Statement

by the

Organization of the Petroleum Exporting Countries
(OPEC)

to the

Intergovernmental Group of Twenty-Four
(G-24)

Ministers and Governors Meeting

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The **Organization of the Petroleum Exporting Countries** (OPEC) would like to provide the distinguished delegates to the **Intergovernmental Group of Twenty-Four** (G-24) with an update on current oil market conditions and developments.

Global economic growth in 1H24 proved to be resilient, and this stable growth pattern extended into 3Q24, bolstered by strong consumer spending, particularly in the services sector. This positive trend has persisted despite ongoing uncertainties over interest rates, trade negotiations, and geopolitical developments. As a result, global economic growth is expected at a healthy 3.0% for 2024, followed by 2.9% for 2025.

Within the **OECD**, steady 1H24 momentum in US private household consumption is expected to sustain stable near-term growth projections. US economic growth is forecast at 2.5% for 2024 and 1.9% for 2025. In Japan, despite some weakness in 1Q24, a rebound in 2Q24 and anticipated continued improvements in domestic demand and external trade are set to support growth for the remainder of 2024 and into 2025. Japan's growth is projected at 0.1% for 2024, rising to 0.9% in 2025. In the Eurozone, after slightly better-than-expected growth in 1H24, continued expansionary momentum is forecast for 2H24 and 2025. Eurozone growth is projected to reach 0.8% in 2024 and 1.2% in 2025.

In the **non-OECD**, as inflation falls in India and the agricultural sector recovers from last year’s weak monsoon season, strong growth continues, though at a slower pace compared to 1Q24. India’s economic growth is forecast at 6.8% for 2024 and 6.3% for 2025. China's export and manufacturing sectors continue to show resilience despite persistent property market challenges, with growth projected at 4.9% in 2024 and 4.6% in 2025. Meanwhile, Brazil and Russia show further upside potential, though tight monetary policies may constrain growth dynamics. Brazil’s economic growth is forecast at 2.5% for 2024 and 1.9% for 2025, while Russia is expected to grow by 3.2% in 2024, slowing to 1.5% in 2025.

Although some downside risks exist, the momentum in non-OECD economies observed since early 2024, coupled with a rebound in OECD countries, could provide additional upside for global economic growth for this year and carry over into 2025. Moreover, major central banks have shifted to more accommodative monetary policies and are anticipated to maintain them throughout 2025, particularly in the US, the Eurozone, and the UK, further supporting near-term global growth.

Looking ahead, a key factor influencing the global economic trajectory will be the balance between the contributions from the industrial and services sectors. Thus far in 2024, the typically robust industrial sector in advanced economies has lagged behind global growth momentum. With the significant contribution from the services sector expected to slightly retract towards the end of the year and into 2025, the industrial sector is expected to close the output gap, resulting in stable growth into 2025.

World oil demand growth in 2024 is forecast to increase by around 1.9 mb/d to average 104.1 mb/d. This is largely due to China, where industrial and export growth is expected to remain strong with ongoing government support for manufacturing despite slowdowns in other sectors of the economy. Similarly, current healthy travel sector activity is also expected to continue. In the OECD, oil demand is expected to rise by 0.1 mb/d, y-o-y, to average 45.8 mb/d. Demand in OECD Americas is expected to account for the entire growth in the region, led by the US. Oil demand in OECD Asia Pacific and OECD Europe is expected to remain soft. In terms of products, jet/kerosene is projected to be the driver of oil demand, with road transportation fuels – diesel and gasoline – also growing. In the non-OECD, total oil demand is expected to rise by about 1.8 mb/d to average 58.4 mb/d in 2024. Along with the demand growth in China, continued growth in demand in Other Asia, the Middle East, and India will further boost non-OECD demand in 2024.

In 2025, global oil demand is estimated to increase by 1.6 mb/d to average 105.8 mb/d, supported by healthy economic activity mostly in the non-OECD. In the OECD, the Americas is set to drive demand growth by 79 tb/d, y-o-y, while OECD Europe and OECD Asia Pacific are forecast to increase only marginally, y-o-y. Overall, oil demand in the OECD is forecast to increase by 0.1 mb/d, y-o-y. Oil demand in the non-OECD is estimated to expand by 1.5 mb/d, y-o-y, with China continuing to lead demand growth, driven by improvements in jet/kerosene, diesel, and gasoline. Other regions showing healthy oil demand growth include Other Asia, the Middle East, and India.

Non-Declaration of Cooperation countries' (non-DoC) liquids supply in 2024 is expected to grow by 1.2 mb/d from the previous year. The main drivers for growth are the US, Canada, Brazil, and China. In the US, consolidation, softening prices, and efficiency gains have contributed to the rig count falling since last year. However, strong well results and enhanced operational performance have led to steady production growth. Major US upstream operators highlighted efficiency improvements as the main driver enabling them to continue production growth despite lower activity levels. US liquids production is forecast to increase by 0.6 mb/d, y-o-y.

Forecasts show global E&P CAPEX spending for 2024 remaining largely unchanged, y-o-y, at an average of $616 billion, much lower than the peak of $883 billion seen in 2014, but 55% more than spending in 2020. A higher level of upstream investment is believed to be required to fulfil the demand outlook and reinforce adequate spare capacity.

For 2025, non-DoC liquids supply is expected to grow by 1.1 mb/d. The main contributors to growth are expected to be the US, Brazil, Canada, and Norway. Global E&P CAPEX spending for 2025 is forecast to marginally rise by about 2%, y-o-y, to average $626 billion. Oil production prospects in non-DoC countries might be affected by increasing geopolitical and macroeconomic risks in the short term.

Meanwhile, DoC NGLs and non-conventional liquids production in 2024 is forecast to grow by 0.1 mb/d to average 8.3 mb/d and expected to grow by about 70 tb/d to average 8.4 mb/d in 2025. In September 2024, DoC crude oil production decreased by 0.6 mb/d, m-o-m, to average 40.1 mb/d, according to secondary sources, leading to an average of 40.9 mb/d since January 2024.

Total **OECD commercial oil stocks** fell by 8.4 mb, m-o-m, in August, a second consecutive monthly drop. At 2,828 mb, they were 5 mb higher than the same time one year ago, 86 mb lower than the latest five-year average and 157 mb below the 2015–2019 average. Within the components, crude and product stocks fell by 6.5 mb and 1.9 mb respectively.

At 1,314 mb, OECD commercial crude stocks were 18 mb lower than the same time one year ago, 64 mb less than the latest five-year average and 128 mb below the 2015–2019 average. OECD product stocks stood at 1,509 mb, 23 mb above the same time a year ago, but 22 mb lower than the latest five-year average and 29 mb below the 2015–2019 average.

In terms of days of forward cover, OECD commercial stocks dropped in August by 0.1 days, m-o-m, to stand at 61.3 days. This is 0.1 days lower than the level registered in August 2023, 2.9 days lower than the latest five-year average and 1.8 days less than the 2015–2019 average. Within the OECD regions, OECD Americas was 3.4 days and OECD Asia Pacific 3.9 days below the latest five-year average, at 60.3 and 49.0 days, respectively. OECD Europe was 1.5 days below the latest five-year average, standing at 69.6 days.

OPEC remains committed to **supporting the stability of the oil market** for the benefit of both consuming and producing nations, as well as the global economy. In light of increasing global economic uncertainties and emerging imbalances, OPEC, in coordination with non-OPEC countries within the DoC, will continue to closely monitor market developments and stands prepared to make adjustments within its existing mechanisms to support oil market stability.