

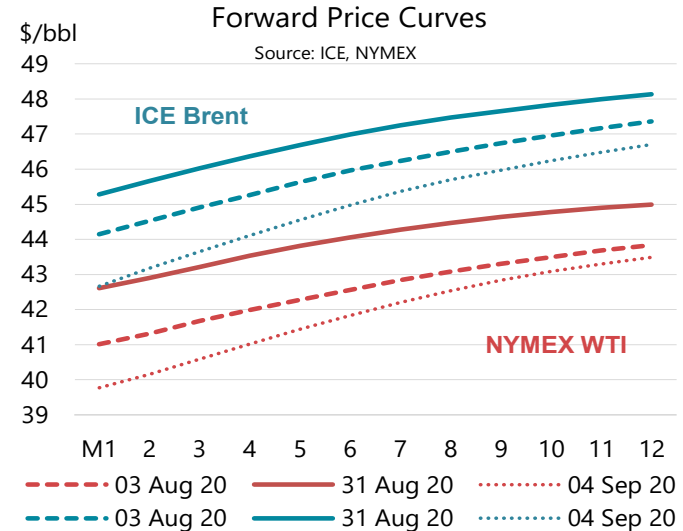
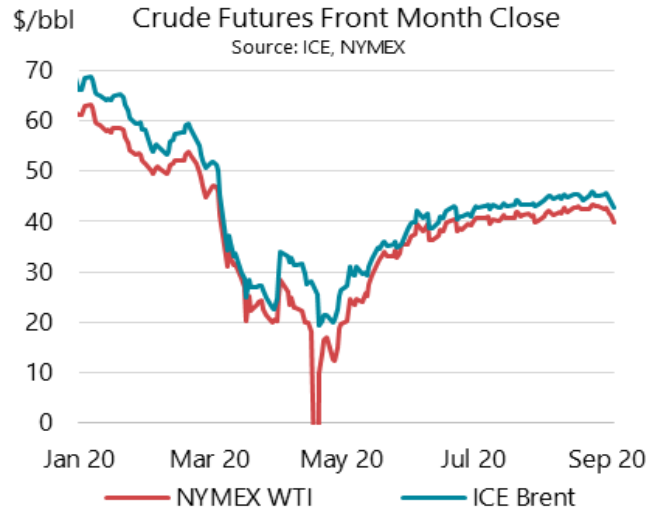


# Presentation to 12<sup>th</sup> Oil Forum – Energy Community

16 September 2020

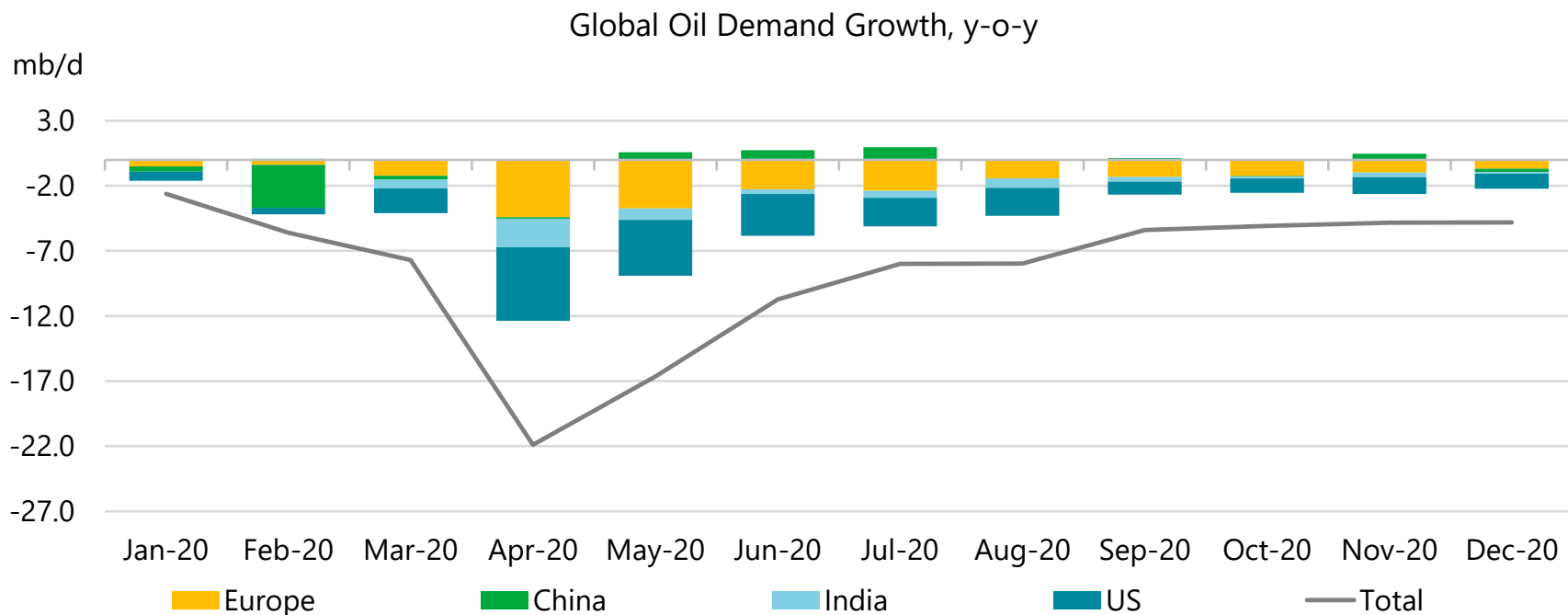
# Short term oil market issues

# Prices coming under pressure after long period of stability



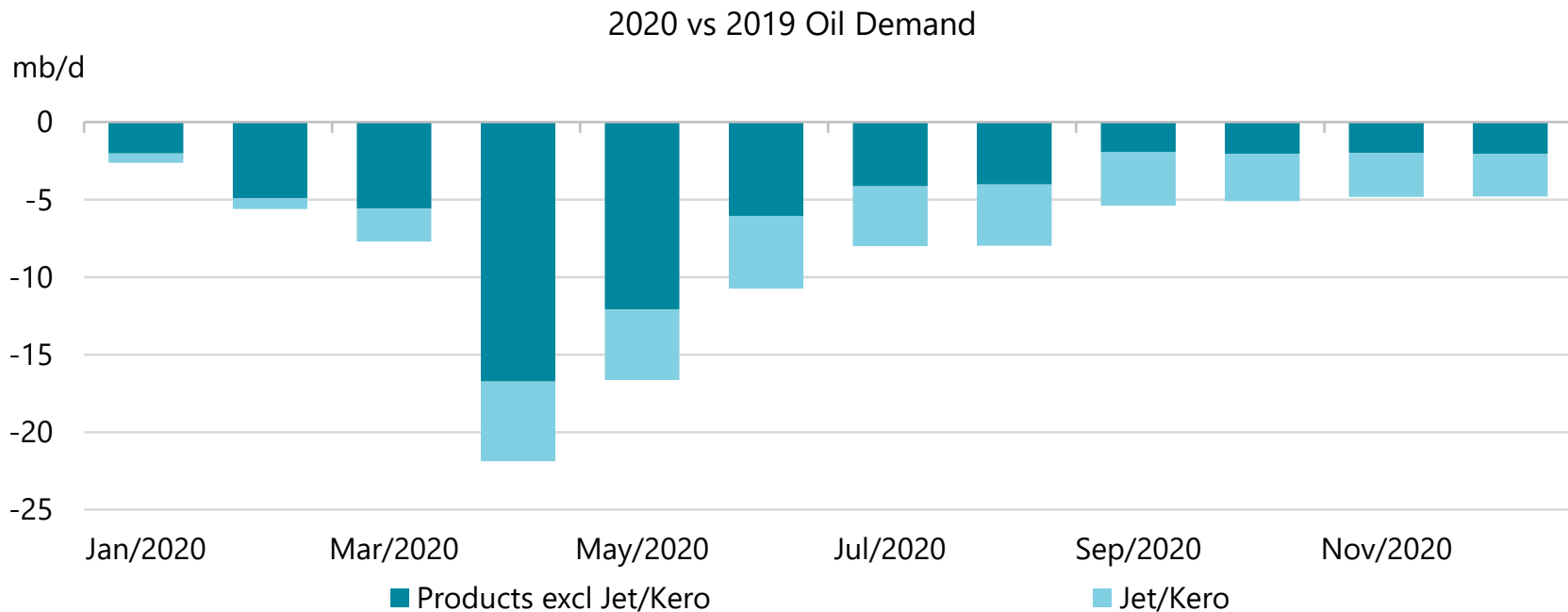
Main futures benchmarks rangebound since second half of June. Since late August fear of weakening market has moved futures curve down with little upward movement expected..

# Oil demand recovery from “Black April” is decelerating



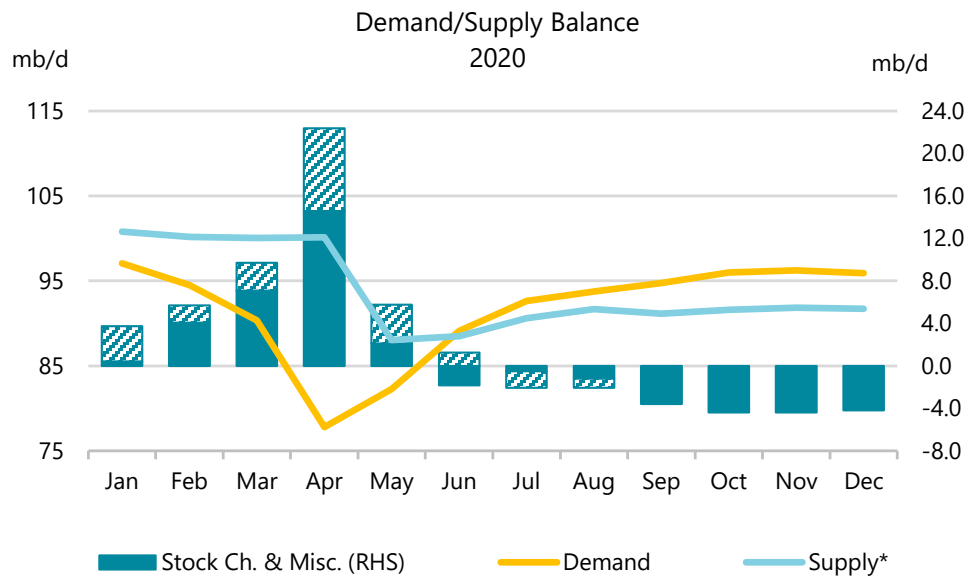
China has seen a strong rebound from lockdown; US recovering gradually; in Europe the resurgence of Covid-19 is a threat; India published very weak demand numbers for August.

# Oil demand recovery led by land transport: jet is a major drag



Global oil demand 6 mb/d down y-o-y in 2H20, of which 3.3 mb/d is jet/kerosene.

# Oil market re-balances in second half of 2020

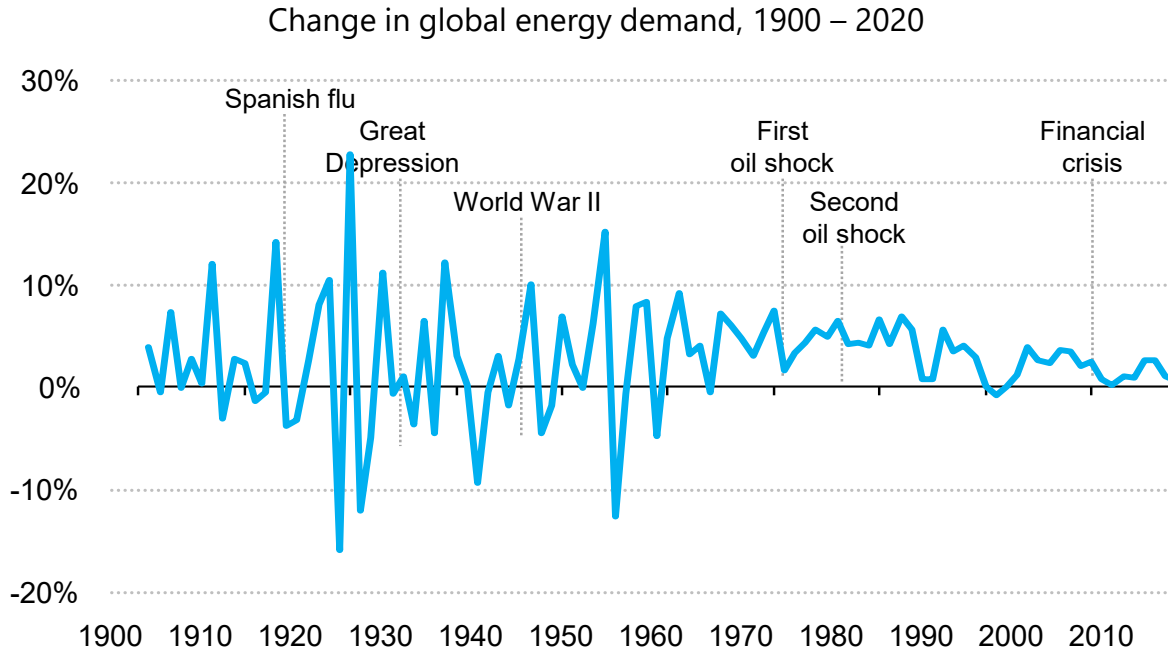


\* Assumes 100% compliance with OPEC+ deal

Data revisions reducing implied stock draw – was 4.4 mb/d, now 3.5 mb/d. Sentiment is weakening!

# Important medium term issues

# Coronavirus: a once in a century event for energy demand

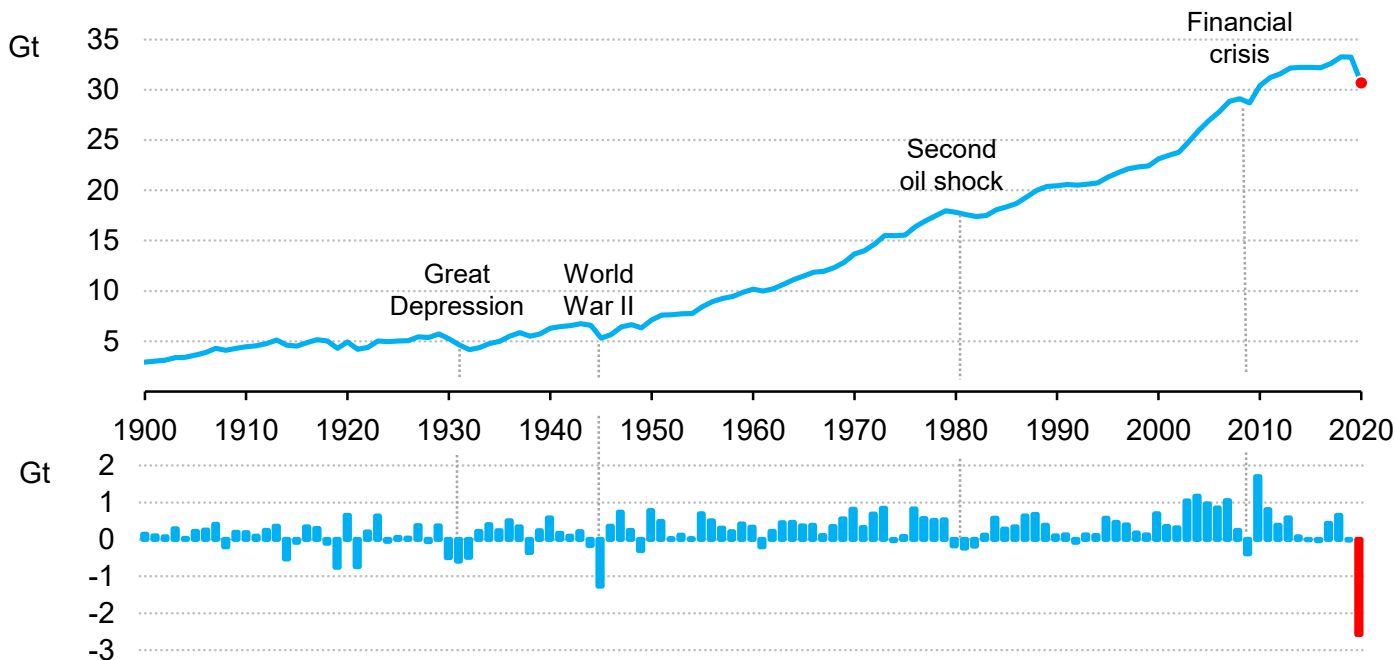


The shock to energy demand in 2020 is set to be the largest in 70 years. In our estimate, global energy demand declines by 6%, a fall seven times greater than the 2009 financial crisis.



# CO<sub>2</sub> emissions drop the most ever due to the COVID-19 crisis

Global energy-related CO<sub>2</sub> emissions and annual change, 1900-2020



Global energy-related CO<sub>2</sub> emissions are set to fall nearly 8% in 2020 to their lowest level in a decade. Reduced coal use contributes the most. Experience suggests that a large rebound is likely post crisis.

# Peak oil demand is not a new idea!

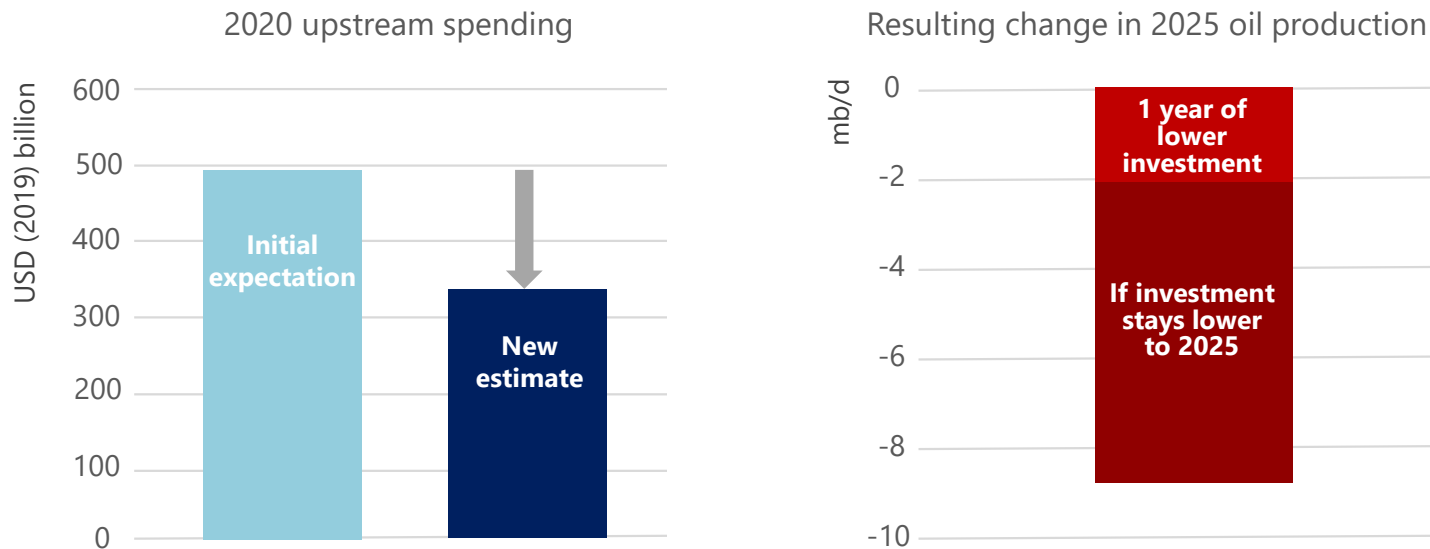
It was the end of oil at 80 mb/d, 92 mb/d, and 100 million barrels/day, respectively!



In the decade between the financial crisis and the coronavirus, global oil demand growth surprised on the upside. Population growth and rising incomes in developing countries remain key demand drivers.

# Investment crunch: a new boom-and-bust cycle for oil markets?

Effect of lower investment on 2025 oil balances



Reduced investment in 2020 already brings down 2025 oil output by more than 2 mb/d, if investment stays at 2020 levels, this would reduce the previously-expected level of supply in 2025 by almost 9 mb/d

**iea**