

# Oil Market Prospects for 2025 and Beyond

Baker Institute Panel

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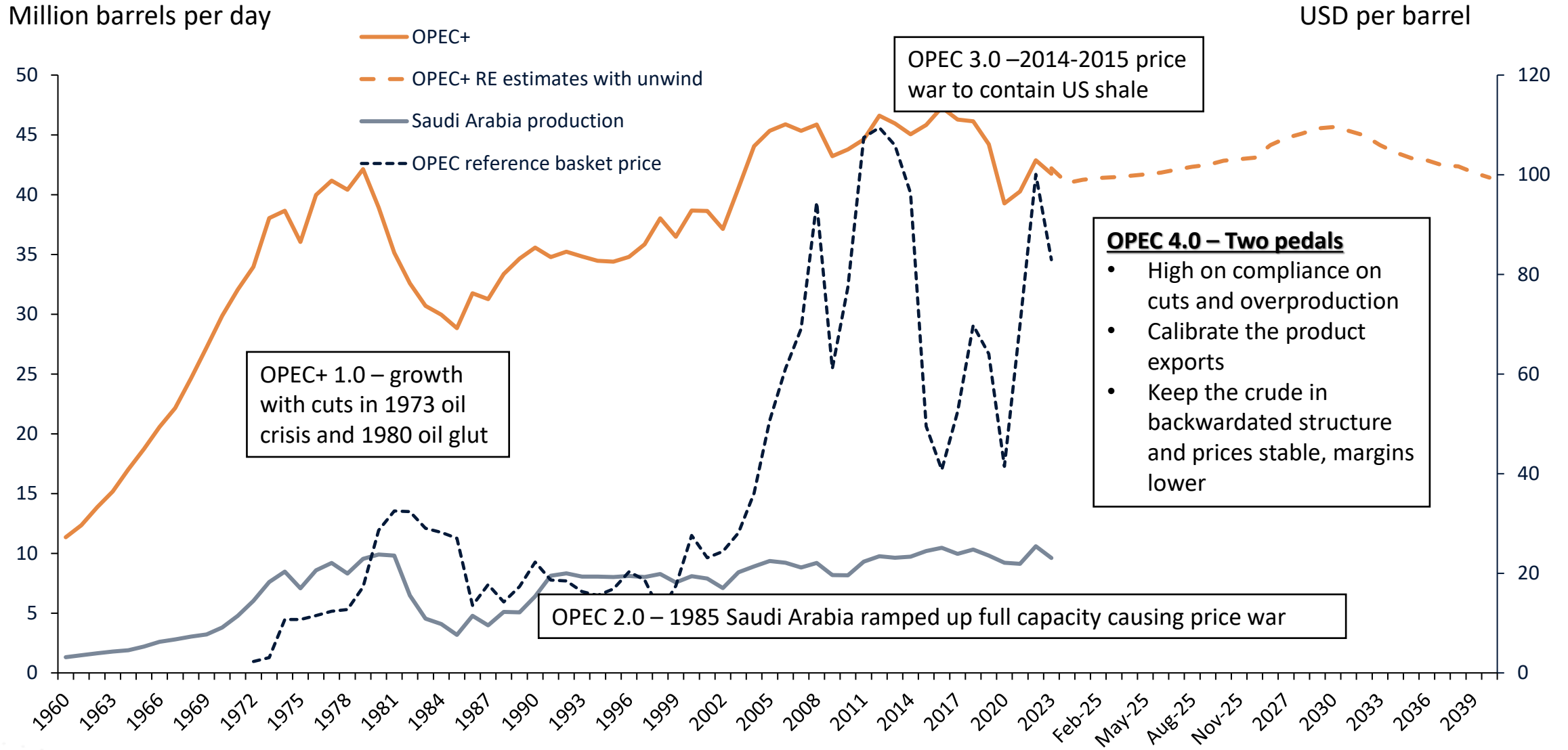


Houston, TX



**RystadEnergy**

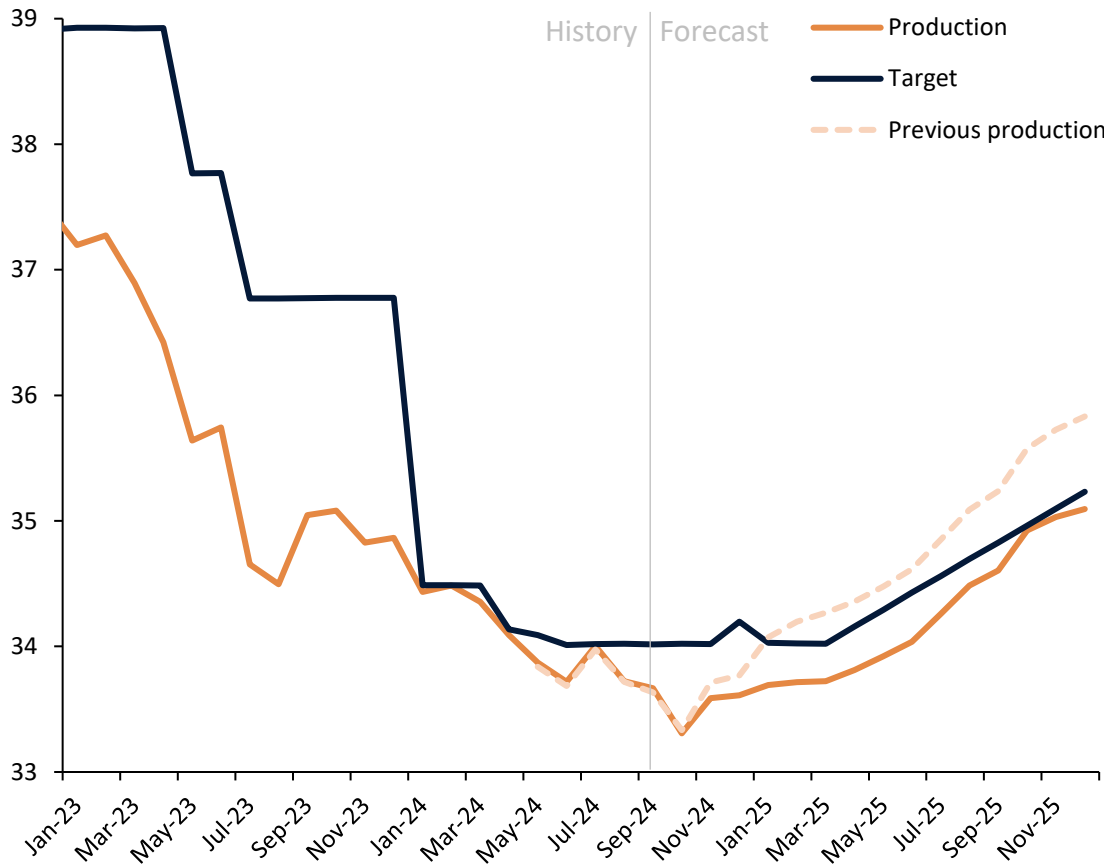
# OPEC+ history of oil market management



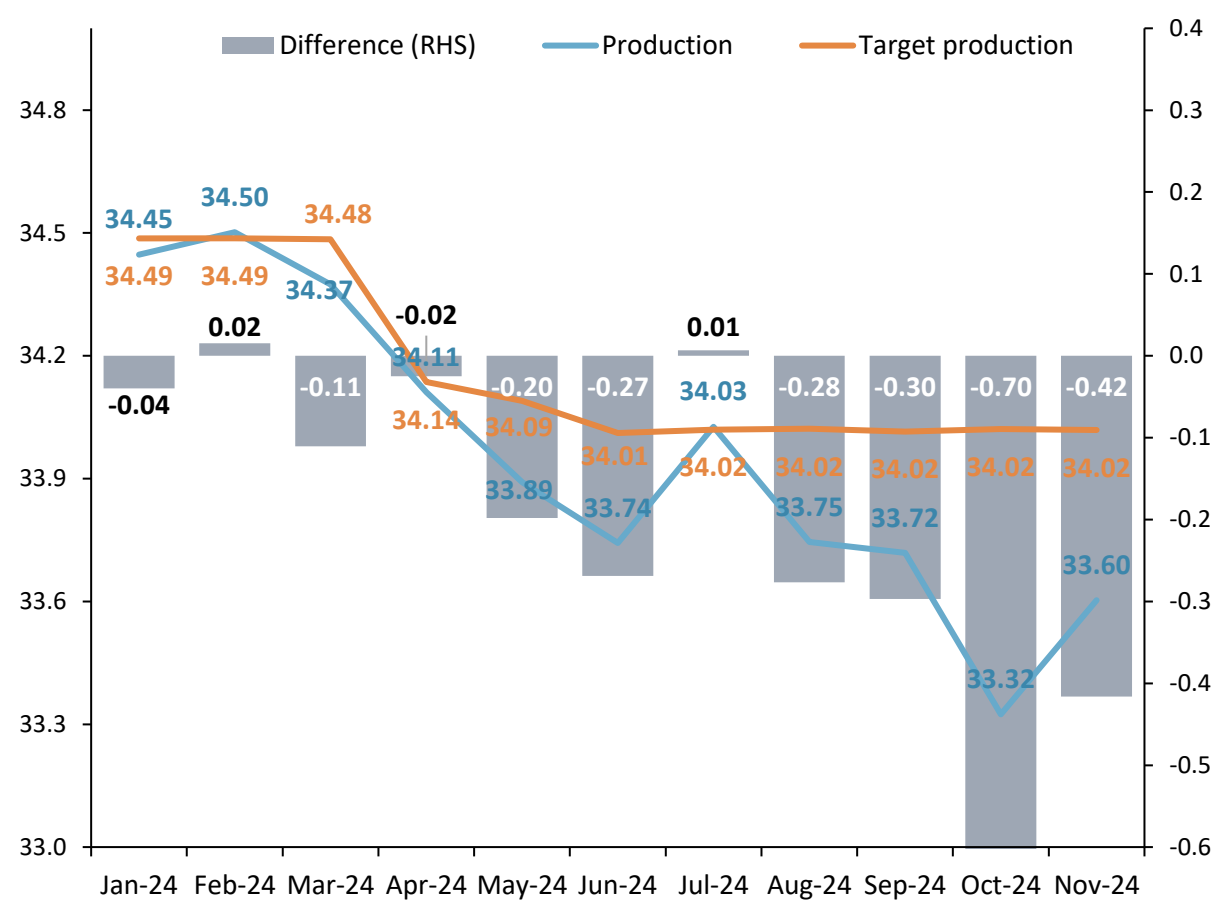
Source: Rystad Energy research and analysis; Rystad Energy Oil Trading Solution; Rystad Energy OilMacroCube

# Further delay in OPEC+ unwinding cuts by another 3 months; compliance has improved with compensation plans in force

**OPEC+ actual crude production versus target production\***  
Million barrels per day (bpd)



**OPEC+ actual crude production versus target production\***  
Million barrels per day (bpd)

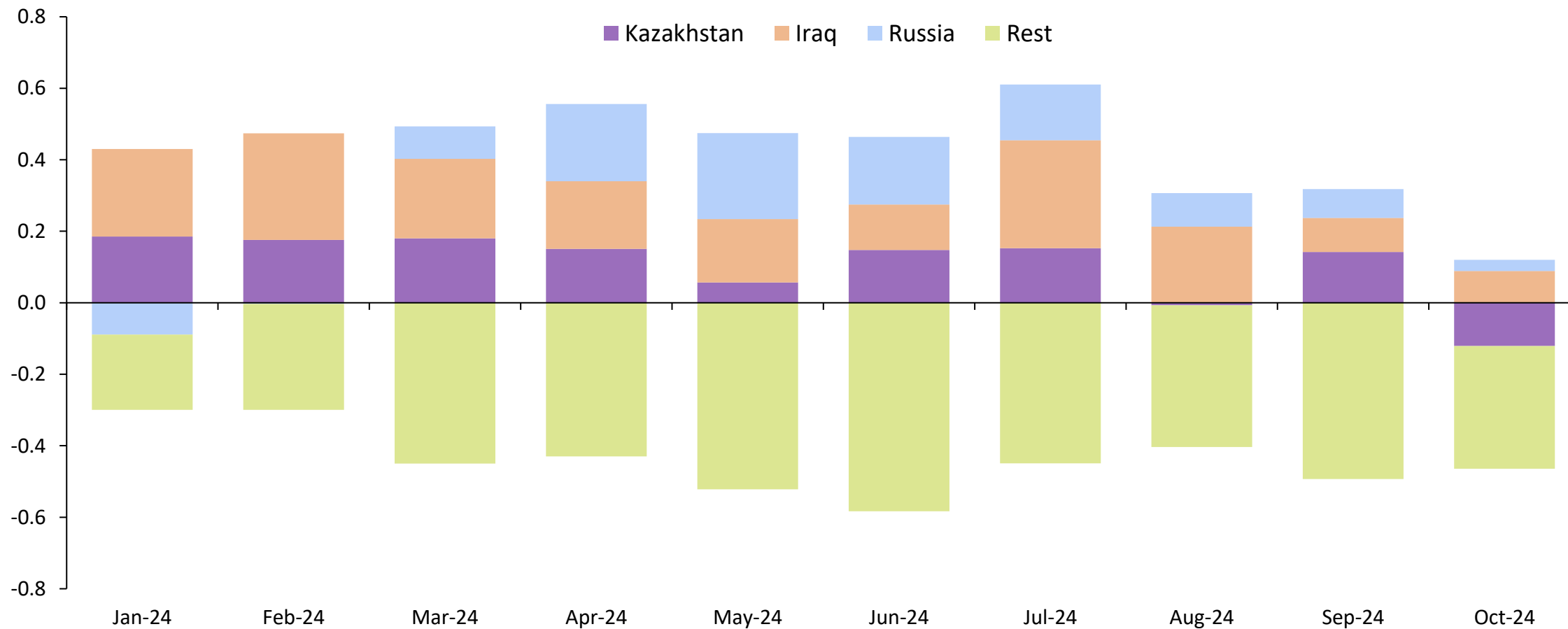


\*All OPEC+ figures on this slide refer to the combined crude oil production for the countries subject to cut from July 2020 onwards (i.e. Iran, Venezuela, Libya and Mexico are not included)  
Source: Rystad Energy research and analysis; Rystad Energy Oil Trading Solution; Rystad Energy OTS SupplyCube; Rystad Energy OilMarketCube

Note: difference is the difference between actual production and target production  
All OPEC+ figures on this slide refer to the combined crude oil production for the countries subject to cut from July 2020 onwards (i.e. Iran, Venezuela, Libya and Mexico are not included)  
Source: Rystad Energy research and analysis

# The usual non-compliant suspects

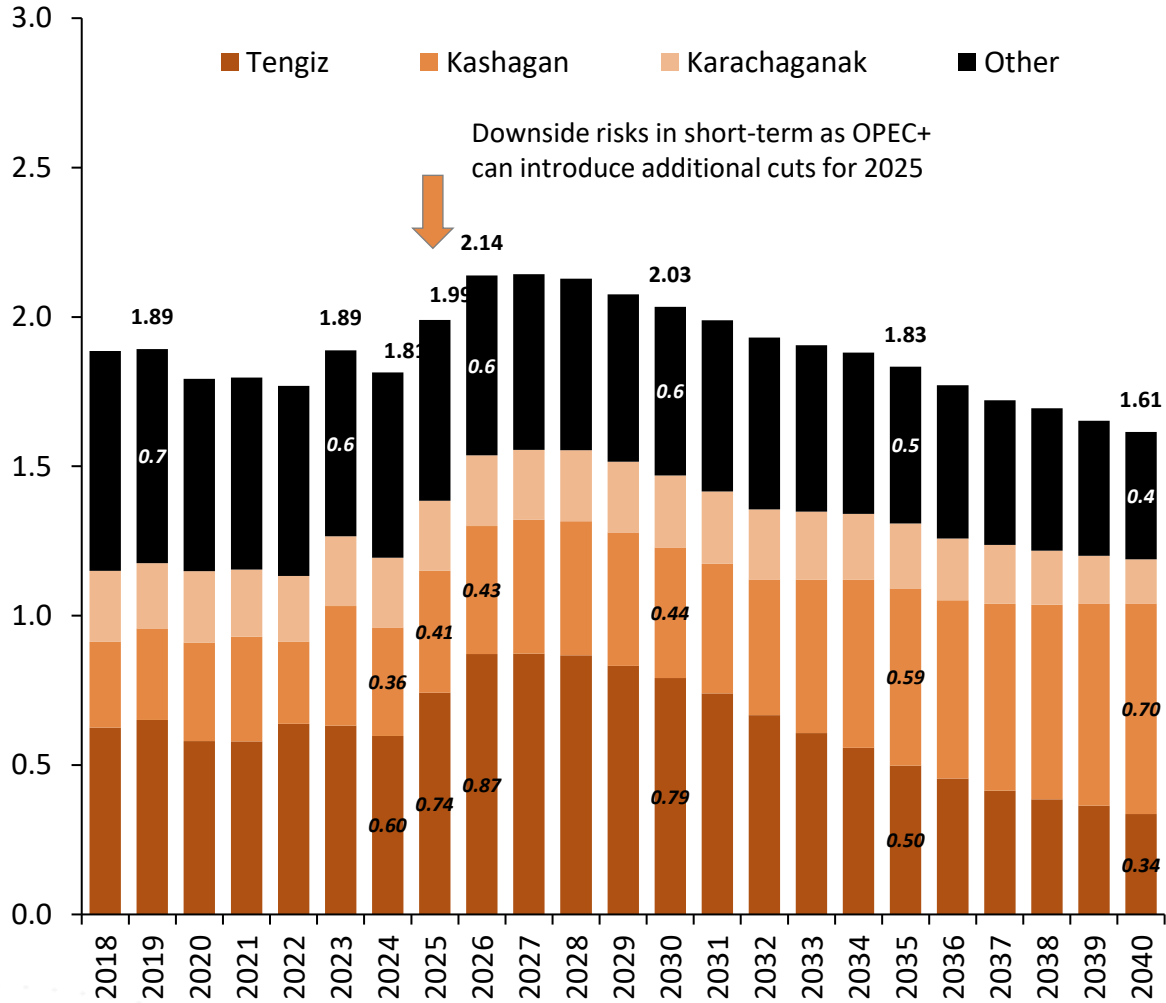
OPEC+ compliance: deviation from target (RHS)  
Million barrels per day



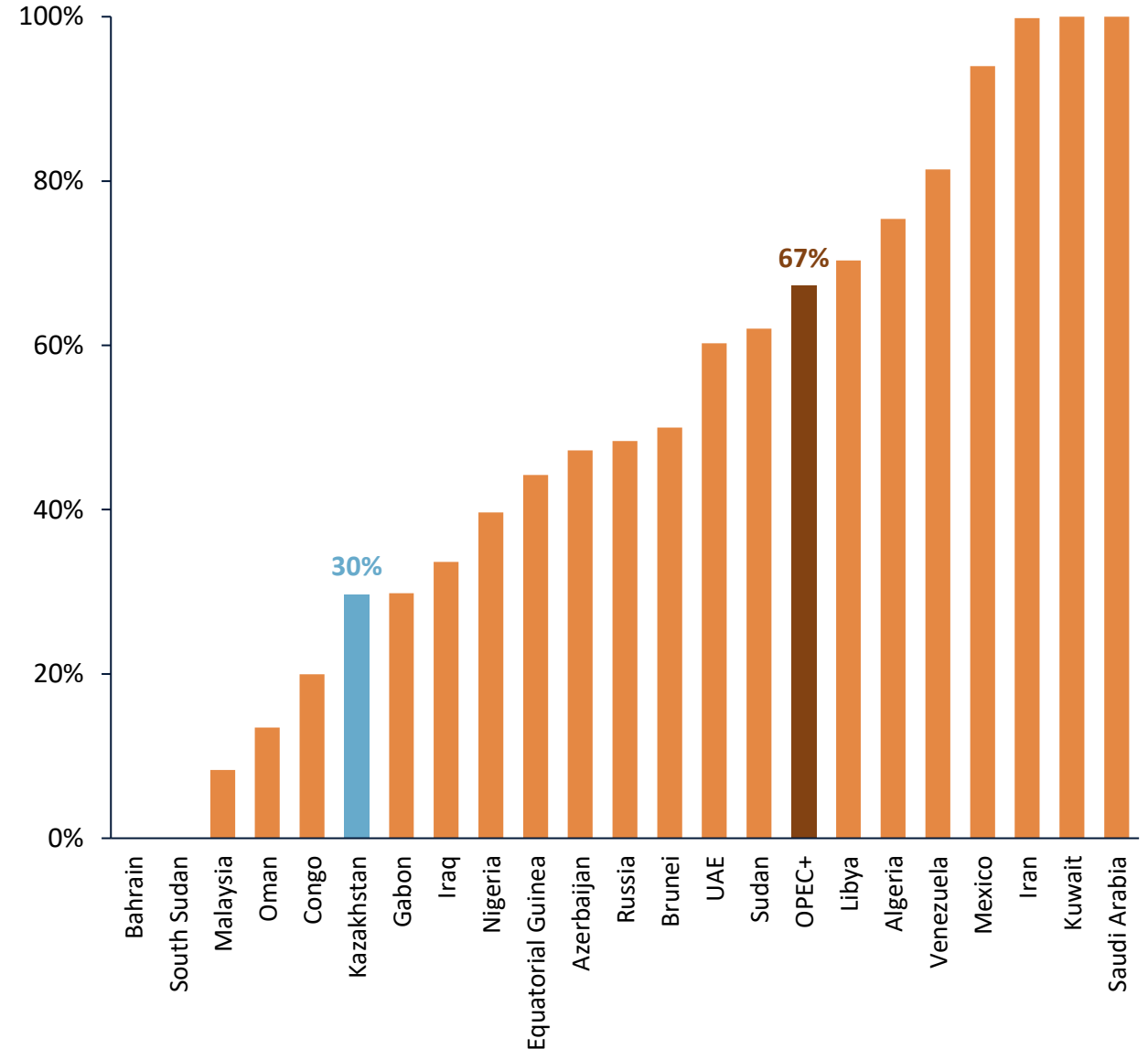
Source: Rystad Energy research and analysis; Rystad Energy OTAS Supply Cube; Rystad Energy Oil Trading Solution (OTS)

# Kazakhstan will struggle to comply even more into 2025, unless their quota is expanded

**Kazakhstan's Base Case for crude and condensate production**  
Million barrels per day (bpd)



**Share of crude production in 2024 by national oil companies**  
Percentage

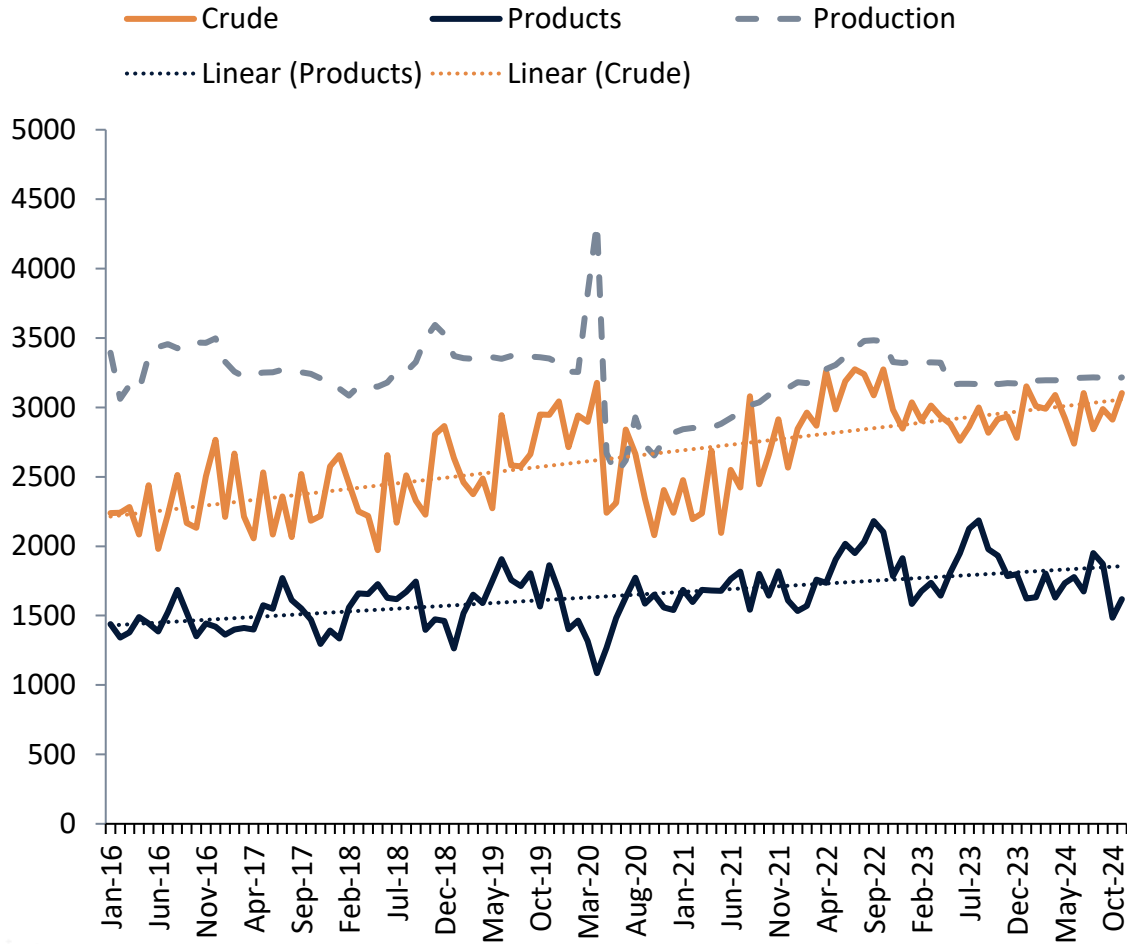


Source: OTAS CrudeCube; Rystad Energy research and analysis

# UAE has complied in crude; however, product exports have kept growing and there is a queue of 100,000 bpd of project startups for 2025

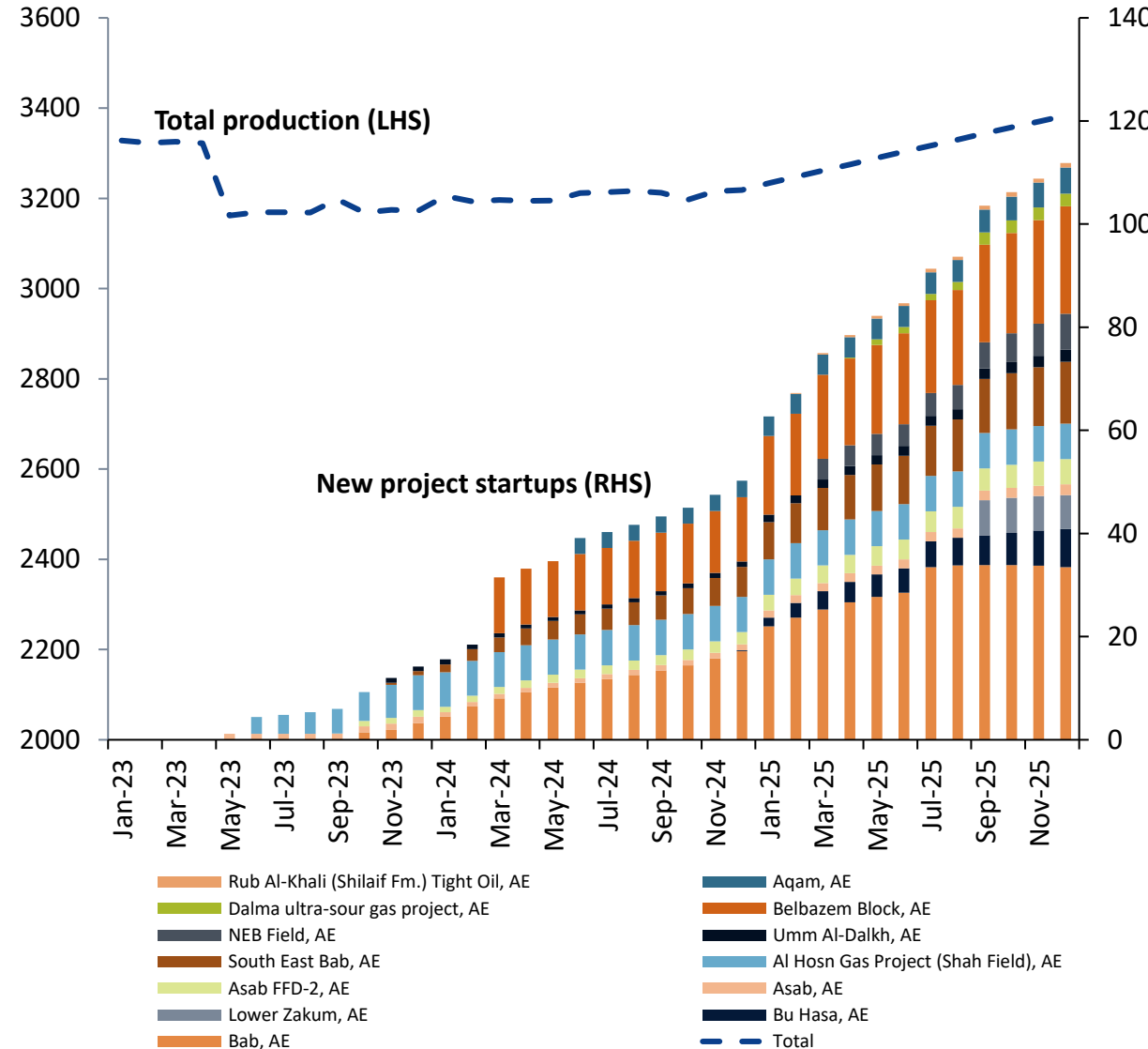
UAE production, crude exports and products exports

Thousand barrels per day (bpd)



UAE production forecast into 2025. New projects startup year 2023+

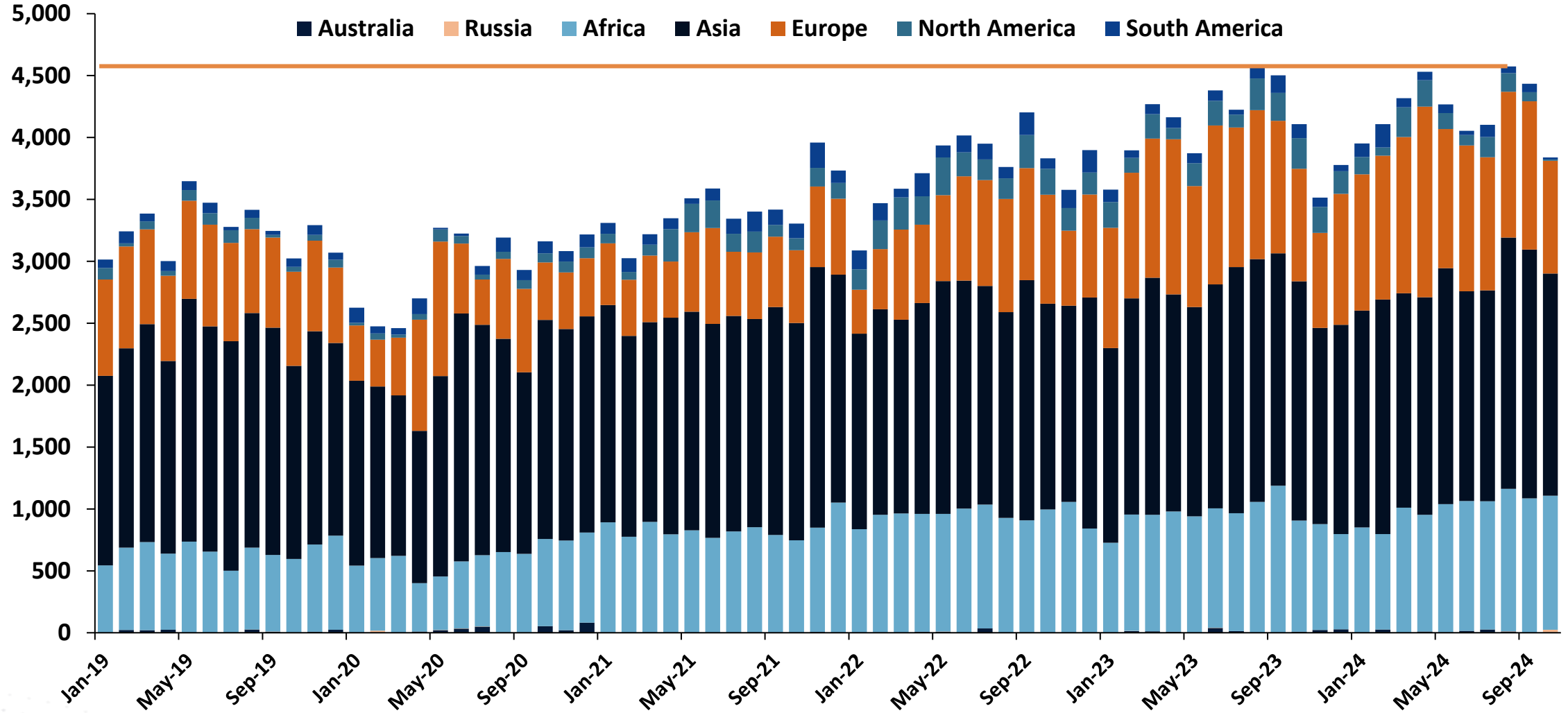
Thousand barrels per day (bpd)



Source: OTAS CrudeCube; Rystad Energy research and analysis

# Significant increase in Middle East product exports

Middle East refined product exports  
Thousand barrels per day



Source: Rystad Energy research and analysis; ProductCube

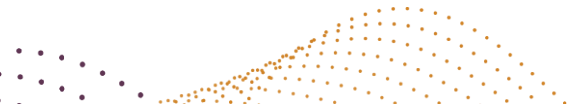
## Main OPEC takeaways

1. Extend the voluntary adjustments of 1.65 million bpd announced in Apr 2023 until the end of Dec-26
2. Extend the additional voluntary adjustments of 2.2 million bpd announced in Nov-2023 until the end of Mar 25 with shifting the phase out from Sep 25 to Sep 26
3. New compensation schedules for overproducing countries to be submitted by end Dec-24.



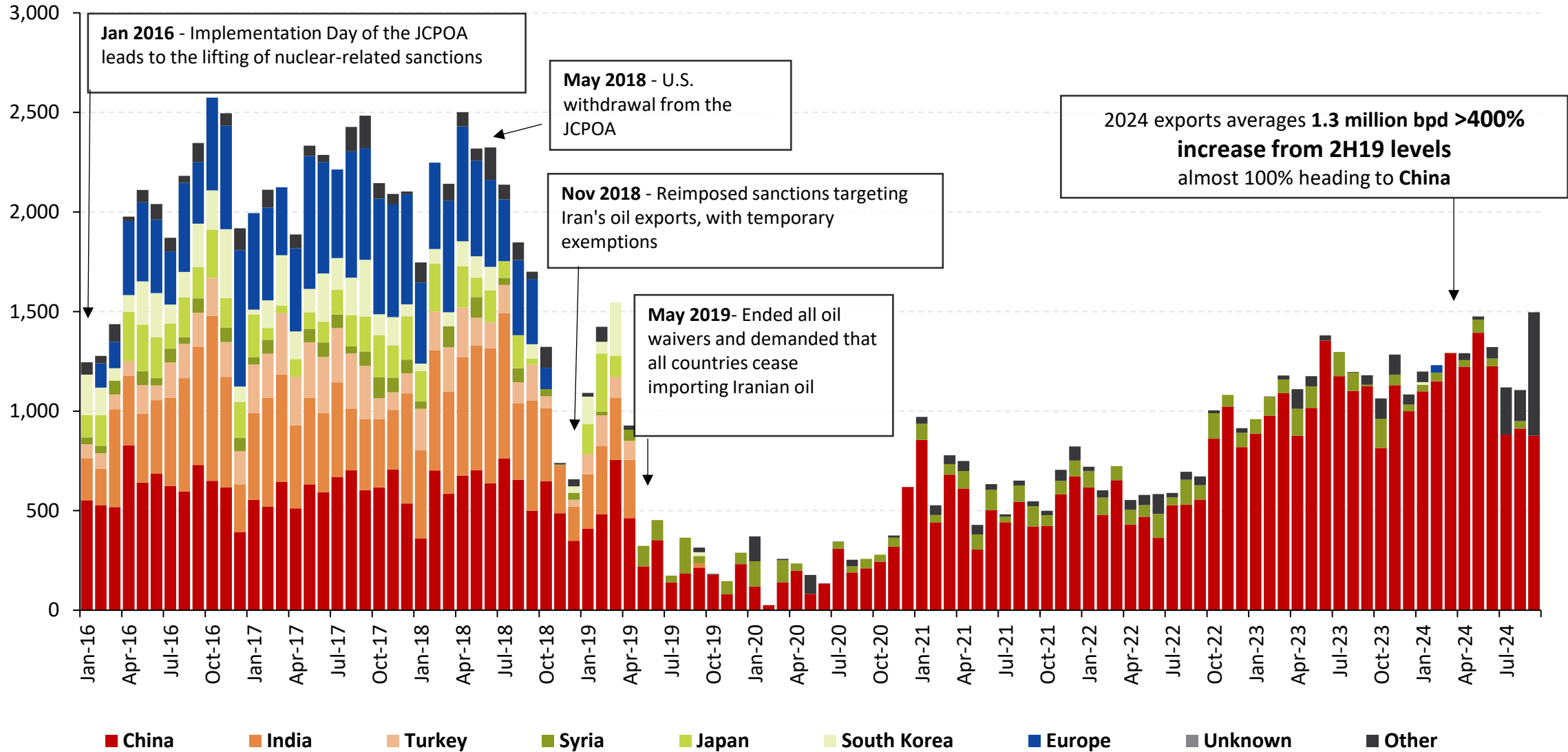
# Additional OPEC takeaways

- 1. From surplus to deficit:** The phase out of cuts shift from 12 months to 18 months is constructive for the crude balances for 2025, with a swing from average 0.7 million bpd surplus to average 0.3 million bpd deficit.
- 2. UAE Baseline:** An important announcement was also the confirmation that the UAE's new baseline (300,000 bpd higher) will only start in April 2025 and will be gradually phased in over an 18-month period. The previous guidance was that the new baseline would start in January 2025 and would be gradually implemented over a 9-month period. This subtle but important change in UAE production guidance is relevant and shows a strong commitment from the country towards OPEC+.
- 3. Supply growth:** The overall impact on supply growth in 2025 is reduced by 1.03 million bpd, and the crude and liquids balances surplus are reduced by the same amount, respectively. In 2025, crude and condensate were oversupplied by 700kbd, now short 335kbd (swing of 1030kbd). The liquids balance was oversupplied 1.25mbd, now oversupplied 215kbd (same swing of 1030kbd).
- 4. Kazakhstan:** The speculation of Kazakhstan potential exit owing to overproduction has not played out as anticipated and in line with our call that a consensus solution will be reached to stay with the group. This adds a bullish bias for the balances.
- 5. Non-OPEC supply growth:** As per our analysis, OPEC+ does not seem to be overly concerned about the non-OPEC+ supply and need for a price war to bring a correction. Our estimates indicate that the non-OPEC+ supply growth will likely face headwinds from the buying countries correction in refinery demand as lower margins will persist in 2025, driving higher closures in those countries.
- 6. TRUMP 2.0 and sanctions:** Despite the signal that phase out of cuts is delayed to Sep 2026, it can be assumed that this is given as a lot depends on how the Trump 2.0 rhetoric on US production growth and sanctions on Iran, Venezuela plays out along with tariffs on Canada and Mexico.
- 7. Term-structure:** The tapered phase out news will likely put the pressure on the back-end of the more that front end. The extension of cuts to Mar 2025 certainly helps the front end of the curve stay supported. Maintaining crude market in backwardation seems to be an important unstated goal for the OPEC+ along with maintaining price stability.
- 8. China's demand:** The delayed phase-out also signals that OPEC+ acknowledges the weakness in Chinese oil demand and is not anticipating a surprise rebound anytime soon given Trump's possible tariffs against China.



# Iranian has tripled exports during Biden's administration, sanctions could increase with Trump

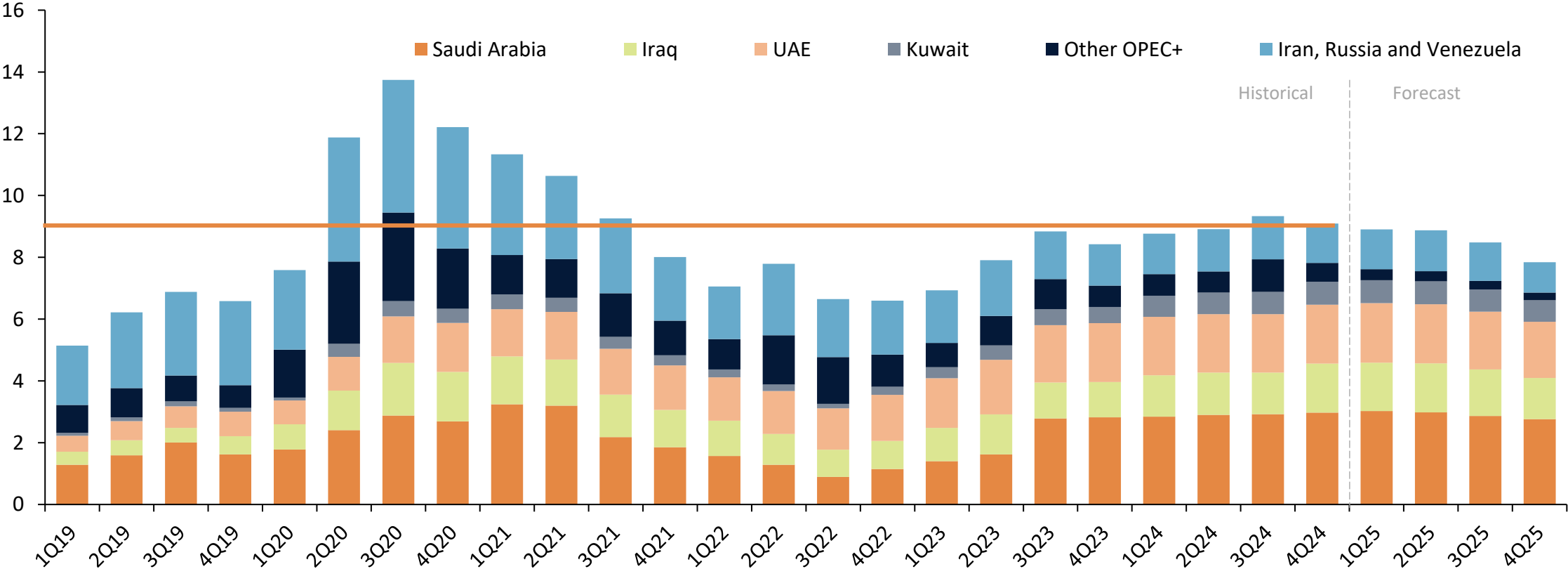
Thousand barrels per day (bpd)



Source: OTAS CrudeCube; Rystad Energy research and analysis

# OPEC spare capacity remains elevated, 3-4 mbd higher than pre-pandemic

OPEC+ spare capacity  
Million barrels per day



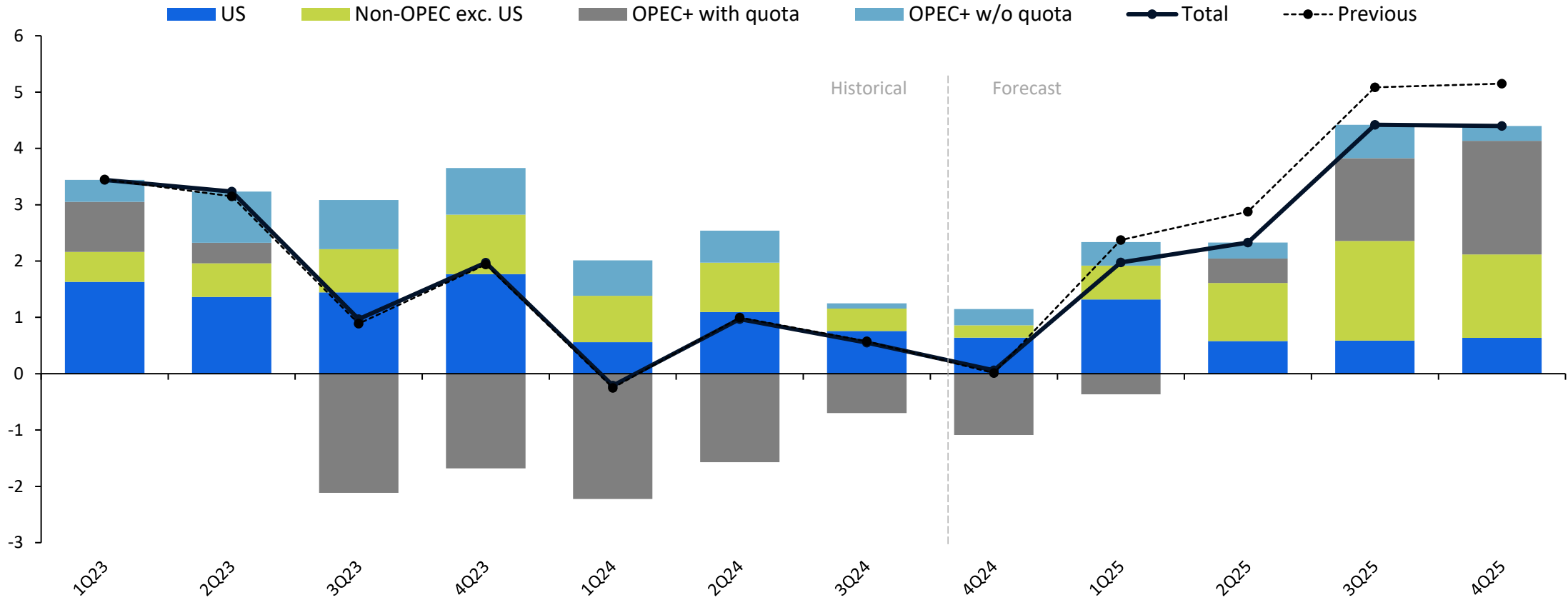
Source: Rystad Energy research and analysis; Rystad Energy Oil Macro Solution



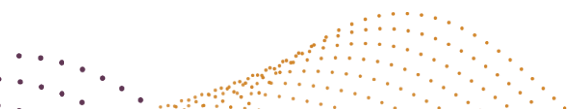
# Extension of OPEC+ voluntary cuts drive down global liquids supply across 2025

## Global liquids supply annual growth by main regions

Million barrels per day

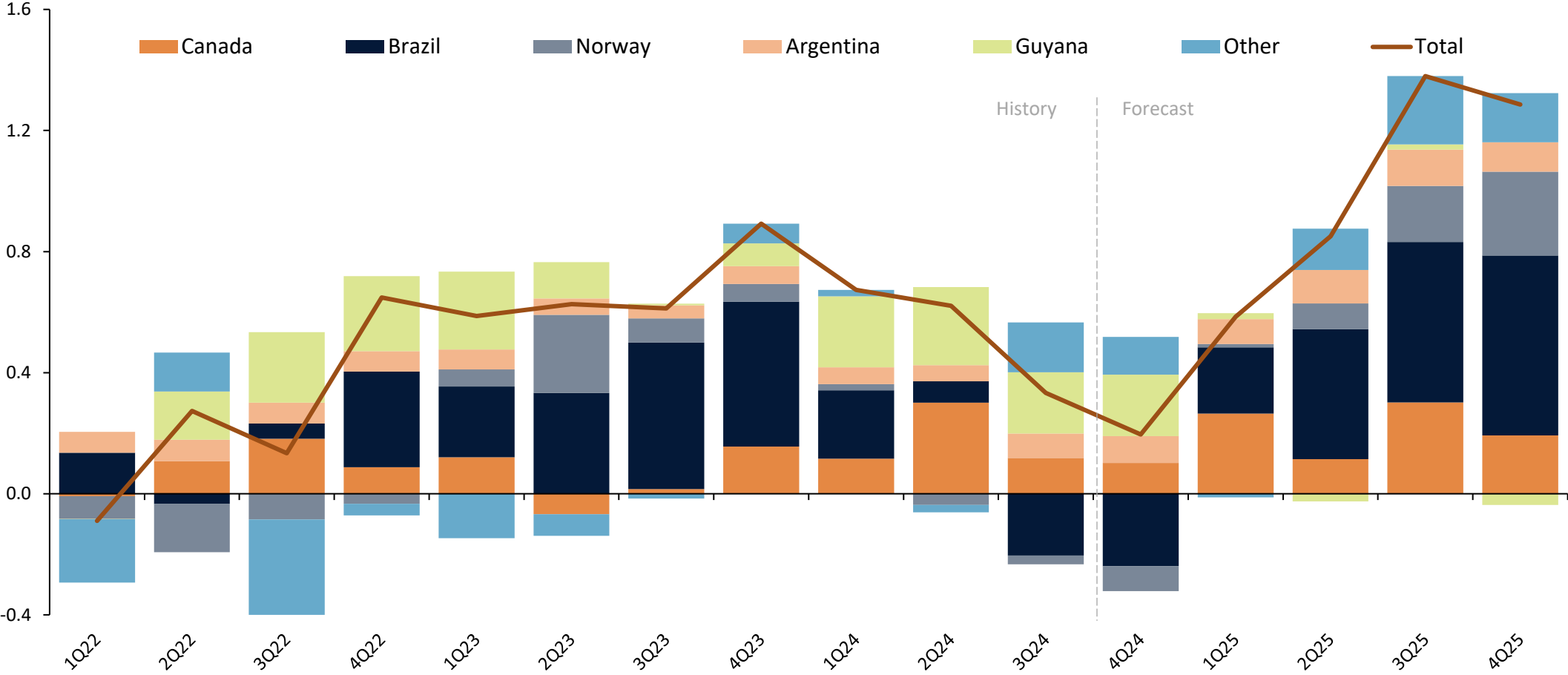


Source: Rystad Energy research and analysis; Rystad Energy Oil Trading Solution; Rystad Energy OTS SupplyCube; Rystad Energy ShaleWellCube



# Brazil and Norway key non-OPEC+ growth drivers across 2025

Non-OPEC+ (excluding US) crude and condensate supply annual growth  
 Million barrels per day



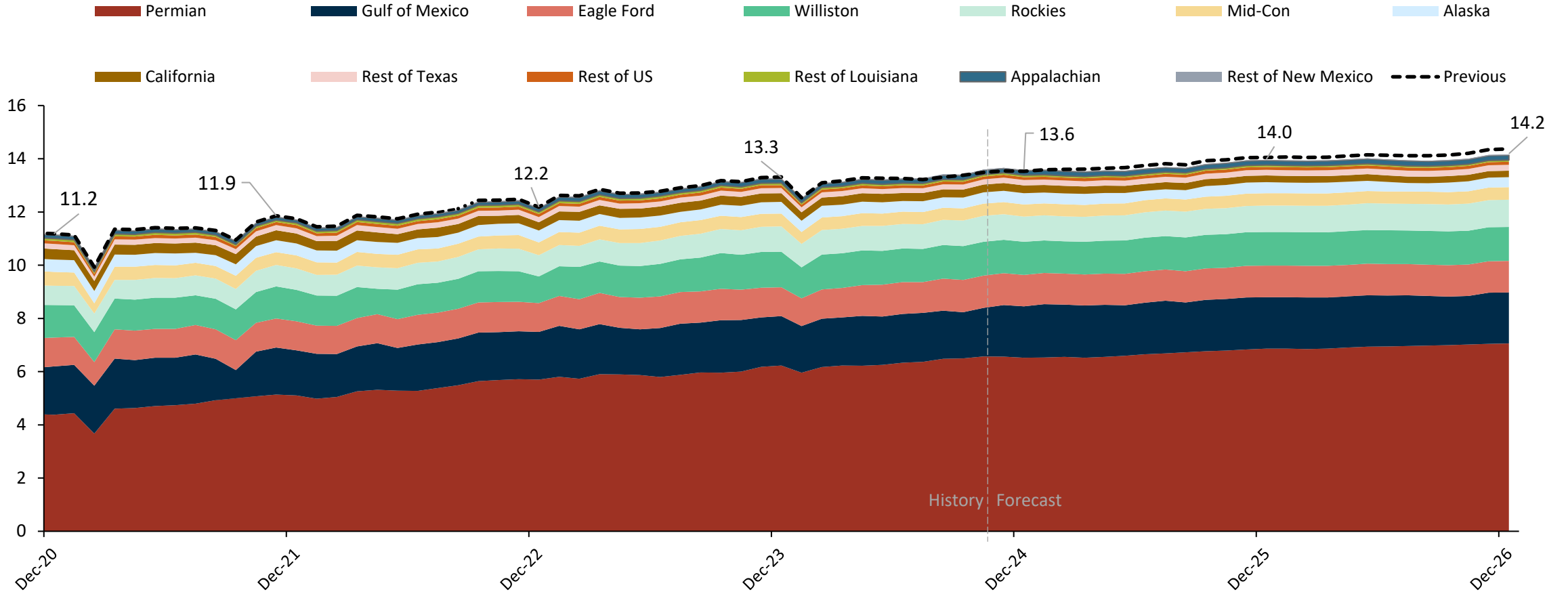
Source: Rystad Energy research and analysis; Rystad Energy Oil Trading Solution; Rystad Energy OTS SupplyCube



# Higher 2H2024 production amid tepid guidance over 2025 and 2026

## US oil and lease condensate production by basin

Million barrels per day (bpd)



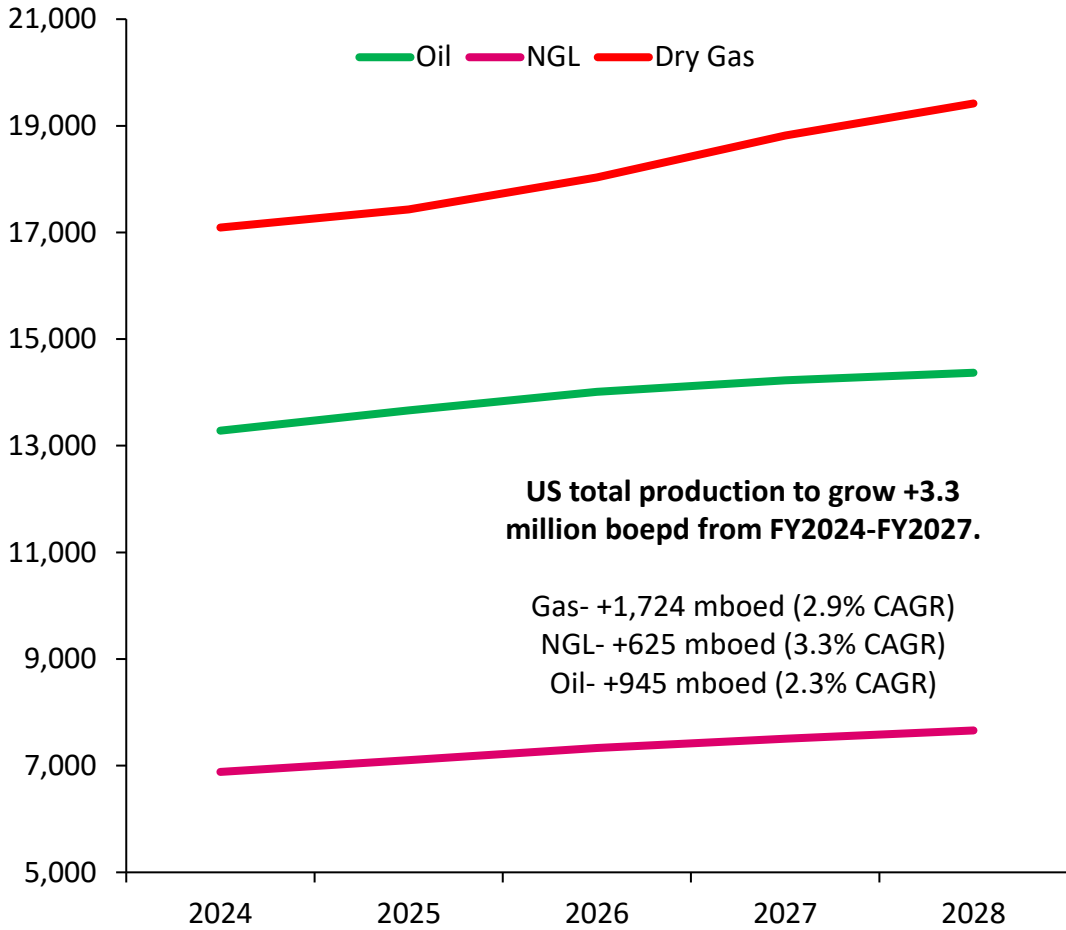
\*Crude and lease condensate volumes

Source: Rystad Energy research and analysis; Rystad Energy Oil Trading Solution; Rystad Energy OTS SupplyCube; Rystad Energy ShaleWellCube



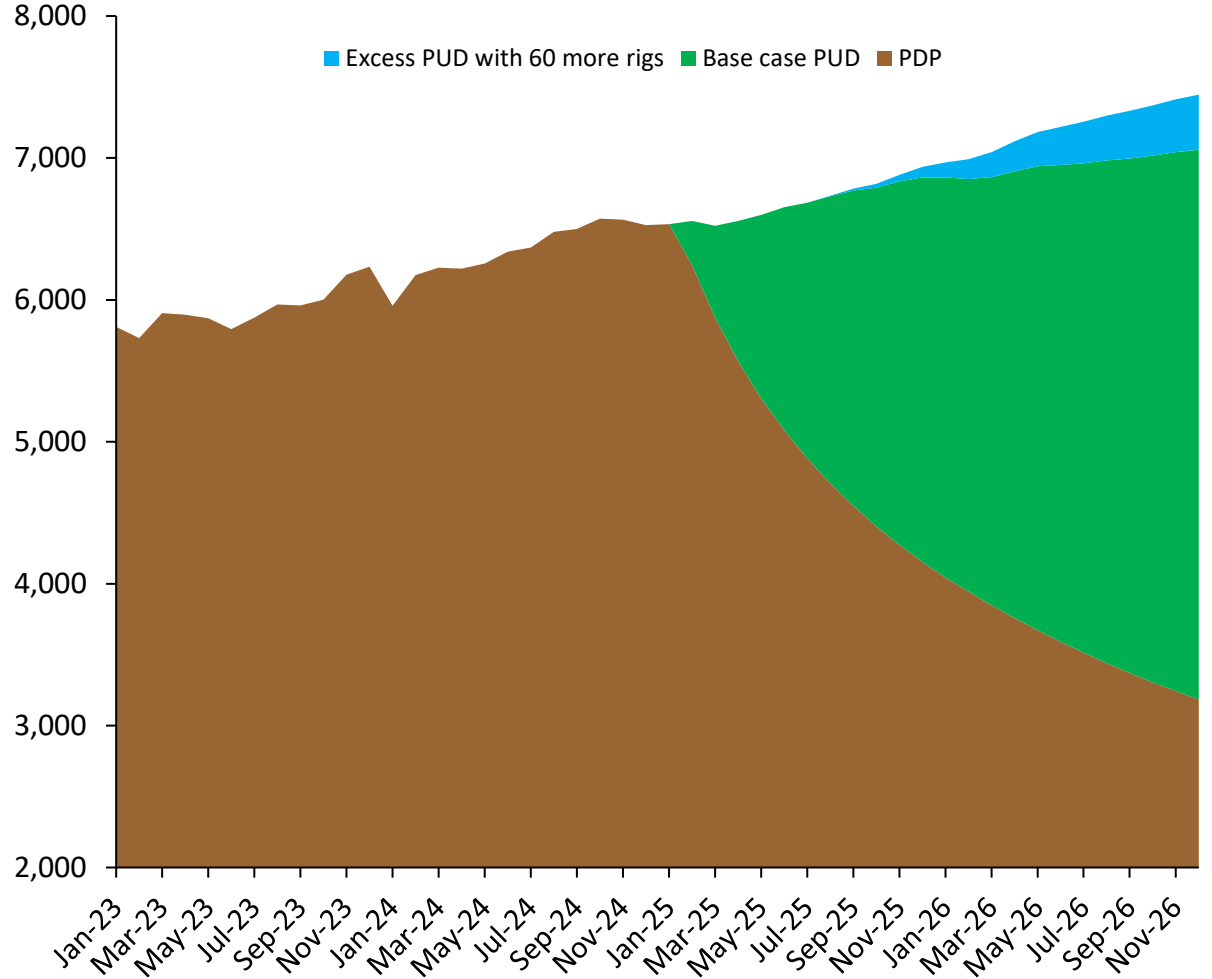
# “Drill, baby drill”: Can US production increase by 3%?

**Total three-stream US production in oil-equivalent terms by hydrocarbon**  
 Thousand barrels of oil equivalent per day



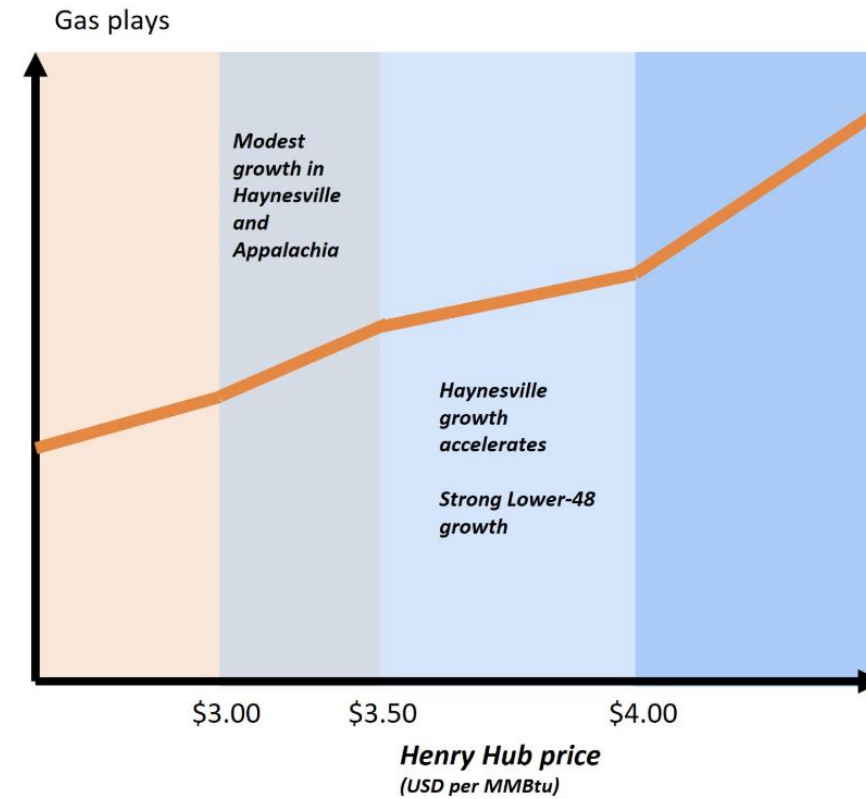
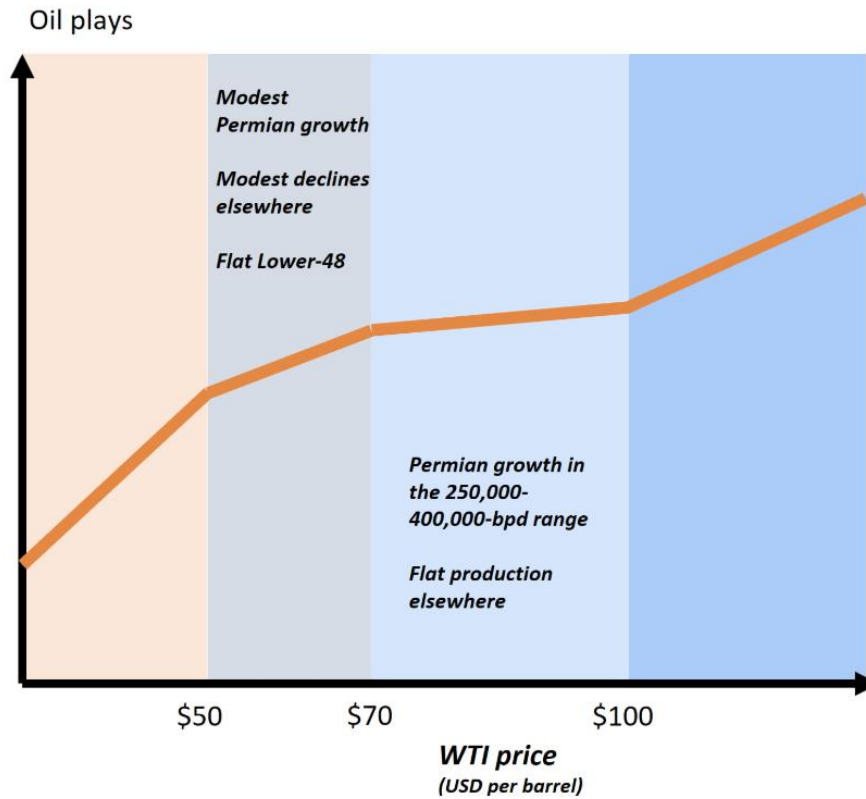
\*Assumes 1.75 spuds per rigmonth, rig build-up during 2025 and six-month cycle time from spud to start-up  
 Source: Rystad Energy ShaleWellCube; Rystad Energy research and analysis

**Permian oil production base case and excess rig scenario outlook**  
 Thousand barrels of oil equivalent per day



# Drilling elasticity to oil and gas prices in the US

Lateral feet

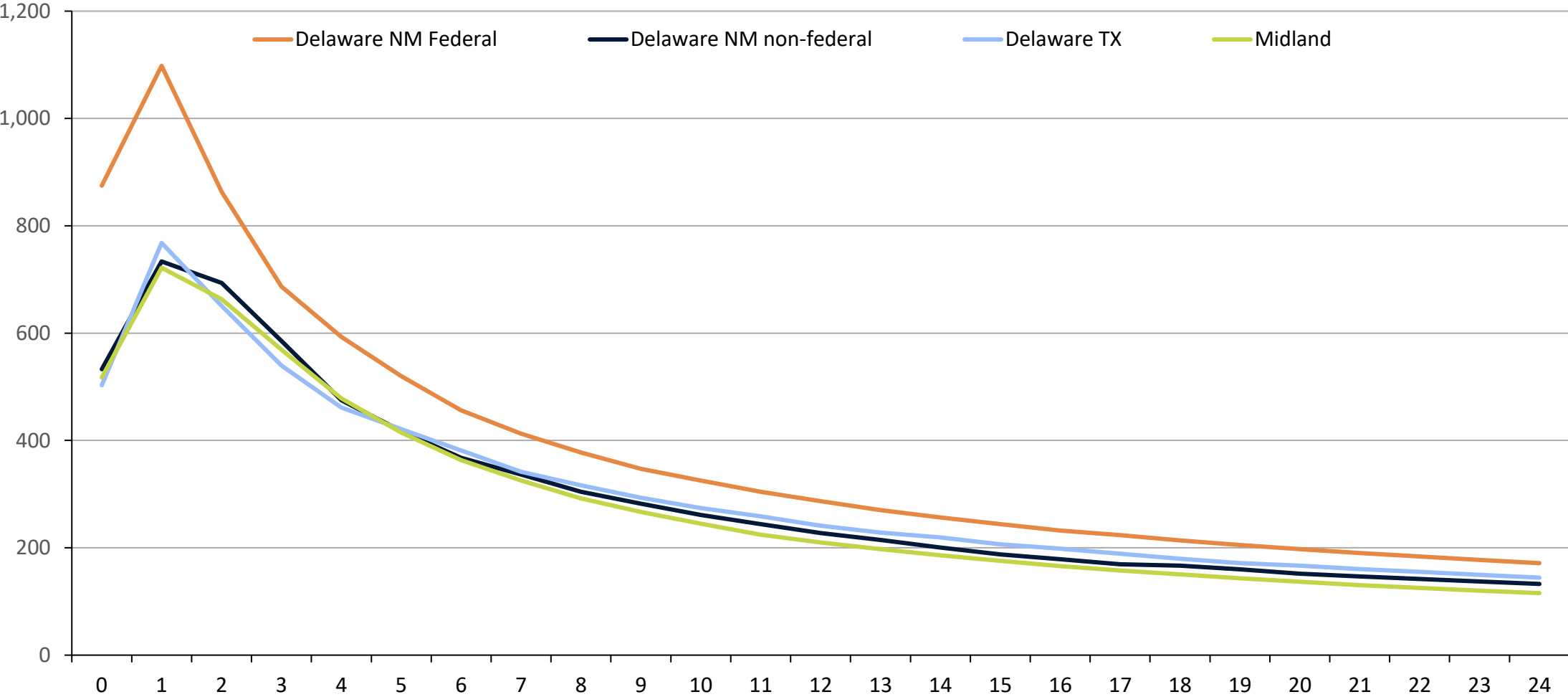


Source: Rystad Energy Models & Analysis



# Permian oil type curves\* by mineral rights type and region

Average barrels of oil per day



\*Type curves for median horizontal well started in 2023-2024 with at least three months of reported production

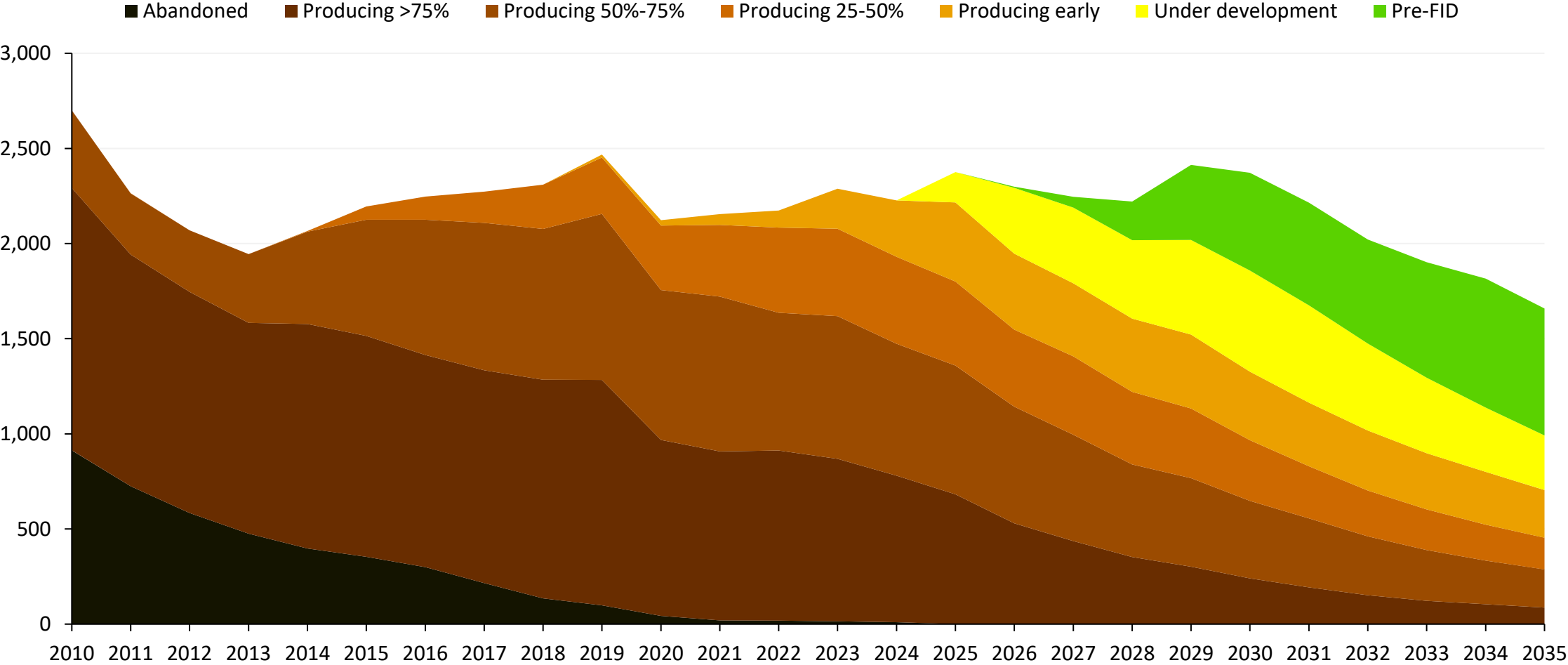
Source: Rystad Energy ShaleWellCube



# Offshore Continental Shelf grows up to 200,000 boepd by 2030, later declines without leasing and discovery activity. Potential leasing impact is 10-25 years out

## US Gulf of Mexico liquids and gas production by life cycle detail

Thousand barrels of oil equivalent per day



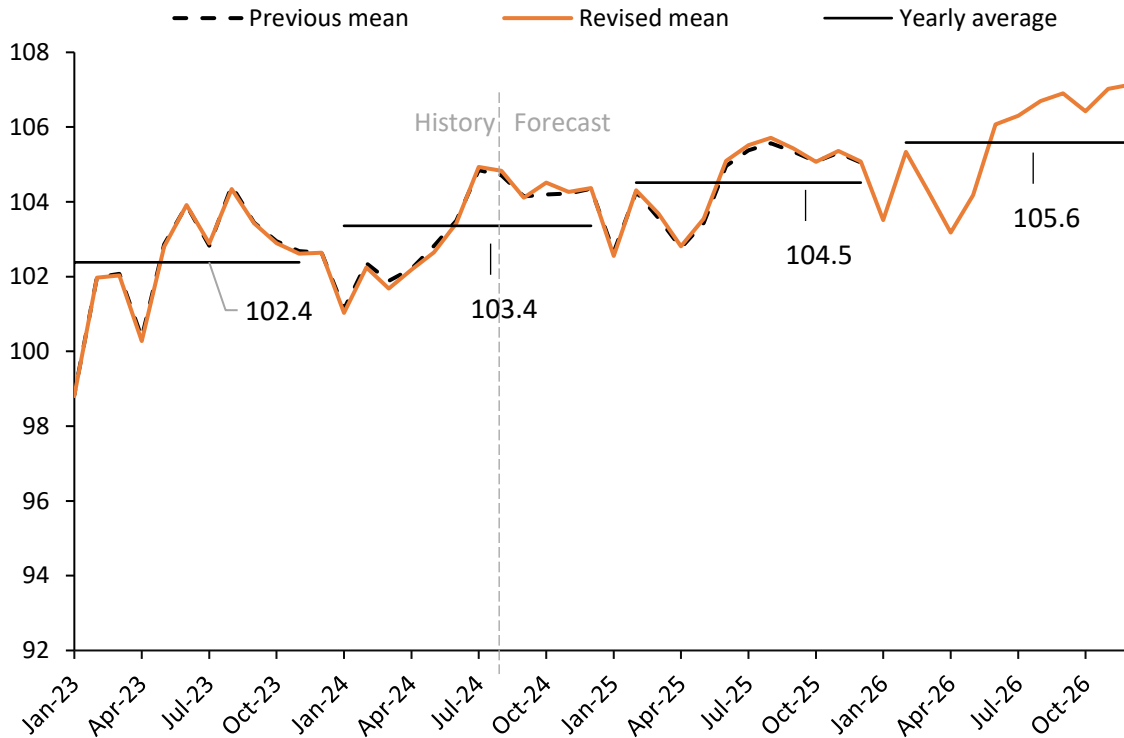
Source: Rystad Energy UCube



# Oil demand growth at 1.1 mbd in 2025. China growth remains weak; Other Asia and Middle East outpace global average

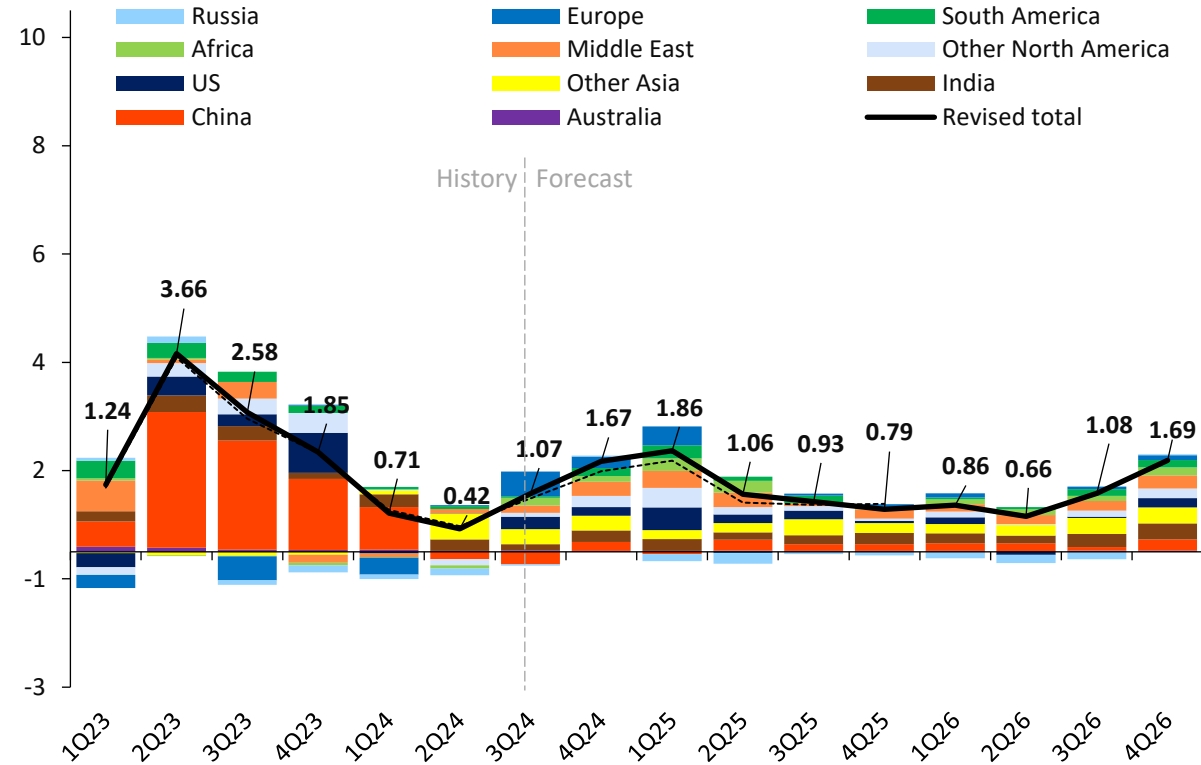
Global monthly oil products demand for the mean scenario

Million barrels per day (bpd)



Global quarterly oil products demand year-on-year growth by main region

Million barrels per day

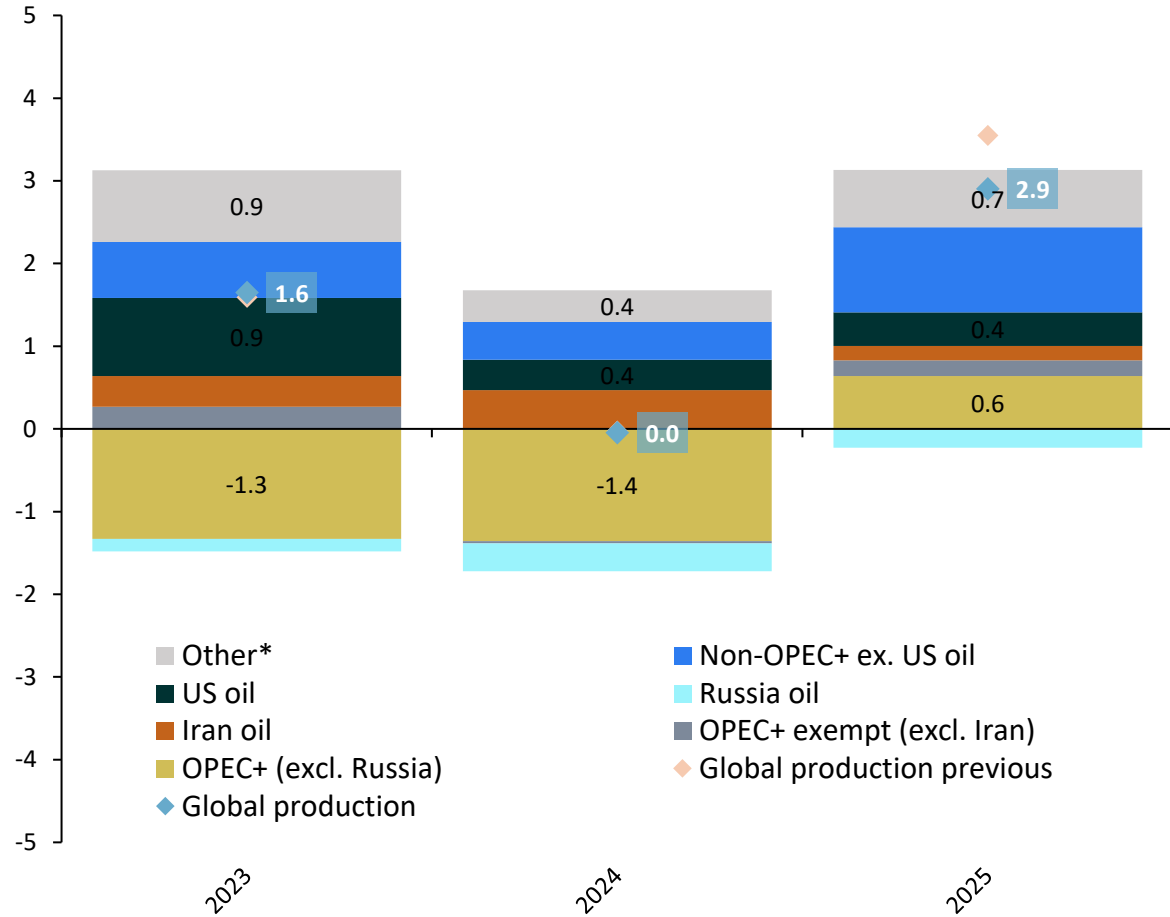


Source: Rystad Energy research and analysis; Rystad Energy Oil Trading Solution

# Despite OPEC+ cuts, supply growth significantly outpaces demand growth in 2025

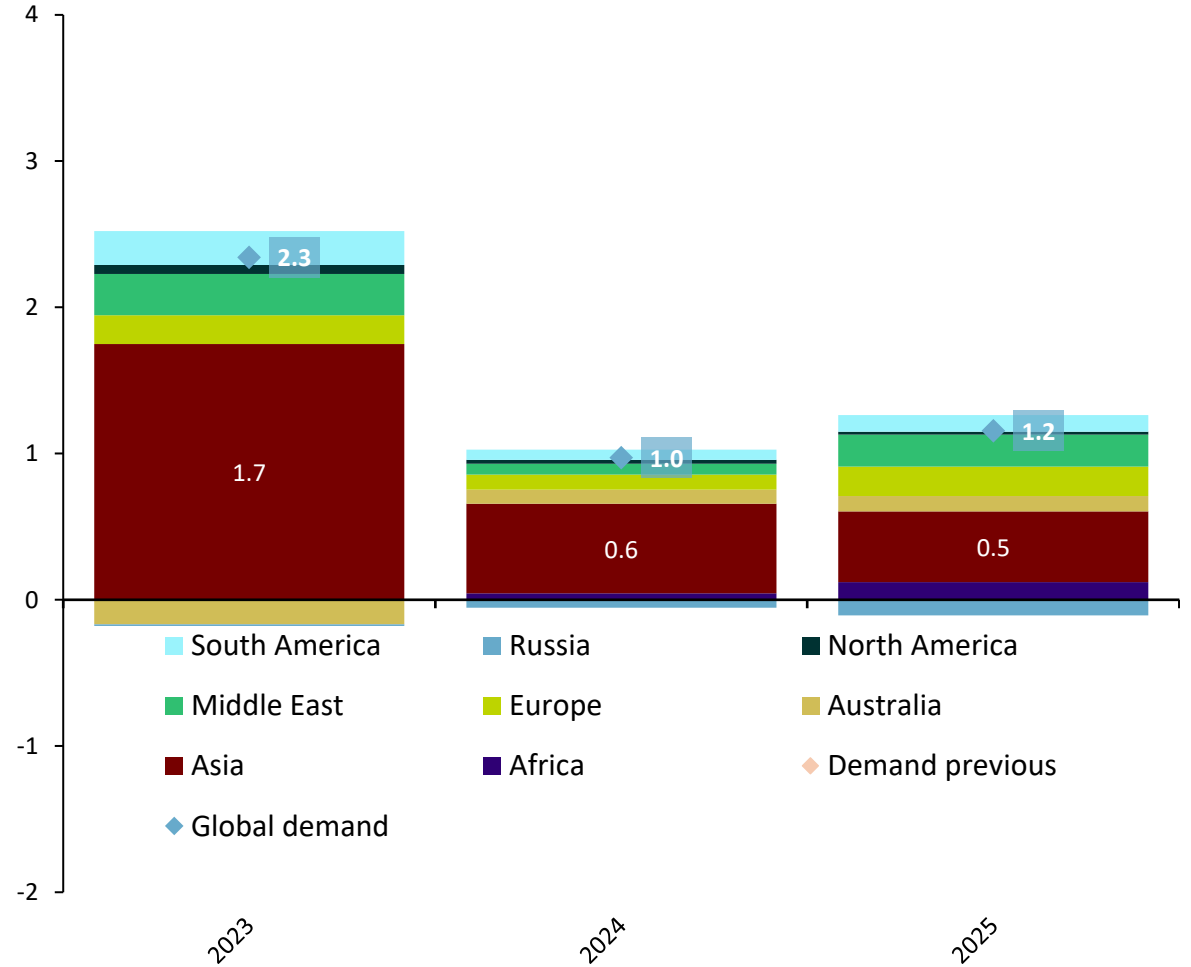
## Global production growth by key country/group

Million barrels per day (bpd)



## Global demand growth by continent

Million barrels per day (bpd)



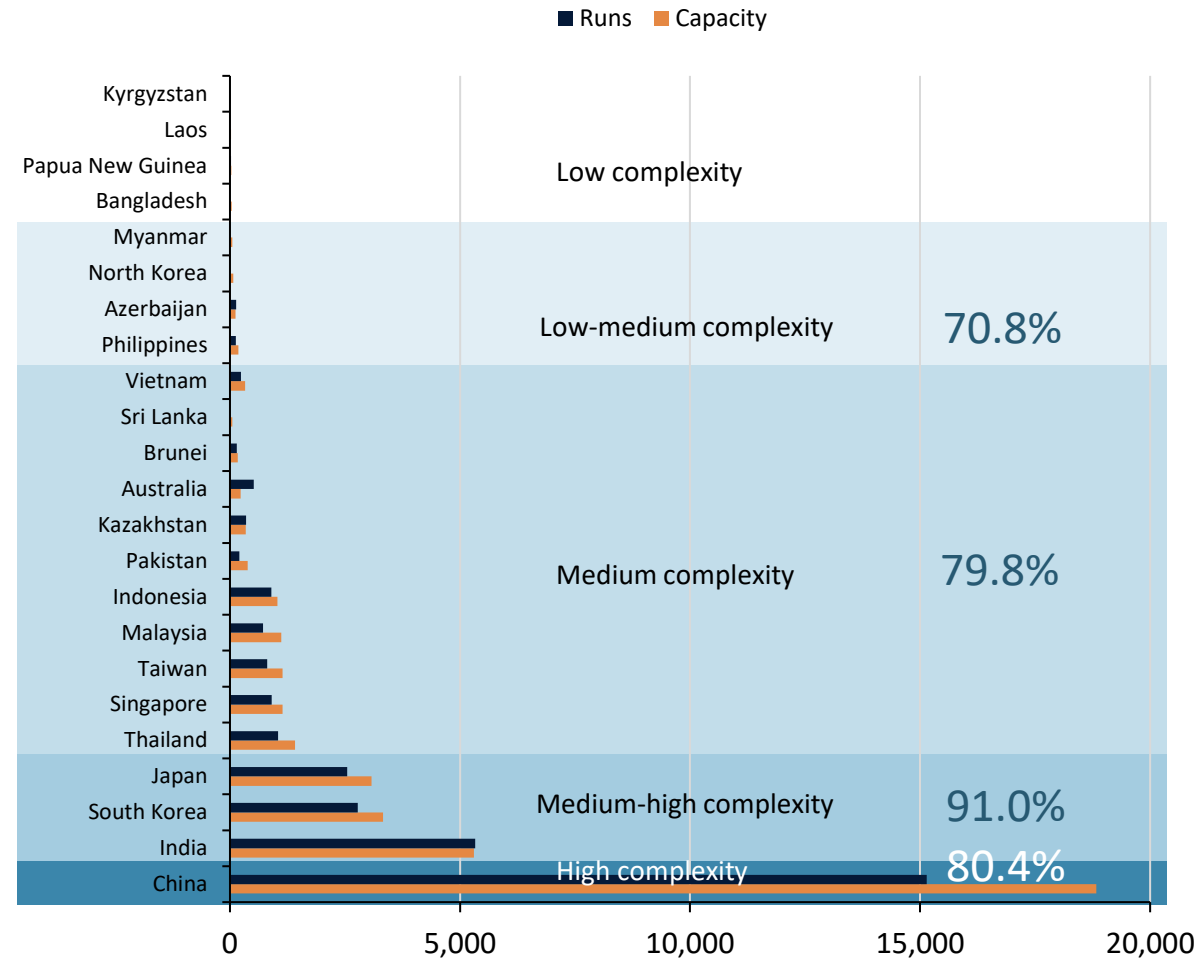
\*'Other' here includes global NGLs, other liquids include biofuels, refinery gains and OPEC+ condensates (except for Russia and Iran where condensates are included ('oil' = crude and condensates in the chart))

Source: Rystad Energy research and analysis; Rystad Energy Oil Trading Solution; Rystad Energy OTS DemandCube; Rystad Energy OTS SupplyCube; Rystad Energy OilMarketCube

# Risked complexity has the potential to boost the market

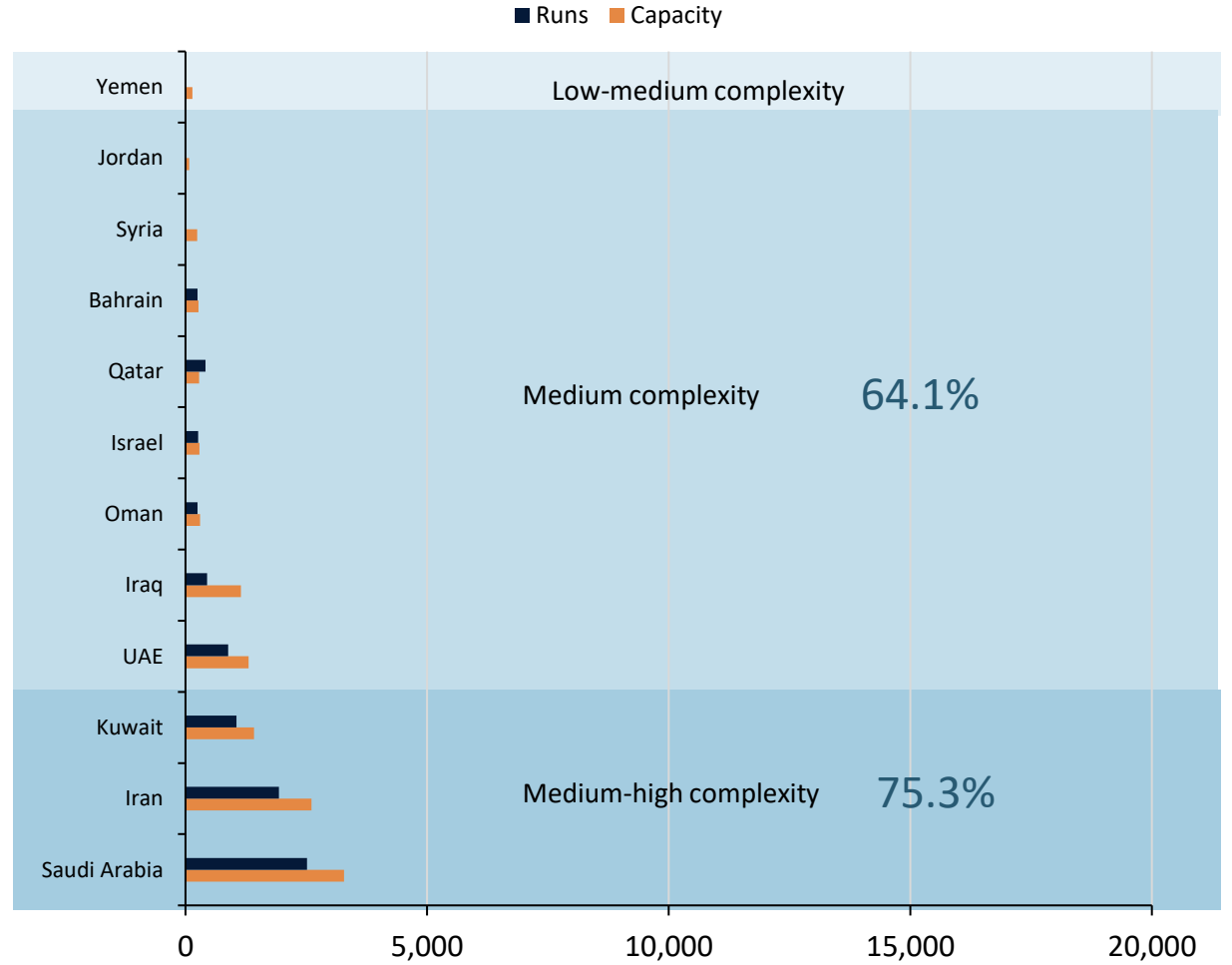
## APAC refinery complexity & utilization rate

Thousand barrels per day



## Middle East refinery complexity & utilization rate

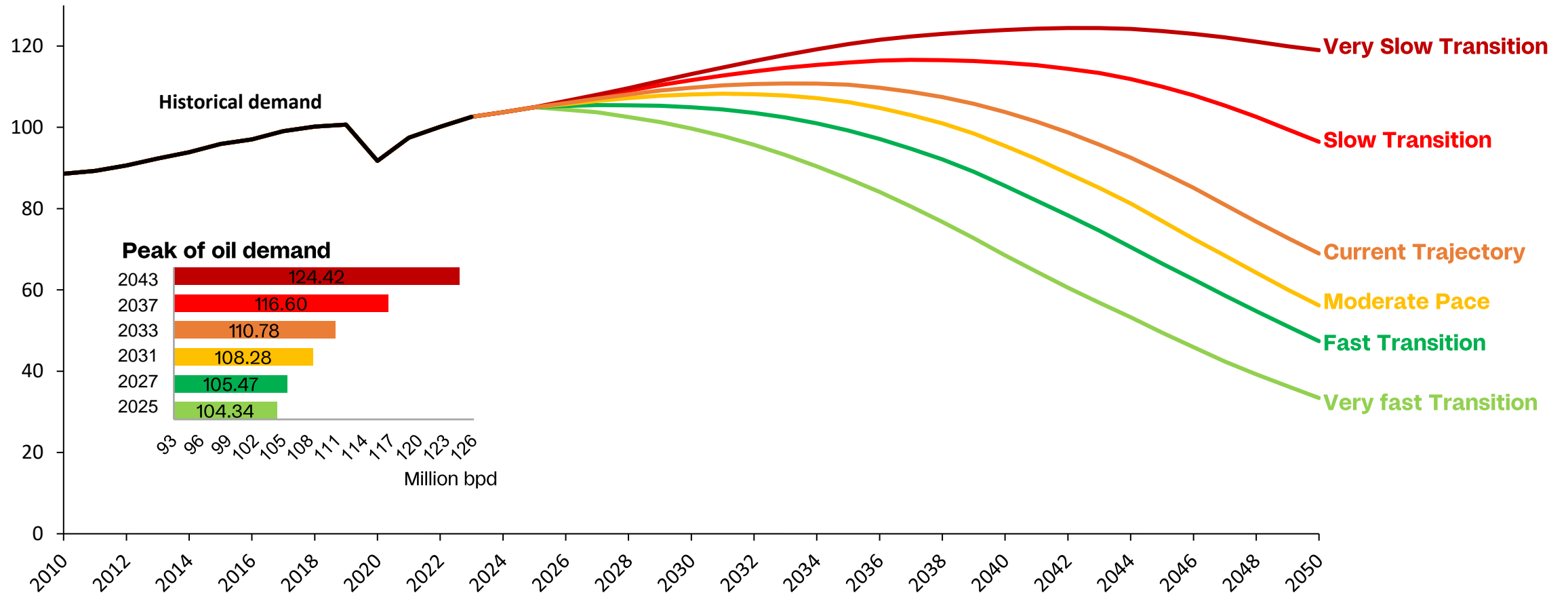
Thousand barrels per day



Source: Rystad Energy research and analysis; Rystad Energy Oil Trading Solution (OTS); Rystad Energy RefineryCube

# The transition away from oil is still highly uncertain

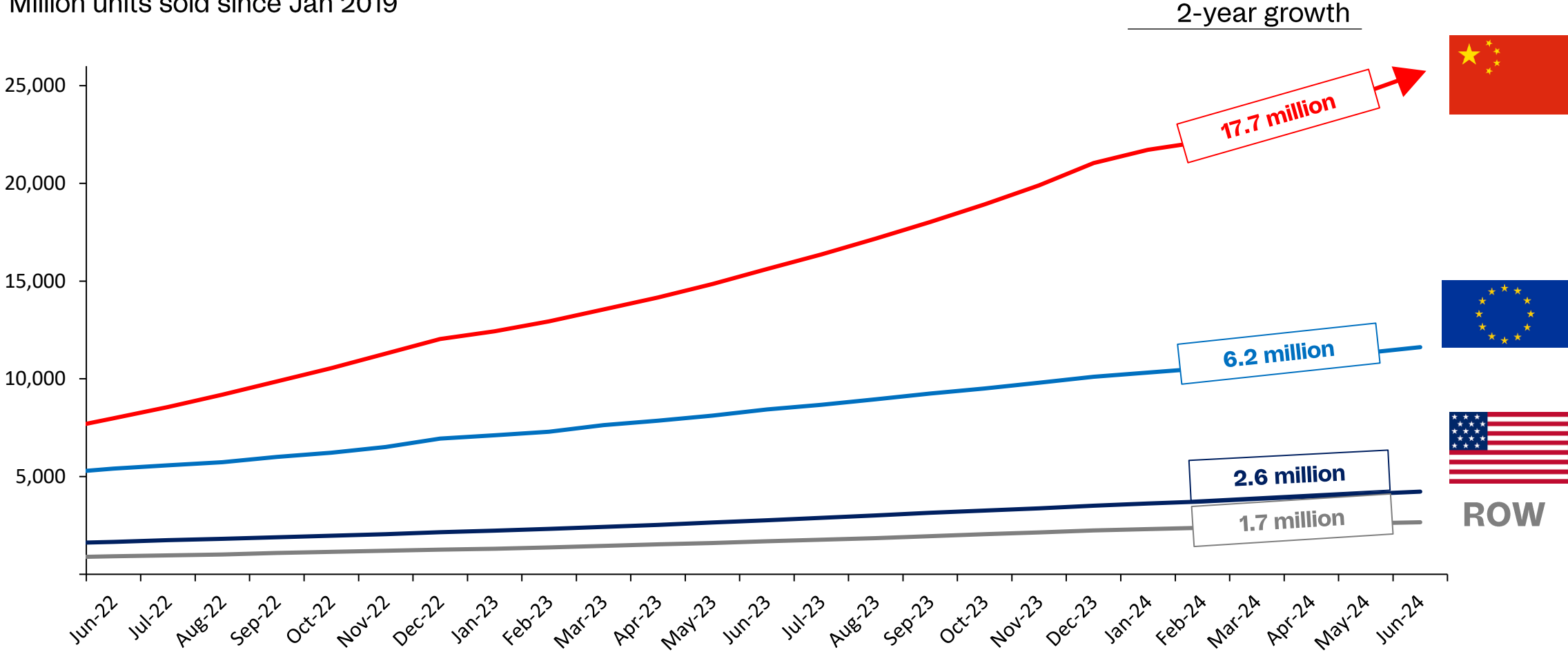
Long-term oil demand scenarios and historical demand  
 Million barrels per day



Source: Rystad Energy OilMacroCube

# EV market growth stalled outside China over the past two years

Cumulative EV sales by region  
 Million units sold since Jan 2019



\*EV includes battery electric vehicles (BEV) and plug-in hybrid electric vehicles (PHEV)  
 Source: Rystad Energy BatteryMarketsCube



20  **RystadEnergy**  
years