

Saudi Aramco CEO says the 'worst is behind us' for oil markets

Amin Nasser is optimistic about the second half of the year, and credited IKTVA and previous attacks on Aramco helped it build resilience before the pandemic

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Saudi Aramco CEO Amin Nasser said that "the worst is behind us" for oil markets, in a recorded interview at CERAWEEK.

"We went from -\$40 to +\$40 with WTI," he continued. "In April we were looking at demand of about 75-80 MMbd with significant supply at that time. Currently you are looking at almost close to 90 MMbd. I'm very optimistic about the second half of this year. We see it in China today – it's almost at 90%. In gasoline it's around 95% in China. Gasoline and diesel are picking up to pre-COVID levels. Jet fuel is still lagging in terms of less air travel. More countries will start opening up. So, we see that reflected in the demand on crude.

“There are different forecasts looking at between 95 and 97 MMbd by year-end. So, it will all depend on whether there will be a second wave of coronavirus or not. But I am also not as concerned about a second wave because I think we are much better prepared now. All countries, all medical establishments are much better prepared. We learned a lot during the first wave.”

One of the concerns during the lockdown was a potential disruption to supply chains across the industry, but Nasser said that localisation and previous crises helped Saudi Aramco remain resilient.

“We have seen a lot of plants and factories and suppliers that support Saudi Aramco from Europe, including China and other places – they had to shut down because of the lockdown. That impacted us for a while. But because of the optimum level of inventory that we have and because of our in-Kingdom total value add, which is our local content – we are at 56% so a lot of things are being manufactured in the Kingdom – it helped us a lot.

“It helped us also during the crisis when we had the attacks on Khurais and Abqaiq. COVID-19 further confirmed that having your supply chain closer to you is very important. Globalization, when it comes to supply chains, is definitely successful and worked. But we are seeing, because of either the critical nature of the incident we had at Abqaiq and Khurais, or the lockdown that happened in different countries, having it closer to end use is very important these days.”

He also commented on Saudi Aramco's listing on Tadawul. “There is not much change except that it is more formalized now. We have been working as if we were a listed company before. We had one shareholder, but we were giving the same reports to our shareholders. COVID-19 started impacting the business from February going on. But in terms of the way we are doing business, not much changed, except now we see the results and the sentiment in the market by looking at the share price every day. Other than that – more communication that we are doing now with analysts and more shareholders to deal with.”