

# Oil and Gas Markets

## Recent Developments

Noé van Hulst, Secretary General, International Energy Forum (IEF)

# Fresh IEF Charter




- ③ **Signed by 86 countries at Extraordinary IEF Ministerial Meeting (22 February 2011)**
- ③ **Includes all major energy producers and consumers**
- ③ **Reinforces commitment (producers / consumers / transit)**
- ③ **Procedure for Extraordinary Ministerial Meeting**

# Mitigating Energy Market Volatility

- ④ **IEA / IEF / OPEC cooperation**
- ④ **Shared analysis of future trends**
- ④ **Linkages - physical and financial markets**
- ④ **Enhancing data transparency (oil, gas, investment)**



# Shared Analysis of Energy Market Trends and Outlook

<b>2011 Oil Markets:</b>	<b>Consensus on comfortable demand / supply balance / high spare capacity</b>
<b>Medium-term:</b>	<b>Reduce uncertainty to facilitate investment</b>
<b>Long-term:</b>	<b>Consensus ample availability of oil resources</b>
<b>Need for:</b>	<b>Harmonisation of definitions and better explanation of divergences to market</b>  <b>Annual Symposium on Outlooks</b>

# Significant Flexibility in Oil System

2011 is not 2008

International Energy Forum

	IEA*		OPEC*	
	2011	Change	2011	Change
World Oil Demand mb/d	89.4	+1.4	87.8	+1.4
World Oil Supply mb/d	89.4	+1.4	87.3	+1.3
Implied OPEC Spare Capacity mb/d	4.1		5.0	
OECD Commercial Oil Stocks mb	2695		2670	
	58.2 days		58 days	
IEA Emergency Stocks	1.56 bn			
Libyan Oil Exports (Temp. loss) mb/d	1.3			
Japanese Extra Oil Demand (Temp.) mb/d	Gross max 0.5			
	Net smaller			

\* Based on March 2011 Oil Market Reports IEA / OPEC

# Remember the History...

- ③ **10 major oil supply disruptions (1956 – 2010)  
< 60 days in 55 years (0.3%)**
- ③ **Average gross peak supply loss: 3.1 m/bd**
- ③ **Average duration of supply disruption: 4.8 months**
- ③ **Other producing countries often stepped in to compensate losses**
- ③ **Higher oil prices do impact oil demand (even with lower elasticities)**
- ③ **Spending of oil revenues significantly higher than in the past**



# Gas Market Flexibility



- ⊕ **Excess Gas Supply Capacity:**  
Around 170 bcm in 2010 (IEA WEO 2010)
- ⊕ **Japan extra gas demand max 12 -15 bcm, extra LNG shipments already en route**
- ⊕ **Other countries, Germany: industry expects extra gas demand**
- ⊕ **Libya gas exports loss max 10.4 bcm largely compensated by other producers**
- ⊕ **Natural gas inventories across Europe are comfortable**
- ⊕ **Continued strong demand growth in Asia e.g. CNPC projects doubling Chinese gas consumption by 2015 around 230 bcm**
- ⊕ **Spot prices rising e.g. TTF +17% since January**
- ⊕ **Excess gas supply capacity may diminish faster than projected in the medium term**

**...and don't forget coal: extra demand from Japan, coal prices up.**

# Linkages between Physical and Financial Markets

**Wide divergence of views: Fundamentals vs financials**

**Consensus: Greater transparency (oil inventories, OTC)**

**Need for strong international co-ordination of  
regulation**

**Continue “horizontal” dialogue between  
physical / financial oil markets → plan  
next meeting in fall 2011**



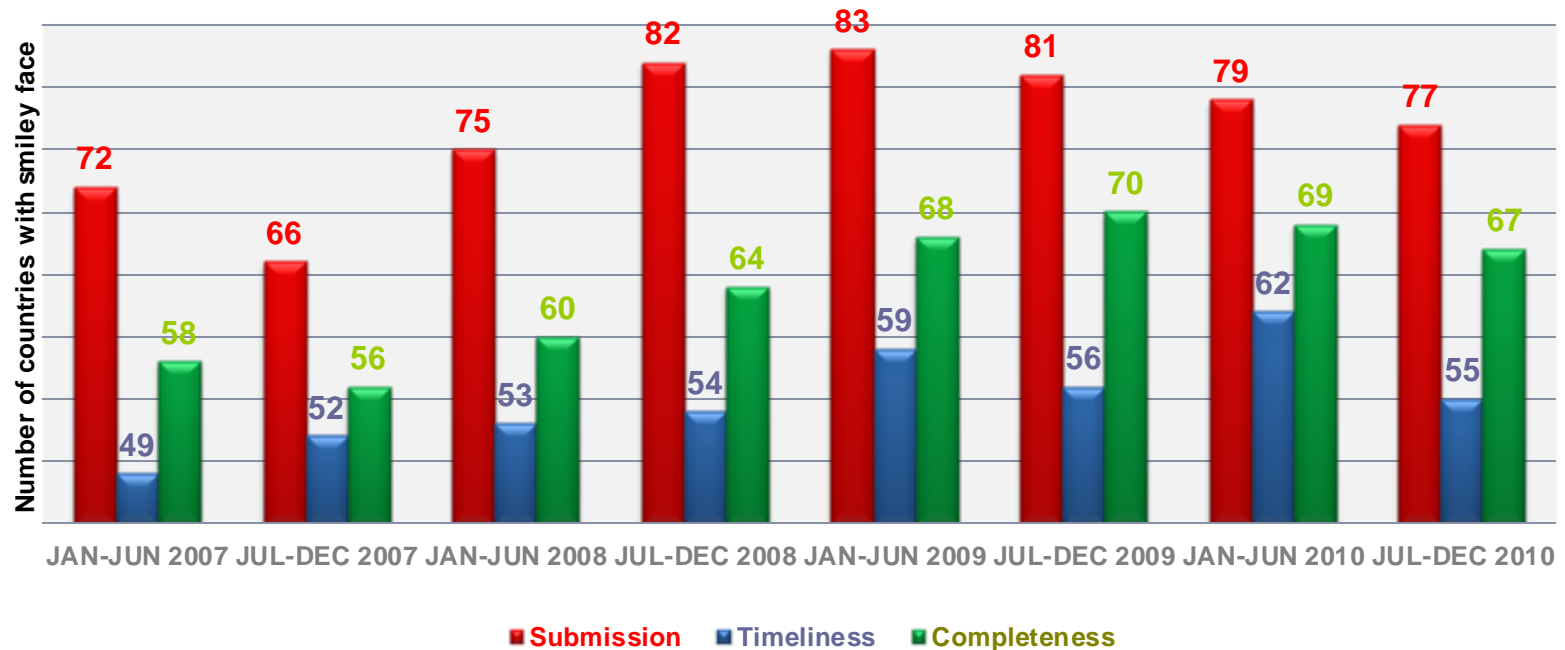


# Enhancing Data Transparency

- Report to G20 Finance Ministers (April 2011)  
Oil spot market prices - assessment by oil price reporting agencies

- Joint Organisations Data Initiative (Jodi)

**JodiOil** Performance  
Joint Organisations Data Initiative



# Improving the Quality of **JodiOil**

## Interim Report to IEF Ministers & G20 Finance Ministers (February 2011)

### Jodi Organisations:

- ✓ **New tools / practices, enhance interaction with data users**
- ✓ **Training Statisticians, upgrade website / database**

### Countries:

- ✓ **Energy data offices better equipped / staffed**
- ✓ **Appropriate regulation and tackle confidentiality**
- ✓ **Target: 3 “Smiley Faces” before year-end 2011**

# Extension of JodiData to Gas and Annual Investment Data

**Monthly gas data JodiGas **

supply, demand, stocks



**Launch before end 2011**

**Cooperation with all relevant organisations**

(including GECF)

**Annual data, start with JodiOil **

capacity expansion, upstream / downstream

critical for demand / supply balance medium - term



**First results in 2012**

# The Way Forward

**Final Report:** IEA / IEF / OPEC Improving quality of JODI  
April 2011, G20 Finance Ministers

**Joint Report:** IEA / IEF / OPEC / IOSCO Spot market prices /  
oil price reporting agencies, April 2011

**Joint Report:** IMF / IEF / IEA / OPEC / GECF Price volatility of  
Oil, Gas, and Coal, October 2011

**Deliver concrete results on transparency for G20  
on request**





**IEEF**



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