Recent market developments and near-term prospects

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Outline

Review of market for 2015 and outlook for 2016

Price developments

Concluding remarks
Performance of the world economy, percentage change from the previous year

GDP growth in selected countries, %

<table>
<thead>
<tr>
<th>Country</th>
<th>2015 (estimate)</th>
<th>2016 (forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>2.9</td>
<td>3.2</td>
</tr>
<tr>
<td>US</td>
<td>2.4</td>
<td>2.2</td>
</tr>
<tr>
<td>Japan</td>
<td>0.7</td>
<td>0.9</td>
</tr>
<tr>
<td>Euro-zone</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td>China</td>
<td>3.7</td>
<td>6.9</td>
</tr>
<tr>
<td>India</td>
<td>7.3</td>
<td>7.5</td>
</tr>
<tr>
<td>Russia</td>
<td>-0.3</td>
<td>2.5</td>
</tr>
<tr>
<td>Brazil</td>
<td>-2.2</td>
<td>2.5</td>
</tr>
</tbody>
</table>

Average growth rates (2011-2015)

<table>
<thead>
<tr>
<th>Region</th>
<th>2015 (estimate)</th>
<th>2016 (forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>3.3</td>
<td>3.9</td>
</tr>
<tr>
<td>OECD</td>
<td>1.7</td>
<td>3.6</td>
</tr>
<tr>
<td>DCs</td>
<td>3.9</td>
<td></td>
</tr>
</tbody>
</table>

World GDP growth comparison

- OPEC: 2.9 (2015 estimate), 3.0 (2016 forecast)
- IMF: 3.1 (2016 forecast)
- Consensus Forecast: 2.5 (2016 forecast)
Manufacturing is improving in OECD, while momentum in EM remains low, except for India.

Sources: HSBC, Markit and Haver Analytics.
World oil demand growth in 2015 and 2016, y-o-y change, mb/d

* 2015 = estimate and 2016 = forecast.
Actual data suggests improvements in oil demand growth, y-o-y change, tb/d

- **US oil demand growth**
- **China’s oil demand growth**
- **Europe’s oil demand growth**
- **India’s oil demand growth**
Non-OPEC supply is expected to contract in 2016, y-o-y change, mb/d

Non-OPEC supply change

Annual supply change 2015* and 2016* for selected countries

* 2015 = estimate and 2016 = forecast.

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US liquid supply & growth by products

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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tight crude</td>
<td>3,955</td>
<td>4,505</td>
<td>550</td>
<td>4,135</td>
<td>-370</td>
</tr>
<tr>
<td>Gulf of Mexico crude</td>
<td>1,397</td>
<td>1,577</td>
<td>180</td>
<td>1,677</td>
<td>100</td>
</tr>
<tr>
<td>Other crude</td>
<td>3,358</td>
<td>3,328</td>
<td>-30</td>
<td>3,238</td>
<td>-90</td>
</tr>
<tr>
<td>Unconventional NGL</td>
<td>1,594</td>
<td>1,824</td>
<td>230</td>
<td>1,794</td>
<td>-30</td>
</tr>
<tr>
<td>Other NGL</td>
<td>1,420</td>
<td>1,450</td>
<td>30</td>
<td>1,450</td>
<td>0</td>
</tr>
<tr>
<td>Biofuels + Other liquids</td>
<td>1,238</td>
<td>1,260</td>
<td>22</td>
<td>1,250</td>
<td>-10</td>
</tr>
<tr>
<td>Total supply (excl. processing gain)</td>
<td>12,963</td>
<td>13,944</td>
<td>981</td>
<td>13,544</td>
<td>-400</td>
</tr>
</tbody>
</table>

Sources: EIA and OPEC Secretariat.

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* 2015 = estimate and 2016 = forecast.
World oil supply growth, 2008-2015
y-o-y change, mb/d

Non-OPEC supply
OPEC
US
Canada
Russia
Brazil
China
Colombia
Sudans
Yemen
Syria
Norway
UK
Mexico
Others

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Global oil stocks, mb

OECD commercial stocks

Days of forward cover in OECD

Deviation from 5-year average crude and products

Non-OECD stocks

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Supply/demand balance, mb/d

Supply/demand balance

Demand for OPEC crude*

- Difference between world oil demand and OPEC production
- non-OPEC supply including OPEC NGLs

* Including Indonesia.
Crude price developments (1/4)

ICE Brent

Yearly avg.
2014: 99.45
2015: 53.60
2016: 32.18 *

Index

ICE Brent
Monthly volatility index**

** Volatility is measured by the standard deviation of daily prices change in each month.

*Year-to-date.

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Crude price developments (2/4)
Crude price developments (3/4)

- **ICE Brent & Nymex WTI, monthly**
  - ICE Brent
  - Nymex WTI
  - Brent-WTI spread (RHS)

- **ICE Brent futures curve**
  - Duration: Mar. 2016 – Mar. 2023
  - 28 Dec. 15
  - 28 Jan. 16

- **Nymex WTI futures curve**
  - Duration: Mar. 2016 – Dec. 2024
  - 28 Dec. 15
  - 28 Jan. 16

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Crude oil futures market and speculation (4/4)

**Nymex WTI price vs. Managed money net positions**

- Managed money net long positions (RHS)
- Nymex WTI (LHS)

**ICE Brent price vs. Managed money net positions**

- Managed money net long positions (RHS)
- ICE Brent (LHS)

**Total managed money in Nymex WTI and ICE Brent**

- Long
- Short
- Net

Sources: CFTC and ICE.
Global economic recovery is on-going this year, but the trend of slowing momentum in the emerging and developing economies remains apparent, with few exception.

The bulk of world oil demand growth continues to come from non-OECD countries this year, while OECD oil demand is still growing, albeit at a slower rate. OECD North America is the only region to expect positive growth in 2016.

Non-OPEC oil supply grew last year, but at slower pace compared with 2014, before contracting this year.

Inventories remained high driven by increases in global supply. This have contributed to the decline in crude oil prices.

Imbalanced fundamentals are expected to be reduced in the 2nd half of 2016.
Thank you