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More OPEC supply and less global liquid fuels demand puts downward pressure on prices

In its March 2020 update, the U.S. Energy Information Administration (EIA) significantly revised its Short-Term Energy Outlook for global oil supply, demand, and prices compared with the February Short-Term Energy Outlook. These updates largely resulted from updated data and assumptions about the effects of the 2019 novel coronavirus disease ([COVID-19](#)) on global oil demand and assumptions regarding the Organization of the Petroleum Exporting Countries (OPEC) crude oil production following its meeting on March 6.

EIA now forecasts that OPEC will target market share instead of a balanced global oil market. As a result, EIA expects that OPEC crude oil production will increase to an average 29.1 million barrels per day in the second and third quarters of 2020.

EIA forecasts that global demand for liquid fuels will grow by 0.4 million barrels per day from 2019 to 2020, down from the 1.0 million barrels per day increase EIA previously forecasted in February. The revised March estimate is driven by EIA's expectations of slowing economic growth, primarily related to the effects of the coronavirus outbreak.

EIA expects the decline in global liquid fuels demand, combined with the increase in OPEC production, to result in significant global oil inventory builds in the first half of 2020—putting continued downward pressure on prices. EIA forecasts Brent oil prices will average 43 dollars per barrel in 2020 and 55 dollars per barrel in 2021.

ShaMyra Sylvester, for EIA, Washington