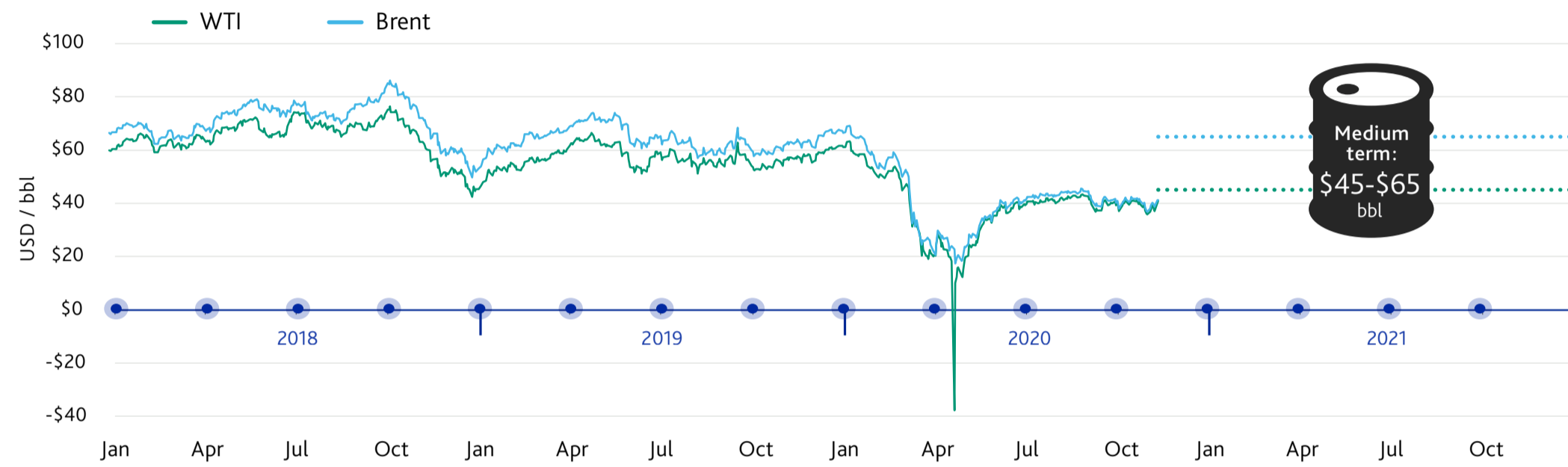


Oil prices will rise modestly amid uneven demand, while capital spending stays in the trough

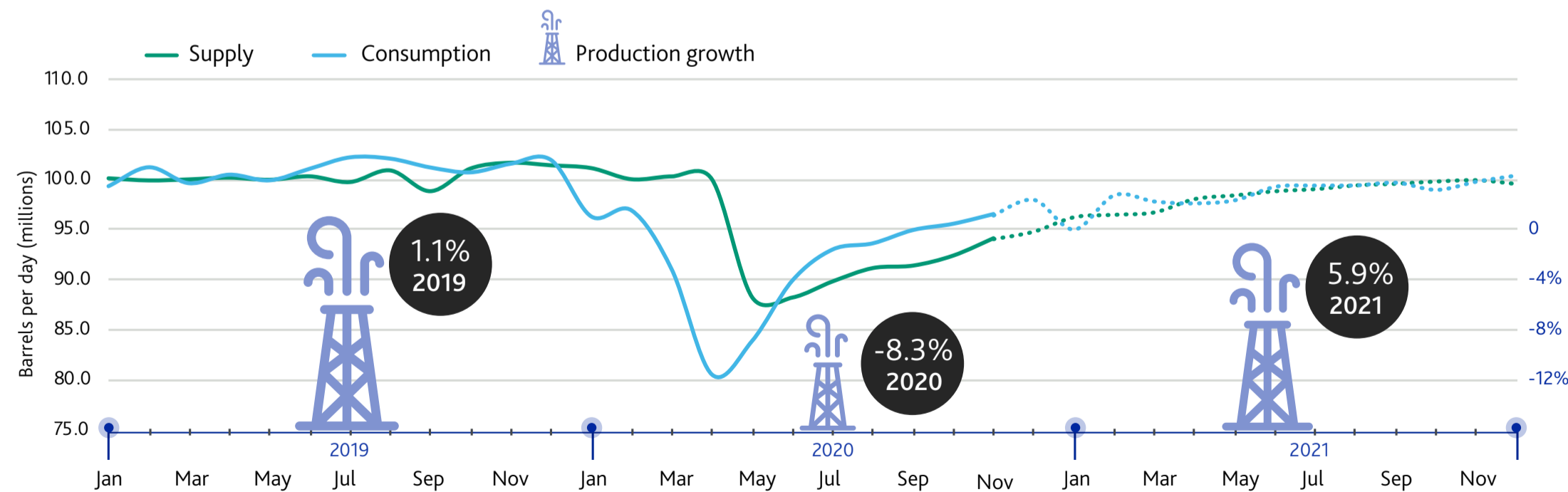
Higher but still modest oil and gas prices will support limited cash flow gains in 2021, following 2020's swift downturn. Industry spending will remain low amid tepid investor interest, hampering further asset development and squeezing smaller, highly leveraged companies.

Higher oil prices will support modest growth in cash flow in 2021 as companies seek efficiencies, including mergers and acquisitions



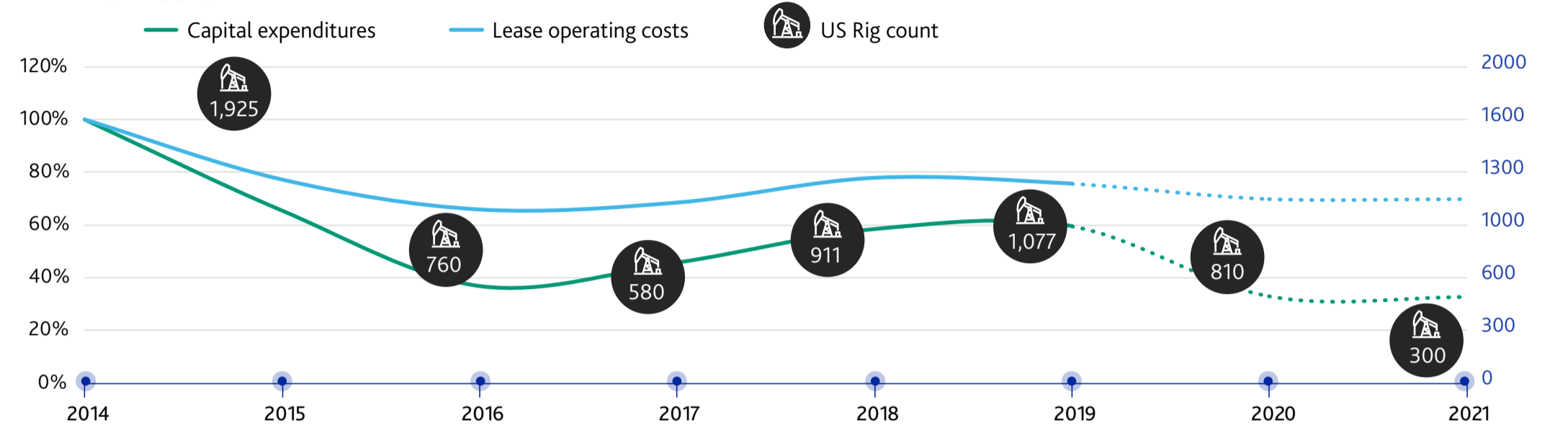
Source: US Energy Information Administration and Moody's Investors Services (estimates)

Supply, consumption and production growth will rebound in 2021 but not to pre-Covid levels



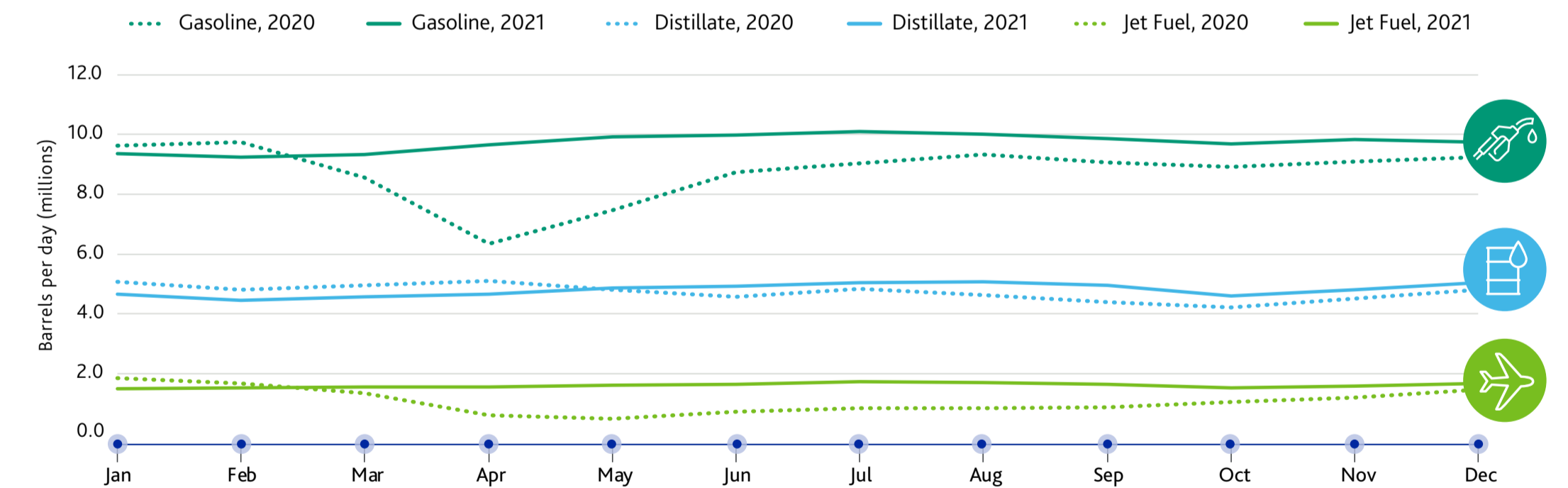
Source: BP, IEA

E&P capital spending will remain more than 40% below 2019 levels amid tepid investor appetite, stifling supply to rebalance with demand



Note: Select North American E&Ps companies / Source: Moody's Investors Service, company reports, Baker Hughes

US gasoline consumption will increase by more than 10% in 2021, but demand will recover unevenly, with jet fuel demand still lagging below pre-pandemic levels



Source: IEA

Oil demand may be reduced by 2040, with industry scenarios forecasting increased energy efficiency and switches to low carbon sources

