

Petroleum Market Monthly Outlook

2023-2024

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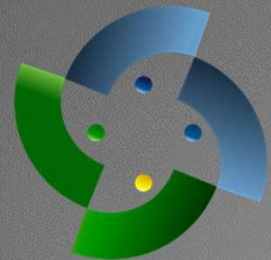


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Risk Assessments

Geopolitical Risk

- Ukraine, MENA, China expansion threaten energy prices and flows.
- UN still committed to the “free flow of oil at free market prices”.

Global Macro Risk

- China slowdown in rate of GDP growth slows global demand picture for 2024.
- Inflation, higher borrowing costs, elevated debt weigh on central bank policy.

Climate Initiative Risk

- Banks re-examine loans, banking options to large carbon emitters.
- Carbon Credits to emerge as new asset class?

Market Composition

- Record shorts in crude underscore doubts on OPEC discipline.
- Length in products will keep refinery cracks high throughout 2024.

Fundamentals and Forecasts

Global Crude Oil Market Review

- Record highs in global liquid fuel consumption.
- Brent crude oil prices averaging less than \$80/barrel won't last.

US Crude Oil Market Review

- Industry in Strong financial position; high oil prices would only improve lot
- Forecast: US crude oil production continues to increase.

US Gasoline Market Review

- High inventory levels leading to months of destocking.
- Gasoline demand v VMT will continue to trend lower in 2024.

US Distillate Market Review

- Improved throughput, supportive crack structure adds to distillate supply.
- Consumption makes small gains in 2024 .

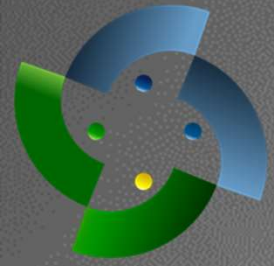
Oil Market Implications

Global Outlook

- Weak 23SH prices damage 24FH upstream E&P budgets, global refining margins hold, economic challenges and climate initiatives slow overall demand.

US Outlook

- Higher crude prices add to US production; Rigs increase to produce and replace DUCs, US exports expand, gasoline prices stabilize ahead of election season.



Global Oil Markets: Political Drivers

Global Oil Balance Sheet – 2023 to 2024

E*Comdty Global Crude Oil Outlook: November 2023

	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	2022	2023	2024
OECD Demand	45.3	45.6	46.2	46.2	45.5	45.5	46.1	46.1	45.6	45.8	45.8
Non-OECD Demand	55.3	55.6	55.7	56.0	56.7	57.2	57.3	57.7	53.5	55.6	57.2
Total Demand	100.6	101.2	101.9	102.2	102.3	102.7	103.4	103.8	99.2	101.5	103.0
OPEC Crude Production	29.1	28.5	27.3	27.9	28.4	28.4	28.5	28.4	28.7	28.2	28.4
OPEC NGL/Condensates	5.5	5.4	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Non-OPEC Supply	67.3	67.6	68.6	68.4	68.7	69.3	69.6	69.9	65.8	68.0	69.4
Non-OPEC Supply ex: FSU	53.1	53.9	55.0	55.1	55.1	55.6	55.9	56.1	52.0	54.3	55.7
FSU (Former Soviet Union)	14.2	13.8	13.5	13.3	13.6	13.7	13.7	13.8	13.8	13.7	13.7
Total Supply	101.8	101.6	101.4	101.7	102.6	103.2	103.6	103.8	100.0	101.6	103.3
Call on OPEC Crude & Stocks	27.8	28.1	27.8	28.4	28.1	27.9	28.3	28.4	27.8	28.0	28.2
Total Stock Change	1.2	0.3	(0.5)	(0.5)	0.3	0.5	0.2	(0.0)	0.8	0.1	0.2

- Absent larger conflict, OPEC supply will continue to grow from 23Q4 through 2024 but at a slower pace
- After 24 months, the world has figured out the “work around” the Ukraine conflict and Russian supply.