Oil markets: The short, medium and long term

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Outline

• The short term: A floor under prices

• The medium term: Policy
Demand side of the equation

Variance in forecasts for 2017

Thousand barrels per day (kb/d)
• The long term: Energy mix

- Non-OPEC cut
- OPEC cut
- Oil demand
- Nigerian production
- US production
- Libyan production

Change in demand 2015 vs 2010-14 avg.

Source: IHS CERA, OPEC, IEA, ADIA analysis
**US producers: the benefits of OPEC**

**US oil production scenarios**
- Million barrels per day
- Source: IHS CERA, ADIA analysis

**WTI futures curve flattened**
- US dollars per barrel
- Inverted curve indicates active producer hedging
- Source: Bloomberg, as of 9-Feb-2016 and 9-Nov-2016
OECD inventories at historic highs

Million barrels of crude oil and oil products

Source: IEA
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Global liquids production: market share

OPEC (crude & NGLs)

Market share

Selected countries (crude and NGLs)

Market share

Source: IEA

November 2014
Liquids market share within OPEC

Iran and Iraq

Market share within OPEC
Source: IEA

Saudi Arabia

Market share within OPEC
Source: IEA
Outline

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Variance in forecasts for 2017

<table>
<thead>
<tr>
<th>Thousand barrels per day (kb/d)</th>
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<tbody>
<tr>
<td>Non-OPEC cut</td>
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<td>Oil demand</td>
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US oil production scenarios

<table>
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<tr>
<td>$45/bbl</td>
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<tr>
<td>$53/bbl</td>
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<tr>
<td>$60/bbl</td>
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<tr>
<td>Actual</td>
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Source: IHS CERA, OPEC, IEA, ADIA analysis
US shale break-even crude price

Source: Rystad Energy, Bloomberg. *as of 12-Feb-2017

Current WTI price*: $54 per barrel