

Oil Market Monthly Report

November-2024

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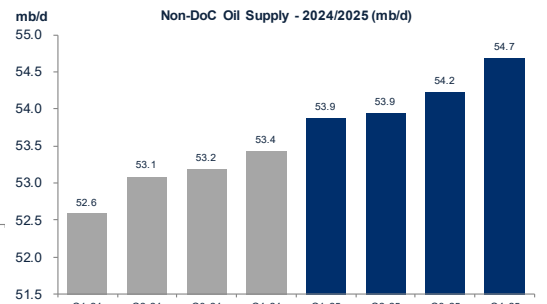
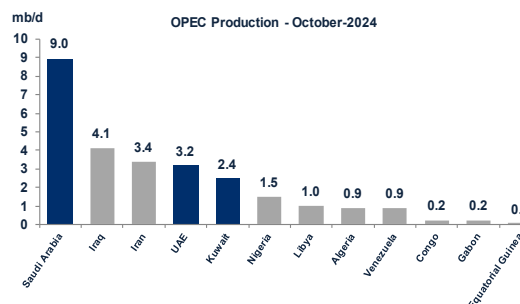
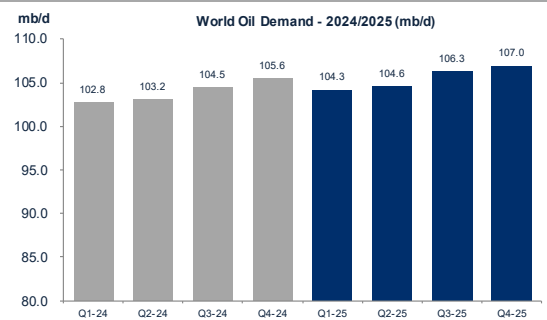
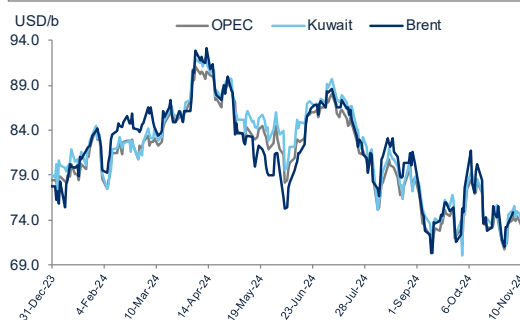
Oil slides on strong dollar and weak demand signals from China...

Crude oil traded at around the USD 72/b mark after sliding from a recent peak of around USD 76/b mainly led by a strong greenback and mixed demand signals from China, that mostly pointed to continued subdued demand in the near term. Meanwhile, the change in government in the US has led to talks of higher oil output coming from the US. On the other hand, the shut-ins of oil and natural gas production units in the Gulf of Mexico due to tropical storm Rafael, only provided temporary support to oil prices. The storm affected 449.5 tb/d of crude oil output, equivalent to 25.7% of the production in the region, according to a BSEE statement quoted by Bloomberg. Expectations of colder winter over the next few weeks in Europe also supported prices.

Meanwhile, indications from the post-US election policies showed relatively stronger economic growth in the US led by the new proposed policies of the Trump government including pledges to cut taxes and impose trade tariffs. As a result, interest rates are expected to remain higher for longer and inflation is estimated to come in at hotter-than-expected. **This resulted in a rally in USD that traded at the highest level in four months against a basket of currencies. A stronger USD makes oil costly for importers and thus affects demand.**

On the demand front, China unveiled a USD 1.4 Trillion economic rescue plan that was mostly focused on the much-needed restructuring of local government debt. The announcement came as disappointment for commodity market watchers that were looking for measures to boost consumption and demand in the local market. However, economists are also speculating that the Chinese government may keep buffers and delay unleashing any stimulus measures in order to respond to a potential trade war when the new US government takes office next year. The Chinese finance minister also promised more forceful fiscal policy next year in order to respond to the new international trade policies of the new US government. Analysts expect China to adopt greater stimulus, strengthen manufacturing and may even allow the Chinese Yuan to depreciate to offset the negative effects of expected US policies on the Chinese economy.

On the supply front, oil production in the US reached a new record high of 13.5 mb/d and stayed elevated over the last four weeks. The increase came despite subdued oil rig count in the US that remained well below pre-pandemic levels. A recent statement from the CFO of Diamondback Energy that the rise in US shale output could be detrimental to the industry as producers fail to keep an eye on cash flows. On the other hand, oil production by OPEC producers showed a strong growth during October-2024 mainly led by recovery in oil production in Libya by around 500 tb/d as compared to the previous month, coupled with growth in output in Nigeria that more than offset lower output from most other producers in the group.



Sources : OPEC, EIA, Bloomberg

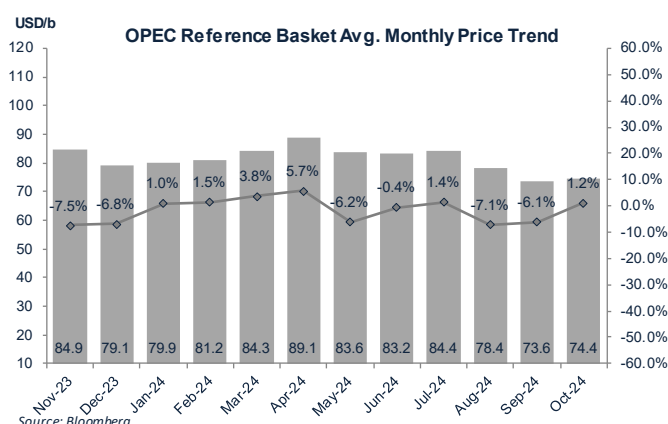
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Oil Prices

Crude oil prices remained volatile over the last few weeks, especially after the attacks on Iran. The muted response that avoided key oil facilities resulted in a fall in prices by over 6% on 28-October-2024 as the risk premium related to disruption in oil supplies was significantly lower after the latest attacks. However, a decline in US crude oil and gasoline inventories raised optimism over strong demand in the US. This supported prices towards the end of last month. Moreover, reports of retaliatory attacks by Iran also added support to crude oil prices. Moreover, the OPEC+ decision to delay unwinding of output cuts until next year also supported prices.

Brent crude oil futures peaked at over USD 76/b during the first week of November-2024, but prices receded during the second week to go below USD 72/b on 11-November-2024. The strong USD was one of the key reasons for the fall in prices over the last one week while the production outages due to Tropical Storm Rafael added some support. Investors also eyed new oil production policies in the US after the formation of the new government. A recent report showed that the API is pushing the new government to boost offshore crude lease sales including a new five-year offshore oil and gas leasing program and repeal restrictive onshore leasing rules on federal lands.

In terms of monthly price trend, prices of almost all crude grades reported marginal gains during October-2024 led by elevated prices especially at the start of the month. Average spot Brent crude oil price was up by 1.8% to reach USD 75.6/b during October-2024 as compared to an average of USD 74.3/b during September-2024. On the other hand, OPEC reference basket price gained 1.2% to reach USD 74.5/b while Kuwait export grade crude prices were flattish as compared to last month at USD 74.9/b during October-2024. Meanwhile, the consensus estimate for Brent crude once again showed downward revision for prices over the next six quarters. The consensus forecast for Q4-2024 was lowered by USD 1.5/b to USD 77.0/b, according to data from Bloomberg.



Average Crude Oil Prices, USD/b	Sep-2024	Oct-2024	Change (USD)	YTD Avg. 2023	YTD Avg. 2024
OPEC Reference Basket	73.6	74.5	0.9	83.1	81.2
Arab Light	75.2	75.9	0.7	85.0	82.8
Basrah Light	72.3	73.1	0.8	80.7	79.7
Bonny Light	77.1	77.8	0.7	83.5	83.7
Djeno	66.8	68.1	1.3	75.5	74.5
Es Sider	73.2	74.0	0.8	82.5	81.2
Iran Heavy	73.6	74.1	0.5	83.3	81.0
Kuwait Export	74.7	74.9	0.2	84.4	82.0
Merey	54.9	58.3	3.4	63.6	66.2
Murban	73.4	74.8	1.4	83.3	81.0
Rabi	73.8	75.1	1.3	82.5	81.5
Saharan Blend	76.2	77.5	1.3	84.0	83.1
Zafiro	76.3	77.0	0.7	83.7	83.4
Other Crudes					
Brent	74.3	75.6	1.3	82.9	81.9
Dubai	73.4	74.6	1.2	82.3	80.9
Isthmus	67.6	69.3	1.7	73.0	75.3
LLS	71.6	73.6	2.0	80.5	79.6
Mars	68.4	70.3	1.9	77.5	76.8
Minas	80.1	78.2	(2.0)	80.9	86.0
Urals	61.7	63.0	1.3	58.6	66.8
WTI	69.7	71.6	1.9	78.1	77.1
Differentials					
Brent/WTI	4.6	4.0	(0.6)	4.8	4.8
Brent/LLS	2.7	2.0	(0.7)	2.4	2.4
Brent/Dubai	0.9	1.0	0.1	0.6	1.1

Source: OPEC Monthly Oil Market Report - Nov-2024

World Oil Demand

OPEC once again lowered its world oil demand growth forecast for 2024 for the fourth consecutive month in its latest monthly report. The agency lowered its forecast by 107 tb/d and now expects oil demand to come in at 104.03 mb/d during the year and register an increase of 1.82 mb/d as compared to 2023. The downward revision reflects adjustments related to actual oil demand data for the first three quarters this year. The revision reflected lowered forecasts for oil demand in China, India, Other Asia, Africa and Other Eurasia backed by actual data. These downward revisions were partially offset by upward revision to demand data for the OECD Americas, OECD Europe and a number of non-OECD countries. Oil demand in China remained subdued during October-2024 with the latest data from the customs pointing to a m-o-m decline last month. The data showed oil imports into China declining to 44.7 million tons last month, registering an approximately 2% decline from the imports figures for September-2024 and 9% decline from October-2023, as per Bloomberg calculations. Shipments since the start of the year are down more than 3% as compared to the same period last year. Data from Mysteel OilChem showed that the decline came

World Oil Demand - 2023/2024, mb/d	2023	Q1-24	Q2-24	Q3-24	Q4-24	2024	Y-o-Y Growth	% Chg.
Americas	24.96	24.42	25.00	25.58	25.37	25.1	0.14	0.56
of which US	20.36	19.92	20.47	20.71	20.85	20.49	0.13	0.62
Europe	13.45	12.85	13.76	13.80	13.41	13.46	0.01	0.07
Asia Pacific	7.24	7.53	7.03	7.03	7.43	7.26	0.01	0.16
Total OECD	45.65	44.79	45.80	46.41	46.21	45.81	0.16	0.35
China	16.36	16.66	16.60	16.78	17.20	16.81	0.45	2.78
India	5.34	5.66	5.61	5.47	5.65	5.60	0.25	4.76
Other Asia	9.28	9.70	9.76	9.48	9.51	9.61	0.34	3.63
Latin America	6.69	6.64	6.77	6.92	6.88	6.80	0.11	1.70
Middle East	8.63	8.69	8.48	9.19	9.02	8.84	0.21	2.44
Africa	4.46	4.60	4.29	4.43	4.85	4.54	0.08	1.86
Russia	3.84	3.97	3.87	4.00	4.11	3.99	0.15	3.83
Other Eurasia	1.17	1.31	1.20	1.08	1.28	1.22	0.04	3.68
Other Europe	0.78	0.78	0.82	0.77	0.84	0.80	0.02	2.23
Total Non-OECD	56.56	58.01	57.39	58.12	59.35	58.22	1.66	2.94
Total World	102.21	102.80	103.19	104.54	105.56	104.03	1.82	1.78

Source: OPEC Monthly Oil Market Report - Nov-2024

after more than half of the sixty state-owned refineries in China reduced their run rates at the end of last month to the lowest since December-2023. A switch from diesel run trucks to LNG is also affecting demand in the road transportation sector.

Oil imports in India averaged at 4.5 mb/d in October-2024, as per OPEC monthly report. The figure indicated imports were at the higher end of the five year seasonal range. Data from Kpler showed crude oil imports at 4.35 mb/d, the lowest in 13-months resulting in a m-o-m decline of 7.6%. The decline was mainly due to maintenance related shutdowns at some refineries.

The OPEC also lowered its forecast for 2025 by 103 tb/d to a growth of 1.5 mb/d. The OPEC expects oil demand to reach 105.6 mb/d next year. The OPEC expects next year's demand to be supported by strong air travel demand and healthy road mobility, including on road diesel and trucking. It also expects healthy industrial, construction and agricultural activities in the non-OECD countries.

World Oil Demand - 2024/2025, mb/d	2024	Q1-25	Q2-25	Q3-25	Q4-25	2025	Y-o-Y Growth	% Chg.
Americas	25.10	24.48	25.05	25.70	25.45	25.17	0.08	0.31
of which US	20.49	19.95	20.50	20.76	20.89	20.53	0.04	0.21
Europe	13.46	12.86	13.77	13.82	13.43	13.47	0.02	0.12
Asia Pacific	7.26	7.54	7.04	7.04	7.44	7.27	0.01	0.15
Total OECD	45.81	44.89	45.87	46.57	46.32	45.91	0.11	0.23
China	16.81	16.99	16.89	17.12	17.49	17.12	0.31	1.84
India	5.60	5.88	5.86	5.73	5.88	5.84	0.24	4.28
Other Asia	9.61	9.97	10.08	9.82	9.81	9.92	0.30	3.16
Latin America	6.80	6.78	6.91	7.07	7.02	6.95	0.14	2.09
Middle East	8.84	8.94	8.68	9.52	9.23	9.09	0.25	2.81
Africa	4.54	4.68	4.38	4.54	4.94	4.63	0.09	2.03
Russia	3.99	4.04	3.92	4.06	4.15	4.04	0.05	1.35
Other Eurasia	1.22	1.34	1.22	1.13	1.31	1.25	0.03	2.59
Other Europe	0.80	0.80	0.83	0.78	0.85	0.81	0.01	1.40
Total Non-OECD	58.22	59.40	58.77	59.75	60.68	59.65	1.43	2.46
Total World	104.03	104.29	104.63	106.31	107	105.57	1.54	1.48

Source: OPEC Monthly Oil Market Report - Nov-2024

World Oil Supply

OPEC once again kept its oil supply growth forecast for the non-DoC countries unchanged for this year as compared to OPEC's previous forecast. Supply from these countries is expected to grow by 1.23 m/d in 2024 to average at 53.07 mb/d during the year. Adjustments to supply figures for the quarters showed higher supply of 53.2 mb/d during Q3-2024 as compared to previous forecast of 53.1 mb/d. This was offset by an equivalent downward revision to supply figure for Q4-2024 which is now expected to average at 53.4 mb/d as compared to the previous forecast of 53.5 mb/d. These revisions were done mainly to supply data for the OECD region. The changes show an upward revision to supply data for the US during Q3-

Non-DoC Oil Supply - 2023/2024, mb/d	2023	Q1-24	Q2-24	Q3-24	Q4-24	2024	Y-o-Y Growth	% Chg.
Americas	26.67	26.91	27.58	27.75	27.67	27.48	0.81	3.03
of which US	20.97	21.02	21.81	21.81	21.63	21.57	0.60	2.84
Europe	3.65	3.66	3.59	3.52	3.68	3.61	(0.04)	(1.10)
Asia Pacific	0.45	0.46	0.43	0.47	0.46	0.45	0.01	1.43
Total OECD	30.77	31.03	31.60	31.73	31.82	31.54	0.78	2.52
China	4.52	4.62	4.63	4.52	4.51	4.57	0.05	1.17
India	0.79	0.8	0.79	0.78	0.8	0.79	0.01	0.97
Other Asia	1.61	1.62	1.62	1.6	1.59	1.61	(0.01)	(0.46)
Latin America	6.96	7.28	7.19	7.18	7.38	7.26	0.30	4.29
Middle East	2.02	2.00	2.00	2.01	2.02	2.01	(0.02)	(0.76)
Africa	2.22	2.24	2.26	2.38	2.31	2.30	0.08	3.54
Other Eurasia	0.37	0.37	0.37	0.37	0.37	0.37	0.00	(1.32)
Other Europe	0.10	0.10	0.10	0.10	0.10	0.10	0.00	(1.63)
Total Non-OECD	18.60	19.03	18.96	18.94	19.09	19.00	0.41	2.20
Total Non-DoC Production	49.37	50.06	50.56	50.66	50.9	50.55	1.18	2.40
Processing gains	2.47	2.52	2.52	2.52	2.52	2.52	0.05	2.02
Total Non-DoC Supply	51.84	52.58	53.08	53.18	53.42	53.07	1.23	2.38
DoC NGLs and non-conventionals	8.23	-	-	-	-	8.32	0.09	1.09
DoC Crude Oil Production	42.00	41.24	40.93	40.60	-	-	-	-
Total World Supply	102.07	-	-	-	-	-	-	-

Source: OPEC Monthly Oil Market Report - Nov-2024

2024 by 0.17 mb/d that was partially offset by a downward revision to supply data for the OECD Europe region by 0.06 mb/d. Similarly, for Q4-2024 the OPEC made a small upward revision to supply from the US and OECD Asia Pacific but these were more than offset by downward revision to supply from OECD Americas as well as OECD Europe. Supply forecast for Latin America was also lowered by 0.08 mb/d. In terms of monthly production, oil production in the US reached a new record high of 13.5 mb/d over the last four weeks. The increase came despite oil rigs staying unchanged over as of last week and remaining subdued as compared to historical levels at 479 rigs.

The OPEC also kept its forecast for non-DoC oil supplies unchanged for 2025. The agency forecasts supplies from the non-DoC countries to grow by 1.11 mb/d to reach an average of 54.17 mb/d in 2025. However, at the regional level, the OPEC made an upward revision to supply data for the OECD region that was offset by an equivalent downward revision to supply data for the non-OECD region. The upward revision of 10 tb/d to OECD supply reflected higher supply from the US partially offset by a downward revision to supplies from Europe. In the non-OECD region, supplies from Latin America was lowered by 20 tb/d that was offset by higher expected supplies from Africa.

Non-DoC Oil Supply - 2024/2025, mb/d	2024	Q1-25	Q2-25	Q3-25	Q4-25	2025	Y-o-Y Growth	% Chg.
Americas	27.48	27.81	27.97	28.27	28.51	28.14	0.66	2.42
of which US	21.57	21.70	22.09	22.20	22.27	22.07	0.50	2.32
Europe	3.61	3.79	3.67	3.65	3.75	3.71	0.10	2.79
Asia Pacific	0.45	0.45	0.44	0.45	0.45	0.45	(0.01)	(1.74)
Total OECD	31.54	32.04	32.07	32.37	32.71	32.30	0.76	2.40
China	4.57	4.63	4.61	4.53	4.53	4.57	0.01	0.12
India	0.79	0.79	0.8	0.81	0.81	0.8	0.01	0.99
Other Asia	1.61	1.6	1.58	1.56	1.56	1.58	(0.03)	(1.81)
Latin America	7.26	7.42	7.46	7.54	7.67	7.52	0.27	3.66
Middle East	2.01	2.01	2.04	2.04	2.03	2.03	0.02	1.01
Africa	2.30	2.32	2.32	2.32	2.31	2.32	0.02	0.73
Other Eurasia	0.37	0.37	0.37	0.37	0.37	0.37	0.00	0.07
Other Europe	0.10	0.10	0.10	0.10	0.10	0.10	0.00	2.02
Total Non-OECD	19.00	19.24	19.27	19.27	19.39	19.29	0.29	1.52
Total Non-DoC Production	50.55	51.29	51.35	51.64	52.1	51.59	1.05	2.07
Processing gains	2.52	2.58	2.58	2.58	2.58	2.58	0.06	2.38
Total Non-DoC Supply	53.07	53.87	53.93	54.22	54.68	54.17	1.11	2.08

Source: OPEC Monthly Oil Market Report - Nov-2024

OPEC Oil Production & Spare Capacity

OPEC crude oil production witnessed the biggest monthly growth in output in twenty-six months during October-2024 to average at 26.9 mb/d. The 370 tb/d increase in average output, according to Bloomberg, was mainly led by an increase in production in Libya. This increase more than offset a decline in output by most other producers in the group. Meanwhile, data from OPEC secondary sources showed an even steeper monthly increase in production from the group at around 0.5 mb/d and an average production of 26.54 mb/d during the month. Production data showed Iraq and Iran reporting steep decline in production during the month by 90 tb/d and 40 tb/d, as per Bloomberg, while OPEC data showed a decline 66 tb/d and 68 tb/d, respectively. The average output in Saudi Arabia stood at 8.95 mb/d after declining by 40 tb/d during October-2024, as per data from Bloomberg, while OPEC secondary sources showed flattish production in the Kingdom.

Production ('000 b/d)	Sep-24	Oct-24	Change		Capacity	Spare Capacity
Total OPEC-12	26,530	26,900	370	1.39%	33,500	6,600
Saudi Arabia	8,990	8,950	-40	-0.4%	12,000	3,050
Iraq	4,220	4,130	-90	-2.1%	4,800	670
Iran	3,400	3,360	-40	-1.2%	3,830	470
UAE	3,180	3,170	-10	-0.3%	4,650	1,480
Kuwait	2,450	2,440	-10	-0.4%	2,820	380
Nigeria	1,470	1,510	40	2.7%	1,600	90
Libya	530	1,030	500	94.3%	1,200	170
Algeria	900	900	0	0.0%	1,060	160
Venezuela	880	890	10	1.1%	890	0
Congo	240	240	0	0.0%	300	60
Gabon	210	230	20	9.5%	230	0
Equatorial Guinea	60	50	-10	-16.7%	120	70
Total OPEC-11	22,310	22,770	460	2.06%	28,700	5,930

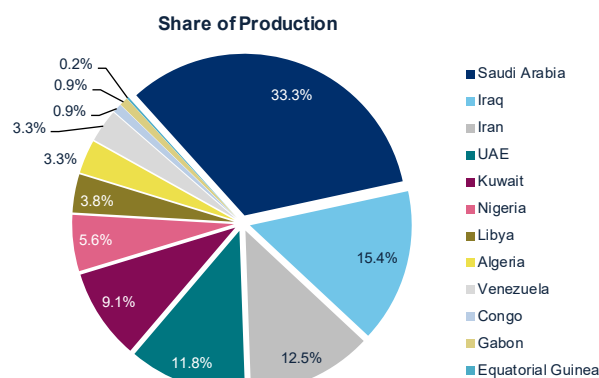
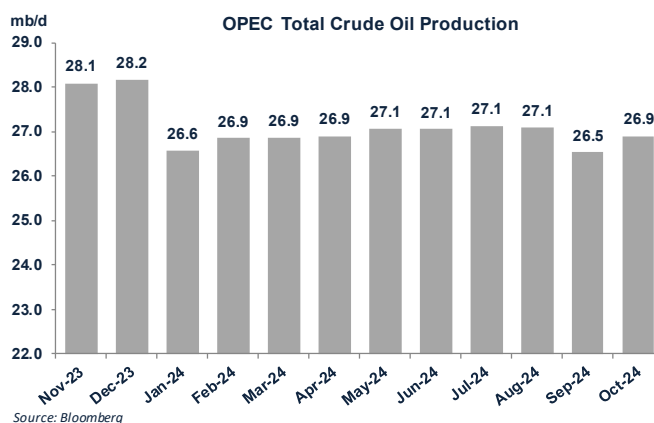
Source: Bloomberg

During the month, OPEC+ producers once again extended the deadline to gradually unwind the additional output cuts of 2.2 mb/d. The producers now expect to raise output starting from the next year and the existing policy is expected to continue until the end of the year. The extension reflects softer fundamentals in the oil market with demand yet to materialize in China while US produced at a record pace.

Oil production in Libya recovered to over 1 mb/d in October-2024 following the easing of the political standoff that hampered oil output. As per reports, oil output reached 1.3 mb/d earlier last month and exports reached around 1.12 mb/d led by extra cargoes from the three ports. The loading program for November-2024 is also expected to be better than that of October-2024. Meanwhile, the country's NOC delayed the launch of the country's first oil and gas licensing round in 15 years until 2025.

Oil output in Nigeria increased during the month to reach 1.5 mb/d as per Bloomberg (1.4 mb/d as per OPEC). The country expects a 30% increase in crude and condensate output as authorities strengthen security around oil infrastructure as well as new investments.

Oil output in Kuwait remained flattish at 2.4 mb/d during October-2024 with a marginal decline of 10 tb/d from last month, as per Bloomberg. A report from MEED showed that the country is planning to boost output at the Khafji oil field over the next two year. The KGOC plans to increase output from the field by 50 tb/d to reach 350 tb/d.



Brent Crude Oil Price Forecast

Firm	As Of	Q4-24	Q1-25	Q2-25	Q3-25
Bank of America Merrill Lynch	11/Nov/24	74.0	74.0	76.0	76.0
JPMorgan Chase & Co	8/Nov/24	80.0	82.0	77.0	73.0
UBS Group AG	7/Nov/24	87.0	87.0	87.0	85.0
Standard Chartered Bank	5/Nov/24	87.0	89.0	92.0	95.0
Goldman Sachs Group Inc/The	4/Nov/24	77.0	77.0	76.0	75.0
Tradingeconomics.com	4/Nov/24	75.9	77.0	78.2	79.3
Citigroup Inc	31/Oct/24	70.0			
MUFG Bank	30/Oct/24	75.0	73.0	69.0	74.0
Emirates NBD PJSC	30/Oct/24	75.0	75.0	75.0	72.5
Market Risk Advisory Co Ltd	25/Oct/24	75.6	73.0	74.7	77.3
Morgan Stanley	23/Oct/24	80.0	77.5	75.0	72.5
BNP Paribas SA	22/Oct/24	78.0	78.0	75.0	77.0
Oxford Institute for Energy Studies	18/Oct/24	79.3	78.6		
Berenberg	15/Oct/24	75.0	75.0	75.0	
MPS Capital Services Banca per le Imprese SpA	10/Oct/24	79.0	80.0	80.0	78.0
RBC	7/Oct/24	75.8	74.0	73.3	72.3
Australia & New Zealand Banking Group Ltd	7/Oct/24	60.1	65.2	70.5	76.0
United States Department of Energy	3/Oct/24	76.0	78.0	79.0	77.7
Kshitij Consultancy Services Pvt Ltd	3/Oct/24	69.9	70.4	75.5	80.5
Barclays PLC	2/Oct/24	73.0	88.0	86.0	86.0
Deutsche Bank AG	1/Oct/24	77.0	70.0	70.0	65.0
HSBC Holdings PLC	30/Sep/24	73.0	70.0	76.5	76.5
Julius Baer	27/Sep/24	75.0	75.0	72.5	70.0
Panmure Liberum	25/Sep/24	83.0	83.0	81.0	81.0
Commerzbank AG	24/Sep/24	75.0	75.0	80.0	80.0
ING Groep NV	24/Sep/24	80.0	78.0	77.0	91.6*
Intesa Sanpaolo SpA	20/Sep/24	80.0	79.0	78.0	78.0
Banco Santander SA	12/Sep/24	78.0			
Rabobank	12/Sep/24	71.0	68.0	71.0	69.5
Landesbank Baden-Wuerttemberg	3/Sep/24	80.0	80.0	80.0	77.5
Westpac Banking Corp	8/Jul/24	79.0	78.0	79.0	81.0
Australian Government	1/Jul/24	83.6	82.1	81.7	80.9
Natixis SA	25/Jun/24	84.0	80.0	78.0	81.0
Macquarie Group Ltd	20/Jun/24	75.0	70.0	64.0	69.0
Societe Generale SA	19/Jun/24	82.5	80.0	80.0	75.0
Median		77.0	77.5	76.8	77.2
Mean		77.1	77.0	77.0	77.1
High		87.0	89.0	92.0	95.0
Low		60.1	65.2	64.0	65.0
Current Fwd		72.2	71.4	71.1	70.7
Difference (Median - Current)		4.8	6.1	5.6	6.4

Source: Bloomberg

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