

# **Global Petroleum Markets: Lessons Learned**

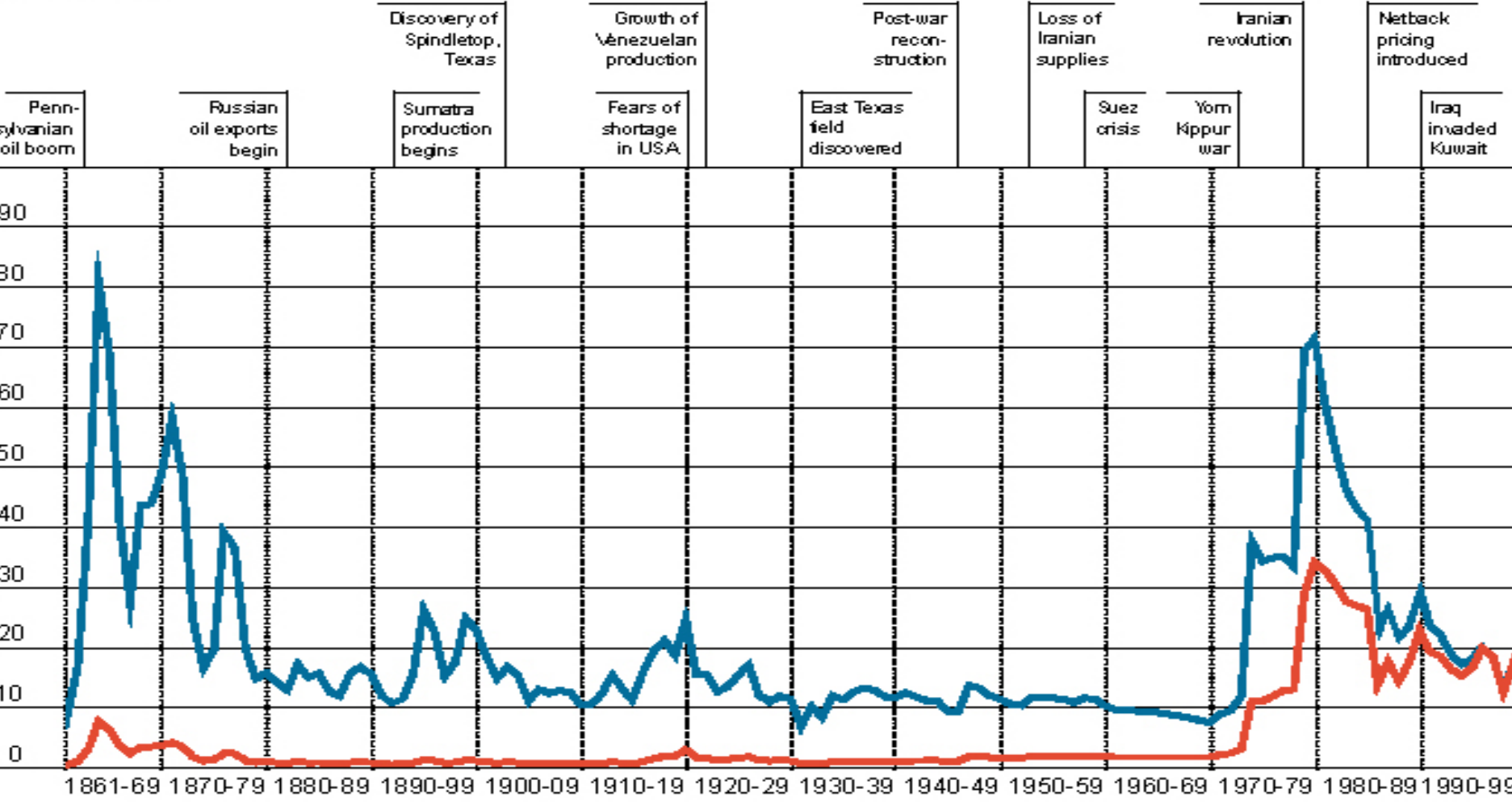
Paul Precht

Colin King

# Crude oil prices since 1861

US dollars per barrel

World events

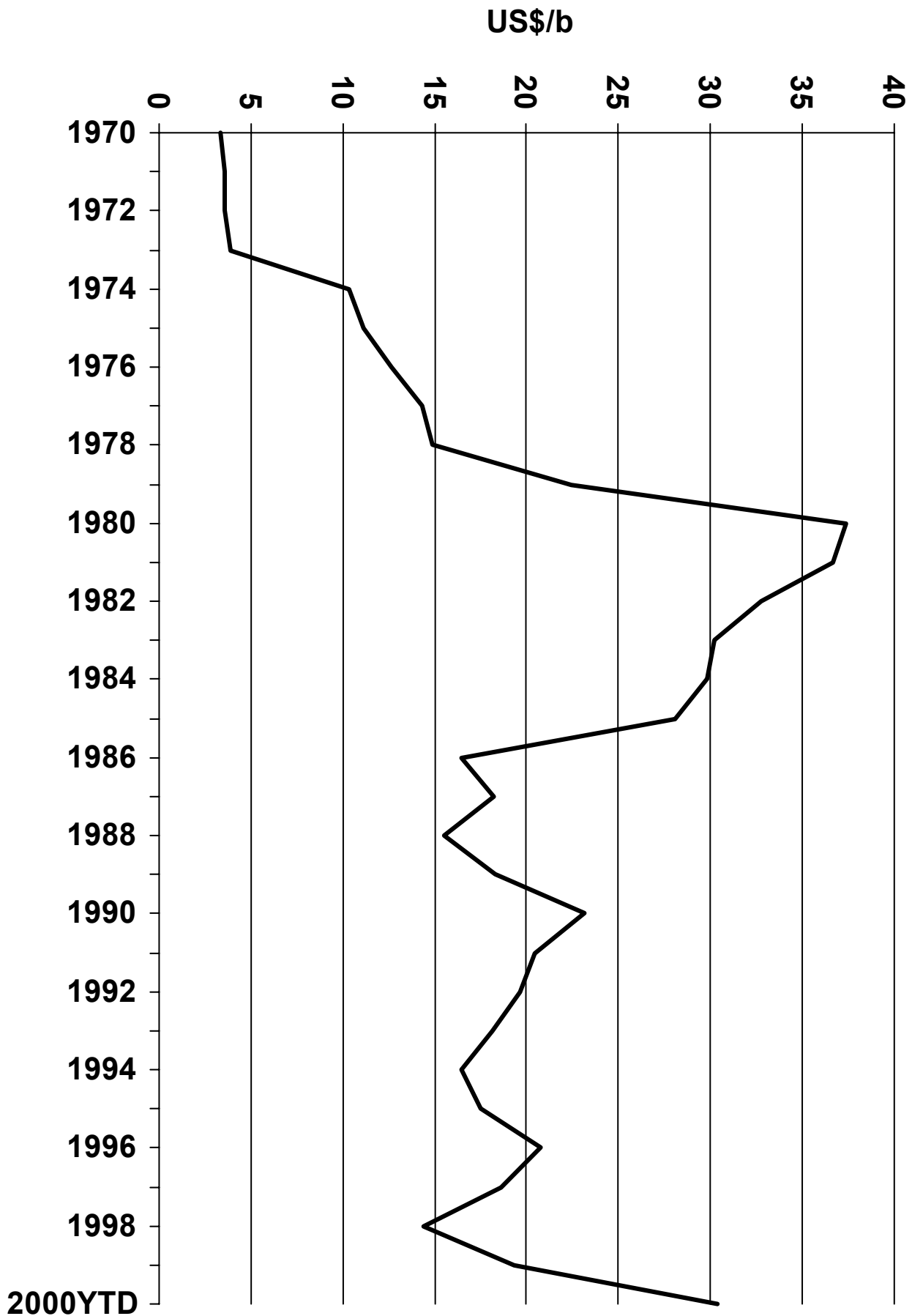


■ \$ money of the day   
 ■ \$ 1999

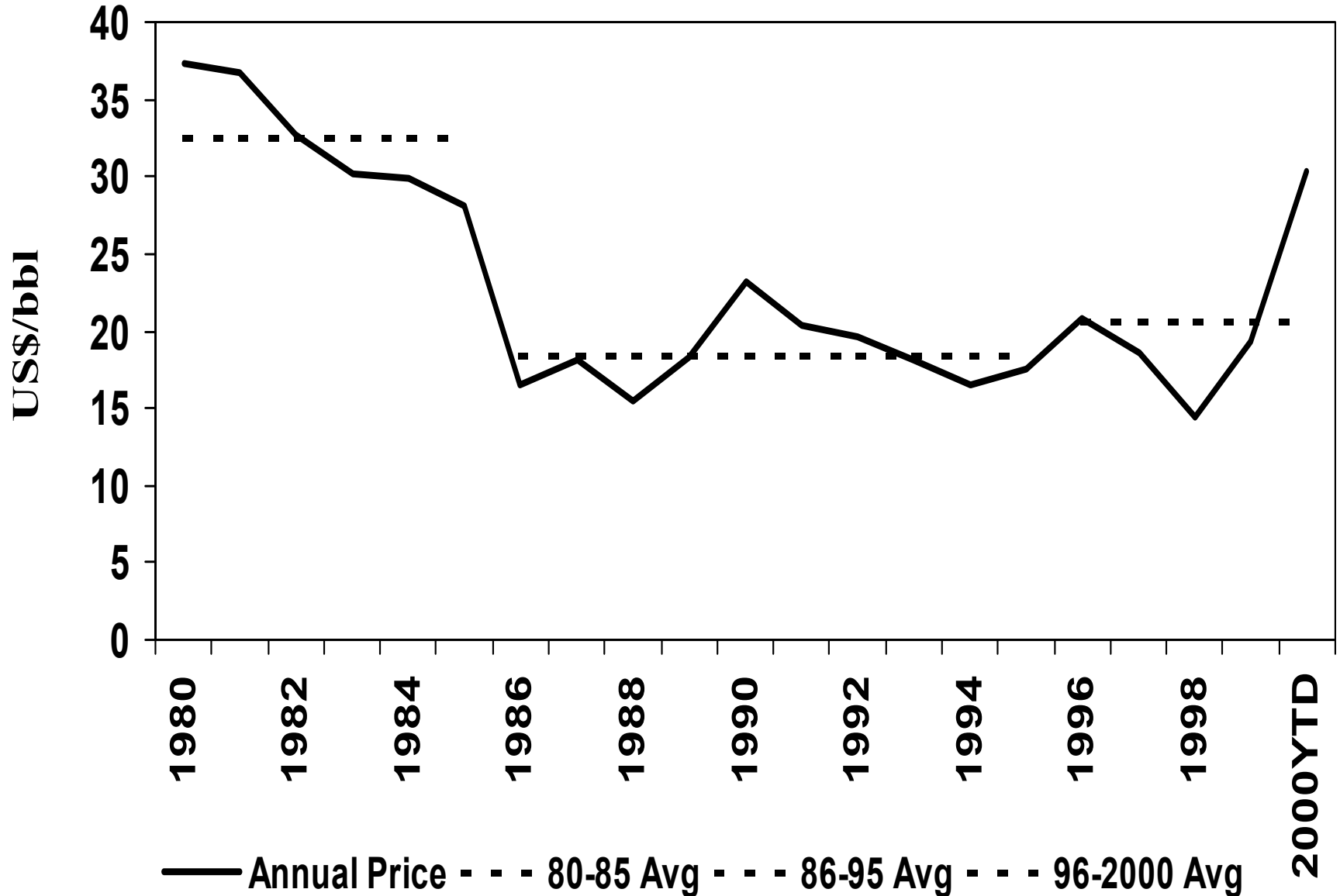
1861-1944 US average.  
 1945-1985 Arabian Light posted at Ras Tanura.  
 1986-1999 Brent spot.

Source: BP Statistical Review (2000)

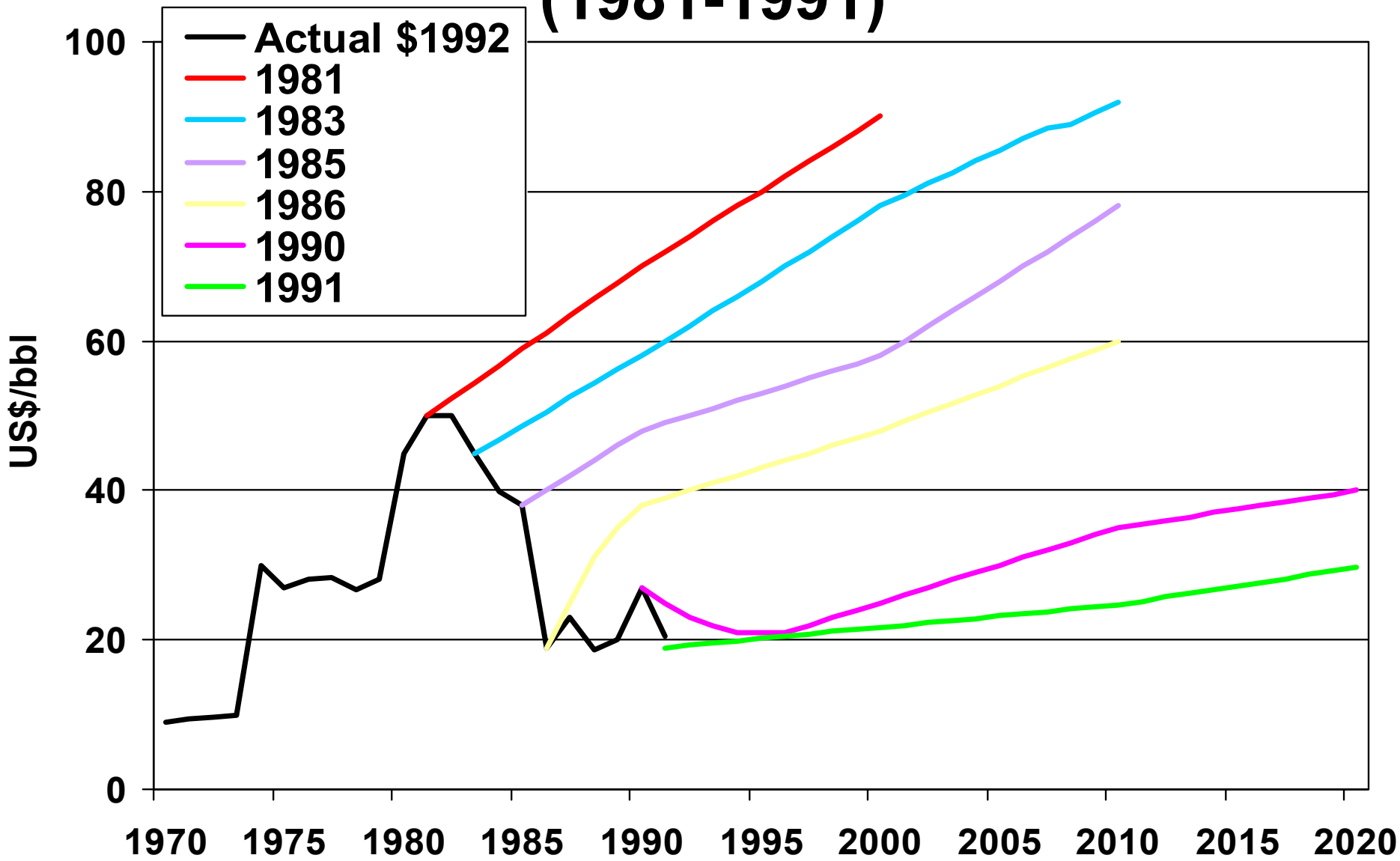
# Prices (1970 - 2000)



# Oil Prices (1980 - 2000)



# Oil Price Expectations (1981-1991)



# **The Bet: Paul Ehrlich (biologist) vs Julian Simon (economist)**

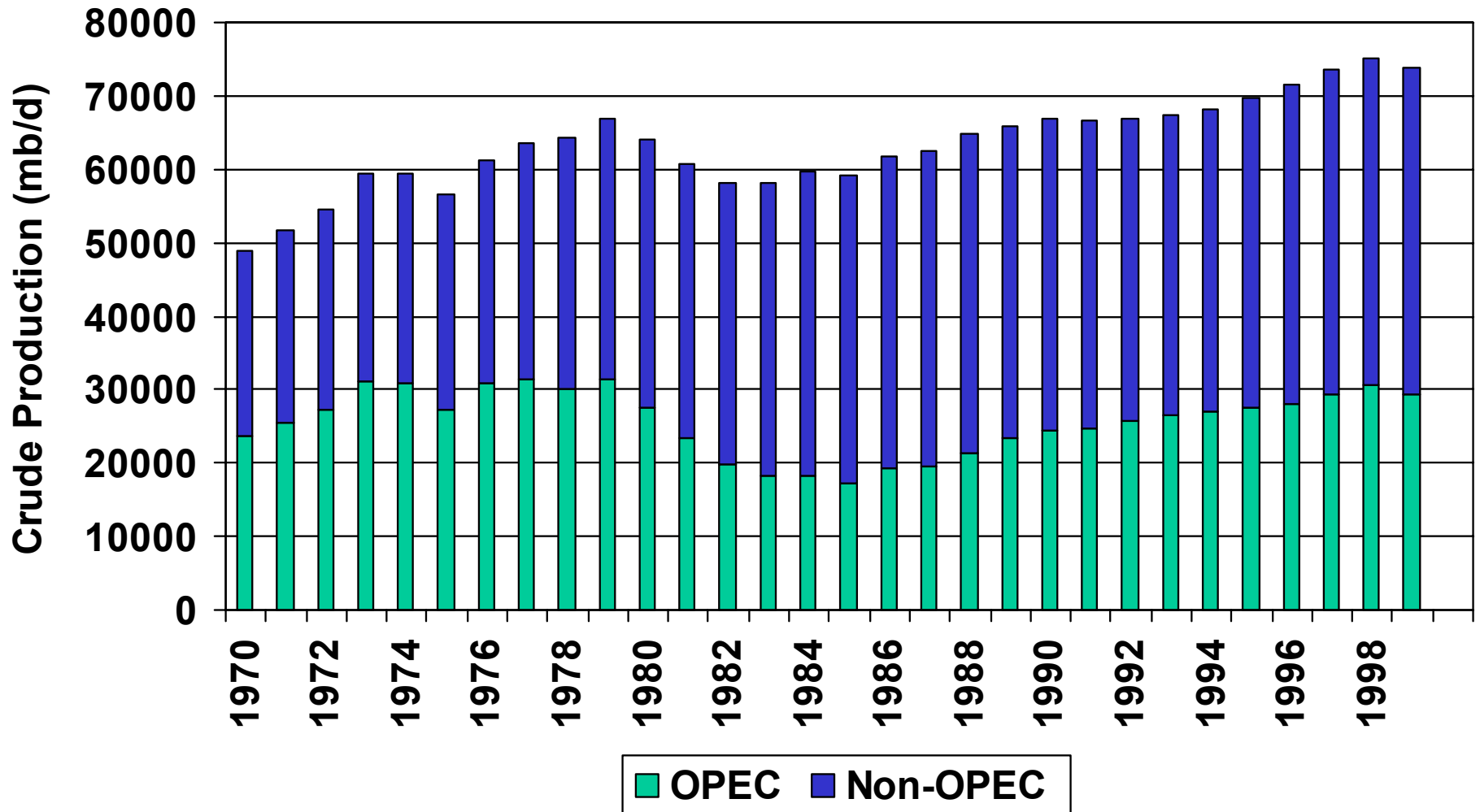
***“In 1980, Mr Simon challenged the popular (and still widely held) view that there were limits to growth; in particular that the earth’s natural resources were becoming so scarce that they would become ever costlier. He offered to bet that the prices of raw materials would actually fall.***

***Paul Ehrlich, a fierce critic of further growth, took up the bet. The two men agreed to check the prices of five metals-copper, chrome, nickel, tin and tungsten-in ten years’ time.***

***In 1990, as Mr Simon had predicted, all had fallen in price, even without allowing for inflation.”***

**Source: The Economist, Feb 21, 1998**

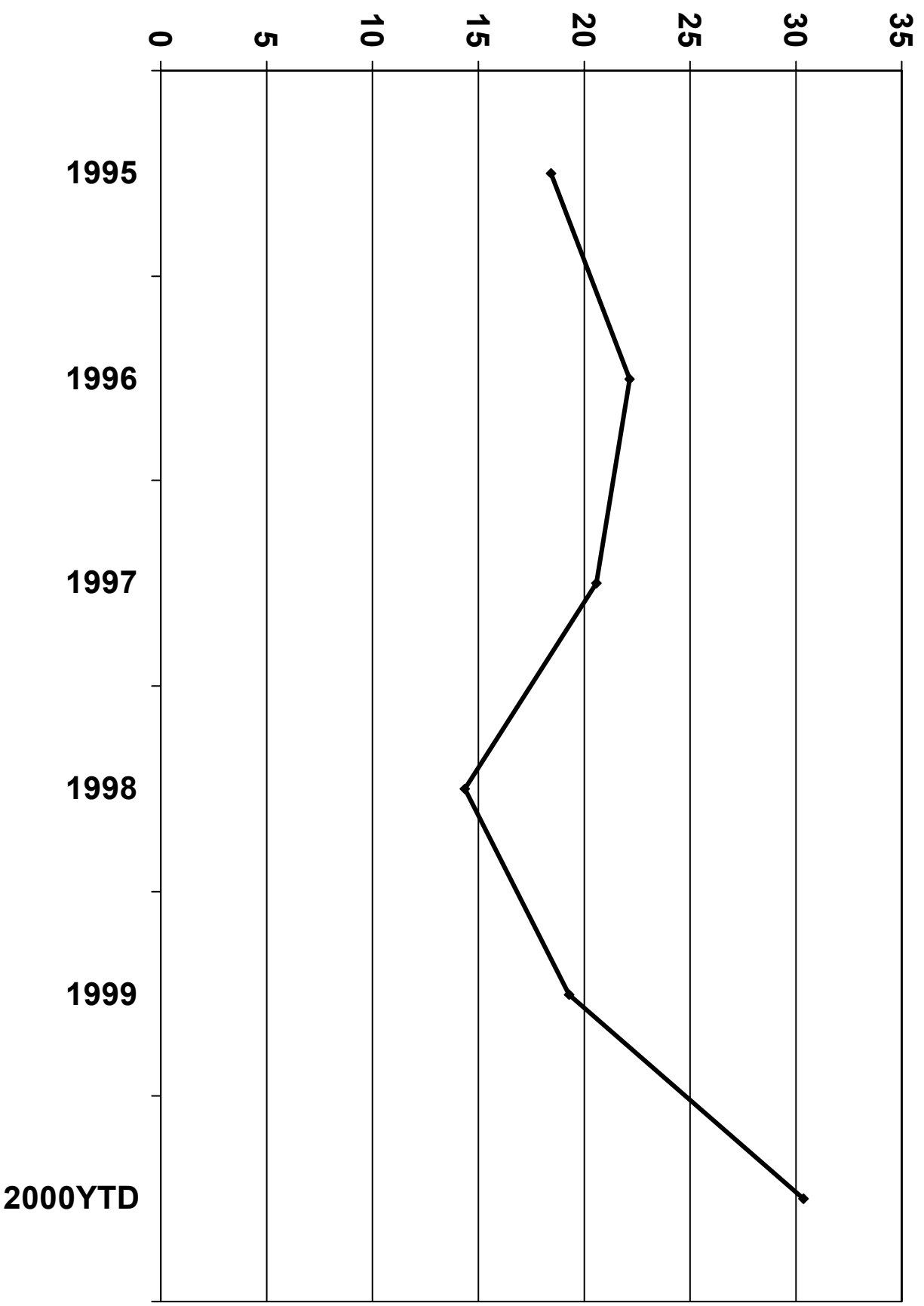
# Total World Crude Oil Production (1970 - 1999)



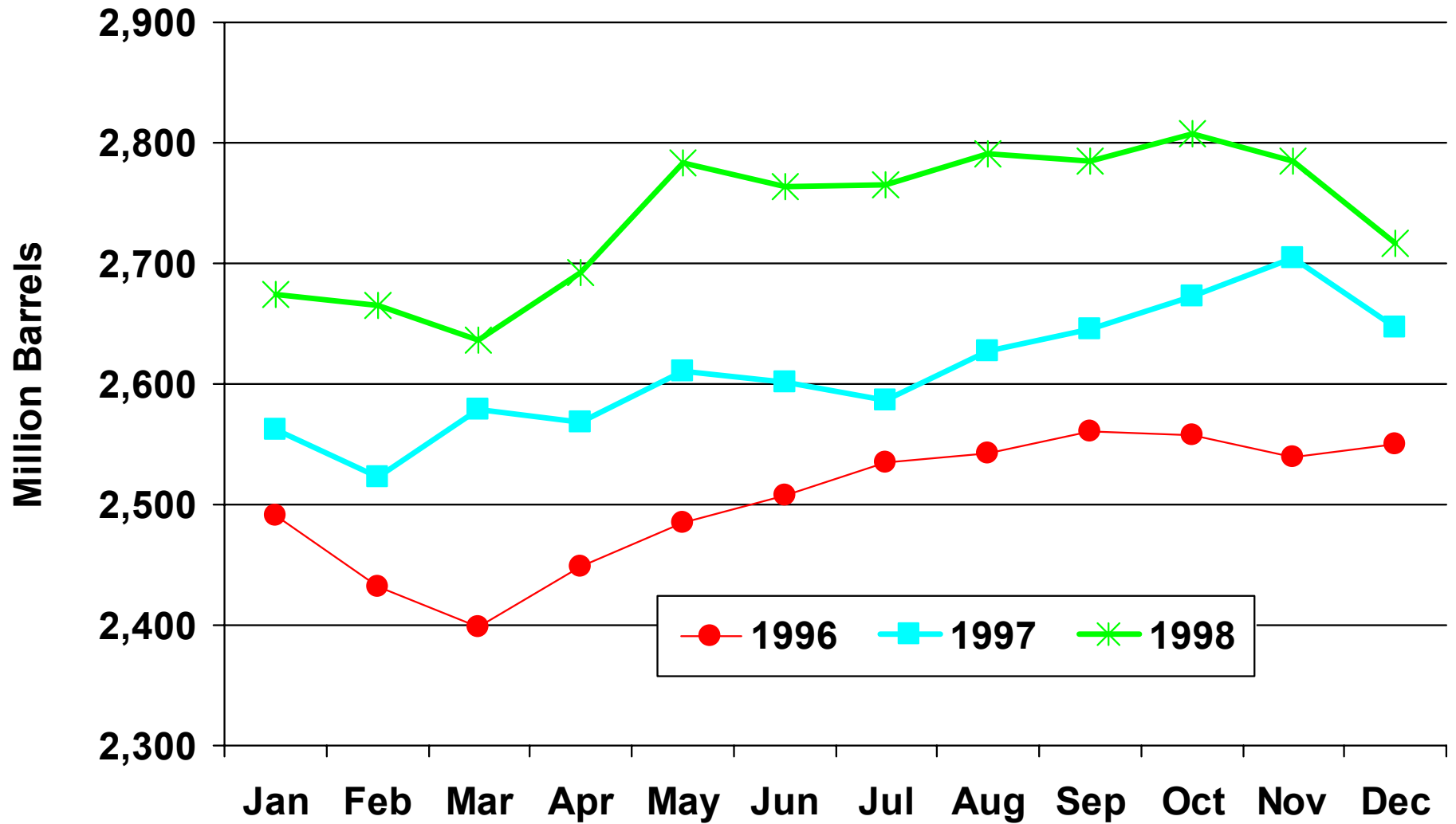
Source: EIA

# WTI Oil Prices (1995 - 2000YTD)

WTI NYMEX Prices (US\$/bbl)

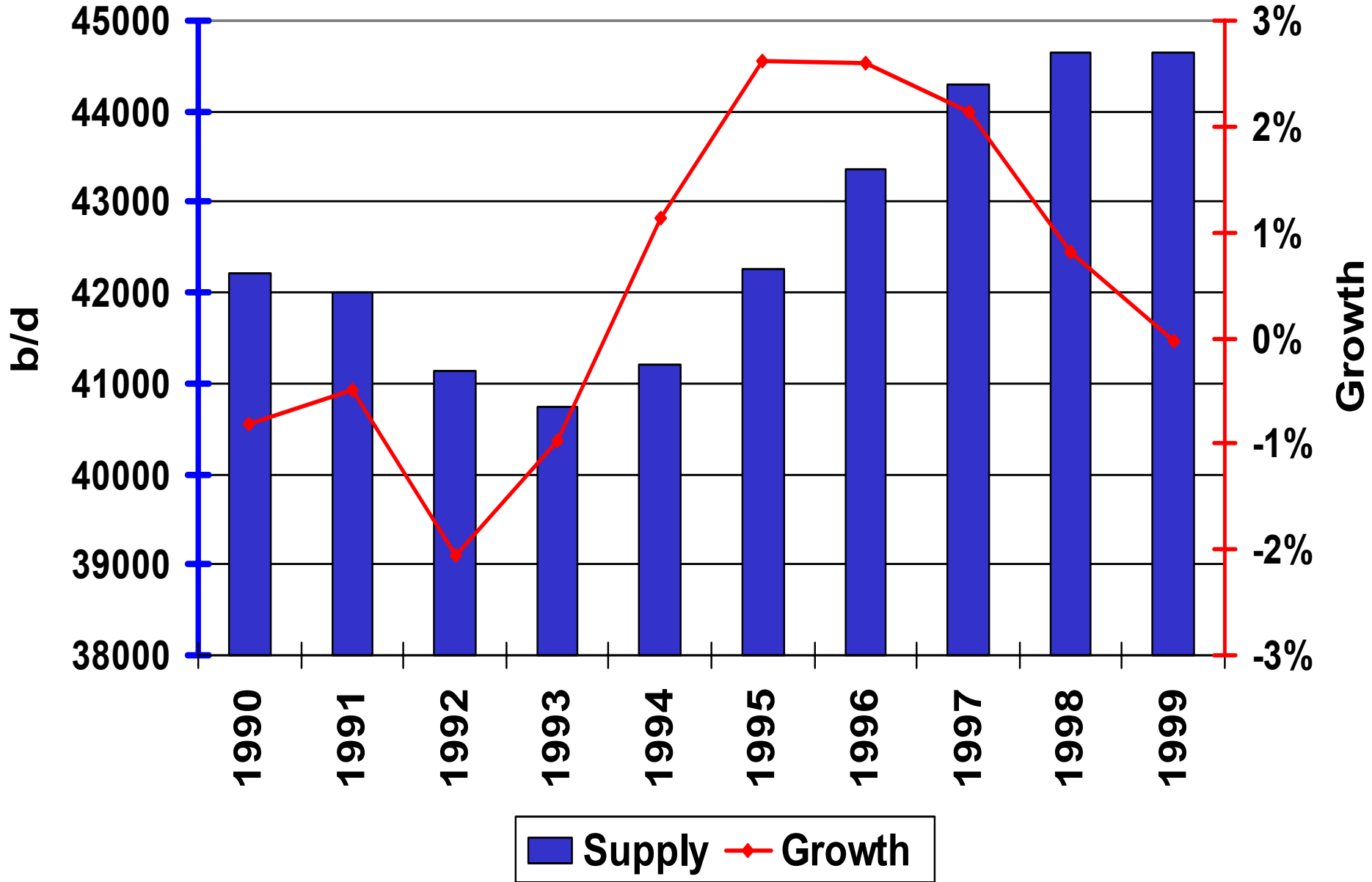


# OECD Crude & Product Stocks

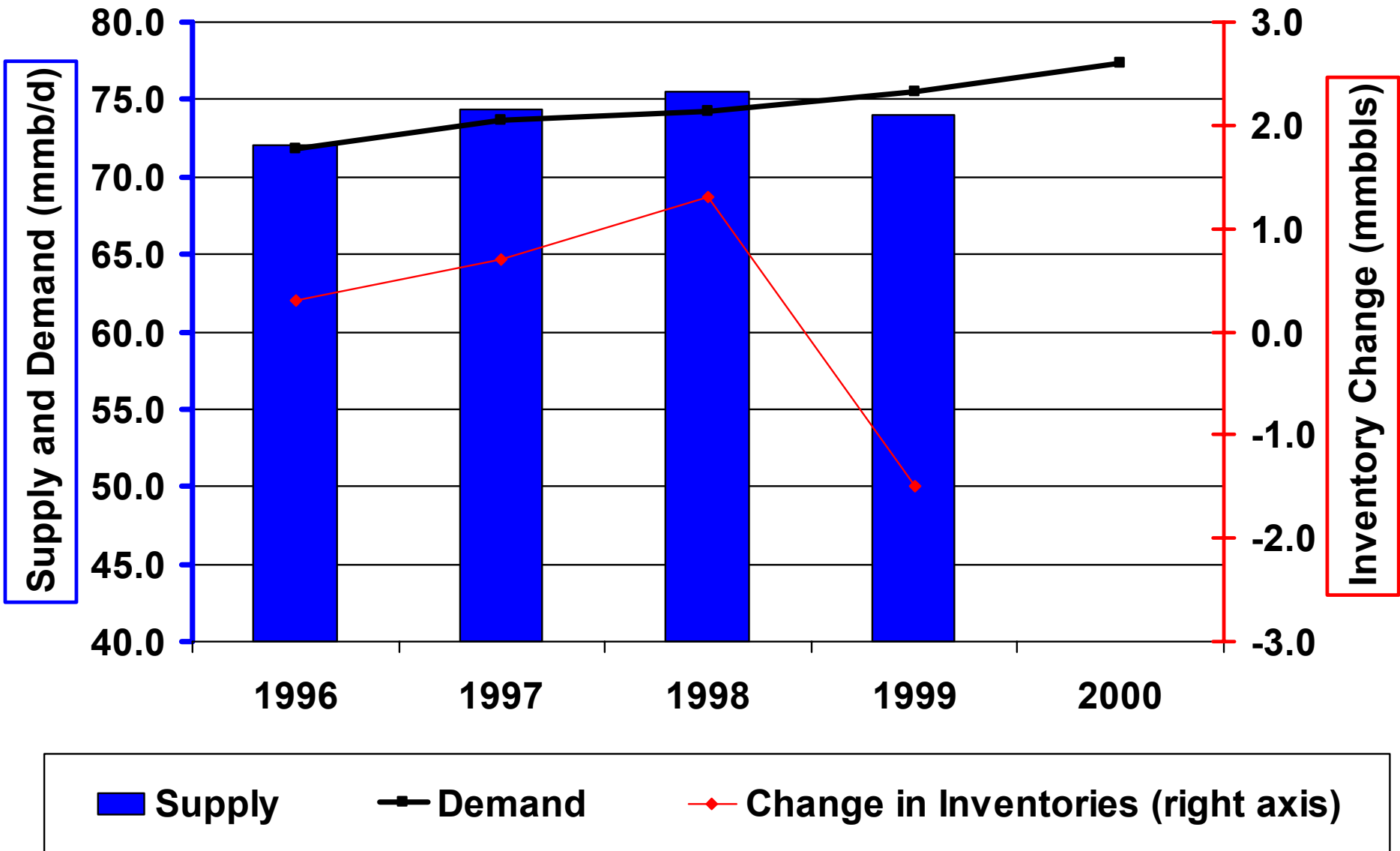


Source: IEA

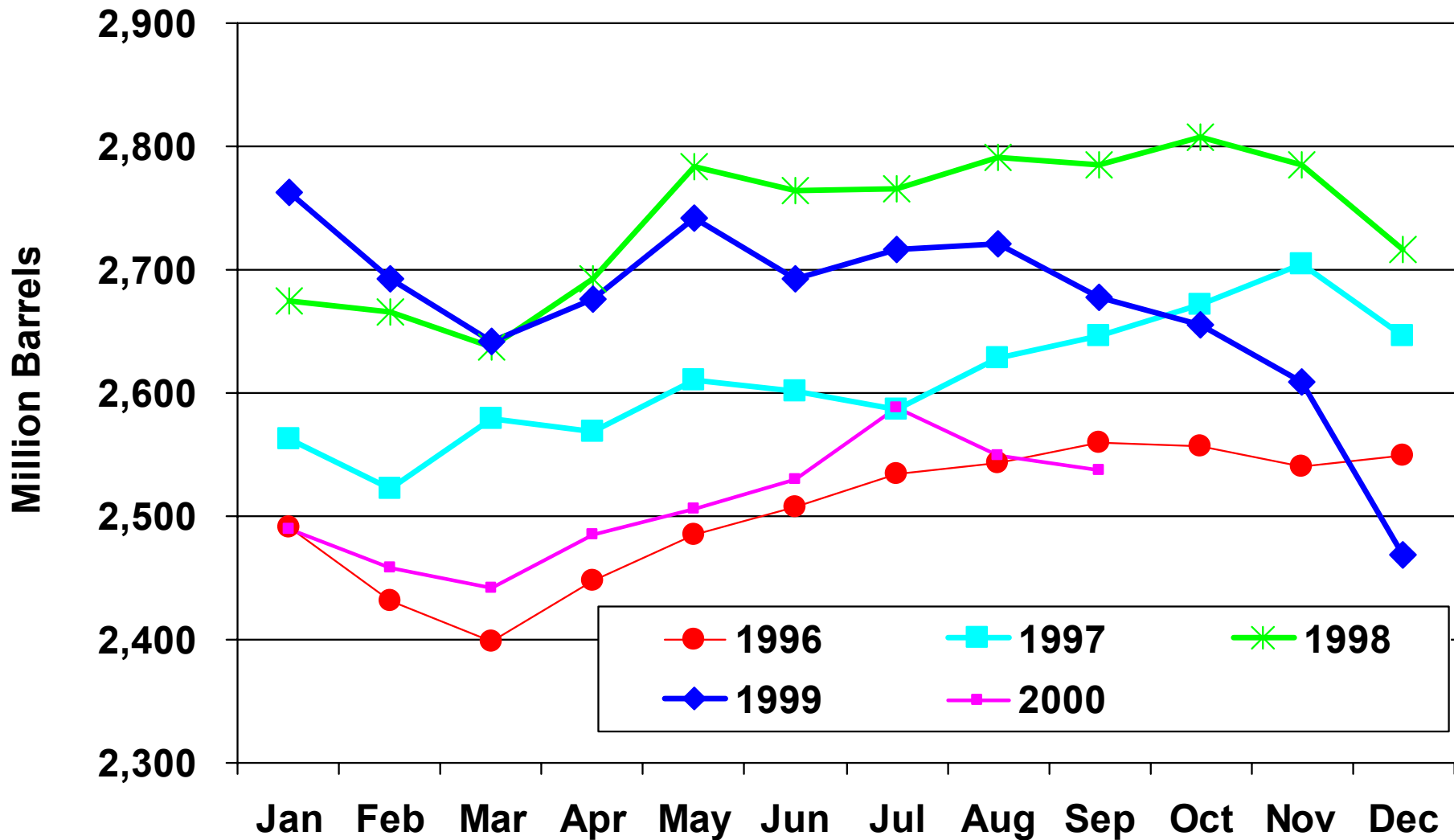
# Non-OPEC Supply (1990 - 1999)



# World Oil Supply and Demand (1996 - 2000)

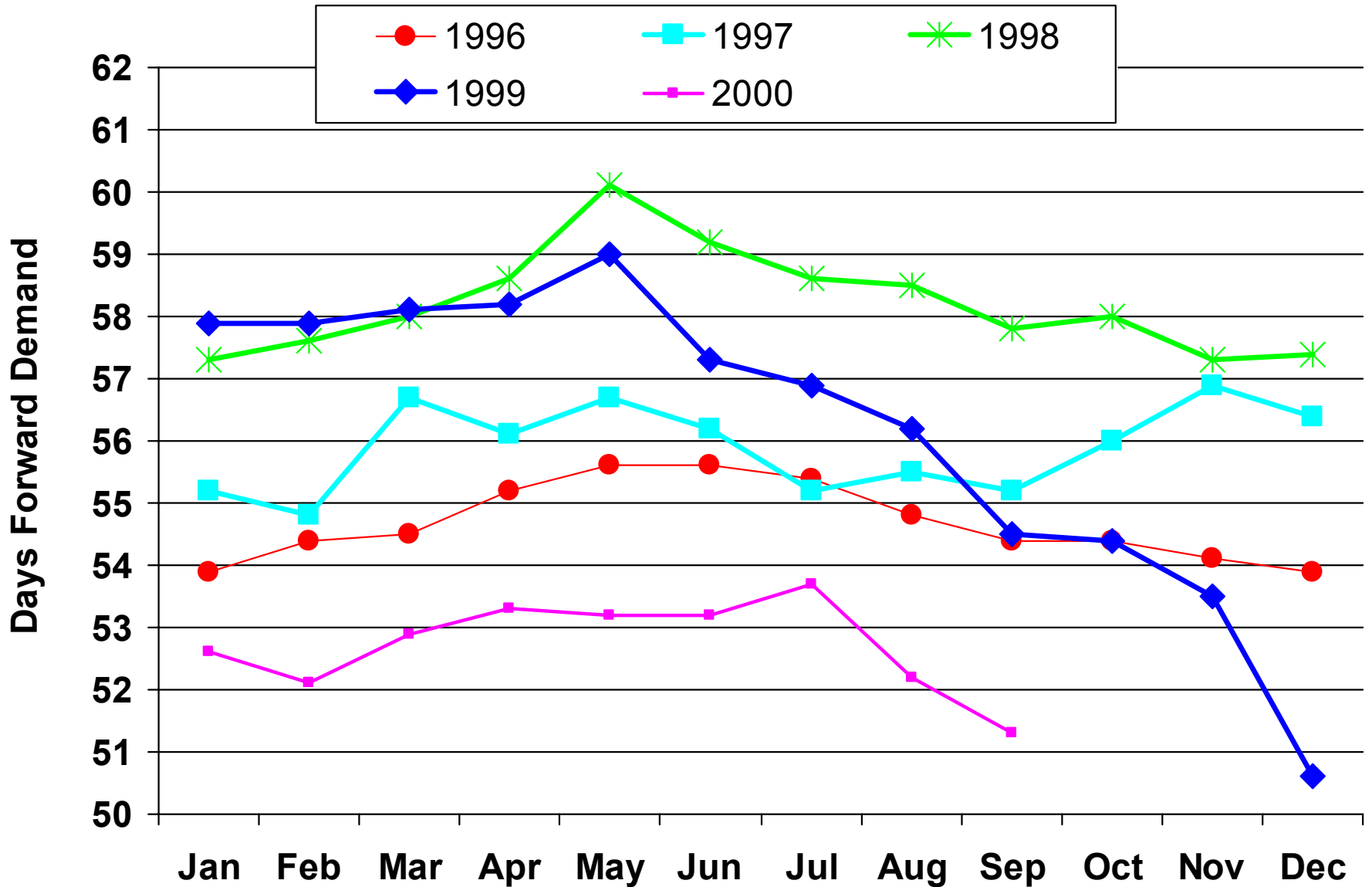


# OECD Crude & Product Stocks



Source: IEA

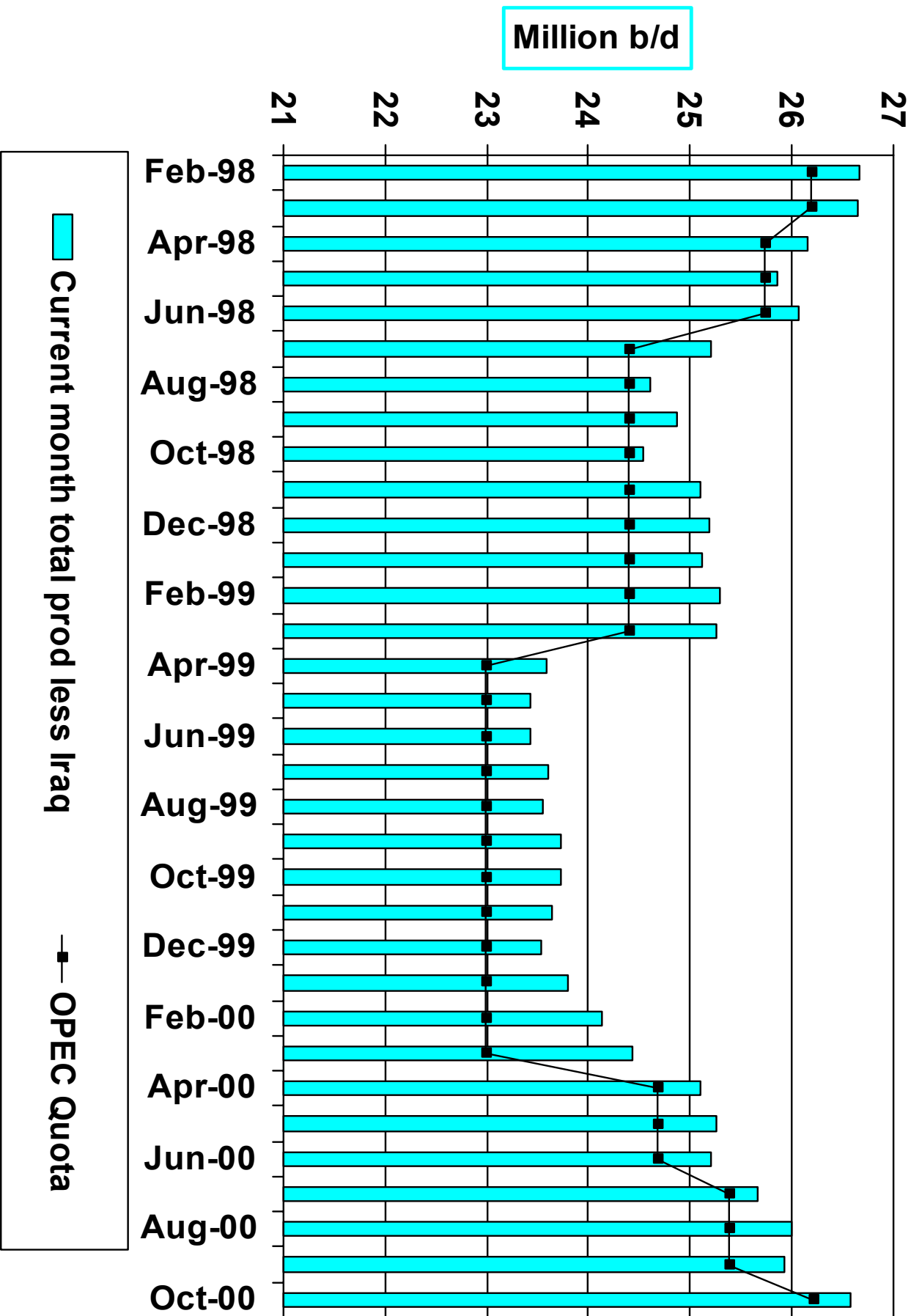
# OECD Crude & Product Stocks Days Forward Demand



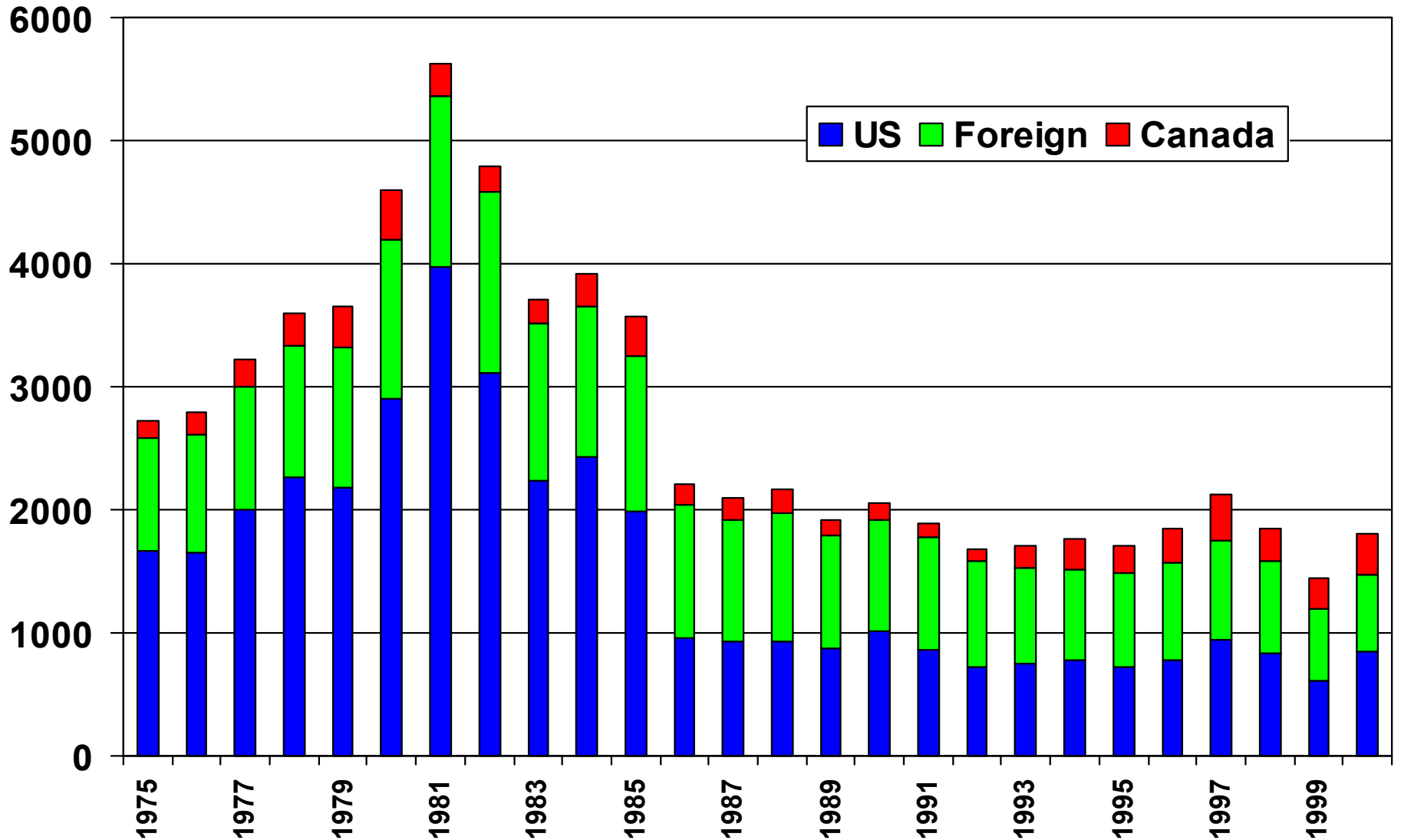
Source: IEA

# OPEC Crude Production and Quotas

(Feb 98 - Oct 2000)

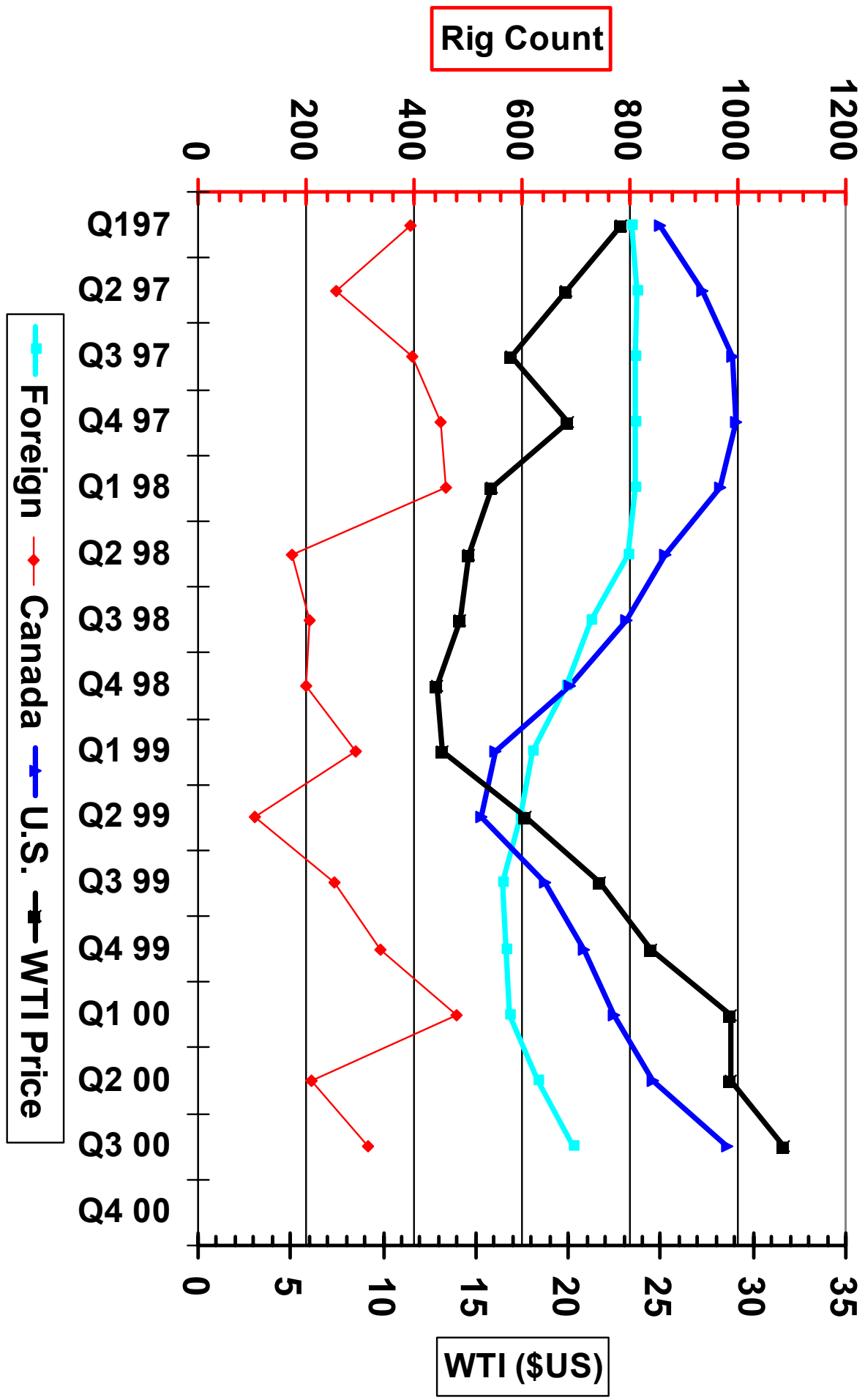


# International Rig Count



Source: BakerHughes

# Quarterly Rig Count



# The Economist

MARCH 6TH - 12TH 1999

TRADE  
WAR?

pages 20 and 65

MICROSOFT  
ON TRIAL

pages 21 and 57

# Drowning in oil



111424 LSR 00000092      Aug 21 99      9L      000176  
ALBERTA ENERGY      EA03      2      8  
LIB SERVICES      1155(G)  
9945-108TH ST 7TH FL  
EDMONTON AB, T5K 2G6  
CANADA

Canada ..... C\$1.95  
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Japan ..... US\$1.50  
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