

## Oil Market : 2021 - The Year That Was...

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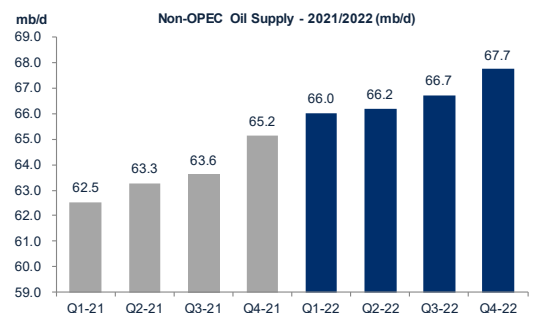
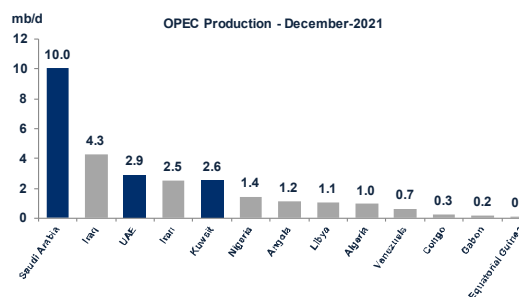
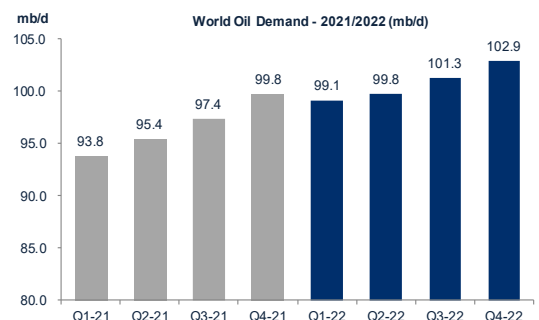
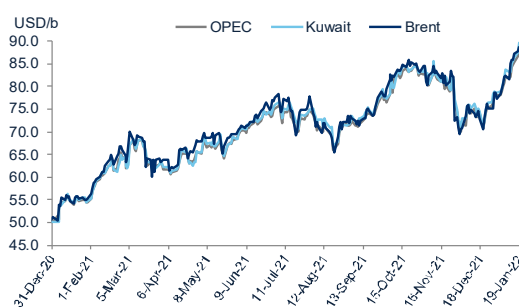
### Oil at 7-year high on tighter market...

Sentiments in the oil market remained upbeat as we entered 2022 with expectations of higher demand coupled with dwindling supplies at some of the key producers worldwide. The lowering of risk related to the Omicron variant further added to the positive sentiments as oil hovered around the USD 90/b mark. Several estimates now suggest oil reaching triple digit prices this year as supply struggles to cope up with rising demand led by years of underinvestment coupled with retrained supplies from not just OPEC but even non-OPEC producers worldwide.

The recent surge in crude oil price was also supported by higher demand for refined products. The arctic weather in the US Northeast boosted demand for diesel as a heating fuel at a time when demand from the road transportation sector was also seeing a surge. Gasoline prices also surged across the globe due to increased mobility. Other factors that contributed to the price surge included limited supply quotas for exports from China, fuel switching from natural gas to diesel for heating oil and electricity generation, a broader commodity rally globally as well as untapped demand in several oil end markets like jet fuel. In addition, the USD has broadly shown a downward trend against a basket of currencies after peaking in November-2021.

The latest data on Covid-19 suggested that the Omicron variant is signaling a shift to an endemic phase as despite rising cases, the current situation is more manageable than the previous versions of the coronavirus. Recent announcements from several firms in the Europe showed lowering of restrictions and opening of offices to more staff. A similar stance was seen in the US, although the travel issue with China is yet to be resolved and has got more to do with protocols rather than covid-19 cases. Moreover, almost 10 billion vaccine doses have been administered globally.

On the oil supply front, there were production disruptions reported in several countries including Libya and Ecuador while the unrest in Kazakhstan led to fears of supply disruptions. Russia also mentioned that restoring output after the OPEC+ reductions won't be as easy due to technical challenges and underinvestment in oil production over the last few years of oil glut. OPEC oil production showed a marginal growth during December-2021 and stayed above the 28 mb/d mark at 28.09 mb/d with an increase of 90 tb/d, according to Bloomberg data. OPEC secondary sources showed a slightly higher growth as the steep decline in output mainly from Libya and Nigeria was partially offset by higher output by Saudi Arabia, Venezuela and Angola. US crude oil production remained flat at 11.7 mb/d during the week ended 14-January-2022.



Sources : OPEC, EIA, Bloomberg

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# Oil Market in 2021

## Brent crude prices see biggest gain since the financial crisis...

Oil prices witnessed continued volatility during 2021 with Brent spot crude prices trading in the range of USD 85.8/b and USD 50.4/b. Crude oil peaked during October-2021 after countries across the globe expected relief from the Covid-19 pandemic post the delta variant and a marathon vaccination effort. However, prices declined towards the end of the year as new variant emerged and restrictions were placed once again in several countries in order to contain the spread of the Omicron variant.

Year End Oil Prices (USD/b)	2017	2018	2019	2020	2021
<b>OPEC</b>	<b>64.47</b>	<b>51.55</b>	<b>67.96</b>	<b>50.24</b>	<b>77.97</b>
Change (%)	21.0%	-20.0%	31.8%	-26.1%	55.2%
<b>Brent</b>	<b>66.73</b>	<b>50.57</b>	<b>67.77</b>	<b>51.22</b>	<b>77.24</b>
Change (%)	21.4%	-24.2%	34.0%	-24.4%	50.8%

Average Oil Price for the Year	2017	2018	2019	2020	2021
<b>OPEC</b>	<b>52.43</b>	<b>69.78</b>	<b>64.04</b>	<b>41.47</b>	<b>69.89</b>
Change (%)	34.1%	33.1%	-8.2%	-35.2%	68.5%
<b>Brent</b>	<b>54.12</b>	<b>71.34</b>	<b>64.30</b>	<b>41.96</b>	<b>70.86</b>
Change (%)	24.0%	31.8%	-9.9%	-34.7%	68.9%

Source : Bloomberg, EIA, Kamco Invest Research

Prices started rising at the close of the year also gaining support from the record highs reached in financial markets indicators. Gains were backed by reopening of economies and expectations of faster economic growth in the near term. Several countries in Europe announced reopening and lowered restrictions saying that the pandemic has reached an endemic phase and is much more manageable as compared to previous variants. Average spot Brent crude prices reached the highest in three years during 2021 at USD 70.86/b from the lowest level in 16 years in 2020, registering yearly gain of 68.9%, the biggest gain in average Brent crude prices on record. The gain in average OPEC crude price was almost in line with Brent at 68.5% for 2021 with price averaging at USD 69.89/b, the highest in seven years.

## OPEC+ Production

The swing in oil prices also resulted from the policies and actions by the producers as per the OPEC+ agreement. Producers in the group actively adjusted output on a monthly basis depending on near-term expectations as well as ongoing trends in the oil market. The group has consistently added production since May-2021 keeping policies in line with growing demand as Covid-19 related restrictions were eased globally. The group also largely endured pressure from the US as well as other global crude oil producers and importers that supported a faster hike in production as oil prices saw consistent gains especially during the second half of the year. Strategies like releasing oil from the strategic petroleum reserve by the US and to some smaller extent by other importers, had only a minimal and temporary impact on oil prices. Moreover, production disruptions and outages at some key producers resulted in compliance levels of over 100% for almost the entire period of the OPEC+ production agreement.

The gradual and consistent increase in OPEC production during the year came after demand strengthened and the oil demand supply balance is expected to reach equilibrium sometime this year. However, the bulk of the increase in production was implemented by a few producers in the group including Saudi Arabia, UAE and Kuwait in the OPEC and Russia in the broader OPEC+ group. There were also concerns of declining spare capacity as the aforementioned producers in the OPEC accounted for the bulk of the spare capacity in the global oil market.

On the other hand, supply is also expected to rise globally. The US is expected to increase production with oil drilling and exploration companies announcing plans of increased capital expenditure. Recently, Schlumberger announced an 18% increase in its capital expenditure eyeing promising oil market over the coming years.

OPEC production in 2021 and spare capacity				
OPEC Production (tb/d)	Average Production 2021	Current OPEC+ Pledged Cuts	Capacity	Spare Capacity
Algeria	908	95	1,060	152
Angola	1,120	136	1,200	80
Congo	265	29	300	35
Equatorial Guinea	101	11	120	19
Gabon	186	17	220	34
Iran	2,404	Exempt	3,830	1,426
Iraq	4,024	416	4,800	776
Kuwait	2,415	251	2,715	300
Libya	1,149	Exempt	1,200	51
Nigeria	1,381	163	1,600	219
Saudi Arabia	9,090	982	11,500	2,410
UAE	2,718	283	4,200	1,482
Venezuela	554	Exempt	600	46
<b>Total</b>	<b>26,315</b>	<b>2,383</b>	<b>33,345</b>	<b>7,030</b>

Source : Bloomberg, Refinitiv Eikon, OPEC, Kamco Invest Research

Note : Spare capacity is based on avg. production in 2021 and total capacity data from Bloomberg.

### US Crude Production

Oil production in the US largely remained subdued during 2021 after reaching record highs during 2020. The decline came mainly on the back of constrained shale output as producers remained cautious of lower oil prices and the impact of covid-19. The US government as well as a global initiative towards sustainable future and ESG compliance also capped production and capital expenditure for major oil producers. This, coupled with underinvestment over the last few years, also limited the recovery in oil production when oil prices showed gains during 2021. Producers were visibly slow to add capacity and production during the year as compared previous phases of rising oil prices and capacity additions. The trend was also clearly visible in oil rig count additions during the year. Total oil rigs in the US, according to data from Baker Hughes, increased by 216 to 480 rigs by the end of the year as compared to 264 rigs at the end of 2020 and 677 rigs at the end of 2019. This was also significantly lower than the pre-pandemic high oil rig count of 888 rigs recorded during September-2018.

Production ('000 b/d)	2017	2018	2019	2020	2021	5-Yr CAGR
<b>Algeria</b>	<b>1,047</b>	<b>1,042</b>	<b>1,022</b>	<b>897</b>	<b>908</b>	<b>-3.6%</b>
Change (%)	-3.9%	-0.5%	-1.9%	-12.2%	1.2%	
<b>Angola</b>	<b>1,634</b>	<b>1,505</b>	<b>1,398</b>	<b>1,255</b>	<b>1,120</b>	<b>-8.2%</b>
Change (%)	-4.9%	-7.9%	-7.1%	-10.2%	-10.8%	
<b>Congo</b>	<b>252</b>	<b>317</b>	<b>324</b>	<b>288</b>	<b>265</b>	<b>4.2%</b>
Change (%)	16.7%	25.8%	2.2%	-11.1%	-8.0%	
<b>Equatorial Guinea</b>	<b>133</b>	<b>125</b>	<b>118</b>	<b>115</b>	<b>101</b>	<b>-8.8%</b>
Change (%)	-16.9%	-6.0%	-5.6%	-2.5%	-12.2%	
<b>Gabon</b>	<b>200</b>	<b>187</b>	<b>215</b>	<b>195</b>	<b>186</b>	<b>-3.4%</b>
Change (%)	-9.5%	-6.5%	15.0%	-9.3%	-4.6%	
<b>Iran</b>	<b>3,813</b>	<b>3,553</b>	<b>2,356</b>	<b>1,988</b>	<b>2,404</b>	<b>-7.3%</b>
Change (%)	8.5%	-6.8%	-33.7%	-15.6%	20.9%	
<b>Iraq</b>	<b>4,446</b>	<b>4,550</b>	<b>4,678</b>	<b>4,049</b>	<b>4,024</b>	<b>-1.7%</b>
Change (%)	1.2%	2.3%	2.8%	-13.4%	-0.6%	
<b>Kuwait</b>	<b>2,708</b>	<b>2,745</b>	<b>2,687</b>	<b>2,430</b>	<b>2,415</b>	<b>-3.3%</b>
Change (%)	-5.1%	1.4%	-2.1%	-9.6%	-0.6%	
<b>Libya</b>	<b>811</b>	<b>951</b>	<b>1,097</b>	<b>367</b>	<b>1,149</b>	<b>24.1%</b>
Change (%)	107.9%	17.3%	15.4%	-66.5%	213.1%	
<b>Nigeria</b>	<b>1,658</b>	<b>1,718</b>	<b>1,786</b>	<b>1,579</b>	<b>1,381</b>	<b>-2.4%</b>
Change (%)	6.6%	3.6%	4.0%	-11.6%	-12.5%	
<b>Saudi Arabia</b>	<b>9,954</b>	<b>10,311</b>	<b>9,794</b>	<b>9,182</b>	<b>9,090</b>	<b>-2.7%</b>
Change (%)	-4.3%	3.6%	-5.0%	-6.2%	-1.0%	
<b>UAE</b>	<b>2,916</b>	<b>2,986</b>	<b>3,094</b>	<b>2,802</b>	<b>2,718</b>	<b>-1.8%</b>
Change (%)	-2.1%	2.4%	3.6%	-9.4%	-3.0%	
<b>Venezuela</b>	<b>1,911</b>	<b>1,354</b>	<b>796</b>	<b>500</b>	<b>554</b>	<b>-23.8%</b>
Change (%)	-11.3%	-29.1%	-41.2%	-37.2%	10.8%	
<b>Total OPEC</b>	<b>31,483</b>	<b>31,344</b>	<b>29,365</b>	<b>25,647</b>	<b>26,315</b>	<b>-3.6%</b>
Change (%)	-0.5%	-0.4%	-6.3%	-12.7%	2.6%	
<b>US*</b>	<b>9,257</b>	<b>10,941</b>	<b>12,289</b>	<b>11,283</b>	<b>11,173</b>	<b>4.8%</b>
Change (%)	4.7%	18.2%	12.3%	-8.2%	-1.0%	

Source : OPEC, Bloomberg, EIA, Kamco Invest Research

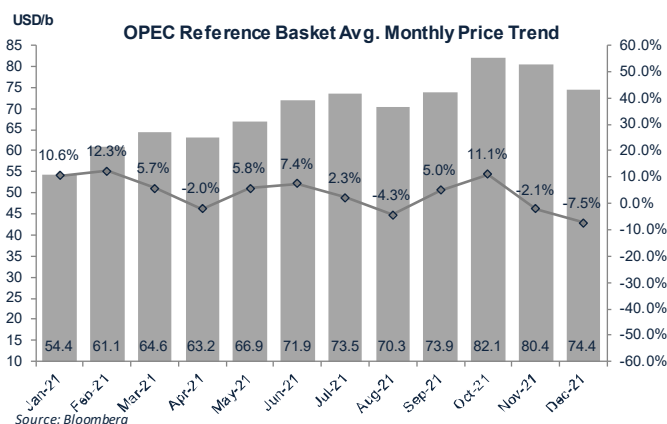
\* Crude production for the US for 2021 is based on average of monthly production data from EIA and DOE

## Oil Prices

Oil prices reached a 7-year high level during the third week of January-2022 gaining support from rising demand, lowering of Covid-19 restrictions, production disruptions at some oil producing countries, colder weather as well as gas to oil switch for heating and electricity generation. OPEC crude basket prices reached the highest level since October-2014 on 20-January-2022 with a price of USD 88.55/b. A similar growth was seen in Kuwait crude grade and Brent crude prices. Prices hovered around USD 90/b during last week with a number of estimates now pointing to USD 100/b by Q2-2022 backed by consistently rising demand coupled with limited growth in oil supplies.

OPEC crude oil basket averaged at USD 69.89/b during 2021 as compared to USD 41.47/b during 2020, registering a growth of almost 70% year-on-year, the highest growth ever recorded in the oil market. Brent Crude averaged at USD 70.8/b during 2021 as compared to USD 41.67/b during 2020. The increase in prices came after the oil market recorded growth in prices for eight months during the year while declines during the remaining four months were mostly in low single digits followed by sharp recovery.

The EIA, in its latest short term energy outlook report, has forecasted an increase in oil inventory levels in the near term. And ,as a result, the agency has forecasted a decline in oil prices in 2022 and 2023 from 2021 levels. Oil prices are expected to decline from USD 79/b in 2021 to USD 75/b in 2022 and further down to USD 68/b in 2023. The median forecast for Brent, according to Bloomberg consensus estimates, are almost in line with EIA at USD 74/b for 2022 but for 2023, the consensus is relatively bullish at USD 73/b. The latest weekly oil inventory report from the US EIA showed the first crude inventory build in the US since November-2021 and gasoline inventories reached an 11-month high. Meanwhile, the IEA was upbeat in its latest monthly report stating that it expects tighter oil market in 2022 as compared to its expectations in December-2021. The forecast was backed by lower-than-expected impact from the Omicron strain, according to the IEA.



Average Crude Oil Prices, USD/b	Nov-2021	Dec-2021	Change (USD)	Avg 2020	Avg 2021
<b>OPEC Reference Basket</b>	<b>80.4</b>	<b>74.4</b>	<b>(6.0)</b>	<b>41.5</b>	<b>69.9</b>
Arab Light	80.8	75.5	(5.3)	41.9	70.7
Basrah Light	79.6	74.1	(5.5)	41.6	69.9
Bonny Light	80.7	74.4	(6.3)	41.5	70.6
Djeno	73.9	66.7	(7.3)	35.8	63.4
Es Sider	80.3	73.4	(7.0)	40.1	69.2
Girassol	82.3	75.2	(7.1)	42.6	71.3
Iran Heavy	80.5	74.7	(5.8)	40.8	69.8
<b>Kuwait Export</b>	<b>81.1</b>	<b>75.4</b>	<b>(5.8)</b>	<b>41.5</b>	<b>70.5</b>
Merey	61.2	54.9	(6.3)	28.1	51.5
Murban	82.1	74.6	(7.5)	43.0	70.1
Rabi	80.9	73.7	(7.3)	40.2	70.3
Saharan Blend	82.0	75.5	(6.5)	42.1	70.9
Zafiro	82.3	74.4	(7.9)	41.5	71.1
<b>Other Crudes</b>					
Brent	81.4	74.1	(7.3)	41.7	70.8
Dubai	80.3	73.3	(7.0)	42.3	69.4
Isthmus	75.5	68.5	(7.0)	36.6	66.2
LLS	79.4	73.8	(5.6)	41.3	69.7
Mars	75.7	71.3	(4.5)	40.2	67.3
Minas	79.4	72.4	(6.9)	41.1	68.8
Urals	80.1	73.1	(6.9)	41.8	69.5
WTI	79.1	71.9	(7.2)	39.4	68.2
<b>Differentials</b>					
Brent/WTI	2.3	2.2	(0.0)	2.2	2.6
Brent/LLS	2.0	0.3	(1.7)	0.3	1.1
Brent/Dubai	1.1	0.8	(0.3)	(0.6)	1.4

Source: OPEC Monthly Oil Market Report - January-2022

## World Oil Demand

In its latest monthly report, OPEC retained its world oil demand growth estimates for 2021 at 5.7 mb/d to an average of 96.6 mb/d. However, the agency made an upward revision to demand estimates for Q4-2021 that was offset by lower a downward revision to demand data for Q3-2021. The upward revision for the last quarter of the year reflected better-than-expected transportation fuel demand in the OECD region. Demand in Americas and the Asia Pacific regions remained strong despite the rising cases of Omicron variant. Better-than-expected demand from China during Q4-2021 also supported the upward revision, although in terms of full year imports, the country reported a decline in imports for the first time in 20 years, according to a Bloomberg report. The decline was mainly led by a crackdown on independent refiners as well as aimed at reducing fuel oversupply. At the same time, the country refined record amount of crude oil during 2021 indicating dependence on local

World Oil Demand - 2020/2021, mb/d	2020	Q1-21	Q2-21	Q3-21	Q4-21	2021	Y-o-Y Growth	% Chg.
Americas	22.44	22.73	24.33	24.71	24.84	24.16	1.72	7.66
of which US	18.35	18.65	20.21	20.39	20.51	19.95	1.60	8.73
Europe	12.44	11.91	12.63	13.85	13.49	12.98	0.54	4.37
Asia Pacific	7.14	7.67	7.04	7.12	7.73	7.39	0.25	3.46
<b>Total OECD</b>	<b>42.02</b>	<b>42.31</b>	<b>44.00</b>	<b>45.67</b>	<b>46.06</b>	<b>44.53</b>	<b>2.51</b>	<b>5.98</b>
China	13.52	13.79	14.55	14.52	15.16	14.50	0.99	7.29
India	4.51	4.94	4.50	4.59	5.32	4.84	0.33	7.30
Other Asia	8.13	8.56	8.98	8.34	8.62	8.63	0.50	6.10
Latin America	6.01	6.25	6.16	6.46	6.35	6.30	0.29	4.88
Middle East	7.55	7.95	7.77	8.24	8.00	7.99	0.45	5.95
Africa	4.08	4.37	4.08	4.15	4.43	4.26	0.17	4.28
Eurasia	3.39	3.65	3.42	3.63	3.74	3.61	0.22	6.55
of which Russia	1.07	1.23	1.24	1.09	1.28	1.21	0.14	12.70
of which other Eurasia	0.70	0.78	0.72	0.73	0.79	0.75	0.06	8.29
<b>Total Non-OECD</b>	<b>48.96</b>	<b>51.52</b>	<b>51.43</b>	<b>51.74</b>	<b>53.69</b>	<b>52.1</b>	<b>3.14</b>	<b>6.42</b>
<b>Total World</b>	<b>90.98</b>	<b>93.83</b>	<b>95.43</b>	<b>97.41</b>	<b>99.75</b>	<b>96.63</b>	<b>5.66</b>	<b>6.22</b>

Source: OPEC Monthly Oil Market Report - January-2022

production and exploration. Official data showed Saudi Arabia retaining its top position as a supplier to China with a higher share of 17% in 2021 followed by Russia and Iraq. On the other hand, a slower-than-expected transportation fuel demand from India partially offset the upward revision coupled with downward revisions for the Middle East, Latin America and Africa regions based on actual data for October-2021 and November-2021. Official data showed India's refined product consumption was at a 9-month high in December-2021 led by higher gasoline and diesel consumption. However, demand during first half of January-2022 was soft led by the spike in covid-19 cases.

For 2022, oil demand growth forecast was also unchanged at 4.2 mb/d and consumption is expected to reach 100.8 mb/d. A recent report from S&P Platts showed expectations of resilient demand from Asia in the near term with China and India being the driving force behind higher demand. In terms of products, jet fuel is expected to be a key growth driver this year. The EIA, in its latest forecast said it expects global oil demand growth of 3.6 mb/d in 2022 backed by higher demand from the US and China, which would account for 39% of the demand growth during the year.

World Oil Demand - 2021/2022, mb/d	2021	Q1-22	Q2-22	Q3-22	Q4-22	2022	Y-o-Y Growth	% Chg.
Americas	24.16	24.04	25.42	25.73	25.65	25.22	1.06	4.37
of which US	19.95	19.69	21.07	21.36	21.23	20.85	0.90	4.50
Europe	12.98	12.63	13.21	14.49	14.01	13.59	0.61	4.73
Asia Pacific	7.39	7.91	7.22	7.25	7.83	7.55	0.17	2.26
<b>Total OECD</b>	<b>44.53</b>	<b>44.58</b>	<b>45.86</b>	<b>47.47</b>	<b>47.49</b>	<b>46.37</b>	<b>1.84</b>	<b>4.13</b>
China	14.50	14.64	15.44	15.00	15.60	15.17	0.66	4.58
India	4.84	5.48	4.82	4.97	5.64	5.23	0.39	8.07
Other Asia	8.63	9.25	9.59	8.93	8.95	9.18	0.55	6.38
Latin America	6.30	6.49	6.33	6.61	6.51	6.48	0.18	2.85
Middle East	7.99	8.30	8.01	8.49	8.24	8.26	0.27	3.34
Africa	4.26	4.54	4.21	4.27	4.56	4.40	0.14	3.22
Eurasia	3.61	3.75	3.47	3.68	3.79	3.67	0.07	1.81
of which Russia	1.21	1.30	1.29	1.12	1.32	1.26	0.05	3.72
of which other Eurasia	0.75	0.80	0.73	0.74	0.81	0.77	0.02	2.18
<b>Total "Other Regions"</b>	<b>52.10</b>	<b>54.55</b>	<b>53.90</b>	<b>53.82</b>	<b>55.4</b>	<b>54.42</b>	<b>2.32</b>	<b>4.45</b>
<b>Total World</b>	<b>96.63</b>	<b>99.13</b>	<b>99.75</b>	<b>101.28</b>	<b>102.9</b>	<b>100.79</b>	<b>4.15</b>	<b>4.30</b>

Source: OPEC Monthly Oil Market Report - January-2022



## World Oil Supply

World liquids production witnessed a monthly increase of 0.65 mb/d during December-2021 and averaged at 98.51 mb/d. The increase reflected higher production by both OPEC and non-OPEC producers. OPEC producers added 0.17 mb/d during the month led by higher production mainly in Saudi Arabia and Angola resulting in a market share of 28.3%. Non-OPEC producers also increased production by 0.48 mb/d and produced at 70.63 mb/d during the month led by higher production coming in from both OECD and non-OECD countries.

Non-OPEC liquids supply growth estimates for 2021 was retained by OPEC from last month with an expected growth of 0.7 mb/d to average at 63.6 mb/d. However, changes were made for supplies at the country level. Supply estimates for the US

Non-OPEC Oil Supply - 2020/2021, mb/d	2020	Q1-21	Q2-21	Q3-21	Q4-21	2021	Y-o-Y Growth	% Chg.
Americas	24.70	24.10	25.17	25.19	26.21	25.17	0.47	1.91
of which US	17.61	16.63	17.93	17.84	18.53	17.74	0.13	0.75
Europe	3.90	3.96	3.52	3.81	3.86	3.79	(0.11)	(2.90)
Asia Pacific	0.52	0.50	0.45	0.53	0.52	0.50	(0.02)	(3.47)
<b>Total OECD</b>	<b>29.12</b>	<b>28.56</b>	<b>29.13</b>	<b>29.53</b>	<b>30.58</b>	<b>29.46</b>	<b>0.34</b>	<b>1.17</b>
China	4.16	4.30	4.34	4.33	4.32	4.32	0.16	3.86
India	0.77	0.76	0.75	0.75	0.74	0.75	(0.01)	(1.78)
Other Asia	2.51	2.52	2.46	2.34	2.37	2.42	(0.08)	(3.39)
Latin America	6.04	5.96	5.99	6.11	5.90	5.99	(0.05)	(0.79)
Middle East	3.19	3.22	3.23	3.24	3.28	3.24	0.05	1.53
Africa	1.41	1.37	1.35	1.32	1.32	1.34	(0.07)	(5.21)
Eurasia	10.59	10.47	10.74	10.81	11.17	10.8	0.21	1.95
of which Russia	2.91	2.96	2.89	2.79	3.06	2.93	0.01	0.38
of which other Eurasia	0.12	0.12	0.11	0.11	0.11	0.11	(0.01)	(4.66)
<b>Total Non-OECD</b>	<b>31.71</b>	<b>31.67</b>	<b>31.86</b>	<b>31.80</b>	<b>32.29</b>	<b>31.91</b>	<b>0.20</b>	<b>0.64</b>
<b>Total Non-OPEC Production</b>	<b>60.82</b>	<b>60.23</b>	<b>61</b>	<b>61.34</b>	<b>62.87</b>	<b>61.37</b>	<b>0.54</b>	<b>0.89</b>
Processing gains	2.15	2.28	2.28	2.28	2.28	2.28	0.13	6.03
<b>Total Non-OPEC Supply</b>	<b>62.97</b>	<b>62.51</b>	<b>63.28</b>	<b>63.62</b>	<b>65.15</b>	<b>63.65</b>	<b>0.67</b>	<b>1.07</b>
<b>OPEC NGLs and non-conventionals</b>	<b>5.05</b>	-	-	-	-	<b>5.14</b>	<b>0.10</b>	<b>1.78</b>
<b>OPEC Crude Oil Production</b>	<b>25.65</b>	<b>25.16</b>	<b>25.52</b>	<b>26.89</b>	<b>27.67</b>	<b>26.32</b>	<b>0.67</b>	<b>2.60</b>
<b>Total World Supply</b>	<b>93.67</b>	-	-	-	-	<b>95.11</b>	<b>1.44</b>	<b>1.53</b>

Source: OPEC Monthly Oil Market Report - January-2022

was increased significantly by 81 tb/d and for Kazakhstan by 10 tb/d that was completely offset by lowered supply estimates for Brazil, Canada, Ecuador and Norway due to lower-than-expected output from these producers during Q4-2021. The upward revision for the US was made to Q4-2021 supply data reflecting faster-than-expected production recovery in the Gulf of Mexico and production growth in shale regions including the Permian basin. For 2022, supply growth forecast was also left unchanged at 3.0 mb/d to an average of 66.7 mb/d. An upward revision to supply expectations for the Other Asia region including Malaysia, UK, Azerbaijan and Chad was offset by downward revisions to other Eurasia that included Kazakhstan and Russia.

Non-OPEC Oil Supply - 2021/2022, mb/d	2021	Q1-22	Q2-22	Q3-22	Q4-22	2022	Y-o-Y Growth	% Chg.
Americas	25.17	26.08	26.13	26.50	26.88	26.4	1.23	4.89
of which US	17.74	18.43	18.68	18.83	19.14	18.77	1.03	5.83
Europe	3.79	3.86	3.75	3.81	4.13	3.89	0.10	2.69
Asia Pacific	0.50	0.54	0.54	0.53	0.53	0.53	0.03	6.08
<b>Total OECD</b>	<b>29.46</b>	<b>30.48</b>	<b>30.41</b>	<b>30.84</b>	<b>31.55</b>	<b>30.82</b>	<b>1.36</b>	<b>4.63</b>
China	4.32	4.33	4.33	4.37	4.45	4.37	0.04	1.02
India	0.75	0.73	0.75	0.78	0.8	0.77	0.01	1.59
Other Asia	2.42	2.44	2.41	2.39	2.38	2.41	(0.01)	(0.56)
Latin America	5.99	6.30	6.24	6.18	6.39	6.27	0.28	4.71
Middle East	3.24	3.34	3.34	3.36	3.36	3.35	0.11	3.33
Africa	1.34	1.29	1.27	1.25	1.22	1.25	(0.09)	(6.38)
Eurasia	10.8	11.51	11.83	11.88	11.88	11.78	0.98	9.08
of which Russia	2.93	3.10	3.12	3.16	3.22	3.15	0.22	7.63
of which other Eurasia	0.11	0.11	0.11	0.10	0.10	0.10	(0.01)	(6.90)
<b>Total "Other regions"</b>	<b>31.91</b>	<b>33.14</b>	<b>33.39</b>	<b>33.46</b>	<b>33.80</b>	<b>33.45</b>	<b>1.54</b>	<b>4.83</b>
<b>Total Non-OPEC Production</b>	<b>61.37</b>	<b>63.62</b>	<b>63.8</b>	<b>64.31</b>	<b>65.35</b>	<b>64.27</b>	<b>2.91</b>	<b>4.74</b>
Processing gains	2.28	2.39	2.39	2.39	2.39	2.39	0.11	4.91
<b>Total Non-OPEC Supply</b>	<b>63.65</b>	<b>66.01</b>	<b>66.19</b>	<b>66.7</b>	<b>67.74</b>	<b>66.66</b>	<b>3.02</b>	<b>4.74</b>

Source: OPEC Monthly Oil Market Report - January-2022

## OPEC Oil Production & Spare Capacity

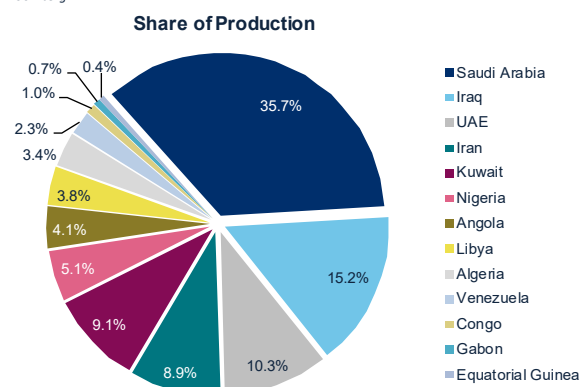
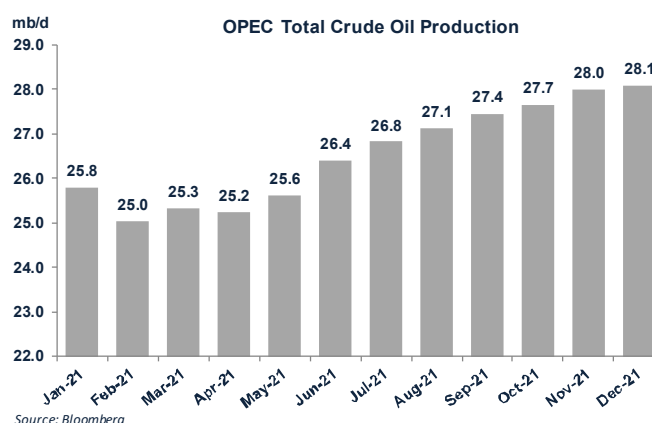
OPEC oil production increased for the eighth consecutive month during December-2021, albeit marginally, amid disruption in production in several countries globally. Bloomberg data showed a production growth of 90 tb/d during the month to an average of 28.09 mb/d. OPEC secondary sources showed a bigger production growth of 166 tb/d, but the overall production averaged at 27.88 mb/d during the month. During the month, Nigeria and Libya reported a steep decline in production that was more than offset by higher production in most other countries in the OPEC. Angola and Saudi Arabia reported the biggest growth in production during the month. Oil production in Nigeria reached the lowest level in 2021 during December-2021 at 1.4 mb/d (1.34 mb/d according to OPEC secondary sources). The decline was mainly led by non-functioning refineries and a force majeure declared by Shell Petroleum on Nigerian Forcados crude oil due to technical issues.

Production ('000 b/d)	Nov-21	Dec-21	Change		Capacity	Spare Capacity
<b>Total OPEC-13</b>	<b>28,000</b>	<b>28,090</b>	<b>90</b>	<b>0.32%</b>	<b>33,345</b>	<b>5,255</b>
<b>Saudi Arabia</b>	9,880	10,030	150	1.5%	11,500	1,470
Iraq	4,280	4,280	0	0.0%	4,800	520
<b>UAE</b>	2,870	2,890	20	0.7%	4,200	1,310
Iran	2,520	2,510	-10	-0.4%	3,830	1,320
<b>Kuwait</b>	2,530	2,550	20	0.8%	2,715	165
Nigeria	1,530	1,420	-110	-7.2%	1,600	180
Angola	1,110	1,150	40	3.6%	1,200	50
Libya	1,130	1,060	-70	-6.2%	1,200	140
Algeria	950	960	10	1.1%	1,060	100
Venezuela	630	650	20	3.2%	600	-50
Congo	290	280	-10	-3.4%	300	20
Gabon	190	190	0	0.0%	220	30
Equatorial Guinea	90	120	30	33.3%	120	0
<b>Total OPEC-12</b>	<b>23,720</b>	<b>23,810</b>	<b>90</b>	<b>0.38%</b>	<b>28,545</b>	<b>4,735</b>

Source: Bloomberg, OPEC

Meanwhile, the decline in production in Libya was mainly due to a necessary pipeline shutdown by the NOC for repairs that lowered production by 0.2 mb/d. In addition, bad weather and a force majeure declared on exports by the NOC following blockades at four oil fields, including the El Sharara oil field also affected production during December-2021. Nevertheless, the country's oil minister confirmed last week that oil production was back to a normal level of 1.2 mb/d.

For the full year 2021, OPEC monthly report showed an average production of 26.32 mb/d as compared to 25.65 mb/d in 2020, resulting in a growth of 0.7 mb/d during the year or 2.6%. The increase came despite 9 out of 13 OPEC producers reporting a decline in production during the year. According to OPEC, Libya reported the biggest production growth during 2021 at 0.8 mb/d followed by Iran with a growth of 0.42 mb/d. Libya's production growth came despite several supply disruptions during the year including the one in December-2021. Algeria and Venezuela also reported marginal growth in production during the year. On the other hand, Nigeria and Angola reported the biggest production declines of 198 tb/d and 135 tb/d, respectively, during the year. Saudi Arabia and UAE also reported smaller average production growth of 92 tb/d and 84 tb/d, respectively, with higher growth mainly coming during the second half of the year in line with OPEC+ production quotas.



Source: Bloomberg

## Brent Crude Oil Price Forecast

Firm	As Of	Q1-22	Q2-22	Q3-22	Q4-22
Banco Santander SA	10/Jan/22	79.0	76.0	74.0	71.0
Market Risk Advisory Co Ltd	6/Jan/22	76.0	73.0	72.0	74.0
MUFG Bank	3/Jan/22	74.5	72.3	70.4	82.1
Rabobank International	3/Jan/22	81.1	81.5	81.9	82.4
MPS Capital Services Banca per le Imprese SpA	27/Dec/21	80.0	73.0	70.0	69.0
Commerzbank AG	15/Dec/21	70.0	75.0	75.0	75.0
Westpac Banking Corp	13/Dec/21	71.0	68.7	66.0	63.7
Intesa Sanpaolo SpA	8/Dec/21	65.0	67.0	68.0	70.0
Landesbank Baden-Wuerttemberg	28/Oct/21	82.0	80.0	75.0	75.0
Emirates NBD PJSC	28/Oct/21	75.0	70.0	67.5	60.0
Australia & New Zealand Banking Group Ltd	25/Oct/21	85.2	79.0	75.8	76.2
BNP Paribas SA	19/Oct/21	86.0	78.0	78.0	80.0
Capital Economics Ltd	19/Oct/21	77.5	72.5	67.5	62.5
ABN AMRO Bank NV	14/Oct/21	83.0	83.0	78.0	73.0
Natixis SA	23/Sep/21	75.0	74.0	72.0	68.0
Deutsche Bank AG	29/Jul/21	70.0	60.0	65.0	65.0
<b>Median</b>		<b>76.8</b>	<b>73.5</b>	<b>72.0</b>	<b>72.0</b>
<b>Mean</b>		<b>76.9</b>	<b>73.9</b>	<b>72.3</b>	<b>71.7</b>
<b>High</b>		<b>86.0</b>	<b>83.0</b>	<b>81.9</b>	<b>82.4</b>
<b>Low</b>		<b>65.0</b>	<b>60.0</b>	<b>65.0</b>	<b>60.0</b>
<b>Current Fwd</b>		<b>83.9</b>	<b>81.8</b>	<b>79.7</b>	<b>77.9</b>
<b>Difference (Median - Current)</b>		<b>-7.2</b>	<b>-8.3</b>	<b>-7.7</b>	<b>-5.9</b>

Source: Bloomberg



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