

Oil Market Monthly Report

April-2024

In this Report...

Oil Prices	2
Oil Demand	3
Oil Supply	4
Production & Capacity	5
Oil Price Forecast	6

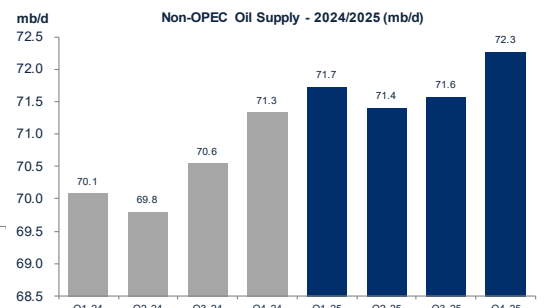
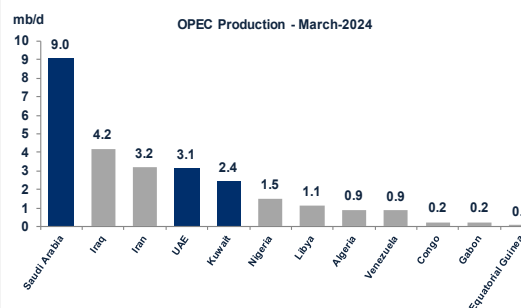
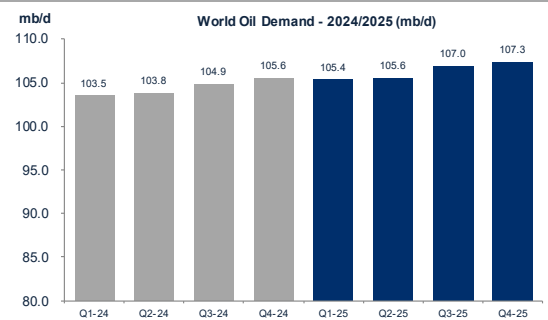
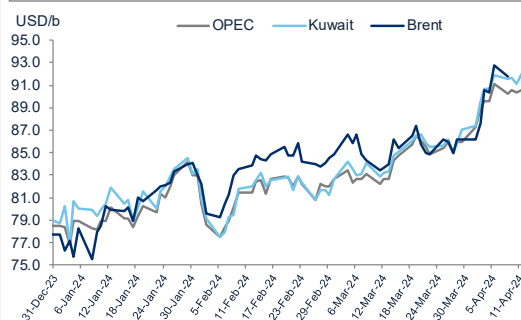
Oil sees consistent gains led by geopolitical fears...

Crude oil prices touched the highest level in five months at the start of April-2024 mainly led by supply side fears. This included fears of escalating geopolitical situation in the Middle East region with a potential impact on oil supplies. In addition, the OPEC+ decision to maintain the current output policy with voluntary cuts further indicated tighter markets in the near-term as supplies would remain constrained. On the other hand, resilient inflation rates in the US affected sentiments on the demand side, partially offsetting the overall rally in crude oil prices. In addition, the recent symbolic attacks by Iran only had a minimal positive effect on oil prices. That said, the decline was somewhat capped by temporary surge in crude oil imports from China during March-2024.

Furthermore, a report from the IEA said global crude oil output is expected to reach a record level during 2025 following a y-o-y increase of 1.4 mb/d to reach 104.5 mb/d in 2025. The increase is expected to come mainly from the US that is expected to see record oil output next year. The EIA expects next year's output in the US to reach 13.7 mb/d as compared to 13.2 mb/d expected this year. However, the EIA expects production to decline during 2Q-2024 and 3Q-2024 led by high decline rates for shale wells followed by a rebound next year. The cost of drilling in the US is also expected to go up following a new rule passed by the Biden administration that significantly increased the minimum oil and gas lease bond amount. In addition, restrictions from developing in sensitive wildlife habitat would affect expansion of output, especially in the Alaska region.

Oil output from the OPEC group remained flattish m-o-m at around 26.6 mb/d after marginally higher output from Iran and Saudi Arabia were almost fully offset by decline in output in Nigeria, Iraq and Venezuela. Oil production in the US has also remained flat over the last five weeks at 13.1 mb/d, according to data from the Department of Energy. The flattish trend in the US reflected subdued growth in oil rig count that hovered around the 500 mark over the last few months.

On the demand side, concerns continued to remain due to various factors including sticky inflation in the US that came in at higher-than-expected levels for March-2024 mainly led by higher rents and gasoline prices. The US is now expected to delay starting rate cuts this year with consensus showing first cuts in September-2024, in addition to lesser cuts this year than previous expectations. Meanwhile, the IEA also warned of slower oil demand growth next year mainly led by slower economic growth as well as rising popularity of electric vehicles globally. However, this comes contrary to the bullish demand growth expectations given by the biggest oil traders. This included the demand growth optimism from the CEOs of Vitol Group, Trafigura Group and Gunvor Group.



Sources : OPEC, EIA, Bloomberg

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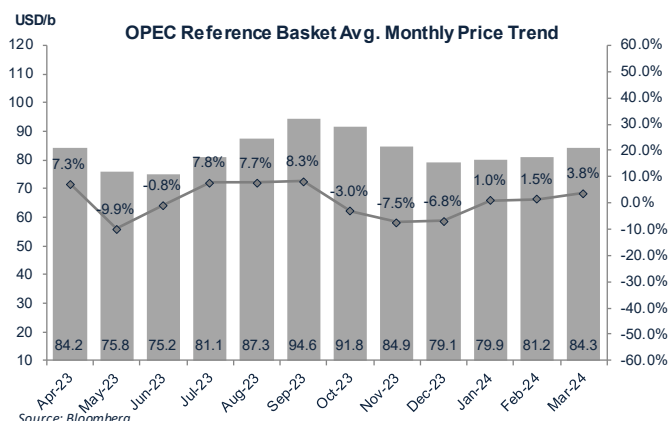
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Oil Prices

Crude oil prices during the first week of April-2024 breached the USD 90/b mark for the first time since October-2023. Crude oil future prices have gained almost 10% over the last one month. The market witnessed consistent gain in prices following OPEC+ decision to maintain its current policy of cutting oil output, contrary to market expectations that eyed higher output due to elevated prices. Strong imports of crude oil by China supported on the demand side and statements from the OPEC showing strong seasonal summer demand for crude oil also resulted in higher prices. Nevertheless, higher inventories in the US capped gains during the month.

The oil market tracked developments in the Middle East region, especially related to ceasefire talks and repeated failure on this front resulted in consistent gain in prices since mid-March-2024. The risk premium on crude oil prices shot up prior to the retaliatory attacks by Iran resulting in consistent gains but the symbolic nature of the action with minimal damage resulted in a slight correction in crude oil prices. In addition, the attacks on Russian energy refineries and the counter strike by Russia on Ukrainian energy facilities during the last week of March-2024 also resulted in higher crude oil prices.

Prices of almost all crude grades reported gains for the third consecutive month during March-2024. Average spot Brent crude oil price was up by 1.8% to reach USD 85.44/b during March-2024 as compared to USD 83.9/b during February-2024. The gain in average OPEC reference basket price was much stronger at 3.8% to reach USD 84.3/b while Kuwait export grade crude witnessed a slightly lower gain of 4.3% to average at USD 84.8/b during March-2024. Meanwhile, the consensus estimate for Brent crude underwent minimal positive changes from last month's forecast for the next two quarters. Prices are expected to average at USD 83.5/b in Q2-2024 and show gradual growth until Q4-2024 to reach USD 84/b. Price forecasts from the US EIA once again underwent an upgrade for Brent which is forecasted to reach USD 89.0/b in 2024 vs. USD 87.0/b in the previous forecast whereas next year price is expected to come in at USD 87.0/b.



Average Crude Oil Prices, USD/b	Feb-2024	Mar-2024	Change (USD)	YTD Avg. 2023	YTD Avg. 2024
OPEC Reference Basket	81.2	84.2	3.0	80.6	81.8
Arab Light	82.3	85.6	3.3	82.5	83.3
Basrah Light	79.4	82.1	2.8	77.1	79.8
Bonny Light	85.7	87.9	2.2	81.4	84.7
Djeno	76.5	78.0	1.5	73.7	75.7
Es Sider	84.0	85.3	1.4	79.9	82.9
Iran Heavy	80.3	83.5	3.1	80.7	81.3
Kuwait Export	81.1	84.4	3.3	81.9	82.1
Merey	67.3	71.0	3.7	60.2	68.2
Murban	81.0	84.5	3.5	81.7	81.4
Rabi	83.4	85.0	1.5	80.7	82.7
Saharan Blend	86.0	87.5	1.5	82.6	84.9
Zafiro	85.3	86.8	1.5	80.9	84.5
Other Crudes					
Brent	83.9	85.4	1.5	81.1	83.1
Dubai	80.8	84.2	3.4	80.3	81.2
Isthmus	75.8	78.7	3.0	67.3	75.5
LLS	79.5	83.5	4.1	78.9	79.7
Mars	76.5	80.2	3.8	74.3	76.9
Minas	83.7	90.7	7.1	80.0	84.0
Urals	66.5	68.2	1.8	44.5	65.6
WTI	76.9	80.5	3.6	76.0	77.0
Differentials					
Brent/WTI	7.0	5.0	(2.1)	5.1	6.1
Brent/LLS	4.4	1.9	(2.5)	2.2	3.4
Brent/Dubai	3.1	1.2	(1.9)	0.8	2.0

Source: OPEC Monthly Oil Market Report - April-2024

World Oil Demand

Global oil demand growth expectations for 2024 were kept broadly unchanged in OPEC's latest monthly report at 2.2 mb/d with average demand reaching 104.5 mb/d during the year. However, adjustments were made at the regional level that offset each other. According to the report, demand from OECD Europe underwent an upward revision of around 0.05 mb/d for Q1-2024 reflecting better-than-expected oil demand during the quarter. After two consecutive months of declines, oil demand in the region witnessed a strong growth during January-2024 supported by higher demand for diesel, jet/kerosene and gasoline. The biggest increase was seen in Spain and Germany. OPEC also expects the region to show a relatively stable economic growth for the remainder of the year with gradual improvement in the industrial sector with Germany's economic revival set to play a key role in the region's economic growth. Upward revisions were also made to non-OECD countries, including China, India and Other Asia mainly for updated data for Q1-2024. These upward revisions were almost fully offset by downward revisions to

World Oil Demand - 2023/2024, mb/d	2023	Q1-24	Q2-24	Q3-24	Q4-24	2024	Y-o-Y Growth	% Chg.
Americas	25.06	24.68	25.38	25.58	25.45	25.28	0.21	0.84
of which US	20.40	20.09	20.67	20.67	20.85	20.57	0.17	0.85
Europe	13.41	13.17	13.58	13.68	13.34	13.44	0.04	0.28
Asia Pacific	7.32	7.80	6.97	7.09	7.49	7.34	0.01	0.16
Total OECD	45.80	45.65	45.93	46.35	46.28	46.06	0.26	0.57
China	16.22	16.35	16.77	17.19	17.29	16.90	0.68	4.22
India	5.34	5.66	5.64	5.40	5.59	5.57	0.23	4.26
Other Asia	9.28	9.69	9.74	9.49	9.51	9.61	0.33	3.56
Latin America	6.69	6.79	6.88	6.97	6.88	6.88	0.19	2.84
Middle East	8.63	8.76	8.66	9.28	9.00	8.93	0.29	3.39
Africa	4.46	4.64	4.37	4.39	4.82	4.56	0.10	2.19
Russia	3.84	3.89	3.80	3.99	4.08	3.94	0.10	2.61
Other Eurasia	1.17	1.28	1.24	1.08	1.28	1.22	0.05	4.09
Other Europe	0.78	0.82	0.78	0.77	0.84	0.80	0.02	2.07
Total Non-OECD	56.42	57.88	57.89	58.55	59.29	58.41	1.99	3.52
Total World	102.21	103.53	103.82	104.90	105.57	104.46	2.25	2.20

Source: OPEC Monthly Oil Market Report - April-2024

demand data for Africa during Q1-2024 and the Middle East region during the first three quarters of the year. For 2025, oil demand growth forecast was kept unchanged at 1.8 mb/d with average demand expected to reach 106.3 mb/d during the year.

Latest monthly oil import data from China showed robust demand during March-2024. Total crude oil imports by China surged to the highest level since August-2023 during March-2023 mainly led by higher imports by refineries as they restocked inventories after a strong holiday travel period. According to Bloomberg, oil processing by Chinese refiners was the highest in five months at 63.78 millions tons equivalent to 15.08 mb/d during March-2024. The upcoming refinery maintenance season also added to the strong demand during the month. That said, there is still caution on future requirements as industrial demand continues to be affected by a slowing real estate market in China. This was seen in oil demand growth that came in at 1% during March-2024, the slowest pace since December-2022, as per Bloomberg. Oil demand in India declined by 0.6% y-o-y in March-2024 after higher consumption of diesel, gasoline, bitumen, cooking gas and naphtha was offset by decline in fuel oil.

World Oil Demand - 2024/2025, mb/d	2024	Q1-25	Q2-25	Q3-25	Q4-25	2025	Y-o-Y Growth	% Chg.
Americas	25.28	24.74	25.43	25.70	25.53	25.35	0.08	0.31
of which US	20.57	20.12	20.70	20.73	20.89	20.61	0.04	0.21
Europe	13.44	13.19	13.59	13.70	13.35	13.46	0.02	0.12
Asia Pacific	7.34	7.81	6.98	7.10	7.50	7.35	0.01	0.14
Total OECD	46.06	45.74	46.01	46.51	46.38	46.16	0.11	0.23
China	16.90	16.78	17.15	17.63	17.68	17.31	0.41	2.43
India	5.57	5.88	5.88	5.61	5.82	5.80	0.23	4.09
Other Asia	9.61	9.98	10.07	9.82	9.81	9.92	0.31	3.24
Latin America	6.88	6.99	7.07	7.19	7.07	7.08	0.20	2.90
Middle East	8.93	9.14	9.00	9.74	9.35	9.31	0.38	4.28
Africa	4.56	4.76	4.47	4.52	4.93	4.67	0.11	2.47
Russia	3.94	3.95	3.85	4.05	4.12	3.99	0.05	1.37
Other Eurasia	1.22	1.32	1.27	1.12	1.31	1.25	0.03	2.58
Other Europe	0.80	0.83	0.79	0.78	0.85	0.81	0.01	1.40
Total Non-OECD	58.41	59.61	59.56	60.45	60.95	60.15	1.74	2.98
Total World	104.46	105.35	105.56	106.96	107.33	106.31	1.85	1.77

Source: OPEC Monthly Oil Market Report - April-2024

World Oil Supply

Non-OPEC oil supply (liquids production) growth forecast for 2024 was once again lowered by 0.1 tb/d by the OPEC in its latest report. Supply is now expected to grow by 1.0 mb/d and average at 70.4 mb/d, including 50 tb/d in processing gains. The downward revision mainly reflected lowered output expectations for the US, partially offset by small upward revision to supply forecast for the non-OECD regions. Crude oil production forecasts from the US EIA underwent a downgrade last month, but was raised slightly in the latest report. The agency now expects production to increase by 0.28 mb/d this year to reach 13.21 mb/d, a revision of 20 tb/d followed by an increase of 0.51 mb/d to 13.72 mb/d for 2025 after an upward revision of 25 tb/d. A report from Oilprice.com showed that exports of US crude oil has reached record levels as consumers of Russian

Non-OPEC Oil Supply - 2023/2024, mb/d	2023	Q1-24	Q2-24	Q3-24	Q4-24	2024	Y-o-Y Growth	% Chg.
Americas	28.70	28.88	29.10	29.44	29.94	29.34	0.64	2.22
of which US	20.90	20.87	21.24	21.44	21.81	21.34	0.44	2.12
Europe	3.65	3.69	3.74	3.72	3.90	3.76	0.11	2.99
Asia Pacific	0.44	0.45	0.42	0.43	0.42	0.43	(0.01)	(2.91)
Total OECD	32.80	33.02	33.26	33.59	34.25	33.53	0.73	2.24
China	4.52	4.60	4.59	4.46	4.46	4.53	0.01	0.24
India	0.77	0.78	0.79	0.79	0.78	0.78	0.01	1.32
Other Asia	2.28	2.29	2.24	2.22	2.22	2.24	(0.04)	(1.70)
Latin America	6.96	7.36	7.31	7.35	7.39	7.35	0.39	5.62
Middle East	3.27	3.20	3.23	3.27	3.27	3.24	(0.03)	(0.90)
Africa	2.42	2.45	2.40	2.42	2.45	2.43	0.01	0.49
Russia	10.93	10.83	10.44	10.85	10.87	10.75	(0.18)	(1.63)
Other Eurasia	2.93	2.93	2.91	2.99	3.01	2.96	0.03	1.12
Other Europe	0.10	0.10	0.10	0.10	0.10	0.10	0.00	(1.15)
Total Non-OECD	34.18	34.54	34.02	34.44	34.56	34.39	0.21	0.61
Total Non-OPEC Production	66.98	67.57	67.28	68.03	68.81	67.93	0.94	1.41
Processing gains	2.47	2.52	2.52	2.52	2.52	2.52	0.05	2.03
Total Non-OPEC Supply	69.45	70.09	69.8	70.55	71.33	70.44	0.99	1.43
OPEC NGLs and non-conventionals	5.41	-	-	-	-	5.58	0.17	3.14
OPEC Crude Oil Production	27.01	26.53	-	-	-	-	-	-
Total World Supply	101.87	-	-	-	-	-	-	-

Source: OPEC Monthly Oil Market Report - April-2024

and Venezuelan crude oil are now favoring US crude oil due to the sanctions while the crude oil. In addition, European customers are also shifting to US crude due to increased costs and time for crude oil coming through the Red Sea/Suez Canal route due to geopolitical issues. Reports have shown Asian buyers, especially India, shunning Russian crude oil tankers due to the sanctions over the last few months.

Supply growth forecast for 2025 was also lowered by 0.1 mb/d to a growth of 1.3 mb/d with non-OPEC supplies expected to average at 71.75 mb/d during the year. The downward revision once again reflected lowered output forecast for the US partially offset by a small upward revision to supply from Latin America.

Non-OPEC Oil Supply - 2024/2025, mb/d	2024	Q1-25	Q2-25	Q3-25	Q4-25	2025	Y-o-Y Growth	% Chg.
Americas	29.34	29.91	29.68	29.90	30.28	29.94	0.60	2.05
of which US	21.34	21.75	21.77	21.82	22.03	21.84	0.50	2.34
Europe	3.76	3.94	3.81	3.79	3.90	3.86	0.10	2.66
Asia Pacific	0.43	0.43	0.42	0.43	0.43	0.42	(0.01)	(1.81)
Total OECD	33.53	34.27	33.91	34.12	34.61	34.23	0.69	2.07
China	4.53	4.57	4.55	4.51	4.51	4.53	0.01	0.13
India	0.78	0.78	0.79	0.8	0.8	0.79	0.01	1.00
Other Asia	2.24	2.23	2.19	2.16	2.16	2.19	(0.06)	(2.62)
Latin America	7.35	7.51	7.55	7.63	7.77	7.62	0.26	3.58
Middle East	3.24	3.27	3.30	3.30	3.30	3.29	0.05	1.50
Africa	2.43	2.46	2.45	2.45	2.44	2.45	0.02	0.70
Russia	10.75	10.89	10.88	10.86	10.89	10.88	0.13	1.23
Other Eurasia	2.96	3.08	3.12	3.06	3.10	3.09	0.13	4.42
Other Europe	0.10	0.10	0.10	0.10	0.10	0.10	0.00	1.97
Total Non-OECD	34.39	34.88	34.93	34.88	35.08	34.94	0.55	1.60
Total Non-OPEC Production	67.93	69.15	68.84	68.99	69.68	69.17	1.24	1.83
Processing gains	2.52	2.58	2.58	2.58	2.58	2.58	0.06	2.38
Total Non-OPEC Supply	70.44	71.73	71.41	71.57	72.26	71.75	1.30	1.85

Source: OPEC Monthly Oil Market Report - April-2024

OPEC Oil Production & Spare Capacity

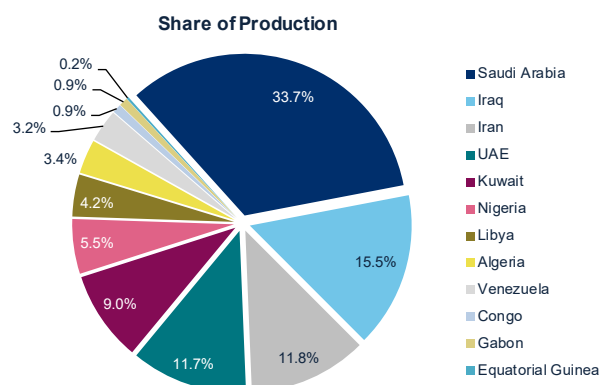
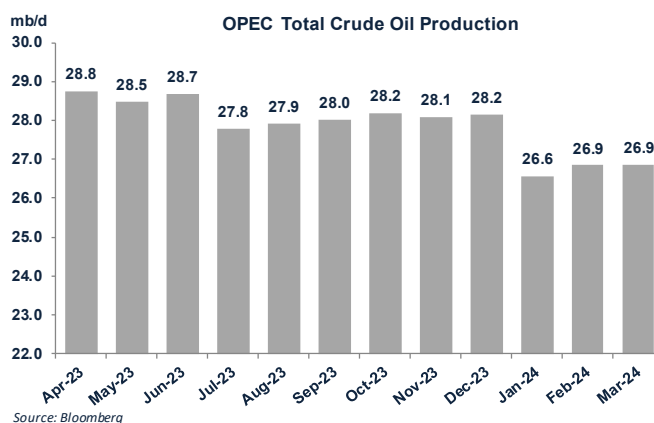
OPEC crude oil production remained flattish during March-2024 and averaged at 26.9 mb/d, according to production data from Bloomberg. OPEC secondary sources also showed flattish growth in total OPEC output that averaged at a slightly lower level of 26.6 mb/d. Country-level data on output showed higher production mainly in Iran, Saudi Arabia and Gabon that were almost fully offset by a sharp fall in production in Nigeria and Iraq. Oil production in Saudi Arabia averaged at slightly above the 9.0 mb/d mark after the country increased production by 30 tb/d (20 tb/d increase as per OPEC secondary sources). Similarly, production in Iran increased by 40 tb/d to reach an average production of 3.2 mb/d during the month, as per Bloomberg data. The decline in oil output in Iraq mainly reflected compliance to OPEC+ pledge while the fall in production in Nigeria came after the Dangote refinery took in more cargoes.

Production ('000 b/d)	Feb-24	Mar-24	Change		Capacity	Spare Capacity
Total OPEC-12	26,850	26,860	10	0.04%	33,440	6,580
Saudi Arabia	9,010	9,040	30	0.3%	12,000	2,960
Iraq	4,200	4,170	-30	-0.7%	4,800	630
Iran	3,140	3,180	40	1.3%	3,830	650
UAE	3,140	3,130	-10	-0.3%	4,650	1,520
Kuwait	2,430	2,430	0	0.0%	2,820	390
Nigeria	1,520	1,470	-50	-3.3%	1,600	130
Libya	1,140	1,130	-10	-0.9%	1,200	70
Algeria	910	910	0	0.0%	1,060	150
Venezuela	850	870	20	2.4%	840	-30
Congo	250	240	-10	-4.0%	300	60
Gabon	200	230	30	15.0%	220	-10
Equatorial Guinea	60	60	0	0.0%	120	60
Total OPEC-11	22,650	22,690	40	0.18%	28,640	5,950

Source: Bloomberg

In the latest OPEC+ meeting, the producers decided to maintain the existing production cuts despite elevated oil prices. Traders were expecting that the existing voluntary output curbs of 2.2 mb/d would be altered due to the prevailing oil prices, however, with the policy being unchanged, oil prices got further support, at least until June-2024 when the voluntary curbs are set to expire. In addition, producers that did not meet the required compliance implemented extra compensatory cuts that resulted in a fall in output. These compensatory cuts are expected to steepen in the near term as the aim is to comply with the agreement. For instance, Kazakhstan, which is a part of OPEC+ produced above its quota during March-2024 due to climate condition and heating season duration. The country has pledged to comply with its obligation and compensate for the overproduction. Similarly, the fall in production in Iraq during March-2024 came as part of the efforts to comply with the quotas and compensate for the over production in the previous months. Russia has also decided to shift to production as a base as against exports for calculating the cuts.

Meanwhile, the fall in output in Nigeria pushed output to the lowest since Aug-2023. The buildup of unsold cargoes in Nigeria increased due to the heavy refinery turnaround in Europe, in addition to competition from producers in the Mediterranean region. Output at the country's Bonga, Akpo and Bonny streams dropped to multi-month lows, while Agbami and Escravos output increased m-o-m.



Source: Bloomberg

Brent Crude Oil Price Forecast

Firm	As Of	Q1-24	Q2-24	Q3-24	Q4-24
Panmure Gordon & Co PLC	11/Apr/24	83.0	84.0	82.0	83.0
UBS Group AG	10/Apr/24	91.0	91.0	87.0	87.0
JPMorgan Chase & Co	8/Apr/24	84.0	84.0	85.0	82.0
Morgan Stanley	8/Apr/24	92.0	94.0	87.5	82.5
Barclays PLC	5/Apr/24	91.0	94.0	93.0	94.0
Westpac Banking Corp	5/Apr/24	88.0	87.0	82.0	79.0
Julius Baer	5/Apr/24	85.0	77.5	75.0	75.0
MUFG Bank	2/Apr/24	86.0	88.0	93.0	95.0
Citigroup Inc	29/Mar/24	78.0	74.0	70.0	
Kshitij Consultancy Services Pvt Ltd	29/Mar/24	89.0	84.0	98.5	101.0
Standard Chartered Bank	26/Mar/24	94.0	98.0	106.0	107.0
MPS Capital Services Banca per le Imprese SpA	26/Mar/24	86.0	82.0	82.0	
Bank of America Merrill Lynch	26/Mar/24	80.0	82.0	80.0	60.0
Market Risk Advisory Co Ltd	22/Mar/24	84.7	84.3	83.7	83.7
Rabobank	20/Mar/24	86.0	88.0	88.8	89.5
ING Groep NV	18/Mar/24	80.0	82.0	84.0	88.4
Societe Generale SA	15/Mar/24	81.0	79.0	77.0	
Commerzbank AG	15/Mar/24	85.0	90.0	90.0	95.0
Macquarie Group Ltd	14/Mar/24	83.0	83.0	74.0	
Intesa Sanpaolo SpA	11/Mar/24	78.0	81.0	80.0	79.0
BNP Paribas SA	7/Mar/24	80.0	85.0	83.0	79.0
Banco Santander SA	6/Mar/24	79.0	78.0	77.0	
Tradingeconomics.com	5/Mar/24	84.3	85.0	85.6	
HSBC Holdings PLC	4/Mar/24	85.0	80.0	80.0	76.5
Australia & New Zealand Banking Group Ltd	2/Feb/24	86.6	86.2	88.8	91.8
Deutsche Bank AG	1/Feb/24	83.0	88.0	88.0	83.0
Goldman Sachs Group Inc/The	1/Feb/24	83.0	83.0	81.0	80.0
Landesbank Baden-Wuerttemberg	16/Jan/24	80.0	75.0	75.0	70.0
Capital Economics Ltd	29/Dec/23	82.0	79.0	77.0	75.0
Emirates NBD PJSC	19/Dec/23	80.0	80.0	85.0	85.0
Australian Government	18/Dec/23				85.0
RBC	11/Dec/23	83.0	84.0	85.0	78.0
Global Risk Management A/S	1/Dec/23	82.5	87.5	87.5	
Rystad Energy Inc	1/Dec/23	82.5			
Natixis SA	23/Nov/23	85.0	87.0	84.0	83.0
Median		83.5	84.0	84.0	83.0
Mean		84.1	84.4	84.1	84.0
High		94.0	98.0	106.0	107.0
Low		78.0	74.0	70.0	60.0
Current Fwd		88.9	86.4	84.1	82.2
Difference (Median - Current)		-5.4	-2.4	-0.1	0.8

Source: Bloomberg

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