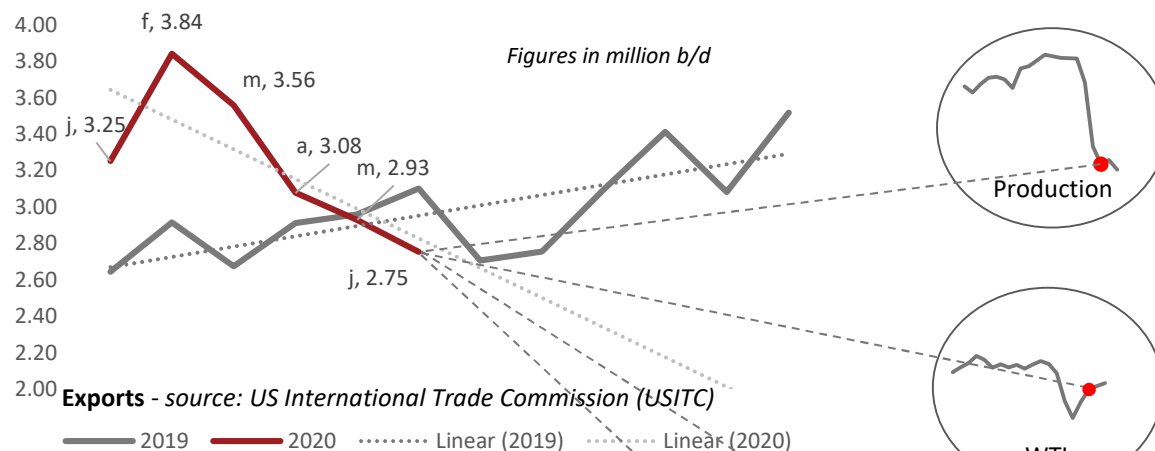


Weber US Crude Oil Trade Report



Q2 2020

In this quarter's Charles R Weber US crude oil trade report we provide readers with the latest developments in the US crude oil trade, **based on trade data up to end-June 2020**. This includes identifying the fastest growing trades by country and import district.



The ravages of the pandemic tore into the US hydrocarbon sector this summer, with Aug'20 production down by around 3Mnbd from the start of the year as consumption slumped by 4.1Mnbd in 2Q20, down 20% Yoy. With consumption falling faster than production, storage levels bloomed to new record levels, up more than 200MnBbls in Aug'20 Ytd. Over the same timeframe, US crude exports have plummeted by 13% Yoy, while crude imports have crashed by 16% Yoy.

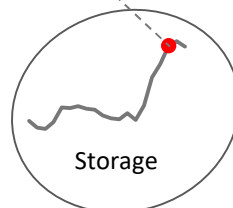
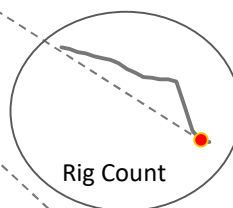
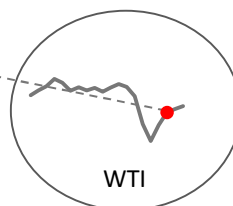
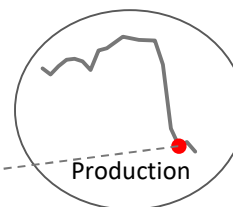
Despite an overall fall in crude imports, Saudi Arabia has turned around a gradual decline in trade to US since early 2019, with a startling resurgence from May'20, so that it has easily outperformed its competitors. US crude exports have also struggled across the board with the notable exception of China, which saw a surge from May'20. India was the only other major export destination to generate positive growth Ytd.

US rig numbers have fallen precipitously over the last few months to just to 256 from around 800 at the start of the year. In its Aug'20 STEO, EIA lowered its US crude production estimates for 2020 by 370Kbd from the previous STEO. EIA expects crude production to average 11.3Mnbd in 2020 and 11.1Mnbd in 2021, down from 12.2Mnbd in 2019. With predicted output at this level, the crude oil export market is likely to remain subdued for some time to come.

If you have questions or comments, please contact Charles R Weber Research

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Production was sustained at close to record levels, 12.8Mnbd until March despite the ravages of the pandemic, but fell 2.3Mnbd during 2Q20, before stabilising at below 10Mnbd. The latest EIA STEO for Aug'20 anticipates only a modest bounce back in 4Q20.

Oil Prices fell off a cliff in March/April, with WTI spot plunging to an incredible low of -\$36.98Bbl on 21 Apr before recovering to \$8.91Bbl the following day. Thereafter, oil prices have recovered, reaching the low \$40s Bbl by mid-Aug. The EIA do not expect further significant price gains before the end of 2021.

Rig numbers had been in steady decline from Jan'19 due to weaker oil prices, but the collapse of oil prices in early 2020 precipitated a further dramatic phase of contraction, with July rig numbers 70% down on levels at the start of the year. At 256 active units, the market is now significantly lower than the May'16 low of 408.

Storage (combined crude and product storage), which had been towards the lower end of 5 year average levels, started to climb rapidly from Mar'20, swelling by 210MnBbls to 2.125BnBbls by Jun'20, easily beating the previous record level from Aug'16.

2040

World oil consumption to grow by 9.5 Mnbd 2018-40, but collectively US, Europe & Japan see demand drop by 9.8 Mnbd. IEA WEO Nov'19 (stated policies scenario).

2030

China +3.1 Mnbd 2018-30 and India +2.8Mnbd to be the main drivers of world oil demand growth (+8.5Mnbd). The M. East and Africa also have strong outlook. IEA WEO - Nov'19 (stated policies scenario).

2021

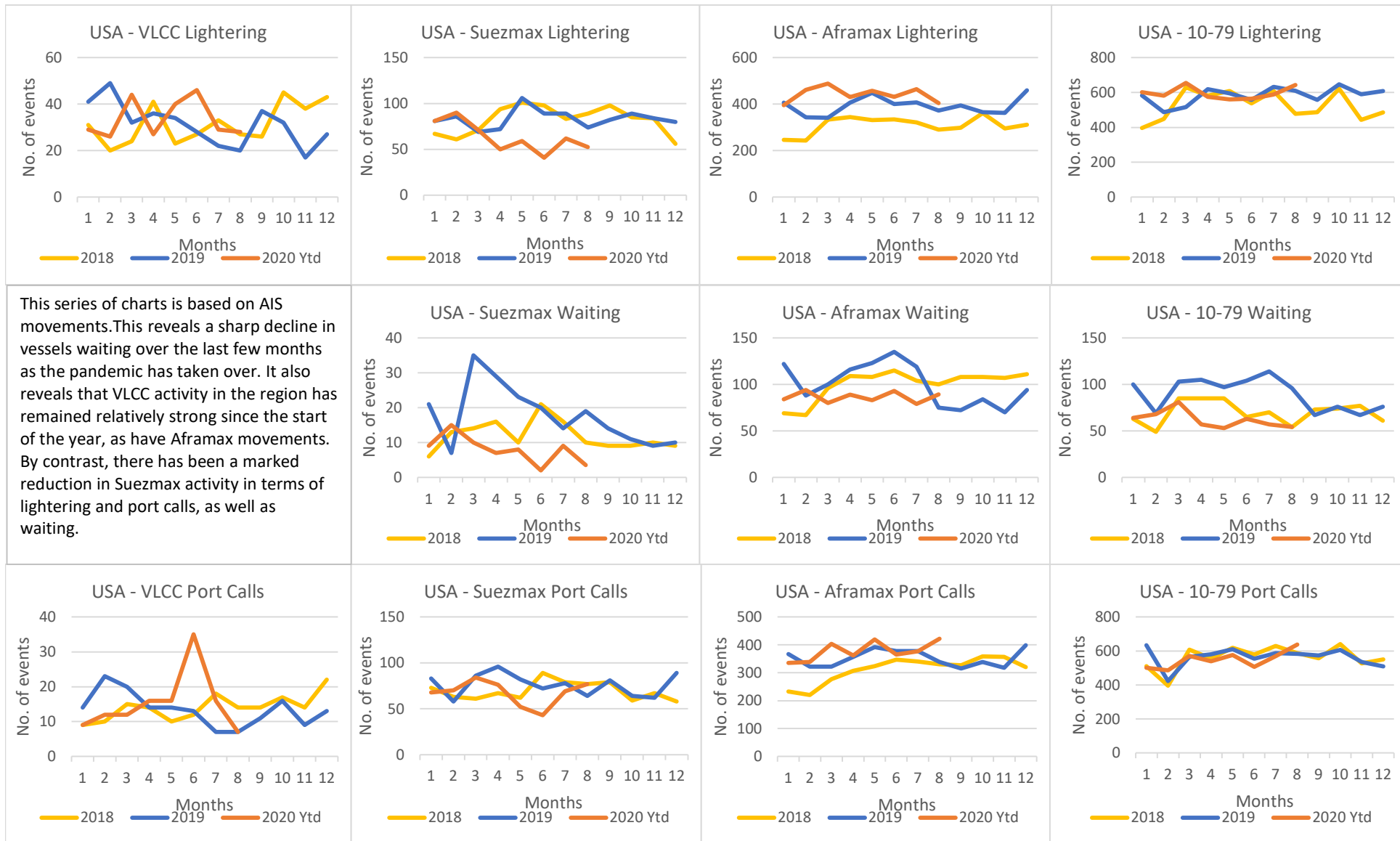
Outlook not just dependent on controlling COVID-19, but also whether the global transportation sector has been transformed for good. US elections may also be a factor.

2020

Oil demand in 2020 to fall by 8.1Mnbd (IEA Aug'20) due to COVID-19. Storage build surged to +6.6Mnbd in 1Q20, causing producers to slash production by e12Mnbd Yoy in May.

Tanker AIS Movements in US Region

Q2 2020



The changing profile of US crude oil imports

Figures '000 tonnes

Exporter	2020Ytd	2019	e2020	% Chg
				Yoy
Canada	86857	183353	173715	-5%
Mexico	16416	28441	32833	15%
Saudi Arabia	17072	24064	34145	42%
Iraq	5687	15699	11374	-28%
Colombia	6037	14308	12073	-16%
Ecuador	3821	9471	7642	-19%
Nigeria	1673	9013	3346	-63%
Brazil	2210	7422	4420	-40%
Russia	1698	7103	3396	-52%
Venezuela	29	3743	59	-98%
UK	604	3186	1208	-62%
Other	6085	20199	12171	-40%
Total	148190	326003	296381	-9%

Infographic elemets

Not just a pretty picture, there are three dimensions of data displayed in this "rev counter".

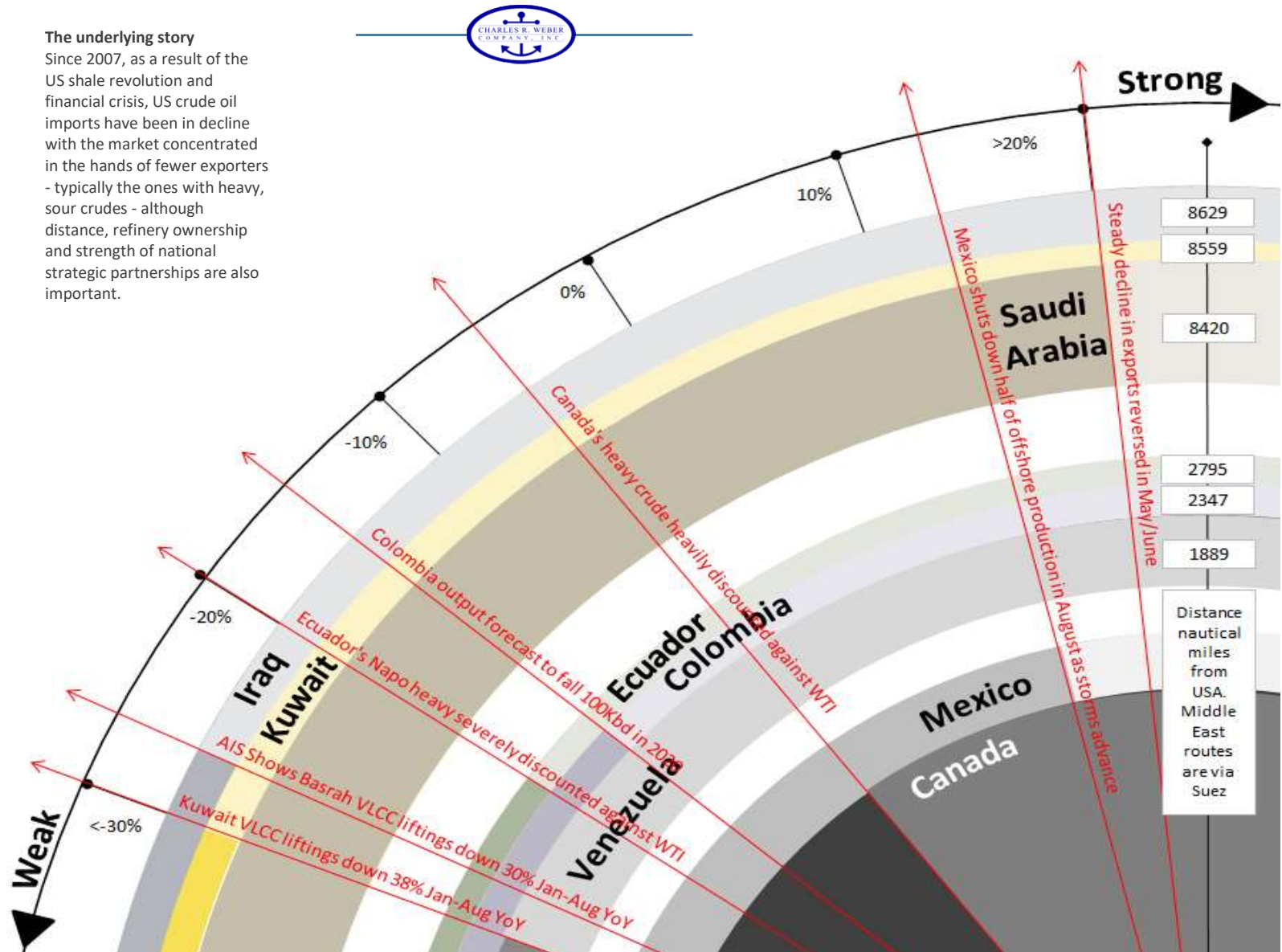
1 Performance in 2019 compared with 2020 YTD for each exporter is shown by the distance the coloured band moves around the "rev counter". Also see table.

2 Size of exports to US in 2019 - is shown in the width of each band i.e. Canada is the largest exporter, while Saudi is the second largest.

3 The average haul of each trade is shown by the distance from the centre of the dial.

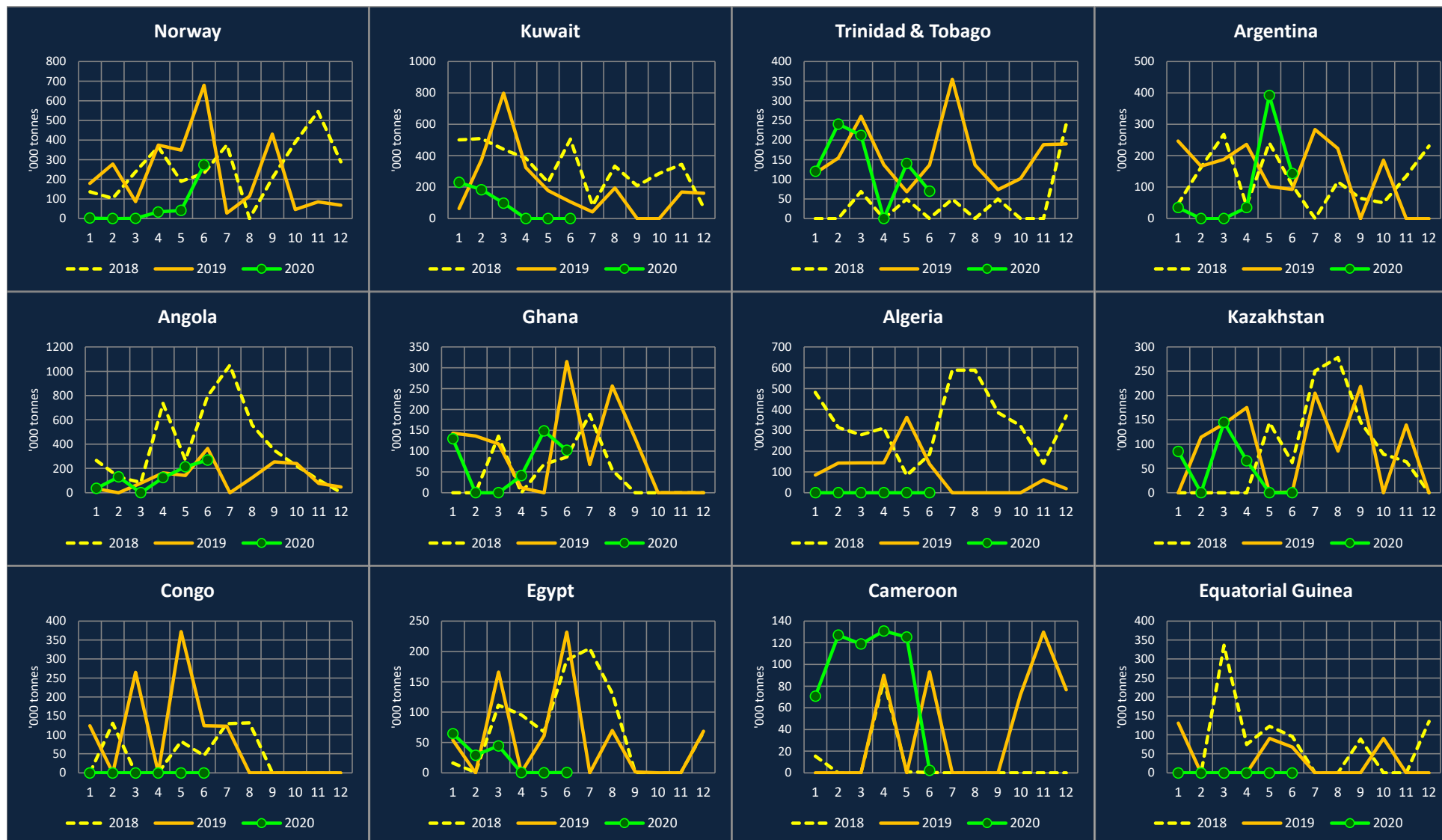
The underlying story

Since 2007, as a result of the US shale revolution and financial crisis, US crude oil imports have been in decline with the market concentrated in the hands of fewer exporters - typically the ones with heavy, sour crudes - although distance, refinery ownership and strength of national strategic partnerships are also important.



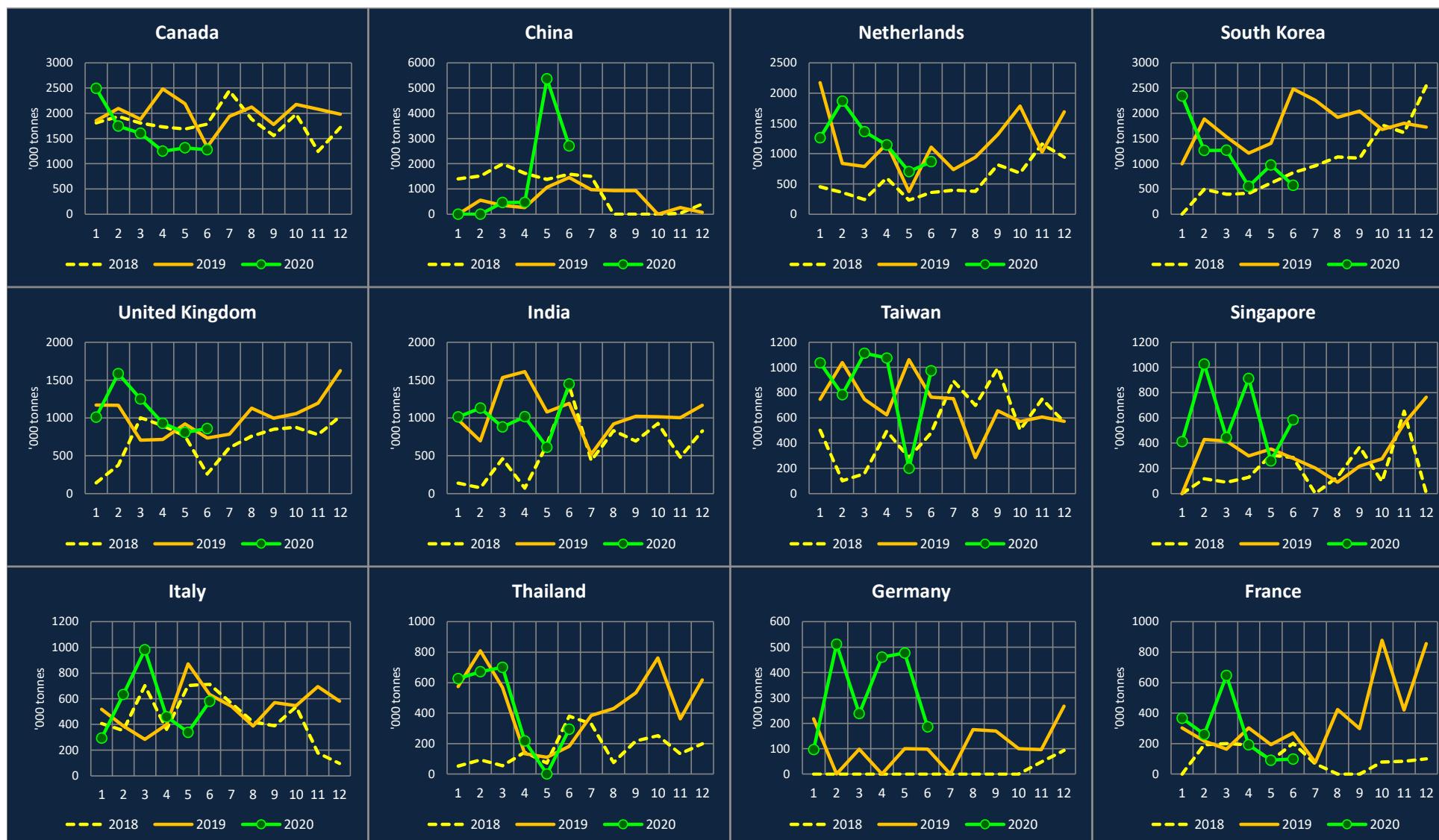
US crude oil imports by country (continued)

Q2 2020



US crude oil exports by country

Q2 2020



US crude oil exports by country (continued)

Q2 2020

