



Overview of the Offshore and Global Energy Markets

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What is C6 Capital Holdings?

Provide consulting services across the energy supply chain regarding market/industry intelligence, business line investments/divestitures, and geopolitical analysis



Private Equity small and medium investments in all forms of energy infrastructure
(renewable and fossil fuels)



Business strategy solutions for corporate planning and analysis



Partner with Primary Vision to deliver solutions for oil field service, E&P, midstream, chemical, and refining clients

Generate reports regarding frac spreads, top- and bottom-hole consumables

Market Intelligence

Port and Terminal Data for key import and export countries



Co-Founder and Host of Primary Vision Network: A YouTube Channel focusing on: Energy/ Infrastructure/ Shipping, Macro-Economics, Geo-Politics, OPEC+, and Special Updates

Summary of Talking Points

U.S. Production Backdrop

Global API Gravity Shifts

Refining Growth in Asia

Oversupply Across Refined Products

Slowing Activity is a Major Headwind

Geo-Political Backdrop Shifting

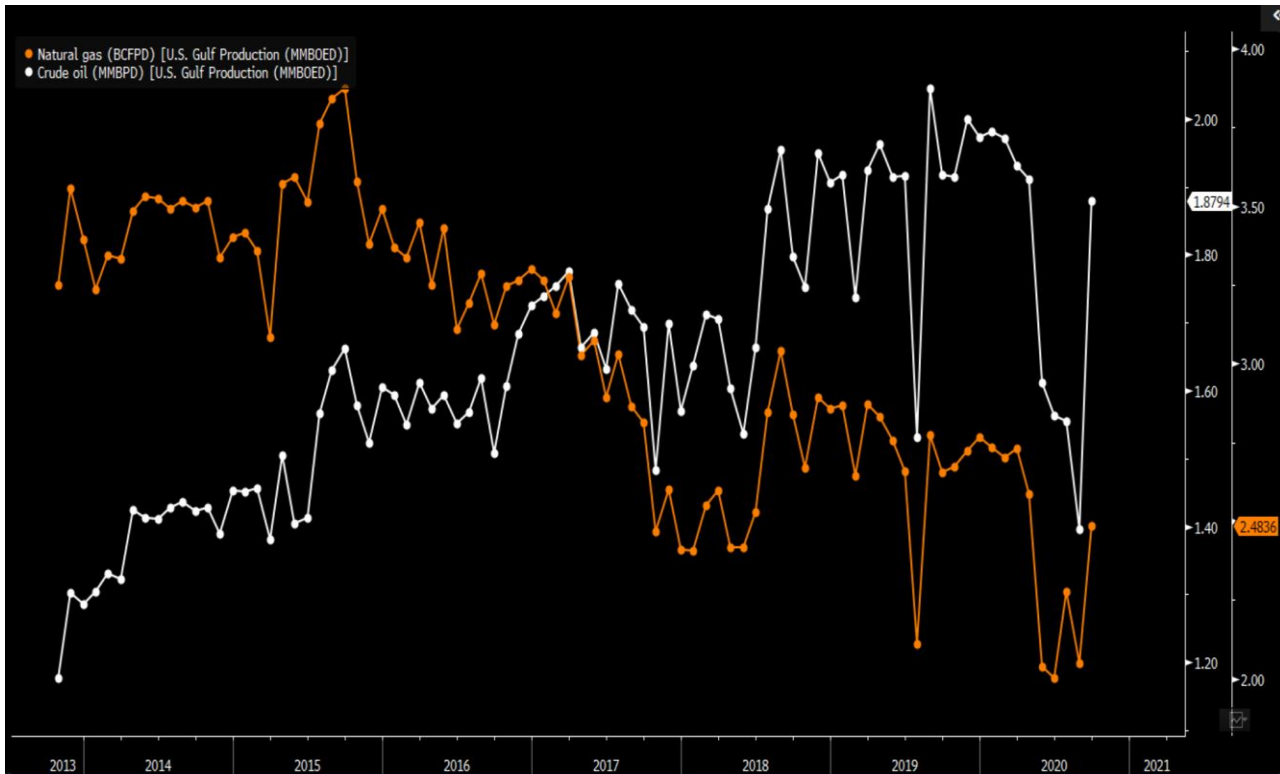
Summary of Views

- ❖ Refiners rely on offshore oil to keep the slate of feedstock heavy enough to maintain a suite of products
- ❖ Offshore break-evens have fallen through the advancement of technology, tiebacks, and supply chain cost adjustments
- ❖ Heavier crude slates are experiencing a rise in premiums as demand increases due to new refiners coming online with cokers and other complex processes
- ❖ Premiums in offshore crude will help promote new production and exploration to capture the changing crude slate (also helps to protect the corporate decline curves that have taken a toll with shale investments)
- ❖ OPEC+ is investing to take advantage of the changes in the market
- ❖ COVID19 demand destruction is real and will last much longer versus the current consensus
- ❖ Crude pricing will vary based on location and quality, with WTI Cushing struggling to hold \$40 and average \$37

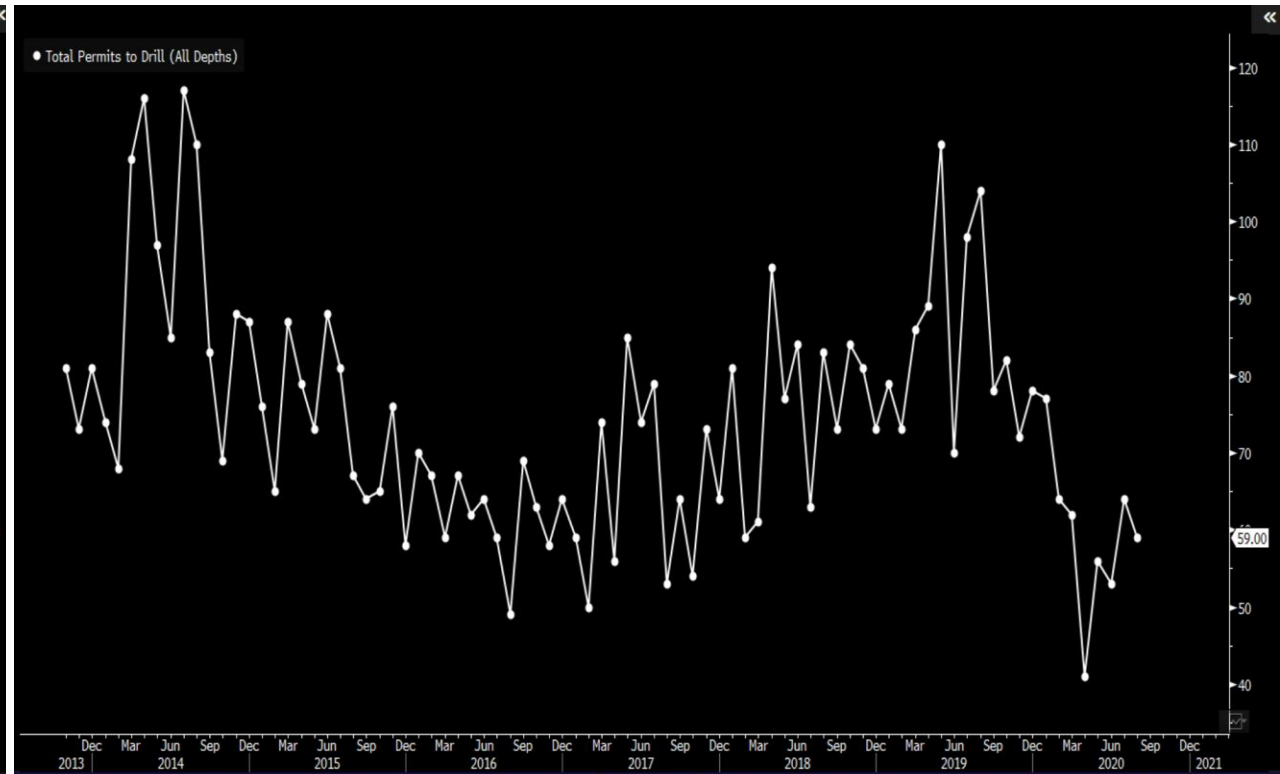
North America Crude Pricing

	Time	Price	Chg	Diff	Chg		Time	Price	Chg	Diff	Chg
United States						Canada					
ANS	08:54	41.19	-.28	.50	.00	Syncrude Sweet	08:54	39.16	-.41	-1.75	.00
Bakken UHC	08:54	39.29	-.28	-1.40	.00	Mixed Sweet	08:54	36.66	-.41	-4.25	.00
Bakken Guernsey	08:54	38.44	-.28	-2.25	.00	C5 Condensate	08:54	40.31	-.41	-.60	.00
USGC Sour	08:54	41.17	-.31	.48	-.03	WCS	08:54	29.66	-.41	-11.25	.00
Bonito Sour	08:54	40.69	-.38	.00	-.10	Implied Bitumen	08:54	25.10	-.41	-15.59	-.13
CMA Diff	08:54			-.32	.03	Mexico					
Magellan East Houston	08:54	41.44	-.33	.75	-.05	Mexican Mix	09/17	38.76	1.45		
HLS	08:54	41.49	-.18	.80	.10	Isthmus, Mexico					
LLS	08:54	42.34	-.18	1.65	.10	to Europe	10/31			-3.60	
Mars Blend	08:54	41.59	-.28	.90	.00	to Asia	10/31			-3.10	
Poseidon	08:54	40.64	-.28	-.05	.00	to USA	10/31			-2.05	
Southern Green	08:54	41.29	-.38	.60	-.10	to USA (Bloomberg)	08:54	39.61	-.36		
Thunder Horse	08:54	41.54	-.28	.85	.00	Maya, Mexico					
WTI Cushing	08:54	40.69	-.28	.00	.00	to Europe	10/31			-5.90	
WTI Midland	08:54	40.84	-.28	.15	.00	to Asia	10/31			-4.40	
WTI Posting Diff	08:54			3.06	.03	to USA	10/31			-3.55	
WTS	08:54	40.84	-.28	.15	.00	to USA (Bloomberg)	08:54	39.01	-.36		
NYMCL Full Month	11:10	40.20	.12	40.20	.12	Olmeca, Mexico					
ICECO Full Month	11:10	42.52	.02	42.52	.02	to USA	10/31			.15	
Colombia						to USA (Bloomberg)	08:54			41.16	-.36
Vasconia	08:54	39.70	-.41	-3.75	.00	to Europe	10/31			-2.55	
Ecuador						Venezuela					
Oriente	08:54	38.45	-.41	-5.00	.00	Venezuela Basket	04/03	13.74			

U.S. Gulf of Mexico Oil and Gas Production



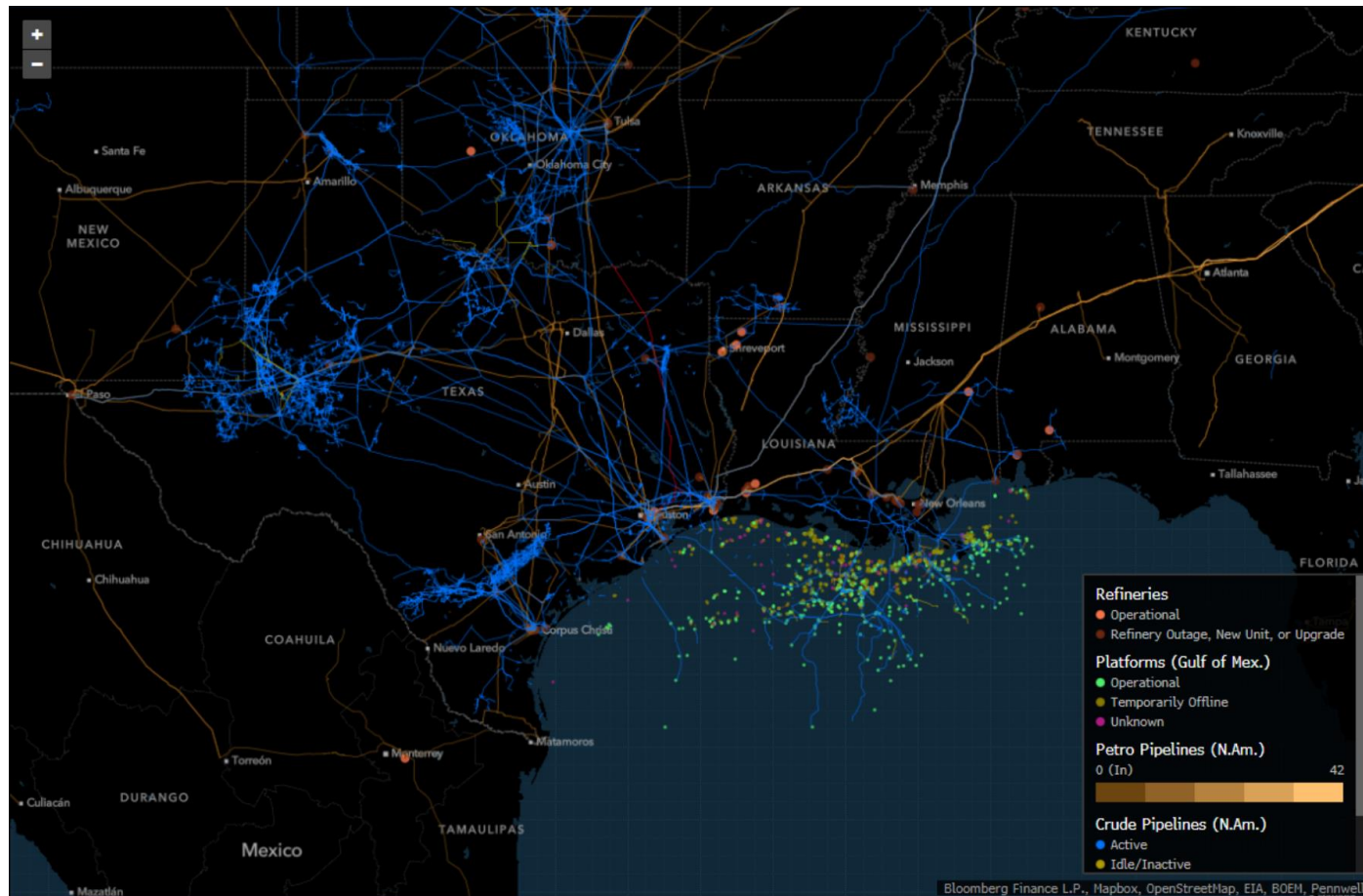
Total Permits to Drill in the Gulf of Mexico



Gulf of Mexico Production and Permits

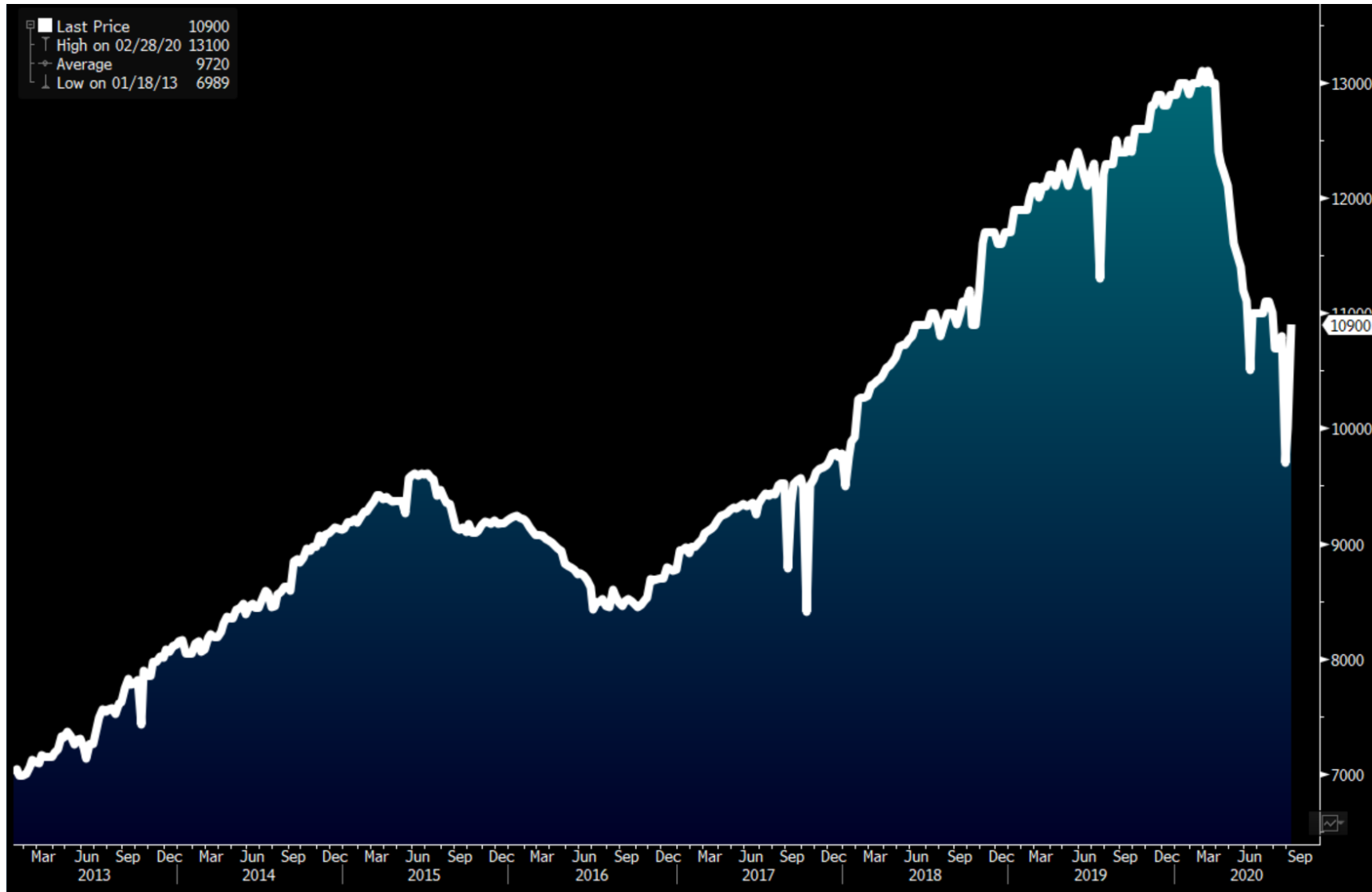
- The quality of offshore crude is paramount for effective refining into various productions
- Many Gulf assets require a heavier crude slate and can only run a limited amount of light/sweet crude

Infrastructure in the Gulf of Mexico



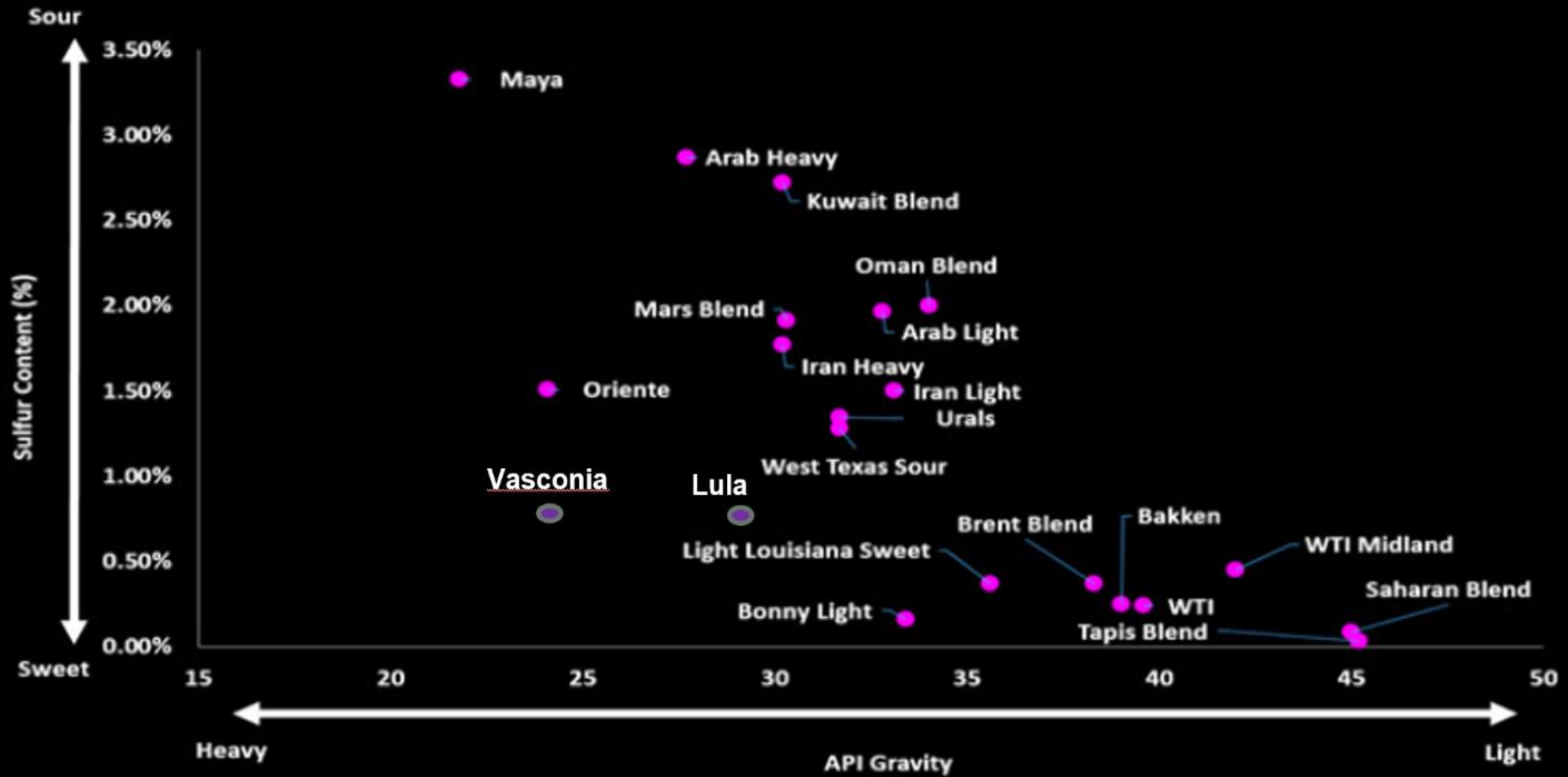
- ❖ There is a significant amount of infrastructure in the GoM that can support tiebacks and step outs
- ❖ Investments in the Gulf will be key to adjusting decline curves and filling a growing void in crude quality
- ❖ Crude quality is becoming a bigger problem in the U.S. as we are long light-sweet but short heavy-sour
- ❖ We reached a limit for the light-sweet the market could absorb and 13.1M barrels a day won't be reached again for years (or ever)

Total U.S. Crude Production



- ❖ U.S. shale has decline curves that can range between 20%-45% making production growth labor intensive
- ❖ E&Ps are struggling to manage corporate decline curves and shifting offshore provides a solution
- ❖ Technological improvements and shifting demand provides offshore opportunity
- ❖ Even at 13.1M barrels a day the U.S. was importing crude to fill the void in quality

Crude Quality Matters: Oil Premiums are Shifting Heavier



U.S. Crude Input Qualities for Refiners

- ❖ API Gravity is paramount when we look at refining demand (largest buyers of oil) within the U.S. and on a global level.
- ❖ U.S. crude and refined product storage will weigh on pricing while imports will continue to flow to supply refiners with the proper slate of oil.

Download Series History Definitions, Sources & Notes								
Show Data By: <input type="radio"/> Type <input checked="" type="radio"/> Area	<input type="button" value="Graph"/> <input type="button" value="Clear"/>	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	View History
U.S.	<input type="checkbox"/>	33.14	33.15	32.99	32.41	32.88	32.50	1985-2020
PADD 1	<input type="checkbox"/>	35.56	36.35	36.89	34.44	34.71	36.85	1985-2020
East Coast	<input type="checkbox"/>	36.01	36.95	37.68	34.77	35.11	37.68	1985-2020
Appalachian No. 1	<input type="checkbox"/>	32.58	32.73	32.36	32.73	32.42	32.60	1985-2020
PADD 2	<input type="checkbox"/>	33.92	33.46	32.64	32.95	33.58	33.74	1985-2020
Ind., Ill. and Ky.	<input type="checkbox"/>	33.54	32.96	32.26	32.68	33.90	33.48	1985-2020
Minn., Wis., N. Dak., S. Dak.	<input type="checkbox"/>	27.88	27.51	26.56	26.46	25.67	24.60	1985-2020
Okla., Kans., Mo.	<input type="checkbox"/>	38.96	38.65	38.25	37.99	38.08	39.41	1985-2020
PADD 3	<input type="checkbox"/>	34.09	34.13	34.06	33.02	33.59	32.78	1985-2020
Texas Inland	<input type="checkbox"/>	39.78	39.83	39.89	39.45	40.0	40.06	1985-2020
Texas Gulf Coast	<input type="checkbox"/>	34.08	33.80	33.43	32.41	33.73	32.36	1985-2020
La. Gulf Coast	<input type="checkbox"/>	33.07	33.24	33.54	32.21	31.93	31.57	1985-2020
N. La., Ark	<input type="checkbox"/>	29.67	30.79	30.98	31.90	30.06	29.42	1985-2020
New Mexico	<input type="checkbox"/>	36.27	40.37	39.74	37.93	37.77	37.86	1985-2020
PADD 4	<input type="checkbox"/>	32.36	31.95	31.58	31.98	32.46	32.17	1985-2020
PADD 5	<input type="checkbox"/>	27.85	28.79	28.85	28.38	28.32	27.96	1985-2020

Click on the source key icon to learn how to download series into Excel, or to embed a chart or map on your website.

- = No Data Reported; -- = Not Applicable; NA = Not Available; W = Withheld to avoid disclosure of individual company data.

Notes: Totals may not equal sum of components due to independent rounding. See Definitions, Sources, and Notes link above for more information on this



- Europe
- Africa
- Asia-Pacific
- North America
- Russia/Central Asia
- Middle East
- Latin America/Caribbean

Grades


- Light sweet
- Light sour
- Medium sweet
- Medium sour
- Heavy sweet
- Heavy sour

Hover over the legends on the right and the cells below to explore.

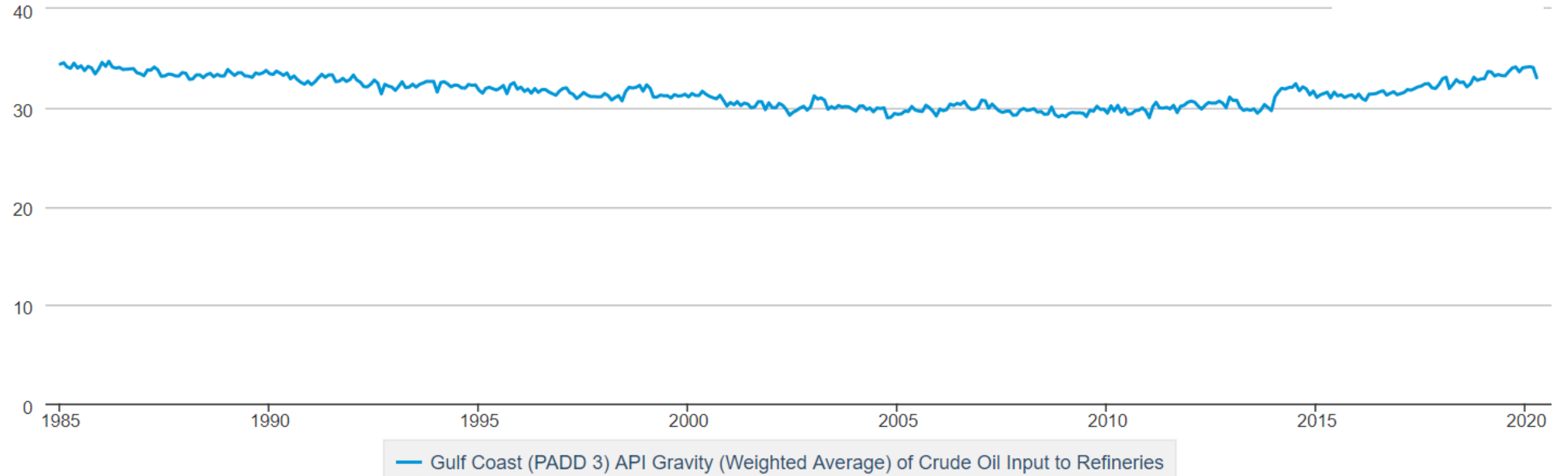
Crude quality has increased in importance following the rise of US shale and OPEC's alliance with Russia. Below is an interactive chart of 150 crudes selected by the S&P Global Platts Pricing & Market Insight team. It represents the most diverse and key streams in global oil markets.

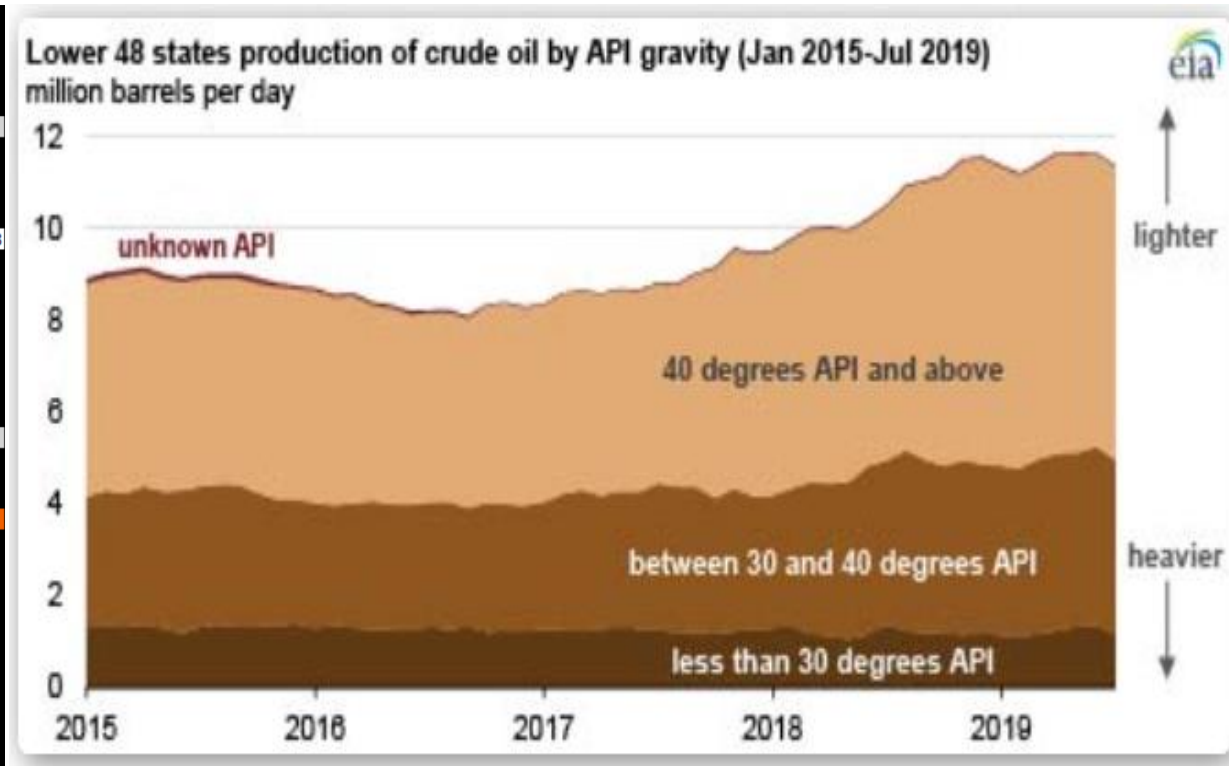
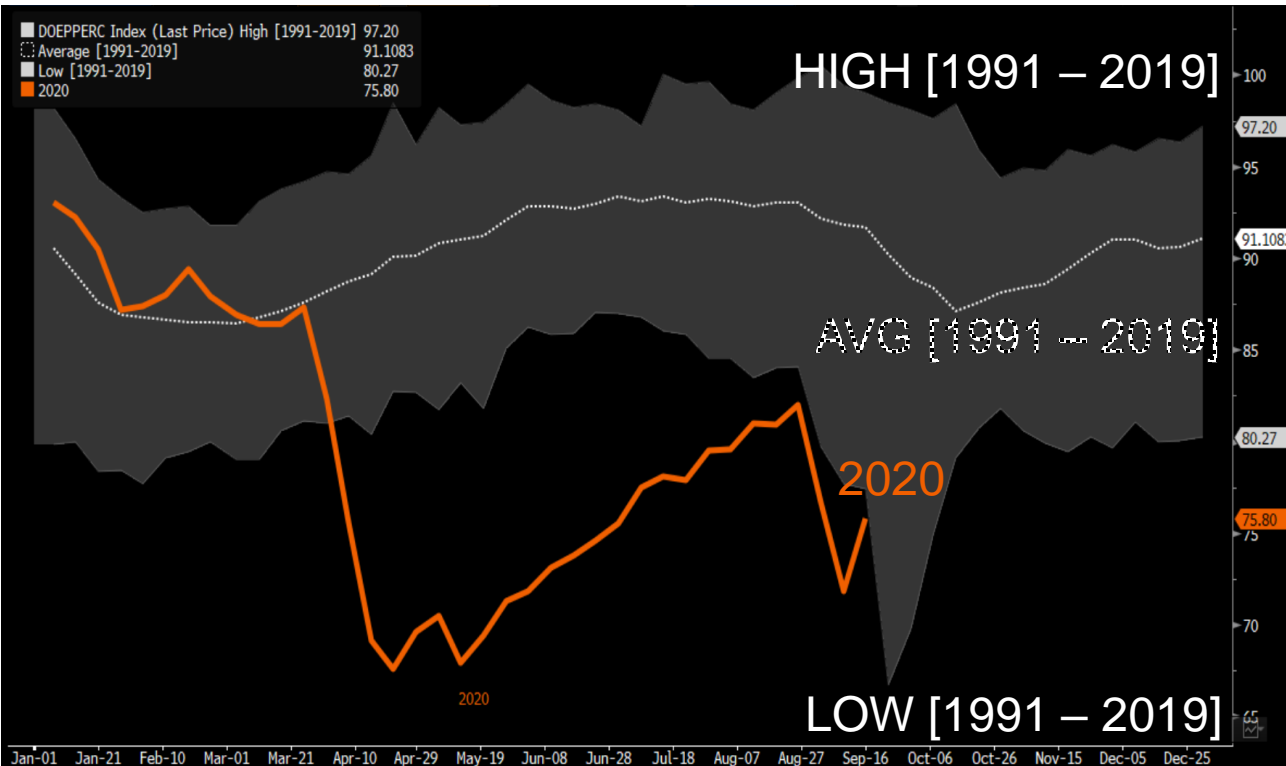
Trg 0.00% 73.10°	Cos 0.04% 48.20°	Sah 0.10% 43.20°	ADCo 0.11% 58.40°	EF 0.17% 45.20°	As 0.18% 48.50°												QtL 1.22% 41.30°	IrL 1.46% 33.60°	Pos 1.67% 31.50°	Lav 1.93% 34.00°	Kir 2.23% 34.30°	Kw 2.52% 31.00°
Alg 0.00% 68.70°	Ag 0.04% 47.90°	Ba 0.10% 42.80°	Nio 0.13% 40.00°	BH 0.17% 39.30°	Ose 0.20% 39.60°	Nem 0.21% 39.80°	SP 0.26% 58.40°	LLS 0.33% 36.70°	ES 0.37% 36.70°	WTI 0.42% 40.80°	Mas 0.51% 34.10°	CPC 0.54% 46.20°	Fo 0.54% 37.30°	UmL 0.70% 38.90°	Mb 0.79% 40.20°	Ol 0.89% 38.70°	ArEL 1.00% 39.20°	Ur 1.44% 31.10°	Ma 1.82% 30.00°	UZa 1.84% 33.90°	Ban 2.45% 31.80°	ArM 2.54% 30.90°
NWSC 0.01% 63.00°	P44 0.05% 44.00°	Sha 0.09% 42.20°	Aga 0.10% 37.40°	Az 0.14% 35.00°	Tro 0.18% 34.50°	Eko 0.21% 38.90°	QDFC 0.26% 57.00°	Dr 0.29% 33.00°	PI 0.37% 33.20°	BNB 0.40% 37.50°	TEN 0.43% 33.80°	TN 0.52% 34.20°	SiL 0.57% 35.10°	FG 0.66% 36.70°	BUr 0.87% 32.30°	Ji 0.87% 32.30°	Das 1.11% 39.20°	Om 1.38% 30.50°	Sue 1.64% 29.90°	ArL 1.96% 33.30°	Db 2.13% 30.40°	BasL 3.16% 28.80°
EFC 0.04% 55.00°	Nk 0.04% 42.40°	Dul 0.08% 37.60°	QI 0.13% 36.00°	Er 0.16% 34.80°	Escr 0.17% 33.50°	Jb 0.25% 37.60°	CLOV 0.25% 32.80°	WR 0.31% 30.00°	Ko 0.37% 31.70°	Gir 0.42% 29.70°	Med 0.47% 32.90°	Hi 0.53% 33.00°	ESPO 0.55% 34.70°	Og 0.75% 35.60°	JSv 0.80% 28.00°	Th 0.90% 32.30°	Eu 1.03% 35.40°	Cu 1.38% 28.80°	IrHvy 1.77% 29.50°	VnMdm 1.85% 27.00°	ALS 2.37% 28.10°	ArH 2.75% 27.80°
Alb 0.02% 51.70°	BHo 0.04% 38.60°	Se 0.09% 34.50°	Cab 0.12% 32.60°	Co 0.14% 30.70°	BL 0.18% 32.80°	Gal 0.23% 36.30°	Zaf 0.25% 30.90°	VG 0.33% 17.00°	Esp 0.33% 32.20°	Lul 0.35% 30.50°	Paz 0.41% 25.60°	Lz 0.51% 32.10°	Gr 0.59% 29.00°	Hu 0.64% 28.30°	Sat 0.81% 27.00°	Mos 0.87% 28.30°	HBI 1.15% 35.20°	Ca 1.41% 17.50°	Or 1.63% 23.30°	VH1 1.85% 23.50°	RGh 2.50% 24.00°	Miss 2.95% 27.60°
ArSL 0.04% 50.60°	P35 0.05% 35.00°	Min 0.09% 33.90°	Daq 0.11% 32.30°	Chm 0.13% 26.90°	Eg 0.17% 27.30°	Bo 0.24% 30.60°	For 0.28% 30.30°	Boz 0.29% 16.90°	Dj 0.34% 27.60°	Eb 0.40% 19.80°	Sch 0.44% 24.90°	Hd 0.53% 24.40°	RnHvy 0.61% 22.80°	Cpt 0.70% 19.10°	Vs 0.83% 24.30°	Lo 0.87% 23.30°	Al 1.27% 19.60°	Rub 1.33% 12.70°	Per 1.79% 13.50°	Na 1.96% 19.00°	VH2 2.50% 16.00°	My 3.33% 21.80°
Tap 0.03% 44.60°	Rab 0.07% 33.40°	Dob 0.09% 21.40°	Dar 0.12% 25.00°	Py 0.13% 19.30°	Esc 0.19% 24.10°	CS 0.20% 26.30°	Us 0.27% 29.00°	Qin 0.28% 16.50°	Yom 0.34% 16.70°	Vnc 0.37% 17.40°	Cl 0.47% 23.30°	Dal 0.51% 23.20°	Juba 0.56% 17.10°	Kr 0.70% 14.00°	Sh 0.84% 24.20°	Li 0.90% 22.50°	Sq 3.50% 9.00°	D16 4.10% 16.00°	Sor 3.38% 19.20°	WCS 3.59% 20.90°	KL 3.89% 21.30°	BasHvy 4.20% 23.60°

Gulf Coast (PADD 3) API Gravity (Weighted Average) of Crude Oil Input to Refineries

 [DOWNLOAD](#)

Degree





Refiners are Struggling with Low Demand and Negative Margins

Oil Price Competition is Heating Up in the Global Market

- ❖ Heavy-Sour grades are trading tighter vs historically selling at steep discounts
- ❖ Medium-Sweet characteristics still maintain the best return in the market, which is found in the Gulf of Mexico, Latin America, North Sea and West Africa
- ❖ Nigeria: Bonny Light OSP set at 37c/bbl discount to Dated vs +20c/bbl in September (lowest price since June)

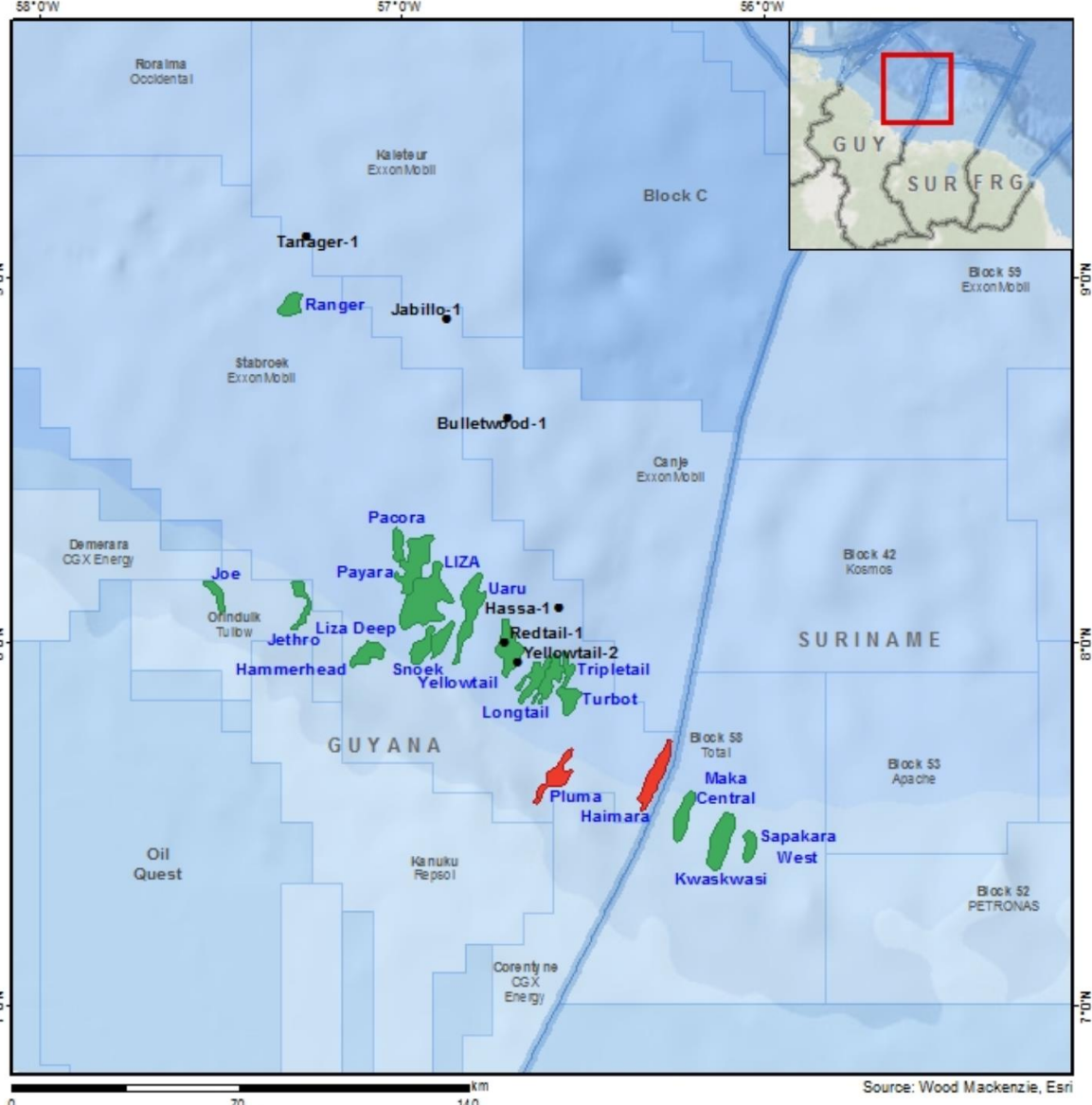
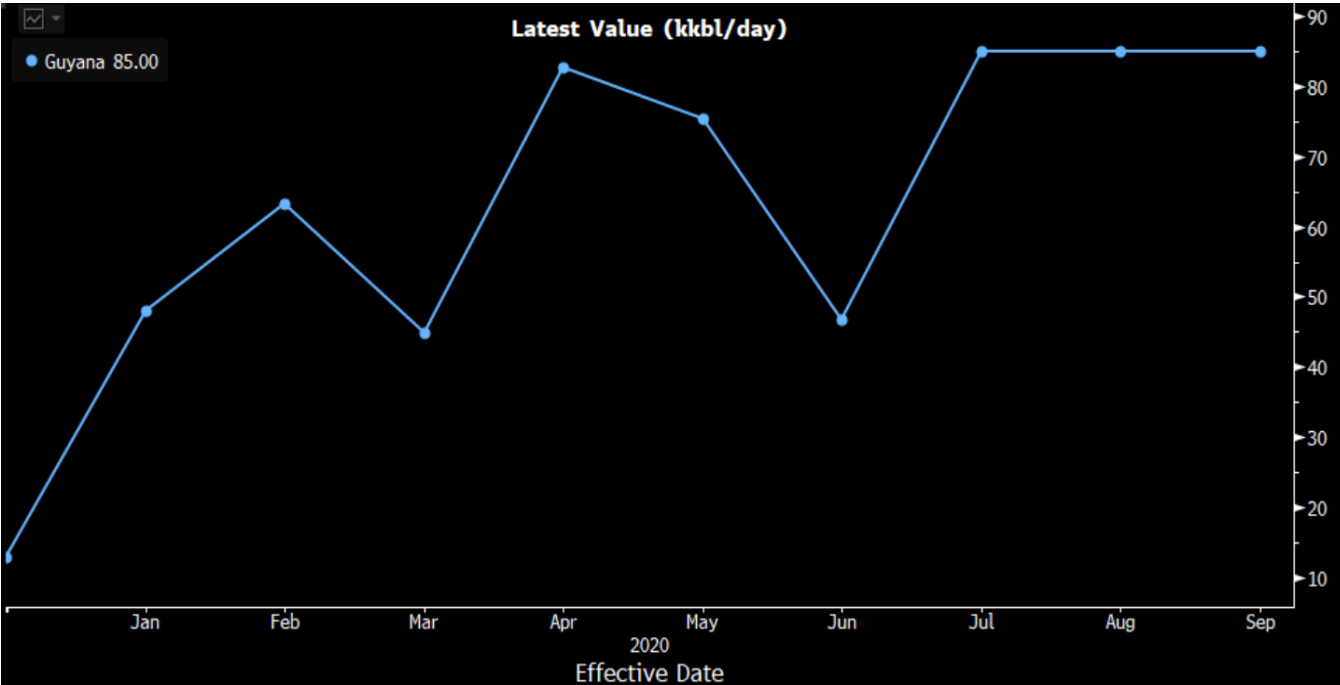
	Month	OSP	Chg
Saudi Arabia			
to Asia (vs Oman/Dubai)			
Super Light	10/31	.55	-1.50
Extra Light	10/31	-.80	-1.50
Light	10/31	-.50	-1.40
Medium	10/31	-.30	-1.20
Heavy	10/31	-.30	-.90
to Med FOB Sidi Kerir (vs BWave)			
Extra Light	10/31	-.60	-.65
Light	10/31	-1.00	-.45
Medium	10/31	-1.00	-.25
Heavy	10/31	-1.20	.25
to USA (vs ASCI)			
Extra Light	10/31	1.50	-.70
Light	10/31	1.05	-.60
Medium	10/31	.35	-.50
Heavy	10/31	.00	-.50
to Europe (vs BWave)			
Extra Light	10/31	-1.90	-.60
Light	10/31	-2.00	-.20
Medium	10/31	-1.90	.00
Heavy	10/31	-2.00	.30

	Month	OSP	Chg
Nigeria			
(vs Dated Brent)			
Abo Blend	09/30	.12	-.31
Agbami	09/30	-1.09	-.25
Akpo	09/30	-1.31	-.72
Amenam Blend	09/30	-.33	.09
Antan Blend	09/30	.42	.13
Bonga	09/30	.43	-.29
Bonny Light	09/30	.20	-.41
Brass Blend	09/30	.03	-.33
EA Blend	09/30	1.61	.05
Ebok	09/30	.59	-.32
Erha	09/30	.89	-.29
Escravos Light	09/30	.64	-.32
Forcados Blend	09/30	.53	-.28
Ima	09/30	-1.30	-.73
Obe	09/30	-.24	-.33
Okono Blend	09/30	.18	-.39
Okoro	09/30	1.62	-.74
Okwori	09/30	.89	-.14
Okwuibome	09/30	.16	-.49
OSO Condensate	12/31	-.25	-.25
OYO	09/30	1.28	-.05
Pennington Light	09/30	.22	-.34
Qua Iboe Light	09/30	.16	-.49
Ukpokiti	09/30	.18	-.44

Guyana and Suriname Oil Growth Set to Rise

Guyana and Suriname Oil and Gas

Guyana Production Levels



Source: Wood Mackenzie, Esri

OPEC Crude Production Remains Elevated: Cheaters are Going to Cheat

Table 5 - 8: OPEC crude oil production based on secondary sources, tb/d

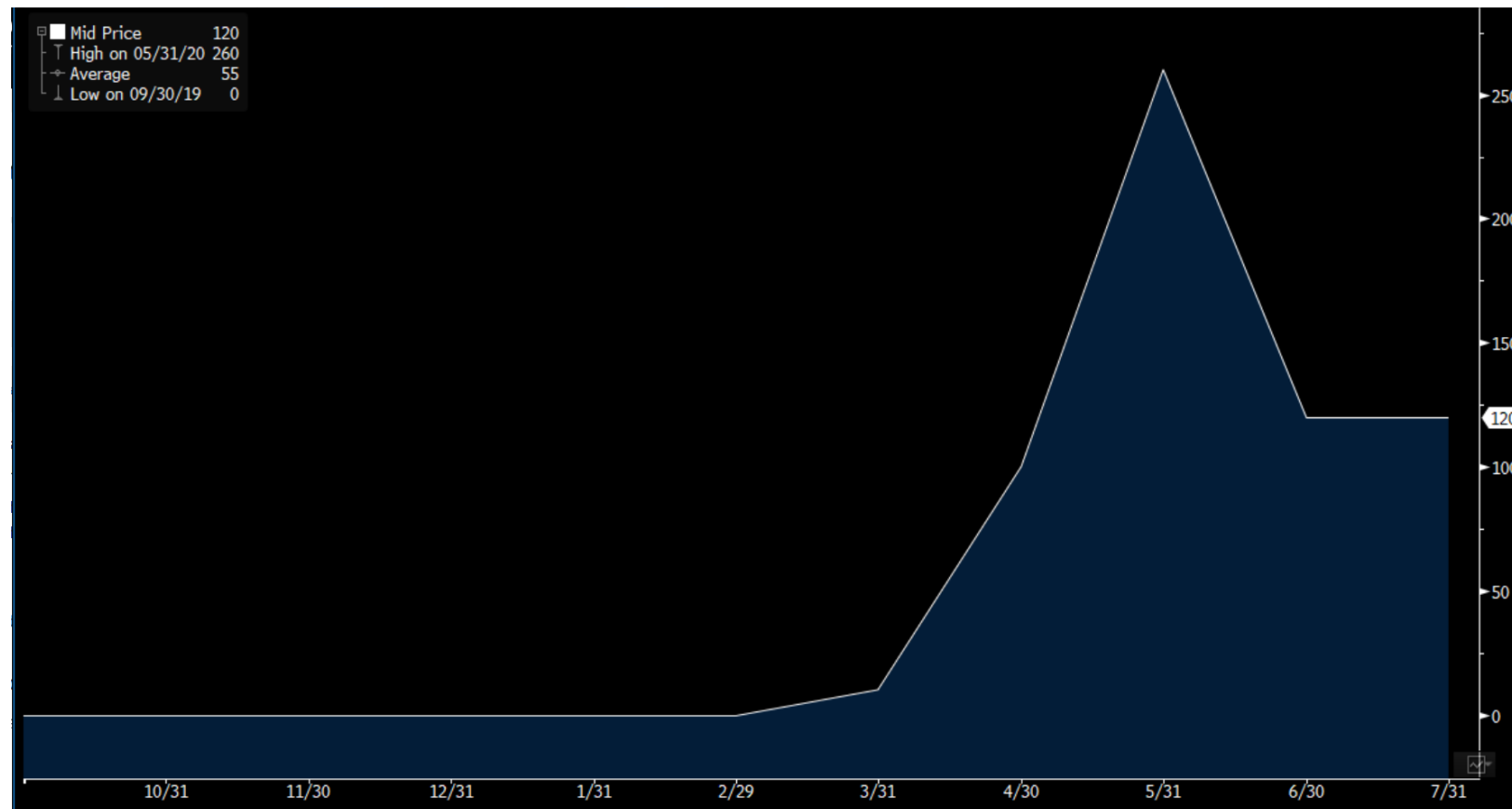
Secondary sources	2018	2019	4Q19	1Q20	2Q20	Jun 20	Jul 20	Aug 20	Change Aug/Jul
Algeria	1,042	1,022	1,022	1,016	878	810	808	855	47
Angola	1,505	1,401	1,350	1,388	1,270	1,223	1,186	1,210	24
Congo	317	324	313	295	292	298	285	277	-8
Equatorial Guinea	125	117	122	122	111	117	106	118	11
Gabon	187	208	210	195	198	203	186	181	-5
Iran, I.R.	3,553	2,356	2,113	2,059	1,958	1,947	1,930	1,940	10
Iraq	4,550	4,678	4,633	4,560	4,127	3,715	3,752	3,652	-100
Kuwait	2,745	2,687	2,688	2,741	2,464	2,085	2,161	2,288	127
Libya	951	1,097	1,163	348	84	90	108	106	-2
Nigeria	1,718	1,786	1,777	1,800	1,617	1,492	1,480	1,482	2
Saudi Arabia	10,311	9,771	9,846	9,796	9,212	7,540	8,417	8,892	475
UAE	2,986	3,094	3,135	3,226	2,893	2,387	2,525	2,705	180
Venezuela	1,354	796	724	730	506	337	339	340	1
Total OPEC	31,344	29,337	29,095	28,276	25,610	22,243	23,283	24,045	763

- ❖ Nigeria and Iraq remain non-compliant to the OPEC+ agreement
- ❖ Even countries that are production compliant have been able to maintain most exports
- ❖ UAE is now non-compliant with a big rise in exports
- ❖ Global floating storage remains elevated globally, especially in Asia

Notes: Totals may not add up due to independent rounding.

Source: OPEC.

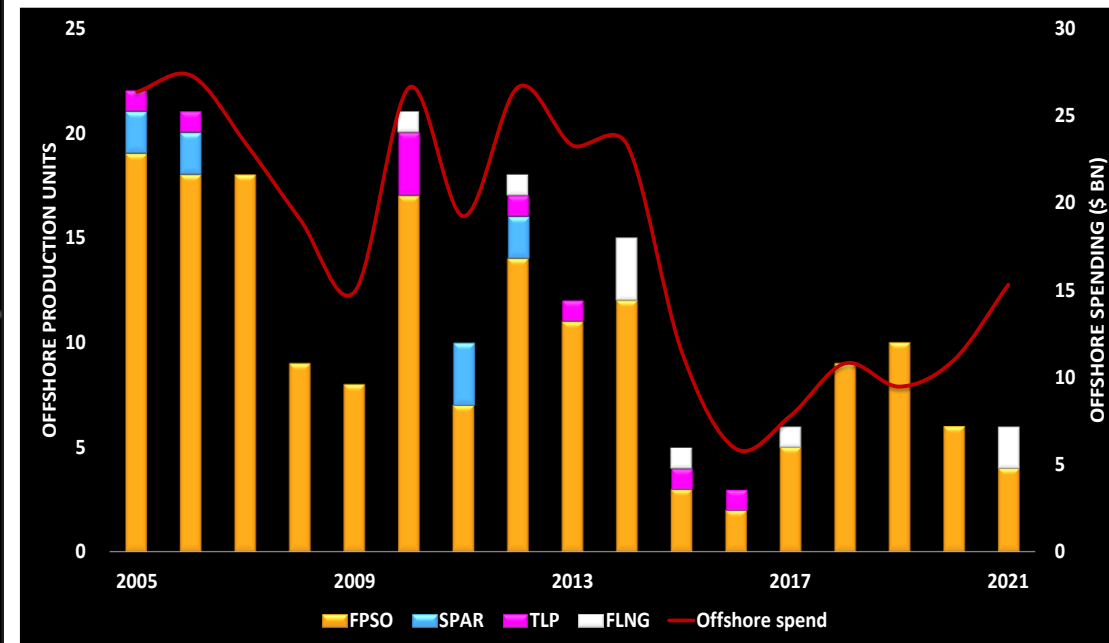
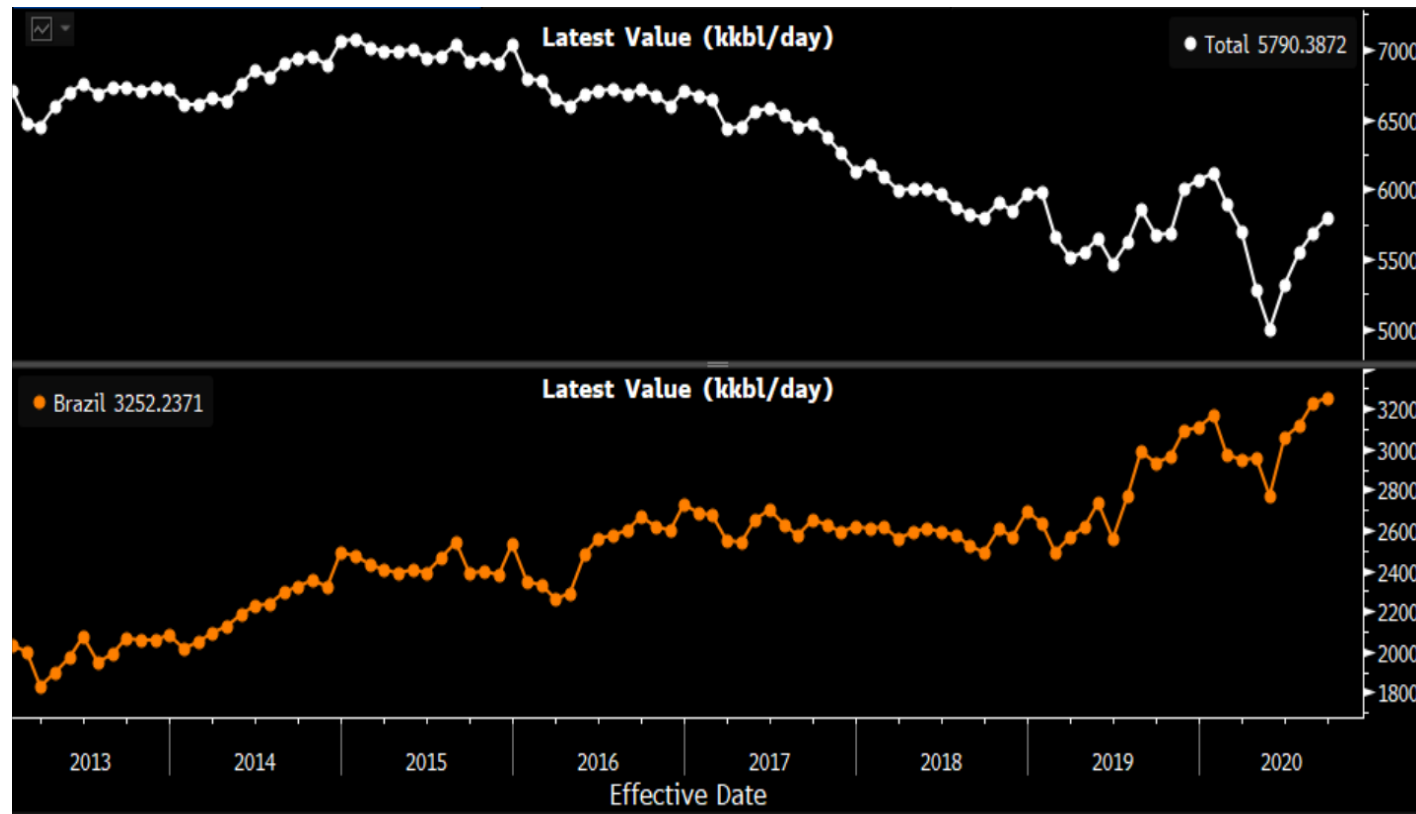
Neutral Zone is Operational: The Area Produces a Heavy-Sour Blend of Crude



- ❖ The Gulf Cooperation Countries (GCC) are investing offshore and onshore to capture a heavier blend of oil
- ❖ Middle East countries have also invested in refiners in order to capture a higher valued hydrocarbon chain
- ❖ Political instability and weak balance sheets will remain a problem throughout the Middle East
- ❖ Watch dwindling foreign reserves in the region

Latin America Oil Production Growth Driven by Brazil

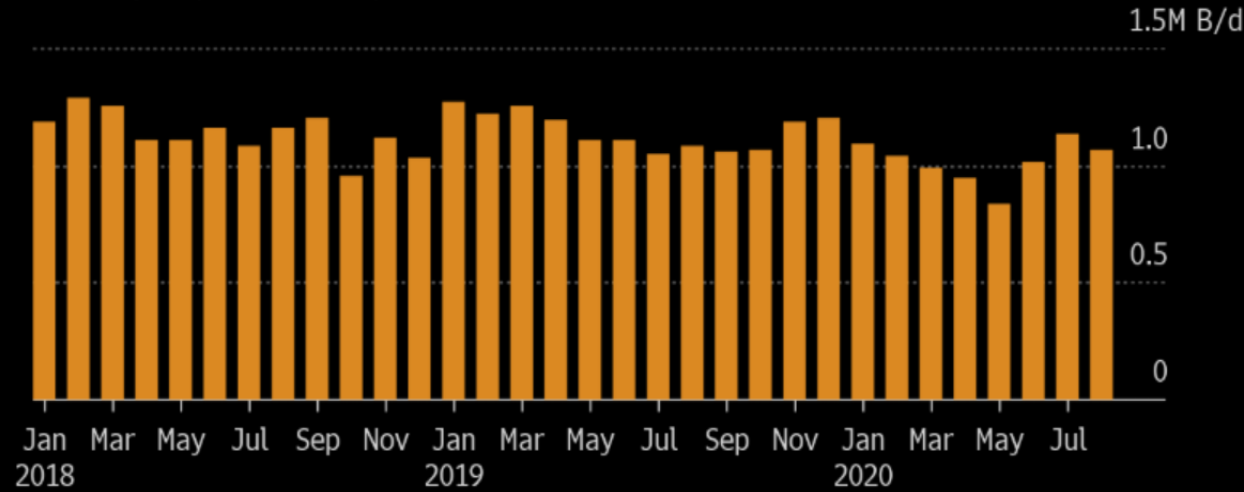
- ❖ Latin America will continue to see investment due to the prolific finds and quality of crude
- ❖ Crude will keep flowing into Asia, but the U.S. will be a natural buyer as Mexican crude flow shifts and Venezuela remains under sanctions



Mexico Shipments

Maya crude exports may face drop in the years ahead

Monthly shipments of Maya

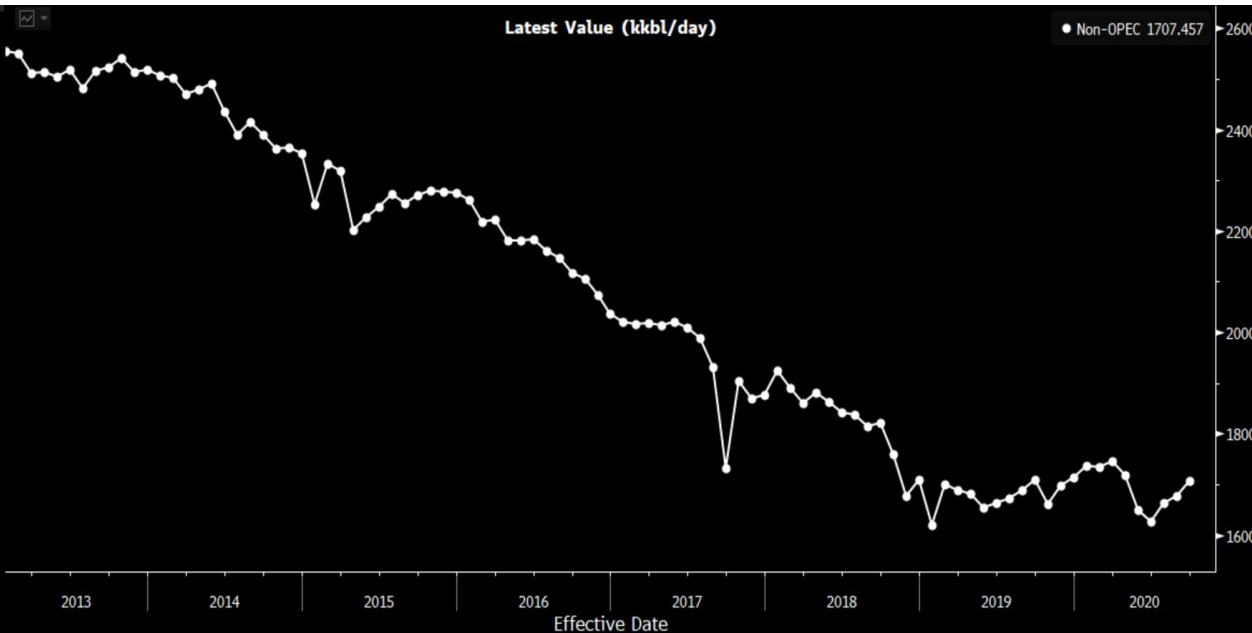


Source: Bloomberg ship-tracking data, U.S. customs and shipping reports

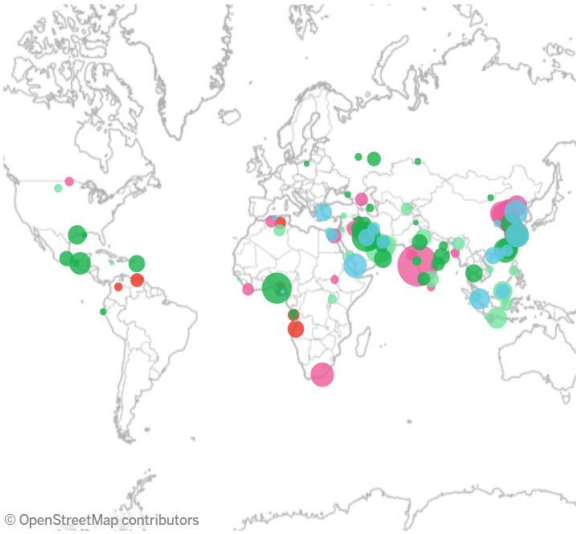
Bloomberg

Mexico to Cut Exports as AMLO Refinery Comes Online

“Pemex, as the state oil company is also called, is forecasting a reduction of almost 70% in exports of its flagship heavy crude known as Maya between 2021 and 2023, according to two people familiar with the situation. It expects to cut Maya exports by almost half between next year and 2022 and lower them again between 2022 and 2023, said the people, who asked not to be identified because the information hasn’t been made public.”



Change the ranking by 'Country / Region' or 'Refinery plant'



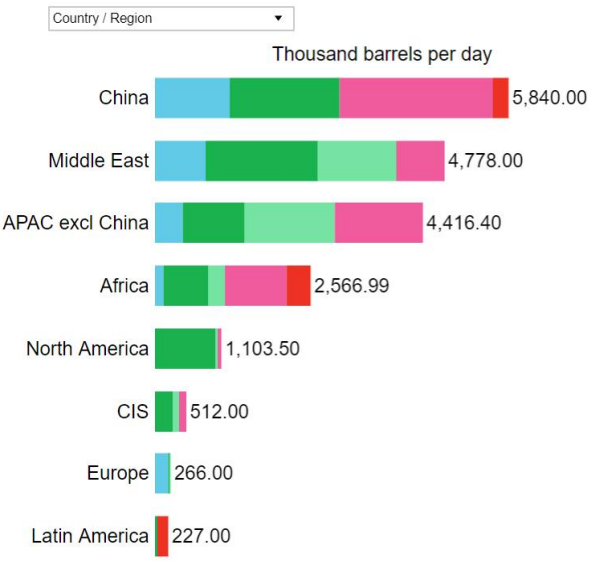
© OpenStreetMap contributors

Data disclaimer

Source: BloombergNEF

This dataset shows global refining projects tracked by BloombergNEF.
 Commissioning: full operation of the project
 Construction: procurement/on-site construction of the project
 Engineering: detailed engineering design of the project
 Planning: proposal/approval of the project
 Stalled/postponed: progress halted

Any questions or suggestions for improving our data can be emailed to: BNEF_tools@bloomberg.net

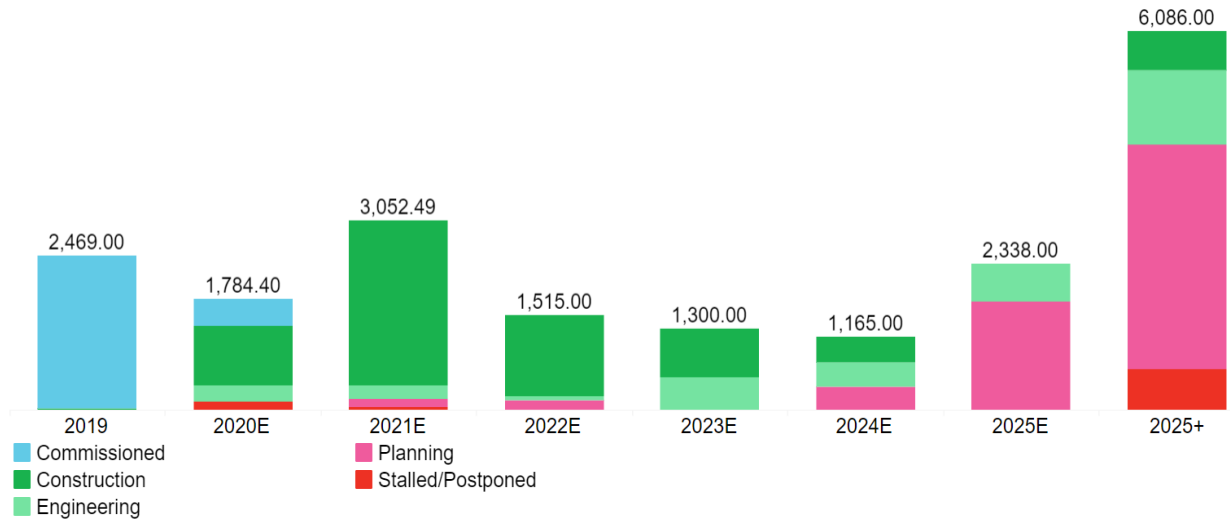


Last update Aug 2020
Update frequency Semi-annually

Snapshot of crude distillation unit (CDU) addition (in thousand barrels per day) in 2020

Status	Project Type		Company Type	
	Expansion	New build	National oil companies	Others
Commissioned	447.00	943.40	1,255.40	529.00
Construction	264.00	130.00	1,400.40	384.00
Engineering	130.00	1,400.40	1,255.40	529.00
Stalled/Postponed	130.00	1,400.40	1,255.40	529.00

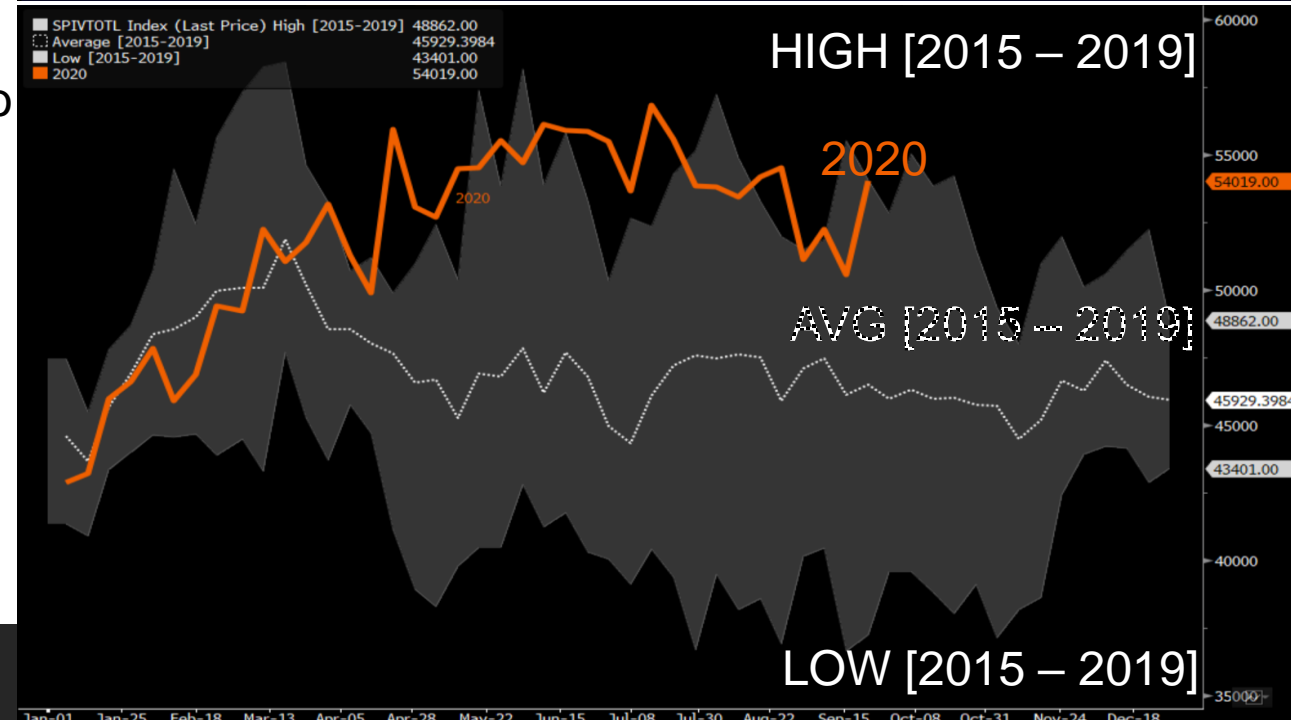
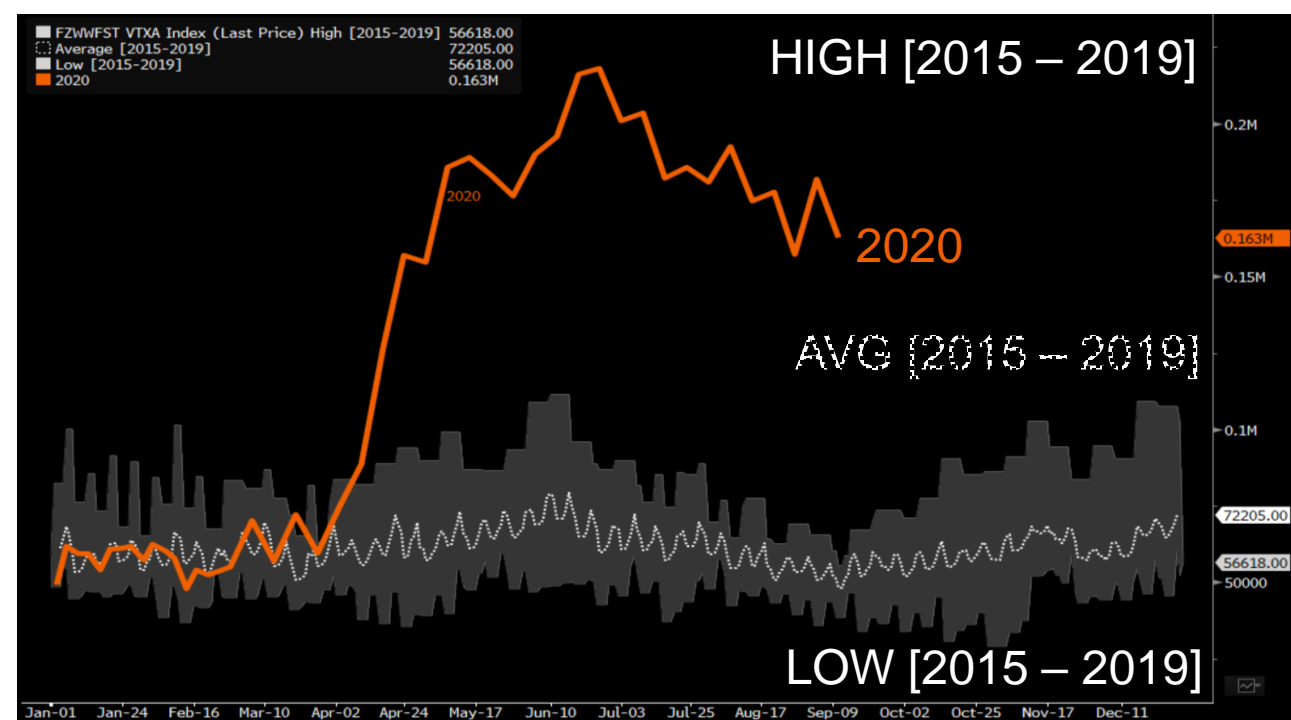
Overview of crude distillation unit (CDU) addition (in thousand barrels per day)



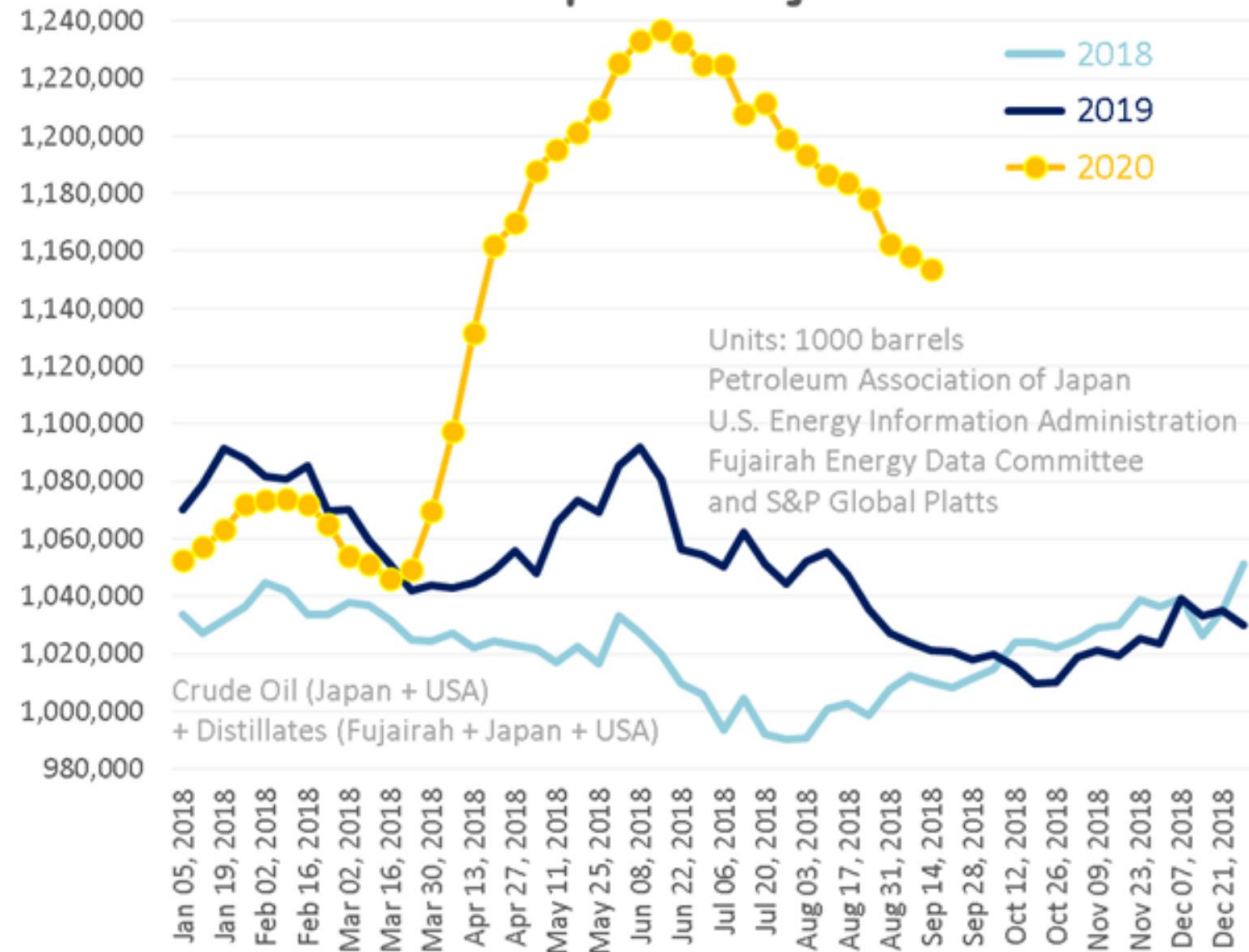
Build-Out of Refiners will Cause Older Facilities to Either Shut Down or Cut Runs

Floating Storage Remains at Record Highs in Oil and Refined Products

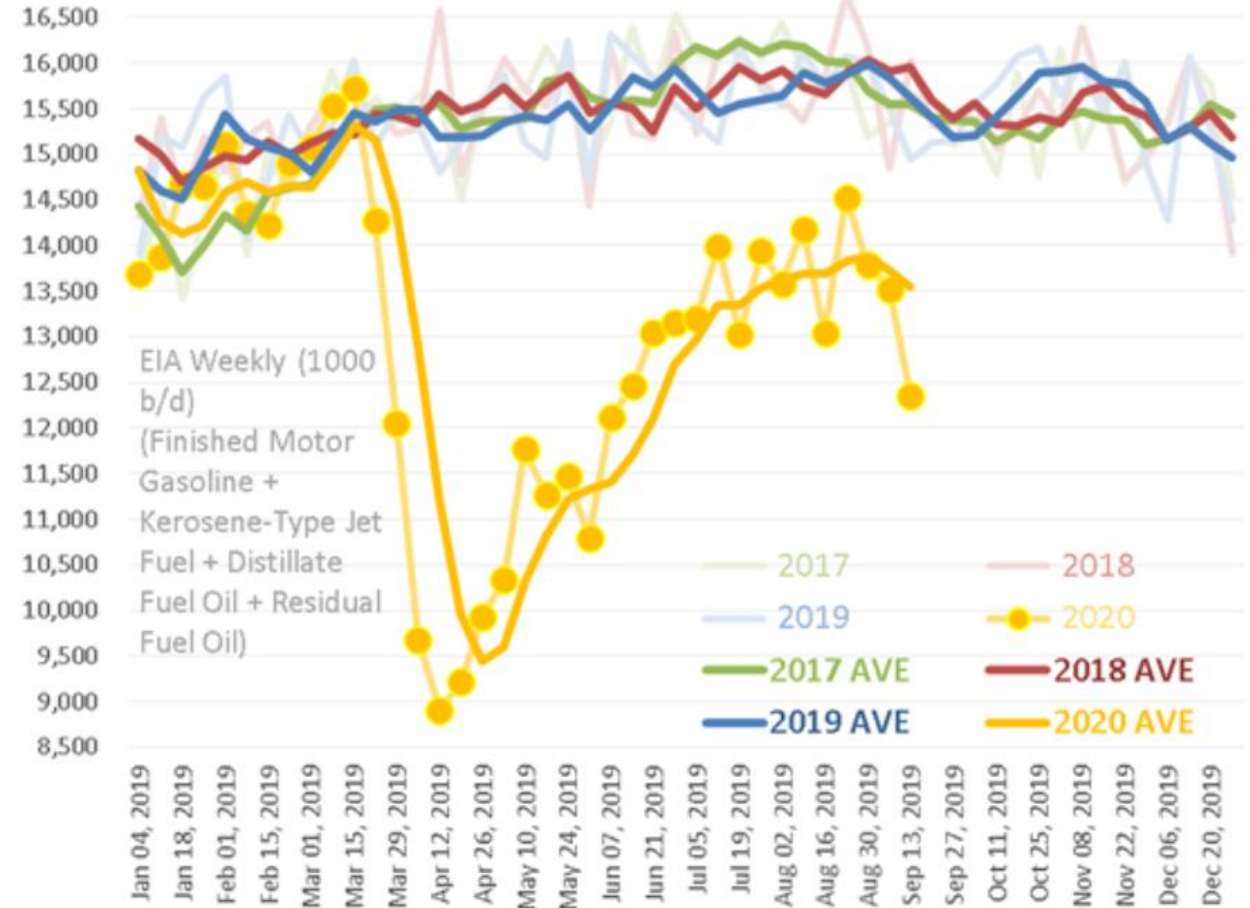
- ❖ Global diesel demand, storage, and pricing points to persistent economic declines that started back in July 2019
- ❖ Refinery margins are under pressure, which will be an overhang for total oil demand
- ❖ Until the refined product glut is cleared, it will be hard to see oil have a sustained rally
- ❖ Margins / cracks in the refinery space highlight the economic weakness and changing spending patterns
- ❖ Consumer trends are changing due to COVID and job losses
- ❖ Refinery Run rates are being cut globally well above seasonal norms driven by low demand, weak margins, and filling storage



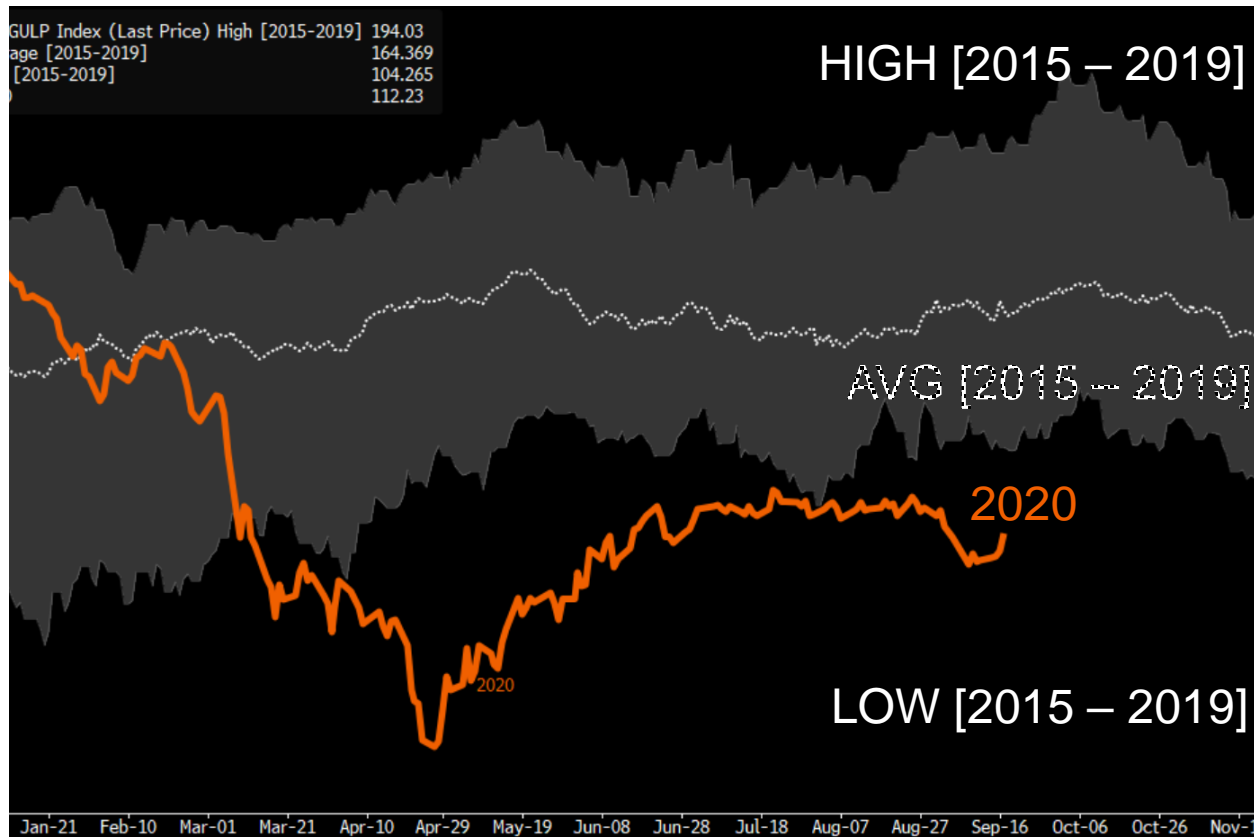
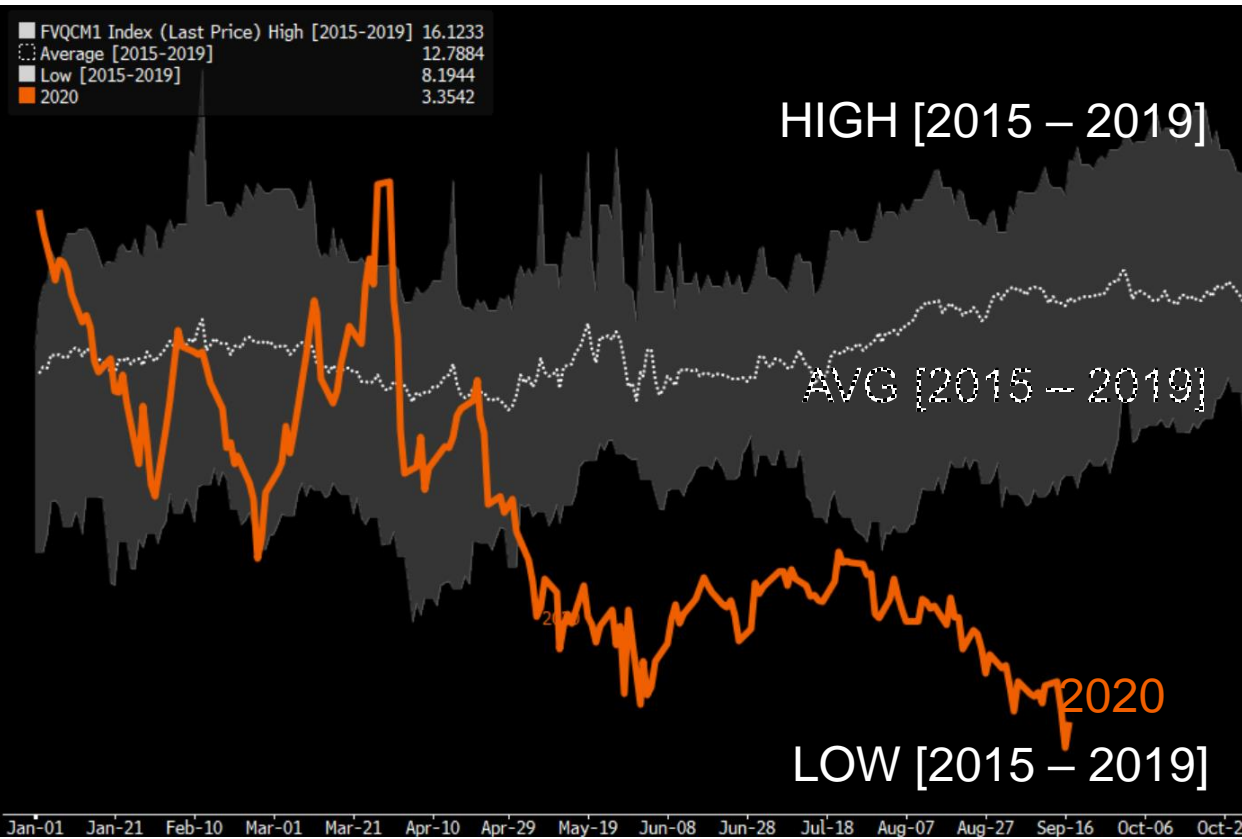
Inventories (Crude + Distillates) USA + Japan + Fujairah



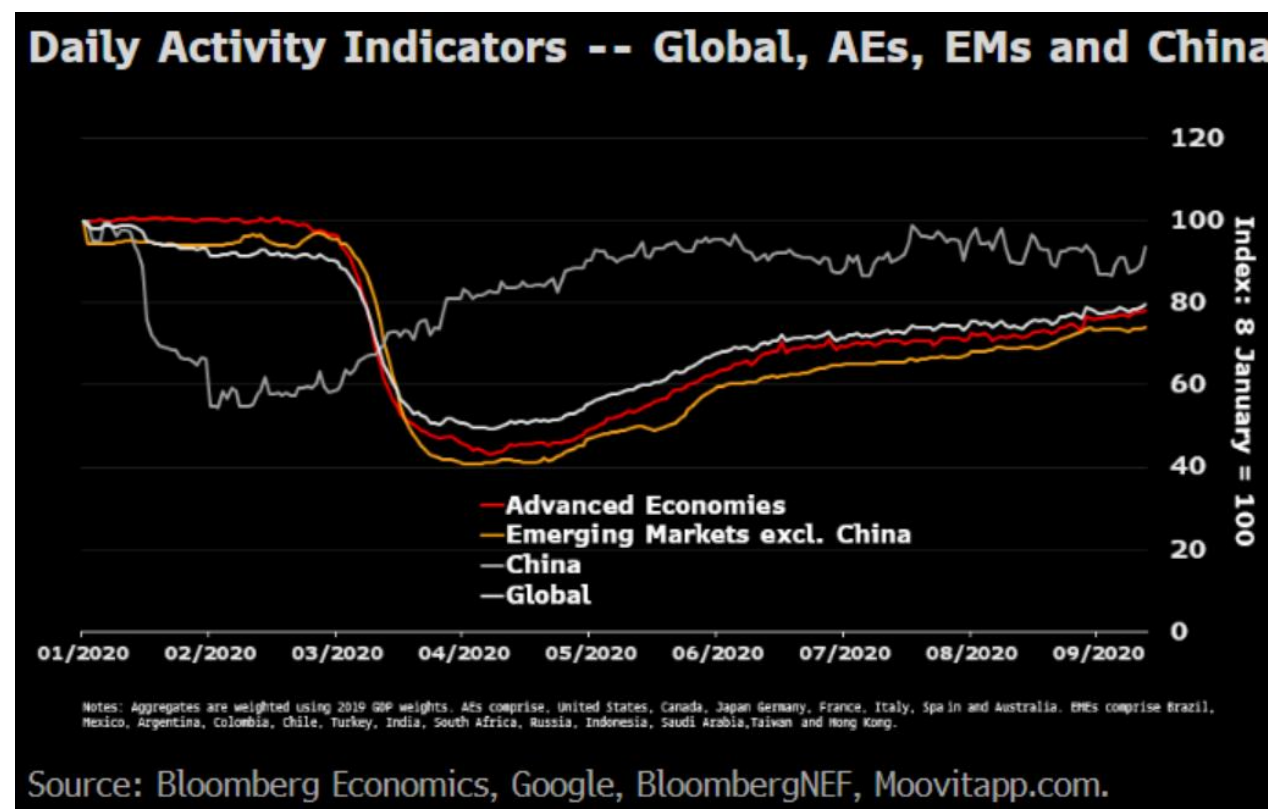
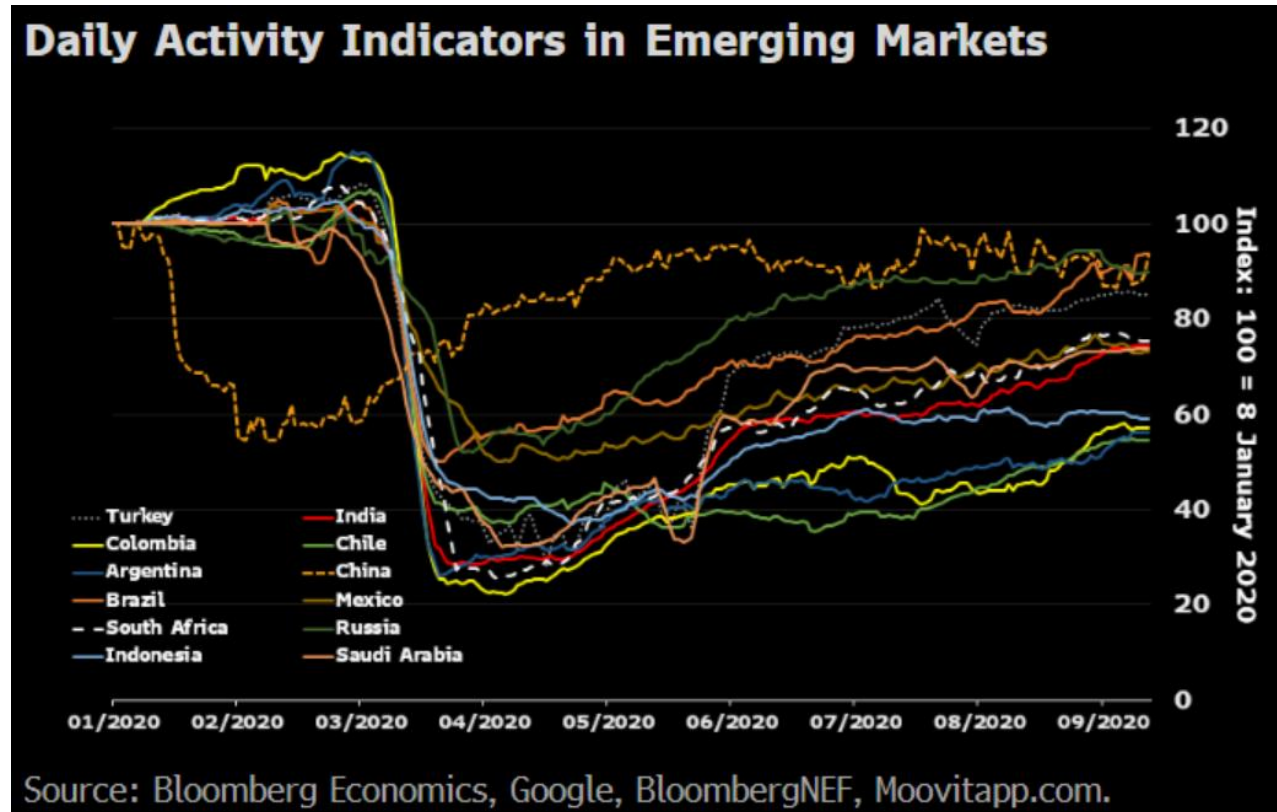
USA Product Supplied



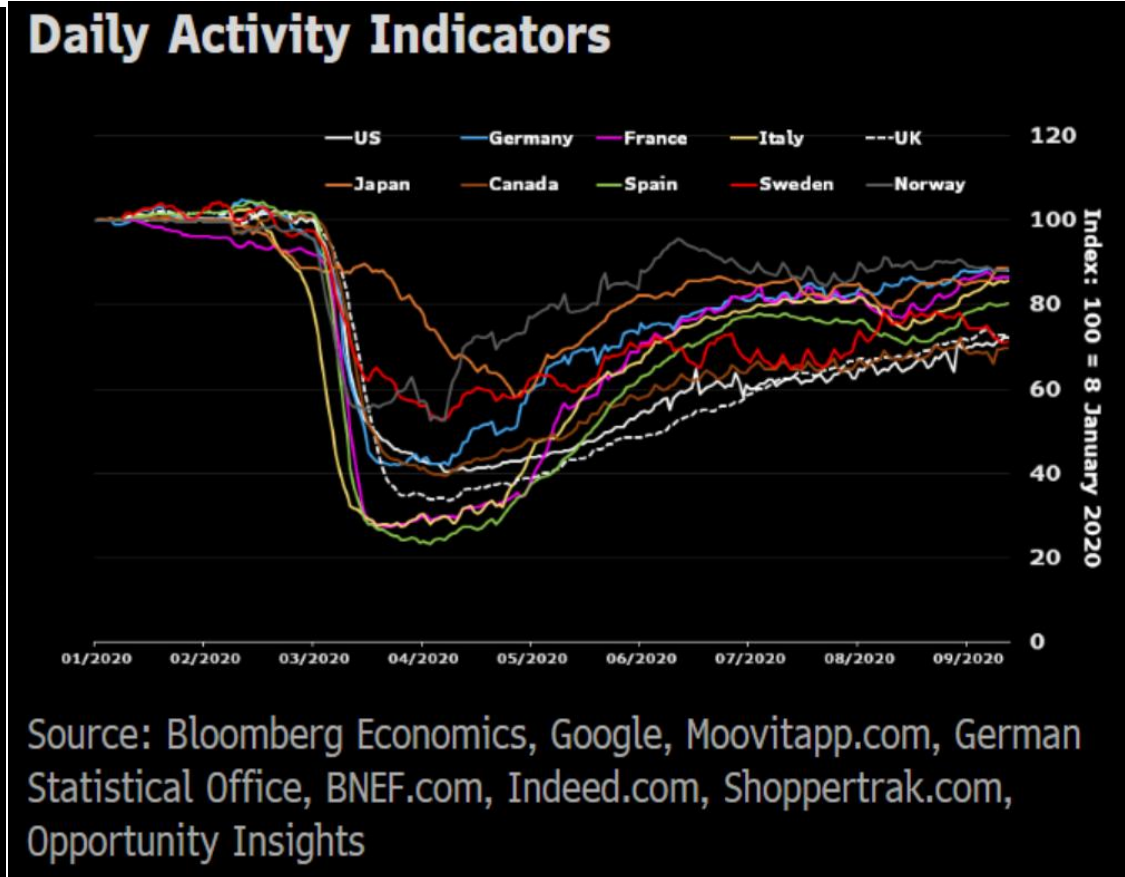
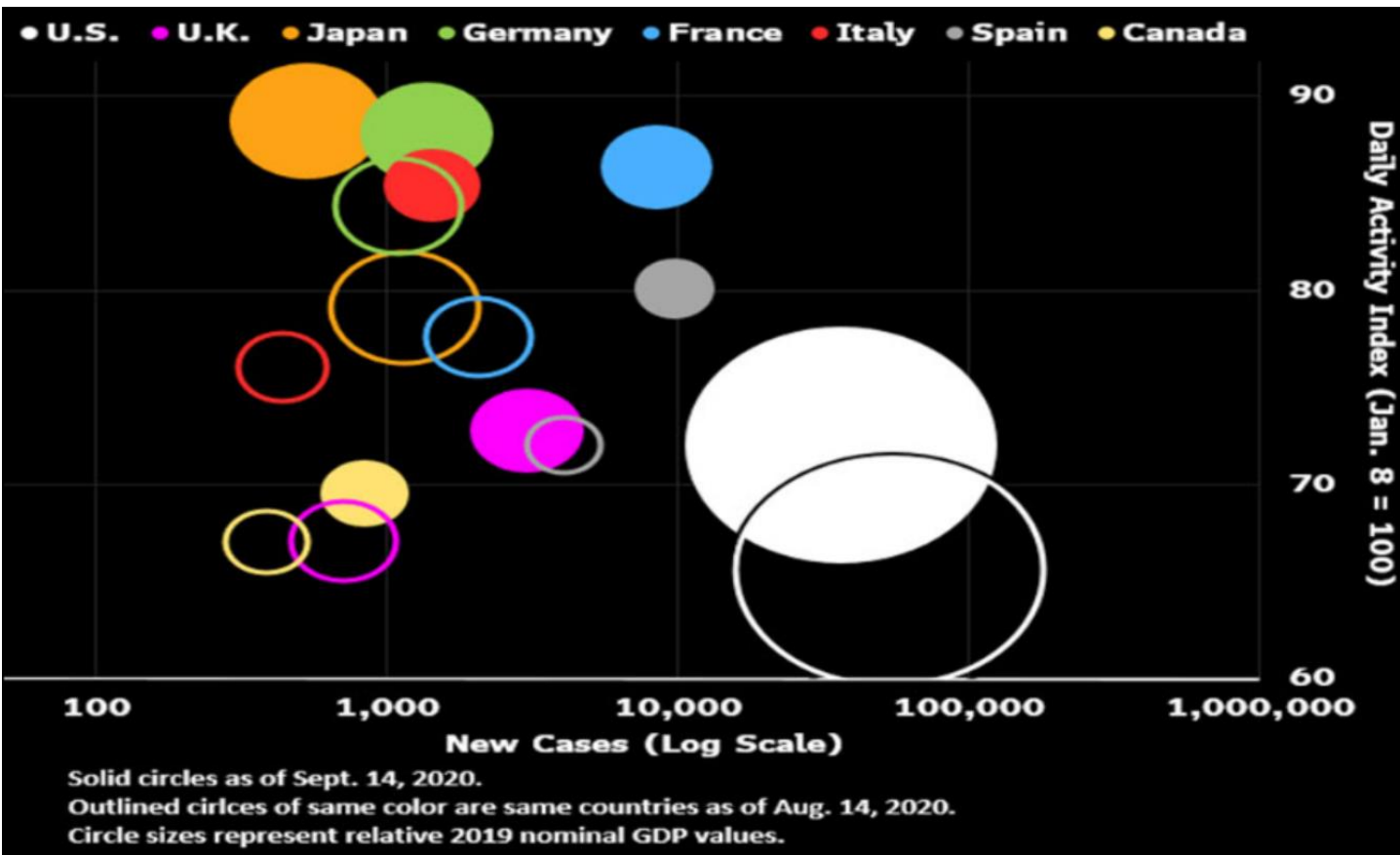
Global Storage Rises as Demand Dwindles



Example of Some Product Pricing
 Weighing on Total Refiner Margins



Daily Activity Remains Weak Globally



Recovery Slowdown Hits Demand

GDP Headwinds Persist Capping Oil Demand

Oil Demand Impacts Across Top Consumers

	Average Demand by Country	Demand in Shutdown (30% loss)	Difference
United States	20,500,000	14,350,000	6,150,000.00
European Union	15,000,000	10,500,000	4,500,000.00
China	14,000,000	9,800,000	4,200,000.00
India	5,000,000	3,500,000	1,500,000.00
Japan	4,000,000	2,800,000	1,200,000.00
Korea	2,900,000	2,030,000	870,000.00
Total	61,400,000	42,980,000	18,420,000.00

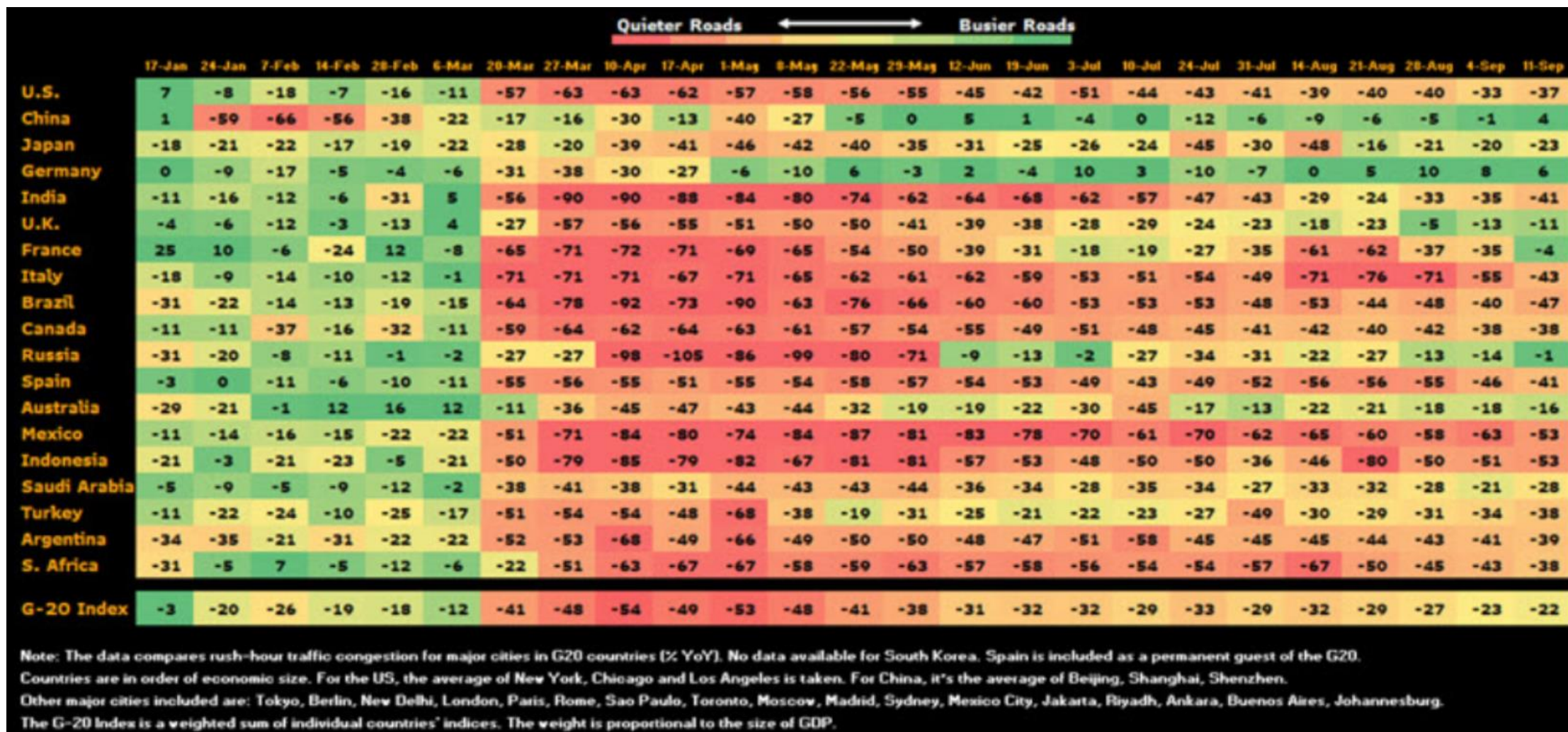
- 1) China (2nd largest economy in 2019)
- 2) United States (Largest Economy)
- 3) India (5th)
- 4) Japan (3rd)
- 5) South Korea (12th)
- 6) Netherlands (17th)
- 7) Germany (4th)
- 8) Spain (13th)
- 9) Italy (8th)

Latest World Economic Outlook Growth Projections

(real GDP, annual percent change)	PROJECTIONS		
	2019	2020	2021
World Output	2.9	-4.9	5.4
Advanced Economies	1.7	-8.0	4.8
United States	2.3	-8.0	4.5
Euro Area	1.3	-10.2	6.0
Germany	0.6	-7.8	5.4
France	1.5	-12.5	7.3
Italy	0.3	-12.8	6.3
Spain	2.0	-12.8	6.3
Japan	0.7	-5.8	2.4
United Kingdom	1.4	-10.2	6.3
Canada	1.7	-8.4	4.9
Other Advanced Economies	1.7	-4.8	4.2
Emerging Markets and Developing Economies	3.7	-3.0	5.9
Emerging and Developing Asia	5.5	-0.8	7.4
China	6.1	1.0	8.2
India	4.2	-4.5	6.0
ASEAN-5	4.9	-2.0	6.2
Emerging and Developing Europe	2.1	-5.8	4.3
Russia	1.3	-6.6	4.1
Latin America and the Caribbean	0.1	-9.4	3.7
Brazil	1.1	-9.1	3.6
Mexico	-0.3	-10.5	3.3
Middle East and Central Asia	1.0	-4.7	3.3
Saudi Arabia	0.3	-6.8	3.1
Sub-Saharan Africa	3.1	-3.2	3.4
Nigeria	2.2	-5.4	2.6
South Africa	0.2	-8.0	3.5
Low-Income Developing Countries	5.2	-1.0	5.2

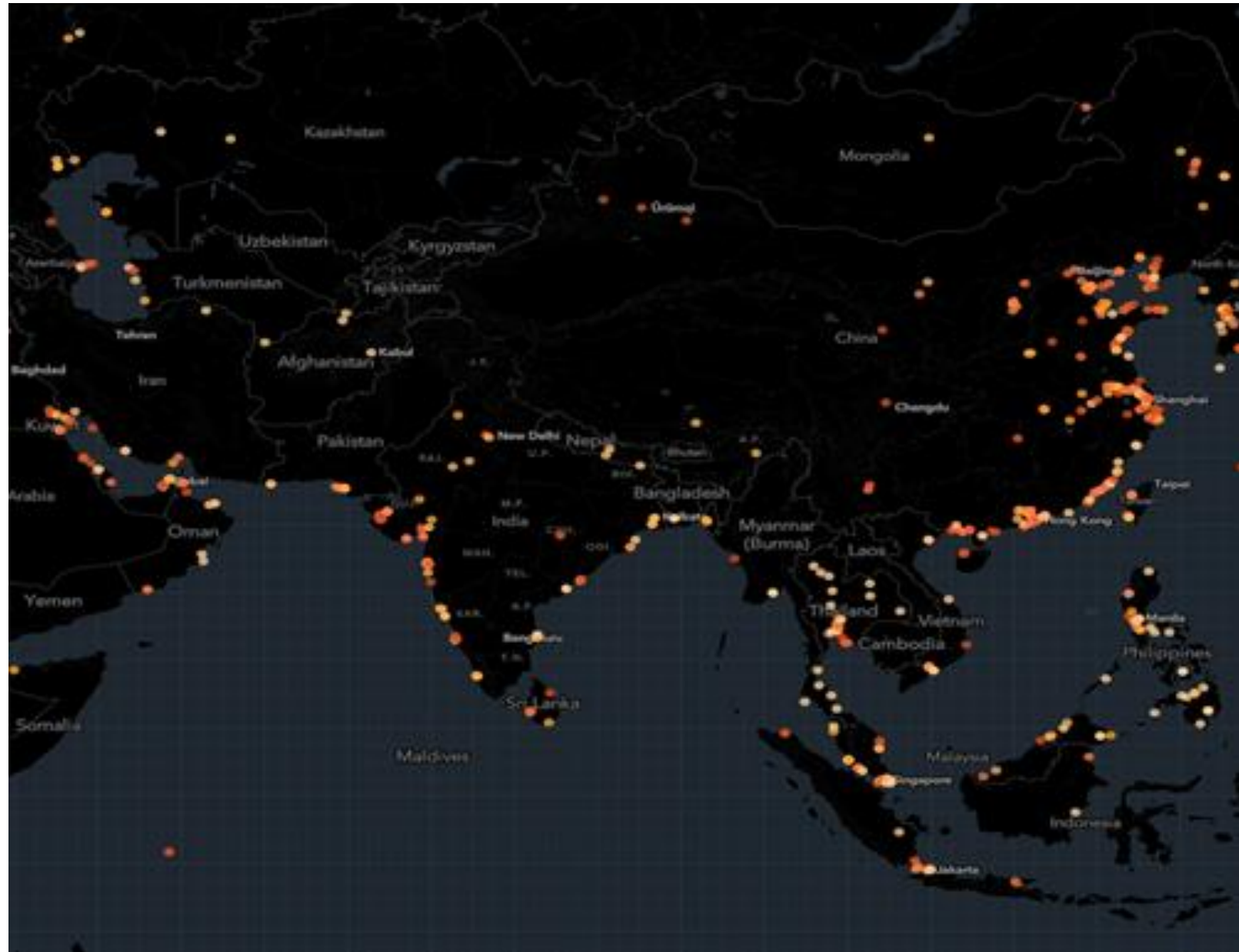
Source: IMF, World Economic Outlook Update, June 2020

Driving Data Remains Below Normal Globally

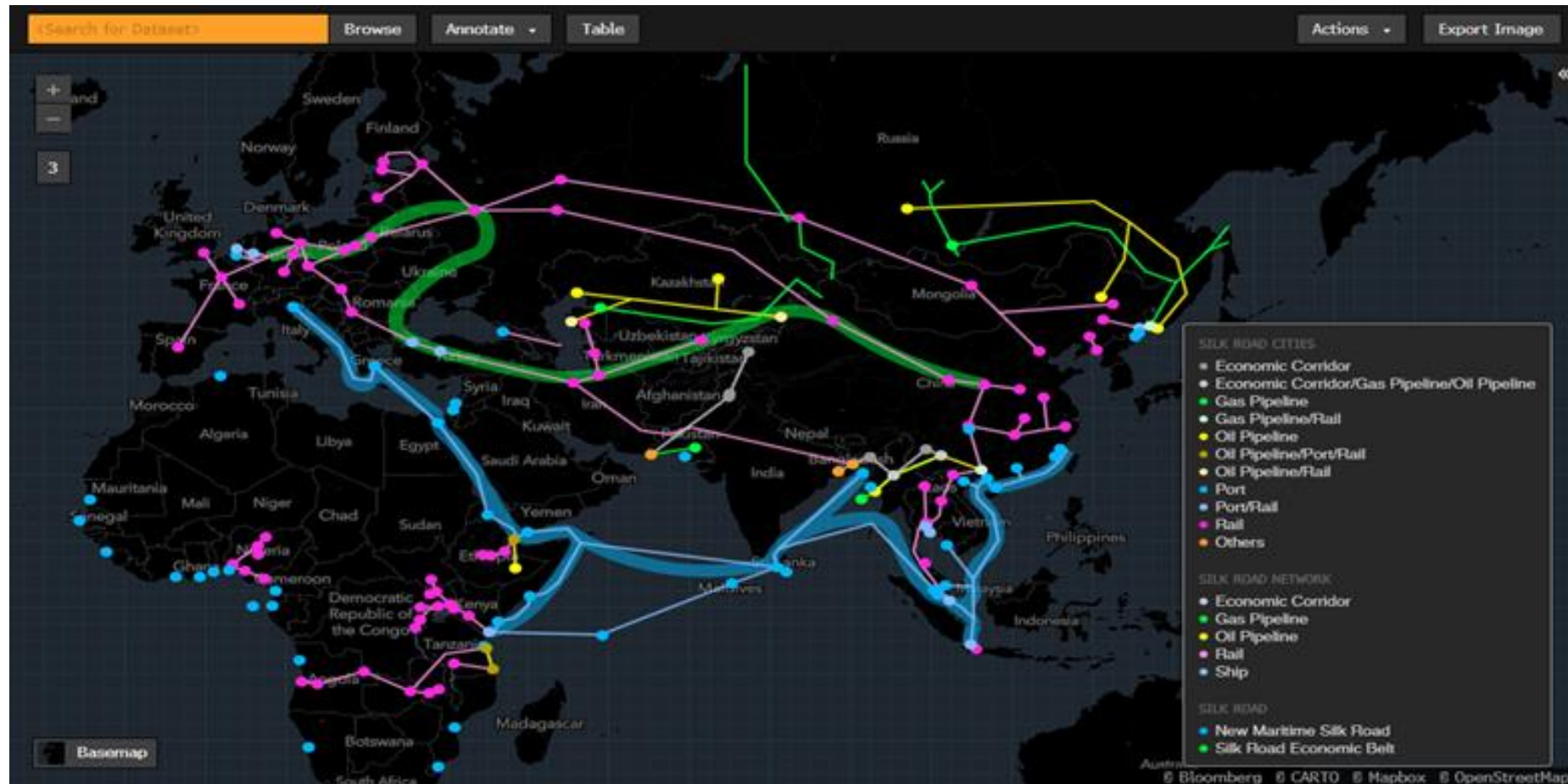


The New Flow of Hydrocarbons

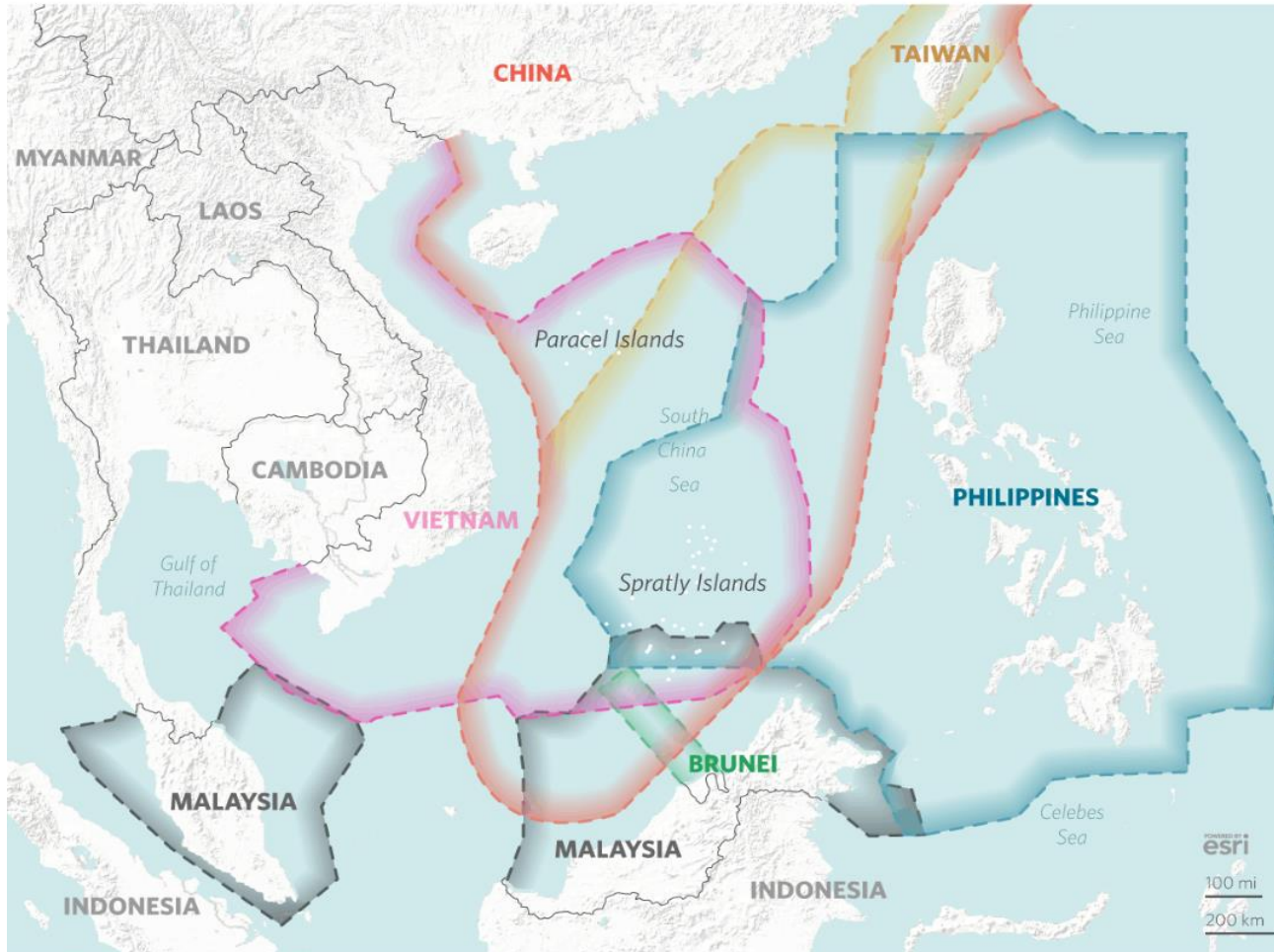
- ❖ Over the last several years, Asia has been purchasing a growing amount of hydrocarbons ranging in API Gravity as coking assets require heavier blends and lighter crudes price themselves into chemical processing
- ❖ Asia remains a key growth spot for oil flow, but the onset of a slowly global economy mixed with COVID has reduced total consumption
- ❖ Refined product exports from the area has changed trading lanes forever



“Belt and Road” Initiative is Complex and Intertwined with “Made in China 2025”



Territorial Claims in the South China Sea



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The 9-Dash Line Captures Food and Oil / Gas

- ❖ The U.N. unanimously rejected China's claim across various islands and reefs that fall in neighboring country Sovereign waters
- ❖ China has harassed many vessels in Vietnam and Malaysia; sinking another Vietnamese fishing vessel
- ❖ The islands have been built up with anti-ship missiles, radar, and advanced communications to extend China's reach

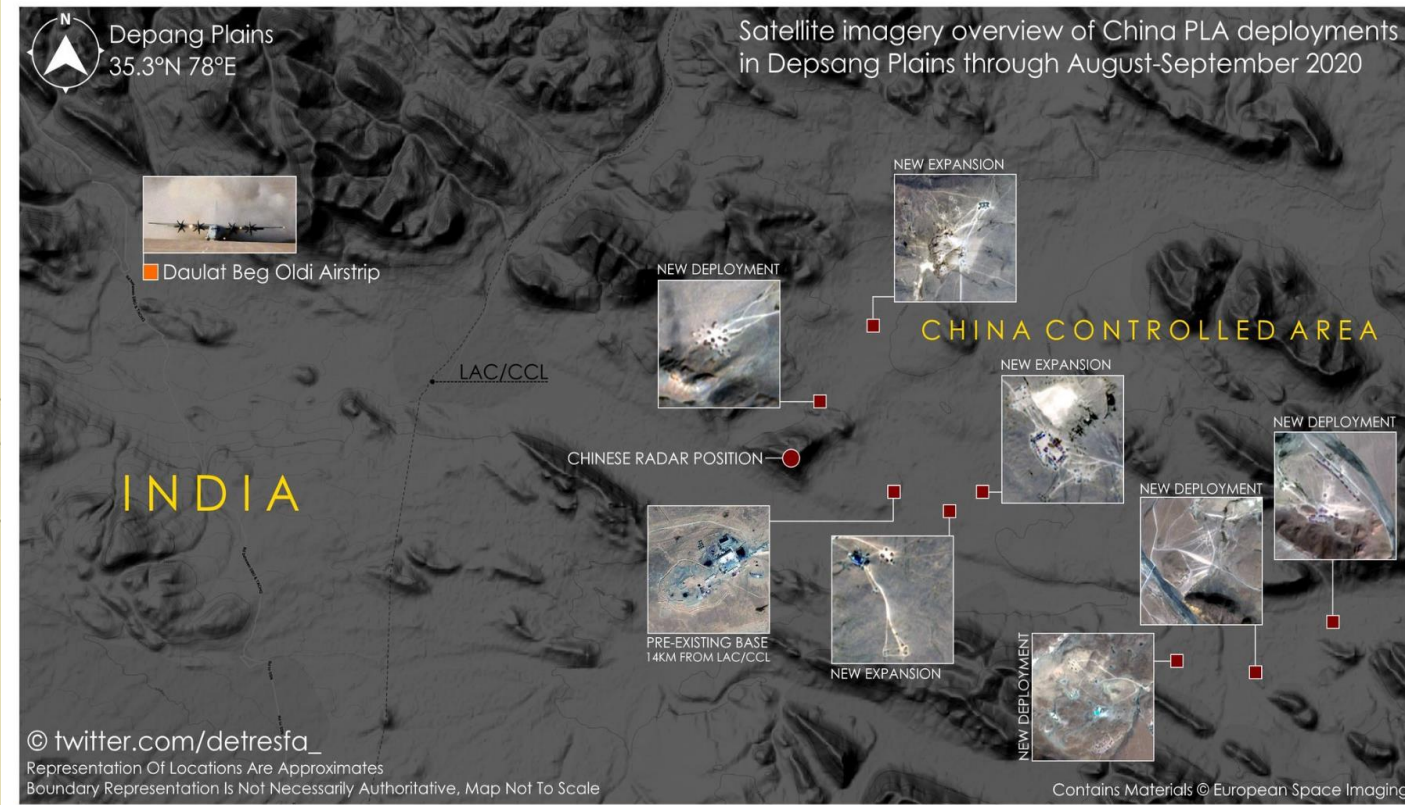
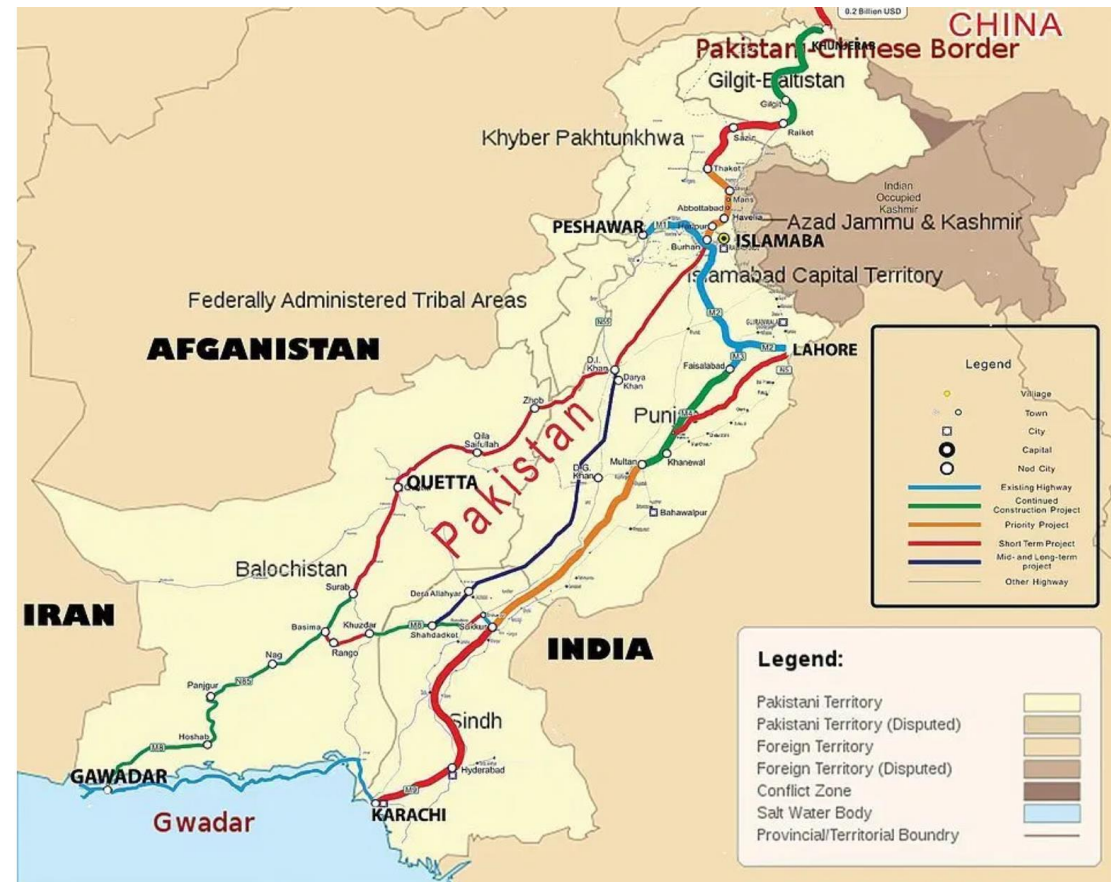
Tensions Between India and China Are Increasing



- ❖ China and India have clashed at the Doklam Plateau over the last few years
- ❖ Sikkim has been a new area of clashes over the last 2 weeks
 - ❖ Both India and China have built assets along roads/airports due to the strategic nature of the area
 - ❖ It is the thinnest part of India and a gateway to a large swath of farming
 - ❖ It allows for the movement of heavy machinery over the Himalayas

India and China Shifting Military Equipment and Personnel

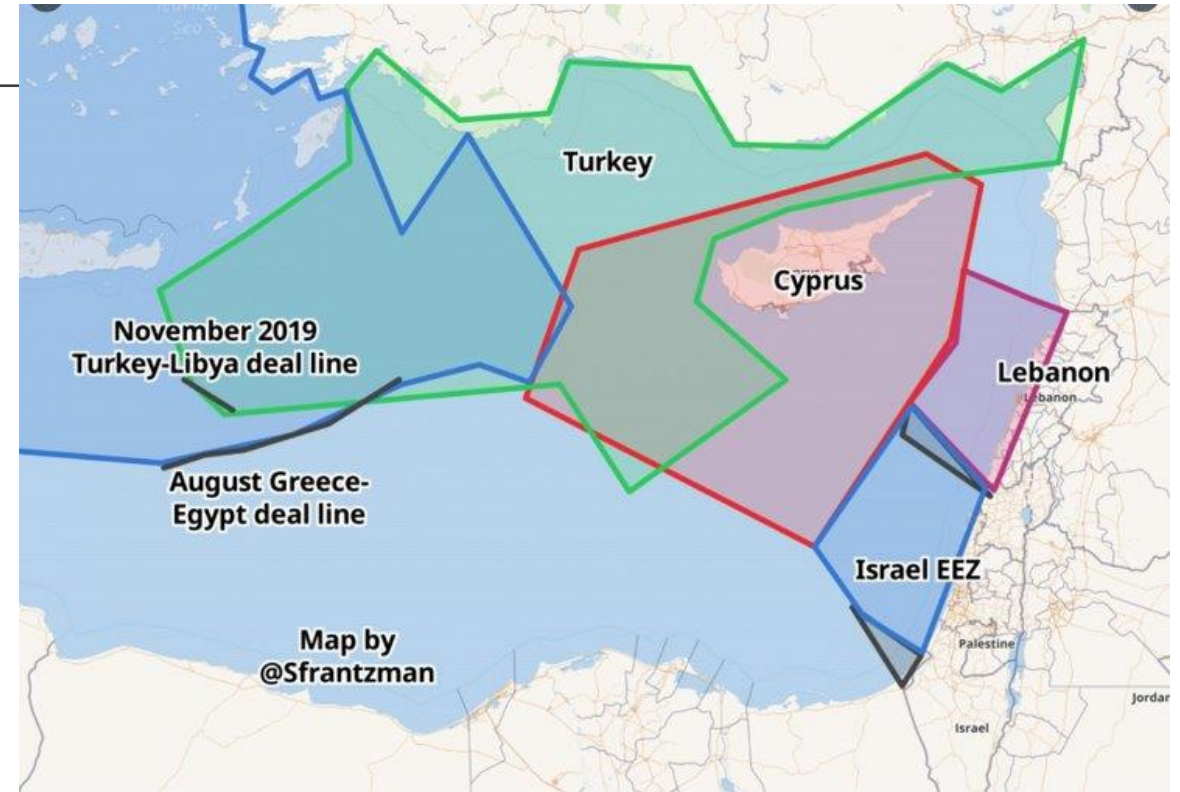
- ❖ Ladakh has become a battle ground between China and India
- ❖ India and China remain in a tense stand-off across the shared borders in Ladakh and Sikkim



Exclusive Economic Zone in the Mediterranean



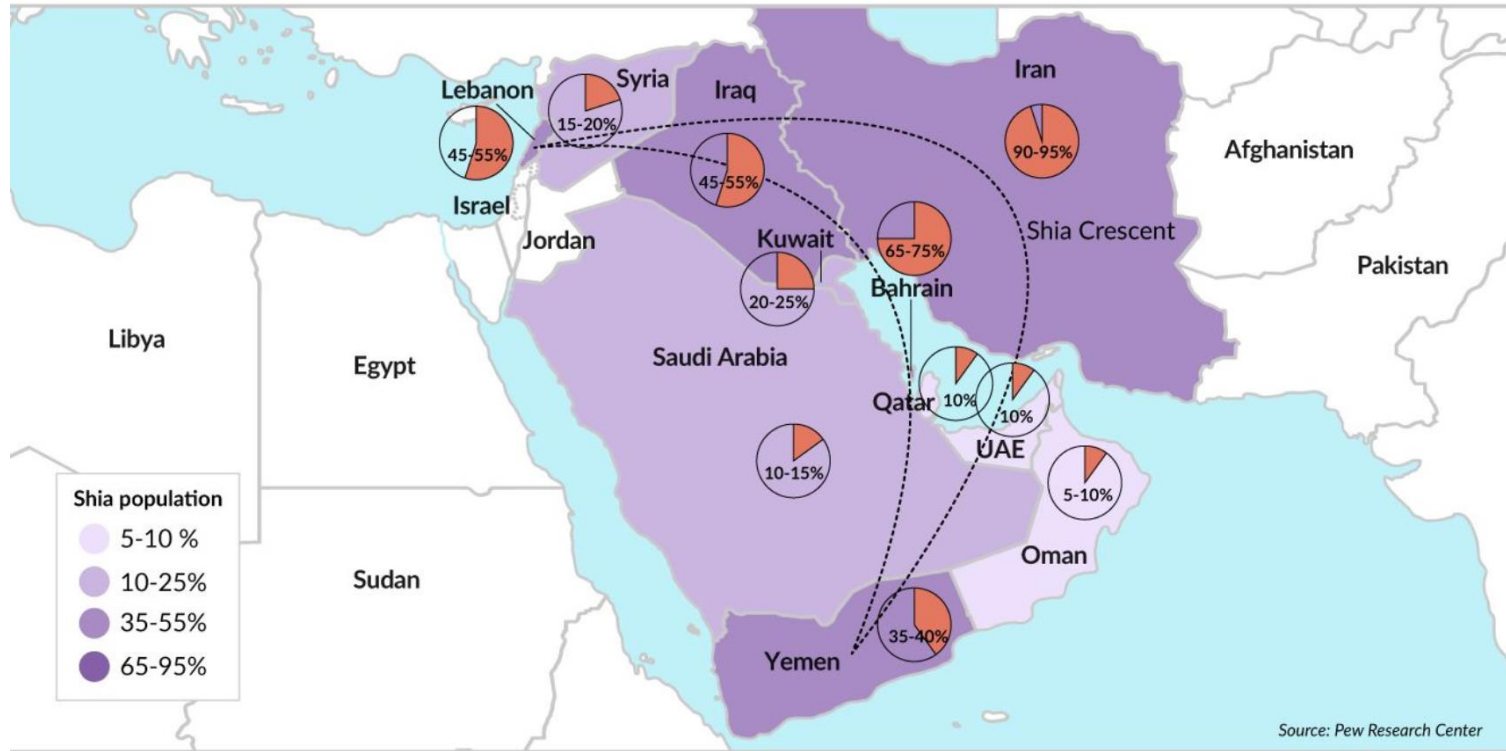
The map shows the maritime area secured by the deal between Turkey and Libya in the Eastern Mediterranean Sea which enables Ankara to block the EastMed pipeline route.



- ❖ The GNA (Government of National Accord) and the LNA (Libya National Army - led by General Haftar) have been engaged in a battle for control even before the last ISIS stronghold was eliminated, as the GNA was formed in 2015

Iran Influence is Fading, and Regime Change is Closer vs Expectations

Iran's growing influence: building the Shia Crescent



Shia population

- 5-10%
- 10-25%
- 35-55%
- 65-95%

Source: Pew Research Center

www.GISreportsonline.com



The Economist

Summary of Key Points

- ❖ U.S. production will struggle to get back to 2019 highs due to decline rates, lack of new completions, and saturated demand domestically and abroad. The new normal will be 10M barrels a day going forward
- ❖ Oil demand will continue to struggle and remain down 10-15m barrels year over year. The view that we will close out Q4 with only a 4M barrel a day loss makes a lot of assumptions that currently go against the economic backdrop
- ❖ We are facing a new normal over the coming several quarters with stagnate economies that were already struggling and only supported by monetary policy
- ❖ New refiners and shifting crude slates will require more investment in the offshore market to help fill a growing void
- ❖ Geo-political instability is rising in some key areas around the world (specifically China). The issues growing around India / China, the U.S. / China Trade War, and tensions in the South China Sea won't be resolved quickly or peacefully
- ❖ Iran and Libya remain the unknowns in the Middle East, but some of the production can come back quickly, hurting an already precarious supply/demand situation