

15th International Energy Forum Ministerial

Algiers, 27 September 2016



Plenary Session 1 Oil markets: outlook and the stability challenge

Presented by:

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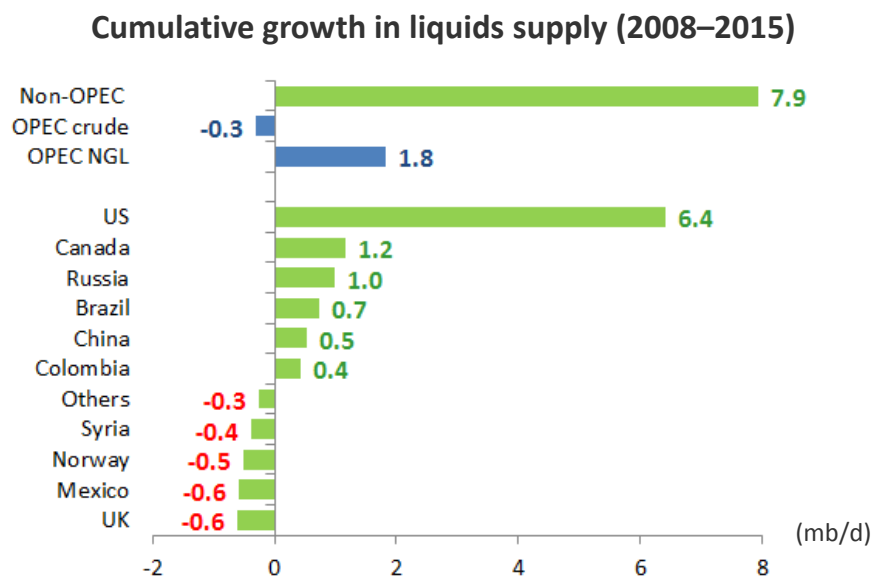
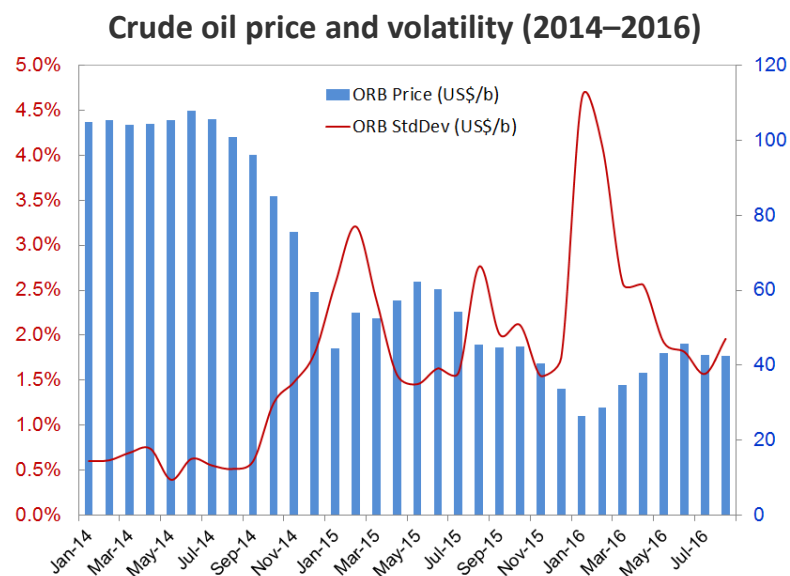


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Upheaval and volatility in the oil market



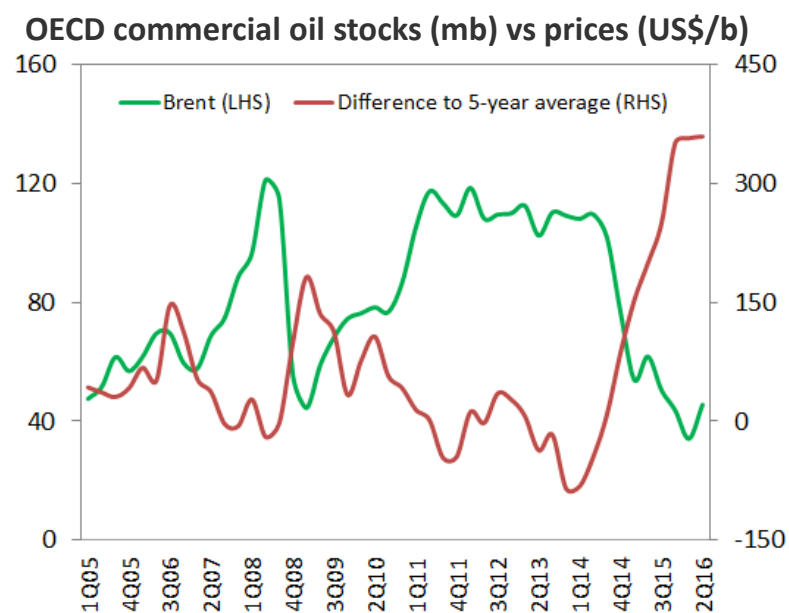
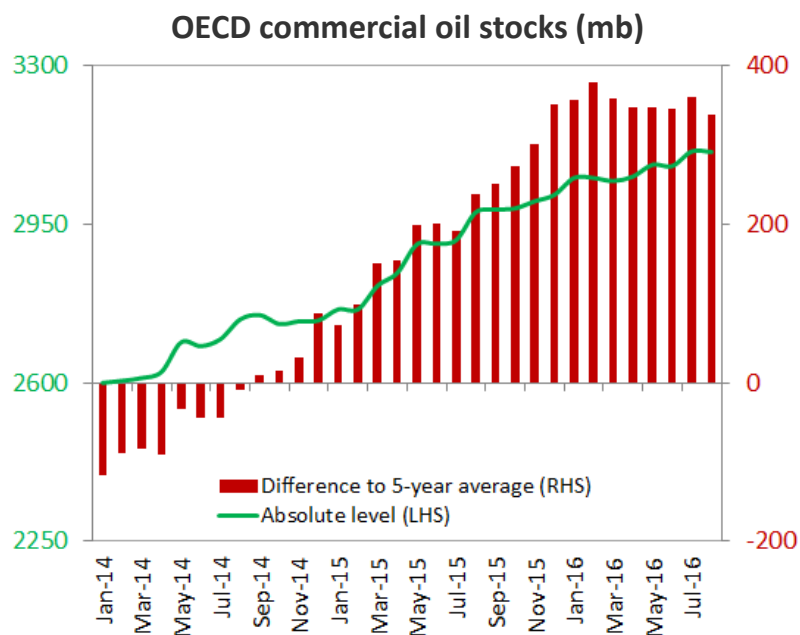
- Sharp slide in crude oil prices since mid-2014
- Supply-driven market: surge in North American supply during 2008-2015
- Global E&P spending has fallen dramatically



Excess supply and the OECD stock overhang



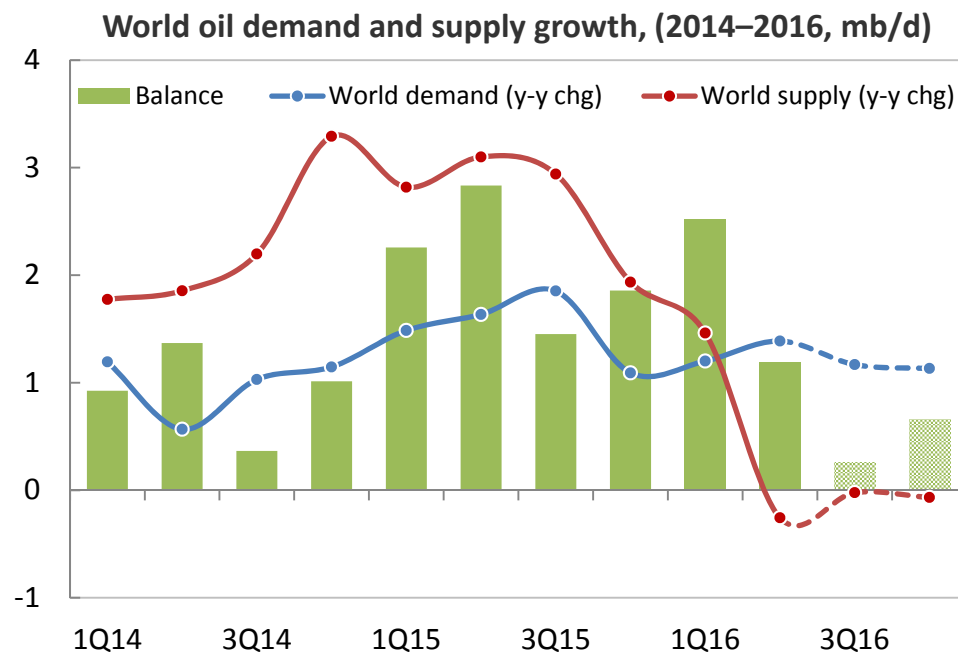
- Excess supply and OECD stock overhang at 339 mb by end-August 2016
- Oil price decline and rebound are correlated with excess stock levels (inverse relationship)



Realigning global oil demand and supply



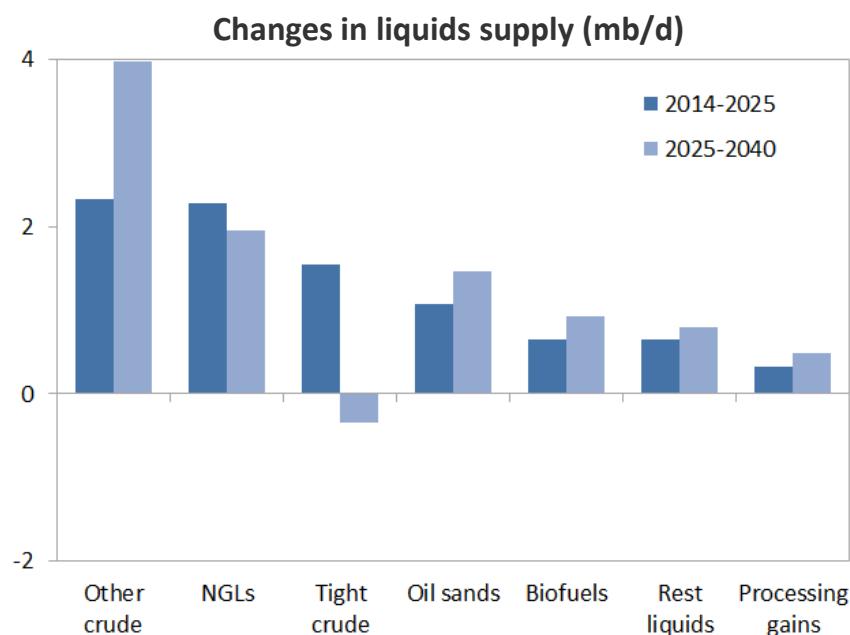
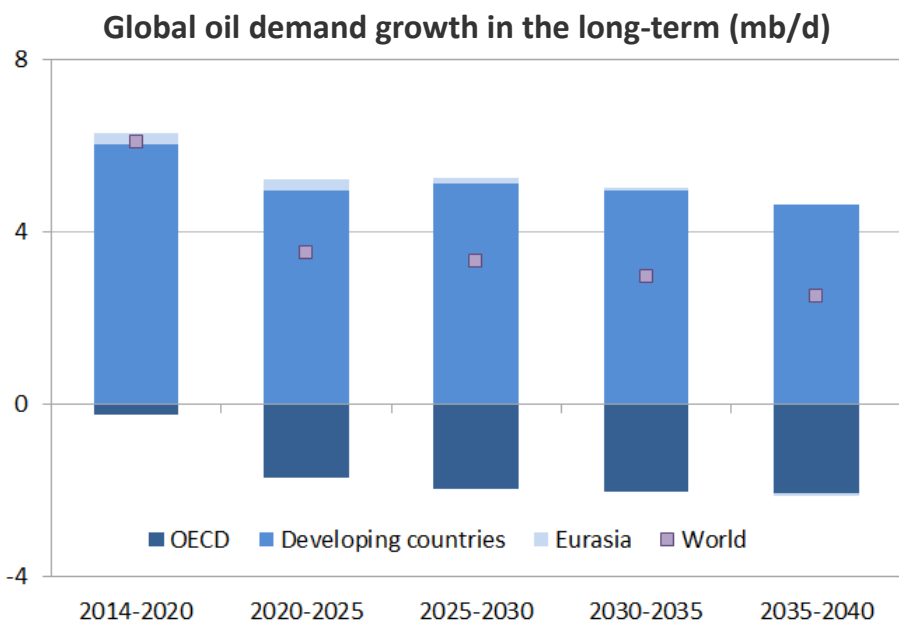
- Oil market gradually rebalancing, as supply and demand realign
- In 2016, global oil demand is robust at 1.2 mb/d, while non-OPEC supply contracts -0.6 mb/d



Oil will remain a fuel of choice



- 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

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Thank you



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