

## Gasoline Production and Demand to Grow Through 2020

HOUSTON, March 5, 2019 /PRNewswire/ -- Despite declining sales growth worldwide, gasoline demand is expected to continue to gain ground through 2020, according to a new analysis from Stratas Advisors.

New registrations are greater in volume than the number of vehicles that are exiting the fleet through scrappage. As new gasoline production comes on-line in the coming years, along with continued investment and expansion of refining capacity around the world, Stratas Advisors forecasts that the volume of gasoline produced will continue to grow.

"In the short term, new registrations in the automotive space are strongly tied to macroeconomic indicators. We see slight erosion in new registrations in countries around the world that are seeing their economies level off or begin to contract," said Christopher Brown, manager of Stratas Advisors' [Global Automotive Service](#).

"Vehicle fleet growth, changing powertrain alignments, and economic fortunes all affect gasoline demand at the national level. Globally, vehicle fleet dynamics tend to move more slowly than new registrations, so a slowdown in new registrations does not necessarily mean a reduction in overall gasoline demand in that country," he added.

In the United States, production will outpace demand in 2019 with 10,068 thousand barrels per day (thousand bbl/d) produced vs. 9,432 thousand bbl/d — 0.5% and 1.2% growth, respectively. Production is expected to contract slightly, down 0.1%, in 2020, though demand will continue to grow, up an additional 0.9% to 9,512 thousand bbl/d. The US is expected to produce 637 thousand bbl/d net surplus in 2019.

China, building on an expanding middle-class appetite for vehicles amid an overall elevation of living standards, will continue to demand ever greater amounts of gasoline. Its production domestically will grow in tandem with demand, growing fast enough to keep up with expanded demand. In 2019, production is forecast to grow 5.1% to 3,422 thousand bbl/d, matching demand of 3,052 thousand bbl/d, a 3.1% growth. This trend will continue in 2020, along with economic expansion and vehicle fleet growth, to 3,585 thousand bbl/d produced (+4.8%) and 3,137 thousand bbl/d demanded (+2.8%).

As the Indian economy continues to grow, gasoline demand will expand to meet increasing consumer demand. Transportation and other facets of a growing consumer class are expected to drive gasoline demand upward at increasing rates, 4.3% in 2019 and 4.4% in 2020, reaching 665 thousand bbl/d. Domestic production will continue to expand as well, growing 2.3% before slowing to 1.8% growth in 2020. This expansion brings India into a weaker net surplus position of 262

thousand bbl/d compared with 280 thousand bbl/d surplus in 2018.

Russian production and demand for gasoline are expected to grow steadily through 2020, amounting in a net surplus of 104 thousand bbl/d in both years. Support for crude prices and export demand throughout Europe will continue to drive the Russian economy forward. Gasoline demand is expected to continue to grow, up 1.9% in 2019 and an additional 1.2% in 2020, up to 829 thousand bbl/d demanded. On the supply side, production will grow by 1.2% and 1.0%, respectively. That brings gasoline production in Russia to 933 thousand bbl/d in 2020.

Despite year-over-year declines in production and demand for gasoline in 2018, Saudi Arabia is expected to bounce back in 2019, expanding production by 0.5% and demand by 1.4%. In total, Saudi Arabia is forecast to demand 569 thousand bbl/d of gasoline in 2019. That trend is expected to pick up in 2020, with a 1.8% production growth and 1.5% demand growth. That brings gasoline production to 542 thousand bbl/d by 2020 to pair with 578 thousand bbl/d in demand.

Europe will continue to be a mixed bag of gasoline demand growth and contraction across its membership. In France, demand is expected to continue to grow in 2019 (+1.8%) before contraction in 2020 (-0.6%), while production is expected to continue its decline, dropping 3.9% and 3.6% in 2019 and 2020, respectively. Italy and the UK are expected to show declines in both sides of the equation in 2019 and 2020, though declines in Italy's gasoline demand will be only marginal. The UK is expected to reduce its overall net surplus to 85 thousand bbl/d by 2020, down from 98 thousand bbl/d in 2018. Of the major European countries, only Spain and Germany are expected to remain flat or gain volume. Spain will be the bigger gainer, with gasoline demand jumping to 124 thousand bbl/d and supply growing to 218 thousand bbl/d by 2020. Demand in Germany will continue its growth in 2019 before contracting marginally in 2020; production is expected to slow its growth but remain positive.