

May 30, 2019

# Global Crude Oil and Condensate Production Outlook Quarterly - 2019.Q2

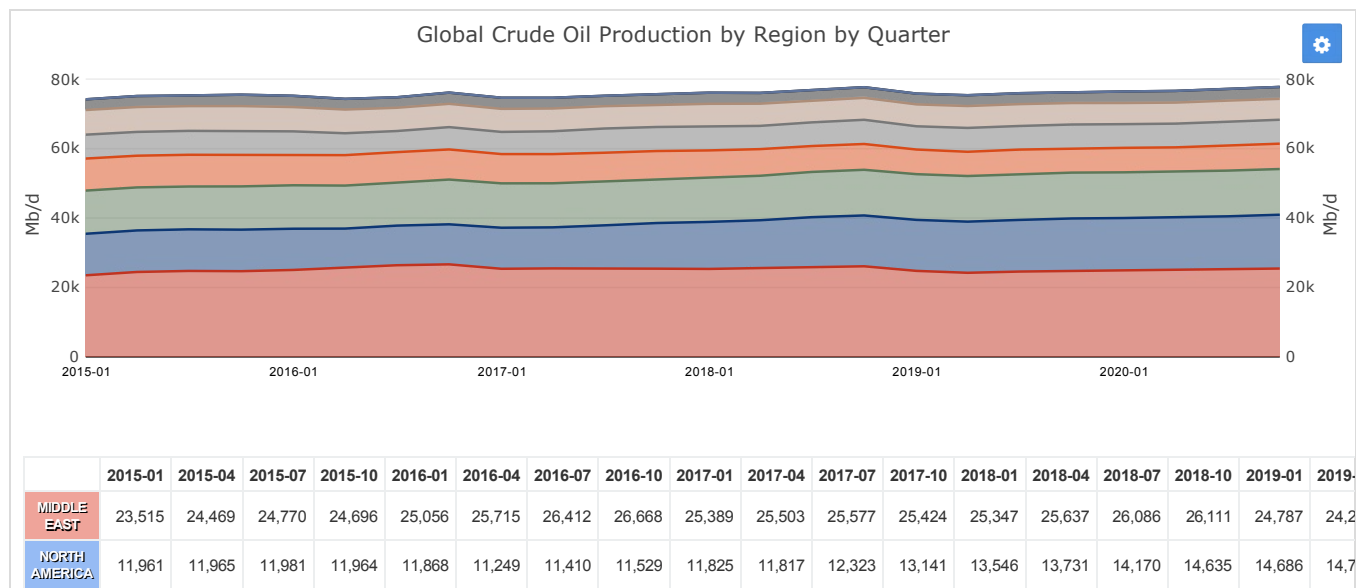
Stratas Advisors

## Crude Oil and Condensate Production Overview

Global crude oil production in 1Q19 was 75.8 million b/d, down by over 1.8 million b/d compared to the previous quarter. The sharp drop was largely due to OPEC+ compliance to 1.2 million b/d of agreed upon production cuts as well as production disruptions in Iran, Venezuela and Libya.

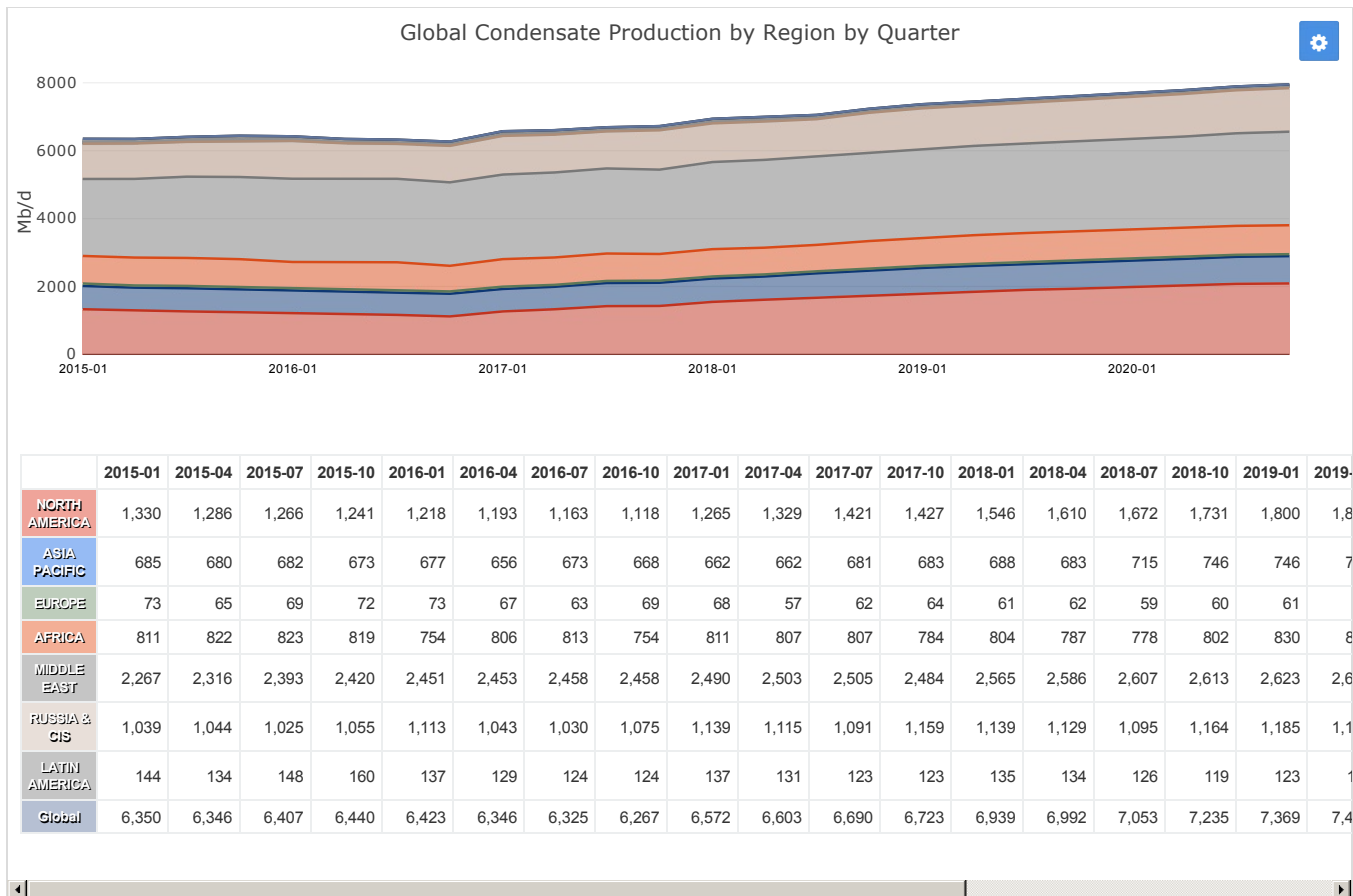
Looking forward, the global crude market will become even tighter as the cancellation of the sanction waivers for Iranian oil buyers, coupled with deteriorating situation in Venezuela and fresh militant conflicts in Libya weighs on markets. Global crude oil production in 2Q19 is expected to drop by another 470,000 b/d.

Given the tightening supply, the OPEC+ alliance is expected to partially lift its guidance on production cuts. Greater clarity will come in June as information on Iranian oil buyer responses and developments in Venezuela and Libya become more clear. For now, Stratas estimates the 1.2 million b/d of OPEC+ cuts will be revised down to 800 Mb/d in June. Meanwhile, the U.S., Brazil, and Iraq are expected to boost production in the forecast period. Thus, global crude supply will quickly recover after 2Q19, reaching over 77.8 million b/d by 4Q20.



RUSSIA & CIS	12,432	12,389	12,331	12,456	12,519	12,389	12,387	12,892	12,781	12,697	12,648	12,634	12,767	12,813	13,028	13,157	13,167	13,1
LATIN AMERICA	9,228	9,132	9,146	9,140	8,875	8,769	8,778	8,668	8,431	8,405	8,265	8,105	7,822	7,677	7,459	7,431	7,098	6,9
AFRICA	6,881	6,853	6,883	6,845	6,649	6,303	6,078	6,433	6,382	6,572	6,974	6,922	6,983	6,691	6,816	6,967	6,694	6,8
ASIA PACIFIC	7,106	7,166	7,127	7,147	6,999	6,830	6,699	6,707	6,642	6,558	6,431	6,419	6,441	6,389	6,332	6,321	6,307	6,3
EUROPE	3,074	3,172	3,067	3,286	3,246	3,074	3,020	3,230	3,202	3,094	3,000	3,097	3,199	3,104	2,916	3,064	3,106	3,1
Global	74,196	75,146	75,305	75,534	75,212	74,329	74,784	76,129	74,652	74,646	75,217	75,742	76,105	76,041	76,805	77,686	75,844	75,3

Global condensate production in 1Q19 reached 7.4 million b/d, up by 133,000 b/d. Growth is mainly attributable to North America. Looking forward, North America is projected to increase condensate production by around 60,000 b/d, leading global condensate volumes to reach 8 million b/d by 4Q20.



### From Q1 2019 to Q4 2020

Who is going up?

United States: Strong growth in the Permian Basin will continue to boost US production. By 4Q20, crude oil production in US could reach 13 million b/d.

Brazil: New pre-salt fields such as Buzios, Lula Extension, Sepia, and Atapu Sul etc. are expected to lift Brazil crude output by nearly 600,000 b/d over the next 2 years.

Iraq: New projects such as the Sheike Adi and Ber Bahr field developments, output ramp up efforts at producing fields such as the Missan, West Qurna, Shaiken fields, and production resumption from the fields that were previously controlled by ISIS such as Qayara and Najmah will help Iraq increase crude production by around 600,000 b/d through 2020.

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