

APPLIED GLOBAL
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4/25/2013

Worrying about peak oil?

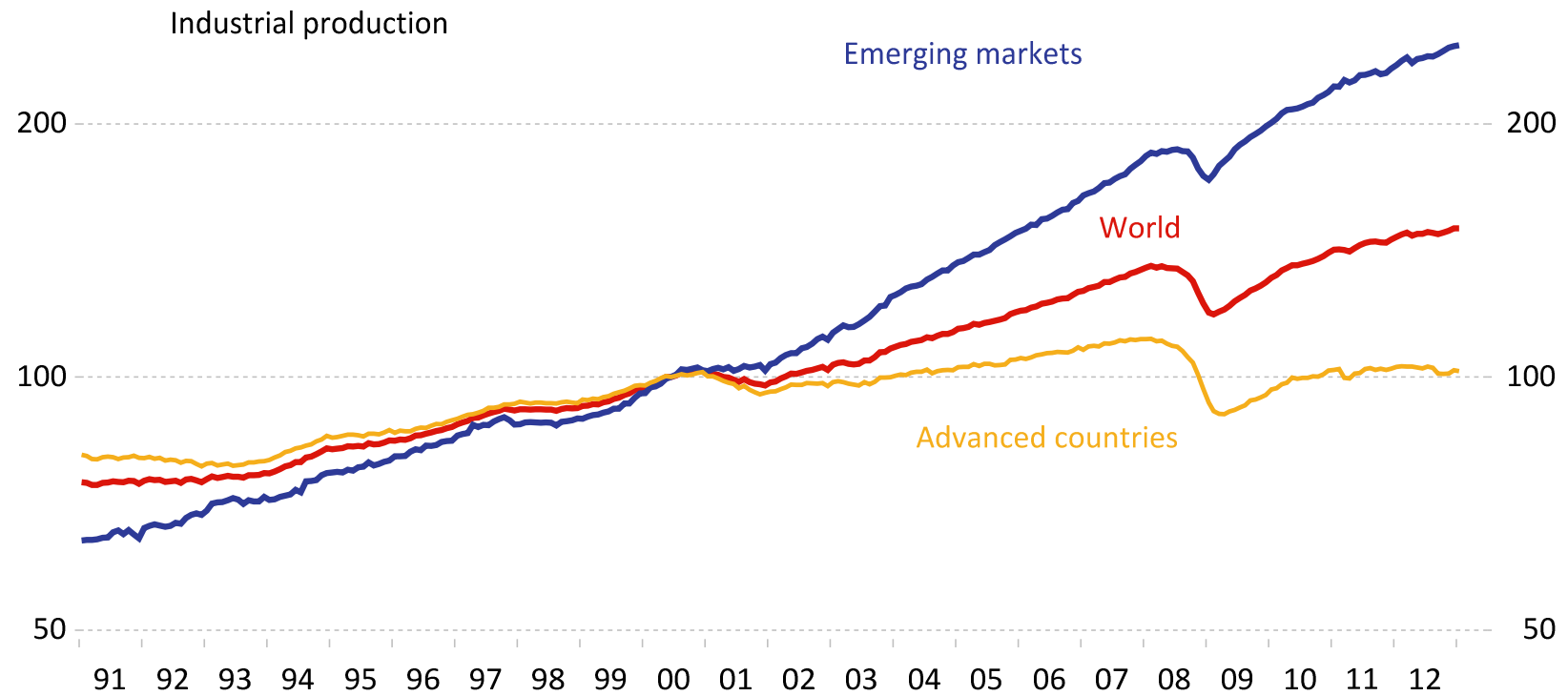
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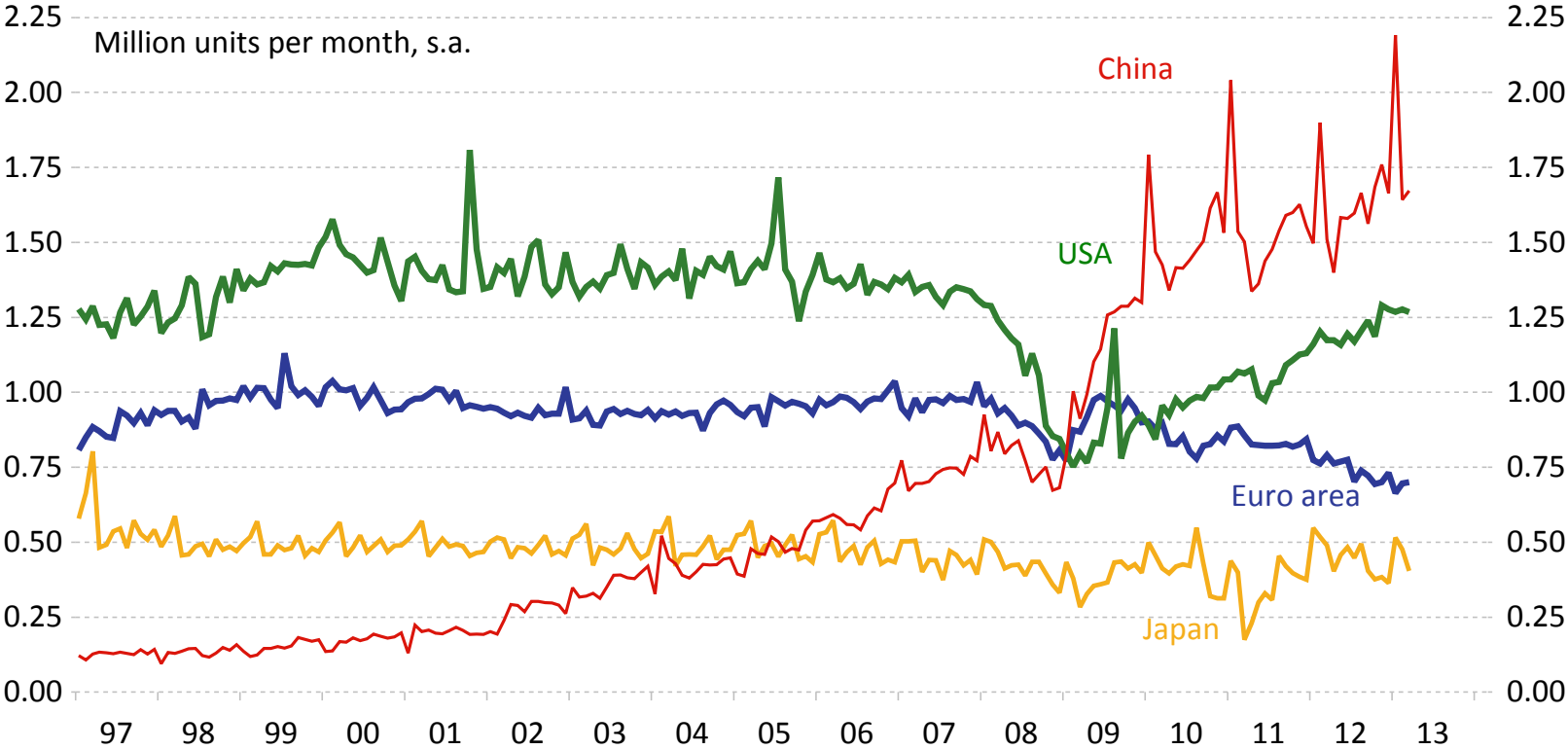
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Copenhagen Vail

The State of the World I

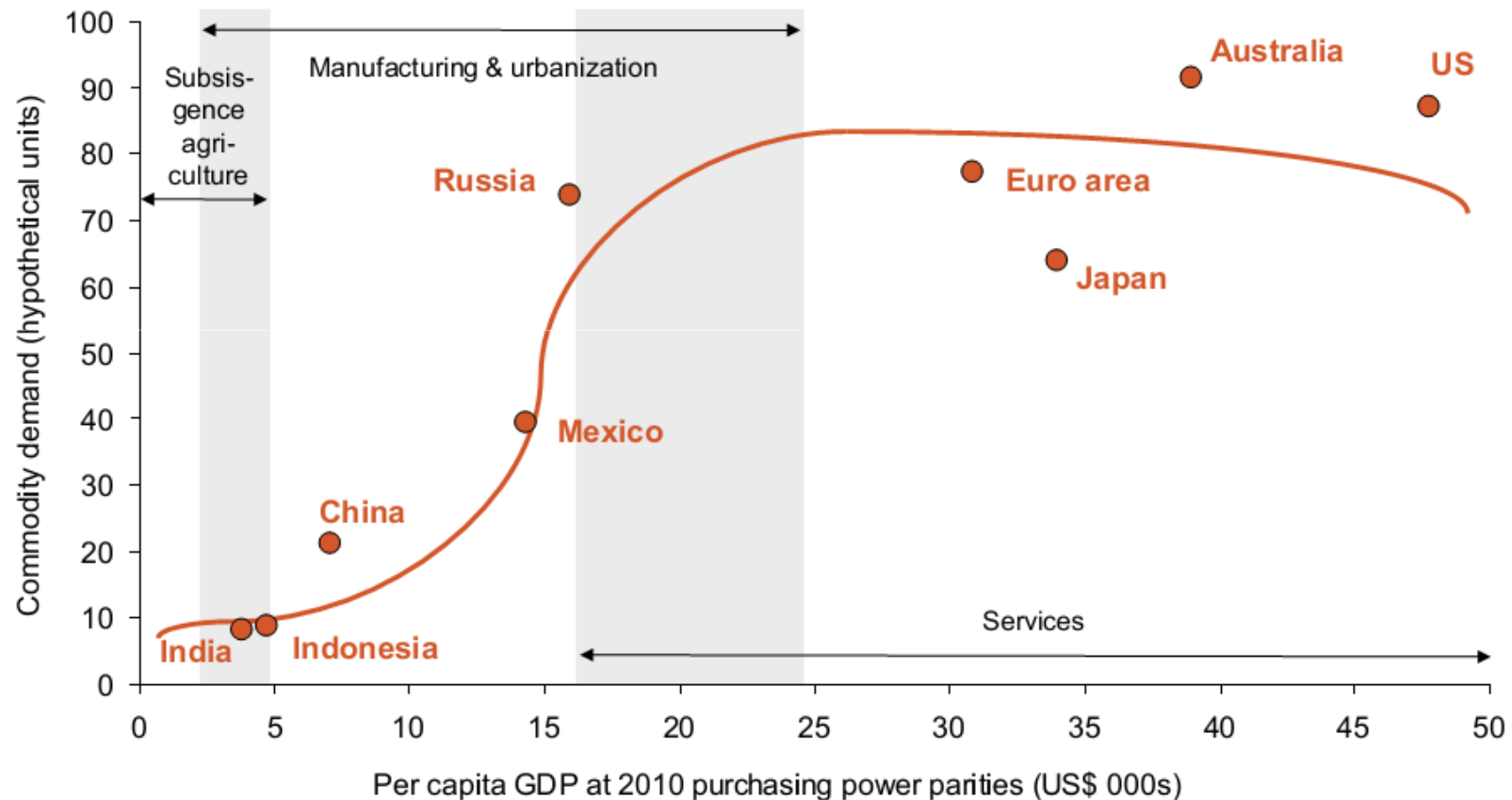


Global Auto sales ... please let it sink in!



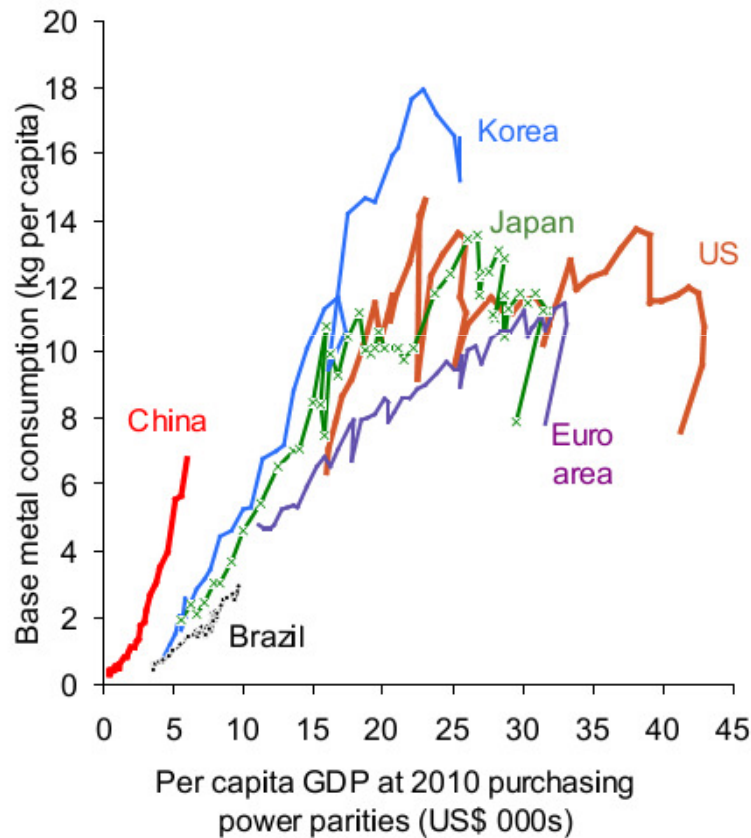
It ain't over yet

Stylized depiction of the relationship between per capita GDP and commodity demand

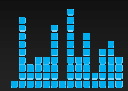
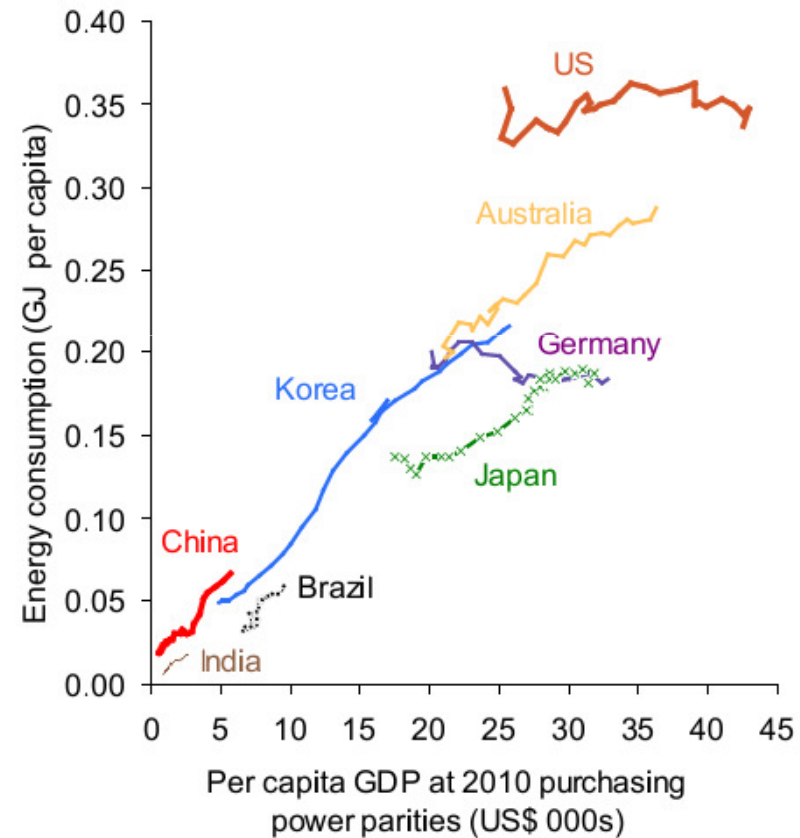


EM and Commodities

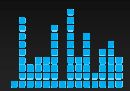
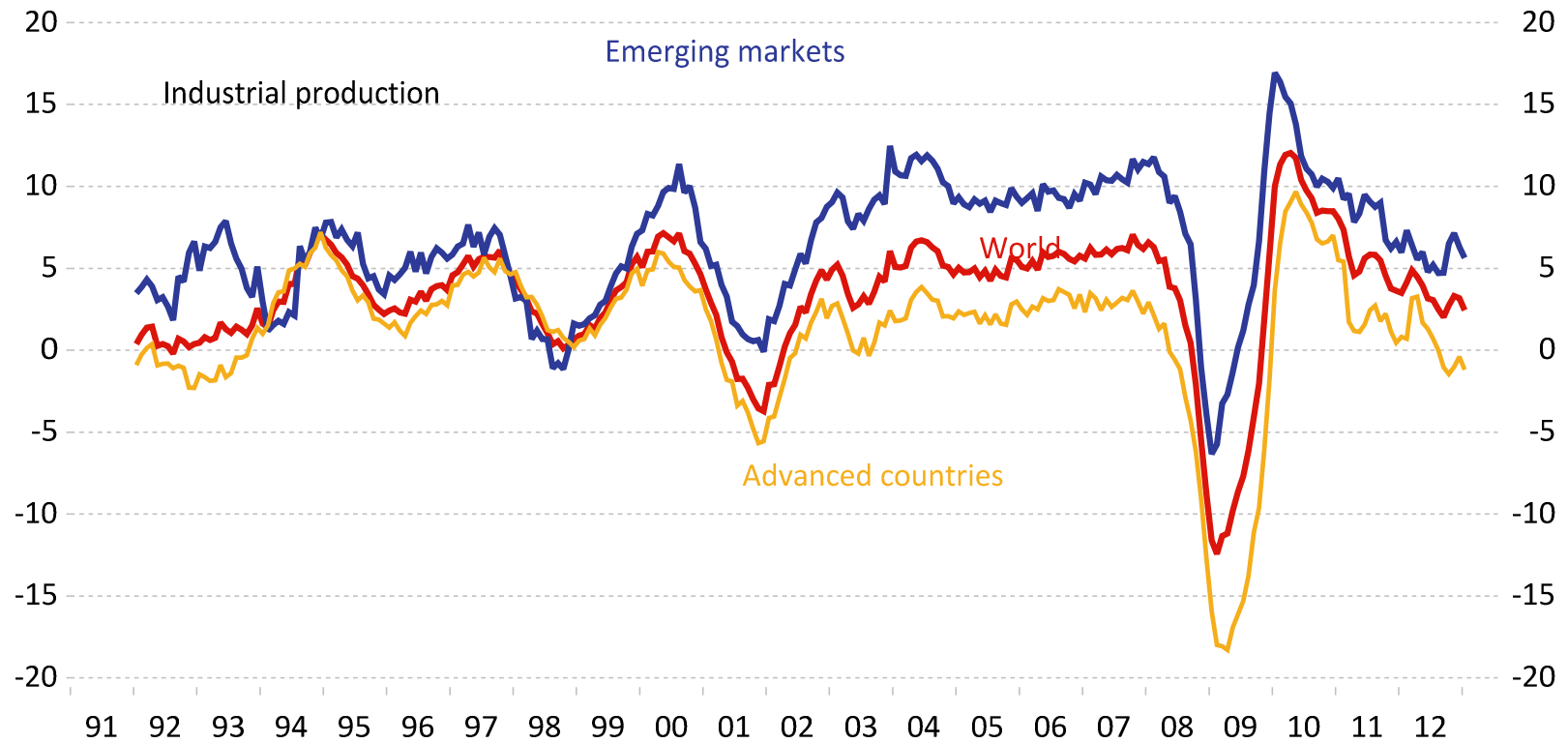
Base metal consumption and per capita GDP, 1960-2009



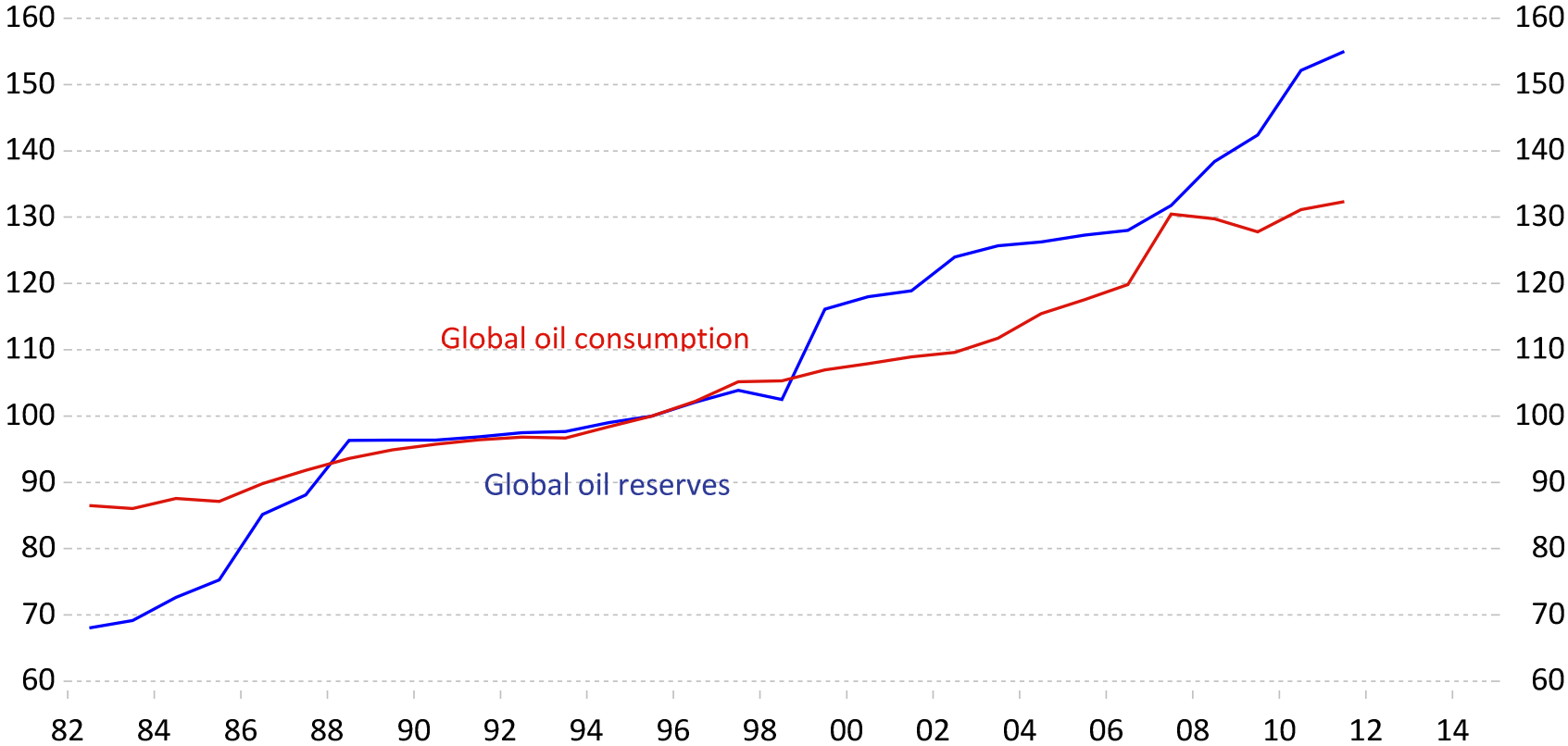
Energy consumption and per capita GDP, 1980-2008



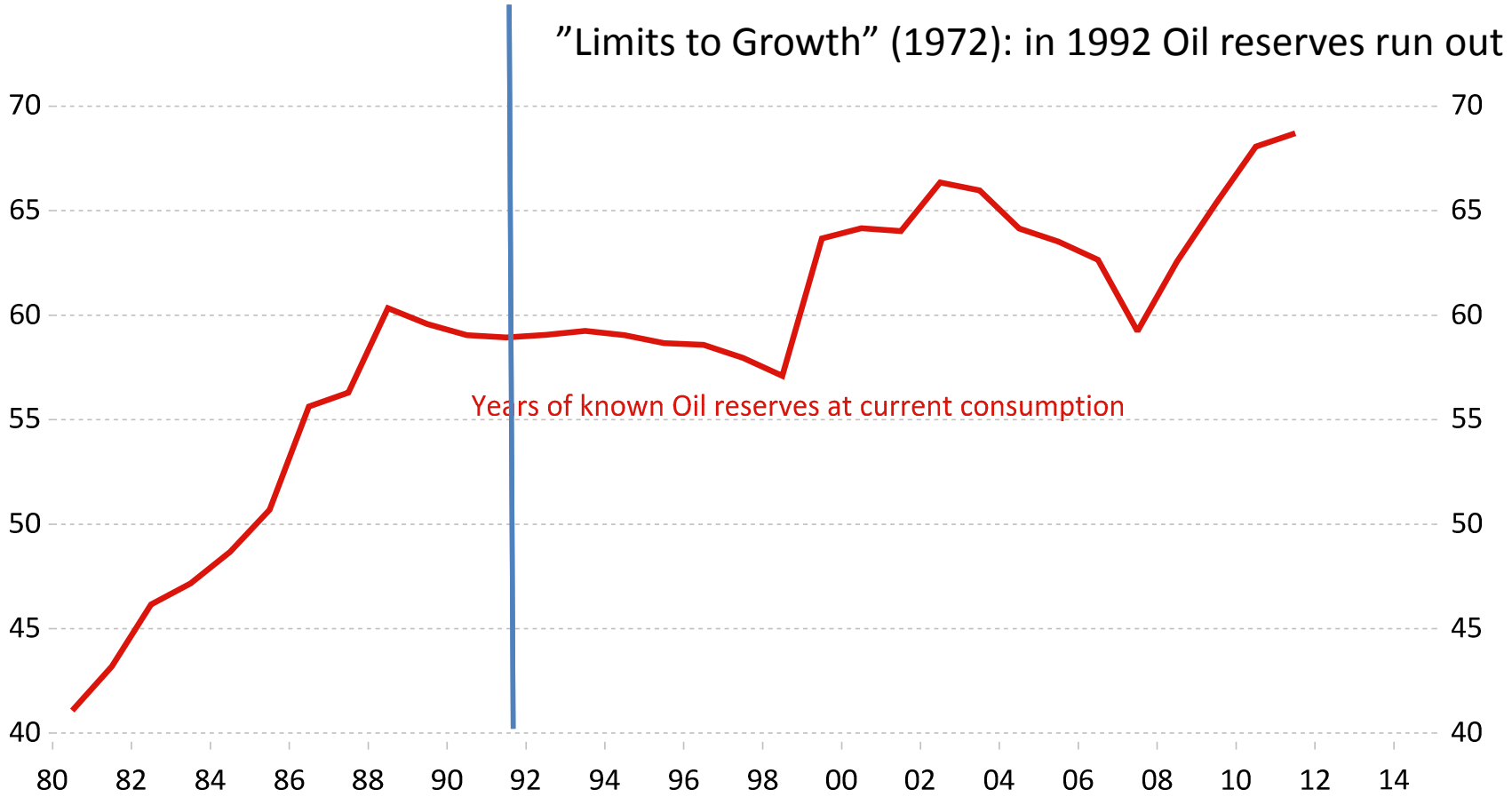
The State of the World II



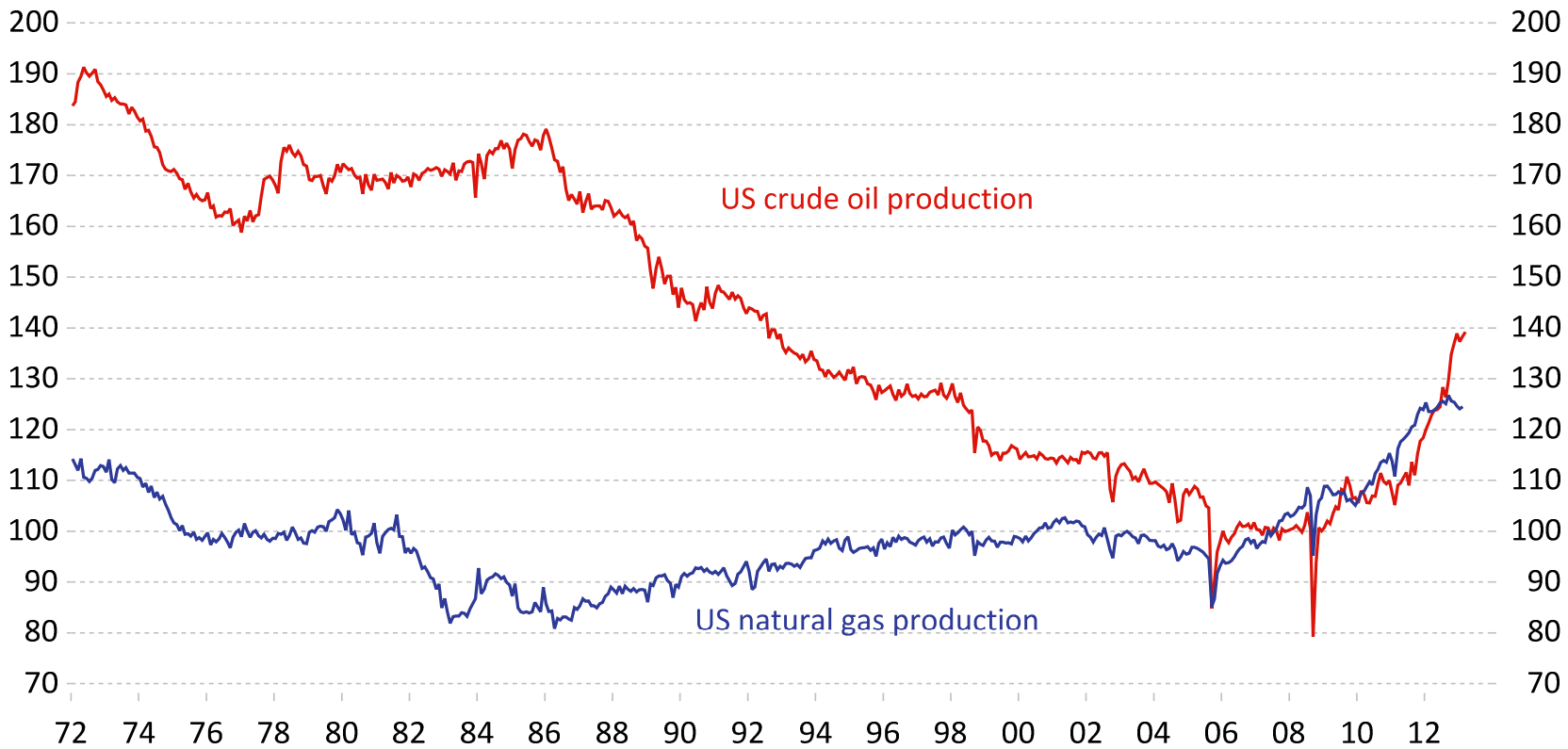
Peak Oil? Really?



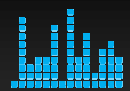
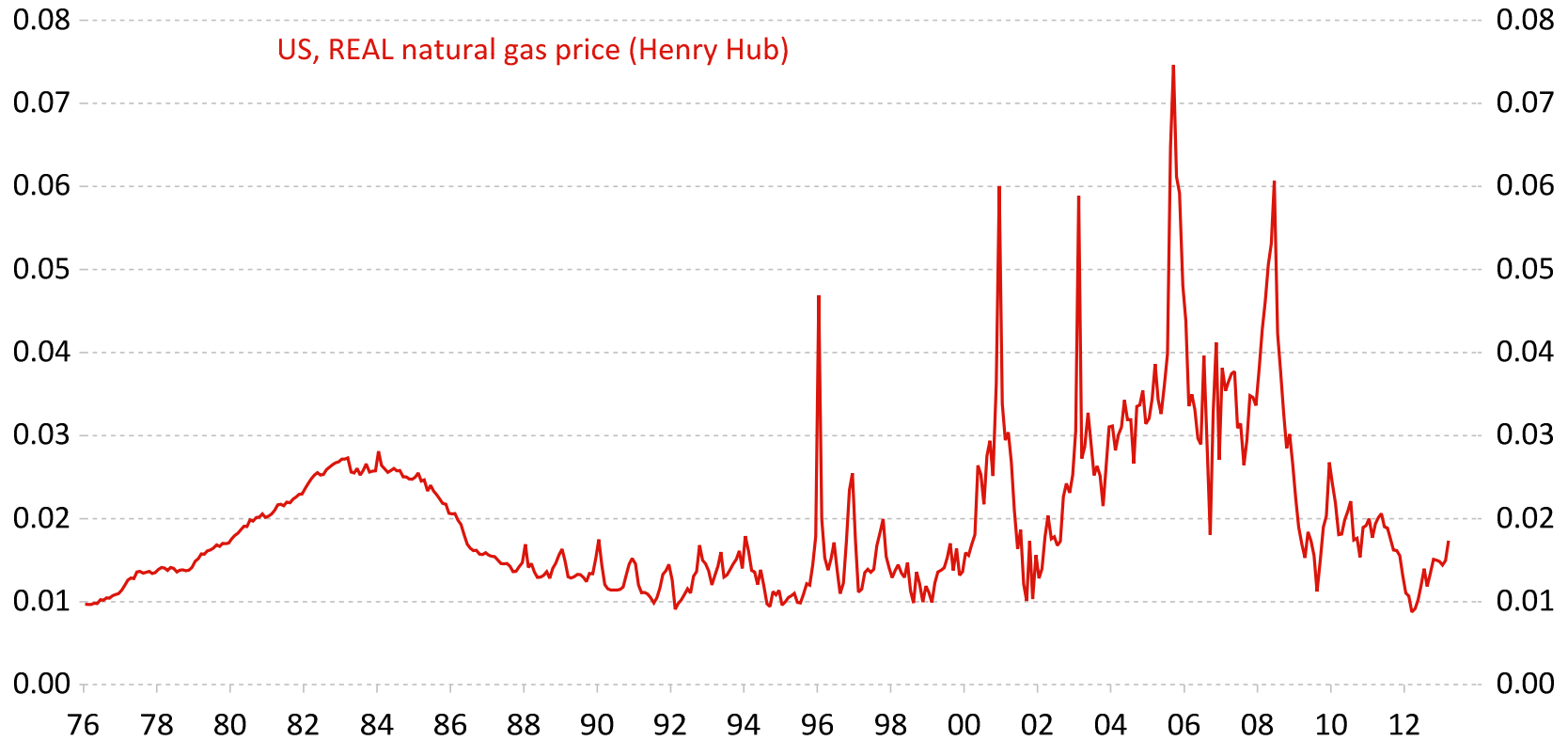
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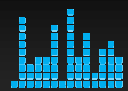
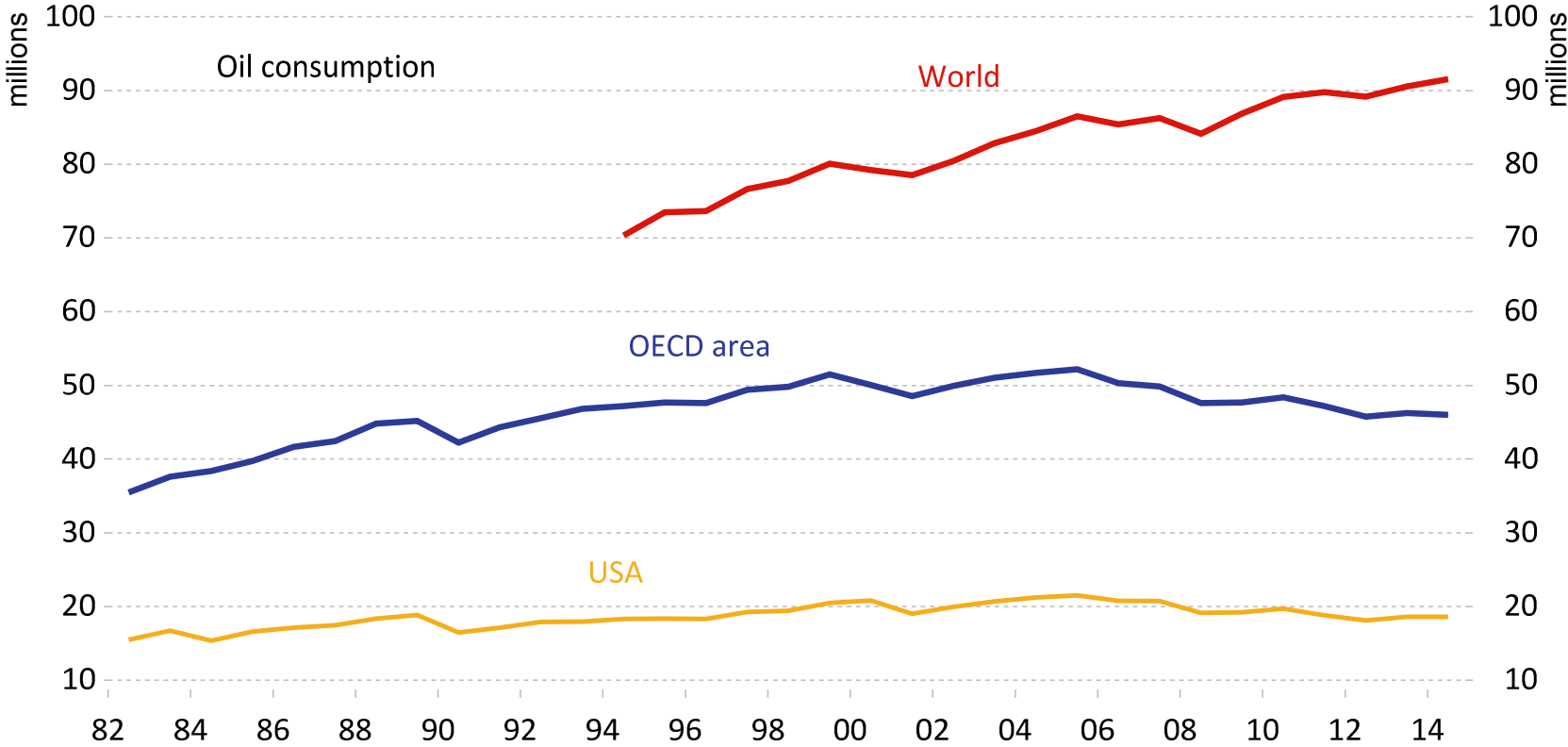
Peak oil? Really?



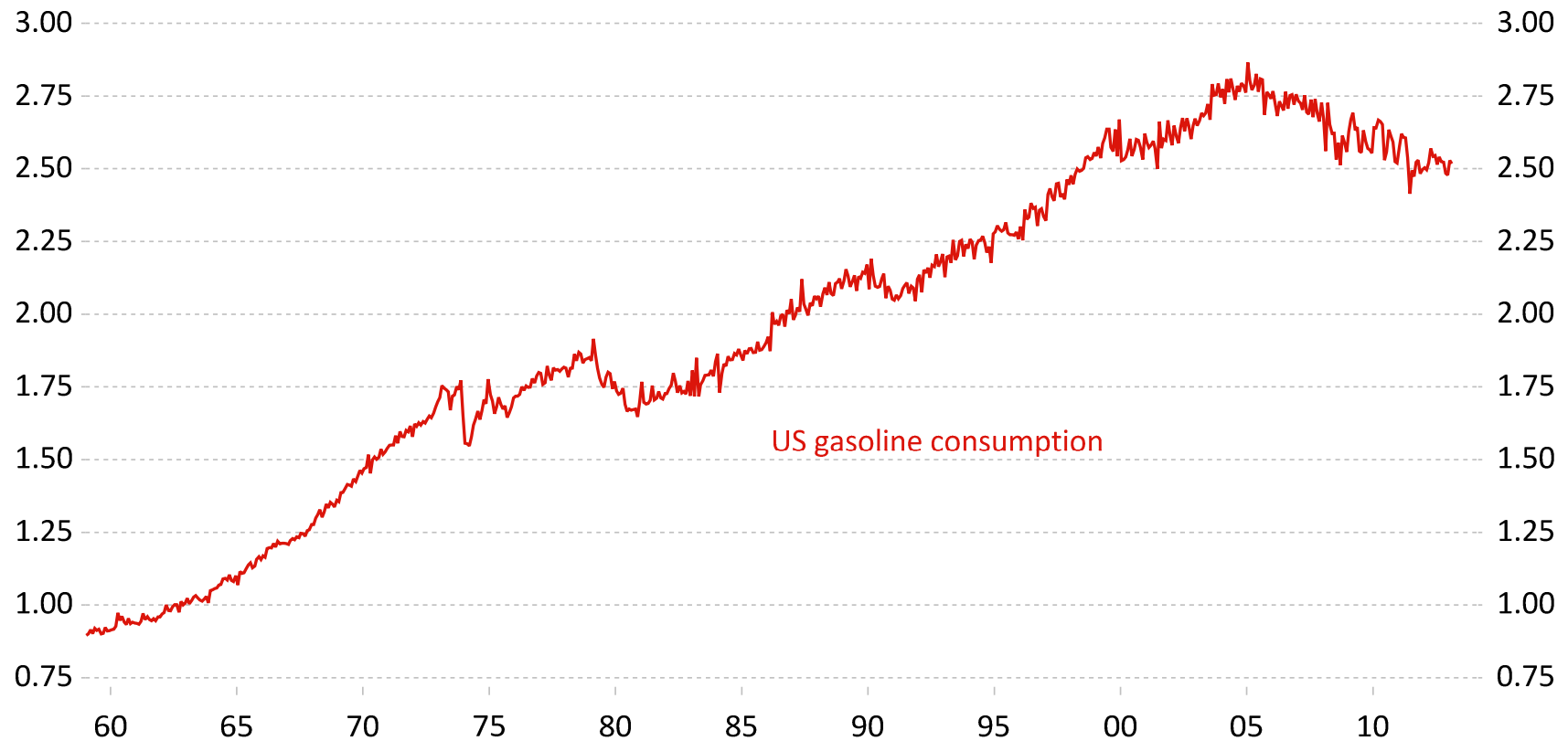
Real US gas prices has not changed for 40 years



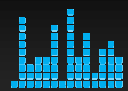
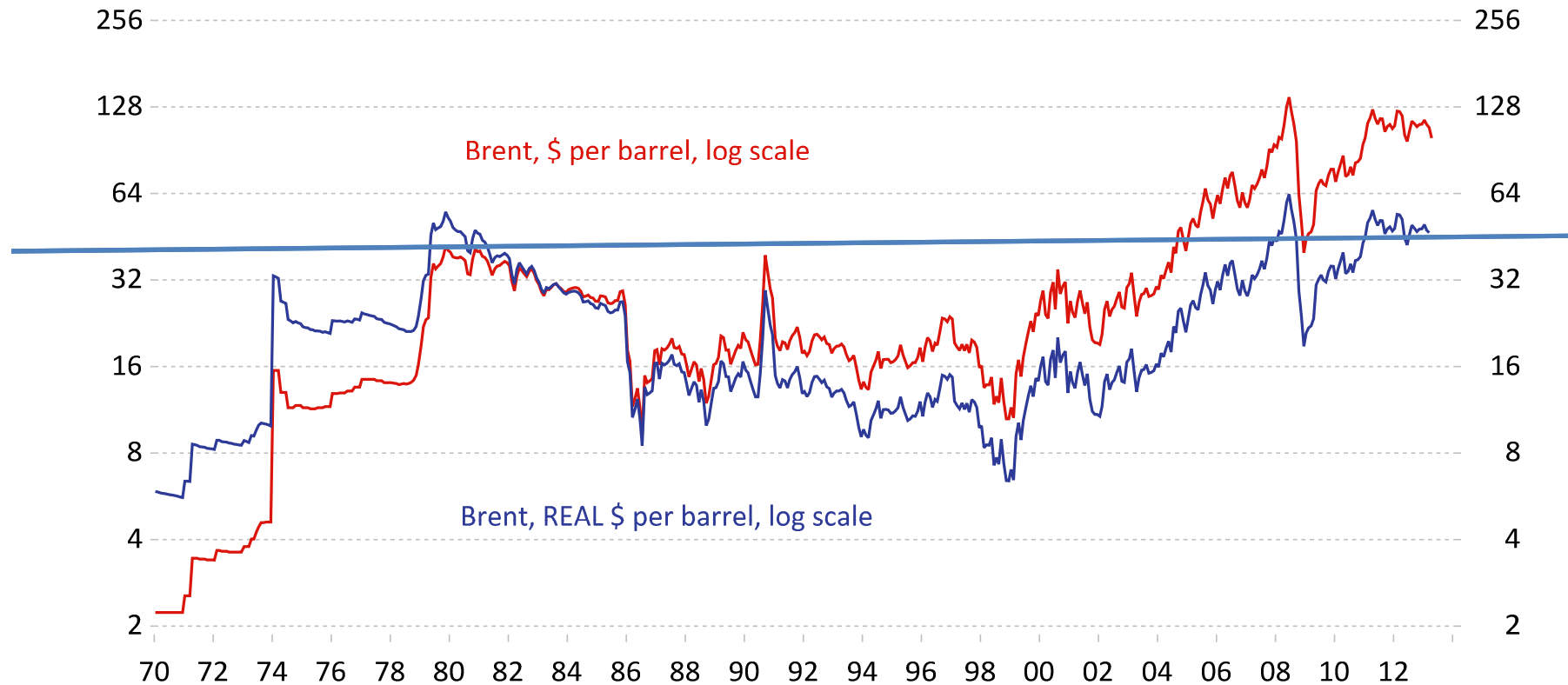
Peak consumption?



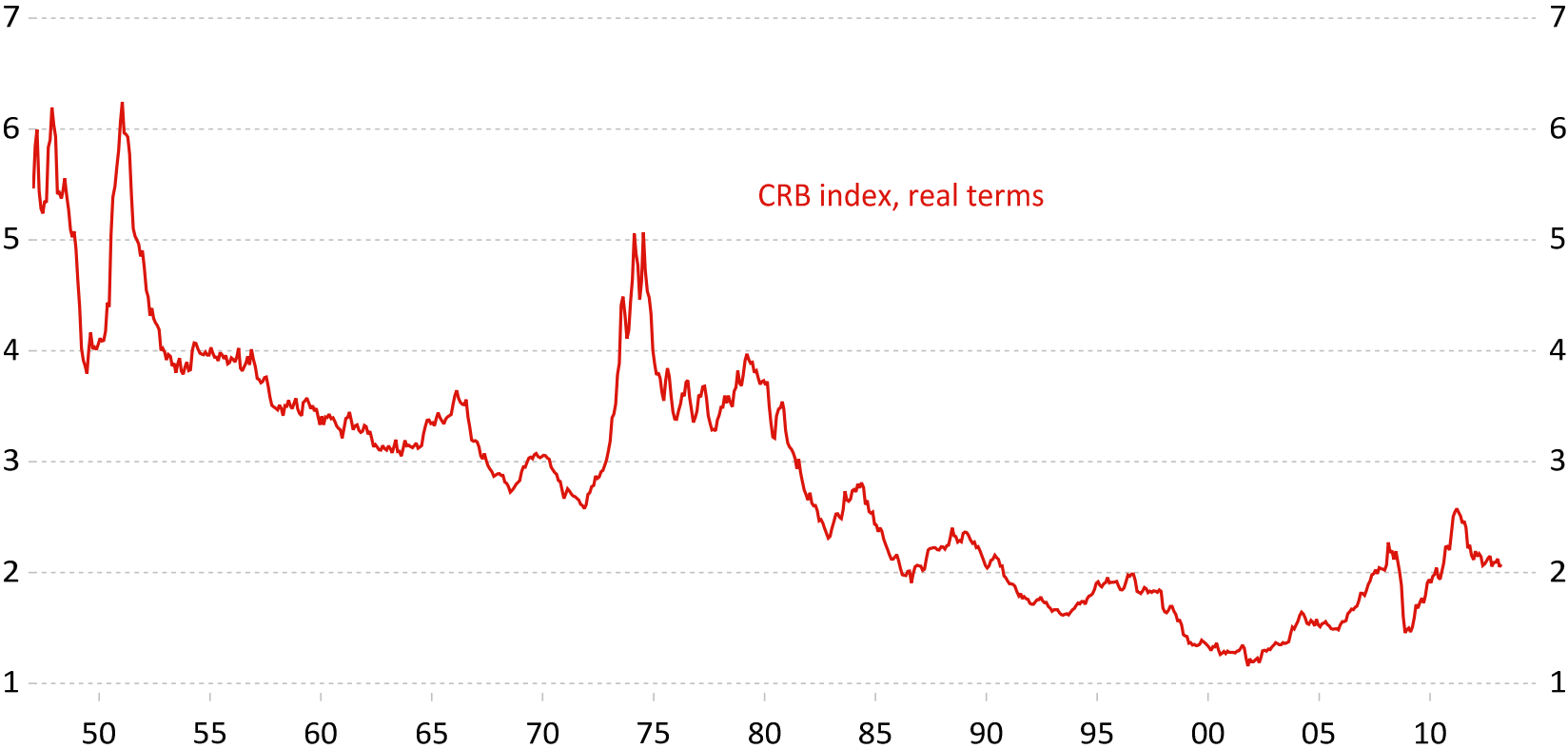
This trend is broken for good



Oil price boom in 2000-2007 is probably over



Dont fight a trend



Summing up

- There is a substantial recovery waiting for the US ... and down the line even Europe – but it won't really matter much for energy demand
- Emerging markets will continue to outgrow and commodity demand growth will continue to grow rapidly
- ... but the big 2003-2007 China boom might not reappear
- Commodity markets – Long run supply and demand price elasticities are not small!
- Even in the extreme 2003-2007 boom global oil demand grew by ... about 1% per year.
- The crude price level is high enough to invite substantial changes in both supply and demand dynamics over time (like 1980)
- I will make bets that crude is not sustained for 6 months over \$150/barrel within the next 10 years

