

Oil Market : 2019 - The Year That Was...

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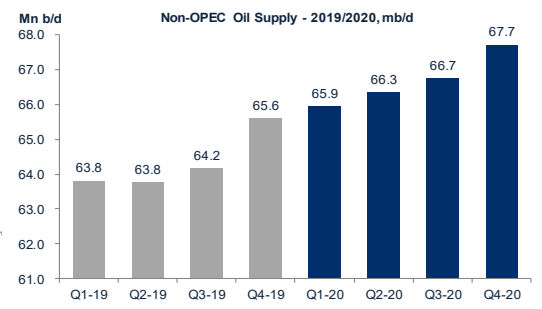
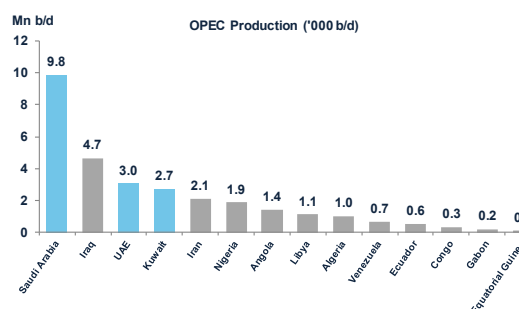
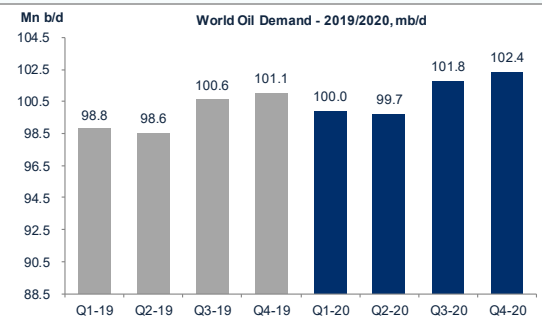
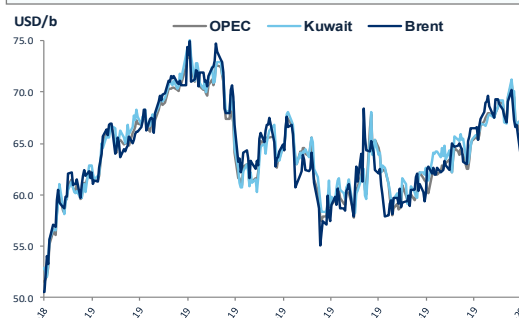
Oil price sees biggest gain in three years in 2019 on improving demand outlook...

Oil prices closed 2019 with the biggest gain in three years with an increase of 34% to close the year at USD 67.77/b for Brent crude. The surge came primarily on the back of hopes of better economic outlook as US and China inched closer to a trade deal. The rally was also seen in the broader commodity universe with the corresponding index up 6% during the year, as almost all major commodity indices witnessed gains during the year, barring Natural Gas that witnessed a steep decline of more than 25%. In addition, the continued production curbs from the OPEC+ members during the year combined with the decline in production from Iran following the sanctions imposed by the US, supported oil prices. On the other hand, geopolitical issues in the region and the attacks on Saudi Arabia's oil facility further added to price volatility during the year.

The year 2020 started with oil prices climbing almost 4% during the first three trading sessions and regaining the USD 70/b mark after almost eight months due to regional geopolitical issues. However, the prices trended downwards as tensions eased, falling almost 9% from this year's peak. The decline also came due to an unexpected rise in crude inventories in the US during the week ended 3-Jan-2020 with gasoline stocks increasing the most in a week in four years, according to data from the EIA. The demand for gasoline in the US has remained weak recently and this translated into higher inventories at the start of the year. Nevertheless, inventory data for the week ended 10-Jan-2020 showed a decline of 2.5 million barrels, although gasoline inventories continued to rise adding 6.7 million barrels during the week.

On the supply side, the year started with US crude production reaching a record high of 13 mb/d, according to EIA. The report also said that OECD inventories stood at 9 million barrels above the five-year average, a key industry gauge. Another report showed that Norway's oil production reached a 9-year high level after the country started the Johan Sverdrup oilfield in the North Sea that produced at 350 tb/d and pushed the country's production to 1.76 mb/d.

Production by OPEC producers declined slightly during December-19 as compared to November-19 and stood at around 29.6 mb/d. The decline in production by Saudi Arabia, Iraq and UAE during the month was partially offset by higher production in Angola. Speculations surrounding OPEC+ extending the current deadline of production cuts till the end of the year have already started doing rounds although the level of cooperation and compliance by non-OPEC members is yet to be determined. IEA's monthly report showed a compliance level of 142% for the OPEC+ group with overcompliance coming solely from OPEC producers with its compliance level at 181%, whereas non-OPEC producers produced with a compliance level of 59%. The IEA forecasted an increase of 100 tb/d in supplies from non-OPEC members in 2020 and said that oversupplies from non-OPEC producers would be adequate to sustain geopolitical shocks to oil prices.



Sources : OPEC, EIA, Bloomberg

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Oil Market in 2019

Average crude oil prices decline by 10% in 2019 despite higher year-end prices...

Crude oil price rose for almost all the crude grades during 2019 with Brent recording a gain of 34% to reach USD 67.77/b, whereas OPEC crude increased by 32% during the year to close at USD 68.0/b. However, the gain failed to reflect the volatility in prices during the year with a high of USD 74.94/b for Brent crude and a yearly low of USD 53.23/b. The average crude price during the year also showed stark difference from the year-end prices. Brent crude averaged at USD 64.3/b during the year as compared to USD 71.3/b in 2018, recording a y-o-y decline of 10%. Similarly, OPEC crude averaged at a slightly lower USD 64.0/b in 2019, a decline of 8.1% as compared to USD 69.7/b in 2018. Kuwait crude grade reported a relatively smaller decline in average prices at 6.7% with prices averaging at USD 64.4/b in 2019, as compared to USD 69.1/b in 2018.

Year End Oil Prices	2015	2016	2017	2018	2019
OPEC	31.27	53.30	64.47	51.55	67.96
Change (%)	-39.9%	70.5%	21.0%	-20.0%	31.8%
Brent	36.61	54.96	66.73	50.57	67.77
Change (%)	-33.8%	50.1%	21.4%	-24.2%	34.0%

Average Oil Price for the Year	2015	2016	2017	2018	2019
OPEC	49.49	40.76	52.43	69.70	64.04
Change (%)	-48.6%	-17.6%	28.6%	32.9%	-8.1%
Brent	52.32	43.64	54.12	71.34	64.28
Change (%)	-47.1%	-16.6%	24.0%	31.8%	-9.9%

Source : Bloomberg, EIA, Kamco Research

Prices during the year were clearly swayed by talks around US-China trade dispute that impacted expected demand for crude globally. Other factors that affected prices included US crude production levels that reached record levels, sanctions on Iran and Venezuela, the extension to OPEC+ agreement that increased the cuts to 2.1 mb/d and the geopolitical tensions in the Middle East that got exacerbated by the attacks on Saudi Arabia's oil facilities in September-19. A majority of the agencies predicted a slowdown in global economy in the near term primarily due to the slowdown in global trade owing to the trade dispute. However, the signing of the deal at the start of 2020 brought some relief to the oil market. The announcement of the deal paused the imposition of additional tariffs by the US on Chinese imports. However, as per the deal, China has to import an additional USD 200 Bn worth of goods and services from the US over the next two years as compared to USD 185 Bn imports in 2017, the base year for the comparison. This implies that total exports to China from the US should reach USD 260 Bn in 2020 and further to USD 310 Bn in 2021, which according to consensus is challenging. In exchange, the US has agreed to lower tariffs on USD 120 Bn worth of imports from China from 15% to 7.5%. Meanwhile, work on a Phase Two deal has already begun with the US expected to impose further restriction on subsidies granted by Chinese government to its local businesses.

On the supply side, the extension of the production cut agreement by OPEC+ countries and the over compliance by OPEC producers, especially Saudi Arabia, supported prices during the year. The Kingdom produced at an average rate of 9.8 mb/d as against previous year average production of 10.3 mb/d. On the other hand, the sanction-led decline in production in Iran and Venezuela and the continued disruption in Libya and Nigeria also led to higher prices. The average production for OPEC members, excluding Gabon and Equatorial Guinea stood at 29.33 m/d in 2019, the lowest production level by the group since 2011 and a decline of 2 mb/d as compared to 2018.

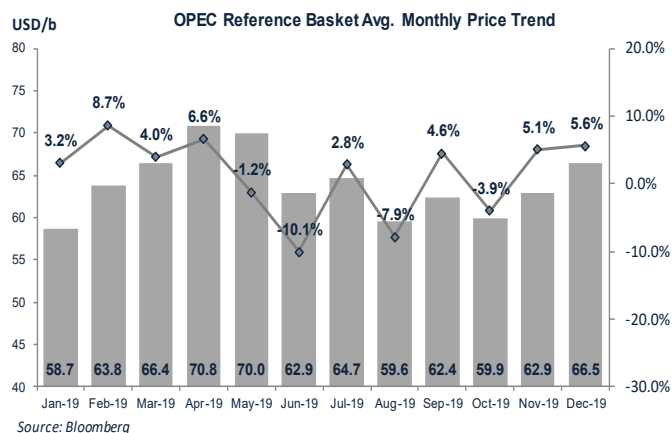
Production ('000 b/d)	2015	2016	2017	2018	2019	5-Yr CAGR
Algeria	1,105	1,103	1,041	1,042	1,021	-1.8%
Change (%)	-1.3%	-0.1%	-5.7%	0.1%	-2.0%	
Angola	1,801	1,730	1,657	1,507	1,392	-3.3%
Change (%)	9.4%	-3.9%	-4.2%	-9.1%	-7.6%	
Congo	N/A	N/A	N/A	324	329	N/A
Change (%)	-	-	-	-	-	
Ecuador	544	551	530	522	524	-1.2%
Change (%)	-2.2%	1.4%	-3.9%	-1.5%	0.5%	
Equatorial Guinea	N/A	N/A	134	122	117	N/A
Change (%)	-	-	-	-9.0%	-4.1%	
Gabon	N/A	210	196	184	196	N/A
Change (%)	-	-	-	-6.2%	6.3%	
Iran	2,810	3,472	3,790	3,563	2,351	-3.4%
Change (%)	0.6%	23.5%	9.2%	-6.0%	-34.0%	
Iraq	4,025	4,439	4,442	4,541	4,693	7.6%
Change (%)	23.6%	10.3%	0.1%	2.2%	3.4%	
Kuwait	2,854	2,878	2,710	2,757	2,697	-1.2%
Change (%)	-0.4%	0.8%	-5.8%	1.7%	-2.2%	
Libya	386	384	828	973	1,095	19.5%
Change (%)	-14.2%	-0.4%	115.4%	17.6%	12.5%	
Nigeria	1,938	1,624	1,708	1,751	1,881	-1.6%
Change (%)	-5.2%	-16.2%	5.2%	2.5%	7.4%	
Saudi Arabia	10,243	10,418	9,968	10,313	9,795	0.3%
Change (%)	6.0%	1.7%	-4.3%	3.5%	-5.0%	
UAE	2,879	2,958	2,910	2,985	3,068	2.1%
Change (%)	4.1%	2.7%	-1.6%	2.6%	2.8%	
Venezuela	2,363	2,220	1,943	1,393	816	-19.0%
Change (%)	0.8%	-6.0%	-12.5%	-28.3%	-41.4%	
Total OPEC*	30,948	31,986	31,855	31,975	29,975	0.3%
Change (%)	4.9%	3.4%	-0.4%	0.4%	-6.3%	
US**	9,439	8,839	9,352	10,990	12,200	6.8%
Change (%)	7.4%	-6.4%	5.8%	17.5%	11.0%	

Source : OPEC, Bloomberg, EIA, Kamco Research

* Excludes Qatar ** EIA estimated crude production for the US for 2019

Oil Prices

Crude prices started 2020 on a positive note with an increase of 4.3% during the first three trading sessions to breach the USD 70/b mark for the first time in almost eight months and reach USD 70.9/b. However, an unexpected crude inventory build in the US led to fall in prices in the subsequent trading sessions pushing prices to a 5-week low of USD 65.3/b for the OPEC basket by 16-January-2020. The decline came despite the US announcing the signing of a Phase One trade deal with China that came as relief for the trade war that has lasted for almost two years. The response to the trade deal was muted, as finer details of the deal showed a number of challenges in the successful implementation over the next two years. In addition, the preliminary details of a Phase Two deal also shows further pressure on China from the US in exchange for relaxation of tariffs.



Average monthly crude prices rose for the second consecutive month during December-2019 with OPEC crude averaging at USD 66.5/b with an increase of 5.6%, the biggest m-o-m increase since April-19. Average Brent crude prices also increased at a slightly higher pace of 6.0% to reach USD 66.9/b, while Kuwait crude increased by 4.0% to average at USD 66.3/b in December-19.

The latest monthly report from the IEA downplayed the prospects of a declining oil glut in the near term. The report said that the growth in non-OPEC output, including that in the US, would offset a growth in demand in the near term as well as any shortage of supplies arising out of geopolitical issues. On oil demand in 2020, the agency said that global demand will grow by 1.2 mb/d in 2020, unchanged from its last report, on the back of lower prices and higher global GDP growth, as trade disputes are settled. On the other hand, a number of reports pointed to a steeper decline in shale output in the US next year led by capital discipline by drillers as well as declining well productivity. Some reports have even pointed to the Permian Basin reaching peak production. In its latest quarterly filing, Schlumberger said that US output is expected to slow over the next five years that could lead to consolidation in the shale industry.

Average Crude Oil Prices, USD/b	Nov-19	Dec-19	Change (USD)	Avg 2018	Avg 2019
OPEC Reference Basket	62.9	66.5	3.5	69.8	64.0
Arab Light	64.0	67.5	3.4	70.6	65.0
Basrah Light	62.5	65.8	3.3	68.6	63.6
Bonny Light	63.7	68.2	4.5	72.1	65.6
Djeno	61.4	66.1	4.7	68.6	61.8
Es Sider	63.5	67.6	4.1	69.8	63.8
Girassol	65.7	69.7	4.0	71.7	66.1
Iran Heavy	60.7	63.8	3.1	68.0	61.9
Kuwait Export	63.7	66.3	2.5	68.9	64.3
Merey	43.4	49.9	6.5	64.5	54.0
Murban	63.5	66.7	3.2	72.2	64.7
Oriente	63.0	67.5	4.5	66.1	60.9
Rabi	61.2	64.1	2.8	70.3	63.2
Saharan Blend	63.9	68.1	4.2	71.4	64.5
Zafiro	65.4	69.7	4.4	71.4	65.7
Other Crudes					
Brent	63.1	66.9	3.8	71.2	64.2
Dubai	61.9	64.9	3.0	69.7	63.5
Isthmus	61.7	60.3	(1.4)	68.7	63.0
LLS	61.8	63.6	1.7	70.2	62.7
Mars	58.2	60.8	2.6	66.8	60.8
Minas	60.3	62.8	2.5	65.4	60.3
Urals	64.4	67.1	2.7	70.1	64.4
WTI	57.3	59.8	2.6	65.2	57.0
Differentials					
Brent/WTI	5.9	7.1	1.2		7.2
Brent/LLS	1.3	3.3	2.1		1.5
Brent/Dubai	1.2	2.0	0.8		0.7

Source: OPEC Monthly Oil Market Report - Jan-2020

World Oil Demand

World oil demand growth estimates for 2019 was revised downward by 0.05 mb/d to an average of 0.93 mb/d with demand estimated to have reached 99.77 mb/d. The revision reflected a decline in demand in the OECD Americas and Asia Pacific regions that was partially offset by higher Q4-19 demand from the Middle East region. The OECD Americas region saw lower demand for middle distillates during 1H-19 led by a y-o-y fall in manufacturing and trucking activities. Preliminary data until December-19 for the US showed that oil demand increased by approximately 0.2 mb/d or 0.8% as compared to 2018, as higher demand for jet kerosene was partially offset by sluggish demand for gasoline due to increasing fuel efficiencies, fuel substitution and changing driving patterns. Meanwhile, in the OECD Asia Pacific region, demand estimates were lowered as requirements for industrial fuels and petrochemicals stocks were weaker than

World Oil Demand - 2018/2019, mb/d	2018	Q1-19	Q2-19	Q3-19	Q4-19	2019	Y-o-Y Growth	% Chg.
Americas	25.60	25.19	25.32	26.07	26.16	25.69	0.09	0.33
of which US	20.82	20.65	20.66	21.25	21.17	20.94	0.11	0.54
Europe	14.33	14.08	14.22	14.71	14.29	14.33	0.00	(0.03)
Asia Pacific	8.08	8.50	7.61	7.68	8.12	7.97	(0.10)	(1.27)
Total OECD	48.01	47.76	47.15	48.45	48.57	47.99	-0.02	-0.04
Other Asia	13.64	13.91	13.96	13.56	14.21	13.91	0.27	1.99
of which India	4.73	5.03	4.75	4.49	5.14	4.85	0.12	2.57
Latin America	6.53	6.35	6.58	6.87	6.49	6.57	0.05	0.71
Middle East	8.12	8.25	7.87	8.67	8.00	8.20	0.08	0.93
Africa	4.33	4.45	4.42	4.36	4.50	4.43	0.10	2.31
Total Developing Countries (DCs)	32.62	32.96	32.84	33.46	33.19	33.11	0.49	1.52
Former Soviet Union (FSU)	4.76	4.70	4.68	4.96	5.04	4.84	0.09	1.84
Other Europe	0.74	0.75	0.71	0.75	0.84	0.76	0.02	2.69
China	12.71	12.63	13.19	12.98	13.43	13.06	0.35	2.73
Total "Other Regions"	18.21	18.08	18.58	18.69	19.31	18.66	0.45	2.5
Total World	98.84	98.79	98.56	100.60	101.07	99.77	0.93	0.94

Source: OPEC Monthly Oil Market Report - Jan-2020

expected. Monthly data available for Japan showed a demand decline of 0.08 mb/d in November-19 as lower demand for naphtha and LPG was partially offset by higher requirements for jet kerosene and diesel. Downward revisions were also made to demand estimates for the non-OECD region particularly in the case of oil requirements from India during Q2-19 and Q3-19 that was offset by higher demand for the Middle East region during 2H-19. Q4-19 demand was strong in a majority of the non-OECD countries including China and India. In China, oil demand for November-19 increased by 0.35 mb/d led by higher requirements for light distillates. Demand for LPG, naphtha and jet kerosene increased due to expansion in petrochemical sector and air travel activity, whereas demand for gasoline declined for the third consecutive month. In India, oil demand growth for November-19 was the strongest since March-16, increasing by 0.51 mb/d with consumption reaching a record level of 5.38 mb/d. Demand grew across petroleum products except jet kerosene and residual fuel oil.

On the other hand, demand growth expectations for 2020 was revised upward by 0.14 mb/d to 1.22 mb/d and total demand is now expected to reach 100.98 mb/d during the year. The revision reflected the new trade deal signed by the US and China as well as the low base for 2019 data. The revisions were primarily made to demand expectations for the OECD region with an upward revision of 0.09 mb/d.

World Oil Demand - 2019/2020, mb/d	2019	Q1-20	Q2-20	Q3-20	Q4-20	2020	Y-o-Y Growth	% Chg.
Americas	25.69	25.42	25.52	26.25	26.35	25.89	0.20	0.77
of which US	20.94	20.85	20.82	21.39	21.34	21.10	0.17	0.80
Europe	14.33	14.03	14.19	14.69	14.27	14.30	(0.03)	(0.21)
Asia Pacific	7.97	8.41	7.52	7.60	8.05	7.90	(0.08)	(0.99)
Total OECD	47.99	47.86	47.23	48.54	48.67	48.08	0.09	0.18
Other Asia	13.91	14.27	14.32	13.94	14.60	14.28	0.37	2.66
of which India	4.85	5.20	4.90	4.65	5.32	5.02	0.16	3.39
Latin America	6.57	6.46	6.70	6.99	6.60	6.69	0.11	1.75
Middle East	8.20	8.34	7.96	8.78	8.12	8.30	0.11	1.28
Africa	4.43	4.53	4.52	4.46	4.59	4.52	0.09	2.00
Total Developing Countries (DCs)	33.11	33.60	33.49	34.17	33.92	33.79	0.68	2.05
Former Soviet Union (FSU)	4.84	4.80	4.78	5.07	5.15	4.95	0.11	2.19
Other Europe	0.76	0.76	0.72	0.76	0.85	0.77	0.01	1.54
China	13.06	12.93	13.52	13.30	13.79	13.39	0.33	2.53
Total "Other Regions"	18.66	18.50	19.02	19.12	19.80	19.11	0.45	2.40
Total World	99.77	99.95	99.73	101.83	102.38	100.98	1.22	1.22

Source: OPEC Monthly Oil Market Report - Jan-2020

World Oil Supply

According to preliminary data, world oil supply witnessed a m-o-m decline of 0.06 mb/d during December-19 and averaged at 100.28 mb/d. The increase in production came primarily on the back of higher production in the UK, Norway, Canada, Mexico and the US. Meanwhile, OPEC's market share declined by 10 bps m-o-m to 29.4% during December-19.

For the full year 2019, non-OPEC oil supply growth forecast was revised upwards by 0.04 mb/d to an expected growth of 1.86 mb/d with total supply expected to average at 64.34 mb/d. The revision primarily reflected higher US liquids output growth that was revised up by 46 tb/d to a growth of 1.66 mb/d for the year. Supply estimates were also increased for Norway by 21 tb/d and for Russia and Bahrain by

Non-OPEC Oil Supply - 2018/2019, mb/d	2018	Q1-19	Q2-19	Q3-19	Q4-19	2019	Y-o-Y Growth	% Chg.
Americas	24.08	25.07	25.59	25.68	26.43	25.69	1.61	6.70
of which US	16.71	17.78	18.29	18.36	19.07	18.38	1.66	9.96
Europe	3.84	3.84	3.57	3.55	3.93	3.72	(0.12)	(3.00)
Asia Pacific	0.41	0.43	0.48	0.51	0.55	0.49	0.08	20.52
Total OECD	28.33	29.34	29.64	29.74	30.90	29.91	1.58	5.59
Other Asia	3.56	3.51	3.46	3.34	3.41	3.43	(0.13)	-3.57
Latin America	5.19	5.17	5.25	5.53	5.68	5.41	0.22	4.17
Middle East	3.21	3.22	3.21	3.21	3.21	3.21	0.00	0.04
Africa	1.50	1.51	1.51	1.51	1.49	1.51	0.00	0.18
Total Developing Countries (DCs)	13.46	13.41	13.43	13.59	13.79	13.56	0.09	0.70
Former Soviet Union (FSU)	14.29	14.55	14.16	14.34	14.41	14.37	0.07	0.51
of which Russia	11.35	11.53	11.36	11.42	11.45	11.44	0.09	0.82
Other Europe	0.12	0.12	0.12	0.12	0.12	0.12	0.00	(2.34)
China	4.02	4.10	4.13	4.10	4.09	4.10	0.09	2.17
Total "Other regions"	18.43	18.77	18.41	18.56	18.63	18.59	0.16	0.86
Total Non-OPEC Production	60.22	61.52	61.48	61.9	63.32	62.06	1.83	3.05
Processing gains	2.25	2.28	2.28	2.28	2.28	2.28	0.03	1.24
Total Non-OPEC Supply	62.47	63.8	63.76	64.17	65.6	64.34	1.86	2.98
OPEC NGLs and non-conventionals	4.76	-	-	-	-	4.80	0.04	0.75
OPEC Crude Oil Production	31.86	30.48	29.97	29.39	29.60	29.86	(2.00)	(6.29)
Total World Supply	99.10	-	-	-	-	99.00	-	-

Source: OPEC Monthly Oil Market Report - Jan-2020

10 tb/d each that was partially offset by downward revisions to supply estimates for the UK (- 21 tb/d), Ghana (-15 tb/d), Qatar and India. The increase in supply estimates for Norway shows a quick ramp up of the Johan Sverdrup field that added another 350 tb/d.

Supply growth estimates were also revised upwards for 2020 by 0.18 mb/d to a growth of 2.35 mb/d as supply is expected to average at 66.68 mb/d for the non-OPEC countries. The revision reflected higher production expectations from Norway (+94 tb/d), Mexico (+86 tb/d), Guyana (+79 tb/d) and the UK (+21 tb/d) that was partially offset by downward revisions to supply estimates for the US (-76 tb/d), Russia (-28 tb/d) the Sudans and Indonesia.

Non-OPEC Oil Supply - 2019/2020, mb/d	2019	Q1-20	Q2-20	Q3-20	Q4-20	2020	Y-o-Y Growth	% Chg.
Americas	25.69	26.71	26.96	27.39	27.68	27.18	1.49	5.80
of which US	18.38	19.23	19.78	19.99	20.21	19.81	1.43	7.77
Europe	3.72	4.03	3.88	3.93	4.15	4.00	0.27	7.35
Asia Pacific	0.49	0.55	0.54	0.58	0.58	0.56	0.07	14.22
Total OECD	29.91	31.29	31.38	31.89	32.41	31.74	1.83	6.13
Other Asia	3.43	3.38	3.39	3.39	3.38	3.38	-0.04	-1.31
Latin America	5.41	5.74	5.75	5.74	5.88	5.78	0.37	6.78
Middle East	3.21	3.24	3.25	3.26	3.28	3.26	0.04	1.35
Africa	1.51	1.50	1.55	1.54	1.54	1.53	0.02	1.60
Total Developing Countries (DCs)	13.56	13.85	13.93	13.93	14.07	13.95	0.39	2.87
Former Soviet Union (FSU)	14.37	14.23	14.45	14.37	14.65	14.42	0.06	0.4
of which Russia	11.44	11.27	11.50	11.51	11.64	11.48	0.04	0.37
Other Europe	0.12	0.12	0.12	0.12	0.11	0.12	(0.01)	(4.32)
China	4.10	4.12	4.13	4.10	4.13	4.12	0.02	0.46
Total "Other regions"	18.59	18.47	18.70	18.59	18.89	18.66	0.07	0.38
Total Non-OPEC Production	62.06	63.61	64.01	64.41	65.37	64.35	2.29	3.7
Processing gains	2.28	2.33	2.33	2.33	2.33	2.33	0.05	2.37
Total Non-OPEC Supply	64.34	65.94	66.34	66.74	67.7	66.68	2.35	3.65

Source: OPEC Monthly Oil Market Report - Jan-2020

OPEC Oil Production & Spare Capacity

OPEC crude oil production continued to decline during December-19 reaching a 3-month low of 29.55 mb/d, a decline of 90 tb/d as compared to the last month's 29.64 mb/d, according to data from Bloomberg. The decline came primarily as the top three OPEC producers Saudi Arabia, Iraq and the UAE scaled back production by an aggregate 160 tb/d. Production in Iran remained almost flat at 2.1 mb/d during December-19. Production in Libya also declined by 60 tb/d that was partially offset by higher production in Angola that increased production by 110 tb/d during the month. Smaller OPEC producers like Gabon and Ecuador also added production during the month by 30 tb/d each. Meanwhile, OPEC secondary sources showed a higher decline in the group's production during the month that reached 29.44 mb/d.

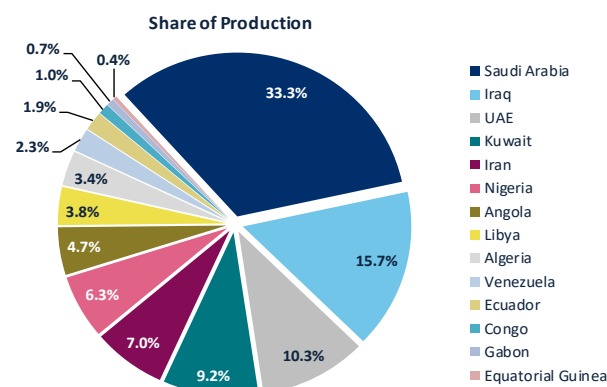
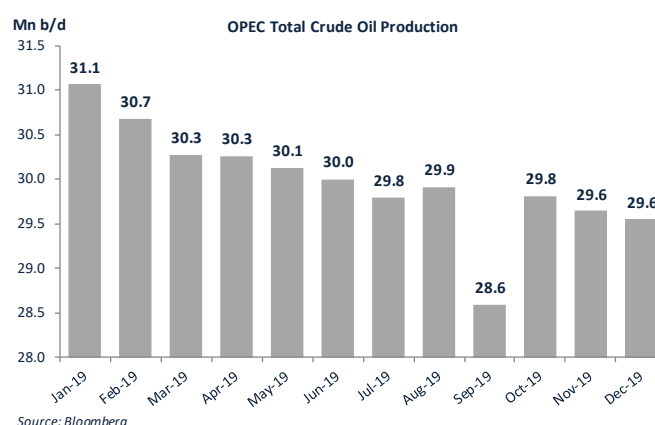
Production ('000 b/d)	Nov-19	Dec-19	Change		Capacity	Spare Capacity
Total OPEC-14	29,640	29,550	-90	-0.30%	34,590	5,040
Saudi Arabia	9,870	9,830	-40	-0.4%	11,500	1,670
Iraq	4,710	4,650	-60	-1.3%	4,800	150
UAE	3,100	3,040	-60	-1.9%	3,400	360
Kuwait	2,700	2,710	10	0.4%	3,075	365
Iran	2,070	2,080	10	0.5%	3,830	1,750
Nigeria	1,890	1,860	-30	-1.6%	2,000	140
Angola	1,280	1,390	110	8.6%	1,450	60
Libya	1,170	1,110	-60	-5.1%	1,300	190
Algeria	1,020	1,010	-10	-1.0%	1,080	70
Venezuela	700	680	-20	-2.9%	900	220
Ecuador	520	550	30	5.8%	555	5
Congo	310	310	0	0.0%	330	20
Gabon	180	210	30	16.7%	220	10
Equatorial Guinea	120	120	0	0.0%	150	30
Total OPEC-13	24,930	24,900	-30	-0.12%	29,790	4,890

Source: Bloomberg, OPEC

The steep increase in production in Angola came after Eni started production in the country's Agogo-1 deepwater field. The country also awarded a number of oil blocks during the month increasing the prospects of higher output in the coming years. According to a report, the country's oil production had declined to a third over the last decade and the new drilling awards came as a rescue plan by the government to contain sagging oil production.

During December-19, talks were finalized between Saudi Arabia and Kuwait on restarting production in the Neutral Zone shared by the two producers. According to reports, the oilfield is expected to reach full production level of 0.5 mb/d in 12 months. The two countries asserted that the increase in output would not affect their share of the quota as per the OPEC+ agreement.

Oil production in Libya has remained volatile over the past few weeks due to disruptions. According to the latest reports, production at the Sharara and el-Feel oilfields were reduced affecting production by around 0.8 mb/d following a shutdown of an export pipeline. Production in Iraq was also affected after a recent temporary stoppage of work on the Al Ahdab field due to political unrest that could spread to a second production site at the Badra field, according to Bloomberg. The two oil fields produce at 120 tb/d.



Source: Bloomberg

Brent Crude Oil Price Forecast

Firm	As Of	Q1 20	Q2 20	Q3 20	Q4 20
Landesbank Baden-Wuerttemberg	17/Jan/20	63.0	60.0	60.0	58.0
Natixis SA	15/Jan/20	64.0	62.0	62.0	65.0
Bank of Nova Scotia/The	14/Jan/20	60.0	60.0	65.0	67.0
Banco Santander SA	10/Jan/20	64.0	63.0	61.0	60.0
Market Risk Advisory Co Ltd	9/Jan/20	65.0	63.0	66.0	65.0
CIMB	8/Jan/20	68.0	69.0	67.0	68.0
Intesa Sanpaolo SpA	8/Jan/20	67.0	65.0	65.0	62.0
Bank of Tokyo-Mitsubishi UFJ Ltd/The	2/Jan/20	66.5	64.1	61.9	56.6
Citigroup Inc	31/Dec/19	63.0	59.0	55.0	57.0
MPS Capital Services Banca per le Imprese SpA	30/Dec/19	61.0	62.0	59.0	55.0
Raymond James Financial Inc	18/Dec/19	65.0	65.0	72.0	78.0
Westpac Banking Corp	17/Dec/19	61.2	58.7	56.7	55.3
Commerzbank AG	13/Dec/19	60.0	60.0	60.0	60.0
ABN AMRO Bank NV	12/Dec/19	60.0	58.0	55.0	58.0
CIBC	10/Dec/19	65.5	64.0	64.0	65.5
Emirates NBD PJSC	28/Nov/19	58.0	55.0	57.5	58.0
BNP Paribas SA	21/Nov/19	60.0	54.0	57.0	60.0
Capital Economics Ltd	4/Nov/19	65.5	66.5	69.0	72.5
Rabobank International	24/Oct/19	73.5	73.0	72.5	72.5
HSBC Holdings PLC	15/Oct/19	60.0	60.0	60.0	60.0
BBVA Research SA	24/Sep/19	60.4	57.3	53.8	56.0
Societe Generale SA	17/Sep/19	57.5	59.0	60.0	
Median		63.0	61.0	60.5	60.0
Mean		63.1	61.7	61.8	62.4
High		73.5	73.0	72.5	78.0
Low		57.5	54.0	53.8	55.0
Current Fwd		63.9	62.0	60.6	59.6
Difference (Median - Current)		-0.9	-1.0	-0.1	0.4

Source: Bloomberg

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