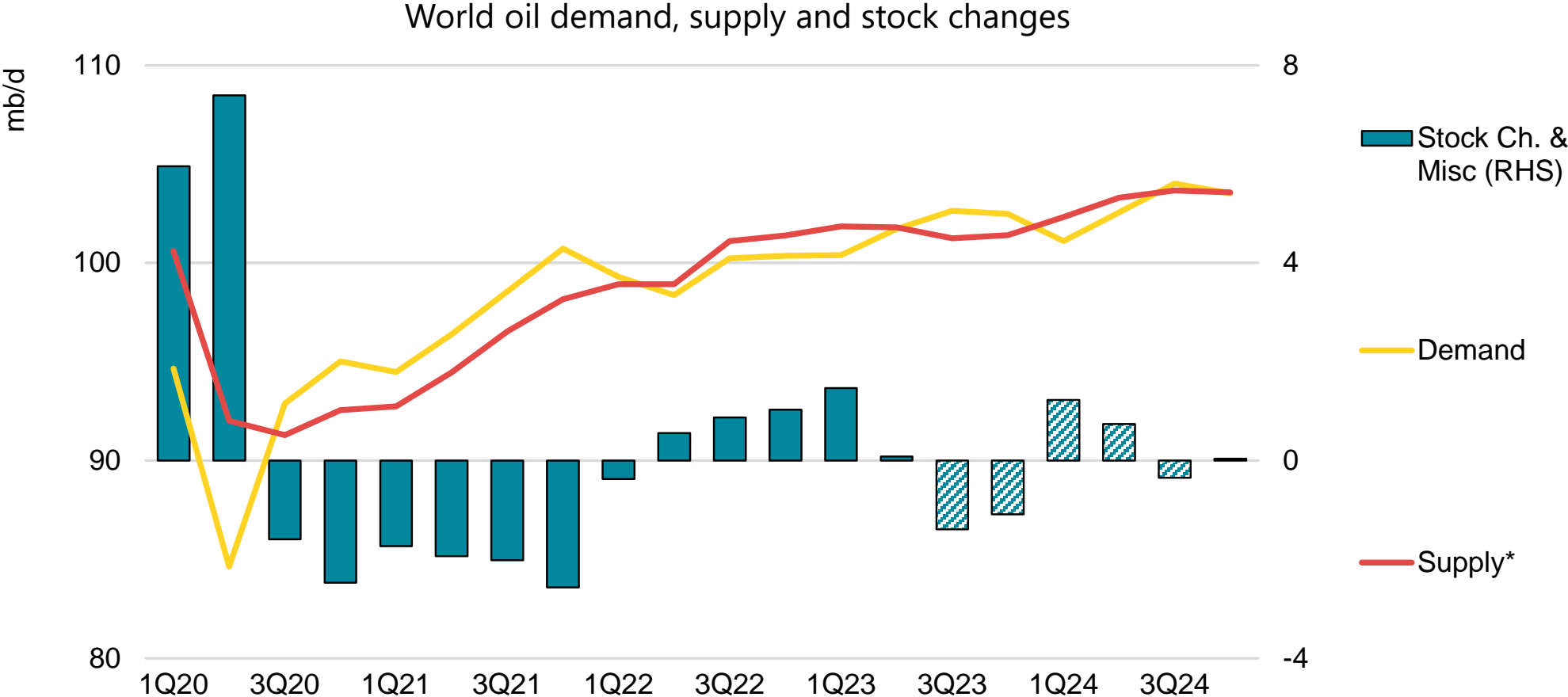




Oil Market Trends to 2028

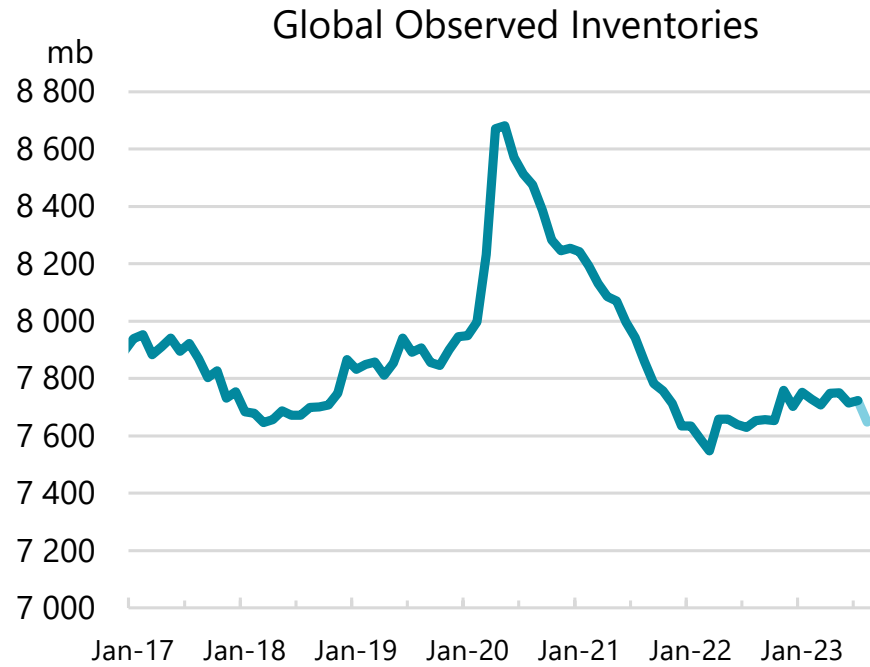
10 October 2023

Extended output cuts lock in significant market deficit in 2H23

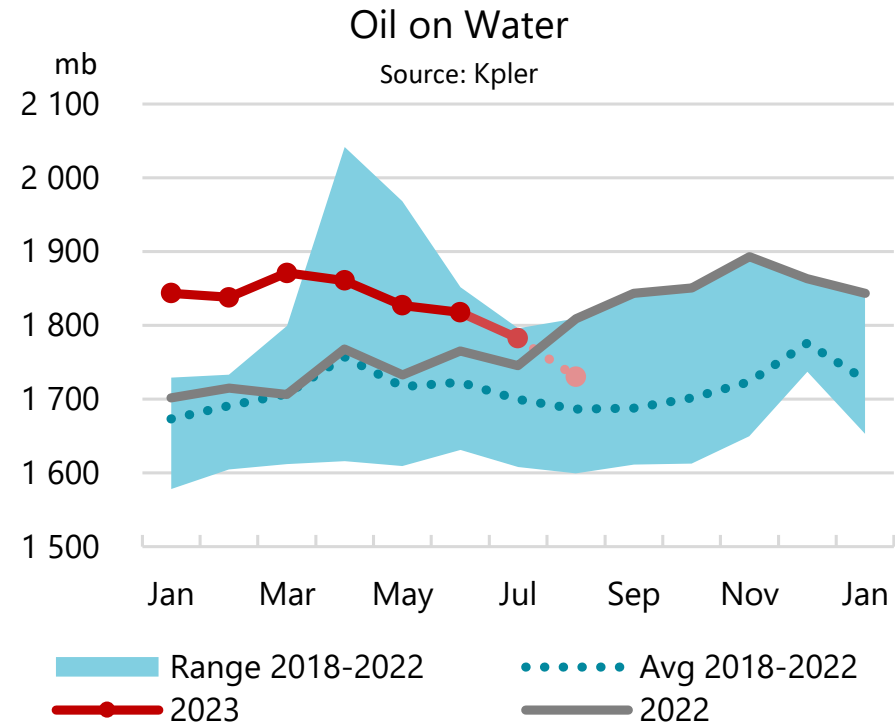


Market could flip to surplus in 2024, as demand growth slows and if OPEC+ ends voluntary cuts. With global oil inventories set to fall to critically low levels before then, a return to stock builds would be welcome.

Global observed oil inventories fell sharply in August

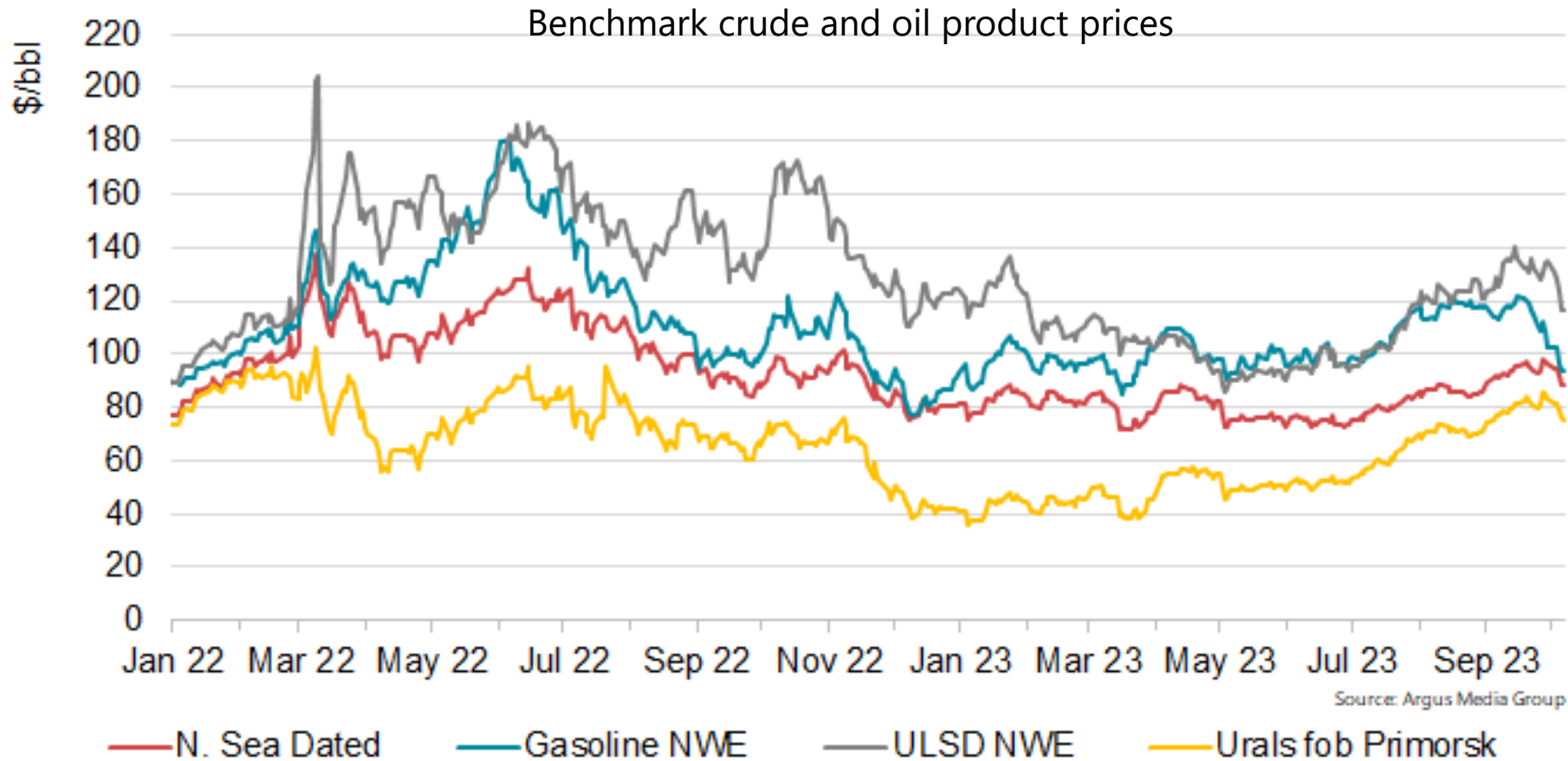


Sources: IEA, Kayrros, Kpler, FEDCom/S&P Global Platts, Enterprise Singapore



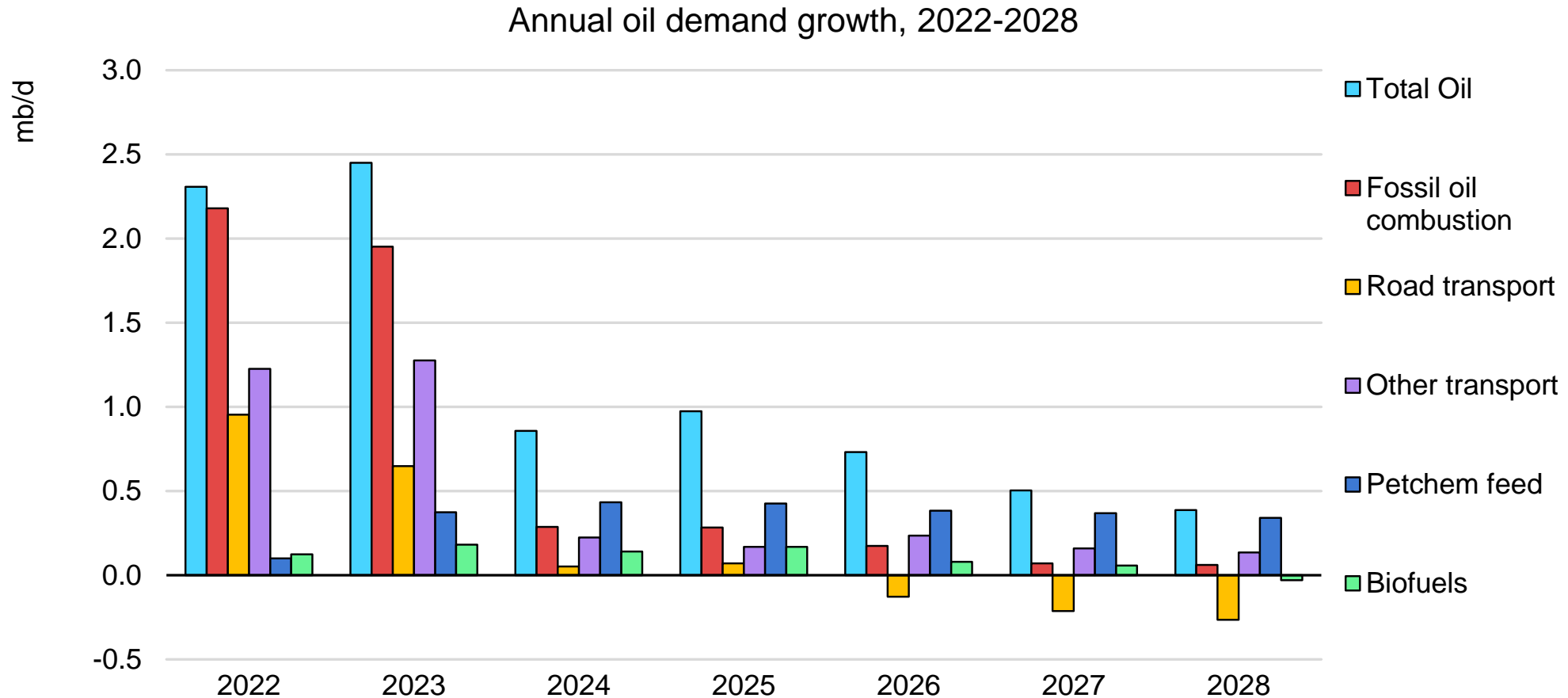
Preliminary data show global inventories fell by 76 mb in August after building 9 mb in July. Oil on water posted significant draws in these two months by 50 mb and 35 mb, respectively.

Crude oil prices rise in September, sharply fall in early October



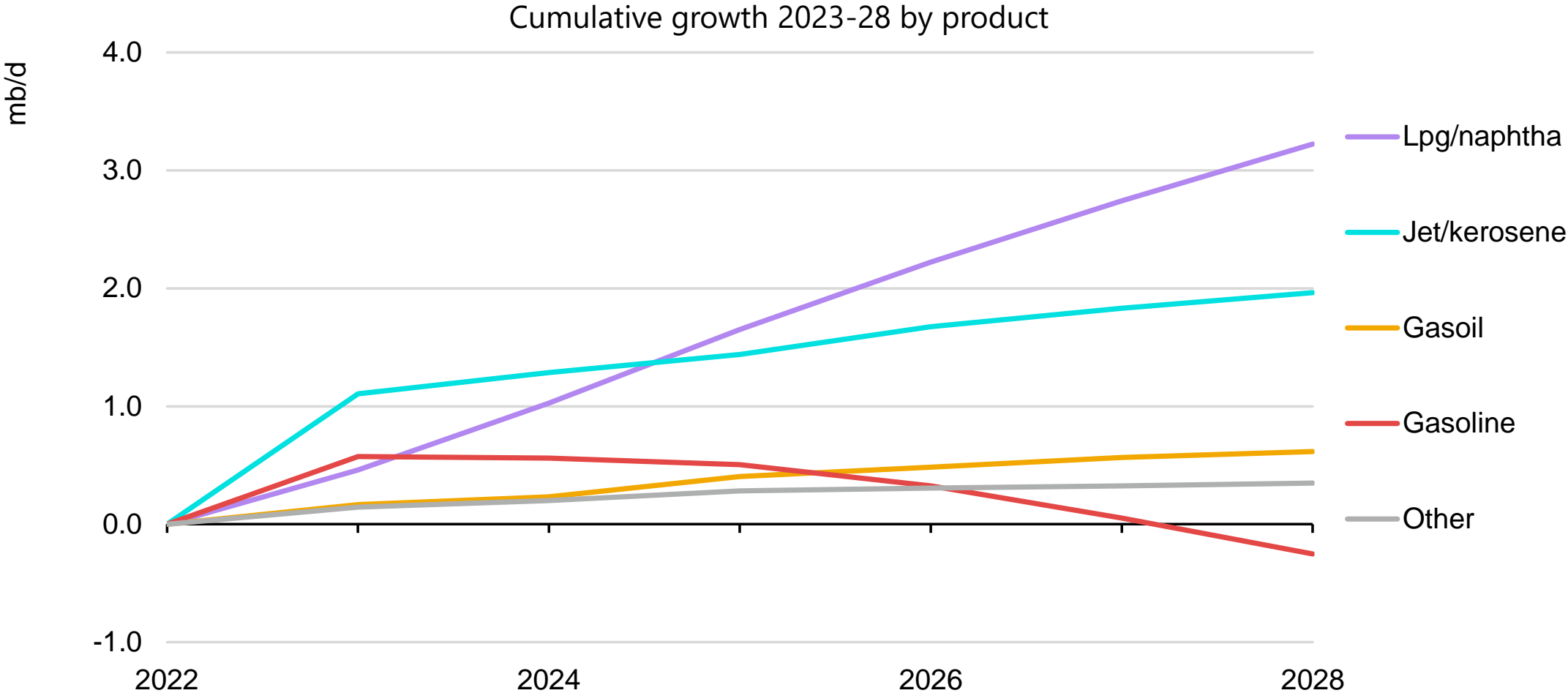
Extended cuts from Saudi and Russia pushed benchmark crude and product prices to 10-month highs above \$98/bbl in September, before retreating in early October. North Sea is now trading around \$90/bbl.

Global energy crisis accelerates transition away from oil



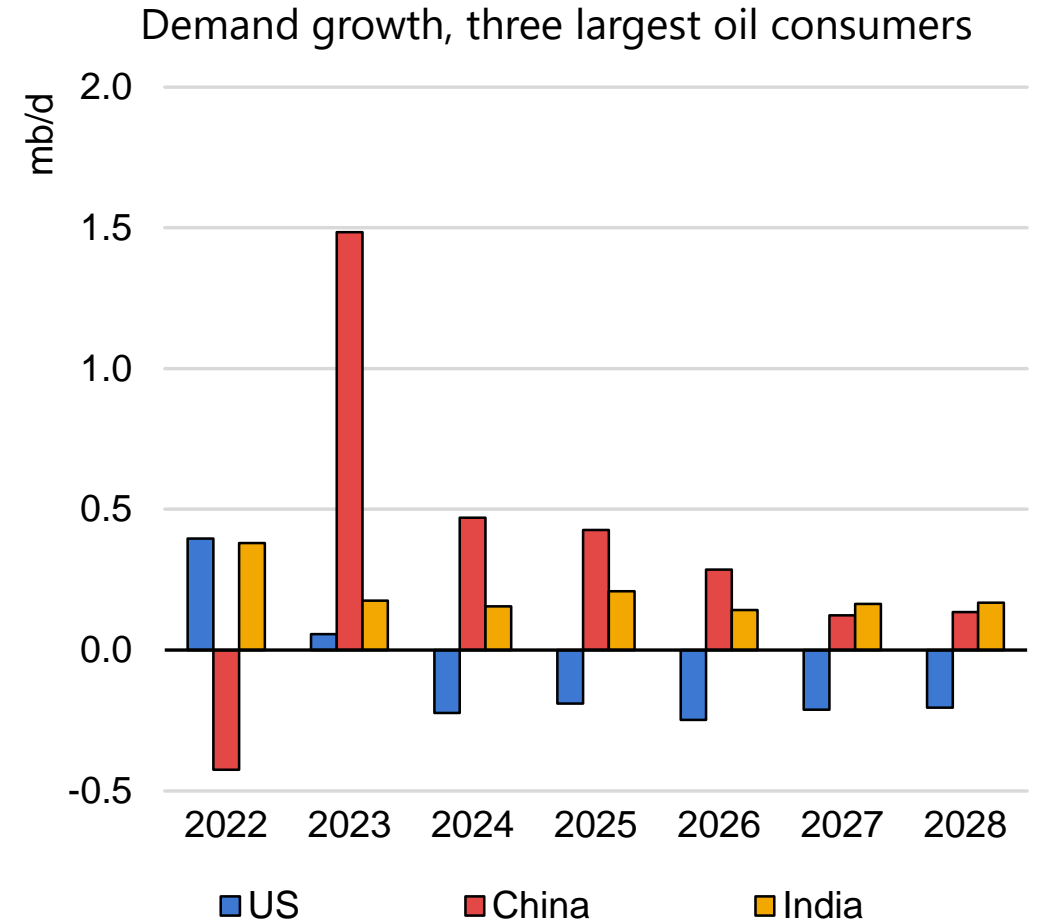
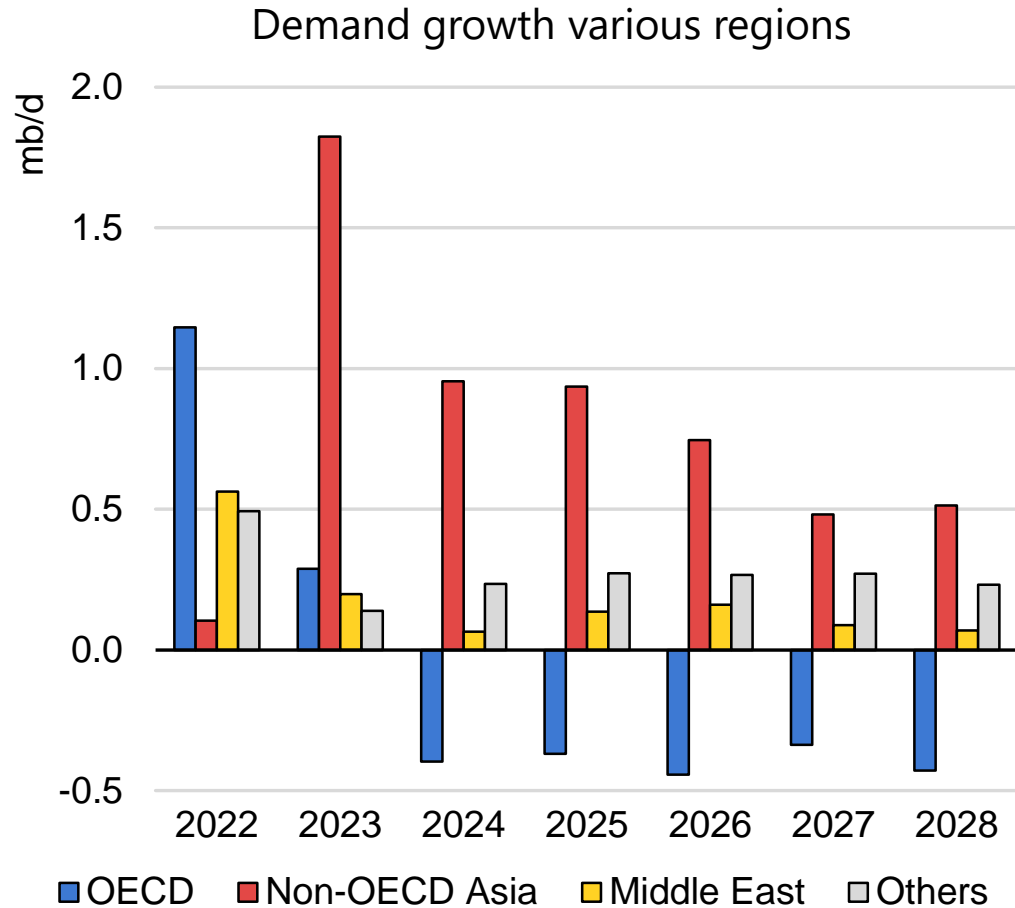
Growth in oil demand will slow from 2.4 mb/d in 2023 to 400 kb/d in 2028. Fossil fuel combustion peaks in 2028 on rising efficiencies and EV sales. Petrochemical feedstocks continue to increase.

Petrochemicals and aviation underpin overall growth



Petrochemical feedstocks (+3.2 mb/d) and rebounding jet/kero (2 mb/d) will dominate overall 2022-28 growth of 5.9 mb/d. Global gasoline demand will fall from 2024 while gasoil will rise by 600 kb/d.

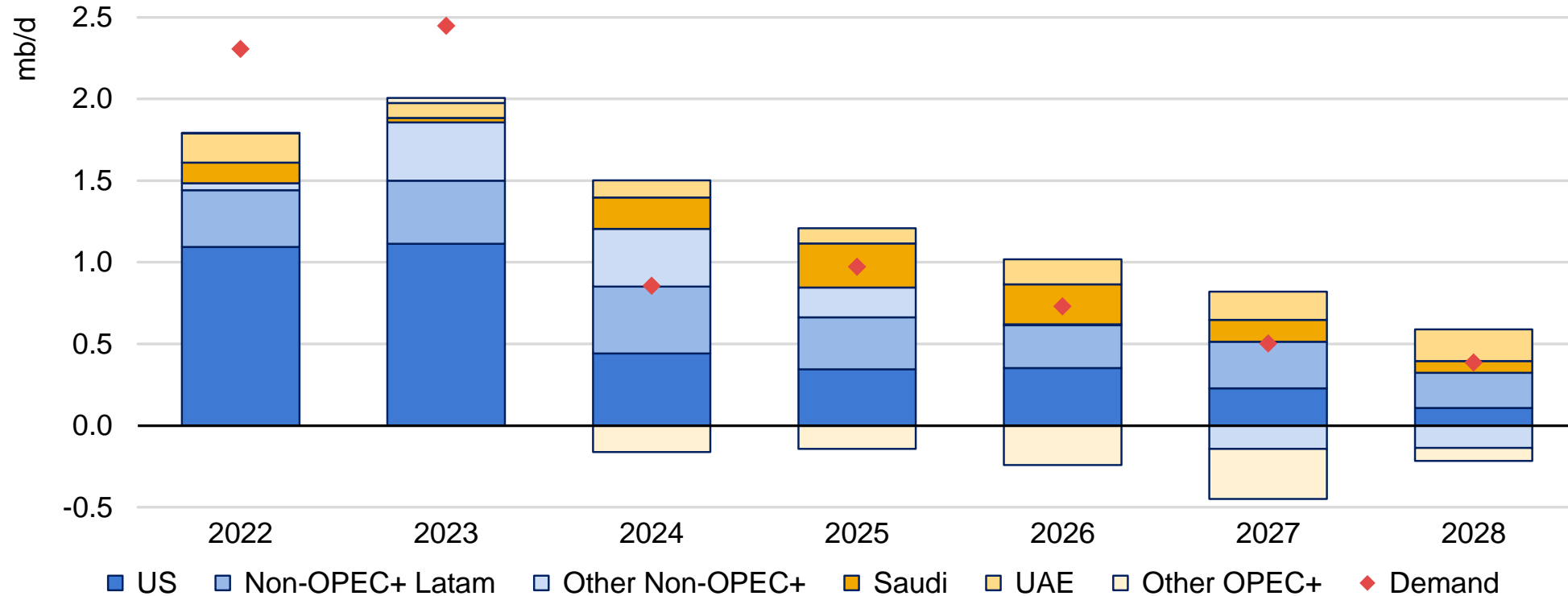
Asia dominates demand outlook, India to outpace Chinese growth



Non-OECD Asia leads 2022-28 demand growth, while the OECD declines from 2024. China posts strong gains at the start of the forecast, but India overtakes from 2027.

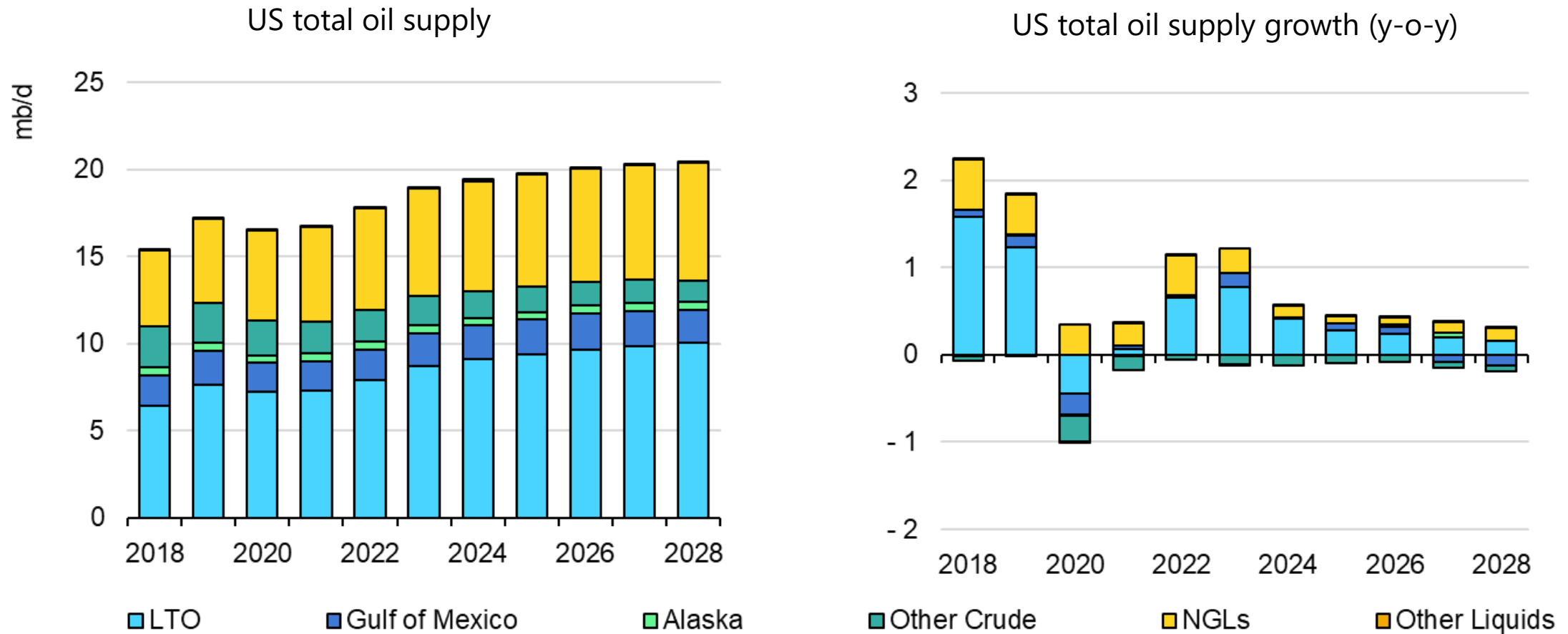
US-led capacity building slows but keeps up with demand

Capacity growth by key regions and demand growth forecast (y-o-y change)



US, non-OPEC+ Americas dominate expansion of 5.9 mb/d vs similar demand growth. Saudi, UAE fuel OPEC+ increase. Capacity growth slows from 1.9 mb/d in 2022 to 300 kb/d in 2028.

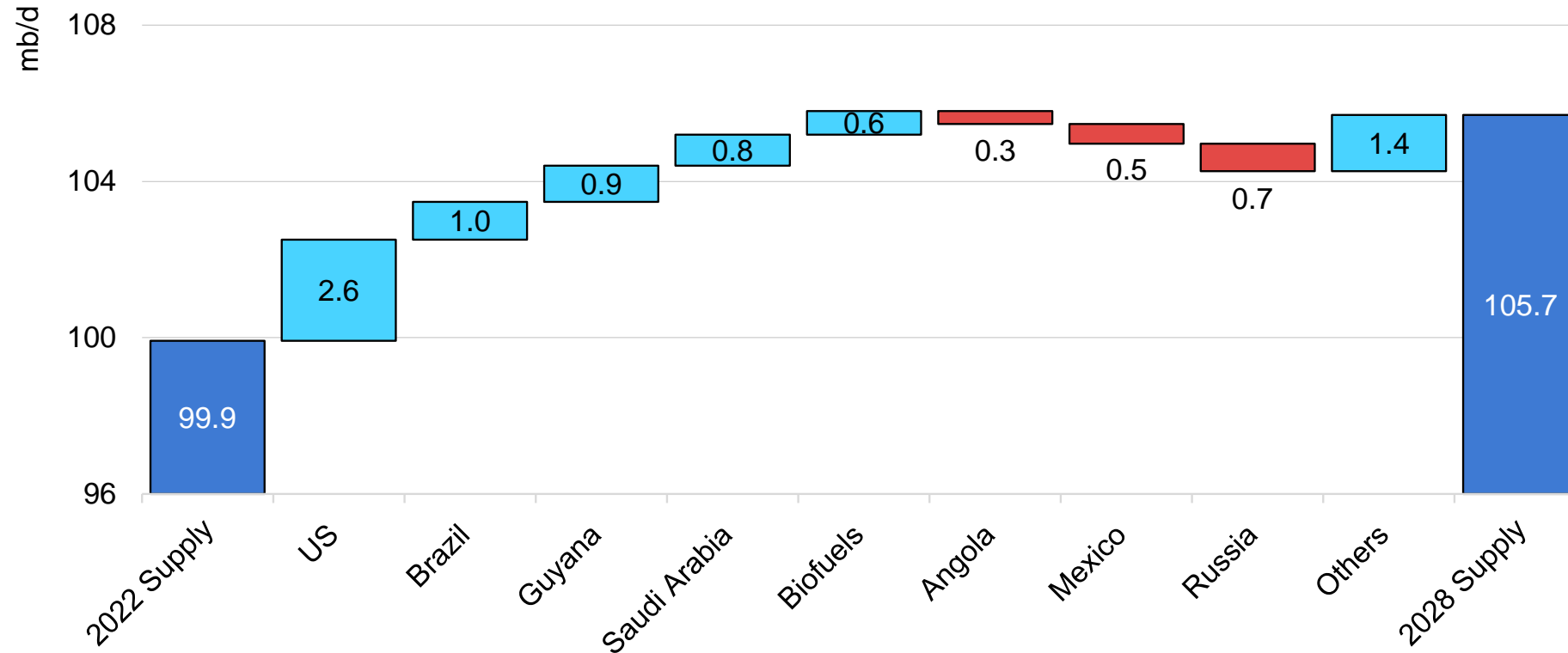
US growth moderated by shifting investment strategies



Annual growth falls from 1.1 mb/d in 2022 to 110 kb/d in 2028. Shale, powered by the Permian, provides 80% of the gains. Total supply tops 20 mb/d starting in 2026.

Global oil supply growth concentrated in the Americas

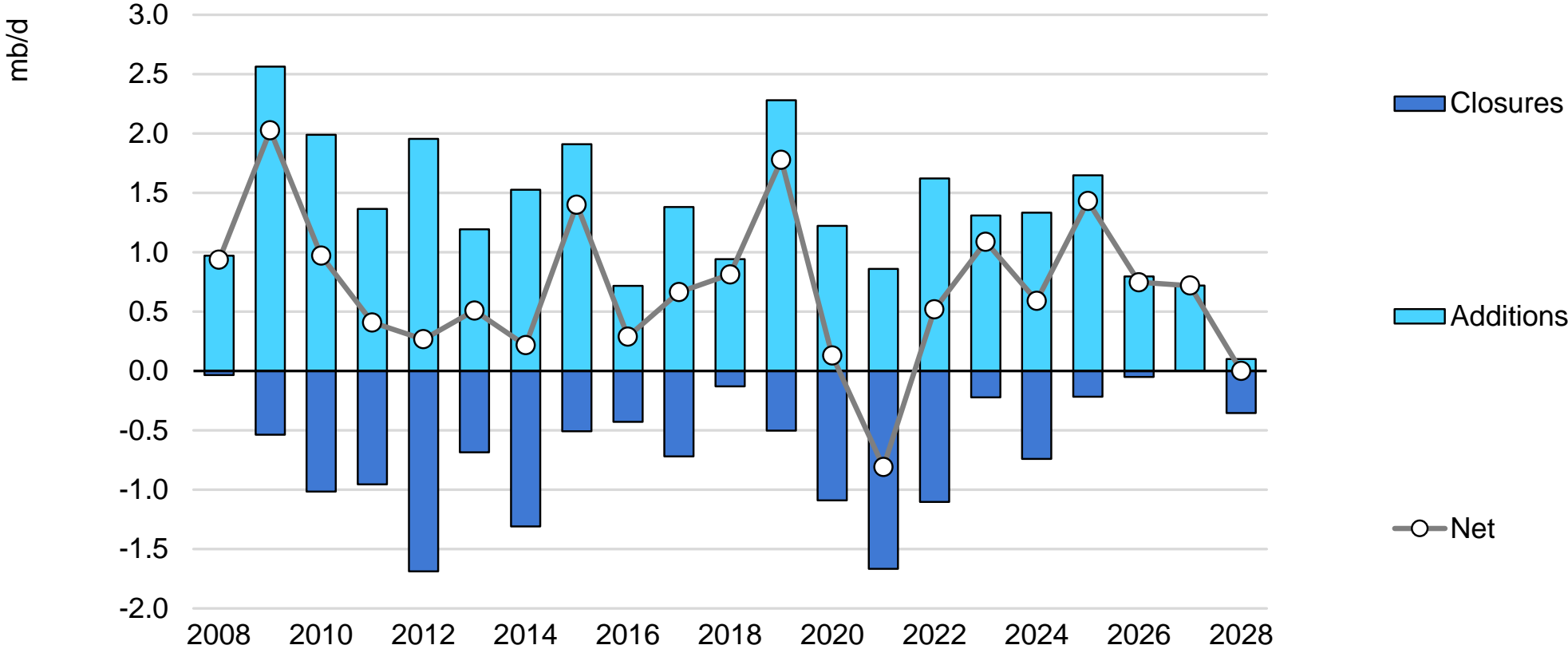
Oil supply changes for select countries from 2022-2028



US, Brazil, Guyana – along with Saudi Arabia – dominate gains of 5.8 mb/d. US and Brazil set fresh annual highs throughout medium term. Russia posts largest decline.

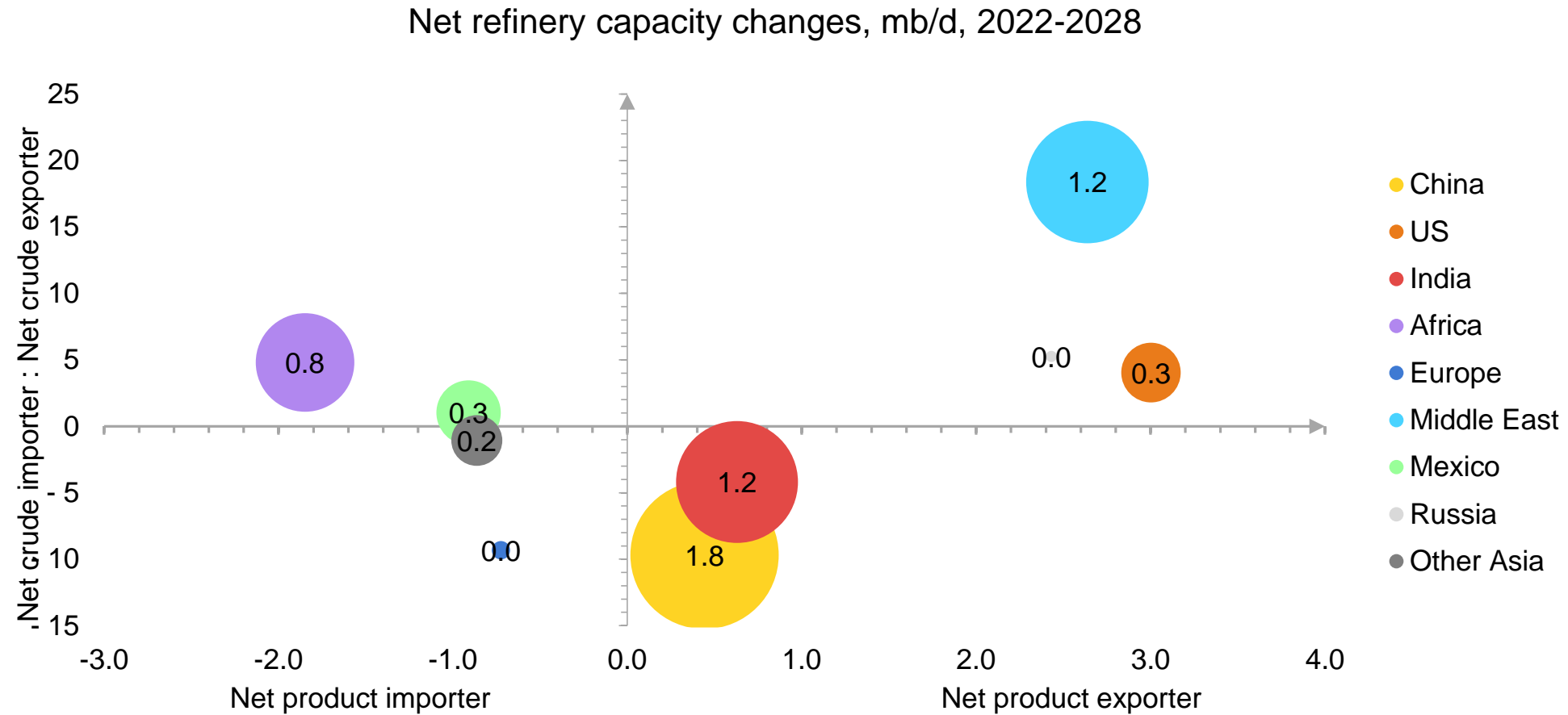
Refinery capacity returns to growth following wave of closures

Global refinery capacity changes, 2008-2028



Global refinery capacity set to expand by 4.4 mb/d over six-year period, with 6 mb/d of new builds partly offset by planned closures. East of Suez dominates expansions.

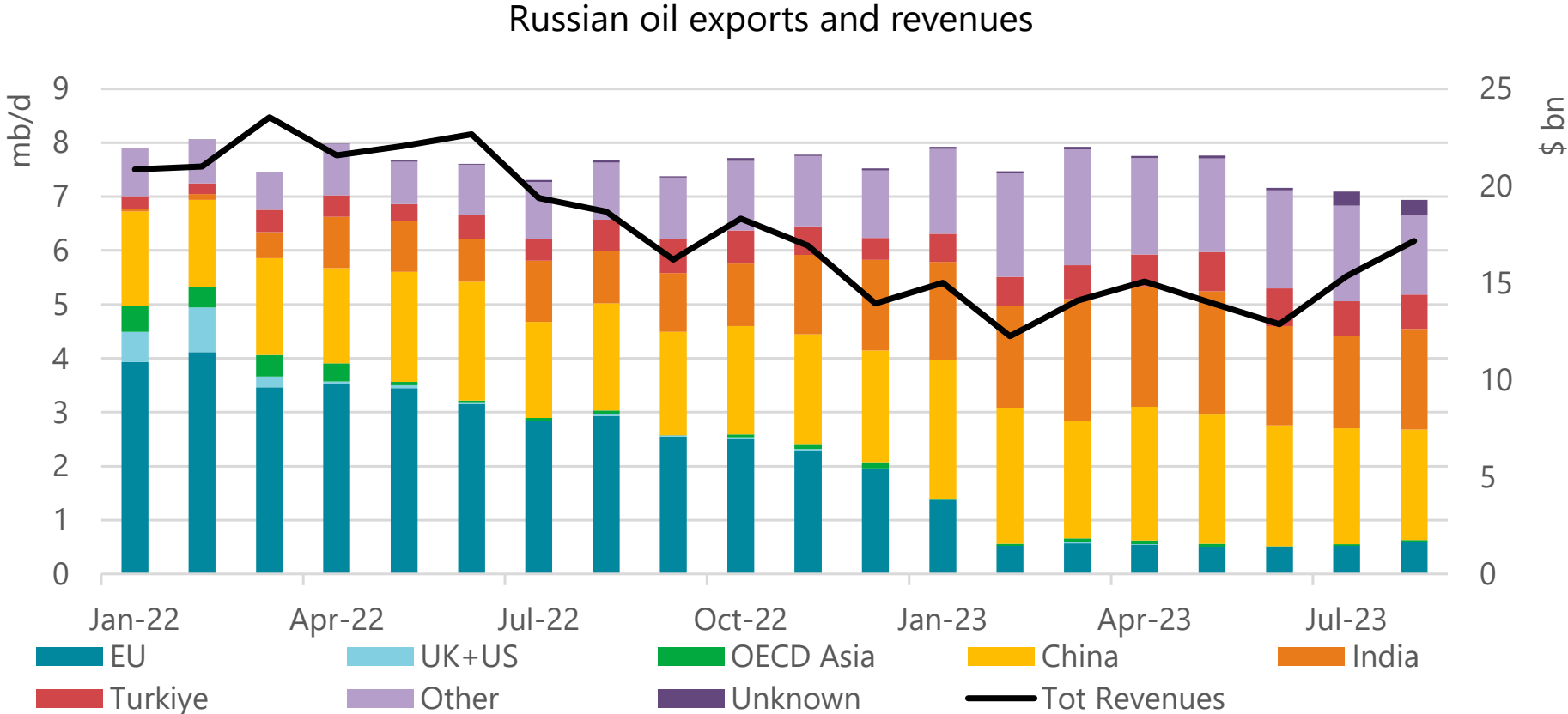
Product exporters dominate refinery capacity build-out



The heavy reliance on China's spare refining capacity will be crucial in balancing product markets. Beijing's policy on domestic refining and the industry's petrochemical integration will be key.

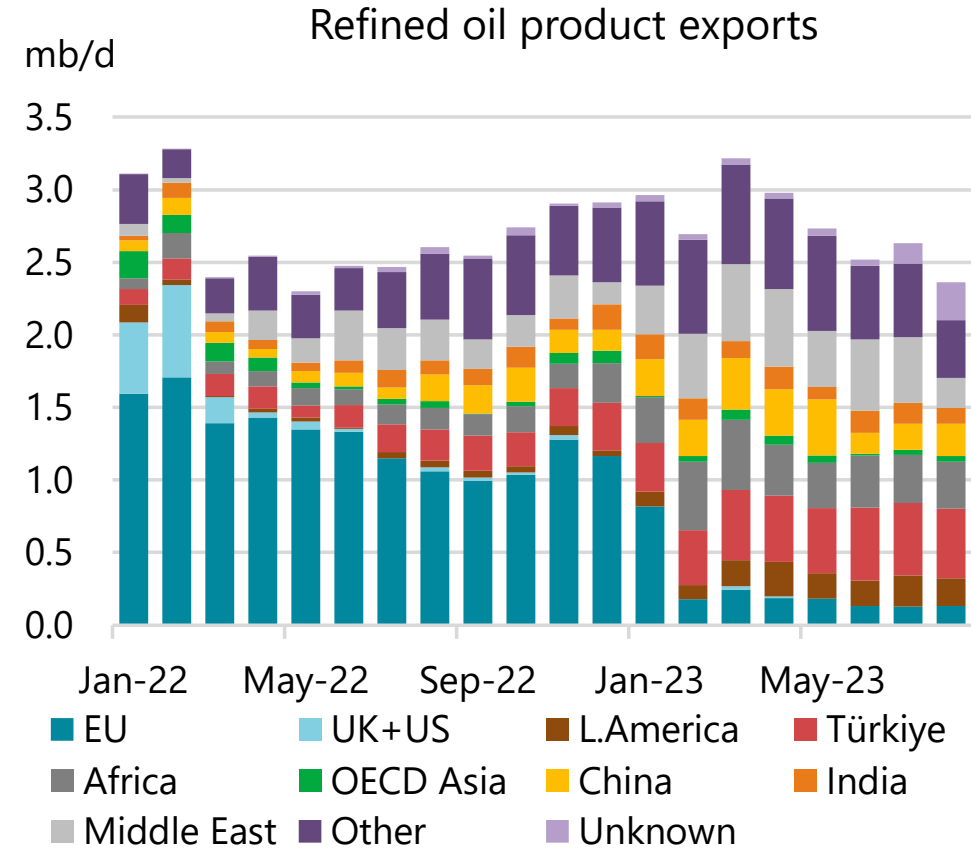
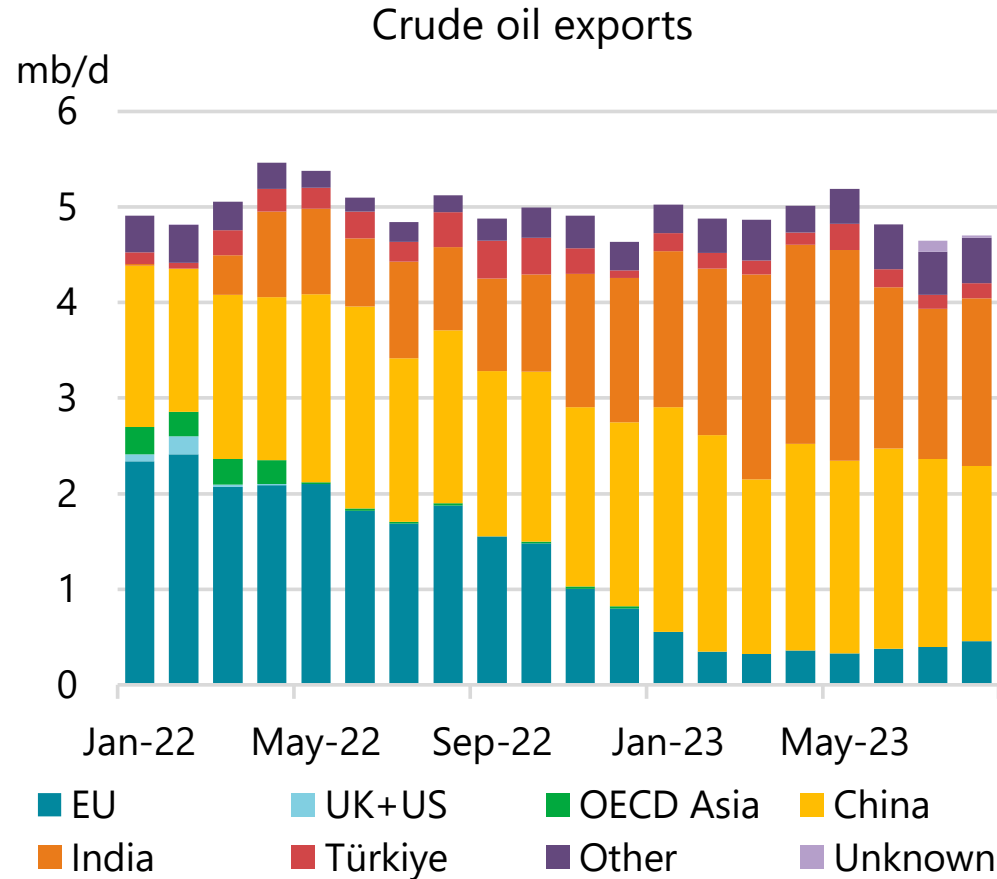
iea

Russian oil export revenues increased in August as prices rose



Total oil exports fell by 150 kb/d to 7.2 mb/d, nearly 1 mb/d below pre-war levels and their lowest since March 2021. Higher international oil prices and smaller discounts for Russian oil boosted revenues.

China and India remain largest crude buyers, products more diverse



The breach of the price cap for both crude and products since end-July has yet to significantly impact volumes and destinations.