

Oil Price Forecast for 2012

What best performing forecasters think

Roland Berger
Strategy Consultants

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Management summary

Key findings of this study

- In 2011, the **major oil exporting countries again accurately forecasted the oil price**: the top 3 of forecasting countries generally stayed within a 10% margin of error with respect to the actual oil price of USD 95 per barrel WTI
- They did so in **a tumultuous year**, which saw a **20% increase** in price
- For 2012, they expect **another 15% rise of the oil price**, to an average of **USD 111 per barrel WTI**, although the large range of USD 97-120 indicates **considerable uncertainty**
- **Market parties** have consistently **underestimated** the oil price over the period investigated (1999-2011)

Last year, we reconfirmed the top 3 oil price forecasting countries and derived a USD 104 oil price forecast from their 2011 budgets

Roland Berger study on the accuracy of oil price forecasts (February 2011, WTI based)

Last year's questions & approach

Research questions

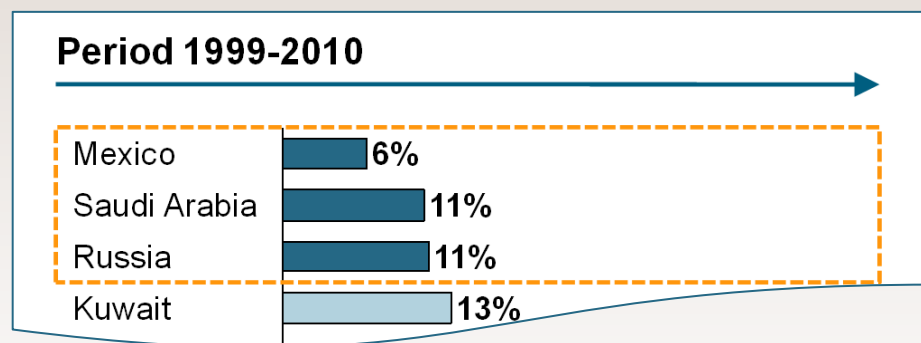
- How have the top 3 forecasting countries performed since January 2010?
- Have the 2010 developments changed the top 3 if we look at the entire period from January 1999 to December 2010?
- What are the most recent oil price forecasts in the 2011 national budgets of the top 3 forecasting countries?

Approach

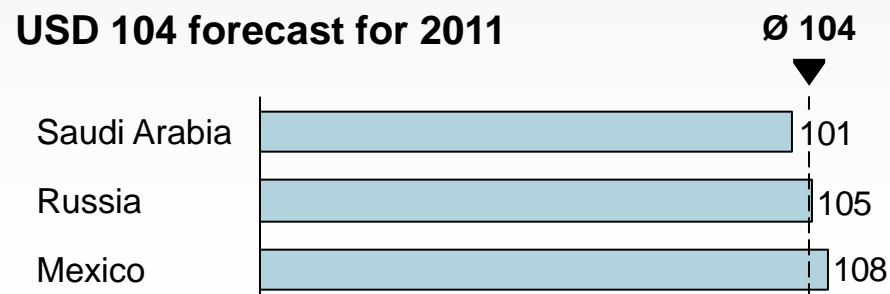
- We studied the forecasting track records of the nine largest oil exporting countries from 1999 to 2010
- The top 3 countries budgets were used to determine their forecast for the average 2011 oil price

Last year's results

Top 3 unchanged

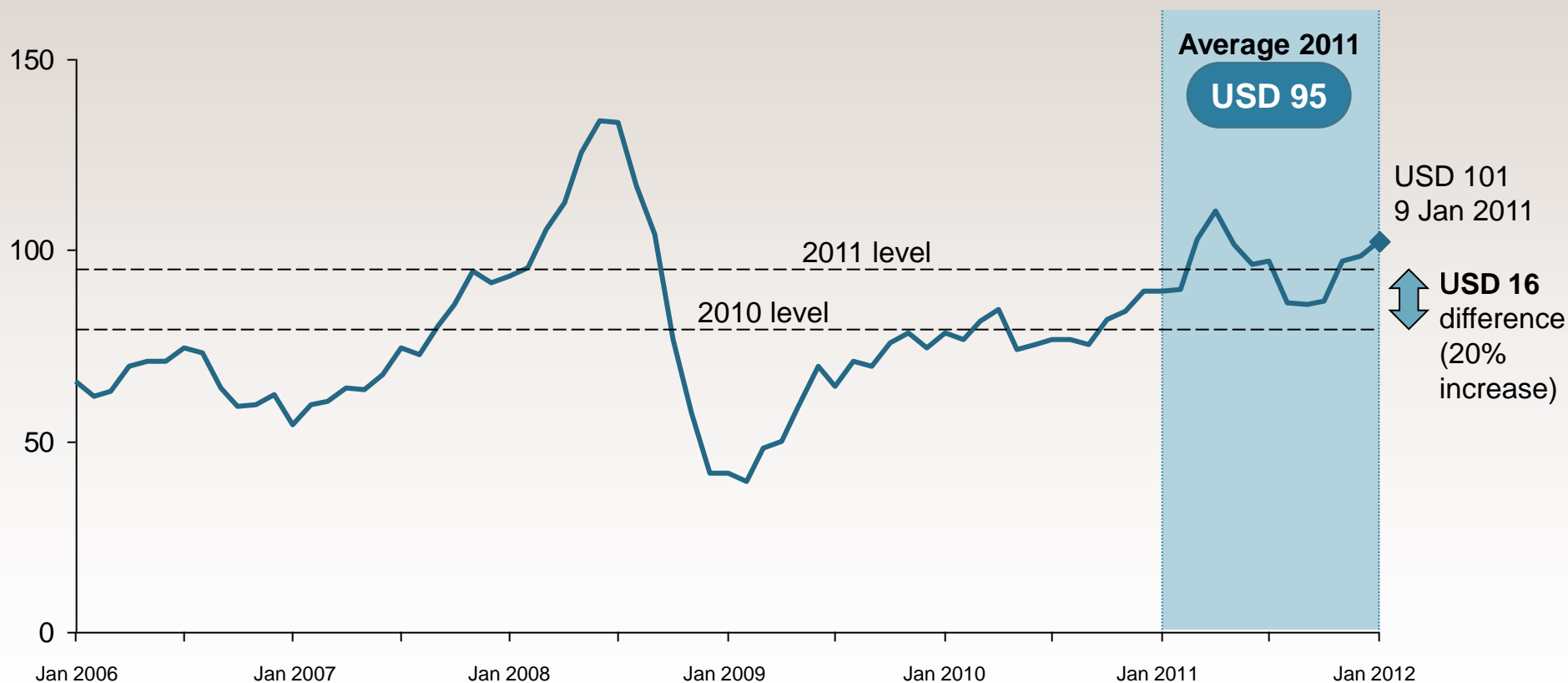


USD 104 forecast for 2011



The 2011 oil price peaked early as a result of the Arab spring, and recorded USD 95 per barrel average – USD 16 more than in 2010

Development monthly averages WTI [USD/barrel], Jan 2006 – Dec 2011



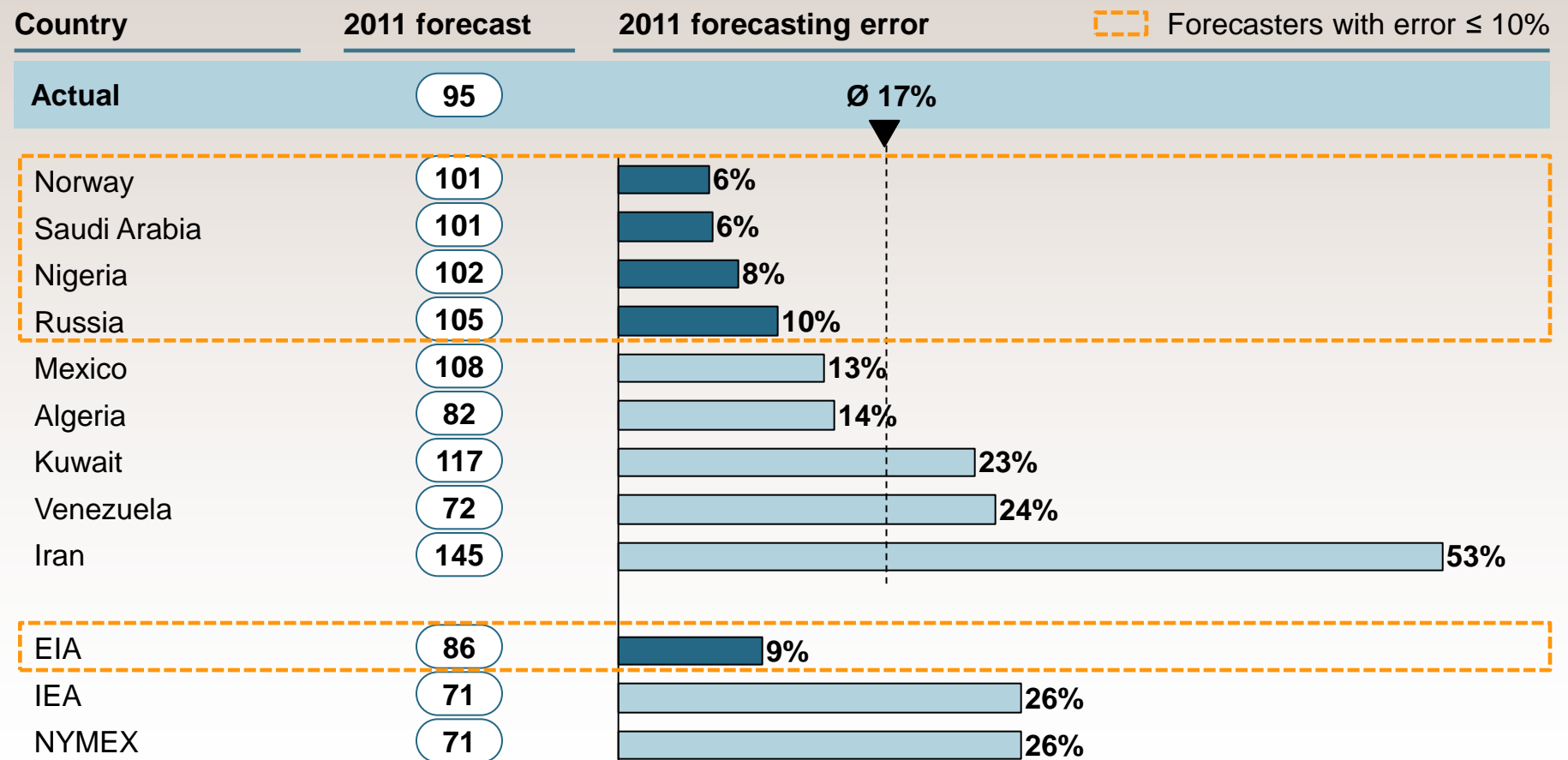
We examined if the 2011 oil price developments changed the top 3 performing forecasters and looked at their forecasts for 2012

Key questions for our study

- 1 How have the main crude oil exporting countries and marketing parties performed since January 2011?
- 2 Have the 2011 developments changed the top 3 of forecasters if we look at the entire period from January 1999 to December 2011?
- 3 What are the most recent oil price forecasts in the 2012 national budgets of the top 3 forecasting countries?

The 2011 oil price forecasts of four oil exporting countries and the EIA are within the 10% margin of error

Absolute year-ahead oil price forecasting error 2011 [%]

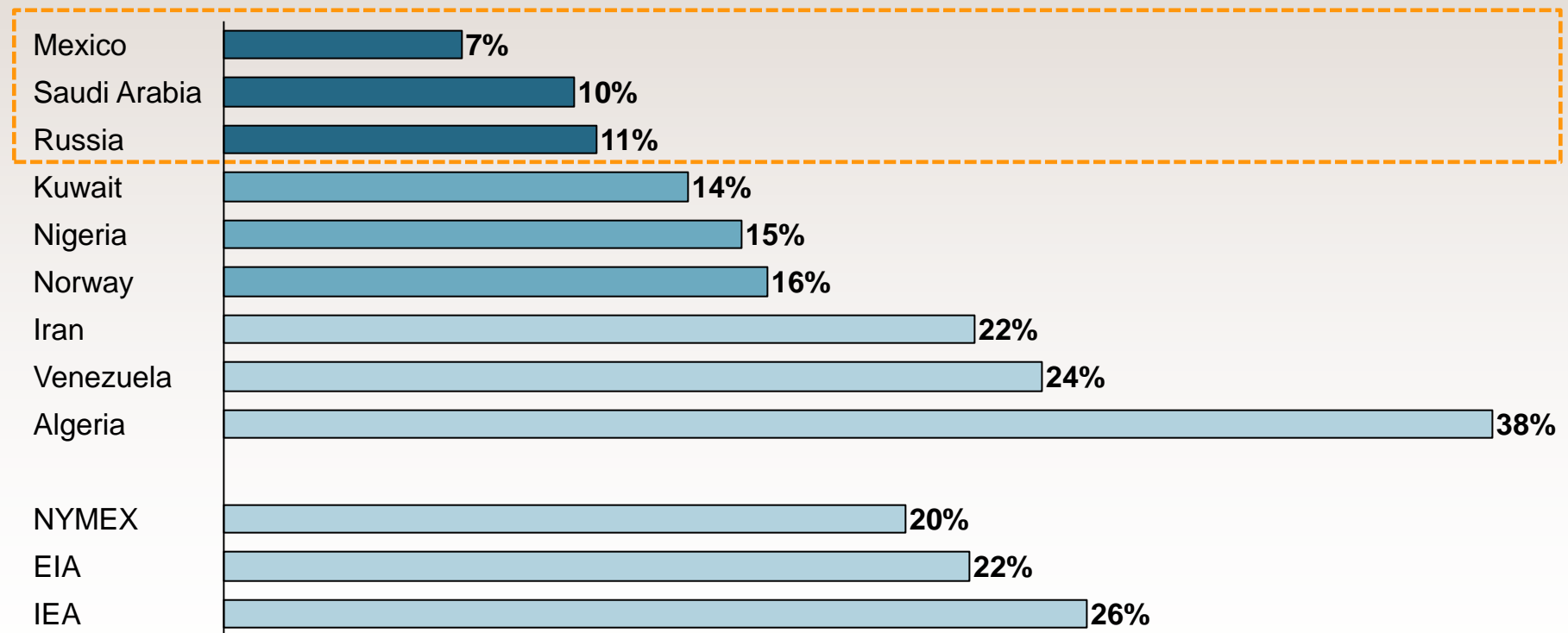


The top 3 of forecasters remains unchanged in 2011; second tier oil exporters also do well and outperform market parties

Average absolute year-on-year oil price forecasting error [%]

Period 1999-2011¹⁾

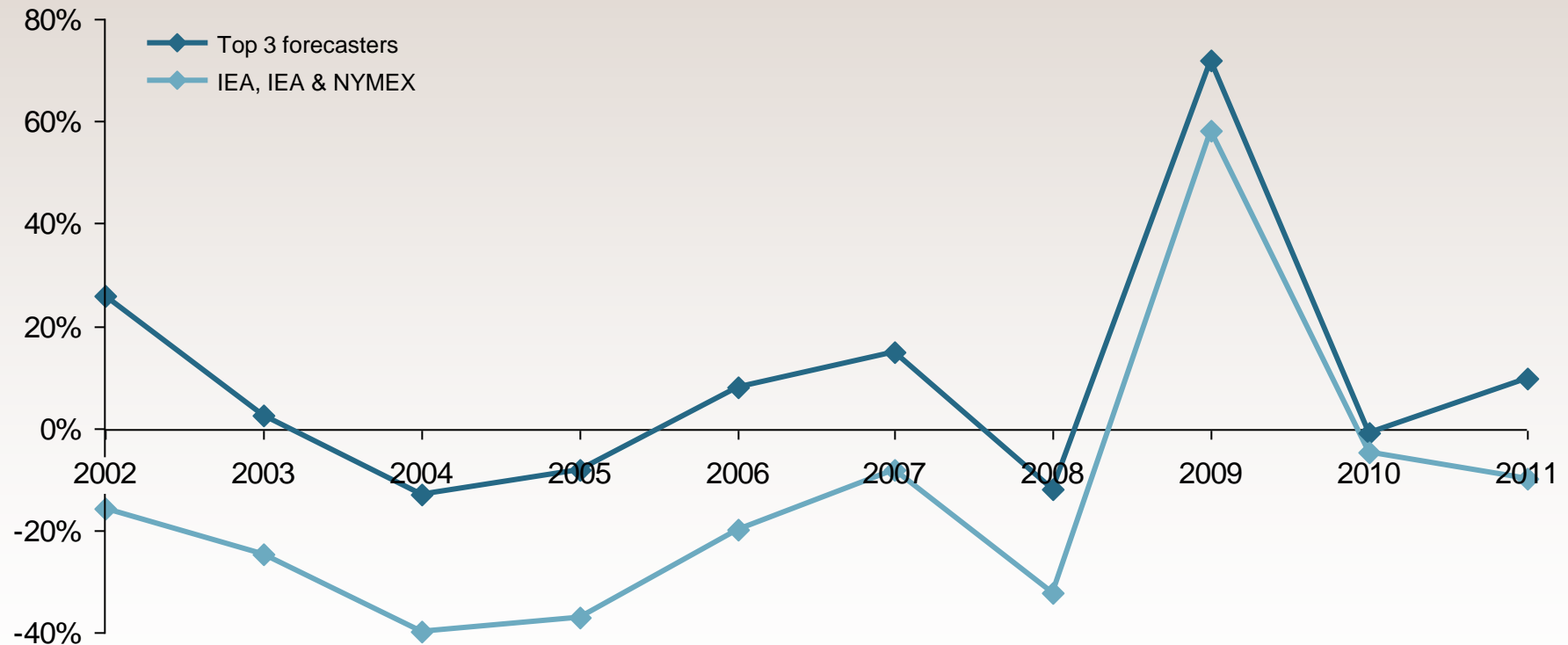
 Top 3 forecasters



¹⁾Excluding crisis years 2001 and 2009

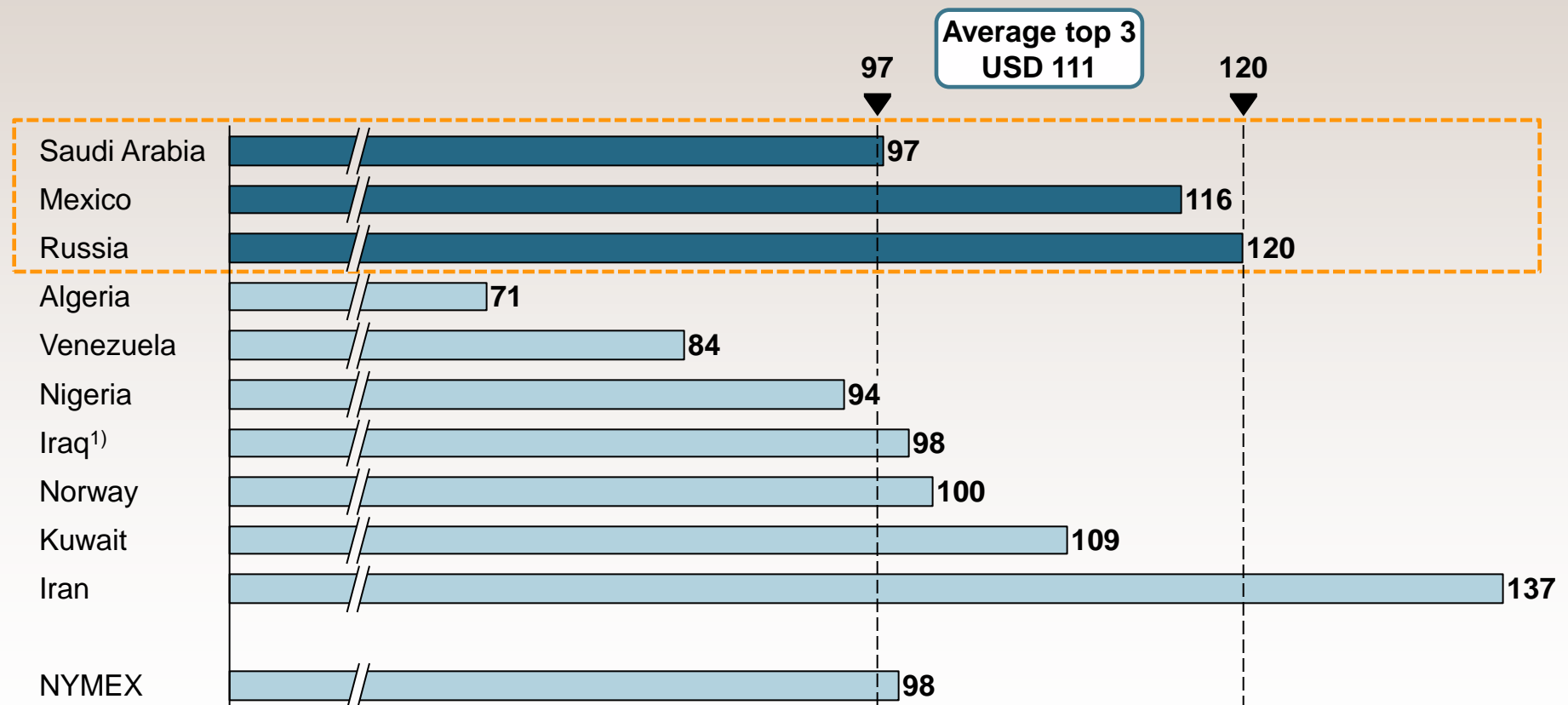
In general, the top 3 forecasters forecast the oil price more accurately than the market parties, which tend to underestimate it

Average relative forecasting error [%]



The top 3 forecast a 2012 oil price of USD 111 on average, although the large range of USD 97-120 indicates considerable uncertainty

2012 WTI price forecasts [USD/barrel]

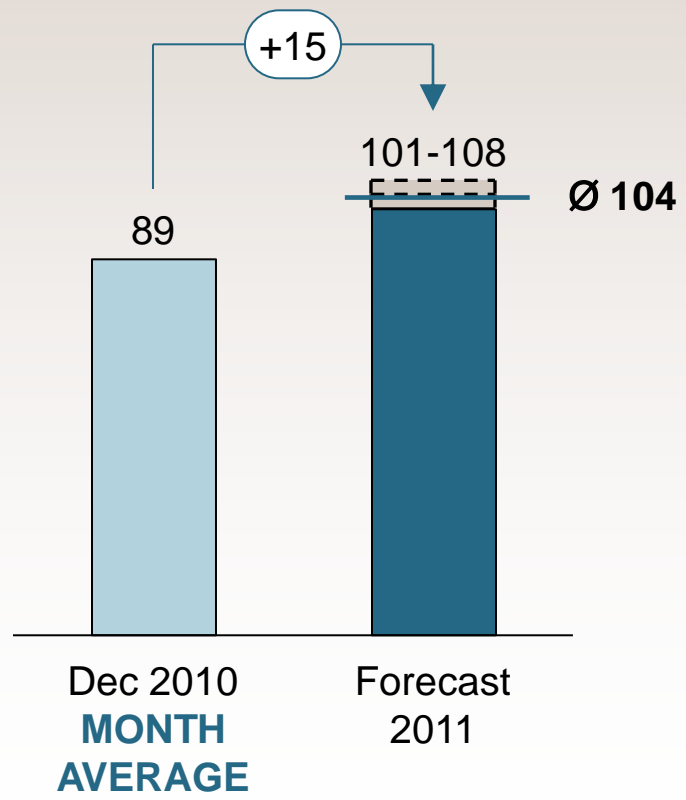


1) Iraq's forecast is based on data from 2010 and onward.

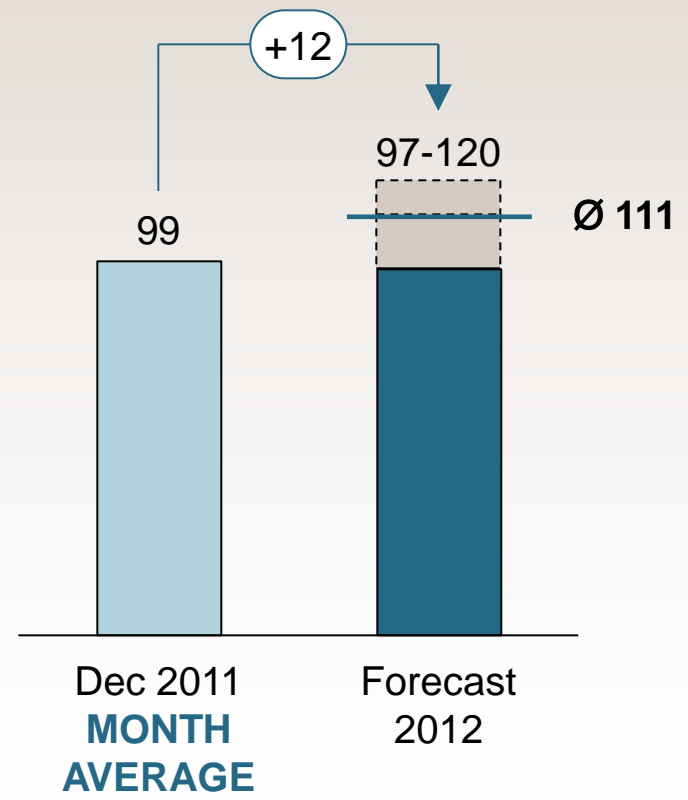
Similar to 2011, the top 3 expect a strong price increase for 2012 – however the range shows consensus is less compared to 2011

Top 3 oil price forecast, 2011-2012 [USD/barrel]

2011 forecast



2012 forecast



It's character, that creates impact!

Roland Berger
Strategy Consultants

