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ExxonMobil Releases Its Energy & Carbon Summary and Outlook for Energy

ExxonMobil last Friday released its Energy & Carbon Summary: Positioning for a Lower-Carbon Future and its Outlook for Energy: A View to 2040. The reports highlight ExxonMobil's analysis of 2 degree Celsius scenarios and include sensitivity analyses on electric vehicle penetration and renewables deployment. They are in response to a 2017 shareholder resolution seeking additional climate disclosures about the impacts of technology advances and global climate change policies on the company.

The Energy & Carbon Summary and a new special section in the annual Outlook for Energy include consideration of the impact on future energy demand from an analysis of multiple lower-carbon scenarios published by the Stanford University Energy Modeling Forum. The forum's scenarios are publicly available and are used for analytical purposes, including by the UN's Intergovernmental Panel on Climate Change.

ExxonMobil's Outlook for Energy: A View to 2040 describes a rapidly growing global population and rise in living standards in developing countries that will drive a growth in worldwide energy demand of about 25 percent from 2016 to 2040. At the same time, energy efficiency gains and gradual reductions in the GHG intensity of the energy system, will help to moderate energy use and reduce by nearly 45 percent the carbon intensity of the global economy, according to the report.

The Outlook predicts a rise in electric vehicles as well as efficiency improvements in conventional engines. This will likely lead to a peak in liquid fuels use by the world's light-duty vehicle fleet by 2030. However, oil will continue to play a leading role in the world's energy mix.

"Our in-depth analysis shows that even if every light-duty vehicle in the world was fully electric by 2040, the demand for liquids could still be similar to levels seen in 2013," said Wojnar. "This is because of growing demand from commercial transportation and the chemical sector."

The Outlook for Energy is ExxonMobil's long-range forecast developed through data-driven analysis, reflecting broad knowledge of energy markets and the expertise of economists, engineers, and scientists. It examines energy supply and demand trends for approximately 100 regional/country areas, 15 demand sectors and 20 different energy types. ExxonMobil uses the forecast as a foundation for its business strategies and to help guide multi-billion dollar investment decisions.

Key findings from this year's Outlook:

- In 2040, oil and natural gas continue to supply about 55 percent of the world's energy needs; oil continues to provide the largest share of the energy mix with demand rising about 20 percent driven by commercial transportation and chemicals.
- Nuclear and renewable energy sources are likely to account for nearly 40 percent of the growth in global energy demand to 2040.
- The share of the world's electricity generated by coal is expected to fall to less than 30 percent in 2040 from approximately 40 percent in 2016.
- Increasing electrification of light-duty vehicles is anticipated to grow strongly. In total, full hybrid, plug-in hybrid, and electric-only vehicles will be approaching 40 percent of global light-duty vehicle sales in 2040, compared to about 3 percent in 2016.

For more information on the Energy & Carbon Summary and Outlook for Energy, visit www.exxonmobil.com/energyoutlook.

To view ExxonMobil's 2018 Outlook for Energy: A View to 2040, **click here**

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Finished Lube Price Increases Continue

This past week, Old World Industries and BP Lubricants USA/Castrol announced finished lube price increases as shown below. Old World Industries on January 29, 2018, announced it will raise finished lubricant prices by 6 to 10% effective February 12, 2018. Old World attributed the increase to recent increases in raw material and distribution costs. BP Lubricants USA / (Castrol) on January 29, 2018 advised its customers of up to 6% price increase on Castrol and BP branded passenger car, commercial and synthetic lubricants excluding industrial effective March 12, 2018. BP Lubricants attributed the adjustment to escalation in the costs of base oils, additives, packaging, and transportation. During the past couple weeks, Safety-Kleen, CITGO, ExxonMobil, Chevron, Phillips 66, Petro-Canada America, Royal Manufacturing, Smitty's Supply, Warren Distribution, Nu-Tier, Shell (SOPUS Products), Martin Lubricants, Advanced Lubrication Specialties, Sinclair Lubricants, Chemlube, Total Specialties USA, Allegheny Petroleum, Cam2 and Pinnacle Oil notified their customers of a price increase on finished lubricants, as follows: Nu-Tier Brands announced January 18 that it will implement an increase of 6 to 8% on its finished lubricants effective February 19, 2018. On January 18, 2018, Safety-Kleen Systems, Inc. / Kleen Performance Products (KPP) announced it will implement a price increase of between 5% and 8% on finished lubricants, effective February 19, 2018. On January 22, 2018, Chevron announced a general price increase of all lubricating oils and greases up to 5% effective on March 1st, 2018. ExxonMobil announced on January 22 that its branded and unbranded Passenger Vehicle Lubricants, Commercial Vehicle Lubricants, Industrial and Marine lubricants and greases will increase in price by up to 6% effective February 26, 2018. Royal Manufacturing announced on January 22 it will increase the price of its finished lubricants by 5 to 8% effective February 26, 2018. On January 23, 2018, CITGO announced it will implement a general finished lubricant price increase of 5% - 8% on branded and private label products effective February 23, 2018. Smitty'y Supply announced on January 24, it is implementing a price increase on bulk and packaged products effective February 12. Bulk and packaged lubricants will be increase between 6 and 10%. Packaged greases will increase by 3 cents per pound. Warren Distribution announced on January 24 a price increase of 6 to 9% on all its lubricants effective February 26, 2018. On January 24 Petro-Canada America announced it will, by up to 6% across-the-board, increase lubricant prices, excluding process oils and Purity FG white oils effective February 23. Process oils and Purity FG white oils whose increase was previously announced will go up an additional 10 cpg on the same date. On January 25, Phillips 66 Lubricants announced it will raise finished lubricants prices by up to 6% effective March 5. Total Specialties USA on January 26 announced a 4 to 8% price increase on TOTAL branded lubricants effective February 26. Allegheny Petroleum on January 26 announced a price increase of $0.25 per gallon for all of its lubricant products effective February 26. On January 15th, 2018, SOPUS Products announced that it will implement a price increase of up to 5% on finished lubricants, effective February 19, 2018. On January 18, Martin Lubricants announced a general price increase on SynGard, Extreme and Gard branded products. This increase will also apply to private label lubricants and greases. Prices will increase on most products in the range of 4 to 7% per gallon based on product category effective February 19. Advanced Lubrication Specialties on January 16 announced it will increase the price of its finished lubricants by 6 to 10%, effective February 5, 2018. Sinclair Lubricants on January 17 announced it will implement an increase of up to 6% on its finished lubricants, effective March 1, 2018. Chemlube advised its customers on January 18 it will increase prices on its Savannah products by 20 to 25 cents per gallon, due to the increase in cost of raw materials used in manufacturing lubricants effective February 5, 2017. Pinnacle Oil on January 19 announced it will increase the price of its bulk and packaged lubricants by 6 to 10% effective after February 5, 2018. Cam2 International announced a price increase ranging between 6% to 10% on bulk and packaged lubricants and greases effective February 5, 2018.

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More Base Oil Price Increases Announced

During this past week, Excel Paralubes, Calumet, Chevron and Petro-Canada announced lube base oil price increases, several producers announcing their second price increase in the past month. Those announcements this past week include the following: - Excel Paralubes Increased Posted Prices of Its Group II Pure Performance 70N and 80N by 22 CPG, Its 110N by 21 CPG, Its 225N by 20 CPG, and Its 600N by 16 CPG Effective February 2 - Chevron Increased Prices of Its USGC 100R and 220R by 20 CPG and 600R by 15 CPG, Effective January 31, 2018 - Calumet Increased Price of Its CALPAR™ 4GIII (Group III 4 cSt) Base Oil by 22 CPG Effective February 1 - Petro-Canada Lubricants Increased Price of Its Group II Base Oils 70N, 100N and 200N by 22 CPG, and 350N and 600N by 20 CPG, Effective February 2; No Change to Group II+ or III The previous week, we reported the following price increase announcements: - Phillips 66 Increased Its Group II+/III Base Oils, Ultra S2 and Ultra S3 by 24 CPG and Ultra S4 and Its Ultra S8 by 22 CPG, Effective January 25 - Petro-Canada Increased its Group III 4 cSt (VHVI 4), 6 cSt (VHVI 6) and 8 cSt (VHVI 8) Base Oils by 22 CPG, Effective January 26 - Motiva Increased Price of Its 4 cSt (Star HVI 4) and 6 cSt (Star HVI 6) Group III Base Oil by 10 CPG And the week prior, price increases reported included the following: - HollyFrontier Increased Price of Its Group I Base Oils by 15 CPG on All Grades Except Brightstock, Effective January 26, 2018 - HollyFrontier-owned Petro-Canada Lubricants Increased Price of Its Group II Base Oils 70N, 200N, 350N and 600N by 13 CPG and 100N by 16 CPG and Also Its Group II+ 100N by 22 CPG, All Effective January 16, 2018 - Paulsboro Refining Increased Its Group I Base Oils by 15 CPG Effective January 31 The prior week to the above, we announced price increases as follows: Group II - Motiva Increased Prices of Its Star 4 (110 SUS), Star 6 (220 SUS) and Its STAR 12 (600 SUS) by 10 CPG, Effective January 5 - Chevron Increased Prices of Its USGC 100R, 220R and 600R All by 12 CPG, Effective January 10 - Excel Paralubes Increased Posted Prices of (Phillips 66) Pure Performance 70N, 80N and 225N by 13 CPG, 110N by 16 CPG, and 600N by 12 CPG Effective January 12; Increased (FHR) 70-HC, 75-HC and 230-HC by 13 CPG, 100-HC by 16 CPG and 600-HC by 12 CPG - Calumet Increased All Group II Calpar Grades (80, 100, 150, 325) by 15 CPG, Effective January 19. Calpar 600 (Group I) Also to Increase by 15 CPG. No Increase to Calpar 2500 (PBS) - ExxonMobil increased the price of its Group I base oils by 15 CPG, except bright stock, which will remain unchanged. It will also increase its Group II and II+ base oils by 22 CPG, all effective January 26. Naphthenics - Ergon Increased Prices of All Viscosities of Naphthenic Oils in North American by 20 CPG, Effective January 12 - San Joaquin Refining Increased All Its Naphthenic Base Oil Prices by 20 CPG, Effective January 17 - Calumet Increased All Its Naphthenic Base Oil Prices by 20 CPG, Effective January 17 - Cross Oil Increased All Naphthenic Base Oil Prices by 20 CPG Effective January 18

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Major Oil Companies Report Improved 4Q Profits

Last week, Shell, ExxonMobil, Chevron and Phillips 66 reported fourth quarter and full year earnings. All posted increases in both fourth quarter and full year earnings. For the full year, ExxonMobil reported profits of $19.71 billion, its highest annual earnings since the start of an oil price slide in 2014, when it earned $32.52 billion. Last Thursday, Royal Dutch Shell reported that CCS earnings attributable to shareholders, excluding identified items, were $4.3 billion for the fourth quarter 2017, compared with 1.8 billion in the fourth quarter of 2016, up 140%, and $15.8 billion for the full year 2017 compared with 7.2 billion in 2016, up 119%. Income was $3.8 billion for the fourth quarter 2017, compared with $1.5 billion in the fourth quarter of 2016, up 147%, and $13.0 billion for the full year 2017 compared with $4.6 billion in 2016, up 184%. Upstream earnings were $1.65 billion for the fourth quarter 2017, compared with $0.54 billion in the fourth quarter of 2016 and $3.1 billion for the full year 2017 compared with a loss of $2.7 billion in 2016. Downstream earnings were $1.4 billion for the fourth quarter 2017, compared with $1.3 billion in the fourth quarter of 2016 and $9.1 billion for the full year 2017 compared with $7.2 billion in 2016. Chevron Corporation last Friday reported earnings of $3.111 billion for fourth quarter 2017, compared with $415 million in the 2016 fourth quarter. Included in the quarter were non-cash provisional tax benefits of $2.02 billion related to U.S. tax reform and a non-cash charge of $190 million related to a former mining asset. Foreign currency effects decreased earnings in the 2017 fourth quarter by $96 million. Full-year 2017 earnings were $9.915 billion compared with a loss of $497 million in 2016. Included in 2017 were non-cash provisional tax benefits of $2.02 billion related to U.S. tax reform, gains on asset sales of $1.44 billion, and impairments and other non-cash charges of $840 million. Foreign currency effects decreased earnings in 2017 by $446 million. Sales and other operating revenues in fourth quarter 2017 were $36 billion, compared to $30 billion in the year-ago period. Upstream earnings were $5,291 million for the fourth quarter compared to $930 million in last year's fourth quarter. Full year earnings were $8,150 million compared to a loss of $2,537 million in 2016. Downstream earnings were $1,279 million for the fourth quarter compared to $357 million in last year's fourth quarter. Full year earnings were $5,214 million compared to $3,435 million in 2016. U.S. downstream operations earned $1.20 billion in the fourth quarter 2017 compared with breakeven a year earlier. ExxonMobil last Friday reported fourth-quarter net income of $8.41 billion compared to $2.02 billion in the year-ago quarter. For the full year net income was $19.85 billion compared to $8.38 billion in 2016. ExxonMobil's fourth quarter revenues came in at $66.52 billion compared to $56.40 billion in similar quarter in 2016. For the full year 2017, revenues were $244.36 billion compared to $208.11 billion in 2016. For the full year, Exxon reported profits of $19.71 billion, its highest annual earnings since the start of an oil price slide in 2014, when it earned $32.52 billion. Full year 2016 profit was $7.84 billion. Cash flow from operations — a key metric of financial health in the oil industry — came in at $7.4 billion for the quarter, matching the year-earlier period. Fourth quarter earnings from Exxon's upstream segment rose $9 billion from a year earlier, from $8.352 billion in 2017 compared to a loss of $642 million in 2016. Upstream full year earnings rose $13.159 billion from a year earlier, from $13.355 billion in 2017 compared to $196 million in 2016. Fourth-quarter profits in Exxon's downstream sector also rose $323 million from a year earlier, to $1.564 billion this quarter compared to $1.241 billion in the similar quarter in 2016. For the full year, downstream earnings increased $1.396 billion from $5.597 billion in 2017 compared to $4.201 billion in 2016. The chemicals business earned $1.3 billion, up $398 million from a year earlier. Phillips 66 reported fourth-quarter 2017 earnings of $3.2 billion on revenue of $30,123 million, compared with the year-ago revenue of $23,668 million. Excluding special items, primarily a $2.7 billion benefit from U.S. tax reform, adjusted earnings were $548 million. Midstream segment posted quarterly income of $139 million, compared to $35 million in the year-ago quarter. The Chemicals segment reported earnings of $27 million as against $136 million in the year-earlier quarter. The Refining segment posted quarterly income of $371 million compared to a loss of $38 million in the prior-year quarter. This Marketing and Specialties segment recorded earnings of $123 million compared with $190 million in the year-ago quarter. BP is scheduled to report its most recent quarterly results tomorrow.

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BMW and Mercedes-Benz Join Other Carmakers in Offering Automotive Subscriptions

BMW and Mercedes-Benz appear to be joining the likes of Volvo, Porsche, Cadillac and Lincoln in offering automotive subscriptions that cover all of the fees required with car ownership or leasing under one payment. Mercedes-Benz and BMW last month said they are preparing to launch vehicle subscription pilots this year in the U.S. These automotive subscriptions offer customers a simplified payment structure and the flexibility to swap to a newer car sooner than a traditional lease or finance plan, or a higher-quality vehicle than a daily rental from the airport, says Automotive News. Subscription plans generally offer customers a vehicle to drive for a monthly fee that includes registration, taxes, insurance and maintenance, as well as pickup and delivery. Customers typically can switch among available vehicles based on their needs. BMW Group and Daimler, Mercedes' parent company, already run car-sharing firms. Mercedes has subscription pilots in other countries, including a Smart-branded program in Italy and a Mercedes-branded program in Germany. BMW most likely will test a subscription model this year in a U.S. market, BMW of North America CEO Bernhard Kuhnt said in an interview. "We are in the phase of looking at it and evaluating together with BMW Financial Services," Kuhnt said. "And if we are going to do it, we are going to pilot it first to learn more about it." BMW hasn't determined the details of its pilot, Kuhnt said. The company is in talks with organizations that have subscription experience to determine the best offer for consumers. Kuhnt said, "At the end of the day, the consumer is going to decide if that's something they want to do." Daimler's Mercedes unit will offer a pilot in an as-yet-unidentified U.S. market this year to help it figure out the potential. "I do believe these platforms have their benefits," Daimler AG CEO Dieter Zetsche said of subscription plans and other nontraditional ownership experiments. It "remains to be seen if any one of them will have a really profitable business in the long run." Porsche said that its Porsche Passport pilot in Atlanta, launched last October, is bringing new and younger customers to the brand at rates above its expectations. So far, 78 percent of members in Porsche Passport are not previous Porsche owners, Porsche Cars North America CEO Klaus Zellmer said. Volvo Cars released the details of Care by Volvo, a 24-month subscription service, to journalists. The pricing, which includes insurance, maintenance and concierge services, comes in well below competitive offerings from Cadillac and Porsche. "This is a national program, not a pilot or a test," Anders Gustafsson, CEO of Volvo Cars of North America, told Automotive News. "Everyone wants to simplify, and we handle and balance this all on our own books." Volvo introduced the service at the XC40 launch in September. The automaker said 2,000 people already have raised their hands to use the service, and customers can sign up to subscribe to the XC40 which hits dealership lots in March. The XC40's luxury trim, equipped with premium packages, will be available at a $600 monthly fee, and the R-Design sport trim, with premium packages, will be available for $700 a month. Subscribers will have the option to swap out vehicles 12 months into the 24-month service term. Cadillac introduced its Book by Cadillac service in January 2017, which now gives customers in New York, Los Angeles and Dallas access to its stable of vehicles for $1,800 a month. Book by Cadillac will give subscribers on-demand access to the latest Cadillac models. This enables members to have the flexibility to change cars as their needs changes, allowing them to get an SUV or crossover when they need utility or a high-performance vehicle for driving through scenic winding roads. Cars are delivered by a concierge to the location specified by the member and vehicles are also exchanged at that point should the member have another vehicle from the program. All vehicle maintenance work will also be performed by Cadillac. The monthly fee for Book by Cadillac is $1,500 per month, which includes registration, taxes, insurance and maintenance costs. Cadillac also notes the there's no mileage limit and that there's no long-term commitment required. Porsche Passport, introduced in October, offers Porsche vehicles to the Atlanta market for $2,000 or $3,000 a month. Porsche Passport will give members flexible access to Porsche's sports cars and other vehicles via a mobile app. Vehicle deliveries under the program will begin in November as part of a pilot in Atlanta where Porsche Cars North America Inc. is headquartered. The month-to-month subscription will give members the option of frequent vehicle exchanges, unrestricted mileage and on-demand access for up to 22 Porsche models. Membership cost will range from $2,000 to $3,000 a month. Porsche is partnering on the offering with Clutch Technologies of Atlanta, which already markets a subscription vehicle service in parts of the country.

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