

## Oil Market Monthly Report

August-2021

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### Oil price gains face headwinds as Delta variant dents demand prospects...

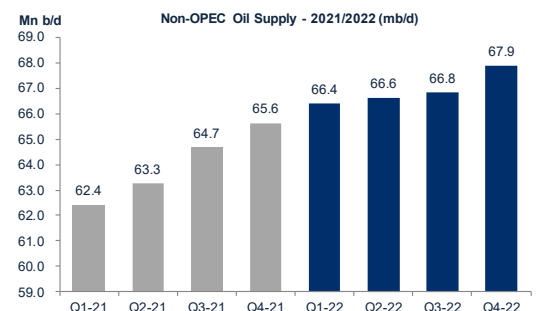
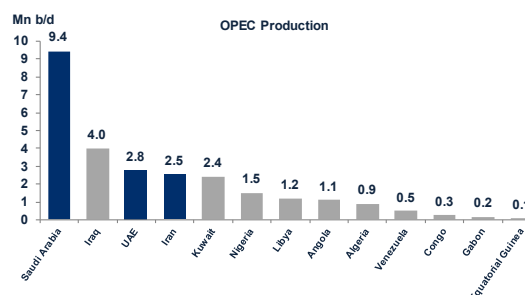
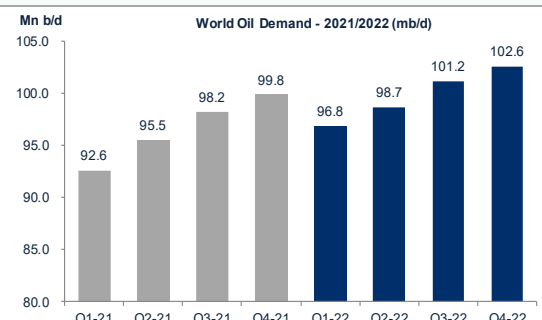
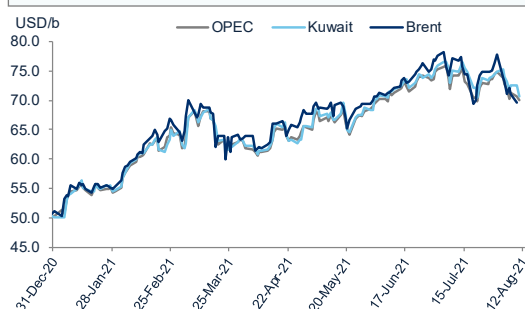
Crude oil prices remained under pressure since the start of August-2021 and traded within a tight range around the USD 70/b mark as the spread of the Delta variant of Covid-19 coronavirus led to lockdowns and restrictions in several countries globally. However, the declines were intermittently offset by news of higher expected demand in the US and Europe, weaker USD as well as expectations of continued constrained supply even outside of OPEC+, especially in the US.

The start of August-2021 saw restrictions being placed in China for the first time in more than a year after cases hit a 7-month high. With road traffic down in double digits, Chinese authorities worked aggressively to bring cases under control by announcing port shutdowns as well as city-wide testing for the coronavirus. The suspension of around 12.2% of scheduled flights in China affected demand for jet fuel. As per Bloomberg, the suspension would affect 0.13 mb/d of jet fuel demand in China, while the global demand for jet fuel remained 0.225 mb/d lower than normal. Stricter restrictions were also announced or mulled in Philippines, Australia, South Korea and Japan after witnessing a surge in daily coronavirus cases.

Nevertheless, despite the recent warning signs, the oil market continues to remain in backwardation indicating expectations of demand outpacing supplies in the near-term. On the oil demand front, road miles travelled in the US reached pre-pandemic levels during last week and remained elevated in line with recent levels. This was reflected in the fourth straight week of decline in gasoline inventories in the US. In its monthly report, the EIA said that the job growth in the US and increasing mobility has resulted in higher gasoline consumption in the country, although the yearly consumption is expected to remain below 2019 levels during 2021 as well as in 2022. The approval of the USD 1 Trillion infrastructure bill in the US and steps towards complementing this with a USD 3.5 Trillion spending plan, added to the promising demand expectation from the US.

Meanwhile, oil demand in China could decline by 5% in the short term due to the virus, according to a research from China's CNPC. The IEA, in its latest monthly report, also viewed that oil demand growth in China could slump during Q3-2021 from 1 mb/d y-o-y growth in Q2-2021 to around 270 tb/d y-o-y growth in Q3-2021. The agency also predicted a y-o-y decline in demand in Indonesia and Malaysia during Q3-2021.

In a significant move on the supply front, the US once again urged the OPEC countries to increase output by reversing the cuts to reign in prices. A number of other comments and steps by the US administration were aimed at controlling the price rise. More importantly, the move also highlighted that US may not increase production at a pace seen before the pandemic as the administration has not called upon US producers to increase production.



Sources : OPEC, EIA, Bloomberg

**Junaid Ansari**

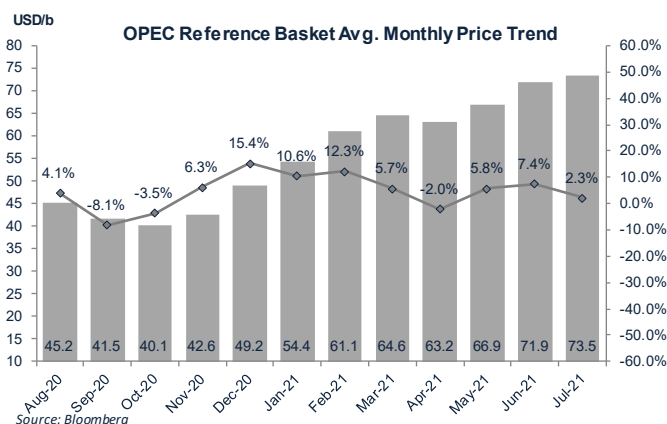
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## Oil Prices

Oil market witnessed the biggest weekly decline since October-2020 for the week ended 6-August-2021 after demand expectations came under pressure due to the rising Covid-19 cases globally. Restrictions and lockdowns were implemented in a number of countries that mainly affected demand for jet fuel and gasoline. This was evident from world PMI that reached a four-month low during July-2021 reflecting softening manufacturing activity growth across key countries. Crude oil traded around the USD 70/b mark after witnessing consistent declines since the start of August-2021. Prices briefly dipped below USD 70/b but soon recovered after data showed continued strong demand in the US and recovery in the Europe partially offset by weakening economic trends especially in Southeast Asia. Geopolitical issues in the Middle East also lent an underlying support to oil prices.



The latest weekly inventory report from the EIA showed a decline in US commercial crude stocks by 0.45 million barrels during the week ended 6-August-2021 marking 10 weeks of declines in the last 12 weeks. The decline also reflected higher refinery utilization in the US that reached 91.8% as gasoline demand remained strong with the corresponding inventory declining by 1.4 million barrels. Gasoline stocks in the US reached the lowest since November-2020 and 3.7% below the five year average, according to a report from Platts. Oil production in the US increased by 0.1 mb/d during the week ended 6-August-2021 to average at 11.3 mb/d, however, drillers continue to show restraint in terms of investment in new exploration. This can be seen from the slow and gradual increase in oil rig count in the US that reached 397 oil rigs last week.

Crude oil benchmarks averaged above the USD 70/b mark in July-2021 and reached almost 3-year high levels. Brent crude oil basket monthly average increased by 2.8% to reach USD 75.0/b during July-2021, the highest since October-2018, after seeing three consecutive months of increase. The increase in OPEC crude and Kuwait crude grades was almost similar at 2.3% and 1.7% to average at USD 73.53/b and USD 73.8/b, respectively for the two crude oil grades.

| Average Crude Oil Prices, USD/b | Jun-2021    | Jul-2021    | Change (USD) | Avg 2020    | Avg 2021    |
|---------------------------------|-------------|-------------|--------------|-------------|-------------|
| <b>OPEC Reference Basket</b>    | <b>71.9</b> | <b>73.5</b> | <b>1.6</b>   | <b>39.9</b> | <b>65.3</b> |
| Arab Light                      | 72.8        | 74.2        | 1.4          | 40.4        | 65.9        |
| Basrah Light                    | 71.8        | 73.4        | 1.6          | 39.5        | 65.5        |
| Bonny Light                     | 72.2        | 75.4        | 3.2          | 40.2        | 66.2        |
| Djeno                           | 65.5        | 67.5        | 2.0          | 35.5        | 59.0        |
| Es Sider                        | 71.0        | 73.6        | 2.6          | 38.8        | 64.5        |
| Girassol                        | 73.5        | 75.5        | 2.0          | 41.2        | 66.8        |
| Iran Heavy                      | 71.7        | 73.0        | 1.3          | 38.5        | 65.0        |
| <b>Kuwait Export</b>            | <b>72.5</b> | <b>73.8</b> | <b>1.3</b>   | <b>39.7</b> | <b>65.7</b> |
| Merey                           | 53.5        | 54.5        | 1.0          | 26.9        | 47.3        |
| Murban                          | 72.3        | 73.6        | 1.3          | 42.1        | 65.4        |
| Rabi                            | 72.5        | 74.5        | 2.0          | 38.4        | 65.9        |
| Saharan Blend                   | 72.3        | 75.3        | 3.0          | 40.9        | 66.3        |
| Zafiro                          | 73.5        | 75.7        | 2.2          | 39.8        | 66.8        |
| <b>Other Crudes</b>             |             |             |              |             |             |
| Brent                           | 73.0        | 75.0        | 2.0          | 40.3        | 66.4        |
| Dubai                           | 71.5        | 72.8        | 1.3          | 41.2        | 65.0        |
| Isthmus                         | 68.6        | 69.6        | 1.0          | 33.5        | 62.5        |
| LLS                             | 72.9        | 73.2        | 0.3          | 39.7        | 65.5        |
| Mars                            | 70.6        | 70.6        | 0.0          | 38.2        | 63.5        |
| Minas                           | 71.1        | 72.2        | 1.1          | 40.3        | 64.3        |
| Urals                           | 71.6        | 73.1        | 1.5          | 40.3        | 65.3        |
| WTI                             | 71.4        | 72.6        | 1.2          | 37.6        | 63.7        |
| <b>Differentials</b>            |             |             |              |             |             |
| Brent/WTI                       | 1.6         | 2.4         | 0.8          | 2.8         | 2.7         |
| Brent/LLS                       | 0.1         | 1.8         | 1.8          | 0.6         | 0.9         |
| Brent/Dubai                     | 1.5         | 2.2         | 0.7          | (0.9)       | 1.4         |

Source: OPEC Monthly Oil Market Report - August-2021

## World Oil Demand

OPEC kept its world oil demand growth forecast unchanged for 2021 at a growth of 6 mb/d to average at 96.6 mb/d but raised its expectations of economic growth, especially for non-oil-intensive sectors during the year. That said, there were revisions made to demand estimates for Q1-2021 that turned out to be lower-than-expected at 92.61 mb/d vs. 92.81 mb/d in its previous forecast mainly in the OECD Americas region. Demand during the quarter was affected by lower-than-expected demand for gasoline due to Covid-19 restrictions. This downward revision was offset by an equivalent upward revision to demand estimates for Q2-2021 mainly in the non-OECD countries, which is now estimated at 95.51 mb/d vs. 95.31 mb/d expected previously. As a result, demand in the OECD region is expected to increase by 2.58 mb/d in 2021, 0.1 mb/d less than previous forecast, to reach 44.64 mb/d. A slower-than-expected demand recovery in several OECD Asia Pacific countries is also

| World Oil Demand - 2020/2021, mb/d | 2020         | Q1-21        | Q2-21        | Q3-21        | Q4-21        | 2021         | Y-o-Y Growth | % Chg.      |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
| Americas                           | 22.56        | 22.89        | 24.73        | 24.84        | 24.75        | 24.31        | 1.75         | 7.77        |
| of which US                        | 18.44        | 18.79        | 20.11        | 20.34        | 20.45        | 19.93        | 1.49         | 8.06        |
| Europe                             | 12.43        | 11.89        | 12.72        | 13.61        | 13.70        | 12.99        | 0.56         | 4.51        |
| Asia Pacific                       | 7.07         | 7.61         | 7.07         | 7.16         | 7.51         | 7.34         | 0.27         | 3.81        |
| <b>Total OECD</b>                  | <b>42.06</b> | <b>42.38</b> | <b>44.52</b> | <b>45.61</b> | <b>45.97</b> | <b>44.64</b> | <b>2.58</b>  | <b>6.14</b> |
| China                              | 13.19        | 12.95        | 14.27        | 14.93        | 15.05        | 14.30        | 1.11         | 8.43        |
| India                              | 4.51         | 4.94         | 4.42         | 4.91         | 5.61         | 4.97         | 0.46         | 10.27       |
| Other Asia                         | 8.13         | 8.36         | 8.98         | 8.54         | 8.59         | 8.62         | 0.49         | 5.99        |
| Latin America                      | 6.01         | 6.15         | 6.16         | 6.46         | 6.40         | 6.29         | 0.28         | 4.68        |
| Middle East                        | 7.55         | 7.95         | 7.77         | 8.24         | 7.97         | 7.99         | 0.44         | 5.84        |
| Africa                             | 4.08         | 4.39         | 4.06         | 4.16         | 4.48         | 4.27         | 0.19         | 4.64        |
| Eurasia                            | 3.37         | 3.57         | 3.42         | 3.57         | 3.74         | 3.57         | 0.21         | 6.14        |
| of which Russia                    | 1.07         | 1.18         | 1.24         | 1.14         | 1.28         | 1.21         | 0.14         | 12.59       |
| of which other Eurasia             | 0.65         | 0.73         | 0.67         | 0.68         | 0.74         | 0.70         | 0.06         | 8.89        |
| <b>Total Non-OECD</b>              | <b>48.56</b> | <b>50.23</b> | <b>50.99</b> | <b>52.62</b> | <b>53.85</b> | <b>51.93</b> | <b>3.37</b>  | <b>6.94</b> |
| <b>Total World</b>                 | <b>90.62</b> | <b>92.61</b> | <b>95.51</b> | <b>98.23</b> | <b>99.82</b> | <b>96.57</b> | <b>5.95</b>  | <b>6.57</b> |

Source: OPEC Monthly Oil Market Report - August-2021

expected to affect the demand for transportation fuels in 2021. The demand in non-OECD countries was revised upwards by 0.1 mb/d to an expected increase of 3.4 mb/d to average at 51.9 mb/d for the year. The revision reflected better-than-expected industrial fuel demand in the Middle East and Africa region partially offset by a lower mobility-led decline in demand from India during the quarter. Recent trends have shown that the resurgence of Delta variant of Covid-19 coronavirus has affected demand for Middle Eastern crude, especially from Asian buyers. The IEA also lowered its estimates for demand growth in the OECD Asia Oceania region. The agency expects demand in this region to increase by 170 tb/d y-o-y in Q3-2021, the lowest increase for all the OECD regions. For India, demand is expected to increase by 310 tb/d in 2021 after mobility and economic activity picked up in July-2021, according to IEA. The agency estimates that the resurgence of covid-19 has affected demand by 120 tb/d in July-2021 and would be 0.5 mb/d less than its last month's forecast during 2H-2021.

Demand forecast for 2022 was also kept unchanged with a growth of 3.3 mb/d to average at 99.86 mb/d during the year. The OPEC expects stimulus packages announced by several countries to support oil demand growth next year in addition to vaccinations.

| World Oil Demand - 2021/2022, mb/d | 2021         | Q1-22        | Q2-22        | Q3-22         | Q4-22         | 2022         | Y-o-Y Growth | % Chg.      |
|------------------------------------|--------------|--------------|--------------|---------------|---------------|--------------|--------------|-------------|
| Americas                           | 24.31        | 24.12        | 25.64        | 25.72         | 25.55         | 25.27        | 0.95         | 3.93        |
| of which US                        | 19.93        | 19.85        | 20.89        | 21.11         | 21.17         | 20.76        | 0.83         | 4.17        |
| Europe                             | 12.99        | 12.38        | 13.14        | 14.01         | 14.03         | 13.40        | 0.41         | 3.17        |
| Asia Pacific                       | 7.34         | 7.85         | 7.26         | 7.29          | 7.62          | 7.51         | 0.17         | 2.28        |
| <b>Total OECD</b>                  | <b>44.64</b> | <b>44.36</b> | <b>46.03</b> | <b>47.02</b>  | <b>47.21</b>  | <b>46.17</b> | <b>1.53</b>  | <b>3.43</b> |
| China                              | 14.30        | 13.50        | 14.75        | 15.32         | 15.44         | 14.76        | 0.45         | 3.16        |
| India                              | 4.97         | 5.28         | 4.65         | 5.14          | 5.88          | 5.24         | 0.27         | 5.35        |
| Other Asia                         | 8.62         | 8.78         | 9.29         | 8.82          | 8.86          | 8.94         | 0.32         | 3.71        |
| Latin America                      | 6.29         | 6.39         | 6.34         | 6.61          | 6.56          | 6.48         | 0.18         | 2.89        |
| Middle East                        | 7.99         | 8.29         | 8.01         | 8.49          | 8.20          | 8.25         | 0.26         | 3.31        |
| Africa                             | 4.27         | 4.57         | 4.19         | 4.28          | 4.61          | 4.41         | 0.14         | 3.27        |
| Eurasia                            | 3.57         | 3.67         | 3.47         | 3.62          | 3.79          | 3.64         | 0.07         | 1.83        |
| of which Russia                    | 1.21         | 1.25         | 1.28         | 1.17          | 1.32          | 1.25         | 0.05         | 3.72        |
| of which other Eurasia             | 0.70         | 0.75         | 0.68         | 0.69          | 0.76          | 0.72         | 0.02         | 2.34        |
| <b>Total "Other Regions"</b>       | <b>51.93</b> | <b>52.48</b> | <b>52.67</b> | <b>54.15</b>  | <b>55.41</b>  | <b>53.68</b> | <b>1.75</b>  | <b>3.37</b> |
| <b>Total World</b>                 | <b>96.57</b> | <b>96.83</b> | <b>98.71</b> | <b>101.17</b> | <b>102.62</b> | <b>99.86</b> | <b>3.28</b>  | <b>3.40</b> |

Source: OPEC Monthly Oil Market Report - August-2021

## World Oil Supply

World liquids production is estimated to have increased by 0.97 mb/d or approximately 1.0% during July-2021 to average at 95.69 mb/d. The increase reflected an increase in output mainly from OPEC producers further supported by higher production by non-OPEC producers. The latter increased production by 0.33 mb/d to an average of 69.03 mb/d led by higher production from OECD countries and a marginal increase in output by non-OECD producers. OPEC increased production by 0.64 mb/d to an average of 26.7 mb/d, resulting in a growth in its market share that reached 27.9%.

Non-OPEC liquids supply growth expectations was raised by 0.27 mb/d for 2021 to a growth of 1.09 mb/d and supply is now expected to average at 64.0 mb/d during the year. The increase mainly reflected the updated production targets and quotas

| Non-OPEC Oil Supply - 2020/2021, mb/d  | 2020         | Q1-21        | Q2-21        | Q3-21        | Q4-21        | 2021         | Y-o-Y Growth | % Chg.      |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
| Americas                               | 24.68        | 24.10        | 25.08        | 25.55        | 25.86        | 25.15        | 0.47         | 1.90        |
| of which US                            | 17.59        | 16.63        | 17.82        | 18.09        | 18.29        | 17.71        | 0.12         | 0.69        |
| Europe                                 | 3.90         | 3.95         | 3.61         | 4.03         | 4.10         | 3.92         | 0.02         | 0.59        |
| Asia Pacific                           | 0.53         | 0.51         | 0.51         | 0.55         | 0.55         | 0.53         | 0.00         | (0.22)      |
| <b>Total OECD</b>                      | <b>29.12</b> | <b>28.56</b> | <b>29.20</b> | <b>30.13</b> | <b>30.51</b> | <b>29.61</b> | <b>0.49</b>  | <b>1.68</b> |
| China                                  | 4.12         | 4.25         | 4.28         | 4.23         | 4.20         | 4.24         | 0.12         | 2.99        |
| India                                  | 0.77         | 0.76         | 0.75         | 0.75         | 0.74         | 0.75         | (0.01)       | (1.78)      |
| Other Asia                             | 2.51         | 2.51         | 2.44         | 2.53         | 2.56         | 2.51         | 0.00         | 0.16        |
| Latin America                          | 6.04         | 5.94         | 5.98         | 6.30         | 6.50         | 6.18         | 0.14         | 2.31        |
| Middle East                            | 3.18         | 3.19         | 3.21         | 3.24         | 3.28         | 3.23         | 0.06         | 1.73        |
| Africa                                 | 1.41         | 1.38         | 1.37         | 1.34         | 1.33         | 1.35         | (0.06)       | (4.30)      |
| Eurasia                                | 10.59        | 10.47        | 10.74        | 10.8         | 11.11        | 10.78        | 0.19         | 1.80        |
| of which Russia                        | 2.91         | 2.96         | 2.89         | 2.95         | 3.01         | 2.95         | 0.04         | 1.28        |
| of which other Eurasia                 | 0.11         | 0.11         | 0.11         | 0.10         | 0.10         | 0.11         | (0.01)       | (6.58)      |
| <b>Total Non-OECD</b>                  | <b>31.64</b> | <b>31.57</b> | <b>31.77</b> | <b>32.25</b> | <b>32.84</b> | <b>32.11</b> | <b>0.47</b>  | <b>1.48</b> |
| <b>Total Non-OPEC Production</b>       | <b>60.76</b> | <b>60.13</b> | <b>60.97</b> | <b>62.38</b> | <b>63.35</b> | <b>61.72</b> | <b>0.96</b>  | <b>1.58</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>62.91</b> | <b>62.41</b> | <b>63.25</b> | <b>64.66</b> | <b>65.63</b> | <b>64</b>    | <b>1.09</b>  | <b>1.73</b> |
| <b>OPEC NGLs and non-conventionals</b> | <b>5.05</b>  | -            | -            | -            | -            | <b>5.17</b>  | <b>0.12</b>  | <b>2.38</b> |
| <b>OPEC Crude Oil Production</b>       | <b>25.64</b> | <b>25.15</b> | <b>25.52</b> | -            | -            | -            |              |             |
| <b>Total World Supply</b>              | <b>93.60</b> | -            | -            | -            | -            | -            |              |             |

Source: OPEC Monthly Oil Market Report - August-2021

for the non-OPEC producers that are a part of the OPEC+ pact (mainly Russia), in addition to higher expected production from Canada (+0.33 mb/d), China (+0.12 mb/d), US (+0.12 mb/d) and Norway (+0.1 mb/d) partially offset by lower expected output from the UK (-0.1 mb/d). The OPEC report highlighted the excess free cash flow with drillers in the US that has resulted in higher number of drilled rigs and increasing fracking activity. Supply growth estimate for 2022 was also upgraded by 0.84 mb/d to a growth of 2.94 mb/d and production is expected to average at 66.94 mb/d during the year. The biggest revision was made to supply forecast from Russia by 1 mb/d while that of its other OPEC+ member, Kazakhstan, was raised by 0.12 mb/d. Supply forecast for the US, Brazil, Norway, and Canada were also upgraded.

| Non-OPEC Oil Supply - 2021/2022, mb/d | 2021         | Q1-22        | Q2-22        | Q3-22        | Q4-22        | 2022         | Y-o-Y Growth | % Chg.      |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
| Americas                              | 25.15        | 25.88        | 26.00        | 26.09        | 26.50        | 26.12        | 0.97         | 3.85        |
| of which US                           | 17.71        | 18.23        | 18.56        | 18.42        | 18.76        | 18.49        | 0.78         | 4.41        |
| Europe                                | 3.92         | 4.12         | 4.01         | 4.07         | 4.39         | 4.15         | 0.23         | 5.81        |
| Asia Pacific                          | 0.53         | 0.57         | 0.57         | 0.56         | 0.56         | 0.57         | 0.03         | 6.50        |
| <b>Total OECD</b>                     | <b>29.61</b> | <b>30.57</b> | <b>30.58</b> | <b>30.73</b> | <b>31.46</b> | <b>30.84</b> | <b>1.23</b>  | <b>4.16</b> |
| China                                 | 4.24         | 4.24         | 4.24         | 4.28         | 4.36         | 4.28         | 0.04         | 1.02        |
| India                                 | 0.75         | 0.77         | 0.79         | 0.82         | 0.84         | 0.81         | 0.05         | 6.90        |
| Other Asia                            | 2.51         | 2.56         | 2.51         | 2.48         | 2.46         | 2.5          | (0.01)       | (0.41)      |
| Latin America                         | 6.18         | 6.54         | 6.48         | 6.42         | 6.63         | 6.52         | 0.33         | 5.41        |
| Middle East                           | 3.23         | 3.31         | 3.32         | 3.33         | 3.33         | 3.32         | 0.09         | 2.80        |
| Africa                                | 1.35         | 1.30         | 1.28         | 1.25         | 1.22         | 1.26         | (0.09)       | (6.69)      |
| Eurasia                               | 10.78        | 11.51        | 11.83        | 11.88        | 11.88        | 11.78        | 1.00         | 9.24        |
| of which Russia                       | 2.95         | 3.09         | 3.11         | 3.15         | 3.22         | 3.14         | 0.19         | 6.44        |
| of which other Eurasia                | 0.11         | 0.10         | 0.10         | 0.10         | 0.09         | 0.10         | (0.01)       | (7.35)      |
| <b>Total "Other regions"</b>          | <b>32.11</b> | <b>33.42</b> | <b>33.65</b> | <b>33.71</b> | <b>34.04</b> | <b>33.71</b> | <b>1.60</b>  | <b>4.98</b> |
| <b>Total Non-OPEC Production</b>      | <b>61.72</b> | <b>64</b>    | <b>64.24</b> | <b>64.44</b> | <b>65.5</b>  | <b>64.55</b> | <b>2.83</b>  | <b>4.59</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>64.00</b> | <b>66.39</b> | <b>66.63</b> | <b>66.83</b> | <b>67.89</b> | <b>66.94</b> | <b>2.94</b>  | <b>4.60</b> |

Source: OPEC Monthly Oil Market Report - August-2021

## OPEC Oil Production & Spare Capacity

Crude oil production changes by OPEC producers remained mixed during July-2021, although the aggregate production for the group continued to show growth. Production was up for the third consecutive month and showed an increase of 0.42 mb/d to average at 26.82 mb/d in July-2021, according to data from Bloomberg. OPEC secondary source showed a higher production growth of 637 tb/d during the month to an average of 26.66 mb/d. Saudi Arabia showed the biggest monthly increase in production as it continued to unwind its voluntary cuts for the final month in July-2021. The Kingdom increased production by 0.5 mb/d during the month and produced at 9.4 mb/d. Production changes for the rest of the OPEC producers were marginal during the month. Notable changes included Nigeria and Venezuela that lowered production by 50 tb/d each while Iraq, Iran and Kuwait raised production by 30 tb/d each.

| Production ('000 b/d) | Jun-21        | Jul-21        | Change     |              | Capacity      | Spare Capacity |
|-----------------------|---------------|---------------|------------|--------------|---------------|----------------|
| <b>Total OPEC-13</b>  | <b>26,400</b> | <b>26,820</b> | <b>420</b> | <b>1.59%</b> | <b>34,535</b> | <b>7,715</b>   |
| <b>Saudi Arabia</b>   | 8,950         | 9,430         | 480        | 5.4%         | 11,500        | 2,070          |
| Iraq                  | 3,940         | 3,970         | 30         | 0.8%         | 4,800         | 830            |
| <b>UAE</b>            | 2,740         | 2,750         | 10         | 0.4%         | 4,200         | 1,450          |
| Iran                  | 2,490         | 2,520         | 30         | 1.2%         | 3,830         | 1,310          |
| <b>Kuwait</b>         | 2,380         | 2,410         | 30         | 1.3%         | 3,075         | 665            |
| Nigeria               | 1,570         | 1,520         | -50        | -3.2%        | 2,000         | 480            |
| Libya                 | 1,170         | 1,170         | 0          | 0.0%         | 1,300         | 130            |
| Angola                | 1,120         | 1,110         | -10        | -0.9%        | 1,450         | 340            |
| Algeria               | 900           | 910           | 10         | 1.1%         | 1,080         | 170            |
| Venezuela             | 540           | 490           | -50        | -9.3%        | 600           | 110            |
| Congo                 | 280           | 270           | -10        | -3.6%        | 330           | 60             |
| Gabon                 | 200           | 170           | -30        | -15.0%       | 220           | 50             |
| Equatorial Guinea     | 120           | 100           | -20        | -16.7%       | 150           | 50             |
| <b>Total OPEC-12</b>  | <b>22,460</b> | <b>22,850</b> | <b>390</b> | <b>1.74%</b> | <b>29,735</b> | <b>6,885</b>   |

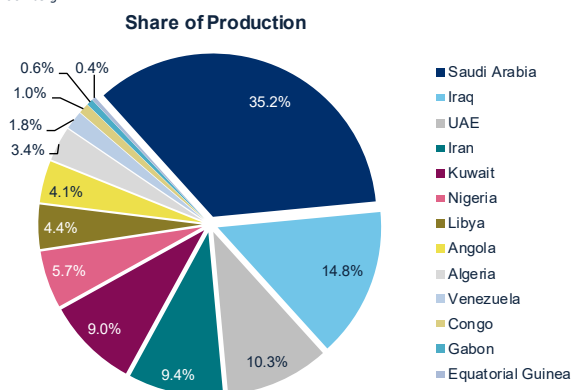
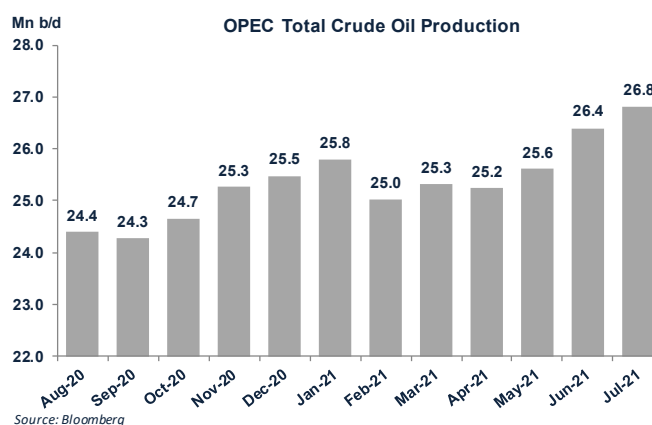
Source: Bloomberg, OPEC

After the increase in production during July-2021, the spare capacity with OPEC producers stood at 7.7 mb/d. Saudi Arabia continued to boast the biggest spare capacity of 2.1 mb/d followed by UAE and Iran at 1.45 mb/d and 1.31 mb/d, respectively.

Oil production in Iran averaged at 2.5 mb/d after seeing marginal increase in production over the last three months. Crude exports from the producer witnessed a steep decline due to the sanctions and according to reports, the recent geopolitical issues in the region would further delay the restoration of production and exports from Iran.

Oil production in Libya remained unchanged during the month at 1.2 mb/d, however, the country's NOC recently reported that a pipeline leak has affected production by around 60-70 tb/d. Nigeria, on the other hand, reported a decline in production also led by pipeline issues.

In terms of new investments, recent reports have suggested caution from a number of countries in making new investments, including the US, and drillers focus on returns to shareholders amid capital discipline. On the other hand, Saudi Arabia's Aramco recently announced plans to increase production by 550 tb/d by 2025 by making new investments and offset the under investment in new oil facilities elsewhere. Libya also announced plans to raise production to 1.6 mb/d by mid-2022, provided availability of necessary funding.



Source: Bloomberg

## Brent Crude Oil Price Forecast

| Firm  | As Of     | Q3 21       | Q4 21       | Q1 22       | Q2 22       |
|---|-----------|-------------|-------------|-------------|-------------|
| Westpac Banking Corp                          | 9/Aug/21  | 72.9        | 70.7        | 68.0        | 65.7        |
| Deutsche Bank AG                              | 29/Jul/21 | 72.0        | 72.0        | 70.0        | 60.0        |
| Banco Santander SA                            | 28/Jul/21 | 69.0        | 64.9        | 63.0        | 62.0        |
| Commerzbank AG                                | 23/Jul/21 | 75.0        | 75.0        | 70.0        | 70.0        |
| Capital Economics Ltd                         | 20/Jul/21 | 75.0        | 72.5        | 69.0        | 66.5        |
| MUFG Bank                                     | 1/Jul/21  | 73.9        | 69.5        | 58.4        | 60.7        |
| Market Risk Advisory Co Ltd                   | 1/Jul/21  | 74.0        | 70.0        | 68.0        | 66.0        |
| Emirates NBD PJSC                             | 23/Jun/21 | 70.0        | 70.0        | 70.0        | 70.0        |
| Natixis SA                                    | 16/Jun/21 | 72.0        | 70.0        | 70.0        | 74.0        |
| Intesa Sanpaolo SpA                           | 14/Jun/21 | 72.0        | 73.0        | 74.0        | 75.0        |
| Landesbank Baden-Wuerttemberg                 | 4/Jun/21  | 65.0        | 70.0        | 70.0        | 70.0        |
| Rabobank International                        | 29/Apr/21 | 71.2        | 71.3        | 71.7        | 72.3        |
| Jefferies LLC                                 | 13/Apr/21 | 53.0        | 55.0        |             |             |
| Toronto-Dominion Bank/Toronto                 | 30/Mar/21 | 63.0        | 63.0        | 65.0        | 65.0        |
| Barclays PLC                                  | 22/Mar/21 | 67.0        | 71.0        | 73.0        | 67.0        |
| HSBC Holdings PLC                             | 19/Mar/21 | 70.0        | 65.0        |             |             |
| CIMB  | 12/Mar/21 | 68.0        | 65.0        | 63.0        |             |
| ABN AMRO Bank NV                              | 5/Mar/21  | 63.0        | 61.0        | 59.0        | 59.0        |
| MPS Capital Services Banca per le Imprese SpA | 26/Feb/21 | 62.0        | 64.0        |             |             |
| <b>Median</b>                                 |           | <b>70.0</b> | <b>70.0</b> | <b>69.5</b> | <b>66.5</b> |
| <b>Mean</b>                                   |           | <b>68.8</b> | <b>68.0</b> | <b>67.6</b> | <b>66.9</b> |
| <b>High</b>                                   |           | <b>75.0</b> | <b>75.0</b> | <b>74.0</b> | <b>75.0</b> |
| <b>Low</b>                                    |           | <b>53.0</b> | <b>55.0</b> | <b>58.4</b> | <b>59.0</b> |
| <b>Current Fwd</b>                            |           | <b>72.9</b> | <b>70.1</b> | <b>68.9</b> | <b>67.9</b> |
| <b>Difference (Median - Current)</b>          |           | <b>-2.9</b> | <b>-0.1</b> | <b>0.6</b>  | <b>-1.4</b> |

Source: Bloomberg



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