Plenary Session 1

Oil markets: outlook and the stability challenge

Presented by:

M.S. Barkindo
OPEC Secretary General
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Upheaval and volatility in the oil market

- Sharp slide in crude oil prices since mid-2014
- Global E&P spending has fallen dramatically

**Crude oil price and volatility (2014–2016)**

**Cumulative growth in liquids supply (2008–2015)**

- Non-OPEC: 7.9 (mb/d)
- OPEC crude: 1.8 (mb/d)
- OPEC NGL: -0.3 (mb/d)
- US: 6.4 (mb/d)
- Canada: 1.2 (mb/d)
- Russia: 1.0 (mb/d)
- Brazil: 0.7 (mb/d)
- China: 0.5 (mb/d)
- Colombia: 0.4 (mb/d)
- Others: -0.3 (mb/d)
- Syria: -0.4 (mb/d)
- Norway: -0.5 (mb/d)
- Mexico: -0.6 (mb/d)
- UK: -0.6 (mb/d)
Excess supply and the OECD stock overhang

- Excess supply and OECD stock overhang at 339 mb by end-August 2016
- Oil price decline and rebound are correlated with excess stock levels (inverse relationship)
Oil market gradually rebalancing, as supply and demand realign

In 2016, global oil demand is robust at 1.2 mb/d, while non-OPEC supply contracts -0.6 mb/d

World oil demand and supply growth, (2014–2016, mb/d)
Global oil demand is projected to increase by around 17 mb/d and reach 110 mb/d in 2040. Crude oil will largely supplement the growth with complementary volumes from other liquids.
Facing challenges: a continuous process

- The uncertain prospects for the global economy
- Excessive speculation and the role of financial markets for commodities
- The impact of geopolitics
- Energy policy directions
- Investments in the face of large uncertainties
- Technology advances in exploration and production
- Promotion and deployment of cleaner technologies (enhanced CCS with EOR)
- Environmental and sustainable development concerns (energy poverty)
Oil markets are dependent on stability

Striving jointly for common ground to:

- Reduce the length and depth of downturns, and lessen any volatility
- Make the petroleum industry more resilient and more efficient
- Ensure an enabling environment for the timely and adequate investments
- Enhance energy data transparency (JODI) and predictability
- Develop coordinated approaches to complex challenges and the multitude of uncertainties

Market stability and sustainable energy development goes hand-in-hand with open dialogue and action-oriented cooperation to evolve inclusive solutions

OPEC remains a reliable supplier of oil and a dependable partner in a broad community of stakeholders and is committed to delivering a sustainable oil and energy future for all
Thank you