



Major supply surplus expected by 2030 delivers stark warning to Big Oil

Description

A recent report by the International Energy Agency (IEA) is predicting a significant surplus in global oil production led by the United States until the end of the decade. The surge in production is expected to outpace demand growth, resulting in unprecedented levels of spare capacity and potentially disrupting the market management efforts of OPEC and its allies.

IEA Executive Director Fatih Birol issued a stern warning to major oil companies, suggesting that they may need to realign their business strategies to adapt to this changing landscape. The report, titled "Oil 2024," forecasts a peak in oil demand near 106 million barrels per day by 2030, up from over 102 million barrels per day in 2023. In contrast, total oil production capacity is projected to reach nearly 114 million barrels per day by 2030, exceeding global demand by 8 million barrels per day.

The surplus capacity is expected to have significant consequences for the oil market, affecting players like the U.S. shale industry and producer economies within and outside OPEC. Birol emphasized the need for oil companies to prepare for these changes as global oil demand is set to peak by 2030 amidst clean energy transitions and shifts in economic structures.

The report comes at a time when countries are moving towards cleaner energy solutions to combat the climate crisis, with a projected decrease in the share of fossil fuels in the global energy supply by 2030. Despite the slowdown in oil demand growth, the IEA warns that without stronger policy measures, demand is still expected to increase by 3.2 million barrels per day by 2030, driven by growing economies in Asia and sectors like aviation and petrochemicals.

While advanced economies are expected to see a decline in oil demand, the report highlights the need for a balanced approach towards investments in hydrocarbons and renewables to achieve net-zero emissions by 2050. The findings underscore the challenges faced by organizations like OPEC+ in navigating the transition towards cleaner energy sources.

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Vocabulary List:

1. **Surplus** // (noun): An amount that is more than what is needed.
2. **Unprecedented** // (adjective): Never having happened or existed in the past.
3. **Realign** // (verb): To adjust or reorganize in order to function better or more effectively.
4. **Forecast** // (verb): To predict or estimate a future event or trend.
5. **Consequences** // (noun): The results or effects of an action or decision.
6. **Transition** // (noun): The process of change from one state or condition to another.

Comprehension Questions

Multiple Choice

1. What organization released the recent report predicting a surplus in global oil production?

- Option: OPEC
- Option: IEA
- Option: UN
- Option: WHO

True-False

2. The surplus capacity in global oil production is not expected to disrupt the market management efforts of OPEC and its allies.

Answer

Multiple Choice: 1. IEA

True-False: 2. False



Vocabulary quizzes

Multiple Choice (Select the Correct answer for each question.)

1. What is another term for something that is expected or predicted?
Option: Surplus
Option: Anticipated
Option: Memecoins
Option: Efficiency
2. What does compliance refer to in a business context?
Option: Easing
Option: Transition
Option: Compliance
Option: Challenges
3. Which term indicates something that has never happened before?
Option: Unprecedented
Option: Consequences
Option: Sentiment
Option: Momentum
4. What weather phenomenon is characterized by falling balls of ice?
Option: Tumultuous
Option: Hailstorm
Option: Forecast
Option: Panic
5. What word best describes the action of improving something?
Option: Realign
Option: Enhancing
Option: Longevity
Option: Intrinsic
6. Which term is used to describe cryptocurrencies that are based on internet jokes or trends?



- Option: Fluctuations
- Option: Unpredictable
- Option: Memecoins
- Option: Challenges

7. Which term refers to the ability to accomplish a task with minimal wasted effort?

- Option: Volatility
- Option: Efficiency
- Option: Advocates
- Option: Surplus

8. What term describes how much and how quickly the value of an asset changes?

- Option: Projections
- Option: Optimism
- Option: Volatility
- Option: Challenges

9. Who are individuals that publicly support and recommend a particular cause or policy?

- Option: Challenges
- Option: Panic
- Option: Advocates
- Option: Transition

10. What are difficulties or obstacles that need to be overcome?

- Option: Easing
- Option: Efficiency
- Option: Challenges
- Option: Compliance

Gap-Fill (Fill in the blanks with the correct word from the vocabulary list.)

11. _____ refers to a process or period of changing from one state or condition to another.

12. Businesses often rely on financial _____ to make informed decisions about the future.

13. Once a project gains _____ it becomes easier to keep it moving forward.



14. A _____ in production may lead to excess inventory and reduced profitability.
15. During a crisis it is important to remain calm and avoid giving in to _____.
16. A distress signal like " _____ " is used in emergency situations to request help.
17. The _____ value of an asset is based on its fundamental characteristics rather than external factors.
18. Improving health habits can contribute to greater _____ and quality of life.
19. A weather _____ helps people prepare for upcoming conditions and plan activities.
20. Central banks may implement policies to promote monetary _____ during economic downturns.

Matching Sentences (Match each definition to the correct word from the vocabulary list.)

21. Market can heavily influence investor behavior and market trends.
22. Maintaining a sense of can help individuals overcome challenges and setbacks.
23. The successful of new technologies requires adequate training and support for users.
24. The stock market is known for its nature making it challenging to forecast with certainty.
25. Currency exchange rates can experience sudden due to various economic factors.
26. of a new business strategy often raise valid concerns to ensure thorough evaluation.
27. The process of can lead to increased focus on financial activities within an economy.
28. Investing in assets carries a higher risk due to frequent price changes.
29. Companies may need to their business strategies in response to market changes.
30. Overcoming can lead to personal growth and development of new skills.



Answer

Multiple Choice: 1. Anticipated 2. Compliance 3. Unprecedented 4. Hailstorm 5. Enhancing 6. Memecoins
7. Efficiency 8. Volatility 9. Advocates 10. Challenges

Gap-Fill: 11. Transition 12. Projections 13. Momentum 14. Surplus 15. Panic 16. Mayday 17. Intrinsic
18. Longevity 19. Forecast 20. Easing

Matching sentence: 1. Sentiment 2. Optimism 3. Implementation 4. Unpredictable 5. Fluctuations 6. Skeptics
7. Financialization 8. Volatile 9. Realign 10. Challenges

CATEGORY

1. Business - LEVEL6

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