

Oil Prices Expected to Rebound Slowly Through 2017

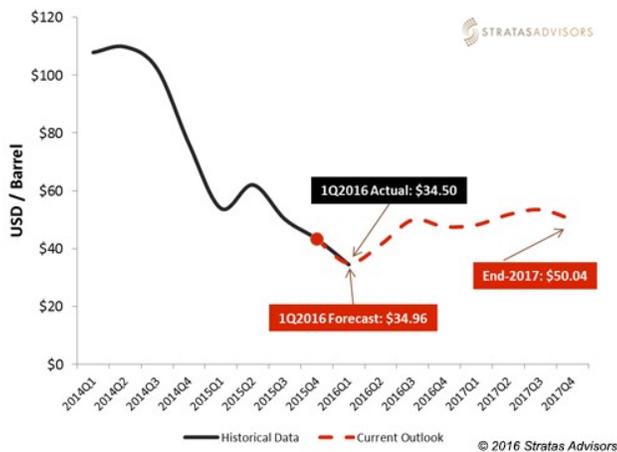
Houston, TX (April 19, 2016) – With unprecedented volatility in the global energy market, Stratas Advisors' **Short-Term Price Outlook** offers clarity and understanding during a time of turmoil. After accurately predicting both the 1Q2016 price bottom and the net impact of the recent OPEC meeting in Doha, Stratas Analysts predict **oil prices will slowly rebound through the end of 2017**. For decision-makers, this influences short-term planning on capital allocation like rig deployments, investment strategy and managing cash flow.

The **Short-Term Price Outlook** has quarterly price forecasts for the next 24-months that cover pricing, key drivers and market fundamentals for the entire energy value chain. The web-based interface combines sophisticated modeling techniques with decades of market experience. The latest update gives insights on global crude and regional petroleum products, global LNG, U.S. natural gas and natural gas liquids (NGLs), as well as global biofuels.

Some key findings include:

- Stratas Advisors accurately predicted the price bottom for 1Q2016. Our forecast was less than \$0.50/bbl off from actuals, as shown below.

Stratas Brent Crude Price Outlook vs. Historical



Brent Crude Outlook vs. Historical

- Global oil demand is expected to rise 900 mb/d in 2016, 800 mb/d lower than growth seen in 2015. Lagging demand combined with persistent supply will result in Brent crude prices at \$50/bbl by the end of 2017.
- With Russia and Saudi Arabia operating at close to full capacity and production freezes or cuts not in the interest of supply growth markets like Iran and Iraq, Stratas Advisors holds firm that the April OPEC meeting in Doha is unlikely to yield any material change to short term supply.

- Asian light/heavy product differentials will increase by \$4/bbl year-on-year due to lagging demand for residual fuel oil versus continued growth in gasoline and diesel. U.S. NGL markets are expected to remain weak in 2016, with Y-grade prices averaging \$1 lower per barrel than prices seen in 2015.
- Henry Hub prices will also struggle to clear \$3 per mmbtu throughout the forecast period due to continued oversupply in the U.S.
- Asia's LNG prices will remain between \$8/mcf and \$10/mcf due to increased availability of global imports from the U.S. and Australia.
- U.S. ethylene prices will drop by 6.1 percent by 2017 because of lagging global demand combined with continued access to low-cost feedstock.
- Gasoline crack spreads in the U.S. are likely to decrease by roughly \$4/bbl by the end of 2016.

Experts Available for Interviews

Stratas Advisors' experts are **available to answer questions** about the global fuel market and can offer insight about the energy industry. For interview opportunities, please contact media@stratasadvisors.com.

Jeff Quigley, Director - Energy Markets

Jeff Quigley is responsible for market monitoring and forecasting across the entire value chain. Quigley manages Stratas Advisors' **Short-Term Price Outlook** Service. Prior to joining Stratas Advisors, Quigley was a senior associate with Energy Ventures Analysis, a strategic consultancy based in Arlington, Va. He led teams covering international energy markets, oil and gas and solid fuels (coal) serving major U.S. utilities, trade associations and global energy companies. Quigley holds an MBA from George Washington University and a B.S. in Business Administration from American University.

Dr. Sang Hyun (Sean) Lee, PhD, Director - Forecasting

Dr. Sang Hyun (Sean) Lee analyzes the energy data value chain (oil, natural gas, NGLs, biofuels, refined products and petrochemicals) to develop forecasts and quantitative/analytic models in Stratas Advisors' analytics group. He is developing and enhancing forecasting models for global and regional energy demand, supply and prices using an econometrics approach. He also performs various sensitivity and scenario analyses and high-level analytic or pricing modeling. He earned a bachelor degree from Sungkyunkwan University in South Korea and a masters and doctorate from Texas A&M University.

About Stratas Advisors

Stratas Advisors is a global consulting and advisory firm covering the full spectrum of the energy market — upstream,

midstream and downstream — and related sectors, such as automotive, transportation, power, petrochemicals and heavy industries. The company also evaluates and assesses the impact of macro-level drivers including geopolitics, macro-economics and energy policies. Experienced Stratas analysts and consultants provide data, analysis and strategic insights to leading businesses, governments and institutions to identify, understand and monitor key drivers that shape future developments. This forward-looking perspective helps clients leverage opportunities, mitigate risks and implement strategies. Stratas Advisors, a Hart Energy company, is based in Houston, Texas and has offices in Brussels and Singapore. For information, visit [StratasAdvisors.com](https://www.stratasadvisors.com).