



**BARCLAYS
CAPITAL**

Oil Markets in 2008

BIEE

BP plc, 17th January 2008

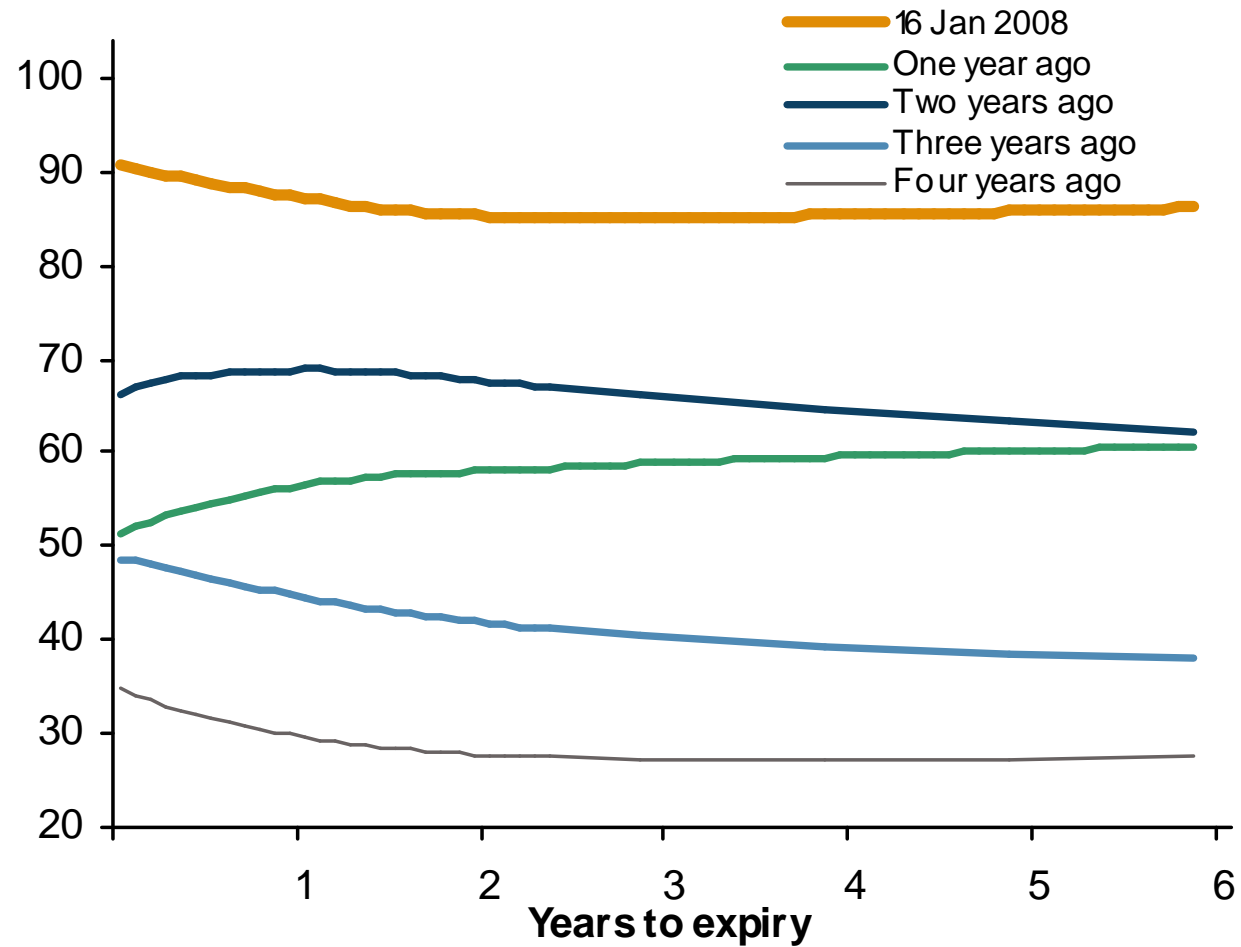
Paul Horsnell

Head of Commodities Research, Barclays Capital



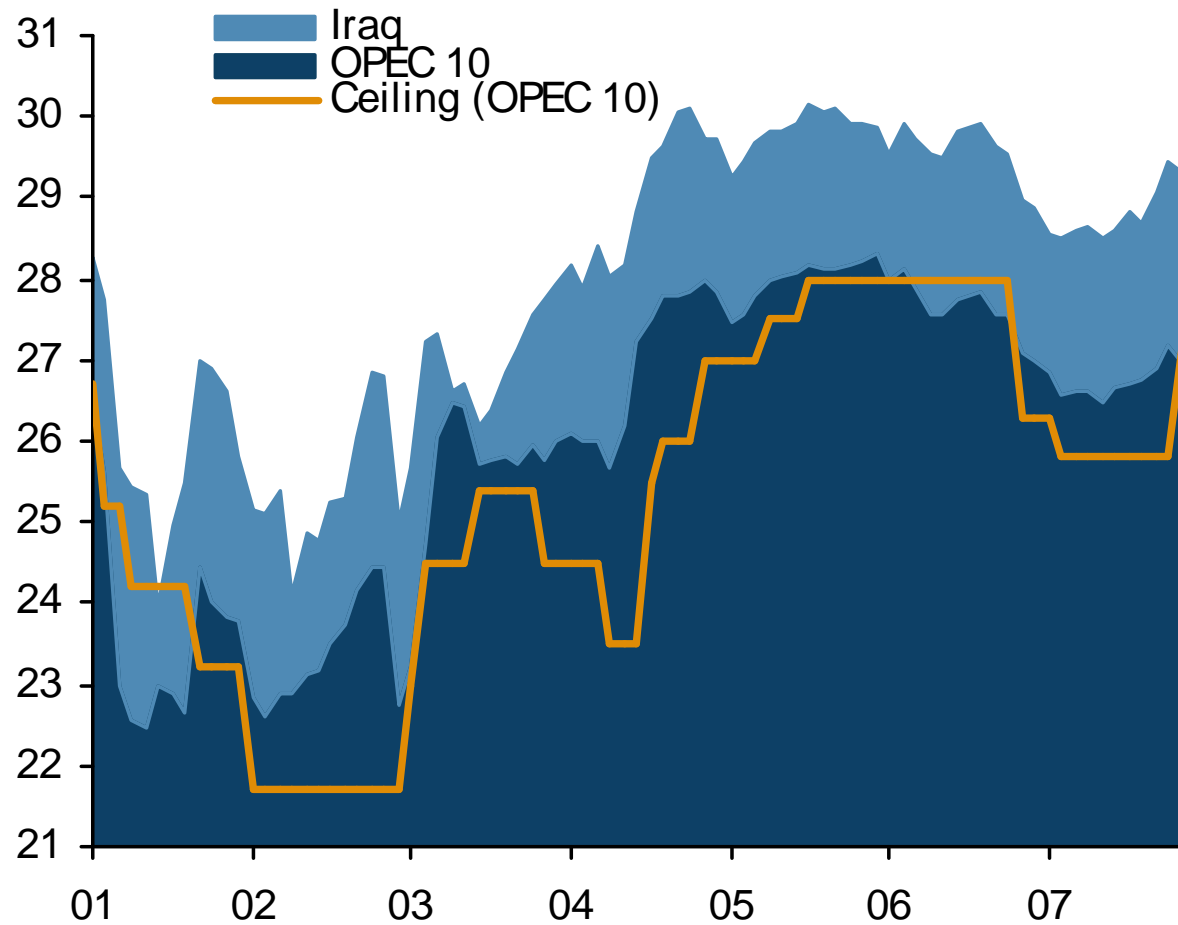
The back of the curve is still shifting

WTI forward curve, \$/b



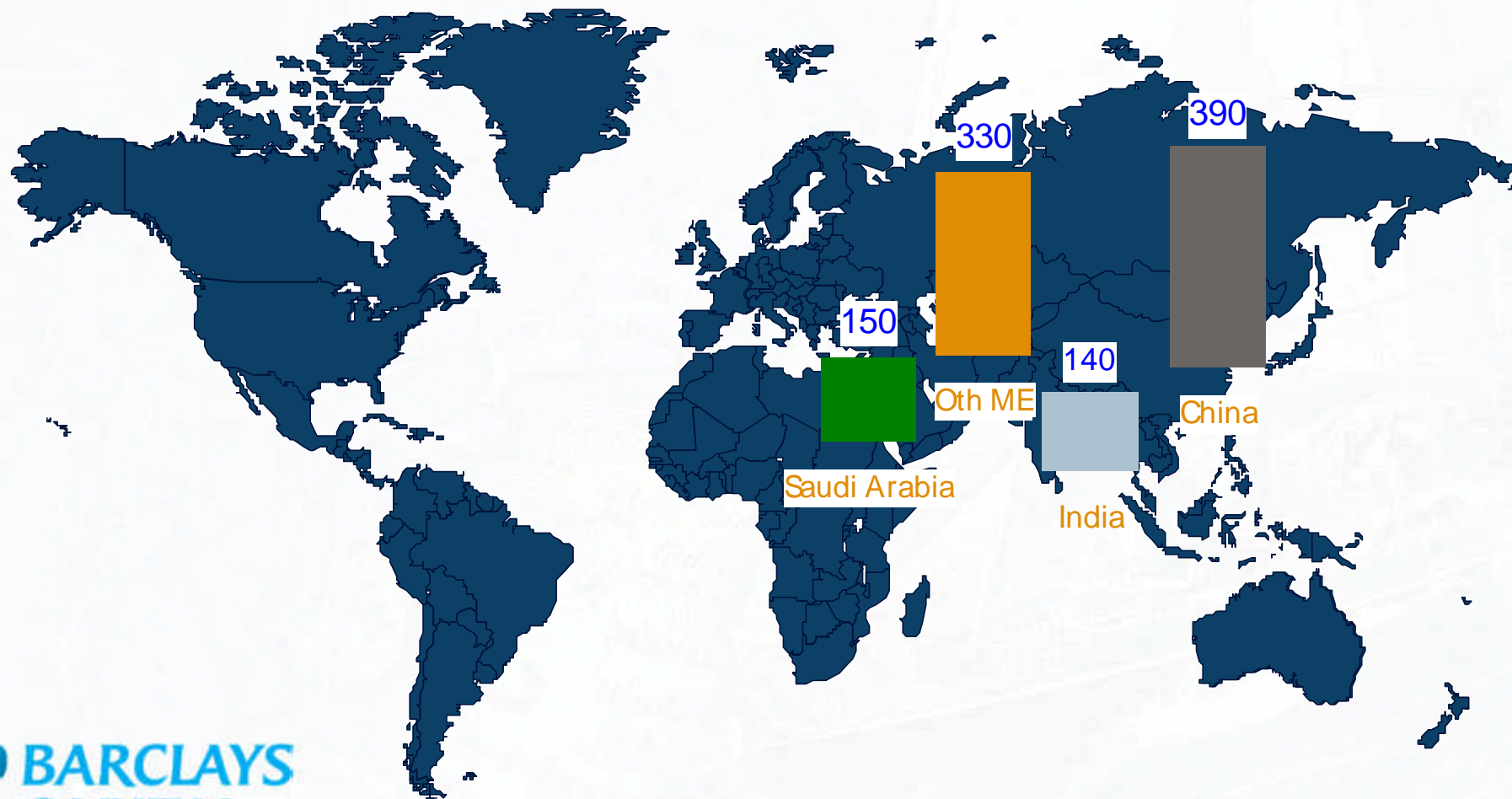
OPEC's choices

OPEC output, average of several sources, mb/d, excl Angola



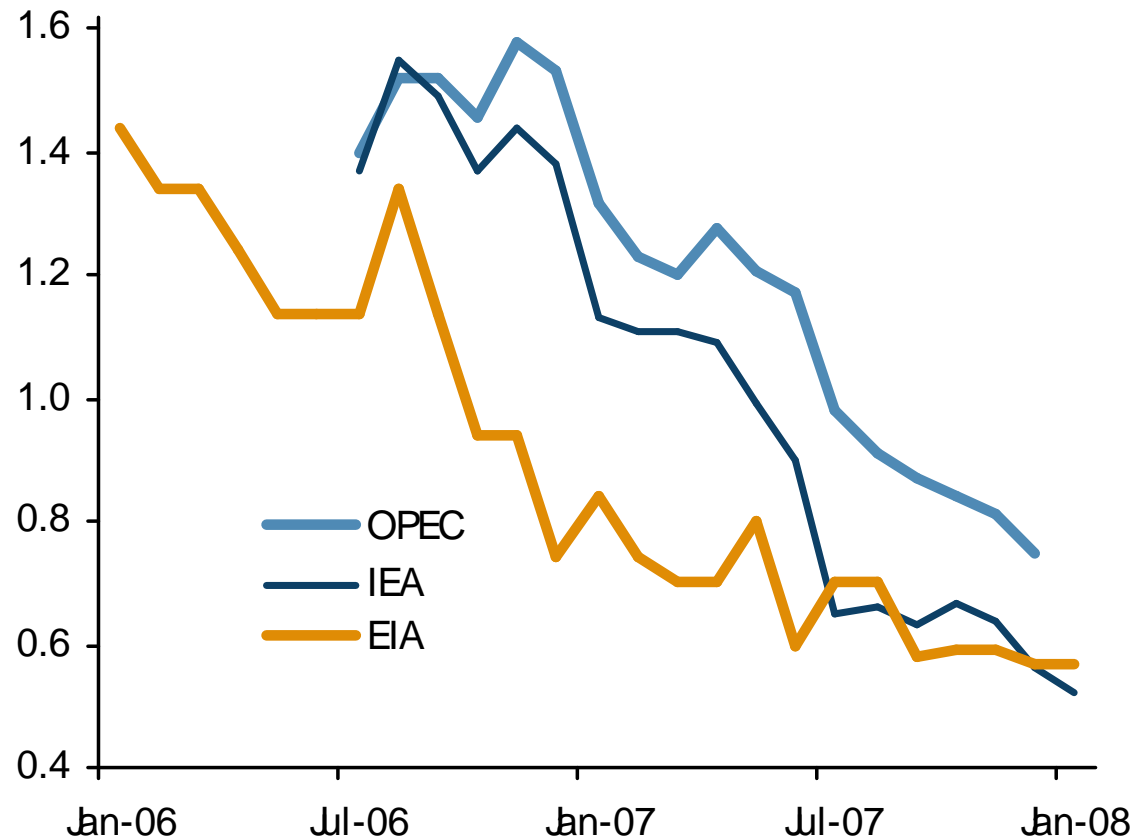
Hardwiring 1 mb/d of demand

Projected demand growth in 2008, thousand b/d



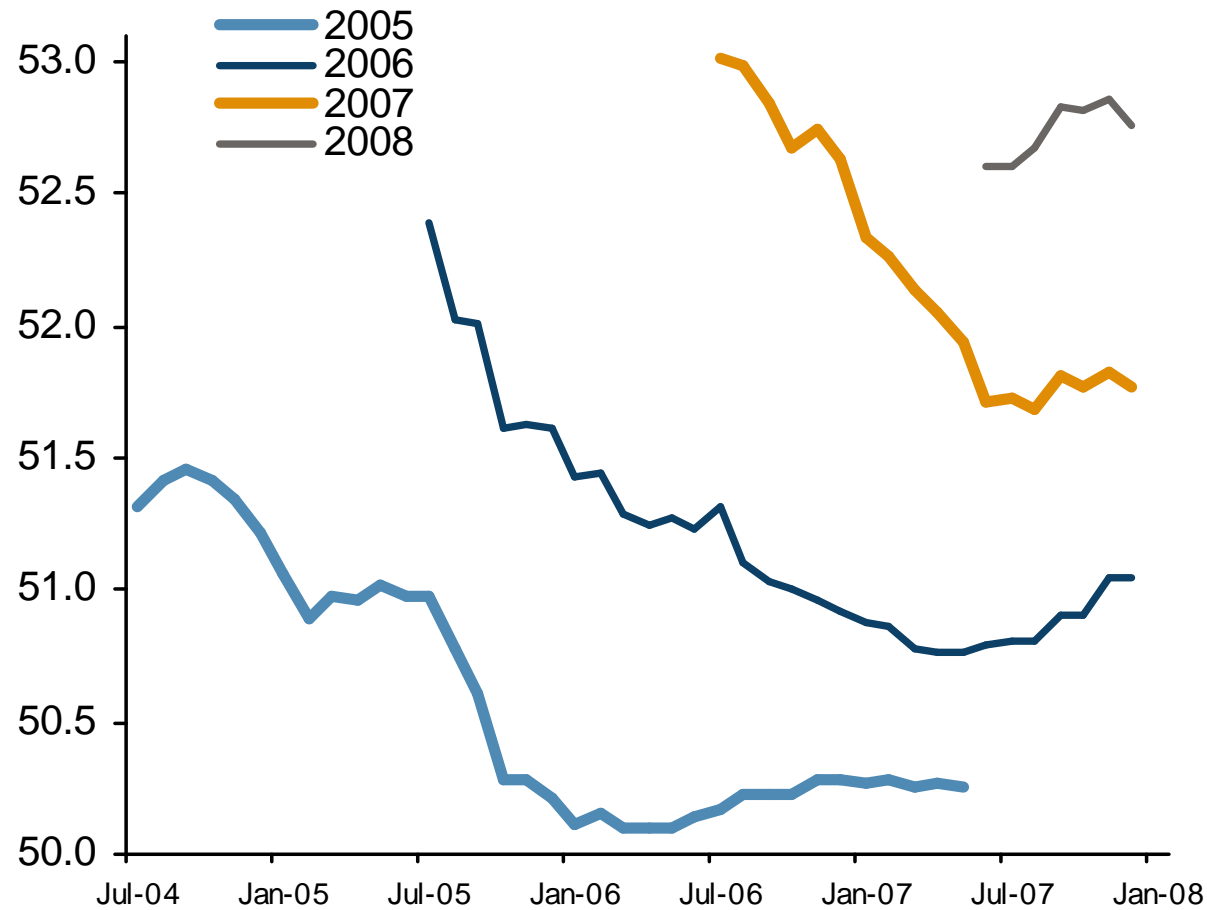
2007 forecasts repeated the 2006 experience

Estimates of non-OPEC supply growth in 2007 by month, mb/d



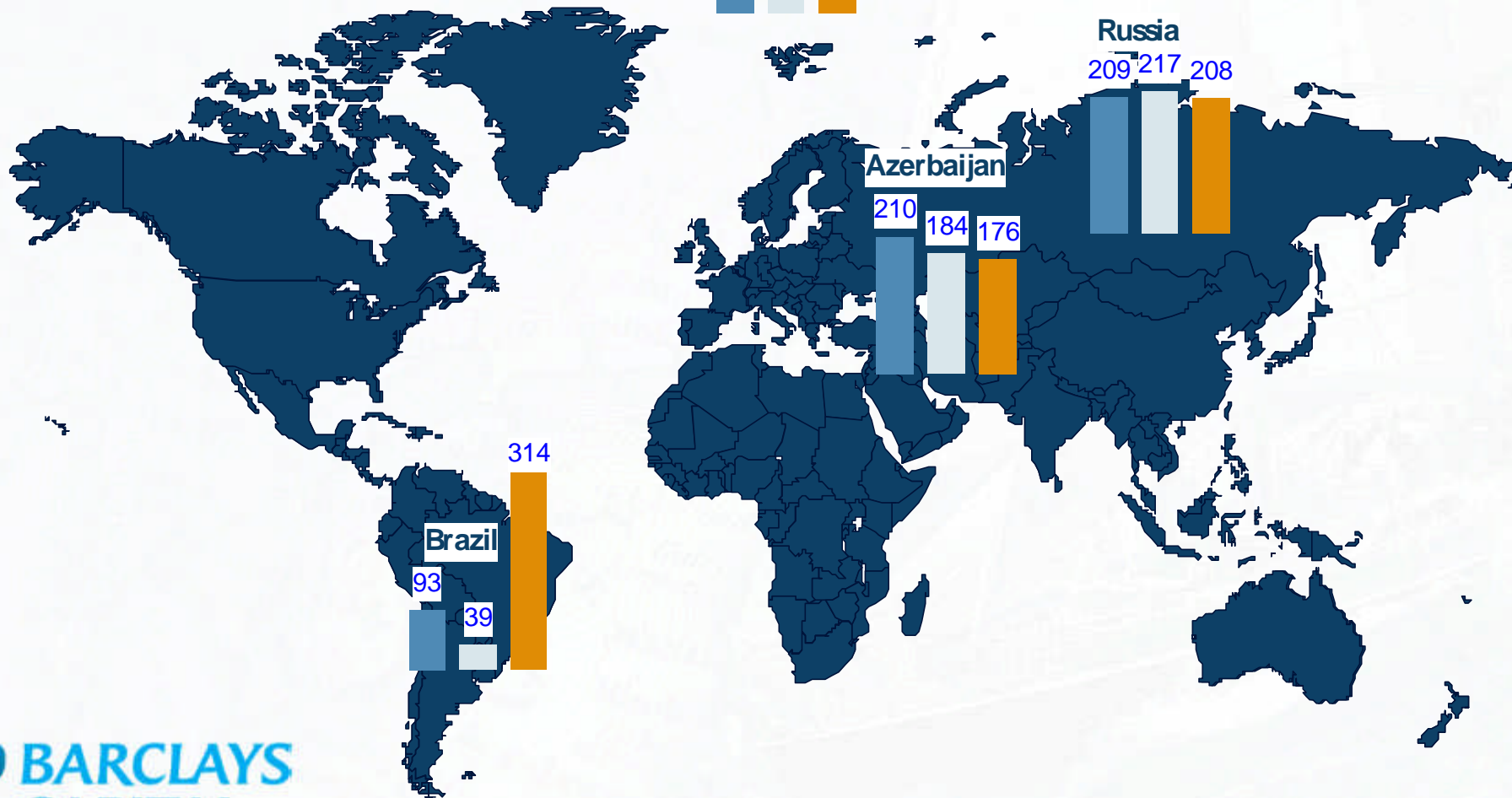
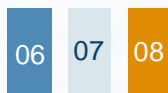
Non-OPEC projections

IEA estimates/projections of annual non-OPEC supply by month, mb/d (incl Angola/Ec)



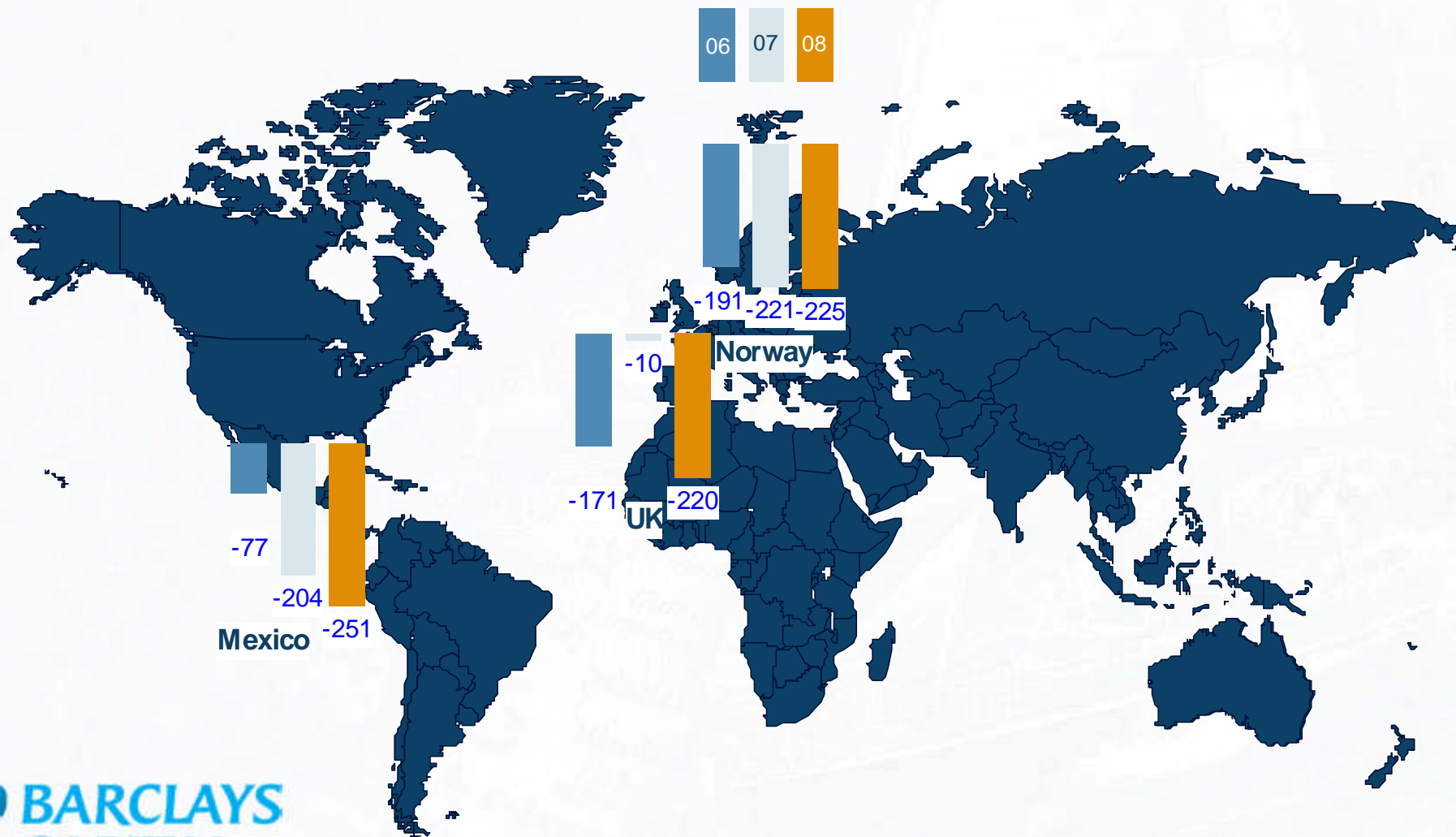
Main sources of non-OPEC supply growth

Supply growth 2006-8, thousand b/d



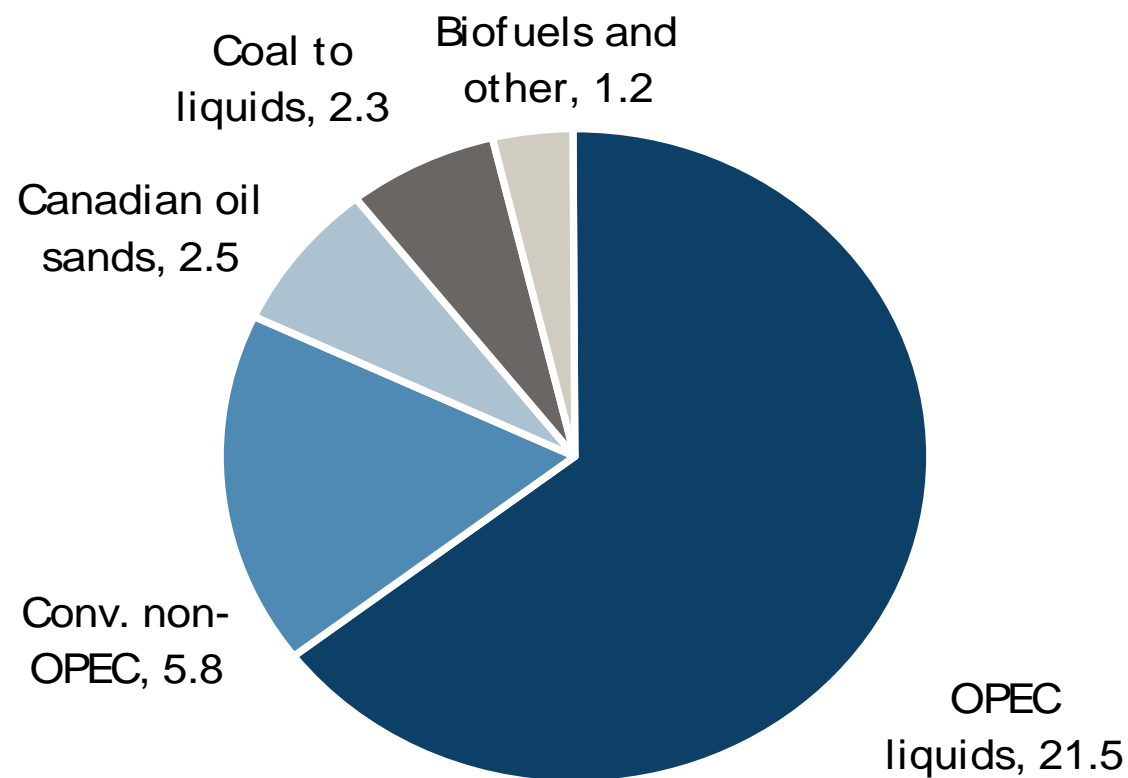
Main sources of non-OPEC decline

Supply decreases in 2008, thousand b/d



Incremental oil supplies

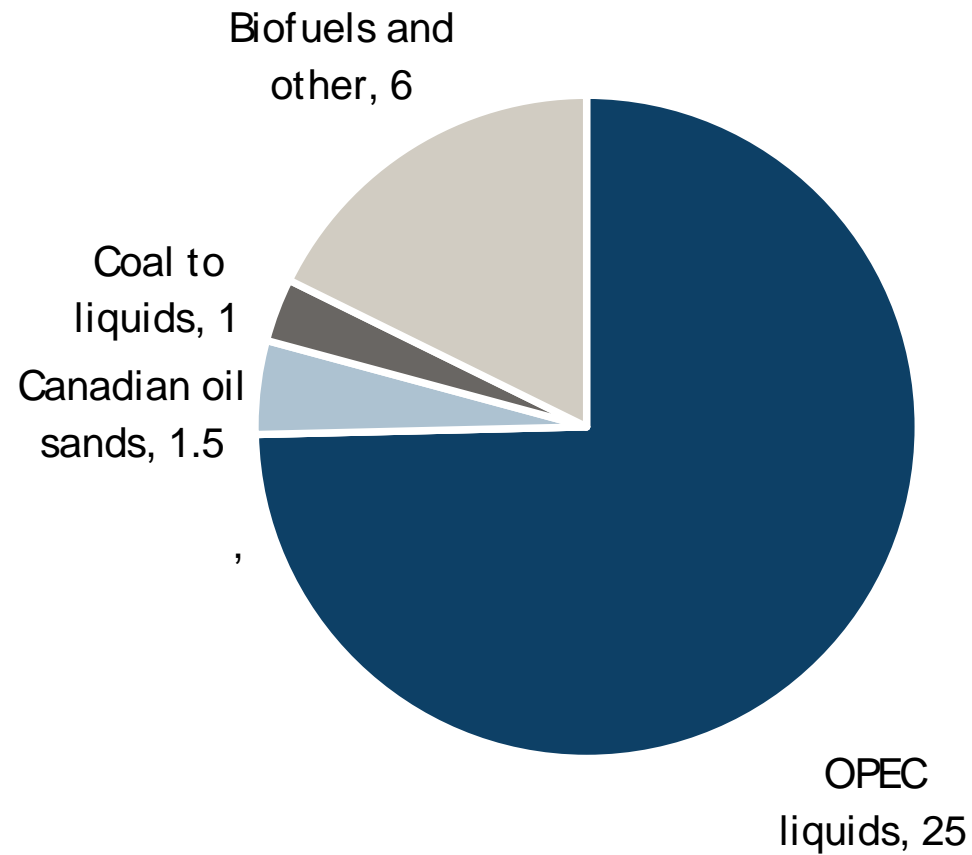
US Department of Energy projections for 2030, mb/d



Source: US Energy Information Administration, *International Energy Outlook*, 21 May 2007

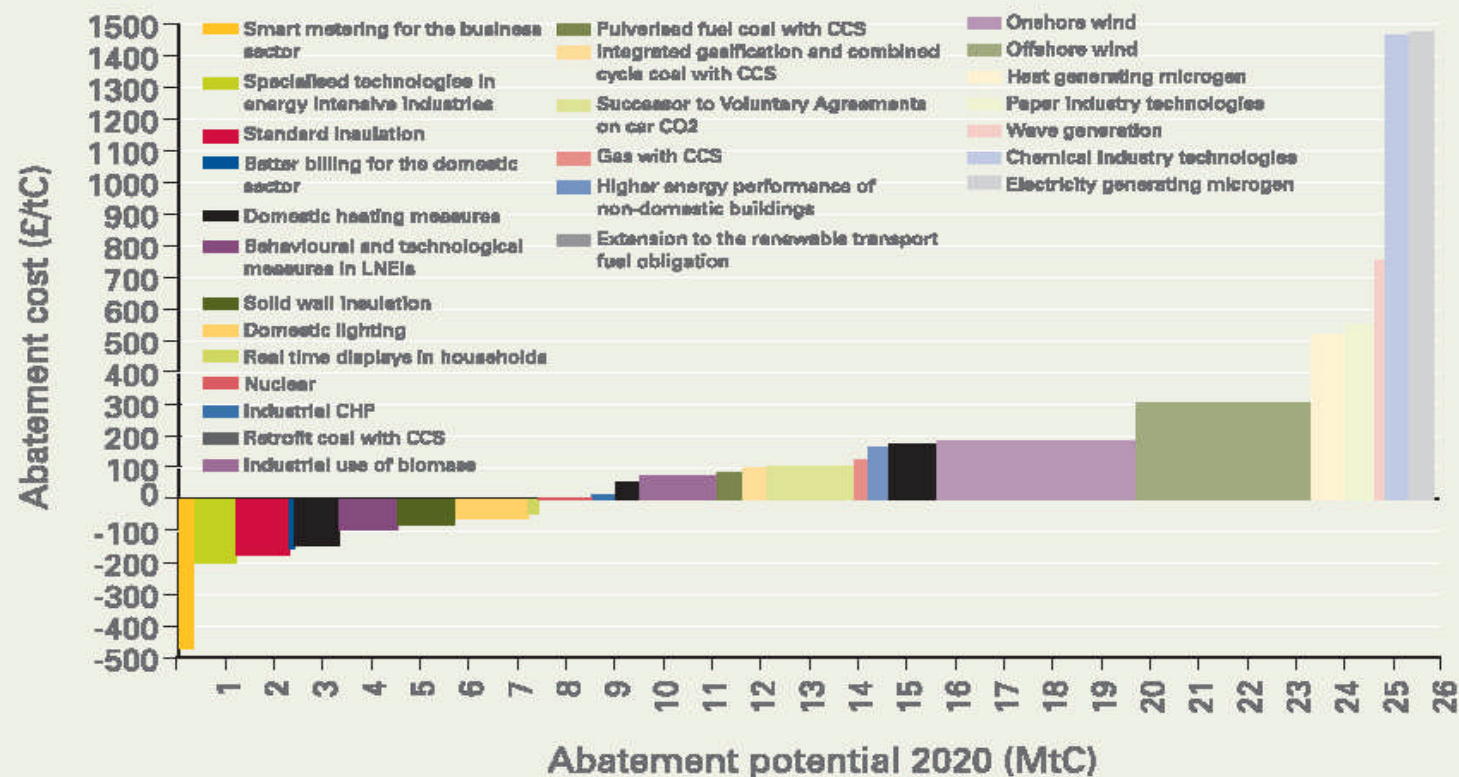
Another view

Barclays Capital projections for 2030, mb/d



Carbon matters

FIGURE 10.2. MARGINAL ABATEMENT COST CURVE 2020



Oil market balances

	2006	Annual change	07Q1	07Q2	07Q3	07Q4	2007	Annual change	08Q1	08Q2	08Q3	08Q4	2008	Annual change
Demand	84.9	1.11	86.0	84.8	85.5	87.4	85.9	1.07	88.1	85.9	86.7	88.5	87.5	1.59
OECD demand	49.3	-0.35	49.5	48.1	48.7	50.2	49.1	-0.20	50.5	48.2	48.8	50.2	49.4	0.30
non-OECD demand	35.6	1.46	36.5	36.7	36.9	37.2	36.8	1.28	37.6	37.8	37.9	38.3	38.1	1.29
Non-OPEC supply	48.8	0.28	49.7	49.4	48.8	49.5	49.4	0.56	49.5	49.4	49.0	49.6	49.4	0.01
non-OPEC excluding FSU	36.7	-0.18	37.1	36.9	36.3	36.9	36.8	0.11	36.7	36.4	35.9	36.4	36.4	-0.42
FSU	12.1	0.46	12.6	12.5	12.5	12.6	12.6	0.45	12.8	13.0	13.0	13.2	13.0	0.43
OPEC NGLs/ condensates	4.4	0.23	4.6	4.6	4.7	4.7	4.6	0.25	4.8	5.0	5.1	5.1	5.0	0.36
Call on OPEC crude and stocks	31.7	0.60	31.8	30.8	32.1	33.2	32.0	0.26	33.8	31.6	32.7	33.8	33.2	1.21
OPEC crude	31.6	-0.05	30.7	30.7	30.7	31.2	30.8	-0.72	31.6	31.8	32.0	32.2	31.9	1.06
OPEC excluding Iraq	28.2	-0.64	27.1	26.8	26.7	27.1	26.9	-1.25	27.5	27.7	27.9	28.0	27.8	0.86
Stockbuild	-0.2		-1.1	-0.1	-1.4	-1.9	-1.1		-2.2	0.2	-0.7	-1.6	-1.3	

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