

## Oil Market Monthly Report

January-2015

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**Oil prices continued the downward trend during Dec-14, for the sixth consecutive month in a row across all baskets amid a fundamental imbalance** where global production has been rising more rapidly than refiners can absorb it. The declining oil prices over the second half of 2014 represented the longest losing streak since the financial crisis back in 2008. Besides, negative economic data from China and Russia and a stronger US dollar also contributed to downward pressure on crude oil prices.

**Such an enduring bearish market environment**, particularly from the supply side that has surrounded the oil market for six months now, **pushed the OPEC Basket value, along with global crude oil prices, to more than five-year lows**, with the Basket losing nearly half of its value over half of its value over the course of six months starting in June 2014.

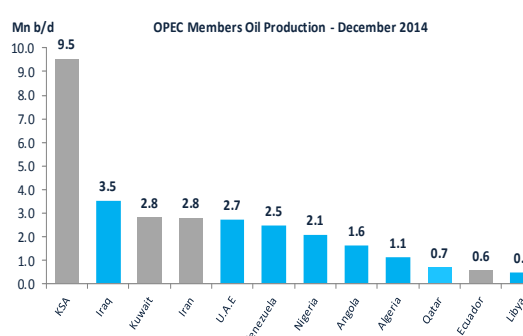
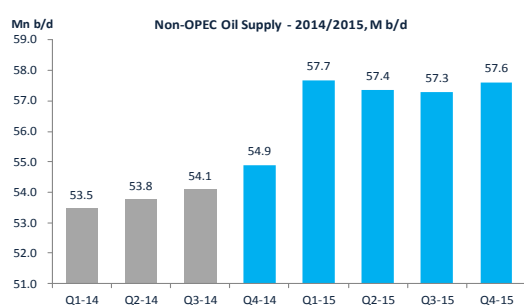
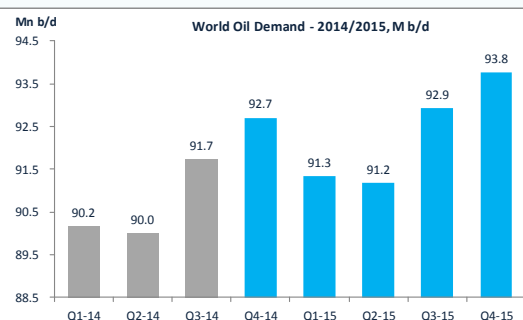
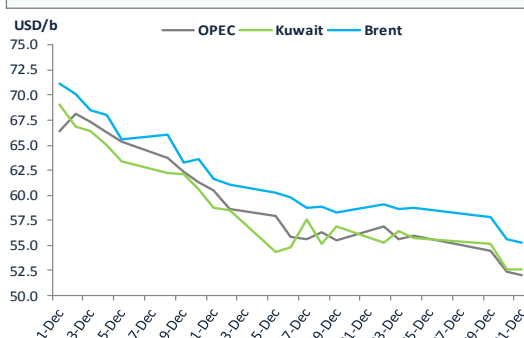
**OPEC Reference Basket settled at an average of around USD 59.5/b in December**, its lowest value since May-09, down by a bulky USD 16.1/b or around 21.3% below last month's price level when it reached an average of USD 75.57/b, and closed the month at a low of USD 52/b. The Basket's accumulated loss since it peaked in June-14 up till 15-Jan-2015 reached around USD 62.62/b, reflecting the ongoing supply pressure on all crude oil prices.

**Total world oil demand growth for 2014 has been revised up by 20 tb/d from last month's forecast and is now estimated at 0.95 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 OPEC Monthly Report, the upward revision was broadly a result of better-than-expected data for OECD America and China in 4Q-14.

**Total world oil demand for 2015 was revised up by 30 tb/d from last month's forecast** and estimated to expand at a higher rate than the previous year, growing by 1.15 Mn b/d from the 2014 level to average around 92.30 Mn b/d.

**Non-OPEC oil supply growth is expected to continue in 2015 and to expand by 1.28 Mn b/d to average at 57.49 Mn b/d**, representing a downward revision of 80 tb/d over the previous estimate. This growth is mainly supported by higher oil supply from OECD Americas, Latin America and China.

**OPEC production declined by around 0.4% during Dec-14**, to stand at 30.24 Mn b/d, lower by 122 thousand b/d compared to last month. This drop in oil output came mainly from a lower production by GCC oil producers as well as Libya and Angola all together amounting to a total of 0.370 Mb b/d during the month, while this decline was partially offset by the higher production in Iraq and Nigeria.



Source for the above charts : OPEC and Bloomberg

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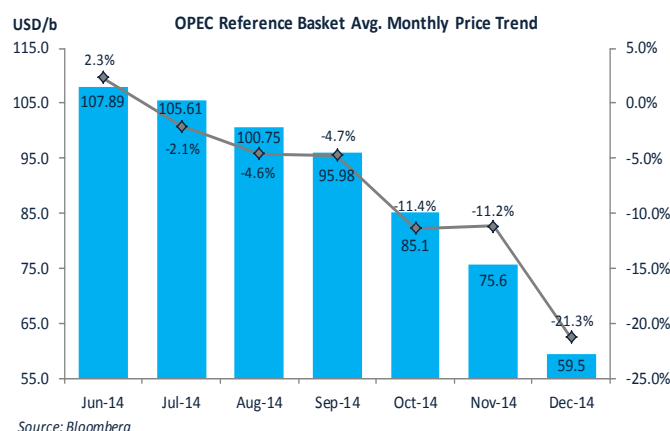
## Oil Prices

Oil prices continued the downward trend during Dec-14, for the sixth consecutive month in a row across all baskets amid a fundamental imbalance where global production has been rising more rapidly than refiners can absorb it. The declining oil prices over the second half of 2014 represented the longest losing streak since the financial crisis back in 2008. Besides, negative economic data from China and Russia and a stronger US dollar also contributed to downward pressure on crude oil prices.

Such an enduring bearish market environment, particularly from the supply side that has surrounded the oil market for six months now, pushed the OPEC Basket value, along with global crude oil prices, to more than five-year lows, with the Basket losing nearly

half of its value over the course of six months starting in June 2014. OPEC Reference Basket settled at an average of around USD 59.5/b in December, its lowest value since May-09, down by a bulky USD 16.1/b or around 21.3% below last month's price level when it reached an average of USD 75.57/b, and closed the month at a low of USD 52/b. Moreover, the basket saw further substantial drops during the first half of Jan-15 by around 23.9% or USD 14.19/b, to reach a low of USD 43.14/b as of 15-Jan-15 and average around USD 45.27/b, a level last seen since Feb-09. The Basket's accumulated loss since it peaked in June-14 up till 15-Jan-2015 reached around USD 62.62/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, standing 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 58.3/b, down from an average of USD 73.9/b in Nov-14 or by around 21%, and closed the month at a low of USD 52.65/b that is a drop of around 19.1% compared to November closing price of USD 65.07/b; moreover, prices continued the downward movement to drop by an average of around 26.4% during the first half of Jan-15 to reach USD 42.1/b as of 16-Jan-15. Meanwhile, European Brent Spot Price FOB averaged around USD 62.5/b, down from an average of USD 78.9/b recorded during Nov-14. The basket closed the month at USD 55.27/b, lower by 23.1% compared to last month closing price and further dropped in Jan-15 to settle at USD 46.9/b as of 12-Jan-2015.



Average Crude Oil Prices, USD/b	Nov-14	Dec-14	Change	2013	2014
<b>OPEC Reference Basket</b>	<b>75.6</b>	<b>59.5</b>	<b>(16.1)</b>	<b>105.9</b>	<b>96.3</b>
Arab Light	76.1	60.1	(15.9)	106.5	97.2
Basrah Light	73.9	57.9	(16.0)	103.6	94.5
Bonny Light	80.1	63.8	(16.3)	111.4	100.9
Es Sider	78.9	61.5	(17.4)	108.5	98.5
Girassol	78.7	61.8	(16.9)	109.1	99.2
Iran Heavy	74.5	59.0	(15.5)	105.7	96.2
<b>Kuwait Export</b>	<b>74.0</b>	<b>58.3</b>	<b>(15.8)</b>	<b>105.0</b>	<b>95.3</b>
Marine	75.4	59.5	(16.0)	105.3	96.4
Merey	68.4	51.2	(17.3)	96.7	86.9
Murban	77.9	62.3	(15.6)	108.2	99.5
Oriente	69.5	53.9	(15.7)	97.7	87.3
Saharan Blend	79.6	62.9	(16.7)	109.4	99.7
<b>Other Crudes</b>					
Brent	78.9	62.5	(16.4)	108.6	99.1
Dubai	76.3	60.3	(16.1)	105.5	96.7
Isthmus	79.0	59.7	(19.3)	105.2	93.7
LLS	79.6	61.9	(17.7)	107.3	96.9
Mars	75.8	58.2	(17.6)	102.2	92.9
Minas	75.9	60.0	(16.0)	107.4	98.7
Urals	78.9	61.5	(17.4)	108.0	98.1
WTI	76.0	59.5	(16.5)	98.0	93.3
<b>Differentials</b>					
Brent/WTI	2.9	3.0	0.2	10.7	5.8
Brent/LLS	(0.7)	0.6	1.4	1.3	2.2
Brent/Dubai	2.6	2.3	(0.3)	3.2	2.4

Source: OPEC Monthly Oil Market Report - January 2015

## World Oil Demand

Total world oil demand growth for 2014 has been revised up by 20 tb/d from last month's forecast and is now estimated at 0.95 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 OPEC Monthly Report, the upward revision was broadly a result of better-than-expected data for OECD America and China in 4Q14, which are now expected to grow by 100 tb/d and 38 tb/d respectively, that is an upward revision of an equal 30 tb/d over last month's estimates.

On the other hand, European oil demand is estimated to show a contraction of around 0.20 Mn b/d in 2014, corresponding to the continuing economic concerns in some parts of the region mostly in countries which struggle with the reduction of their public debt. Besides, Asia Pacific oil demand is seen to contract by around 0.18 Mn b/d, primarily owing to Japan substituting fuel and crude burning for electricity generation with natural gas and coal. Moreover, the major part of the anticipated growth in world oil demand for 2014 is mainly originated from India, Latin America, Middle East (particularly Saudi Arabia) and China, all together accounting for an increase of 0.93 Mn b/d in oil consumption, almost equivalent to the total expected increase in world oil demand for the year.

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)
<b>Total OECD</b>	<b>46.01</b>	<b>45.73</b>	<b>44.86</b>	<b>45.81</b>	<b>46.50</b>	<b>45.73</b>	<b>(0.28)</b>	<b>(0.61)</b>
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	3.84	3.78	0.08	2.18
Latin America	6.50	6.42	6.69	6.98	6.74	6.71	0.21	3.29
Middle East	7.81	8.07	7.93	8.39	7.89	8.07	0.26	3.31
Africa	3.63	3.75	3.75	3.63	3.78	3.73	0.10	2.74
<b>Total Developing Countries (DCs)</b>	<b>29.00</b>	<b>29.31</b>	<b>29.74</b>	<b>30.34</b>	<b>29.74</b>	<b>29.79</b>	<b>0.79</b>	<b>2.73</b>
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	10.83	10.45	0.38	3.77
<b>Total "Other Regions"</b>	<b>15.20</b>	<b>15.11</b>	<b>15.39</b>	<b>15.58</b>	<b>16.45</b>	<b>15.64</b>	<b>0.44</b>	<b>2.92</b>
<b>Total World</b>	<b>90.20</b>	<b>90.15</b>	<b>90.00</b>	<b>91.73</b>	<b>92.69</b>	<b>91.15</b>	<b>0.95</b>	<b>1.06</b>

Source: OPEC Monthly Oil Market Report - January 2015

Total world oil demand for 2015 was revised up by 30 tb/d from last month's forecast and estimated to expand at a higher rate than the previous year, growing by 1.15 Mn b/d from the 2014 level to average around 92.30 Mn b/d. The upward adjustments took place in OECD America and other Asia, according to the latest OPEC report. On the other hand, OPEC data shows that non-OECD countries are expected to lead oil demand growth with 1.18 Mn b/d in total demand while OECD nations are predicted to show a marginal drop of 3 tb/d.

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	24.06	23.93	24.57	24.92	24.37	0.19	0.79
of which US	19.40	19.32	19.15	19.69	20.07	19.56	0.16	0.83
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)
<b>Total OECD</b>	<b>45.73</b>	<b>45.74</b>	<b>44.87</b>	<b>45.77</b>	<b>46.40</b>	<b>45.70</b>	<b>(0.03)</b>	<b>(0.06)</b>
Other Asia	11.28	11.32	11.63	11.62	11.57	11.53	0.25	2.24
of which India	3.78	3.95	3.91	3.76	3.96	3.89	0.12	3.05
Latin America	6.71	6.61	6.89	7.18	6.95	6.91	0.20	2.94
Middle East	8.07	8.35	8.19	8.69	8.17	8.35	0.29	3.53
Africa	3.73	3.84	3.84	3.72	3.87	3.82	0.09	2.41
<b>Total Developing Countries (DCs)</b>	<b>29.79</b>	<b>30.13</b>	<b>30.55</b>	<b>31.20</b>	<b>30.56</b>	<b>30.61</b>	<b>0.83</b>	<b>2.77</b>
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	10.45	10.39	10.87	10.63	11.12	10.75	0.31	2.94
<b>Total "Other Regions"</b>	<b>15.64</b>	<b>15.46</b>	<b>15.75</b>	<b>15.95</b>	<b>16.80</b>	<b>15.99</b>	<b>0.35</b>	<b>2.27</b>
<b>Total World</b>	<b>91.15</b>	<b>91.33</b>	<b>91.17</b>	<b>92.92</b>	<b>93.76</b>	<b>92.30</b>	<b>1.15</b>	<b>1.26</b>

Source: OPEC Monthly Oil Market Report - January 2015

## World Oil Supply

Total non-OPEC supply has been revised up by 0.26 mb/d compared to last month's forecast and is now estimated to have averaged 56.22 Mn b/d by the end of 2014, an increase of 1.98 Mn b/d or 3.56%. This growth is mainly attributable to higher oil supply from OECD Americas which is estimated to have increased their supplies by 1.63 Mn b/d during 2014, the highest recorded supply growth from this region. Growth in oil supply is also expected to come, although to a relatively minor magnitude, from Latin America, Africa, Russia, China and OECD Asia Pacific. On the other hand, Other Asia, Europe and Middle East are estimated to have seen a decline in supply during 2014; however, as indicated in OPEC Monthly Report, these declines are expected to be at a slower pace as compared to 2013 due to the commencement of new projects, whereas production forecast in the Middle East remains associated with a high level of political risk.

Total OECD supply is expected to have seen one of the highest supply growth since more than 10 years to an estimated average of 23.93 Mn b/d during 2014, an increase of 1.73 Mn b/d on the back of re-evaluation of individual countries' supply profiles.

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	19.16	19.79	20.09	20.35	19.85	1.71	9.43
of which US	11.23	12.00	12.83	13.16	13.41	12.86	1.63	14.51
Europe	3.58	3.75	3.51	3.40	3.62	3.57	(0.01)	(0.28)
Asia Pacific	0.48	0.50	0.50	0.51	0.51	0.50	0.02	4.17
<b>Total OECD</b>	<b>22.20</b>	<b>23.41</b>	<b>23.80</b>	<b>24.00</b>	<b>24.48</b>	<b>23.93</b>	<b>1.73</b>	<b>7.79</b>
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	5.20	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
<b>Total Developing Countries (DCs)</b>	<b>12.13</b>	<b>12.21</b>	<b>12.20</b>	<b>12.34</b>	<b>12.46</b>	<b>12.30</b>	<b>0.17</b>	<b>1.40</b>
Former Soviet Union (FSU)	13.41	13.48	13.36	13.39	13.53	13.44	0.03	0.22
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	4.29	4.25	0.01	0.24
<b>Total "Other regions"</b>	<b>17.78</b>	<b>17.86</b>	<b>17.76</b>	<b>17.73</b>	<b>17.96</b>	<b>17.83</b>	<b>0.04</b>	<b>0.28</b>
<b>Total Non-OPEC Production</b>	<b>52.11</b>	<b>53.47</b>	<b>53.77</b>	<b>54.07</b>	<b>54.90</b>	<b>54.05</b>	<b>1.94</b>	<b>3.72</b>
Processing gains	2.13	2.16	2.16	2.16	2.16	2.16	0.03	1.41
<b>Total Non-OPEC Supply</b>	<b>54.24</b>	<b>55.64</b>	<b>55.93</b>	<b>56.23</b>	<b>57.06</b>	<b>56.22</b>	<b>1.98</b>	<b>3.65</b>
<b>OPEC NGLs and non-conventionals</b>	<b>5.65</b>	<b>5.73</b>	<b>5.79</b>	<b>5.86</b>	<b>5.93</b>	<b>5.83</b>	<b>0.18</b>	<b>3.19</b>
<b>OPEC Crude Oil Production</b>	<b>30.20</b>	<b>29.84</b>	<b>29.77</b>	<b>30.26</b>	<b>30.23</b>	<b>30.03</b>	-	-
<b>Total World Supply</b>	<b>90.09</b>	<b>91.21</b>	<b>91.49</b>	<b>92.35</b>	<b>93.22</b>	<b>92.08</b>	-	-

Source: OPEC Monthly Oil Market Report - January 2015

Non-OPEC oil supply growth is expected to continue in 2015 and to expand by 1.28 Mn b/d to average at 57.49 Mn b/d, representing an downward revision of 80 tb/d over the previous estimate. This growth is mainly supported by higher oil supply from OECD Americas, Latin America and China, yet partly offset by expected decline in supply from FSU. Supply growth from OECD countries is expected to average at 1.06 Mn b/d during 2015, the largest from among the non-OPEC suppliers.

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	19.85	20.69	20.80	20.94	21.14	20.89	1.04	0.05
of which US	12.86	13.61	13.81	13.88	13.92	13.81	0.95	0.07
Europe	3.57	3.68	3.53	3.42	3.64	3.57	0.00	0.00
Asia Pacific	0.50	0.53	0.54	0.53	0.50	0.53	0.02	0.04
<b>Total OECD</b>	<b>23.93</b>	<b>24.90</b>	<b>24.87</b>	<b>24.89</b>	<b>25.28</b>	<b>24.99</b>	<b>1.06</b>	<b>0.04</b>
Other Asia	3.52	3.60	3.56	3.52	3.47	3.54	0.02	0.01
Latin America	5.03	5.22	5.16	5.19	5.12	5.17	0.14	0.03
Middle East	1.34	1.37	1.36	1.34	1.33	1.35	0.01	0.01
Africa	2.41	2.46	2.42	2.40	2.37	2.41	0.00	0.00
<b>Total Developing Countries (DCs)</b>	<b>12.30</b>	<b>12.65</b>	<b>12.50</b>	<b>12.44</b>	<b>12.30</b>	<b>12.47</b>	<b>0.17</b>	<b>0.01</b>
Former Soviet Union (FSU)	13.44	13.52	13.41	13.35	13.36	13.41	(0.03)	(0.00)
of which Russia	10.58	10.62	10.58	10.54	10.52	10.57	(0.01)	(0.00)
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	0.07	0.02
<b>Total "Other regions"</b>	<b>17.83</b>	<b>17.96</b>	<b>17.83</b>	<b>17.79</b>	<b>17.86</b>	<b>17.86</b>	<b>0.03</b>	<b>0.00</b>
<b>Total Non-OPEC Production</b>	<b>54.05</b>	<b>55.52</b>	<b>55.20</b>	<b>55.13</b>	<b>55.44</b>	<b>55.32</b>	<b>1.27</b>	<b>0.02</b>
Processing gains	2.16	2.17	2.17	2.17	2.17	2.17	0.01	0.00
<b>Total Non-OPEC Supply</b>	<b>56.22</b>	<b>57.69</b>	<b>57.37</b>	<b>57.30</b>	<b>57.61</b>	<b>57.49</b>	<b>1.28</b>	<b>0.02</b>

Source: OPEC Monthly Oil Market Report - January 2015

## OPEC Oil Production & Spare Capacity

OPEC production declined by around 0.4% during Dec-14, to stand at 30.24 Mn b/d, lower by 122 thousand b/d compared to last month. This drop in oil output came mainly from a lower production by GCC oil producers as well as Libya and Angola all together amounting to a total of 0.370 Mb b/d during the month, while this decline was partially offset by the higher production in Iraq and Nigeria. OPEC crude oil production, excluding Iraq, averaged 26.7 Mn b/d; lower by around 1.01% compared to last month's level.

During the month of Dec-14, OPEC was producing at 81.2%, lower than last month's production rate of 81.5%, while the largest OPEC oil producer Saudi Arabia was operating at 76% of its capacity along with Iraq at 96.4%. The total spare capacity by OPEC countries stood at around 7.02 Mn b/d, or around 18.8% of total capacity.

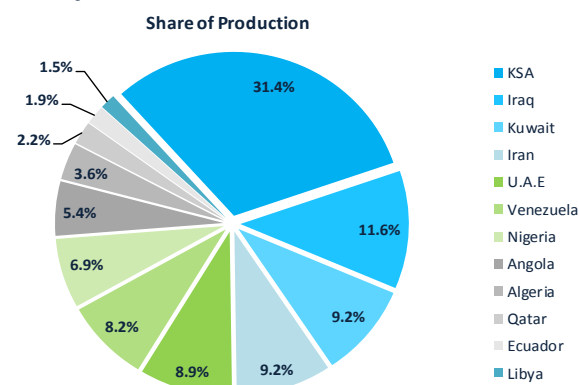
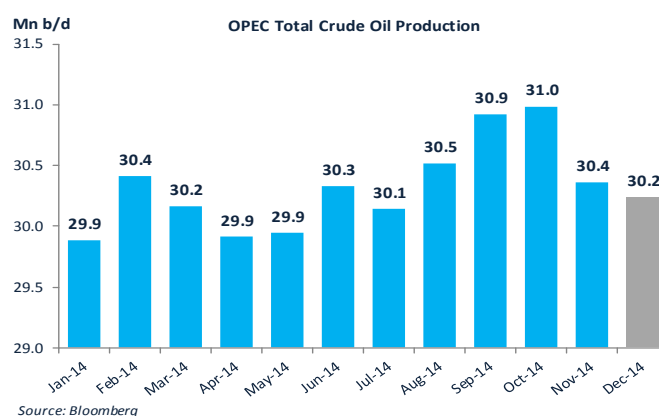
Production ('000 b/d)	December	November	Change		Capacity	Spare Capacity
<b>Total OPEC-12</b>	<b>30,239</b>	<b>30,361</b>	<b>-122</b>	<b>-0.4%</b>	<b>37,255</b>	<b>7,016</b>
<b>KSA</b>	9,500	9,650	-150	-1.6%	12,500	3,000
Iraq	3,520	3,370	150	4.5%	3,650	130
<b>Kuwait</b>	2,790	2,790	0	0.0%	3,250	460
Iran	2,770	2,780	-10	-0.4%	3,000	230
<b>U.A.E</b>	2,700	2,800	-100	-3.6%	3,500	800
Venezuela	2,468	2,470	-2	-0.1%	3,000	532
Nigeria	2,080	1,970	110	5.6%	2,400	320
Angola	1,620	1,640	-20	-1.2%	1,870	250
Algeria	1,100	1,100	0	0.0%	1,200	100
<b>Qatar</b>	680	650	30	4.6%	780	100
Ecuador	561	561	0	0.0%	1550	989
Libya	450	580	-130	-22.4%	555	105
<b>Total OPEC-11</b>	<b>26,719</b>	<b>26,991</b>	<b>-272</b>	<b>-1.01%</b>	<b>33,605</b>	<b>6,886</b>

Source: Bloomberg

Nevertheless, on a full year basis, OPEC crude oil average monthly production for 2014 saw a decline of 0.9 % or around 270,000 b/d to average around 30.32 Mn b/d, compared with 30.59 Mn b/d for last year.

Saudi Arabia, Libya and UAE have led the decline in crude oil production during the month by a total of 380,000 b/d compared to last month; while on the other hand, crude oil production from Iraq and Nigeria experienced an increase during Dec-14 for a total of 260,000 b/d, therefore partially offsetting the overall monthly decline in production.

Saudi Arabia share of production during Dec-14 stood at 31.4% to register a production of 9.50 Mn b/d as compared to 9.65 Mn b/d in Nov-14, followed by Iraq at 11.6% (or 3.52 Mn b/d), while Kuwait and Iran's production represented an equal 9.2% (or 2.8 Mn b/d); on the other hand, UAE's share of production dropped to 8.9% compared to last month's level of 9.2%, with a lower production rate by around 3.6% as compared to last month. The share of production by the GCC states represented 58.6% or 15.7 Mn b/d of total OPEC-11 which stood at 26.7 Mn b/d in Dec-14.



Source: OPEC Monthly Oil Market Report - January 2015

## Brent Crude Oil Price Forecast by Various Research Houses

Firm	Analyst	As Of	Q1 15	Q2 15	Q3 15	Q4 15
Westpac Banking Corp	J. Smirk	01/16/15	53.0	56.0	61.0	66.0
HSBC Holdings PLC	G. Gray	01/16/15	55.0	60.0	65.0	70.0
Nomura International Hong Kong Ltd	G. Kwan	01/14/15	45.0	55.0	65.0	75.0
Itau Unibanco Holding SA	I. Goldfajn	01/14/15	51.0	55.0	60.0	67.5
Bayerische Landesbank	A. Speer	01/13/15	45.0	50.0	55.0	60.0
Raiffeisen Bank International AG	H. Loacker	01/13/15	49.0	53.0	60.0	68.0
DZ Bank AG Deutsche Zentral-Genossenschaftsbank	A. Herlinghaus	01/13/15	55.0	62.5	70.0	80.0
Santander UK PLC	J. Kenney	01/12/15	48.5	48.5	52.5	60.5
Norddeutsche Landesbank Girozentrale	N. Rudschuck	01/09/15	49.0	54.0	63.0	75.0
LBBW	F. Klumpp	01/09/15	50.0	55.0	60.0	65.0
Intesa Sanpaolo SpA	D. Corsini	01/09/15	48.0	55.0	60.0	65.0
Societe Generale SA	M. Wittner	01/09/15	45.0	50.0	60.0	65.0
Deutsche Bank AG	M. Hsueh	01/09/15	57.5	57.5	60.0	62.5
BNP Paribas SA	H. Tchilinguirian	01/08/15	55.0	55.0	63.0	67.0
Bank of America Merrill Lynch	F. Blanch	01/08/15	69.0	73.0	79.0	87.0
Commerzbank AG	E. Weinberg	01/08/15	45.0	55.0	65.0	75.0
Citigroup Inc	E. Morse	01/05/15	60.0	55.0	65.0	70.0
Prestige Economics LLC	J. Schenker	12/31/14	53.0	62.0	67.0	75.0
RBC Capital Markets	G. Pardy	12/23/14	63.0	67.3	73.3	80.3
Danske Bank A/S	J. Pederson	12/18/14	58.0	62.0	70.0	78.0
Nordea Bank Norge ASA	T. Saltvedt	12/18/14	55.0	57.0	65.0	69.0
Oversea-Chinese Banking Corp Ltd	B. Gan	12/16/14	65.0	70.0	75.0	80.0
Capital Economics Ltd	T. Pugh	12/16/14	65.0	65.0	65.0	65.0
Natixis SA	A. Deshpande	12/15/14	60.0	65.0	75.0	80.0
CIBC World Markets Corp	K. Spector	12/15/14	63.0	72.0	92.0	95.0
DNB ASA	T. Kjus	12/12/14	65.0	66.0	72.0	76.0
Incrementum AG	R. Stoeferle	12/10/14	71.0	73.0	79.0	87.0
Lloyds Bank PLC	C. Paraskevas	12/10/14	74.0	77.0	84.0	87.0
National Australia Bank Ltd	V. Lai	12/10/14	75.0	78.0	83.0	85.0
Standard Chartered Bank	P. Horsnell	12/10/14	68.0	83.0	90.0	98.0
UniCredit Markets & Investment Banking	J. Hitzfeld	12/10/14	70.0	70.0	80.0	80.0
Toronto-Dominion Bank/Toronto	B. Melek	12/09/14	69.0	74.0	78.0	85.0
Australia & New Zealand Banking Group Ltd	M. Pervan	12/09/14	67.5	68.5	71.5	74.5
Jefferies LLC	J. Gammel	12/09/14	68.0	70.0	74.0	77.0
Macquarie Capital USA Inc	V. Dwivedi	12/08/14	70.0	68.0	74.0	85.0
Barclays PLC	K. Norrish	10/28/14	88.0	87.0	97.0	91.0
Median			61.5	65.0	70.8	76.5
Mean			60.5	64.3	70.9	76.5
High			88.0	87.0	97.0	98.0
Low			45.0	48.5	52.5	60.0
Current Fwd			51.1	54.5	57.0	58.8
Difference (Median - Current)			10.4	10.5	13.8	17.7

Source: Bloomberg



## Oil Market News & Developments

### **Oil Slump Slams Mexico With Cuts Causing 10,000 Job Losses (Bloomberg)**

More than 10,000 people working at Mexican oil service companies were laid off this week as state-owned Petroleos Mexicanos cut contracts in the face of the global slump in crude prices. More job losses are expected. Job losses could rise to 50,000, Gonzalo Hernandez, secretary at the Ciudad del Carmen Economic Development Chamber, said. Oil production at Pemex fell for the 10th straight year in 2014. The company posted a net loss of about \$4.4 billion in the third quarter, its eighth consecutive quarterly loss.

### **Schlumberger Cuts Jobs, Records Charge After Oil Collapse (Bloomberg)**

Schlumberger Ltd. tackled the “uncertain environment” of slumping crude prices head-on by cutting 9,000 jobs and lowering costs at one of its biggest businesses. The 7.1 percent workforce cutback, along with the reduction and reassessment of its WesternGeco fleet, were among steps leading to a \$1.77 billion fourth-quarter charge in anticipation of lower spending by customers in 2015.

### **IEA Sees Oil-Price Recovery; Cuts 2015 Non-OPEC Output Estimate (Bloomberg)**

Non-OPEC oil producers will increase output this year at a slower rate than previously forecast, aiding a recovery in crude prices, the IEA said. The adviser lowered its non-OPEC supply growth estimate by 350 tb/d, the first cut since the 2015 forecast was introduced in July. Half the cut is from Colombian output while effects on U.S. production are so far “marginal,” it said. The slow-down in non-OPEC output will lead to a “rebalancing” of currently over-supplied global markets in the second half, reviving prices, the agency said.

### **Steepest-Ever Drop in Oil Rigs Shows Shale Losing Fight to OPEC (Bloomberg)**

U.S. drillers have taken a record number of oil rigs out of service in the past six weeks as OPEC sustains its production, sending prices below \$50 a barrel. The oil rig count has fallen by 209 since Dec. 5, the steepest six-week decline since Baker Hughes Inc. began tracking the data in July 1987. The count was down 55 this week to 1,366. Horizontal rigs used in U.S. shale formations that account for virtually all of the nation’s oil production growth fell by 48, the biggest single-week drop.

### **Venezuela Wooing Qatar as Oil Rout Exacerbates Cash Crunch (Bloomberg)**

Venezuelan President Nicolas Maduro is seeking several billion dollars from Qatari lenders to help plug a budget gap after oil lost more than half its value. “We’re finalizing a financial alliance with important banks from Qatar that will give us sufficient oxygen to help cover the fall in oil prices and give us the resources we need for the national foreign currency budget,” he said on state television. The financing would be for “various” billions of dollars for 2015 and 2016, Maduro said from Doha.

### **Cheap Oil’s Global GDP Boost Offset by Europe, Brazil Woes (Bloomberg)**

Plunging oil prices are giving a bump to consumer and business spending around the world -- just not enough to increase global growth forecasts. A darkening outlook in emerging markets including China, Russia and Brazil and geopolitical risks such as Greece’s possible exit from the euro are overshadowing the benefits from lower energy costs. The median estimate for 2015 world expansion from economists surveyed by Bloomberg News has been unchanged since October, when it fell to 3.5 percent from 3.6 percent.

### **Saudi Budget Assuming \$80 Crude Seen as Belief in Rebound (Bloomberg)**

Saudi Arabia’s 2015 budget is probably assuming an oil price of \$80 a barrel, and will be seen as a sign of confidence in the market. The assumption is down from \$103 a barrel for this year, John Sfakianakis, who used to be chief economic adviser to Saudi Arabia’s Ministry of Finance, said. The world’s biggest crude exporter set 2015 spending at 860 billion riyals (\$229 billion) with revenue falling to 715 billion riyals from 1.046 trillion riyals in 2014. Oil accounted for 89 percent of its 2014 revenue.

### **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. And there’s certainly more unwinding to come. For most of this month, crude oil has traded below \$50 a barrel, a level few predicted even two months ago when OPEC signaled it wouldn’t cut production to defend prices.

## Oil Market News & Developments

### **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.

### **Russia, Iraq Supply Most Oil in Decades as 2015 Begins With Glut (Bloomberg)**

Oil supplies in Iraq and Russia surged to the highest level in decades, signaling no respite in early 2015 from the glut that has pushed crude prices to their lowest in five years. Russian oil production rose 0.3 percent in December to a post-Soviet record of 10.667 million barrels a day, according to preliminary data e-mailed today by CDU-TEK, part of the Energy Ministry. Iraq exported 2.94 million barrels a day in December, the most since the 1980s, said Oil Ministry spokesman Asim Jihad. The countries provided 15 percent of the world’s oil in November, according to the International Energy Agency.

### **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 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.

### **Shell to Sign \$11 Bln Iraq Petchem Project Next Week: Official (Bloomberg)**

Shell to start work on plant in southern oil hub of Basra within 1 mo. of signing the deal, Abdul Kareem Al- Obaidi, senior chief process engineer in Iraq’s Industry Ministry, says in phone interview. Petchem plant will be a JV between Iraq govt and Shell.



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