Business as unusual

The market response to lower prices is asymmetrical: supply has become more price-elastic, demand less so
Global capacity growth cut to annual average 860 kb/d through 2020, down from 1.4 mb/d in 2008-14
Price drop, ISIL add to Iraq institutional, infrastructure constraints

Total Iraq growth estimated at 1.1 mb/d in 2014-2020; elevated risks

Low prices can be double-edged
Diverging supply paths

- US production growth slows, then rebounds
- Russian output contracts by 560 kb/d by 2020
Mixed demand response

- Low price dampens outlook for oil exporters
- Oil importers enjoy benefits but ...
- ... weak economic recovery, subsidy cuts, forex, fuel-switching provide offset
Refining surplus lingers despite scaling back

- New capacity of 6.4 mb/d by 2020, led by non-OECD Asia, Middle East
- Brief margin respite in 2014 on shutdowns
- Startups lift surplus to 5 mb/d in 2020 from 6-yr low ~3 mb/d in 2014
Looming diesel wall

Led by tightening bunker fuel rules to be introduced in 2020