

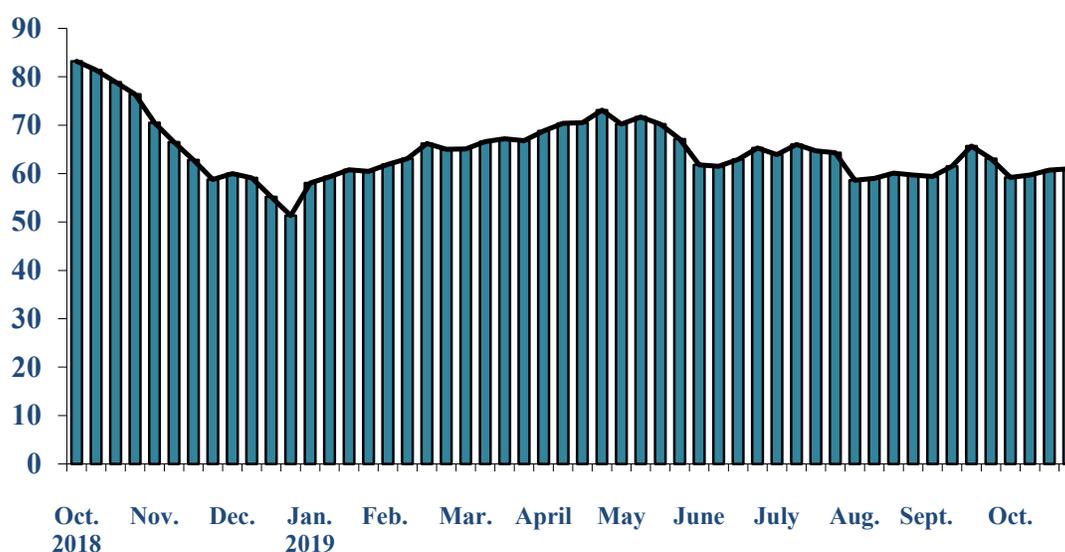
Monthly Report on Petroleum Developments in The World Markets December 2019

First: World Oil Markets

1. Oil Prices

In October 2019, **OPEC Reference Basket decreased** by 4% or \$2.5/bbl from the previous month level to stand at \$59.9/bbl. Spike in freight rates to record highs following the decision of the US Treasury Department to impose sanctions against subsidiaries of the China Ocean Shipping Company (COSCO), lower refinery utilization rates in the US, and concerns about oil supply disruption faded, were major stimulus for the decrease in oil prices during the month of October 2019.

Weekly Average Spot Prices of OPEC Basket of Crudes, 2018-2019 (\$/bbl)



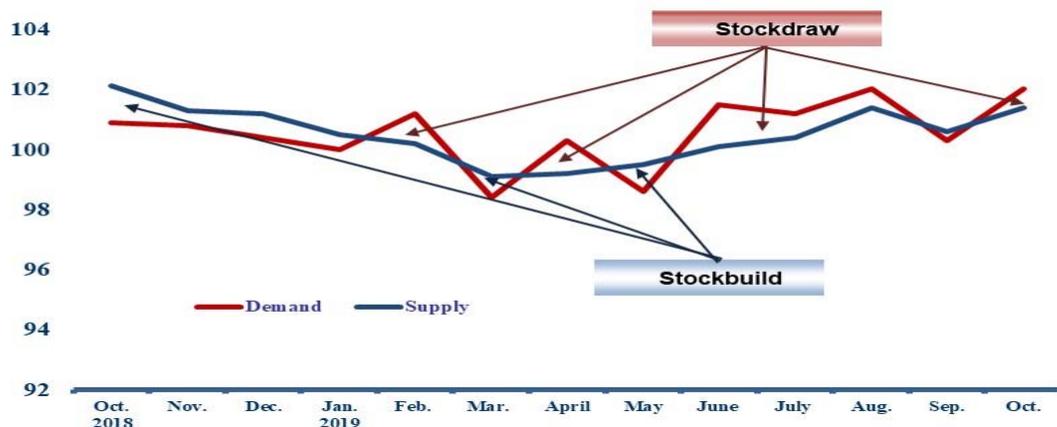
Source: Organization of Petroleum Exporting Countries, OPEC.

2. Supply and Demand

- **World oil demand** in October 2019, **increased** by 1.7 million b/d or 1.7% from the previous month level to reach 102 million b/d. **Demand in OECD countries increased** by 1.3% comparing with the previous month to reach 48.6 million b/d. And **demand in Non-OECD countries increased** by 2.3% comparing with their previous month level to reach 53.5 million b/d.
- **World oil supplies** in October 2019, **increased** by 0.8 million b/d or 0.8% comparing with the previous month to reach 101.4 million b/d.

OPEC crude oil and NGLs/condensates total supplies **increased** by 1.5% comparing with the previous month to reach 34.6 million b/d. And preliminary estimates show that **Non-OPEC** supplies **increased** by 0.8% comparing with the previous month to reach 66.9 million b/d.

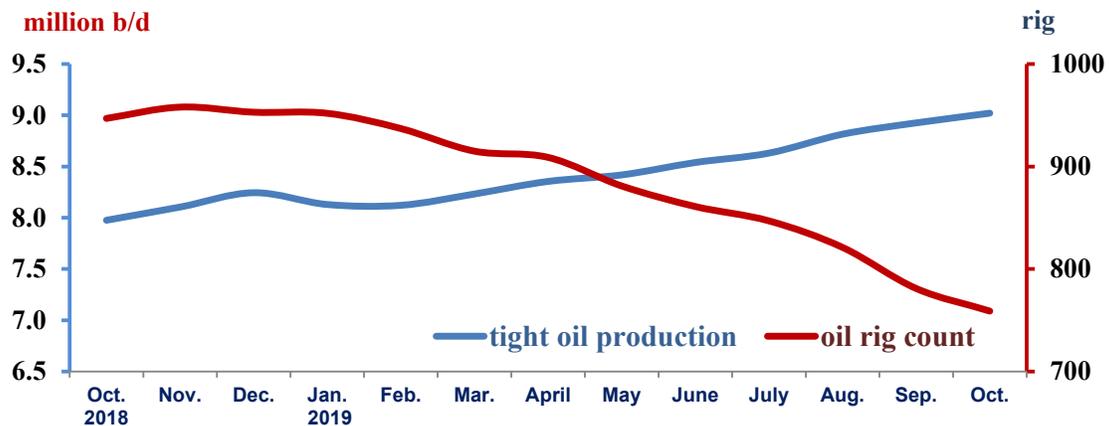
World Oil Supply and Demand (million b/d)



Source: Energy Intelligence Briefing Nov. 5, 2019.

- **US tight oil production** in October 2019, **increased** by 1.1% to reach about 9 million b/d, whereas **US oil rig count decreased** for the eleventh month in a row, by 22 rig from the previous month level to stand at 759 rig.

US tight oil production and oil rig count



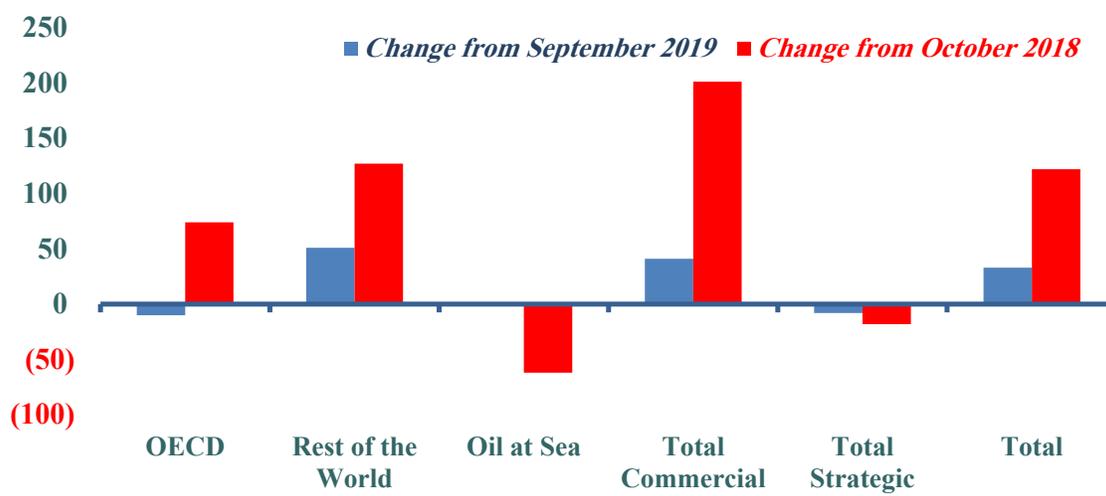
Source: EIA, Drilling Productivity Report for key tight oil and shale gas regions Nov. 2019.

3. Oil Inventories

- **OECD commercial inventories** in October 2019 **decreased** by 10 million barrels from the previous month level to reach 2944 million

barrels, and **Strategic inventories** in OECD-34, South Africa and China **decreased** by 8 million barrels from the previous month level to reach 1820 million barrels.

Change in Global Inventories at the End of October 2019 (million bbl)



Source: Oil Market intelligence, Jan. and Nov. 2019.

4. Oil Trade

US Oil Imports and Exports

- **US crude oil imports** in October 2019, **decreased** by 5.2% from the previous month level to reach 6.3 million b/d, whereas **US product imports increased** by 10.5% to reach about 2.2 million b/d.
- **US crude oil exports** in October 2019, **increased** by 11% from the previous month level to reach 3.4 million b/d, and **US product exports increased** by 0.2% to reach about 5.1 million b/d.

Second: Natural Gas Market

1. Prices

- **The average spot price of natural gas** at the **Henry Hub** **decreased** in October 2019 to reach \$2.33/million BTU.
- **The Price of Japanese LNG imports** in September 2019 decreased by \$0.7/m BTU to reach \$9.47/m BTU, whereas the **Price of Chinese LNG increased** by \$0.4/m BTU to reach 8.81/m BTU, and the **Price of Korean LNG imports increased** by \$0.6/m BTU to reach \$9.8/m BTU.

2. Exports

- **Arab LNG exports to Japan, Korea and China** were about 2.736 million tons in September 2019 (a share of 19.5% of total imports).