Tamas Varga

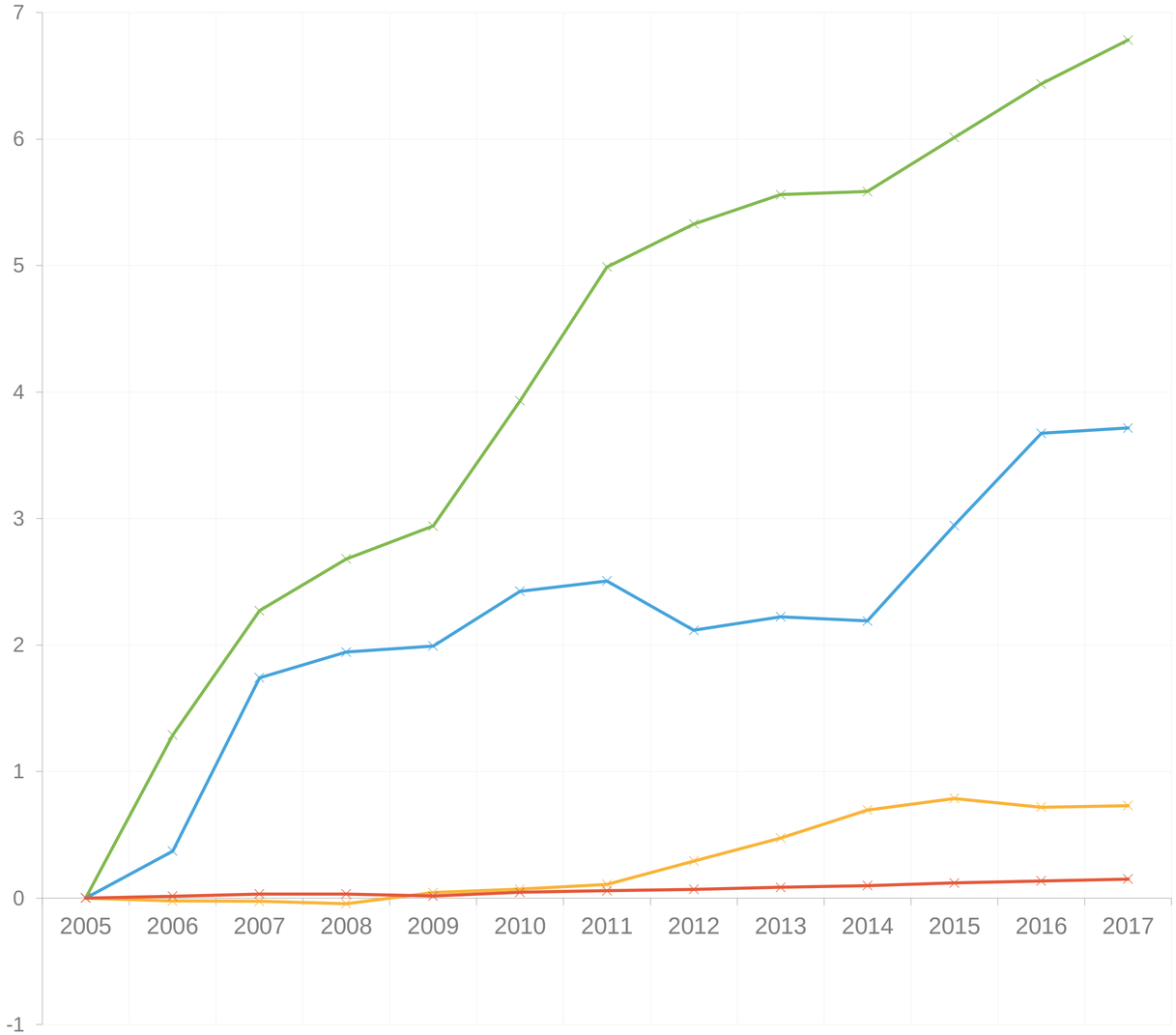
PVM Oil Associates

Recent Oil Market Volatility

16 March 2017

Increasing Demand

Financial Bests Physical



Brent Futures

678%

Source: ICE

US Production

73%

Source: EIA

WTI Futures

372%

Source: CME

Global Oil Demand

15%

Source: OPEC

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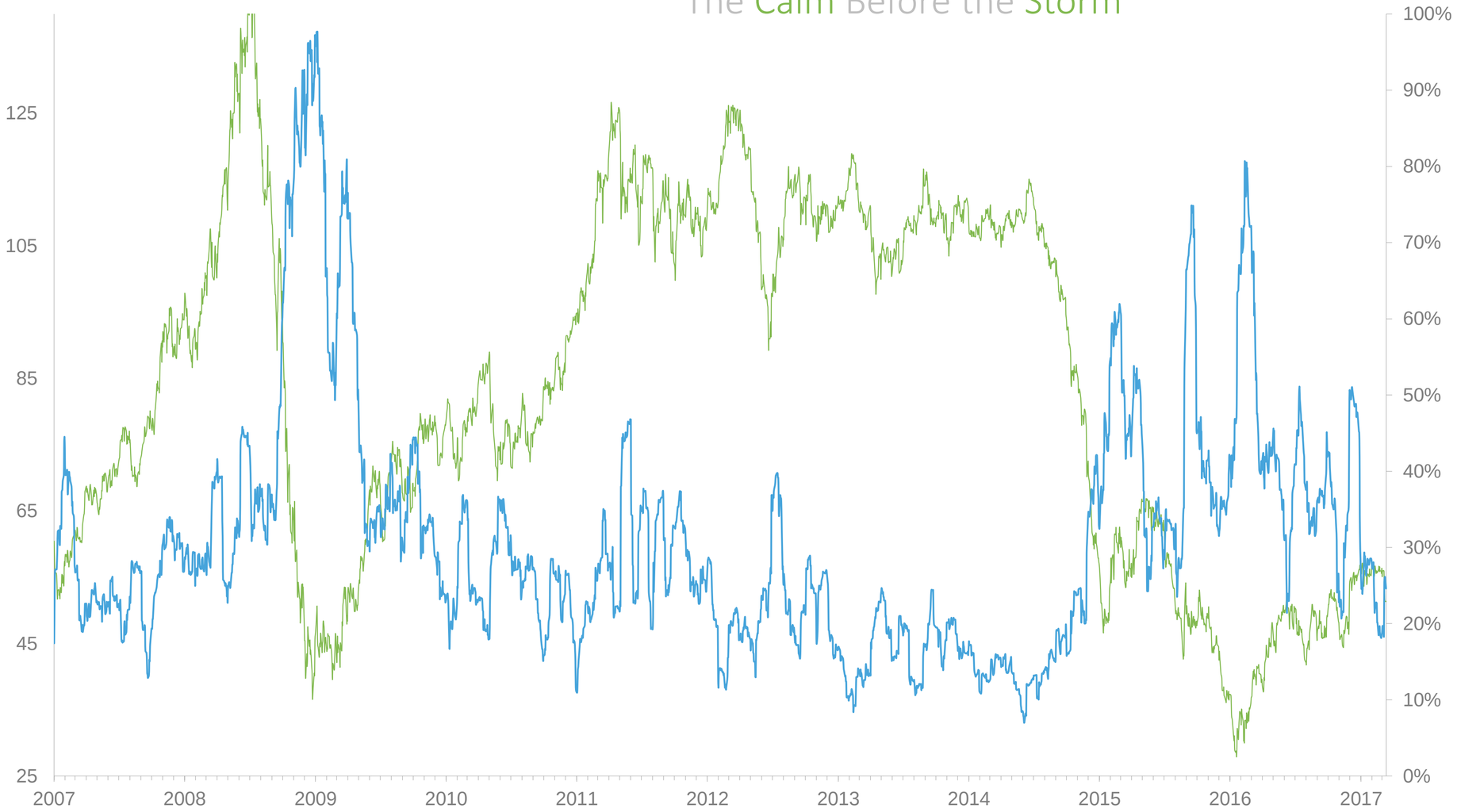
3 Years of Falling Volatility

The Calm Before the Storm



Brent Futures

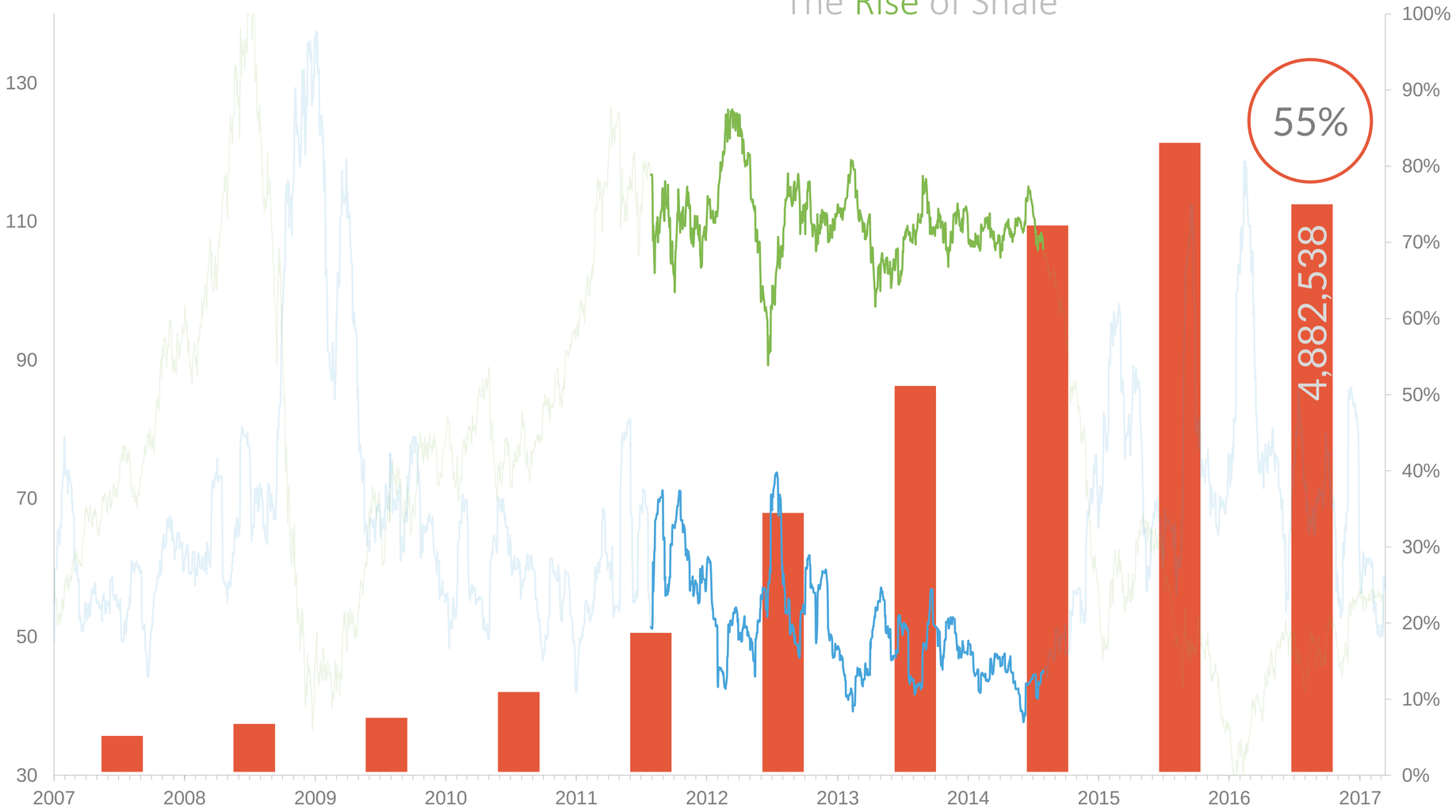
Source: ICE

Brent Volatility

Source: ICE

Increase in US Shale Output

The Rise of Shale



Brent Futures

Source: ICE

US Shale Production

Source: EIA

Brent Volatility

Source: ICE

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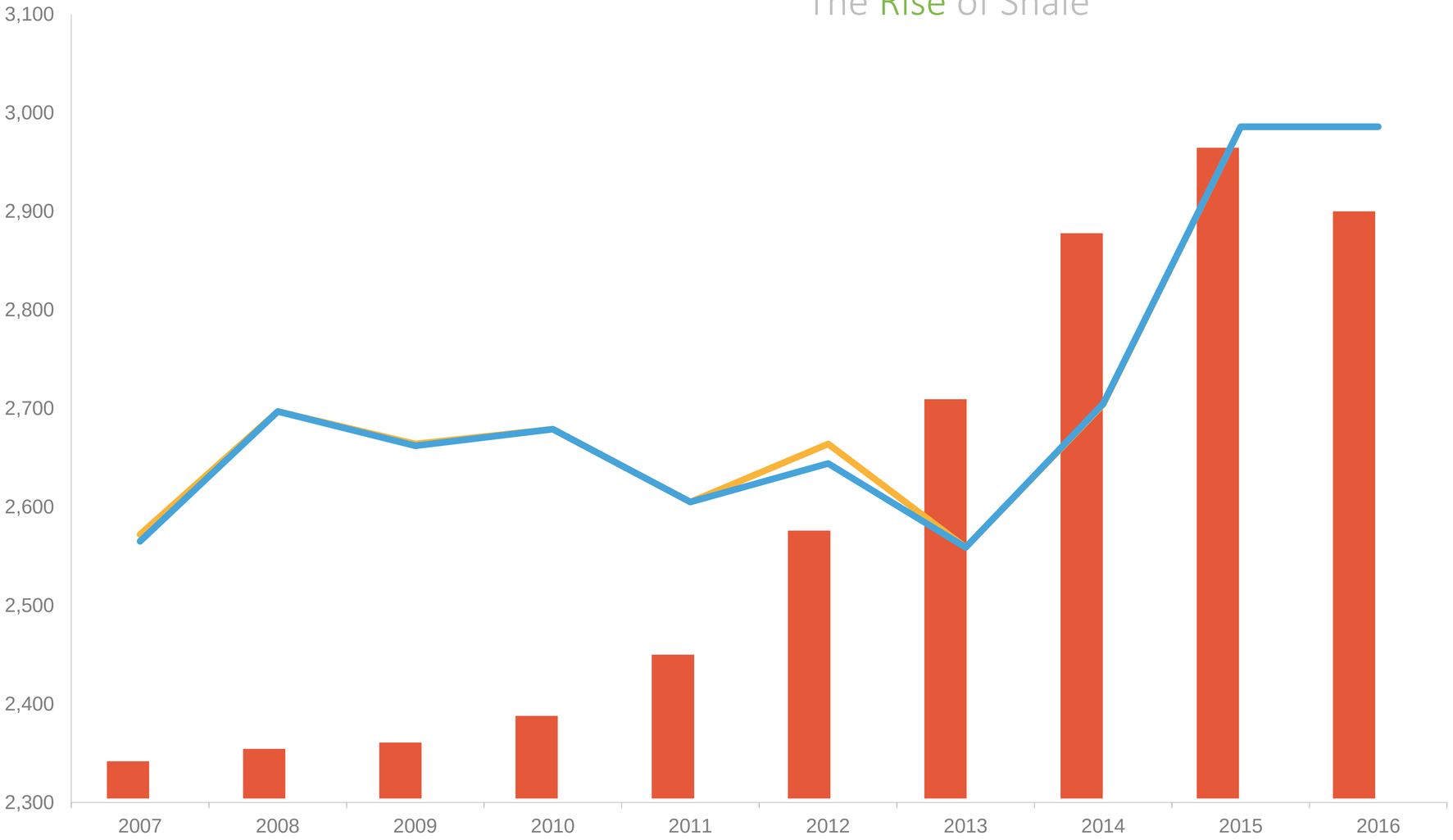
Increase in US Shale Output

The Rise of Shale



OECD Industrial Stocks

Source: EIA, OPEC

US Shale Production

Source: EIA

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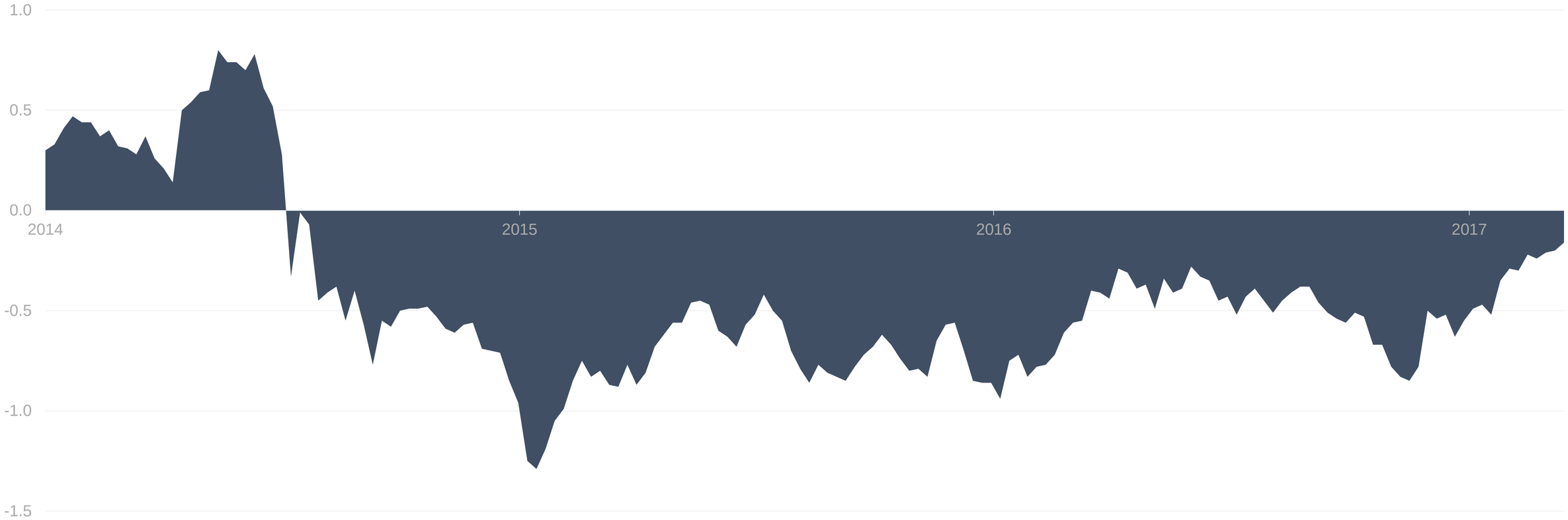
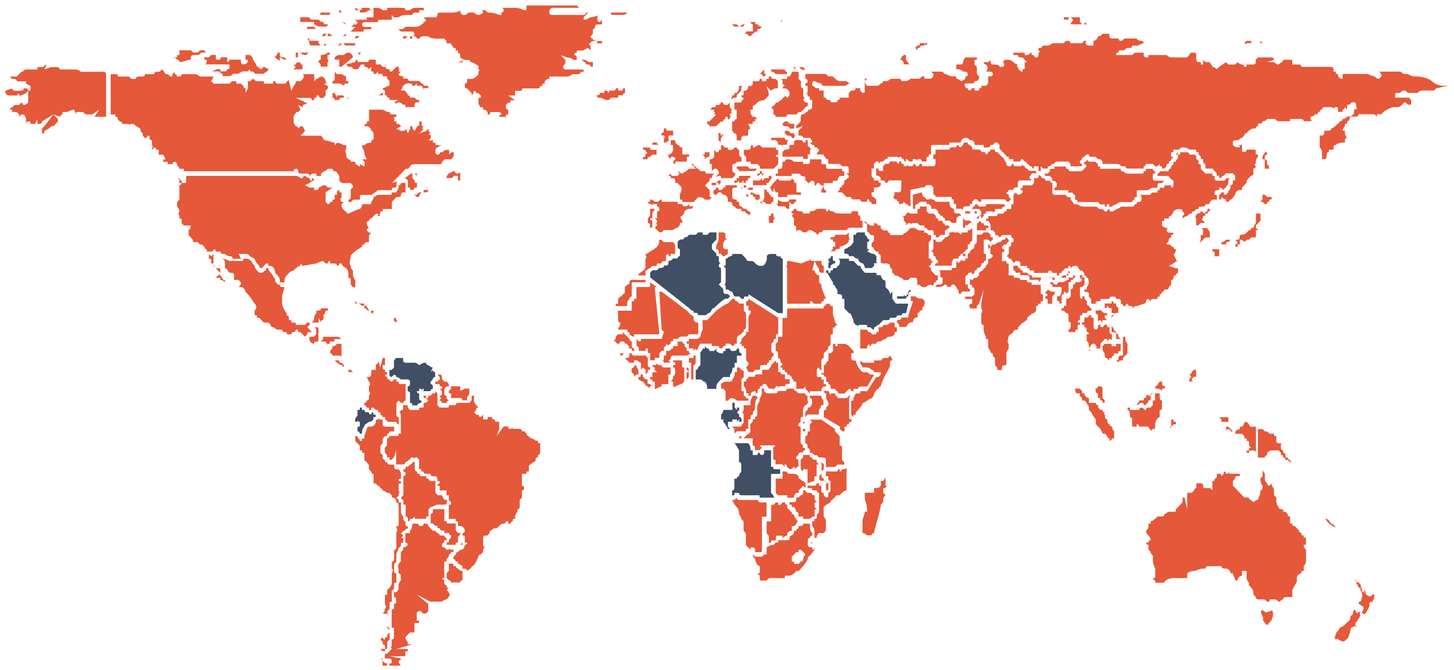
2nd v 3rd Month ICE Brent Spread

Market remains in contango



OPEC Production

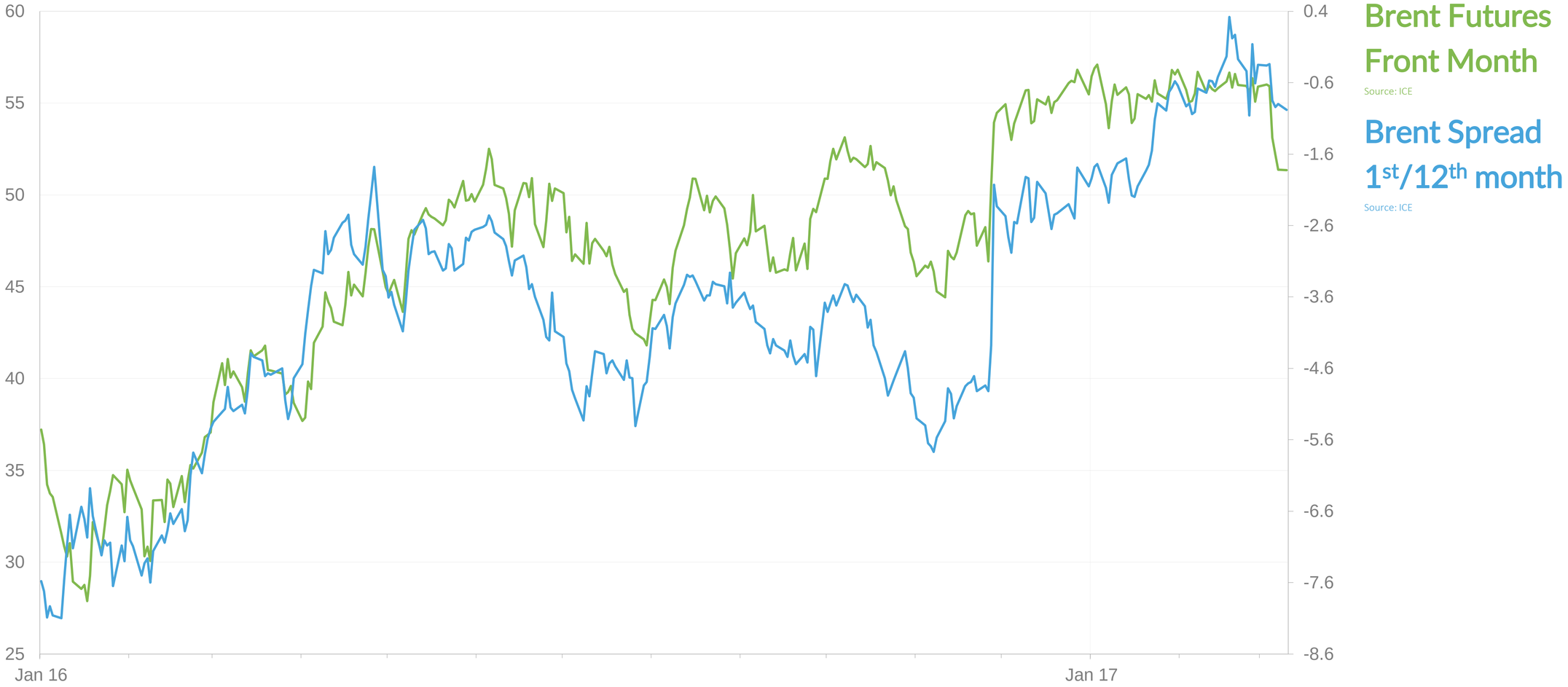
OPEC strikes a deal



Algeria - 1,039	71%
Angola - 1,673	141%
Ecuador - 522	85%
Gabon - 193	88%
Iran - 3,797	86%
Iraq - 4,351	70%
Kuwait - 2,707	98%
Qatar - 618	85%
Saudi Arabia - 10,058	155%
UAE - 2,874	62%
Venezuela - 1,972	84%
Libya - 528	
Nigeria – 1,628	

Flat Price Range Bound

Structure Strong



Brent Futures Front Month

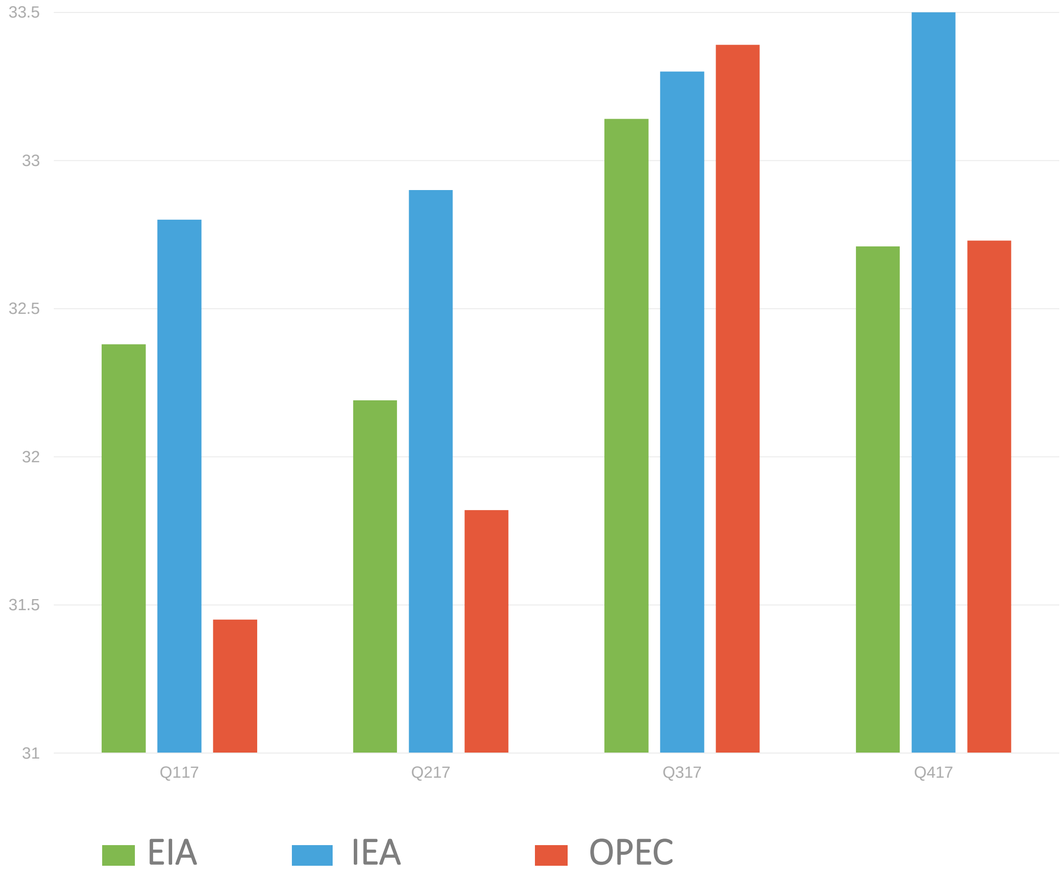
Source: ICE

Brent Spread 1st/12th month

Source: ICE

Call on OPEC oil

Confusing Forecasts



Q1 **1.35mbpd**

Q2 **1.08 mbpd**

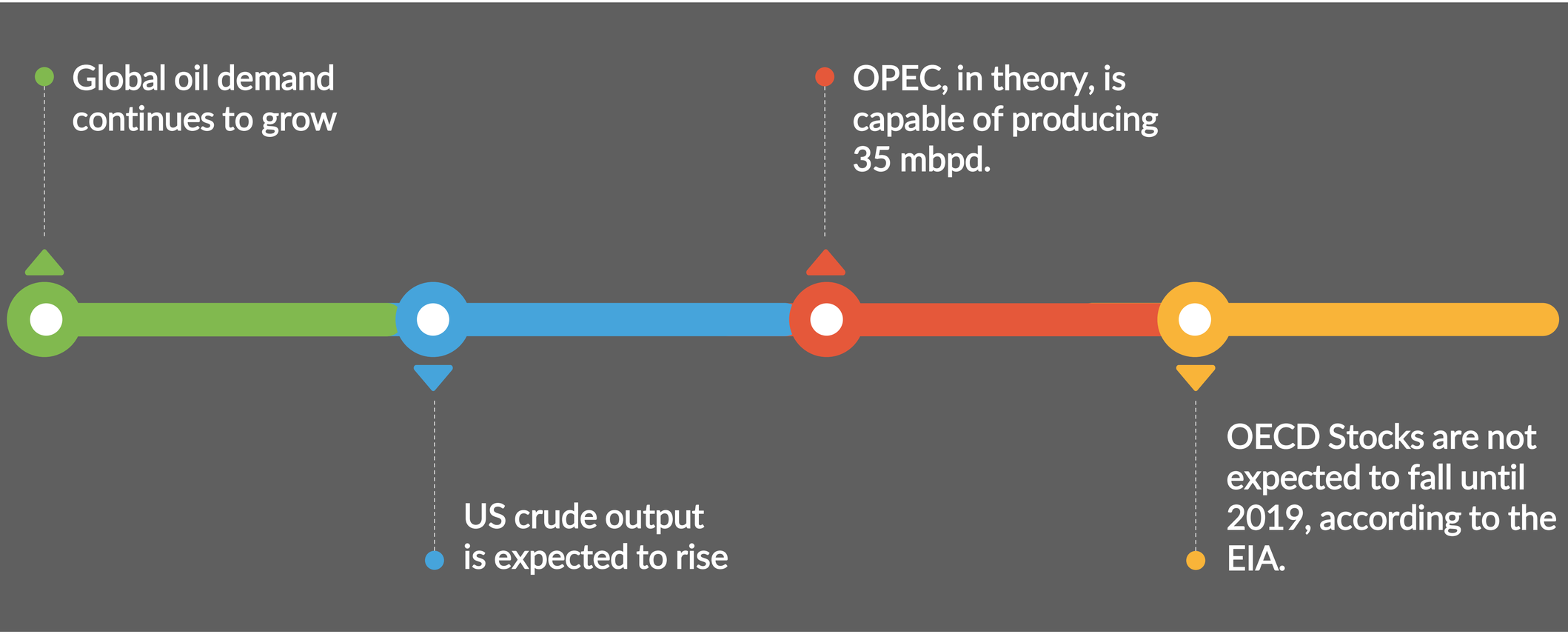
Q3 **0.25 mbpd**

Q4 **0.79mbpd**

2017 average difference 0.78 mbpd.

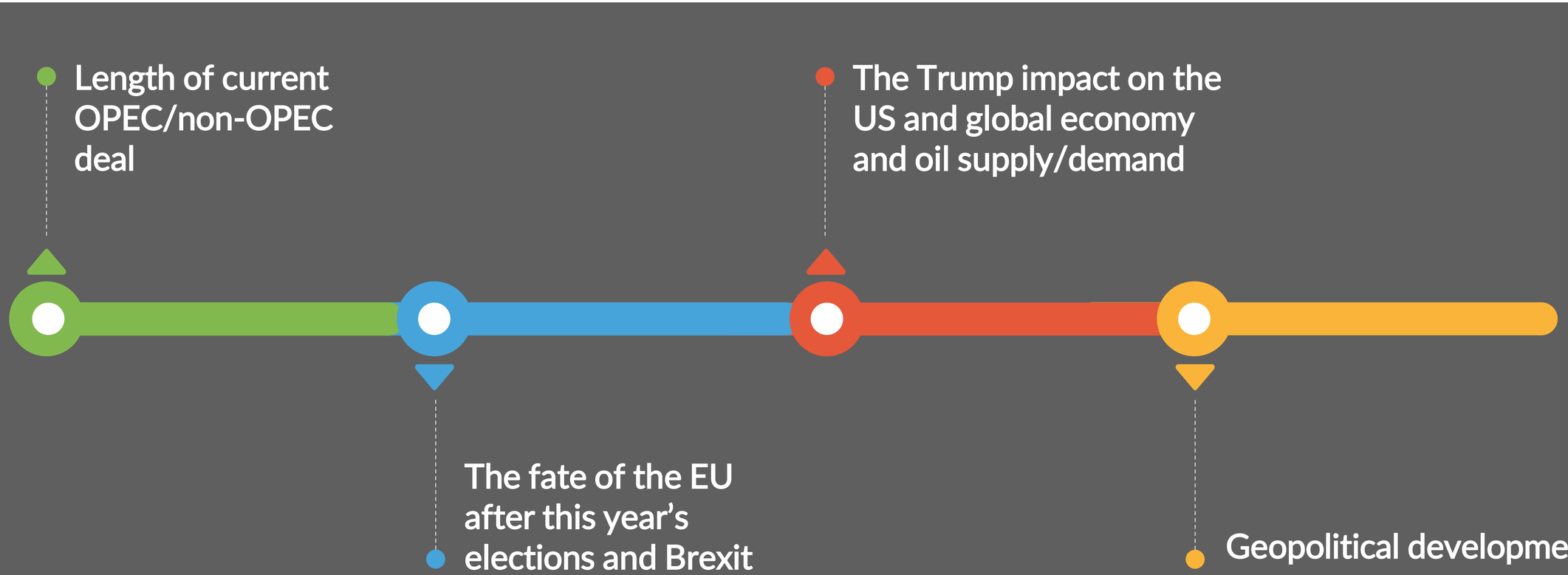
Going Forward

The Known Knowns



Going Forward

The Known Unknowns



Thank you for your attention.

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