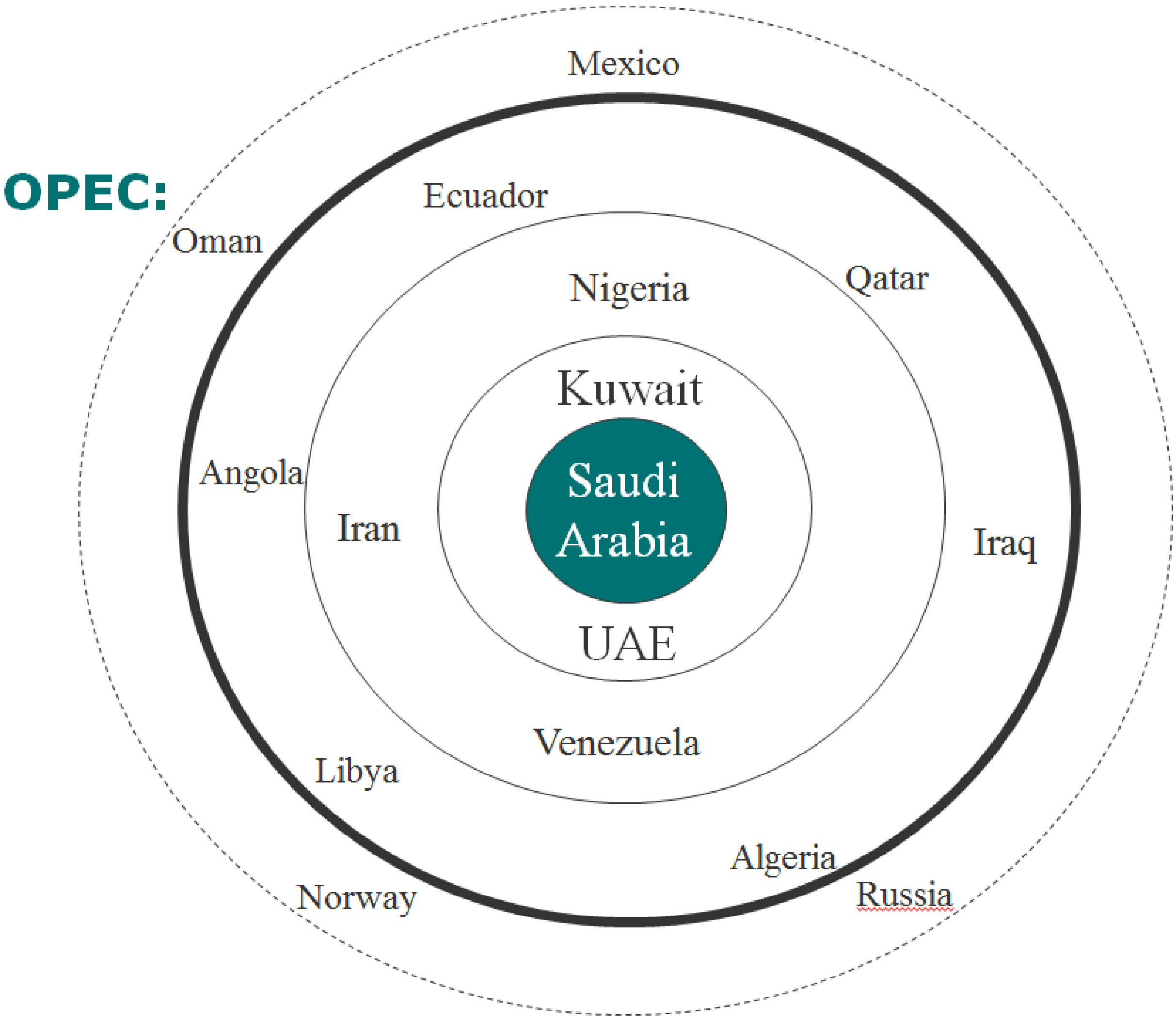
OPEC Preview & Revising Down

- There will be no OPEC (read Saudi) cut unless countries outside of OPEC (read Russia) are willing to contribute
- Al-Naimi: ***"Saudi's role isn't to subsidize high cost oil producers"*** (Norwegians should probably worry about that statement)
- We are revising down our outlook for longer dated oil prices by about 5 $/b, but maintain our 65 $/b outlook for 2015



Content

1 Overall outlook

We are revising down our price assumptions by about 5$/b for the longer end of the price deck. We expect OPEC to continue to fight for market share and the latest IEA monthly report showed more robust non-OPEC, non-US oil production than anticipated. Particularly Russian production looks more robust than what we had expected.

The global oil market now has a new type of spare capacity in the US in the form of a large "fracklog" and the enormous amounts of horizontal rigs just waiting to get back to work if the price is right. We are also now assuming as a base case that Iran will increase its production by about 600-700 kbd next year.

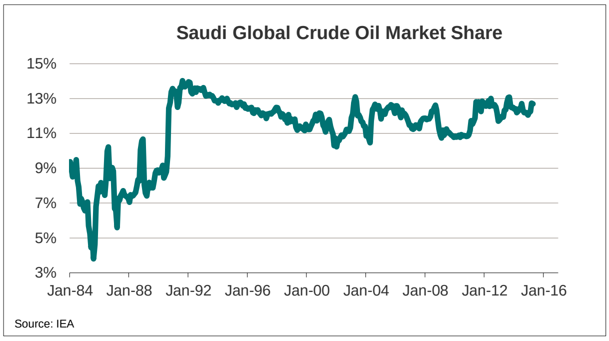
The main bearish arguments consist of the following:

- An over supplied balance which with the current OPEC production will not lead to global stock draws even in the second half of this year. Our view on the supply-demand balance has worsened the past two months.
- We assume no OPEC production cut.
- We assume Iraq returning to the market with about 600-700 kbd next year.
- Costs in the US shale industry have fallen 20-30% just the past year.
- Spare capacity in the US oil industry is huge with more than 600 horizontal rigs waiting to re-enter the market at a somewhat higher price. These rigs should be able to drill more than 14.000 wells in a year.

The main bullish arguments consist of the following:

- Enormous cuts in global oil investments will lead to higher decline rates.
- US oil production growth has stopped at the current oil rig count.
- Demand is performing strongly in the US, China and India.
- General geopolitical risk is on the rise in most OPEC countries, and the same is the risk for internal domestic political problems inside Saudi Arabia after the king has redistributed power in that country.
- OPEC spare capacity is low.

OPEC (read Saudi Arabia) decided in the November meeting to let the oil price itself do the job of balancing supply vs demand going forward. Saudi Arabia is not set to change this strategy in our opinion. The Saudi oil minister Al-Naimi has stated several times that the Saudi's are not going to repeat the mistakes of the 1980's when the kingdom cut oil production only to lose out massively on market share. He has also stated that it should be the high-cost producers that should be forced to cut back output, not the low cost producers. It kind of makes sense when you think about it, even though it is painful words to hear when you are a Norwegian…



In 1986 sheik Yamani, who was then the Saudi oil minister, held a speech where he stated; *"We realized too late that we had kept the price too high for too long. It gave too much supply growth and too weak demand growth"*. Sheik Yamani lost his job that year and we all know what happened after Saudi changed tactics and grabbed back market share after 1986. We saw a 17-year long period of oil prices in the 20-40 $/b range (in 2015-dollar terms).

In our opinion it is no doubt that it is the1980's which is the relevant period to discuss when it comes to OPEC behavior in 2014-15, since the 80's was the last time we saw a supply driven downturn in oil prices. The prior OPEC cut incidents, 1998-09, 2001-02 and 2008-09 were all mainly demand driven downturns for the oil price. The current downturn is however mainly driven by a supply shock from US shale. In order to illustrate that point we can mention that in the summer of 2013, the IEA forecasted a growth in US oil production for 2014 of 0.7 million b/d. The growth instead became 1.6 million b/d. This 0.9 million b/d supply surprise from just one country was the key element behind the collapsing oil price during 2014.

Yes, demand growth underperformed as well (prices have been too high to support the trend line growth of 1.7%), but it has mainly been a supply story this time. Now the lower oil price is about to do the job that Saudi Arabia wants' it to do. Investments in the global oil industry are collapsing and demand growth is improving in key countries like the US, China and India.

According to WoodMac's counting of guided CAPEX cuts, oil companies around the world are cutting their investments by about 130 billion USD vs 2014 numbers. This is a 25% reduction, which is twice as large as the cuts in spending we saw during the financial crisis in 2009.

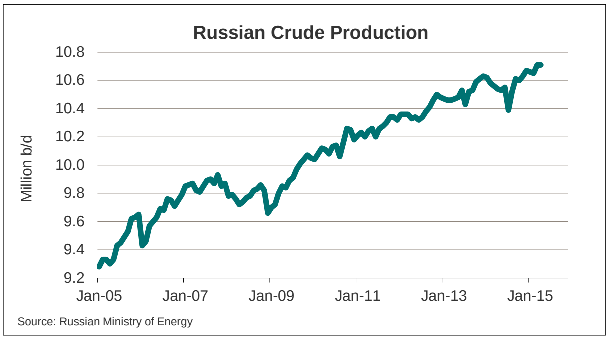
At the same time the rig count in the key non-OPEC growth country (the US) has collapsed. This must be exactly what Saudi Arabia was looking for and is at the same time the key reason why oil prices have improved massively (in percentage terms at least) since the bottom point reached in the middle of January.

We wrote in March (quote) that: *"We do not expect there is any chance for an OPEC production cut in the June meeting unless Brent prices are trading in the 40's. Then there would be a chance of a cut if Saudi could get away with only cutting let's say 0.5 million b/d and the rest of the cartel cuts the same and also Russia contributes with some barrels. We do however believe it will not be necessary with an OPEC cut in June as we believe the Brent price will be somewhere in the 60-70 $/b range by then."* We have not changed our opinion about this issue since we wrote the above in March. The only chance of an OPEC cut in the June meeting would be if there is cooperation from key non-OPEC countries.

2 Cooperation from non-OPEC?

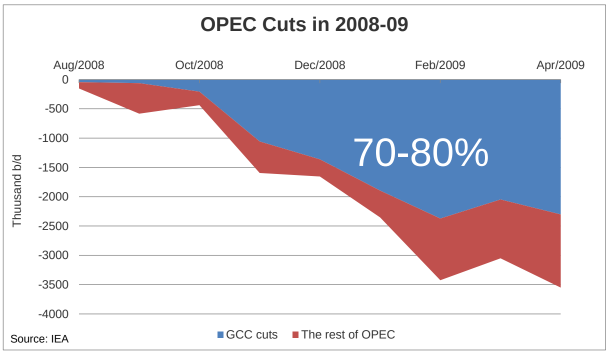
As written above, Saudi Arabia see no reason to let higher cost producers continue to produce while themselves, a low cost producer, should cut oil production in a supply driven downturn. If you cut your output when demand is dropping you do not give your market share to someone else, but if the price drop is due to a supply growth story the situation is different. There were stories also leading up to the last OPEC meeting in November that meetings were held with non-OPEC producers in order to gather support for production cuts also from countries outside of OPEC. It turned out that there was no appetite to contribute from any non-OPEC nations then. The situation may of course however be different this time since now all oil exporting countries have felt the pain of lower prices while that was really not the case last autumn.

Again we are seeing in front of the OPEC meeting, which will be held on June 5, that some OPEC countries are trying to rally support from several non-OPEC producers to contribute to production cuts. Algeria and Venezuela are reportedly in dialog with Azerbaijan, Kazakhstan, Mexico and Oman in order to achieve a collective cut in production between OPEC and non-OPEC producers. The key is however Russia, which is still the world's largest crude oil producer at 10.7 million b/d. A tiny percentage cut from Russia is more worth than a large percentage cut from Oman to put it that way.



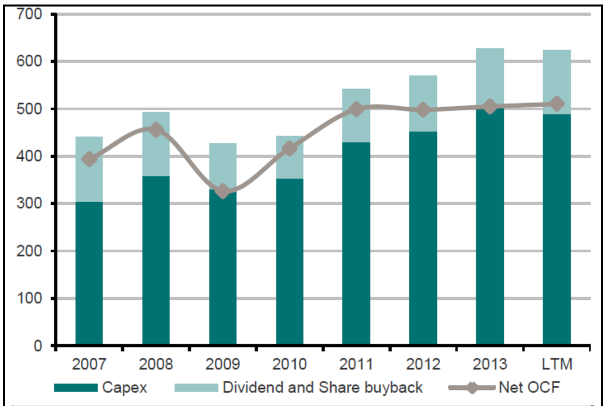
A senior Gulf OPEC delegate was recently quoted in a Reuters' story to have stated that OPEC is unlikely to curb output without the participation of non-OPEC countries. The delegate said it would have to be a real and clear commitment and with numbers.

Can we expect any cooperation from non-OPEC? And if so, will Saudi Arabia then be willing to cut and thereby leave their current strategy of letting prices do the job of balancing the market? We think it depends on several factors. First of all we do not think Saudi Arabia would be willing to shoulder most of the cuts, like they did for example in 2009 and in 2002.



It must however be tempting to maybe receive a 10 dollar higher oil price without having to sacrifice much volume wise. But if the price as a function of production cuts increase to for example 75 $/b would not then Saudi blow away what they have now achieved of CAPEX cuts in the global oil industry and the improved demand growth, you may ask?

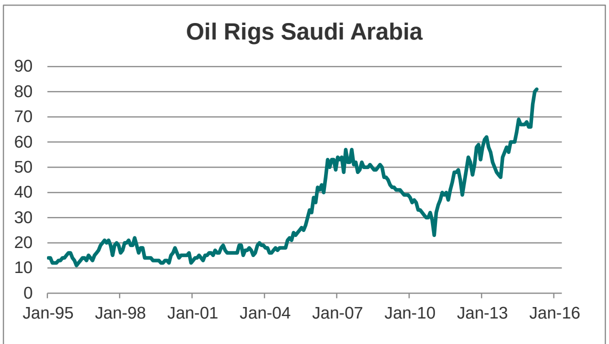
This is a good question and we think it depends on how high the price would increase if a coordinated cut was communicated. Since we know that the large international oil companies did not have control on their cash flow at 110 $/b we would claim that 75 $/b would still be a lousy oil price for these companies compared with where we are coming from. At 75 $/b these companies would still need to continue to focus on cost cuts and CAPEX cuts, because they cannot touch their dividends in the current zero-interest rate-world.



Source: Companies, DNB Markets * Updated per Q3 2014

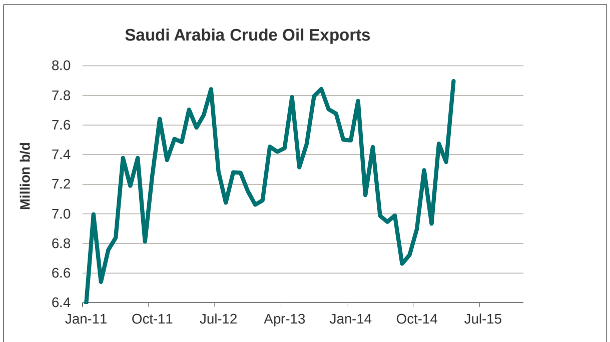
We do in other words think that at 75 $/b the Saudi's would still achieve that the highest cost oil production is shut out of the market going forward. Future deepwater and oil sands projects would probably not be put back on the table at 75 $/b Brent, at least not until the price has stabilized above that level for a while and before cost cuts are confirmed at 20-30%.

The Saudi oil minister Al-naimi has stated publicly that he is prepared to bring stability to the oil market with the help of non-OPEC producers. It seems in other words that it is not a done-deal and "written in stone" that there will not be a collective cut at the June-meeting, despite signs of a ramp up in Saudi oil rig activity recently.



Source: Baker Hughes

The recently released JODI-data also showed that Saudi Arabia is ramping up both crude exports and refined products exports. There are hence no signs that Saudi Arabia is preparing to cut production to defend prices.



Source: JODI

Seasoned readers will remember that coordinated cuts with cooperation from non-OPEC producers have been achieved before in the oil history. In 1998-99 Saudi Arabia, Mexico and Venezuela were able to coordinate collective OPEC and non-OPEC cuts with the cooperation from non-OPEC countries like Russia, Norway, Mexico, Egypt, Oman and Yemen.

The non-OPEC cuts were however not large. The commitment were to cut a total of 0.9 million b/d from these mentioned countries while the OPEC headline cuts were 4.3 million b/d for that cut period. In reality the cuts were smaller than the pledge of course, so the contribution from non-OPEC cuts to the price discovery process were more psychological than anything else. The cuts helped nonetheless for prices and it would again be helpful to oil prices if OPEC and non-OPEC were to cooperate, even if the non-OPEC cuts would be very small in reality.

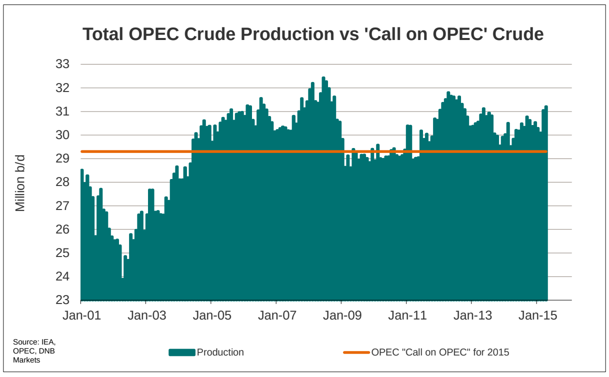
We are however reasonably convinced that there will be no production cuts from Saudi Arabia in the upcoming OPEC meeting unless the Russians contribute as well. There have reportedly been many meetings between OPEC and Russia in order to lay the ground for a potential cooperation to cut output but so far it seems the Russians are not willing to participate. In fact Russian output has been reported very strong so far in 2014 and there are no signs of production cuts.

Source: IEA, DNB Markets

It has been reported in the media that a meeting between OPEC and Russia is scheduled to take place during the days just before the OPEC meeting on June 5. We would hence not rule out that cooperation can be achieved, but we still believe the chance of a cut is relatively low now that the oil price after all has improved quite a lot so far this year.

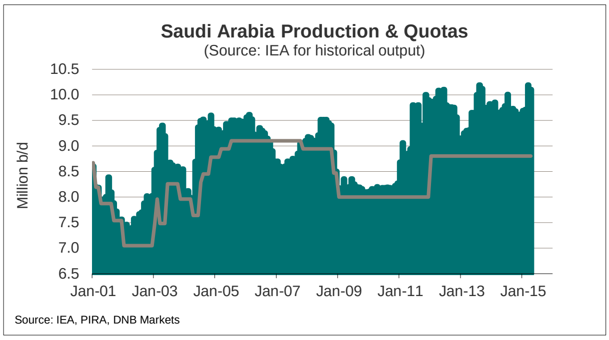
3 Current OPEC production

OPEC produced 31.2 million b/d in April according to the latest IEA monthly report. But it has never been clear cut what OPEC actually produces.

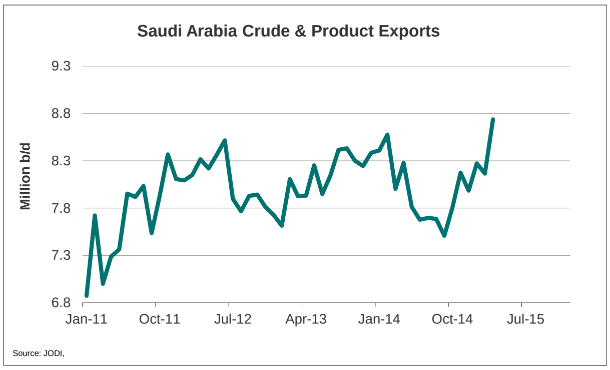


It its own report OPEC state that based on secondary sources (the average of not-named consultancies) the cartel produced 30.8 million b/d in April. But based on direct communication from each member country to the OPEC secretariat, the cartel produced about 31.4 million b/d. In our own global supply-demand balance we use the IEA numbers and keep the last published number for OPEC flat (31.2 million b/d) in our forward looking balance.

According to IEA, Saudi Arabia produced 10.1 million b/d while Saudi's Al-naimi says the country is now producing 10.3 million b/d. The 10.3 million b/d is also what is stated in the OPEC report based on Saudi's reported volumes to the cartel secretariat. There are in other words no signs of Saudi Arabia reducing its output. It is in fact quite the opposite. In January Saudi Arabia produced 9.7 million b/d according to IEA and we wrote in March that it was likely that Saudi crude oil production would rise further as the country was starting up its brand new 400 kbd YASREF refinery.



It seems we were correct in that interpretation. The choice for Saudi was to either cut exports of crude to feed the refinery or to maintain/increase exports of crude and instead increase crude production. It seems the Saudis chose the latter, which means total exports of crude plus refined products, has just been increasing so far this year.



4 Saudi reorganization increases the risk

Our view on the recent Saudi reorganization has been formed after reading reports from global political analysts and particularly from communication with Stig Stenslie, who holds a PhD on Saudi Arabia and the royal family. Stig is currently assistant deputy general and head of the Asia Division of the Norwegian Defence Staff.

The current reorganization of powerful positions in Saudi Arabia started in January when the former king Abdullah died after having ruled the kingdom for 20 years. His first ten years he was the de facto ruler after King Fahd suffered a stroke in 1995 and when Fahd died in 2005 Abdullah was formally appointed king of Saudi Arabia.

Abdullah's legacy is that he initiated some reforms in the country; like promoting women's rights, limiting the religious establishment's power base and building new universities. Abdullah will however probably not be remembered as a great reformer as still the royal family holds all the real power in the country and ordinary citizens still have very limited opportunities to achieve political influence.

One could also ask if much is achieved for women's rights when women still are not allowed to drive cars in Saudi Arabia. For someone coming from a western country this law almost seems like a cartoon joke and of course has no place in the 21st century in any country.

During Abdullah's reign the close relationship with the US cooled down, particularly the latest 3-4 years. King Abdullah was for example reportedly furious over the Obama administration's reluctance to support Mubarak in Egypt. He was very much against the nuclear negotiations and a deal with Iran and also would like the US to have supported Assad in Syria. When it comes to the domestic legacy and how the Saudi royal family will remember Abdullah, he will probably be remembered as a ruler who promoted his own sons at the expense of other family branches. This is however just to be expected as the prior kings have all done the same.

The new King Salman succeeded Abdullah on January 23rd. The new king is 82 years old and is the oldest surviving son of Ibn Saud who founded Saudi Arabia in 1932. Immediately at his appointment the new king appointed his half brother Muqrin as the new crown Price and his nephew Muhammad bin-Nayef as the deputy Crown Prince. Muqrin was already in January described as having a weak power base as his family branch is not among the strongest ones. It was however not seen as a large surprise that he became the Crown Price in January. It was more of a surprise that for the first time a grandson of Ibn Saud was named deputy Crown Prince. Muhammad bin-Nayef, the new Crown Prince, is only 55 years old.

The mentioned appointments could have been overruled by the so called allegiance council, consisting of the surviving sons of Ibn

Saud, including grandsons whose fathers have deceased. The royal decree stated that the appointments were supported by a majority of the council. According to the consultancy Stratfor, 28 out of 34 votes were in favor.

During the last week of April however, more dramatical changes to the power distribution in Saudi took place. Crown prince Muqrin was stripped of his title and instead the former deputy crown prince bin-Nayef was appointed the new crown prince. It is apparently highly unusual that a king replaces a crown prince that was appointed by a former king. It was even stated in the original appointment of Muqrin as crown price by Abdullah that this decision could not be overturned. King Salman however reportedly stated that Muqrin left his post upon his own request.

The new crown prince, Muhammad bin-Nayef has a reputation as a good leader and as such that move was not totally unexpected. More of a shock came from the fact that the new king Salman in the same shuffle appointed his 34-year old son Muhammad bin-Salman as the new deputy crown prince. Bin-Salman was already appointed defense minister (apparently he is the youngest defense minister in the world) and he is also the head of the new Economic council which replaces the old Petroleum council. There are now even rumors inside Saudi Arabia that bin-Salman could soon replace the current oil minister Al-naimi. Former kings have appointed non-royals to oil ministers to avoid the notion that one family branch controls the country's main source of revenues, but this may now change. The recent reorganization of Saudi Aramco may hence be a step in the direction of setting the stage for the first royal oil minister. Oil minister or not, bin-Salman will be one of the key decision makers in the Saudi oil policies going forward, as he is already heading up the new Economic council.

Some political analysts argue that the new and aggressive militaristic foreign policy (described as the Salman-doctrine) must be seen as Salman's attempt to consolidate power for his own family branch. The attack on the Houti rebels in Yemen could be an effort to lift the popularity of the new deputy crown prince bin-Salman. In the Saudi media the new deputy crown prince is pictured as a decisive military commander and reportedly the attacks in Syria are popular among the common Saudi Arabian citizen.

After these recent moves by king Salman one could argue that a "palace coup" has taken place in Saudi Arabia. King Salman, the former King Fahd and the former crown prince Nayef were all full brothers from the most powerful branch of the Saudi Royal family; the Sudayri clan. The other former kings and prices have been half brothers. Both the new crown prince and the new deputy crown prince are now from the Sudayri clan, while two of the former king Abdullah's sons were stripped from their positions as governors of Riyadh and Mekka. The only son of Abdullah which remains in a powerful position is currently the 62-year old Mitab bin-Abdullah who remains the head of the Saudi Arabian National Guard. The former king Abdullah probably wanted Mitab bin-Abdullah to have become a future ruler of Saudi Arabia, according to Stig Stenslie, the expert on the Saudi Royal family. According to him, the new appointments are creating increased risk for unrest in Saudi Arabia as rivalry is now set to increase between the most powerful family branches.

If the new king wanted to install peace and harmony in the royal family he would probably have appointed Mitab bin-Abdullah as the deputy crown prince instead of his own son. The new young deputy crown price will find it hard to become a respected and unifying figure in the royal family. All former kings have promoted their own sons to positions of wealth and power but still within certain limits. Age and experience are supposed to count and by appointing his own young son as the deputy crown prince, king Salman is bypassing a number of princes who are older and more experienced.

It is worth noting that in 1964, king Saud was stripped from his title by his own brothers, exactly because he tried to gather too much power in the hands of his own sons. According to the Saudi Arabian constitution all of Ibn Sauds about 200 grandsons are qualified to become king. Based on the above we would subscribe to an interpretation of increased internal risk in Saudi Arabia as a result of the shuffle in power positions in the country.

5 Iran's potential return to the oil market

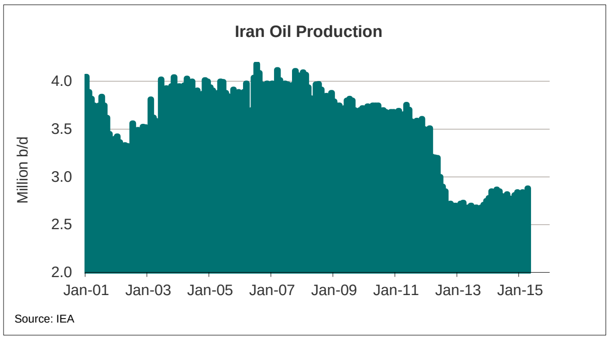
A frame work deal with Iran relating to the Iranian nuclear program was signed in March by the so called P5+1 countries. Now all the details need to be agreed and filled in by June 30. Even though we believe the chances for a final deal is larger than not, there are still many obstacles left.

We are in no doubt that the people on both sides executing the negotiations want to achieve a deal. There are however powerful forces behind the scenes who do not want a deal. These include the Iranian Revolutionary Guard and many republican US senators.

It is also unclear what the Iranian supreme leader really feels about a nuclear deal. He has stated that he is in favor of a deal, but it has to be a good deal. What does a good deal mean? Does it mean the immediate relief of sanctions at the time of signing a deal? One can get the impression from media reports that the Iranians would want an immediate sanctions relief at the time of signing the deal, instead of a phased out period of sanctions being removed, like the P5+1 has so far suggested should be the path.

Barack Obama has recently stated that an immediate sanctions relief may be possible if there is a frame work in place for immediately putting sanctions back in place if Iran does not fulfill its part of the new potential deal.

We are now assuming that a deal will be reached that will bring Iranian production growth in 2016. We assume that year on year Iranian production growth will reach 600-700 kbd in 2016 which will provide a sizeable bearish pressure on the market.

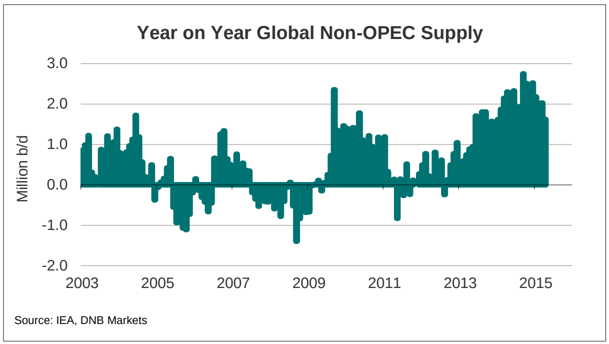


In 2008 Iran produced 4 million b/d. This is 1.2 million b/d higher than the current output. We believe it should be possible to reach 3.5 million b/d in 2016, but in order to get back to 4 million b/d or above the country will need to attract investments from international oil companies again. This should however be possible if a deal is struck and sanctions are lifted.

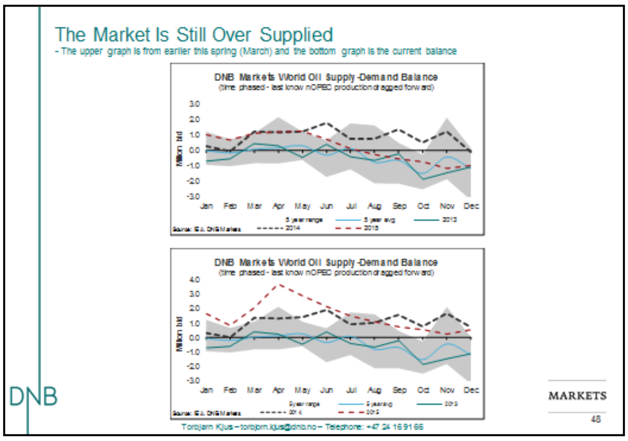
6 The global supply-demand balance

Last week's IEA monthly oil market report showed that non-OPEC production growth so far in 2015 has performed better than expected, particularly from countries like Russia, Brazil, China, Malaysia and Vietnam.

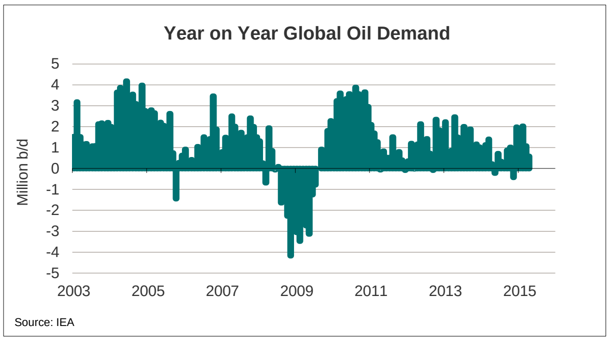
Russian production is benefitting from its flexible taxing regime (lower exports tax at lower prices) and lower production costs due to the falling value of the Russian currency.



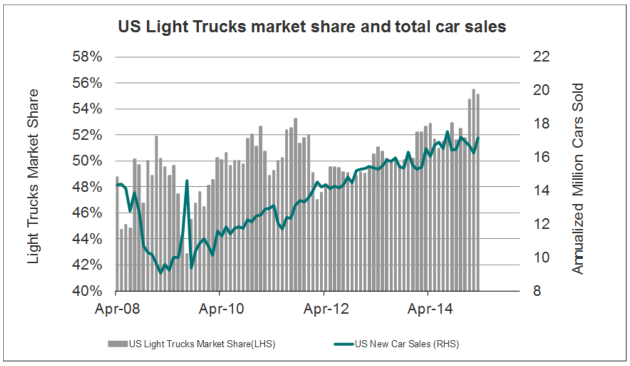
At the same time OPEC has continued to ramp up its output, leading to a supply-demand balance that looks even more over supplied that what we had assumed earlier this spring.



Even though we are still significantly more optimistic to demand growth in 2015 than IEA, particularly for the US and China, our fundamental balance now suggest stock builds all the way through 2015, if OPEC maintain output at the last known level (31.2 million b/d).



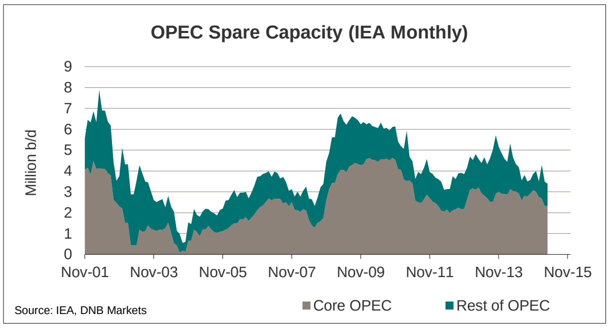
We have in our own global supply demand balance assumed that global oil demand will grow 1.3 million b/d this year, compared with 0.7 million b/d last year. One of the key regions that now see better demand is the US market which normally performs better quite quickly with lower oil prices. Now we are seeing the same again as the Americans are driving longer distances and again are buying bigger cars.



7 The upside is capped – a new type of spare capacity

A bullish argument for oil prices going forward is that the OPEC spare capacity now is very small as Saudi Arabia has been ramping up production. At the same time one can argue that general geopolitical risk is increasing as oil exporting nations are forced to reduce their state budgets and as sunni-shiite proxy wars are being fought in Syria, Iraq and Yemen.

For years and years we have become accustomed to discuss the world's spare capacity in the oil market as OPEC's spare capacity, which have been mainly kept intact by Saudi Arabia, UAE and Kuwait.

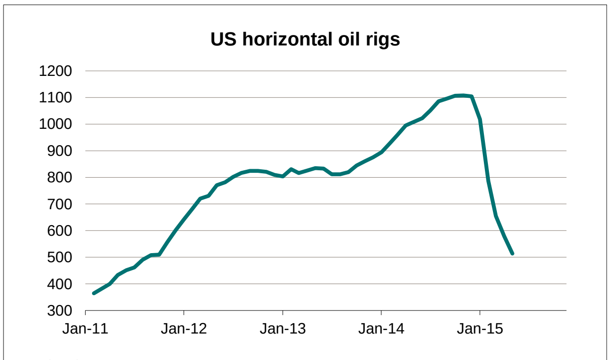


Source: IEA, DNB Markets

The question now is if we have to start thinking differently about spare capacity going forward. We would argue that the current spare capacity in the US oil system is in fact much larger than OPEC spare capacity right now. Just consider the following:

We can probably assume that the average US horizontal oil rig can drill about two wells per month. In our Bakken model the average IP-rate that gives us the best model fit on reported production is around 500 b/d. Since November we have seen about 600 US horizontal oil rigs leave the market.

These rigs are however not scrapped. They are just waiting for an opportunity to return to the market. They just need a little bit higher prices and a stabilization of the price levels before the operators will again add to the rig count.



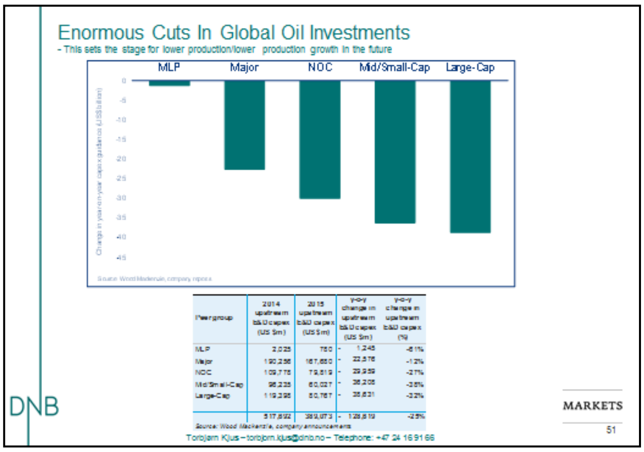
Source: Baker Hughes, PIRA Energy

Those 600 rigs should, based on the above, be able to drill 14.400 wells in a year. In addition, Bloomberg recently reported that the so called "fracklog" (drilled but uncompleted wells) had reached about 3.500 in Bakken/Permian/Eagle Ford. Those 18.000 wells, each with an IP-rate of 500, would represent an initial production of 9 million b/d in the first start up month. It would not be possible to start all these wells in the same month of course but the above number nonetheless provides some input to the current spare capacity in place.

Operators like EOG, Pioneer and Continental Resources have all stated recently that they just need somewhat higher prices and some stabilization before they start adding rigs again. EOG has stated that rigs will be added at WTI prices above 65 $/b, while Continental recently said they would be increasing their activity again at WTI above 70 $/b. These factors should be able to limit the potential upside in prices for a while. If WTI is at 70 $/b, Brent should be limited to around 75-80 $/b.

8 Revising down our longer end of the price deck

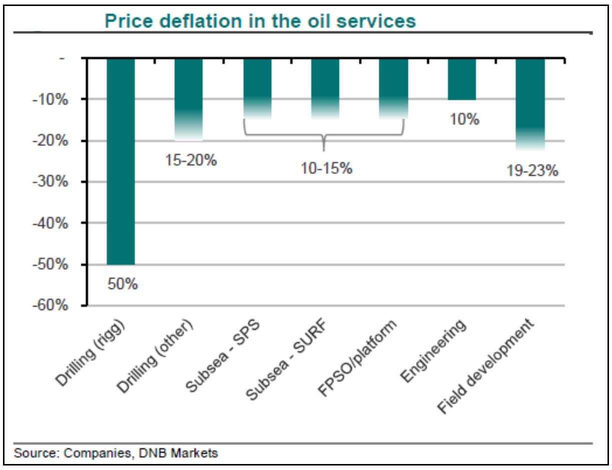
One of the most bullish arguments for prices in the coming years is the decline rate in existing oil fields which we think will accelerate because of the large cuts in global CAPEX spending in the oil industry. We are however starting to doubt if the effect of those decline rates will have a large enough effect already in 2016 to turn the supply-demand balance around. We are currently in a phase where start-ups of production from CAPEX already taken years ago in countries like Russia, China, US GOM, Canada, Brazil will offset the increased decline rates.



We also believe that at oil prices stabilizing above 80 $/b the large international oil companies will again start to initiate more maintenance projects. We do expect increased recovery rates going forward as more oil is collected from currently producing fields. The global oil consultancy IHS recently claimed that by using the new fracking techniques developed in the US on old fields outside the US, the world would be able to unlock 141 billion barrels of oil.

This would be by just increasing the recovery rates on existing fields, not by exploration. We will likely not need to see prices above 90 $/b in order to see increased focus on maintenance of existing fields in our opinion.

We also know that costs are coming down, not only in the US shale industry, but on a global scale as well. The old normalized oil price of 100 $/b which prevailed in the market from 2011 to 2014 has probably fallen into a 65-85 $/b range in our opinion.

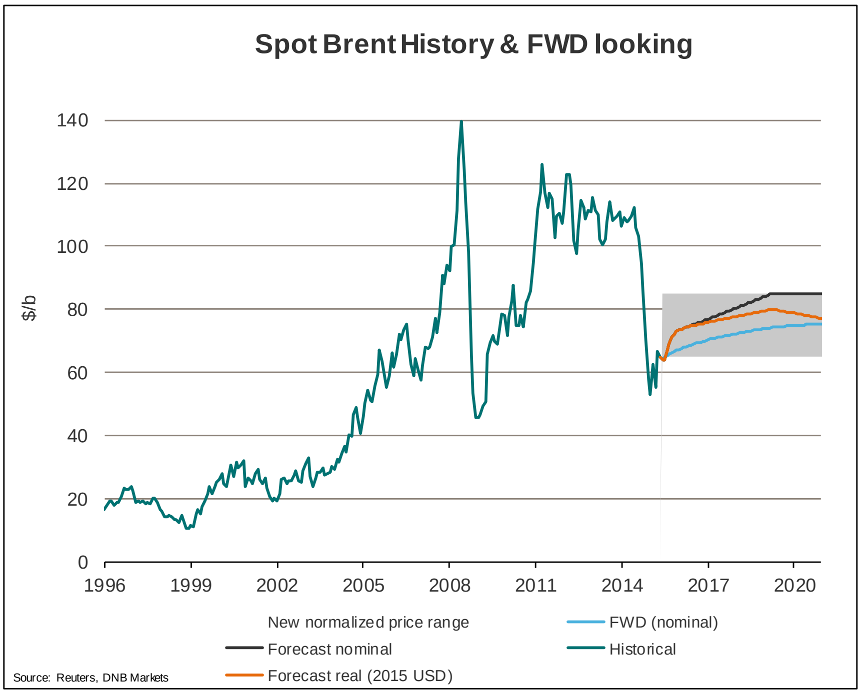


Source: Companies, DNB Markets

Since we believe oil companies are now pulling the emergency brakes and hence also are cutting back on maintaining existing wells, we believe the oil price will be able to reach the high end of the mentioned range as decline rates will be increasing. Due to the high US spare capacity however we are adjusting down our longer end of the price deck by about 5 $/b. We maintain our 65 $/b average price forecast for 2015 but 2016 is revised down from 80 $/b to 75 $/b and 2020 is revised down from 90 $/b to 85 $/b.

9 Brent forecast

	Historical Nominal $/b	Historical Real (2015) $/b
2001	24.4	32.2
2002	25.0	32.4
2003	28.8	36.5
2004	38.3	47.2
2005	54.5	65.0
2006	65.1	75.3
2007	72.4	81.3
2008	97.3	105.2
2009	61.7	67.0
2010	79.5	84.9
2011	111.3	115.2
2012	111.7	113.3
2013	108.7	108.7
2014	99.5	99.5
	Forecast Nominal $/b	**Forecast Real (2015) $/b**
Q1-15	55	55
Q2-15	65	65
Q3-15	67	67
Q4-15	72	72
2015	65	65
2016	75	75
2017	80	78
2018	82	79
2019	85	80
2020	85	78



10 Global supply vs demand – DNB, IEA, OPEC & EIA

DNB Markets World Oil Supply-Demand Balance:	2008	Change	2009	Change	2010	Change	2011	Change	2012	Change	2013	Change	2014	Change	2015
OECD Demand	48.4	-2.0	46.3	0.6	47.0	-0.5	46.4	-0.5	45.9	0.2	46.1	-0.5	45.6	0.4	46.0
Non-OECD Demand	38.1	1.2	39.3	2.5	41.7	1.4	43.1	1.6	44.6	1.1	45.8	1.1	46.9	1.0	47.9
Total Demand	**86.5**	**-0.9**	**85.6**	**3.1**	**88.7**	**0.8**	**89.5**	**1.1**	**90.6**	**1.3**	**91.9**	**0.7**	**92.5**	**1.3**	**93.9**
Non-OPEC Supply	49.1	0.5	49.7	1.2	50.9	0.1	51.0	0.4	51.4	1.2	52.6	2.1	54.8	0.7	55.5
OPEC NGL's and non-conventional oil	4.5	0.6	5.1	0.4	5.5	0.4	5.9	0.3	6.2	0.1	6.3	0.1	6.4	0.2	6.6
Global Biofuels	1.4	0.2	1.6	0.2	1.8	0.0	1.8	0.0	1.9	0.2	2.0	0.2	2.2	0.1	2.3
Total Non-OPEC supply	**55.0**	**1.3**	**56.3**	**1.8**	**58.2**	**0.5**	**58.7**	**0.8**	**59.5**	**1.4**	**60.9**	**2.4**	**63.3**	**1.0**	**64.4**
Call on OPEC crude (and stocks)	**31.4**	**-2.2**	**29.3**	**1.3**	**30.5**	**0.3**	**30.8**	**0.3**	**31.1**	**-0.1**	**31.0**	**-1.8**	**29.2**	**0.3**	**29.5**
OPEC Crude Oil Supply	31.6	-2.5	29.1	0.1	29.2	0.7	29.9	1.4	31.3	-0.8	30.5	-0.2	30.3	0.7	31.0
Implied World Oil Stock Change	**0.2**		**-0.1**		**-1.4**		**-0.9**		**0.2**		**-0.5**		**1.1**		**1.6**

IEA World Oil Supply-Demand Balance (May 2015):	2008	Change	2009	Change	2010	Change	2011	Change	2012	Change	2013	Change	2014	Change	2015
OECD Demand	48.4	-2.0	46.3	0.6	47.0	-0.5	46.4	-0.5	45.9	0.2	46.1	-0.5	45.6	0.2	45.8
Non-OECD Demand	38.1	1.2	39.3	2.5	41.7	1.4	43.1	1.6	44.6	1.1	45.8	1.1	46.9	0.9	47.8
Total Demand	**86.5**	**-0.9**	**85.6**	**3.1**	**88.7**	**0.8**	**89.5**	**1.1**	**90.6**	**1.3**	**91.9**	**0.7**	**92.5**	**1.1**	**93.7**
Non-OPEC Supply	49.1	0.5	49.7	1.2	50.9	0.1	51.0	0.4	51.4	1.2	52.6	2.1	54.8	0.8	55.6
OPEC NGL's and non-conventional oil	4.5	0.6	5.1	0.4	5.5	0.4	5.9	0.3	6.2	0.1	6.3	0.1	6.4	0.2	6.6
Global Biofuels	1.4	0.2	1.6	0.2	1.8	0.0	1.8	0.0	1.9	0.2	2.0	0.2	2.2	0.1	2.2
Total Non-OPEC supply	**55.0**	**1.3**	**56.3**	**1.8**	**58.2**	**0.5**	**58.7**	**0.8**	**59.5**	**1.4**	**60.9**	**2.4**	**63.3**	**1.1**	**64.4**
Call on OPEC crude (and stocks)	**31.4**	**-2.2**	**29.3**	**1.3**	**30.5**	**0.3**	**30.8**	**0.3**	**31.1**	**-0.1**	**31.0**	**-1.8**	**29.2**	**0.0**	**29.2**
OPEC Crude Oil Supply	31.6	-2.5	29.1	0.1	29.2	0.7	29.9	1.4	31.3	-0.8	30.5	-0.2	30.3	0.7	31.0
Implied World Oil Stock Change	**0.2**		**-0.1**		**-1.4**		**-0.9**		**0.2**		**-0.5**		**1.1**		**1.8**

OPEC World Oil Supply-Demand Balance (May 2015):	2008	Change	2009	Change	2010	Change	2011	Change	2012	Change	2013	Change	2014	Change	2015
OECD Demand	48.4	-2.0	46.4	0.6	47.0	-0.6	46.4	-0.5	45.9	0.2	46.1	-0.3	45.8	0.1	45.9
Non-OECD Demand	37.7	0.7	38.4	1.9	40.3	1.5	41.8	1.3	43.1	1.2	44.3	1.2	45.5	1.1	46.6
Total Demand	**86.1**	**-1.3**	**84.8**	**2.5**	**87.3**	**0.9**	**88.2**	**0.8**	**89.0**	**1.4**	**90.4**	**0.9**	**91.3**	**1.2**	**92.5**
Non-OPEC Supply (Incl all Biofuel)	50.4	0.7	51.1	1.3	52.4	0.0	52.4	0.5	52.9	1.4	54.3	2.2	56.5	0.7	57.2
OPEC NGL's and non-conventional oil	4.1	0.2	4.3	0.7	5.0	0.4	5.4	0.2	5.6	0.0	5.6	0.2	5.8	0.2	6.0
Total Non-OPEC supply	**54.5**	**0.9**	**55.4**	**2.0**	**57.4**	**0.4**	**57.8**	**0.7**	**58.5**	**1.4**	**59.9**	**2.4**	**62.3**	**0.9**	**63.2**
Call on OPEC crude (and stocks)	**31.6**	**-2.2**	**29.4**	**0.5**	**29.9**	**0.5**	**30.4**	**0.1**	**30.5**	**0.0**	**30.5**	**-1.5**	**29.0**	**0.3**	**29.3**
OPEC Crude Oil Supply	31.2	-2.5	28.7	0.5	29.2	0.7	29.9	1.4	31.3	-0.8	30.5	-0.2	30.3	0.7	31.0
Implied World Oil Stock Change	**-0.4**		**-0.7**		**-0.7**		**-0.5**		**0.8**		**0.0**		**1.3**		**1.7**

EIA World Oil Supply-Demand balance (May 2015):	2008	Change	2009	Change	2010	Change	2011	Change	2012	Change	2013	Change	2014	Change	2015
OECD Demand	47.6	-2.2	45.4	0.7	46.1	-0.3	45.8	0.1	45.9	0.2	46.1	-0.4	45.7	0.3	46.0
Non-OECD Demand	38.2	0.7	38.9	2.1	41.0	1.5	42.5	0.8	43.3	1.2	44.4	2.0	46.4	0.9	47.3
Total Demand	**85.8**	**-1.5**	**84.3**	**2.7**	**87.1**	**1.2**	**88.3**	**0.9**	**89.2**	**1.3**	**90.5**	**1.6**	**92.0**	**1.2**	**93.3**
Non-OPEC Supply (Incl all Biofuel)	49.7	0.8	50.5	1.3	51.8	0.2	52.0	0.7	52.7	1.5	54.1	2.6	56.7	0.8	57.6
OPEC NGL's and non-conventional oil	4.5	0.3	4.8	0.8	5.5	-0.3	5.3	0.5	5.8	0.4	6.1	0.2	6.3	0.3	6.6
Total Non-OPEC supply	**54.1**	**1.1**	**55.2**	**2.1**	**57.3**	**-0.1**	**57.2**	**1.2**	**58.4**	**1.8**	**60.2**	**2.8**	**63.0**	**1.1**	**64.1**
Call on OPEC crude (and stocks)	**31.7**	**-2.6**	**29.1**	**0.7**	**29.8**	**1.3**	**31.1**	**-0.3**	**30.8**	**-0.5**	**30.2**	**-1.2**	**29.0**	**0.1**	**29.2**
OPEC Crude Oil Supply	31.3	-2.2	29.1	0.1	29.2	0.7	29.9	1.4	31.3	-0.8	30.5	-0.2	30.3	0.7	31.0
Implied World Oil Stock Change	**-0.4**		**0.0**		**-0.6**		**-1.1**		**0.6**		**0.2**		**1.3**		**1.9**

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