Oil Market Monthly Report

February-2015

In this Report...

Oil prices continued to see steep declines during January-15 in one of the most volatile months for the oil market in recent history. *Average oil prices declined for the seventh consecutive month in a row across all baskets as global markets continued to be oversupplied and demand had yet to pick up. OPEC daily oil price has moved on an average by USD 1.19/bbl during 2015, which is the highest level for a year since 2008 when the average daily price movement was recorded at USD 1.49/bbl.*

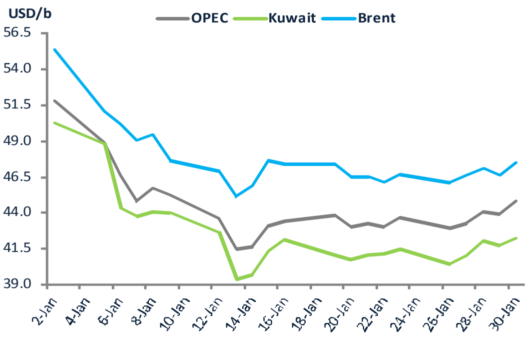
The global decline in oil prices have triggered massive spending cuts by oil companies and have led to a significant reduction in rig counts in the US. *According to Baker Hughes, the number of oil rigs continued to decline for the ninth straight week in the U.S. further declining by 83 during the first week of February-15 to 1,140, the lowest rig count since December 2011. The rig count has declined by 29% since its October -14 peak.*

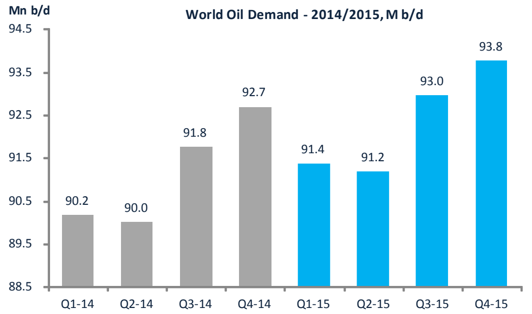
OPEC Reference Basket settled at an average of around USD 44.4/b in January-15, its lowest value since February-09, a steep decline of USD 15.1/b or around 25.4%, *its biggest monthly average price decline since November-08, as compared to previous month's average price of USD 59.5/b. However, oil prices have started picking up since the last week of January-15 and in February-15 it was up by 17.9% to USD 52.86/b by 12th February 2015.*

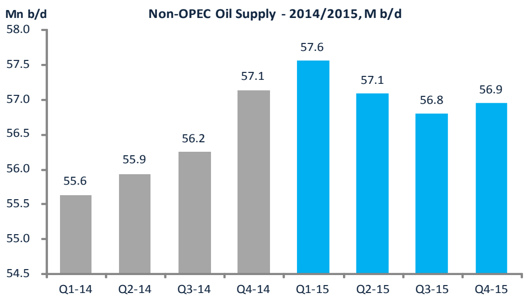
Total world oil demand growth for 2014 was kept broadly unchanged from last month's forecast and is estimated at 0.96 Mn b/d, *or an increase of 1.06%, to stand at 91.15 Mn b/d compared to 90.20 Mn b/d for the year 2013. According to OEPC Monthly Report, there was no change in total demand from OECD countries, which was recorded at 45.73 m b/d.*

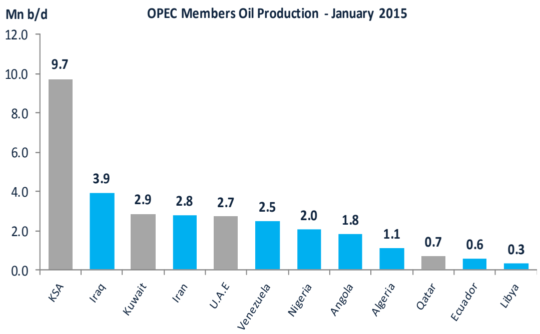
Total world oil demand for 2015 was revised up by 20 tb/d from last month's forecast and estimated to expand at a higher rate than the previous year, *growing by 1.17 Mn b/d from the 2014 level to average around 92.32 Mn b/d. OPEC production increased by 1.6% during January-15, to stand at 30.91 Mn b/d, an increase of 483 thousand b/d compared to the previous month.*

Total non-OPEC supply has been revised up by 20 tb/d compared to last month's forecast and is now estimated to have averaged 56.23 mb/d by the end of 2014, an increase of 1.99 Mn b/d or 3.67%. *This growth is mainly attributable to the upward 4Q14 revisions in the OECD (US, Canada and Norway), Brazil, Kazakhstan and China, partially offset by downward revisions for Azerbaijan, Other Asia Pacific, Australia and Mexico.*









Source for the above charts : OPEC and Bloomberg

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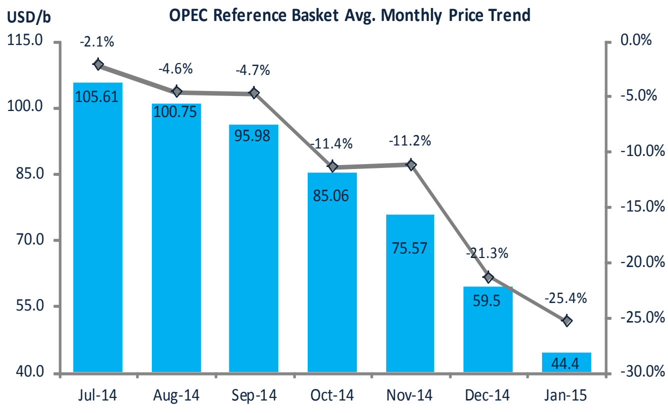
Oil Prices



Source: Bloomberg

Oil prices continued to see steep declines during January-15, in one of the most volatile months for the oil market in recent history. Average oil prices declined for the seventh consecutive month in a row across all baskets as global markets continued to be oversupplied and demand had yet to pick up. OPEC daily oil price has moved on an average by USD 1.19/bbl during 2015, which is the highest level for a year since 2008 when the average daily price movement was recorded at USD 1.49/bbl. Some of the key factors that have led to the steep decline in oil price are the global oversupply in the oil market, a record crude inventory build in the US, a strong US dollar and a slowing Chinese oil demand growth.

OPEC Reference Basket settled at an average of around USD 44.4/b during January-15, its lowest value since February-09, down by a steep USD 15.1/b or around 25.4% below last month's price level when it reached an average of USD 59.5/b, and closed the month at a low of USD 44.8/b. However, oil prices have started picking up since the last week of January-15 and in February-15 it was up by 17.9% to USD 52.86/b by 12th February 2015. The Basket's accumulated loss since it peaked in June-14 up till 12-Feb-2015 reached around USD 57.62/b, reflecting the ongoing supply pressure on all crude oil prices. Likewise, for FY-2014, OPEC Reference Basket's average value was 9.1% lower compared with the last year's value, at an average of USD 96.29/b compare to an average of USD 105.87/b a year ago.

On the other hand, Kuwait Blend Spot Price FOB averaged USD 42.3/b during January-15, down from an average of USD 58.3/b in December-14 or by around 27.4%. Kuwait oil closed the month at a low of USD 42.24/b, that is a drop of around 19.8% compared to Decemner-14 closing price of USD 52.65/b. However, the price trend reversed as it entered February-15, in line with OPEC oil, and recorded a gain of 30.2% or USD 12.77/b to reach USD 55.01/b as of 13-Feb-15. The average monthly price for the first twelve days of February-15 also increased to USD 52.01/b. Meanwhile, European Brent Spot Price FOB averaged around USD 47.9/b, down from an average of USD 62.5/b recorded during December-14. The basket closed the month at USD 47.52/b, lower by 14.0% compared to last month closing price. In line with other oil prices, the Brent prices also reversed during Feb-15 to settle at USD 57.00/b as of 9-Feb-2015.

Average Crude Oil Prices, USD/b	Dec-14	Jan-15	Change	2014	2015
OPEC Reference Basket	**59.5**	**44.4**	**(15.1)**	**104.7**	**44.4**
Arab Light	60.1	44.5	(15.7)	105.7	44.5
Basrah Light	57.9	42.6	(15.4)	102.7	42.6
Bonny Light	63.8	48.5	(15.3)	110.3	48.5
Es Sider	61.5	46.8	(14.8)	107.9	46.8
Girassol	61.8	48.0	(13.9)	108.0	48.0
Iran Heavy	59.0	42.8	(16.2)	104.9	42.8
Kuwait Export	**58.3**	**42.3**	**(15.9)**	**103.8**	**42.3**
Marine	59.5	45.5	(14.0)	104.0	45.5
Merey	51.2	38.0	(13.2)	93.7	38.0
Murban	62.3	48.4	(13.9)	107.7	48.4
Oriente	53.9	42.3	(11.6)	93.4	42.3
Saharan Blend	62.9	47.9	(15.0)	110.0	47.9
Other Crudes					
Brent	62.5	47.9	(14.7)	108.3	47.9
Dubai	60.3	45.6	(14.7)	104.0	45.6
Isthmus	59.7	45.5	(14.2)	96.4	45.5
LLS	61.9	48.8	(13.1)	102.8	48.8
Mars	58.2	44.8	(13.4)	99.6	44.8
Minas	60.0	46.4	(13.6)	110.6	46.4
Urals	61.5	47.0	(14.5)	106.4	47.0
WTI	59.5	47.3	(12.2)	94.9	47.3
Differentials					
Brent/WTI	3.0	0.6	(2.5)	13.4	0.6
Brent/LLS	0.6	(1.0)	(1.6)	5.5	(1.0)
Brent/Dubai	2.3	2.3	0.0	4.3	2.3

Source: OPEC Monthly Oil Market Report - February 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 1.06%, to stand at 91.15 Mn b/d compared to 90.20 Mn b/d for the year 2013. According to OEPC Monthly Report, there was no change in total demand from OECD countries, which was recorded at 45.73 m b/d. Within the Developing Countries, the demand was slightly upgraded for India, from 3.78 m b/d to 3.79 m b/d alongwith marginal changes in demand figures for Latin America, Middle East and Africa. The demand in China was also increased slightly from 10.45 m b/d to 10.46 m b/d in the new report.

In OECD Americas, the most recent oil demand data (November-14) highlights y-o-y losses in oil requirements of around 1% after an increase in October 2014 and an overall flat 3Q14 in terms of growth. Nevertheless, monthly data available for 11 months and preliminary weekly figures for December seem to show growing 2014 US oil requirements by 1%, y-o-y. On the other hand, in OECD Europe, oil demand continued to shrink (by almost 0.21 mb/d for the first eleven months of the year), notably in the European Big 4 consumers and in line with declining industrial production figures, compared with the same month a year earlier.

World Oil Demand - 2013/2014, M b/d	2013	Q1-14	Q2-14	Q3-14	Q4-14	2014	Y-o-Y Growth	% Chg.
Americas	24.08	23.87	23.76	24.37	24.73	24.18	0.10	0.41
of which US	19.27	19.16	19.02	19.52	19.90	19.40	0.13	0.70
Europe	13.61	13.01	13.46	13.75	13.39	13.40	(0.20)	(1.50)
Asia Pacific	8.32	8.85	7.65	7.69	8.38	8.14	(0.18)	(2.12)
Total OECD	**46.01**	**45.73**	**44.86**	**45.81**	**46.50**	**45.73**	**(0.28)**	**(0.61)**
Other Asia	11.06	11.08	11.37	11.34	11.33	11.28	0.22	1.99
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	6.70	6.70	0.20	3.14
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	3.80	3.74	0.11	3.02
Total Developing Countries (DCs)	**29.00**	**29.31**	**29.74**	**30.36**	**29.68**	**29.78**	**0.78**	**2.70**
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	0.72	0.65	0.01	2.05
China	10.07	10.08	10.56	10.31	10.88	10.46	0.39	3.89
Total "Other Regions"	**15.20**	**15.11**	**15.39**	**15.58**	**16.50**	**15.65**	**0.46**	**3.00**
Total World	**90.20**	**90.15**	**90.00**	**91.75**	**92.68**	**91.15**	**0.96**	**1.06**

Source: OPEC Monthly Oil Market Report - February 2015

Total world oil demand for 2015 was revised up by 20 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 92.32 Mn b/d. The upward adjustments took place in OECD America that saw an upward revision of an upward revision of 15 tb/d whereas OECD Europe and APAC are expected to show a decline in demand. On the other hand, non-OECD countries are expected to lead oil demand growth with 1.18 Mn b/d in total demand.

World Oil Demand - 2014/2015, M b/d	2014	Q1-15	Q2-15	Q3-15	Q4-15	2015	Y-o-Y Growth	% Chg.
Americas	24.18	24.09	23.94	24.58	24.93	24.39	0.20	0.85
of which US	19.40	19.35	19.16	19.70	20.08	19.58	0.18	0.91
Europe	13.40	12.92	13.38	13.64	13.28	13.31	(0.10)	(0.71)
Asia Pacific	8.14	8.76	7.57	7.56	8.20	8.02	(0.12)	(1.51)
Total OECD	**45.73**	**45.77**	**44.88**	**45.78**	**46.41**	**45.71**	**(0.01)**	**(0.03)**
Other Asia	11.28	11.32	11.63	11.62	11.57	11.53	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	6.70	6.61	6.89	7.18	6.91	6.90	0.20	2.95
Middle East	8.06	8.35	8.19	8.69	8.13	8.34	0.29	3.54
Africa	3.74	3.84	3.84	3.75	3.89	3.83	0.09	2.47
Total Developing Countries (DCs)	**29.78**	**30.13**	**30.55**	**31.23**	**30.50**	**30.60**	**0.83**	**2.78**
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	0.73	0.66	0.01	1.08
China	10.46	10.39	10.87	10.63	11.17	10.77	0.31	2.94
Total "Other Regions"	**15.65**	**15.46**	**15.75**	**15.95**	**16.85**	**16.01**	**0.35**	**2.26**
Total World	**91.15**	**91.36**	**91.18**	**92.96**	**93.76**	**92.32**	**1.17**	**1.28**

Source: OPEC Monthly Oil Market Report - February 2015

World Oil Supply

Total non-OPEC supply has been revised up by 20 tb/d compared to last month's forecast and is now estimated to have averaged 56.23 mb/d by the end of 2014, an increase of 1.99 Mn b/d or 3.67%. This growth is mainly attributable to the upward 4Q14 revisions in the OECD (US, Canada and Norway), Brazil, Kazakhstan and China, partially offset by downward revisions for Azerbaijan, Other Asia Pacific, Australia and Mexico. According to the report, non-OPEC supply was upwardly revised by 70 tb/d to average 57.13 mb/d in the 4Q14. During 2014, OECD Americas' oil supply saw the highest increase among all non-OPEC regions recorded at 1.71 mb/d. In terms of oil production in 2014, in the OECD Americas, the US and Canada are expected to have added volumes, whereas Mexico was seen to report a decline in 2014. Meanwhile, oil production in OECD Asia Pacific is expected to have increased by 30 tb/d in 2014 to average 0.52 mb/d, indicating an upward revision of 20 tb/d, as compared to the previous OPEC monthly report, whereas oil production in developing countries is expected to have increased by 0.17 mb/d to average 12.31 mb/d in 2014, a small upward revision 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	18.14	19.12	19.77	20.08	20.39	19.84	1.71	9.37
of which US	11.23	11.95	12.79	13.12	13.40	12.82	1.59	14.16
Europe	3.58	3.75	3.51	3.40	3.67	3.58	0.00	0.00
Asia Pacific	0.49	0.51	0.52	0.54	0.51	0.52	0.03	6.12
Total OECD	**22.20**	**23.39**	**23.80**	**24.01**	**24.56**	**23.94**	**1.75**	**7.84**
Other Asia	3.59	3.55	3.52	3.47	3.54	3.52	(0.07)	(1.95)
Latin America	4.78	4.87	4.93	5.11	5.22	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	2.39	2.41	0.01	0.42
Total Developing Countries (DCs)	**12.13**	**12.21**	**12.20**	**12.34**	**12.48**	**12.31**	**0.17**	**1.48**
Former Soviet Union (FSU)	13.41	13.48	13.36	13.39	13.49	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	4.30	4.25	0.01	0.24
Total "Other regions"	**17.78**	**17.86**	**17.76**	**17.73**	**17.92**	**17.82**	**0.04**	**0.22**
Total Non-OPEC Production	**52.11**	**53.46**	**53.76**	**54.08**	**54.97**	**54.07**	**1.96**	**3.76**
Processing gains	2.13	2.16	2.16	2.16	2.16	2.16	0.03	1.41
Total Non-OPEC Supply	**54.24**	**55.62**	**55.93**	**56.24**	**57.13**	**56.23**	**1.99**	**3.67**
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	**30.20**	**29.84**	**29.77**	**30.27**	**30.24**	**30.03**	**-**	**-**
Total World Supply	**90.09**	**91.19**	**91.49**	**92.37**	**93.30**	**92.09**	**-**	**-**

Source: OPEC Monthly Oil Market Report - February 2015

Non-OPEC oil supply growth is expected to continue in 2015 and to expand by 0.85 Mn b/d to average at 57.09 Mn b/d, representing a downward revision of 0.42 Mn b/d over the previous estimate primarily due to capex cuts announced by international oil companies for 2015, decline in the number of active drilling rigs in the US and Canada, geopolitics and a heavy annual decline in Russian brownfields. Nevertheless, the full year growth is mainly supported by higher oil supply from OECD Americas, Latin America and China.

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	19.84	20.68	20.69	20.71	20.84	20.73	0.89	0.04
of which US	12.82	13.60	13.70	13.65	13.62	13.64	0.82	0.06
Europe	3.58	3.68	3.53	3.42	3.64	3.57	(0.01)	(0.00)
Asia Pacific	0.52	0.54	0.55	0.54	0.51	0.53	0.02	0.04
Total OECD	**23.94**	**24.90**	**24.77**	**24.68**	**24.99**	**24.84**	**0.89**	**0.04**
Other Asia	3.52	3.60	3.56	3.52	3.47	3.54	0.02	0.01
Latin America	5.03	5.20	5.11	5.09	4.98	5.09	0.06	0.01
Middle East	1.34	1.30	1.29	1.27	1.26	1.28	(0.06)	(0.04)
Africa	2.41	2.46	2.42	2.40	2.37	2.41	0.00	0.00
Total Developing Countries (DCs)	**12.31**	**12.56**	**12.38**	**12.27**	**12.09**	**12.32**	**0.02**	**0.00**
Former Soviet Union (FSU)	13.43	13.46	13.33	13.22	13.18	13.30	(0.13)	(0.01)
of which Russia	10.58	10.60	10.54	10.47	10.42	10.50	(0.07)	(0.01)
Other Europe	0.14	0.14	0.14	0.14	0.14	0.14	0.00	0.00
China	4.25	4.30	4.28	4.30	4.36	4.31	0.06	0.01
Total "Other regions"	**17.82**	**17.91**	**17.76**	**17.66**	**17.68**	**17.75**	**(0.07)**	**(0.00)**
Total Non-OPEC Production	**54.07**	**55.37**	**54.90**	**54.62**	**54.77**	**54.91**	**0.84**	**0.02**
Processing gains	2.16	2.17	2.17	2.17	2.17	2.17	0.01	0.00
Total Non-OPEC Supply	**56.23**	**57.55**	**57.08**	**56.79**	**56.94**	**57.09**	**0.85**	**0.02**

Source: OPEC Monthly Oil Market Report - February 2015

OPEC Oil Production & Spare Capacity

OPEC production increased by 1.6% during January-15, to stand at 30.91 Mn b/d, an increase of 483 thousand b/d compared to the previous month. The increase in oil production came mainly from higher production by Saudi Arabia and Kuwait in the GCC as well as in Iraq, Iran, and Angola together amounting to a total increase of 0.680 Mb b/d during the month. On the other hand, the increase in oil production was partially offset by decline primarily in Libya and Nigeria. OPEC crude oil production, excluding Iraq, averaged at 27.01 Mn b/d, an increase of 1.06% compared to last month's level.

During the month of January-15, OPEC was producing at 83.1%, lower than last month's production rate of 81.2%, while the largest OPEC oil producer Saudi Arabia was operating at 77.8% of its capacity. The total spare capacity by OPEC countries stood at around 6.31 Mn b/d, or around 16.9% of total capacity.

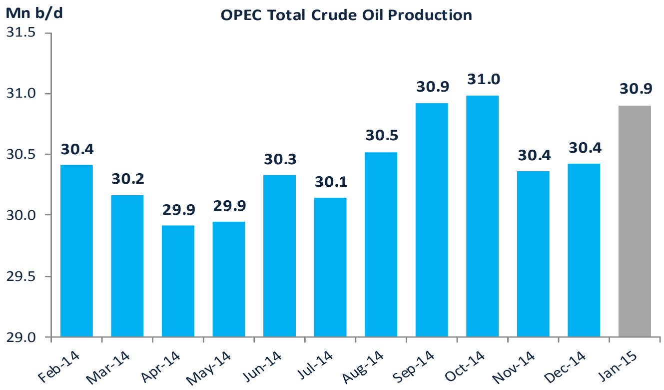
Production ('000 b/d)	January	December	Change		Capacity	Spare Capacity
Total OPEC-12	**30,905**	**30,422**	**483**	**1.6%**	**37,210**	**6,305**
KSA	9,720	9,500	220	2.3%	12,500	2,780
Iraq	3,900	3,700	200	5.4%	3,650	-250
Kuwait	2,850	2,790	60	2.2%	3,200	350
Iran	2,780	2,770	10	0.4%	3,500	720
U.A.E	2,700	2,700	0	0.0%	3,000	300
Venezuela	2,468	2,468	0	0.0%	3,000	532
Nigeria	2,040	2,080	-40	-1.9%	2,400	360
Angola	1,810	1,620	190	11.7%	1,870	60
Algeria	1,100	1,100	0	0.0%	1,200	100
Qatar	680	680	0	0.0%	780	100
Ecuador	557	564	-7	-1.2%	560	3
Libya	300	450	-150	-33.3%	1,550	1,250
Total OPEC-11	**27,005**	**26,722**	**283**	**1.06%**	**33,560**	**6,555**

Source: Bloomberg

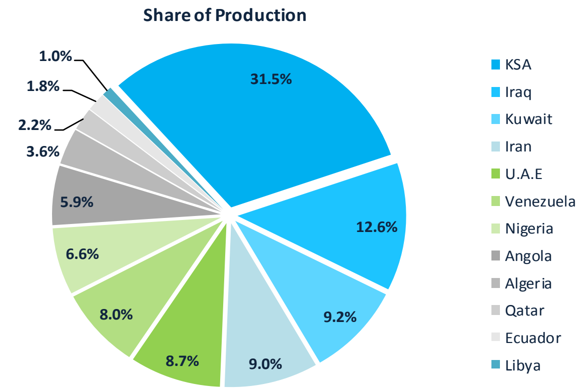
Nevertheless, on a full year basis, OEPC crude oil average monthly production for 2014 saw a decline of 0.8 % or around 254,000 b/d to average around 30.33 Mn b/d, compared with 30.59 Mn b/d for last year.

During January-15, production in Saudi Arabia increased by 220,000 b/d, a reversal from what was seen in the previous month. Among the non-GCC countries, Iraq and Angola added approximately 390,000 b/d of production during the month. On the other hand, decline in production was led by Libya which declined from 450,000 b/d to 300,000 b/d during January-15. Production in Nigeria declined only marginally by 40,000 b/d.

Saudi Arabia's share of production during January-15 stood at 31.5% to register a production of 9.72 Mn b/d as compared to 9.50 Mn b/d in December-14, followed by Iraq at 12.6% (or 3.90 Mn b/d), while Kuwait and Iran's production contributed 9.2% (or 2.85 Mn b/d) and 9.0% (2.78 Mn b/d), respectively. Production in UAE, although remained at 2.7 Mn b/d, declined as a percentage of total OPEC oil production from 8.9% in December-14 to 8.7% in January-15. The share of production by the GCC states represented 59.06% or 15.95 Mn b/d of total OPEC-11 which stood at 27.01 Mn b/d in January-15.



Source: Bloomberg



Source: OPEC Monthly Oil Market Report - February 2015

Brent Crude Oil Price Forecast by Various Research Houses

Firm	Analyst	As Of	Q1 15	Q2 15	Q3 15	Q4 15
Wells Fargo Securities LLC	R. Read	2/9/2015	50.5	60.0	66.0	69.0
Westpac Banking Corp	J. Smirk	2/6/2015	51.0	50.0	53.0	58.0
Commerzbank AG	E. Weinberg	2/5/2015	50.0	55.0	65.0	75.0
RBC Capital Markets	G. Pardy	2/3/2015	47.5	45.5	59.5	75.2
Prestige Economics LLC	J. Schenker	1/31/2015	51.0	62.0	67.0	75.0
Natixis SA	A. Deshpande	1/29/2015	45.0	55.0	70.0	70.0
DZ Bank AG Deutsche Zentral-Genossenscha	A. Herlinghaus	1/28/2015	55.0	62.5	70.0	80.0
Barclays PLC	M. Cohen	1/28/2015	43.0	40.0	44.0	48.0
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
Citigroup Inc	E. Morse	1/21/2015	60.0	55.0	65.0	70.0
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
Itau Unibanco Holding SA	I. Goldfajn	1/14/2015	51.0	55.0	60.0	67.5
Bayerische Landesbank	A. Speer	1/13/2015	45.0	50.0	55.0	60.0
Raiffeisen Bank International AG	H. Loacker	1/13/2015	49.0	53.0	60.0	68.0
Lloyds Bank PLC	C. Paraskevas	1/13/2015	60.0	67.0	79.0	84.0
Santander UK PLC	J. Kenney	1/12/2015	48.5	48.5	52.5	60.5
Norddeutsche Landesbank Girozentrale	N. Rudschuck	1/9/2015	49.0	54.0	63.0	75.0
LBBW	F. Klumpp	1/9/2015	50.0	55.0	60.0	65.0
Intesa Sanpaolo SpA	D. Corsini	1/9/2015	48.0	55.0	60.0	65.0
Societe Generale SA	M. Wittner	1/9/2015	45.0	50.0	60.0	65.0
Deutsche Bank AG	M. Hsueh	1/9/2015	57.5	57.5	60.0	62.5
BNP Paribas SA	H. Tchilinguirian	1/8/2015	55.0	55.0	63.0	67.0
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
Danske Bank A/S	J. Pederson	12/18/2014	58.0	62.0	70.0	78.0
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
Standard Chartered Bank	P. Horsnell	12/10/2014	68.0	83.0	90.0	98.0
UniCredit Markets & Investment Banking	J. Hitzfeld	12/10/2014	70.0	70.0	80.0	80.0
Australia & New Zealand Banking Group Lt	M. Pervan	12/9/2014	67.5	68.5	71.5	74.5
Jefferies LLC	J. Gammel	12/9/2014	68.0	70.0	74.0	77.0
Median			55.0	57.5	65.0	74.0
Mean			55.9	59.5	66.8	72.5
High			75.0	83.0	92.0	98.0
Low			42.0	40.0	44.0	48.0
Current Fwd			56.0	62.0	64.7	66.8
Difference (Median - Current)			-1.0	-4.5	0.3	7.2

Source: Bloomberg

Oil Market News & Developments

Oil Ends Three-Day Rally as U.S. Seen Adding to Global Surplus (Bloomberg)

10th February 2015: Crude oil fell for the first time in four days amid speculation that increasing U.S. supply is exacerbating a global glut. The U.S. will contribute most to global growth in oil supplies through 2020, the International Energy Agency said. After gaining more than $5 since Jan. 28, oil is still about half its June peak amid a global surplus that Iran's oil minister estimates at 2 million barrels a day.

Biggest Oil Trader Says Fresh Slide Possible on U.S. Supply (Bloomberg)

The world's biggest independent oil trader, Vitol Group, said crude could resume a slump that saw prices fall 61 percent between June and January, as unrelenting growth in U.S. output leads to a "dramatic" build in the nation's stockpiles. The oil market is slightly oversupplied, making another downward move possible in the first half before supply and demand balance in the last six months of the year, Ian Taylor, CEO of Vitol Group, said Tuesday. There are no signs of slowing U.S. output even as the country's drillers idle rigs, he said.

Oil Rout Seen Not Enough by Moody's to Spur Global Growth (Bloomberg)

The collapse in oil prices won't be enough to boost growth around the world as major economies face unemployment, political uncertainty and shrinking profits from crude exports, according to Moody's Investors Service. While the U.S. and India will benefit from cheaper oil, some net importers in the Group of 20, including China and Japan, face challenges that will offset their savings on crude, Moody's said, keeping its economic growth outlook for the group unchanged at below 3 percent a year in 2015 and 2016. Lower energy prices will also damp growth in net exporters, particularly Russia and Saudi Arabia, it said.

OPEC Producers Cut Oil Prices to Asia in Battle for Share (Bloomberg)

Iraq and Iran joined Saudi Arabia in cutting their March crude prices for Asia to the lowest level in more than a decade, signaling the battle for a share of OPEC's largest market is intensifying. Iraq's Basrah Light crude will sell at $4.10 a barrel below Middle East benchmarks, the lowest since at least August 2003, the Oil Marketing Co. said Tuesday. National Iranian Oil Co. lowered its official selling price for March Light crude sales to a discount of $2.10 a barrel, the lowest since at least March 2000. The cuts come after Saudi Arabia reduced pricing to Asia last week to the lowest in at least 14 years.

Shell Cuts Spending $15 Billion as Profit Misses Forecasts (Bloomberg)

Royal Dutch Shell Plc will cut $15 billion of investment over the next three years as the crash in oil prices saw fourth-quarter profit miss forecasts. Shell will defer or cancel about 40 projects worldwide, CEO Ben van Beurden said adding that exploration will also be curtailed.

Saudis Deepen Asia Light-Oil Discount to Low in Market Fight (Bloomberg)

Saudi Arabia, the world's largest crude exporter, is cut pricing for March oil sales to Asia, a sign that the desert kingdom is continuing to fight for market share. State-owned Saudi Arabian Oil Co. lowered its official selling price for Arab Light crude by 90 cents to $2.30 a barrel less than Middle East benchmarks. That's the lowest in at least the 14 years since Bloomberg began gathering data.

Schlumberger to Pay $1.7 Billion for Stake in Russia Driller (Bloomberg)

Schlumberger Ltd. will pay $1.7 billion for a stake in Eurasia Drilling Co., a bet by the world's largest oilfield services provider that economic sanctions won't hold back Russia's energy industry. Schlumberger will pay $22 a share for a 46.45 percent holding in London-traded Eurasia Drilling. Schlumberger has an option to buy the rest of the company's shares three years after the deal closes.

BP CEO Sees No Hope of $100 Oil for 'Long Time' Amid Glut (Bloomberg)

BP Plc boss Bob Dudley is very bearish on the price of oil. He says this feels the same as 1986, when oil slumped from $30 a barrel to $10 and didn't recover until Iraq invaded Kuwait in 1990. His view puts him at odds with others in the industry. Claudio Descalzi, CEO of Italy's Eni SpA, said last month he expects prices to rebound before the end of the year and then head toward $90 barrel. OPEC Secretary-General Abdalla El-Badri warned last week that prices could boomerang to $200 a barrel as the oil industry takes an ax to investment in new projects.

Oil Market News & Developments

Big Oil Gets Serious on Cost Cuts in Worst Slump Since 1986 (Bloomberg)

Major oil companies are awaking from their slumber and facing up to the magnitude of the crash in crude prices. From Royal Dutch Shell Plc canceling a $6.5 billion project in Qatar to Schlumberger Ltd. firing about 9,000 people and Statoil ASA giving up exploration in Greenland, the oil industry this week concluded that the slump is no blip. Top producers follow U.S. shale developers such as Continental Resources Inc. in unraveling a boom that produced more oil and natural gas than the world is ready to buy.**Shell Drops $6.5 Billion Qatar**

Project as Producers Cut Spending (Bloomberg)

Qatar Petroleum and Royal Dutch Shell Plc ended plans to build a $6.5 billion petrochemical plant in the emirate, one of the biggest casualties of slumping oil prices so far as producers scrap projects to conserve cash. The two companies, which formed a partnership for the al- Karaana project in 2011, said yesterday that they decided not to proceed with building the plant because it was “commercially unfeasible” in the current energy market.

Obama Plans Offshore Oil Drilling From Virginia to Georgia (Bloomberg)

The Obama administration proposed opening to offshore drilling an area from Virginia to Georgia in a policy shift sought by energy companies but opposed by environmentalists worried about resorts such as the Outer Banks or Myrtle Beach. The offshore plan for 2017-2022 marks the second time President Barack Obama has recommended unlocking areas in the U.S. Atlantic for oil drilling, and it drew a swift retort from allies who say the payoff doesn’t justify the risk of a spill along the populated coast. The agency said Atlantic leases won’t be auctioned for at least six years and drilling wouldn’t start for several more years.

Exxon Slashes Buybacks as Oil Collapse Shrinks Cash Flow (Bloomberg)

Exxon Mobil Corp. put investors on notice that it’s scaling back measures to prop up the share price as shrinking production and tumbling crude prices squeeze cash flow needed to fund drilling and dividend payouts. Exxon cut share repurchases for the current quarter to a 14-year low Monday after oil and natural gas output declined more than expected, its U.S. refineries lost $1 million and cash flow tumbled 36 percent company-wide. Production from Exxon’s wells dropped to the lowest fourth-quarter average since the Mobil Corp. merger in 1999.

Shell Drops $6.5 Billion Qatar Project as Producers Cut Spending (Bloomberg)

Qatar Petroleum and Royal Dutch Shell Plc ended plans to build a $6.5 billion petrochemical plant in the emirate, one of the biggest casualties of slumping oil prices so far as producers scrap projects to conserve cash. The two companies, which formed a partnership for the al- Karaana project in 2011, said yesterday that they decided not to proceed with building the plant because it was “commercially unfeasible” in the current energy market.

U.S. oil rig count falls to lowest since Dec. 2011: Baker Hughes (Reuters)

The number of rigs drilling for oil in the United States fell by 83 this week to 1,140 - the lowest since December 2011 - a survey showed on Friday, a clear sign of the pressure that tumbling crude prices have put on oil producers. That was a ninth straight week of declines, oil services firm Baker Hughes Inc said in its widely followed report.

WTI Crude Oil Surpasses Brent for First Time Since July 2013 (Bloomberg)

U.S. oil became more expensive than global crude for the first time in 1 1/2 years amid signs that the nation’s crude exports are poised to increase. WTI, the U.S. benchmark, briefly traded higher than Brent, the basis for European and African cargoes, today for the first time since July 2013. It averaged $6.64 less than Brent last year, and traded as much as $15.45 lower than its European counterpart on Jan. 13, 2014.

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