



Independent Statistics & Analysis

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Global oil markets rebalancing faster than previously expected

The U.S. Energy Information Administration reports that the global oil market continues to rebalance faster than expected. Global consumption of liquid fuels fell more quickly than production earlier this year as economies around the world went into lockdown in response to the COVID-19 pandemic. The resulting increase in inventory put steep downward pressure on prices.

According to EIA's July *Short-Term Energy Outlook*, the situation in world oil markets continues to shift. EIA estimates that global consumption of petroleum and other liquid fuels was up in June by 10 million barrels per day when compared with April as economies worldwide emerge from lockdown. EIA estimates global supply fell by 12 million barrels per day during the same period as a result of reduced production from OPEC+ and economically driven declines in the United States and Canada. These changes in supply and demand have shifted global oil markets from an estimated 21 million barrels per day of oversupply in April to inventory draws in June.

Global oil consumption averaged 16.3 million fewer barrels per day in the second quarter of 2020 compared with the same period in 2019. EIA expects consumption to begin increasing in the third quarter of 2020 and continue increasing through 2021.

EIA expects global oil demand to continue to recover through the end of 2021 although EIA's forecast demand of 101.1 million barrels per day in the fourth quarter of 2021 is still less than during the same period in 2019.

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