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ENERGY INVESTMENT &
MERCHANT BANKING



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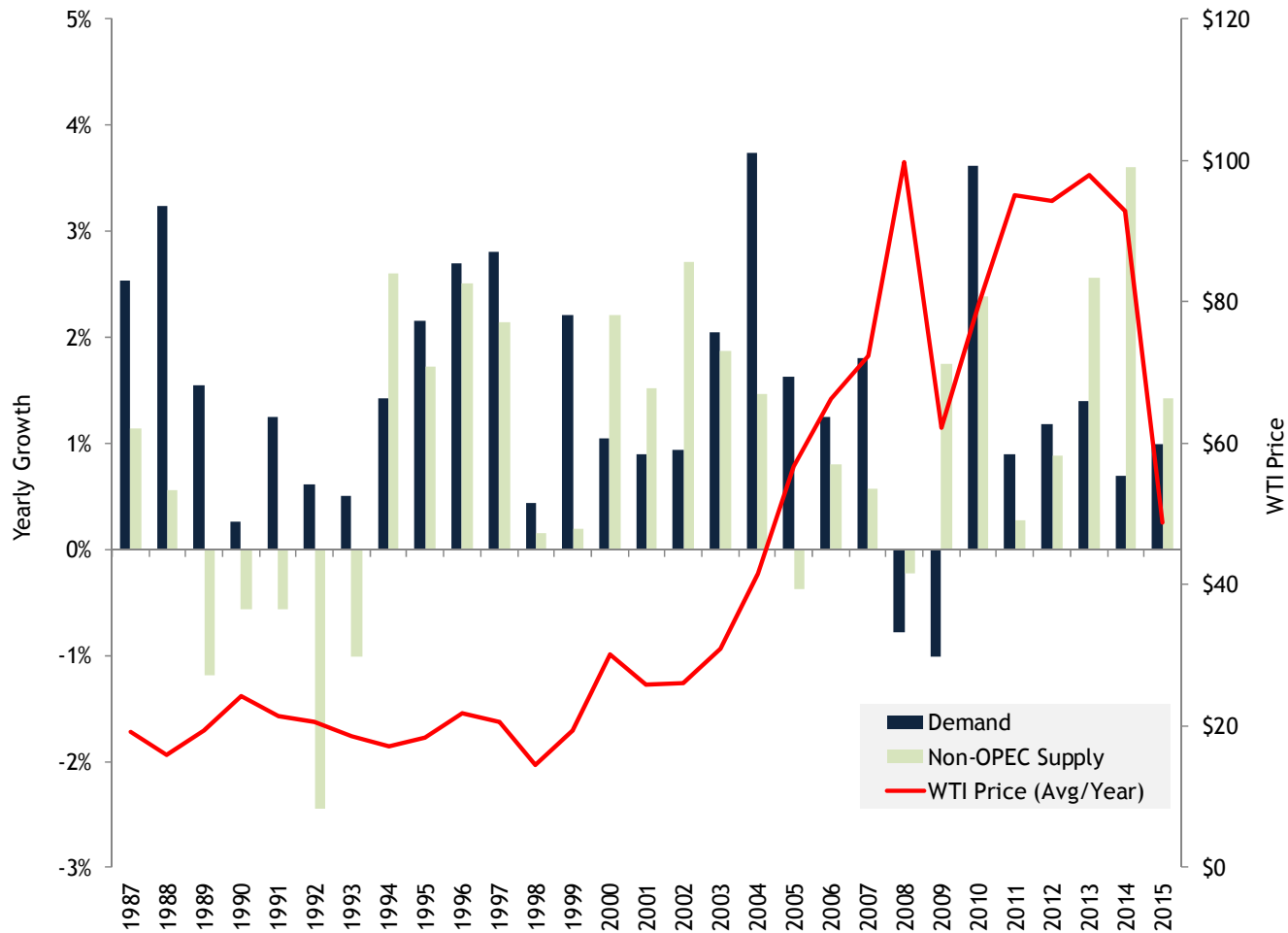


Crude Oil Markets:
*Or How I Learned To Stop Worrying
And Wait For 2016!*

****Disclosures begin on page 14****

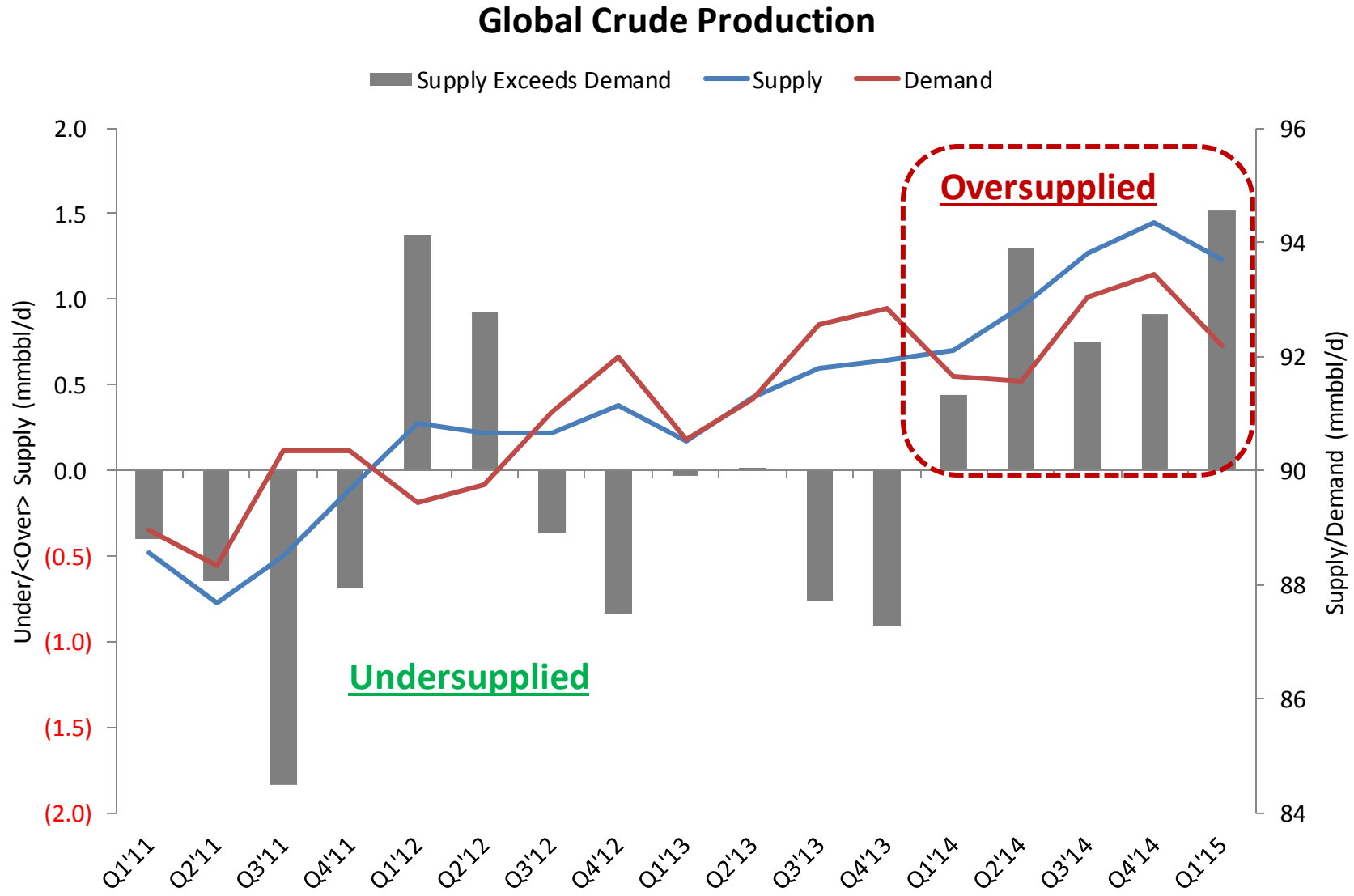
March 2015

Global Oil Supply & Demand



Betting against demand is a tough bet

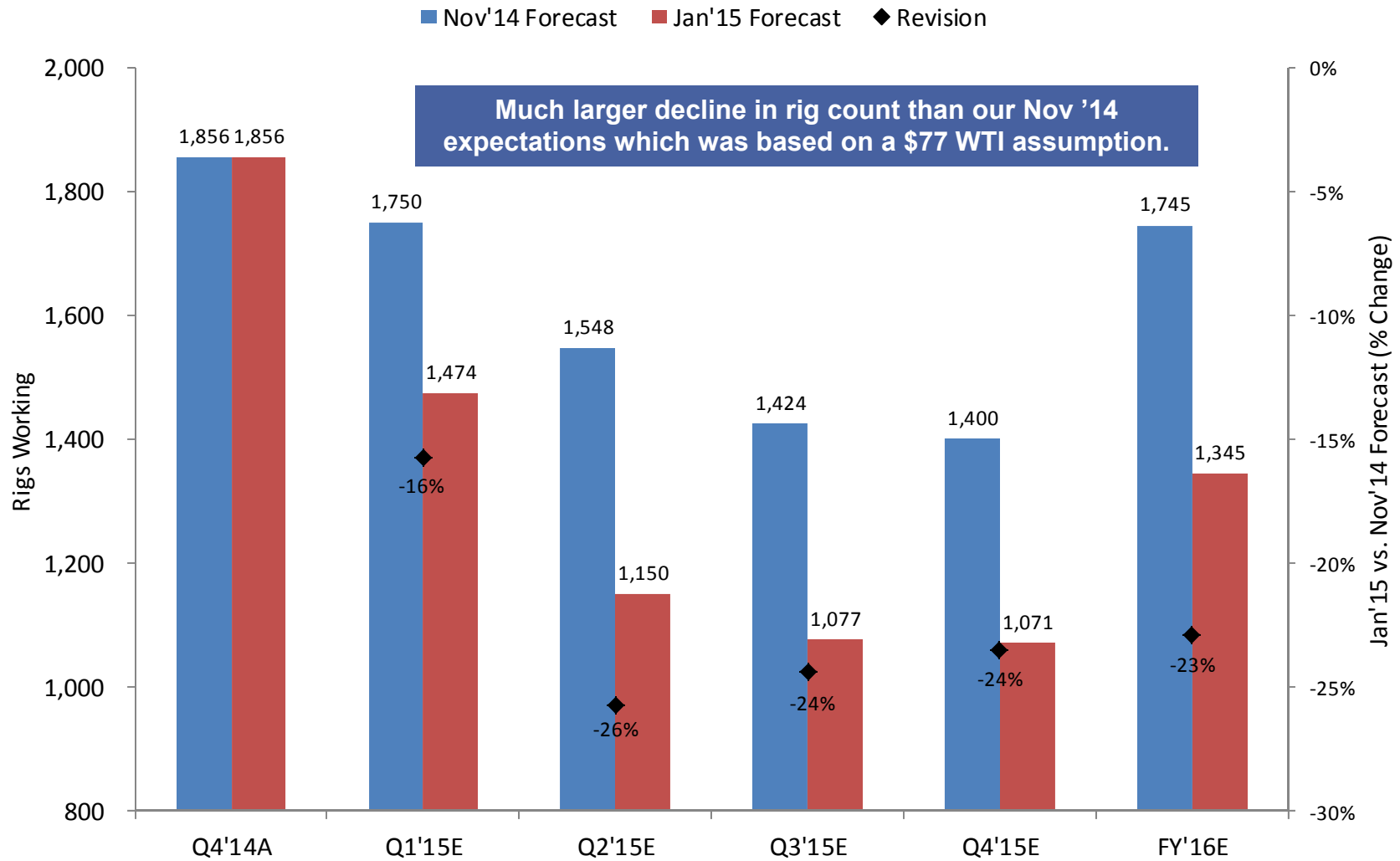
S/D Moves Out-of-whack For Long Enough And Prices Drop



Source: IEA, TPH & Co.

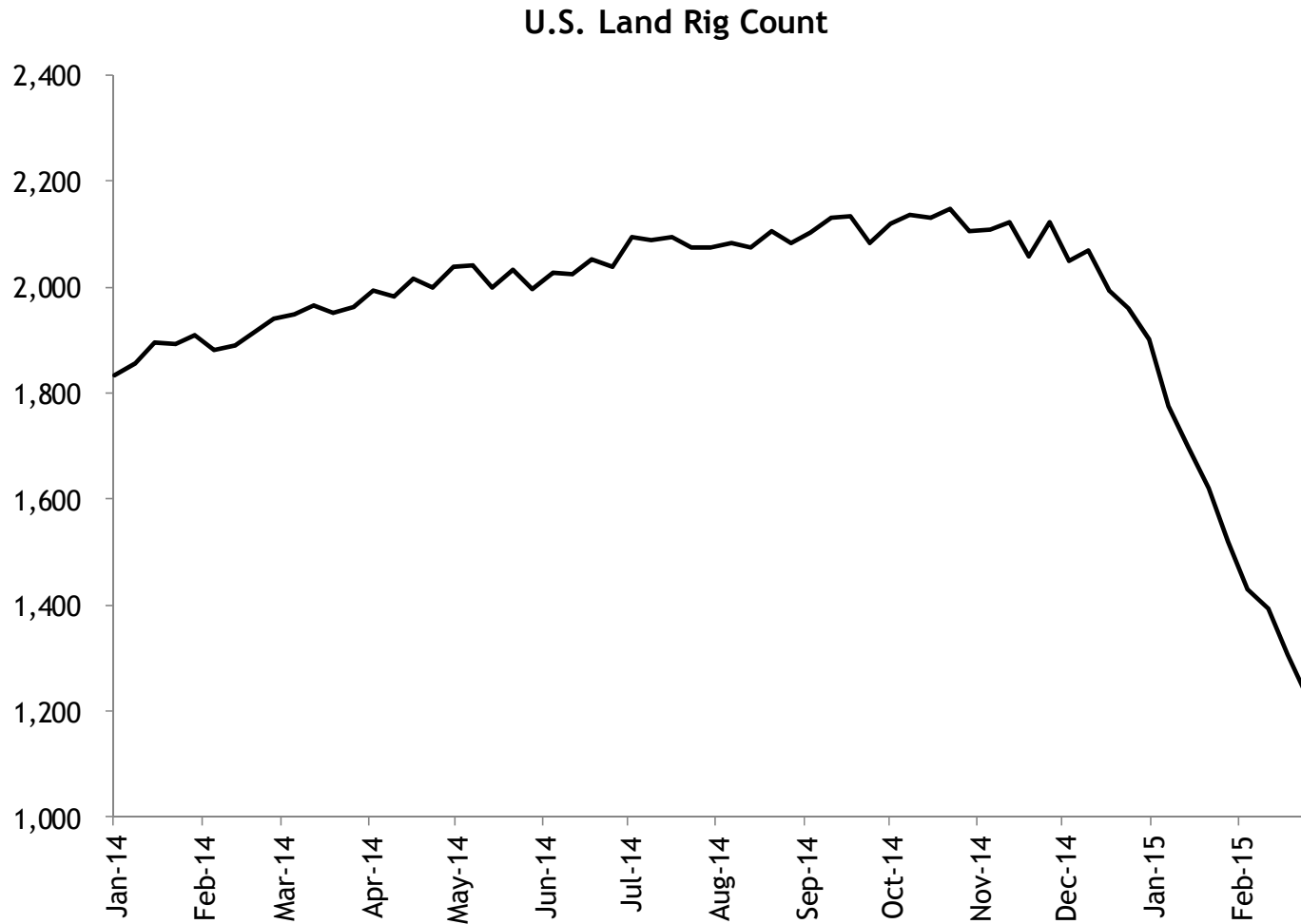
\$50 Price Signal Drives 2015 Rig Count Down

U.S. Land Rig Count Forecast



Source: Baker Hughes, TPH & Co.

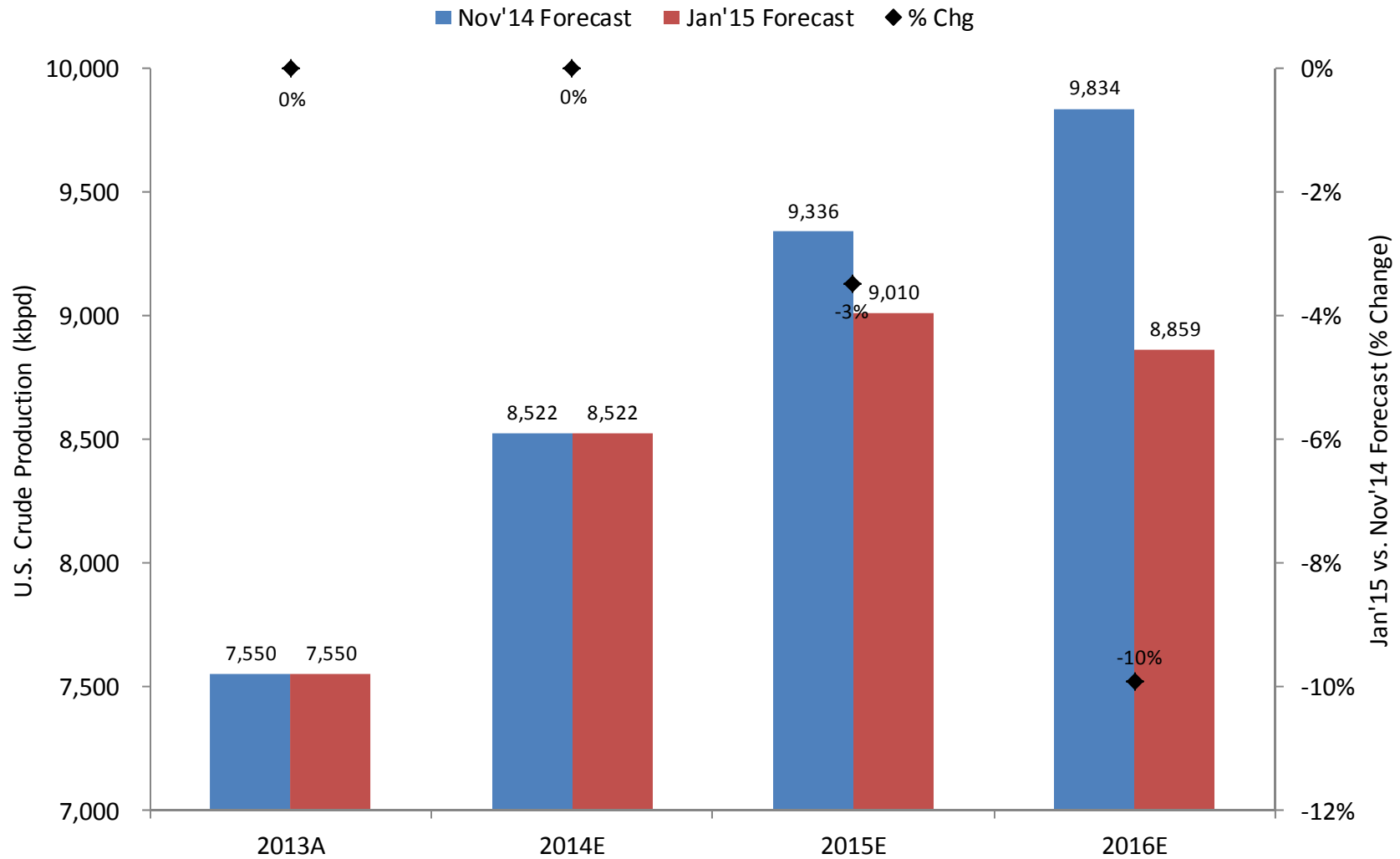
U.S. Rig Count



Source: RigData, TPH Energy Research

Impacting 2H 2015+ Supply

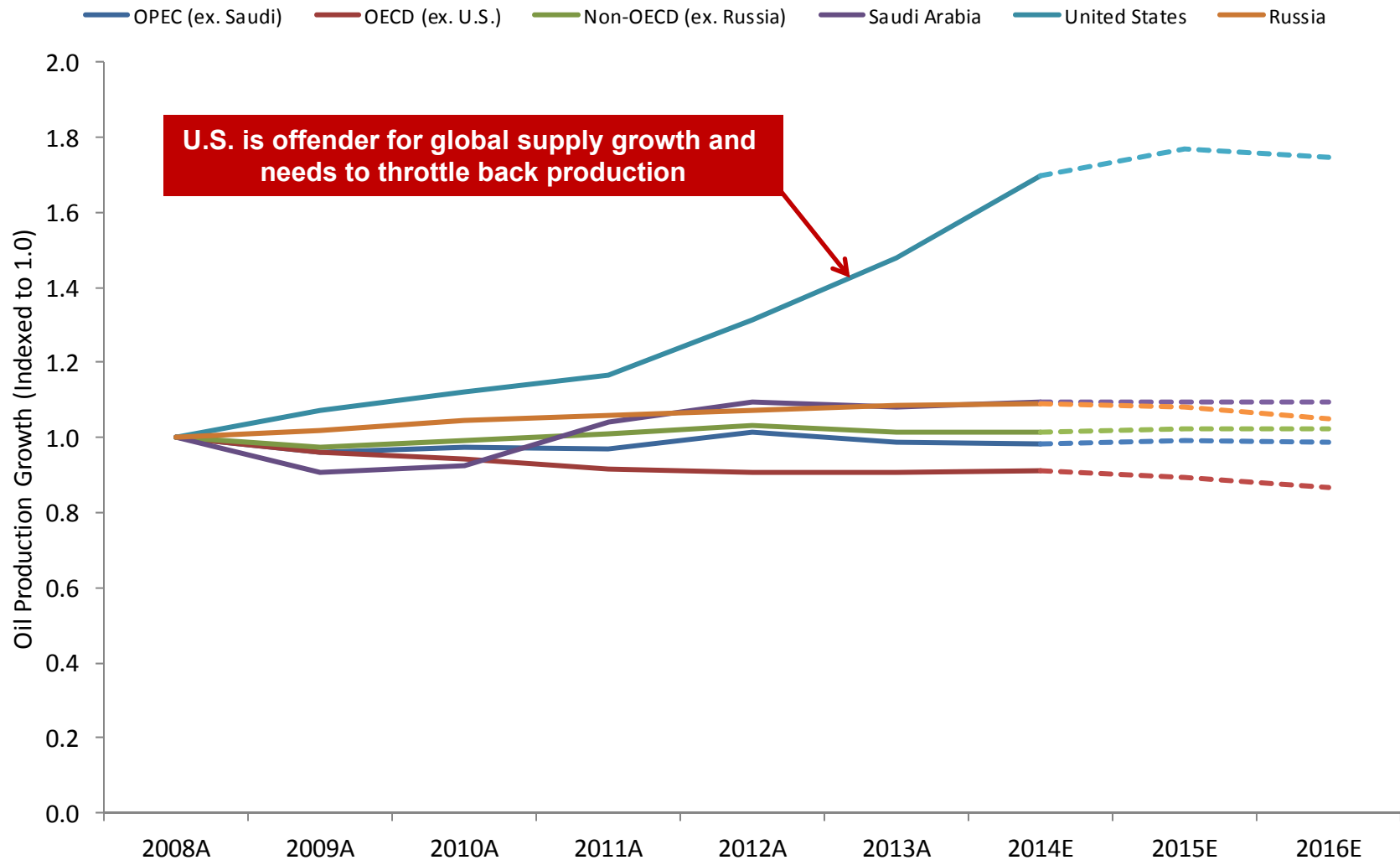
U.S. Crude Production Forecast



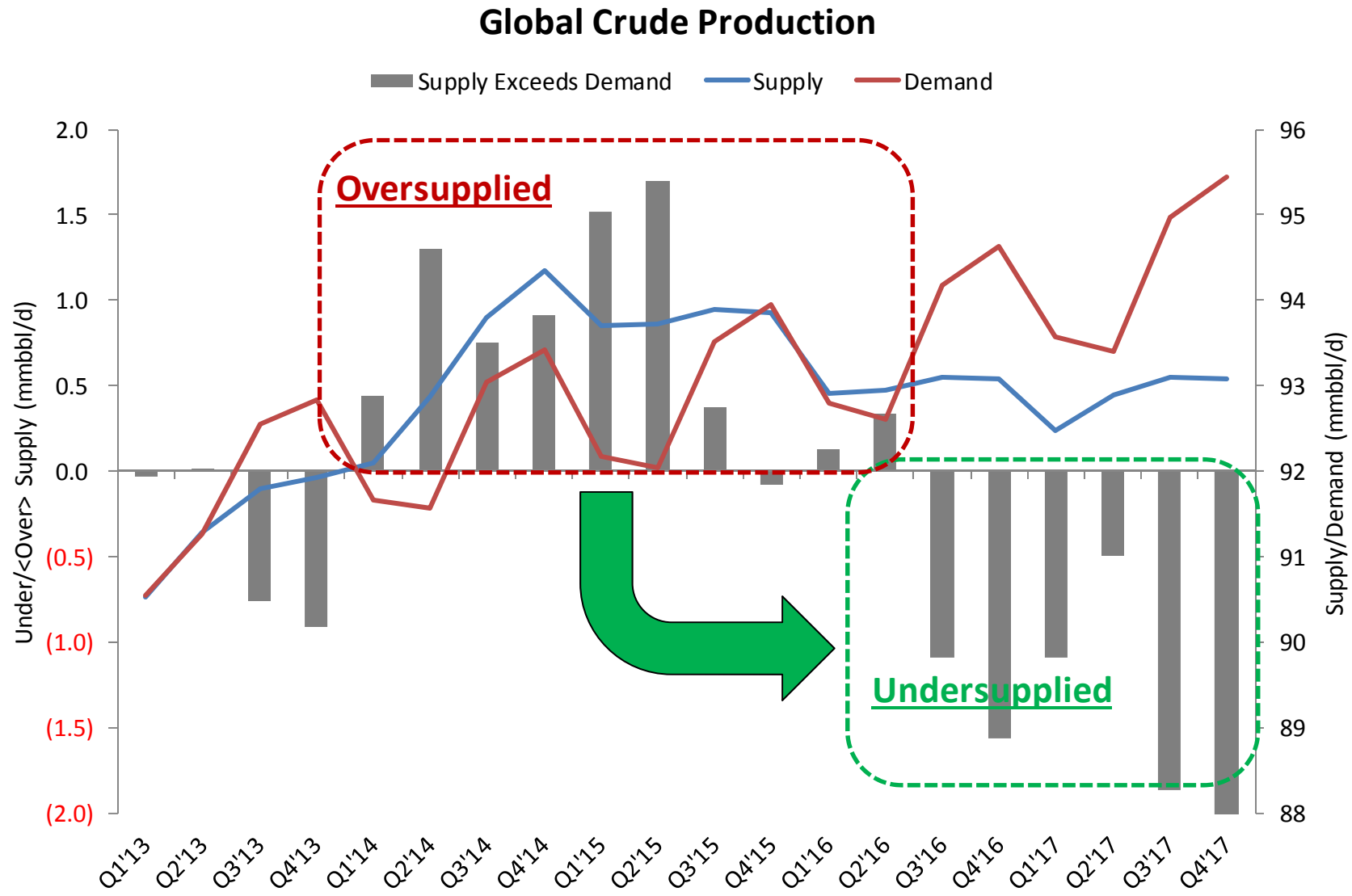
Source: DrillingInfo, TPH & Co.

U.S. Caused This Problem U.S. Will Fix It

Oil Production Growth by Country/Region

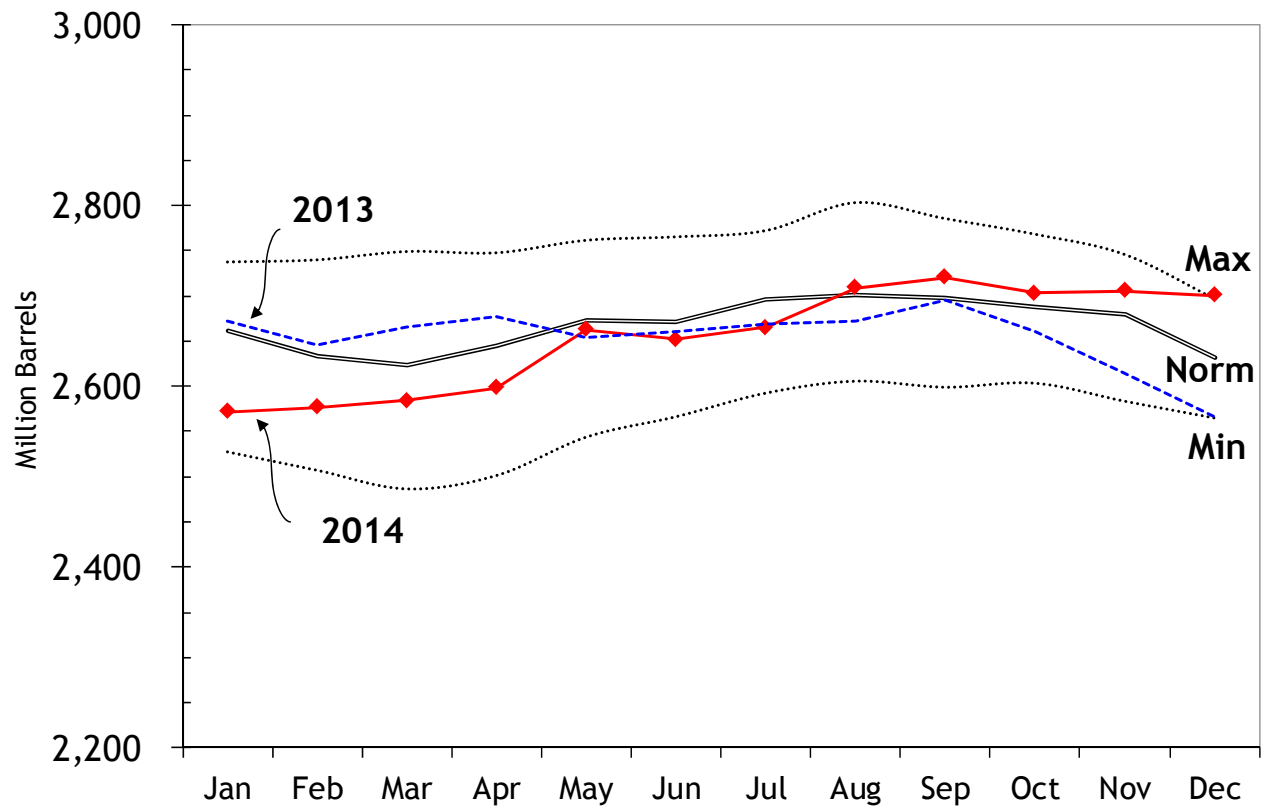


But Help Is On Its Way



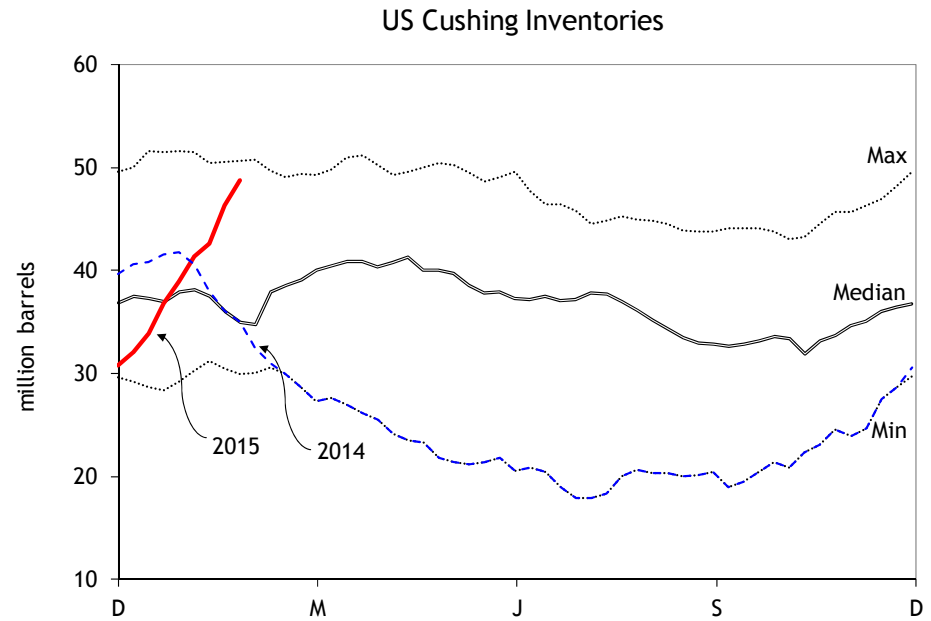
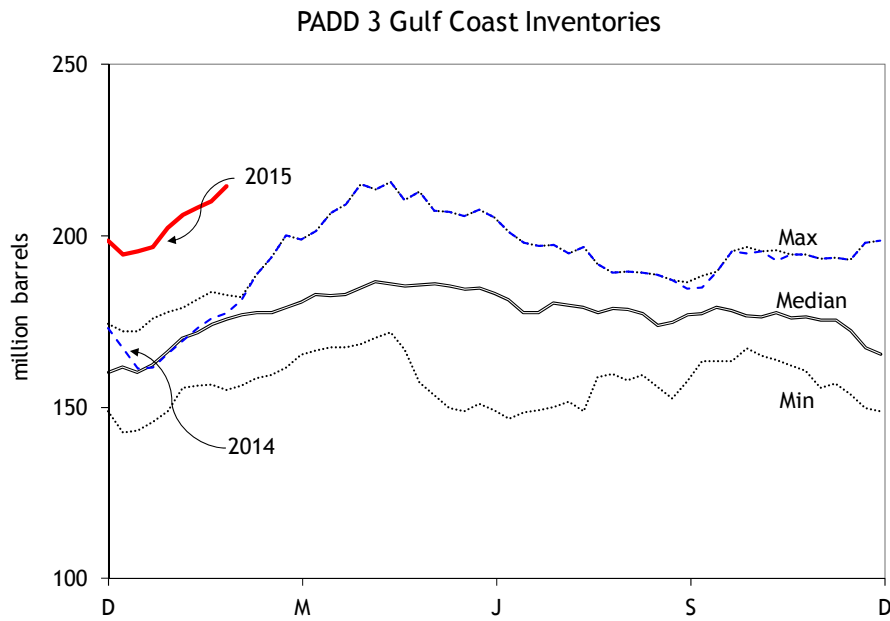
Source: IEA, TPH & Co.

Total OECD Inventories



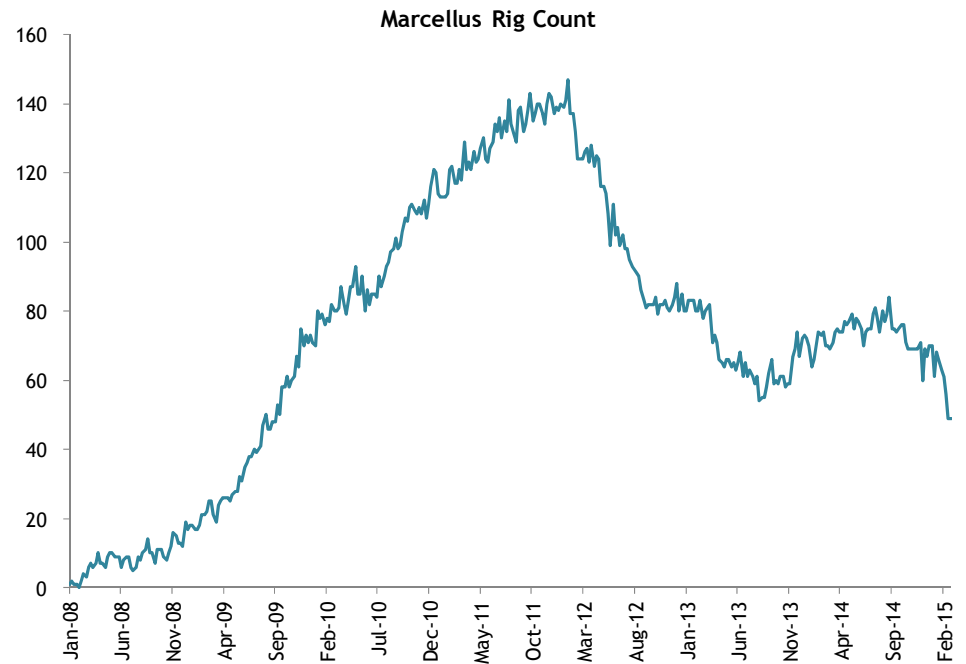
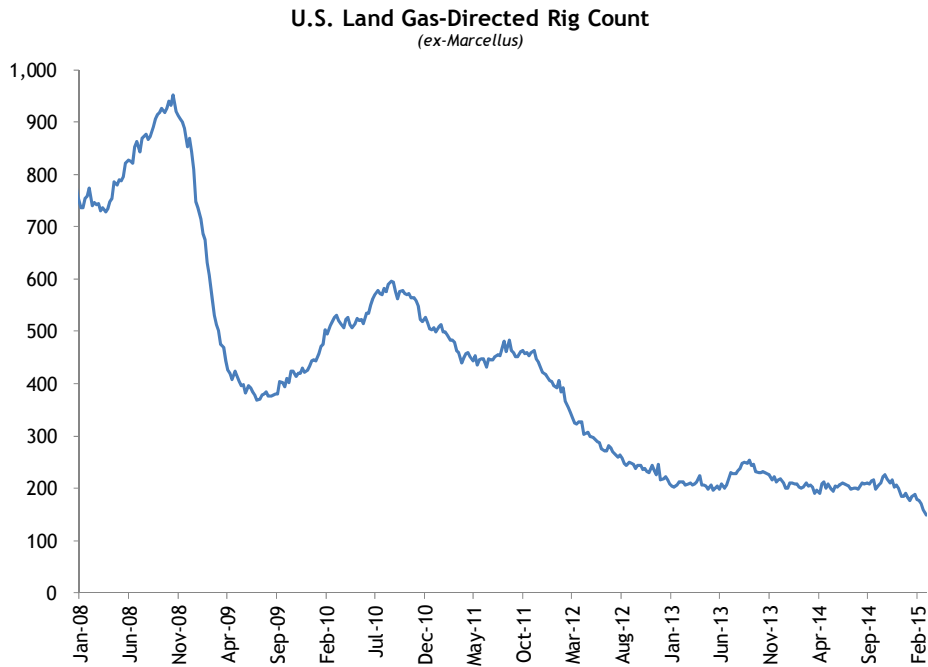
Stocks suggesting an over-supplied market

U.S. Inventories – Will We Fill?



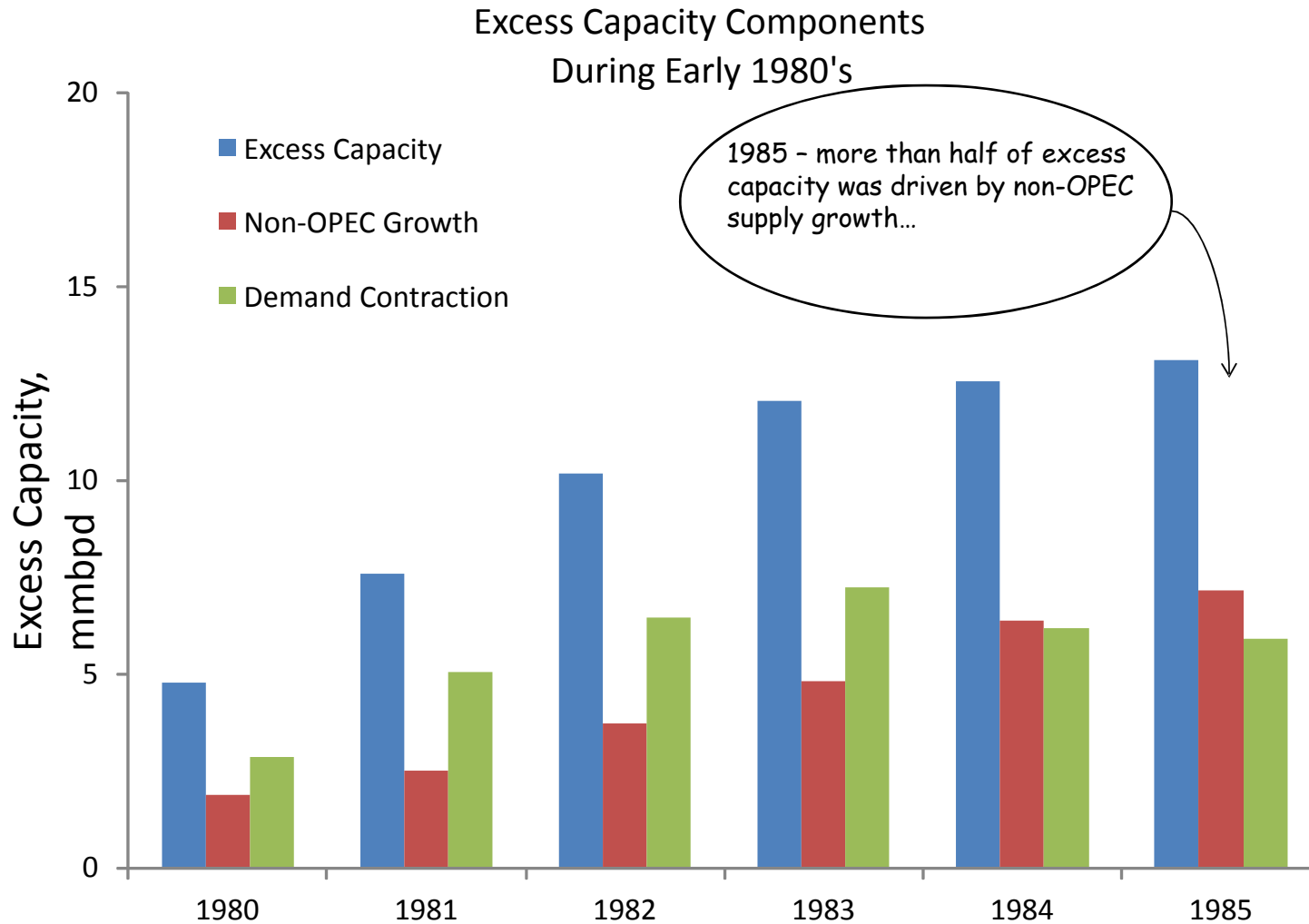
Cushing & PADD III - The proper metric

Gas Analogy Does Not Work

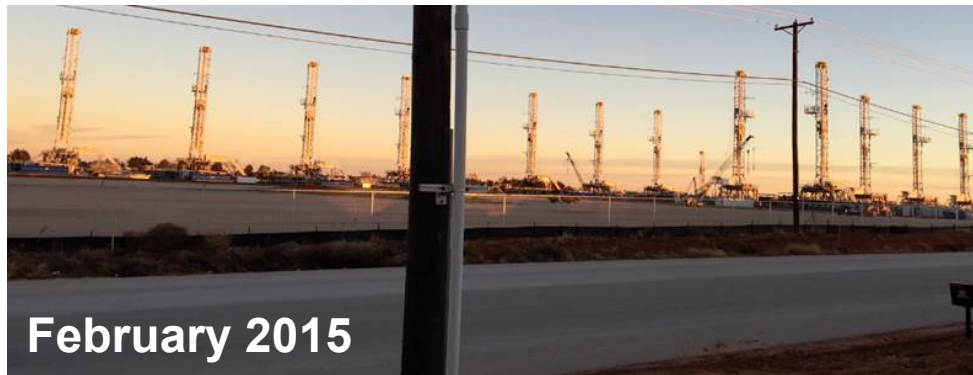
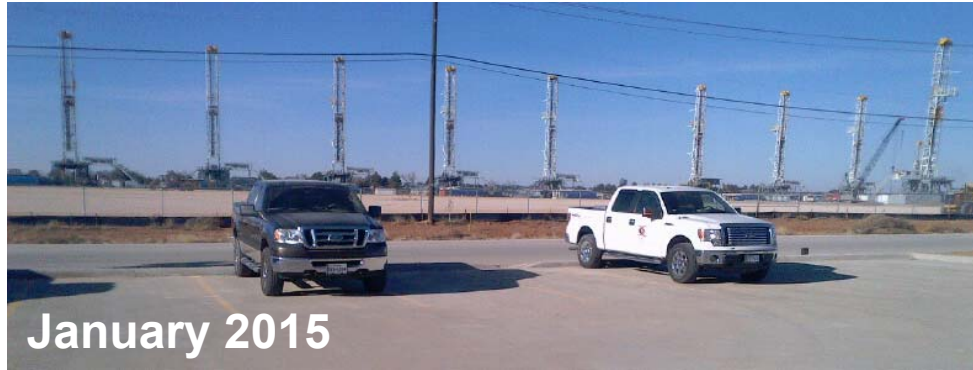


Source: RigData, TPH Energy Research

Cumulative OPEC Excess Capacity In The Early 80s!



It's Happening Now!



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