Oil 2019
Analysis & Forecast to 2024
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Context

• Geopolitics is casting growing shadows over oil markets
• Global economic growth is losing momentum, with a long list of risks skewed to the downside
• In 2018, the United States led the growth in global oil production – and for the first time in two decades, also global demand growth
• Rules & regulations of the oil game are changing, including
  ➢ Increasing attention to the sustainability of oil & gas production
  ➢ IMO's Sulphur Cap – possibly biggest shakeup of oil product markets since the phase-out of lead
• Technological advances continue to reshape market perceptions, including:
  ➢ US shale improving productivity & lowering costs
  ➢ Uptake of Electric Vehicles & digital transformation of society
US leads the way in global supply growth

US expansion is 70% of global growth. Gains in Brazil, Iraq, Norway, the UAE and Guyana. Main declines in Iran and Venezuela.
US is net oil exporter in 2021 after 75 years of import dependency. US exports add to market flexibility.
US shale ready to respond

In higher price environment production could be even greater.
China eases on shift to consumer economy and environmental policies. India’s *volume* growth similar to China by 2024. Middle East fuel oil demand boosted after IMO 2020. US demand steady.

Demand growth 1.2 mb/d per year, no peak in sight
Shippers and refiners adjust to IMO 2020 shakeup

Over 2 mb/d of HSFO shifts to gasoil and VLSFO. Main impact in first year but manageable over time.
US shale fits the new demand landscape

Global refined product barrel vs crude barrel

*excludes natural gas liquids and other non-refinery products

Shale crudes reduce need for complex refining, first reversal of the historical trend.
Conclusions

- The United States to provide 70% of the increase in global oil supply over next five years, with Iraq, Brazil, Norway & Guyana other major contributors
- Global oil demand growth to slow modestly, but still average 1.2 mb/d, with petrochemicals a key driver
- The oil industry needs to do more to cut its carbon footprint, including on flaring & methane leakages, and use of CCUS, EOR, hydrogen & renewables
- While there may be teething problems, refiners & shippers are relatively well prepared to respond to the new IMO bunker fuel regulations
- The 2nd wave of the US shale revolution is coming – it will shake-up international oil & gas trade flows, with profound implications for the geopolitics of energy