



بنك الإمارات دبي الوطني
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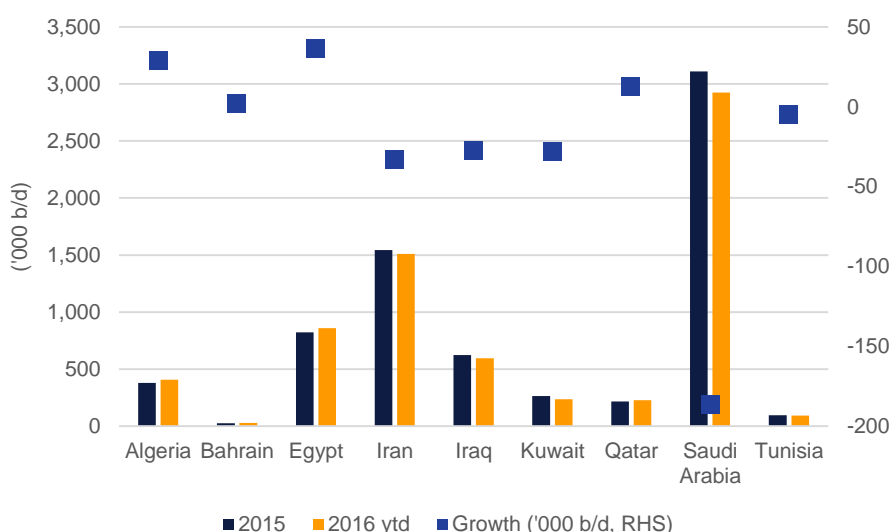
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Crude oil update

Middle East oil demand continues to linger

Oil demand in the Middle East and North Africa showed consistent signs of weakness into the start of the third quarter according to the most recent data out from JODI. In Saudi Arabia, the largest regional market, total product and direct crude use has now moved lower in year-on-year (yoy) terms for three months running. Compared with average demand in 2015 of 3.1m b/d, Saudi Arabia is running nearly 200k b/d lower in the year to the end of July. The weaker Saudi demand has mainly come in the form of lower diesel/gasoil consumption, which is to be expected considering the slowdown we've seen in the economy in yoy terms.

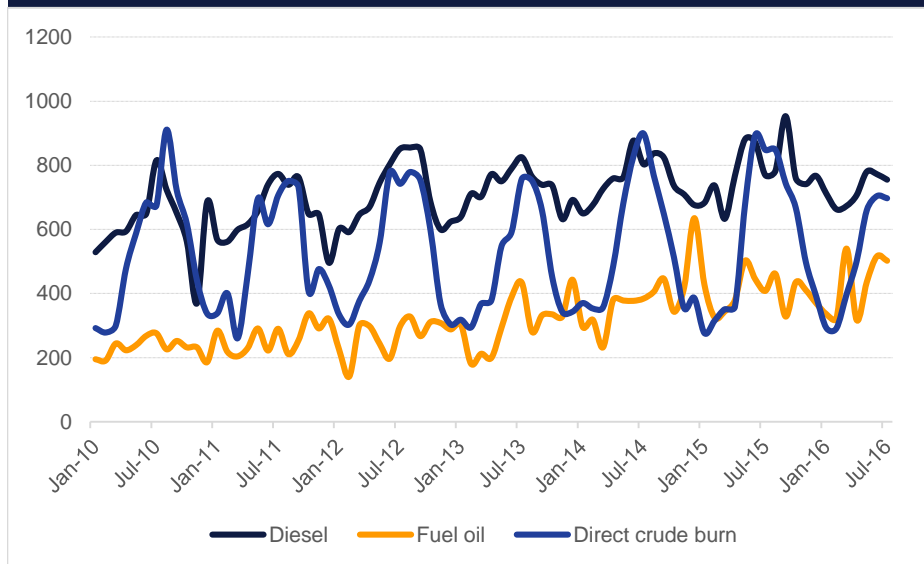
MENA likely to be a net drag on 2016 oil demand growth



Source: JODI, Emirates NBD Research.

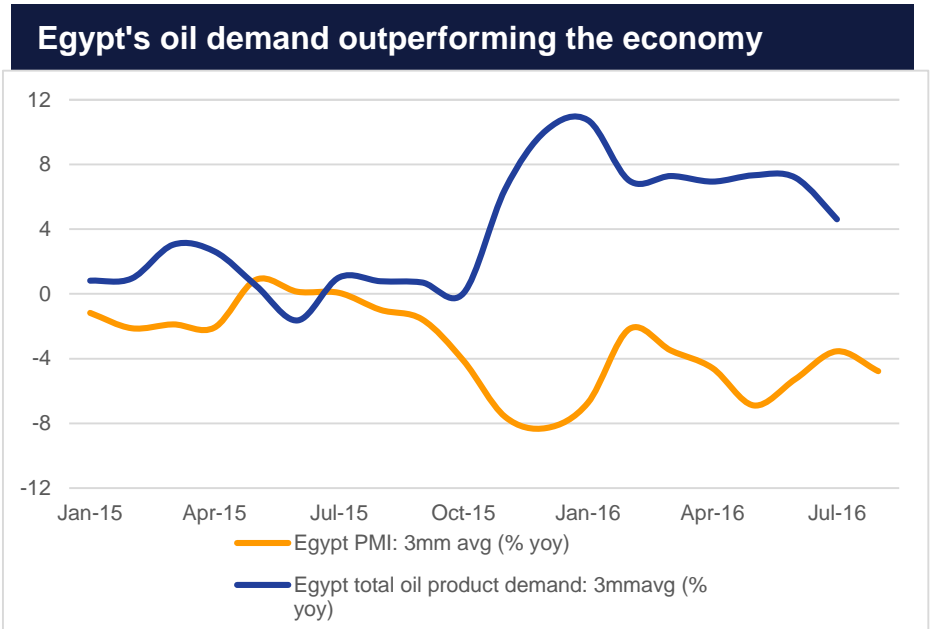
Diesel consumption in Saudi Arabia has averaged around 40k b/d lower yoy on 2015 levels and its somewhat inexhaustible rise has slowed over the past few years. Part of the decline in diesel demand has been related to the introduction of more natural gas into Saudi Arabia's energy mix, which has also meant direct burn of crude oil for power has slowed this year, averaging 19.5% lower yoy over the normally strong summer months of June and July.

Saudi's oil use reflects slower economic performance



Source: JODI, Emirates NBD Research.

Running contrary to expectations, however, is Egyptian oil demand which has been running higher yoy every month this year save July. Gasoline and diesel consumption have been behind the increases, both averaging growth of around 15k b/d as of the end of July. How long the growth in Egyptian demand can continue is uncertain given that as part of the country's pending IMF deal it will most likely need further energy price liberalization.



Source: JODI, Emirates NBD Research.

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