

Global Oil Market: Short-term Prospective Evaluation

LIU Xiaoli

Energy Research Institute, China



■ 国家发展和改革委员会能源研究所
■ Energy Research Institute National Development and Reform Commission



Contents

- **Prospects for International Crude Oil Price in 2010**
- **Measures of Maintaining Global Oil Market Stability**





Review on Crude Oil Prices in 2009



In general, crude oil prices fluctuated widely and shock upward in 2009



Quick Recovery on Global Economy



ENERGY RESEARCH INSTITUTE

The global economy growth trend, %

	2007	2008	2009	2010(Oct. 09)	2010(Jan.2010)	Difference from October 2009 WEO Projections
World	5.2	3	-1.1	3.1	3.9	0.8
US	2.1	0.4	-2.7	1.5	2.7	1.2
Euro area	2.7	0.7	-4.2	0.3	1.0	0.7
Japan	2.3	-0.7	-5.4	1.7	1.7	0
UK	2.6	0.7	-4.4	0.9	1.3	0.4
Canada	2.5	0.4	-2.5	2.1	2.6	0.5
Russia	8.1	5.6	-7.5	1.5	3.6	2.1
China	13	9	8.5	9	10.0	1.0
India	9.4	7.3	5.4	6.4	7.7	1.3
Brazil	5.7	5.1	-0.7	3.5	4.7	1.2
Mexico	3.3	1.3	-7.3	3.3	4.0	0.7

Source: IMF report, Jan.2010



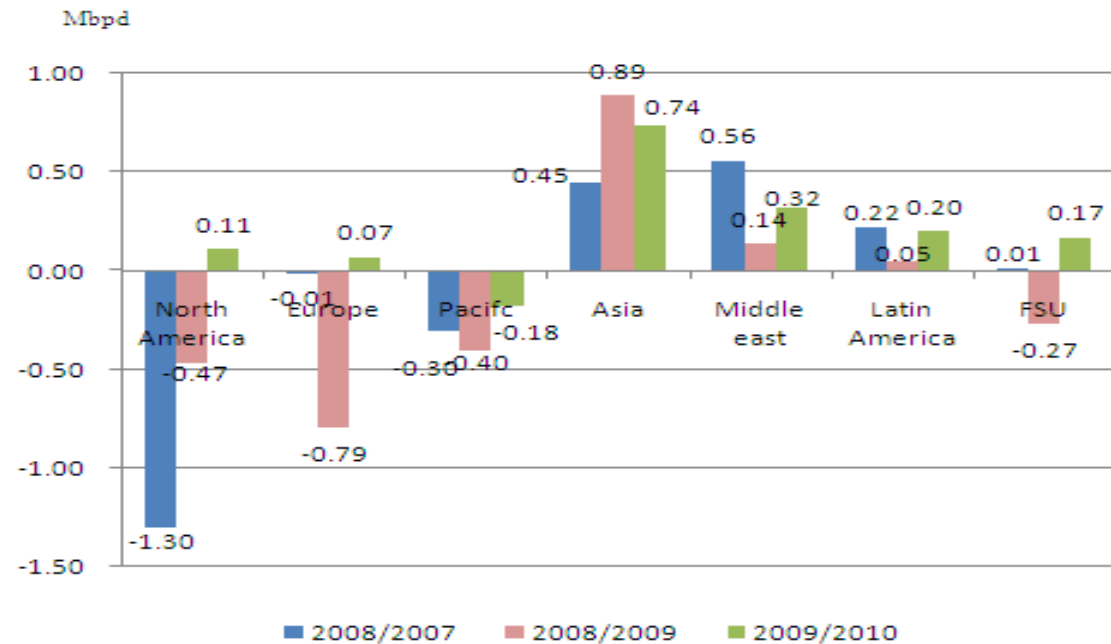
■ 国家发展和改革委员会能源研究所
■ Energy Research Institute National Development and Reform Commission



Global Oil Demand: Positive Growth

Regional oil demand growth, year on year

Global oil demand in 2010:
 IEA: 86.5 Mbpd, +1.8%
 EIA: 85.2 Mbpd, +1.3%
 OPEC: 85.1 Mbpd, +0.9%



Source: Oil Market Outlook, IEA Feb.2010



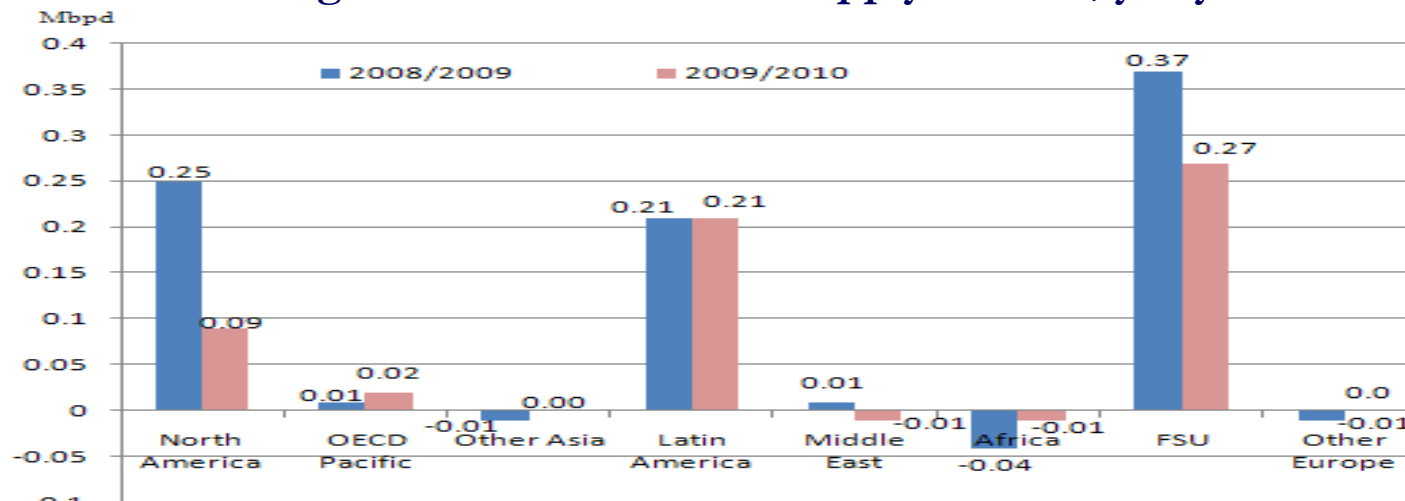


Global Oil Supply Steady Increase in 2010

ENERGY RESEARCH INSTITUTE

- **Non-OPEC supply:** Overall non-OPEC oil supply is estimated to increase by 0.3-0.5 mb/d;
- **OPEC NGL(condensate) production** is expected to expand by more than 0.5 or 0.6 mb/d;
- Demand for **OPEC** crude is expected to slightly increase from 2009.

Regional Non-OPEC Oil Supply Growth, y-o-y



Source: Monthly Oil Market Report, OPEC Feb.2010

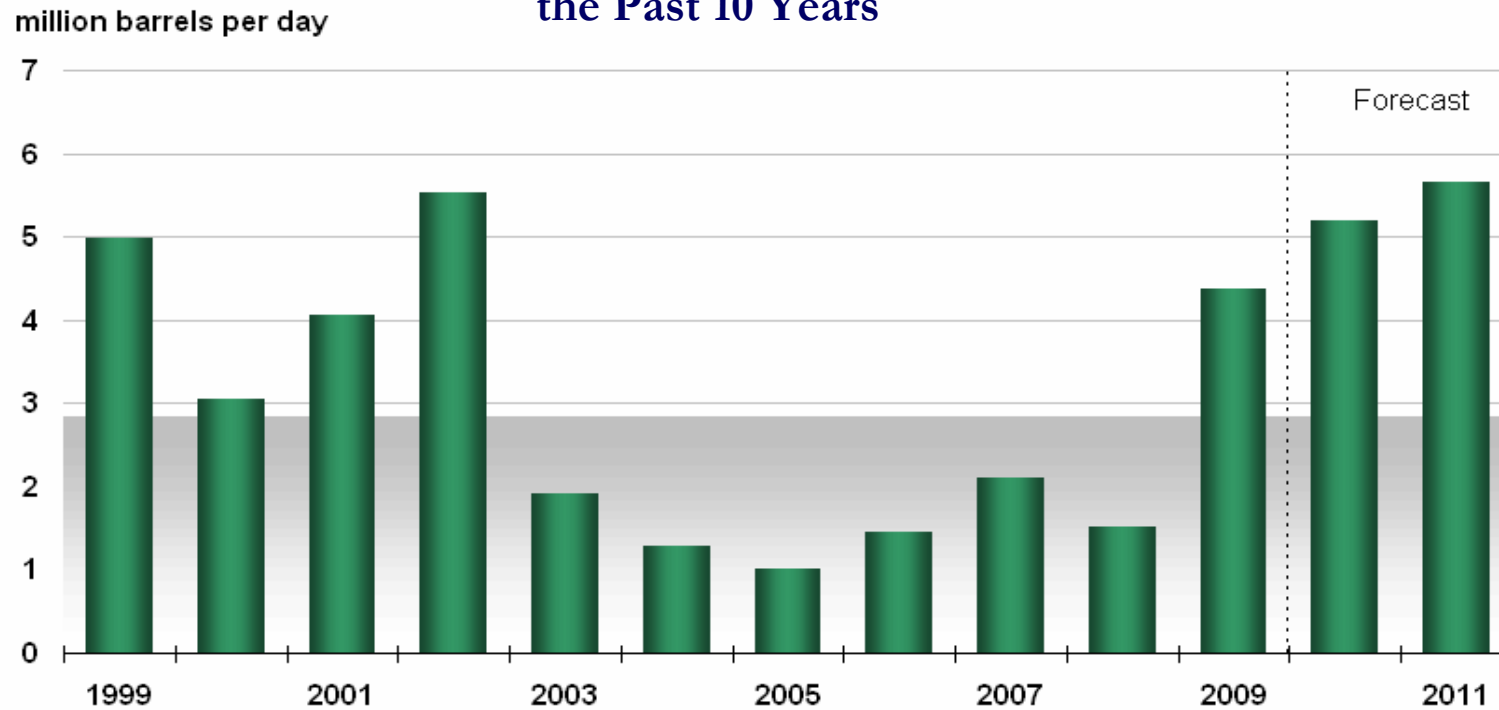


■ 国家发展和改革委员会能源研究所
 ■ Energy Research Institute National Development and Reform Commission



OPEC Surplus Crude Oil Production Capacity

OPEC Surplus Crude Oil Production Capacity Exceed the Average Level of the Past 10 Years



Note: Shaded area represents 1999-2009 average (2.8 million barrels per day)

Source: Short-Term Energy Outlook, February 2010

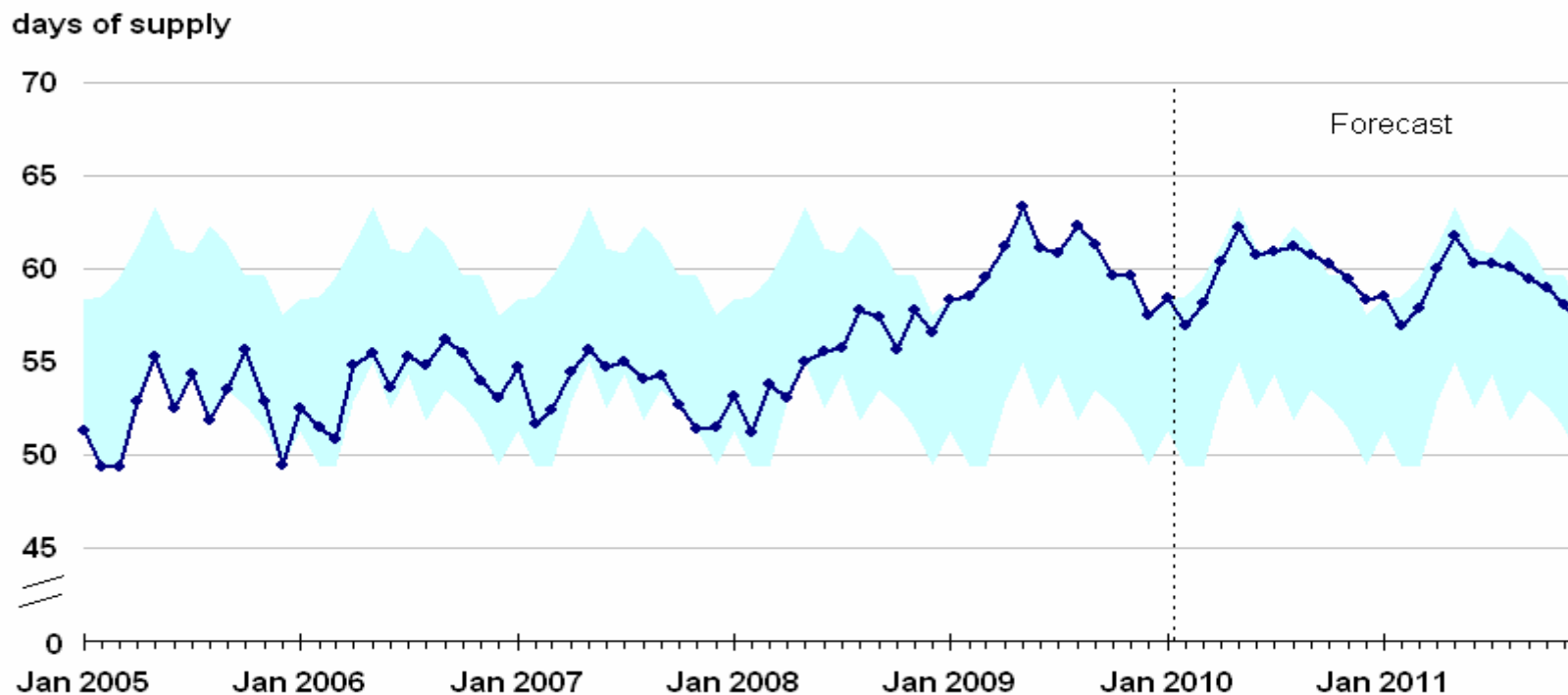


■ 国家发展和改革委员会能源研究所
■ Energy Research Institute National Development and Reform Commission



OECD Commercial Oil Stock

OECD Commercial Oil Stock will be Still Higher in 2010



Note: Colored band represents the range between the minimum and maximum observed inventories from Jan. 2005 - Dec. 2009.

Source: Short-Term Energy Outlook, February 2010



■ 国家发展和改革委员会能源研究所
■ Energy Research Institute National Development and Reform Commission



Financial factor's Impacts

ENERGY RESEARCH INSTITUTE

Oil price and stock index

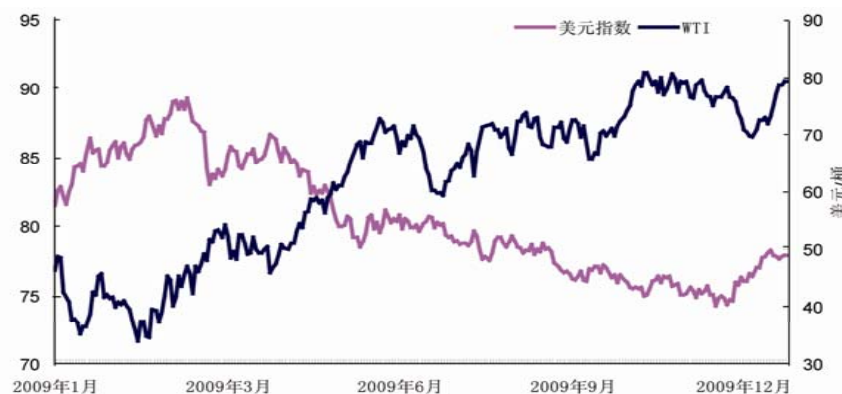
WTI价格与道琼斯指数变化



Oil price and gold price



Oil price and dollar index



■ 国家发展和改革委员会能源研究所
 ■ Energy Research Institute National Development and Reform Commission



International Oil Price Trend in 2010

Economic recovery, dollar devaluation and speculation are key drivers for international oil price upward in 2010.

If prospects of the world economic recovery are better than expected, economic and financial market confidence restored, the dollar continue to weaken significantly, then the upward trend of international oil prices will be more apparent.

Speculation and expectation of inflation will boost oil prices higher with more volatility.

It is estimated that WTI crude oil futures price in 2010 is likely around 70-85 US\$ a barrel.



International Oil Price Trend in 2010



ENERGY RESEARCH INSTITUTE

If global economic recovery meets resistance, global oil demand growth will be lower than expected, in order to prevent stagnation, the U.S. dollar in terms of policy led to strong, global oil oversupply as non-OPEC oil production increases faster than expected and OPEC member countries could not have incentives to cooperate in implementing production cuts, then the international oil price will decline obviously.



■ 国家发展和改革委员会能源研究所
■ Energy Research Institute National Development and Reform Commission

Measures of Maintaining Global Oil Market Stability



- ❖ To save oil and improve energy efficiency to alleviate the pressure of increasing oil demand;
- ❖ Develop and utilize alternative energies
 - NG and unconventional NG
 - biomass-based fuel alcohol;
 - non-food-based fuel alcohol;
 - electric vehicles;
 - NRE
- ❖ To increase investment in oil and gas upstream sectors;
- ❖ To strengthen international cooperation in combating the excessive speculation.





Thank you for your kind attention!

Contact: report@tky.ieej.or.jp



■ 国家发展和改革委员会能源研究所
■ Energy Research Institute National Development and Reform Commission