Global Oil Market: Short-Term Issues

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2006 EIA Energy Outlook and Modeling Conference
March 27, 2006
Washington, D.C.
Session Overview

• Supply Issues
  – Michael Cohen: EIA’s Short-Term Supply Outlook
  – Jamal Qureshi (PFC): Comments on the Outlook

• Demand Issues
  – Erik Kreil: EIA’s Short-Term Demand Outlook
  – Ed Morse (Hess Energy Trading): Comments on the Outlook
Overview of the EIA Short-Term Outlook Global Perspective: Prices

• World oil price projections are based on a variety of factors:
  – U.S. and OECD inventories
  – Futures prices
  – Assessments of future supply growth including risk assessments with regard to political and other events that could result in supply disruptions and growth in OPEC and Non-OPEC supplies
  – Assessments of future demand growth
Supply Issues

• Risk Assessments: We have a list of about 15 items that we review to try and get a sense of risk. For example current events in Nigeria, Venezuela, Saudi Arabia and Iraq would suggest that there is considerable risk with regard to future disruptions.

• Non-OPEC production trends: including production declines and new projects

• OPEC production trends: including the addition of spare oil production capacity (mainly Saudi Arabia)
Demand Issues

• These factors consist of projections of:
  – Future economic growth by region
  – The reactions of various countries to changes in prices and the extent to which their consumers see these price movements
  – Other events such as building strategic stocks, reductions in hydropower output etc.