

# The EIU Oil Adequacy Index

Powered by CargoMetrics data

A weekly indicator of the sufficiency of global oil supply to meet demand, backed up by real-time oil exports data.

## Forecast oil supply and demand with fast, reliable data

The Oil Adequacy Index harnesses real-time intelligence on crude oil exports from OPEC member states and Russia. It sets this data against market-leading EIU forecasts for global oil consumption to produce a weekly index measuring the adequacy of supply to meet global demand.

### What's included?



#### The weekly index

Measures the net change week on week in oil supply from the leading global producers (OPEC, Russia and the US) and forecast oil consumption. A value  $>50$  indicates that the market is more amply supplied than the previous week,  $50 =$  unchanged,  $<50$  indicates that the oil market has tightened.



#### In-depth market analysis

Our in-house team of experts provide detailed analysis explaining the index's findings each Friday. This analysis considers both supply-side and demand-side dynamics affecting oil supply adequacy, as well as any upcoming trends that could influence oil prices.



#### Detailed OPEC + Russia export dataset

Our partner CargoMetrics collects and analyses real-time satellite and terrestrial sensor data on the volume of crude oil and natural gas condensates that are loaded onto tankers, providing a weekly measure of exports from each of the 15 OPEC countries and Russia. The data provided dates back to January 2012, and is updated every Friday.



## Gain the advantage with The Oil Adequacy Index

### Stay ahead of the curve with data provided before official published data

CargoMetrics's real-time data on crude oil exports from OPEC and Russia are provided 8 to 10 weeks ahead of official published data. This ensures you can stay ahead of your competitors.

### Access timely and precise information on a weekly basis

Real-time data and market analysis are updated every Friday for the previous week's information, giving you an up-to-date picture of the state of the oil market.

### Expert analysis from an in-house commodities team

Our in-house team of experts provide in-depth analysis of the weeks' data. This helps you to better understand how adequately supplied the market is each week, and how political and economic events may impact global oil supply and demand.

### Accuracy backed up by a robust methodology

CargoMetrics provide data back to January 2012, which has been historically checked for accuracy. Our own market-leading forecasts for oil consumption are based on a robust econometric model, taking into the account the impact of economic growth and changing trends in the energy-intensity of GDP.

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## Methodology

The Oil Adequacy Index measures the net change week on week in real oil supplies and forecast global oil consumption.

### Measuring oil supply

On the supply side, the Index derives a proxy for global oil supplies by harnessing CargoMetrics's intelligence on the volume of crude oil and natural gas condensates that are loaded onto tankers by OPEC countries and Russia. CargoMetrics's data is generated from a platform that produces real-time intelligence on global maritime trade using proprietary algorithms that have been vetted against shipping manifests and other reliable but significantly lagged public data sources.

A historical regression shows that OPEC exports have consistently accounted for 80% of its total crude production, providing a proxy for overall supplies from the bloc.

The supply proxy also includes crude oil production data from the US, published weekly by the US Energy Information Administration (EIA). The total supply proxy therefore includes seaborne exports (to the global market) and US crude production; a historical regression has shown that this proxy consistently accounts for around 40% of total global oil production, when compared against historical data from the International Energy Agency (IEA).

This supply proxy is then indexed against supplies in the first week of January 2012 (Base = 100), the week that CargoMetrics' OPEC + Russia data series began. We therefore measure the total level of supplies on the global market relative to those at the start of the Index period. We measure week-on-week shifts in this indexed supply volume.



### Forecasting oil consumption

On the consumption side, the Index measures weekly changes in The EIU's market-leading forecast for global oil consumption. Based on historical data on total crude oil consumption from the IEA, The EIU forecasts country- and regional-level trends in oil consumption over five years, based on in-house forecasts for national and regional economic growth, seasonal variations in oil demand, and the shifting energy intensity of GDP growth in key economies such as the US, the euro zone and China. Weekly consumption values are also indexed against that of the first week of January 2012, for consistency.

### The weekly index

The Oil Adequacy Index measures the net change in the global supply and demand indices, and applies this to a 50-point baseline:

**>50** implies that the global oil market is more amply supplied (due to higher production, lower consumption, or both)

**50** implies no change from the previous week

**<50** implies that that the oil market has tightened (due to lower production, higher consumption, or both)

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