



Art Berman

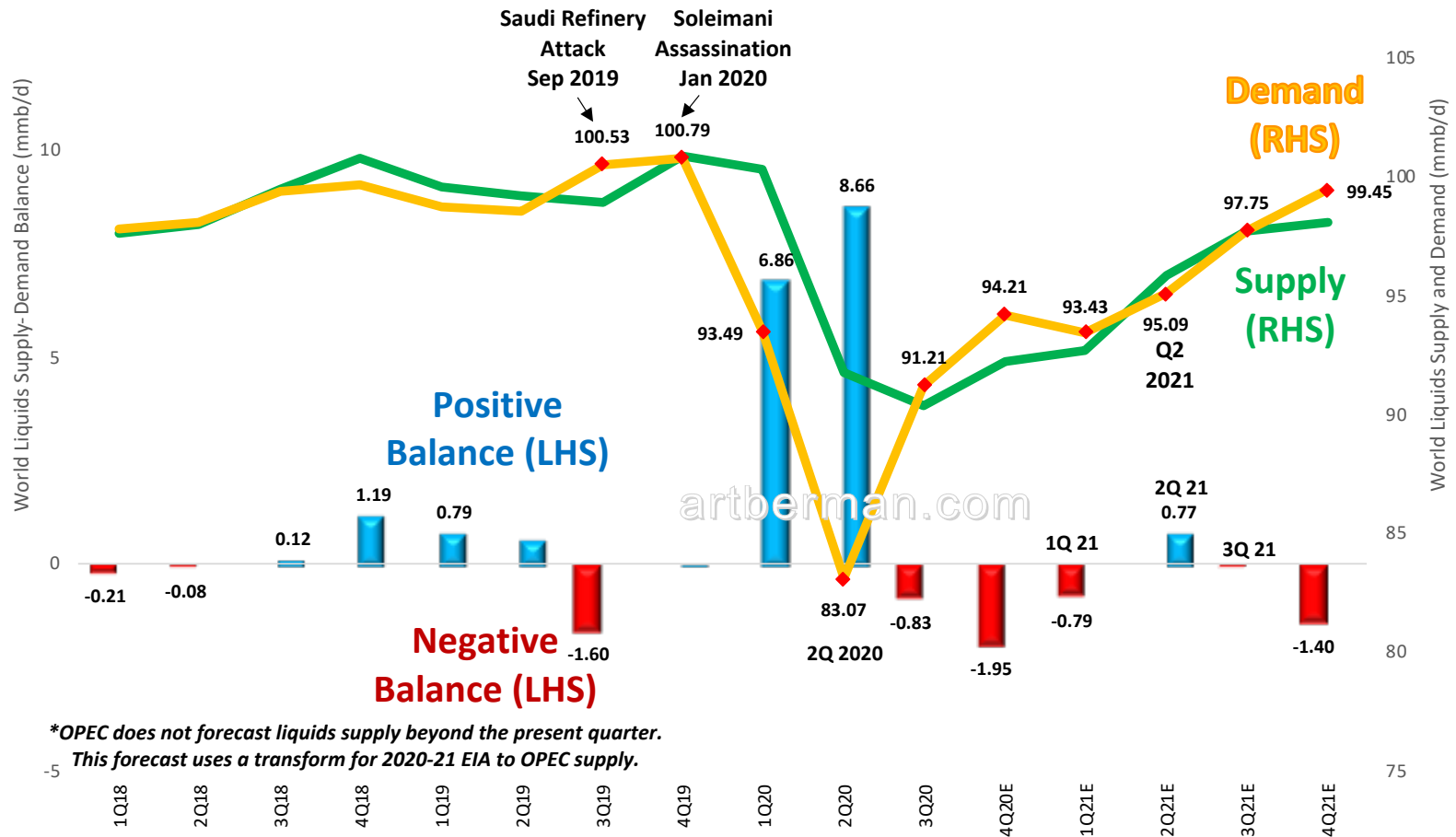
# MacroVoices

April 22, 2021



# Claims for record oil demand ignore credible forecasts and history

**OPEC Q2 2021 oil demand expected to be 95 mmb/d & Q4 to reach 99.5 mmb/d**  
**Demand was more than 100 mmb/d at the time of the Saudi refinery attack and Soleimani assassination in late 2019**

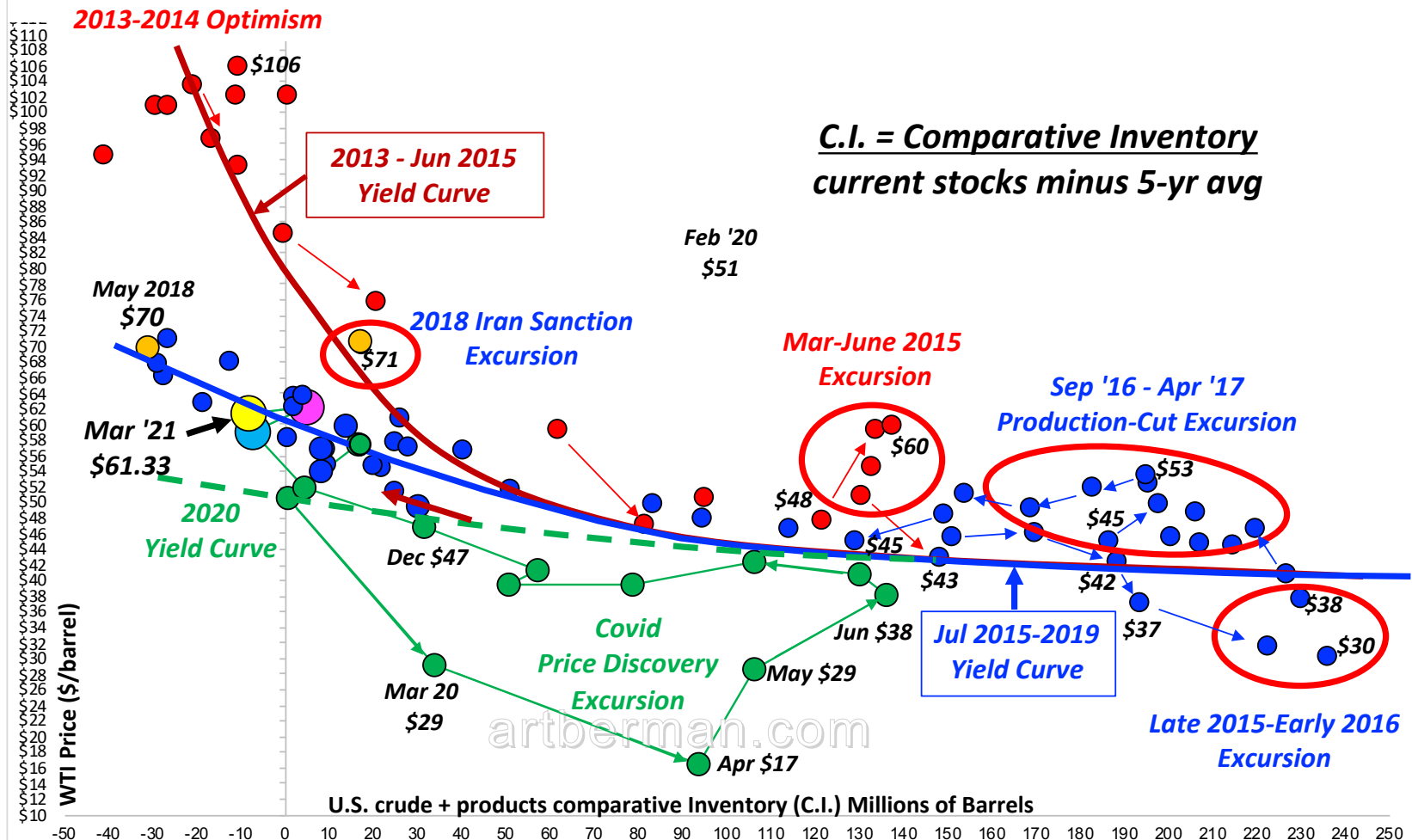


Source: OPEC, EIA & Labyrinth Consulting Services, Inc.

OPEC/Market Indicators/ OPEC Supply Demand Master

**March average WTI spot was correctly priced at \$61**  
**Price unlikely to increase to much more than \$70 at any C.I.**

**WTI price is unlikely to increase to much more than \$70 monthly price at any comparative inventory unless supply urgency returns to 2013-2014 levels**

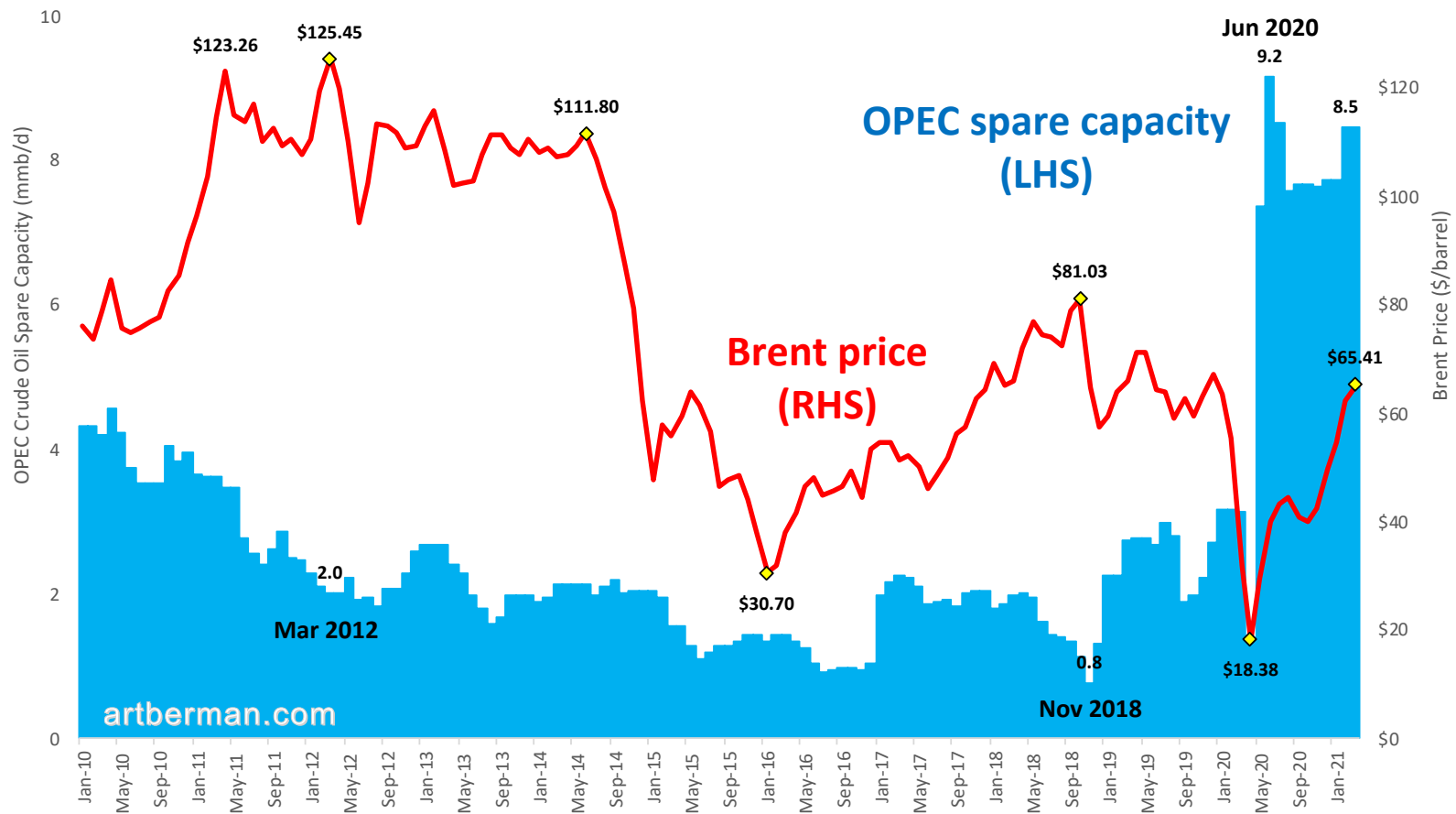


Source: EIA & Labyrinth Consulting Services, Inc.

EIA Current/Monthly Updates/MER/ Table\_3.4\_Petroleum Stocks\_MASTER

## OPEC spare capacity is 11 times greater than last time Brent was \$80

The probability of \$80 Brent is almost zero based on OPEC spare capacity  
Spare capacity is 11 times higher than when Brent was \$81 in late 2018  
and 4 times average when Brent was more than \$100 from 2011-2014



Source: EIA STEO & Labyrinth Consulting Services, Inc.

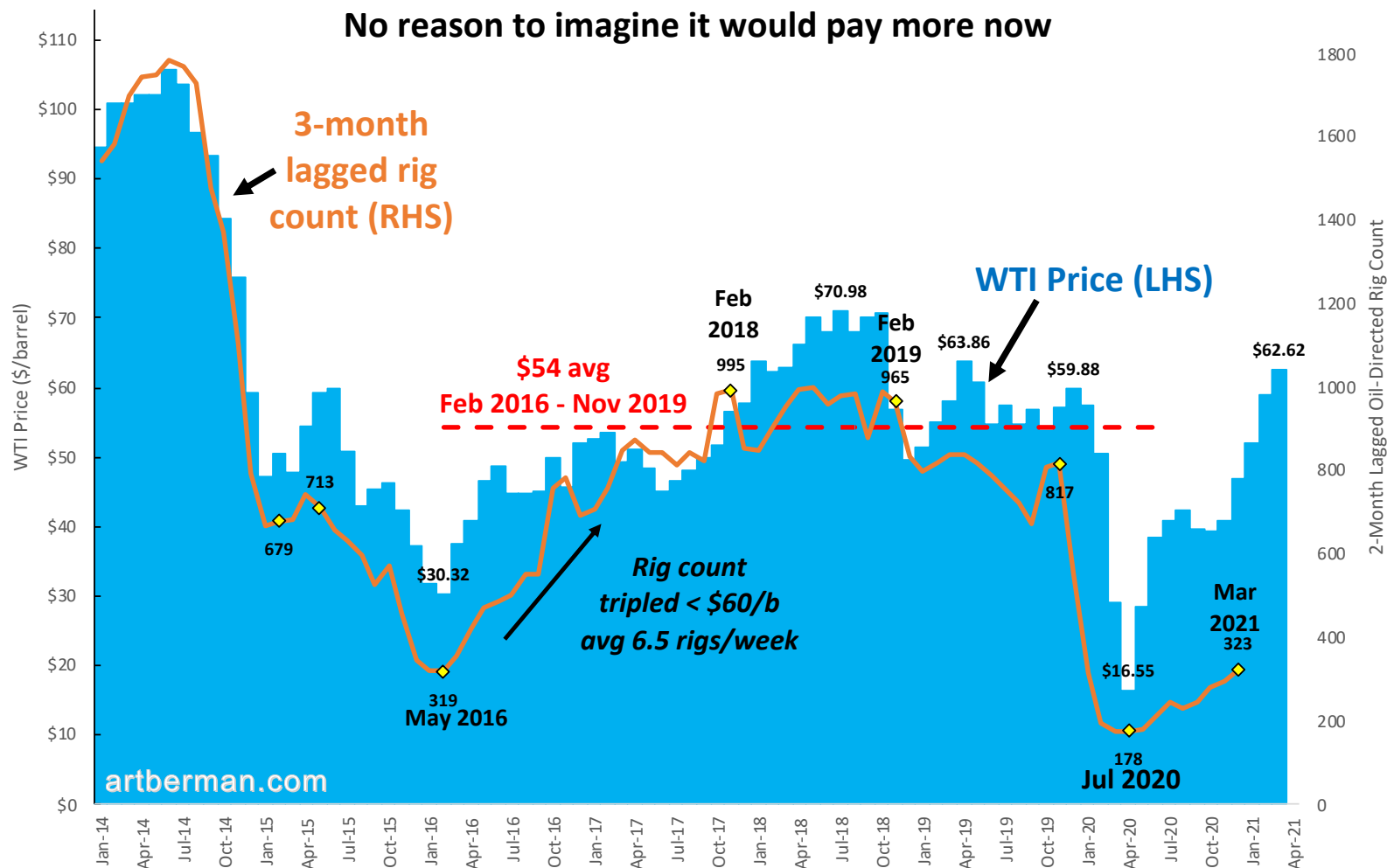
EIA Current/STEO/STEO Master 2020

# Since 2014, monthly WTI at \$70 only in July, September & October 2018

**Market only willing to pay \$54/barrel average after last rig count collapse 2014-16**

**Price averaged \$69 from April-October 2018 after US left Iran nuclear pact**

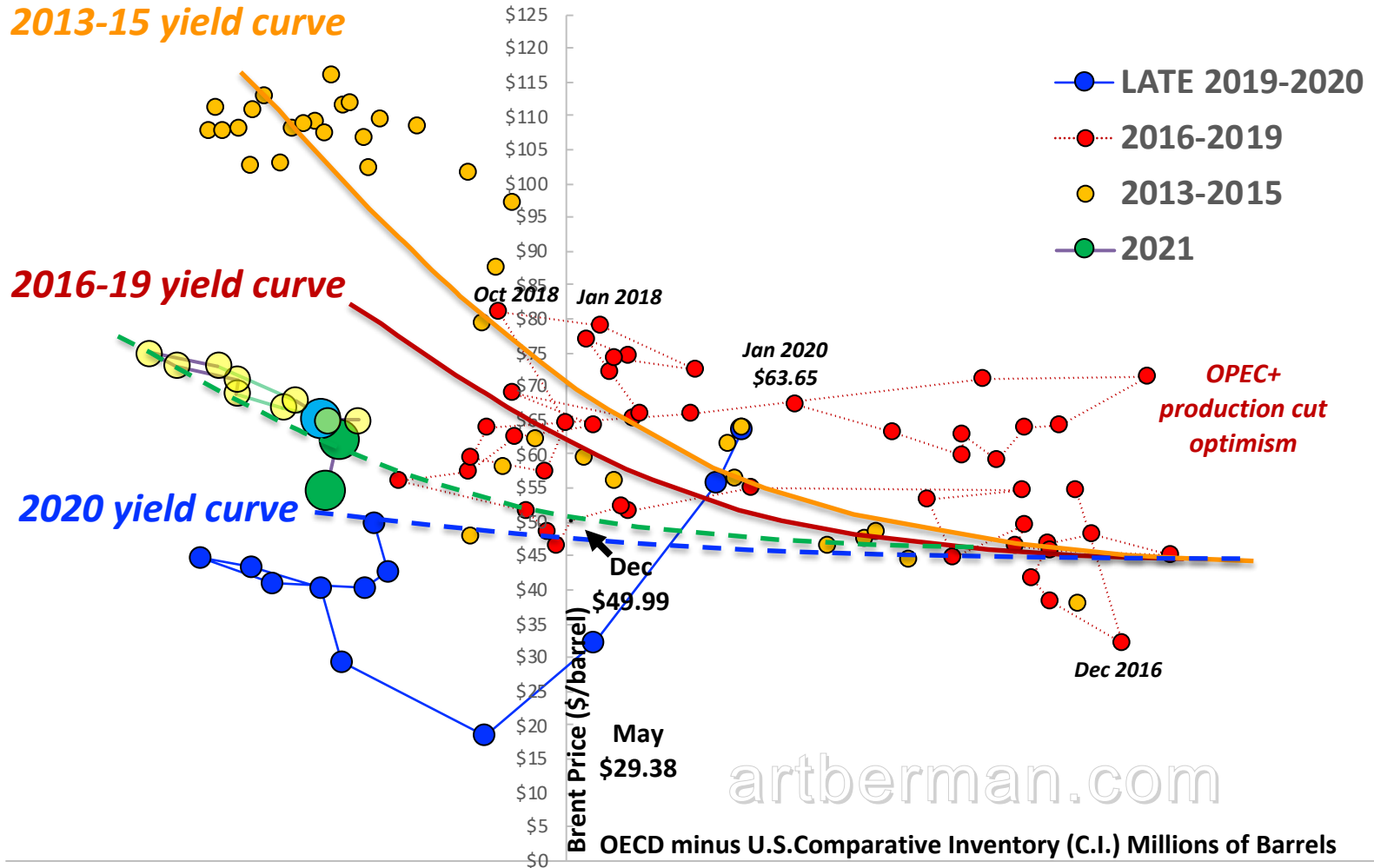
**No reason to imagine it would pay more now**



Source: Baker Hughes, EIA and Labyrinth Consulting Services, Inc.

Rig Count Current/Monthly Rig Count

# OECD minus U.S. comparative inventory yield curve



Source: EIA STEO & Labyrinth Consulting Services, Inc.

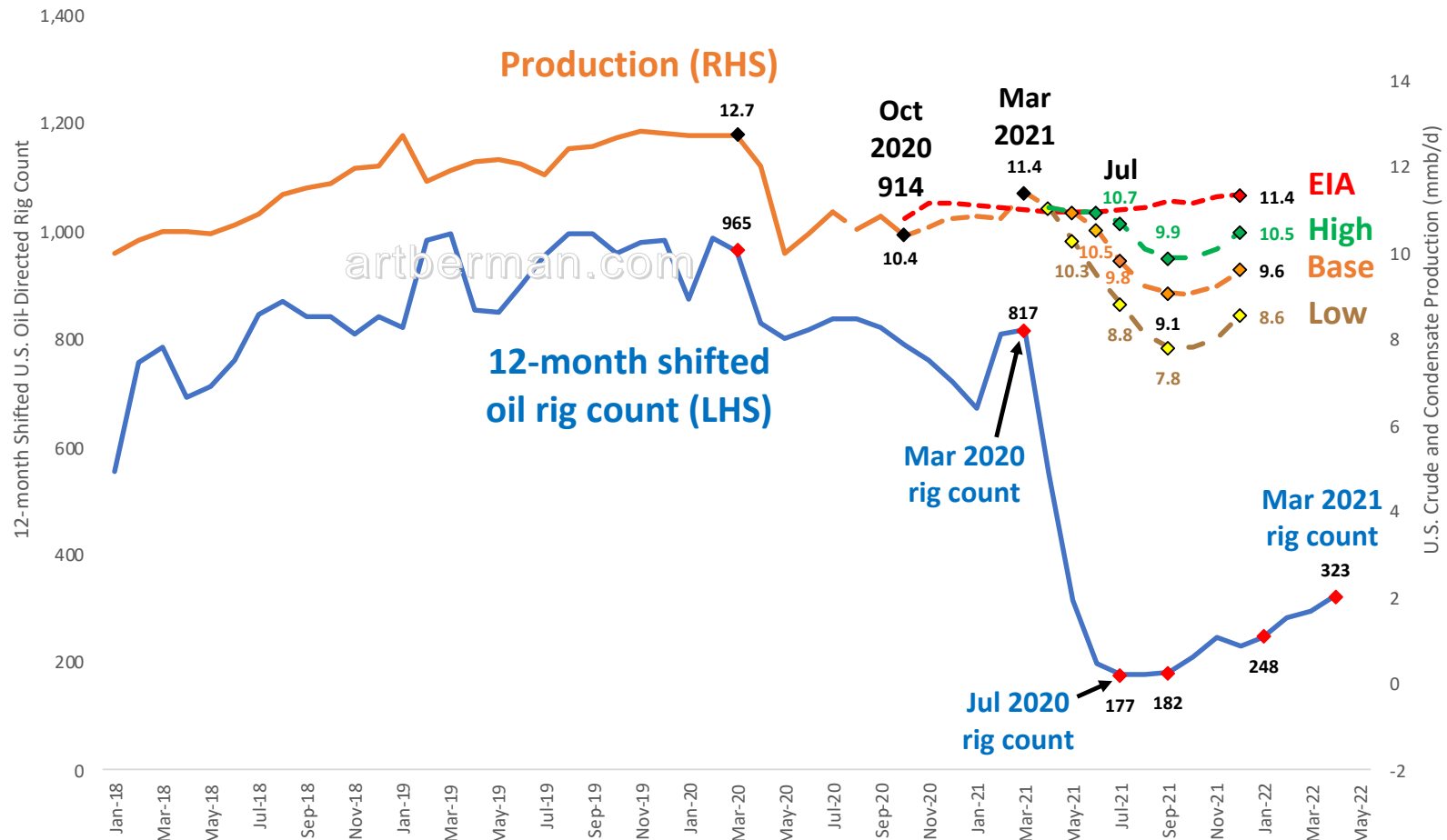
EIA Current/STEO/STEO Master 2020

**In base case, no departure from EIA estimate until June**

**Oil-directed rig count has increased +146 (+82%) since July 2020 from 177 to 323**

**In base case projection (orange), no departure from EIA estimate until June**

**In the high case (green) July, in low case (brown) May**



Source: Baker Hughes, EIA, Enverus & Labyrinth Consulting Services, Inc.

Rig Count/Rig Count Current/MONTHLY SHALE GAS-TIGHT OIL RIG