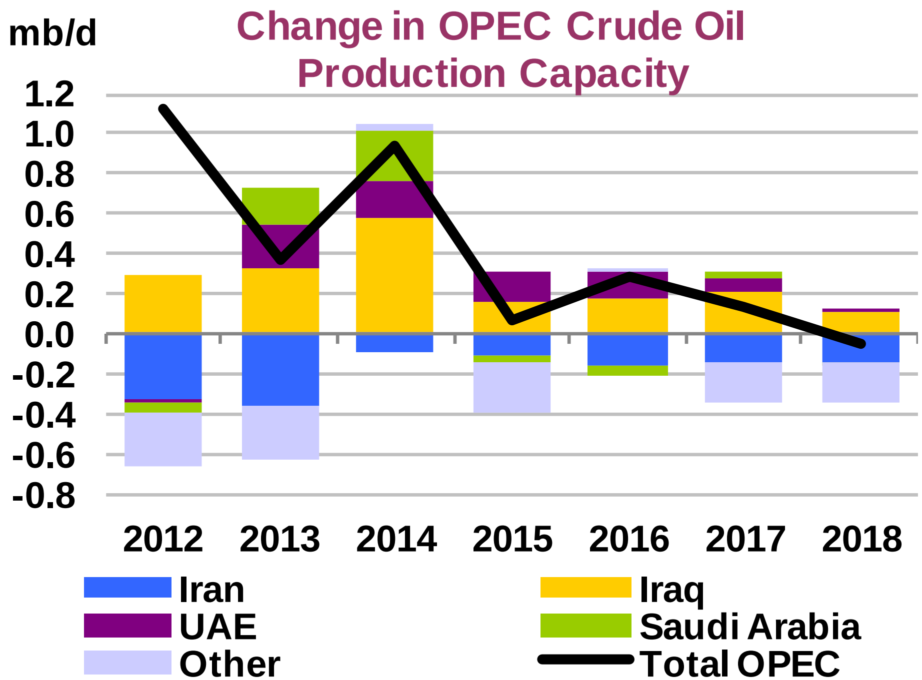
* OPEC crude is capacity additions
Global Refinery processing *gains included in Non-OPEC*

Non-OPEC: American decade



OPEC capacity hurdles

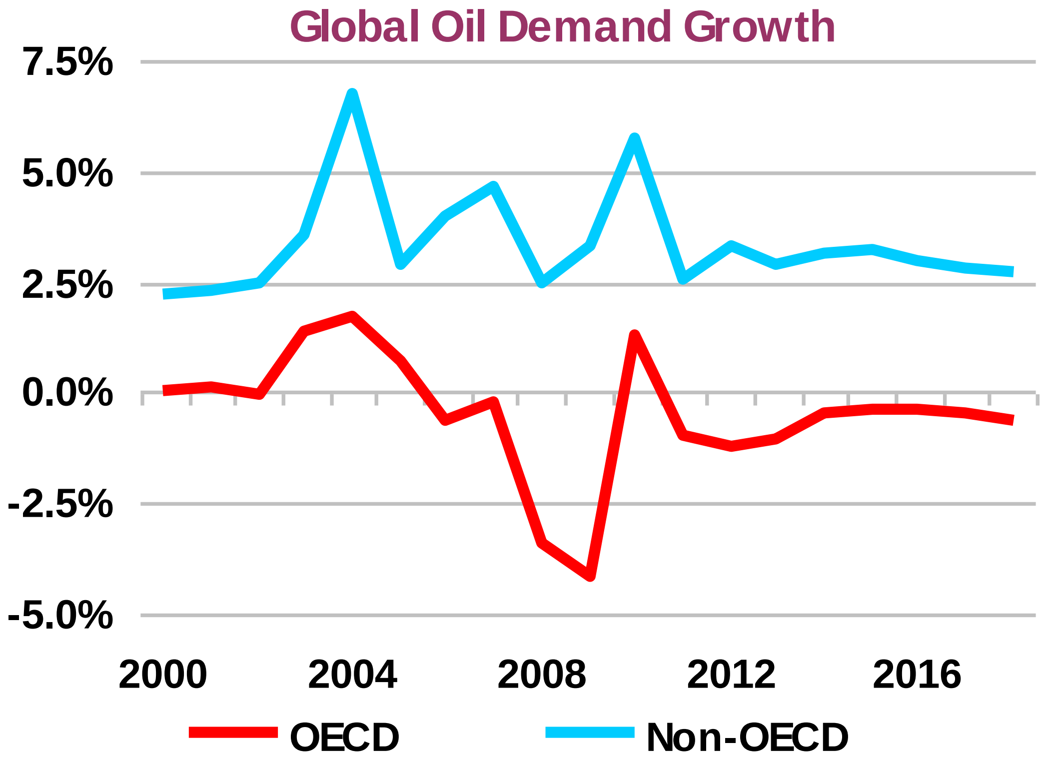
Growth forecast cut to 1.75 mb/d, to 36.75 mb/d



- Forecast cut by 750 kb/d vs MTOMR 2012
- Security risks, instability in Africa in wake of 'Arab Spring'
- Unattractive investment terms
- Project delays (Algeria, Libya and Nigeria)

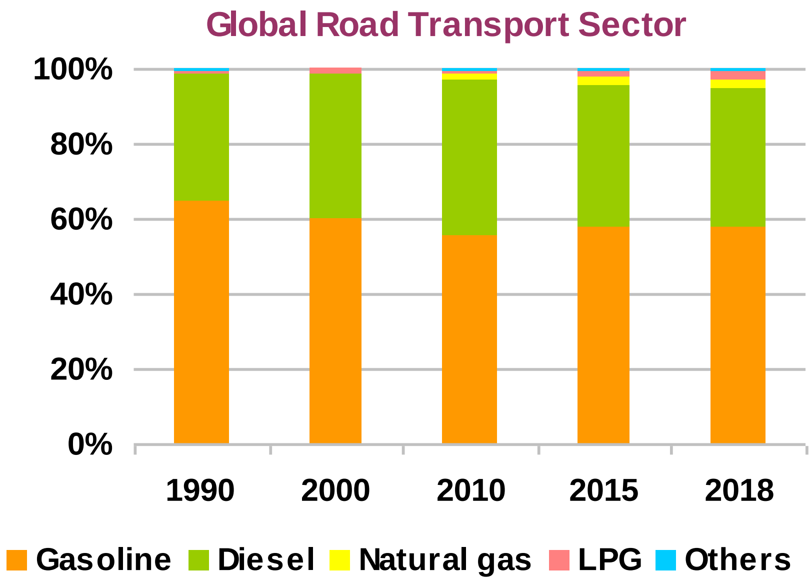
Demand lags supply

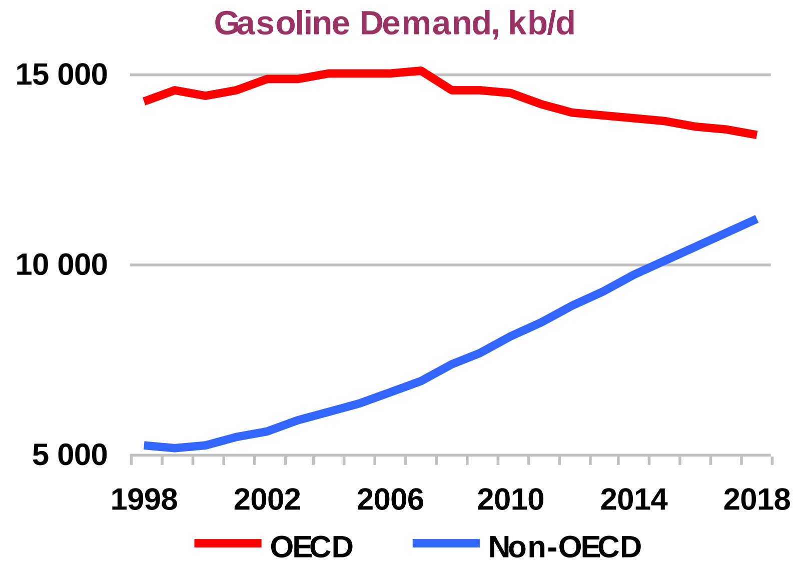
Emerging markets lead growth



- Demand up 1.1 mb/d (1.2%) per annum 2012-18
- Aggregate gain of 6.9 mb/d, to 96.7 mb/d
- Non-OECD demand forecast overtake OECD in 2014

Transport drives demand growth

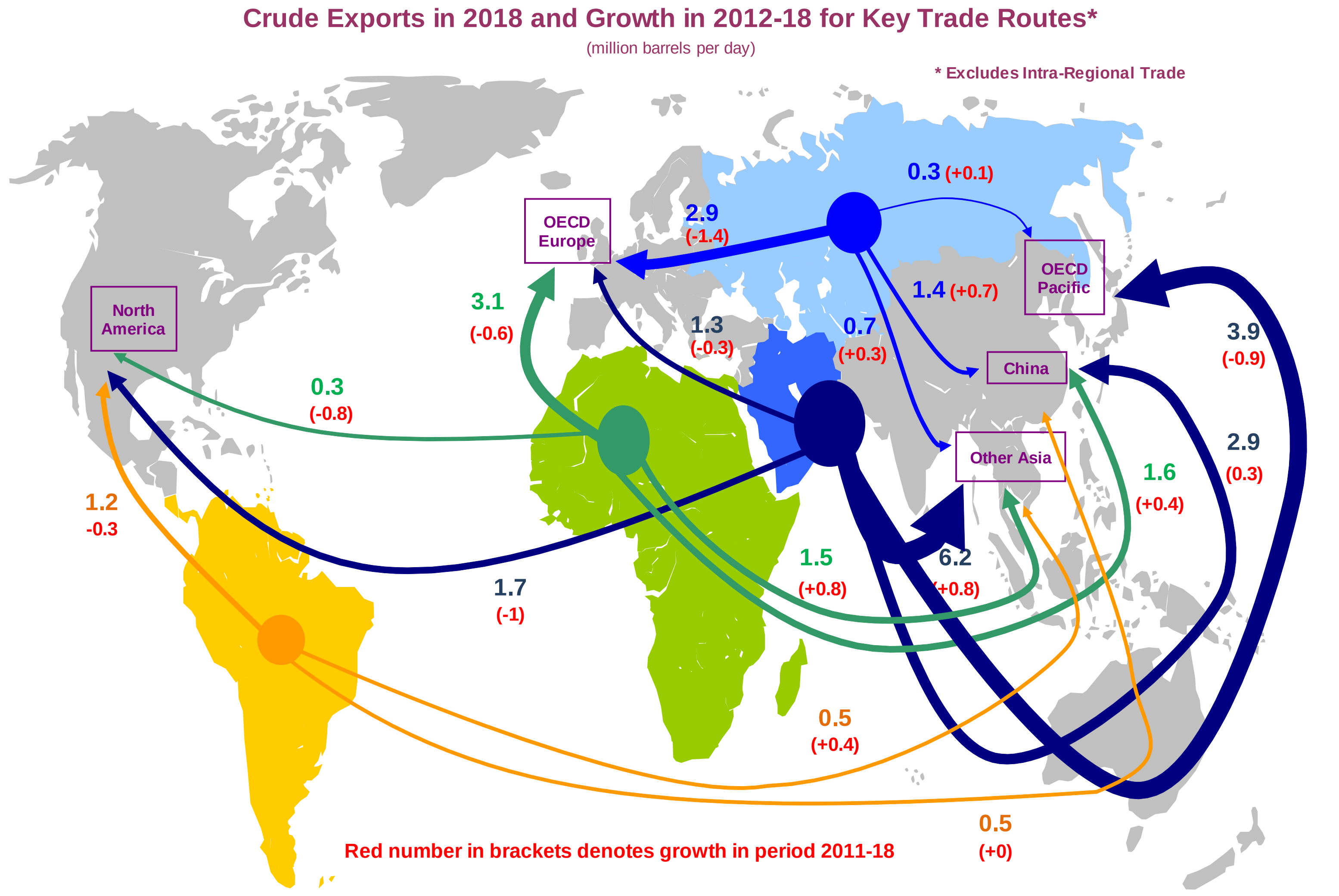




- Oil remains world's top transport fuel
- Dieselisation marks pause
- Transport gas inroads
- Gasoline growth slows to 1.2%/year on efficiency gains, fuel switching

Crude trade: the great migration

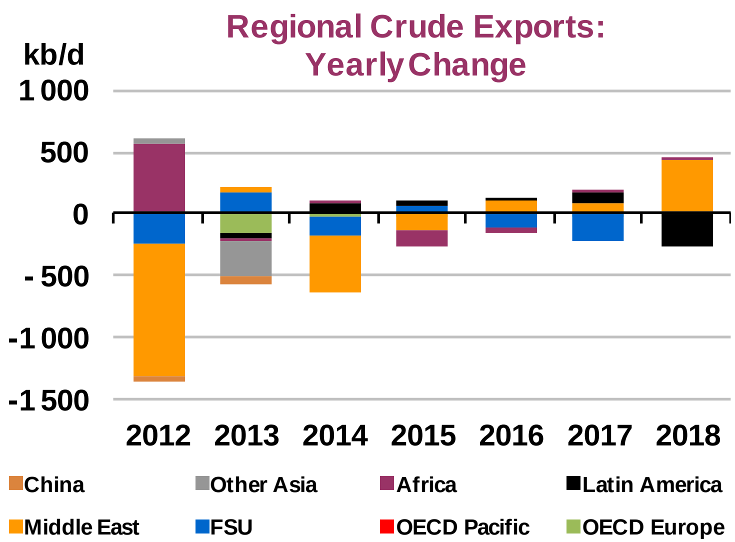
Long-haul, Atlantic to Pacific trade grows in importance

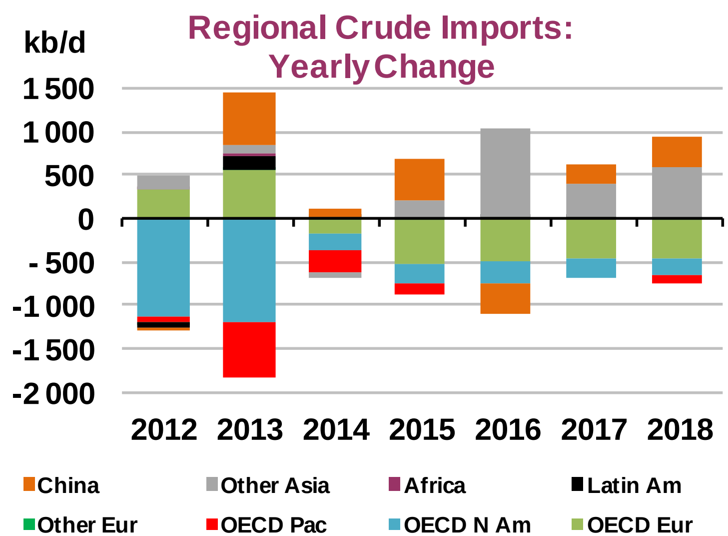


Crude trade declines

Down 0.9 mb/d to 32.4 mb/d

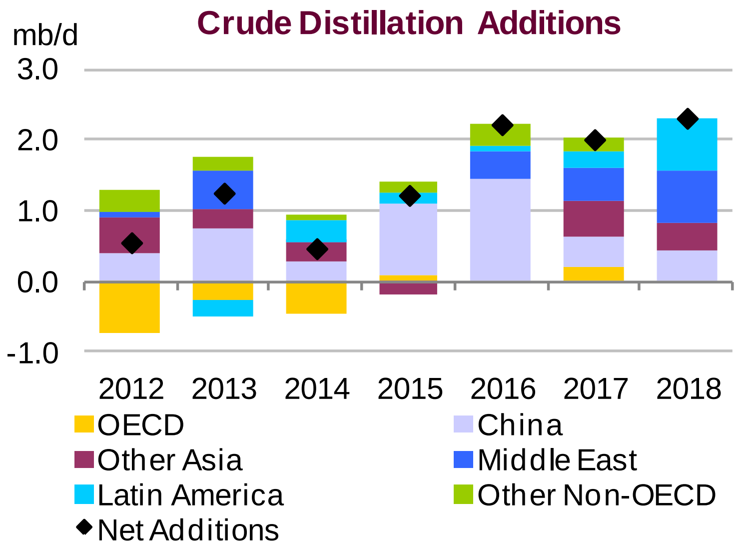
Imports to non-OECD will surpass OECD in 2018

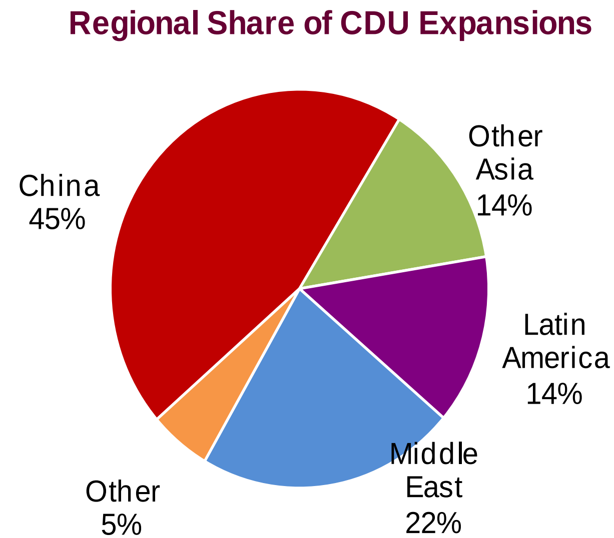




- North American imports drop as domestic supply grows
- Lower refining demand elsewhere in the OECD
- Increased imports to China and Other Asia
- Increased refining close to the wellhead

New world of refining

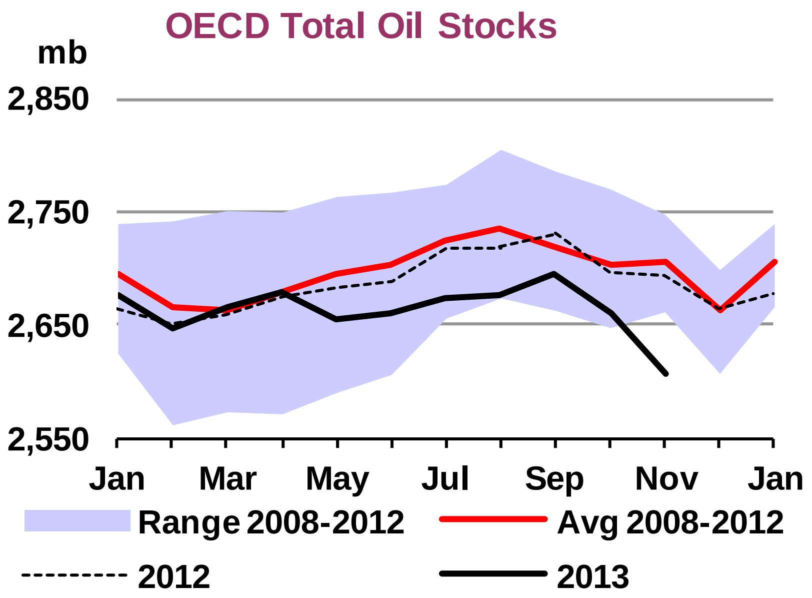


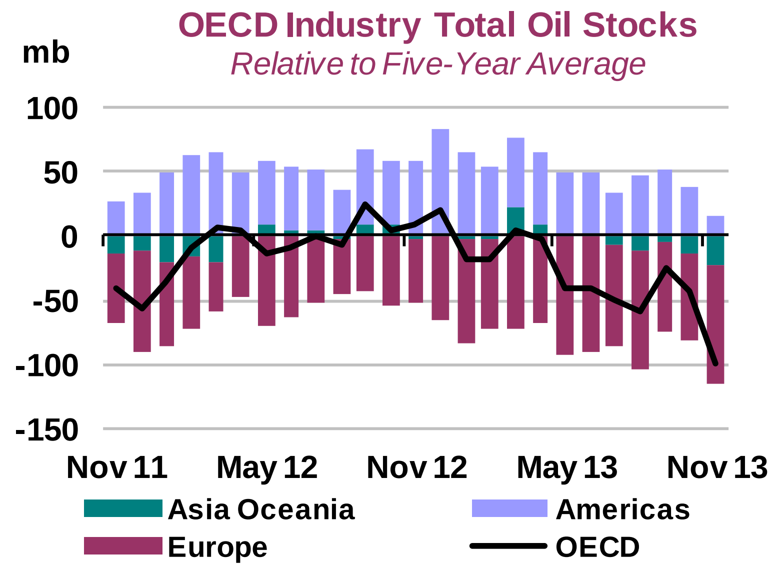


- Global CDU capacity seen up 9.5 mb/d; refining capacity gets more sophisticated
- Non-OECD account for all additions, OECD contracts
- China leads expansions, but timing unclear

Where did the oil go?

OECD Stocks plummet, Steepest monthly draw since 2011
Deficit to five-year average increased to 99.5 mb – widest since 2003





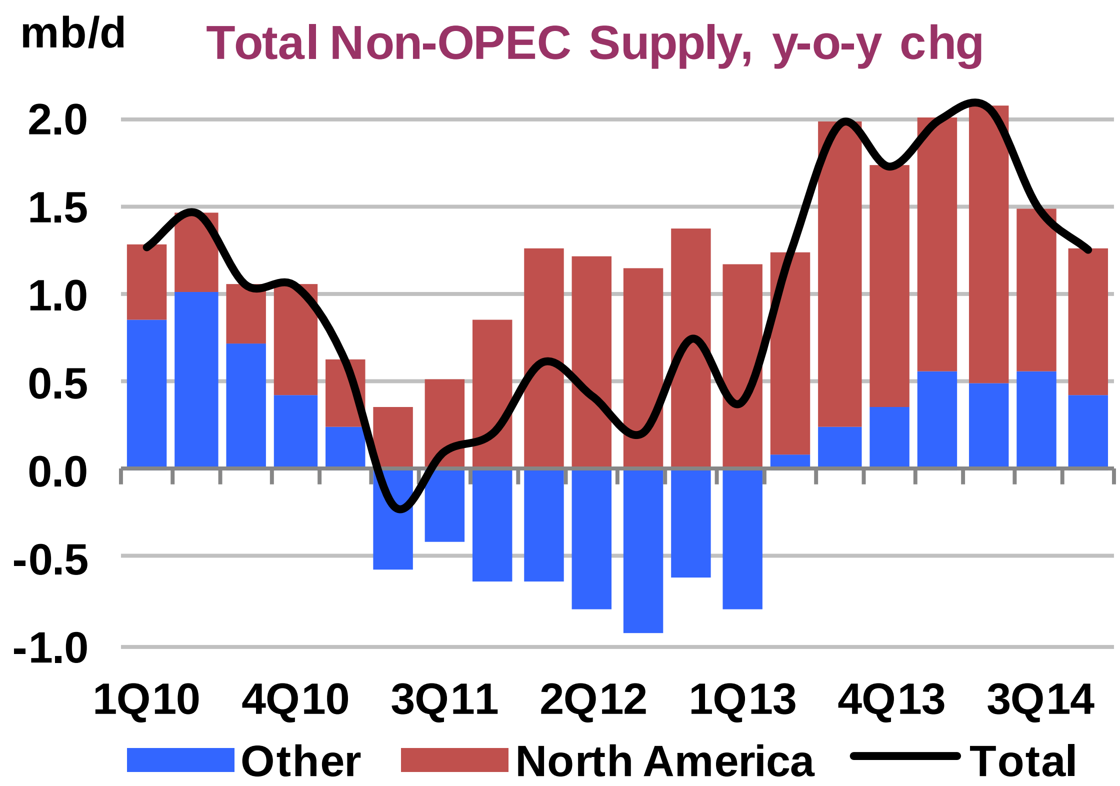
- OECD oil stocks plunged 53.6 mb to 2 607 mb at end-November
- Crude down 20.3 mb on OECD throughputs jump
- Refined products down 32.9 mb
  - ‘Other products’ down 27.3 mb on propane exports petrochemical demand
  - Refined products deficit to 5-yr avg widened to 115.6 mb
- Preliminary data show seasonal draw of 42.5 mb in December

US Crude Output Tops 8 mb/d in Nov.

- **Nov US crude production highest since Nov 1988**
- **2014 US crude output growth seen at 780 kb/d, to average 8.26 mb/d for the year**

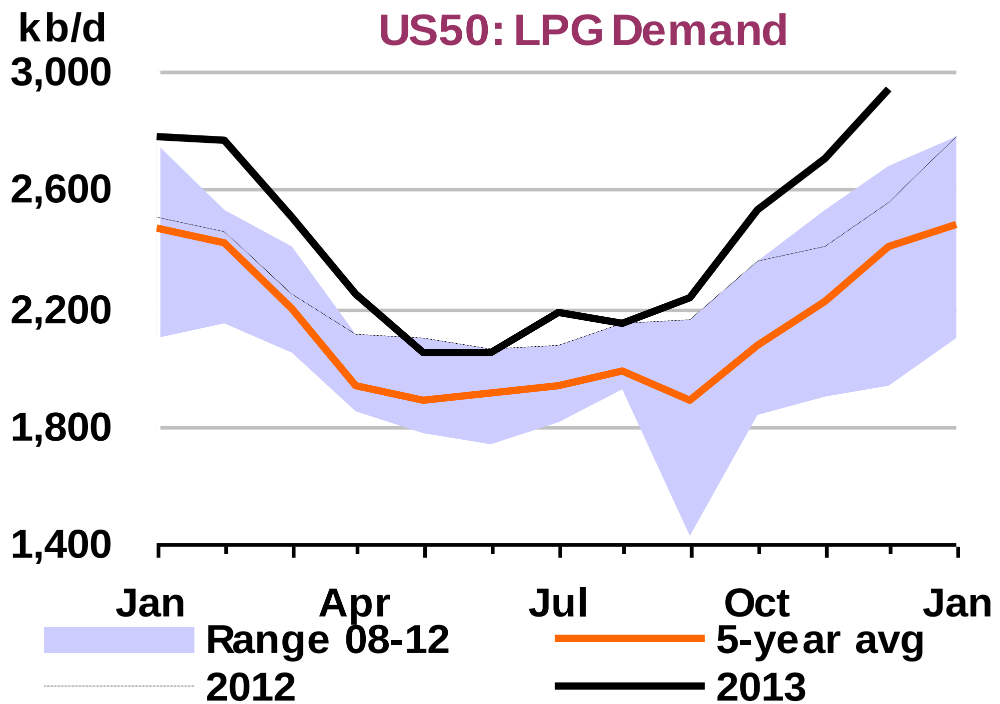
2013 Non-OPEC Supply Up 1.35 mb/d y-o-y

Dec Non-OPEC Supply Dn 335 kb/d on Biofuels



- Offset by OPEC declines
- 2014 non-OPEC growth forecast at 1.7 mb/d, led by North America, with smaller growth in the FSU, South America, and Africa

Demand surprise



- **US demand revised upwards in 4Q13**
  - **October revised up 585 kb/d to 19.3 mb/d**
  - **Petrochemical/agricultural demand for LPG**
- **+2.1% Growth in 2013, to 18.9 mb/d, 180 kb/d above month earlier forecast**