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The Current Oil Market

Paris, France
3rd May 2012

Challenging times for the oil industry



Last year:

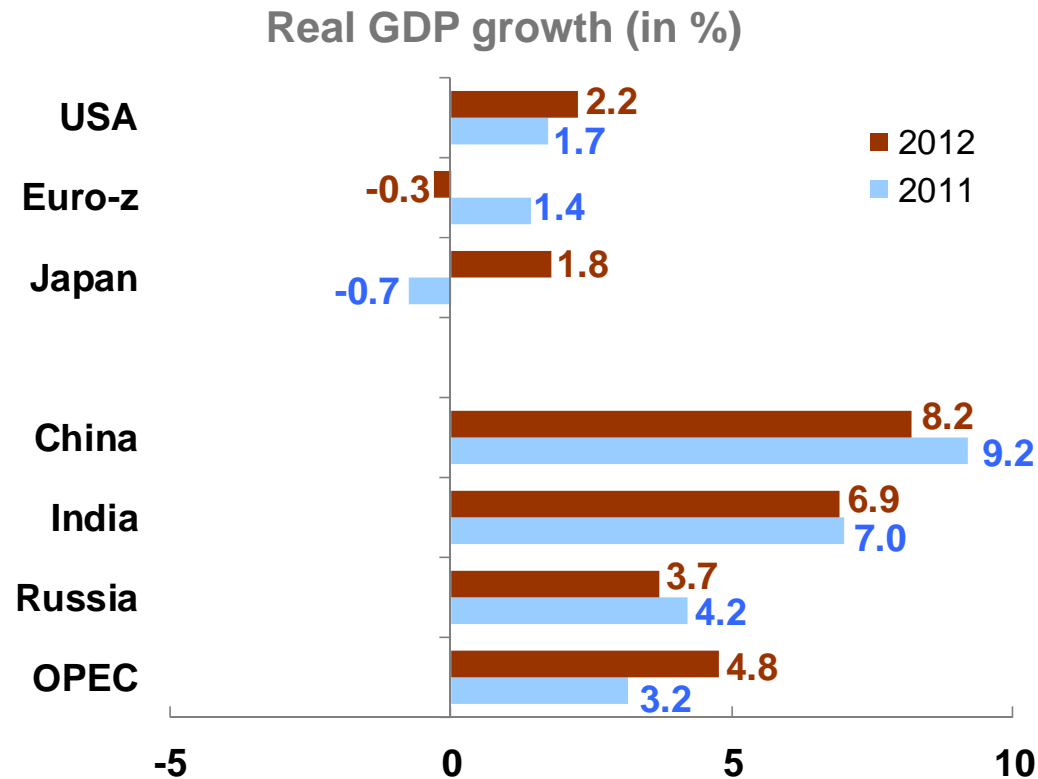
- Global economic turbulence
- Unrest in the MENA region
- Japan's triple disaster

This year:

- Continued economic uncertainty
- Geopolitical developments
- Supply disruptions in some non-OPEC regions, although Libya is returning to pre-uprising levels

However, there has been, and remains, **NO** shortage of oil in the market

The world economy: moving to a lower growth trajectory?

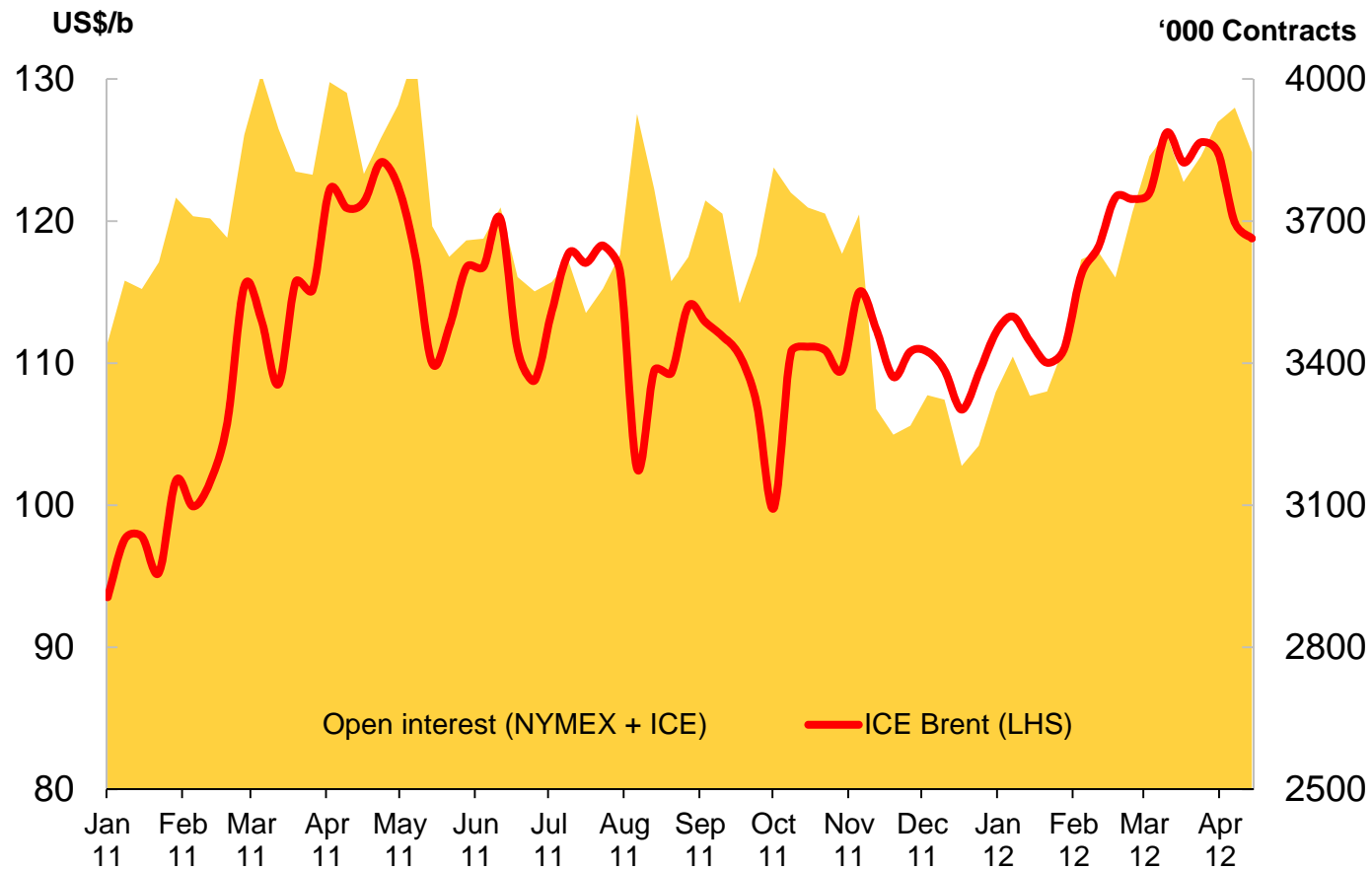


- Global economic growth patchy
- US showing some positive signs, but Euro-zone still struggling with sovereign debt
- Japan some improvement, but still suffering from last year's triple disaster
- Data suggests China is slowing, but will this trend continue?
- Concerns that OECD problems will spill over into developing countries

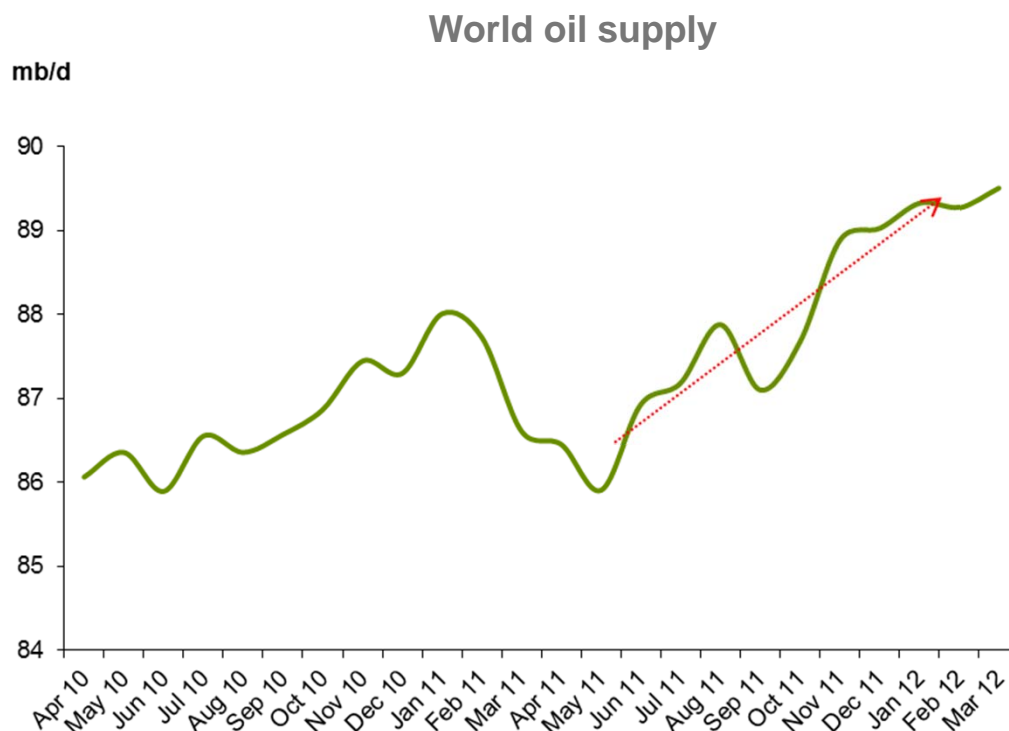
High levels of open interest contracts



ICE Brent price vs.
Open interest in NYMEX and ICE (futures and options)



Some non-OPEC disruptions, but overall supply increasing

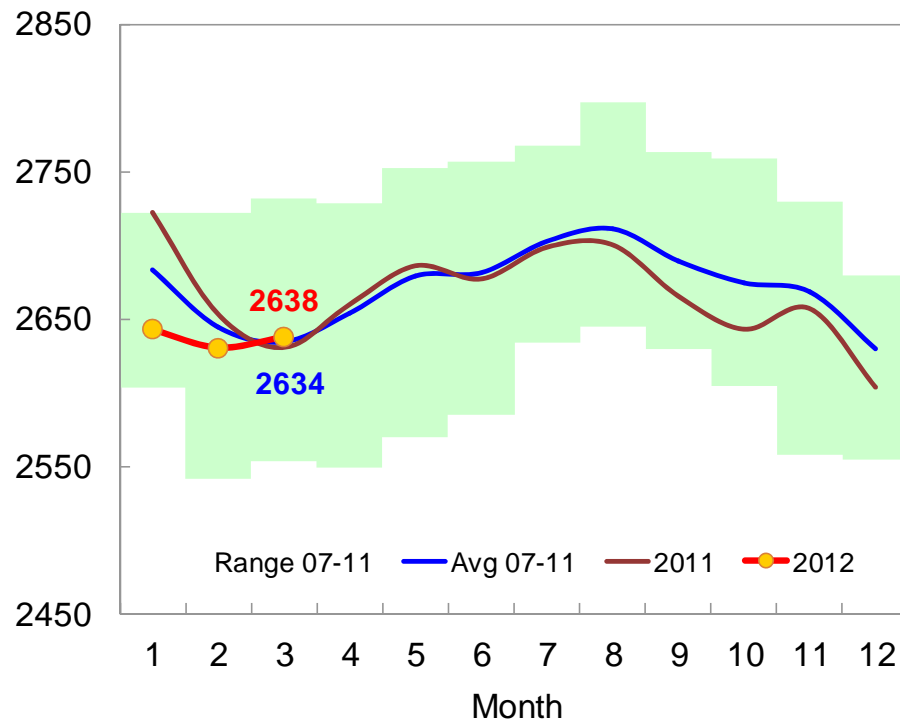


- **Non-OPEC supply disruptions; Syria, South Sudan, Yemen, North Sea**
- **Strong increase in the first quarter of this year from other non-OPEC supply, e.g. North America**
- **Libyan crude has a made a quick return to the market**
- **Overall, world oil supply is increasing**

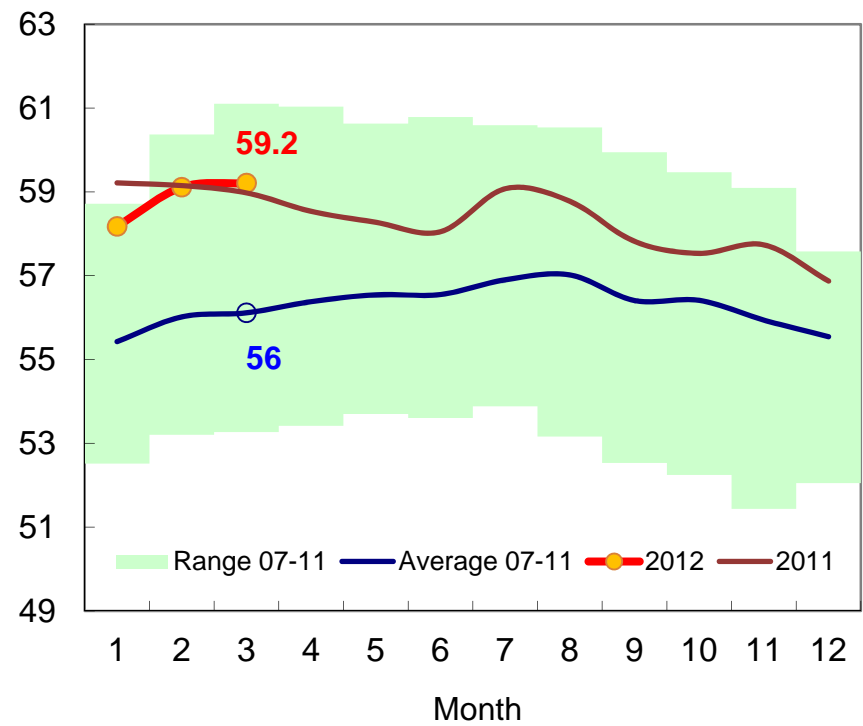
OECD commercial oil stocks (up to end-March 2012)



Million barrels

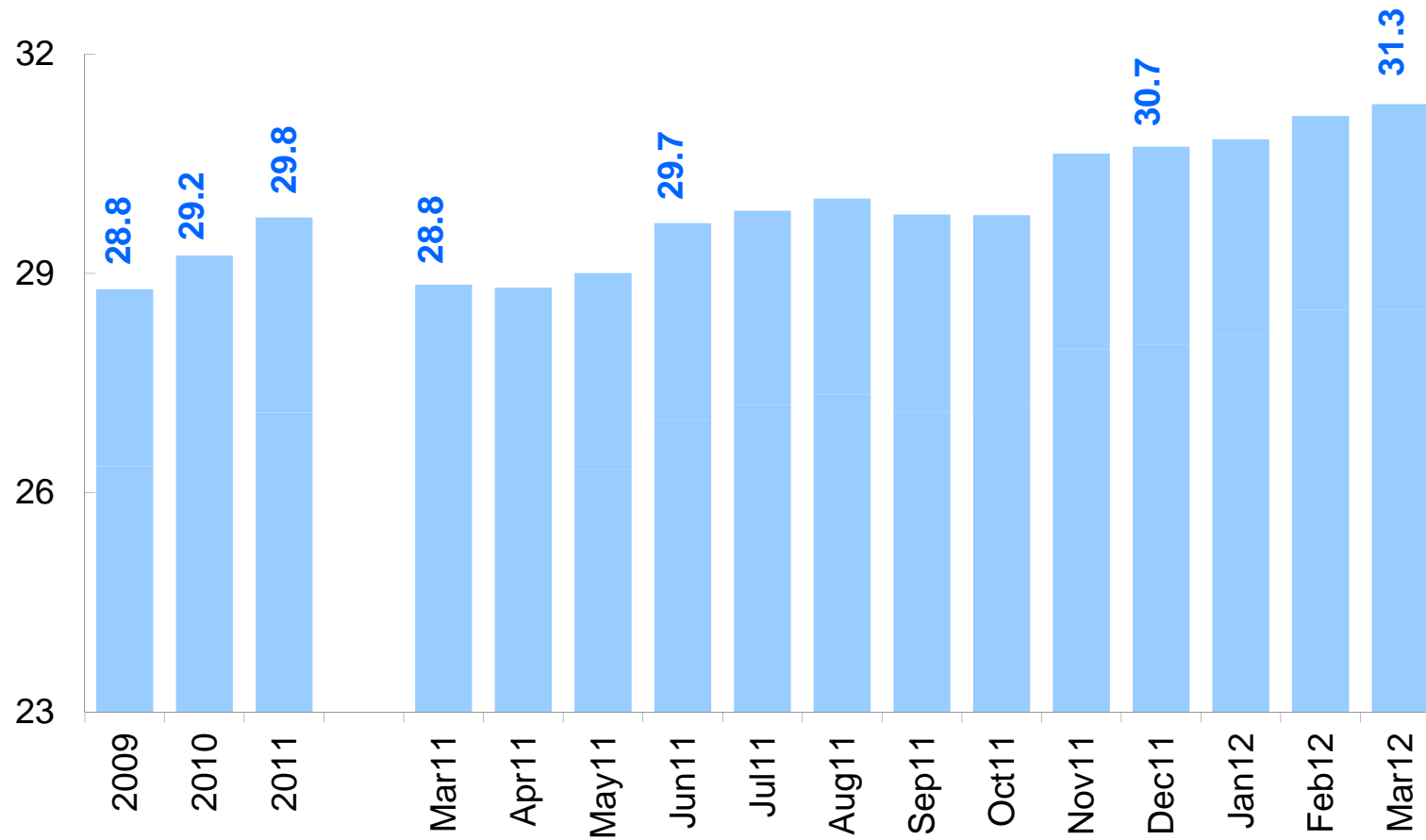


Days of forward cover



Steady rise in OPEC crude oil production

(2009 – 2012, mb/d)



Key messages in the current oil market



- **The oil market is well supplied**
- **Supply and demand fundamentals are sound**
- **Global economic growth remains a key uncertainty, particularly in the Euro-zone**
- **Today's price levels are being impacted by speculation**
- **Market stability needs to be our focus**



Thank you

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