

GLOBAL OIL MARKETS:

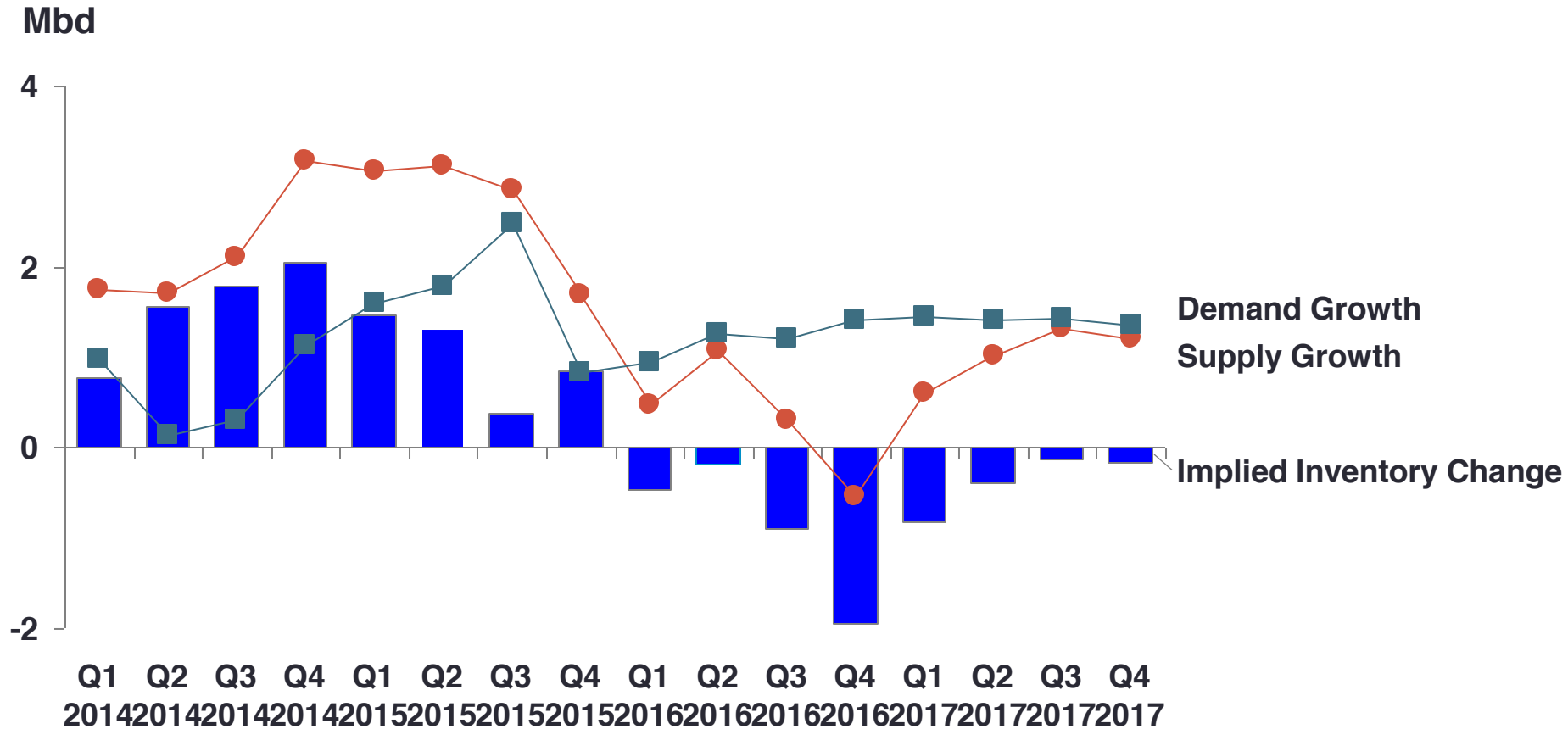
Is it recovery time?

Jamie Webster, Global Energy Expert

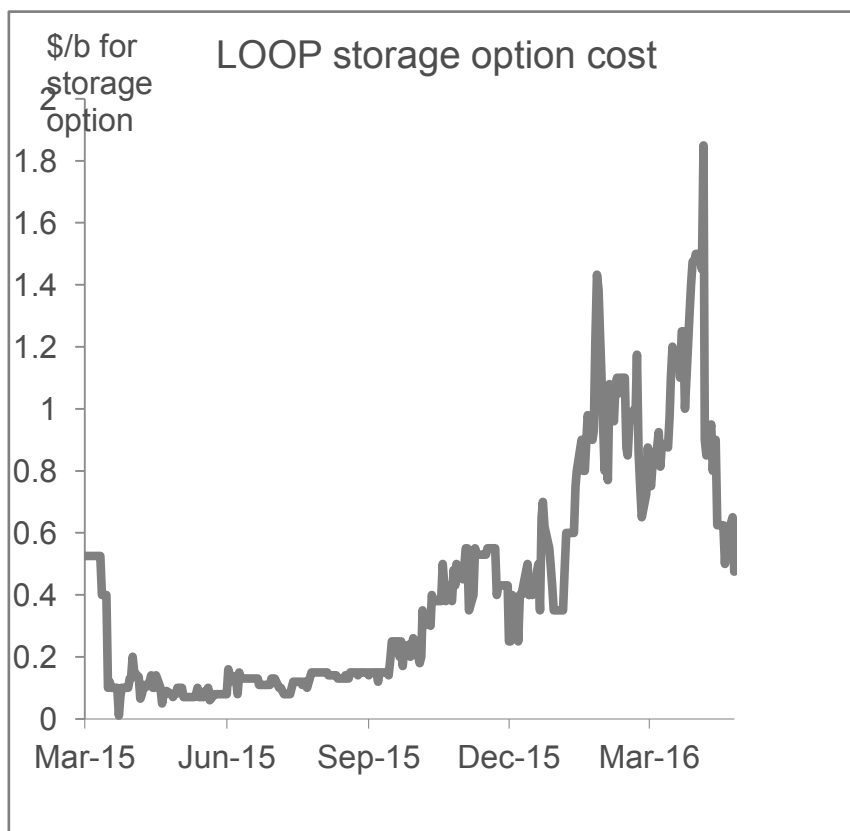
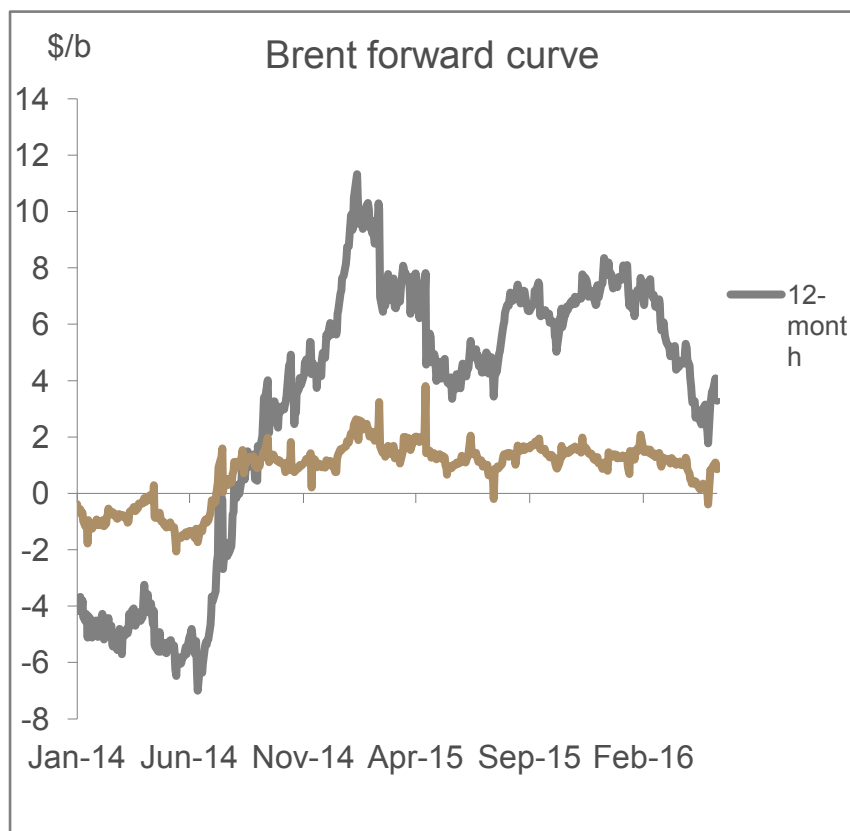
Free Agent (for now)

@websterdrake

Balance suggests the cure is set

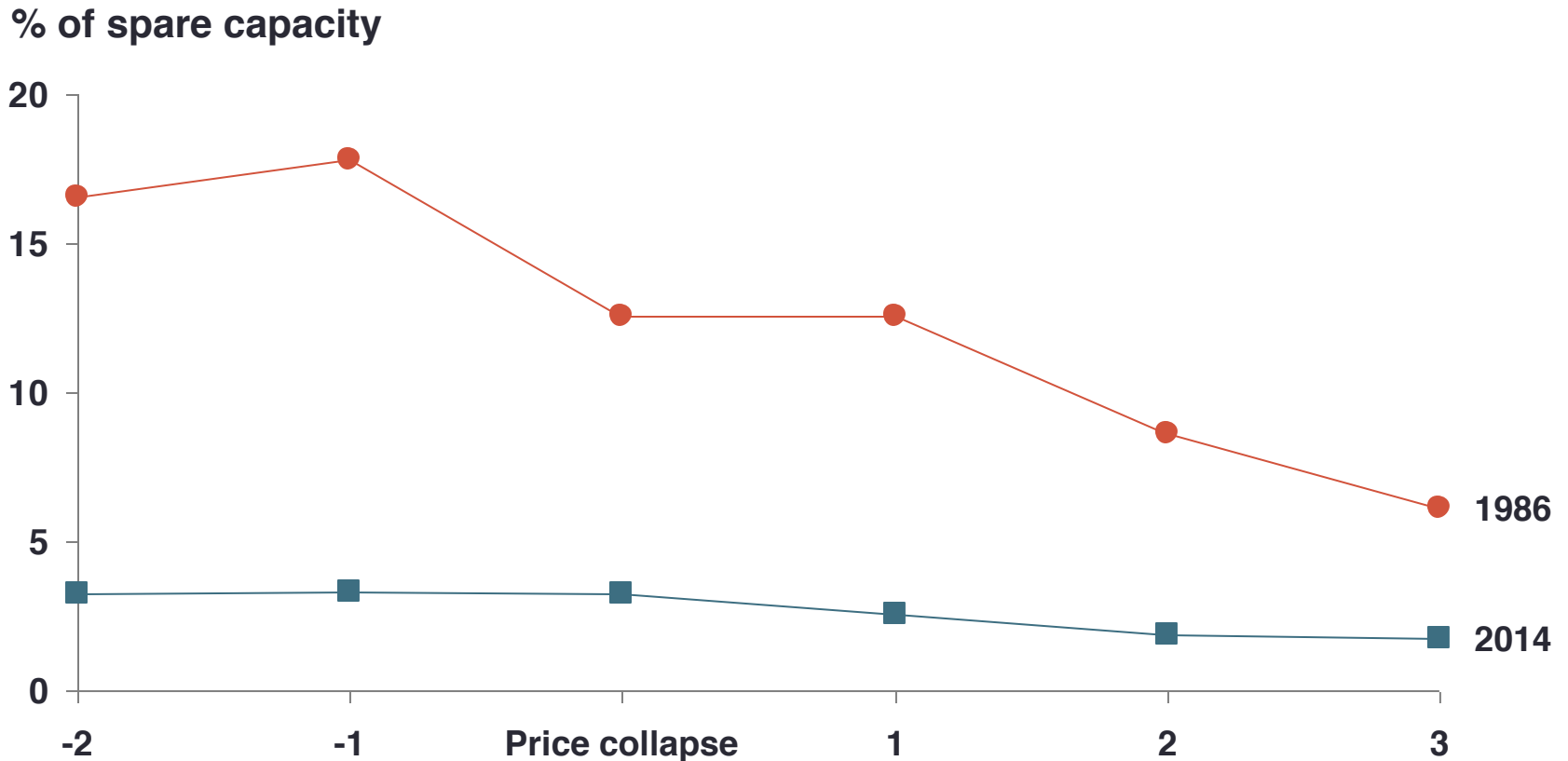


Is storage full?



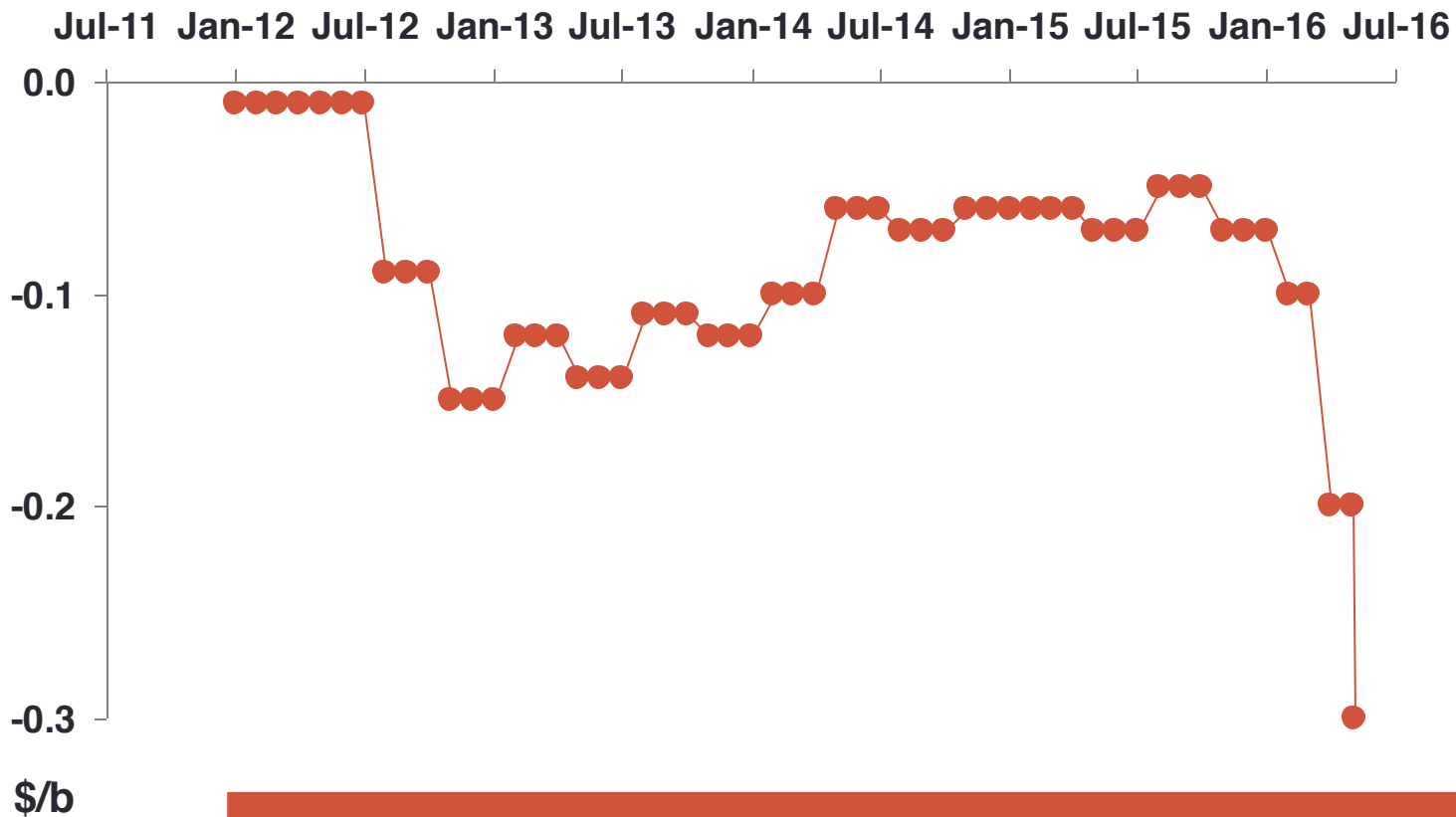
Interest remains high- but system more flexible than thought

OPEC supply is up- at cost of spare capacity



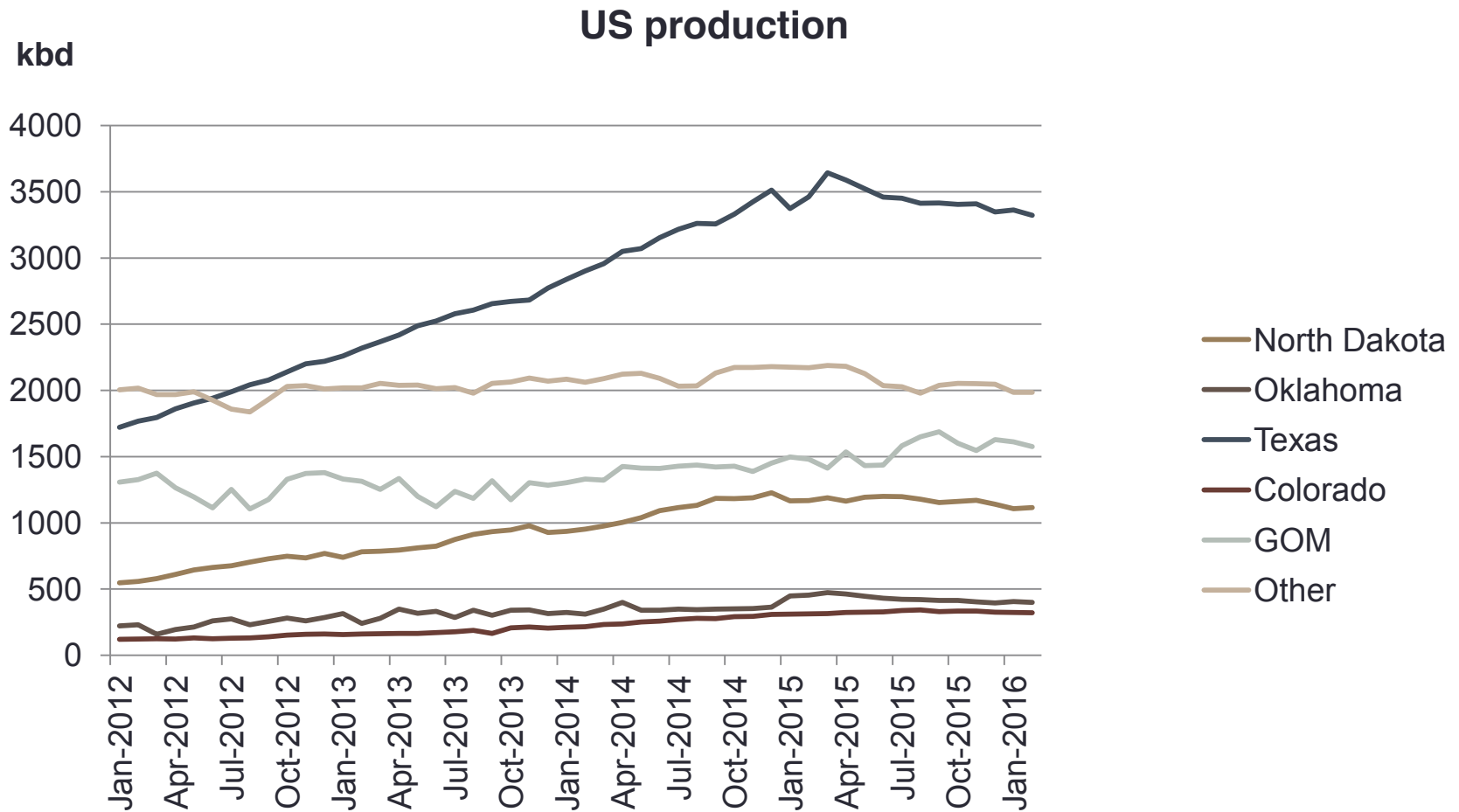
Spare capacity near levels that drove prices above \$100/b

"Market share" battle hits new phase



Iranian discount to Saudi crude for shipments to Asia

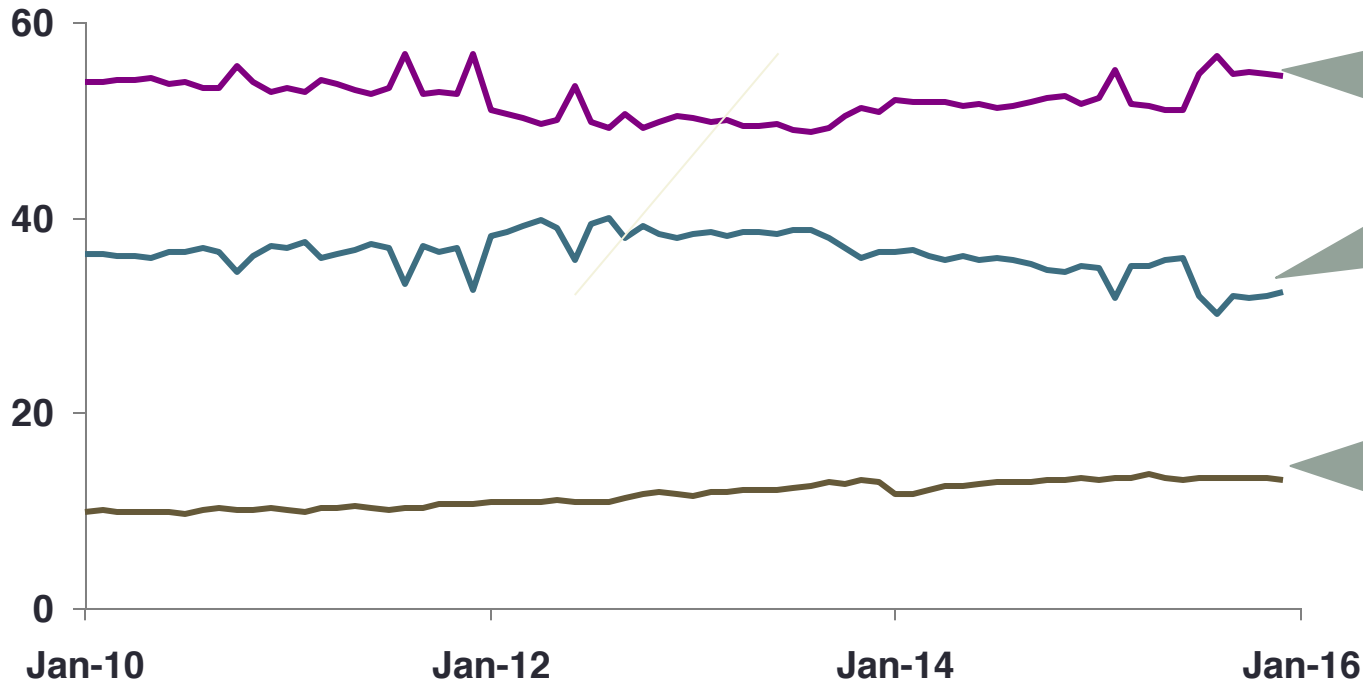
US production- is it a responder?



Long-term supply concerns as responsiveness wanes

The New Oil Division

% of global oil supply



Silent Majority:
Long investment
to volume
timeline

OPEC:
Spare capacity at
'08 (\$100/b)
levels

US: Industry
dismantling,
insufficient
replacement
volumes

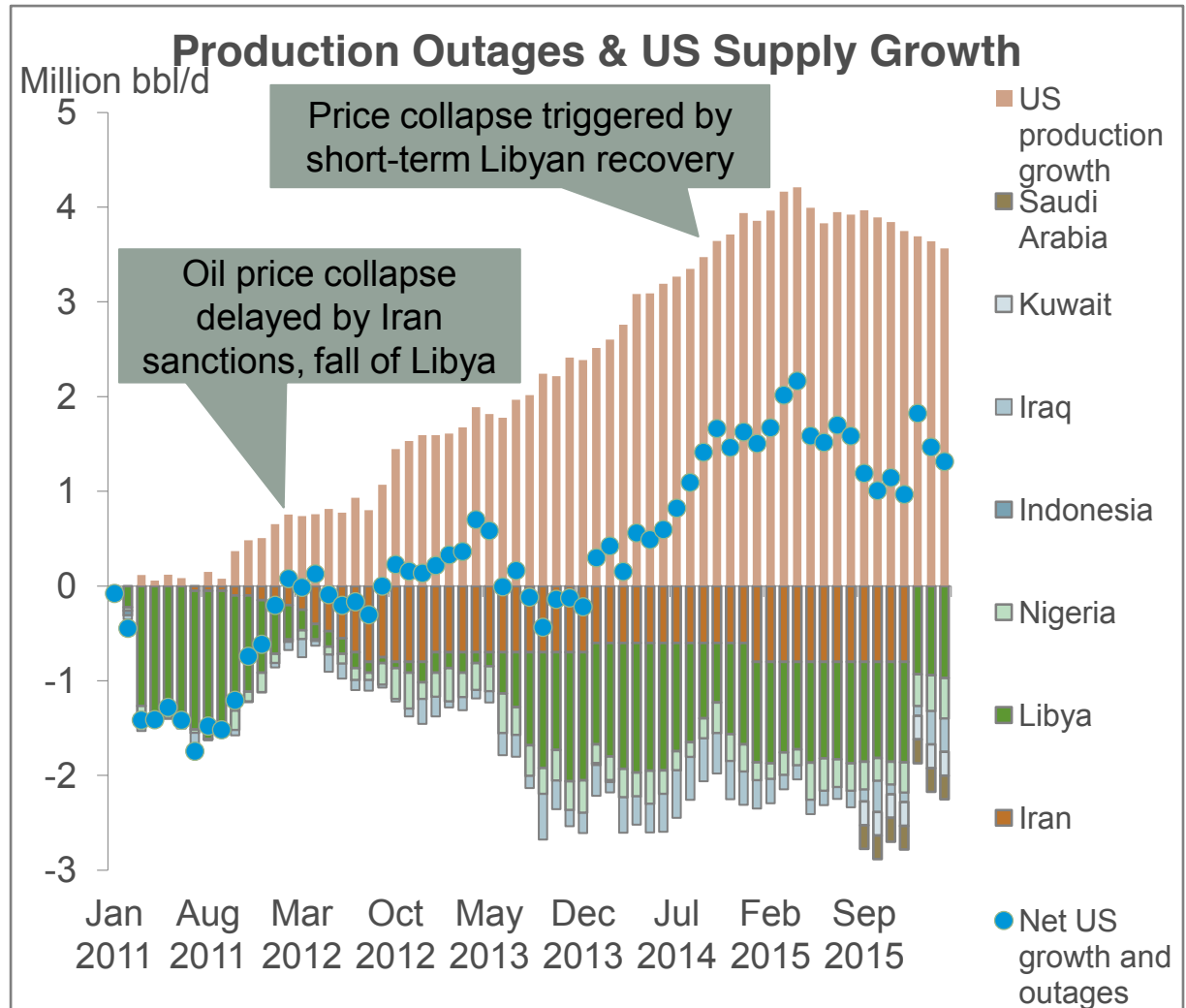
Conventional wisdom error: US production will keep cap on prices

Future of outages as important as US supply growth

Geopolitical impacts on oil

2012 to mid-2014 showed remarkably stable oil prices despite high tension as US production increases were readily canceled out by outages. Geopolitics will rise again in importance to price setting

- Oversupply has given market insurance from some interruption risk- a now waning protection.
- Outage risks are growing in Venezuela, Algeria and Nigeria
- Less spare capacity to accommodate issues



This analysis is only looking at a small subset of the global oil picture to illustrate key dynamics. Demand changes add another layer of nuance.

Remember the two disconnects

- Speed of potential supply versus demand changes
- Capex versus opex