Recent market developments and near-term prospects

Presented by:

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On the occasion of the

7th IEA-IEF-OPEC Symposium on Energy Outlooks

15th February 2017, Riyadh, Saudi Arabia

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Outline

Review of market for 2016 and outlook for 2017

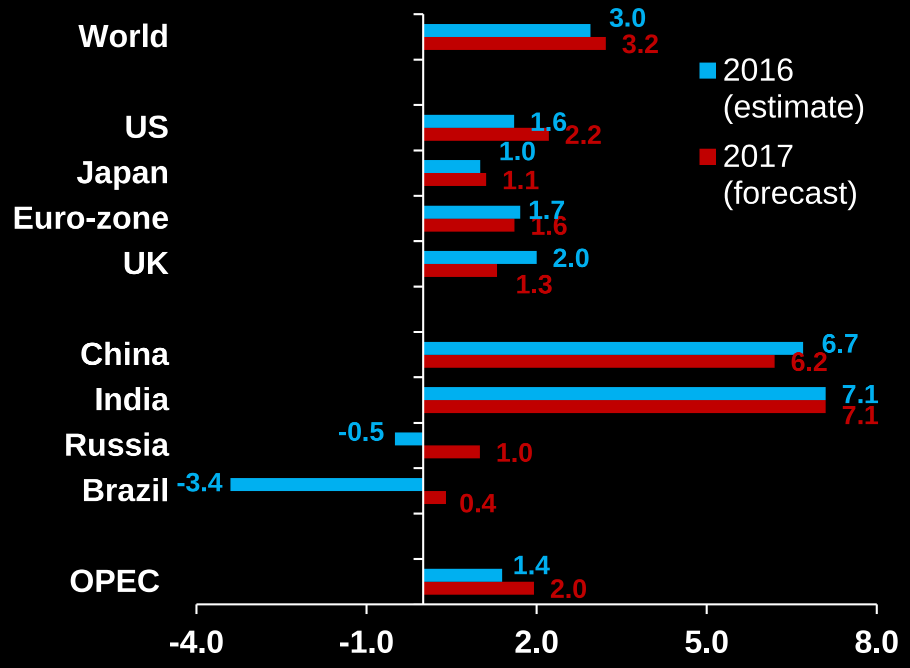
Price developments

Concluding remarks

Performance of the world economy

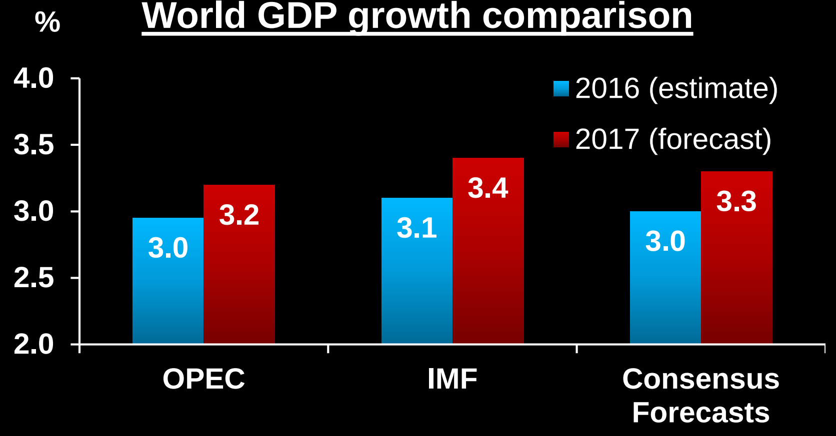
percentage change from the previous year

GDP growth in selected countries, %



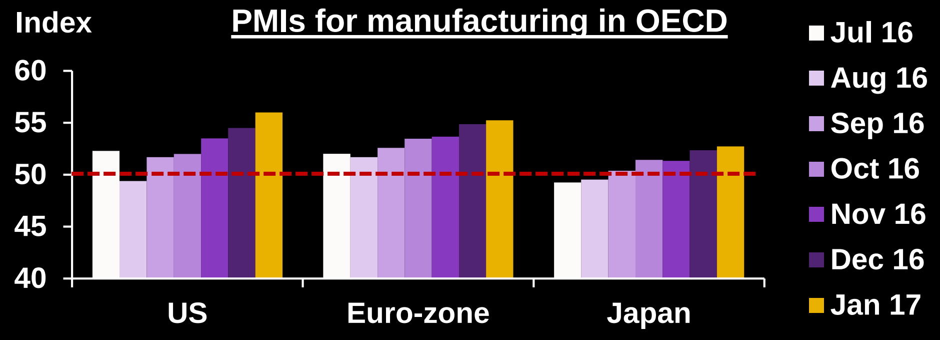
	World	OECD	DCs
2016 (estimate)	3.0	1.7	3.1
2017 (forecast)	3.2	1.9	3.7

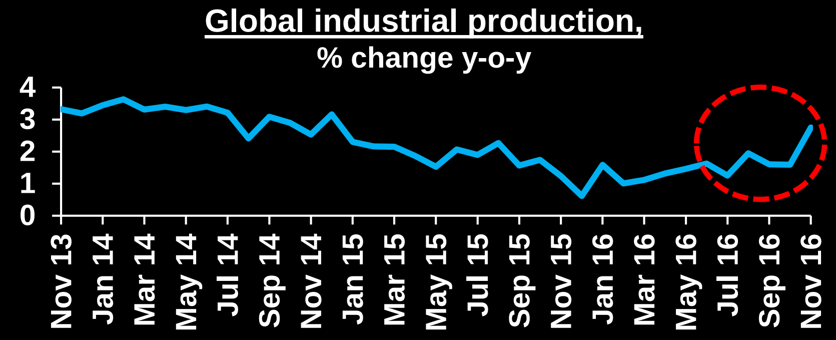
World GDP growth comparison

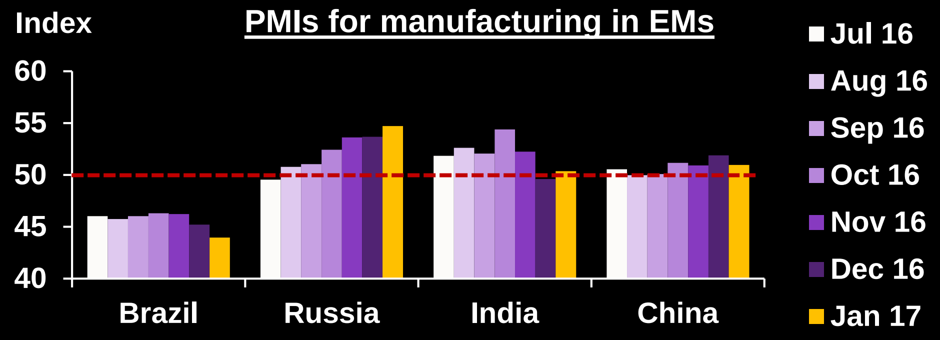


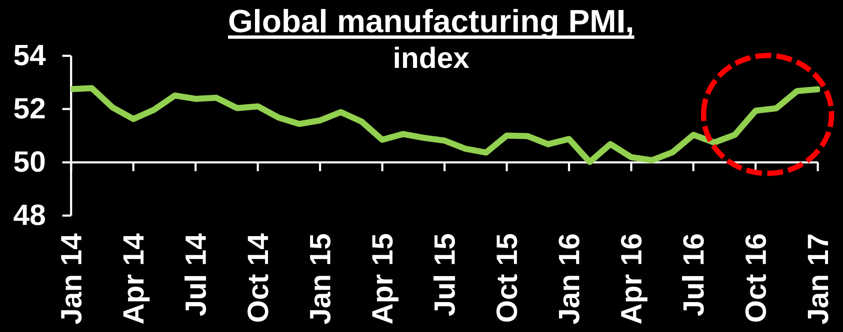
Sources: Consensus Forecasts, IMF and OPEC Secretariat.

The manufacturing sector is holding up well in OECD economies





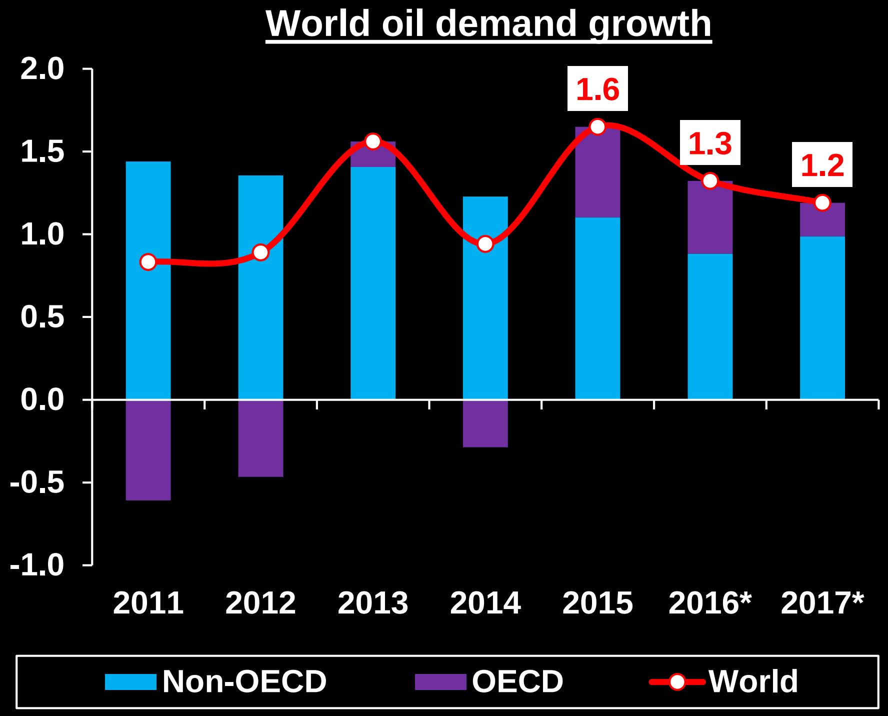




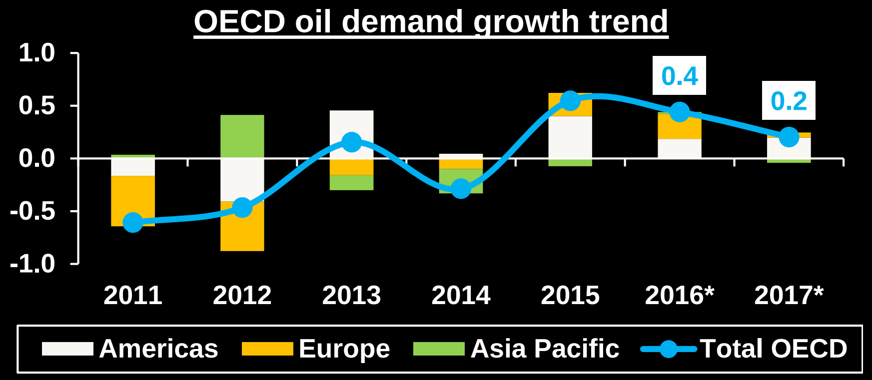
Sources: HSBC, Markit and Haver Analytics.

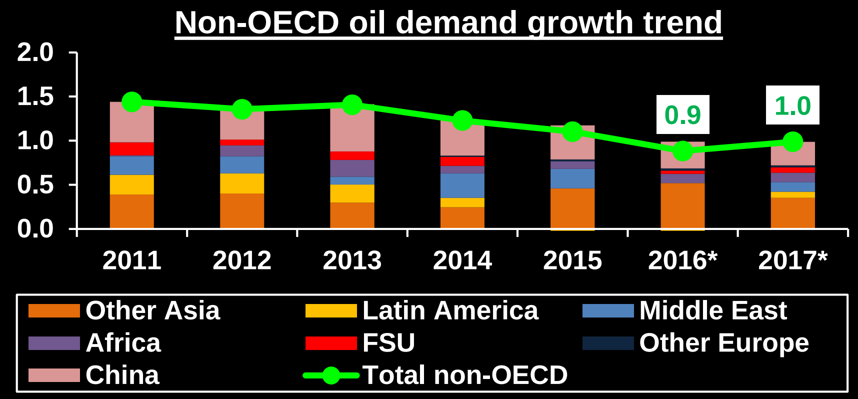
World oil demand

y-o-y change, mb/d



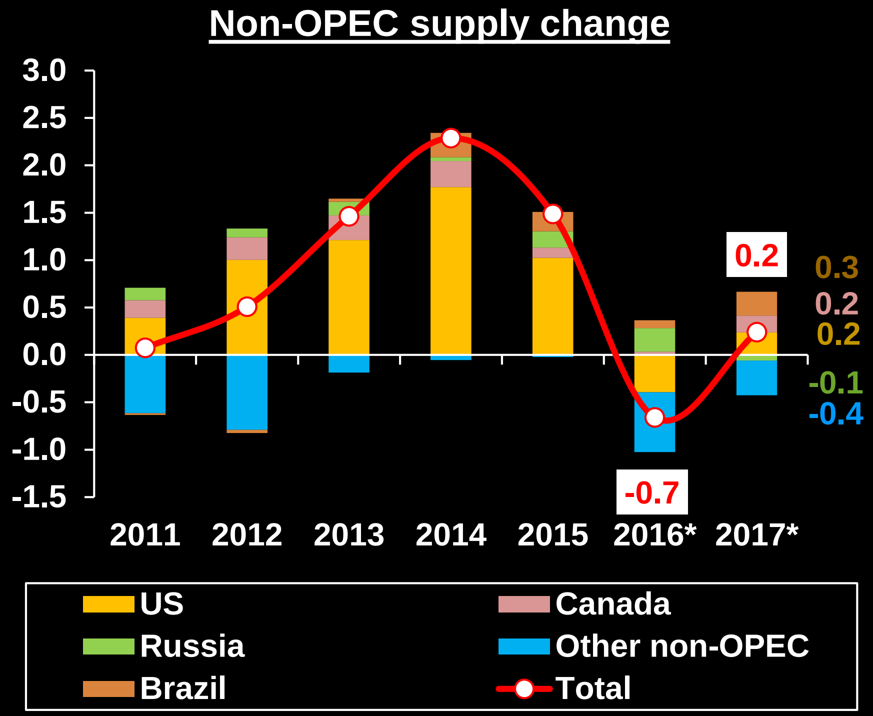
*Note: * 2016 = Estimate and 2017 = Forecast.*
Source: OPEC Secretariat.

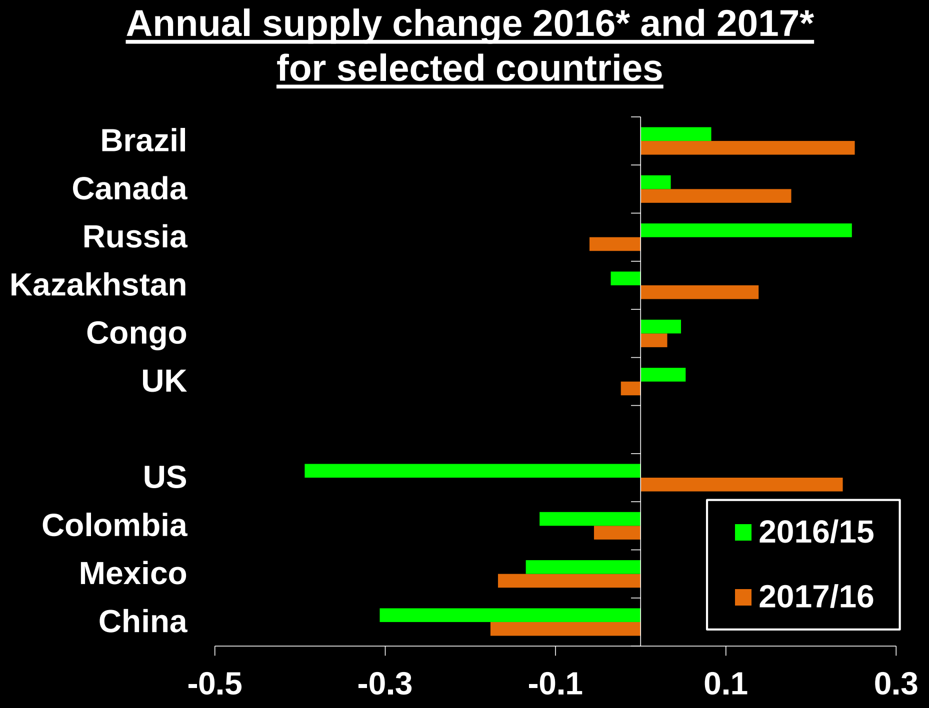




Non-OPEC supply

y-o-y change, mb/d

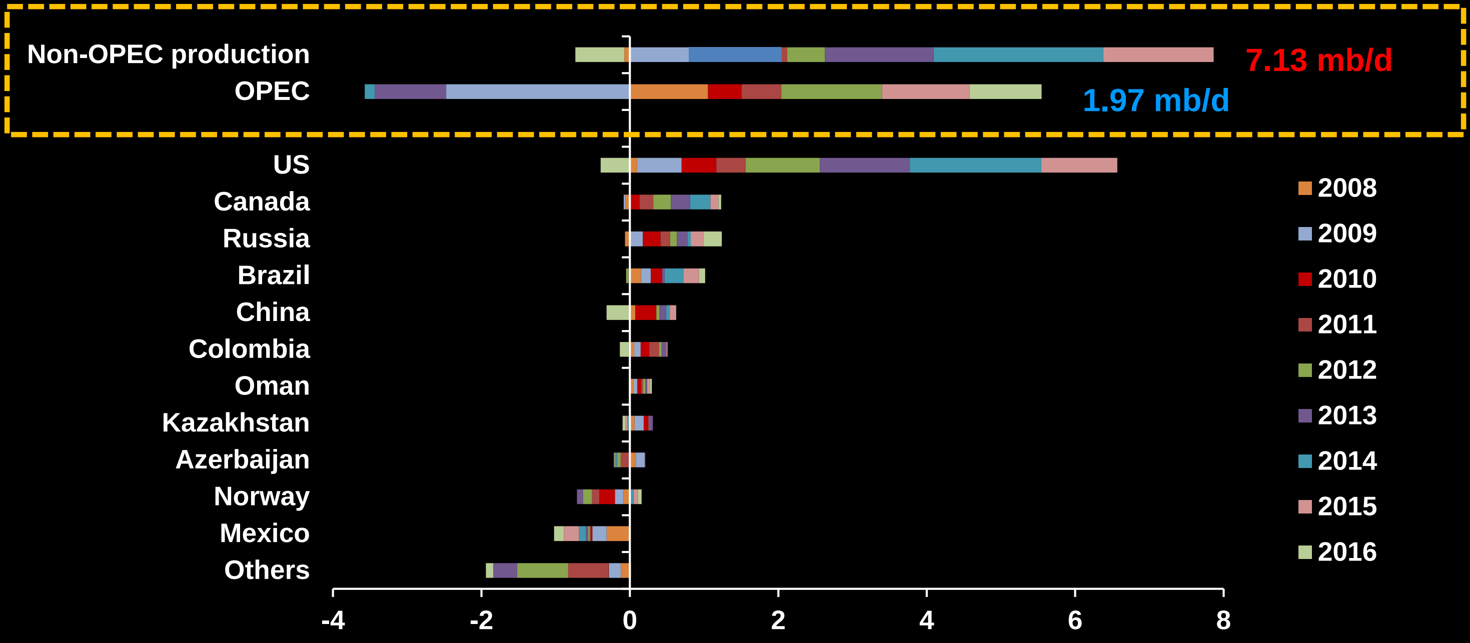




* 2016 = Estimate and 2017 = Forecast.
Source: OPEC Secretariat.

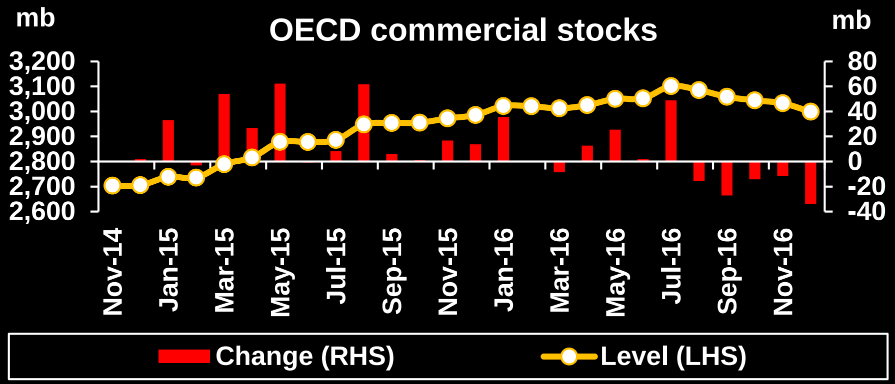
World oil supply growth, 2008-2016

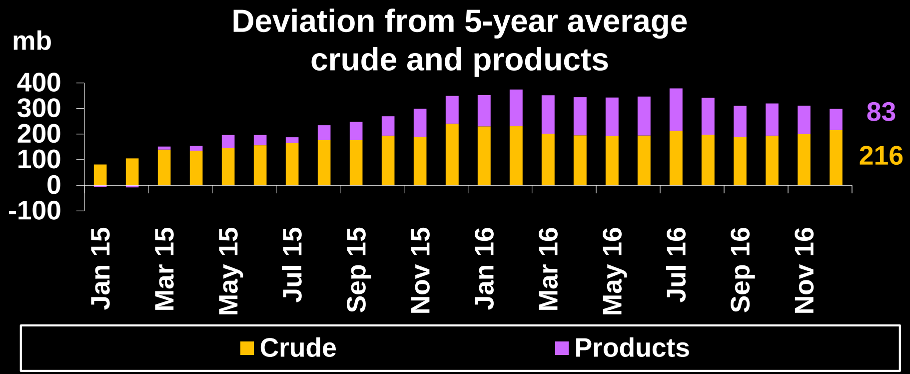
y-o-y change, mb/d

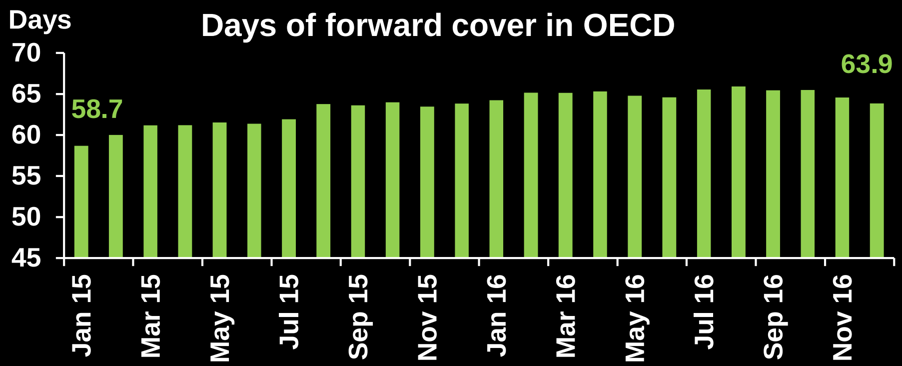


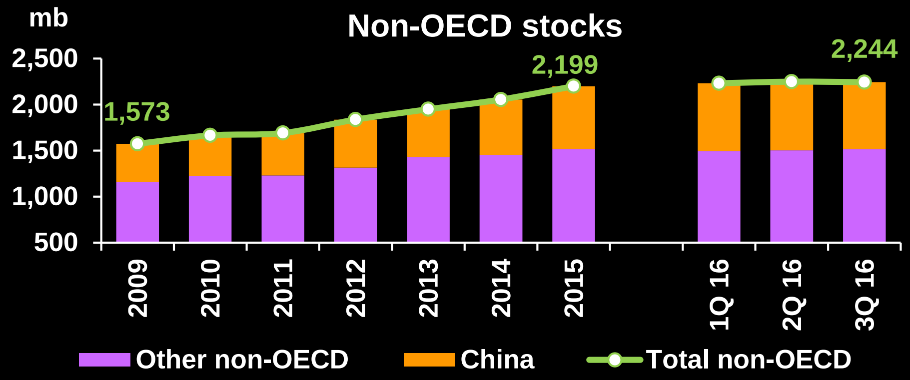
From 2008 to 2016, non-OPEC supply grew by 7.13 mb/d, while OPEC production increased by 1.97 mb/d.

Global oil stocks



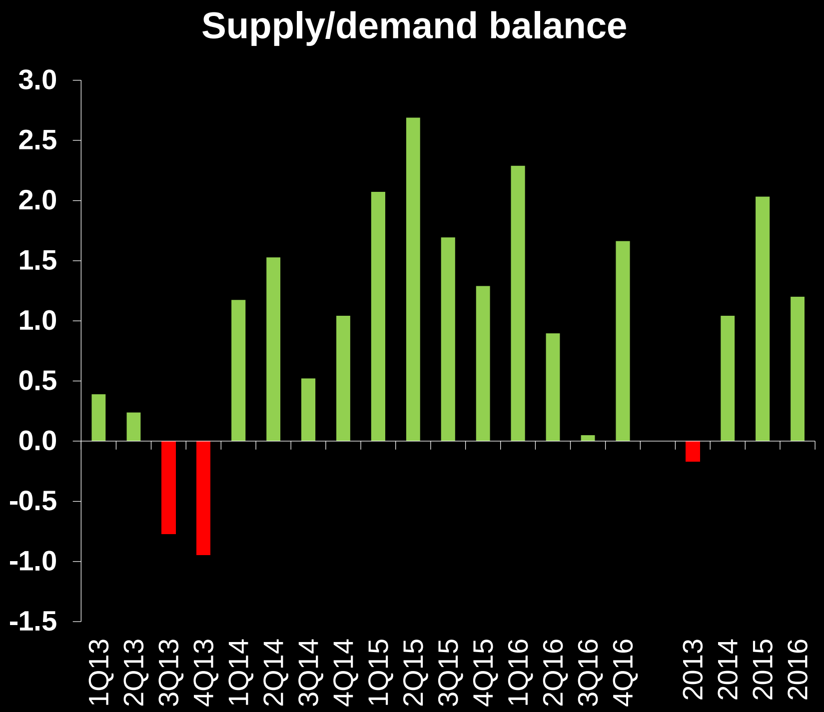


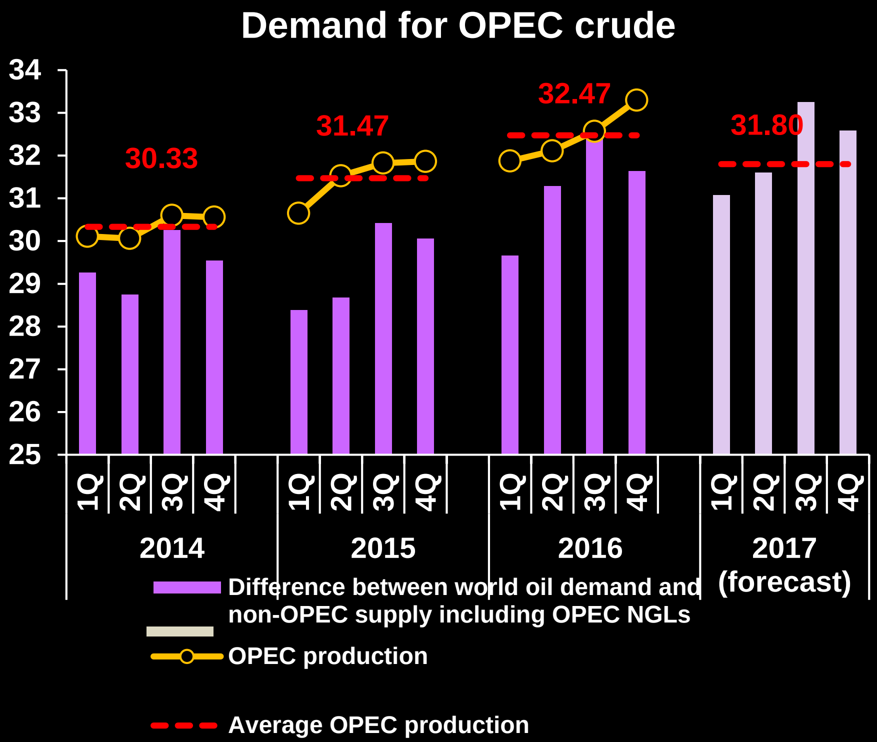




Sources: Argus Media, Euroilstock, IEA, METI, OPEC Secretariat and US Energy Information Administration.

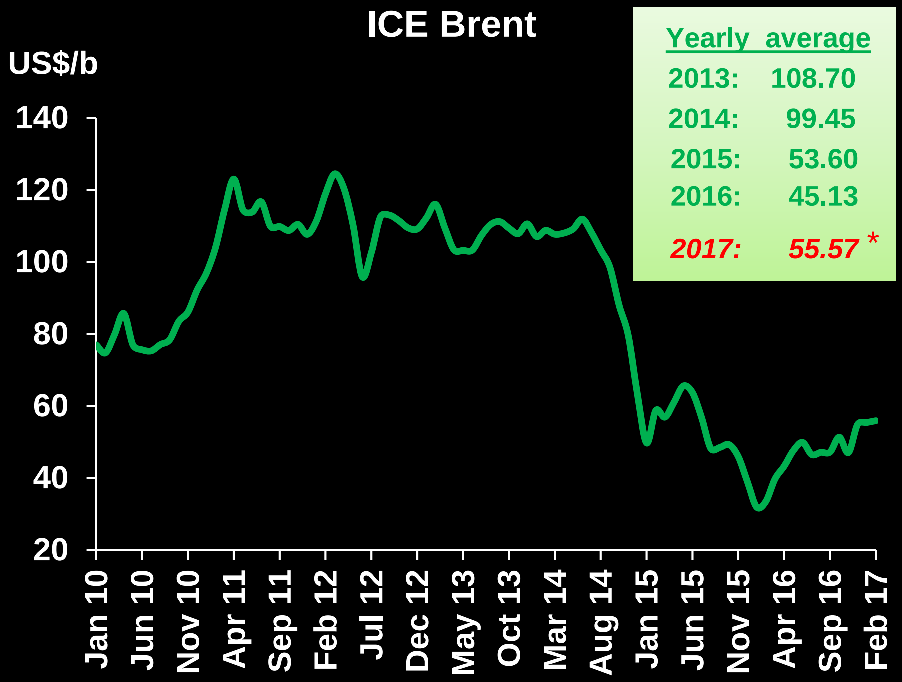
Supply/Demand balance, *mb/d*



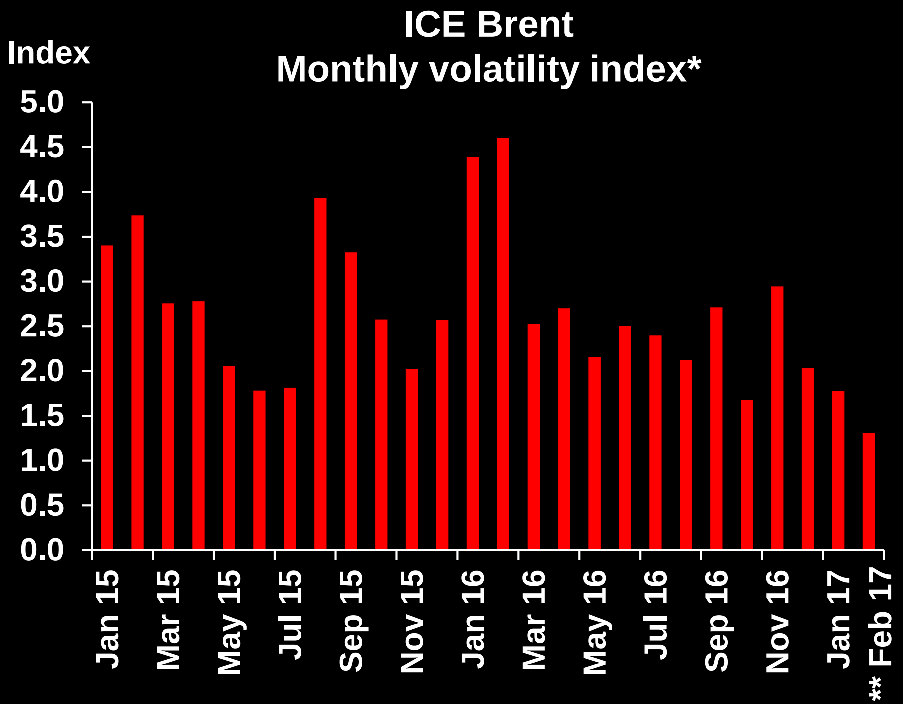


Source: OPEC Secretariat.

Crude price developments

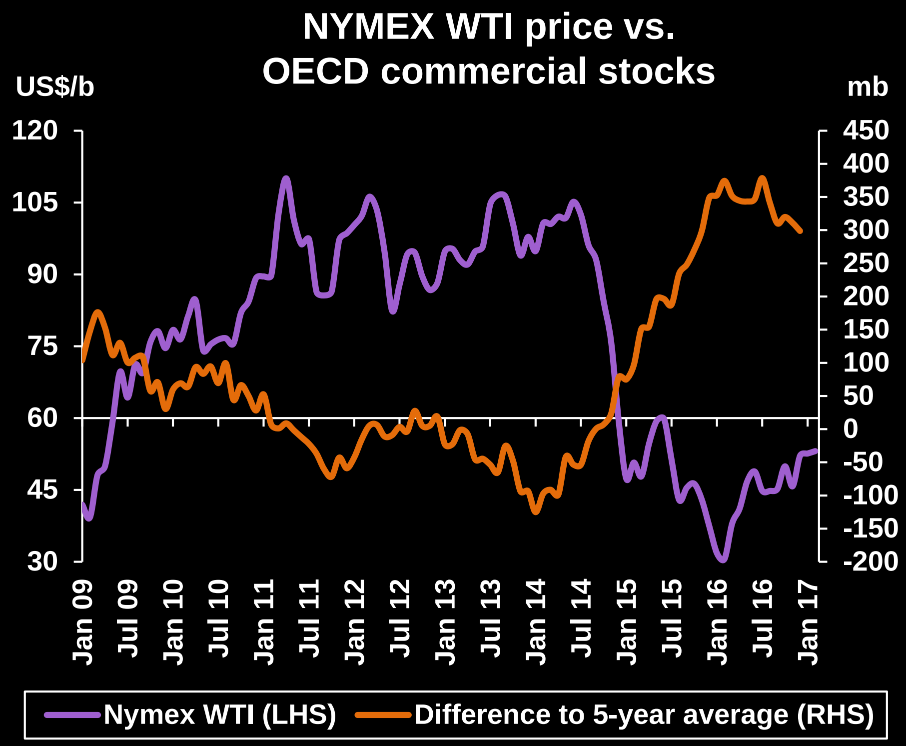


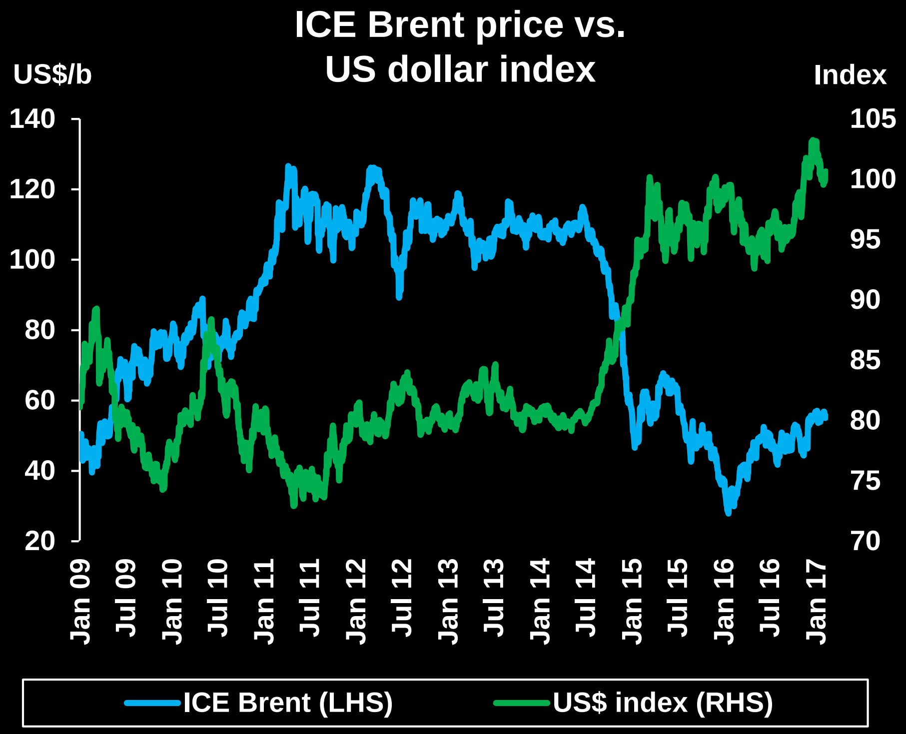
*Note: * = Year-to-date.*
Sources: Intercontinental Exchange and OPEC Secretariat.



*Note: * = Volatility is measured by the standard deviation of daily prices change in each month.*
*** = Month-to-date.*

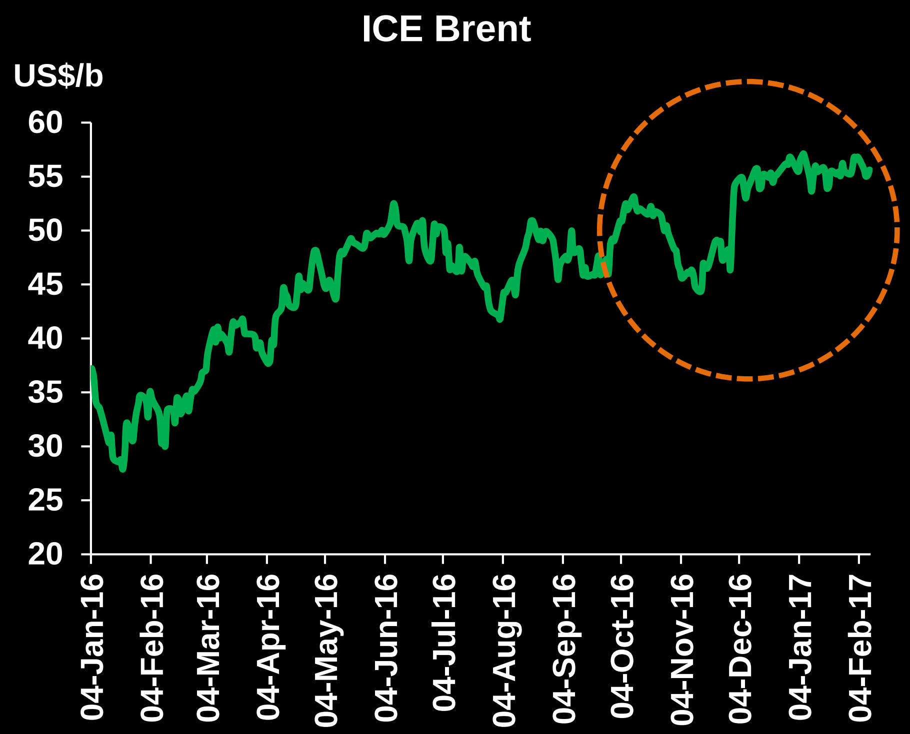
Crude price developments

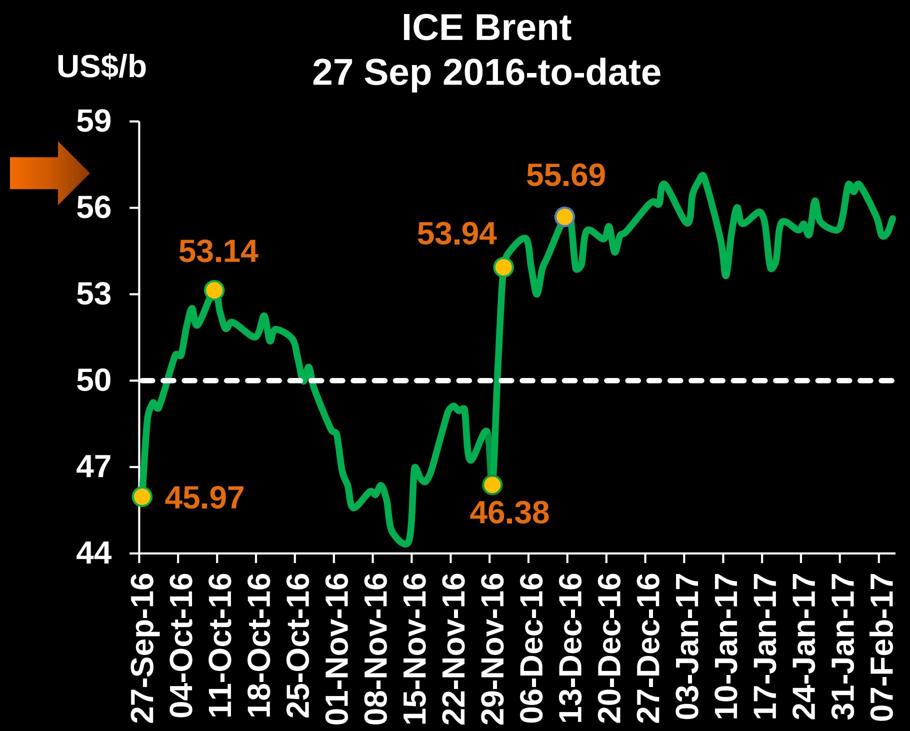




Sources: CME Group, Intercontinental Exchange and OPEC Secretariat.

Crude price developments, ICE Brent (1st month)





Sources: Intercontinental Exchange and OPEC Secretariat.

Crude price developments: ICE Brent

more bullish market sentiment, September 2016 – February 2017

	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17 Month-to-date
Price	$47.24/b	$51.39/b	$47.08/b	$54.92/b	$55.45/b	$55.96/b
Volatility index	2.71	1.68	2.94	2.03	1.78	1.31
Managed money net long positions	328,109 contracts	380,785 contracts	293,936 contracts	460,037 contracts	458,066 contracts	*na**

*Note: * na = Not available.* *Sources: Intercontinental Exchange and Thomson Reuters.*

Crude price developments: NYMEX WTI

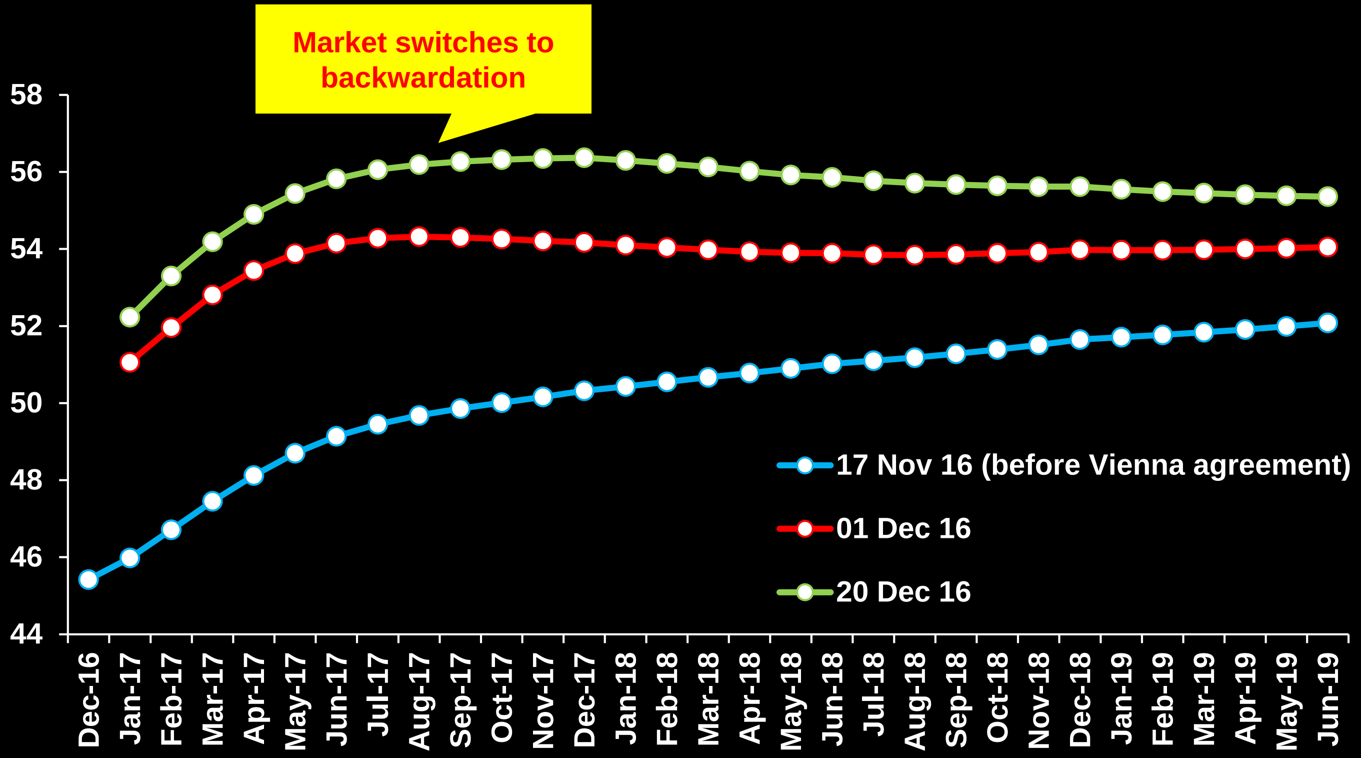
more bullish market sentiment, September 2016 – February 2017

	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17 Month-to-date
Price	$45.23/b	$49.94/b	$45.76/b	$52.17/b	$52.61/b	$53.11/b
Volatility index	2.83	1.73	3.07	1.60	1.74	1.37
Managed money net long positions	178,089 contracts	275,522 contracts	186,854 contracts	296,924 contracts	342,151* contracts	*na***

Note: * Money managers raised net long US crude futures and options positions sharply in the week to 31 January 2017 to 379,927 contracts, with long positions reaching the highest in record.

*Note: ** na = Not available. Sources: CME group, CFTC and Thomson Reuters.*

Impact of Joint Cooperation on Production Adjustment on WTI forward curve



Sources: CME group and Thomson Reuters.

Concluding remarks

Global economic growth is projected at 3.2% for 2017, following 3.0% in 2016, however many uncertainties remain.

World oil demand is expected to grow by 1.19 mb/d in 2017, following an increase of 1.32 mb/d in 2016. Non-OECD countries are projected to continue leading oil demand growth in 2017 (non-OECD 0.99 mb/d & OECD 0.20 mb/d).

Non-OPEC supply is projected to increase by 0.24 mb/d in 2017, following a larger decline of 0.66 mb/d last year.

Oil market sentiments have improved as prices rose, volatility decreased and net futures and options long positions increased. Furthermore, forward curves are expected switch into backwardation by 3Q17.

OECD stocks have been showing a **declining trend** for the **fifth-consecutive-month**, however the overhang remains still high.

Thank you

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