



Oil Market and Recession: The Short and the Long Term

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- Where do we come from?
- Where will it go into 2009?
- What are the main challenges?

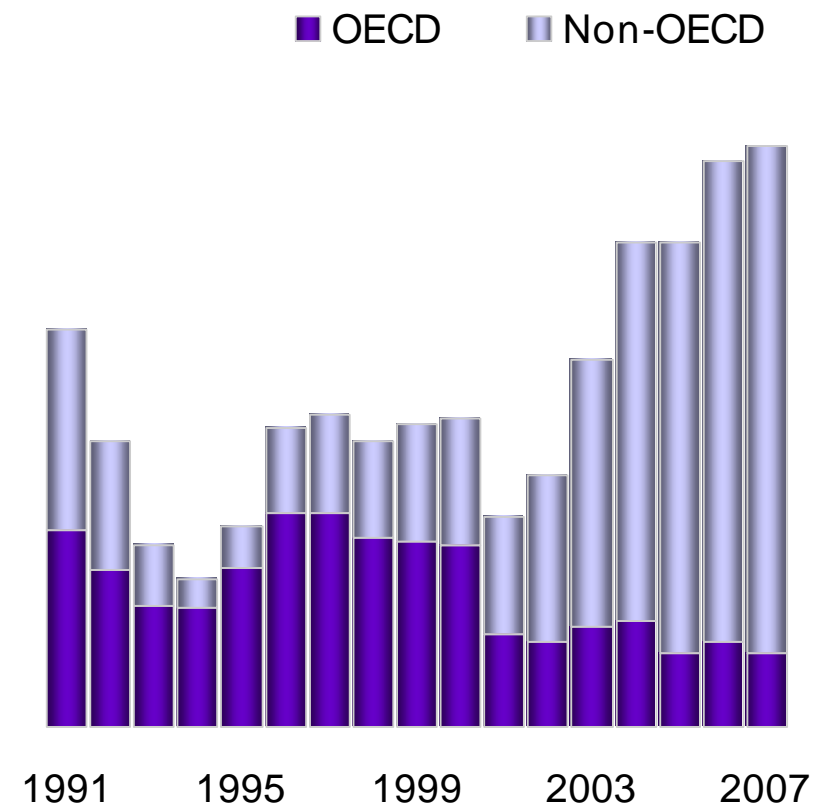
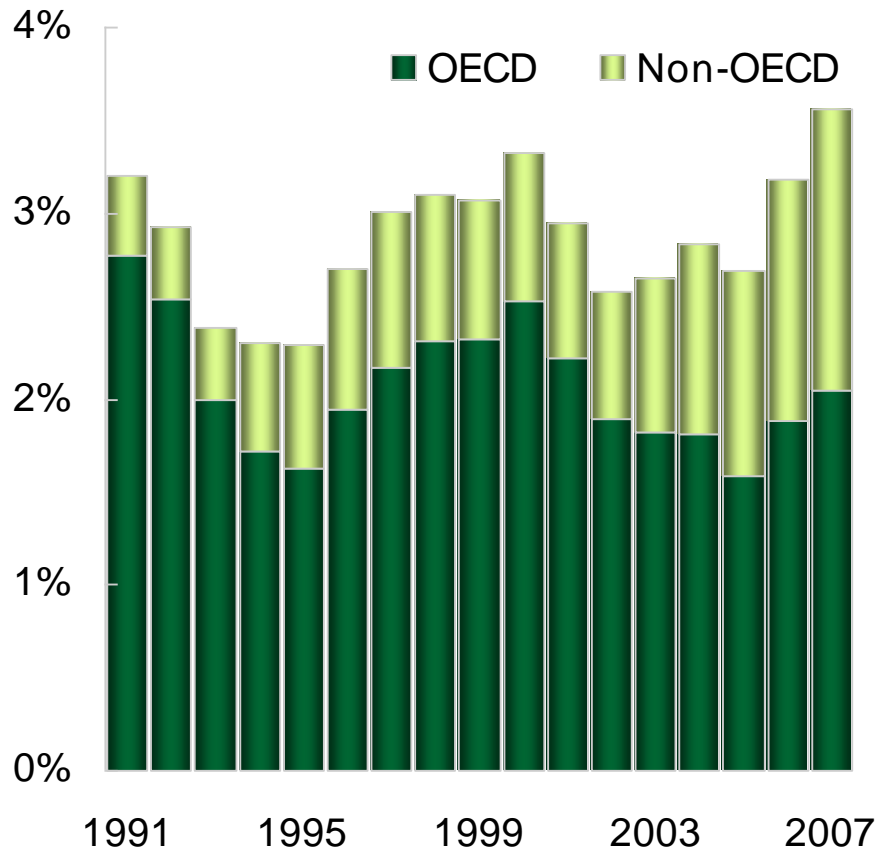
Long Term: Contributions to Demand Growth



GDP

Primary energy

5-year moving average

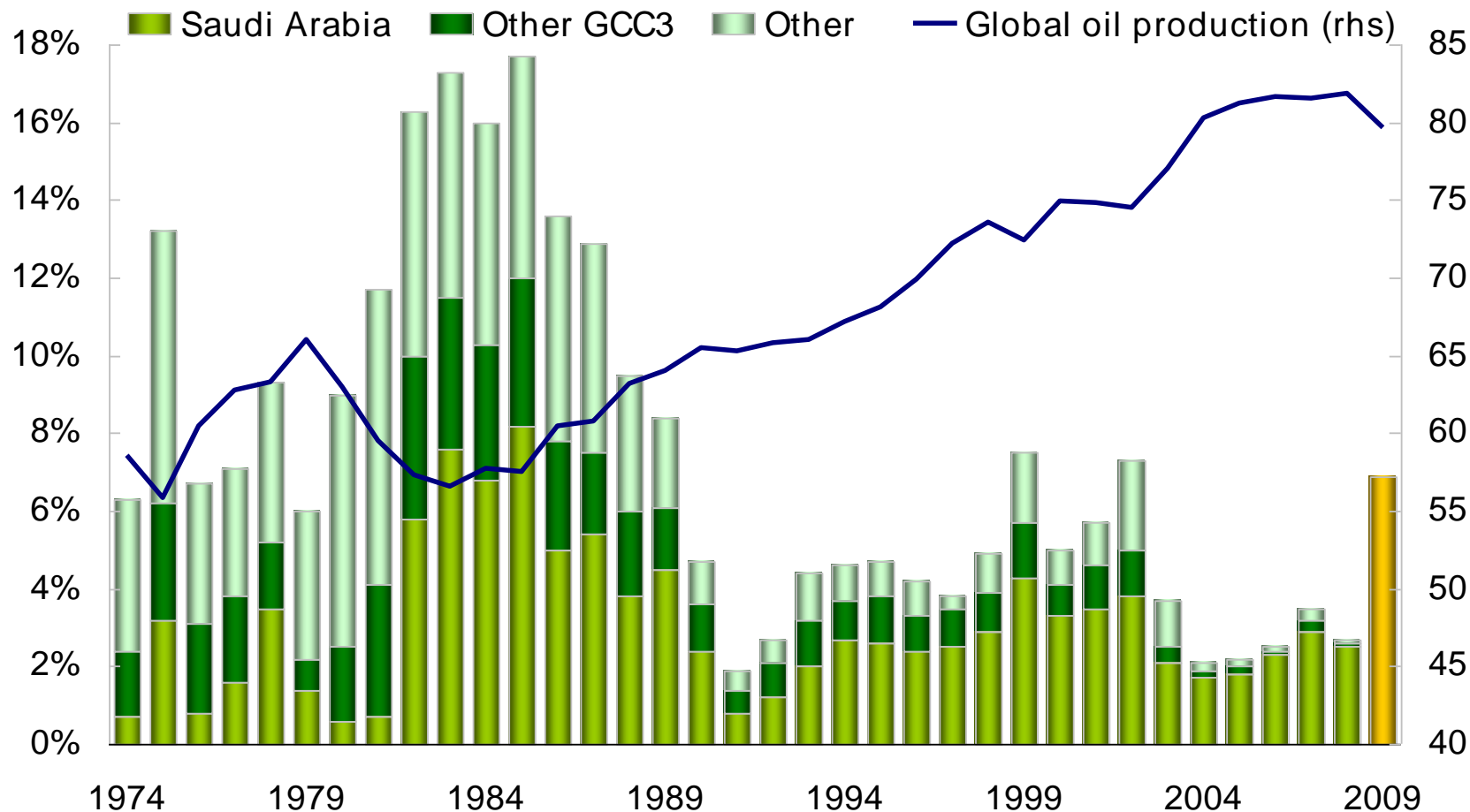


Long Term: OPEC Spare Capacity



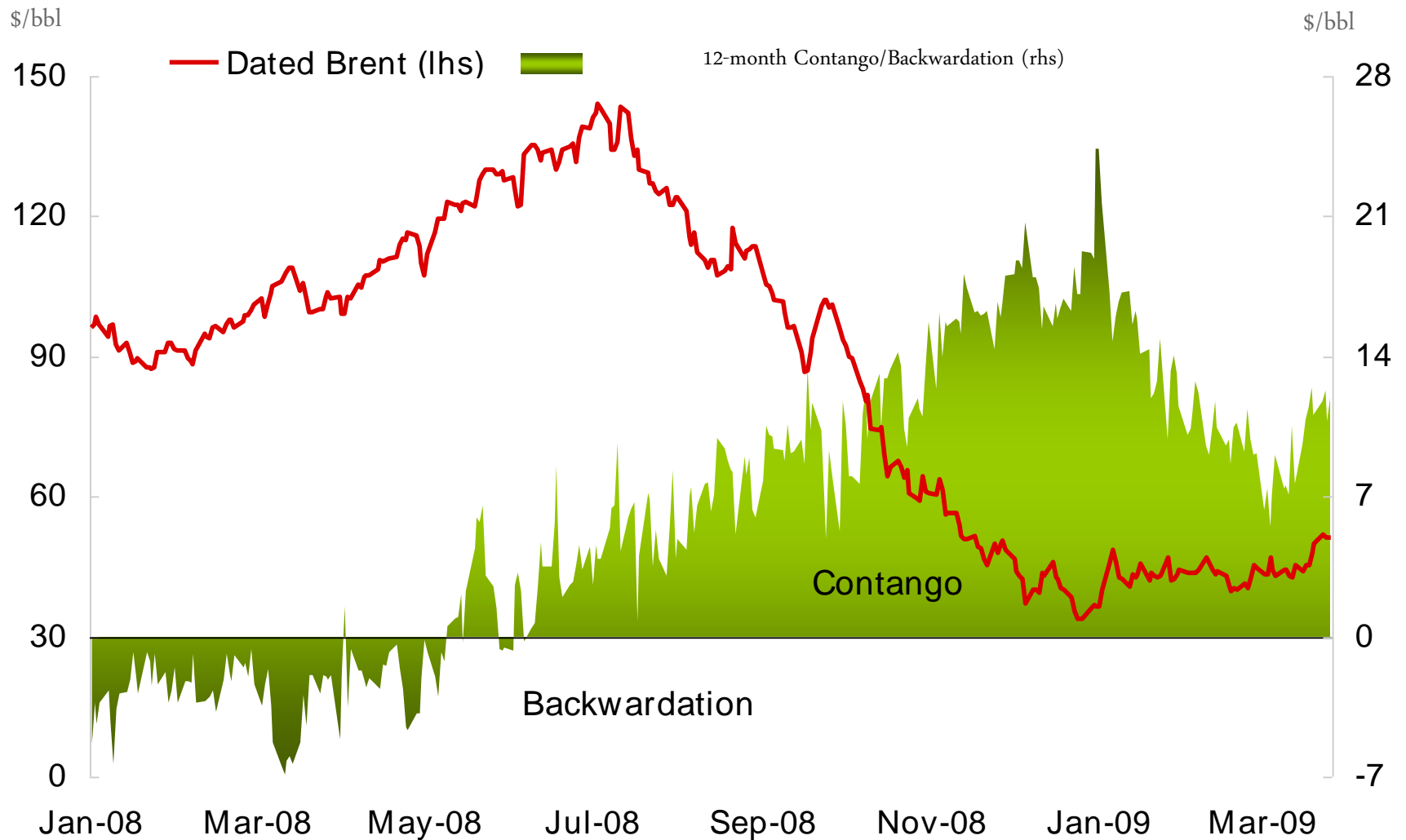
Spare capacity as a share of global oil production

Mb/d

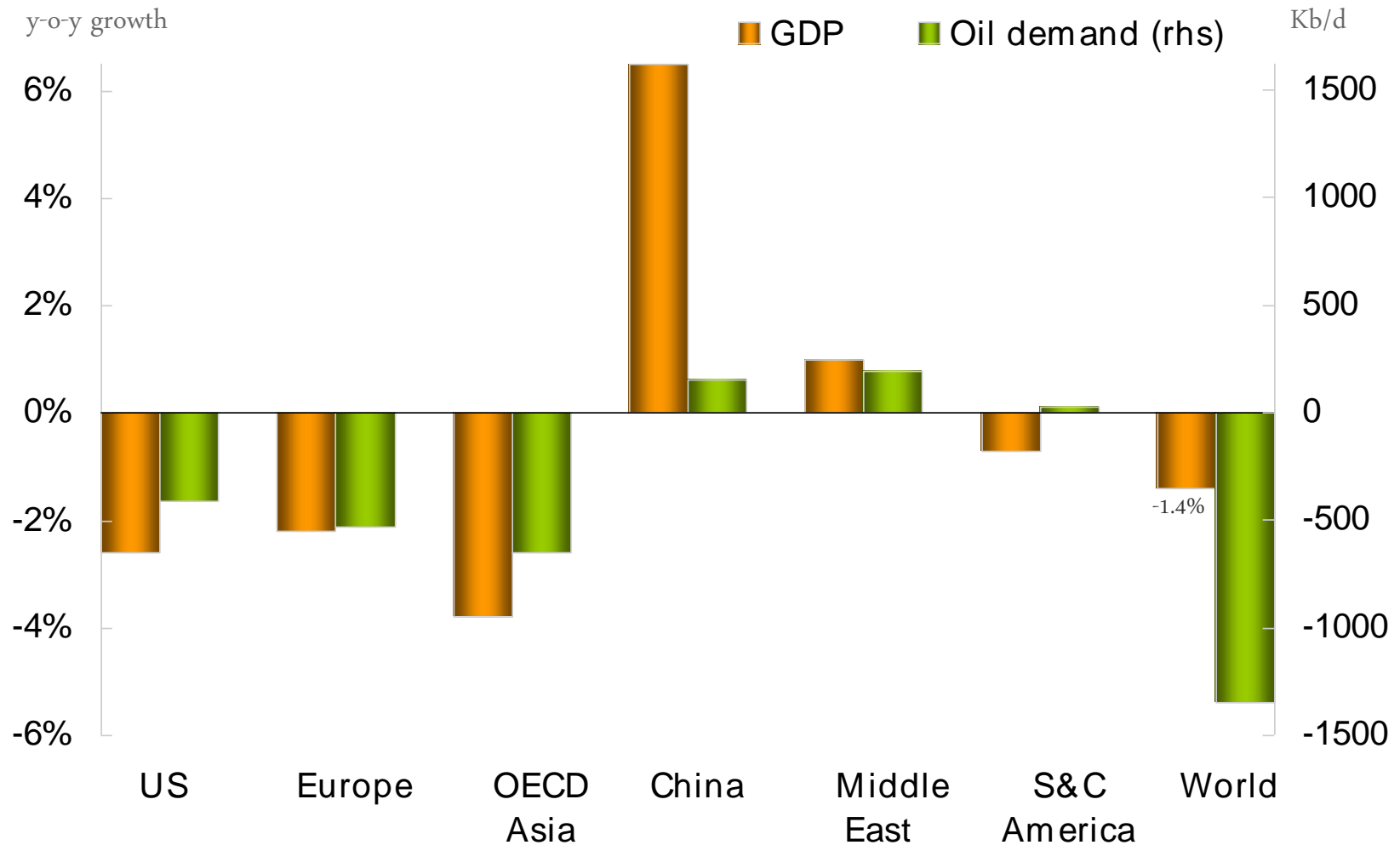


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Crude Price: What Happened?



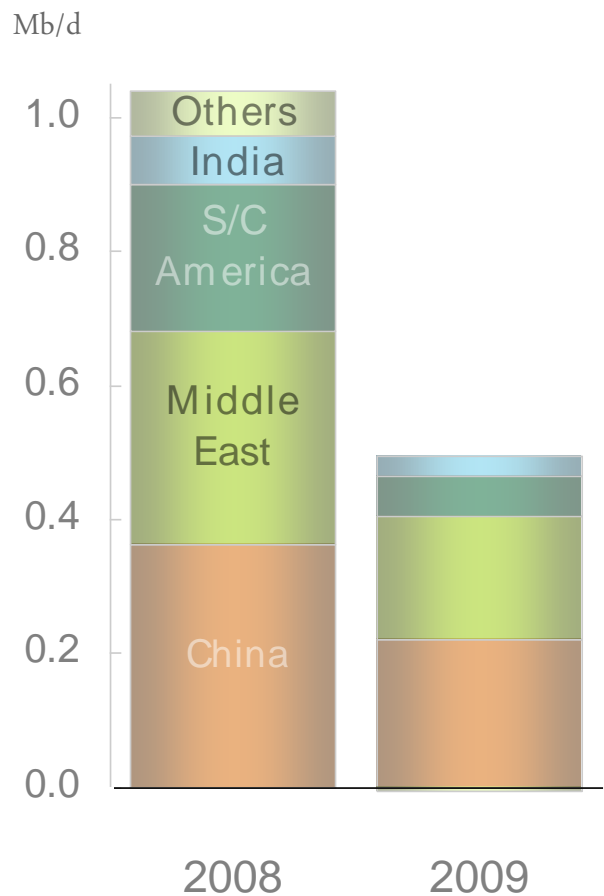
2009: GDP and Oil Demand Growth



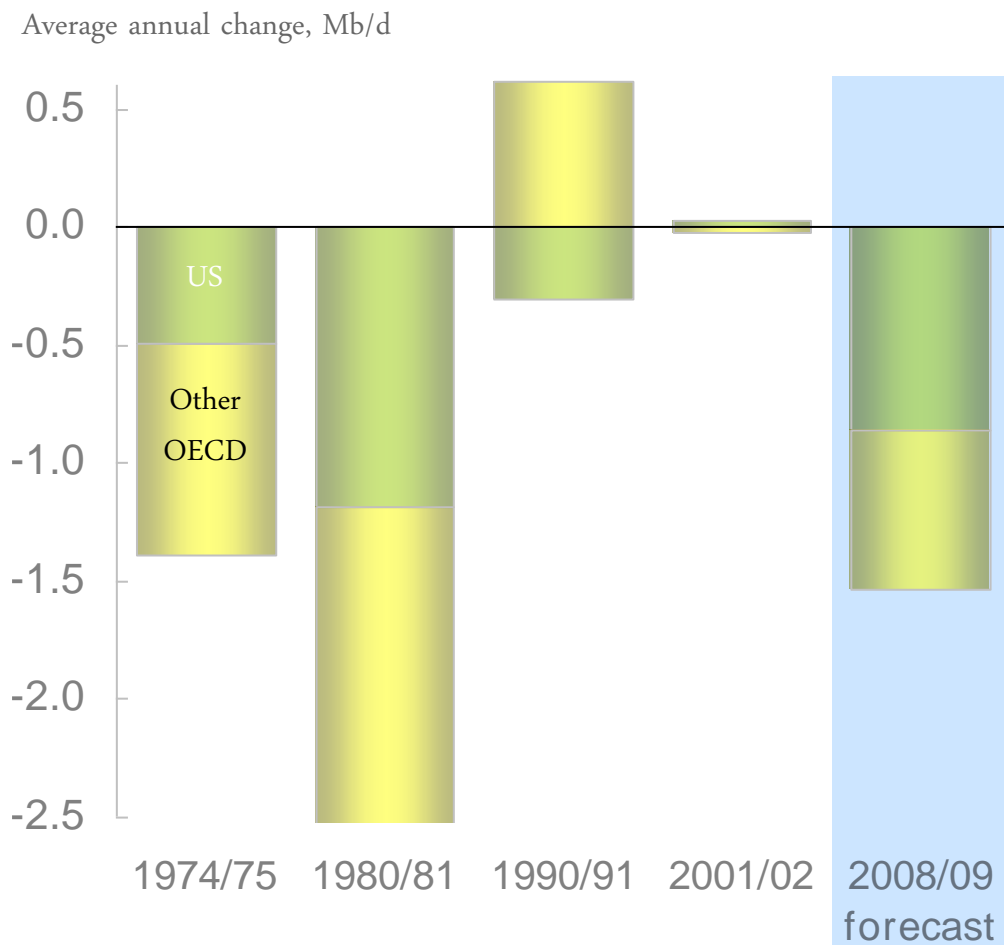
Oil Demand in Recession



Non-OECD oil consumption growth



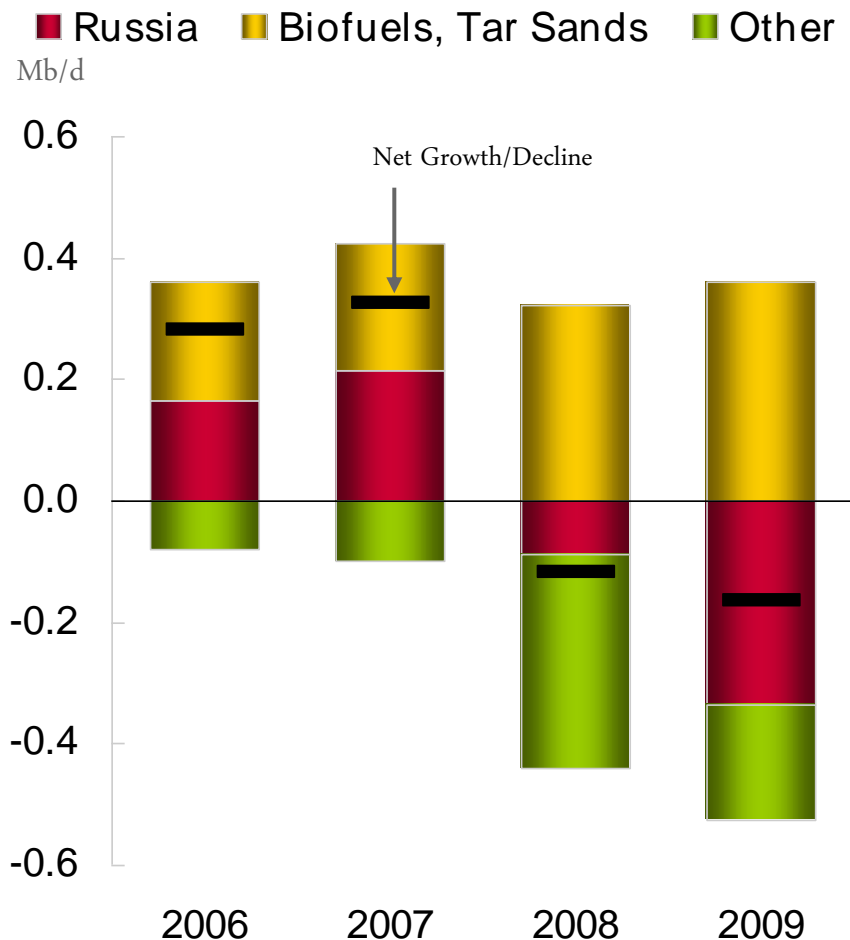
OECD oil consumption in recession



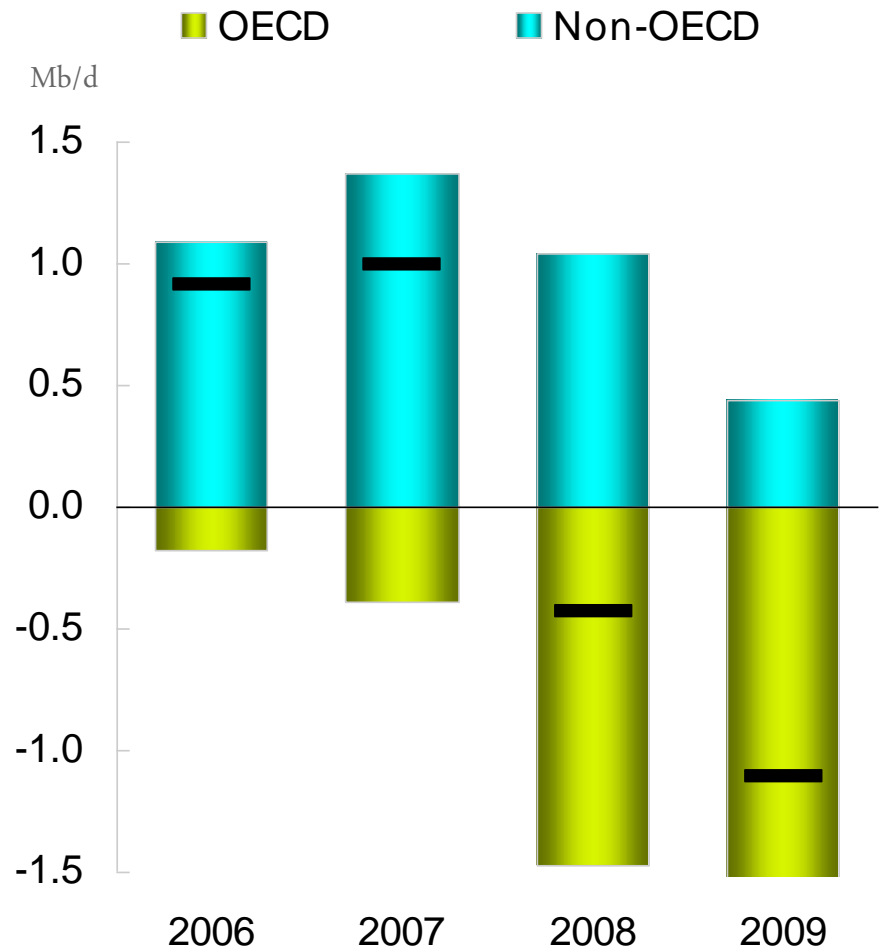
Non-OPEC Weakness Leaves Key to OPEC



Non-OPEC supply growth



Global consumption growth

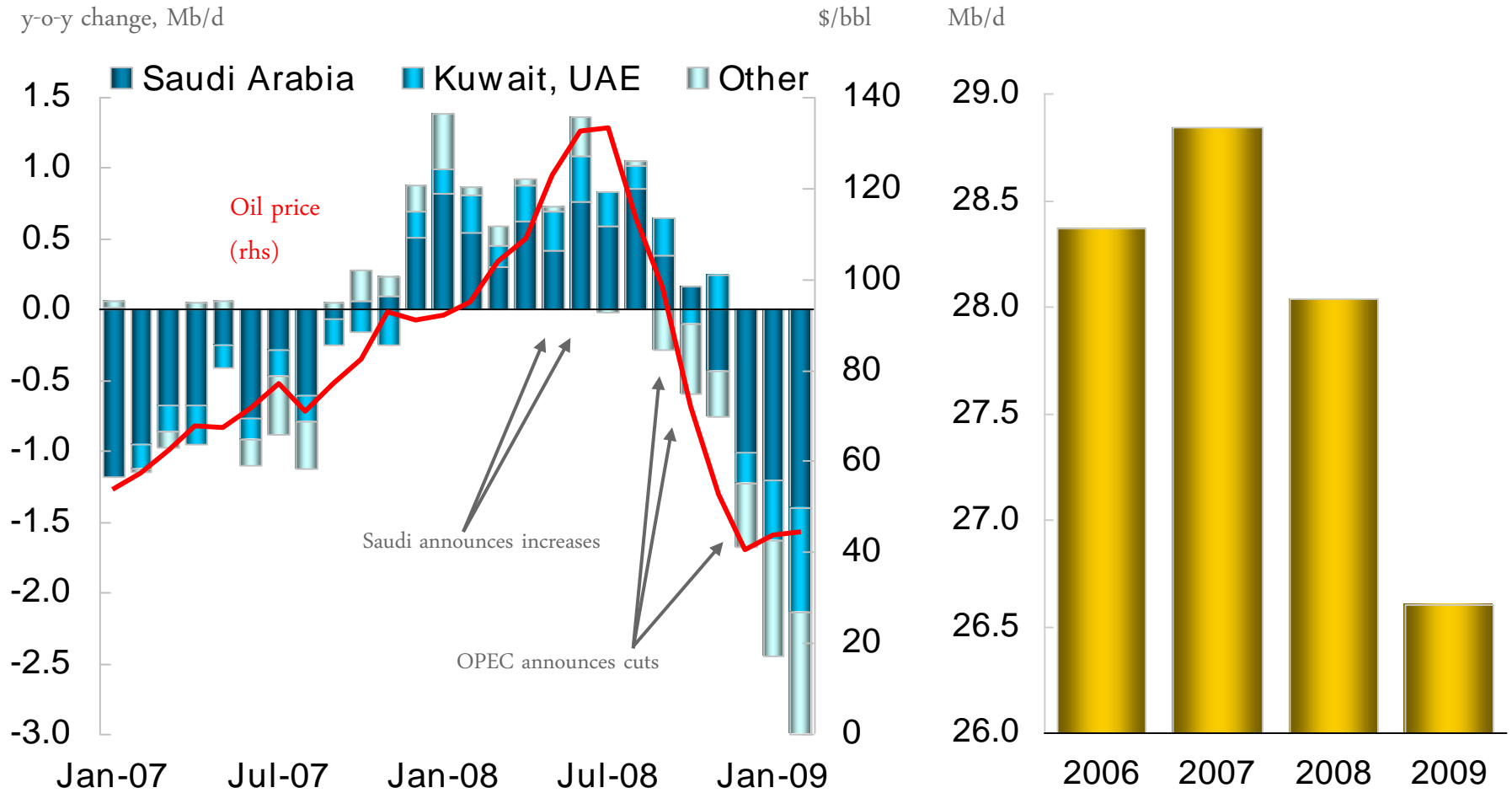


OPEC Production Management, 2007-09

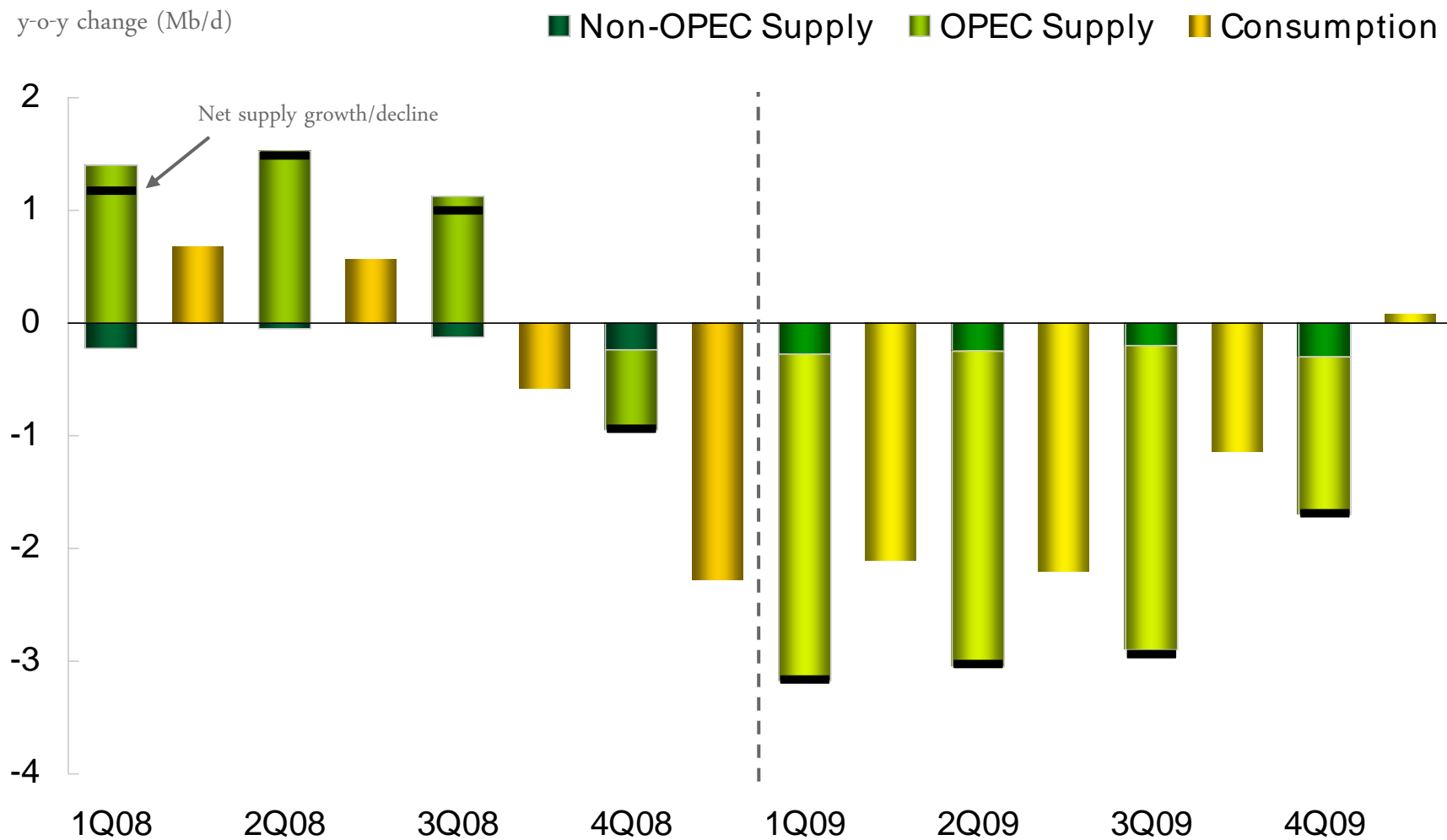


OPEC-11 Crude Production

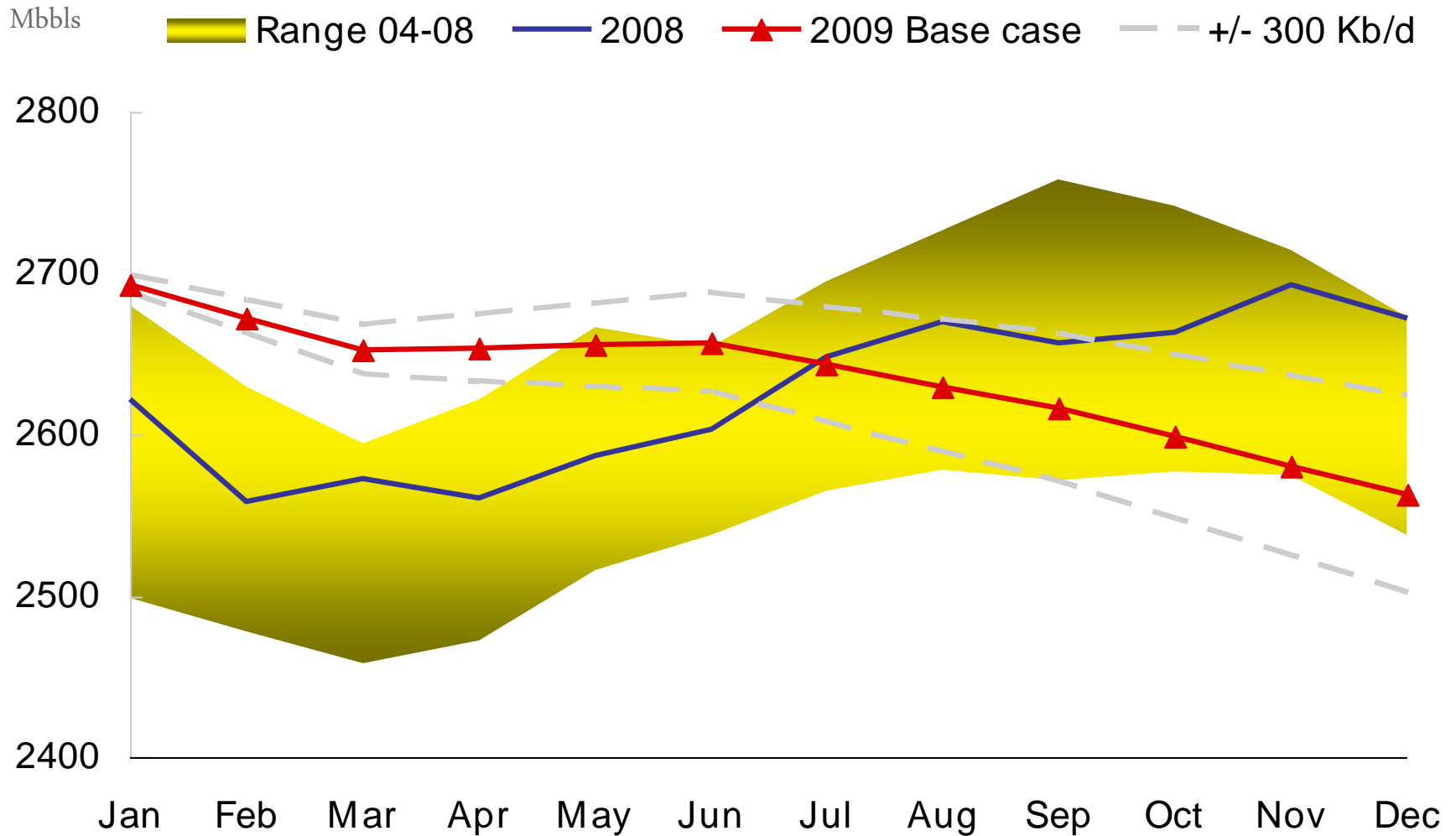
Call on OPEC-11



The Race Against Falling Demand

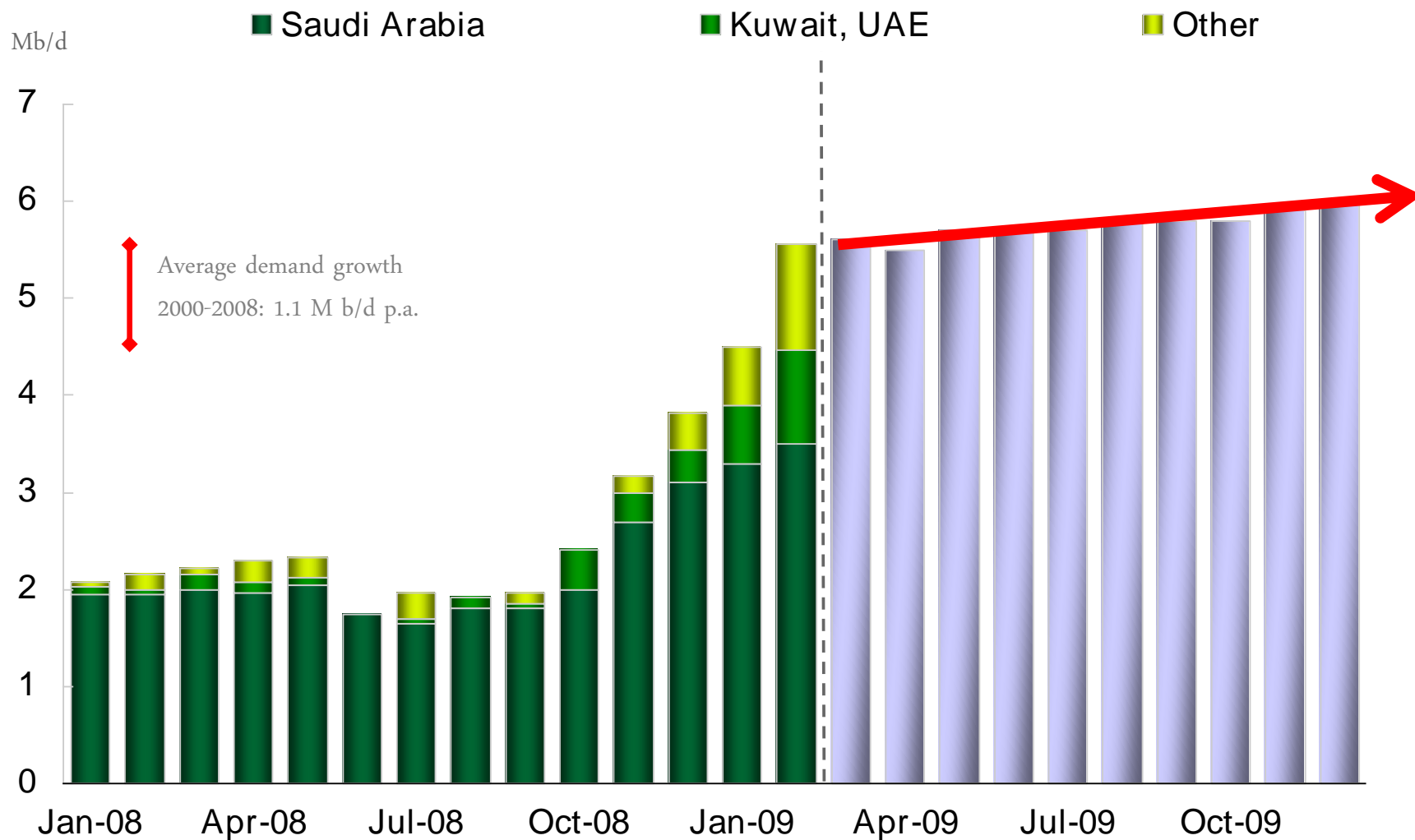


2009: OECD Commercial Inventories



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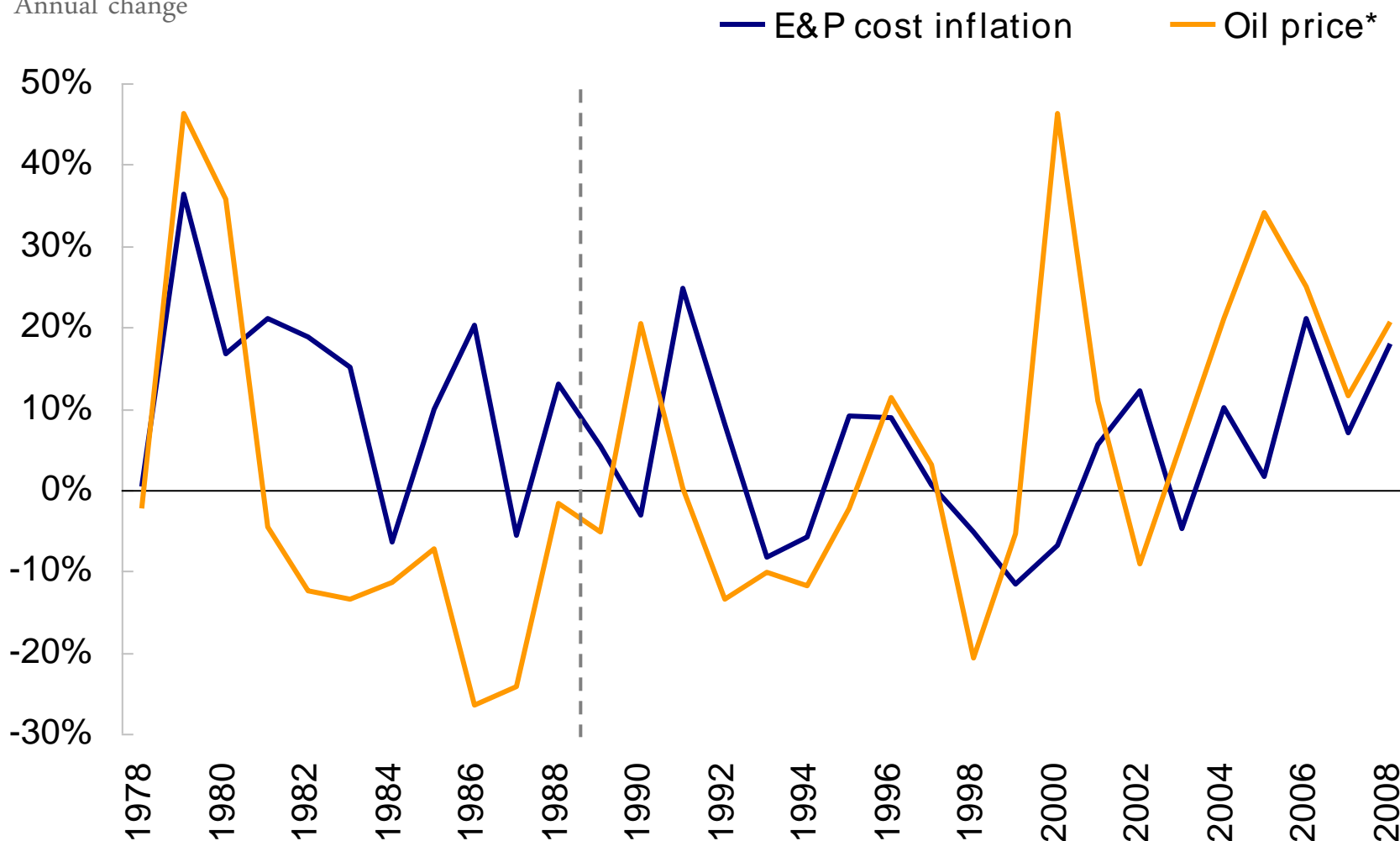
The Spare Capacity Challenge



The Cost Challenge

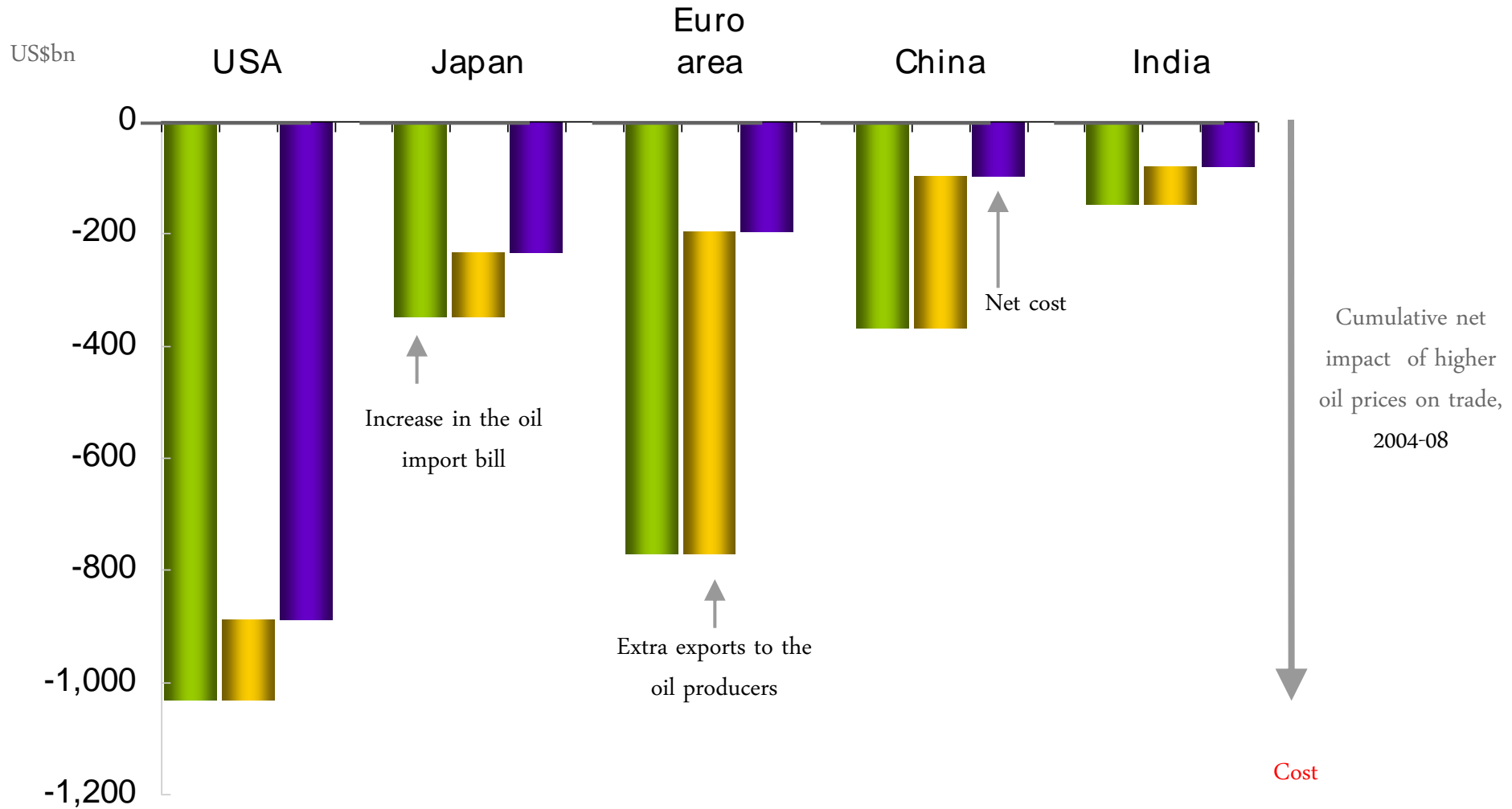


Annual change



* 2-year moving average of real oil prices

The Economic Challenge

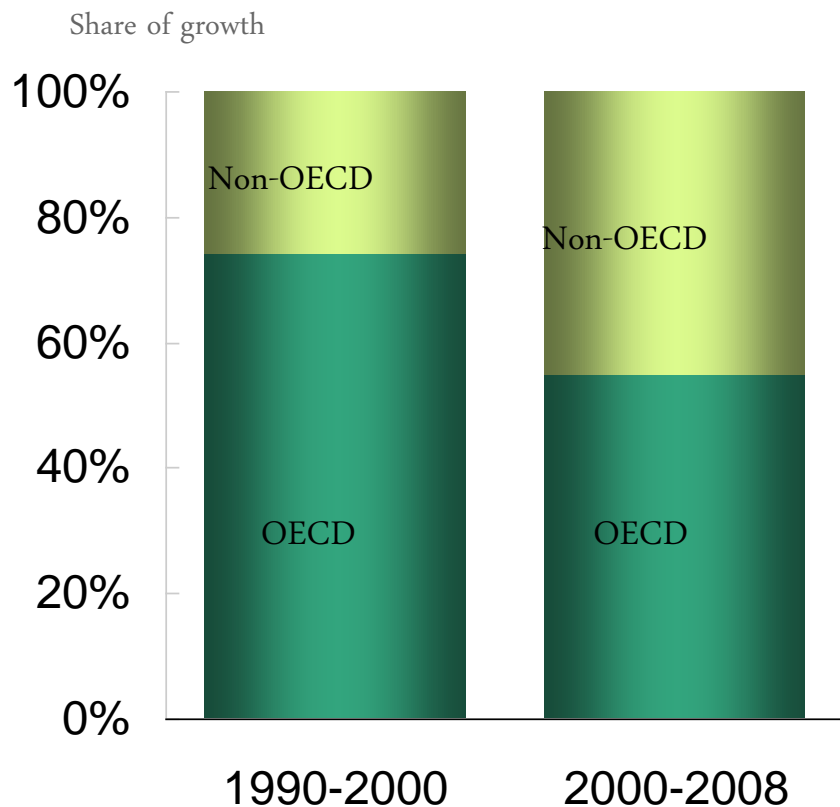


The Growth Challenge

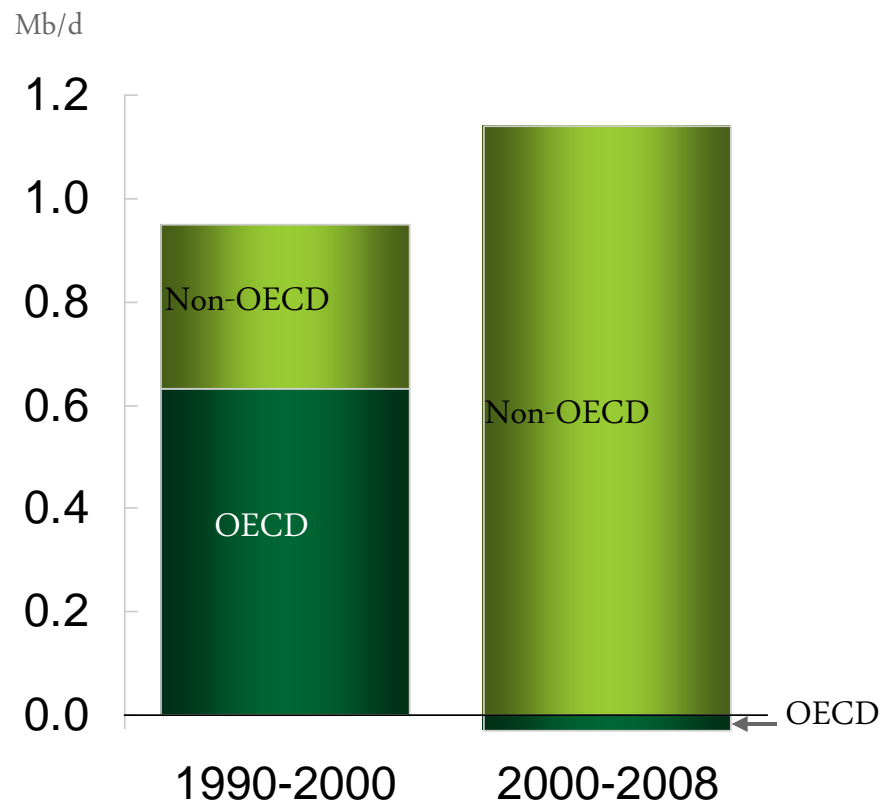


Contributions to GDP and oil consumption growth

Contribution to GDP growth



Oil consumption growth



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- Short term: price weakness, with OPEC chasing demand. Price stabilization IF no stronger global contraction in H2 2009 and IF OPEC maintains compliance
 - Medium term: link between economic activity and energy prices closer than we have been used to. US economy most vulnerable to price variations
 - Long term: high energy prices will return if non-OECD development continues
 - Successful transition to the longer term is the challenge – and the opportunity