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OPEC

Statement

by the

Organization of the Petroleum Exporting Countries
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to the

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(IMFC)

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The **Organization of the Petroleum Exporting Countries** (OPEC) would like to provide the distinguished delegates to the **International Monetary and Finance Committee** (IMFC) with an update on current oil market conditions and developments.

The global oil market showed **improved fundamentals** since the last IMFC meeting in October 2023, amid better world economic and oil demand outlooks.

The steady **global economic growth** momentum seen towards the end of 2023 is expected to carry over into 1H24. With that said, economic activity in key economies exhibited diverging trends in 2023 – a dynamic likely to continue this year. The economic performance of the US, India, Russia, and, to some extent, Brazil in 2H23 were relatively stronger than initially expected, while China recorded steady growth towards the end of the year. In contrast, the Eurozone and Japan experienced a decline in 2H23, although there are tentative signs suggesting a potential recovery in 1H24.

The current positive trajectory in economic growth is supported by the expectation of headline inflation easing throughout 2024 and 2025, especially in major economies. This is anticipated to lead to an increase in real income levels and improved consumer spending ability. Simultaneously, it is expected that key central banks will reduce their interest rates in 2024. A shift towards more accommodative monetary policies is foreseen, particularly in 2H24 and throughout 2025. Furthermore, it is anticipated that domestic political and geopolitical developments are unlikely to significantly impact the growth momentum. In that regard, it will also be important to closely monitor the outcomes of elections in several key economies, such as the US, the UK, Mexico, Indonesia, South Africa and India, as their results have the potential to impact growth dynamics. Taking these trends and assumptions, among others, into consideration, the 2024 global economic growth forecast stands at 2.8%. This is followed by a global economic growth forecast of 2.9% for 2025.

The US economy is forecast to experience steady growth of 2.1% in 2024, followed by an expansion of 1.7% in 2025. With the Eurozone's economy forecast to see sustained tepid economic growth of only 0.5% in 2024, the growth dynamic is projected to accelerate to 1.2% in 2025. Japan's economic growth forecast for 2024 stands at 0.8%, and the economy is forecast to expand by 1% in 2025. China's economic growth projection stands at 4.8% for 2024, and is forecast to grow by 4.6% in 2025. India's 2024 economic growth forecast stands at a robust level of 6.6% on a calendar year basis, and is forecast to slow very slightly to 6.3% in 2025. Brazil's economic growth is forecast to expand by 1.6% in 2024, and accelerate to

1.9% in 2025. Russia's growth is projected at 2.0% for 2024 and is expected to slow somewhat in 2025 to see growth of 1.4%.

There is additional upside potential to global economic growth, particularly if inflation decreases at a faster rate than currently anticipated. Additionally, the prospects of a more robust growth trajectory in Asian economies, predominantly India and China, have the potential to provide further impetus to global economic growth in both 2024 and 2025. In the case of China, in particular, upside potential stems from additional government-led stimulus measures beyond those indicated by the National People's Congress (NPC). Within the non-OECD group of countries, Brazil and Russia might surpass expectations with further improvements in domestic demand and external trade. Elsewhere, the expected steady growth momentum in the US throughout 2024 and 2025 could potentially accelerate, resulting in economic growth surpassing current expectations.

Given the above economic outlook, **world oil demand** growth in 2024 is forecast to increase by around 2.2 mb/d to average 104.5 mb/d. Oil demand growth is expected to be mostly driven by China and other key sub-regions in the non-OECD.

The oil demand in the OECD is anticipated to rise by around 0.3 mb/d, y-o-y in 2024. Most of the increase is expected to be driven by OECD Americas with growth of 0.2 mb/d, y-o-y, while OECD Europe and Asia-Pacific are expected to show smaller increases from the previous year. In terms of products, jet/kerosene is projected to remain the driver of oil demand, with increasing gasoline requirements and demand for LPG also adding support.

In the non-OECD region, oil demand is expected to increase by around 2.0 mb/d, supported mostly by China with growth of nearly 0.7 mb/d, y-o-y, on the back of expected continued healthy economic growth. Oil demand is forecast to also show solid growth of 0.3 mb/d, y-o-y, in the Middle East, 0.3 mb/d, y-o-y, in Other Asia and around 0.2 mb/d in both India and Latin America. In terms of products, the largest increases are forecast for jet fuel and gasoline requirements, followed by demand for LPG and diesel.

In 2025, oil demand is forecast to grow by around 1.8 mb/d, y-o-y, with the OECD projected to show growth of 0.1 mb/d and the non-OECD expected to increase by more than 1.7 mb/d. However, this forecast remains subject to many uncertainties.

The **non-DoC liquids supply** (i.e. liquids supply from countries not participating in the Declaration of Cooperation) is expected to grow by 1.2 mb/d in 2024. In 2024, the main drivers for liquids supply growth are expected to be the US, Canada, Brazil and Norway. The non-DoC liquids supply growth in 2025 is expected to be 1.1 mb/d. The growth is mainly driven by the US, Brazil, Canada and Norway.

Meanwhile, crude production levels/growths for countries participating in DoC (including Azerbaijan, Bahrain, Brunei Darussalam, Kazakhstan, Malaysia, Mexico, Oman, Russia, Sudan, and South Sudan) are subject to their DoC production adjustments in 2024 and 2025.

Total **OECD commercial oil stocks** fell by 25.7 mb, m-o-m, in February, demonstrating a fifth consecutive monthly drop. At 2,733 mb, they were 80 mb lower than the same time one year ago, 105 mb lower than the latest five-year average and 187 mb below the 2015–2019 average. Within the components, crude stocks rose by 19.6 mb, while product stocks fell 45.3 mb, m-o-m

At 1,342 mb, OECD commercial crude stocks were they were 41 mb lower than the same time one year ago, 38 mb lower than the latest five-year average and 106 mb below the 2015–2019 average. OECD product stocks stood at 1,391 mb, 39 mb below the same time a year ago, 66 mb lower than the latest five-year average and 81 mb below the 2015–2019 average.

In terms of days of forward cover, OECD commercial stocks dropped in February by 0.4 days, m-o-m, to stand at 59.8 days. This is 2.1 days lower than the level registered in February 2023, 5.2 days lower than the latest five-year average and 2.8 days less than the 2015–2019 average. Within the OECD regions, OECD Americas was 4.9 days and OECD Asia Pacific 1.2 days below the latest five-year average, at 58.9 days and 48.7 days, respectively. OECD Europe was 8.2 day below the latest five-year average, standing at 67.3 days.

In closing, OPEC reaffirms its long-standing commitment to supporting oil market stability for the benefit of producing and consuming nations, as well as the global economy.