

# ENERGY REVIEW

Q3-24

**Zhamal Schoennemann**  
Head of Economics  
Principal Economist  
[zschoennemann@erce.energy](mailto:zschoennemann@erce.energy)

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Our Energy division focuses on oil and gas, and the future of energy, providing expertise and integrated solutions for the most complex challenges.

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# EXECUTIVE SUMMARY

ERCE

# WELCOME TO THE ERCE ENERGY REVIEW FOR Q3 2024

## Welcome to the ERCE Energy Review.

This report reviews current oil and gas prices and looks at some of the global macro indicators influencing oil price trends.

In addition, we provide our current oil price decks and review oil price assumptions presented by other petroleum consultants and analysts. The report is based on publicly available information as of 30/06/2024.

## Status Quo

Over the Q3 2024, Brent price peaked at around \$91/b in the beginning of April and dropped to around \$78/b in early June. It has since recovered to around \$85/b by the beginning of July amid rising geopolitical tensions.

## Short-term

Brent crude prices remain supported by optimism towards summer fuel consumption in the Northern Hemisphere. On 3 June, the OPEC and its allies agreed to extend oil output cuts of 2.2 MMb/d until the end of September, with a gradual phase-out of the production reduction starting in October. Geopolitical tensions may continue to add to the upside pressure on oil prices. Oil prices are predicted to hold above \$80/b this year, with analysts polled by Reuters revising up their 2024 forecasts for a second time on expectations supply will lag demand amid conflict in the Middle East and as OPEC+ maintains output cuts.

## Medium-term

Beyond 2024, prices are expected to ease in 2025 due to solid inventory builds and the slow down in the global oil demand growth. These expectations may be countered by fast-evolving and unpredictable geopolitical conflicts that may disrupt oil supply.

## Long-term

The International Energy Agency stated that global oil demand would peak before 2030. This forecast drew criticism from OPEC, whose Secretary General said that "peak oil demand is not on the horizon," and that IEA's forecast "is a dangerous commentary, especially for consumers, and will only lead to energy volatility on a potentially unprecedented scale." According to Goldman Sachs analysts, "while some prominent forecasters have predicted oil demand will peak by 2030, our researchers expect oil usage will increase through 2034".

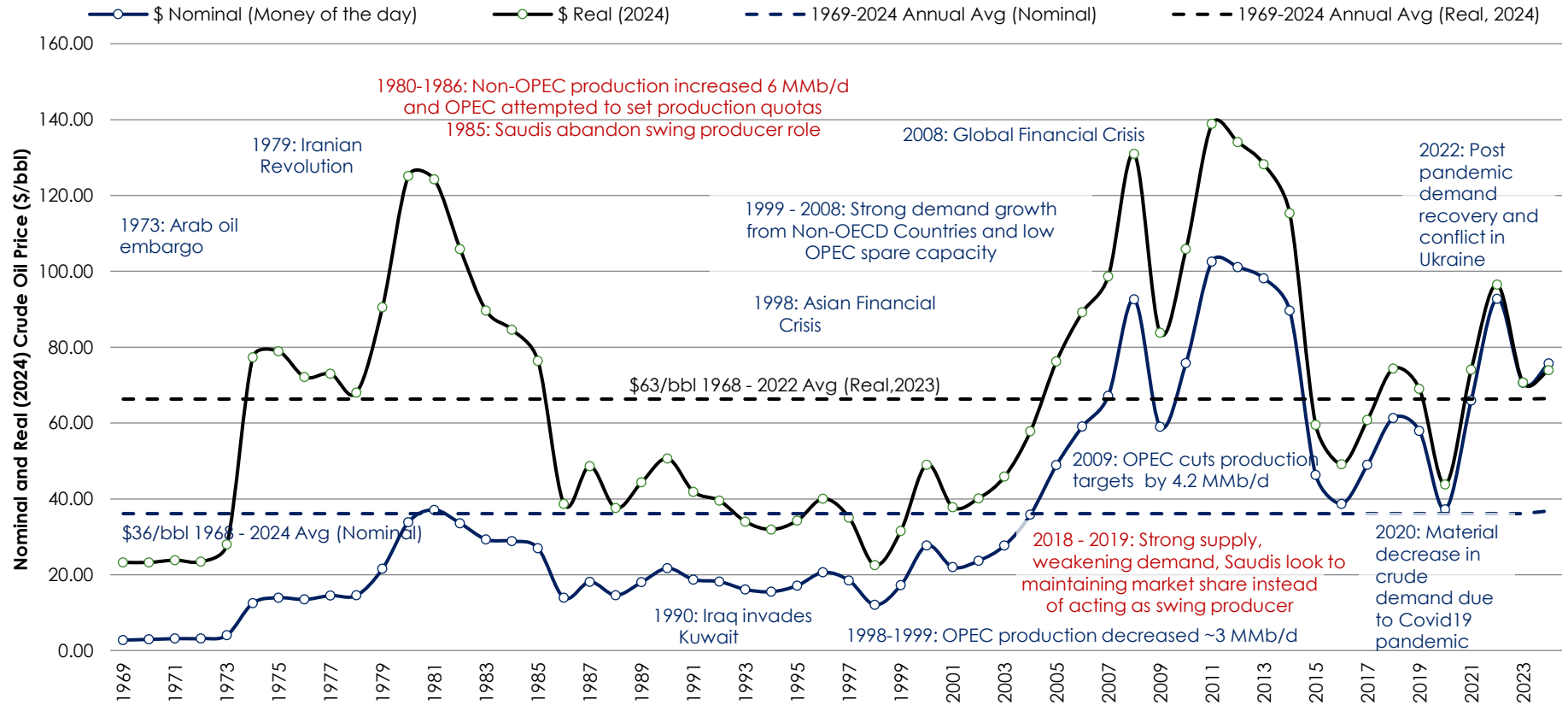


# LONG TERM CRUDE OIL PRICE ANNUAL AVERAGE (1969 – 2024)

## Oil Price History: Long-Term Crude Oil Price (Real Vs. Nominal)

“History does not repeat itself, but it often rhymes”

- **Nominal** - economic value expressed in historical nominal monetary terms, also known as “money-of-the-day”.
- **Real** - Economic value that has been adjusted from a nominal value to remove the effects of general price level changes over time (using the CPI from U.S. Bureau of Labour Statistics) and is thus measured in terms of the general price level in some reference year (the base year in this case is 2024).
- The Long-Term Crude Oil Price is based on the Annual Imported Crude Oil Prices into the US.



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# ERCE OIL AND GAS PRICE FORECAST

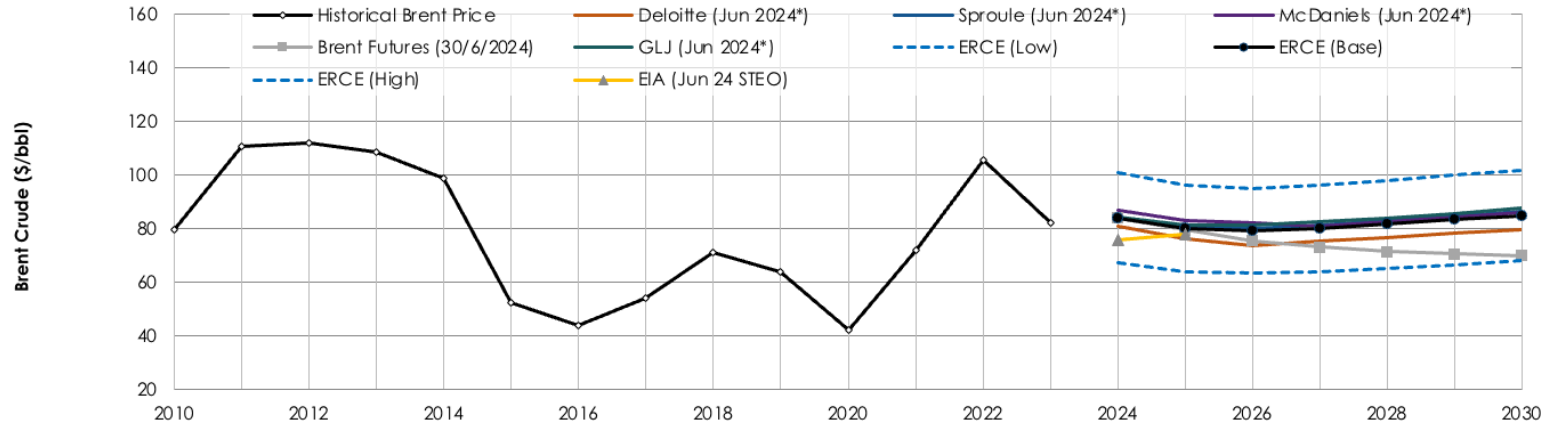
**In the absence of guidance from a client in relation to oil price assumptions, ERCE would assume the oil price scenarios presented in the following slide. These oil price scenarios are derived in context of the information available in the public domain and should not be construed as oil price forecasts, predictions or projections by ERCE.**

The low and high oil price paths depicted in the following slide(s) are not intended to provide lower and upper bounds for future oil prices but rather to allow the analysis of possible future world oil market conditions that differ significantly from those assumed in the base case.



# BRENT CRUDE OIL PRICE DECK

Nominal Brent Crude Forecast by Consultants, Lenders Vs. Brent Historical and Futures Curve



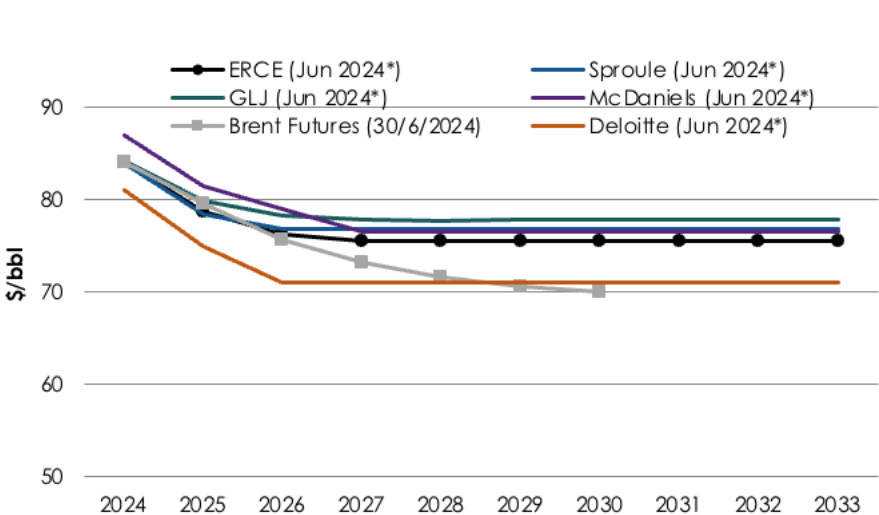
Brent Nominal (\$/bbl)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2033+
ERCE (Jun 2024*)	84	80	79	80	82	83	85	87	89	90	+2.0% pa
Sproule (Jun 2024*)	84	80	80	82	83	85	87	88	90	92	+2.0% pa
GLJ (Jun 2024*)	84	82	82	83	84	86	88	89	91	93	+2.0% pa
Deloitte (Jun 2024*)	81	77	74	75	77	78	80	82	83	85	+2.0% pa
McDaniels (Jun 2024*)	87	83	82	81	83	84	86	88	90	91	+2.0% pa
Average	84	80	79	80	82	83	85	87	89	90	
Brent Futures (30/6/2024)	84	80	76	73	72	71	70				
EIA (Jun 24 STEO)	76	78									

Inflation Assumptions: Sproule: 2%. GLJ: 2%. Deloitte: 2%. McDaniel: 2%. ERCE: 2%

Source: Sproule, GLJ, McDaniel, Deloitte, Intercontinental Exchange, Reuters, EIA, ERCE Estimates. Note: \*publication date. Note: ERCE's low and high case is calculated based on a standard deviation of the forecasts and Coefficient of Variation – Range increases for the first five years. Note: \*Estimates for 2024 are for the remaining year's balance.

# ERCE BRENT OIL PRICE ASSUMPTIONS

Real 2024 (Constant US\$) Brent Oil Price Assumptions



Brent Real (\$/bbl)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2033+
ERCE (Jun 2024*)	84	79	76	76	76	76	76	76	76	76	76
Sproule (Jun 2024*)	84	78	77	77	77	77	77	77	77	77	77
GLJ (Jun 2024*)	84	80	78	78	78	78	78	78	78	78	78
Deloitte (Jun 2024*)	81	75	71	71	71	71	71	71	71	71	71
McDaniels (Jun 2024*)	87	82	79	76	77	76	76	76	76	76	76
Average	84	79	76	76	76	76	76	76	76	76	76

ERCE (Low Case) Brent Assumptions (\$/bbl)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2033+
Real (Constant \$, 2024)	67	63	61	60	60	60	60	60	60	60	60
Nominal (\$ of the day)	67	64	64	64	65	67	68	69	71	72	+2.0% pa

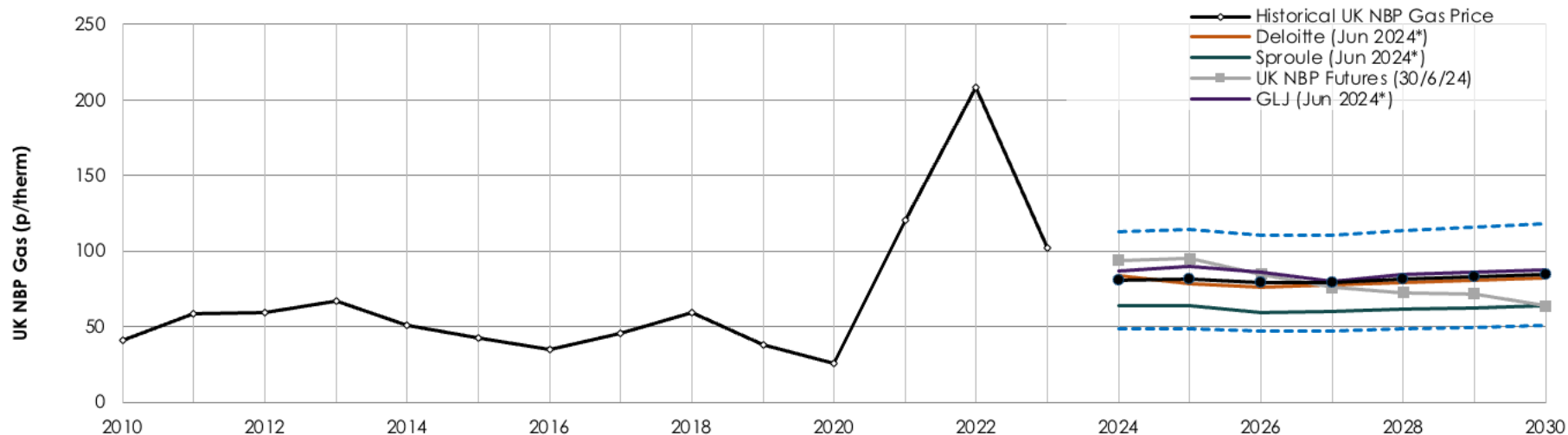
ERCE (Base Case) Brent Assumptions (\$/bbl)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2033+
Real (Constant \$, 2024)	84	79	76	76	76	76	76	76	76	76	76
Nominal (\$ of the day)	84	80	79	80	82	83	85	87	89	90	+2.0% pa

ERCE (High Case) Brent Assumptions (\$/bbl)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2033+
Real (Constant \$, 2024)	101	94	92	91	91	91	91	91	91	91	91
Nominal (\$ of the day)	101	96	95	96	98	100	102	104	106	108	+2.0% pa

Note: ERCE's low and high case is calculated based on a standard deviation of the forecasts and Coefficient of Variation – Range increases for the first five years. Note: \*publication date. Source: Sproule, GLJ, McDaniel, Deloitte, Intercontinental Exchange, ERCE Estimates. Note: \*Estimates for 2024 are for the remaining year's balance

# UK NBP GAS PRICE DECK

Nominal UK NBP Gas Price Forecast by Consultants, Vs. UK NBP Historical and Futures Curve



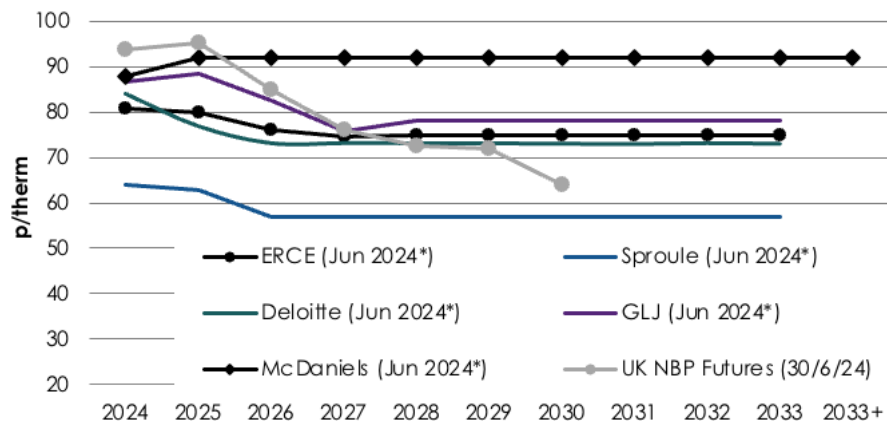
UK NBP Gas Price (Nominal) (p/therm)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2033+
ERCE (Jun 2024*)	81	82	79	79	81	83	84	86	88	90	+2.0% pa
Sproule (Jun 2024*)	64	64	59	60	62	63	64	65	67	68	+2.0% pa
Deloitte (Jun 2024*)	84	78	76	78	79	81	82	84	86	87	+2.0% pa
McDaniels (Jun 2024*)	88	94	96	98	100	102	104	106	108	110	+2.0% pa
GLJ (Jun 2024*)	87	90	86	80	84	86	88	90	91	93	+2.0% pa
Average	81	82	79	79	81	83	84	86	88	90	
UK NBP Futures (30/6/24)	94	95	85	76	73	72	64				

Inflation Assumptions: Sproule: 2%. GLJ: 2%. Deloitte: 2%. McDaniel: 2%. ERCE: 2%

Source: Sproule, GLJ, Deloitte, Intercontinental Exchange, Reuters, ERCE Estimates. Note: \*publication date. Note: ERCE's low and high case is calculated based on a standard deviation of the forecasts and Coefficient of Variation – Range increases for the first five years. Note: \*Estimates for 2024 are for the remaining year's balance.

# UK NBP GAS PRICE ASSUMPTIONS

Real 2024 (Constant) UK NBP Gas Price Assumptions



UK NBP Gas Price (Real) (p/therm)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2033+
ERCE (Jun 2024*)	81	80	76	74	75	75	75	75	75	75	75
Sproule (Jun 2024*)	64	63	57	57	57	57	57	57	57	57	57
Deloitte (Jun 2024*)	84	77	73	73	73	73	73	73	73	73	73
McDaniels (Jun 2024*)	88	92	92	92	92	92	92	92	92	92	92
GLJ (Jun 2024*)	87	88	83	76	78	78	78	78	78	78	78
Average	81	80	76	74	75	75	75	75	75	75	75

ERCE (Low Case) NBP Gas Price Assumptions (p/therm)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2033+
Real (Constant, 2024)	48	48	46	45	45	45	45	45	45	45	45
Nominal (\$ of the day)	48	49	48	47	49	50	51	52	53	54	+2.0% pa

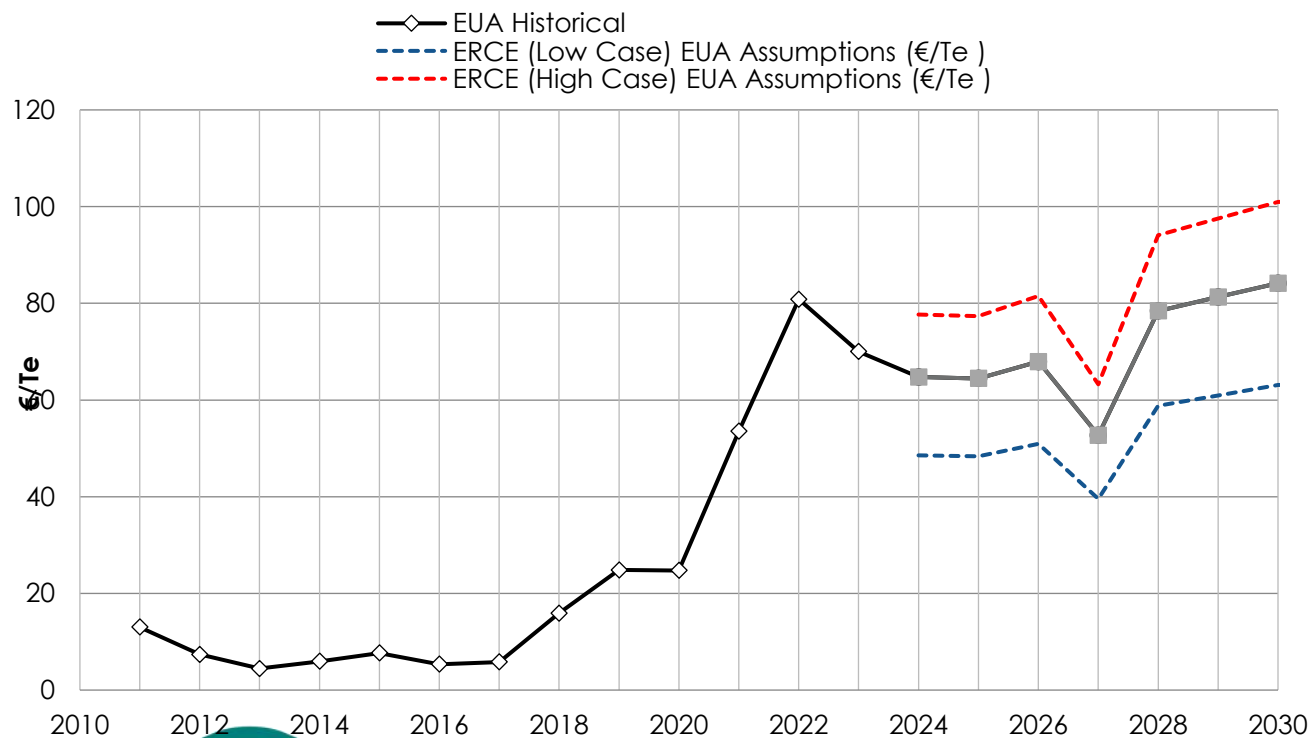
ERCE (Base Case) NBP Gas Price Assumptions (p/therm)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2033+
Real (Constant, 2024)	81	80	76	74	75	75	75	75	75	75	75
Nominal (\$ of the day)	81	82	79	79	81	83	84	86	88	90	+2.0% pa

ERCE (High Case) NBP Gas Price Assumptions (p/therm)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2033+
Real (Constant, 2024)	113	112	107	104	105	105	105	105	105	105	105
Nominal (\$ of the day)	113	114	111	111	114	116	118	121	123	125	+2.0% pa

Note: ERCE's low and high case is calculated based on a standard deviation of the forecasts and Coefficient of Variation – Range increases for the first five years. Note: \*publication date. Source: Sproule, GLJ, McDaniel, Deloitte, Intercontinental Exchange, ERCE Estimates. Note: \*Estimates for 2024 are for the remaining year's balance

# ERCE EUA PRICE DECK

Nominal EUA Forecast Vs. EUA Historical and Futures Curve



ERCE (Low Case) EUA Assumptions (€/Te)	2024	2025	2026	2027	2028	2029	2030	2031	2032
Real (Constant €, 2024)	49	47	49	37	54	55	56	55	54
Nominal (€ of the day)	49	48	51	40	59	61	63	63	63

ERCE (Base Case) EUA Assumptions (€/Te)	2024	2025	2026	2027	2028	2029	2030	2031	2032
Real (Constant €, 2024)	65	63	65	50	72	74	75	73	72
Nominal (€ of the day)	65	64	68	53	78	81	84	84	84

ERCE (High Case) EUA Assumptions (€/Te)	2024	2025	2026	2027	2028	2029	2030	2031	2032
Real (Constant €, 2024)	78	76	78	60	87	88	90	88	86
Nominal (€ of the day)	78	77	82	63	94	98	101	101	101

Inflation Assumptions: ERCE: 2%

EUA Futures Curve (€/Te)	2024	2025	2026	2027	2028	2029	2030	2031
Futures Curve @ 30-Jun-24	65	64	68	53	78	81	84	84

The ERCE Base Case EUA price assumption follows the futures curve.



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# APPENDIX: GLOSSARY



# GLOSSARY

<b>\$</b>	All dollar amounts are in U.S. dollars unless otherwise indicated.	
<b>bbl</b>	barrels	
<b>bbl/d</b>	barrels per day	
<b>Brent</b>	A blended crude stream produced in the North Sea region which serves as a reference or "marker" for pricing a number of other crude streams.	
<b>btu</b>	British thermal unit	
<b>chg</b>	Change.	
<b>EIA</b>	U.S. Energy Information Agency	
<b>ERCE</b>	is a trade name of ERC Equipoise Limited	
<b>FSU</b>	Former Soviet Union and includes Armenia, Azerbaijan, Belarus, Estonia, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.	
<b>IEA</b>	International Energy Agency	
<b>M</b>	Month (e.g. 1M Ago = one month ago).	
<b>MMbbl</b>	million stock tank barrels.	
<b>MMbbl/d</b>	Million stock tank barrels per day.	
<b>MMA</b>	Month Moving average (12MMA = twelve month moving average).	
<b>MMbtu</b>	Million british thermal units	
<b>MoM</b>	Month-on-month (e.g. MoM Chg = month-on-month change).	
<b>Nominal</b>	Economic value expressed in historical nominal monetary terms, also known as "money-of-the-day".	
<b>Therm</b>	a unit of heat equal to 100,000 British thermal units and approximately the energy equivalent of burning 100 cubic feet of natural gas.	
<b>OECD</b>	The Organisation for Economic Co-operation and Development - an international economic	organisation of 34 countries and include many of the world's most advanced countries but also emerging countries like Mexico, Chile and Turkey.
<b>OPEC</b>	Organisation of the Petroleum Exporting Countries. Its mandate is to "coordinate and unify the petroleum policies" of its members and to "ensure the stabilization of oil markets in order to secure an efficient, economic and regular supply of petroleum to consumers, a steady income to producers, and a fair return on capital for those investing in the petroleum industry. It's current members are Algeria, Angola, Ecuador, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the UAE, and Venezuela.	
<b>p</b>	pence (GBP)	
<b>Real</b>	Economic value that has been adjusted from a nominal value to remove the effects of general price level changes over time and is thus measured in terms of the general price level in some reference year (the base year e.g. 2013).	
<b>Spot Price</b>	The price for a one-time open market transaction for immediate delivery of a specific quantity of product at a specific location where the commodity is purchased "on the spot" at current market rates.	
<b>stb</b>	stock tank barrels.	
<b>USD Index</b>	Trade Weighted U.S. Dollar Index – a weighted average of the foreign exchange value of the U.S. dollar against the currencies of a broad group of major U.S. trading partners which includes the Euro Area, Canada, Japan, Mexico, China, United Kingdom, Taiwan, Korea, Singapore, Hong Kong, Malaysia, Brazil, Switzerland, Thailand, Philippines, Australia, Indonesia, India, Israel, Saudi Arabia, Russia, Sweden, Argentina, Venezuela, Chile and Colombia.	
<b>WTI</b>	West Texas Intermediate – a crude stream produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing a number of other crude streams and which is traded in the U.S. domestic spot market at Cushing, Oklahoma.	
<b>YoY</b>	Year-on-year (e.g. YoY Chg=year-on-year percentage change).	
<b>YTD</b>	Year-to-date.	



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