# Oil Market: Short & Medium Term Perspectives

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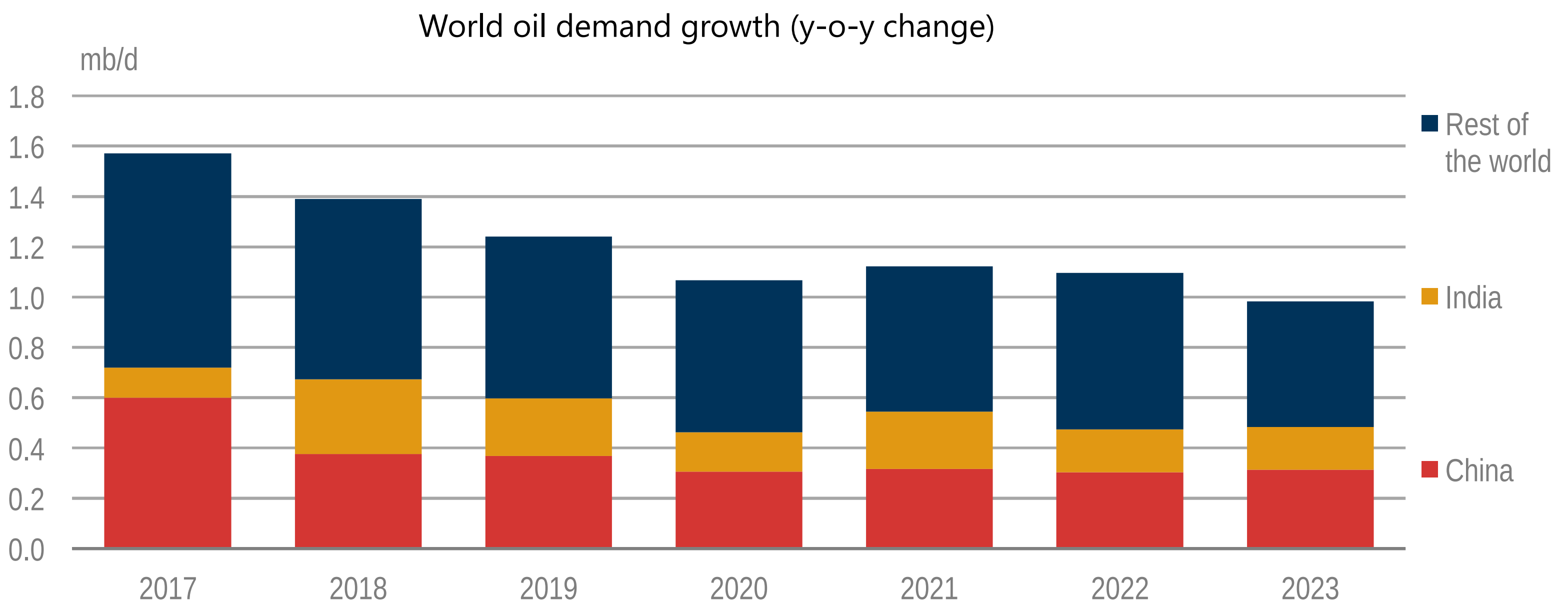
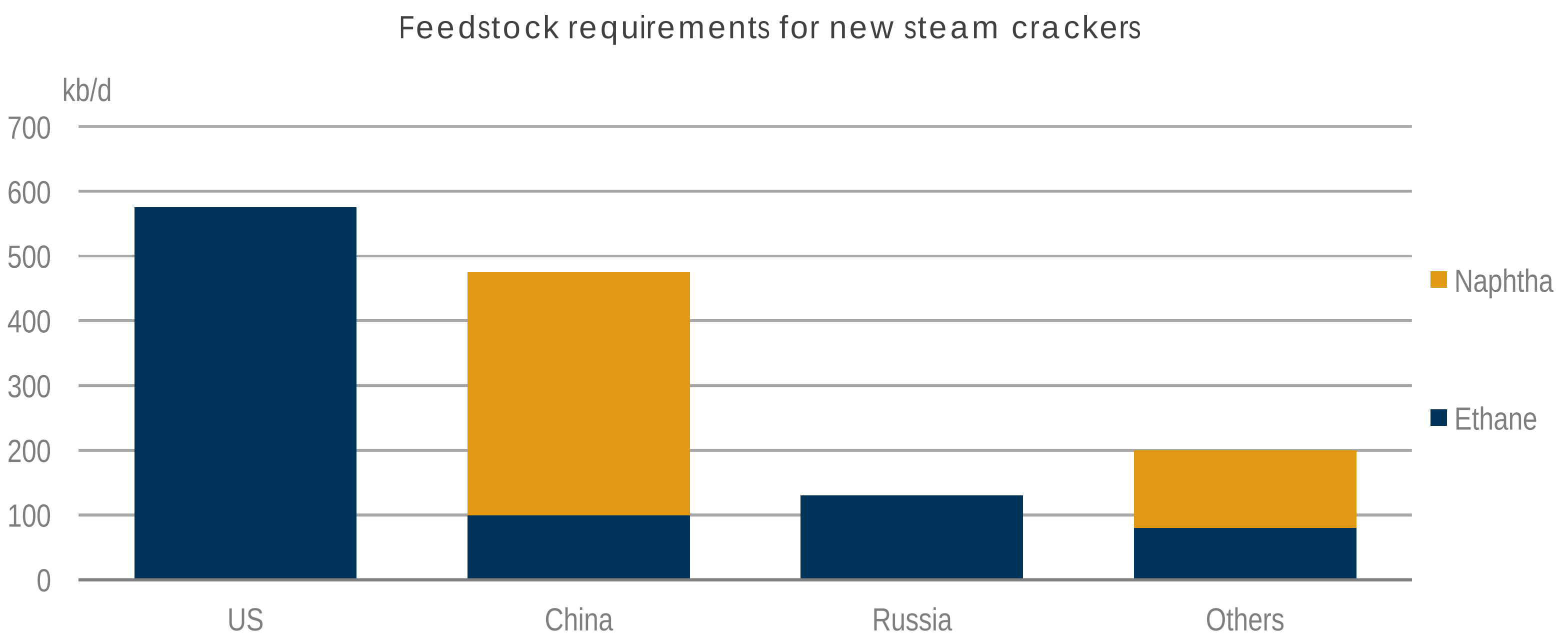
# Robust global oil demand growth to 2023



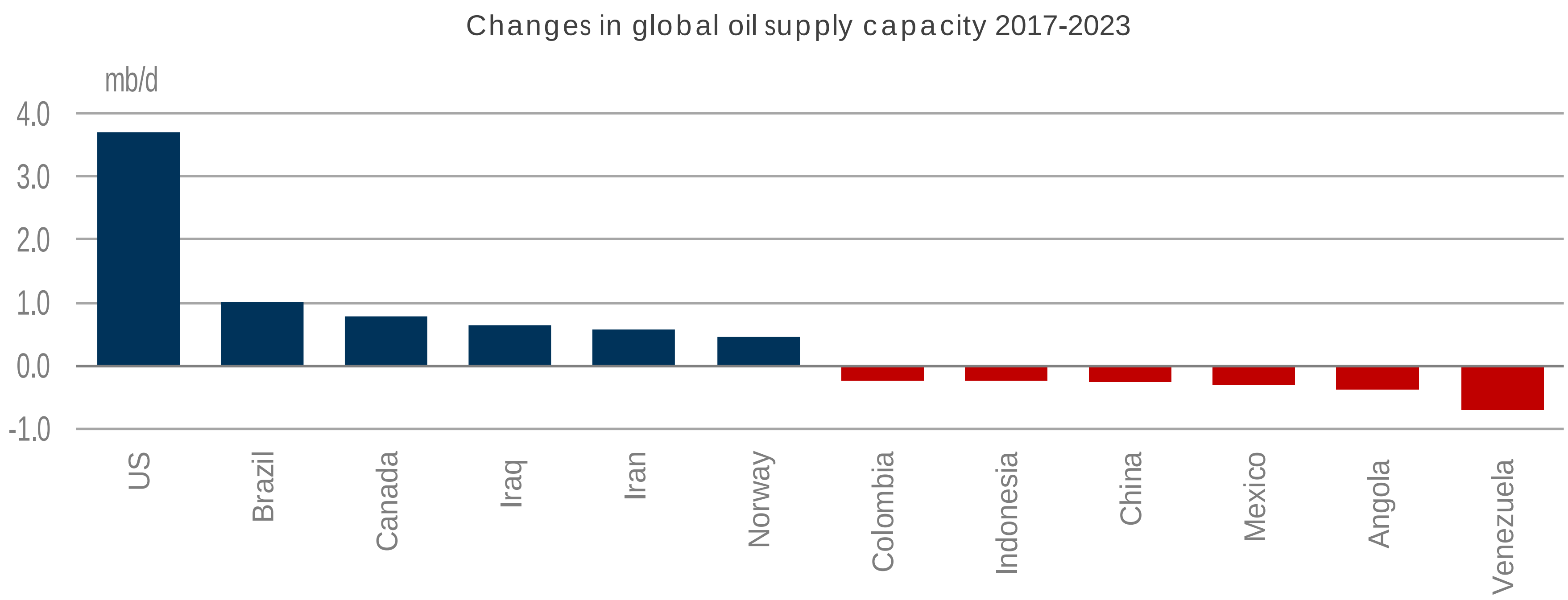

**China and India account for almost half of world oil demand growth**

# Petrochemicals drive global oil demand growth to 2023



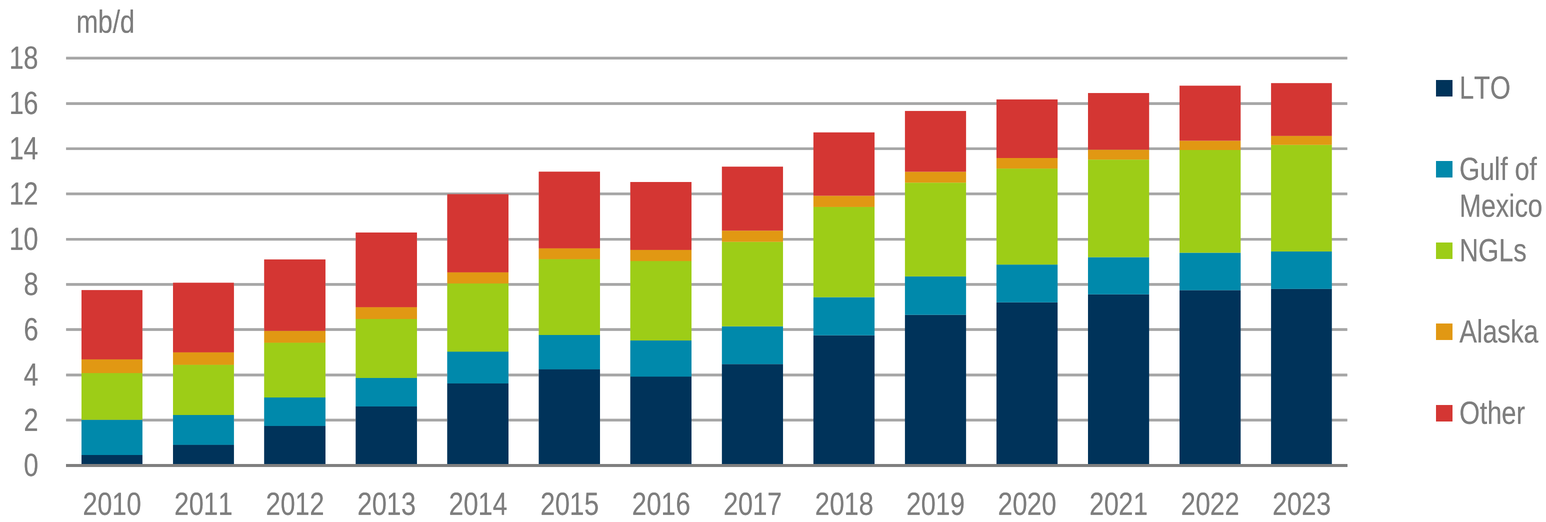

**Petrochemical feedstocks (ethane and naphtha) responsible for 25% of global oil demand growth**

# Booming non-OPEC supply growth reshapes world oil market...



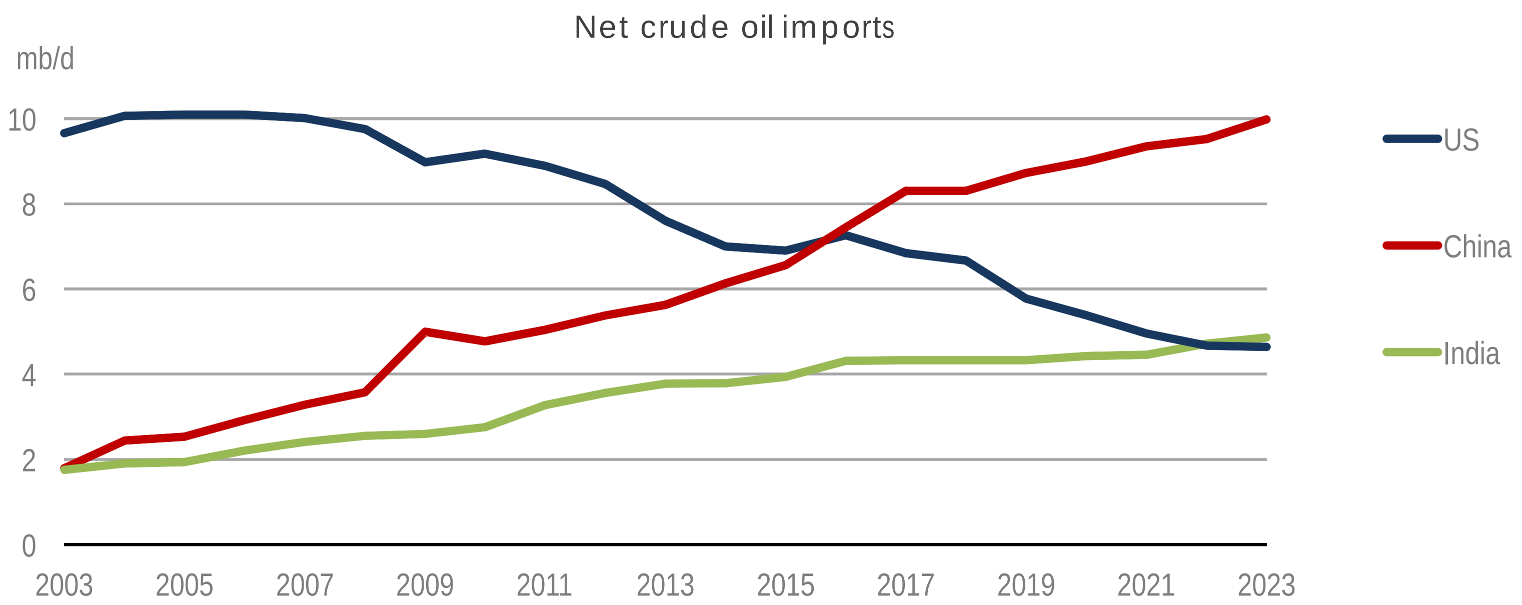

**...more than covers demand growth for next three years. By 2023, non-OPEC supply grows by 5.2 mb/d. OPEC oil capacity rises only 1.2 mb/d due to Venezuelan collapse and limited increases elsewhere.**

# Higher oil prices unleash second wave of US supply



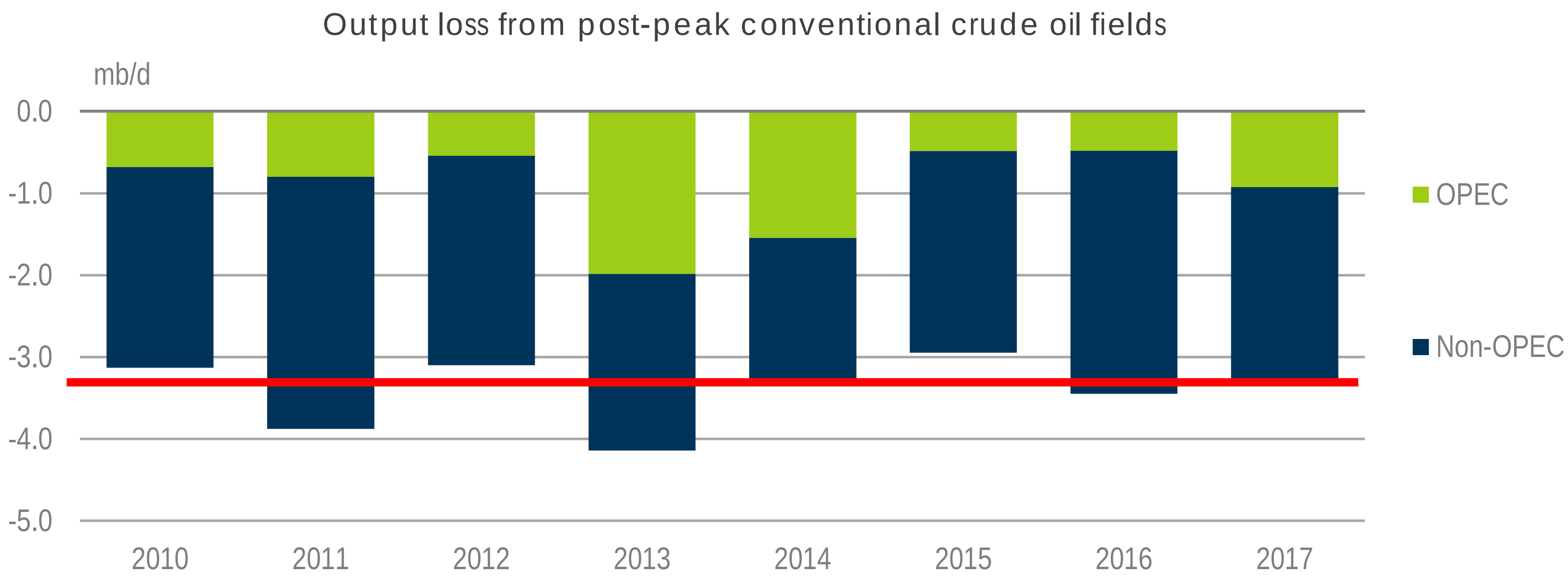

**Total output reaches 17 mb/d by 2023 – and could be even higher if prices rise.**

# China net crude oil imports double the US in 2023



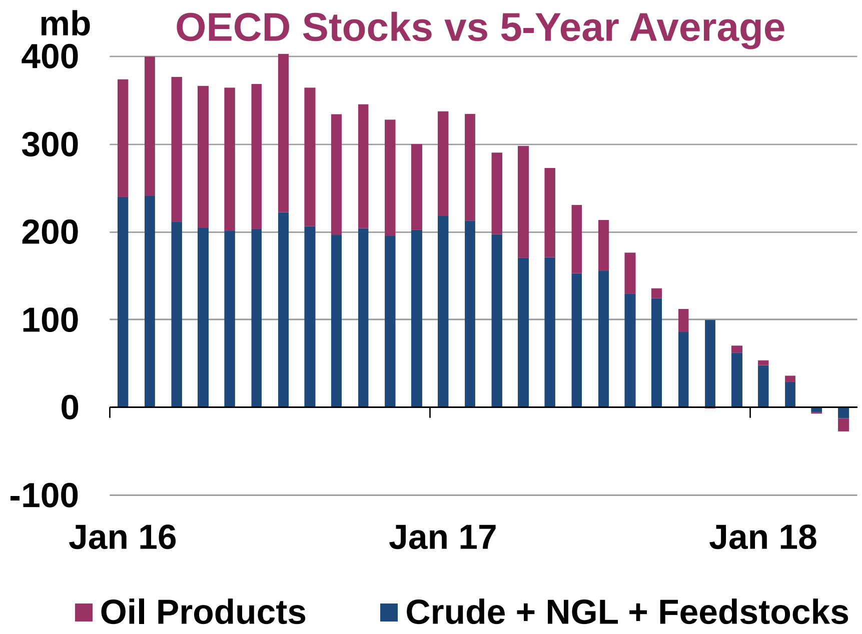

**Indian imports, too, surpass the US in 2023 as shale growth reduces US import dependence.**

# Oil industry needs to replace one North Sea each year



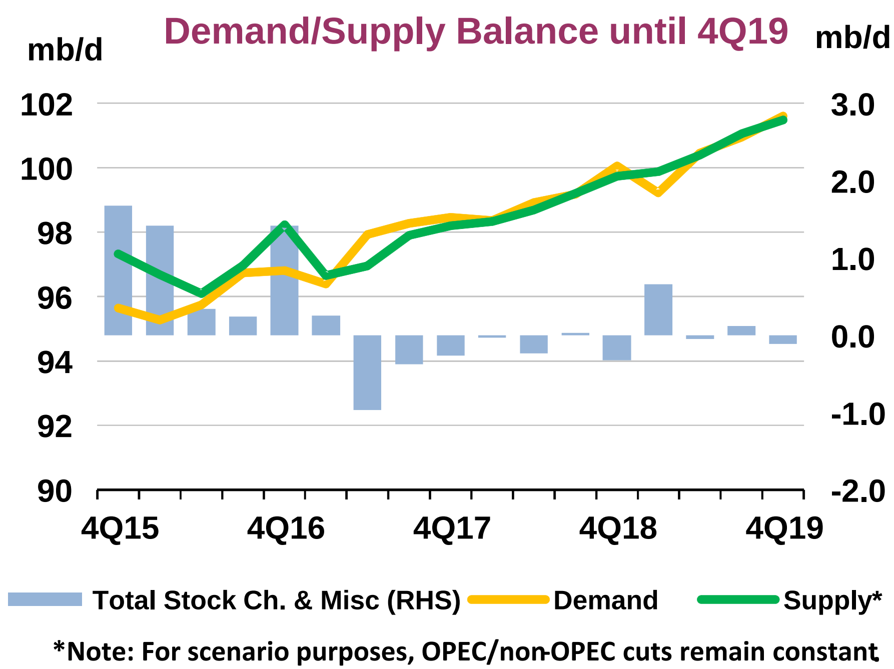

**Ageing oil fields lose more than 3 mb/d per year despite slowing decline rates.**

# OECD stocks now well below 5-year average




**At end-April, OECD stocks were 27 mb below the five-year average. Crude & products stocks both below the target. Middle distillate stocks are tight.**

# Market tightens in 2018 and slightly looser in 2019




**Risks include: Venezuela and Iran supply falls; weaker oil demand on trade slowdown**

## Conclusions

- Robust world oil demand growth to 2023 – petrochemicals key driver.
- Non-OPEC output growth exceeds demand increase through 2020.
- US, Brazil, Canada, Norway dominate growth. New infrastructure investments relieve US export bottlenecks.
- US crude finds new markets as refiners seek light, low-sulphur crude to meet petrochemical demand and IMO specifications.
- More upstream investment needed today to meet future demand and offset 3 mb/d of declines from mature oil fields each year.
- Stocks now below 5-year average and distillates are tight.
- If OPEC supply stable, stocks draw 0.2 mb/d in 2H18 and build by same in 2019.
- Venezuela & Iran are major supply risks. Vienna Agreement countries likely to be called on for more supply.
- As spare capacity cushion shrinks, supply security concerns remain critical.