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Oil Market Update

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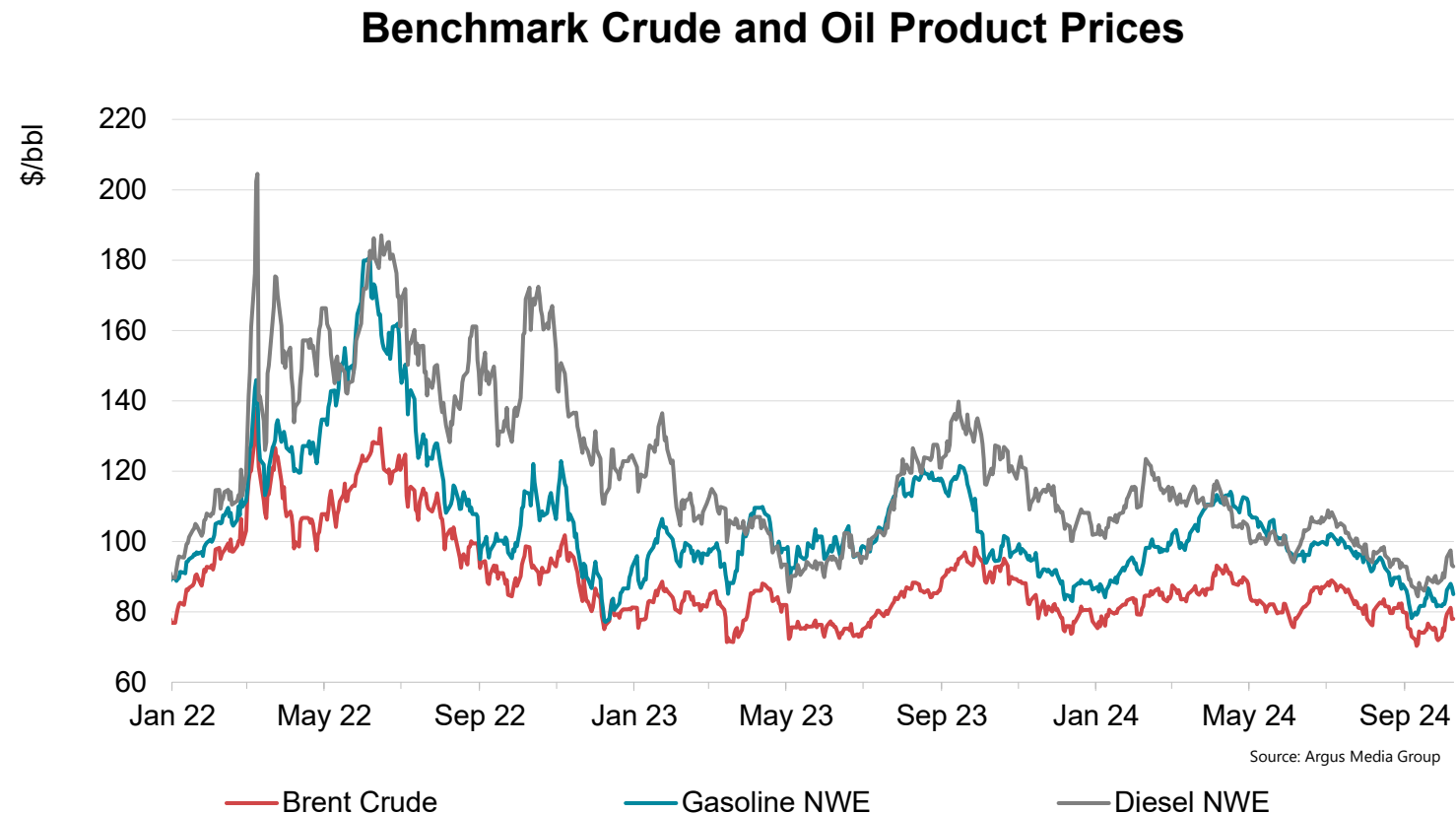
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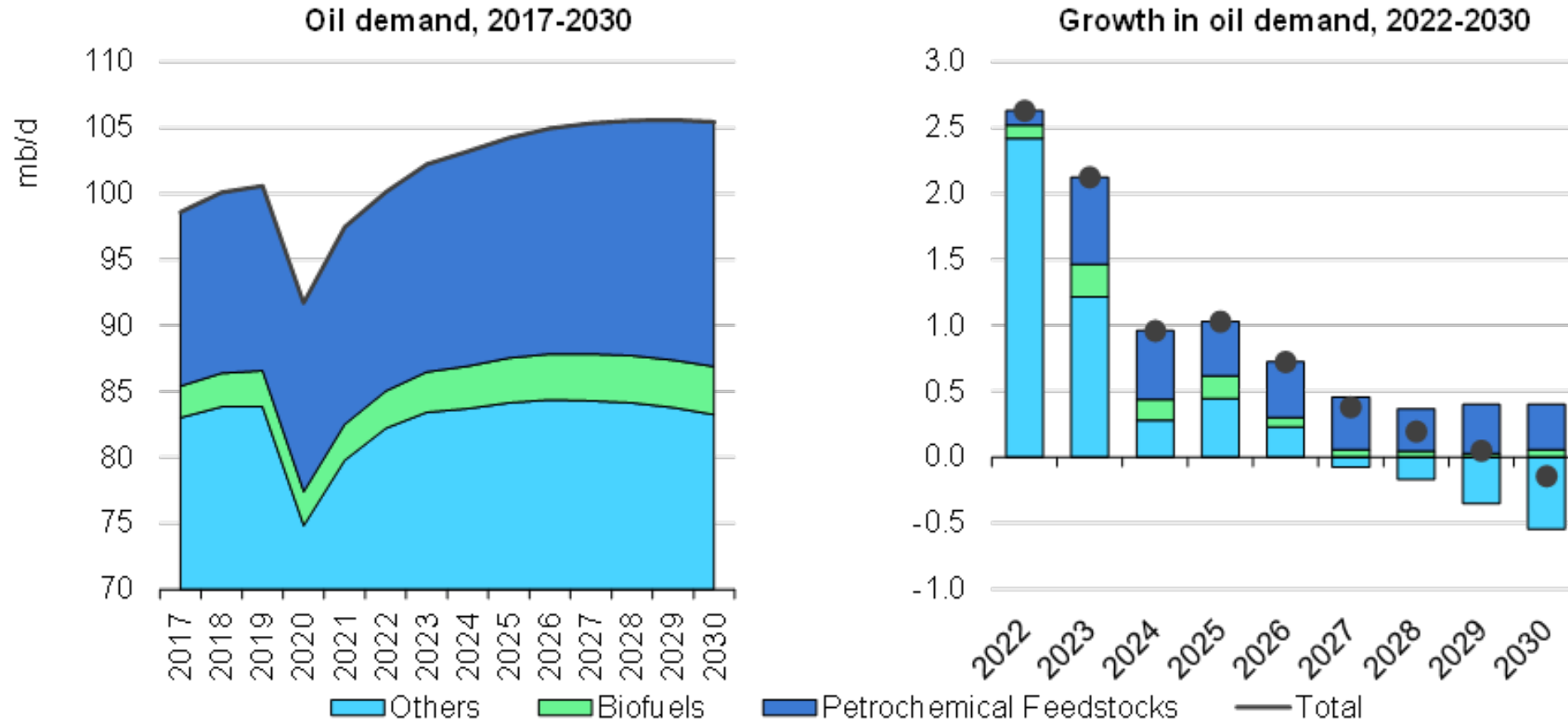
16 October 2024

Oil prices in bear market amid slowing Chinese demand



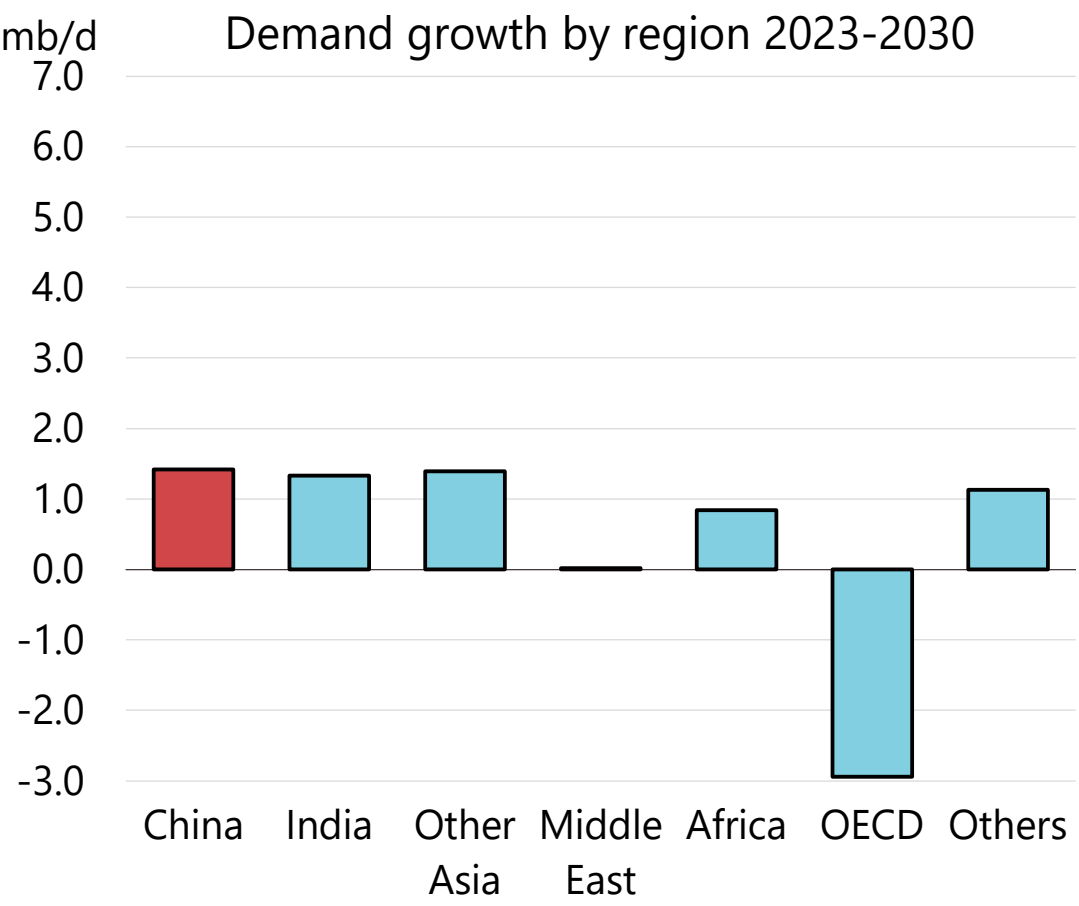
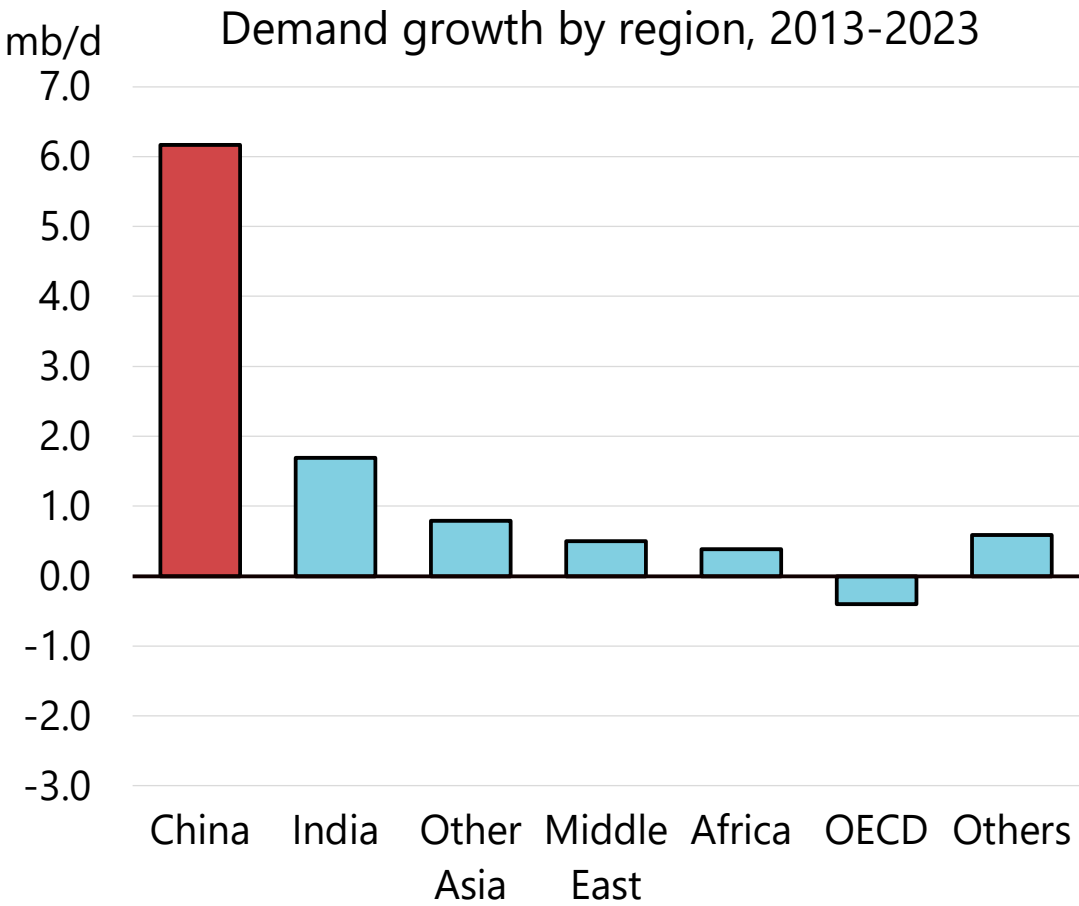
Crude oil price near three-year lows as concerns of slowdown in Chinese and global oil demand growth overshadow Middle East tensions.

World oil demand on course to plateau by 2030



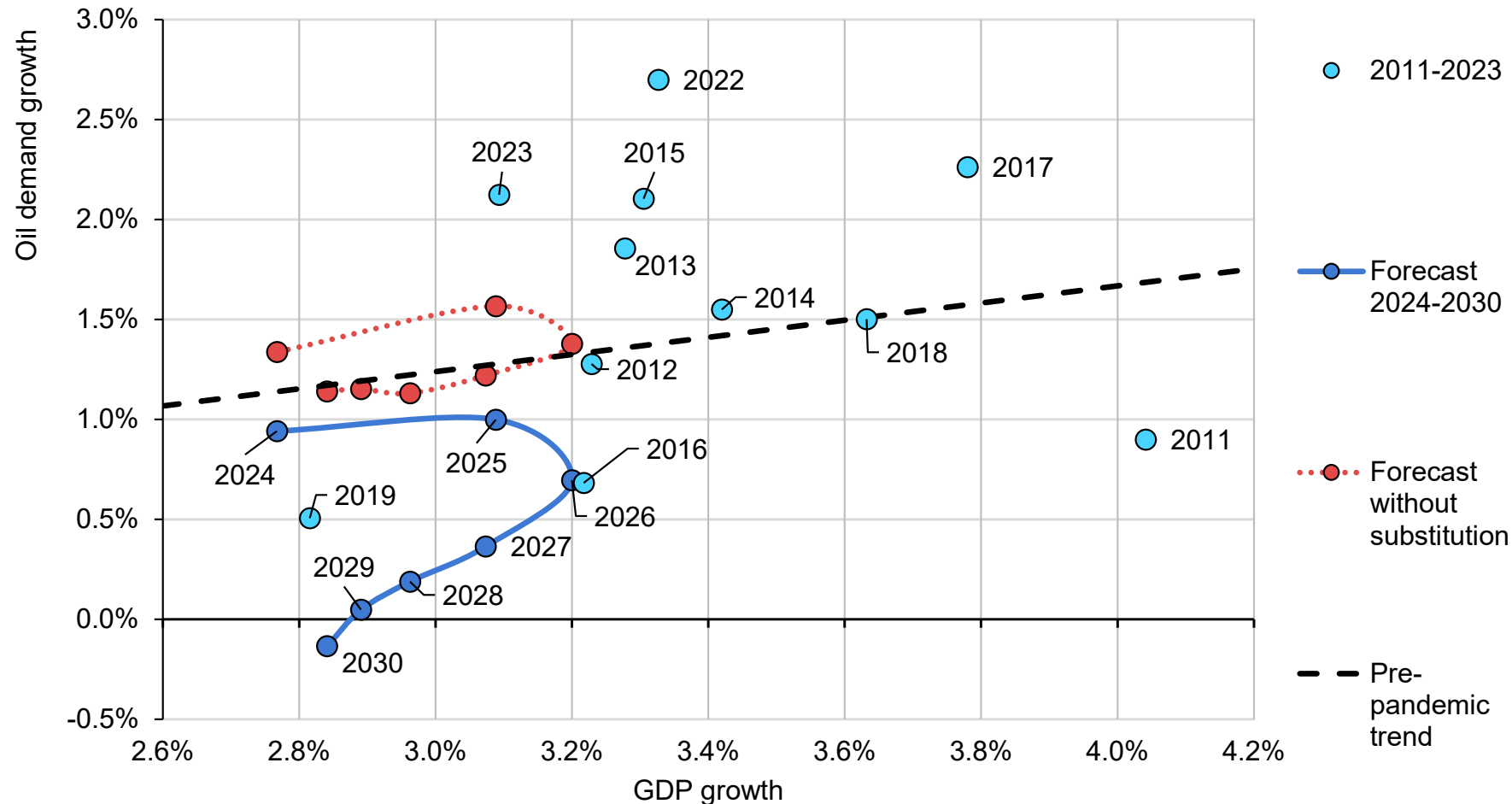
Growth decelerates from 2.1 mb/d in 2023 to less than 1 mb/d in 2024, with a small contraction by 2030. Demand plateaus at around 105.6 mb/d by the end of the forecast period.

China downturn reorienting global growth sources



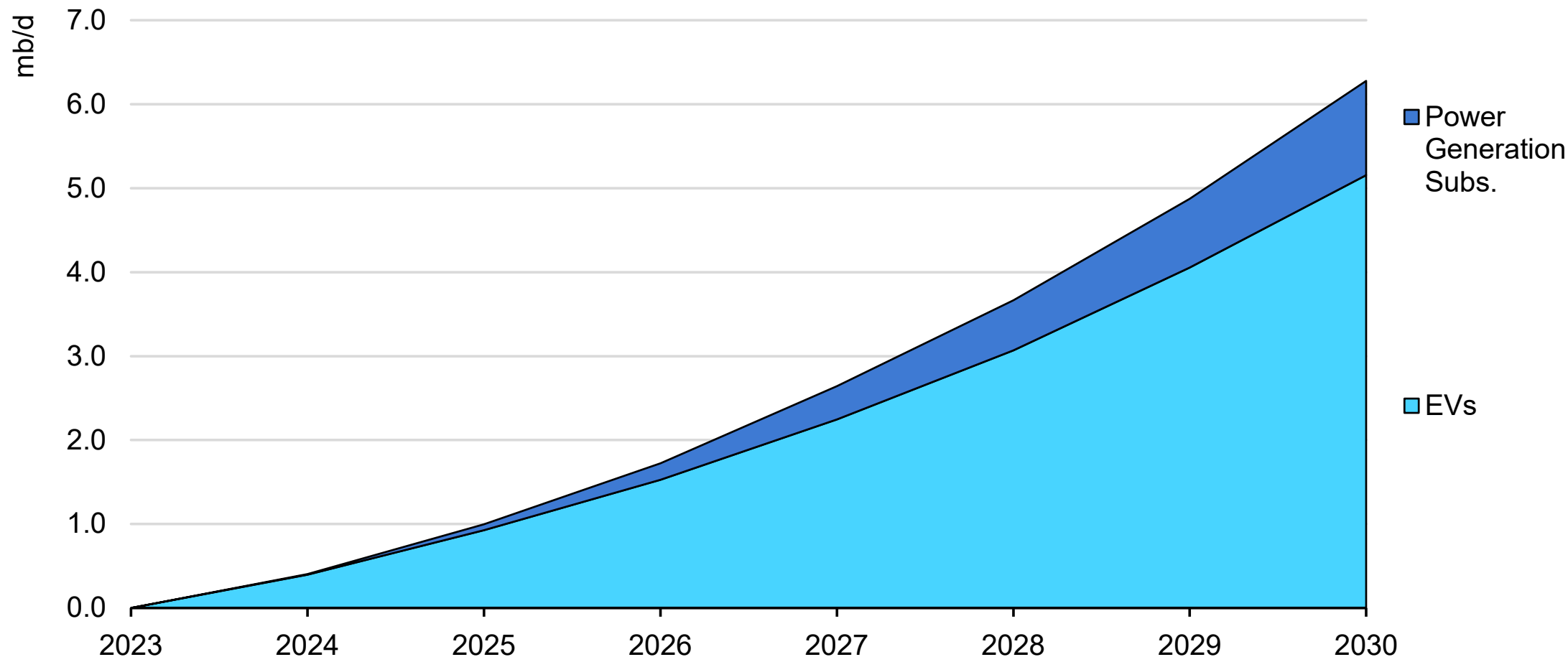
China's dominance in global oil demand growth is fading, with other Asian economies taking up larger shares. OECD structural declines will accelerate.

Slower GDP growth and clean energy deployment gives oil plateau



After the post-Covid rebound, growth in oil demand will lose momentum and plateau this decade. It will disconnect from subpar GDP growth as substitution away from oil undermines consumption.

Substitution effects curb demand growth



The expansion of the global EV fleet is the main driver of substitution away from oil, saving 5 mb/d by 2030. A smaller contribution will come from power generation, with oil replaced by natural gas and solar.

Medium term: key messages

- Oil price in bear market amid outlook for well-supplied market.
- Global oil demand slowing and set to plateau by end of decade.
- China's dominance in oil demand growth fading rapidly.
- Oil demand to disconnect from GDP as EV fleet expands.