Figure 3.4. Oil Supply Developments

Oil production, which has consistently fallen short of expectations over the past four years amid high production costs, has fostered concerns that tight market conditions will last for some time, despite adequate reserve levels.

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1The forecast refers to a simple average from the Organization of Petroleum Exporting Countries (OPEC), the International Energy Agency, and the U.S. Energy Information Administration at the time of the forecast.

2Marginal cost is defined as the average of the highest-cost (or bottom quartile) producers, based on a survey of listed oil companies. The producer price index (PPI) for oil inputs refers to the unweighted average of drilling oil and gas wells, oil and gas operation support activities, and oil field machinery and equipment.