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# OPEC's market share to shrink by 2020

**LONDON** (New agencies) – Global demand for OPEC's crude will be lower in 2020 than next year as supply from rivals proves more resilient than expected, potentially fuelling a debate on the merits of its strategy to let prices fall to hurt other producers.

The Organisation of the Petroleum Exporting Countries, which a year ago refused to cut supply to retain market share against higher-cost rivals, in its 2015 World Oil Outlook raised its global supply forecasts for tight oil, which includes shale, despite a collapse in prices.

Demand for OPEC crude will reach 30.70 million barrels per day (bpd) in 2020, OPEC said, lower than 30.90 million bpd next year. The expected demand from OPEC in 2020 is about 1 million bpd less than it is currently producing.

Oil has more than halved its price in 18 months and sank to an 11-year low of \$36.04 a barrel this week. The drop has helped to boost oil's medium-term use, although OPEC said the demand stimulus of low crude prices will fade over time.

"The impact of the recent oil price decline on demand is most visible in the short term," OPEC Secretary-General Abdullah al-Badri wrote in the foreword to the report. "It then drops away over the medium term."

OPEC is increasingly divided over the merits of the 2014 shift to a market-share strategy, which was led by Saudi Arabia and its Gulf allies, and at a Dec. 4 meeting failed to agree a production ceiling for the first time in decades.

Nonetheless, the report shows that the medium-term outlook – from

OPEC's point of view as the supplier of a third of the world's oil – has improved. In the 2014 edition, demand for OPEC crude was expected to fall to 29.0 million bpd by 2020.

OPEC said it stopped modeling work on the report in mid-year, since when it has updated its forecast of 2016 non-OPEC supply to a decline. OPEC figures in the report do not include Indonesia, which rejoined in December.

The main figures in the report showing OPEC medium-term market share under pressure are unchanged from those in a confidential OPEC report **Reuters** obtained in November.

OPEC initially downplayed the impact of shale oil, although its annual outlook in 2012 acknowledged for the first time that the effect could be "significant".