

Oil Market Monthly Report

November - 2018

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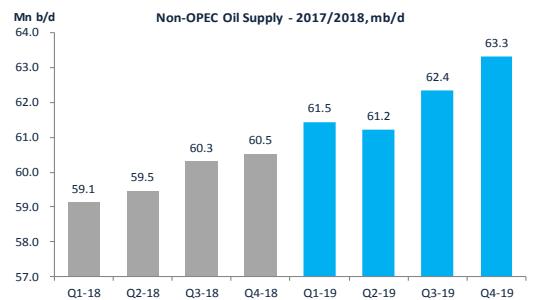
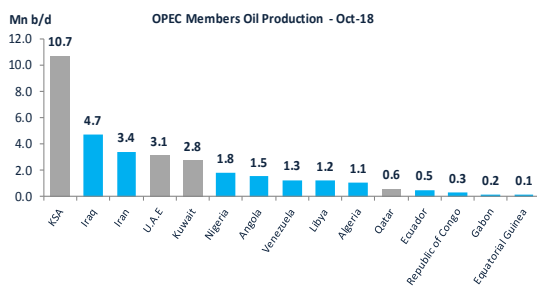
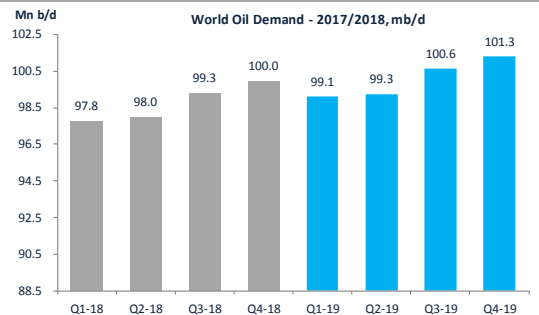
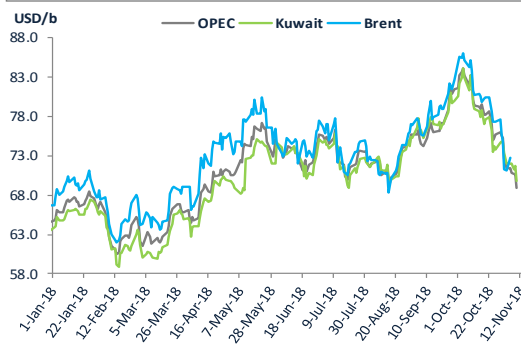
Oil price rout takes a breather after OPEC+ mulls 2019 extension and deeper cuts...

In one of the longest running losing streak, oil prices sunk more than 20% by mid-November-18 from a four-year high level in early October-18. The fall was led by worries related to near term oil demand due to weak near-term global economic growth outlook in addition to concerns over higher overall crude output, higher inventories, weak emerging market currencies as well as the recently announced broad exemptions to Iran sanctions. Eyeing this new trend that changed the optimistic outlook around oil prices, it was reported that **Saudi Arabia and other members of the OPEC+ group may extend the ongoing production cuts to 2019. Also, as a immediate fix, Saudi Arabia reportedly expressed that producers need to cut oil output by 1 mb/d from October-18 levels. As prices continued to plunge it emerged that the cuts could be deeper-than-expected. Saudi Arabia also said it would cut its crude exports by 0.5 mb/d in December-18, although it said the cuts are in response to seasonal decline in demand for its oil.**

Recent data has shown an increase in oil output across the board, with US producing at a record high of 11.6 mb/d and Russia at around 11.4 mb/d. OPEC also raised production during October-18 raising output by 430 tb/d to a 23-month high level of 33.33 mb/d in response to decline in supplies from Iran. However, in early Nov-18 top 8 importers of Iranian oil, that account for almost 75% of its crude exports, were given a 180-day waiver, pointing to higher exports in the coming months that had reportedly halved since the announcement of the sanctions. As the top three producers pumped oil at record pace, the increase in output more than offset the decline in supply from Iran and Venezuela. Highlighting the increase in output, the IEA also warned that 2019 may continue to see supply outpacing demand for oil.

Factors that are limiting the surge in oil demand also included the weakening of emerging market currencies against the USD which hovered around 16-month high. Although, oil-importing emerging economies' currencies have seen some improvement recently, the YTD-18 decline stood at almost 5% (MSCI EM Currency Index). Key currencies like India's INR has depreciated almost 13% since the start of the year while Chinese Renminbi has also depreciated almost 7%. On the other hand, demand trend in China is also showing signs of weakness partly due to the US-China trade rift. According to the latest numbers, China's manufacturing sector growth, although expanding, was the weakest since more than two years in October-18. An earlier datapoint on the country's GDP showed that the country's GDP growth in Q3-18, while still going strong at 6.5%, was the slowest since the financial crisis.

On the supply side, the Joint Ministerial Committee of OPEC+ said that 2019 may continue to see higher supply growth and that weaker global economic growth may widen the demand/supply gap. However, the producers collectively said that they would see how new trends evolve in the oil market before finalizing any production policy for 2019.



Source for the above charts : OPEC and Bloomberg

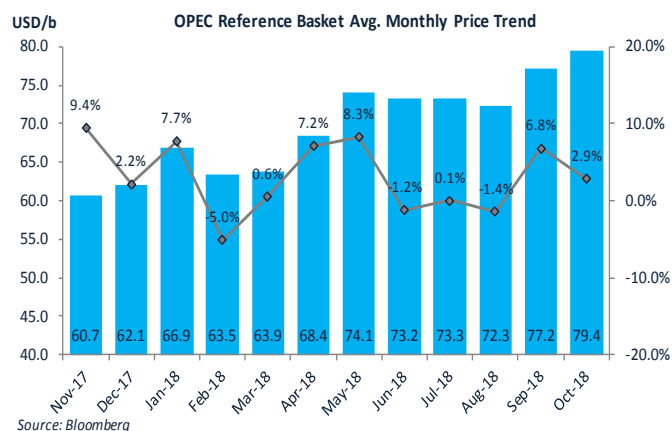
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Oil Prices

Oil prices were in a tailspin since the second week of October-18 declining by almost a quarter and Brent plunging almost 7% intraday last week, the biggest single-day drop in three years. The decline was initially triggered by weakening global fundamentals with concerns regarding oil demand in the near term as US-China trade war intensified. The downward pressure on prices intensified when it emerged that the sanctions on Iran were exempted for eight of its large oil customers thereby implying continued supply from the OPEC producer. OPEC crude traded below the USD 70/b mark for the first time since mid-August-18 and reached USD 67.0/b, the lowest closing price in the past seven months. That said, the average crude prices for October-18 showed a positive trend due the fast pace of gains at the start of the month. Average OPEC crude for October-18 was recorded at USD 79.39/b, a m-o-m increase of 2.9% and the highest level since October-14. Brent spot averaged slightly lower with a growth of 2.7% to average at USD 81.3/b, while Kuwait crude increased by 7.0% to record USD 78.6/b.

In terms of crude inventory, EIA's weekly report showed an eighth consecutive week of higher inventories in the US. Total crude stocks reached 442 million barrels during the week ended 9-Nov-18, an w-o-w increase of 10.3 million barrels as US producers pumped oil at a record pace. According to the EIA, crude production in the US reached a record high of 11.6 mb/d after increasing by 400 tb/d during the week ended 2-Nov-18. According to the latest weekly rig count report, US oil rig count increased at the fastest pace since May-18 during the week ending 9-Nov-18 recording an increase of 12 rigs to reach a total of 886 rigs. Meanwhile, in its long term outlook, the IEA reiterated the growing threat of electric cars and cleaner fuels on transportation fuel demand. However, the group said that longer term the world could still see a supply crunch if adequate investment is not made in expanding oil production facilities. The increase in demand in the long term would be led by industrial and petrochemical sectors, the report added.



| Average Crude Oil Prices, USD/b | Sep-18 | Oct-18 | Change | YTD-2017 | YTD-2018 |
|---------------------------------|-------------|-------------|------------|-------------|-------------|
| OPEC Reference Basket | 77.2 | 79.4 | 2.2 | 50.7 | 71.3 |
| Arab Light | 78.2 | 80.0 | 1.9 | 50.8 | 72.1 |
| Basrah Light | 76.2 | 78.3 | 2.1 | 50.1 | 70.1 |
| Bonny Light | 79.5 | 82.1 | 2.6 | 52.7 | 73.9 |
| Djeno | 76.2 | 78.5 | 2.3 | 50.9 | 70.4 |
| Es Sider | 77.1 | 79.6 | 2.5 | 51.0 | 71.6 |
| Girassol | 79.5 | 82.2 | 2.8 | 52.6 | 73.5 |
| Iran Heavy | 75.3 | 77.0 | 1.8 | 50.1 | 69.6 |
| Kuwait Export | 76.8 | 78.6 | 1.7 | 49.9 | 70.3 |
| Qatar | 76.5 | 78.9 | 2.4 | 51.2 | 70.9 |
| Merey | 69.3 | 75.3 | 5.9 | 46.0 | 65.5 |
| Murban | 78.8 | 81.3 | 2.5 | 53.2 | 73.7 |
| Oriente | 74.1 | 75.5 | 1.4 | 48.2 | 68.0 |
| Rabi | 78.0 | 80.4 | 2.3 | 51.4 | 72.1 |
| Saharan Blend | 79.6 | 81.1 | 1.6 | 52.2 | 73.4 |
| Zafiro | 79.1 | 81.8 | 2.7 | 52.2 | 73.1 |
| Other Crudes | | | | | |
| Brent | 78.8 | 81.1 | 2.3 | 52.4 | 73.1 |
| Dubai | 77.2 | 79.4 | 2.2 | 51.5 | 71.1 |
| Isthmus | 74.4 | 80.0 | 5.6 | 53.2 | 70.2 |
| LLS | 77.4 | 78.9 | 1.5 | 52.3 | 71.9 |
| Mars | 74.4 | 75.8 | 1.4 | 48.9 | 68.5 |
| Minas | 72.0 | 73.7 | 1.6 | 47.6 | 67.3 |
| Urals | 78.5 | 80.2 | 1.7 | 51.4 | 71.8 |
| WTI | 70.2 | 70.8 | 0.6 | 49.6 | 67.3 |
| Differentials | | | | | |
| Brent/WTI | 8.6 | 10.4 | 1.8 | 2.8 | 5.8 |
| Brent/LLS | 1.4 | 2.2 | 0.8 | 0.1 | 1.2 |
| Brent/Dubai | 1.6 | 1.7 | 0.1 | 0.9 | 2.0 |

Source: OPEC Monthly Oil Market Report - November-18

World Oil Demand

World demand growth estimates for 2018 was once again lowered in the latest OPEC monthly report by 40 tb/d. Total demand is now expected to increase by 1.5 mb/d to reach 98.79 mb/d in 2018. The revision came primarily on the back of lower-than-expected demand data for the Middle East, China and the Other Asia region for Q3-18, which more than offset upward revision of 50 tb/d for the OECD region. Within the OECD region, demand remained robust in the US that mainly led to the upward revision. Based on monthly data until August-18 and preliminary weekly data for September-18 and October-18, the demand trends in the US showed strong growth as compared to the first ten months of 2017. The key drivers to the growth were petrochemical feedstock like NGLs/LPG, diesel in the industrial sector and jet/kerosene. Demand for gasoline remained soft due to higher retail prices as well as efficiency gains in the

| World Oil Demand - 2017/2018, mb/d | 2017 | Q1-18 | Q2-18 | Q3-18 | Q4-18 | 2018 | Y-o-Y Growth | % Chg. |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
| Americas | 25.06 | 25.20 | 25.40 | 25.63 | 25.59 | 25.46 | 0.40 | 1.60 |
| of which US | 20.27 | 20.57 | 20.64 | 20.78 | 20.73 | 20.68 | 0.41 | 2.01 |
| Europe | 14.30 | 13.95 | 14.19 | 14.78 | 14.47 | 14.35 | 0.05 | 0.35 |
| Asia Pacific | 8.06 | 8.54 | 7.65 | 7.72 | 8.31 | 8.06 | (0.01) | (0.08) |
| Total OECD | 47.42 | 47.69 | 47.24 | 48.13 | 48.37 | 47.86 | 0.44 | 0.94 |
| Other Asia | 13.24 | 13.55 | 13.84 | 13.38 | 13.96 | 13.68 | 0.44 | 3.31 |
| of which India | 4.53 | 4.83 | 4.74 | 4.40 | 5.02 | 4.75 | 0.22 | 4.76 |
| Latin America | 6.51 | 6.35 | 6.48 | 6.81 | 6.47 | 6.53 | 0.02 | 0.31 |
| Middle East | 8.17 | 8.19 | 7.96 | 8.40 | 7.90 | 8.11 | (0.06) | (0.73) |
| Africa | 4.20 | 4.35 | 4.32 | 4.27 | 4.38 | 4.33 | 0.13 | 3.01 |
| Total Developing Countries (DCs) | 32.13 | 32.44 | 32.60 | 32.86 | 32.71 | 32.65 | 0.53 | 1.64 |
| Former Soviet Union (FSU) | 4.70 | 4.66 | 4.65 | 4.94 | 5.01 | 4.82 | 0.12 | 2.45 |
| Other Europe | 0.72 | 0.73 | 0.69 | 0.73 | 0.82 | 0.74 | 0.03 | 3.48 |
| China | 12.32 | 12.28 | 12.84 | 12.65 | 13.07 | 12.71 | 0.39 | 3.18 |
| Total "Other Regions" | 17.74 | 17.68 | 18.18 | 18.32 | 18.90 | 18.27 | 0.53 | 2.99 |
| Total World | 97.29 | 97.80 | 98.02 | 99.32 | 99.98 | 98.79 | 1.50 | 1.54 |

Source: OPEC Monthly Oil Market Report - November-18

transportation sector as seen from data for August-18 which showed flat y-o-y growth despite a marginal growth in light vehicle sales during the month. Meanwhile, demand trends for the OECD Europe region remain soft as compared to historical levels with demand reportedly declining in Big 4 (UK, Germany, Italy and France) in August-18 that was more than offset by higher demand in Spain, the Netherlands, Turkey, Poland and a few other countries in the region. In terms of product requirements for YTD-18, demand was strong for gasoline, jet/kerosene, LPG and residual fuel oil requirements that was partly offset by lower requirements for diesel and naphtha. Moreover, the remainder of the year, demand trends in the regions is expected to remain steady although heating fuel requirements in Q4-18 is expected to be modest given the expectations of a warmer-than-expected winter. Demand figures for the Middle East region was reportedly lowered by around 50 tb/d primarily led lower demand growth in Saudi Arabia that was affected by efficiency advancements and fuel substitution. China's demand estimates were also lowered by 30 tb/d for 3Q-18.

World oil demand growth estimates for 2019 was also lowered by around 70 tb/d led by adjustments to demand figures for the non-OECD region given the ongoing global economic developments. Demand is now expected to grow by 1.29 mb/d to reach 100.08 mb/d.

| World Oil Demand - 2018/2019, mb/d | 2018 | Q1-19 | Q2-19 | Q3-19 | Q4-19 | 2019 | Y-o-Y Growth | % Chg. |
|---|--------------|--------------|--------------|---------------|---------------|---------------|--------------|-------------|
| Americas | 25.46 | 25.46 | 25.64 | 25.91 | 25.85 | 25.72 | 0.26 | 1.03 |
| of which US | 20.68 | 20.82 | 20.85 | 21.04 | 20.97 | 20.92 | 0.24 | 1.15 |
| Europe | 14.35 | 13.98 | 14.19 | 14.80 | 14.48 | 14.37 | 0.02 | 0.13 |
| Asia Pacific | 8.06 | 8.53 | 7.61 | 7.70 | 8.28 | 8.03 | (0.03) | (0.34) |
| Total OECD | 47.86 | 47.98 | 47.44 | 48.41 | 48.62 | 48.12 | 0.25 | 0.53 |
| Other Asia | 13.68 | 13.91 | 14.21 | 13.75 | 14.34 | 14.05 | 0.37 | 2.70 |
| of which India | 4.75 | 5.03 | 4.93 | 4.58 | 5.21 | 4.94 | 0.19 | 4.04 |
| Latin America | 6.53 | 6.39 | 6.53 | 6.87 | 6.52 | 6.58 | 0.05 | 0.81 |
| Middle East | 8.11 | 8.25 | 8.01 | 8.47 | 7.96 | 8.17 | 0.06 | 0.74 |
| Africa | 4.33 | 4.46 | 4.43 | 4.37 | 4.48 | 4.44 | 0.11 | 2.45 |
| Total Developing Countries (DCs) | 32.65 | 33.01 | 33.19 | 33.46 | 33.30 | 33.24 | 0.59 | 1.80 |
| Former Soviet Union (FSU) | 4.82 | 4.75 | 4.74 | 5.03 | 5.11 | 4.91 | 0.09 | 1.87 |
| Other Europe | 0.74 | 0.75 | 0.71 | 0.75 | 0.84 | 0.76 | 0.02 | 2.69 |
| China | 12.71 | 12.61 | 13.18 | 12.99 | 13.42 | 13.05 | 0.34 | 2.67 |
| Total "Other Regions" | 18.27 | 18.11 | 18.63 | 18.77 | 19.37 | 18.72 | 0.45 | 2.46 |
| Total World | 98.79 | 99.10 | 99.26 | 100.64 | 101.29 | 100.08 | 1.29 | 1.31 |

Source: OPEC Monthly Oil Market Report - November-18

World Oil Supply

World oil supply increased by 0.44 mb/d m-o-m during October-18 and averaged at 99.76 mb/d, according to preliminary data, led by higher production by both OPEC (+0.13 mb/d) and non-OPEC (+0.31 mb/d) producers. For the full year 2018, non-OPEC supply estimates was once again revised up by 0.09 mb/d and supply is now expected to reach 62.09 mb/d. The upward revision reflected higher historical production data for US and Russia, in addition to reassessment of supply forecasts for these countries. Aggregate supply forecasts for the US, Russia, Kazakhstan and Thailand was increased by 0.24 mb/d that more than offset the 0.14 mb/d downward revision made for Mexico, Norway, the UK, Brazil and China. In terms of regional growth, supply forecasts from the OECD countries was raised by 117 tb/d

| Non-OPEC Oil Supply - 2017/2018, mb/d | 2017 | Q1-18 | Q2-18 | Q3-18 | Q4-18 | 2018 | Y-o-Y Growth | % Chg. |
|---|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Americas | 21.49 | 22.93 | 23.35 | 24.28 | 24.25 | 23.71 | 2.21 | 10.29 |
| of which US | 14.40 | 15.53 | 16.22 | 17.07 | 17.01 | 16.46 | 2.06 | 14.30 |
| Europe | 3.83 | 3.92 | 3.73 | 3.67 | 3.90 | 3.80 | (0.03) | (0.69) |
| Asia Pacific | 0.39 | 0.40 | 0.38 | 0.41 | 0.45 | 0.41 | 0.02 | 4.49 |
| Total OECD | 25.71 | 27.25 | 27.46 | 28.35 | 28.59 | 27.92 | 2.20 | 8.57 |
| Other Asia | 3.59 | 3.58 | 3.53 | 3.44 | 3.51 | 3.51 | (0.07) | (2.09) |
| Latin America | 5.15 | 5.15 | 5.20 | 5.10 | 5.19 | 5.16 | 0.01 | 0.13 |
| Middle East | 1.24 | 1.21 | 1.25 | 1.26 | 1.22 | 1.24 | 0.00 | (0.08) |
| Africa | 1.50 | 1.52 | 1.53 | 1.54 | 1.53 | 1.53 | 0.03 | 1.83 |
| Total Developing Countries (DCs) | 11.48 | 11.46 | 11.50 | 11.34 | 11.46 | 11.44 | (0.04) | (0.36) |
| Former Soviet Union (FSU) | 14.05 | 14.10 | 14.14 | 14.32 | 14.17 | 14.18 | 0.13 | 0.95 |
| of which Russia | 11.17 | 11.14 | 11.18 | 11.44 | 11.19 | 11.24 | 0.07 | 0.62 |
| Other Europe | 0.13 | 0.12 | 0.12 | 0.12 | 0.12 | 0.12 | (0.01) | (4.58) |
| China | 3.97 | 3.94 | 3.99 | 3.93 | 3.94 | 3.95 | (0.02) | (0.54) |
| Total "Other regions" | 18.15 | 18.17 | 18.25 | 18.37 | 18.23 | 18.26 | 0.11 | 0.59 |
| Total Non-OPEC Production | 55.34 | 56.87 | 57.21 | 58.06 | 58.28 | 57.61 | 2.27 | 4.10 |
| Processing gains | 2.21 | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 | 0.04 | 1.67 |
| Total Non-OPEC Supply | 57.55 | 59.12 | 59.46 | 60.31 | 60.53 | 59.86 | 2.31 | 4.01 |
| OPEC NGLs and non-conventionals | 6.23 | 6.27 | 6.32 | 6.36 | 6.41 | 6.34 | 0.10 | 1.77 |
| OPEC Crude Oil Production | 32.62 | 32.39 | 32.19 | 32.57 | | | | |
| Total World Supply | 96.40 | 97.78 | 97.97 | 99.24 | | | | |

Source: OPEC Monthly Oil Market Report - November-18

primarily on the back of higher forecast for OECD Americas while OECD Europe is expected to see a contraction. Supply forecasts for the US witnessed an upward revision of around 0.16 mb/d on the back of higher production forecast from the Permian Basin. In the OECD Europe region, supply forecast for Norway was lowered by 0.02 mb/d led by maintenance shutdowns. Forecasts for the UK were also lowered by 33 tb/d given weaker-than-expected output during Q3-18 led by two weeks of maintenance at several fields while Q4-18 forecasts also underwent a downward revision. Outside the OECD, supply forecasts for Russia was raised by 210 tb/d for Q4-18 led by higher production in October-18. For 2019, non-OPEC supply growth was also revised up by 0.12 mb/d and total supply is now expected to reach 62.09 mb/d after increasing by 2.23 mb/d.

| Non-OPEC Oil Supply - 2018/2019, mb/d | 2018 | Q1-19 | Q2-19 | Q3-19 | Q4-19 | 2019 | Y-o-Y Growth | % Chg. |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
| Americas | 23.71 | 24.85 | 24.96 | 25.83 | 26.21 | 25.46 | 1.76 | 7.42 |
| of which US | 16.46 | 17.43 | 17.93 | 18.47 | 18.76 | 18.15 | 1.69 | 10.24 |
| Europe | 3.80 | 3.94 | 3.63 | 3.79 | 4.00 | 3.84 | 0.04 | 0.94 |
| Asia Pacific | 0.41 | 0.44 | 0.45 | 0.47 | 0.49 | 0.46 | 0.05 | 13.28 |
| Total OECD | 27.92 | 29.22 | 29.04 | 30.08 | 30.70 | 29.77 | 1.85 | 6.63 |
| Other Asia | 3.51 | 3.49 | 3.48 | 3.47 | 3.47 | 3.48 | (0.04) | (1.02) |
| Latin America | 5.16 | 5.38 | 5.41 | 5.47 | 5.72 | 5.49 | 0.33 | 6.46 |
| Middle East | 1.24 | 1.23 | 1.23 | 1.22 | 1.22 | 1.22 | (0.01) | (1.02) |
| Africa | 1.53 | 1.56 | 1.59 | 1.61 | 1.64 | 1.60 | 0.07 | 4.52 |
| Total Developing Countries (DCs) | 11.44 | 11.65 | 11.70 | 11.78 | 12.05 | 11.79 | 0.35 | 3.10 |
| Former Soviet Union (FSU) | 14.18 | 14.21 | 14.17 | 14.18 | 14.24 | 14.20 | 0.02 | 0.13 |
| of which Russia | 11.24 | 11.24 | 11.24 | 11.24 | 11.24 | 11.24 | 0.00 | (0.03) |
| Other Europe | 0.12 | 0.12 | 0.12 | 0.12 | 0.12 | 0.12 | 0.00 | (1.08) |
| China | 3.95 | 3.97 | 3.92 | 3.91 | 3.94 | 3.93 | (0.02) | (0.41) |
| Total "Other regions" | 18.26 | 18.30 | 18.21 | 18.21 | 18.30 | 18.26 | 0.00 | 0.01 |
| Total Non-OPEC Production | 57.61 | 59.17 | 58.95 | 60.07 | 61.04 | 59.82 | 2.21 | 3.83 |
| Processing gains | 2.25 | 2.28 | 2.28 | 2.28 | 2.28 | 2.28 | 0.03 | 1.25 |
| Total Non-OPEC Supply | 59.86 | 61.45 | 61.23 | 62.35 | 63.32 | 62.09 | 2.23 | 3.73 |

Source: OPEC Monthly Oil Market Report - November-18

OPEC Oil Production & Spare Capacity

OPEC's average crude production increased for the fifth consecutive month during October-18 reaching the highest level in 23 months at 33.33 mb/d, a m-o-m increase of 430 tb/d, according to Bloomberg data. However, the growth in production according to OPEC's secondary sources was much smaller at 127 tb/d to reach 32.9 mb/d. Libya recorded the biggest m-o-m increase in production with the country now production at 5.5 year high level of 1.22 mb/d, as per Bloomberg data. Saudi Arabia added 150 tb/d during the month with total production reaching an average rate of 10.68 mb/d, the highest level ever recorded by the Kingdom, according to Bloomberg data. Average OPEC production has increased over 1.5 mb/d since May-18 with Saudi Arabia alone adding almost half or 0.71 mb/d to this increase. UAE also increased production by 80 tb/d to reach a 2-year high level of 3.12 mb/d while Iran's output dropped marginally to

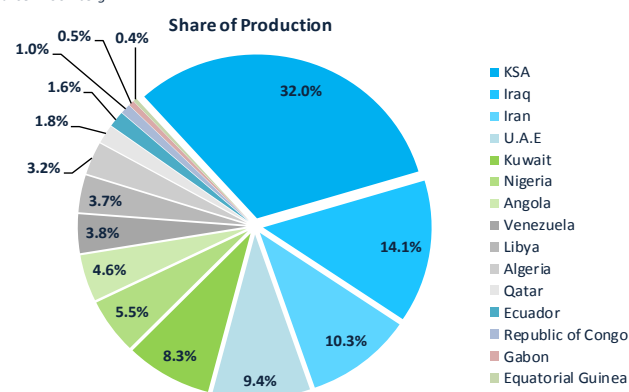
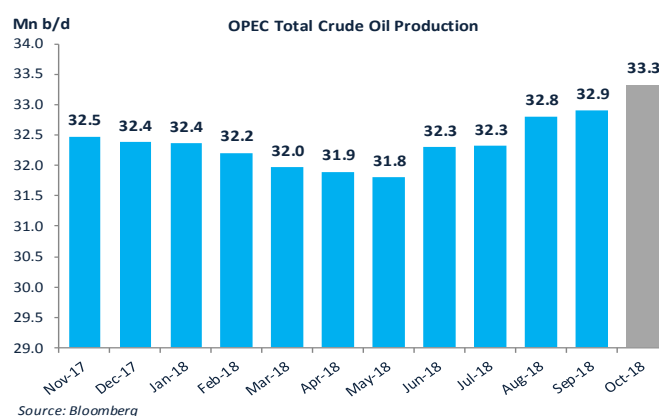
| Production ('000 b/d) | Sep-18 | Oct-18 | Change | | Capacity | Spare Capacity |
|-----------------------|---------------|---------------|------------|--------------|---------------|----------------|
| Total OPEC-15 | 32,900 | 33,330 | 430 | 1.3% | 35,645 | 2,315 |
| KSA | 10,530 | 10,680 | 150 | 1.4% | 11,500 | 820 |
| Iraq | 4,660 | 4,690 | 30 | 0.6% | 4,700 | 10 |
| Iran | 3,430 | 3,420 | -10 | -0.3% | 4,000 | 580 |
| U.A.E | 3,040 | 3,120 | 80 | 2.6% | 3,150 | 30 |
| Kuwait | 2,800 | 2,760 | -40 | -1.4% | 3,000 | 240 |
| Nigeria | 1,800 | 1,820 | 20 | 1.1% | 1,900 | 0 |
| Angola | 1,530 | 1,530 | 0 | 0.0% | 1,710 | 180 |
| Venezuela | 1,260 | 1,270 | 10 | 0.8% | 1,440 | 170 |
| Libya | 1,050 | 1,220 | 170 | 16.2% | 1,200 | 0 |
| Algeria | 1,050 | 1,070 | 20 | 1.9% | 1,150 | 80 |
| Qatar | 610 | 610 | 0 | 0.0% | 640 | 30 |
| Ecuador | 540 | 520 | -20 | -3.7% | 555 | 35 |
| Republic of Congo | 320 | 320 | 0 | 0.0% | 330 | 0 |
| Gabon | 170 | 180 | 10 | 5.9% | 220 | 40 |
| Equatorial Guinea | 110 | 120 | 10 | 9.1% | 150 | 30 |
| Total OPEC-14 | 28,240 | 28,640 | 400 | 1.42% | 30,945 | 2,305 |

Source: Bloomberg, OPEC

3.4 mb/d, although OPEC's secondary sources estimated Iran's output was at 3.3 mb/d during October-18. As a result of the increase in OPEC production, the compliance to production cut agreement came down to 104% during October-18 as compared to 111% in September-18.

The significant increase in Libya's oil production came after the country restarted three oil fields, according to NOC. In addition, according to a Bloomberg interview, the head of NOC said that the restarting of a project by BP and Eni could further boost the country's oil production in Q1-19. On the other hand, Nigeria, which added 20 tb/d during the month to take its average monthly production to 1.82 mb/d, is also planning to expand its production capacity. According to the CEO of Nigeria's NNPC, the country plans to increase oil production to 1.8 mb/d in 2019 and increase condensate production to 0.5 mb/d from the current 1.6 mb/d and 0.4 mb/d, respectively.

Meanwhile, despite the talks of extended cuts to oil production, key producers in the region continue to invest in projects to expand oil output. Recently Abu Dhabi approved ADNOC's USD 132 Bn 5-year budget with plans to increase the country's production capacity to 4 mb/d by 2020 and further to 5 mb/d by 2030. On the other hand, Iraq has plans to increase output to 5 mb/d by 2019 and also increase the country's export capacity to around 3.8 mb/d.



Brent Crude Oil Price Forecast by Various Research Houses

| Firm | As Of | Q4 18 | Q1 19 | Q2 19 | Q3 19 |
|---|-----------|-------------|-------------|-------------|-------------|
| Market Risk Advisory Co Ltd | 7/Nov/18 | 76.5 | 74.0 | 68.0 | 65.0 |
| Capital Economics Ltd | 5/Nov/18 | 74.0 | 68.5 | 66.0 | 64.0 |
| Citigroup Inc | 31/Oct/18 | 79.0 | | | |
| Emirates NBD PJSC | 30/Oct/18 | 77.0 | 78.0 | 75.0 | 70.0 |
| Raiffeisen Bank International AG | 29/Oct/18 | 80.0 | 76.0 | 72.0 | 69.0 |
| Commerzbank AG | 26/Oct/18 | 85.0 | 80.0 | 75.0 | 73.0 |
| CIBC World Markets Inc | 26/Oct/18 | 72.5 | 77.5 | | |
| Intesa Sanpaolo SpA | 24/Oct/18 | 78.0 | 80.0 | 80.0 | 80.0 |
| Banco Santander SA | 22/Oct/18 | 80.4 | 75.0 | 70.0 | 68.0 |
| Lloyds Bank PLC | 17/Oct/18 | 80.0 | 80.0 | 85.0 | 88.0 |
| Landesbank Baden-Wuerttemberg | 17/Oct/18 | 81.0 | 78.0 | 80.0 | 82.0 |
| DZ Bank AG | 16/Oct/18 | 80.0 | 80.0 | 77.5 | 75.0 |
| Societe Generale SA | 15/Oct/18 | 82.0 | 77.0 | 72.0 | 75.0 |
| ABN AMRO Bank NV | 12/Oct/18 | 84.0 | 88.0 | 93.0 | 93.0 |
| Itau Unibanco Holding SA | 8/Oct/18 | 83.0 | 84.2 | 82.9 | 81.7 |
| Deutsche Bank AG | 2/Oct/18 | 80.0 | 80.0 | 78.0 | 78.0 |
| Bank of Nova Scotia/The | 27/Sep/18 | 80.7 | 77.0 | 82.0 | 81.0 |
| CIMB | 26/Sep/18 | 78.0 | 80.0 | 82.0 | 84.0 |
| HSBC Holdings PLC | 11/Sep/18 | 75.0 | 75.0 | 80.0 | 80.0 |
| BNP Paribas SA | 3/Sep/18 | 80.0 | 85.0 | 82.0 | 77.0 |
| Westpac Banking Corp | 24/Aug/18 | 72.3 | 68.7 | 63.7 | 58.7 |
| Toronto-Dominion Bank/Toronto | 2/Aug/18 | 76.0 | 78.0 | 78.0 | 75.0 |
| Promsvyazbank PJSC | 31/Jul/18 | 59.1 | 55.0 | 53.1 | 52.7 |
| Bank of China International UK Ltd | 18/Jul/18 | 71.2 | 70.3 | 70.5 | |
| Wells Fargo Securities LLC | 28/Jun/18 | 72.0 | 75.0 | 80.0 | 85.0 |
| Guggenheim Securities LLC | 15/Jun/18 | 78.5 | 79.0 | 80.5 | 84.0 |
| MPS Capital Services Banca per le Imprese SpA | 4/Jun/18 | 72.0 | 68.0 | 65.0 | |
| Natixis SA | 25/May/18 | 74.0 | 74.0 | 78.0 | 82.0 |
| Median | | 78.0 | 77.3 | 78.0 | 77.0 |
| Mean | | 77.0 | 76.0 | 75.3 | 75.2 |
| High | | 85.0 | 88.0 | 93.0 | 93.0 |
| Low | | 59.1 | 55.0 | 53.1 | 52.7 |
| Current Fwd | | 72.6 | 71.5 | 71.7 | 71.1 |
| Difference (Median - Current) | | 5.4 | 5.8 | 6.3 | 5.9 |

Source: Bloomberg

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