



## Decreased demand and increased supply lead to significant increases in global liquid fuels inventories

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As a result of the global economic slowdown related to COVID-19, the U.S. Energy Information Administration estimates that global petroleum and liquids consumption will average 95.5 million barrels per day in 2020, down 5.2 million barrels per day from 2019. EIA forecasts that U.S. oil consumption will decline 6.5% in 2020 to average 19.1 million barrels per day, which would be the largest percentage decline in U.S. consumption since 1980.

At the same time, in its April 2020 *Short-Term Energy Outlook*, EIA expects global oil supply to increase in the coming months from first-quarter 2020 levels. Total world liquids supply will average 98.7 million barrels per day through the third quarter of 2020.

These supply and demand developments are contributing to a significant increase in liquid fuels inventories. EIA estimates that second-quarter 2020 global petroleum inventories will increase an average 11.4 million barrels per day.

Within the Organization for Economic Cooperation and Development, the most stocks recorded in historical data were in July 2016 at 3.1 billion barrels. EIA forecasts inventories will surpass this level as production continues to outpace consumption.

EIA expects these large stock builds will put downward pressure on crude oil prices for several months. Brent crude oil prices averaged 32 dollars per barrel in March, the lowest monthly average since January 2016. EIA forecasts Brent crude oil to average 23 dollars per barrel during the second quarter of 2020 before increasing to an average 46 dollars per barrels in 2021.

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