

OPEC trims 2020 oil demand, sees doubts about 2021 on virus fallout



OPEC said on Wednesday that world oil demand will fall more steeply in 2020 than previously forecast due to the pandemic and there were uncertainties about next year's recovery.

World oil demand will fall by 9.06 million barrels per day (bpd) this year, the Organization of the Petroleum Exporting Countries said in a monthly report, more than the 8.95 million bpd decline expected a month ago.

Oil prices have collapsed as the coronavirus curtailed travel and economic activity. While some countries have eased lockdowns allowing demand to recover, concern over new outbreaks has kept a lid on prices and OPEC expects this to persist.

"Crude and product price developments in the second half of 2020 will continue to be impacted by concerns over a second wave of infections and higher global stocks," OPEC said in the

report.

OPEC stuck to its forecast that in 2021 oil demand would rebound by 7 million bpd but said the view was subject to large uncertainties that may result in “a negative impact on petroleum consumption,” such as demand for air travel, more fuel-efficient cars and more competition from other fuels.

“Almost all forecasters expect jet fuel in 2021 to struggle making up for lost demand,” OPEC said. “Gasoline demand will face pressure to return to 2019 levels.”

To tackle the drop in demand, OPEC and its allies, known as OPEC+, agreed to a record supply cut of 9.7 million bpd that started on May 1, while the United States and other nations said they would pump less.

In the report, OPEC said its output rose by 980,000 bpd to 23.17 million bpd in July, largely because Saudi Arabia and other Gulf members ended extra voluntary cuts they had made in June.

That amounted to 97% compliance with the pledges, according to a Reuters calculation – lower than June’s figure of well above 100%.