

Global Economic Conditions

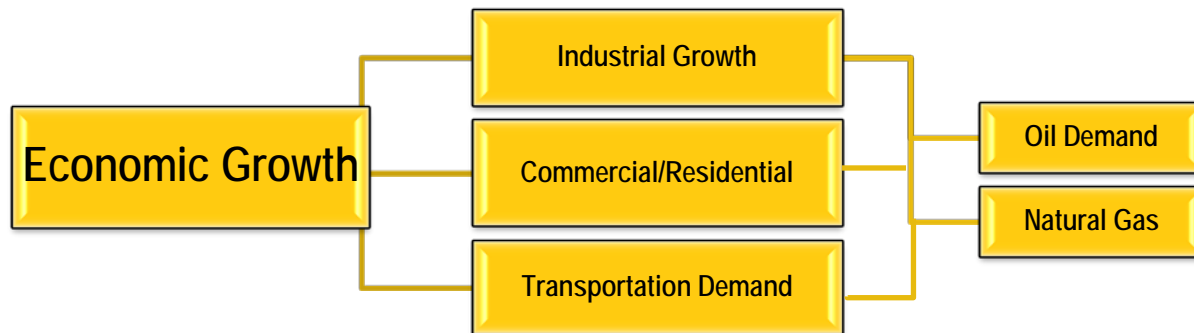
Implications for Oil & Gas Markets

Presented to IPLOCA
50th Annual Convention
15 September 2016

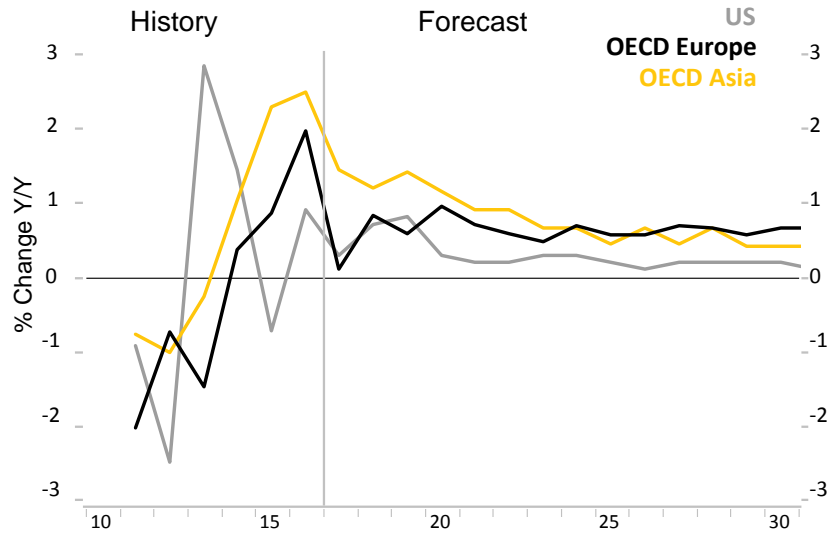
Laura Speake, PhD
Regional Chief Economist

Views represented in this presentation are that of the speaker and may not represent the views of her employer.

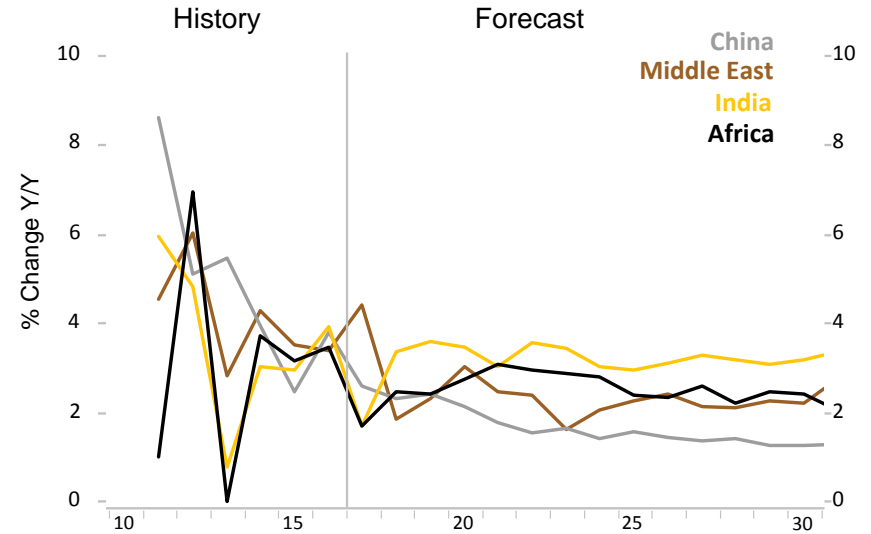




Energy Demand



Source: EIA/Haver

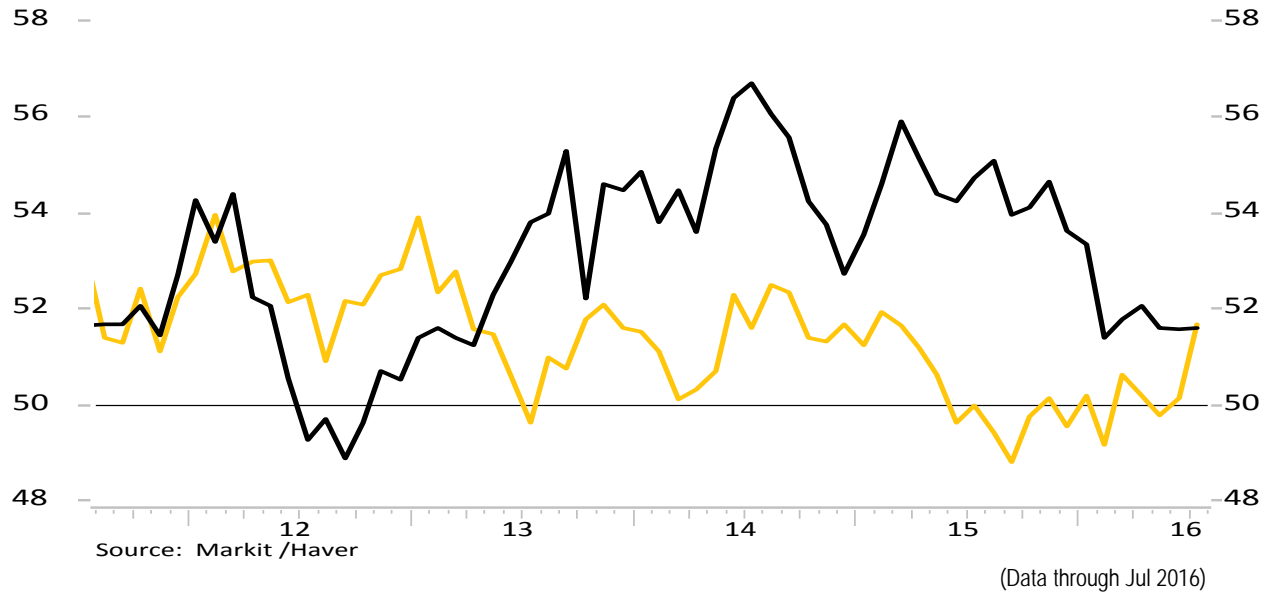


Source: EIA/Haver

Leading Indicators

Composite PMI (SA, 50+=Expansion)

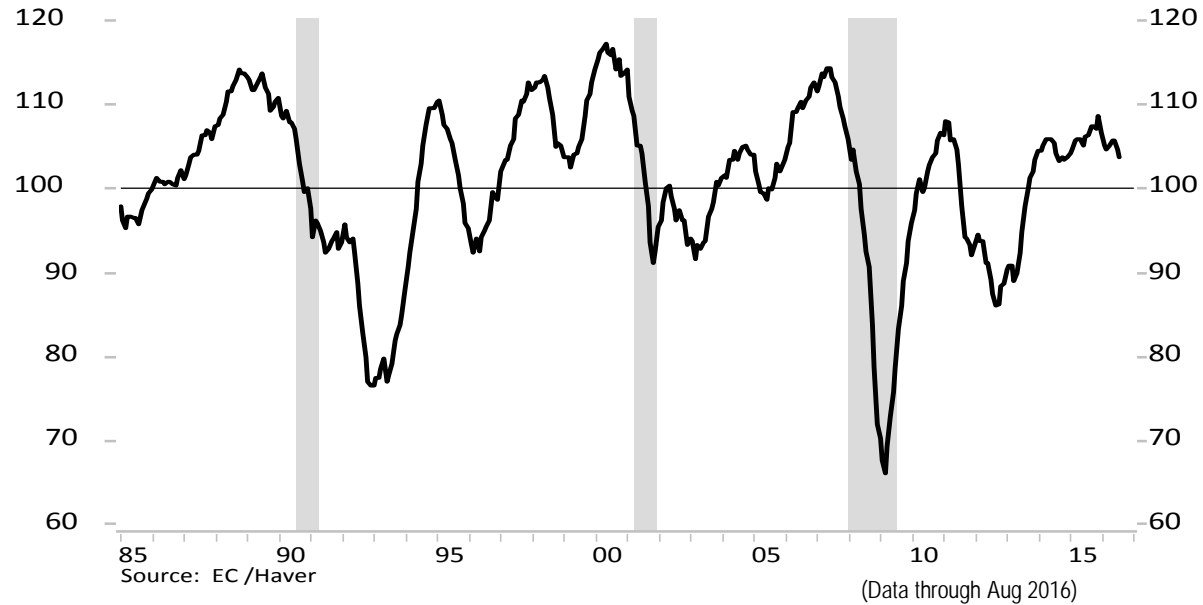
Developed
Developing



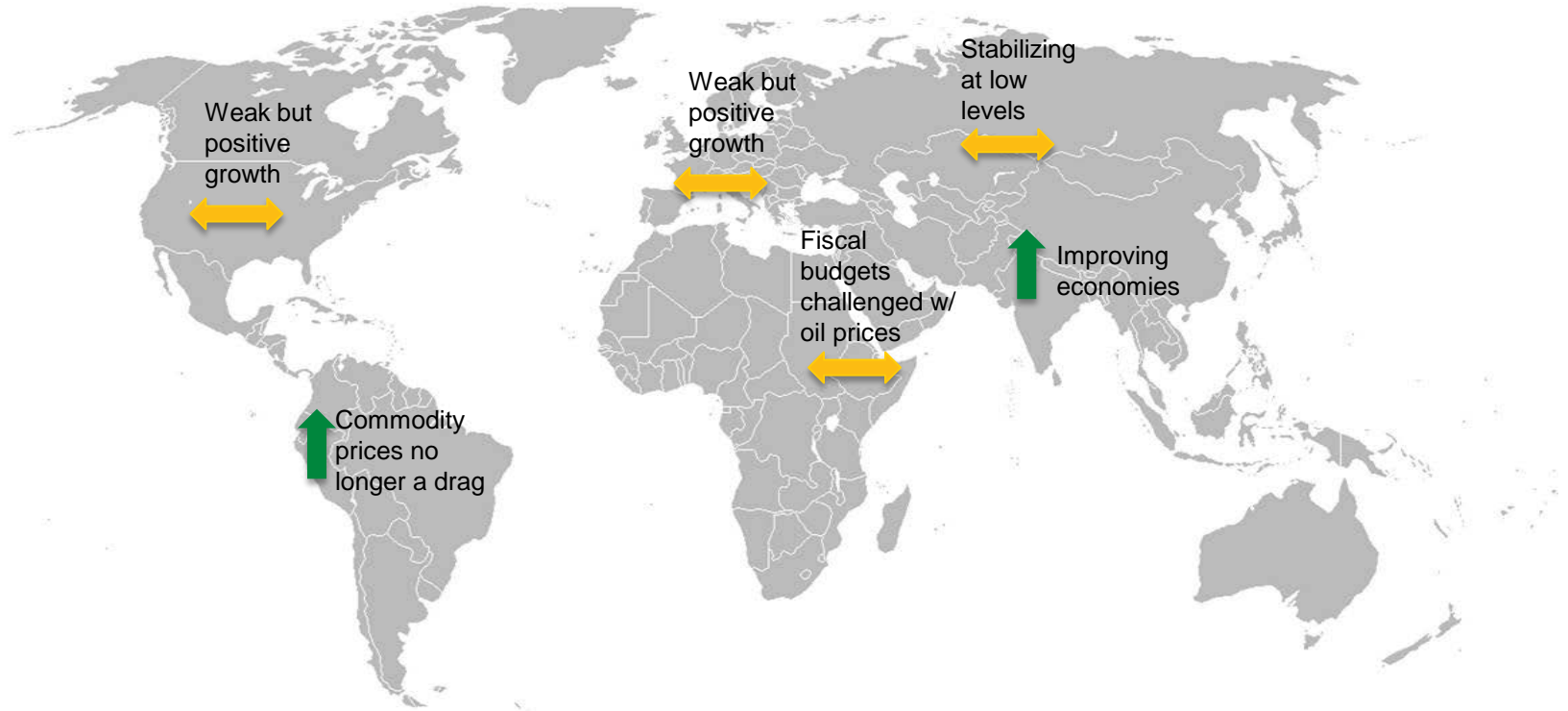
Leading Indicators

EU28: Economic Sentiment Indicator

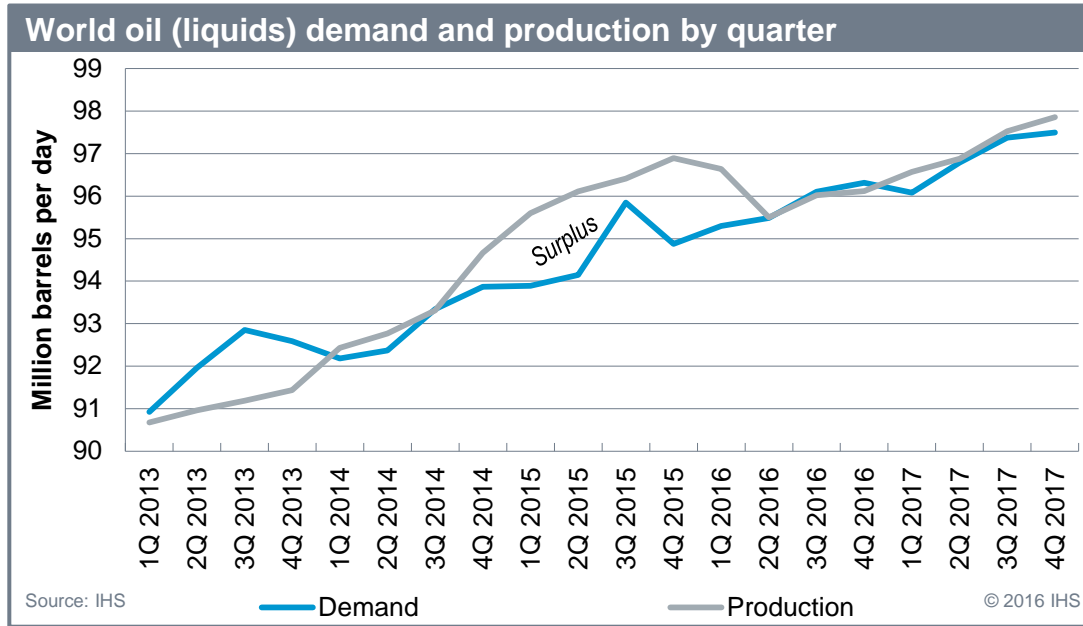
SA, Long-term Average=100



Economic Outlook

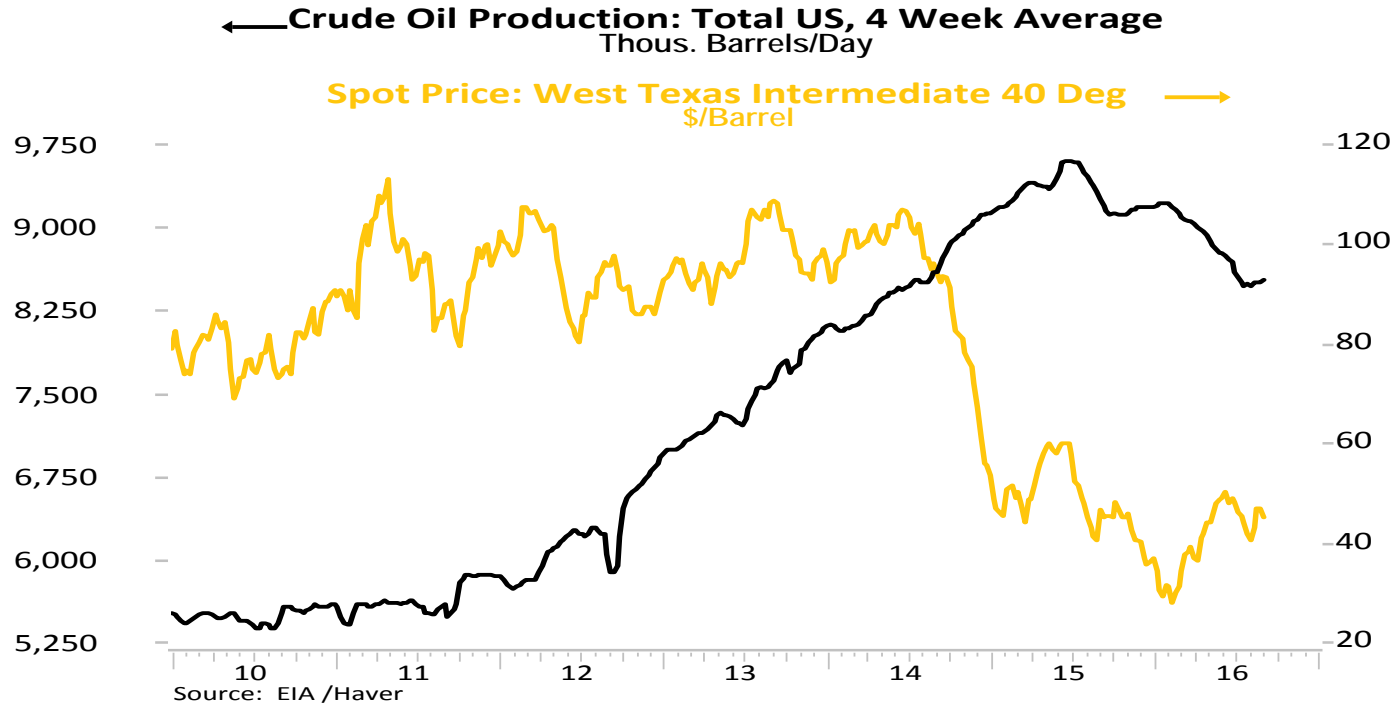


Oil – Supply & Demand



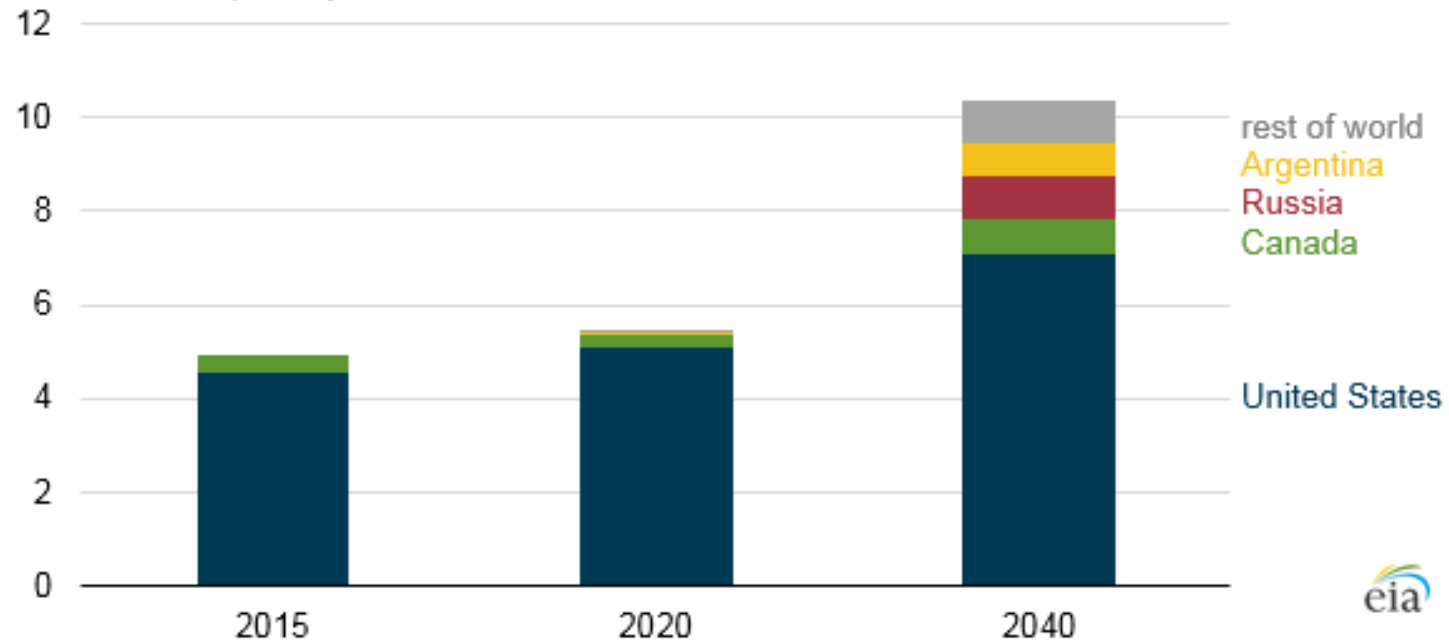
- Oil demand growth estimated to be 1-1.2m b/d
- NonOECD growth is 90% - mostly China & India
- Inventory to remain elevated

US Oil Production



Global Shale Oil Production

World tight oil production (2015-40)
million barrels per day



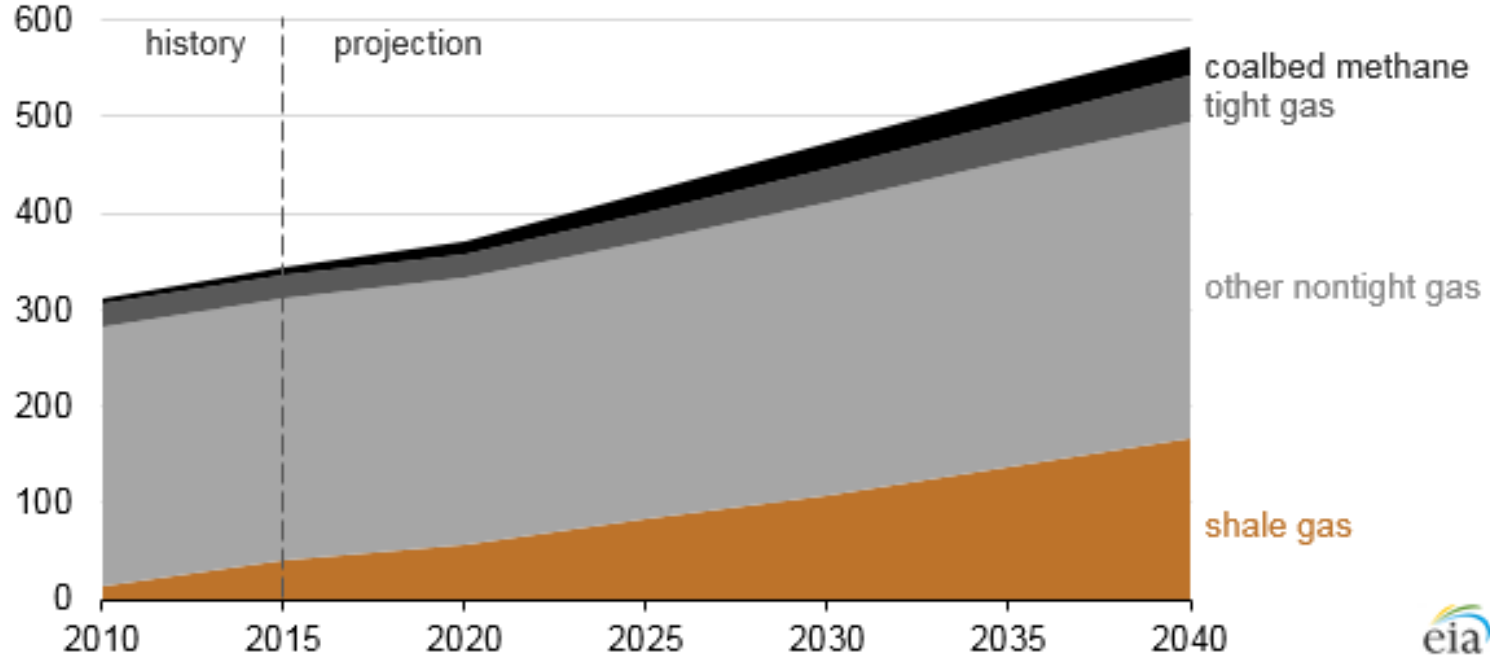
Natural Gas – Supply & Demand

- Dominated by Regional Markets
- Pipeline vs LNG
- Limited Storage Capacity



Global Shale Gas Production

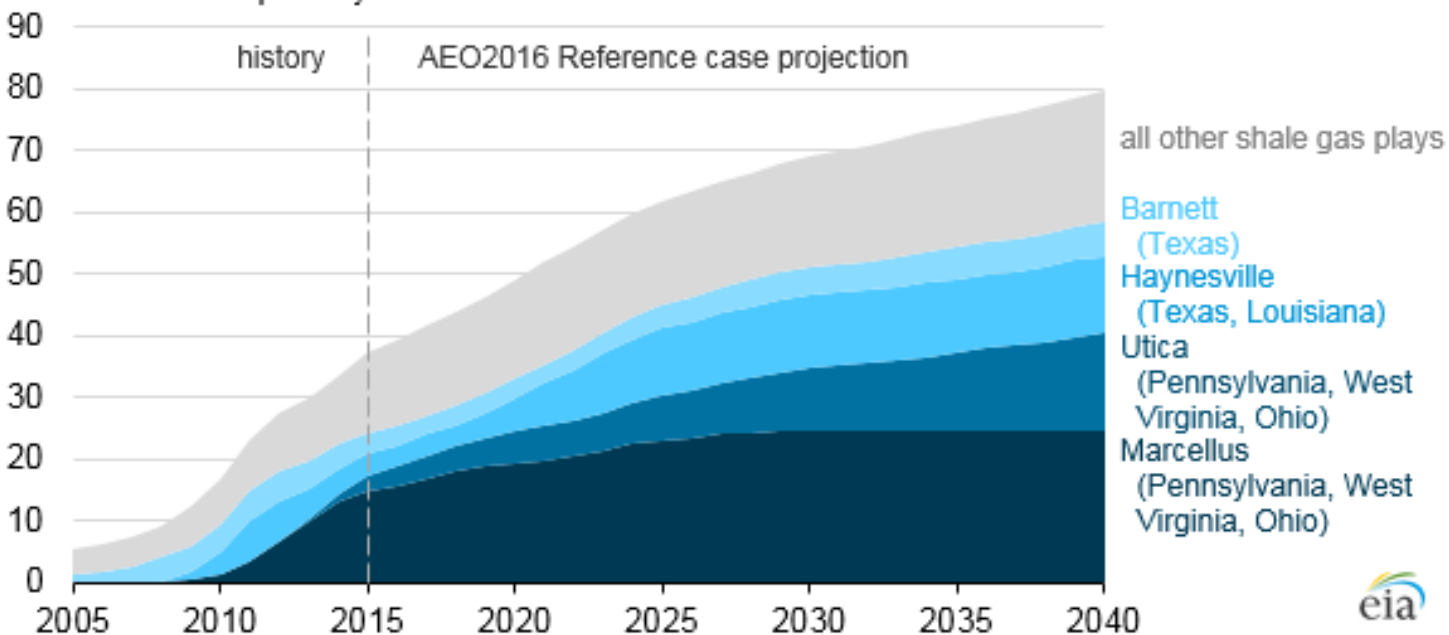
World natural gas production by type (2010-40)
billion cubic feet per day



Global Shale Gas Production

U.S. shale gas production (2005-40)

billion cubic feet per day



Forecast Risks

Economic Risks

- Fed tightens monetary policy too quickly
- Chinese economy slows more rapidly
- Geopolitical shock

Oil & Gas Risks

- Libya & Nigeria return to full production
- US Shale ramps back up sooner