

**Mission accomplished**  
**Oil market moves from slump to boom**

**JOHN KEMP**  
**REUTERS**  
24 April 2018

# Brent crude price

## One complete price cycle (1998-2016)

### Front-month futures, real U.S.\$/bbl



— Brent price (real U.S.\$ 2018 monthly average)  
..... Brent price (U.S.\$ monthly average)

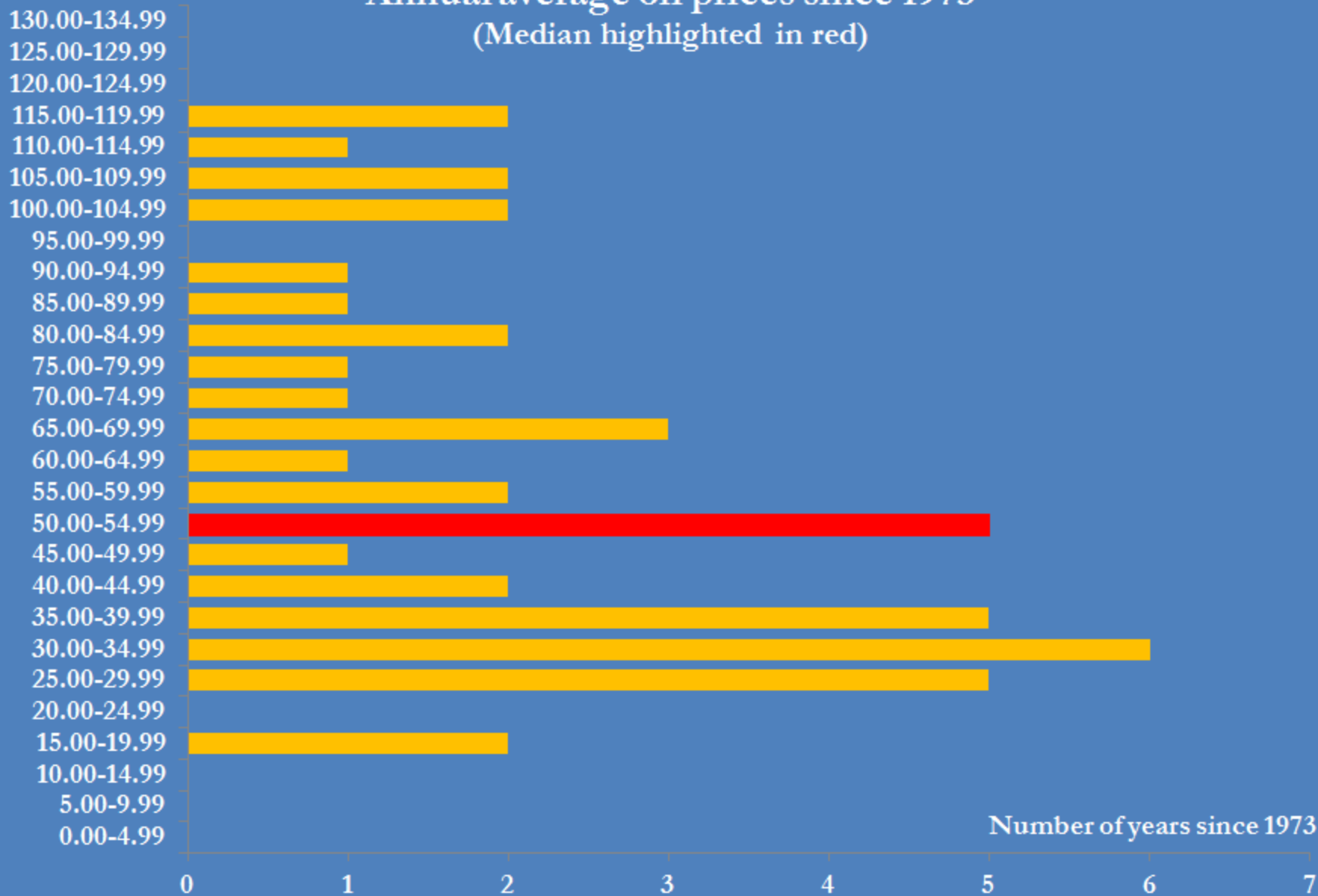
@JKempEnergy

US\$/bbl

# Frequency distribution of real oil prices

## Annual average oil prices since 1973

(Median highlighted in red)

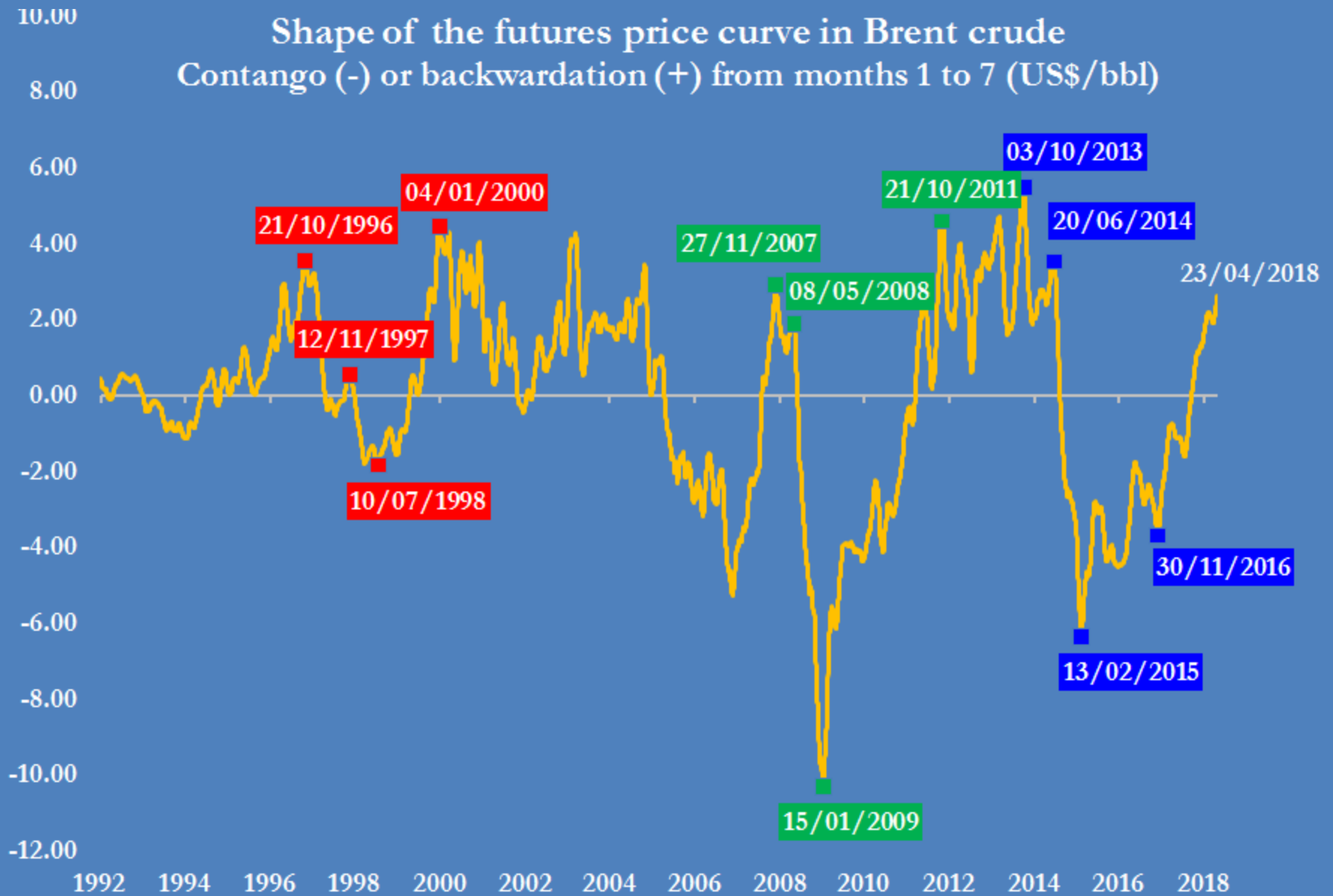


Source: *BP Statistical Review of World Energy, 2017* and author calculations

@JKempEnergy

# Shape of the futures price curve in Brent crude

Contango (-) or backwardation (+) from months 1 to 7 (US\$/bbl)

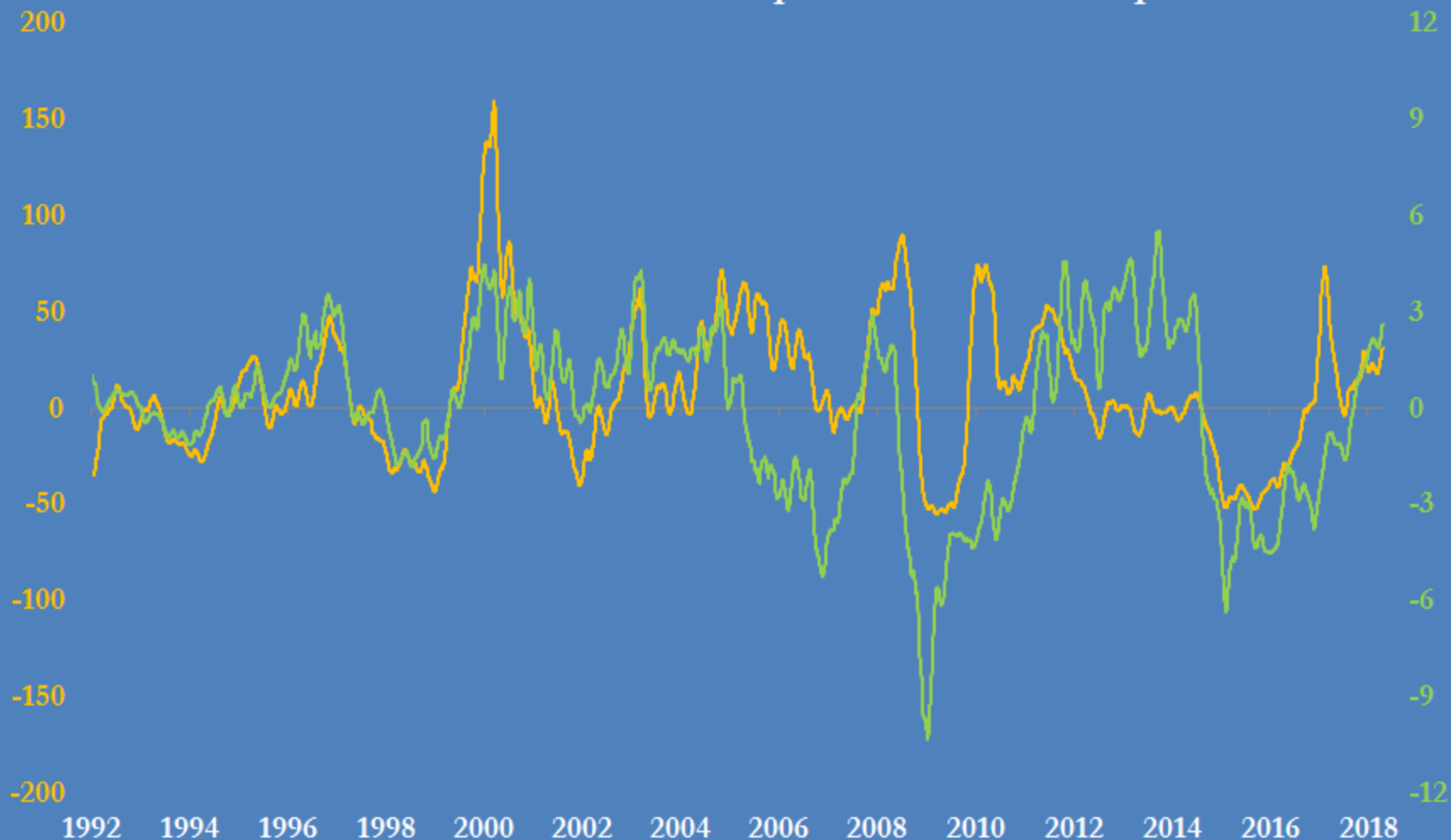


Price difference between 1st listed contract month and 7th listed contract month for Brent futures (U.S.\$/bbl)  
Contango (-) or backwardation (+) averaged over 30 days

Source: Thomson Reuters Eikon, ICE Futures @JKempEnergy

# Cyclical indicators in the oil market

## Brent crude: front-month futures prices and calendar spreads



— L-axis: Brent front-month futures prices (percent change year-on-year)

— R-axis: Brent calendar spread (1st month - 7th month future price, U.S.\$ per bbl)

Both series are averaged over 30 trading days to smooth short-term volatility

@JKempEnergy