

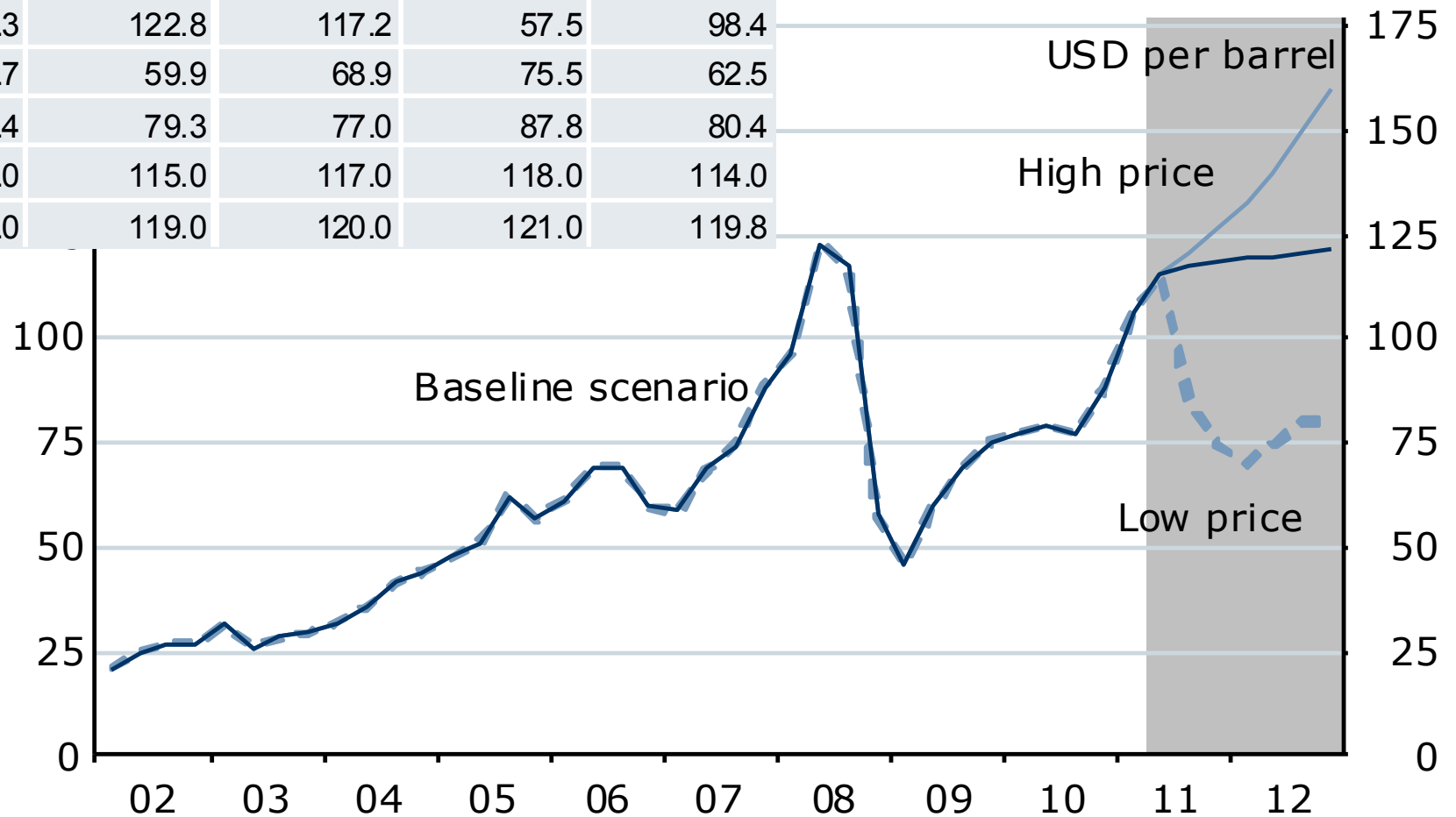
Politisk uro skaper store svingninger i oljeprisen

Thina Margrethe Saltvedt
Mai 2011

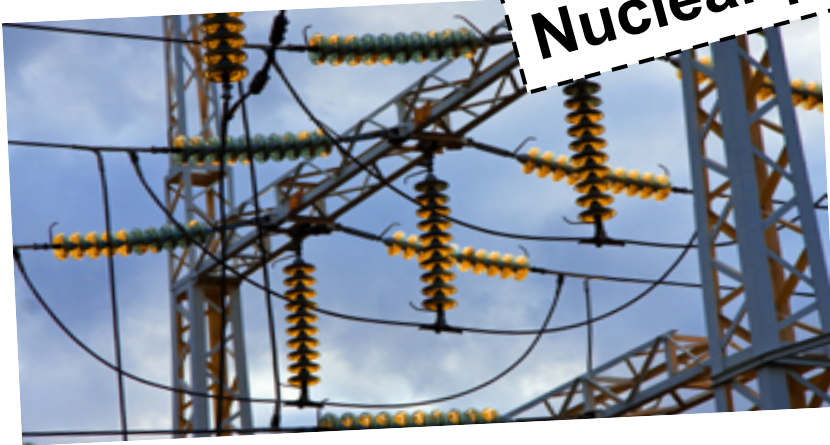


Oil price rally may put world economic growth at risk

	Q1	Q2	Q3	Q4	Year
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	115.0	117.0	118.0	114.0
2012E	119.0	119.0	120.0	121.0	119.8



1. Japan &
Nuclear power

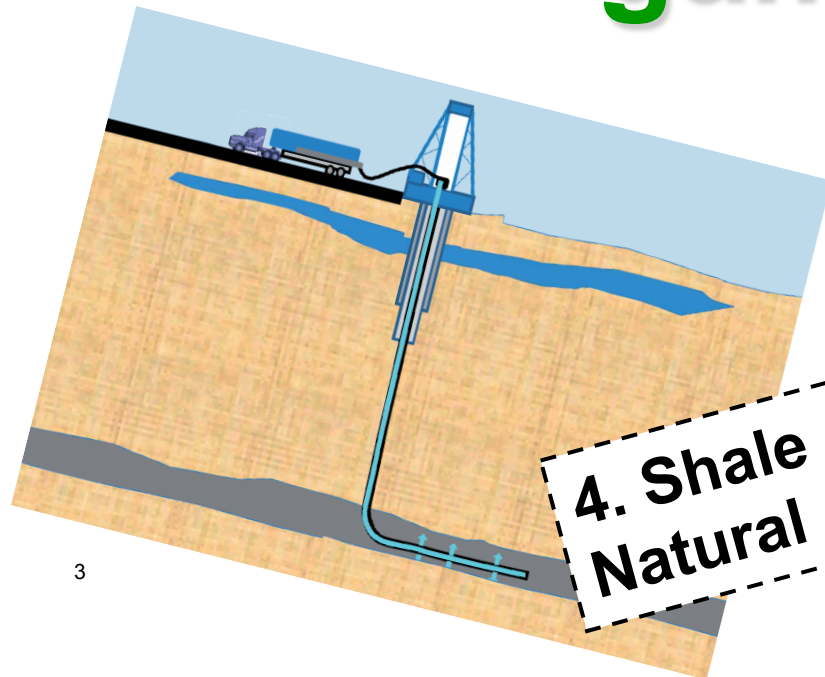


2. China's new 5-
years energy plan

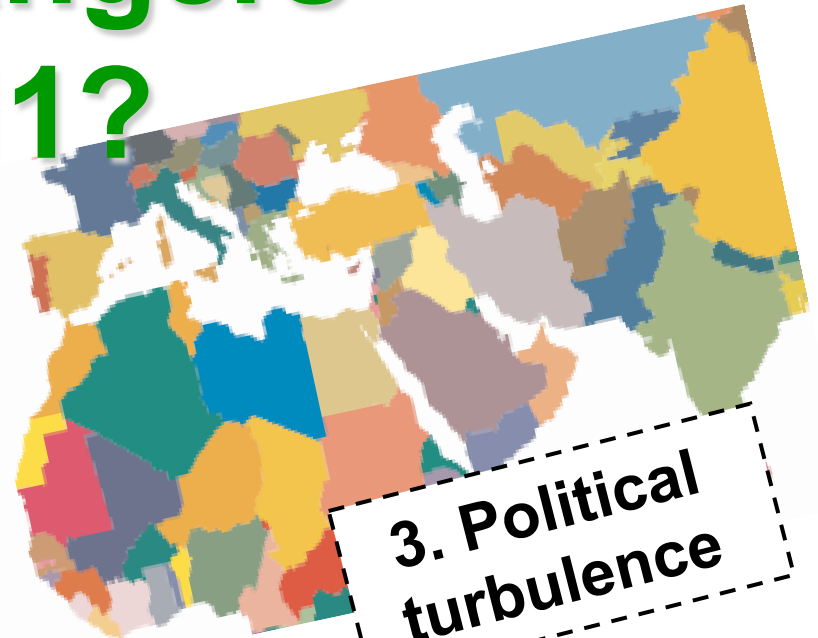


The game changers of 2011?

4. Shale gas &
Natural gas



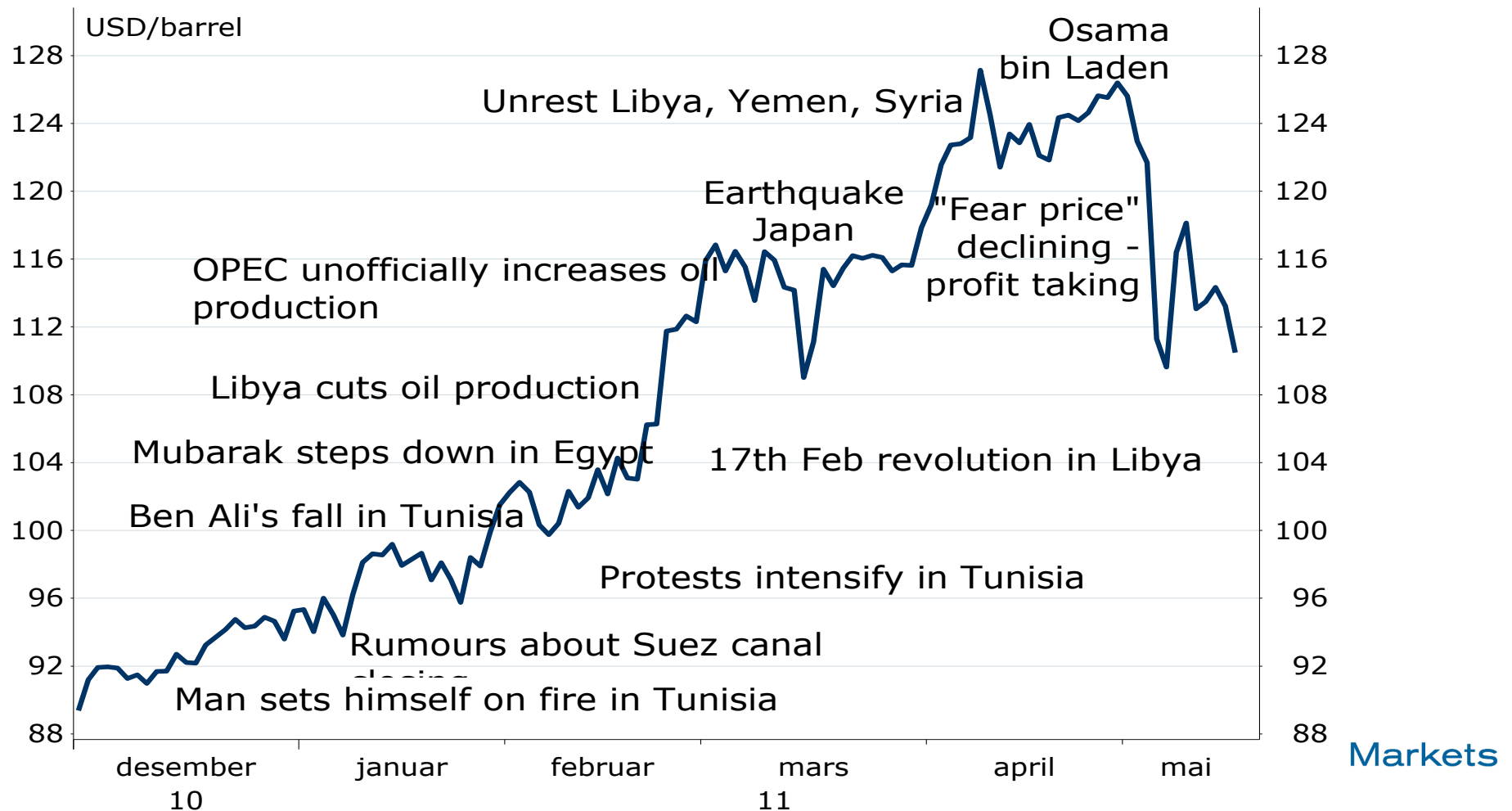
3. Political
turbulence



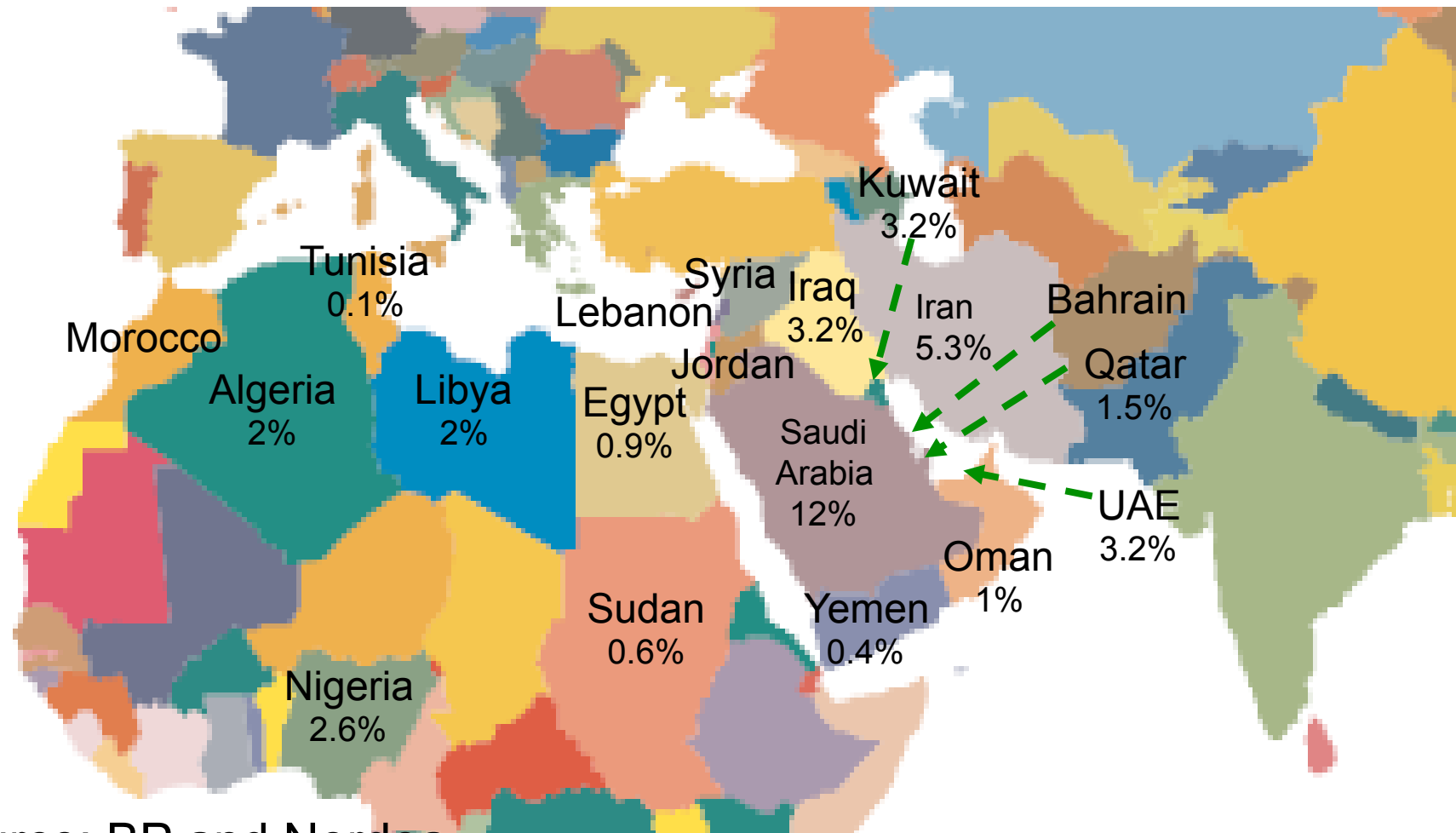
Political risk in the limelight



Oil price "fear premium" ease back as the risk that the unrest in North Africa and the Middle East have paused for the moment

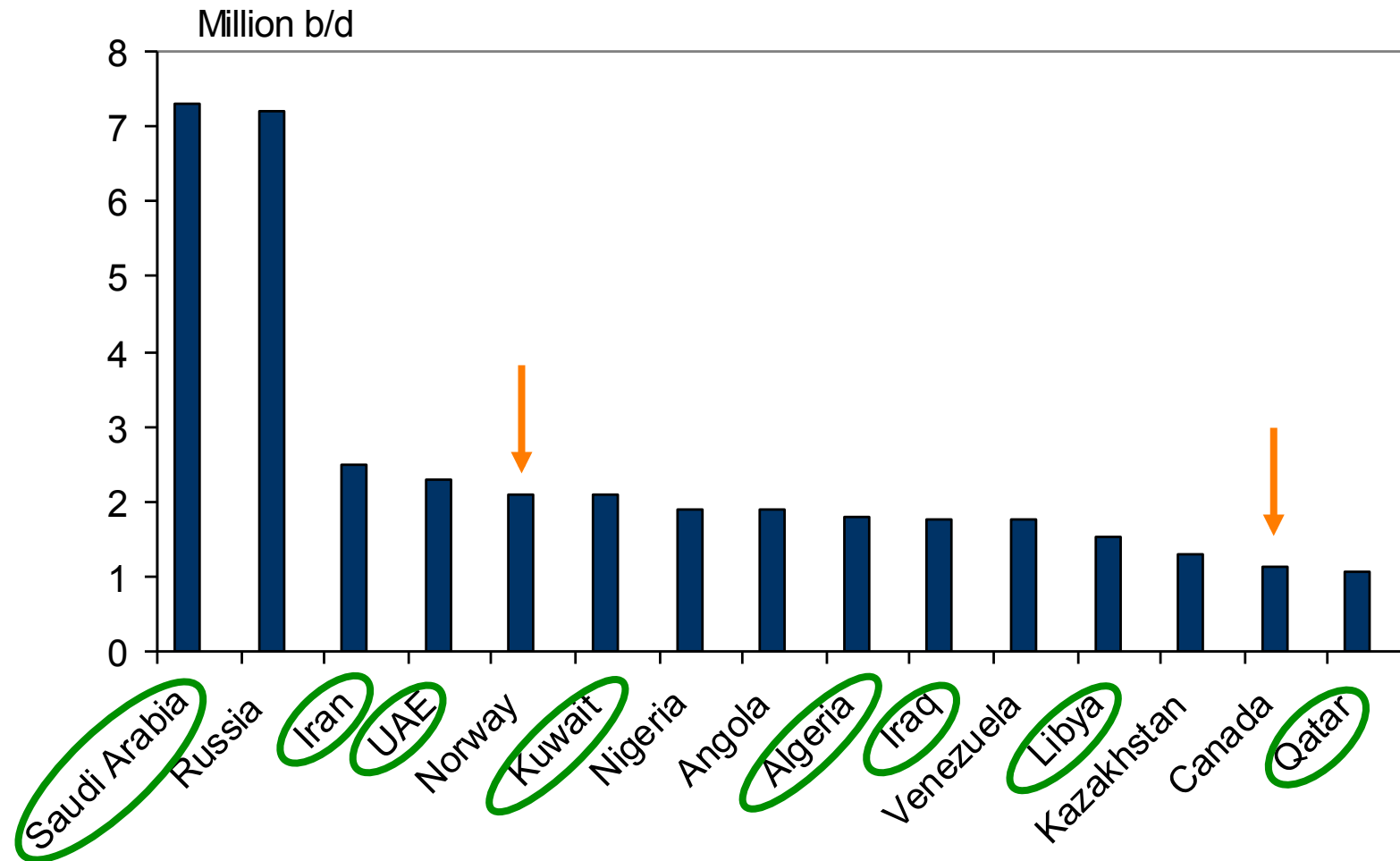


Oil production in North Africa and Middle East (in % of total world oil production)



Source: BP and Nordea

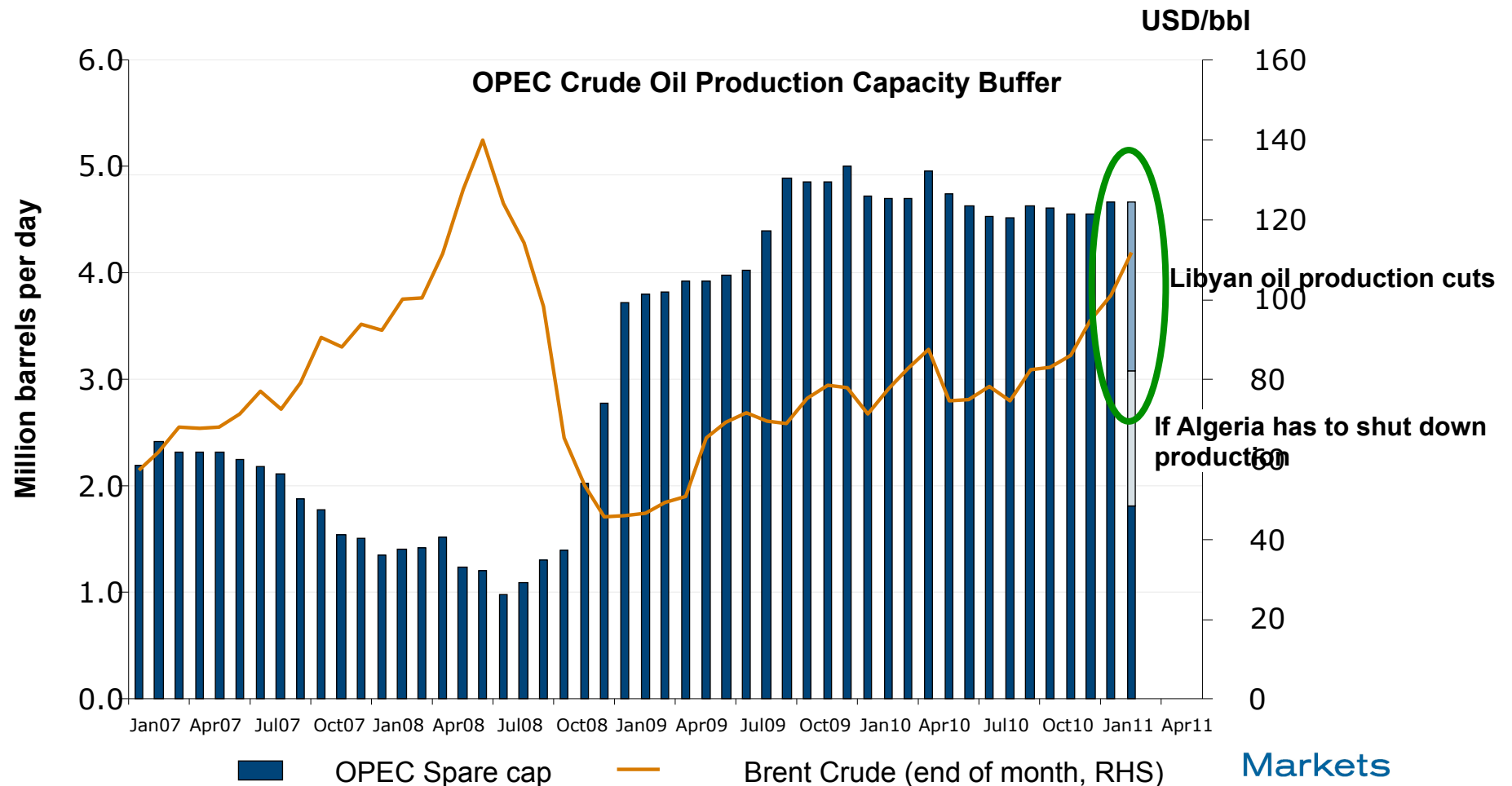
World top 15 oil exporters in 2009 – How important is Libya?



Markets

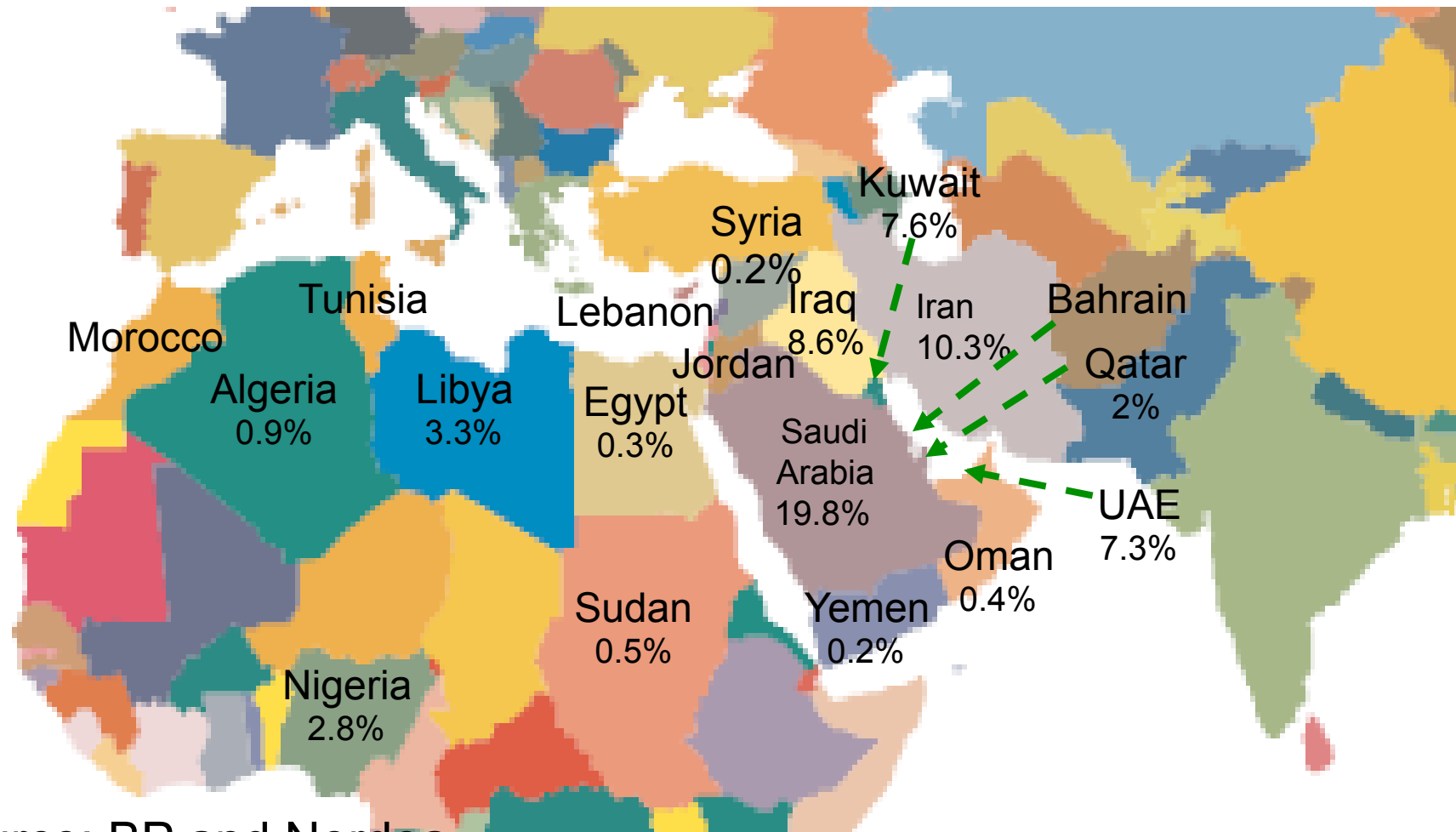
Source: EIA

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



Markets

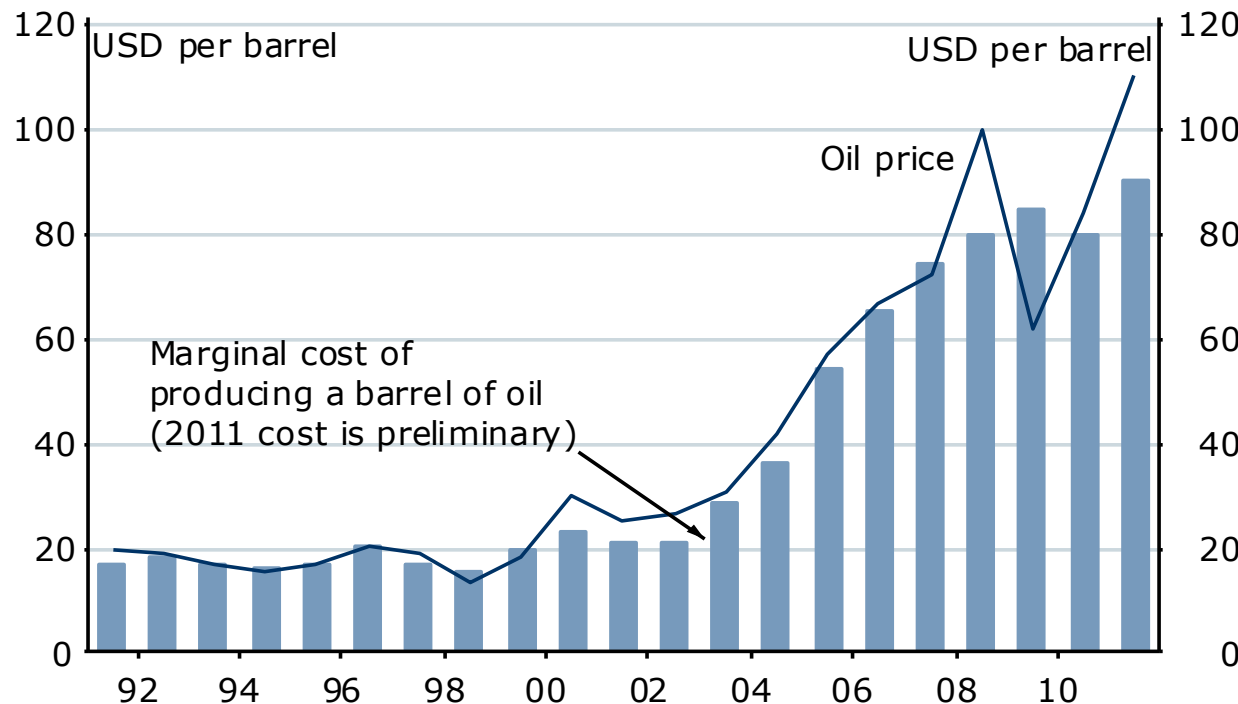
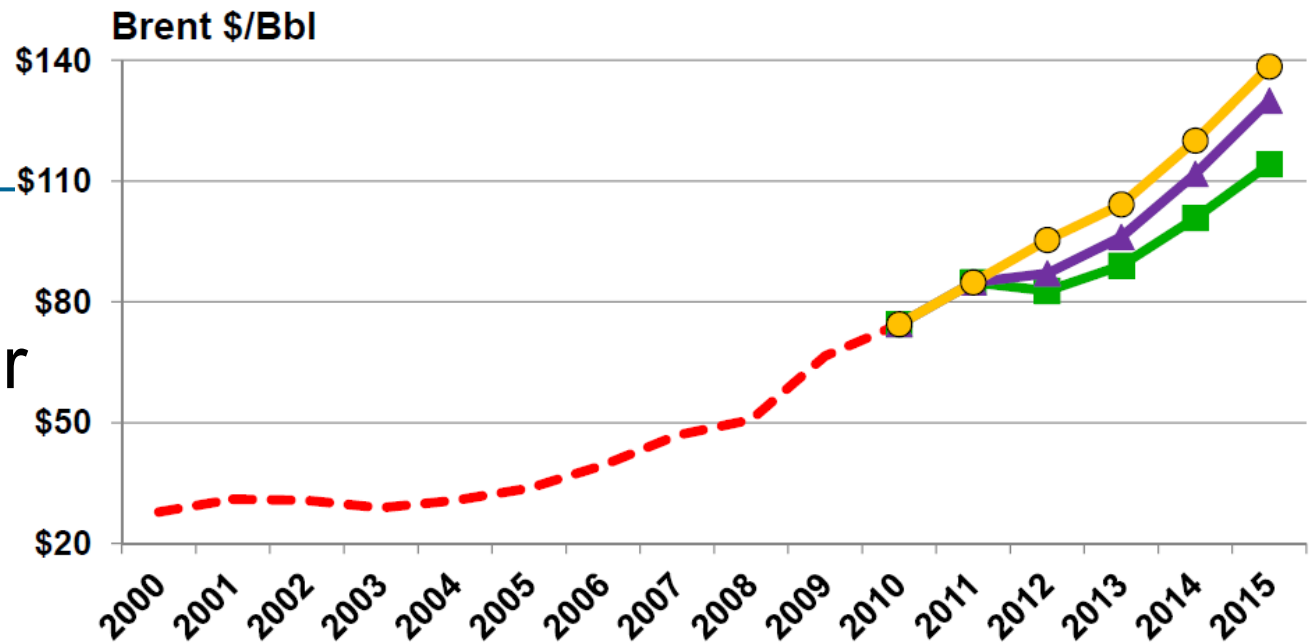
Oil reserves in the Middle East and North Africa, in % of global oil reserves



Source: BP and Nordea



Oil price “floor”
pushed up by higher
spending by Saudi
Arabia...



...and increasing
marginal cost of
production for the next
barrel of oil

Markets

Source: IEA and PIRA

Source: Nordea Markets, IMF and Reuters Ecowin



Shale oil

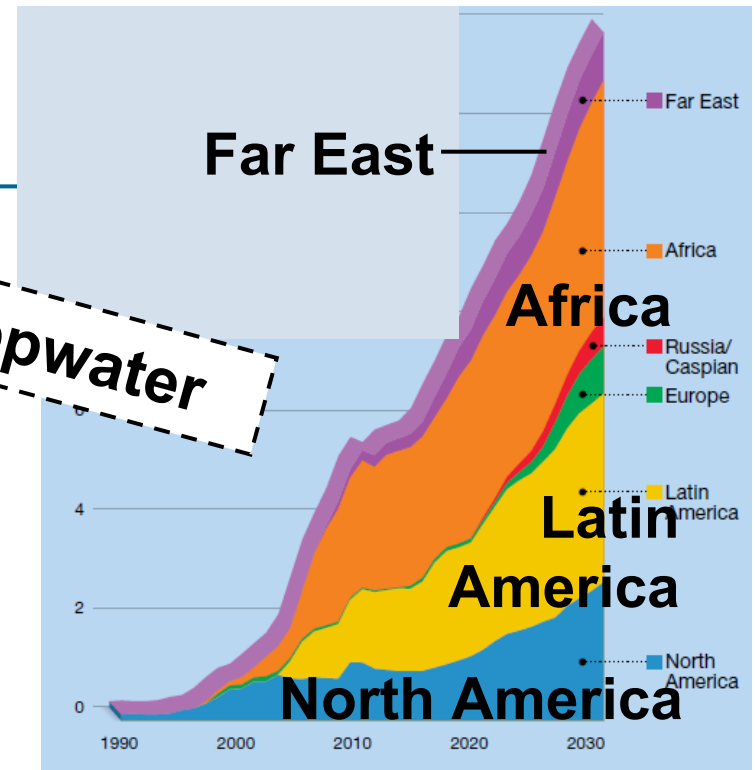
Source: Ecosocialism Canada



Oil sand

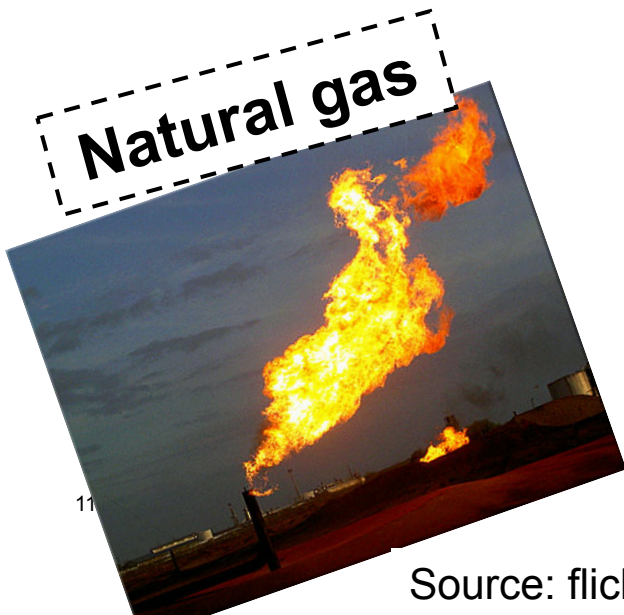
Source: Care

Deepwater



Source: ExxonMobil

Higher oil prices increase investments in high development cost projects



Natural gas

Source: flickr



Renewables

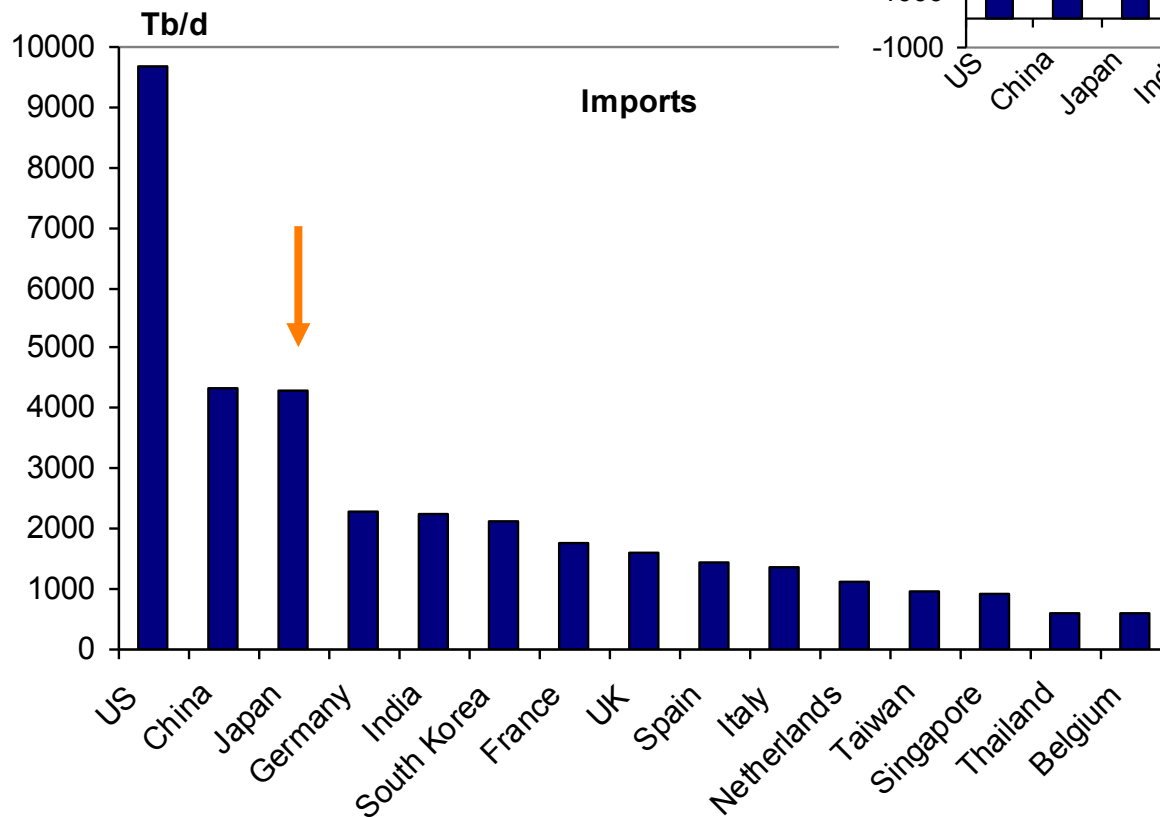
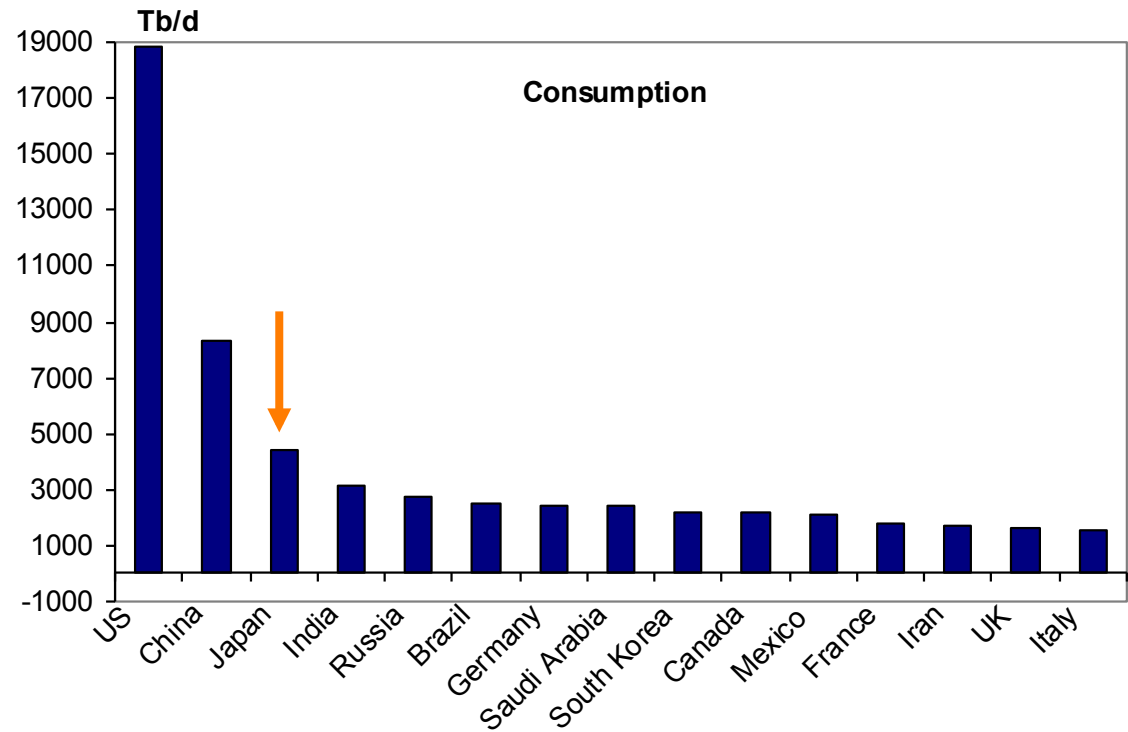
Source: Low Carbon Economy

Markets

The earthquake in Japan



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

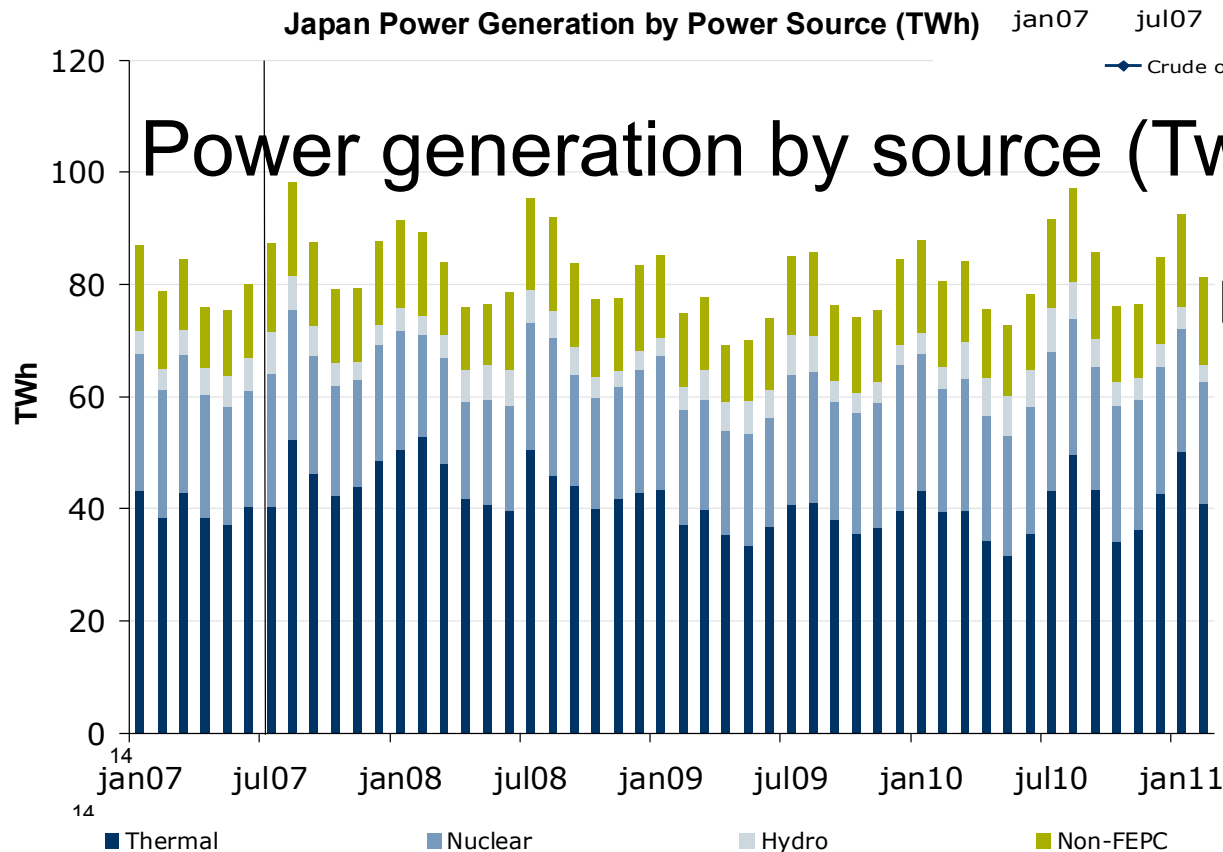
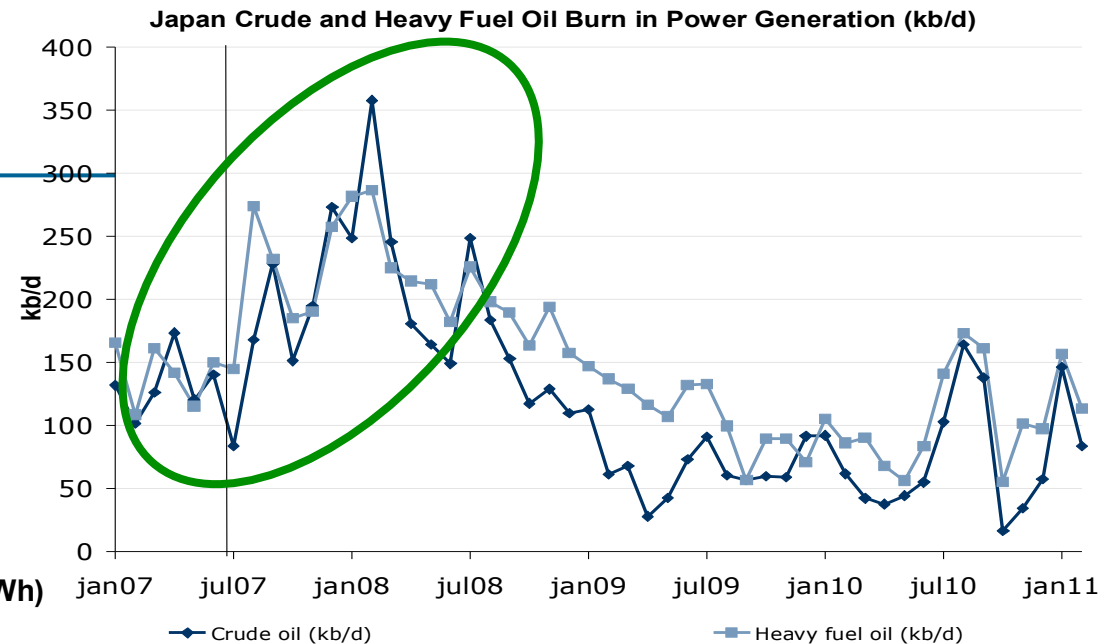


Markets

Source: EIA



Crude and heavy fuel oil for power generation - increased markedly after nuclear closedown in 2007



Non-FEPC 19%

Hydro 4%

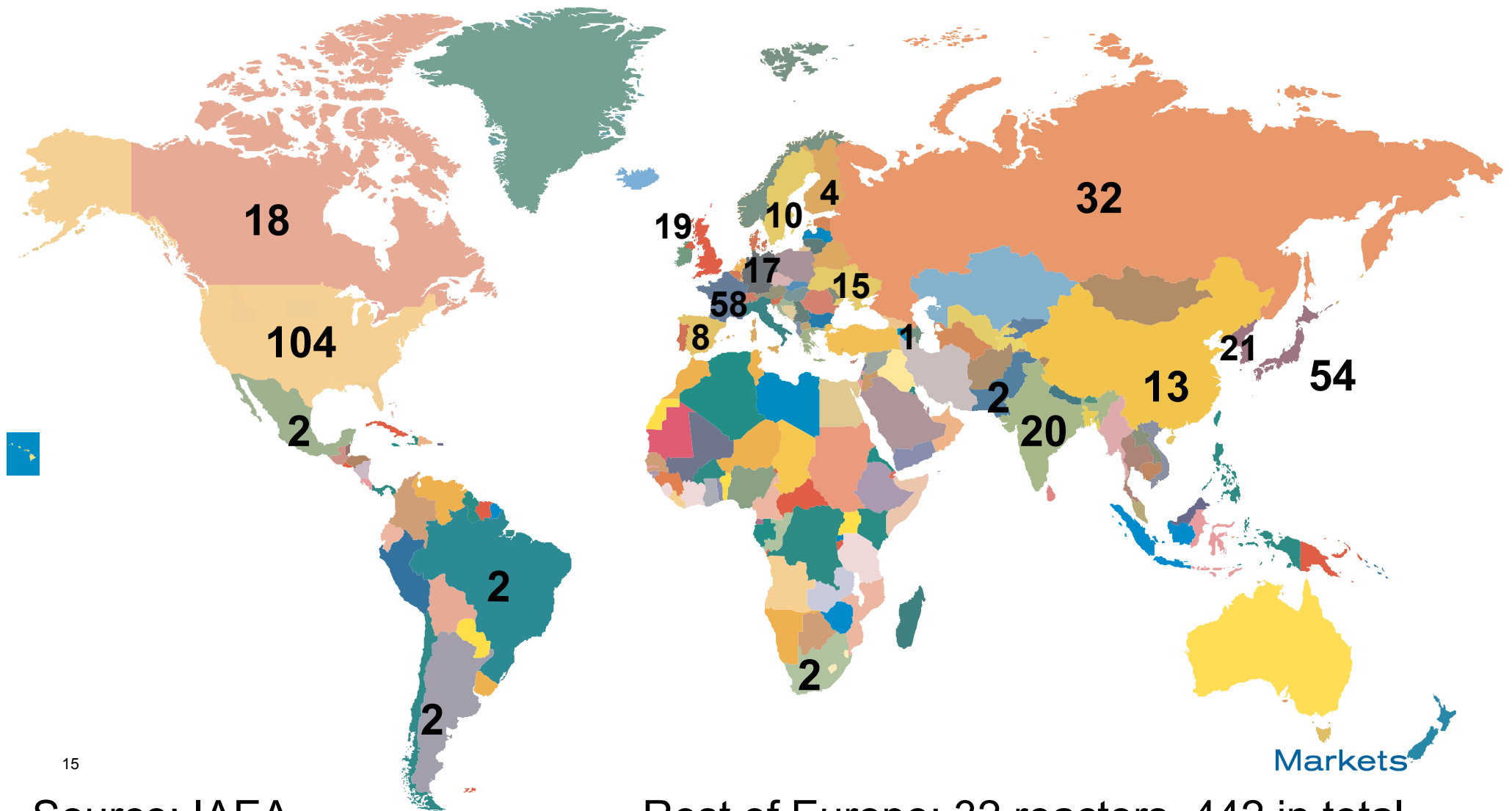
Nuclear 27%

Thermal 50%

Markets

Source: BP, FEPC and EIA

Nuclear reactors in operations worldwide - 442 in total.

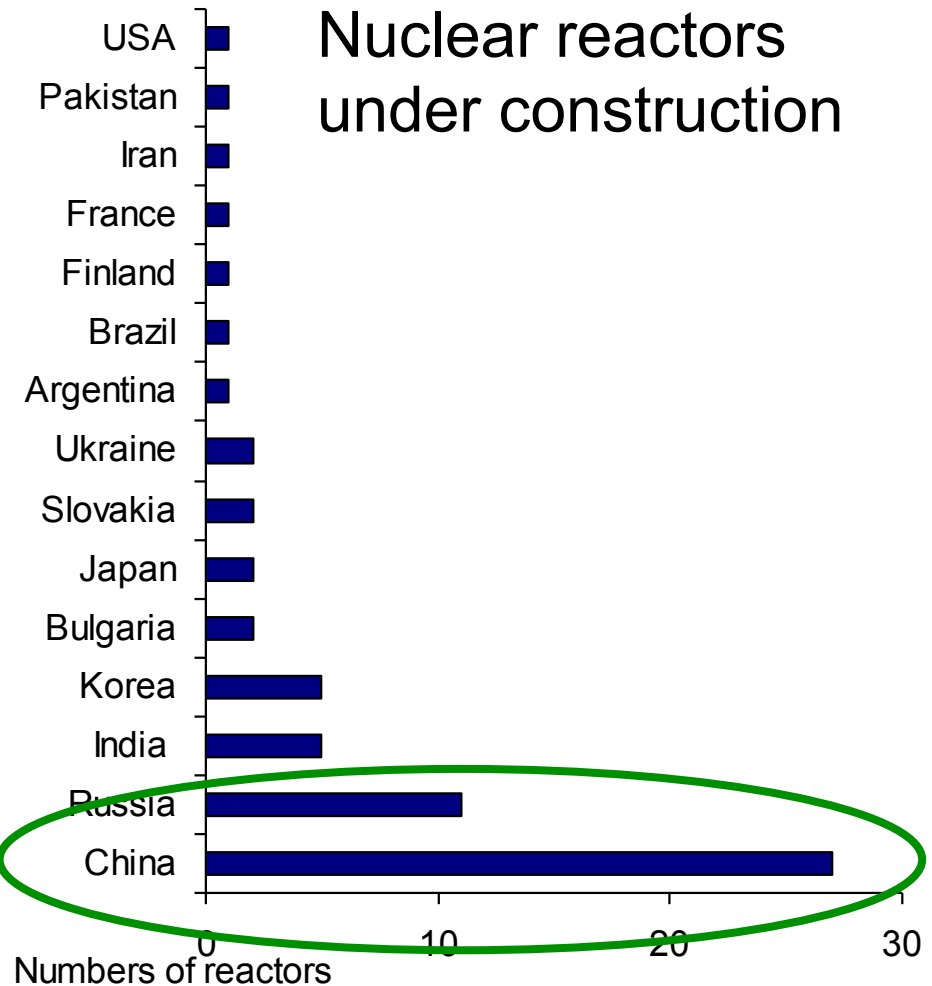
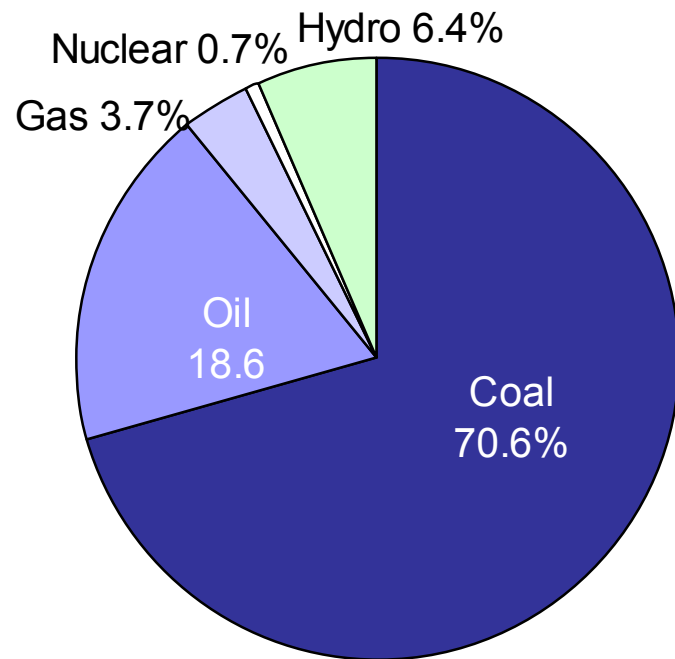


Markets

Source: IAEA

Rest of Europe: 32 reactors. 442 in total

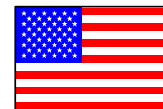
Nuclear moratorium can push up demand for oil, coal and natural gas



Economic growth and oil demand:

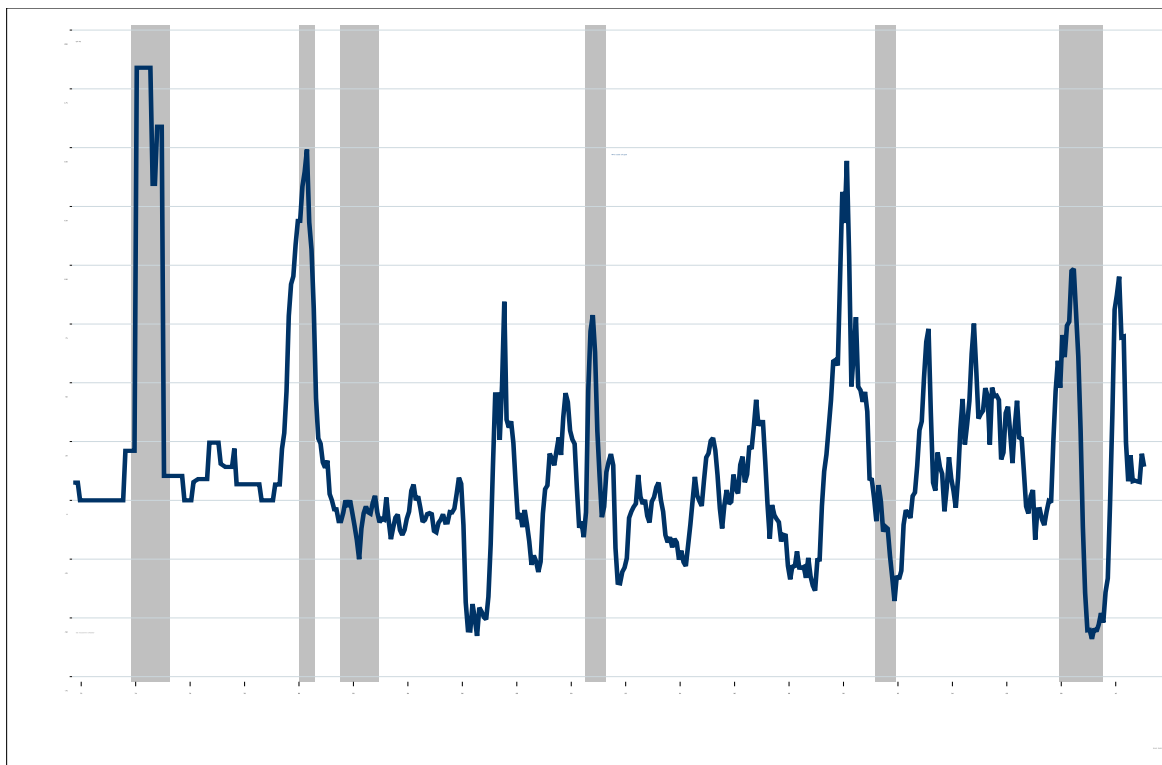
Weathering the storm



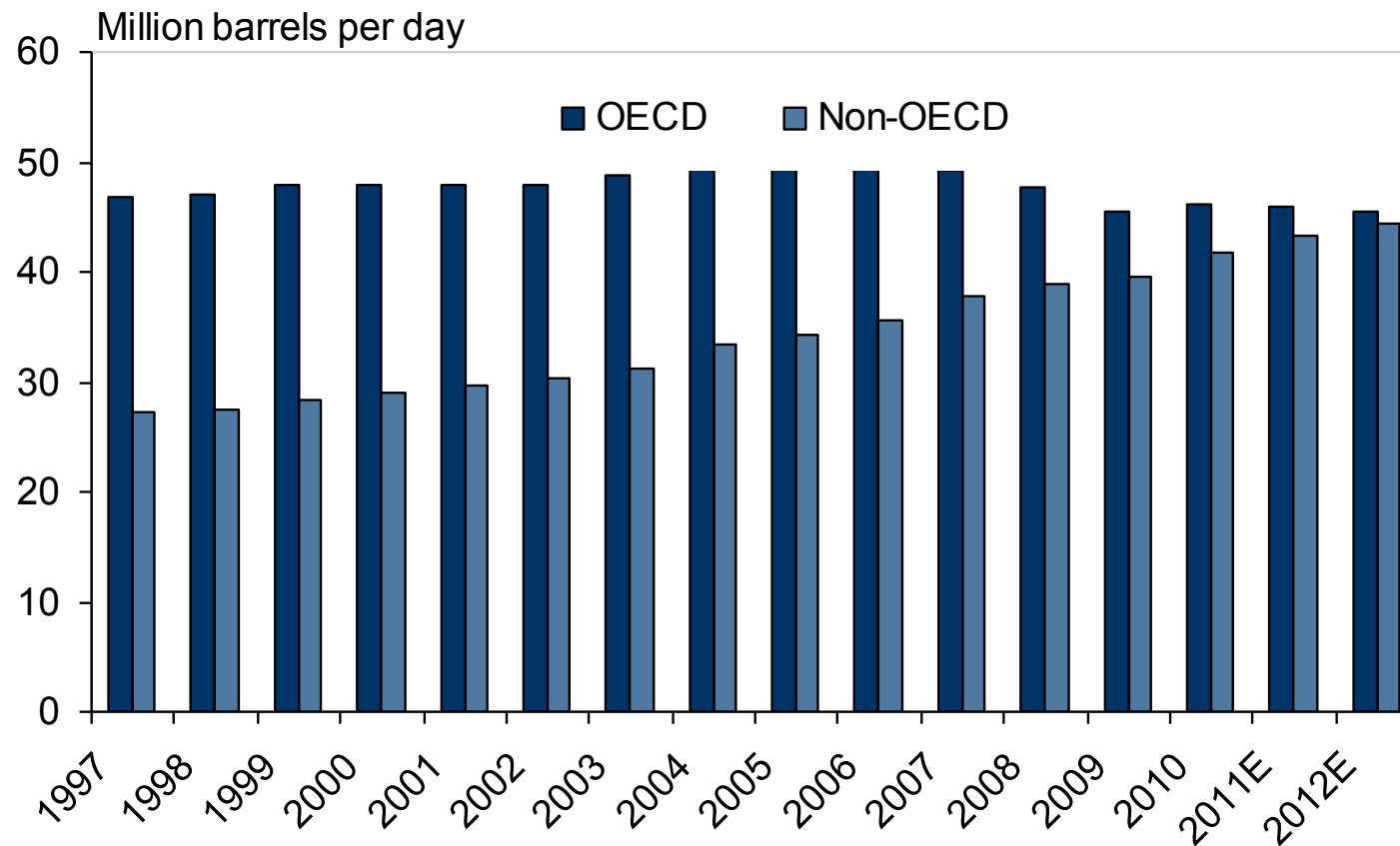


Higher oil prices put pressure on economic growth

- Oil price spikes and US recessions

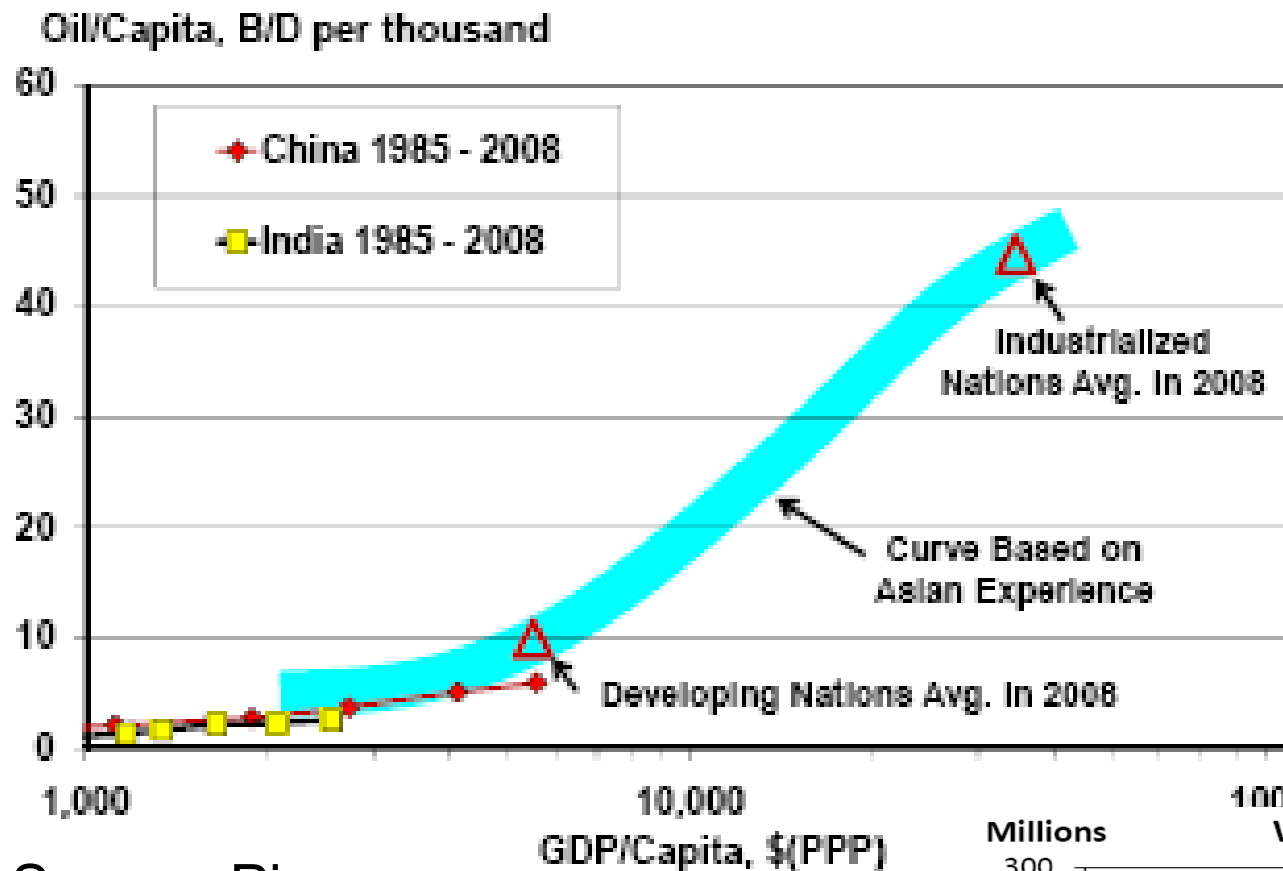


Oil demand expected to reach pre-crisis level in 2011 Non-OECD will soon outpace OECD



Source:
IEA
and Nordea

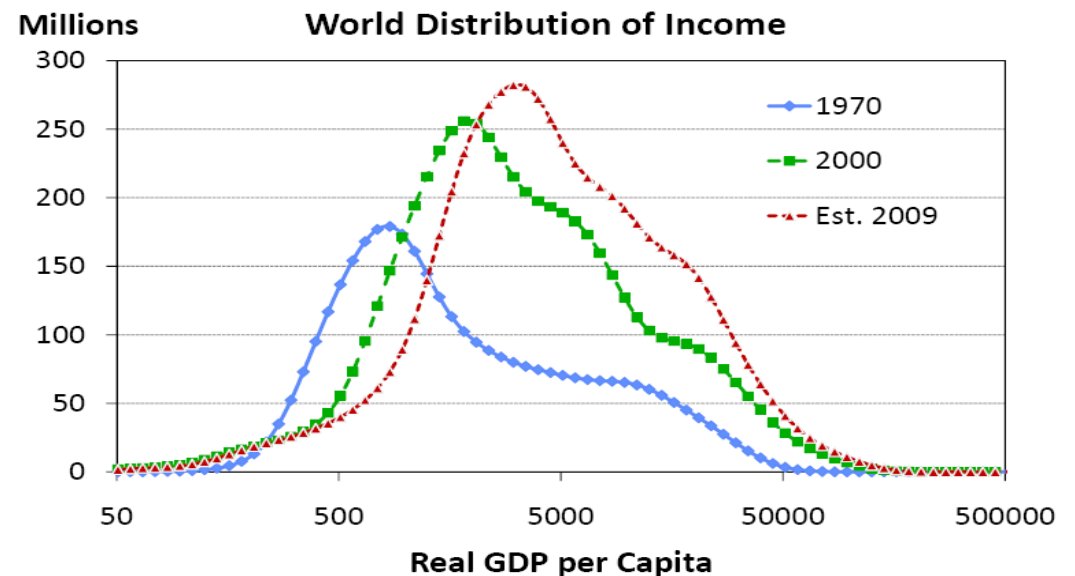
Markets



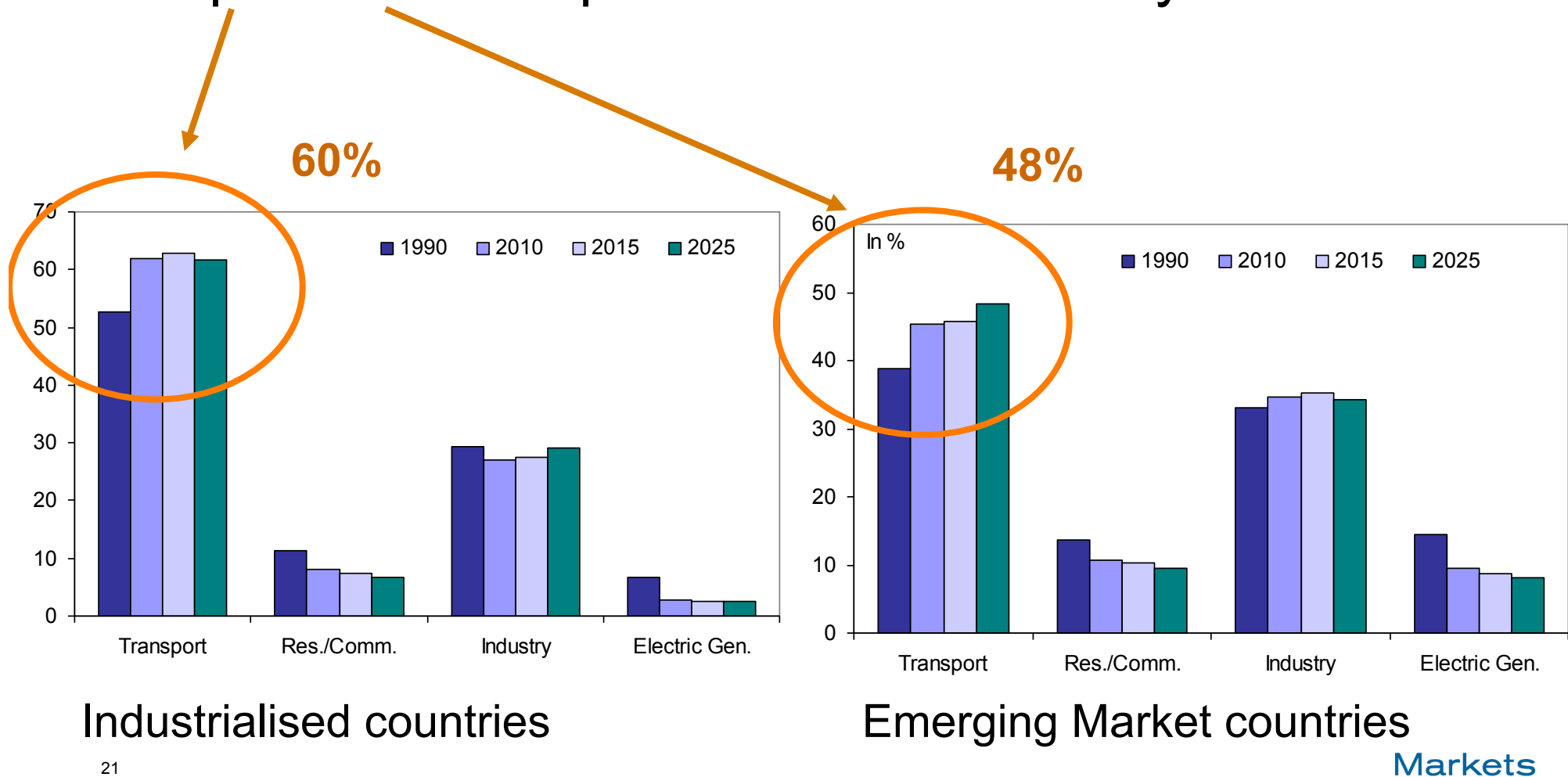
Growing middle class and urbanisation in countries with large populations will increase the demand for energy

Source: Pira

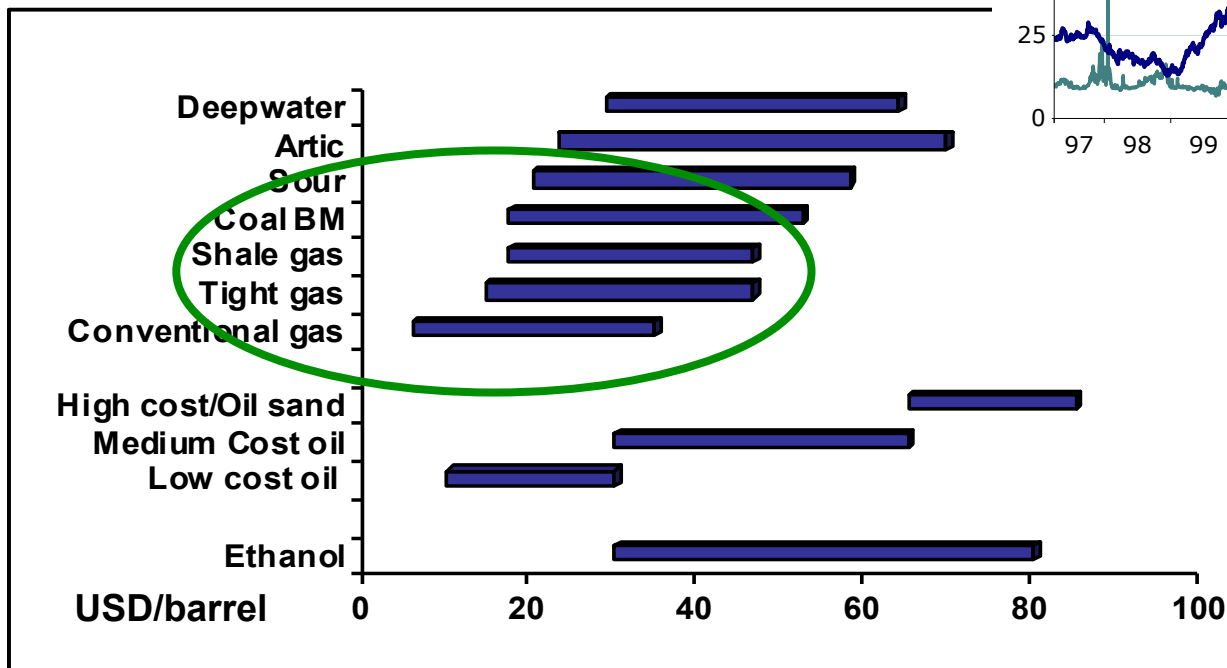
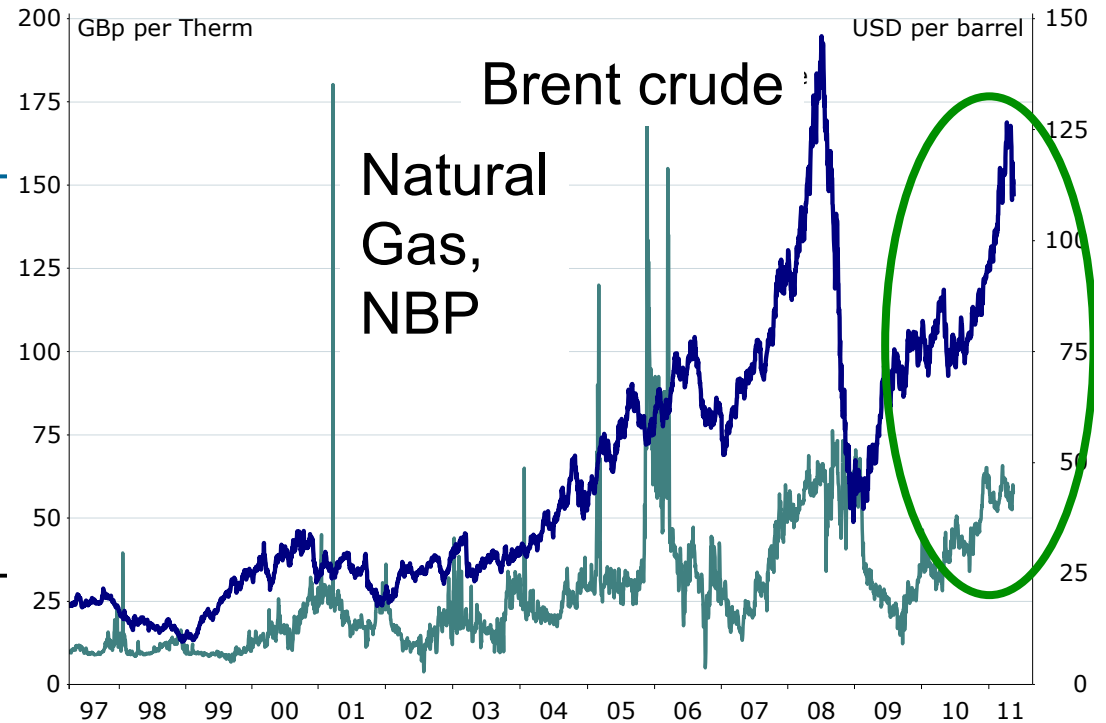
World distribution of income



Transportation and petrochemical industry main drivers



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.

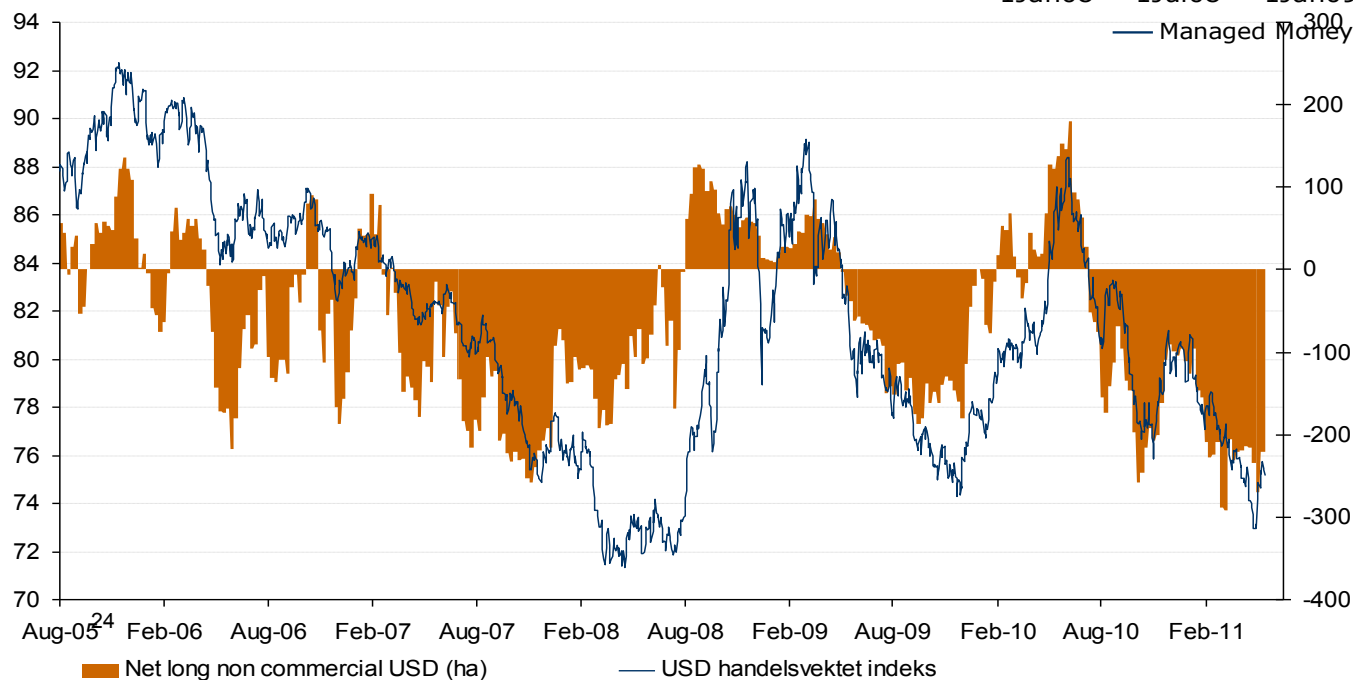
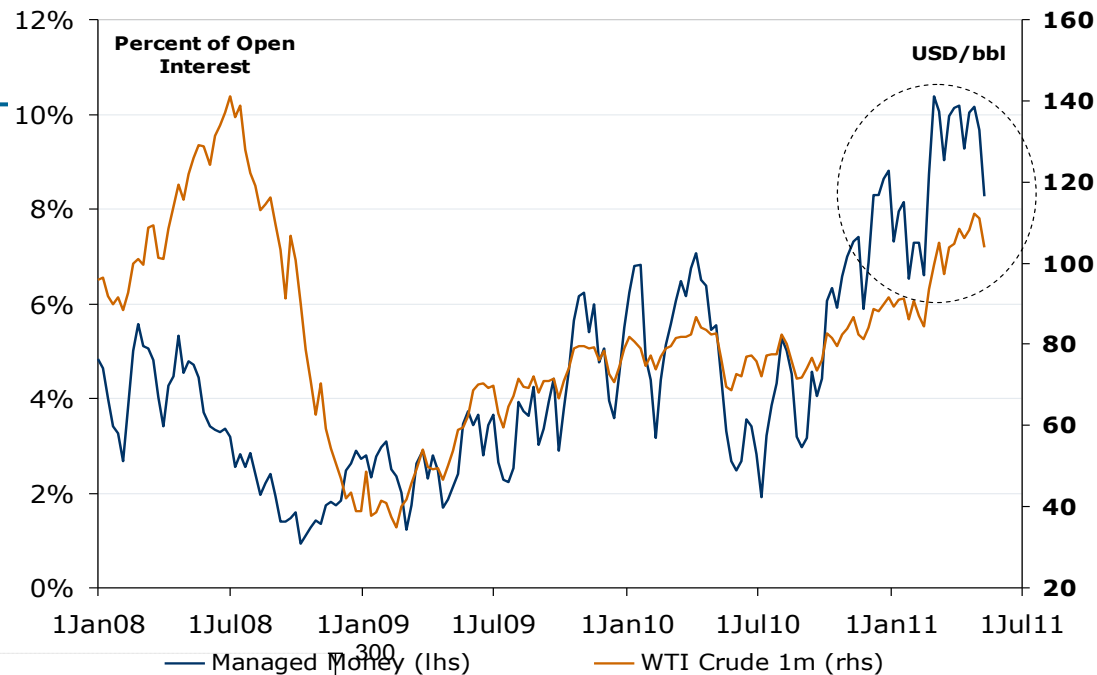
Ethanol : Sugar beet Brazil (USD 30/barrel), maize USA (USD 58/barrel) and mixed input factors from Europe (USD 80/barrel). Source: FAO (Food and agricultural organization of the United States, "The State of Food and Agriculture, Rome, 2008), breakeven prices based on maize process prior to 2006.

The financial market for oil

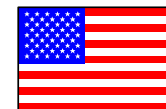


Investors are long commodities...

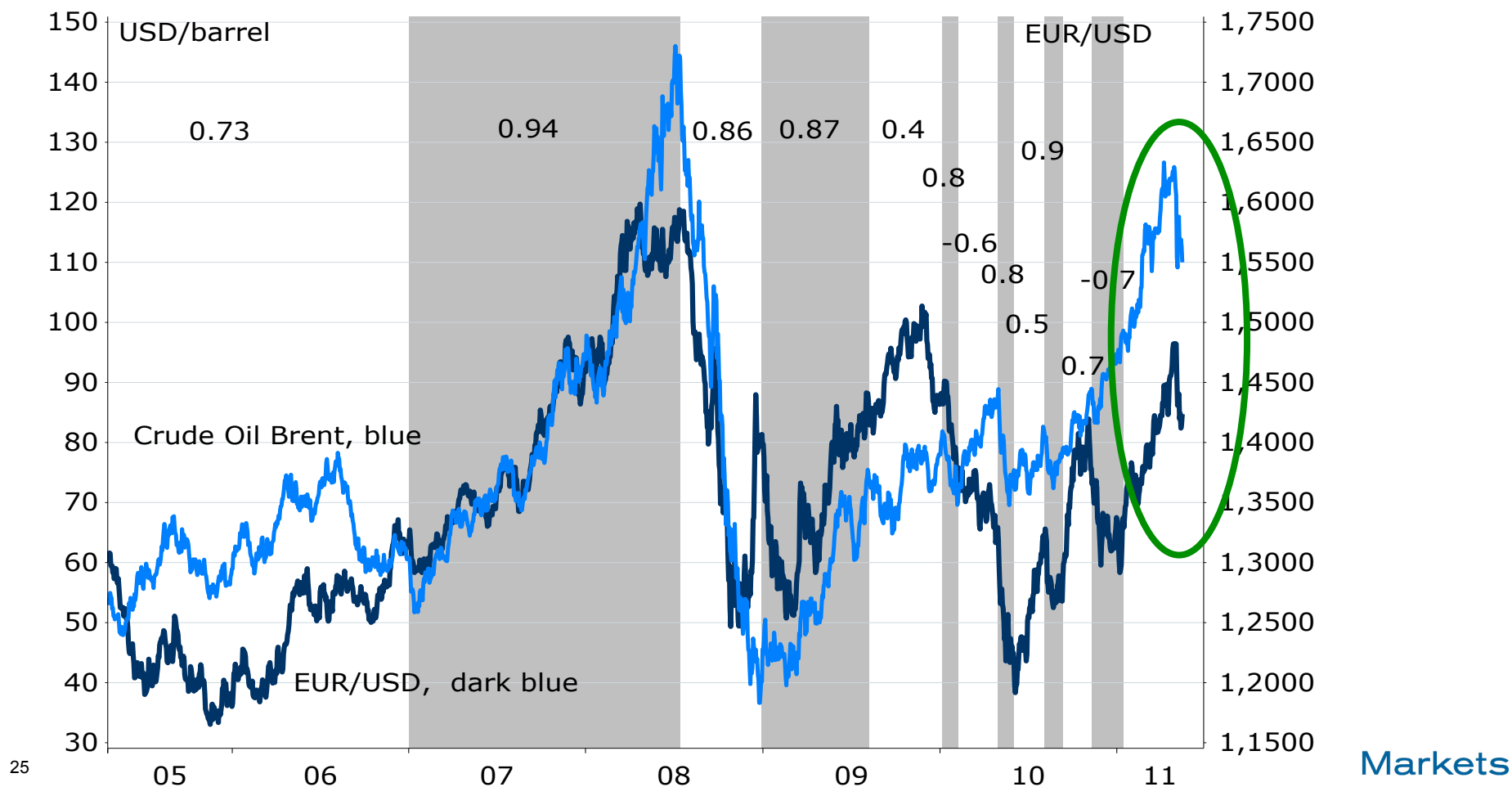
Money Managers' net positions
in NYMEX WTI crude oil



...and short
US dollar

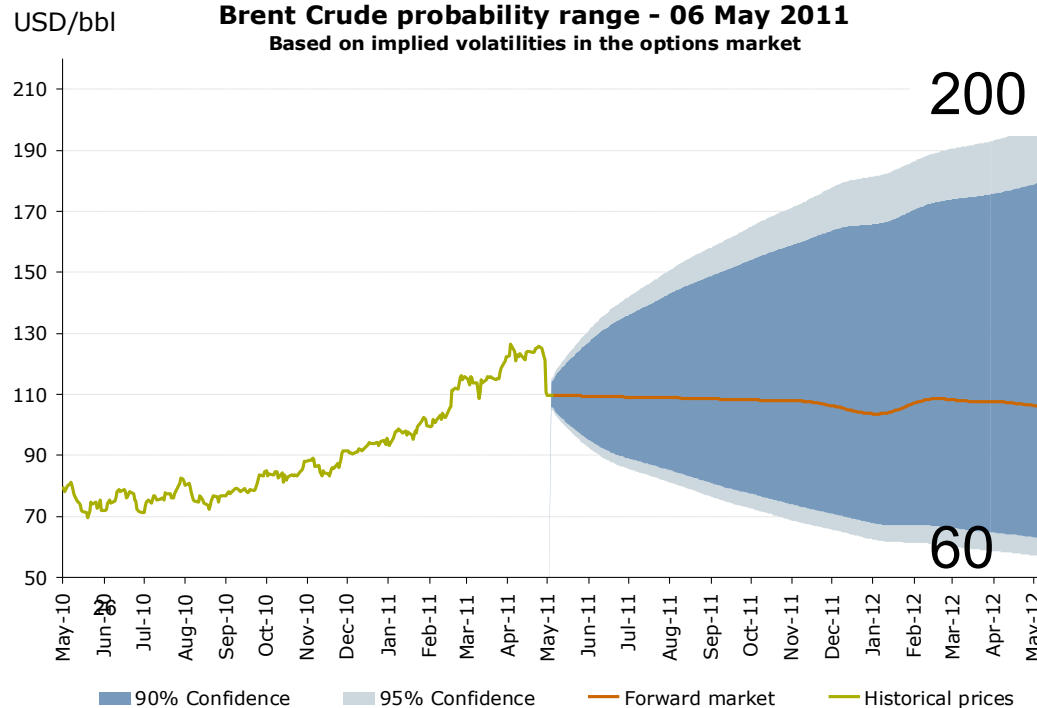
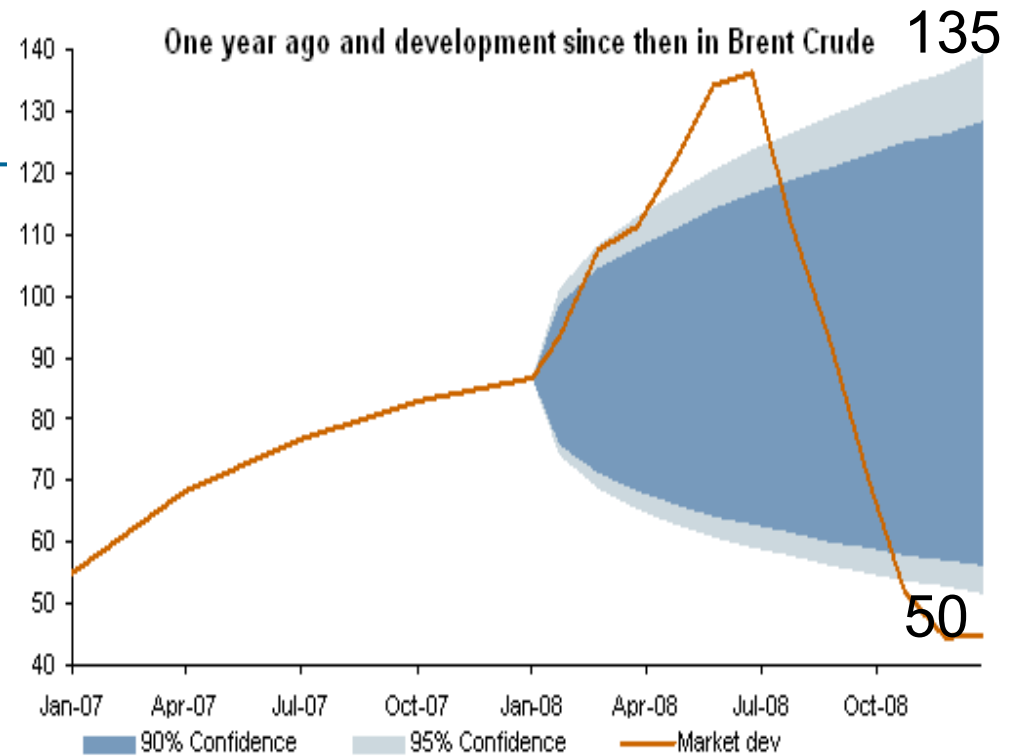


Correlation between oil prices, EUR/USD changes: inflation expectations, risk appetite and quantitative easing



Brent crude market expectations 1 Jan 2008

Skewed to the upside - spread USD 85/fatet



Brent crude market expectations 6 May 2011
Skewed to the upside - spread USD 140/fatet



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