



# Energy Risk Summit 2019

## Present to Future

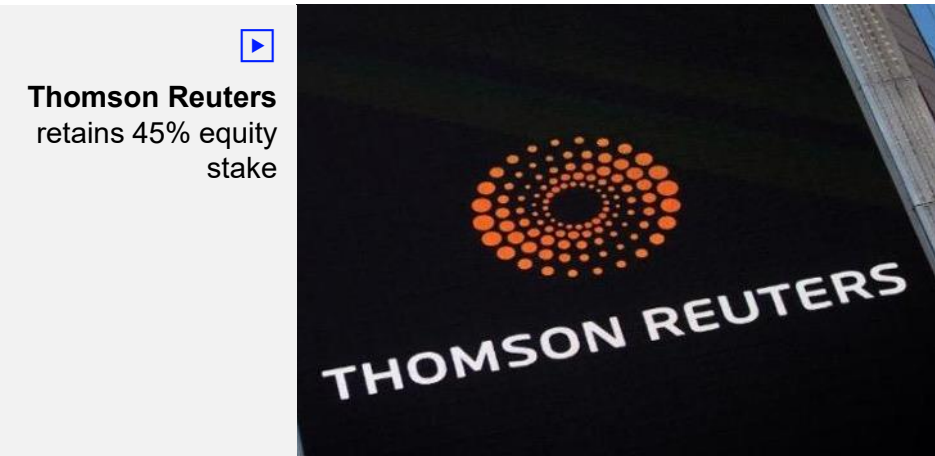
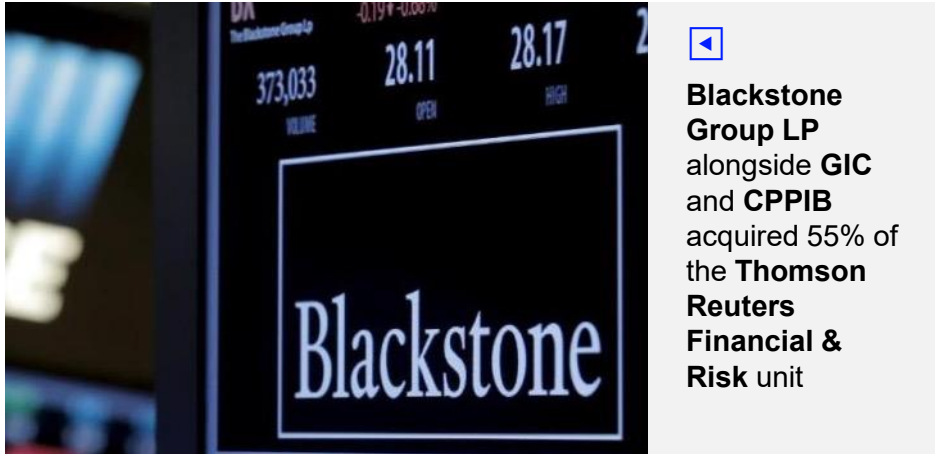
All that we know is all that we don't know

October 28, 2019

The Financial and  
Risk business of  
Thomson Reuters  
is now Refinitiv.

REFINITIV<sup>TM</sup>  


# Refinitiv launched in October 2018



A bold new company, backed by one of the world's largest Private Equity firms, with focused investment in technology and product, and an accelerated pace of operation.

We refine and deploy the world's data to power and connect global financial communities

One of the world's leading investment firms repositions Refinitiv, focusing solely on the financial community and freeing up investment capital for growth.

# All that we don't know...

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Donald Rumsfeld:

There are ***known knowns***. There are things we know we know.

We also know there are ***known unknowns***. That is to say we know there are things we do not know.

But there are ***unknown unknowns***. The ones we don't know we don't know.

# Global Oil Markets

## Here and Now

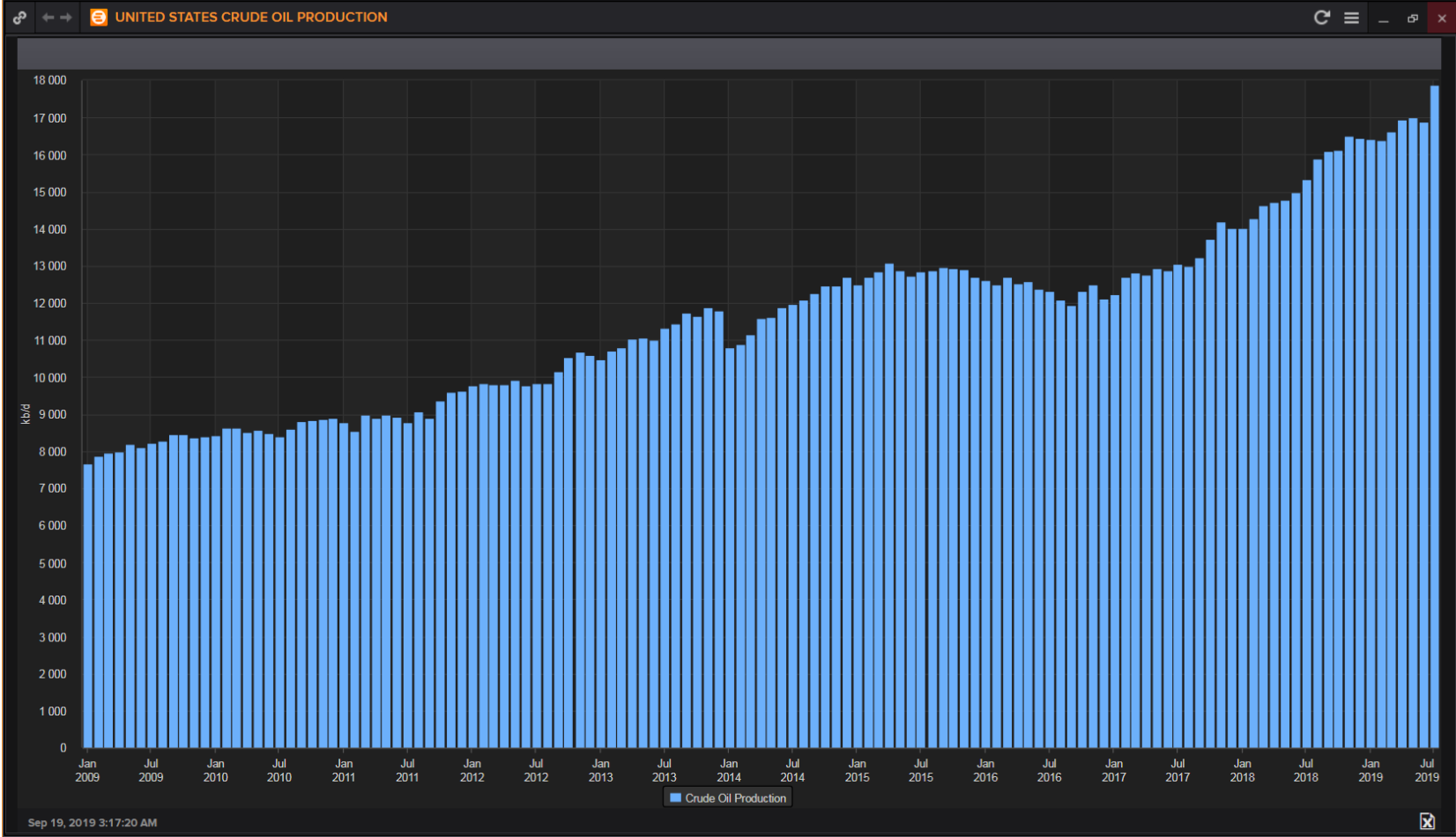
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- Longest sustained downtrend in US Unemployment history 10.0 to 3.7 (119 months; prev 74 mos)
- Global economies are doing well and oil demand has never been higher
- 2019 Imports 6.99mm bd; exports 2.87mm bd – 2007 +3mm; export +2.5mm (5.5mm bd swing)
- China then, now and then
- EU/UK risk
- Global oil production: Iran at risk, Venezuela gone, Mexico still far off, North Sea declining
- Oil dynamics have changed from supply risks to demand risk



# US Oil

Here for Now



# OPEC +

Here, but not really

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- Only in theory
- It's always political
- Uncapped production
- OPEC 2017 32mm bd; 2018 31.8mm bd; 2019/YTD 30.0mm bd – Venez -1.0mm bd, Iran -1.5mm bd
- Last time officially that OPEC was under 30mm – 2002
- 2002 US refining capacity (crude runs) 14.9mm bd; 2019/YTD 16.7mm bd
- Russia 2019 11.0mm bd; 2009 9.5mm bd



# Risk On/Off

Here and happening

- Latin America – Venezuela, Brazil, Mexico, Argentina
- IMO 2020
- China, always China
- US – Presidential elections 2020
- Supply issues- deliverability, quality
- Systematic proficiency



## Summary

### All that we do know...

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- Simple math: The answer is never wrong. The inputs to the equation are...
- Economic elasticity is not as easily explained
- Hedging 101 (or 2006 redux)



# Thank you for your time and consideration

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- "In time we hate that which we often fear." - William Shakespeare
- The things that scare us the most are the things that we don't understand