



GLOBAL OIL MARKET UPDATES

KEY HIGHLIGHTS

- Global oil demand 2022
- Global oil supply 2022
- OPEC oil prices March 2022
- Oil price forward curves



In its latest report, **OPEC revised downward global oil demand growth for 2022 by 0.5mbpd to 3.7mbpd** (vs. earlier forecast of 4.2mbpd), with **global oil demand expected to average at 100.5mbpd**.

This is mostly due to the downward revision in global economic growth on geopolitical developments and the resurgence of the Omicron variant in China.

Global oil demand witnessed strong yearly growth of almost 5mbpd in 1Q22, underpinned by strong economic rebound supported by stimulus programs and further easing of pandemic containment measures.

However, **global oil demand yearly growth in 2Q22 and 3Q22 are projected lower at 3.5mbpd** due to the recent geopolitical developments in Russia-Ukraine.

Global Oil Demand Growth Projection, 2022, mln bpd

Country/region	2021	2022	Growth mbpd	% YoY
Americas	24.27	25.36	1.09	4.50
Europe	13.08	13.66	0.59	4.49
Asia Pacific	7.41	7.59	0.18	2.42
China	14.56	15.04	0.48	3.27
India	4.76	5.10	0.34	7.16
Other Asia	8.63	9.16	0.54	6.24
Latin America	6.30	6.47	0.16	2.62
Middle East	7.98	8.25	0.26	3.28
Africa	4.26	4.39	0.13	3.11
Russia	3.61	3.53	-0.08	-2.29
Other Eurasia	1.21	1.19	-0.02	-2.06
Other Europe	0.75	0.76	0.01	0.69
Total World	96.82	100.50	3.67	3.79

Source: OPEC April 2022

The impact of the war on global economic growth will be negative in the short-term. Russia and Ukraine are expected to go into economic recessions in 2022, while the rest of the world will be impacted especially via higher global inflation.

The strong rise in commodity prices, ongoing supply-chain bottlenecks, pandemic-related logistical backlog in China and elsewhere, and increasingly tight labour markets in major advanced economies are feeding an extended inflation trend.



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Forward curves for global oil prices steepened significantly in March

Consequently, **non-OPEC oil supply growth for 2022 is revised down by 0.3mbpd to 2.7mbpd, for a yearly average of 66.26mbpd.**

This is mainly due to a downward revision for Russia's oil output by 530,000bpd for 2022.

In contrast, the US oil supply growth forecast for 2022 is revised up by 0.26mbpd to 1.29mbpd.

The main contributors to global oil supply growth from non-OPEC are expected to be the US, Russia, Brazil, Canada, Kazakhstan, Guyana and Norway.

Note that Kazakhstan's oil output is expected to grow by 0.13mbpd to average 1.96mbpd, a downward revision of 29,000bpd. This is due to the disruption in the CPC terminal in the Black Sea. The Kazakh Energy Ministry stated that it may have to cut crude and condensate production by 320,000bpd until end-April while repairs are being conducted at the terminal.

Meanwhile, **OPEC's oil supply is projected to grow by 0.13mbpd to average at 5.27mbpd in 2022.**

OPEC Oil Production (secondary sources), '000 bpd

OPEC	2020	2021	Jan 2022	Feb 2022	Mar 2022	Change Mar/Feb
Algeria	904	913	975	979	993	14
Angola	1,247	1,117	1,146	1,164	1,156	-8
Congo	294	271	262	275	260	-15
Equatorial Guinea	114	100	96	88	92	4
Gabon	194	186	191	195	192	-4
Iran	1,991	2,392	2,499	2,539	2,546	7
Iraq	4,076	4,049	4,253	4,298	4,309	11
Kuwait	2,439	2,419	2,584	2,614	2,639	25
Libya	367	1,143	1,006	1,111	1,074	-37
Nigeria	1,575	1,372	1,413	1,378	1,354	-24
Saudi Arabia	9,204	9,111	10,060	10,208	10,262	54
UAE	2,804	2,727	2,932	2,960	2,983	23
Venezuela	512	555	662	689	697	8
Total OPEC	25,722	26,355	28,079	28,500	28,557	57

Source: OPEC April 2022

In March 2022, OPEC-13 crude oil production increased by 57,000 to 28.56mbpd average. This was below the 253,000bpd increase that OPEC is allowed under the OPEC+ deal. The share of OPEC crude in global oil production decreased by 0.1% MoM to 28.7% in March.

Strengthening of the USD has cooled off inflation pressure on the OPEC Reference Basket (ORB) of oil price to USD1.88pb in March vs. USD2.66pb in February.

The price of ORB in nominal terms (accounting for inflation) rose 20.8% MoM to USD113.48pb in March (Feb: USD93.98pb).

Excluding inflation, the ORB oil price increased by 22.2% MoM to USD111.60pb in March (Feb: USD91.29pb).

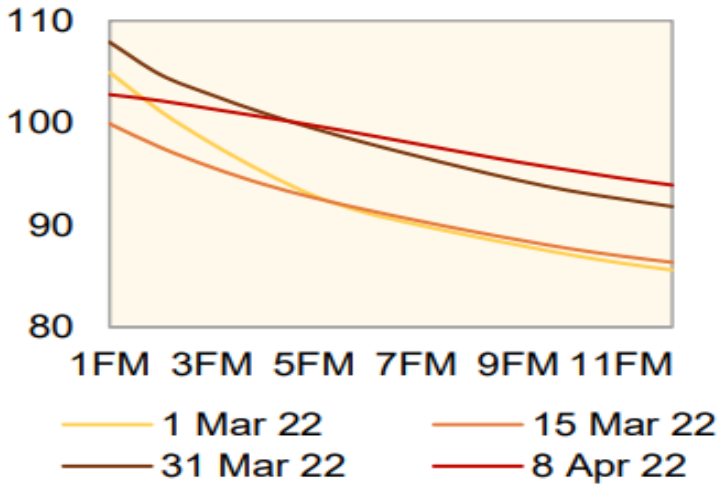
The forward curves for global oil prices steepened significantly in March, with the first-month contracts priced significantly higher than the forward-month contracts.

Investors were pricing in a potential large global oil supply shortage in the short-term amidst escalating geopolitical conflicts and the continuous decline of OECD oil inventories.

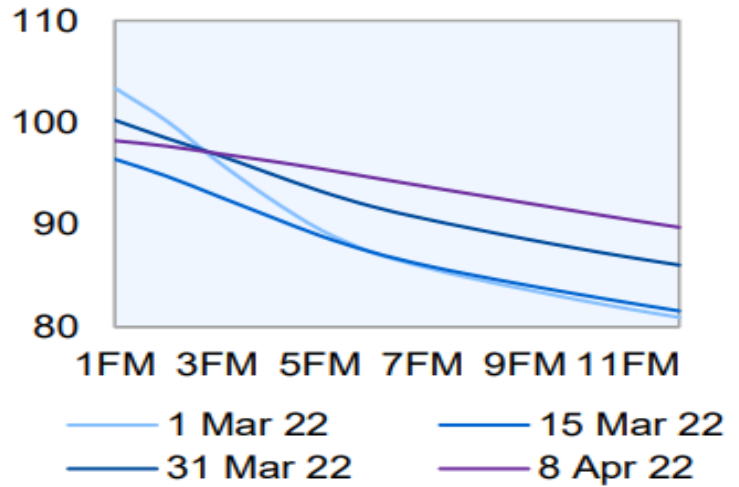
Prices of first-month contracts however eased slightly into early April, reflecting the temporary retreat in global oil prices month-to-date.

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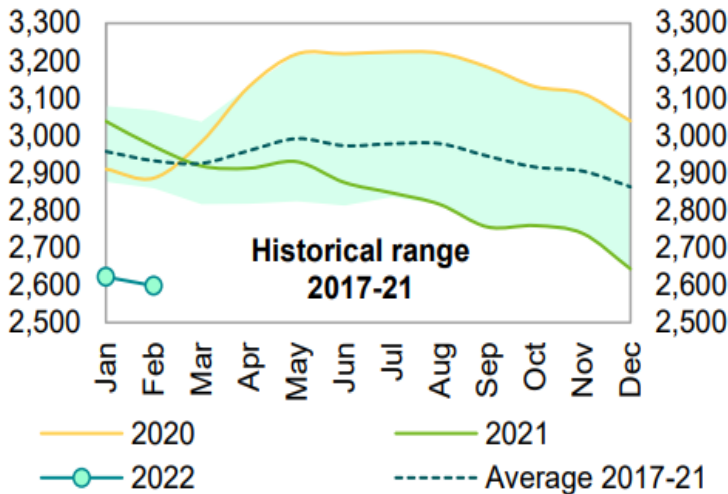
Brent Forward Curves, USDpb



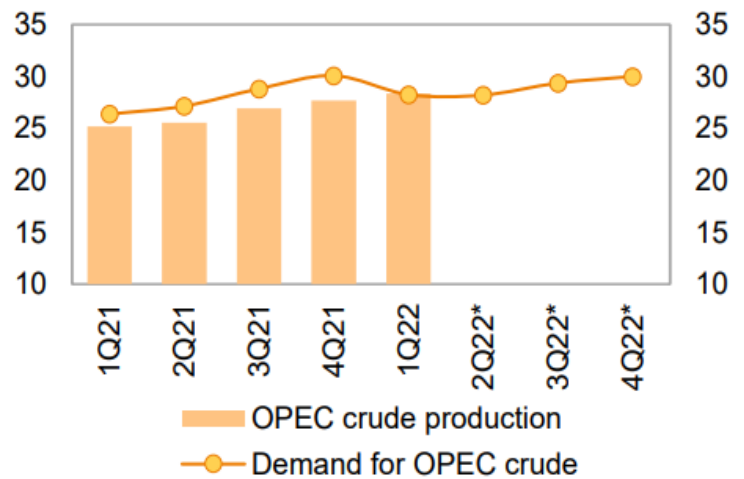
WTI Forward Curves, USDpb



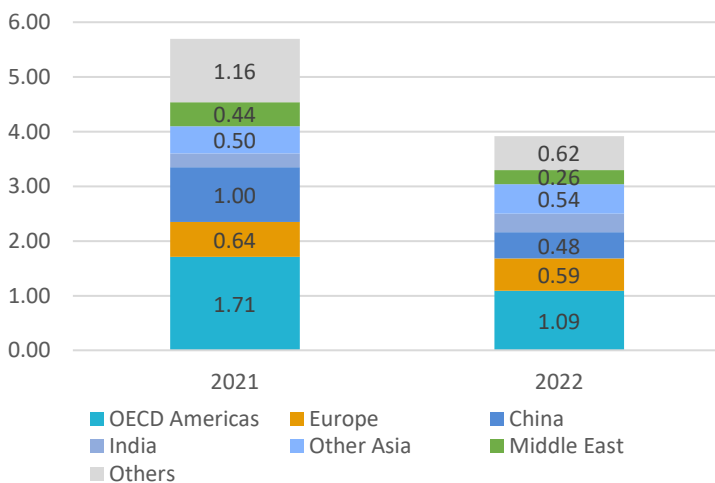
OECD Oil Inventories, mln barrels



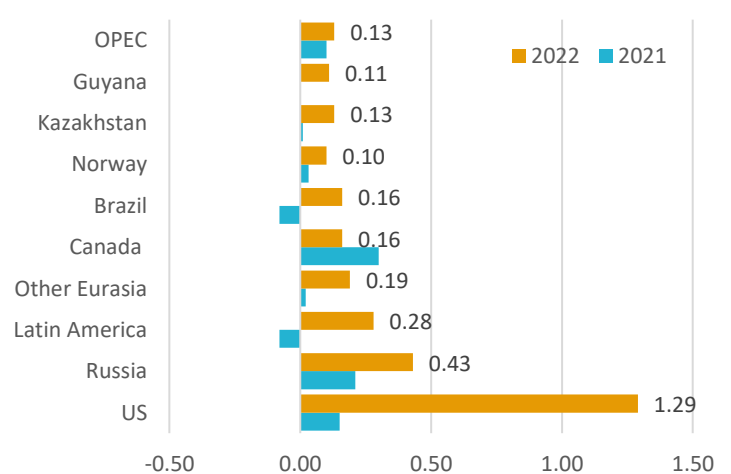
OPEC Crude Production, Actual & Forecasts, mln bpd



Global Oil Demand Growth of Selected Countries, 2022, mln bpd



Global Oil Production Growth of Selected Countries, 2022, mln bpd



Source: OPEC, VC

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