

# MARKET PERFORMANCE

102-6

*Zarubezhneft began 2020 with a fairly strong position on international markets. Despite a decline in the global economy in the first half of 2020, growth resumed in the third quarter of 2020, driven by fiscal and monetary stimulus, as well as the easing of isolation measures by the end of the second quarter. The World Bank estimates that global GDP declined by 4.3 percent in 2020.*



However, the World Bank forecast also predicts that global GDP will grow by 4 percent in 2021. Moreover, the recovery of global GDP will be primarily driven by developing economies (+5%), in particular East Asia and the Pacific (+7.4%), Latin America and the Caribbean (+3.7%), Europe and Central Asia (+3.3%), and the Middle East and North Africa (+2.1%). GDP in the Russian Federation is expected to grow by 2.6%.

The actual upward trajectory will depend on uncertainties connected with COVID-19 developments, the new US Administration's policies, Brexit discussions as well as ongoing trade negotiations. Recent news on the implementation of vaccination programs in most major economies offers a positive effect for the current outlook.

As a result of the decline in oil demand in early 2020 caused by the spread of the novel coronavirus infection COVID-19, the average price of Urals oil at the end of 2020 was USD 41.74/bbl.

The USD exchange rate versus the ruble at the beginning of the year reached a minimum of RUB 60.95/USD and had a positive trend throughout the year. The maximum value was RUB 80.88/USD at the end of March.

The price of Urals oil peaked on January 6 at USD 66.04/bbl, while the lowest level was on April 1 at USD 14.72/bbl.

[https://www.opec.org/opec\\_web/static\\_files\\_project/media/downloads/publications/0B122020\\_012021.pdf](https://www.opec.org/opec_web/static_files_project/media/downloads/publications/0B122020_012021.pdf)





Operational results  
for the reporting period

#### WORLD BANK REAL GDP FORECAST FOR THE WORLD, REGIONS, AND COUNTRIES<sup>1</sup>, %

World/Region/Country	2018	2019	2020	2021
<b>World</b>	<b>3.0</b>	<b>2.3</b>	<b>-4.3</b>	<b>4.0</b>
<b>Developing countries</b>	<b>4.3</b>	<b>3.6</b>	<b>-2.6</b>	<b>5.0</b>
<b>East Asia and the Pacific (EAP)</b>	<b>6.3</b>	<b>5.8</b>	<b>0.9</b>	<b>7.4</b>
Vietnam	7.1	7.0	2.8	6.7
Indonesia	5.2	5.0	-2.2	4.4
<b>Europe and Central Asia (ECA)</b>	<b>3.4</b>	<b>2.3</b>	<b>-2.9</b>	<b>3.3</b>
Bosnia and Herzegovina	3.7	2.7	-4.0	2.8
Russian Federation	2.5	1.3	-4.0	2.6
Uzbekistan	5.4	5.6	0.6	4.3
<b>Latin America and the Caribbean (LAC)</b>	<b>1.9</b>	<b>1.0</b>	<b>-6.9</b>	<b>3.7</b>
<b>Middle East and North Africa (MNA)</b>	<b>0.5</b>	<b>0.1</b>	<b>-5.0</b>	<b>2.1</b>
Egypt	5.3	5.6	3.6	2.7

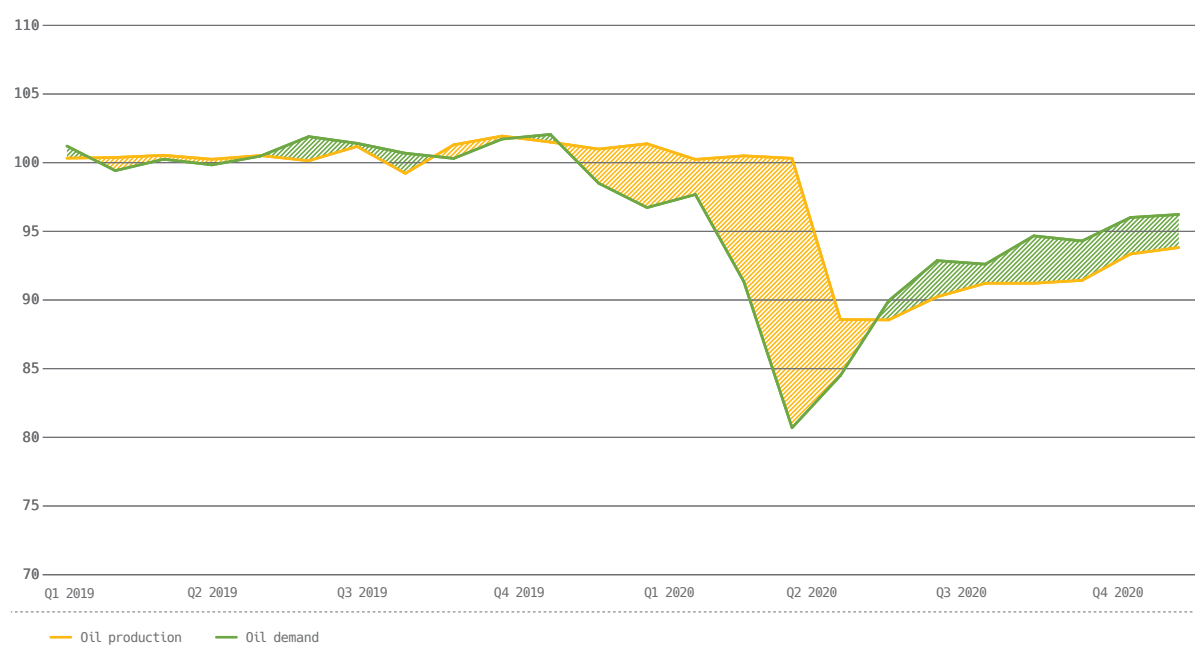
<sup>1</sup> <http://pubdocs.worldbank.org/en/255171599837402202/Global-Economic-Prospect-2021-GDP-growth-data.xlsx>

## OIL PRICE AND USD/RUB EXCHANGE RATE



The major factor in the stabilization of oil prices in the second half of 2020 was the agreement of OPEC+ members to reduce oil production by 10 million bbl per day starting from May 1.

## WORLD OIL PRODUCTION AND DEMAND, mln bbl per day





At the start of the year, Brent oil started a negative trend and continued to decline to its low of USD 13.24/bbl in April. Due to the OPEC+ agreement to reduce production by 10 million bbl per day starting from May 1, the oil price stabilized and exceeded USD 50/bbl by the end of the year.

An increase in prices for global oil brands was seen at the end of 2020 due to market recovery and higher demand for hydrocarbons:

Name	2018	2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020	+/-	%
Brent (Dtd), USD/bbl	71.3	64.3	50.3	29.2	43.0	44.2	41.7	-23	-35
Urals (Rdam), USD/bbl	69.9	63.0	48.0	31.0	42.9	44.3	41.6	-21	-34
Urals (MED), USD/bbl	70.2	63.9	48.4	31.4	43.2	44.7	41.9	-22	-34
Urals (World), USD/bbl	70.1	63.5	48.2	31.2	43.0	44.5	41.7	-22	-34
USD exchange rate, RUB	62.6	64.7	66.4	72.3	73.6	76.1	72.2	8	12
Cost of Urals (Rdam), USD/bbl	4,377	4,083	3,187	2,244	3,153	3,376	3,001	-1,082	-26
Cost of Urals (MED), RUB/bbl	4,398	4,136	3,213	2,273	3,176	3,401	3,027	-1,109	-27
Cost of Urals (World), RUB/bbl	4,387	4,103	3,200	2,258	3,164	3,389	3,014	-1,089	-27

In 2020, the average global price of Urals oil was 34% lower than the average value in 2019. At the same time, the price in rubles decreased by only 27%, which was compensated by a 12% increase in the USD exchange rate.

Name	2018	2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020	+/-	%
Urals (World), USD/bbl	70.1	63.5	48.2	31.2	43.0	44.5	41.7	-22	-34
USD exchange rate, RUB	62.6	64.7	66.4	72.3	73.6	76.1	72.2	8	12
Export duty, USD/ton	128	94	74	23	44	43	45	-48	-52
Mineral replacement tax, RUB/ton	12,455	13,039	10,490	4,841	9,329	9,942	8,650	-4,388	-34
Tax load RUB/ton	20,502	19,097	15,387	6,501	12,579	13,237	11,926	-7,171	-38
Price excluding levies and taxes, RUB/ton	11,219	10,566	7,750	9,827	10,300	11,262	9,864	-702	-7

A 38% decrease in the tax burden in 2020 compared with 2019 (including a 34% decrease in the mineral replacement tax (MRT) and a 52% decrease in the export tax) was driven by falling global oil prices caused by lower demand

for hydrocarbons. Recovery and growth in global oil prices in the second half of the year contributed to a more than twofold increase in the tax burden compared with the decline in the second quarter.