KAMCO Research

Oil Market Monthly Report

March-2015

In this Report...

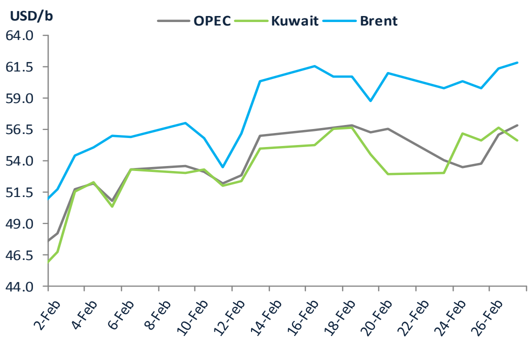
In a reversal of trend seen over the past seven months, oil price rebounded during February-15 amid continued heightened volatility in the oil market. However, the price reversal was short-lived as oil price started sliding in March-15 after reports of record U.S. stockpiles emerged. *According to the latest weekly report from the U.S. EIA, U.S. crude inventories rose for the tenth consecutive week by 9.6 Mn barrel or 2.1% to 458.5 Mn barrels. Another report from the API said that crude supplies increased by 10.5 Mn barrels for the week ended March 13, 2015. Furthermore, according to a report from the Economist, although U.S. rig count has declined to its lowest levels since 2011, the impact on oil production is expected to be minimal in the long run as the idled rigs are in marginal areas and the fall in the main shale areas has only been 9% in North Dakota and Texas coupled with productivity gains in the remaining wells.*

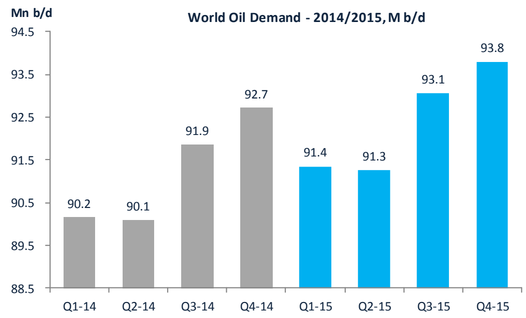
OPEC Reference Basket settled at an average of USD 54.1/b in February-15, a strong improvement of around 21.8% or USD 9.68/b, the strongest monthly gain since September-2010*, as compared to previous month's average price of USD 44.4/b. However, with the decline seen in March-15, average oil price scaled back to USD 53.56/b, although a more gradual U.S. rate hike plan as announced by the US Fed pushed NYMEX Crude to USD 44.66/b and WTI to USD 55.91/b with a daily gain of 2.8% and 4.5%, respectively, on March 18, 2015 (YTD-15 decline of 17.7% and 7.2%, respectively).*

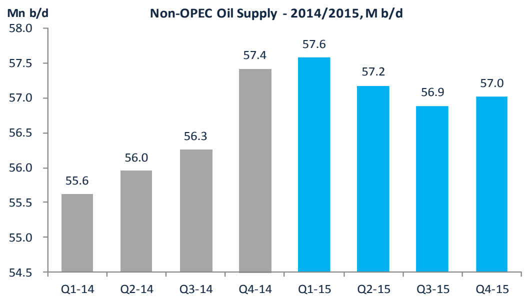
Total world oil demand growth for 2014 was kept broadly unchanged from last month's forecast and is estimated at 0.96 Mn b/d, or an increase of 1.07%, to stand at 91.21 Mn b/d compared to 90.24 Mn b/d for the year 2013. *According to OPEC Monthly Report, there was marginal change in total demand from OECD countries, which was recorded at 45.78 m b/d on the back of a slight increase in demand in Europe, from 13.40 m b/d to 13.45 m b/d.*

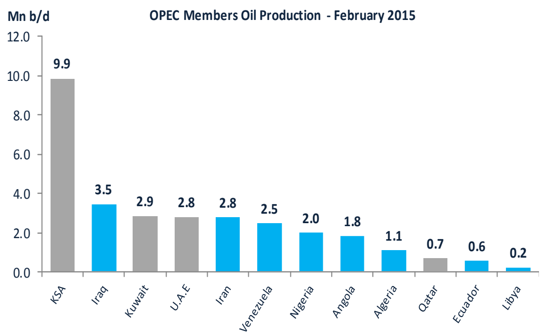
Total world oil demand for 2015 was revised up by 50 tb/d from last month's forecast and estimated to expand at a higher rate than the previous year, growing by 1.17 Mn b/d from the 2014 level to average around 92.37 Mn b/d. *The upward adjustments took place in OECD Europe that saw an upward revision of 50 tb/d. On the other hand, the expected demand in 2015 in the rest of the regions, i.e. Total Developing Countries and "other regions" remained unchanged from the previous estimates.*

Meanwhile, non-OPEC oil supply growth is expected to continue in 2015 and to expand by 0.85 Mn b/d to average at 57.16 Mn b/d. *Non-OPEC supply is expected to see growth in all the quarters of 2015, but at a lower pace as compared to previous year due to low oil price expectations, declining number of active rigs in North America, decrease in drilling permits in the US and reductions in IOCs' 2015 capex.*









Source for the above charts : OPEC and Bloomberg

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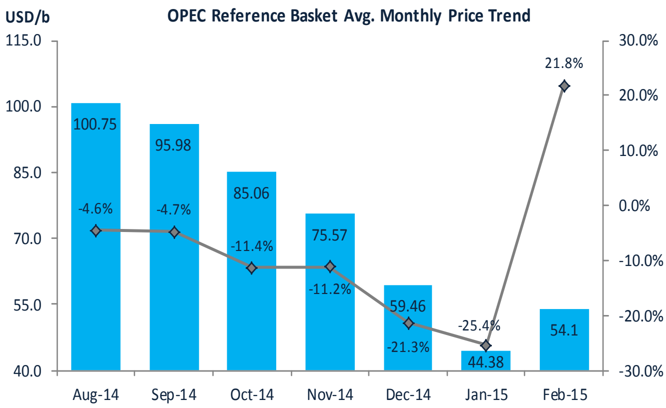
Oil Prices

Oil prices rebounded during February-15 amid significant volatile prices after almost seven consecutive months of continuous price erosion. The recovery was led by a pickup in prompt demand from Europe and Asia and optimism that oil prices may have reached bottom, in addition to declining global stock piles and disruption in Libya that led to Libyan crude export of no more than 200,000 b/d during Feburay-15. Nevertheless, prices started moving downward during the second half of the month after US inventories were reported at record high levels coupled with reports of rising production in Saudi Arabia. Moreover, a steep decline in US rig count (to 986 rigs or 39% decline since October-14) as reported by Baker Hughes, had minimal impact on oil production in the US, which continues to stand at historical high levels, further adding to the oversupply situation in the oil market.



Source: Bloomberg

OPEC Reference Basket settled at an average of USD 54.1/b during February-15, a strong gain of USD 9.68/b or 21.8%, the strongest monthly gain since September-2010. The month closed at a peak OPEC oil price of USD 56.83/b, a monthly gain of 26.8% or USD 12.0/b; however, the price has declined since the start of March-15 and it continues to remain well below last year's peak. The basket's accumulated losses since it peaked in June-14 up till 17-March-2015 reached around USD 61.72/b or 55.9%, reflecting the ongoing supply pressure on all crude oil prices. For FY-2015, OPEC Reference Basket's average value of USD 50.15/b was 47.9% lower as compared with FY-2014 average of USD 96.29/b.

Kuwait Blend Spot Price FOB averaged USD 52.3/b during February-15, a strong gain of 23.1% as compared to January-15 average price of USD 42.3/b. Kuwait oil closed the month at USD 55.67/b, a gain of 31.8% as compared to January-15 closing price of USD 42.24/b. However, the price trend reversed as it entered March-15, in line with OPEC oil, and recorded a decline of 13.6% or USD 7.58/b to reach USD 48.09/b as of 16-Mar-15. The average monthly price for the first sixteen days of March-15 also declined to USD 53.05/b. Meanwhile, European Brent Spot Price FOB averaged around USD 58.1/b during February-15 recording an increase of 21.7% or 10.35/b.

Average Crude Oil Prices, USD/b	Jan-15	Feb-15	Change	2014	2015
OPEC Reference Basket	**44.4**	**54.1**	**9.7**	**105.0**	**49.1**
Arab Light	44.5	53.8	9.3	106.0	49.0
Basrah Light	42.6	51.8	9.2	103.0	47.1
Bonny Light	48.5	58.5	10.0	110.5	53.4
Es Sider	46.8	56.8	10.1	108.2	51.7
Girassol	48.0	58.3	10.3	108.7	53.0
Iran Heavy	42.8	53.3	10.4	104.9	47.9
Kuwait Export	**42.3**	**52.3**	**9.9**	**104.0**	**47.2**
Marine	45.5	55.4	9.9	104.4	50.3
Merey	38.0	48.4	10.5	93.9	43.1
Murban	48.4	58.6	10.2	108.2	53.4
Oriente	42.3	47.0	4.7	95.3	44.6
Saharan Blend	47.9	58.2	10.3	110.2	52.9
Other Crudes					
Brent	47.9	58.1	10.3	108.6	52.9
Dubai	45.6	55.9	10.3	104.5	50.6
Isthmus	45.5	52.7	7.2	98.3	49.0
LLS	48.8	55.3	6.5	104.5	52.0
Mars	44.8	51.2	6.5	101.2	47.9
Minas	46.4	55.9	9.5	109.6	51.0
Urals	47.0	57.8	10.8	106.9	52.3
WTI	47.3	50.8	3.5	97.7	49.0
Differentials					
Brent/WTI	0.6	7.4	6.8	10.9	3.9
Brent/LLS	(1.0)	2.9	3.8	4.1	0.9
Brent/Dubai	2.3	2.3	(0.01)	4.1	2.3

Source: OPEC Monthly Oil Market Report - March 2015

World Oil Demand

Total world oil demand growth for 2014 was kept broadly unchanged from last month's forecast and is estimated at 0.96 Mn b/d, or an increase of 1.07%, to stand at 91.21 Mn b/d compared to 90.24 Mn b/d for the year 2013. According to OPEC Monthly Report, there was marginal change in total demand from OECD countries, which was recorded at 45.78 m b/d on the back of a slight increase in demand in Europe, from 13.40 m b/d to 13.45 m b/d. Within the Developing Countries, the demand was slightly upgraded for Other Asia and for Latin America, whereas there was no change in demand in "Other regions".

In OECD Americas, the most recent oil demand data (December-14) highlights substantial increases in oil demand growth y-o-y, amounting to almost 0.6 mb/d, the strongest monthly growth since December 2013, led by increasing demand as a result of growing economy, higher industrial production activities and lower pump prices, which led to increasing mileage, especially during Q4-14. On the other hand, in OECD Europe, the year 2014 ended with a contraction in demand for the whole region by around 0.19 mb/d, as the decline in demand seen during the first half of the year was not fully offset by improving trend seen during the latter half.

World Oil Demand - 2013/2014, M b/d	2013	Q1-14	Q2-14	Q3-14	Q4-14	2014	Y-o-Y Growth	% Chg.
Americas	24.09	23.87	23.76	24.37	24.73	24.19	0.10	0.42
of which US	19.27	19.16	19.03	19.52	19.90	19.40	0.14	0.72
Europe	13.64	13.00	13.54	13.81	13.45	13.45	(0.19)	(1.37)
Asia Pacific	8.33	8.85	7.65	7.72	8.36	8.14	(0.18)	(2.21)
Total OECD	**46.05**	**45.72**	**44.95**	**45.90**	**46.54**	**45.78**	**(0.27)**	**(0.59)**
Other Asia	11.06	11.08	11.37	11.34	11.30	11.27	0.21	1.92
of which India	3.70	3.85	3.80	3.63	3.87	3.79	0.09	2.38
Latin America	6.50	6.42	6.69	6.98	6.67	6.69	0.20	3.02
Middle East	7.81	8.07	7.93	8.39	7.85	8.06	0.25	3.18
Africa	3.63	3.75	3.75	3.65	3.81	3.74	0.11	3.09
Total Developing Countries (DCs)	**29.00**	**29.31**	**29.74**	**30.36**	**29.63**	**29.76**	**0.77**	**2.65**
Former Soviet Union (FSU)	4.49	4.39	4.24	4.63	4.91	4.54	0.05	1.14
Other Europe	0.64	0.64	0.60	0.64	0.73	0.65	0.02	2.44
China	10.07	10.08	10.56	10.31	10.90	10.46	0.40	3.94
Total "Other Regions"	**15.20**	**15.11**	**15.39**	**15.58**	**16.53**	**15.66**	**0.46**	**3.05**
Total World	**90.24**	**90.15**	**90.09**	**91.85**	**92.71**	**91.21**	**0.96**	**1.07**

Source: OPEC Monthly Oil Market Report - March 2015

Total world oil demand for 2015 was revised up by 50 tb/d from last month's forecast and estimated to expand at a higher rate than the previous year, growing by 1.17 Mn b/d from the 2014 level to average around 92.37 Mn b/d. The upward adjustments took place in OECD Europe that saw an upward revision of 50 tb/d. On the other hand, the expected demand in 2015 in the rest of the regions, i.e. Total Developing Countries and "other regions" remained unchanged from the previous estimates.

World Oil Demand - 2014/2015, M b/d	2014	Q1-15	Q2-15	Q3-15	Q4-15	2015	Y-o-Y Growth	% Chg.
Americas	24.19	24.10	23.94	24.59	24.93	24.39	0.20	0.85
of which US	19.40	19.35	19.18	19.70	20.08	19.58	0.18	0.91
Europe	13.45	12.91	13.46	13.70	13.35	13.36	(0.10)	(0.71)
Asia Pacific	8.14	8.76	7.57	7.59	8.18	8.02	(0.12)	(1.51)
Total OECD	**45.78**	**45.77**	**44.97**	**45.87**	**46.46**	**45.77**	**(0.01)**	**(0.03)**
Other Asia	11.27	11.32	11.63	11.62	11.54	11.52	0.25	2.24
of which India	3.79	3.95	3.91	3.76	3.99	3.90	0.12	3.04
Latin America	6.69	6.61	6.89	7.18	6.88	6.89	0.20	2.95
Middle East	8.06	8.35	8.18	8.69	8.13	8.34	0.28	3.49
Africa	3.74	3.84	3.84	3.75	3.90	3.83	0.09	2.47
Total Developing Countries (DCs)	**29.76**	**30.12**	**30.54**	**31.23**	**30.45**	**30.59**	**0.82**	**2.77**
Former Soviet Union (FSU)	4.54	4.43	4.27	4.67	4.95	4.58	0.04	0.88
Other Europe	0.65	0.65	0.60	0.65	0.74	0.66	0.01	1.07
China	10.46	10.39	10.87	10.63	11.19	10.77	0.31	2.94
Total "Other Regions"	**15.66**	**15.46**	**15.75**	**15.95**	**16.88**	**16.01**	**0.35**	**2.26**
Total World	**91.21**	**91.35**	**91.26**	**93.06**	**93.79**	**92.37**	**1.17**	**1.28**

Source: OPEC Monthly Oil Market Report - March 2015

World Oil Supply

Total non-OPEC supply has been revised up by 0.1 mb/d compared to last month's forecast and is now estimated to have averaged 56.33 mb/d by the end of 2014, an increase of 2.04 Mn b/d or 3.76%. This growth is mainly attributable to the upward 4Q14 revisions mostly driven by increase in supply from the US, Canada, Norway, Malaysia and China as well as upward revisions in previous quarters. According to the report, non-OPEC supply was upwardly revised by around 290 tb/d to average 57.42 mb/d in the 4Q14. During 2014, OECD Americas' oil supply saw the highest increase among all non-OPEC regions recorded at 1.75 mb/d to average at 23.97 mb/d. The 4Q14 supply from OECD Americas was revised upwards by 120 tb/d to 24.68 mb/d as compared to the previous OPEC monthly report on the back of an increase in supply from OECD Americas and OECD Europe offset by a slight decline in OECD Asia Pacific. Meanwhile, oil production in developing countries is expected to have increased by 0.20 mb/d to average 12.35 mb/d in 2014, an upward revision of almost 40 tb/d from the previous report.

Non-OPEC Oil Supply - 2013/2014, M b/d	2013	Q1-14	Q2-14	Q3-14	Q4-14	2014	Y-o-Y Growth	% Chg.
Americas	18.16	19.12	19.77	20.08	20.46	19.86	1.70	9.36
of which US	11.22	11.95	12.79	13.12	13.45	12.83	1.61	14.35
Europe	3.58	3.75	3.51	3.40	3.72	3.59	0.02	0.28
Asia Pacific	0.49	0.51	0.52	0.54	0.50	0.52	0.03	6.12
Total OECD	**22.22**	**23.38**	**23.80**	**24.01**	**24.68**	**23.97**	**1.75**	**7.88**
Other Asia	3.61	3.56	3.55	3.50	3.64	3.56	(0.05)	(1.39)
Latin America	4.78	4.86	4.92	5.10	5.23	5.03	0.25	5.23
Middle East	1.36	1.34	1.34	1.36	1.33	1.34	(0.02)	(1.47)
Africa	2.40	2.44	2.41	2.40	2.41	2.42	0.02	0.83
Total Developing Countries (DCs)	**12.15**	**12.21**	**12.22**	**12.35**	**12.61**	**12.35**	**0.20**	**1.65**
Former Soviet Union (FSU)	13.41	13.48	13.36	13.39	13.48	13.43	0.02	0.15
of which Russia	10.51	10.59	10.55	10.52	10.65	10.58	0.07	0.67
Other Europe	0.14	0.14	0.14	0.14	0.14	0.14	0.00	0.00
China	4.24	4.24	4.27	4.20	4.34	4.26	0.02	0.47
Total "Other regions"	**17.78**	**17.86**	**17.76**	**17.73**	**17.96**	**17.83**	**0.04**	**0.28**
Total Non-OPEC Production	**52.16**	**53.45**	**53.78**	**54.10**	**55.25**	**54.15**	**2.00**	**3.82**
Processing gains	2.13	2.16	2.16	2.16	2.16	2.16	0.03	1.41
Total Non-OPEC Supply	**54.29**	**55.62**	**55.95**	**56.26**	**57.42**	**56.33**	**2.04**	**3.76**
OPEC NGLs and non-conventionals	**5.65**	**5.73**	**5.79**	**5.86**	**5.93**	**5.83**	**0.18**	**3.19**
OPEC Crude Oil Production	**30.23**	**29.88**	**29.81**	**30.32**	**30.28**	**30.07**	**-**	**-**
Total World Supply	**90.17**	**91.23**	**91.55**	**92.44**	**93.63**	**92.23**	**-**	**-**

Source: OPEC Monthly Oil Market Report - March 2015

Non-OPEC oil supply growth is expected to continue in 2015 and to expand by 0.85 Mn b/d to average at 57.16 Mn b/d, unchanged from the previous estimates. According to the report, non-OPEC supply is expected to see growth in all the quarters of 2015, but at a lower pace as compared to previous year due to low oil price expectations, declining number of active rigs in North America, decrease in drilling permits in the US and reductions in IOCs' 2015 capex.

Non-OPEC Oil Supply - 2014/2015, M b/d	2014	Q1-15	Q2-15	Q3-15	Q4-15	2015	Y-o-Y Growth	% Chg.
Americas	19.86	20.66	20.70	20.71	20.82	20.73	0.86	0.04
of which US	12.83	13.61	13.71	13.66	13.63	13.65	0.82	0.06
Europe	3.59	3.67	3.51	3.41	3.63	3.55	(0.04)	(0.01)
Asia Pacific	0.52	0.52	0.55	0.54	0.51	0.53	0.01	0.02
Total OECD	**23.97**	**24.84**	**24.77**	**24.66**	**24.96**	**24.81**	**0.83**	**0.03**
Other Asia	3.56	3.67	3.64	3.60	3.56	3.61	0.05	0.01
Latin America	5.03	5.21	5.11	5.08	4.97	5.09	0.06	0.01
Middle East	1.34	1.32	1.31	1.29	1.28	1.30	(0.04)	(0.03)
Africa	2.42	2.46	2.42	2.40	2.38	2.41	0.00	0.00
Total Developing Countries (DCs)	**12.35**	**12.64**	**12.47**	**12.38**	**12.19**	**12.42**	**0.07**	**0.01**
Former Soviet Union (FSU)	13.43	13.50	13.32	13.21	13.17	13.30	(0.13)	(0.01)
of which Russia	10.58	10.64	10.54	10.47	10.42	10.51	(0.06)	(0.01)
Other Europe	0.14	0.14	0.14	0.14	0.14	0.14	0.00	0.00
China	4.26	4.31	4.29	4.31	4.37	4.32	0.06	0.01
Total "Other regions"	**17.83**	**17.95**	**17.75**	**17.66**	**17.69**	**17.76**	**(0.07)**	**(0.00)**
Total Non-OPEC Production	**54.15**	**55.40**	**55.00**	**54.71**	**54.84**	**54.99**	**0.85**	**0.02**
Processing gains	2.16	2.17	2.17	2.17	2.17	2.17	0.01	0.00
Total Non-OPEC Supply	**56.33**	**57.58**	**57.18**	**56.89**	**57.02**	**57.16**	**0.85**	**0.02**

Source: OPEC Monthly Oil Market Report - March 2015

OPEC Oil Production & Spare Capacity

OPEC production increased at a slower pace of by 0.5% during February-15 (1.6% during January-15), to stand at 30.57 Mn b/d, an increase of 163 tb/d compared to the previous month. The increase in oil production came mainly from higher production by Saudi Arabia and UAE in the GCC as well as in Iraq and Angola together amounting to a total increase of 0.2 Mb b/d during the month. On the other hand, the increase in oil production was partially offset by continued decline in Libya and Nigeria. OPEC crude oil production, excluding Iraq, averaged at 27.12 mb/d, an increase of 0.42% compared to last month's level.

During the month of February-15, OPEC was producing at 82.16%, lower than last month's production rate of 83.1%, while the largest OPEC oil producer Saudi Arabia was operating at 78.8% of its capacity, an increase of 100 bps from previous month's capacity. The total spare capacity by OPEC countries stood at around 6.44 Mn b/d, or around 17.8% of total capacity.

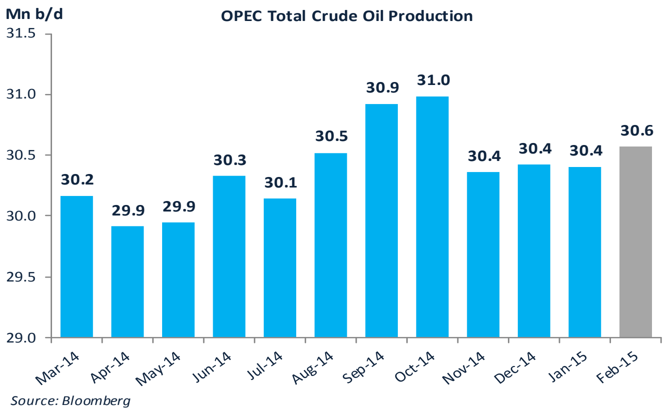
Production ('000 b/d)	February	January	Change		Capacity	Spare Capacity
Total OPEC-12	**30,568**	**30,405**	**163**	**0.5%**	**37,207**	**6,639**
KSA	9,850	9,720	130	1.3%	12,500	2,650
Iraq	3,450	3,400	50	1.5%	3,650	200
Kuwait	2,850	2,850	0	0.0%	3,200	350
U.A.E	2,800	2,700	100	3.7%	3,000	200
Iran	2,780	2,780	0	0.0%	3,500	720
Venezuela	2,469	2,468	1	0.0%	3,000	531
Nigeria	1,990	2,040	-50	-2.5%	2,400	410
Angola	1,830	1,810	20	1.1%	1,870	40
Algeria	1,100	1,100	0	0.0%	1,200	100
Qatar	675	680	-5	-0.7%	780	105
Ecuador	554	557	-3	-0.5%	557	3
Libya	220	300	-80	-26.7%	1,550	1,330
Total OPEC-11	**27,118**	**27,005**	**113**	**0.42%**	**33,557**	**6,439**

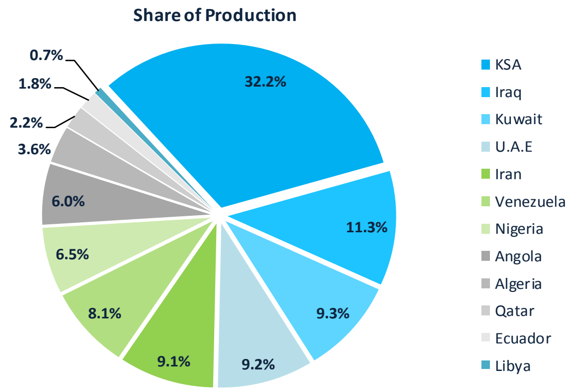
Source: Bloomberg

Nevertheless, on a full year basis, OEPC crude oil average monthly production for first two months of 2015 saw a slight increase of 0.5 % or around 153 tb/d to average around 30.49 mb/d, compared with 30.33 Mn b/d for last year.

During February-15, production in Saudi Arabia increased by 130 tb/d, a slightly slower pace of growth as seen in January-15, whereas production in the U.A.E. increased to November-14 level of 2.8 mb/d or an month-on-month increase of 3.7%. Among the non-GCC countries, Iraq and Angola added approximately 70 tb/d of production during the month. On the other hand, decline in production was led by Libya which declined from 0.3 mb/d to 0.22 mb/d during February-15 followed by Nigeria that reported production decline of 50 tb/d.

Saudi Arabia's share of production during February-15 stood at 32.2%, followed by Iraq at 11.3%, while Kuwait and Iran's production contributed 9.3% (or 2.85 Mn b/d) and 9.1% (2.78 Mn b/d), respectively. Meanwhile, the increase in production by UAE increased its share in total OPEC production from 8.9% in January-15 to 9.2% in February-15. The share of production by the GCC states represented 59.65% or 16.18 mb/d of total OPEC-11 which stood at 27.12 mb/d in February-15.





Source: OPEC Monthly Oil Market Report - March 2015

Brent Crude Oil Price Forecast by Various Research Houses

Firm	Analyst	As Of	Q1 15	Q2 15	Q3 15	Q4 15
Intesa Sanpaolo SpA	D. Corsini	3/12/2015	55.0	60.0	60.0	65.0
LBBW	F. Klumpp	3/12/2015	54.0	55.0	60.0	65.0
Itau Unibanco Holding SA	I. Goldfajn	3/11/2015	56.9	60.0	63.3	68.3
Barclays PLC	M. Cohen	3/11/2015	53.0	47.0	50.0	55.0
Bayerische Landesbank	A. Speer	3/11/2015	45.0	50.0	45.0	50.0
BNP Paribas SA	H. Tchilinguirian	3/11/2015	55.0	55.0	63.0	67.0
Deutsche Bank AG	M. Hsueh	3/10/2015	57.5	57.5	60.0	62.5
Westpac Banking Corp	J. Smirk	3/6/2015	57.0	57.0	56.0	59.0
Santander UK PLC	J. Kenney	3/4/2015	53.5	55.5	56.5	60.5
Commerzbank AG	E. Weinberg	3/4/2015	55.0	55.0	65.0	75.0
Lloyds Bank PLC	C. Paraskevas	3/4/2015	58.0	55.0	72.0	80.0
DZ Bank AG Deutsche Zentral-Genossenscha	A. Herlinghaus	3/3/2015	55.0	62.5	70.0	80.0
Standard Chartered Bank	P. Horsnell	3/2/2015	58.0	71.0	83.0	90.0
Prestige Economics LLC	J. Schenker	2/27/2015	55.5	64.0	67.0	75.0
Citigroup Inc	E. Morse	2/27/2015	50.0	45.0	55.0	65.0
Norddeutsche Landesbank Girozentrale	F. Kunze	2/23/2015	59.0	55.0	60.0	75.0
Australia & New Zealand Banking Group Lt	M. Pervan	2/23/2015	48.9	43.5	49.0	55.5
Danske Bank A/S	J. Pederson	2/19/2015	54.0	62.0	70.0	76.0
Natixis SA	A. Deshpande	2/18/2015	50.0	53.0	67.0	70.0
Wells Fargo Securities LLC	R. Read	2/9/2015	50.5	60.0	66.0	69.0
RBC Capital Markets	G. Pardy	2/3/2015	47.5	45.5	59.5	75.2
BMO Capital Markets Corp/Toronto	R. Ollenberger	1/26/2015	47.5	48.3	55.0	61.1
UBS Securities LLC	W. Featherston	1/26/2015	50.0	50.0	55.0	55.0
Oversea-Chinese Banking Corp Ltd	B. Gan	1/22/2015	55.0	60.0	70.0	80.0
DNB ASA	T. Kjus	1/22/2015	55.0	63.0	69.0	74.0
Macquarie Capital USA Inc	V. Dwivedi	1/20/2015	70.0	68.0	74.0	85.0
Toronto-Dominion Bank/Toronto	B. Melek	1/19/2015	42.0	45.0	54.0	60.0
HSBC Holdings PLC	G. Gray	1/16/2015	55.0	60.0	65.0	70.0
Nomura International Hong Kong Ltd	G. Kwan	1/14/2015	45.0	55.0	65.0	75.0
Raiffeisen Bank International AG	H. Loacker	1/13/2015	49.0	53.0	60.0	68.0
Bank of America Merrill Lynch	F. Blanch	1/8/2015	69.0	73.0	79.0	87.0
Raymond James & Associates Inc	M. Adkins	1/5/2015	63.0	60.0	72.0	77.0
Nordea Bank Norge ASA	T. Saltvedt	12/18/2014	55.0	57.0	65.0	69.0
Capital Economics Ltd	T. Pugh	12/16/2014	65.0	65.0	65.0	65.0
CIBC World Markets Corp	K. Spector	12/15/2014	63.0	72.0	92.0	95.0
Incrementum AG	R. Stoeferle	12/10/2014	71.0	73.0	79.0	87.0
National Australia Bank Ltd	V. Lai	12/10/2014	75.0	78.0	83.0	85.0
UniCredit Markets & Investment Banking	J. Hitzfeld	12/10/2014	70.0	70.0	80.0	80.0
Jefferies LLC	J. Gammel	12/9/2014	68.0	70.0	74.0	77.0
Median			55.0	57.5	65.0	70.0
Mean			56.3	58.9	65.6	71.5
High			75.0	78.0	92.0	95.0
Low			42.0	43.5	45.0	50.0
Current Fwd			54.8	55.5	58.2	60.2
Difference (Median - Current)			0.2	2.0	6.9	9.8

Source: Bloomberg

Oil Market News & Developments

OPEC Warns U.S. Oil Boom Could Be Over by Year-End (WSJ)

OPEC said Monday the U.S. oil boom could be over by the end of this year, offering a pessimistic view of American producers' ability to withstand a historic collapse in crude prices and predicting that global petroleum supplies would realign with demand. The cartel, in its closely watched monthly oil-market report, cited spending cuts by U.S. producers and the falling number of American rigs drilling for oil in recent months after crude prices fell by about 60% from last summer to January before rallying in February.

Oman Producing All-Out on Oil as Global Price Rout Seen Over (Bloomberg)

Oman is boosting crude output to as much as possible with the global price rout over, Salim Al Aufi, undersecretary of the oil and gas ministry, said. Oman will produce 980,000 barrels a day this year, Al Aufi said in an interview in Muscat on Sunday. That would be 4 percent higher than in 2013, according to BP Plc data. Oman will provide 2014 production figures in April, Al Aufi said.

OPEC Said Not to Plan Emergency Meeting Amid Oil Price Drop (Bloomberg)

OPEC has no plans to hold an emergency meeting amid falling oil prices, according to a delegate from the group. Crude prices have dropped almost 50 percent from a June peak as the Organization of Petroleum Exporting Countries refused to cut production and U.S. output reached a three-decade high. There have been no concrete discussions about holding an emergency meeting, said the delegate, who asked not to be identified because the group's talks are private. OPEC's next regular meeting is schedule for June 5.

Saudi Oil Adviser Says Strengthening Demand Will Lift Prices (Bloomberg)

Global crude consumption is rising, and prices will strengthen as the market rebalances, a senior adviser to Saudi Arabia's oil minister said. Prices have stopped falling at about $60 a barrel as expanding demand helps contain the global glut, Ibrahim Al- Muhanna said at a conference in Doha, Qatar. It's too early to say if the Organization of Petroleum Exporting Countries, which agreed in November to keep output unchanged, will alter policy when it gathers again on June 5, he said.

After oil overload, a glut of natural gas may be next to flood the world's energy markets (Financial Post)

The supply glut which has led to a 50% slide in oil prices over the past year will begin to grip the other major hydrocarbon product vital to global economies, liquefied natural gas (LNG). This year will see a "wave" of new LNG production flooding on to international markets as several major projects in Australia finally come on stream after years of development and hundreds of billions of dollars invested.

Dragon Oil attracts new takeover bid from Dubai-owned ENOC (Telegraph)

Dragon Oil has received a £2bn-plus takeover offer from its major shareholder Emirates-based ENOC. The renewed attempt by the Dubai national oil company, which already owns 52pc of Dragon Oil, could be an early sign that the oil market is reaching the bottom of its price slide as companies look to snap up assets on the cheap. Dragon confirmed that it had received an approach regarding a takeover offer after its share price jumped by 10pc, valuing the business at £2.89bn.

Oil company Quicksilver Resources files for bankruptcy protection (Fortune)

Quicksilver Resources and its U.S. units filed for Chapter 11 bankruptcy protection on Tuesday, adding to a list of oil and gas producers who have folded amid low oil prices. The company listed assets of $1.21 billion and liabilities of $1.35 billion in its bankruptcy petition in a Delaware court. Quicksilver KWK said its Canadian units were not included in the chapter 11 filing.

Oil exporters amass record U.S. bond holdings in crude price plunge (Reuters)

The collapse in crude oil prices may have reduced revenues of oil exporters, but it has not soured their appetite for U.S. government debt. Saudi Arabia and other major oil exporters have increased their holdings of U.S. Treasuries to record levels in an effort to counter the effect of the 60 percent drop in oil prices in the last nine months.

Oil Bear Market Looms Amid 7-Day Slump on Record U.S. Inventory (Bloomberg)

18-March-2015-Oil's seven-day slump to the lowest level in six years is poised to drive prices back into a bear market as record U.S. stockpiles worsen a global supply glut. Futures fell as much as $1.02 to $42.44 a barrel in New York. A close at this level would be 20 percent below its peak last month, meeting a common definition of a bear market. Crude inventories probably expanded by 4.4 million barrels to 453.3 million last week, according to a Bloomberg News survey before government data on Wednesday. Supplies increased by 10.5 million barrels, the industry-funded American Petroleum Institute was said to have reported.

Oil Market News & Developments

Libya Government Planning Oil Export Program to Weaken Rival (Bloomberg)

Libya's internationally-recognized government asked companies buying oil from ports under its control to deal with its administration, a move seen by Eurasia Group as an effort to weaken a rival, Islamist-backed cabinet. Al Mabrook Bu Seif, the chairman of National Oil Corp. appointed by the elected government, said his management team is drafting a loading program that is separate from the one implemented so far, which was designed by another management team of the state-run company based in the capital, Tripoli.

Talisman Cuts 15% of Head Office Jobs as Oil Price Slump Worsens (Bloomberg)

Talisman Energy Inc., the Canadian energy company being acquired by Spain's Repsol SA, is cutting as much as 15 percent of its head office workforce as it reduces activity to contend with a collapse of crude prices. Talisman is terminating 150 to 200 employees and contractors of about 1,300 total workers in Calgary, where the oil and natural gas producer is based, Brent Anderson, a company spokesman, said in an interview Tuesday. The producer is scaling back its budget by 30 percent this year, he said.

Sinopec, Pemex Among New Cos. to Buy Access to Mexico Oil Blocks (Bloomberg)

National Hydrocarbons Commission approved four more cos. to access data rooms with geologic and seismic information on 14 shallow water oil blocks to be auctioned this year, the agency said on its website. Newly approved cos. are Pemex, Atlantic Rim, Nexen Energy Holdings and Sinopec International.

Whiting Said to Draw Interest From Exxon as It Explores Sale (Bloomberg)

Whiting Petroleum Corp., the North Dakota oil explorer, has attracted interest from Exxon Mobil Corp. and Continental Resources Inc. as it explores a sale of the entire company, people with knowledge of the situation said. Hess Corp. and Statoil ASA are also looking at Denver-based Whiting, said the people, who asked not to be identified discussing private information. Whiting has set up a data room for potential buyers to evaluate the company's financial information and asked them to submit bids next week, the people said. The discussions are ongoing and there's no guarantee a deal will be reached.

Petrobras Bond Plan Said Quashed as Brazil Fights Rating Cut (Bloomberg)

Brazil withdrew backing for a proposed Petroleo Brasileiro SA local bond as the country fights to avoid following the oil driller into junk credit-rating status, said a government official with direct knowledge of the matter. Finance Minister Joaquim Levy ruled out the possibility of Brazil's Treasury guaranteeing a bond backed by about 9 billion reais ($2.9 billion) owed to Petrobras by a state power company, the official said, asking not to be named because the decision wasn't made public.

Oil CEOs Said to Ask Obama Administration to Lift Export Ban (Bloomberg)

About a dozen U.S. drilling executives, including ConocoPhillips CEO Ryan Lance, were in Washington this week trying to persuade White House officials and lawmakers to lift the 40-year ban on U.S. oil exports, according to two people familiar with the meetings. Chief executives from the lobbying group Producers for American Crude Oil Exports, or PACE, met with White House senior energy policy adviser Brian Deese March 11 seeking a rollback of the U.S. oil export ban imposed after the 1973 Arab oil embargo, according to two people, who asked not to be identified because the discussions weren't public.

Chevron Accelerating Asset Sales to $15 Billion on Oil Slide (Bloomberg)

Chevron Corp. will increase asset sales by 50 percent to $15 billion and curtail new investment for the next two years after plunging oil prices squeezed cash flow for the second-biggest U.S. energy producer. Chevron's divestment of oil and natural gas fields and other exploration and production assets will continue through 2017, Chairman and Chief Executive Officer John Watson said during a presentation to analysts in New York on Tuesday. Capital spending will decline through the period as construction of mega-projects such as the $54 billion Gorgon gas-export development in Australia winds down, he said.

Canadian Oil Sands Output Growth Defies Plunge in Prices: Energy (Bloomberg)

The deluge of Canadian oil that's adding to a global glut and driving prices lower is showing few signs of slowing. Even with crude down 52 percent since June, output will grow 3.5 percent this year from the world's fifth-biggest producer. The Canadian dollar is near a six-year low and materials cost less, helping oil sands producers cut costs and keep pumping. Oil would have to stay between $30 and $35 a barrel for at least six months, down from about $50 now, before wells and mines are shut, according to the Canadian Energy Research Institute.

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