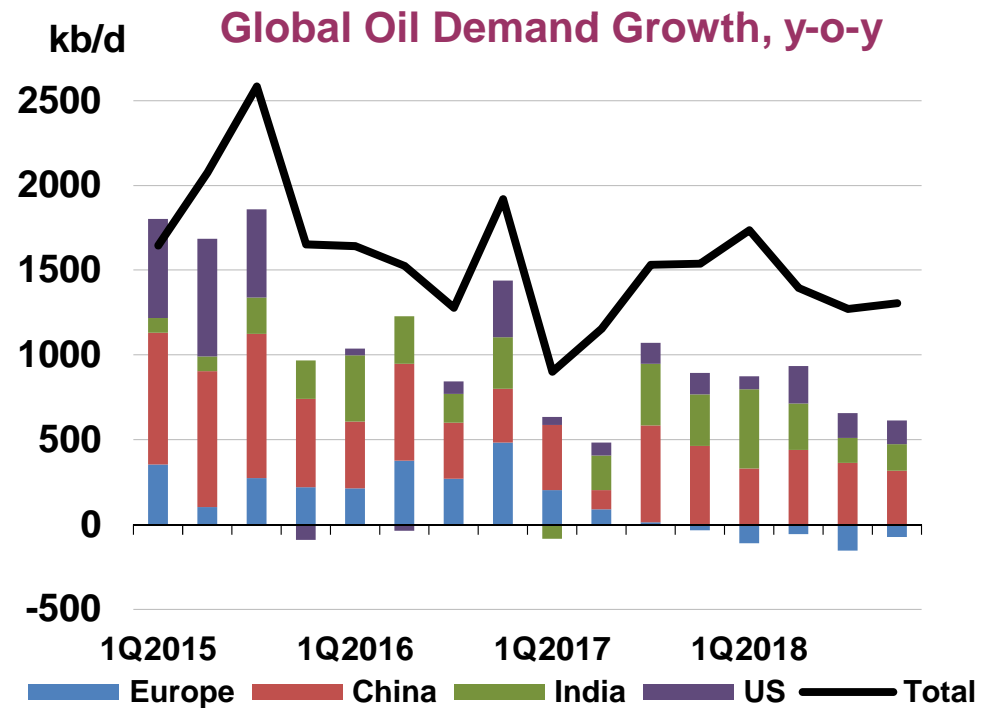




Oil Market Update

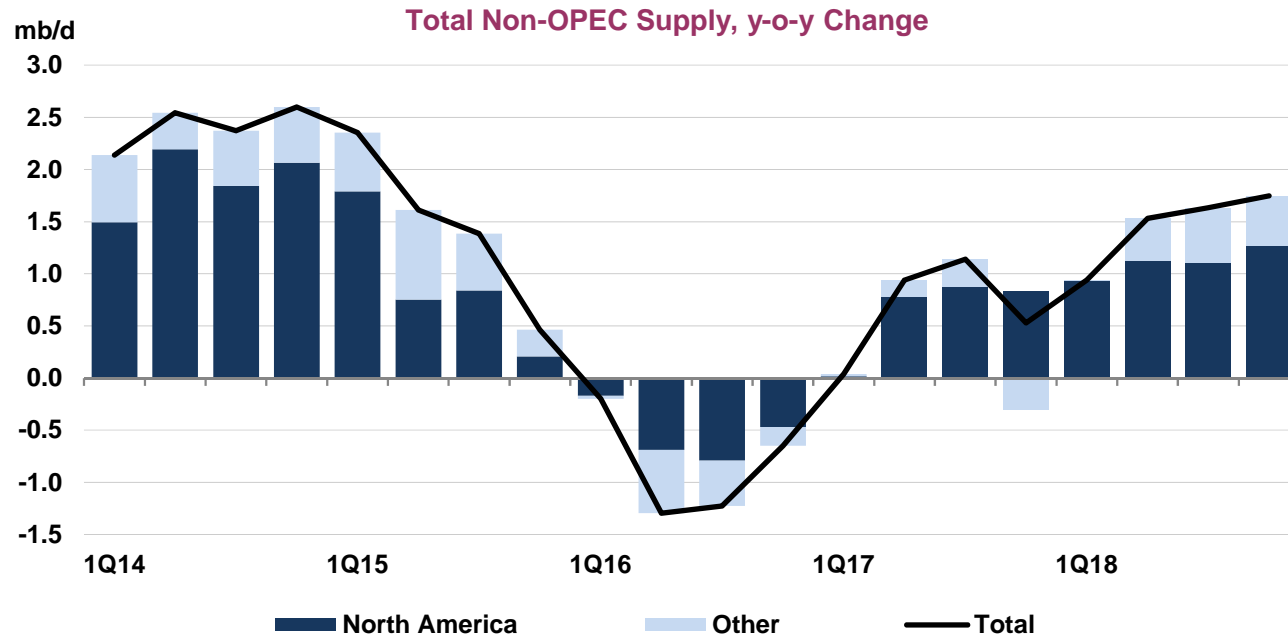
Spanish Energy Club, Madrid, 20 June 2017

Demand growth of 1.3 for 2017, accelerating to 1.4 mb/d in 2018



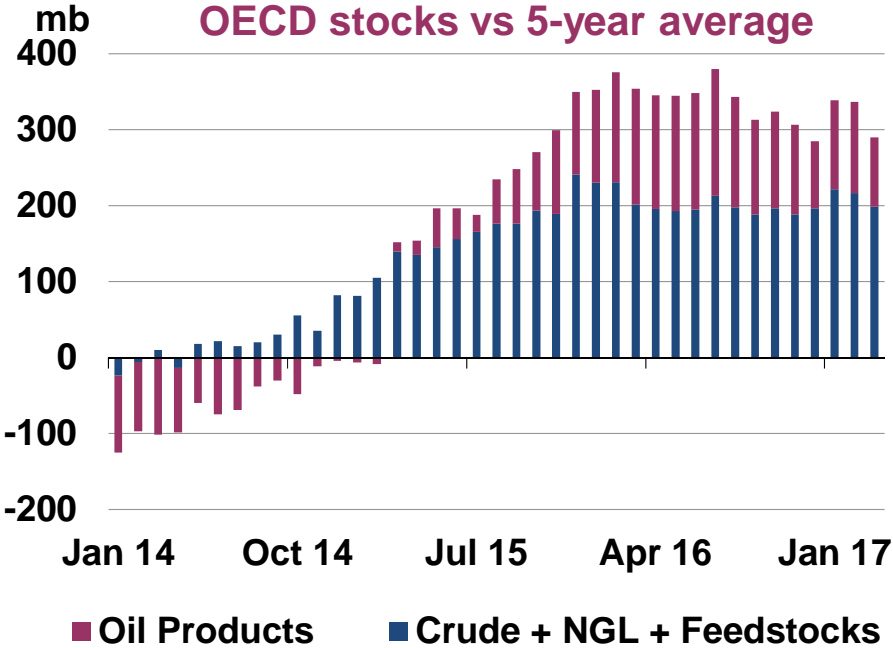
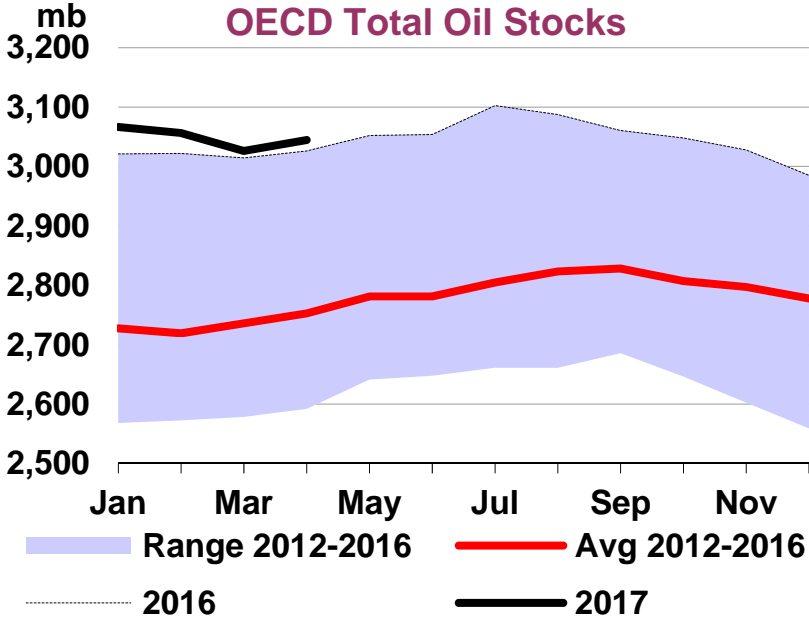
Led by resurgent non-OECD Asia

Non-OPEC's return to growth accelerates into 2018



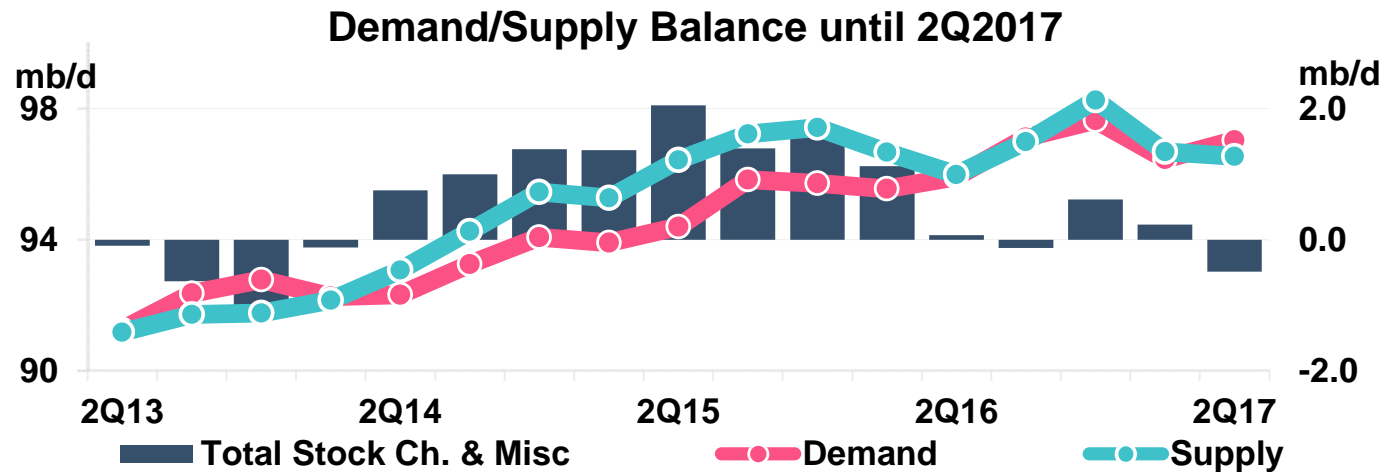
Output set to expand by nearly 0.7 mb/d in 2017 and 1.5 mb/d in 2018

OECD stocks rise seasonally in April, despite OPEC cuts



OECD industry stocks rose in April by 18.6 mb to 3 045 mb, after two consecutive months of falls

Stocks finally start to draw in 2Q17



Note: For scenario purposes only, IEA assumes OPEC Production remains unchanged to end-2Q17

2Q17 stock draw estimate reduced. In 2H17 could see draw >1 mb/d.

Conclusions

- Demand growth slow in 1Q17 but picks up to 1.3 mb/d for 2017.
- Demand growth increases to 1.4 mb/d in 2018.
- Non-OPEC production expands 0.7 in 2017 but surges 1.5 mb/d in 2018.
- Market re-balancing much slower than expected. Large draws in 2H17?
- Oil prices back to where they were at announcement of production cuts.
- 2018 challenge to OPEC: non-OPEC output grows faster than demand.

