

# Oil market outlook and drivers



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*for*

*Official Monetary and Financial Institutions Forum (OMFIF)*

*July 14, 2016 | St. Louis, MO*

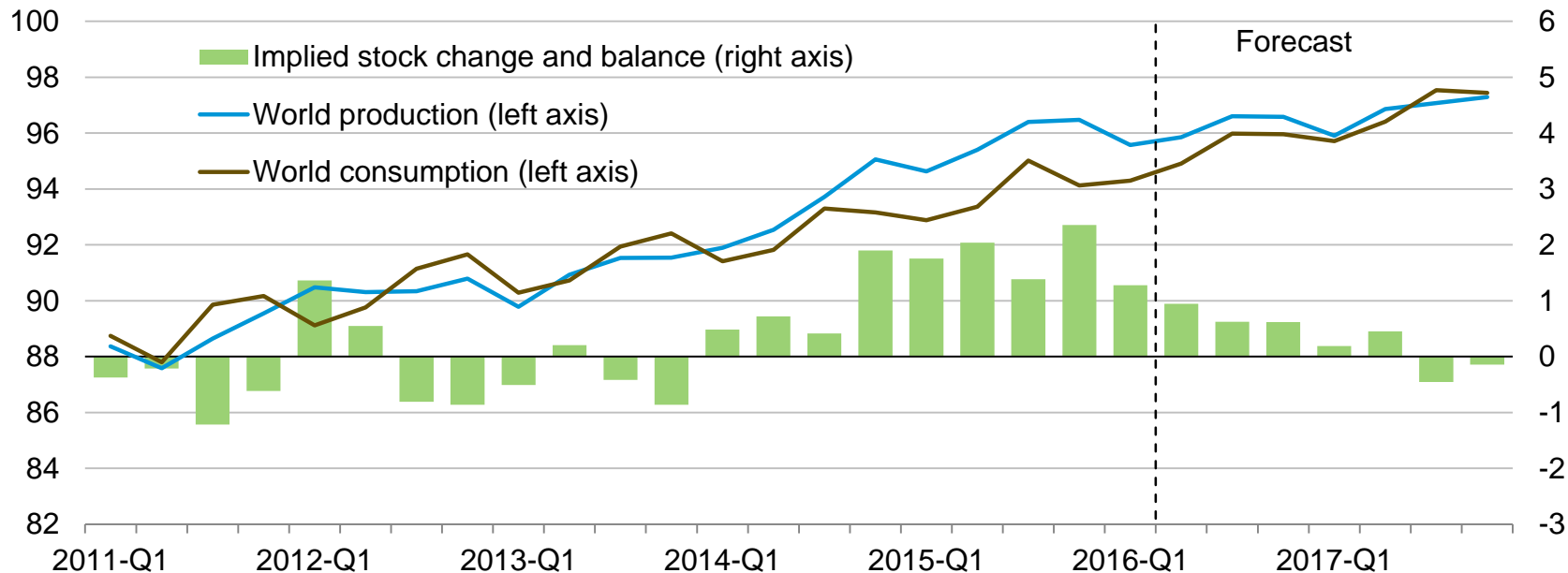
*by*

*Howard Gruenspecht, Deputy Administrator*

# Global supply has consistently exceeded demand since the start of 2014; EIA forecasts a return to market balance in 2017

world supply and demand  
million barrels per day

implied stock change  
million barrels per day

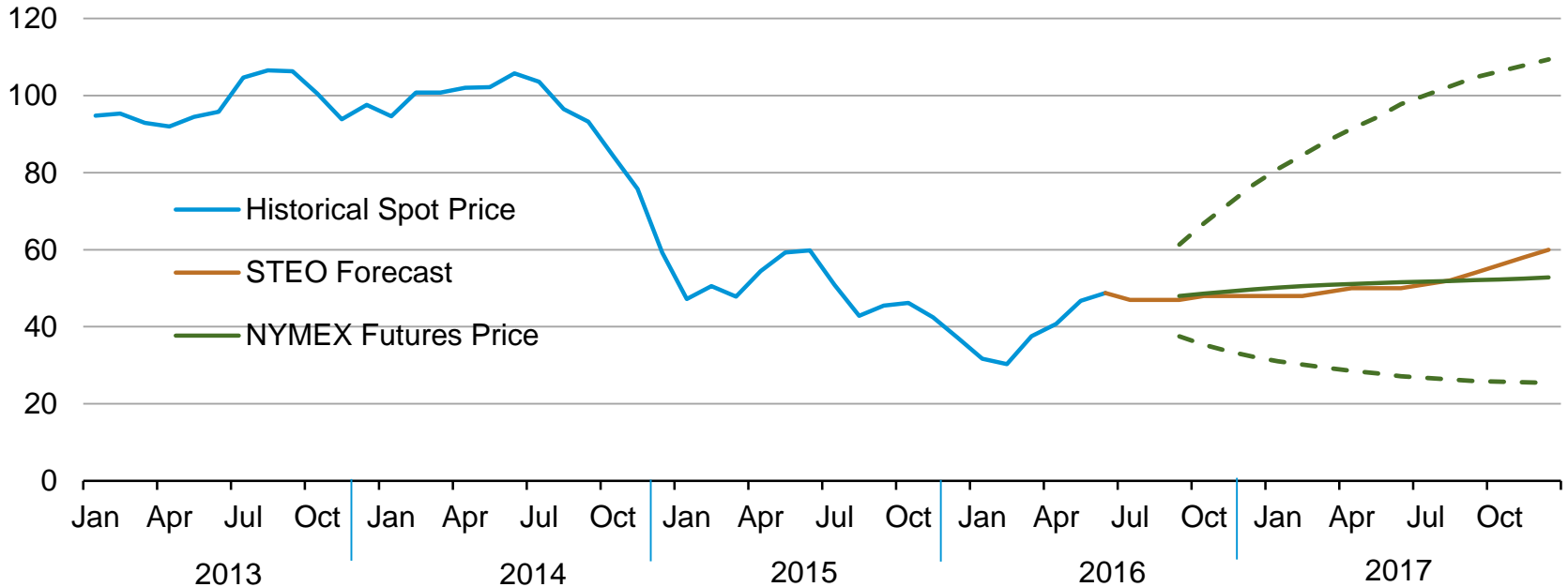


Source: EIA, Short-Term Energy Outlook, July 2016

# EIA expects WTI oil prices to remain low compared to recent history, but the market-implied confidence band is very wide

WTI price

dollars per barrel

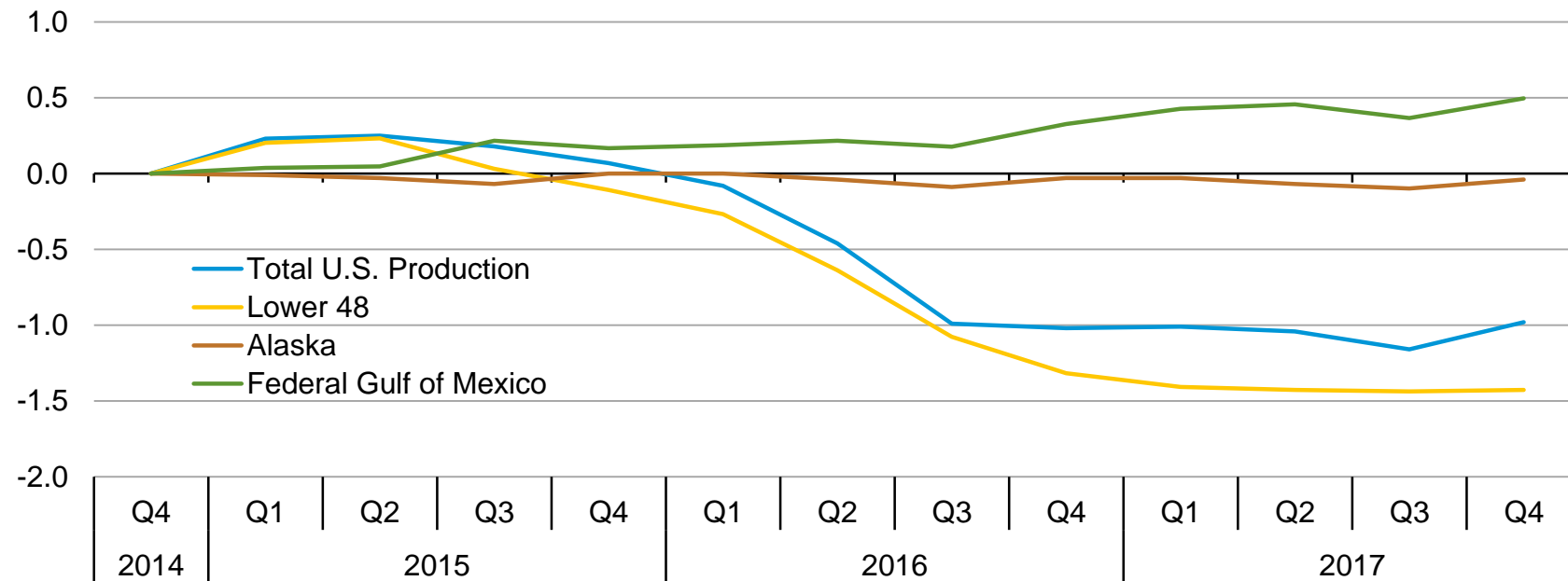


Source: EIA, Short-Term Energy Outlook, July 2016

# Long lead times and past investment are contributing to growth from the Gulf of Mexico as Lower 48 production decline

U.S. crude oil production growth by area

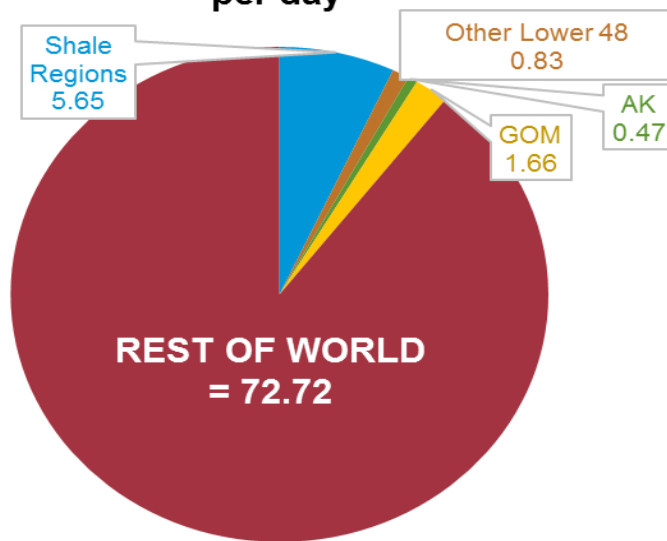
change from fourth quarter, 2014 (million barrels per day)



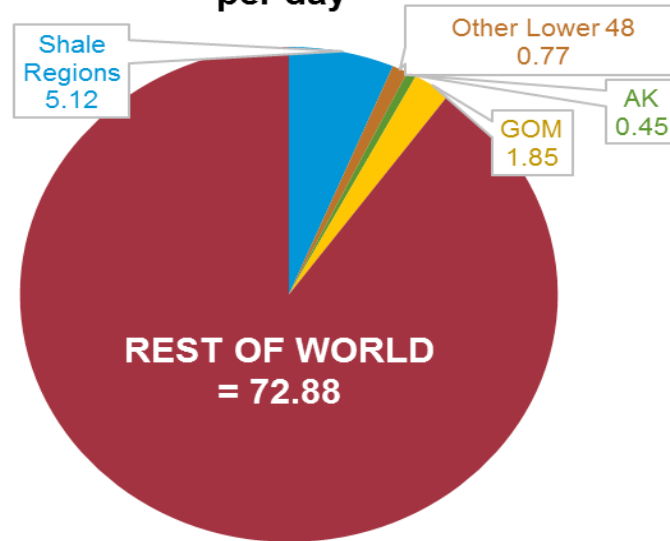
Source: EIA, Short-Term Energy Outlook, July 2016

Crude supply trends outside the United States (red areas below) are key to future oil market balance: geopolitical developments, exporter decisions, and the timing and magnitude of supply effects stemming from reduced investment all matter

**2016 oil production, million barrels per day**



**2017 oil production, million barrels per day**

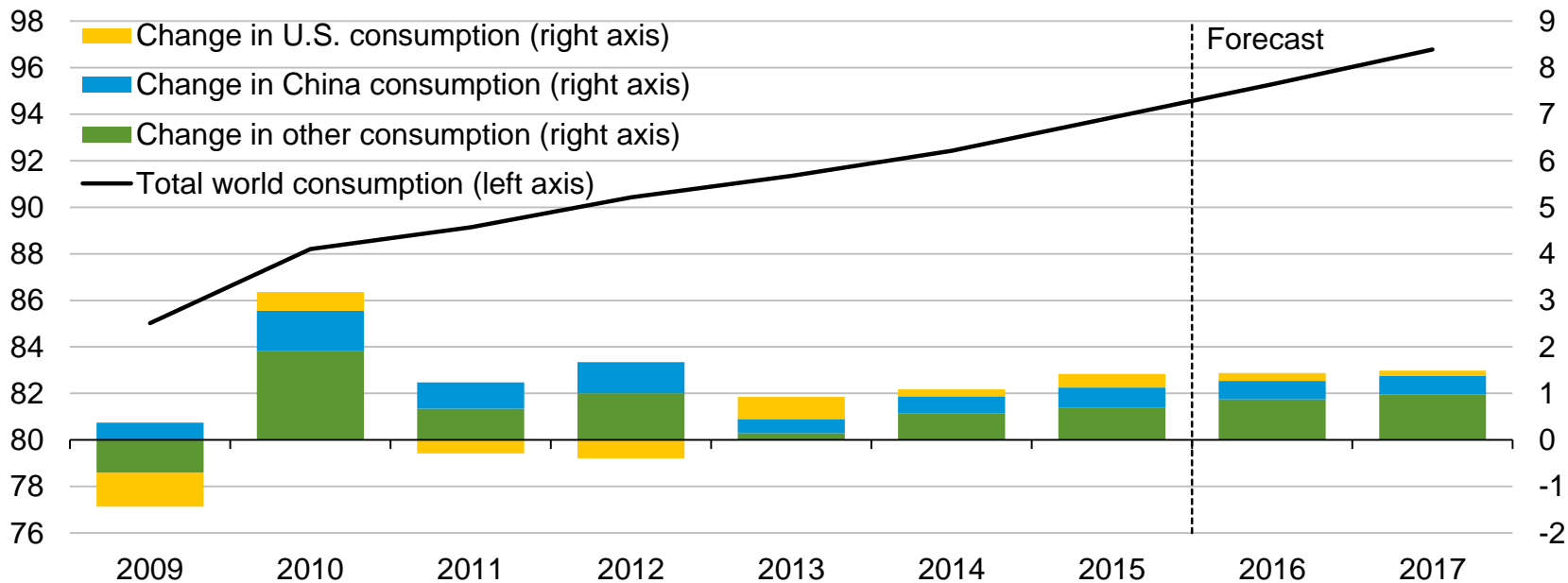


Source: EIA, Short-Term Energy Outlook and Drilling Productivity Report, June 2016; International Energy Agency

# EIA forecasts global liquids consumption growth at 1.5 million b/d in both 2016 and 2017

world liquid fuels consumption  
million barrels per day

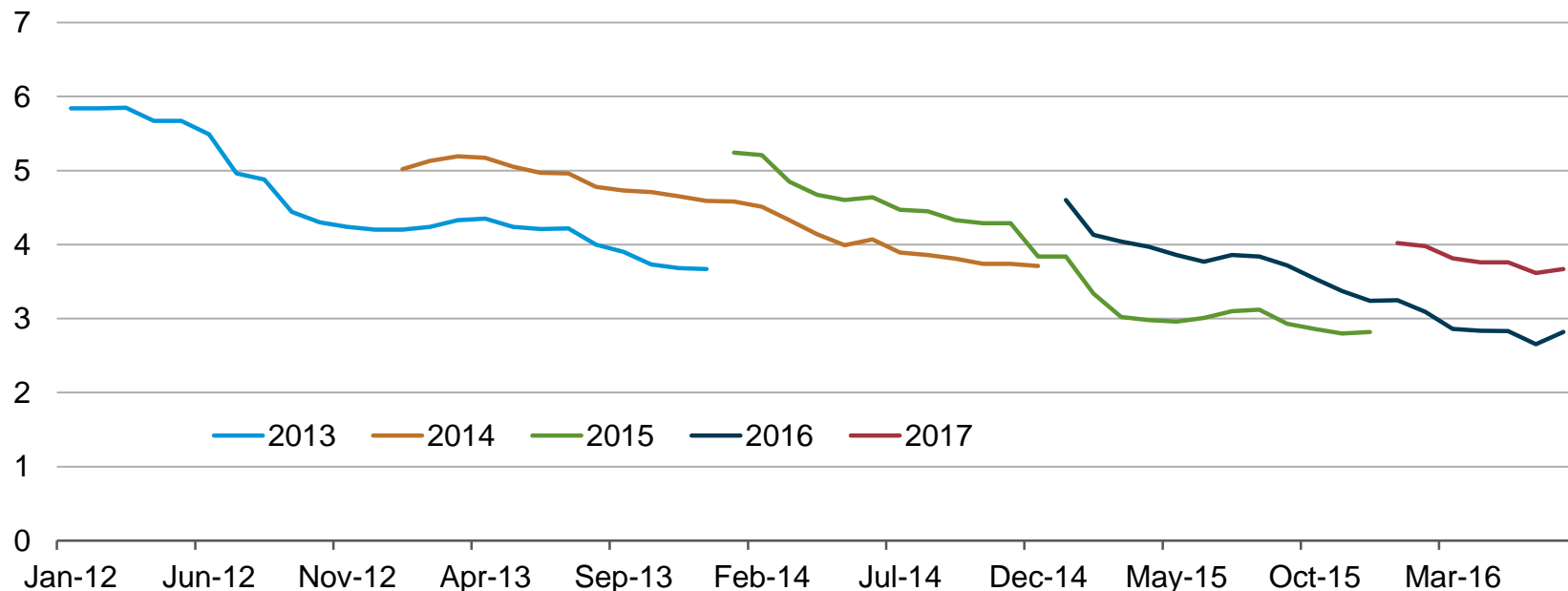
annual change  
million barrels per day



Source: EIA, Short-Term Energy Outlook, July 2016

# Non-OECD economic growth projections, a key driver of oil demand, have been reduced over the course of recent STEO forecasts

GDP growth in non-OECD countries  
annual expectations by date of forecast



Source: EIA, Short-Term Energy Outlook, July 2016

## For more information

U.S. Energy Information Administration home page | [www.eia.gov](http://www.eia.gov)

Annual Energy Outlook | [www.eia.gov/aeo](http://www.eia.gov/aeo)

Short-Term Energy Outlook | [www.eia.gov/steo](http://www.eia.gov/steo)

International Energy Outlook | [www.eia.gov/ieo](http://www.eia.gov/ieo)

Monthly Energy Review | [www.eia.gov/mer](http://www.eia.gov/mer)

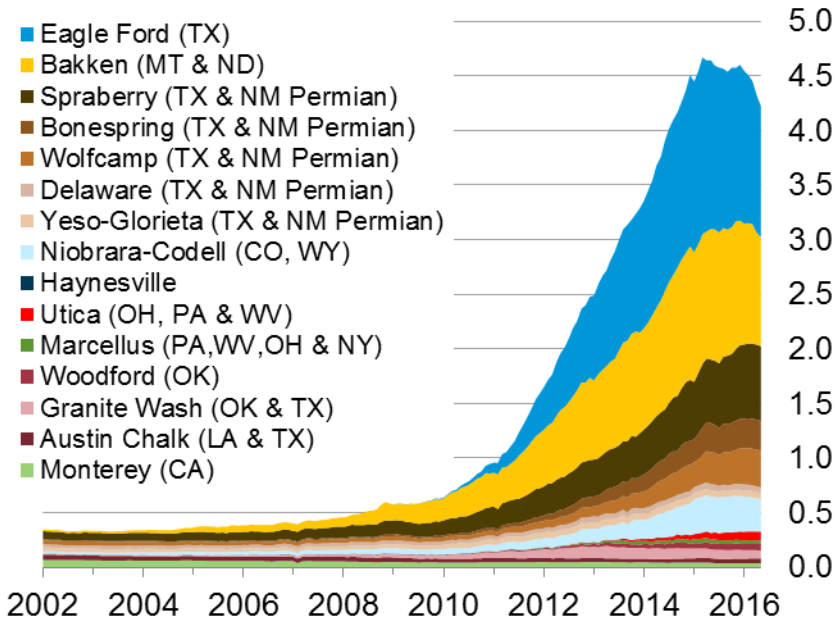
Today in Energy | [www.eia.gov/todayinenergy](http://www.eia.gov/todayinenergy)

International Energy Portal | [www.eia.gov/beta/international/?src=home-b1](http://www.eia.gov/beta/international/?src=home-b1)

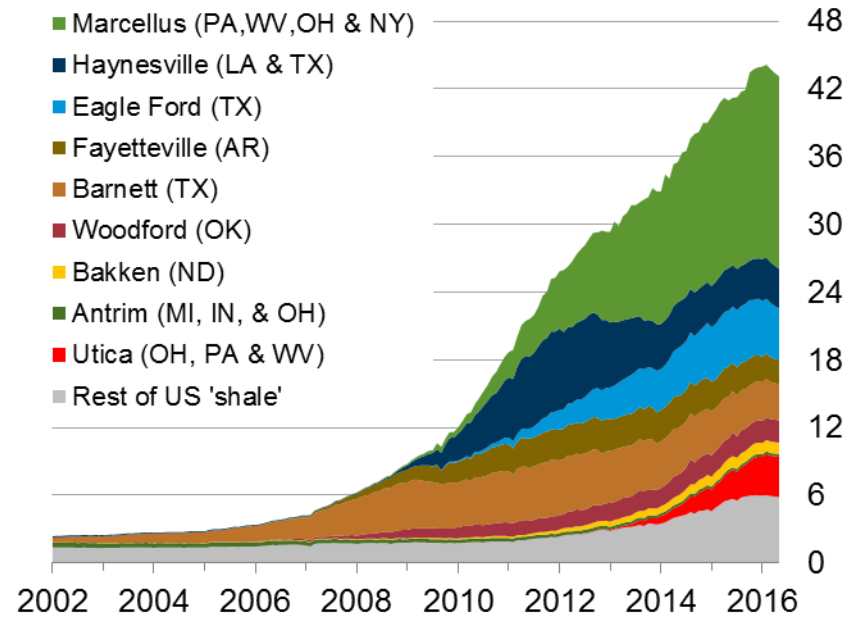


# The U.S. has experienced a rapid increase in natural gas and oil production from shale and other tight resources

U.S. tight oil production  
million barrels of oil per day



U.S. dry shale gas production  
billion cubic feet per day



Sources: EIA derived from state administrative data collected by DrillingInfo Inc. Data are through May 2016 and represent EIA's official tight oil & shale gas estimates, but are not survey data. State abbreviations indicate primary state(s). Note: Scales are presented at approximate barrel of oil equivalent.