



# CURRENT CHANGES AND OUTLOOK IN GLOBAL OIL MARKET

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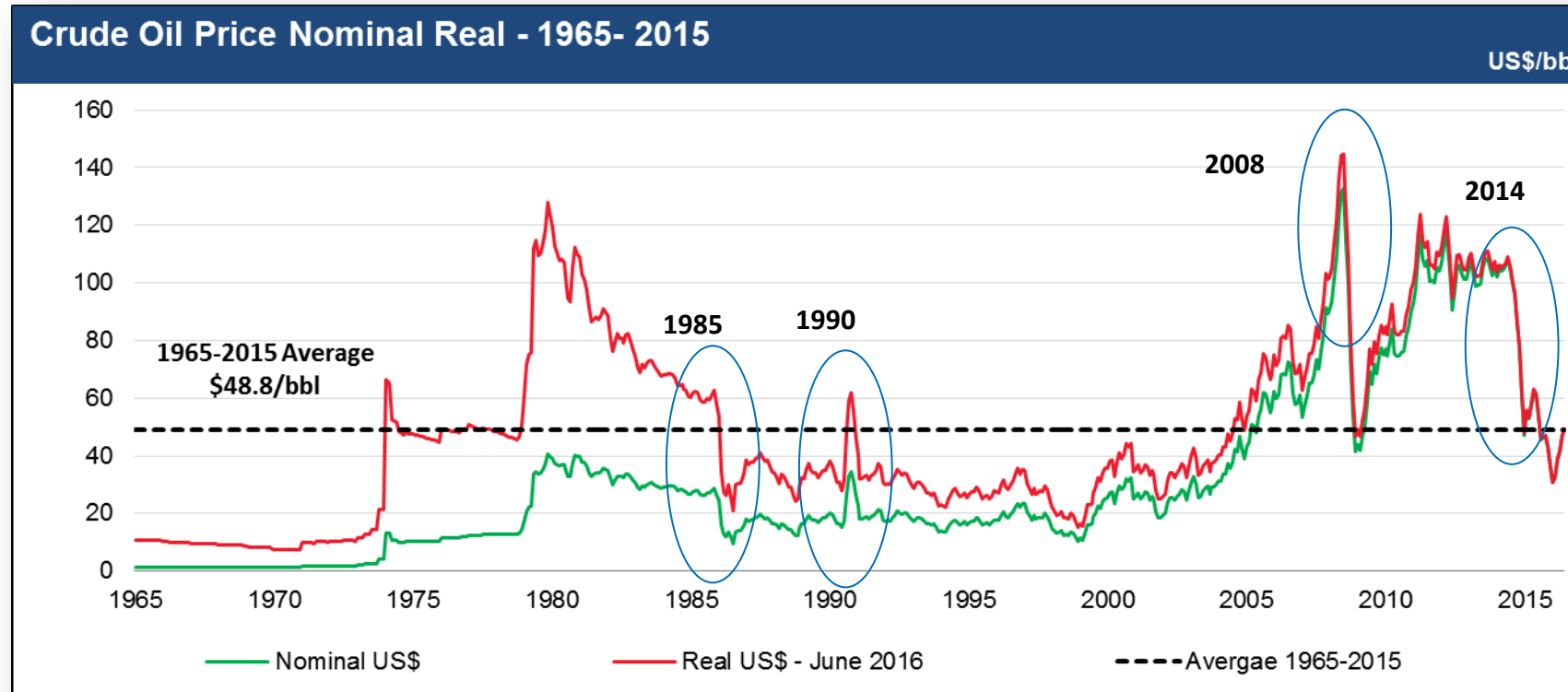
*EUROPEAN BIOFUELS TECHNOLOGY PLATFORM*

*21 JUNE 2016 - BRUSSELS*



# HISTORY OF OIL PRICE : 1965-2016

RESPONSIBLE  
OIL AND GAS



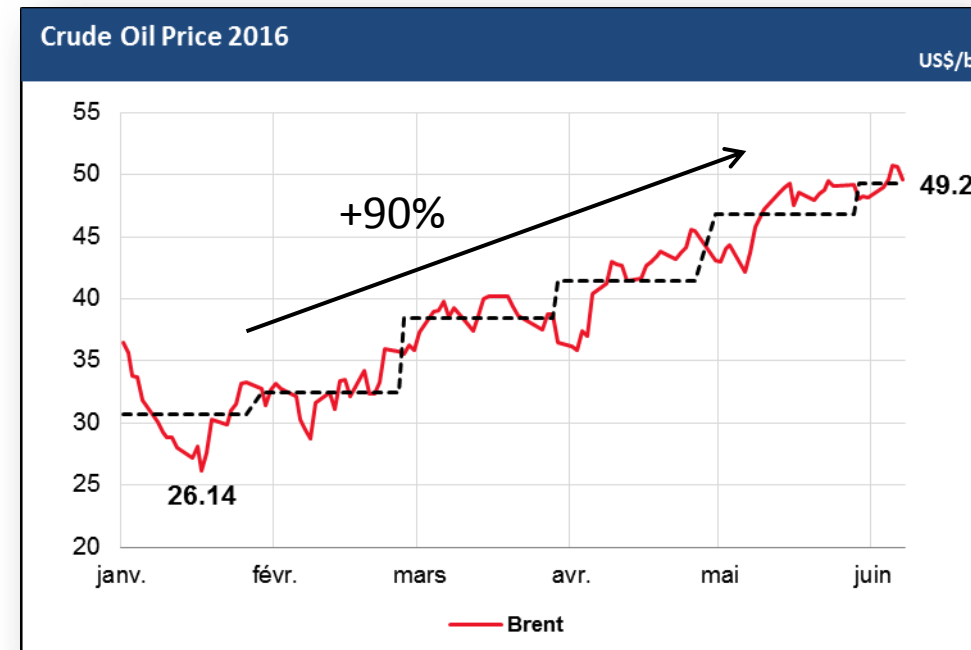
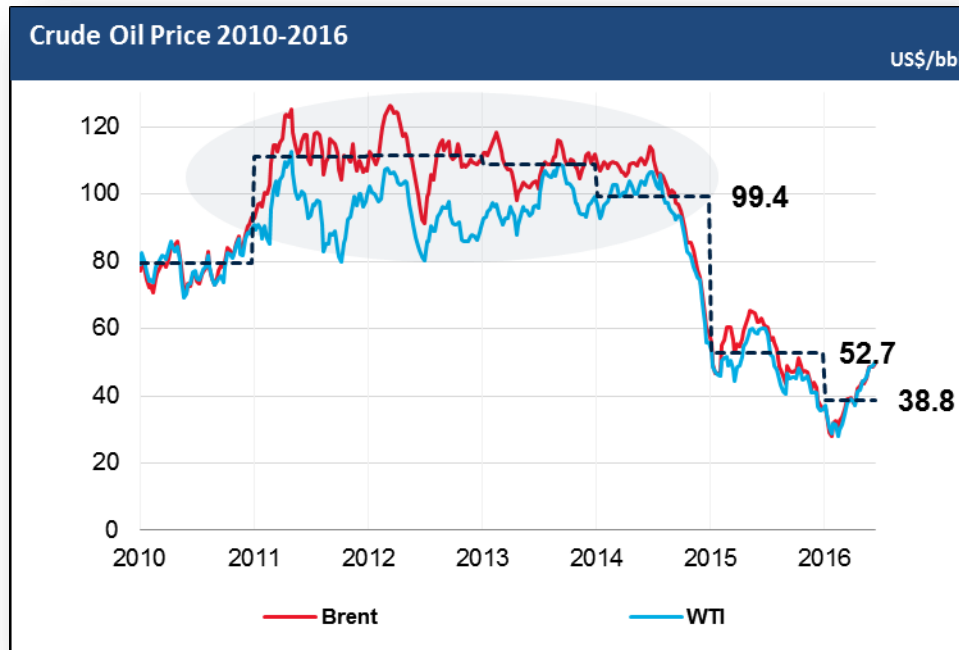
## ● The 4 biggest drop in crude oil price

1. 1985-86 OPEC End of regulated prices (-66%)
2. 1990-91 Gulf War (-48%)
3. 2008-09 Financial Crises (-77%)
4. 2014-2015 OPEC Decision (-51%)

# 2014 – THE GREAT PLUNGE

# 2016 – THE GREAT RECOVERY ?

RESPONSIBLE  
OIL AND GAS

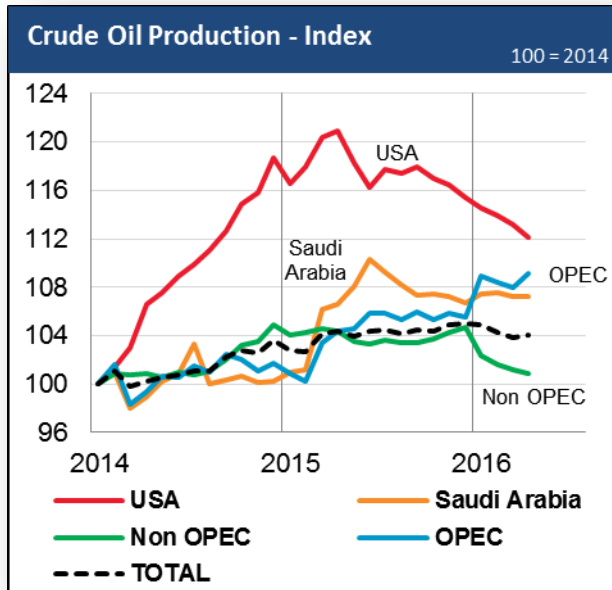


- Following four years of relative stability at around \$105/b
- Crude oil sharply decline
  - Divided by 2 in 2015
  - Bottomed out in 2016 at 26\$/b

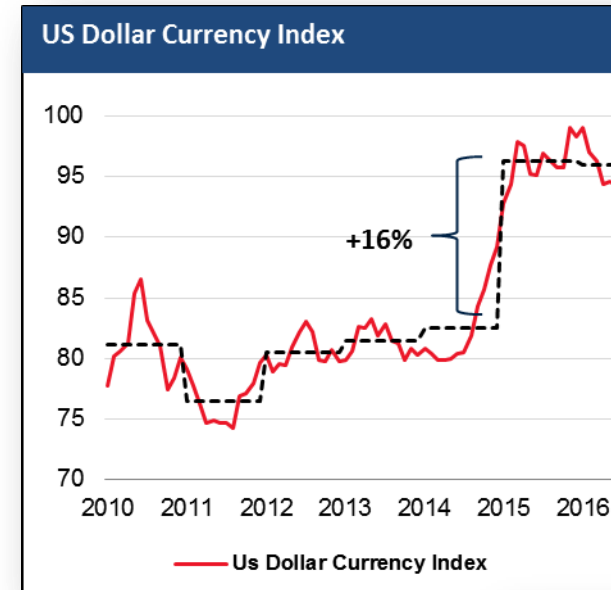
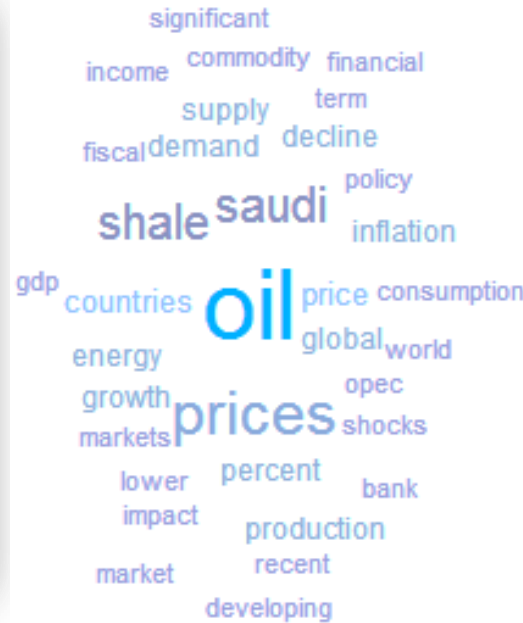
- Since January 2016 price are recovering
  - +90% since end January 2016

# THE CAUSES: MULTIPLES - DIVERSIFIED

RESPONSIBLE  
OIL AND GAS



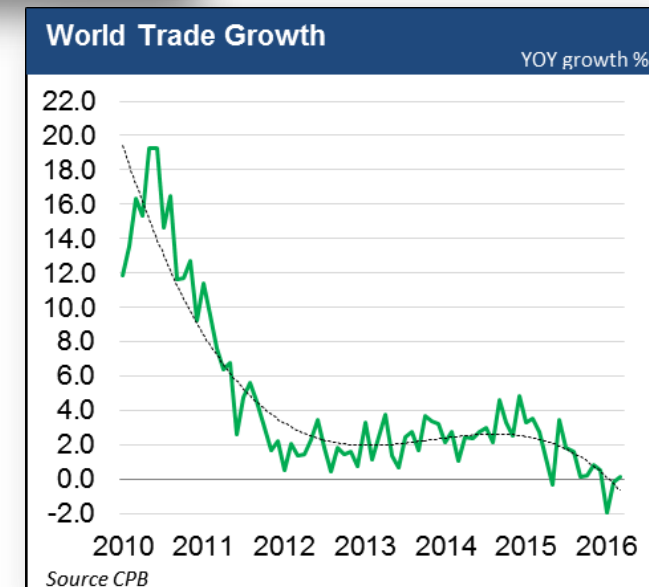
## Oil Sector



## Economy

- Surprising production of unconventional oil
- Significant shift in OPEC policy
- Disequilibrium of the oil supply/demand balance
- High level of stocks
- Leading to oil price plugging

- Weakening world commerce
- Unwinding of some geopolitical risks
- Appreciation of the U.S. dollar.



# THE CONSEQUENCES: WIDE RANGING

Significant real income shift from oil exporters to oil importers

+0.7-0.8 percent increase in global GDP

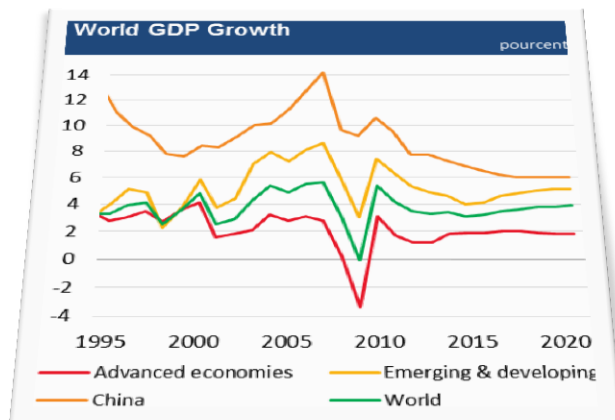
Decline in global inflation of around 1 percentage point

Some oil-exporting countries under stress

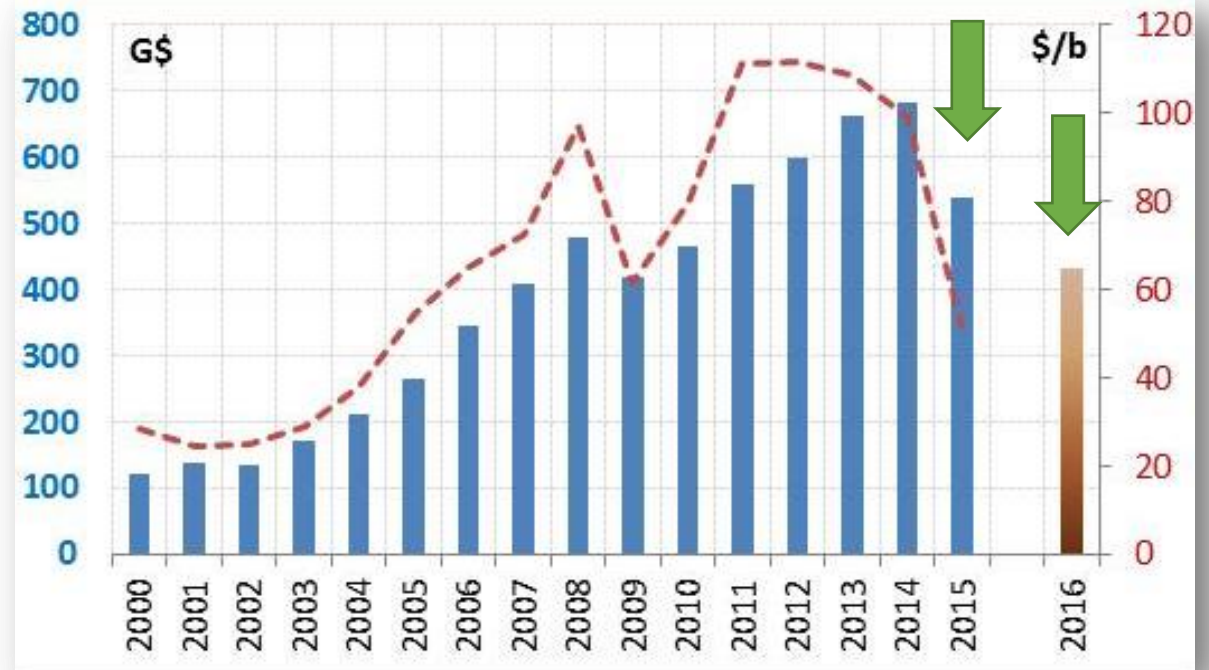
Weak global growth environment

Deflation risks

Drastic reduction in oil & gas budgets



## Upstream Oil & Gas Investment

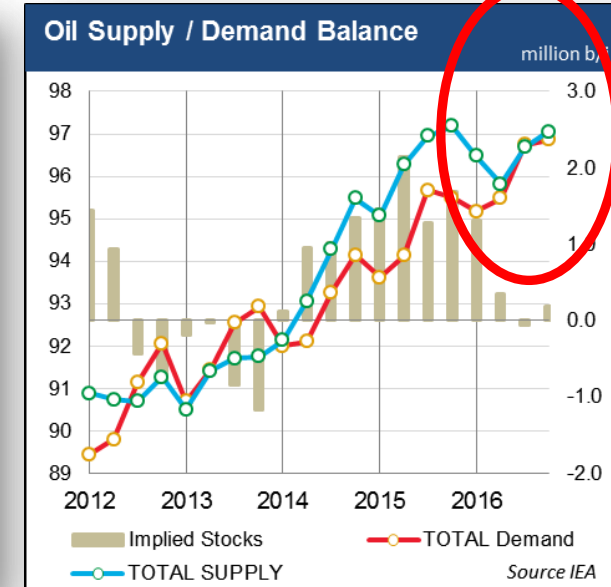
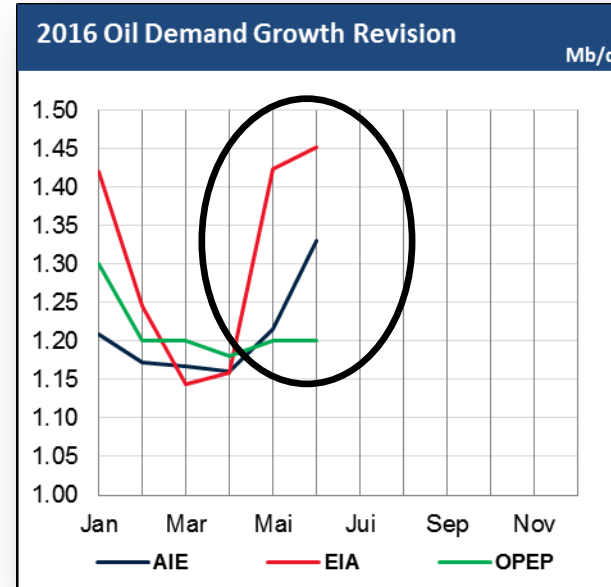
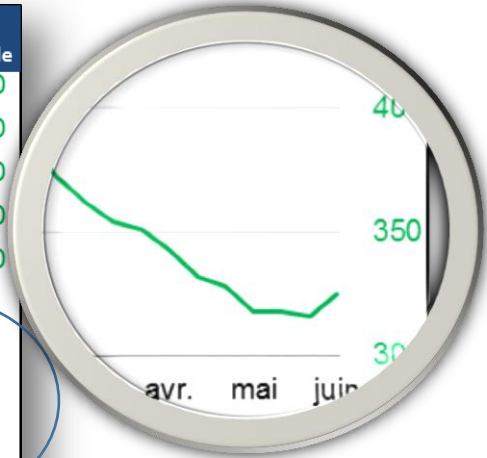
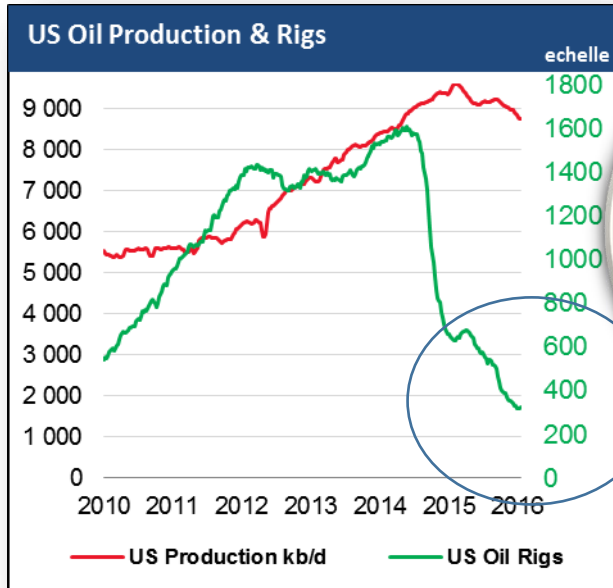


2015/2014 : -21%  
2016/2015 : -15/20%



# TURNING POINT ?

RESPONSIBLE OIL AND GAS

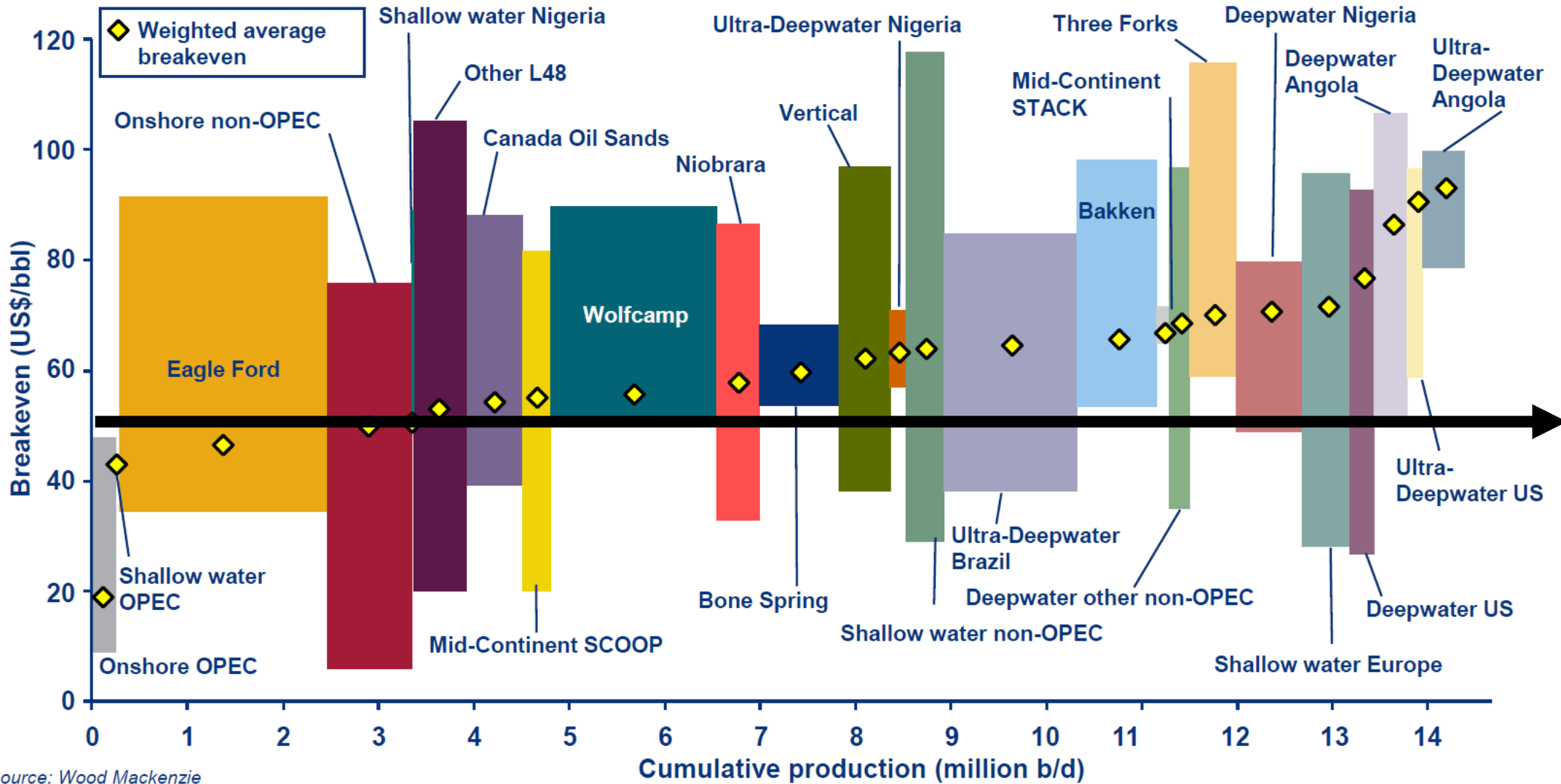


- US production resilience
- US Oil rigs: -80% since max. 2014
- US Oil production: -10% since max. 2015
- Since 2 weeks, US oil rigs count seems to have bottomed

- AIE & EIA have revised upwards their scenarios of oil demand growth for 2016 & 2017
- Oil Supply / Demand Scenario to be balanced by the end of 2016 (AIE)

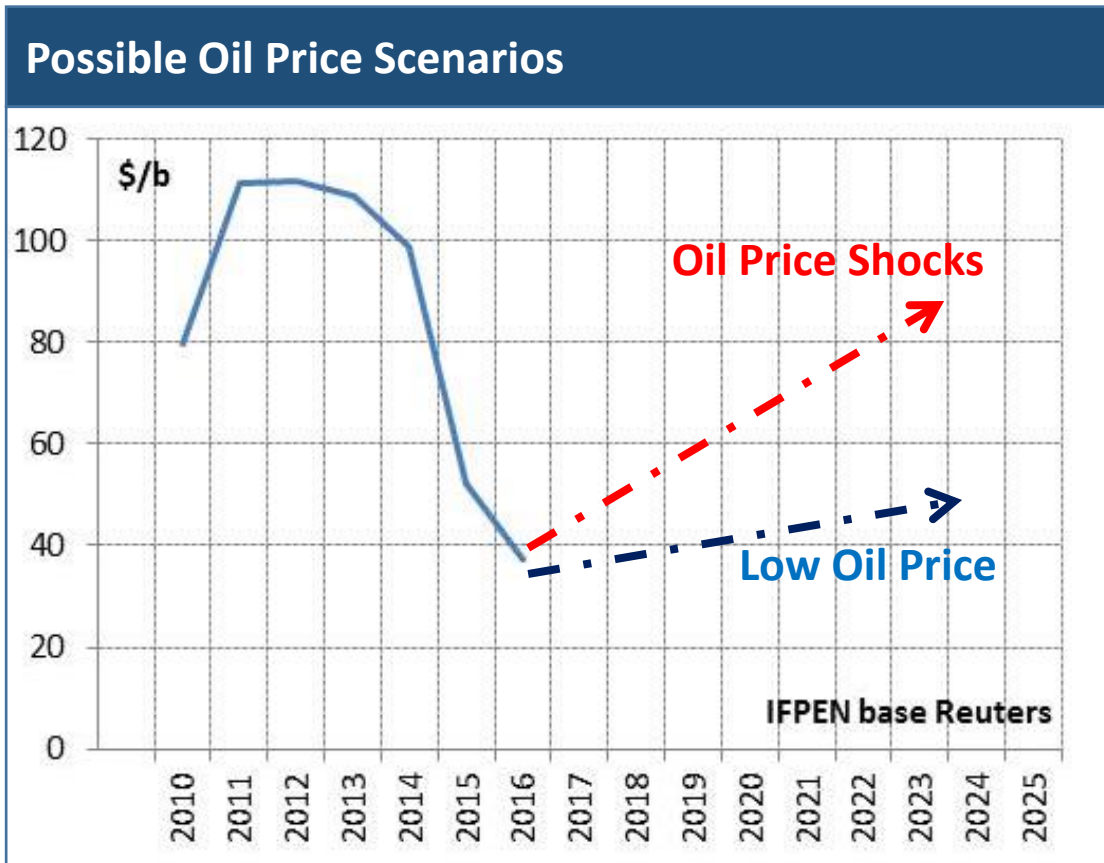
# CRUDE COST OF PRODUCTION - OIL'S ACHILLES HEEL

RESPONSIBLE  
OIL AND GAS



Current crude  
oil price

Source: Wood Mackenzie



● **Low Oil Price = Lower Investment = Increasing oil shock risk**

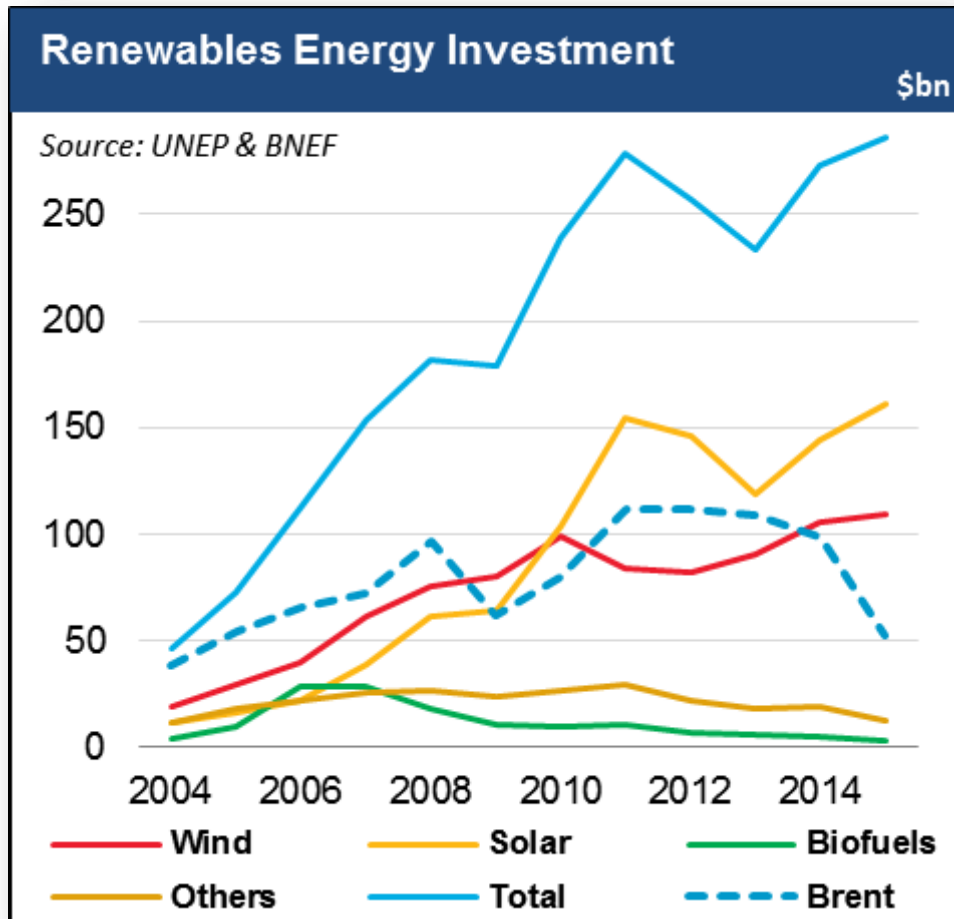
● **Scenario « Oil Price shocks »**

- Strong demand
- Depletion of existing fields
- High cost oil development at risk (offshore, oil sands,...)
- Destabilization of some oil producers

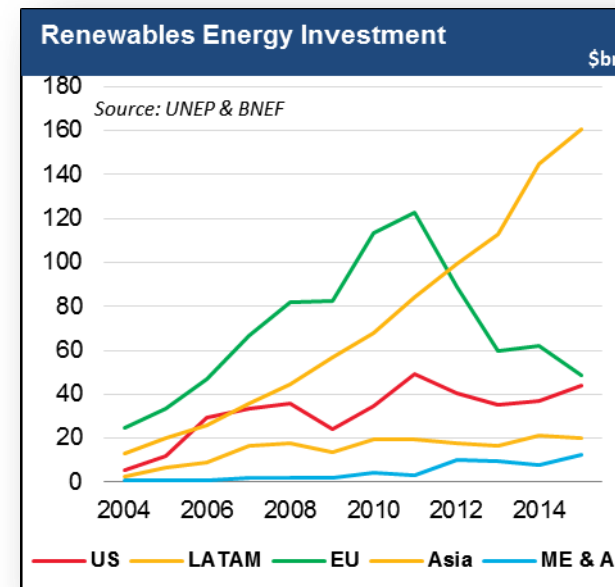
● **Scenario « low oil price »**

- Important role of Middle East and Oil shales
- Cost reduction





- In 2015 global investment in renewables rise 5% to \$286 billion
- Represents about 53 % of investment in oil & gas (30% in 2005)
- Disconnected from oil price swings



- record-breaking investment in developing countries
- China: about 36% of global total

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