

# Global Energy and Economic Outlook

G20 Energy Transitions Working Group

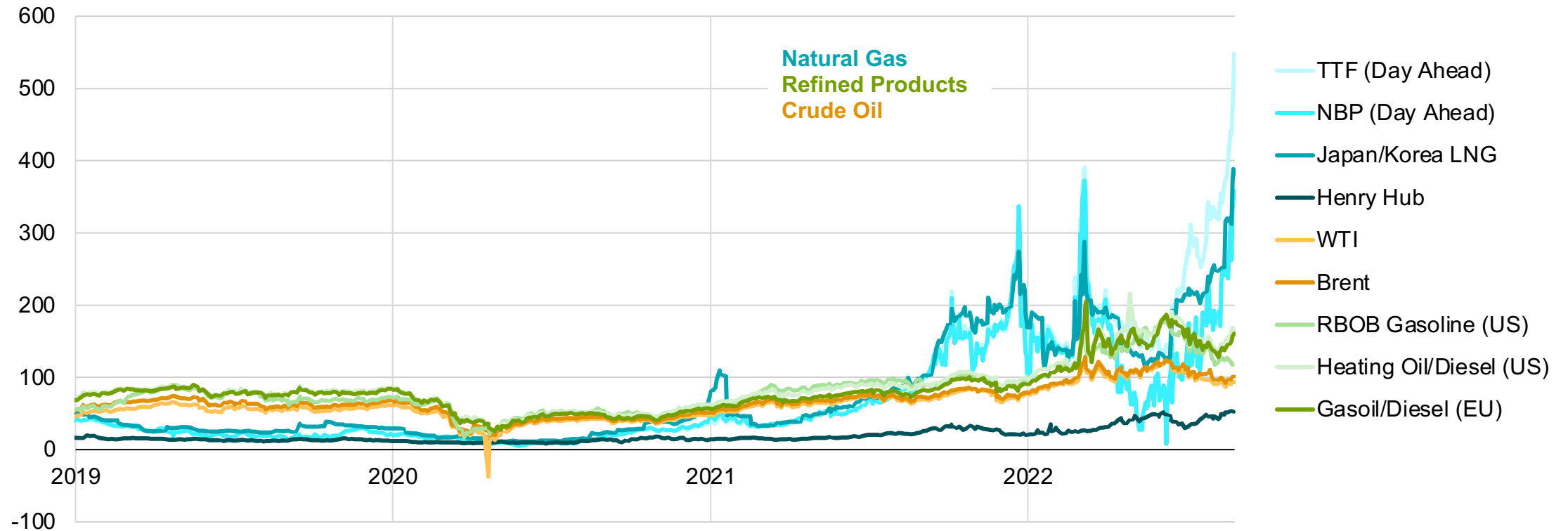
# Key Points:

- The worst is likely still ahead for energy markets.
- This winter could see increased rolling blackouts, re-emergence of “heat or eat,” and mounting social unrest.
- High energy prices and fuel shortages are not limited to Europe. Developing countries are bearing the brunt of the pain.
- One of the greatest risks for the industry will be the unintended consequences of policy decisions made in a hurry or hard decisions made too late.
- Energy security is not only a near-term concern, and it cannot be bought at the expense of others. It requires investment in long-term partnerships and in reliable and diversified energy supplies.
- Successful policies are not “one and done.” The balance between affordability, security, and sustainability must be continuously assessed and addressed over time.

# Today's Energy Price Volatility Dwarfs Any Other Period in History

## Global Energy Futures Prices

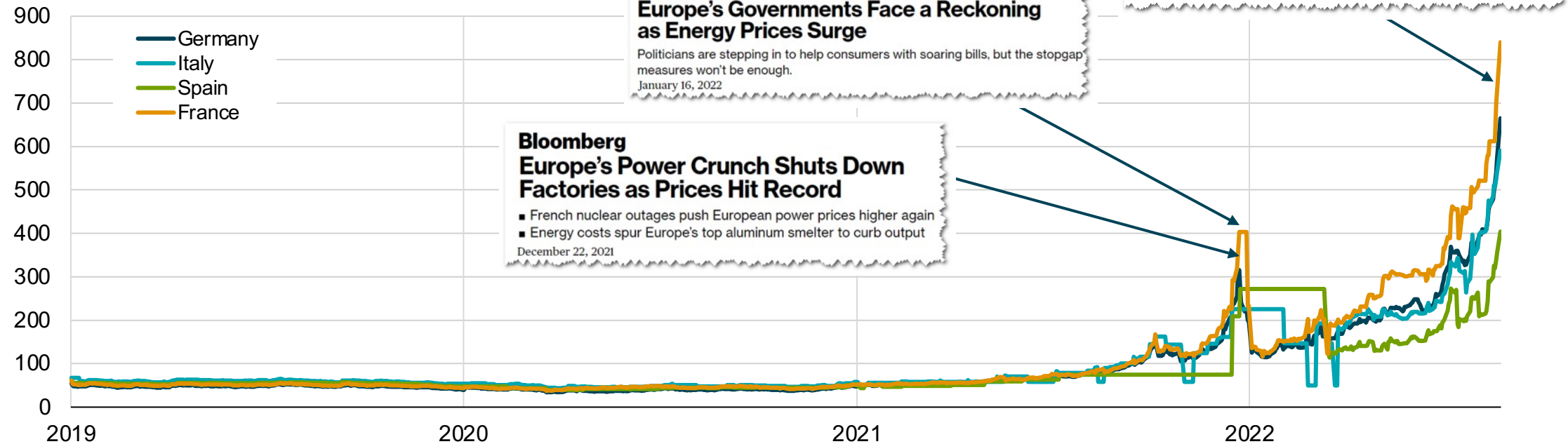
USD per barrel of oil equivalent



Source: IEF, Bloomberg

# European Electricity Prices Imply Shock Will Last Well Into Next Year (And Likely Longer)

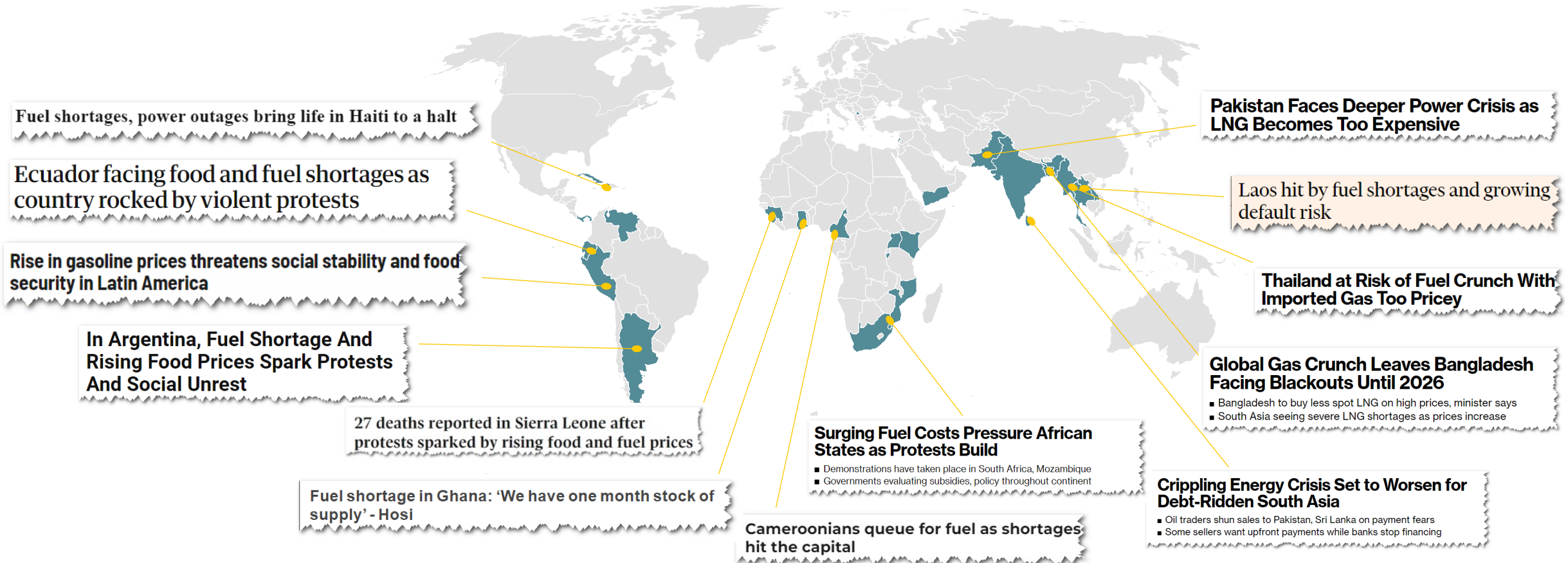
Europe Baseload Power Prices - Forward 1 Year  
Eur/Mwh



Source: IEF, Bloomberg

# The Energy Crisis is Spreading Beyond Europe and Developing Countries Bear Brunt of the Pain

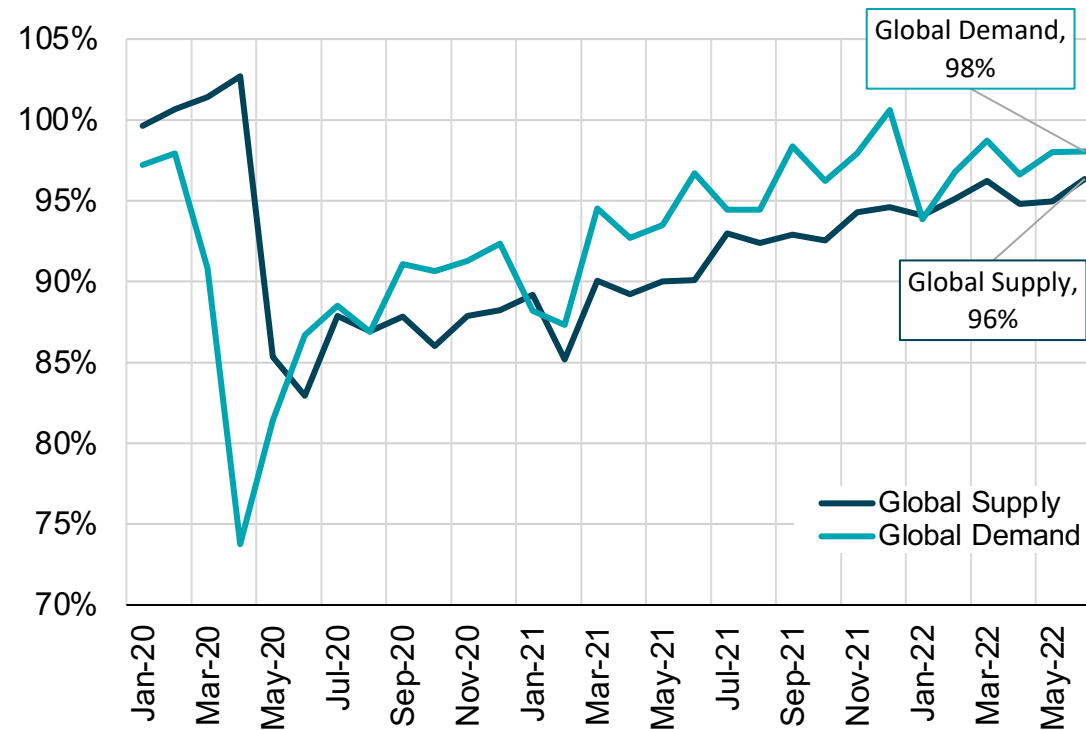
Fuel Shortages and Protests Spread Across South Asia, Africa, and South America



# False Calm: Oil Prices are Lower Despite Tight Fundamentals

## Global Demand and Crude Production

100% = 2019 levels

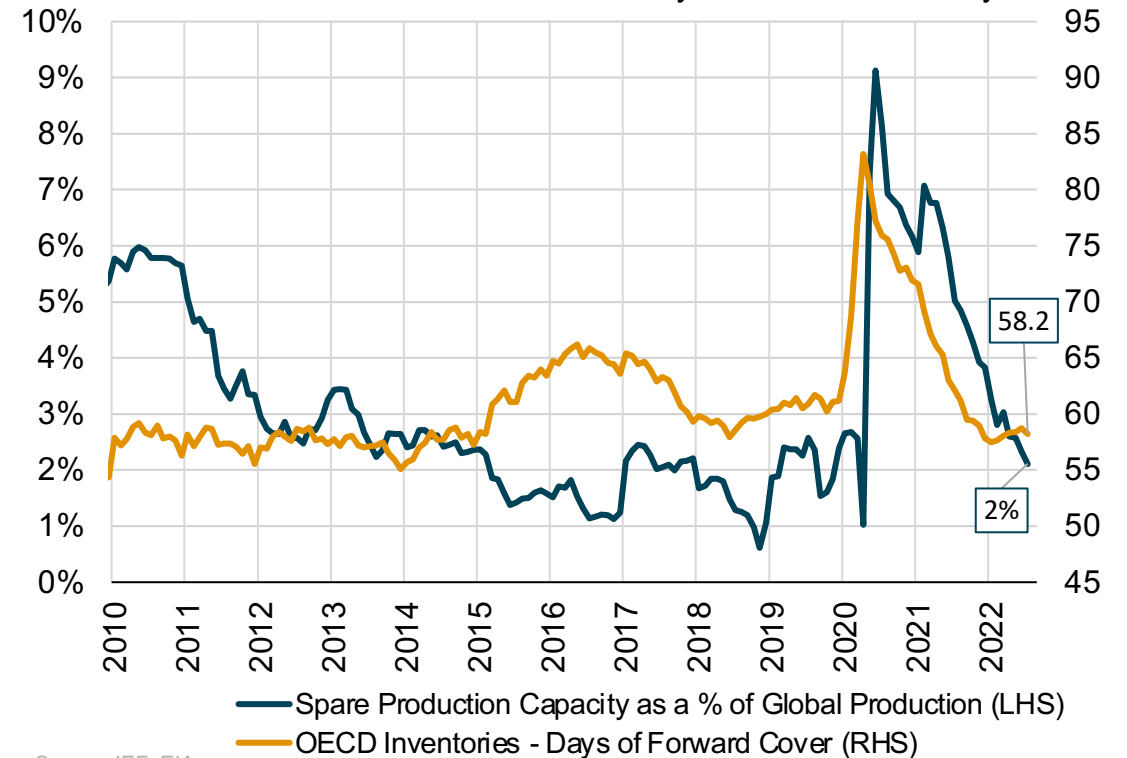


Source: IEF, JODI Oil Database

## Global spare production capacity and OECD inventories

Spare capacity, % of global production

Days of forward inventory cover

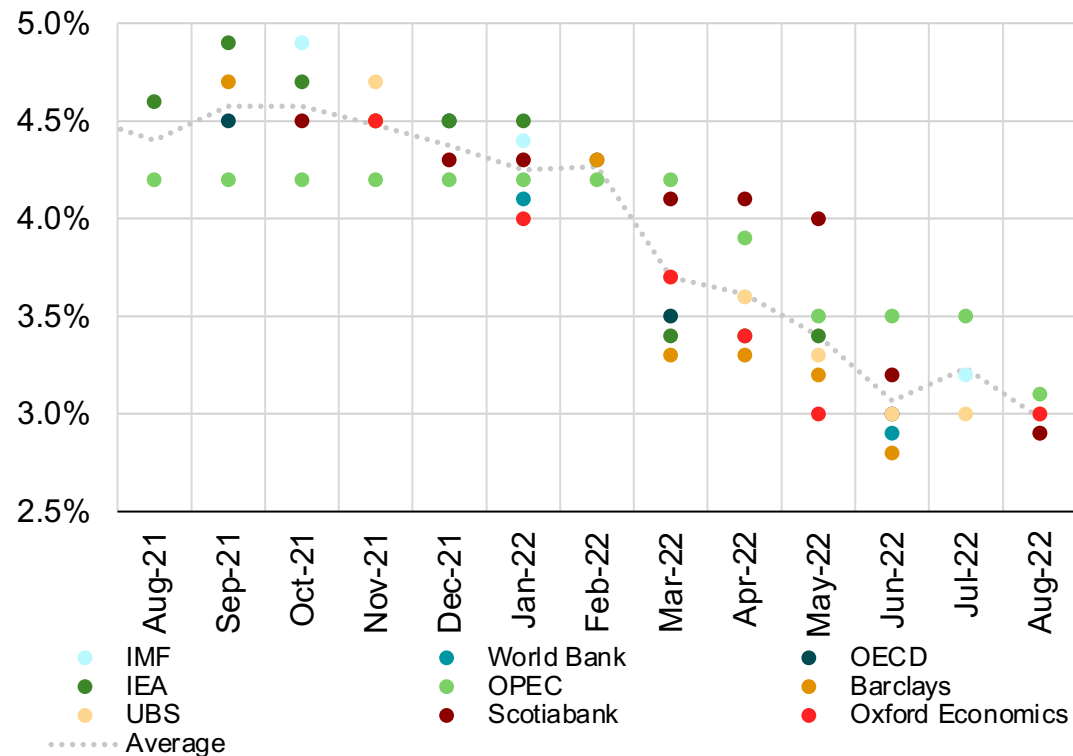


Source: IEF, EIA

# Economic Downturn May Dampen Oil Demand, But History Shows Impact Could Be Limited & Temporary

## Global GDP Forecasts for 2022

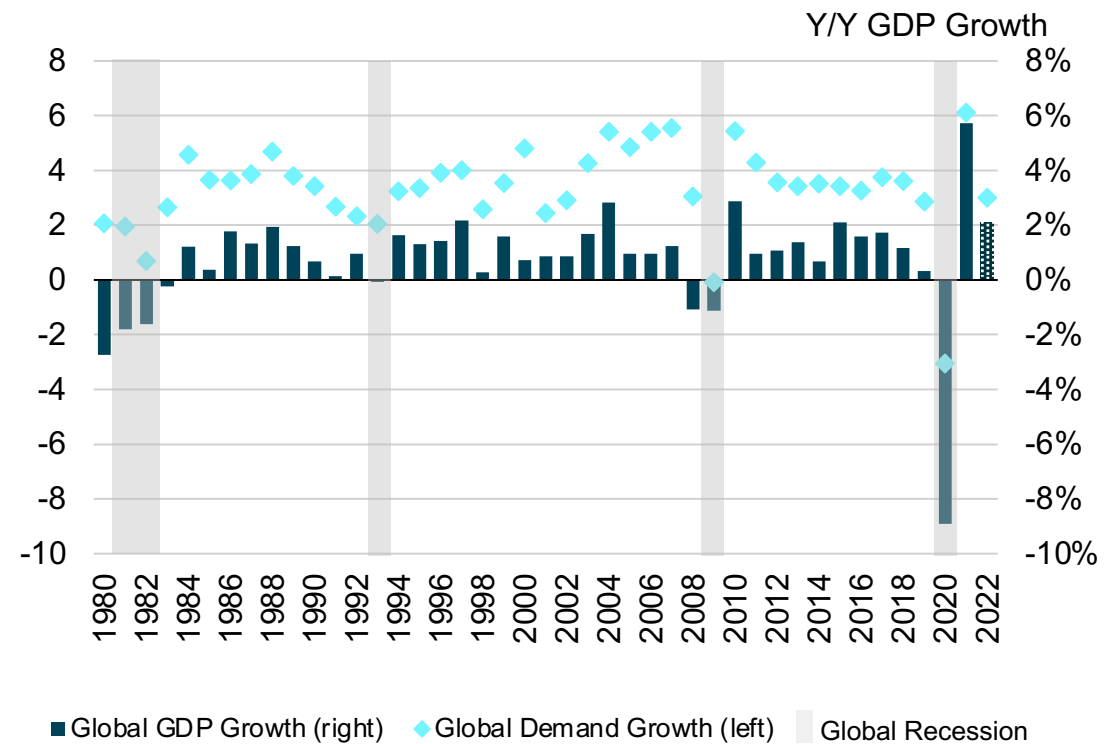
% Global Growth



Source: IEF, IMF, World Bank, IEA, OPEC, Barclays, UBS, Scotiabank, Oxford Economics, Bloomberg

## Global GDP and Oil Demand Growth

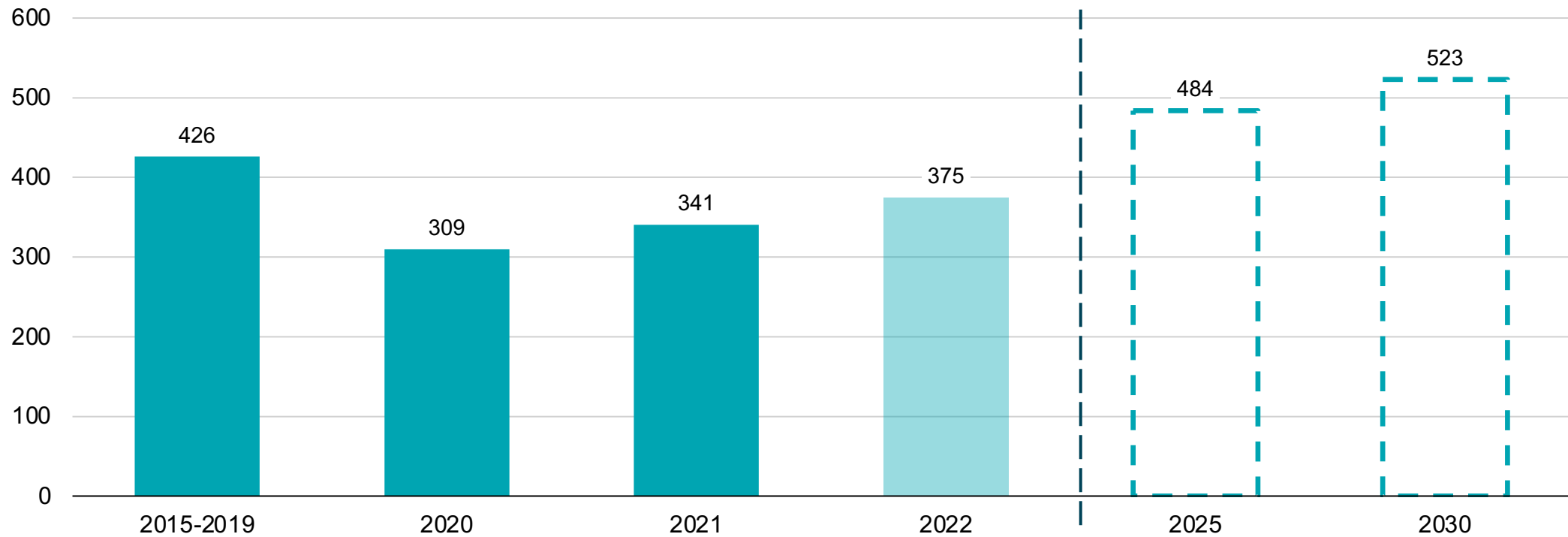
Y/Y Demand Growth mb/d



Source: IEF, BP Statistics, IMF

# Upstream Oil & Gas Investment Needs to Increase to ~\$525 bn to Provide Adequate Supplies This Decade

Global Upstream Oil & Gas Investment  
Billion USD



Source: IEF, S&P Global

# Energy Security Strategies

- Stimulate sustainable growth and investment with clear and stable policies.
- Diversify access to markets and resources, including critical minerals.
- Expand global energy markets data on energy flows, storage spare capacity, and critical minerals. (e.g. JODI)
- Give energy markets room to adjust, respect contracts, and minimize interventions that add risk and uncertainty in a highly volatile environment.





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