

Oljeprisutvikling



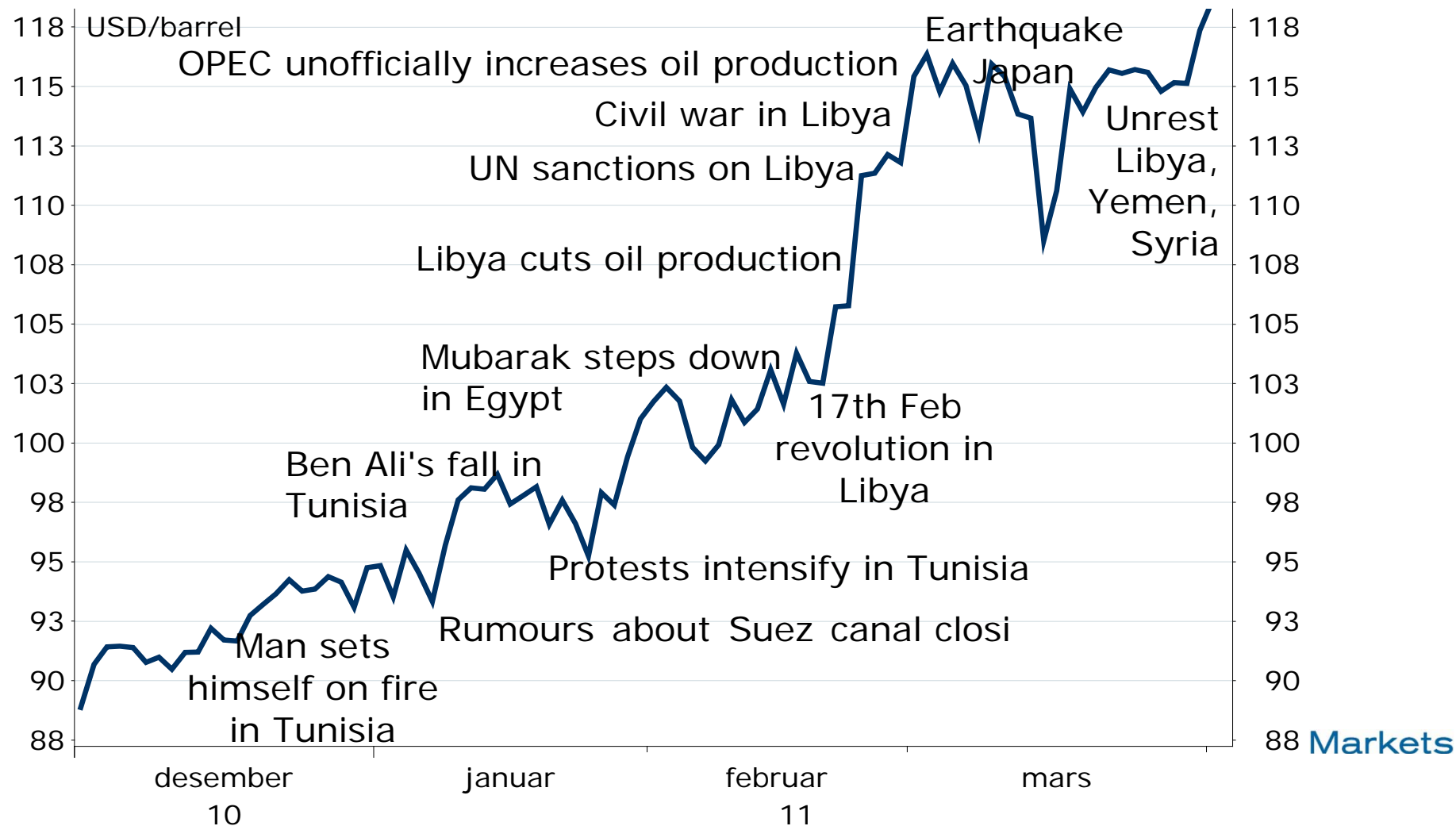
Thina Margrethe Saltvedt
April 2011

Oil price rally may put world economic growth at risk

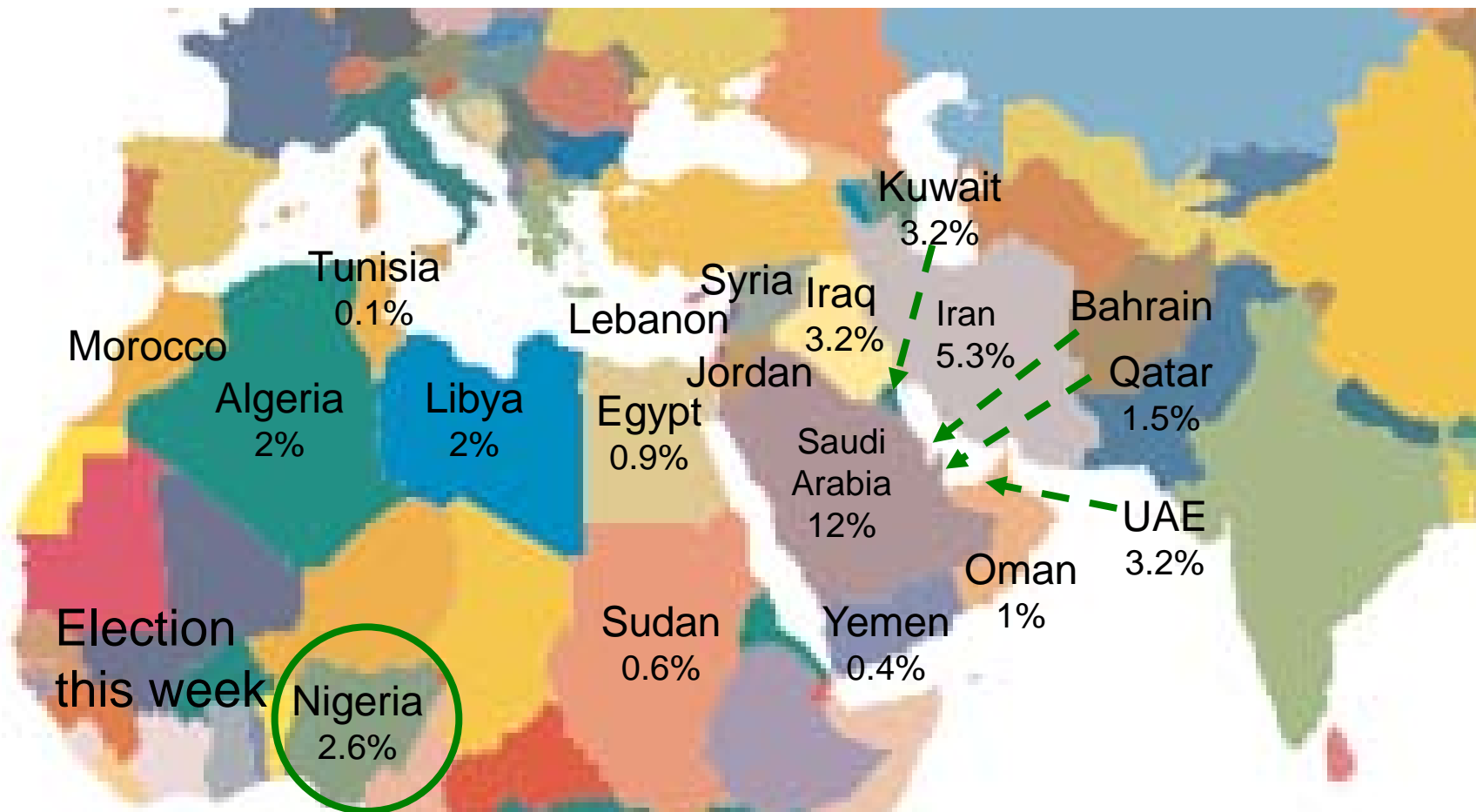
	Q1	Q2	Q3	Q4	Year
2007	58.6	68.7	74.6	88.5	72.6
2008	96.3	122.8	117.2	57.5	98.4
2009	45.7	59.9	68.9	75.5	62.5
2010	77.4	79.3	77.0	87.8	80.4
2011E	106.0	109.0	105.0	107.0	106.8
2012E	107.0	108.0	110.0	115.0	110.0



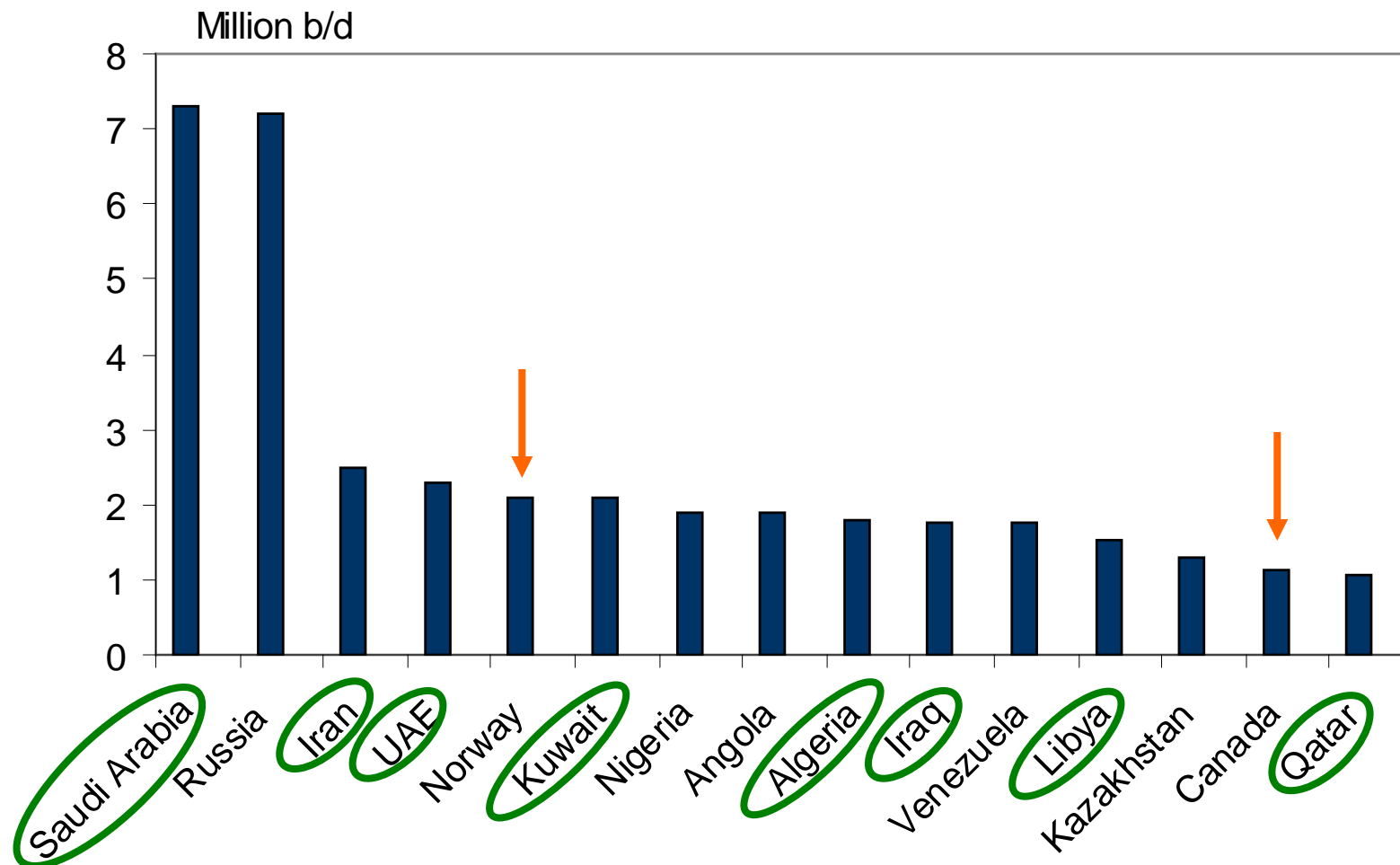
Brent oil price fear premium increases with growing unrest in North Africa and the Middle East



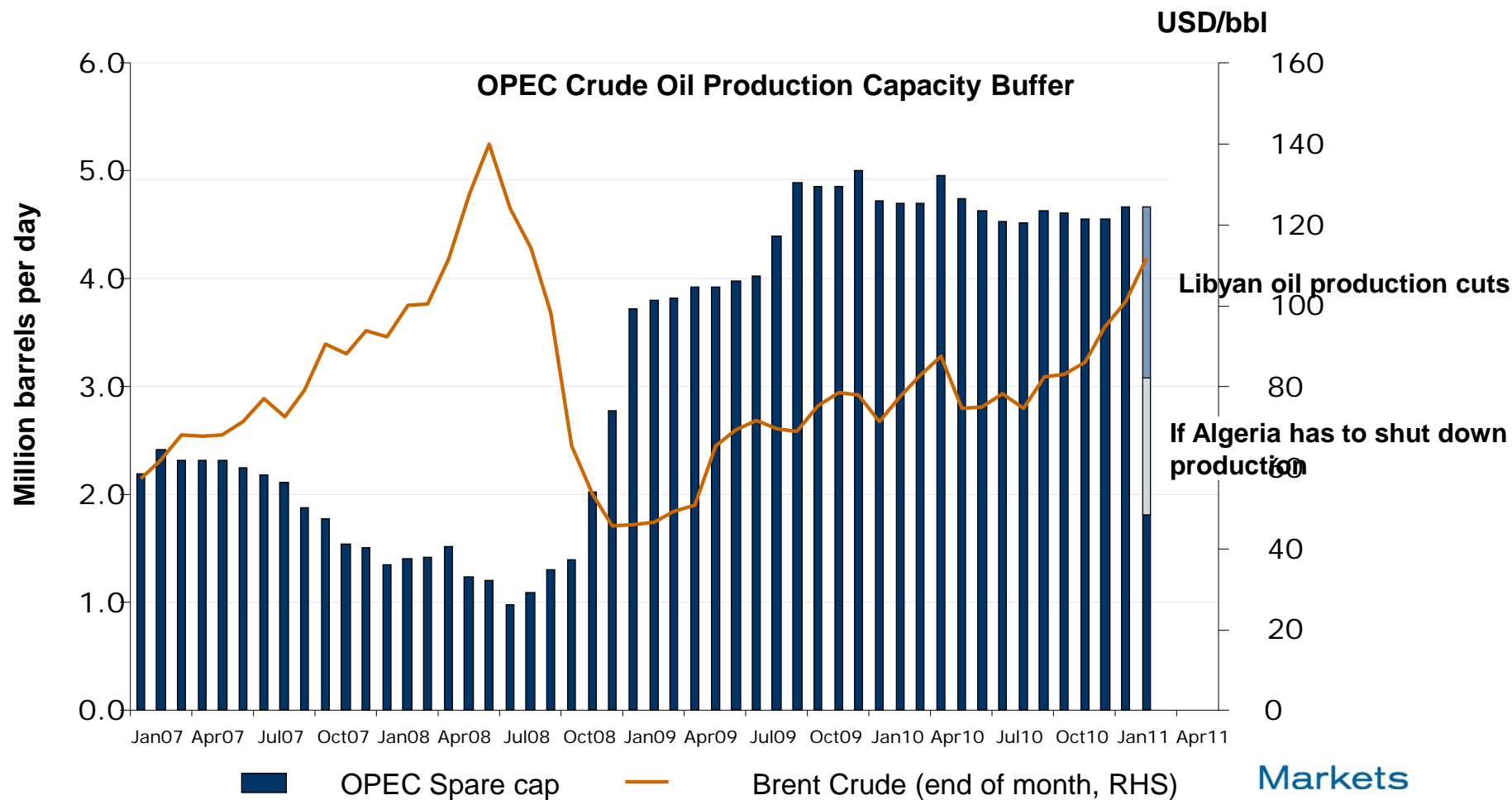
Oil production in North Africa and Middle East (in % of total world oil production)



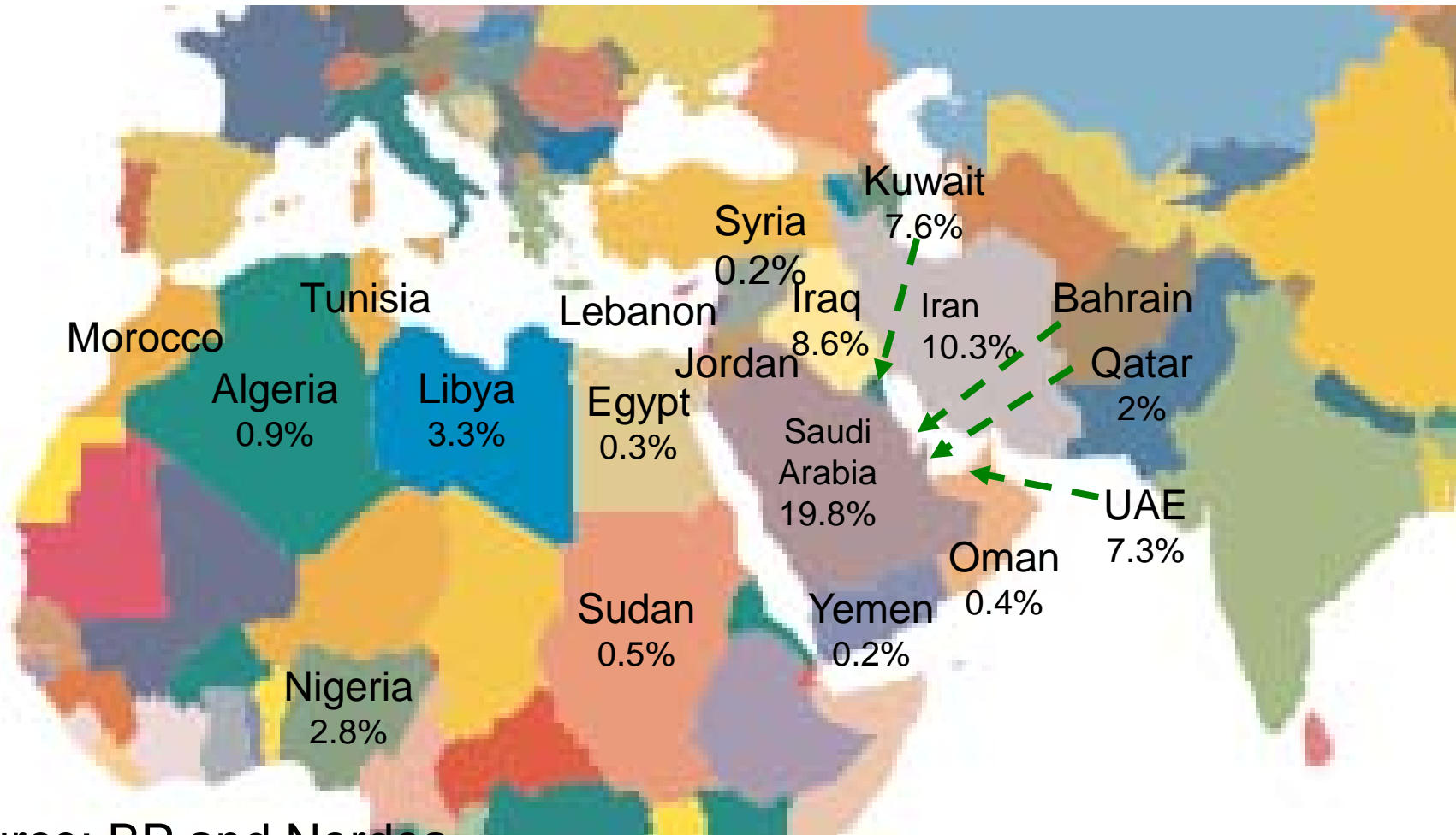
World top 15 oil exporters – How important is Libya?



OPECs spare capacity reached its lowest level at 1 mb/d in 2008
And crude increased to almost to USD 150/barrel...



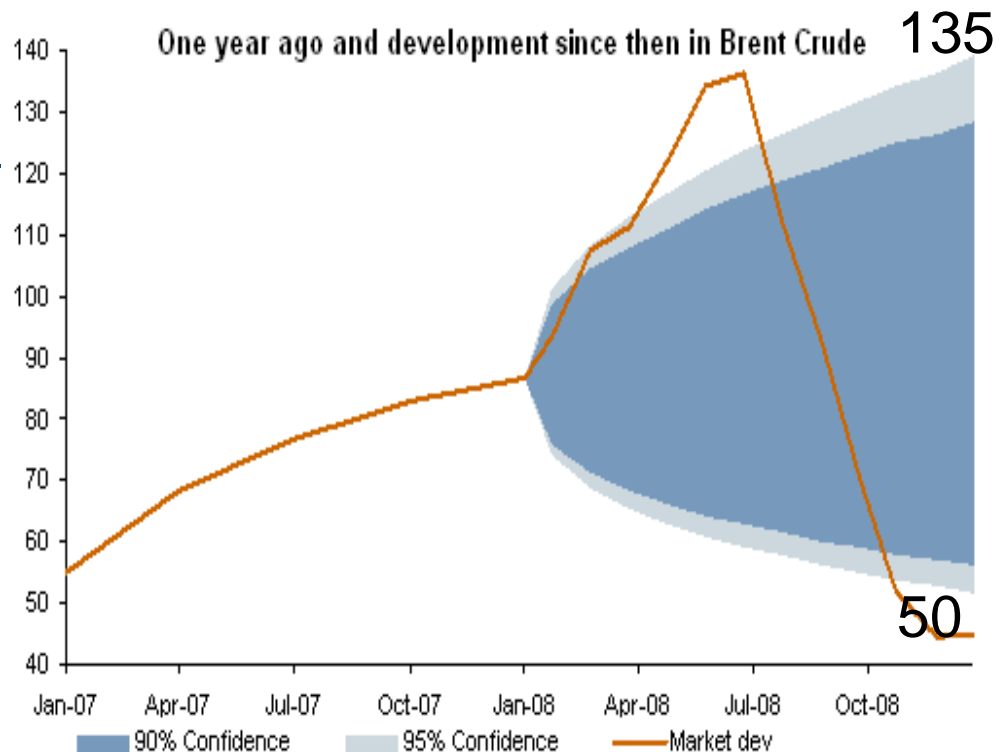
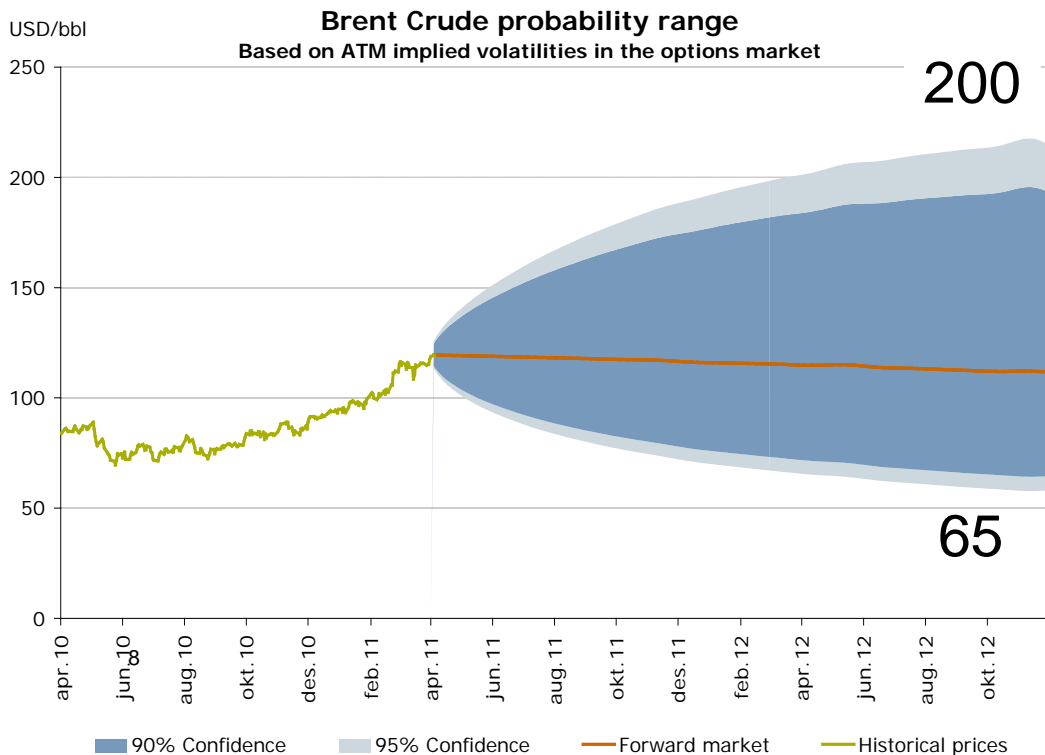
Oil reserves in the Middle East and North Africa, in % of global oil reserves



Source: BP and Nordea

Brent crude market expectations 1 Jan 2008

Skewed to the upside - spread USD 85/fatet

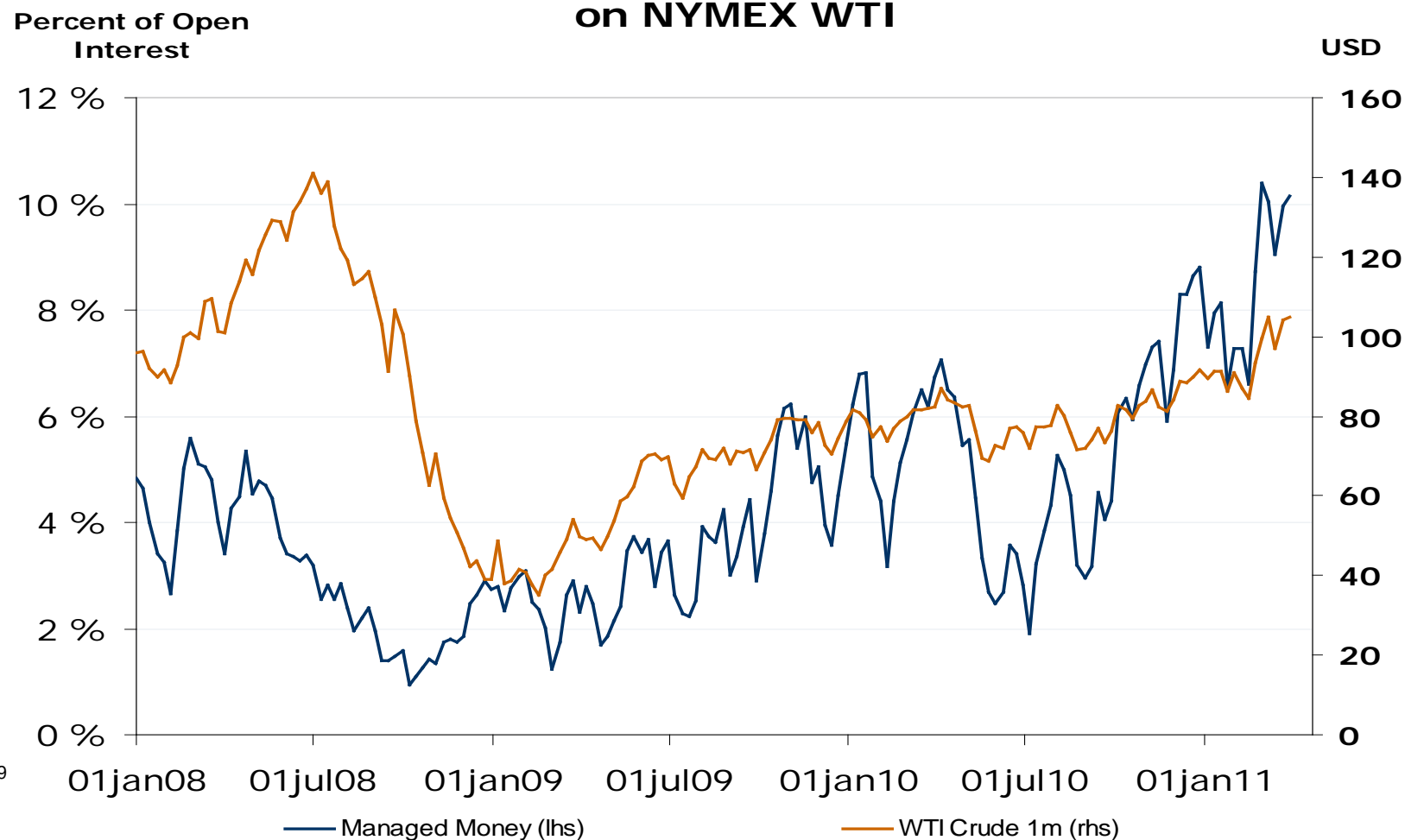


Brent crude market expectations 1 April

Skewed to the upside - spread USD 135/fatet

Never before have so many speculators been betting on higher oil prices

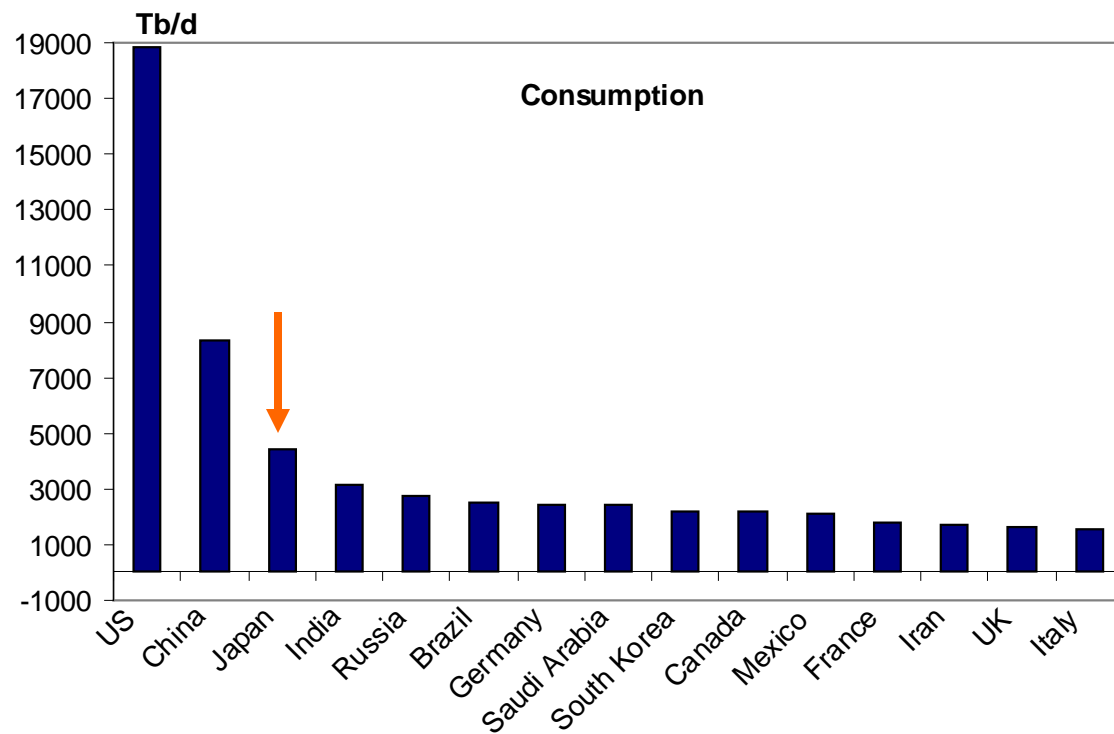
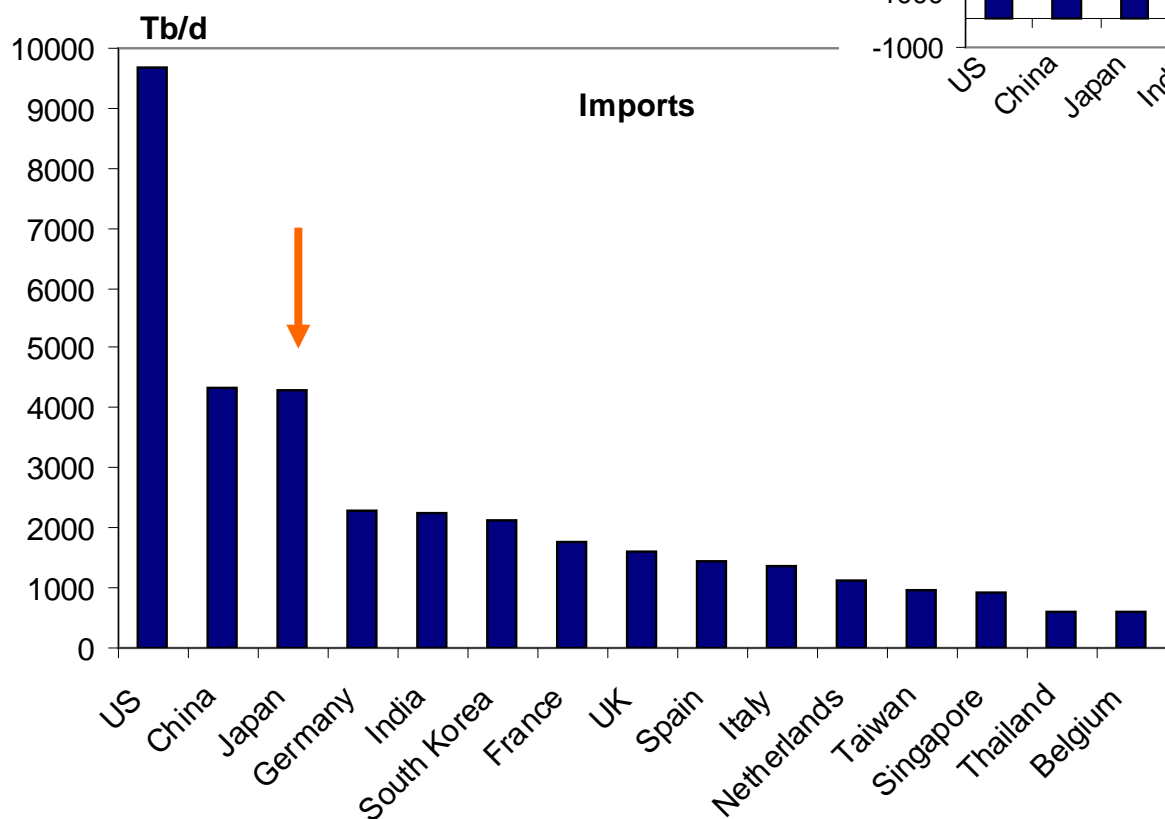
Money Managers' net positions on NYMEX WTI



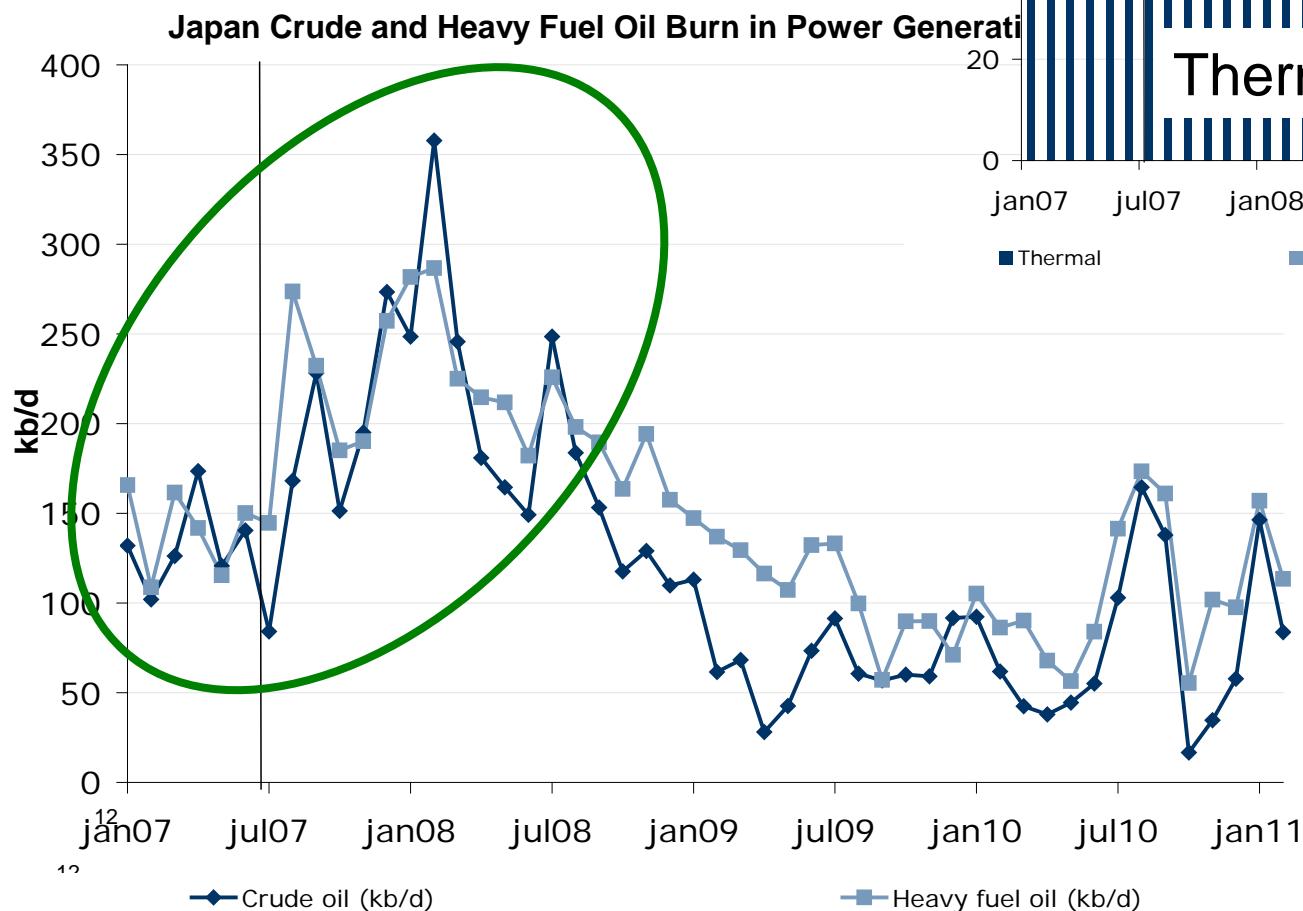
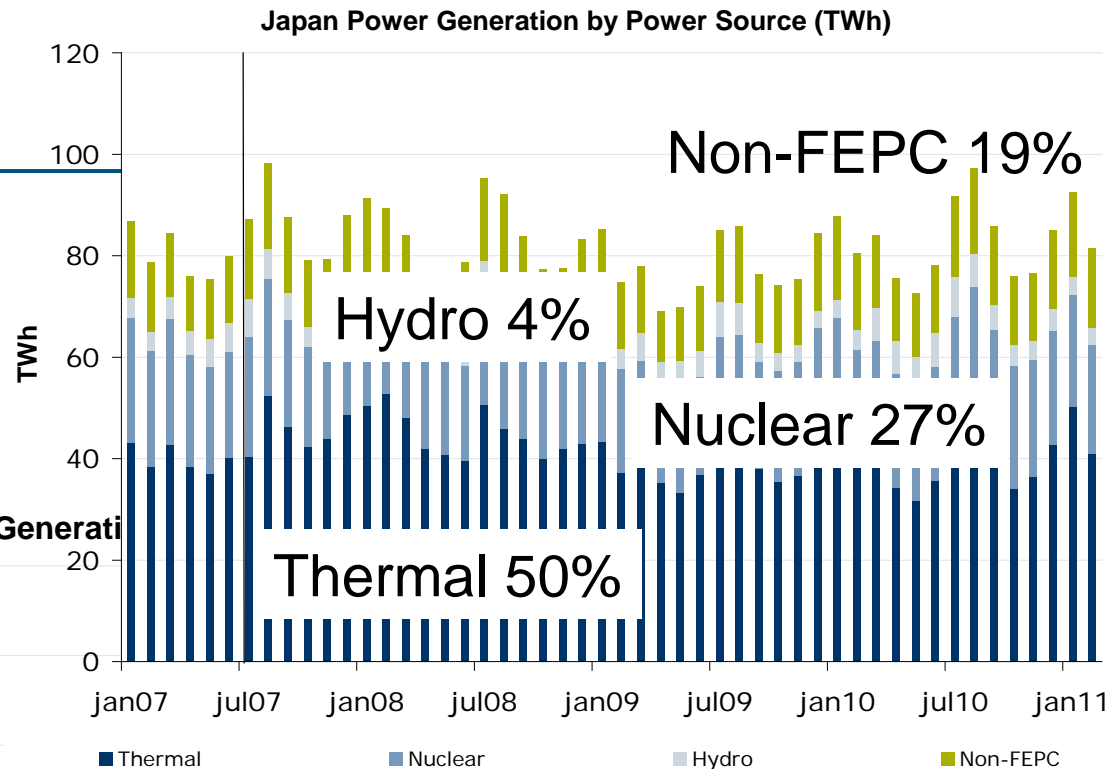
The earthquake in Japan



Japan 3rd largest oil consumer and oil importer in the world



Japan's power generation by source (Twh)



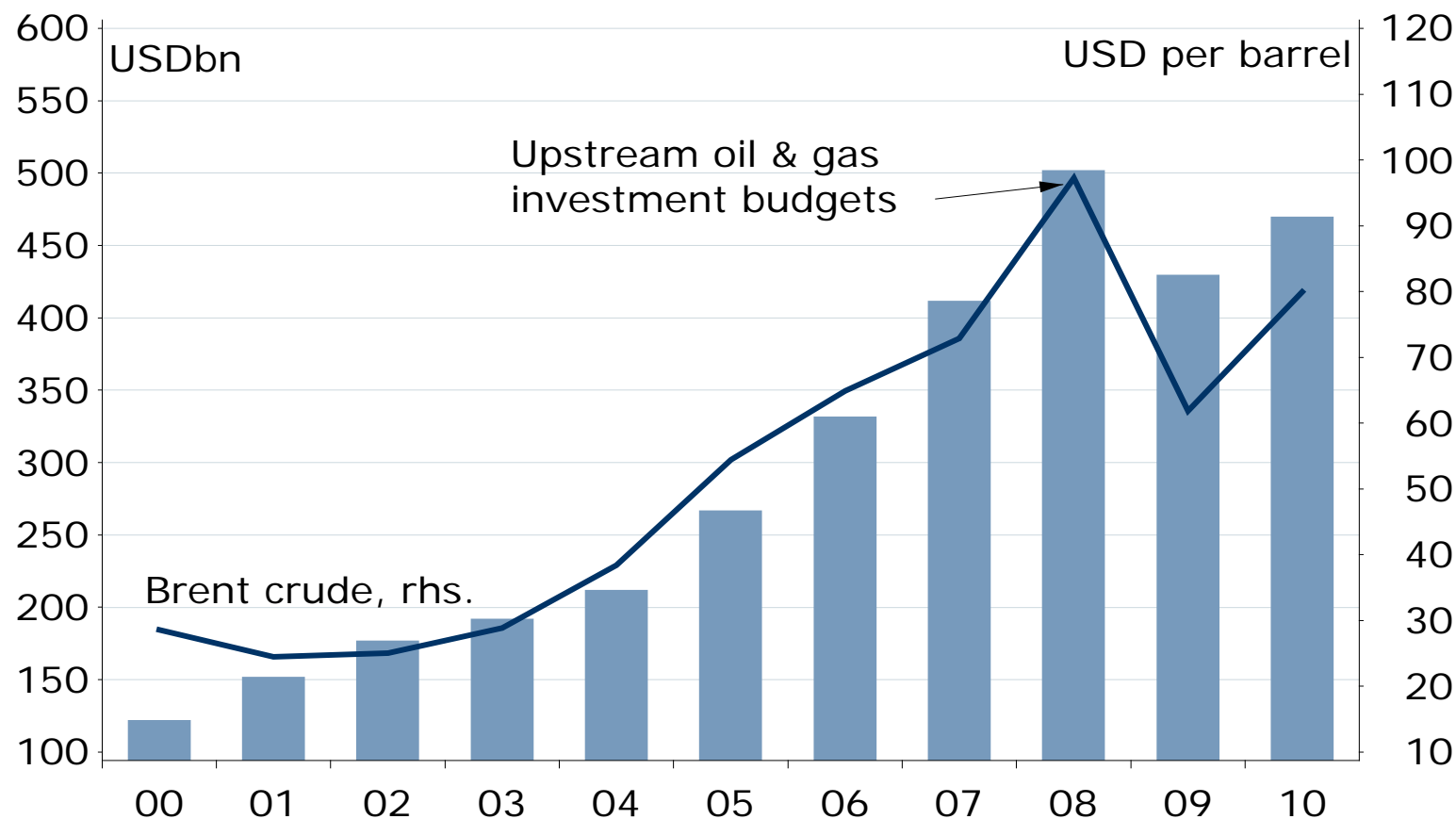
Japan crude and heavy fuel oil used in power generation - increased markedly after nuclear closedown in 2007

Supply adequate in the short term ...

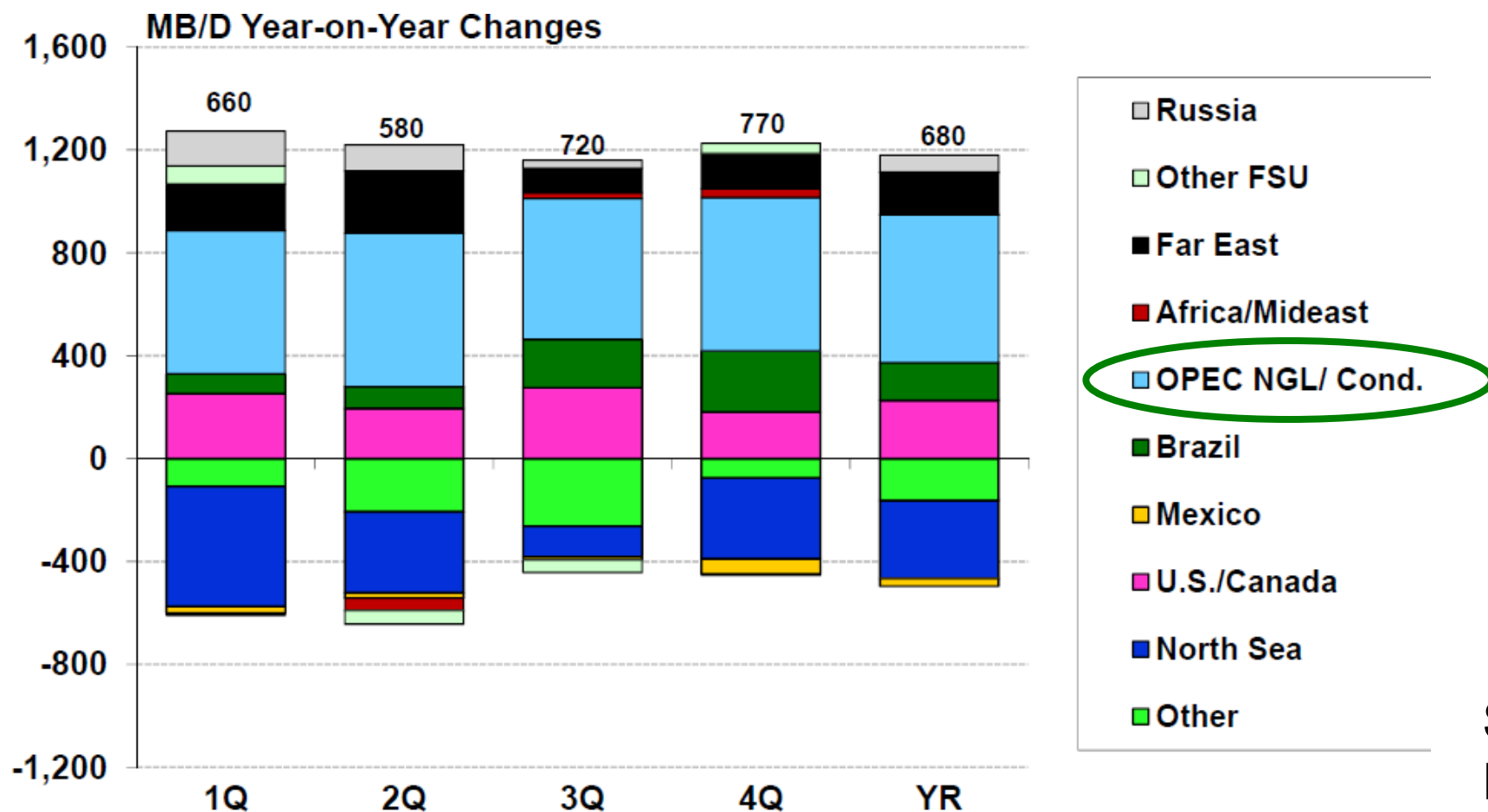
...but we may see a squeeze in the medium term



Higher oil prices have triggered investments,
but cost inflation is also rising...



Non-OPEC Supply growth – 2011 vs 2010



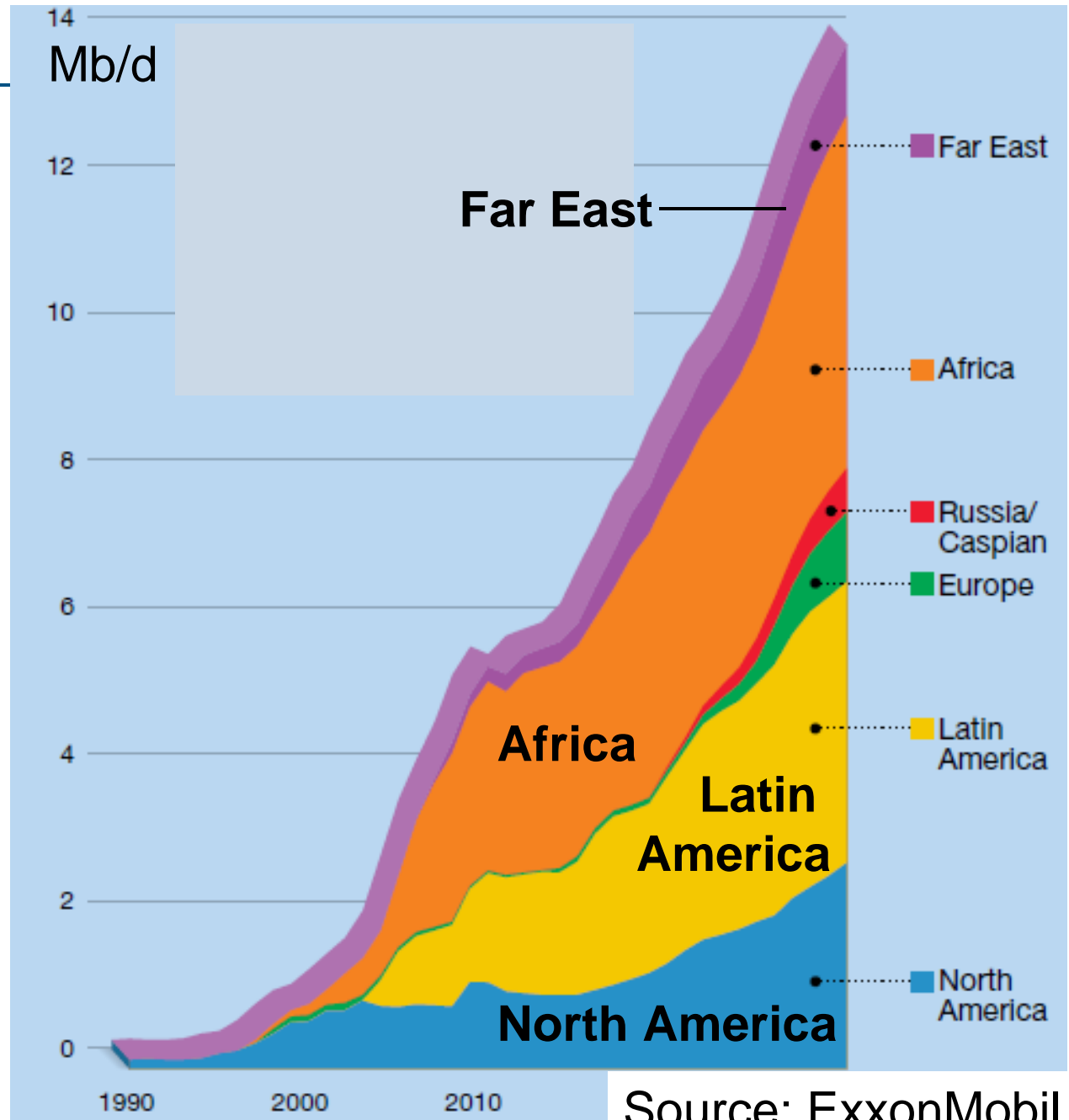
Source:
PIRA

Markets

Note: 2009 and 2008 exclude Angola and Ecuador and 2009 only Indonesia's growth is included

A growing share of oil production will come from deepwater from 5% of global supply today to around 10% or 14mb/d in 2030

The turbulence in North Africa/the Middle East can speed up this process and counterbalance the effect of Deepwater Horizon



Brazil to become a major oil producer by 2020.
Lack of skilled labour may push up production costs
and put new projects at risk

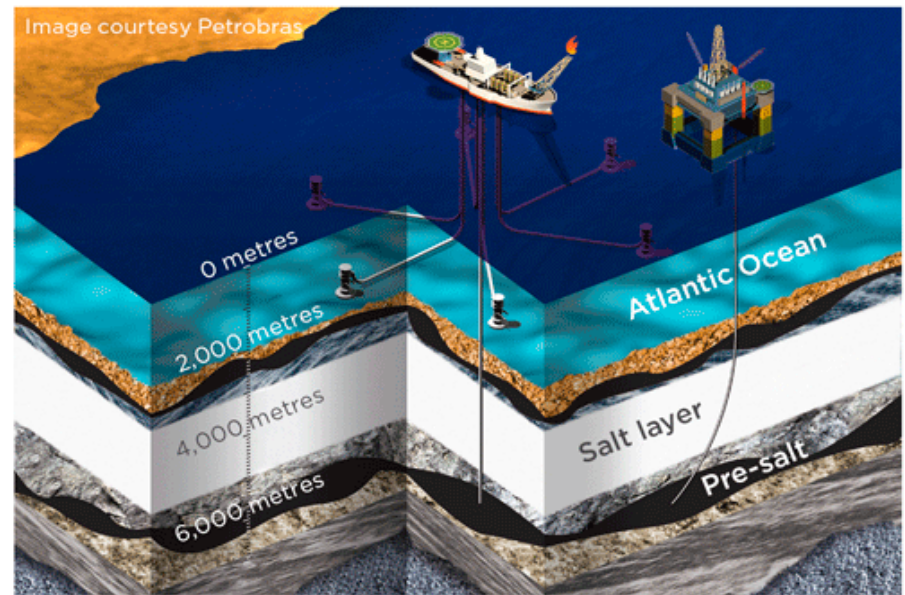
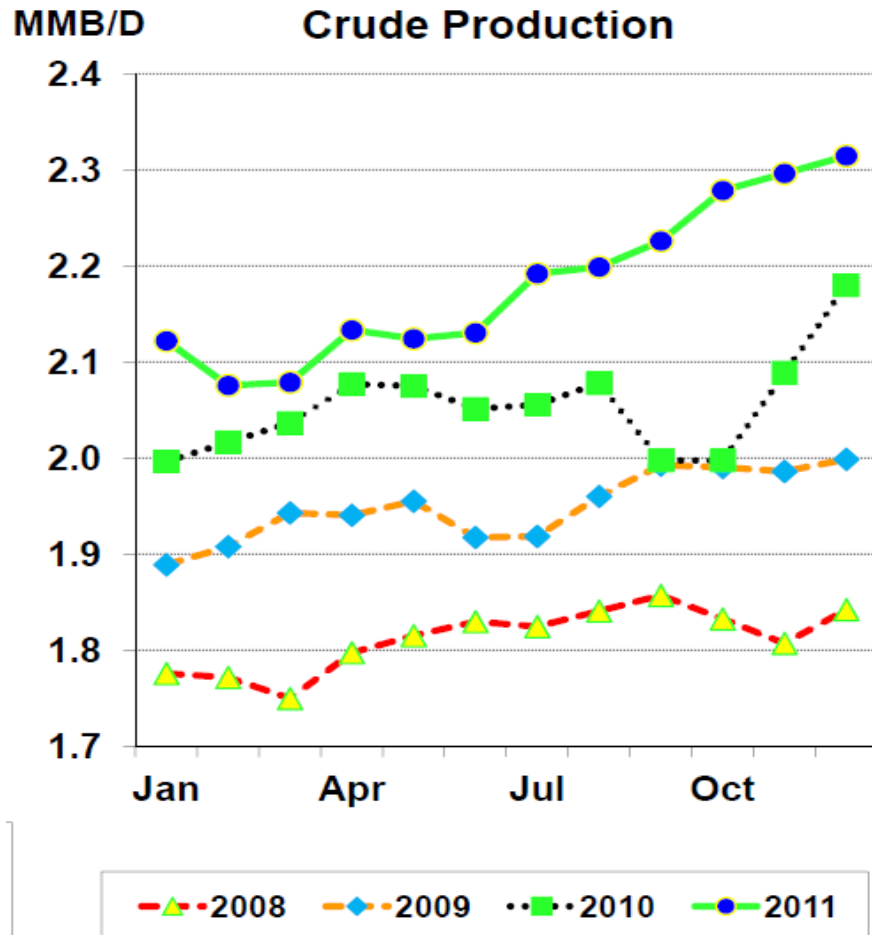


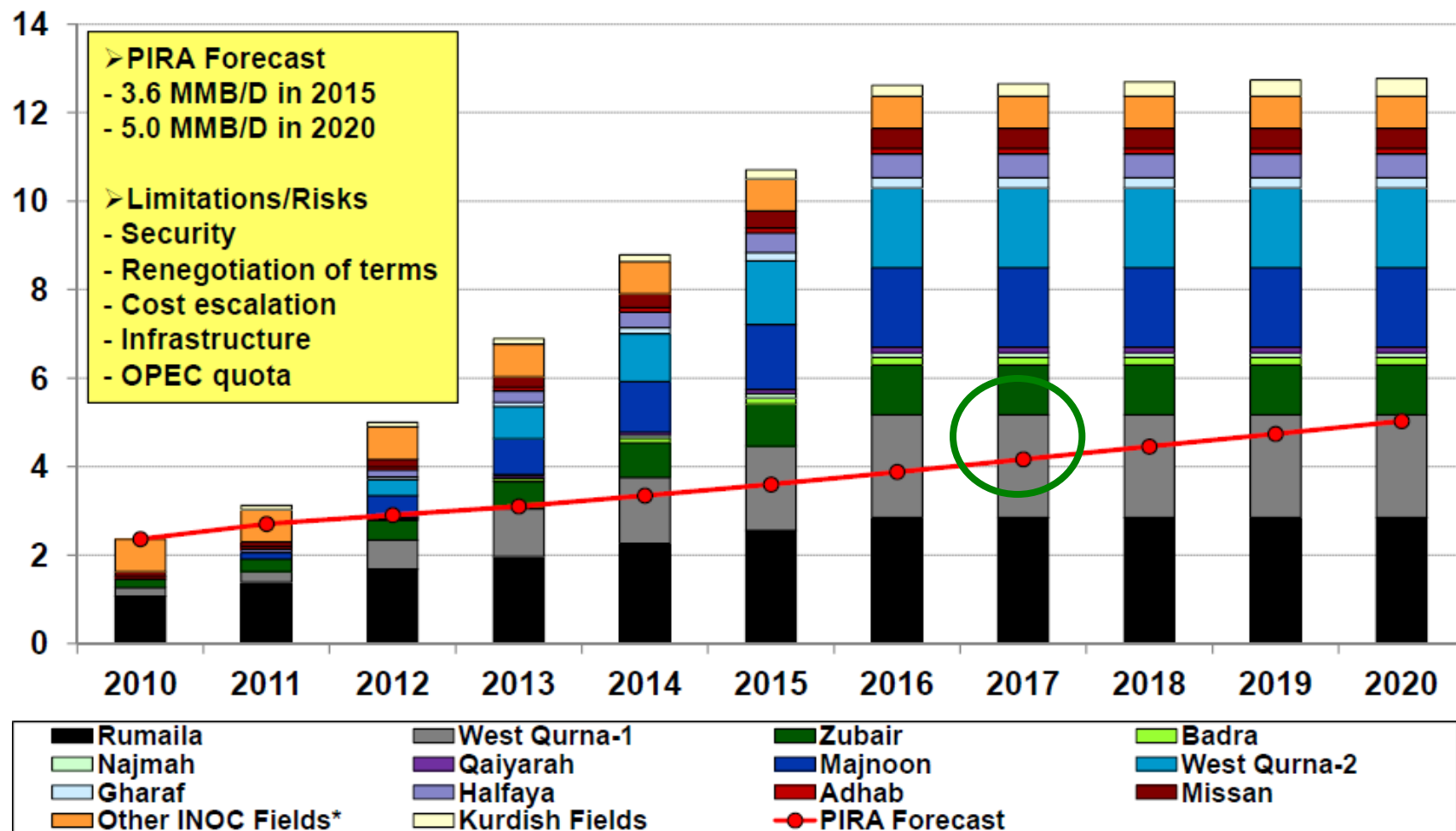
Illustration of oil extraction from Brazil's pre-salt reservoirs

Development of pre-salt fields requires huge investments including 28 drilling ships, 146 supply ships and 72 large tankers

Markets

Source: PIRA

Iraq potential is high, but lack of infrastructure, corruption and political turbulence put development at risk



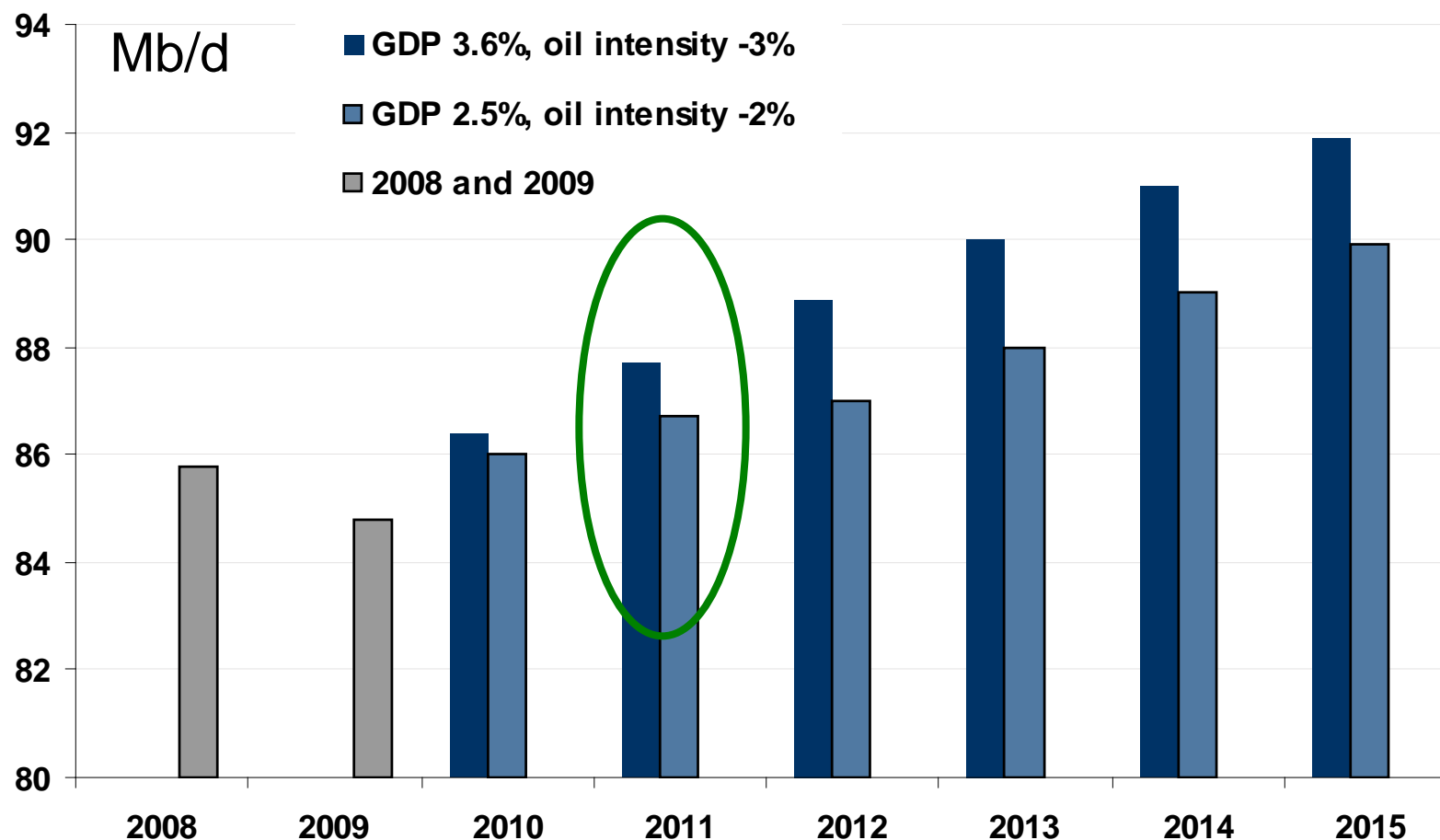
Economic growth and oil demand:

Reasons for optimism



Higher oil prices put pressure on economic growth Oil price spikes and US recessions

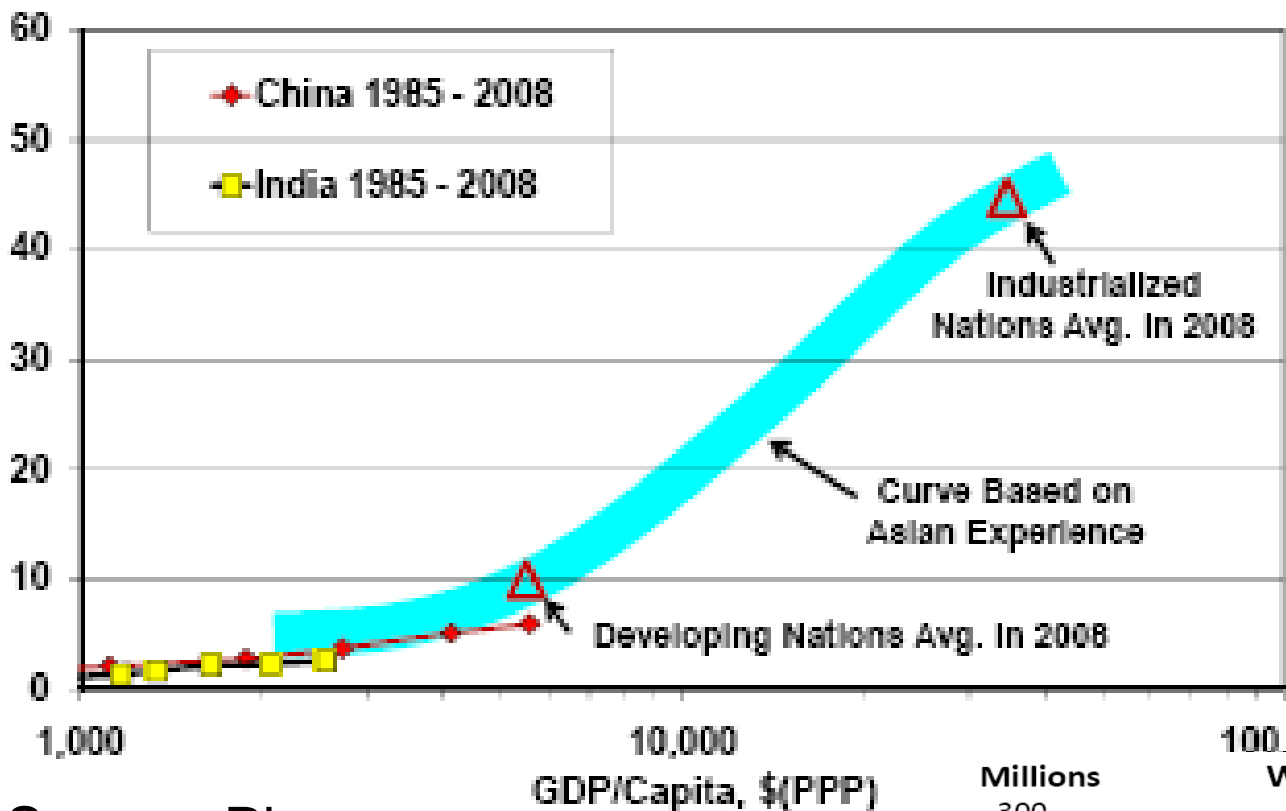
Oil demand expected to reach pre-crisis level in 2011



Source:
IEA

Markets

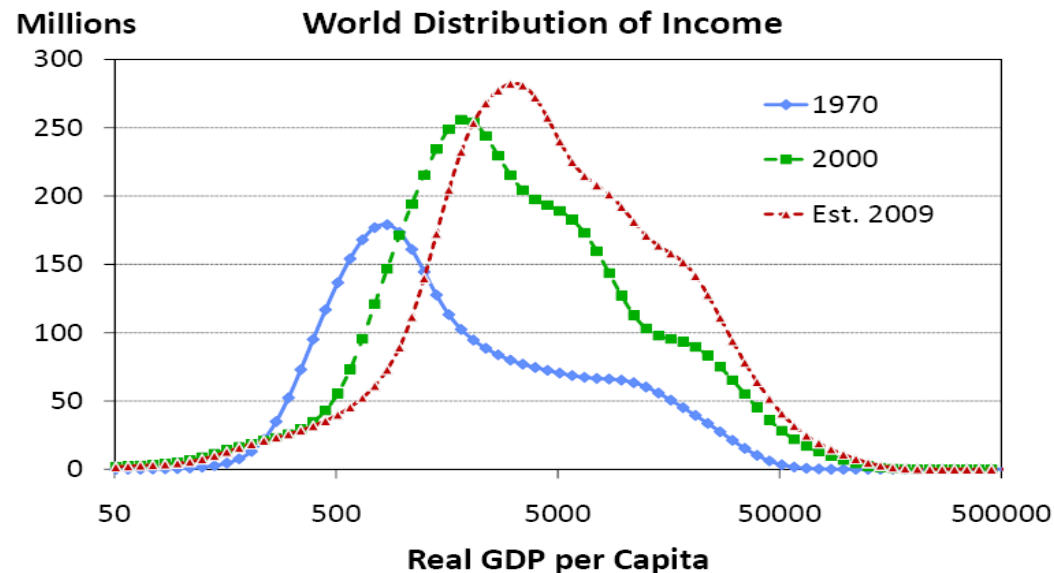
Oil/Capita, B/D per thousand



Growing middle class and urbanisation in countries with large populations will increase the demand for energy

Source: Pira

World distribution of income



1. Japan &
Nuclear power

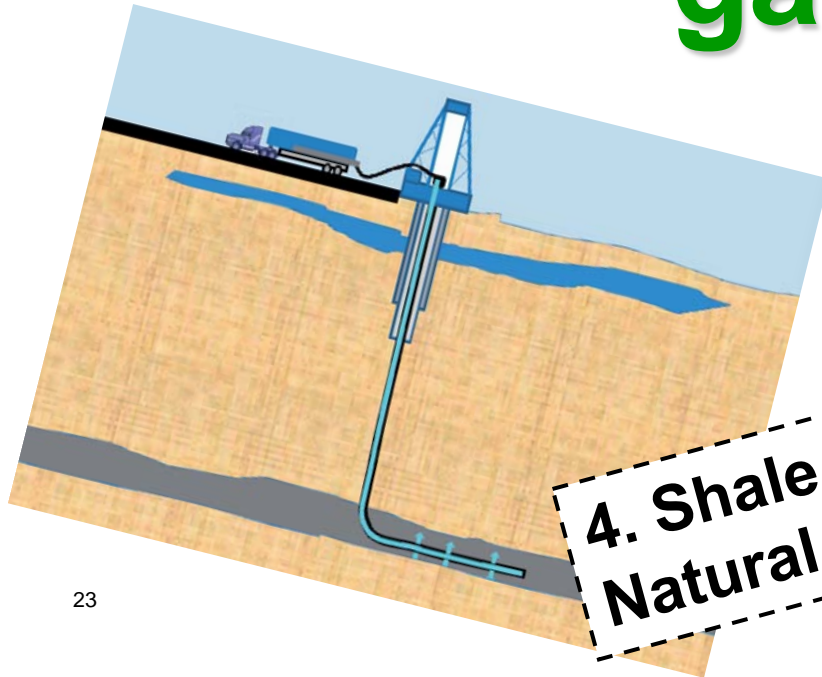


2. China's new 5-
years energy plan



The game changers of 2011?

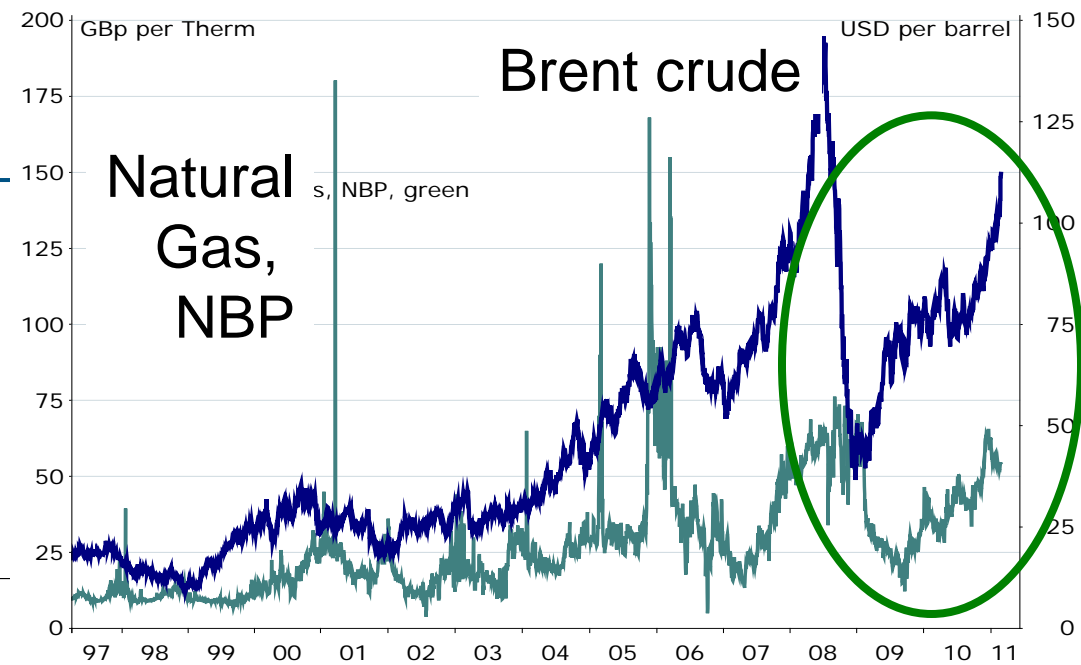
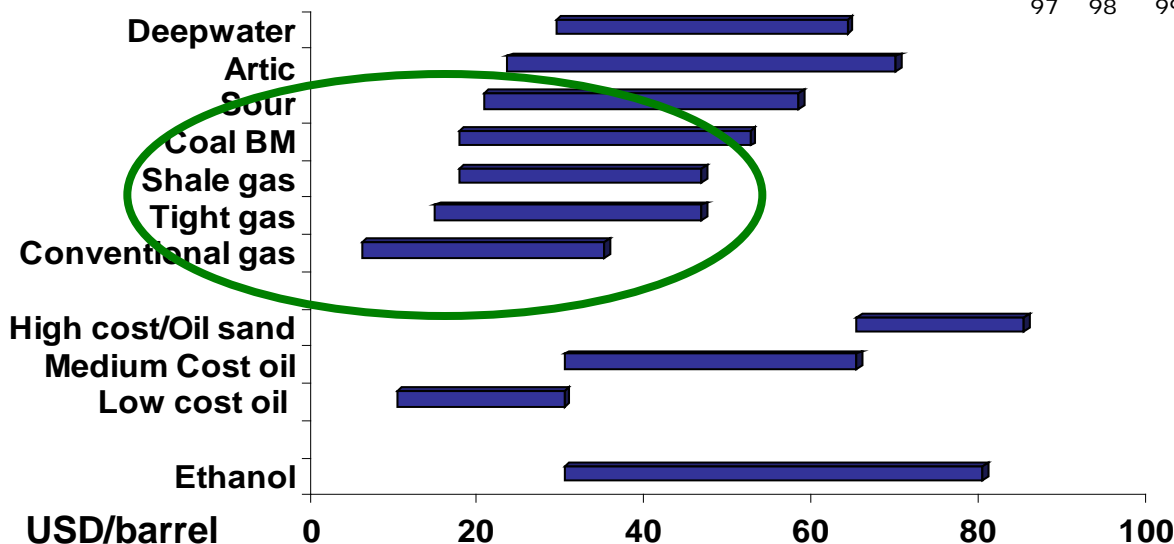
4. Shale gas &
Natural gas



3. Political
turbulence



The gas glut –
how long will it last?
We expect for some time ...



New technology has
reduced production costs
- shale gas competitive
with oil and coal

Source: FAO, IEA, Pira and Nordea. Indicative marginal costs.

Ethanol : Sugar beet Brazil (USD 30/barrel), maize USA (USD 58/barrel) and mixed input factors from Europe (USD 80/barrel). Source: FAO (Food and agricultural organization of the United States, "The State of Food and Agriculture, Rome, 2008), breakeven prices based on maize process prior to 2006.



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Correlation between oil prices, EUR/USD changes: inflation expectations, risk appetite and quantitative easing

