

January 30, 2020

## Stratas Sees Global Oil Production Increasing Through 2021

Stratas Advisors

*This excerpt is from the [Stratas Energy Perspectives](#) service. Stratas produces a Global Oil Snapshot monthly.*

Our outlook for OPEC production is that volumes will slowly rise over the next two years. OPEC entered 2020 having deepened supply cuts in an effort to support first quarter prices. We expect that the group will roll back the first quarter increase and extend the original supply agreement through 2020. Despite this, we expect OPEC production will slowly drift higher on falling compliance. Overall, we expect OPEC crude oil and condensate production to average 31 MMb/d in 2020 and 31.8 MMb/d in 2021.

Non-OPEC supply growth is the primary concern for crude oil markets in 2020 with investors fearing growing oversupply. New projects in Canada, Brazil, and Norway will all add volumes to global markets along with US production growth. Overall, we expect non-OPEC crude oil and condensate production to increase 1.8 MMb/d in 2020 and 1 MMb/d in 2021.

Demand was a major concern throughout 2019, and expectations that demand growth would slow down in 2020 held back prices all year. However, with several major trade disputes closer to being resolved, demand will take a back burner through the start of 2020. If activity fails to pick up during the summer, and refined product stocks increase, prices will be sharply pressured in the fall. Overall we expect 2020 demand growth to average 1 MMb/d (an increase from 2019) and for demand growth to average 1.1 MMb/d in 2021.

Exports will continue to be a necessary relief valve for growing US production. We expect exports of crude oil from the United States to average about 3.5 MMb/d in 2020 after averaging 2.9 MMb/d in 2019. Volumes will increase to 4.3 MMb/d in 2021. Much of these exports will go to Canada, followed closely by Asia and then Europe. Exports to Asia will continue to grow, despite the trade dispute with China, as US crude replaces some Iranian volumes.