

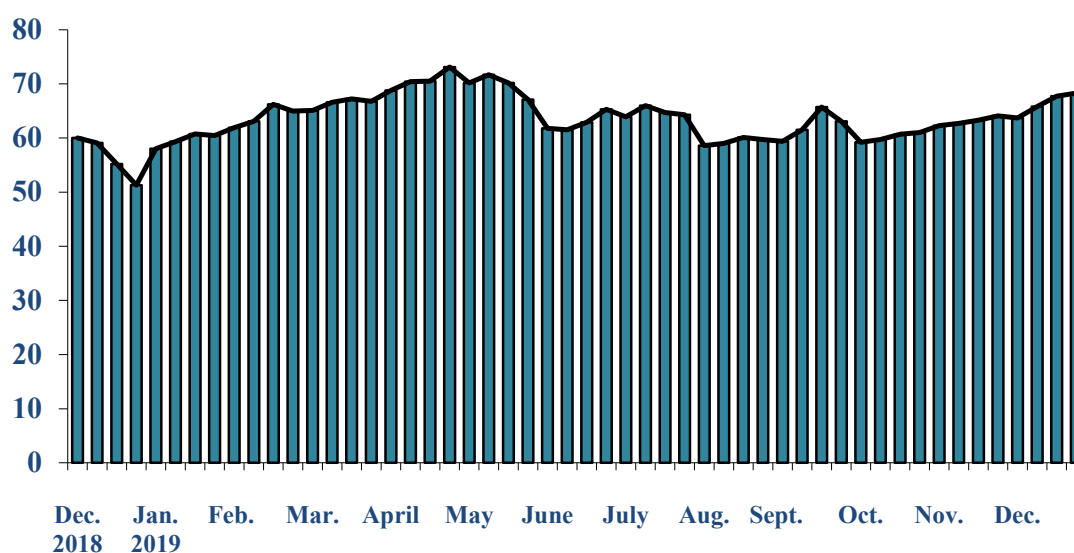
# Monthly Report on Petroleum Developments in The World Markets February 2020

## First: World Oil Markets

### 1. Oil Prices

In December 2019, OPEC Reference Basket increased by 5.7% or \$3.6/bbl from the previous month level to stand at \$66.5/bbl. Improved oil fundamental balances and continued market stabilization efforts conducted under OPEC+ Declaration of Cooperation, as well as easing trade tensions between the US and China were major stimulus for the increase in oil prices during the month of December 2019 to reach its highest monthly level since April 2019.

#### Weekly Average Spot Prices of OPEC Basket of Crudes, 2018-2019 (\$/bbl)



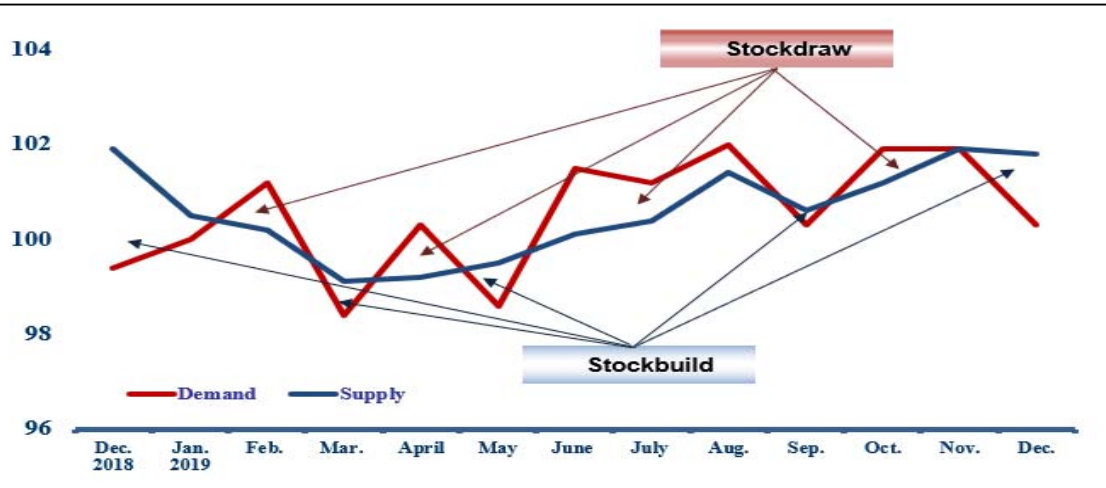
Source: Organization of Petroleum Exporting Countries, Monthly Oil Market Report.

### 2. Supply and Demand

- **World oil demand** in December 2019, **decreased** by 1.6 million b/d or 1.6% from the previous month level to reach 100.3 million b/d. **Demand in OECD countries decreased** by 2.3% comparing with the previous month to reach 47.3 million b/d. And **demand in Non-OECD countries decreased** by 0.9% comparing with their previous month level to reach 53 million b/d.
- **World oil supplies** in December 2019, **decreased** by 100 thousand b/d or 0.1% comparing with the previous month to reach 101.8 million b/d.

**Non-OPEC** supplies **remained stable** at the same previous month level of 67.2 million b/d. Whereas preliminary estimates show that **OPEC** crude oil and NGLs/condensates total supplies **decreased** by 0.6% comparing with the previous month to reach 34.5 million b/d.

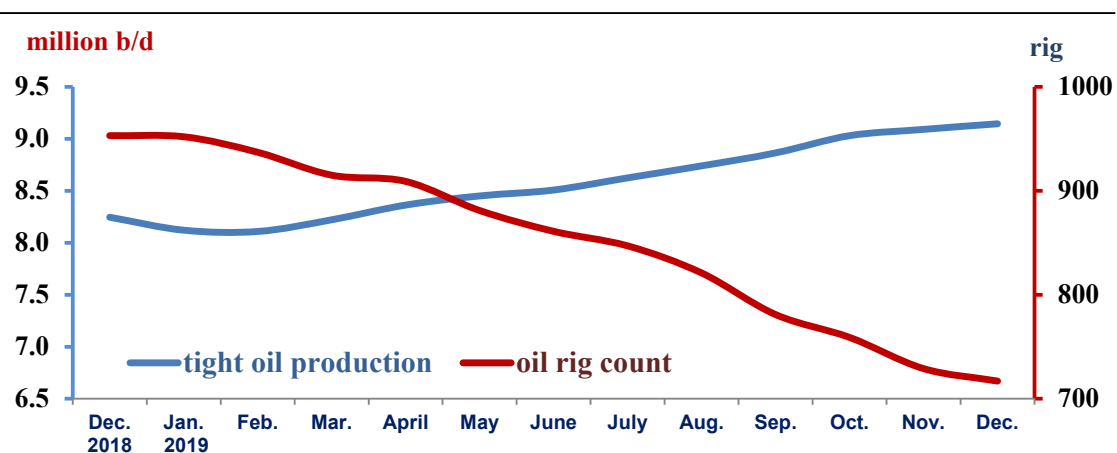
### World Oil Supply and Demand (million b/d)



Source: Energy Intelligence Briefing Jan. 23, 2020.

- **US tight oil production** in December 2019, **increased** by only 0.6% to reach about 9.1 million b/d, despite the decrease in **US oil rig count** for the thirteenth month in a row, by 12 rig from the previous month level to stand at 717 rig.

### US tight oil production and oil rig count



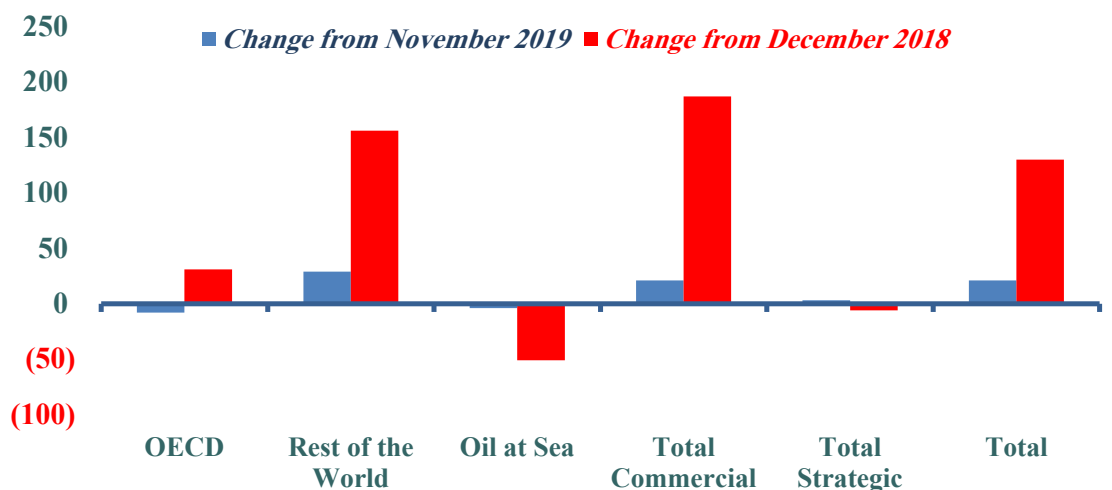
Source: EIA, Drilling Productivity Report for key tight oil and shale gas regions Jan. 2020.

### 3. Oil Inventories

- **OECD commercial inventories** in December 2019 **decreased** by 8 million barrels from the previous month level to reach 2904 million

barrels, whereas **Strategic inventories** in OECD-34, South Africa and China **increased** by 3 million barrels from the previous month level to reach 1823 million barrels.

### Change in Global Inventories at the End of December 2019 (million bbl)



Source: Oil Market intelligence, Mar. 2019 and Jan. 2020.

## 4. Oil Trade

### US Oil Imports and Exports

- **US crude oil imports** in December 2019, **increased** by 11.4% from the previous month level to reach 6.7 million b/d, whereas **US product imports decreased** by 6% to reach about 2.2 million b/d.
- **US crude oil exports** in December 2019, **increased** by 21.3% from the previous month level to reach 3.7 million b/d, and **US product exports increased** by 4.5% to reach about 5.5 million b/d.

## Second: Natural Gas Market

### 1. Prices

- **The average spot price of natural gas** at the **Henry Hub** decreased in December 2019 to reach \$2.22/million BTU.
- **The Price of Japanese LNG imports** in November 2019 **increased** by \$0.1/m BTU to reach \$9.41/m BTU. Whereas **the Price of Korean LNG imports decreased** by \$0.5/m BTU to reach \$8.7/m BTU, and **the Price of Chinese LNG decreased** by \$0.1/m BTU to reach 8.82/m BTU.

### 2. Exports

- **Arab LNG exports to Japan, Korea and China** were about 3.717 million tons in November 2019 (a share of 22.4% of total imports).