



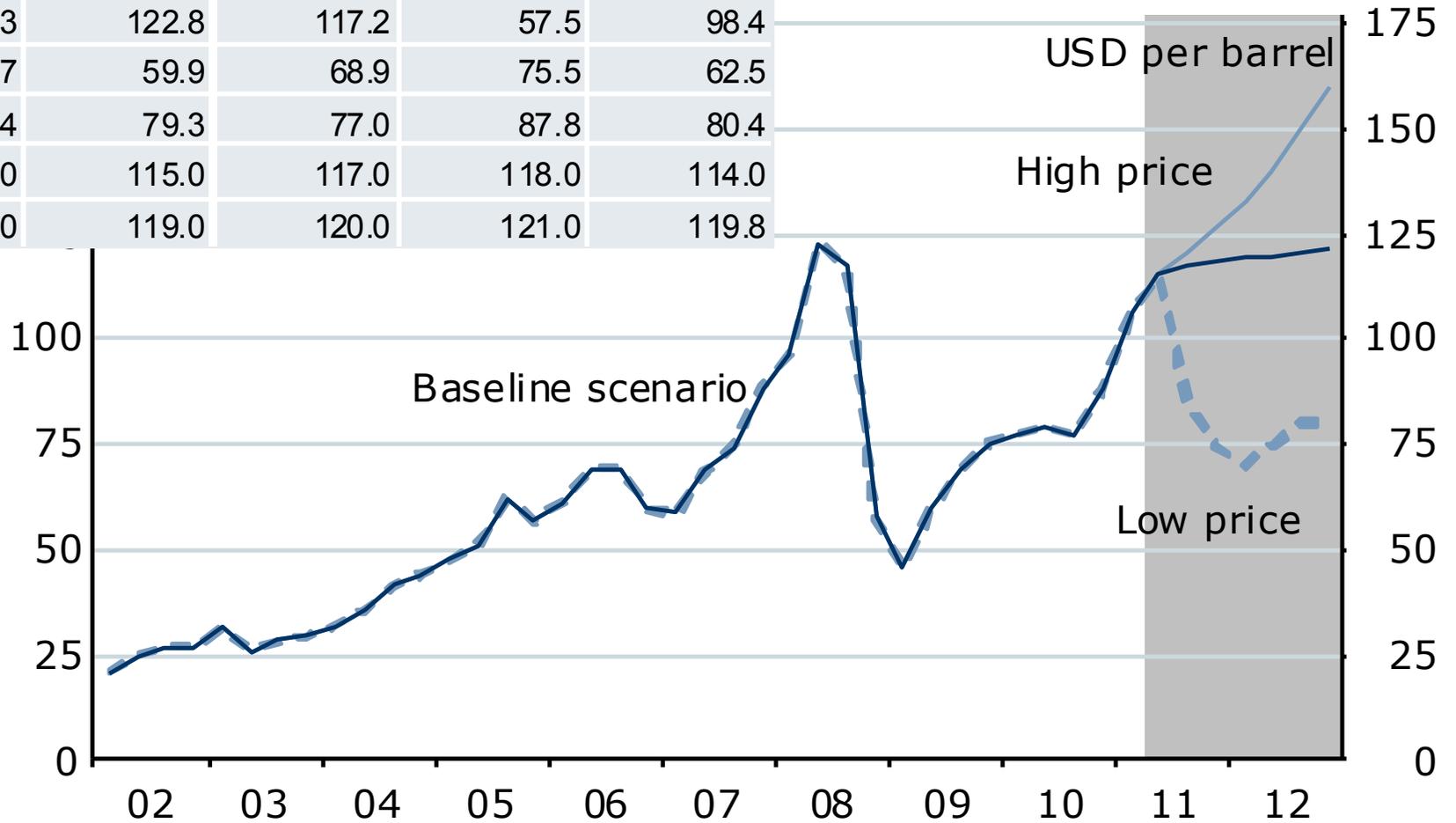
Politisk uro skaper store svingninger i oljeprisen

Thina Margrethe Saltvedt
Mai 2011

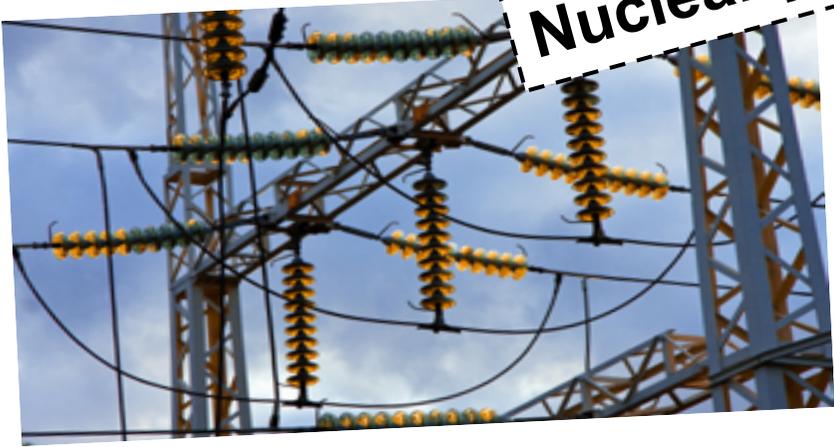


Oil price rally may put world economic growth at risk

	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



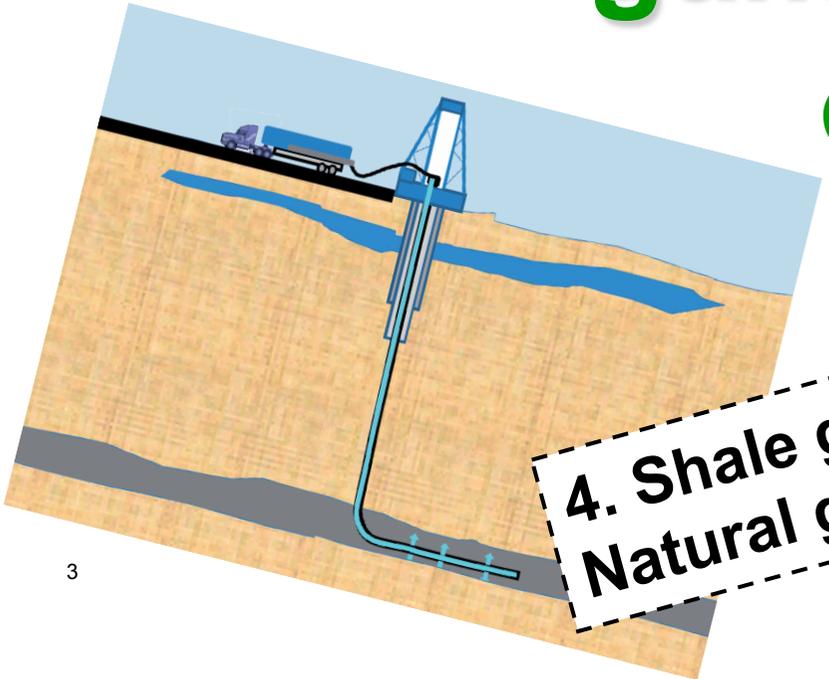
1. Japan & Nuclear power



2. China's new 5-years energy plan



The game changers of 2011?



4. Shale gas & Natural gas



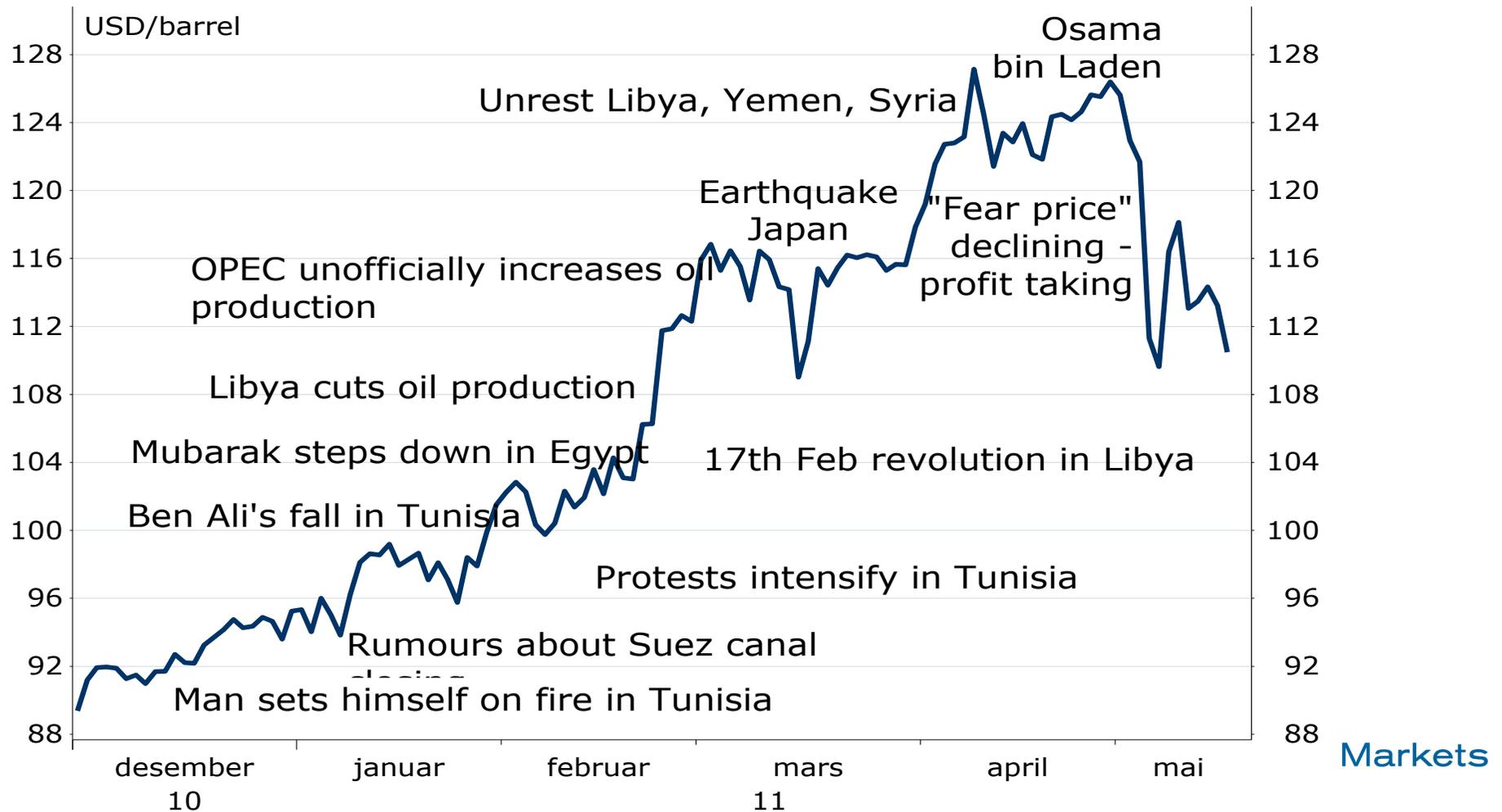
3. Political turbulence



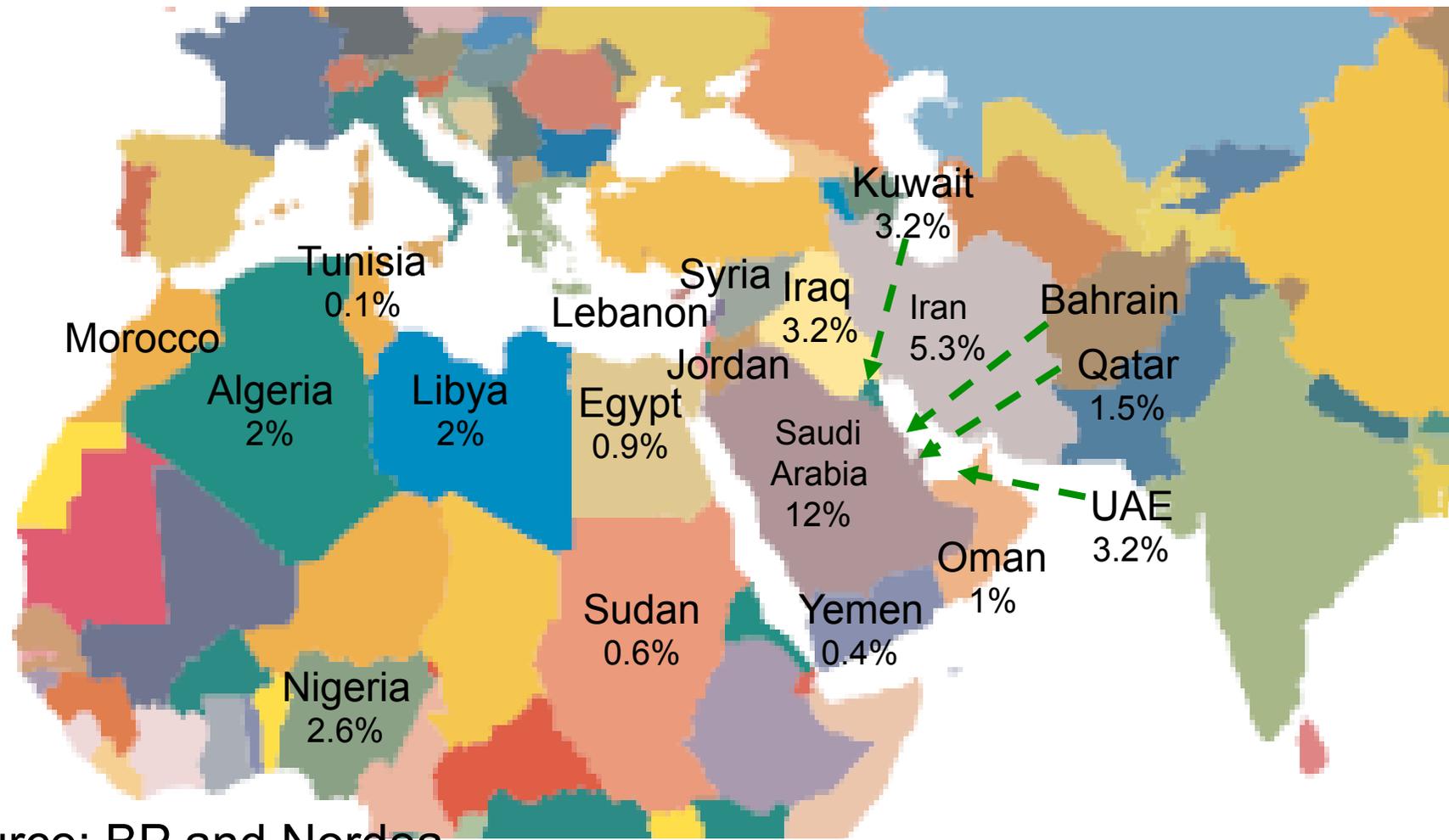
Political risk in the limelight



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

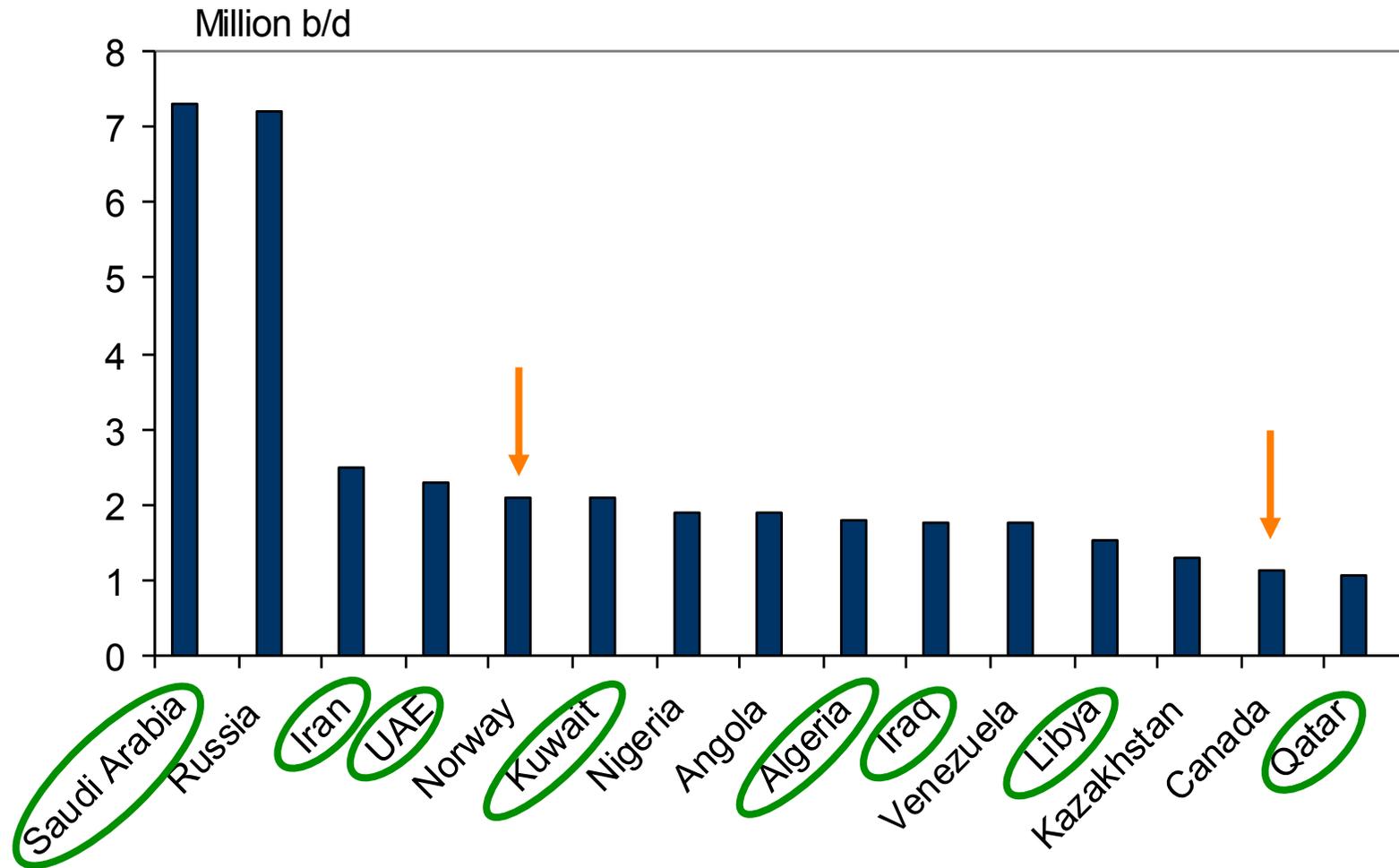


Oil production in North Africa and Middle East (in % of total world oil production)



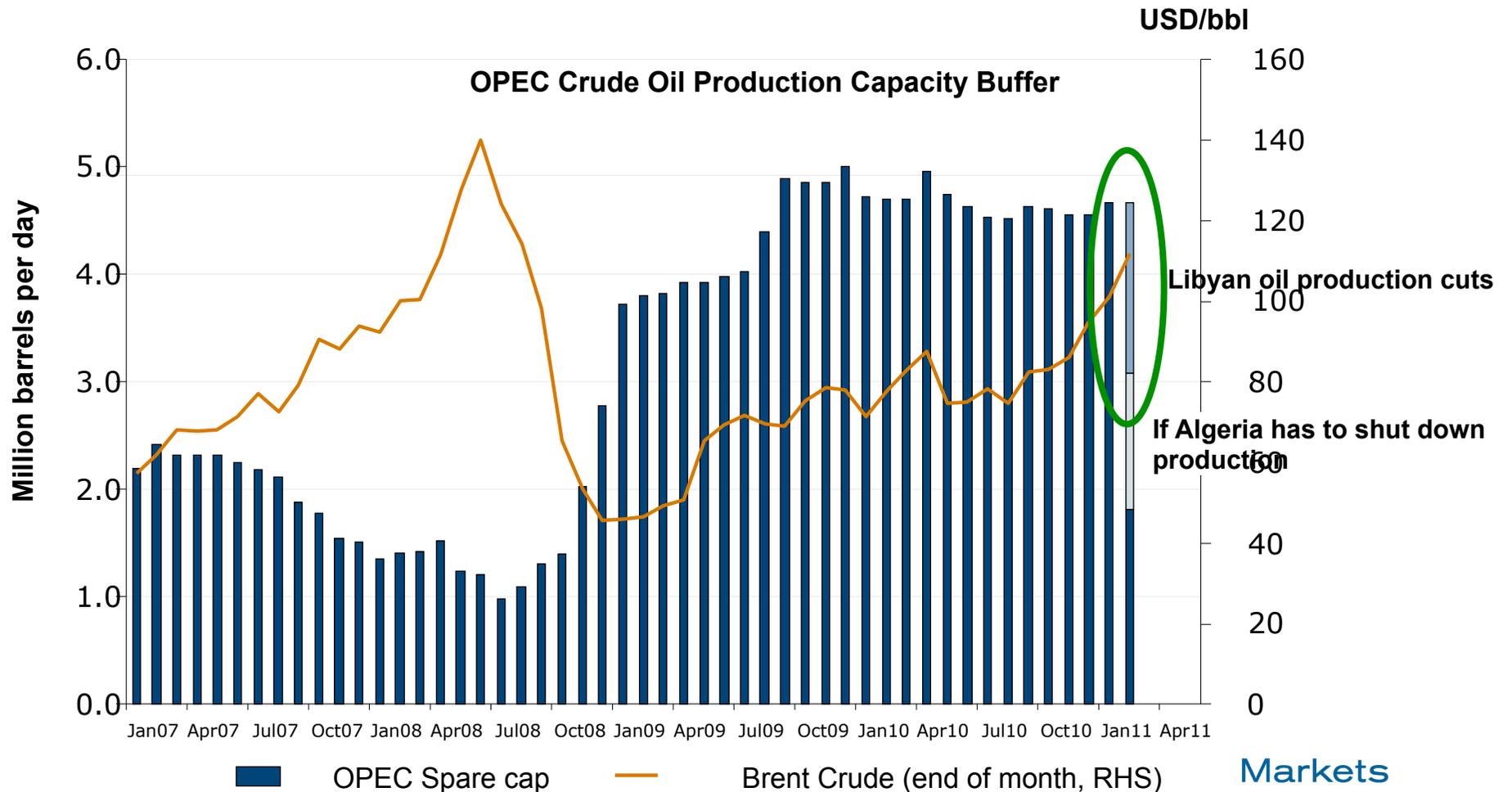
Source: BP and Nordea

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

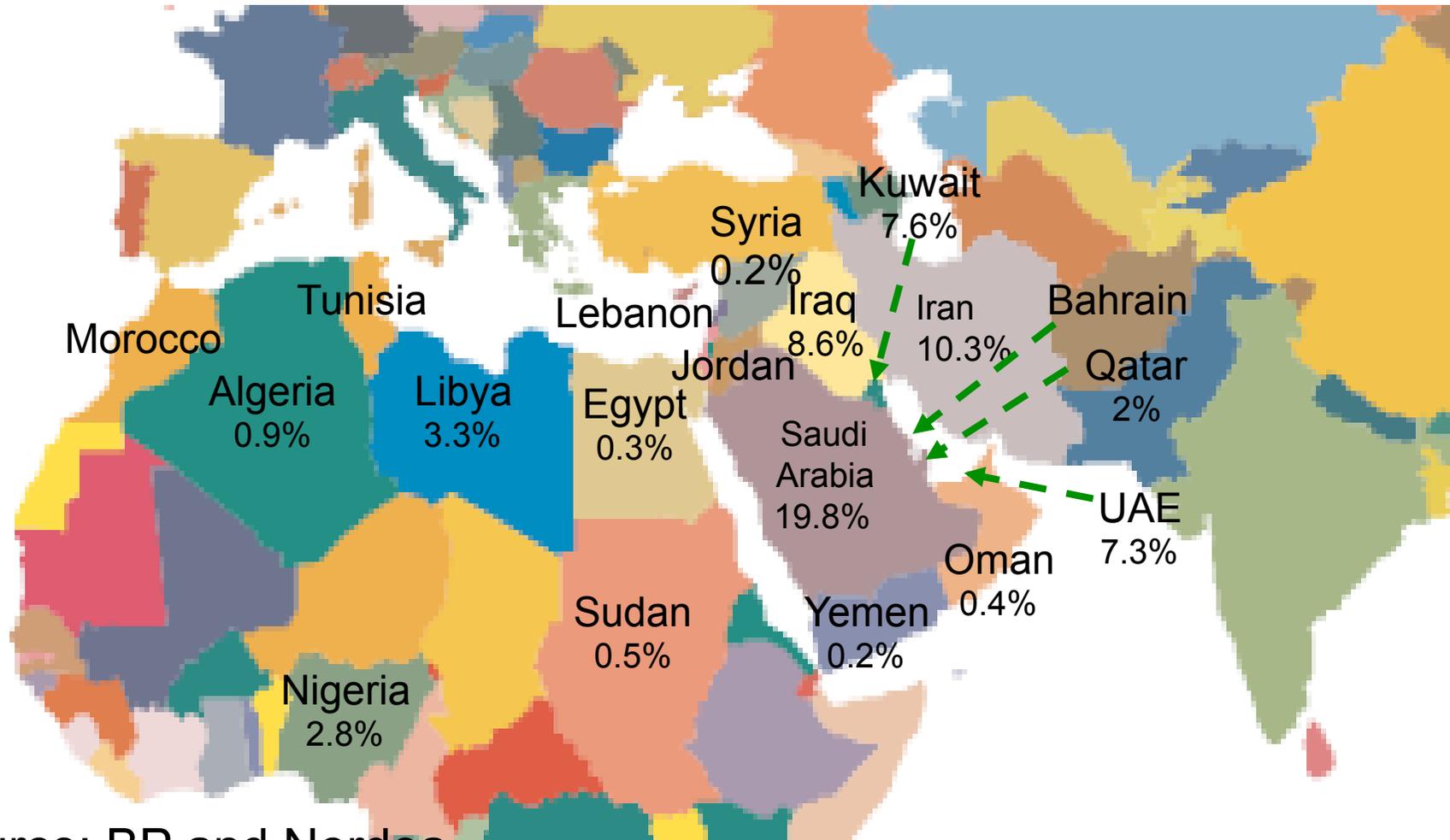


OPECs spare capacity reached its lowest level at 1 mb/d in 2008

And crude increased to almost to USD 150/barrel...



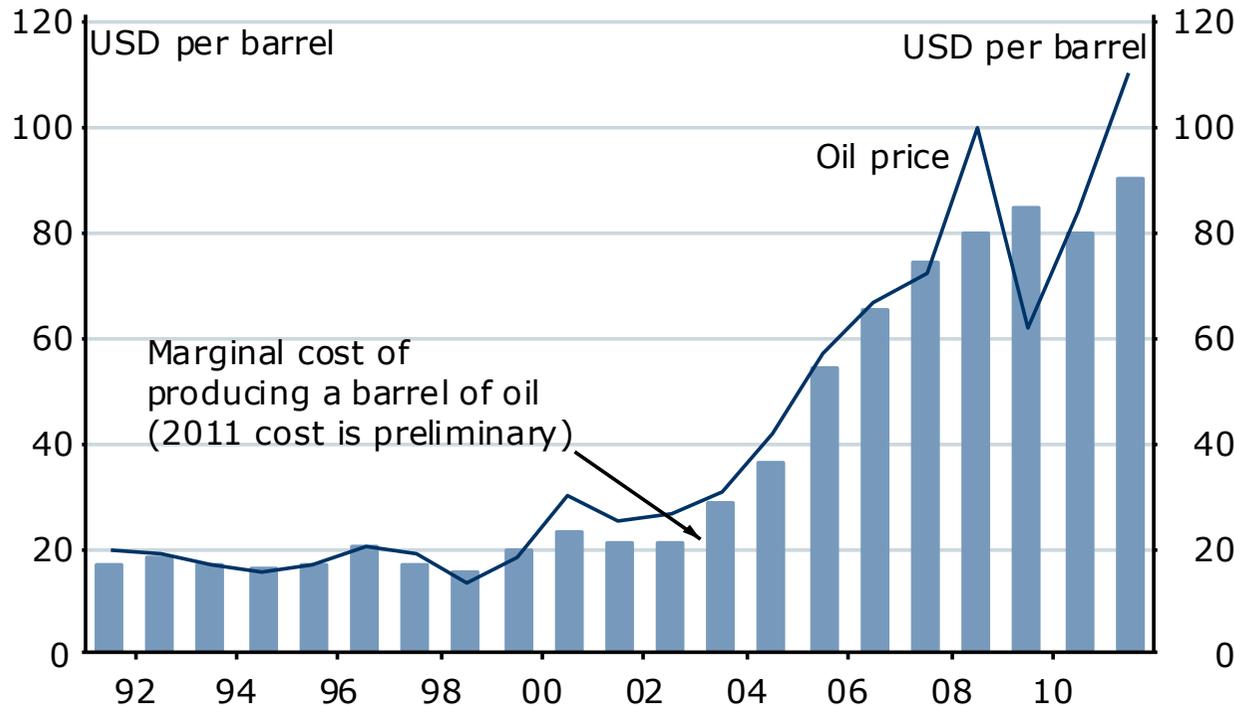
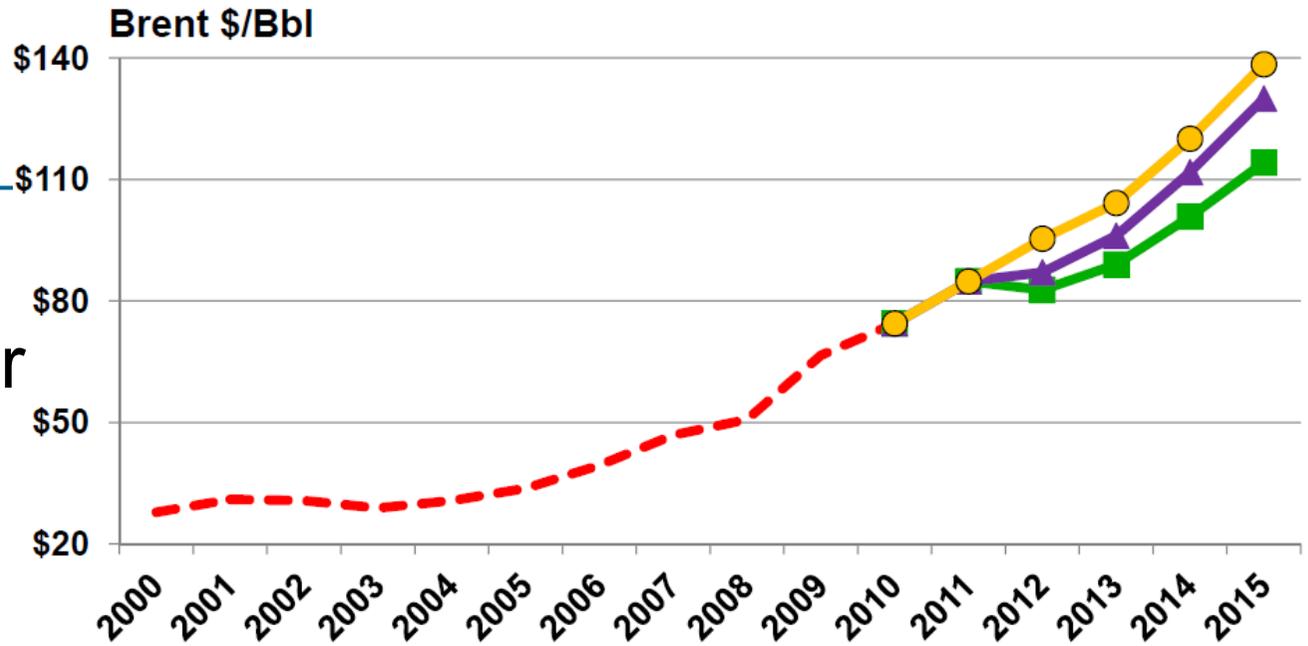
Oil reserves in the Middle East and North Africa, in % of global oil reserves



Source: BP and Nordea



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



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

Markets

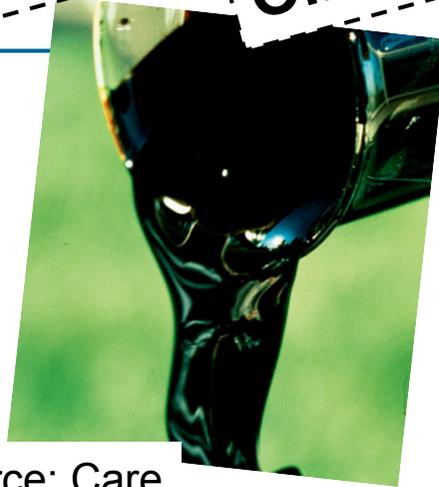
Source: IEA and PIRA

Source: Nordea Markets, IMF and Reuters Ecowin



Shale oil

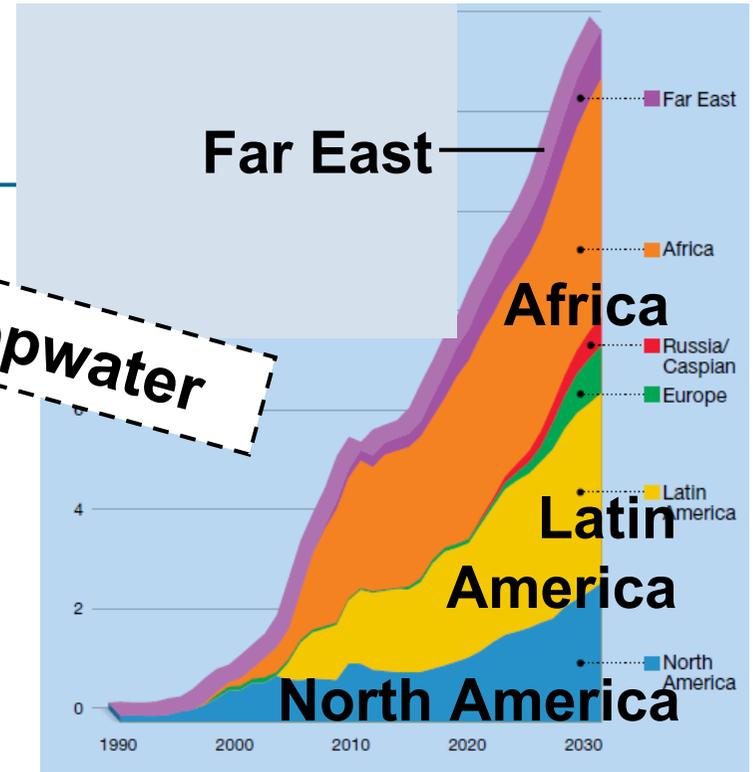
Source: Ecosocialism Canada



Oil sand

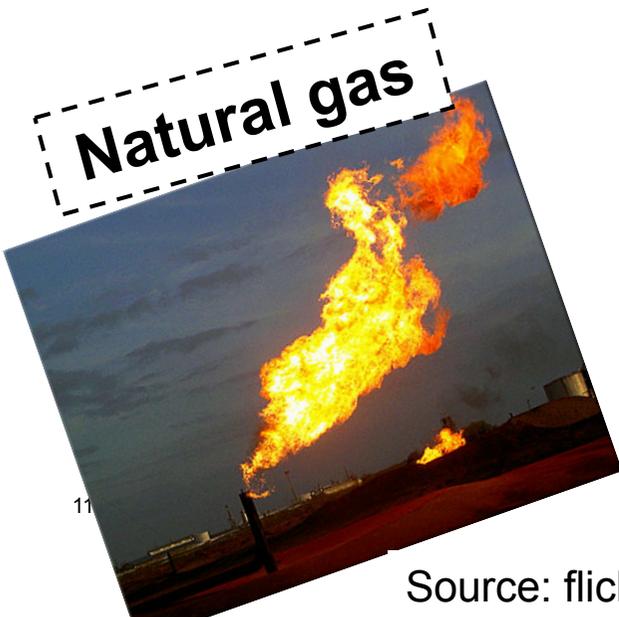
Source: Care

Deepwater



Source: ExxonMobil

Higher oil prices increase investments in high development cost projects



Natural gas

Source: flickr



Renewables

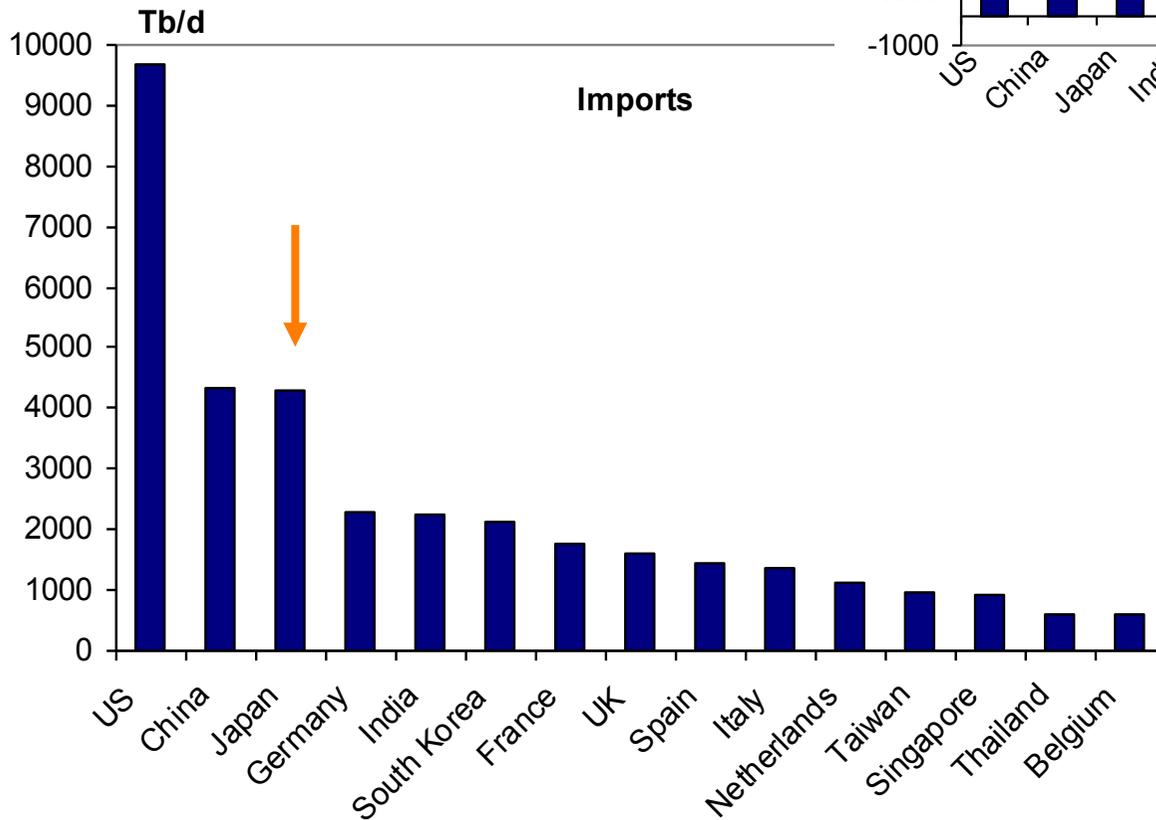
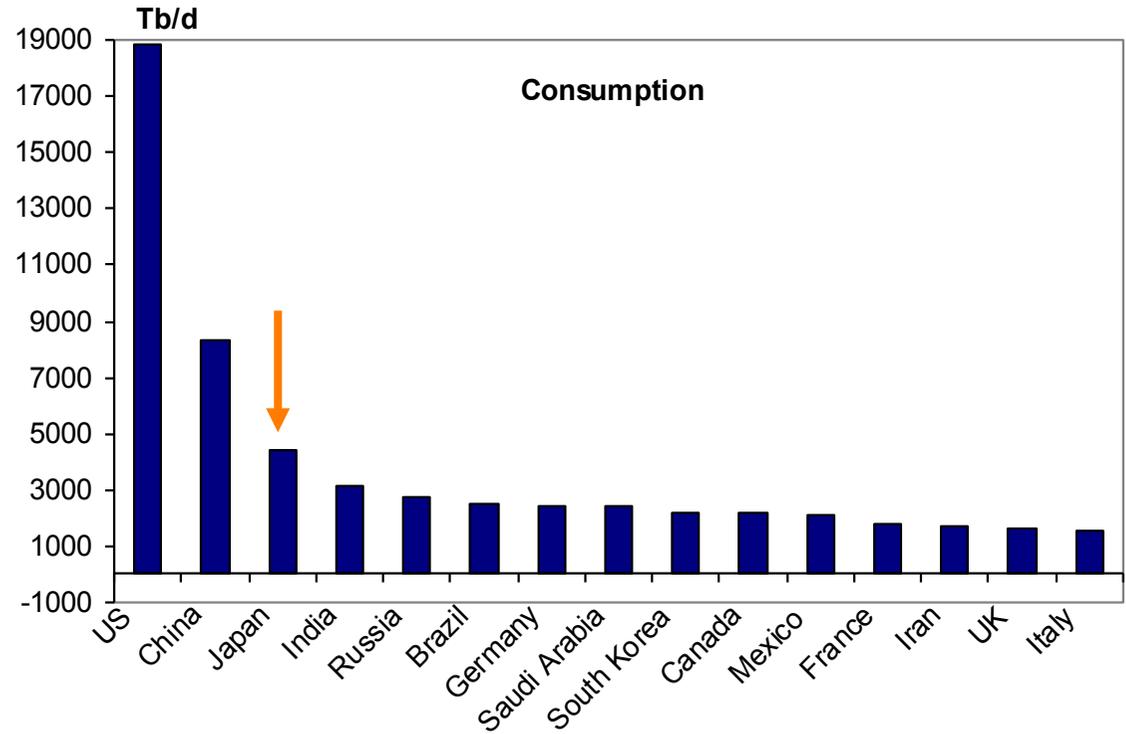
Source: Low Carbon Economy

Markets

The earthquake in Japan



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

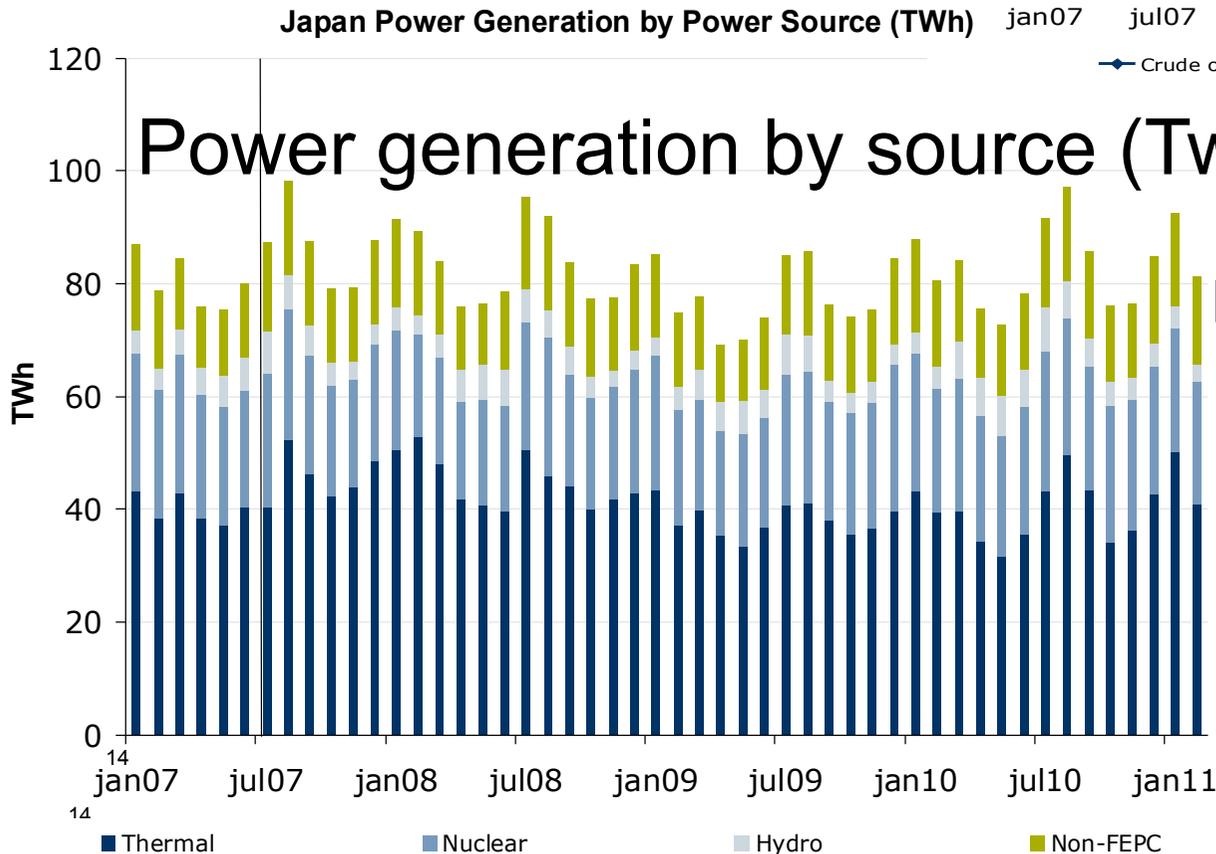
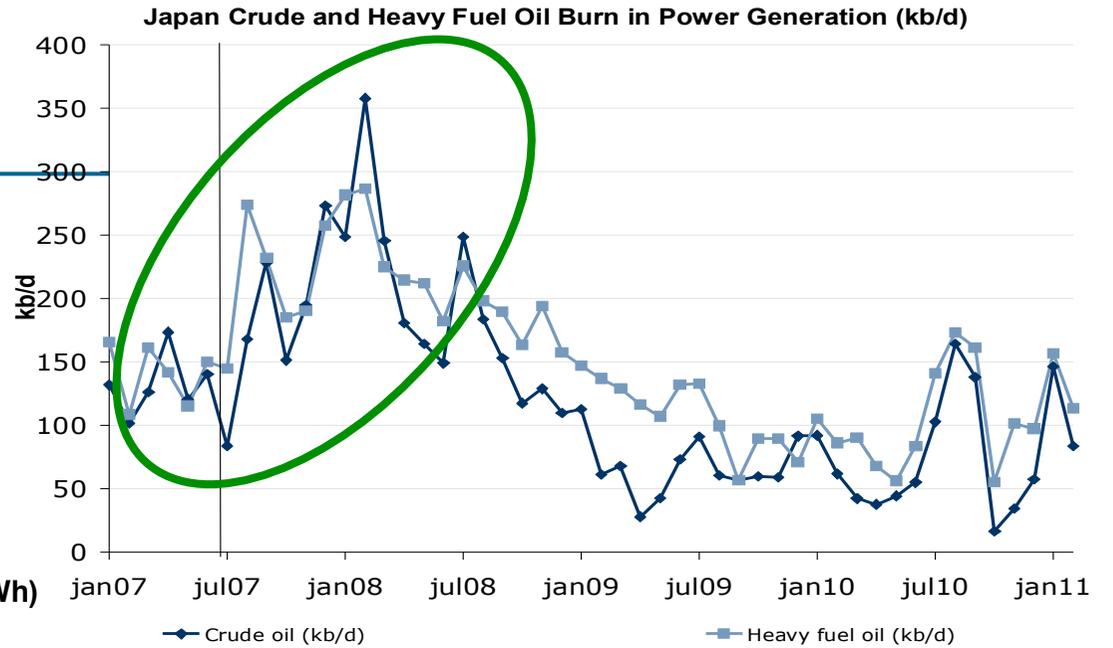


Markets

Source: EIA



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



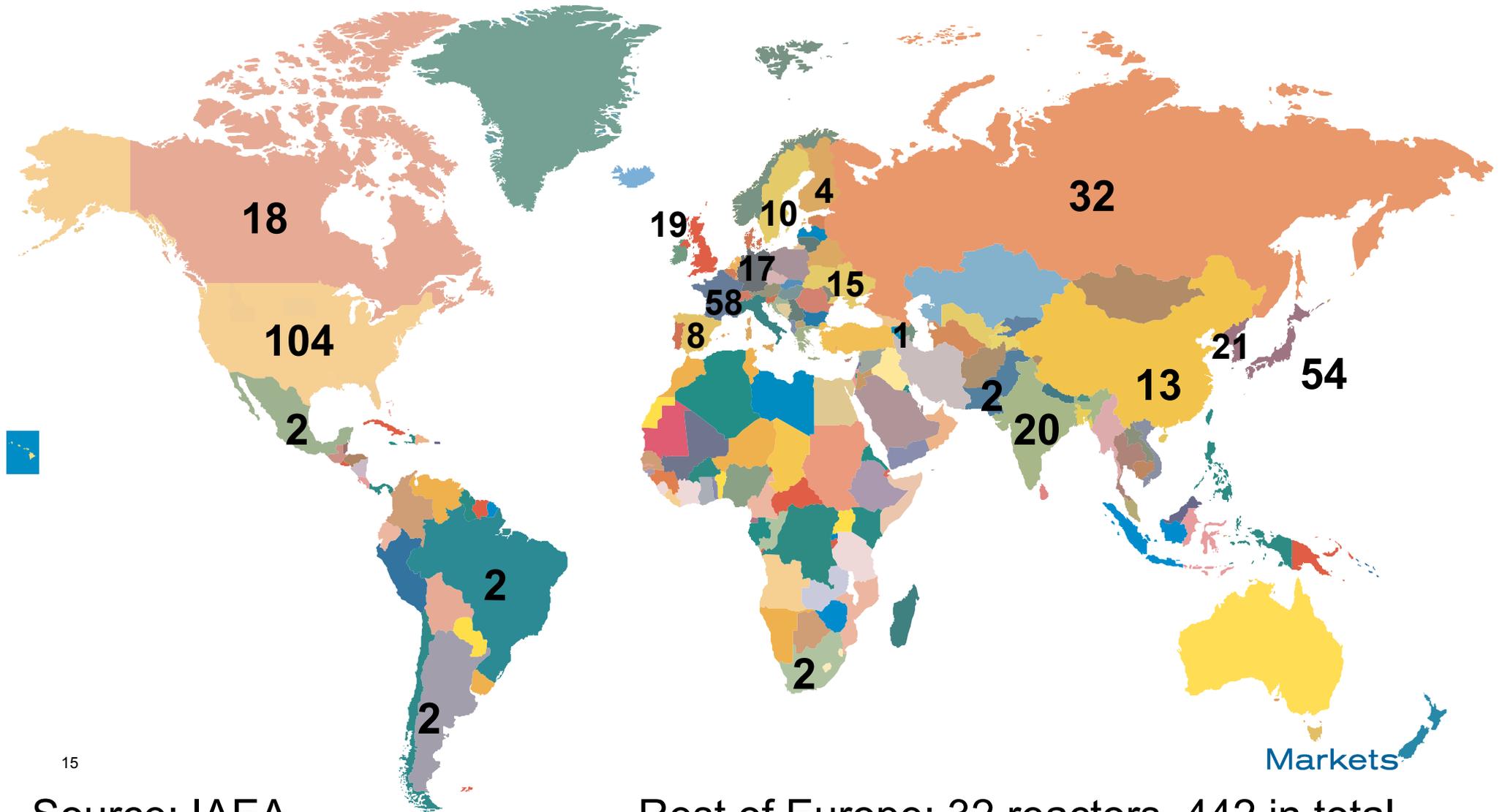
Power generation by source (Twh)

Non-FEPC 19%
Hydro 4%
Nuclear 27%
Thermal 50%

Markets

Source: BP, FEPC and EIA

Nuclear reactors in operations worldwide - 442 in total.

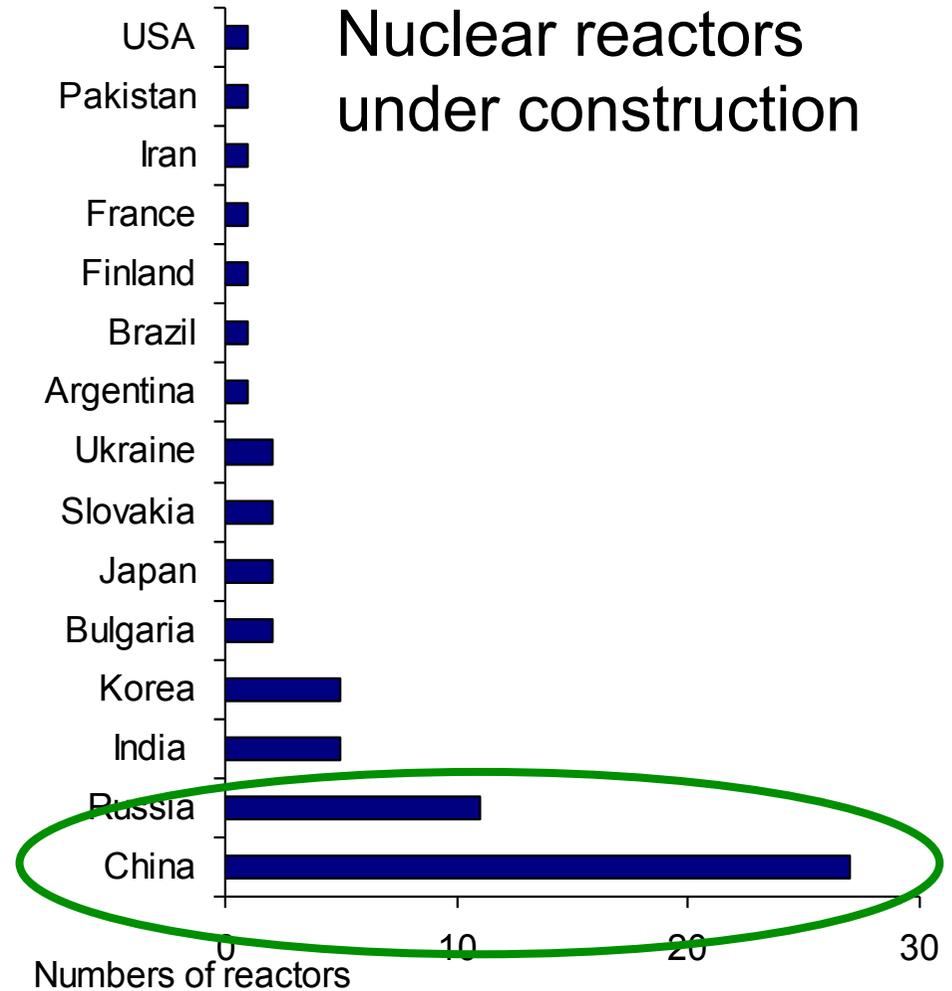
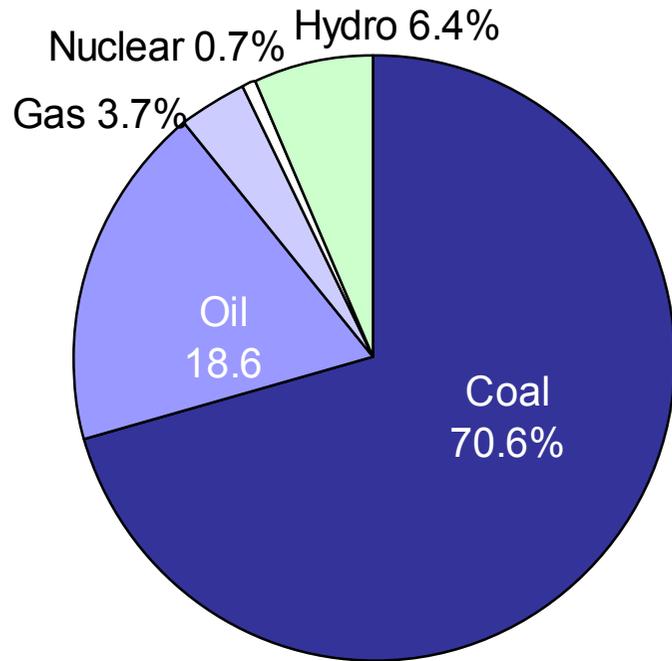


Markets

Source: IAEA

Rest of Europe: 32 reactors. 442 in total

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

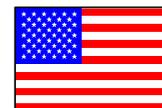




Economic growth and oil demand:

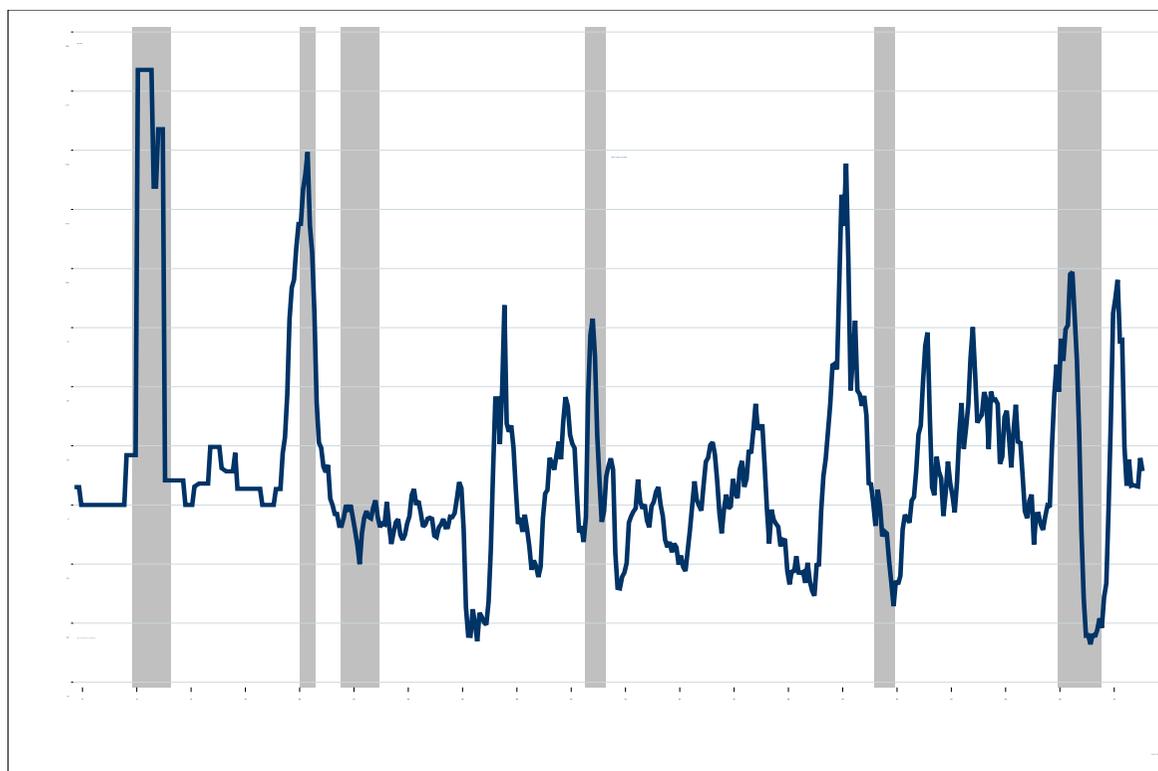
Weathering the storm



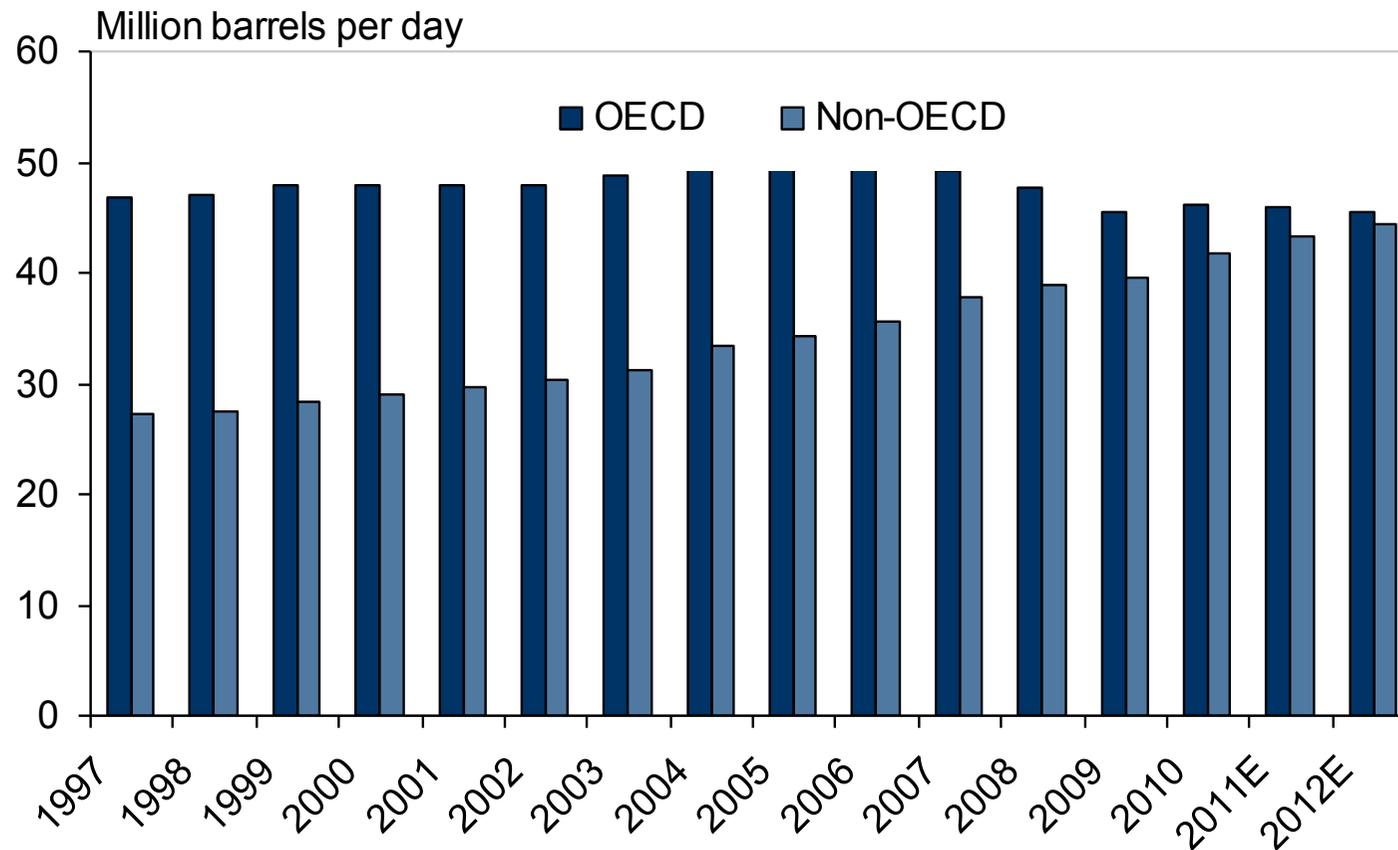


Higher oil prices put pressure on economic growth

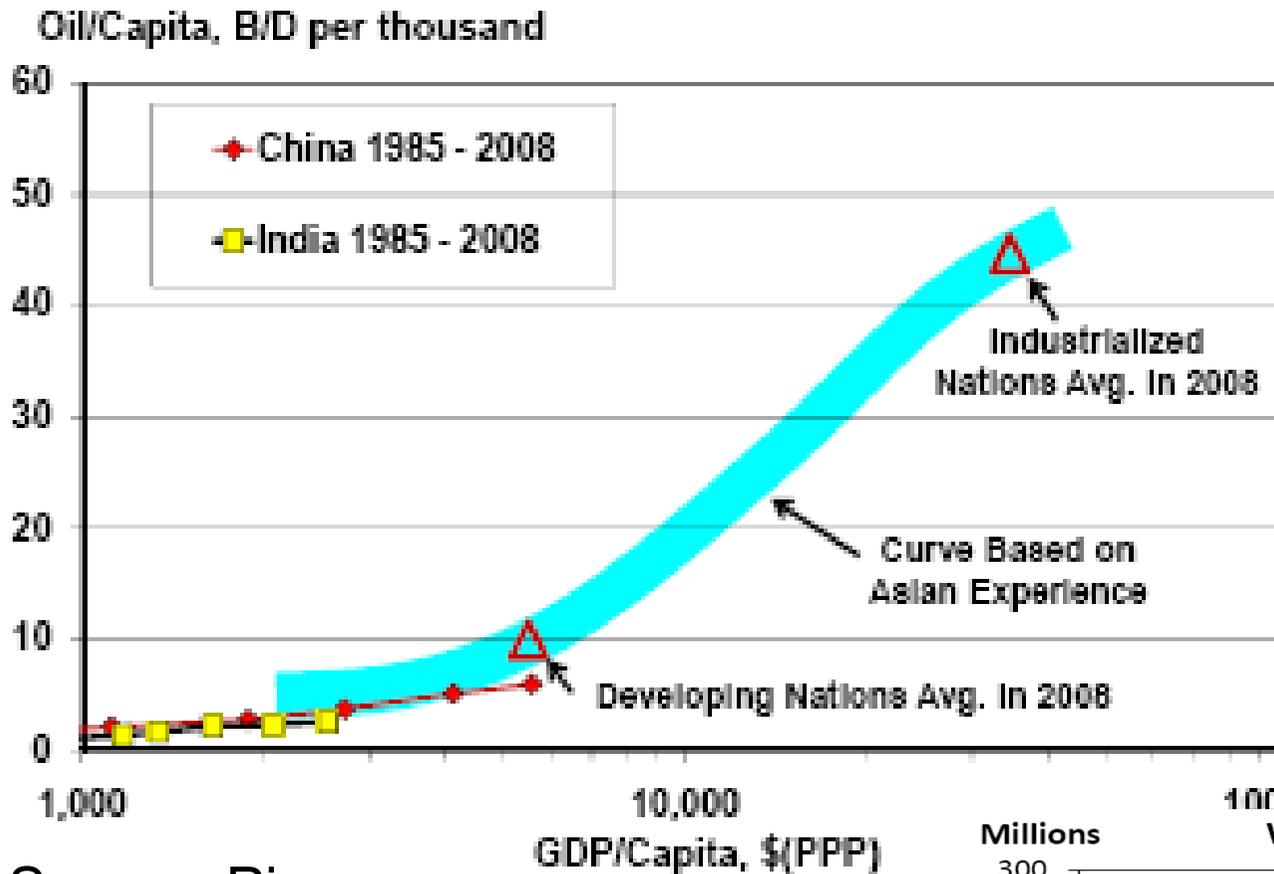
- Oil price spikes and US recessions



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



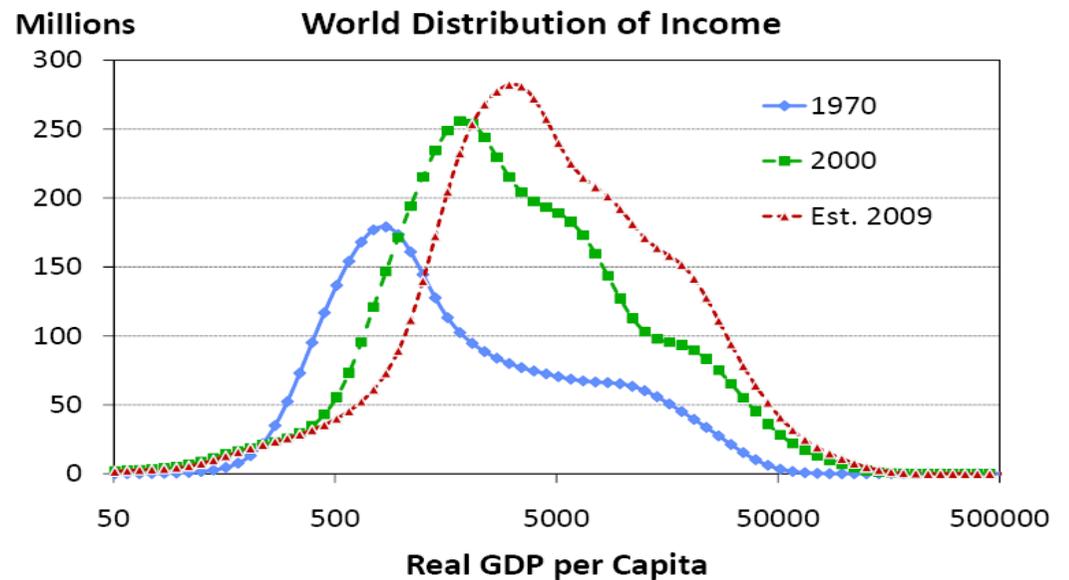
Source:
IEA
and Nordea
Markets



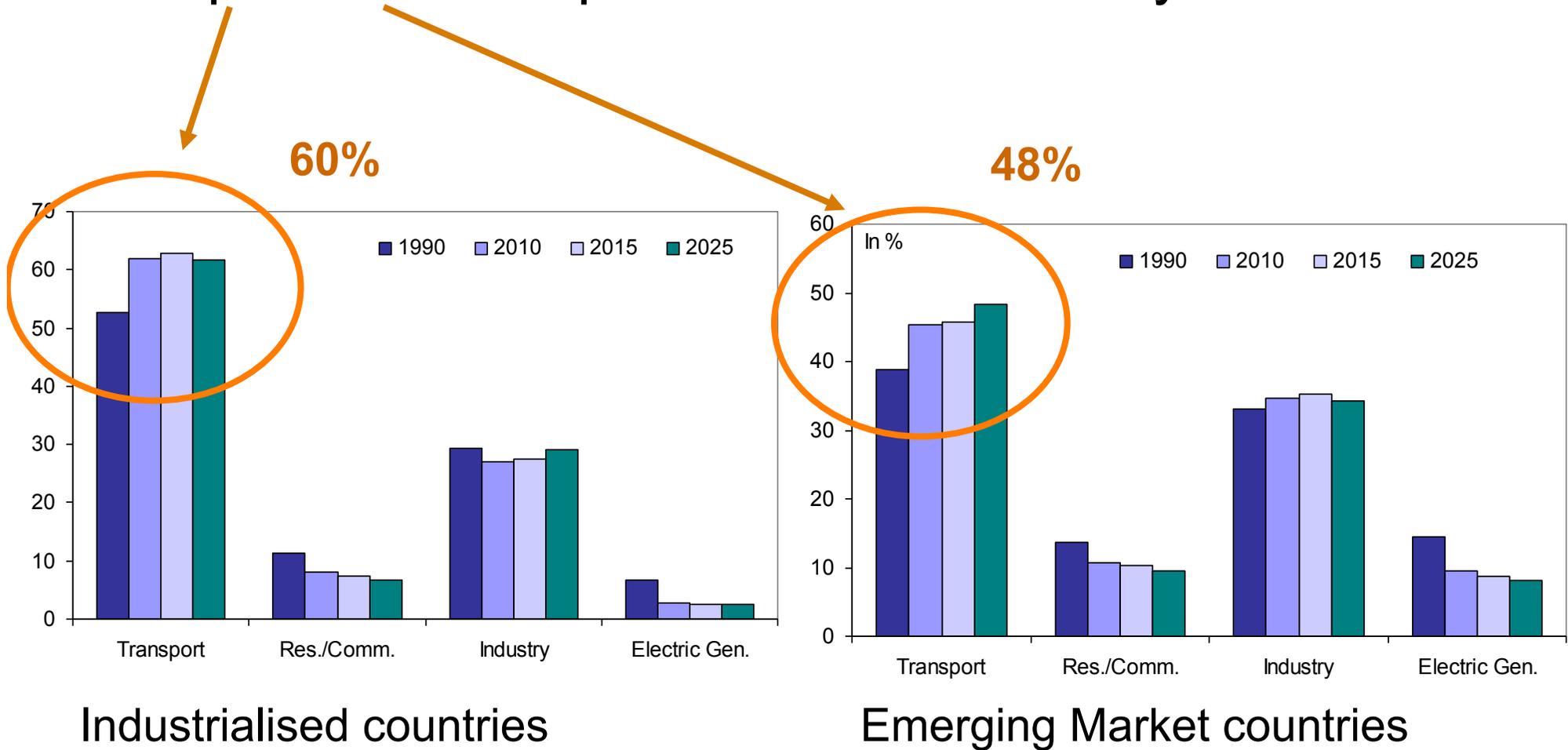
Growing middle class and urbanisation in countries with large populations will increase the demand for energy

Source: Pira

World distribution of income



Transportation and petrochemical industry main drivers

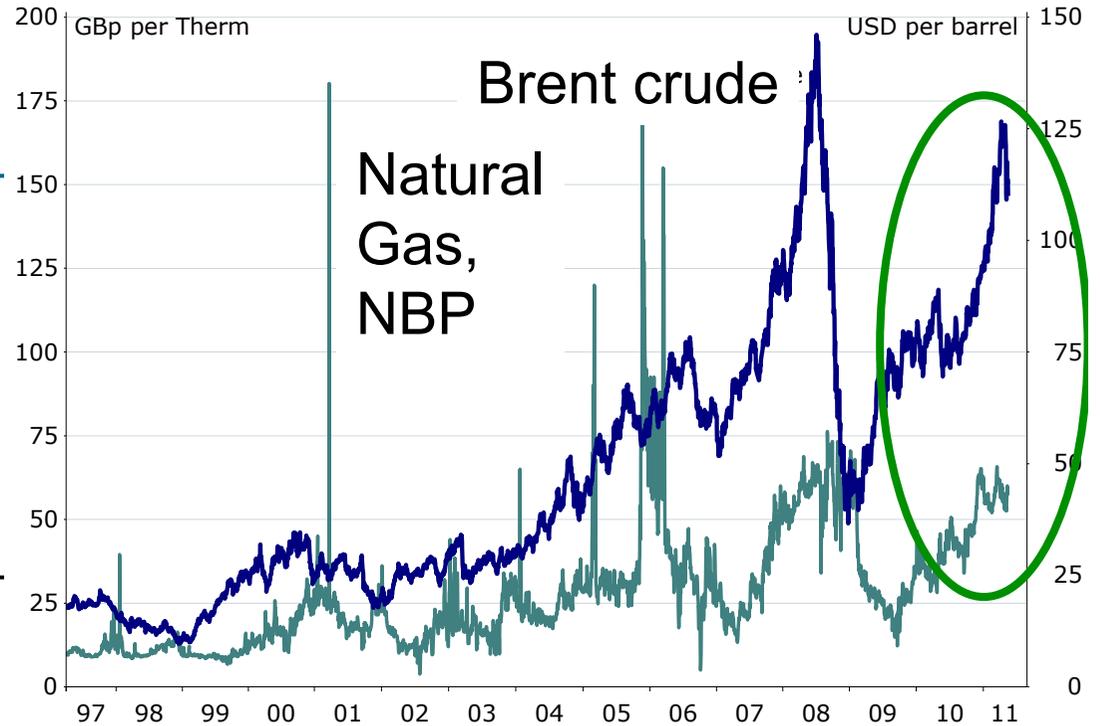


Industrialised countries

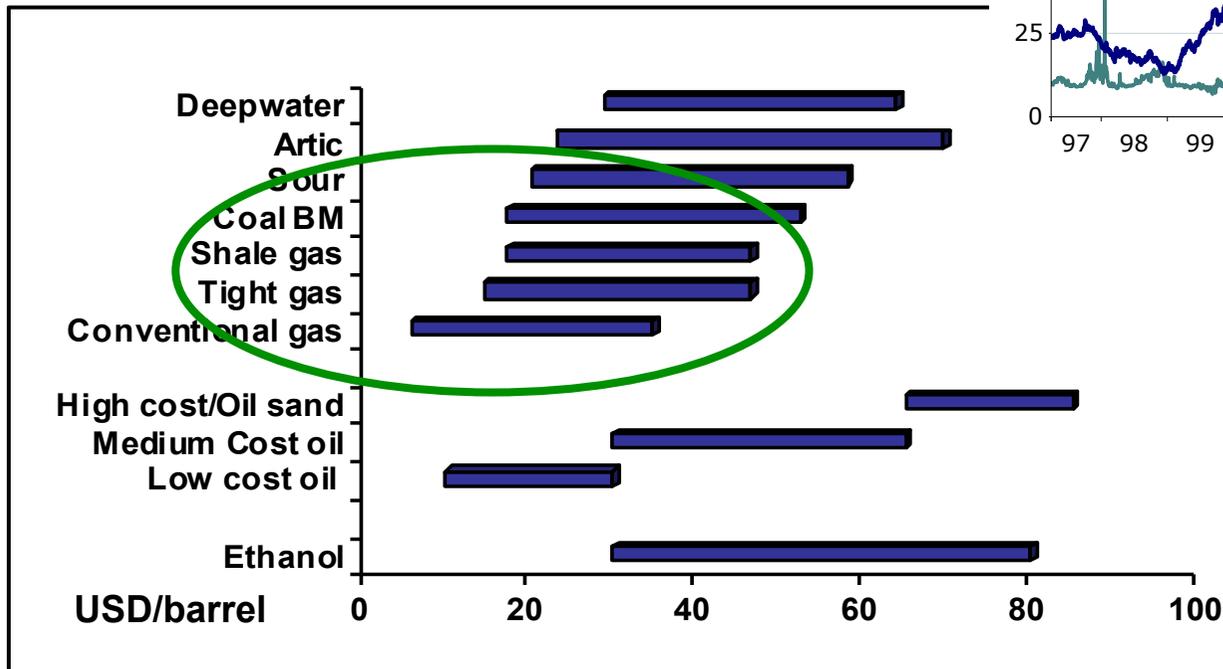
Emerging Market countries

Markets

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



Source: Reuters EcoWin



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.



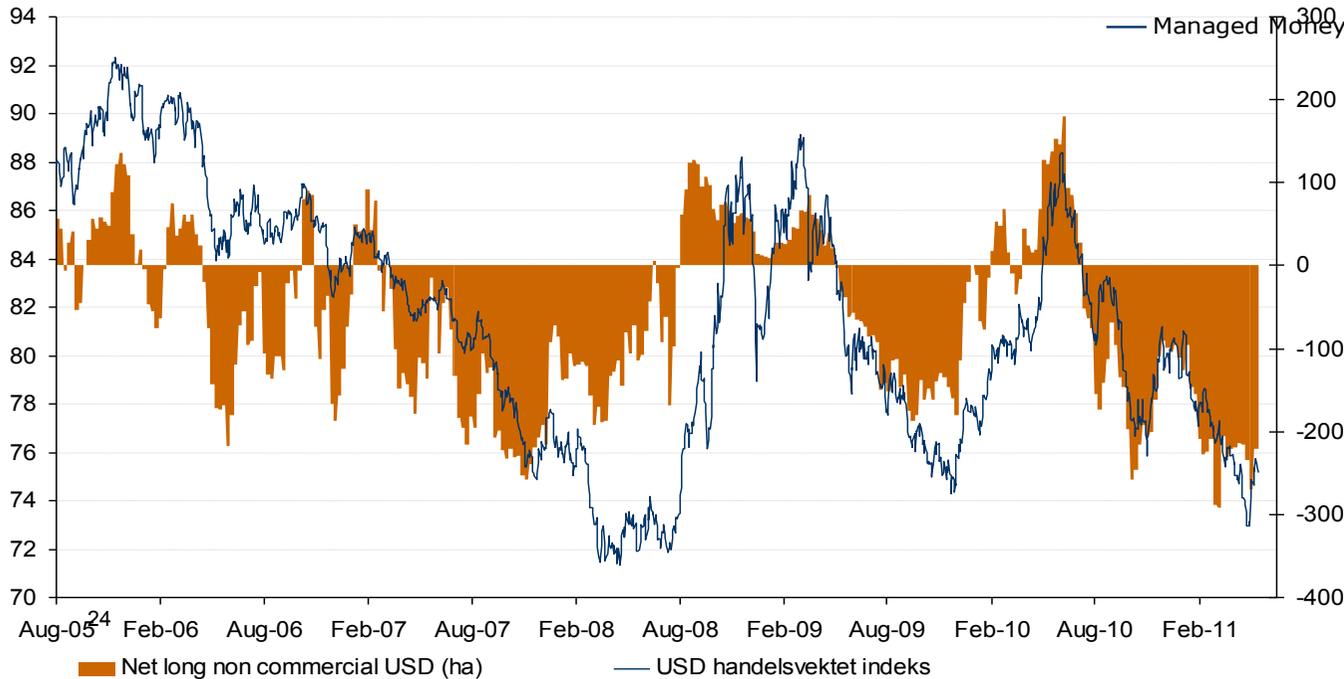
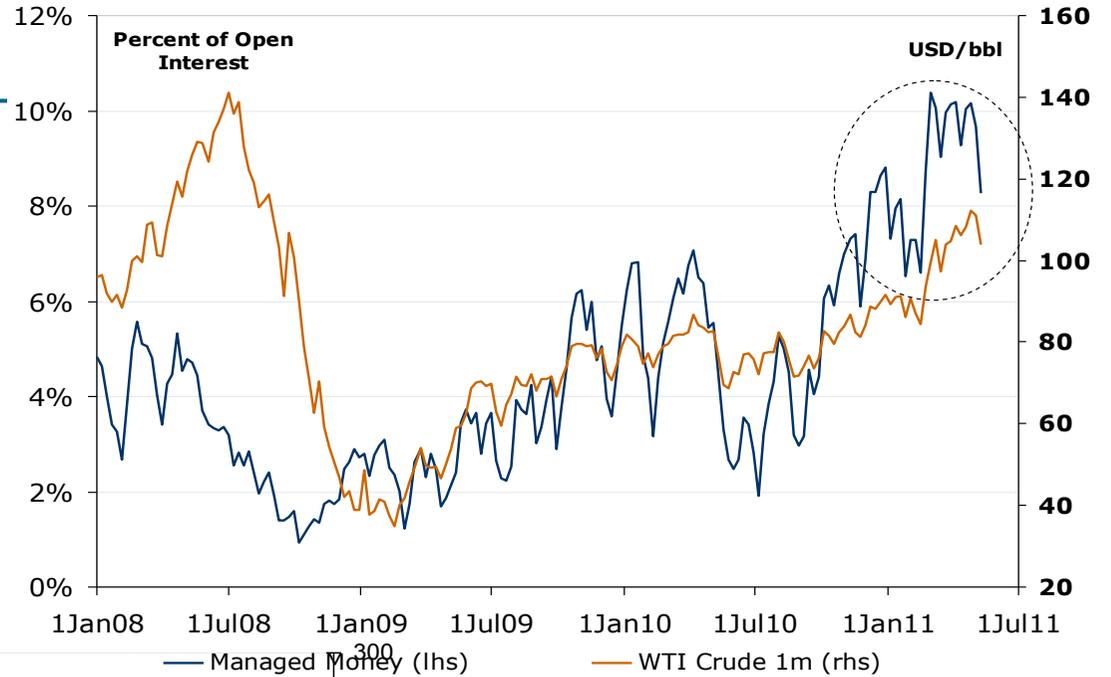
The financial market for oil





Investors are long commodities...

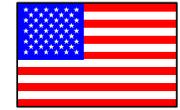
Money Managers' net positions in NYMEX WTI crude oil



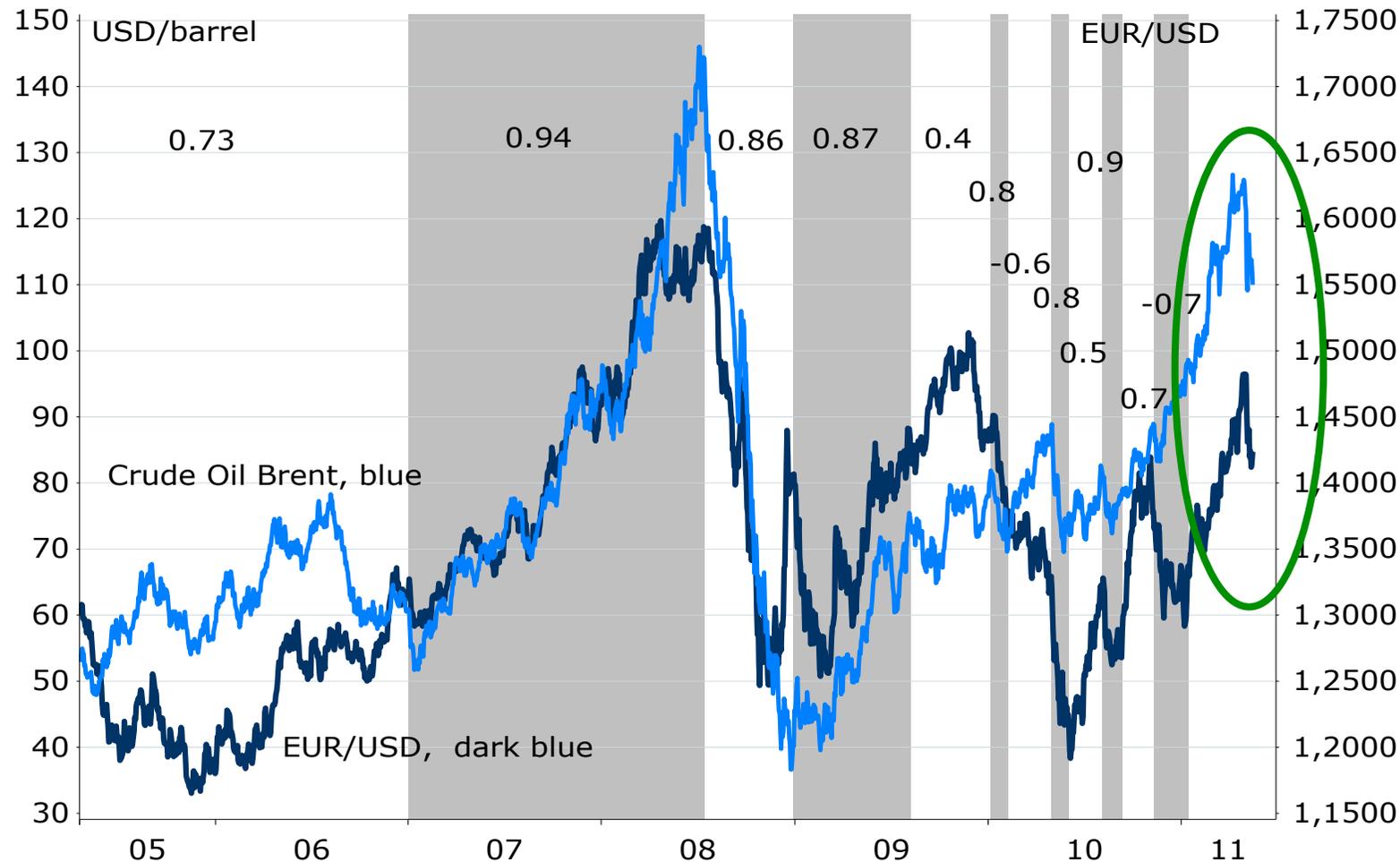
...and short US dollar

Markets

Source: Bloomberg



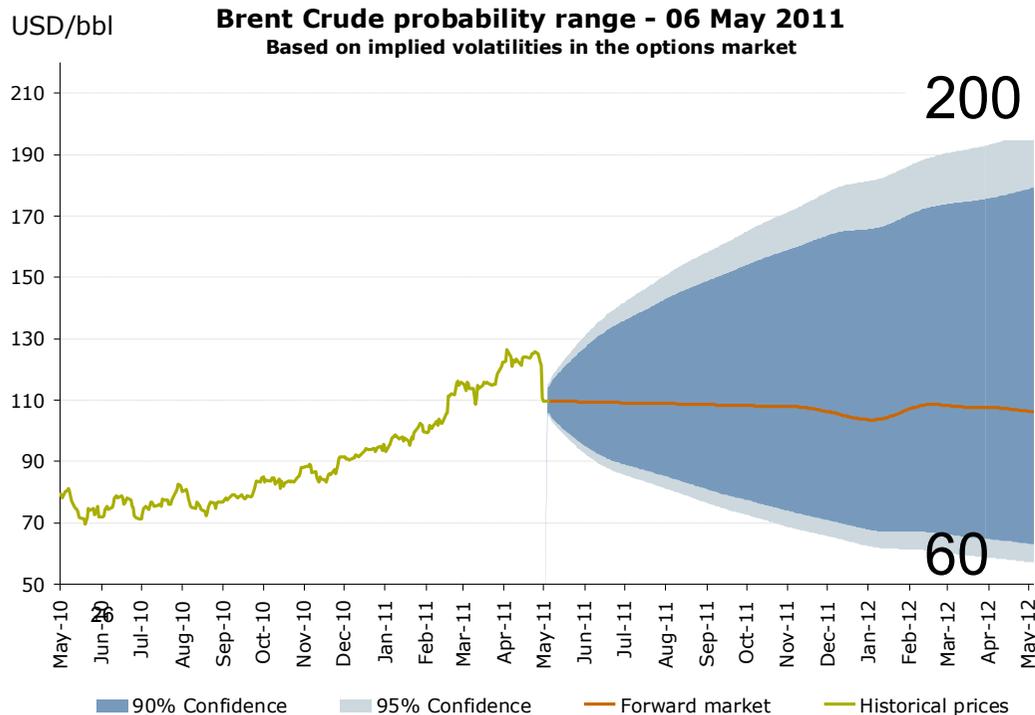
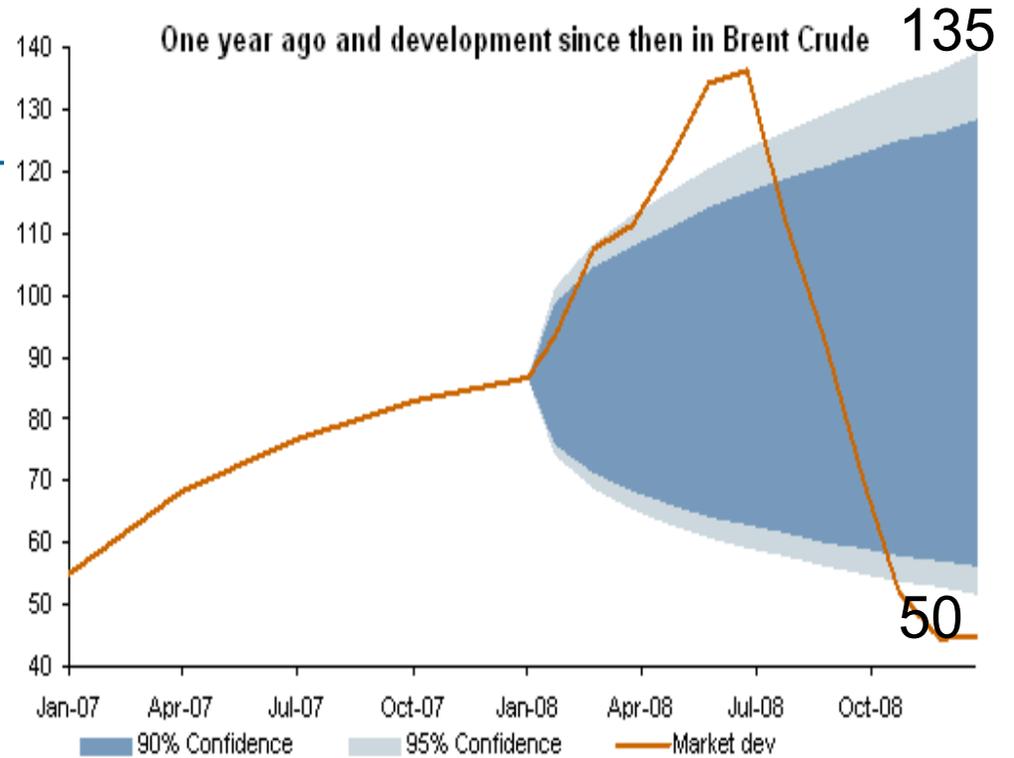
Correlation between oil prices, EUR/USD changes: inflation expectations, risk appetite and quantitative easing





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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