

# Конференция «Глобальные и локальные рынки нефти, газа и нефтепродуктов»

## МИРОВЫЕ РЫНКИ НЕФТИ: СОСТОЯНИЕ, ПЕРСПЕКТИВЫ И РИСКИ В УСЛОВИЯХ ВОЗРАСТАЮЩЕЙ КОНКУРЕНЦИИ ПРОИЗВОДИТЕЛЕЙ



RYSTAD ENERGY

Артём Чен

Старший Аналитик, Департамент энергетических рынков

[artyom.tchen@rystadenergy.com](mailto:artyom.tchen@rystadenergy.com)

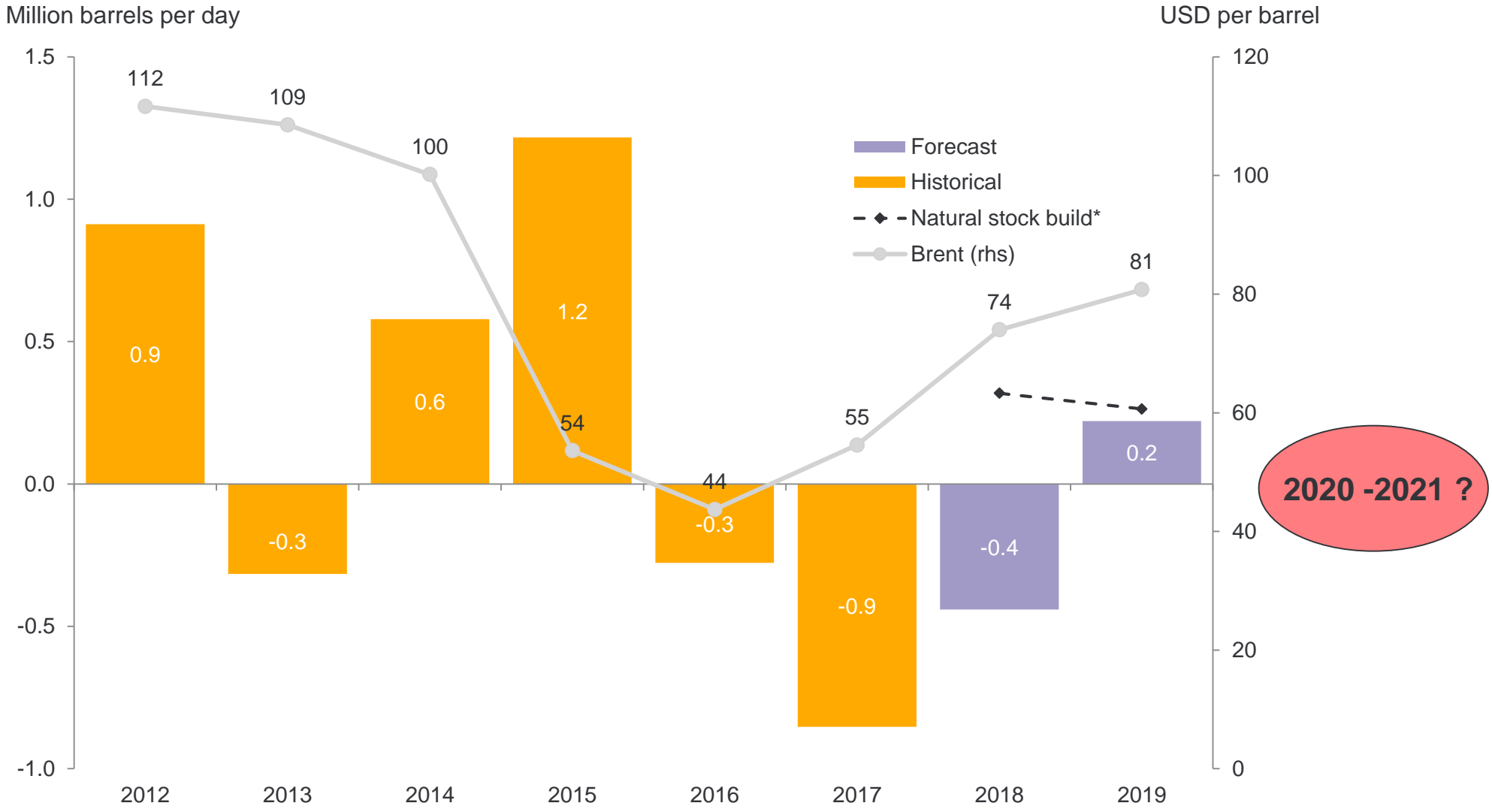
20 СЕНТЯБРЯ 2018

# Agenda

- Short-term (-2019) – tight market & high prices lay the foundation for new investment cycle
- IMO 2020 bunker fuel regulations and implications
- Medium-term - implications of new investment cycle for mid-2020s

# Balanced market in 2019 if no large unexpected supply disruptions – oil prices supported

**World liquids supply-demand balance and Brent crude price, annual averages**



2020-2021 ?

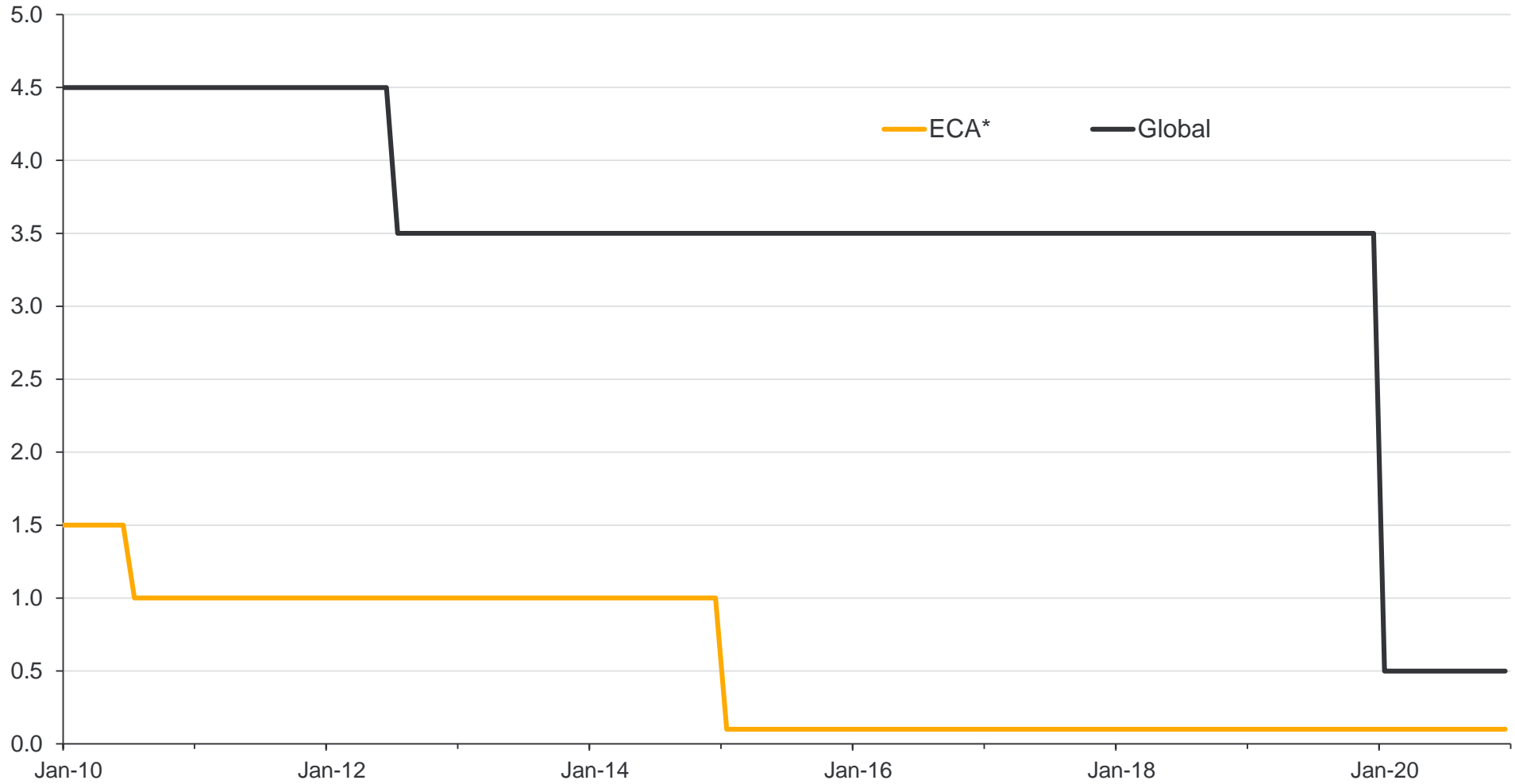
\*Natural stock build means the need for stock build to keep global inventories constant in terms of days of demand, as long as global demand is growing.  
Source: Rystad Energy research and analysis, OilMarketCube

# Agenda

- Short-term (-2019) – tight market & high prices lay the foundation for new investment cycle
- **IMO 2020 bunker fuel regulations and implications**
- Medium-term - implications of new investment cycle for mid-2020s

# New sulfur content limits in global bunker fuels from 2020 will become a decisive factor

**IMO's sulfur content limits in marine bunker fuels**  
% of weight

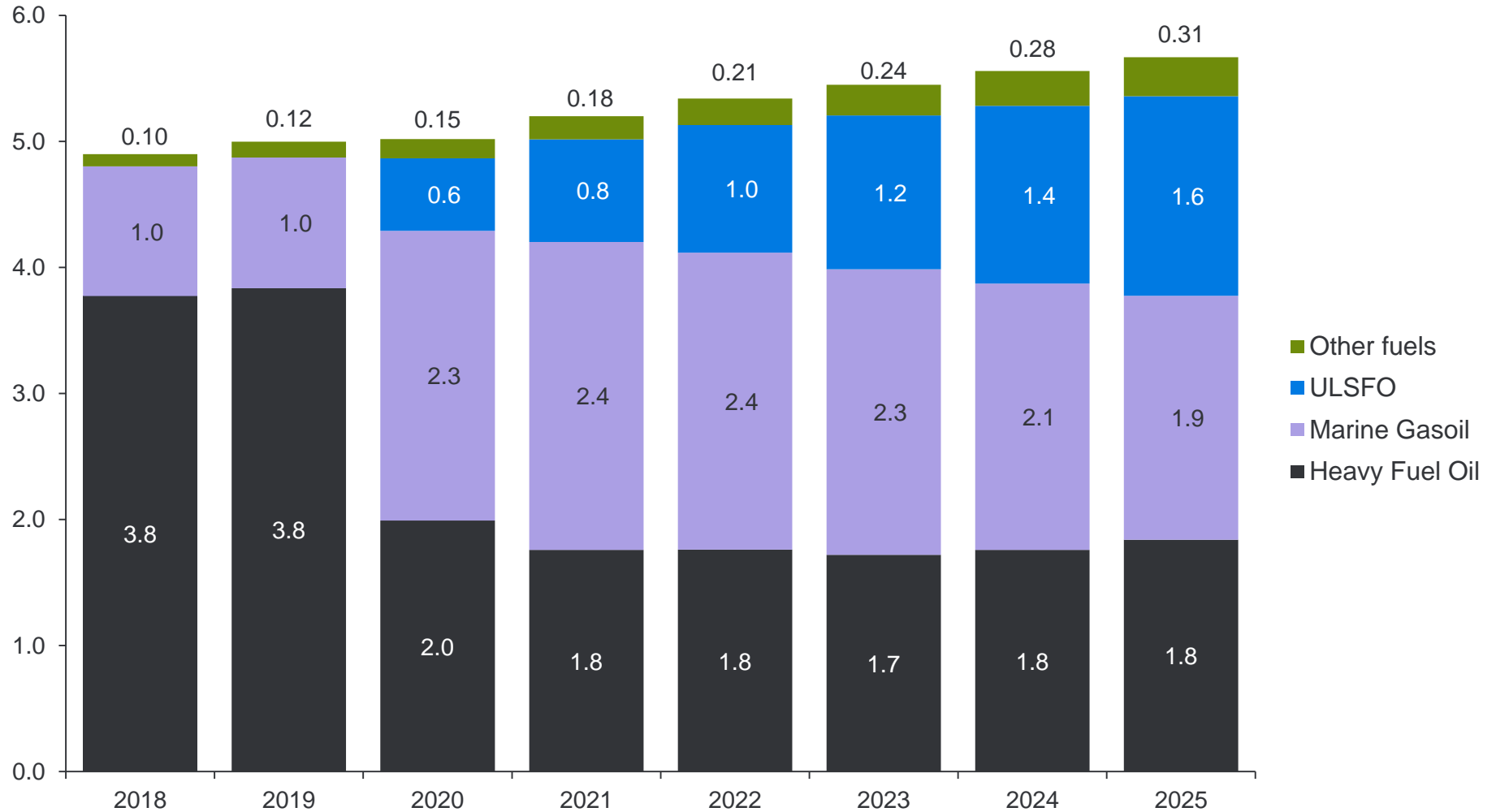


\* Emissions Control Areas: Special areas with more stringent fuel regulations under MARPOL Annex VI: Baltic Sea, North Sea, North America (most of US and Canadian coast), US Caribbean Sea  
Source: Rystad Energy research and analysis, IMO

# To meet new fuel standards, the bunker demand mix will need to comprise a bit of everything

**Marine bunker fuel demand by fuel type, base case**

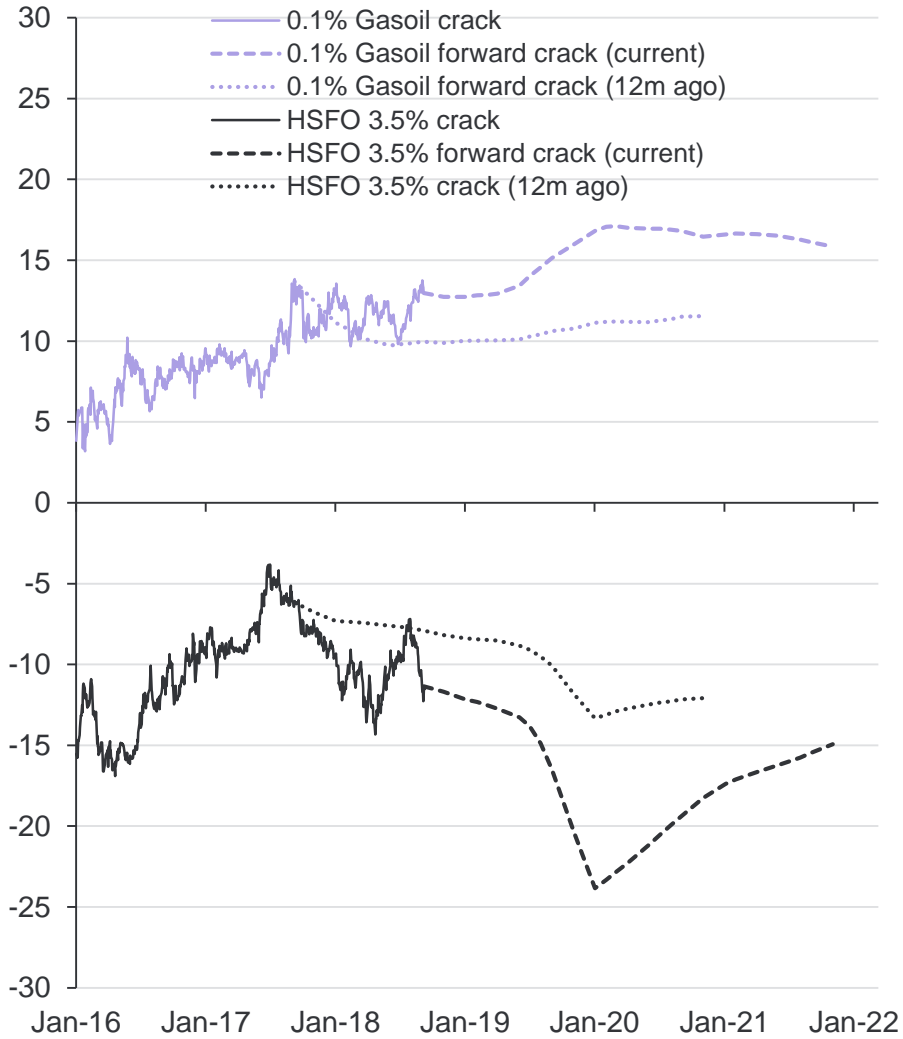
Million barrels per day



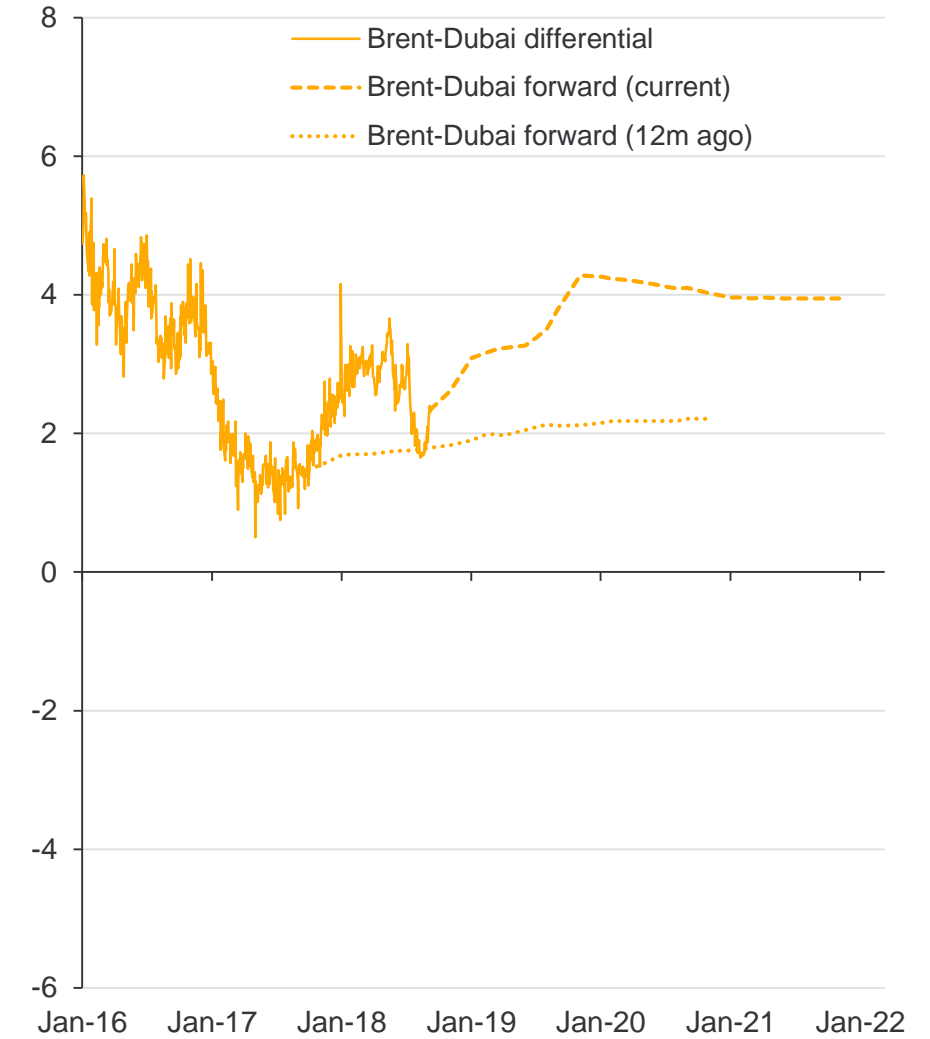
Source: Rystad Energy research and analysis, Oil Market Analytics

# Market prices in collapse in heavy fuel oil cracks and wider sweet-sour crude differentials

**Gasoil & Heavy Fuel Oil (HSFO) NW Europe cracks to ICE Brent**  
USD per barrel

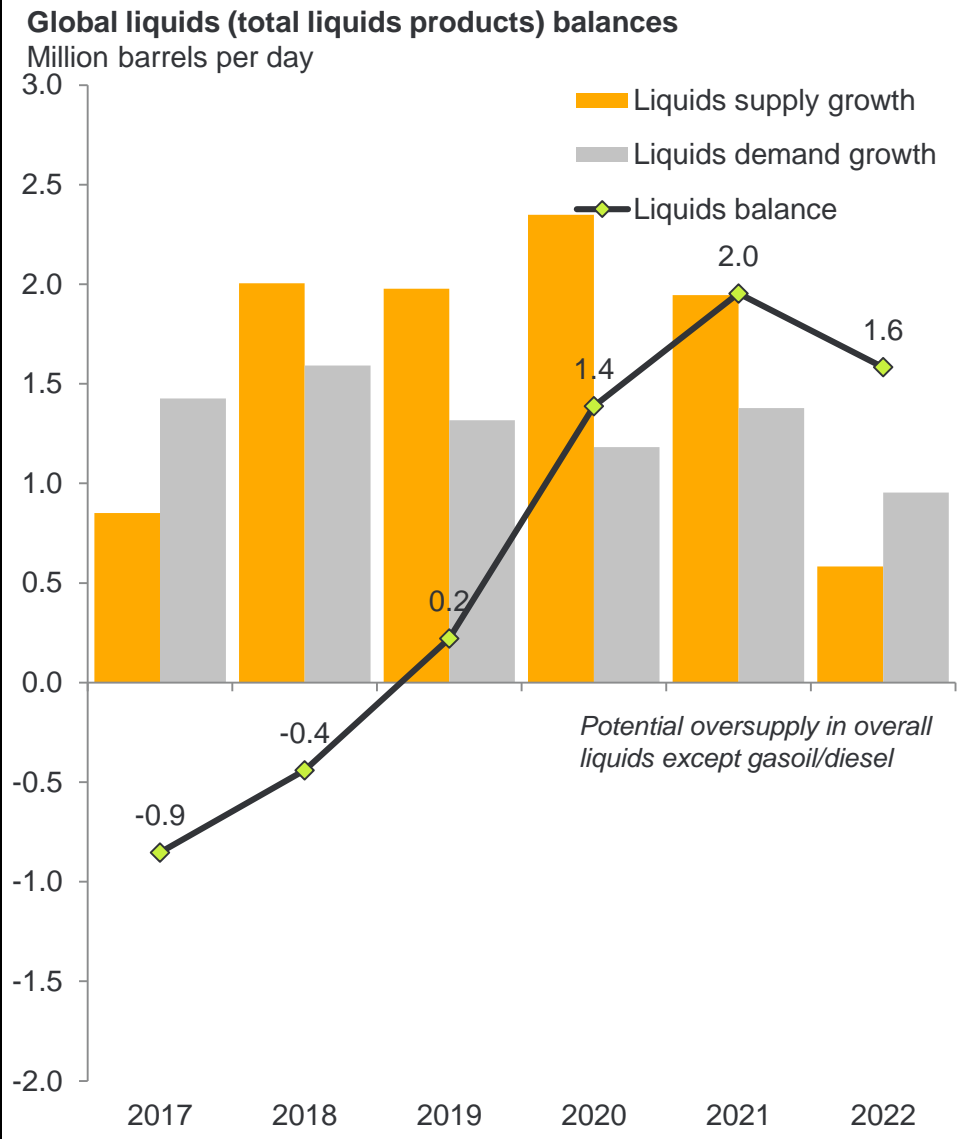
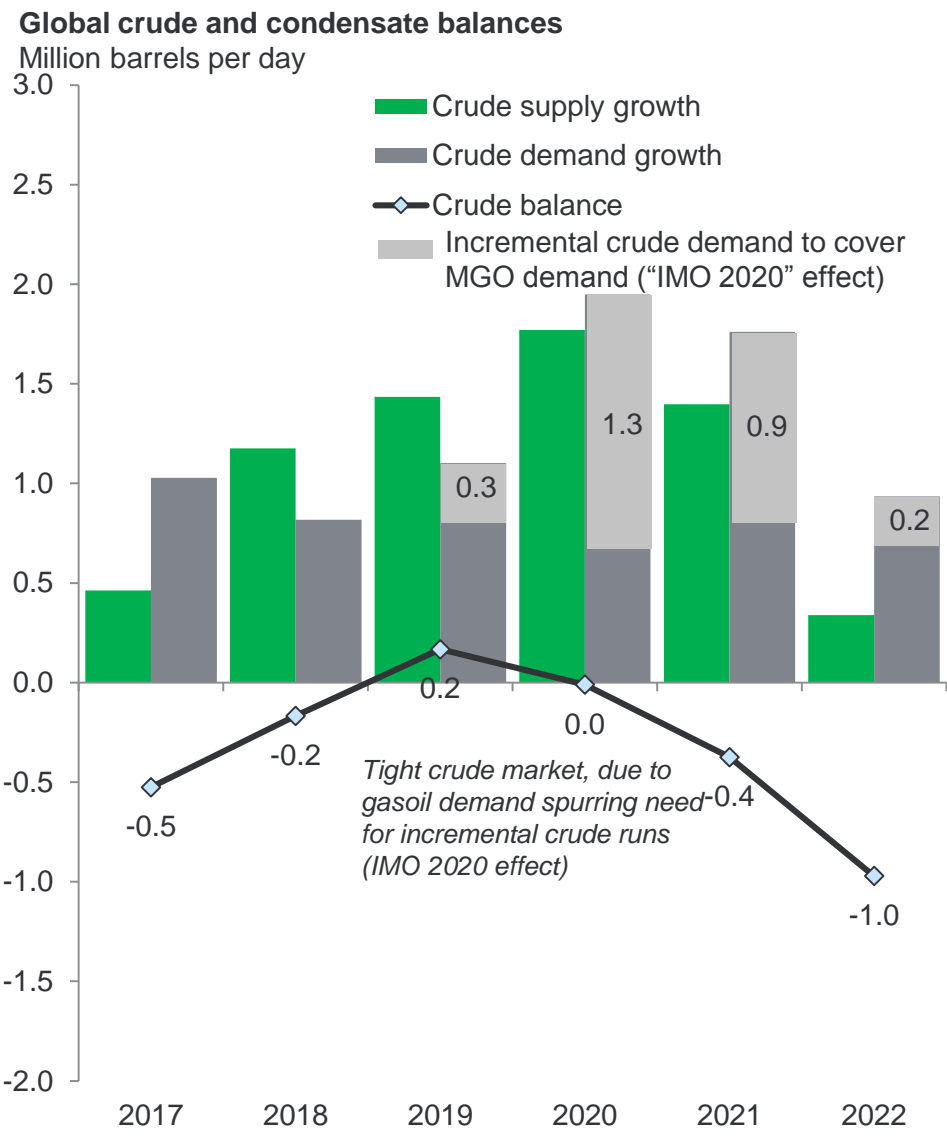


**Brent-Dubai differential**  
USD per barrel



Source: Rystad Energy research and analysis, Bloomberg

# Crude market likely tightening due to IMO 2020, while overall liquids show potential over-supply

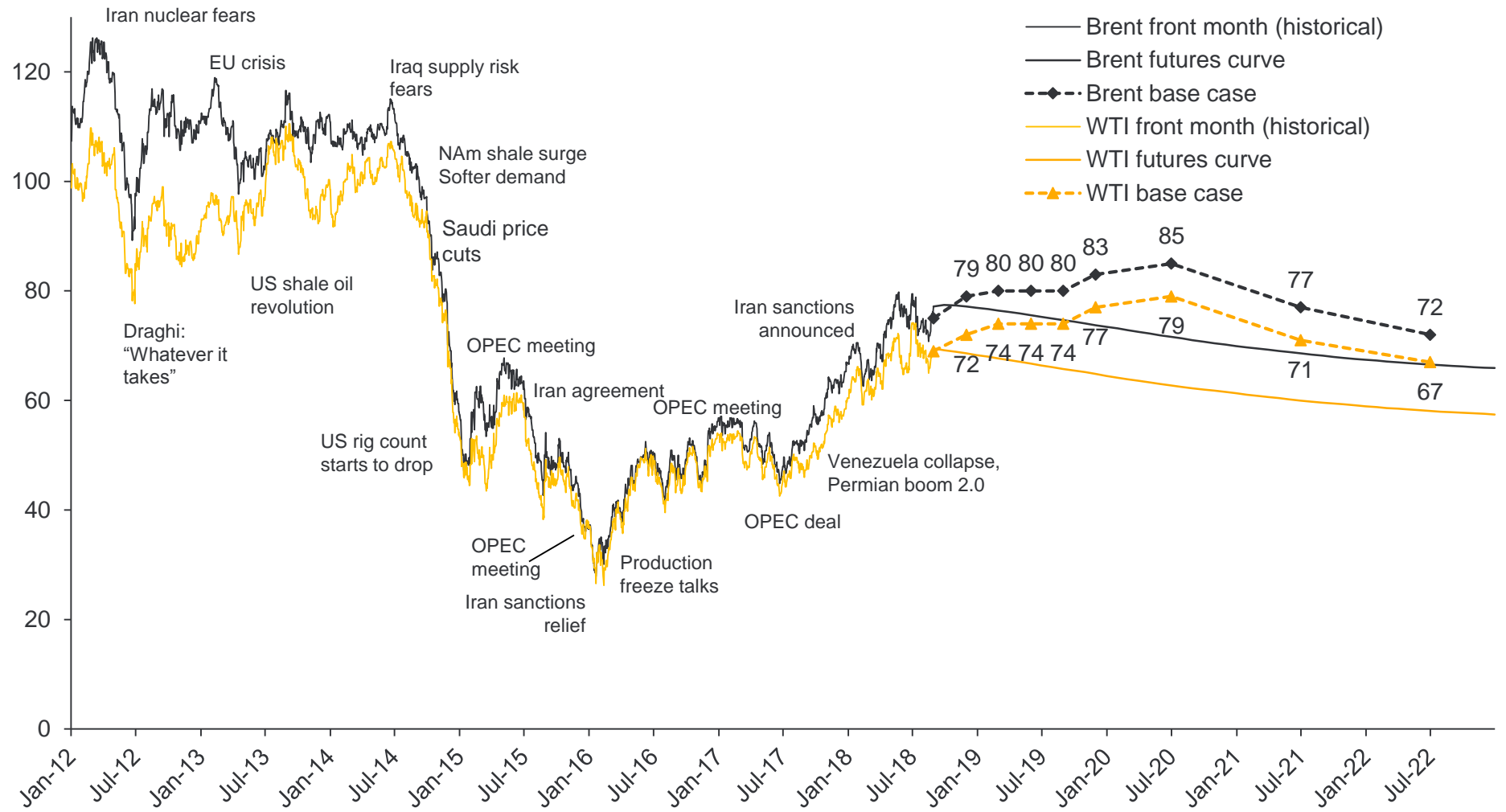


Source: Rystad Energy research and analysis



Brent timeline and latest forward curve  
 Still bullish outlook through 2020, but...

ICE Brent and NYMEX WTI historical 1M prices, latest futures curves and base-case Brent and WTI estimates  
 USD per barrel



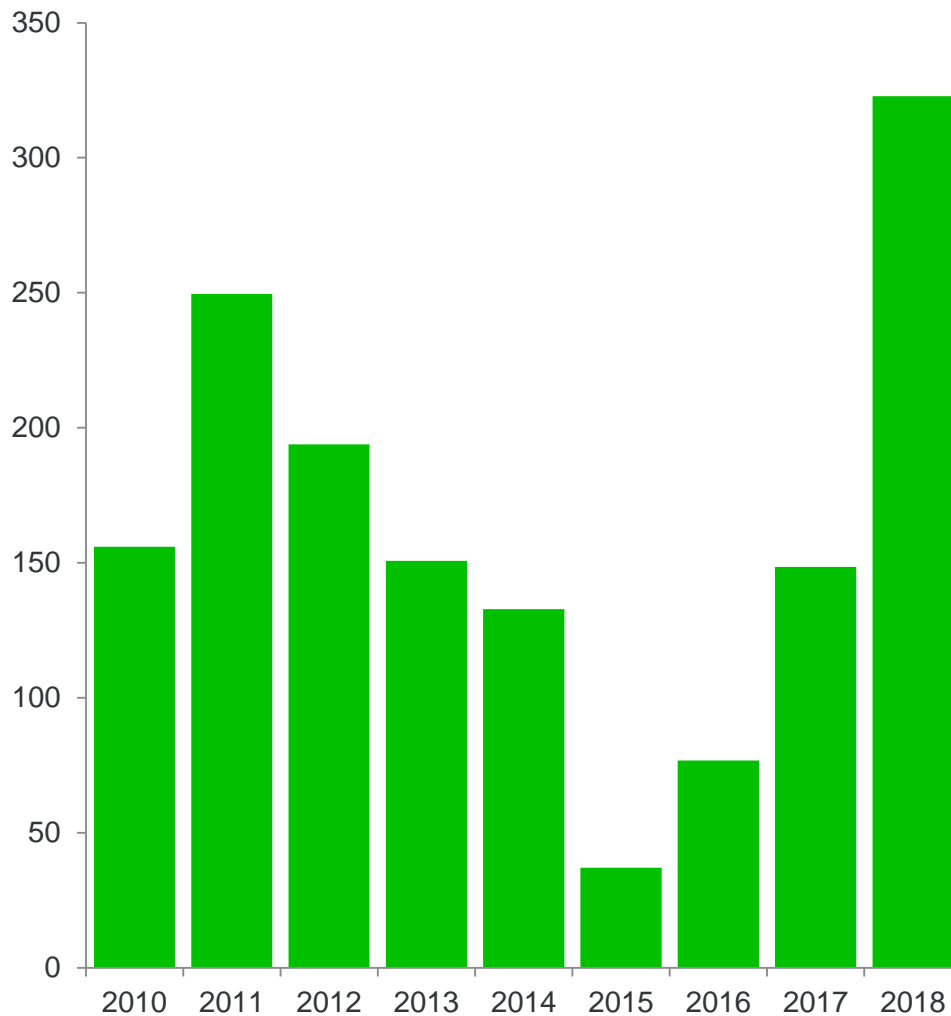
Source: Rystad Energy research and analysis, Bloomberg

# Agenda

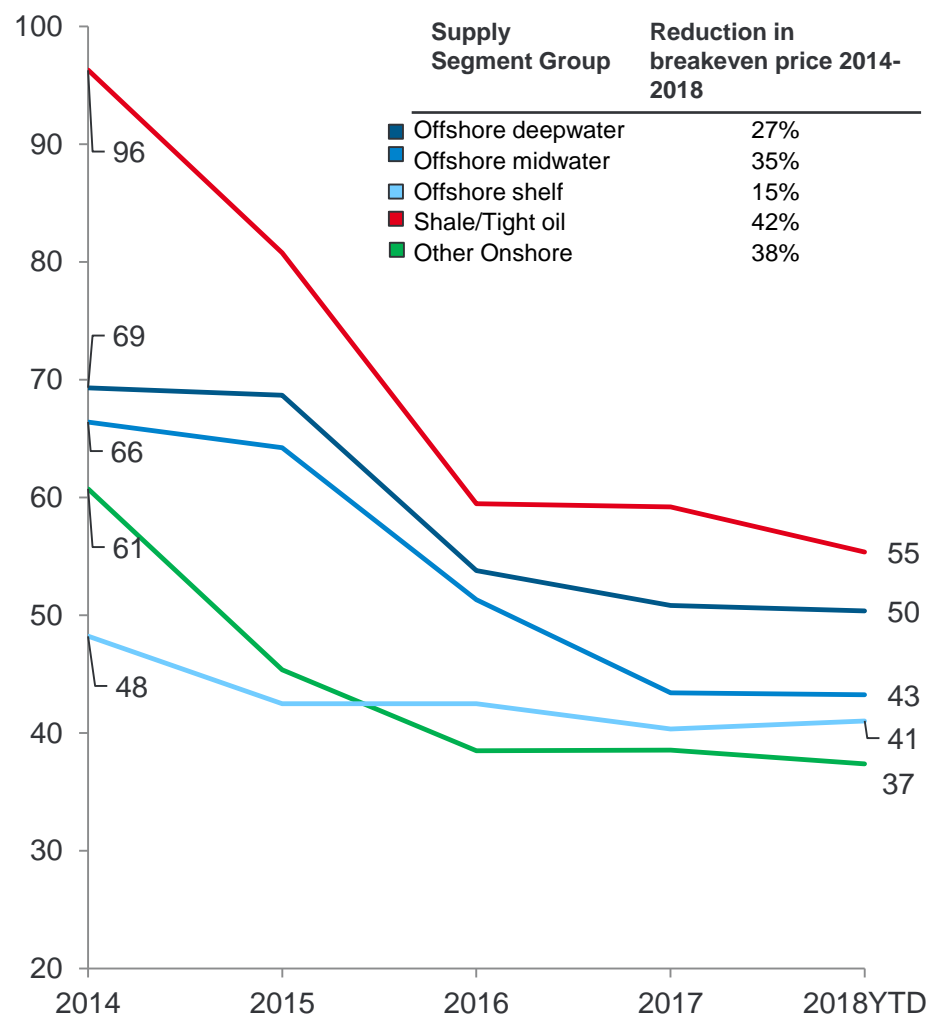
- Short-term (-2019) – tight market & high prices lay the foundation for new investment cycle
- IMO 2020 bunker fuel regulations and implications
- Medium-term - implications of new investment cycle for mid-2020s

# Higher oil prices in combination with lower cost level and activity results in improved FCF

**Total free cash flows for all public E&P companies\***  
Billion USD



**Development in Brent breakeven oil prices**  
USD per barrel

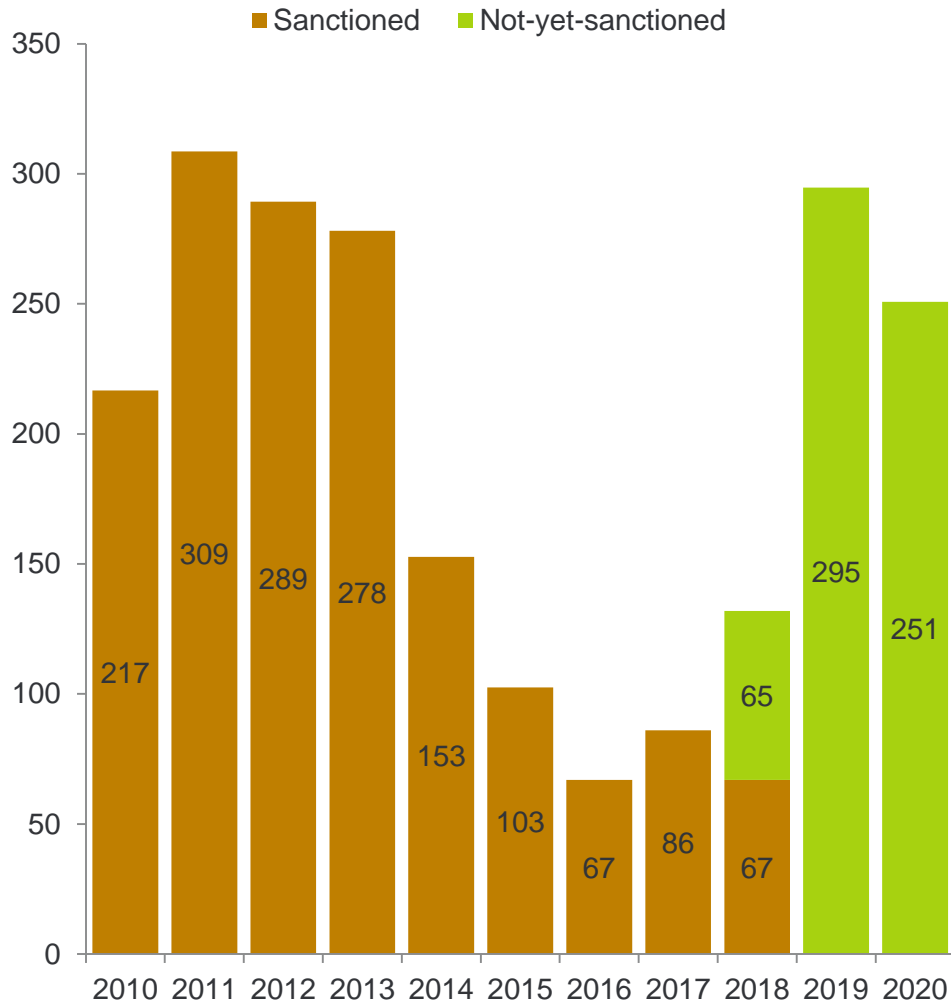


Supply Segment Group	Reduction in breakeven price 2014-2018
Offshore deepwater	27%
Offshore midwater	35%
Offshore shelf	15%
Shale/Tight oil	42%
Other Onshore	38%

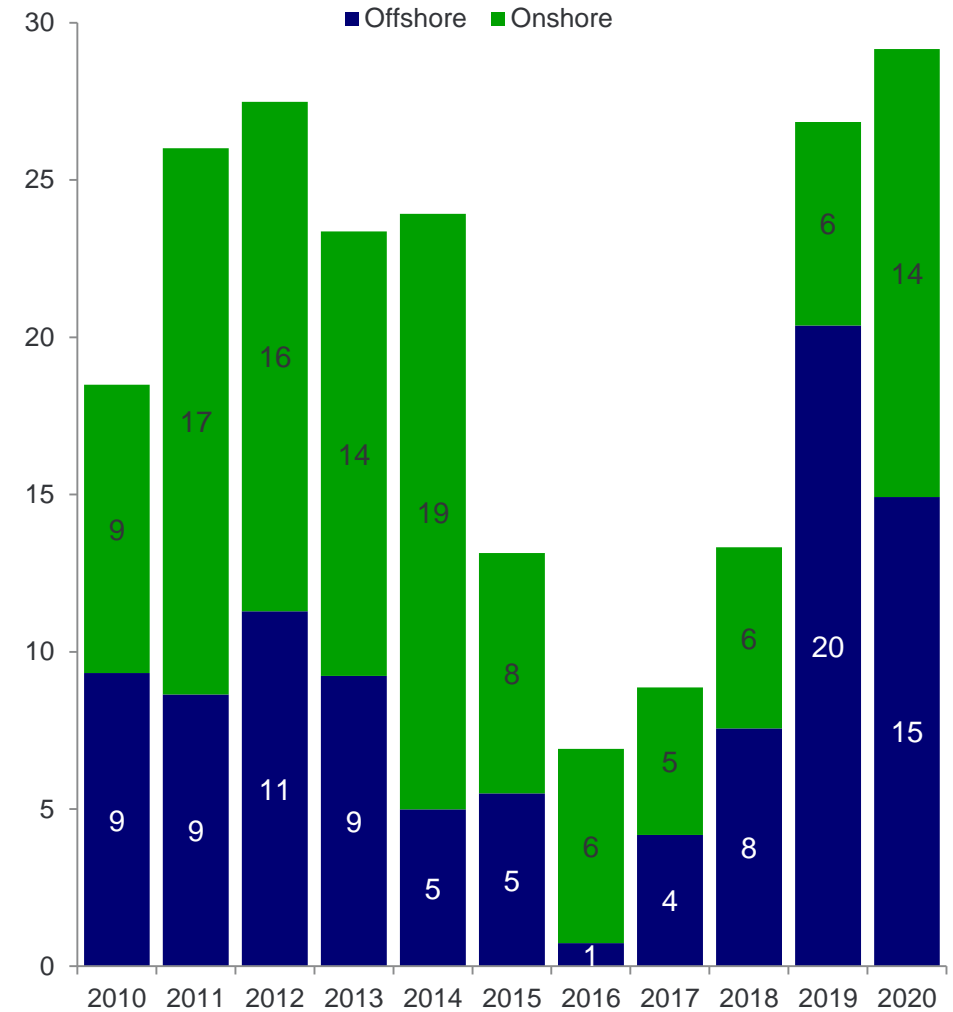
\*The FCF includes all cash flows from upstream activity. It excludes cash related to financing.  
Source: Rystad Energy research and analysis, UCube

# Sanctioning (FID) activity in conventional production expected to grow over the next two years

**Total green field capex by sanctioning year (excl. shale/tight oil)**  
Billion USD



**Resources in fields by sanctioning year (excl. Shale/tight oil)**  
Billion barrels

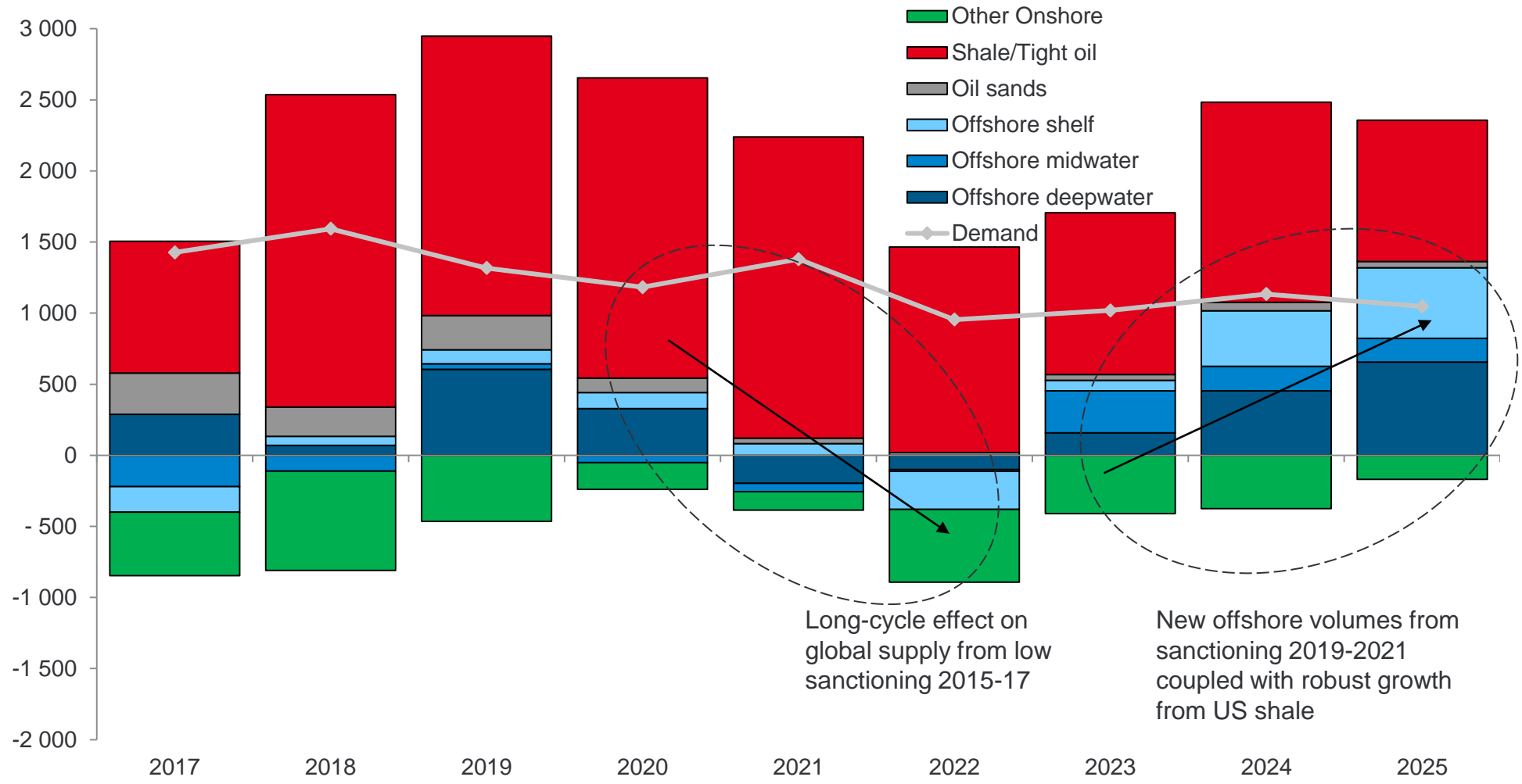


Source: Rystad Energy research and analysis, UCube

# New investment cycle potentially creating too much supply 2023-2025 as shale can grow further

## Global liquids supply growth by segment vs. demand growth

Thousand barrels per day



Source: Rystad Energy research and analysis, UCube

## Office locations



### Contact:

Artyom Tchen  
Senior Analyst, Energy Markets Research  
[Artyom.tchen@rystadenergy.com](mailto:Artyom.tchen@rystadenergy.com)  
+47 45 39 10 61

**Rystad Energy:** Independent energy consulting and business intelligence data firm established in 2004, headquartered in Oslo with offices across the globe.

**Databases:** Covering energy fundamentals, upstream, oilfield services and renewable energy industries.

**Analytics:** Extensive library of market reports, commentaries and fact sheets.

**Consulting:** Leading advisor on strategy, markets and business development within the energy space globally.



# Copyright and Disclaimer

This document is the property of Rystad Energy. The document must not be reproduced or distributed in any forms, in parts or full without permission from Rystad Energy. The information contained in this document is based on Rystad Energy's global oil & gas databases UCube and OilMarketCube, public information from company presentations, industry reports, and other, general research by Rystad Energy. The document is not intended to be used on a stand-alone basis but in combination with other material or in discussions. The document is subject to revisions. Rystad Energy is not responsible for actions taken based on information in this document.

© Copyright 2018. All rights reserved.

All materials, content and forms contained in this report are the intellectual property of Rystad Energy and may not be copied, reproduced, distributed or displayed without Rystad Energy's permission to do so.

Rystad Energy does not warrant, either expressly or implied, the accuracy or timeliness of the information contained in this report. Rystad Energy disclaims any responsibility for content errors.