

Our View: ExxonMobil's Fantasy Forecast of Global Energy Demand

Philip Verleger
August 28, 2023

Today, ExxonMobil issued its projection of long-term energy demand. It is an unrealistic fantasy forecast.

The problem with the projection begins with its lack of detail. Whereas BP issued a 100-page outlook in July 2023 that includes scenarios, detailed explanations of the forecast changes from 2022, and extensive references to outside sources, in this projection, Exxon merely tells the reader that “this is the Exxon view.” The approach might have worked fifty years ago when Exxon was considered an important source for analysis. Now, however, the absence of detailed support leads one to reject the forecast as just so much industry propaganda. (The figure on our home page compares the ridiculous Exxon and OPEC long-term forecasts to three scenarios developed by BP’s serious experts.

Actually, Exxon’s forecast is worse than propaganda. The data behind it are entirely different from the data used in other projections. Furthermore, Exxon obfuscates it by showing projections in quadrillion Btu when other forecasts use barrels per day or exajoules.

When converted to barrels per day, the history shown in the Exxon forecast does not match the data published elsewhere. For example, Exxon put 2020 global oil use at 163 quadrillion Btu. This works out to around 77 million barrels per day. BP’s extensive report puts 2019 demand at 98 million barrels per day, and the BP database shows 2020 consumption at 88 million barrels per day. The IEA puts 2020 use at 91.8 million barrels per day. The data confusion reminds me of the following pronouncement from the Nobel Prize-winning economist Lawrence Klein: “How about this set of random numbers?”

The Exxon report has more serious defects. According to a Bloomberg summary, Exxon asserted that “by 2050, there will be 2 billion more people on the planet, an increase of 25%, and rising living standards will fuel consumption for all types of energy.” The report also foresees an 85 percent rise in global GDP.

Exxon’s projected population rise ignores the increasingly severe impact of global warming on morbidity. Studies show that thousands died in Europe from heat-related maladies in 2022. The numbers will be higher in 2023. Starvation caused by crop failures tied to global warming will add to the mortalities, raising death rates in Africa and Asia.

And the summers of 2022 and 2023 were only the opening act of global warming. Exxon’s assumption regarding the increase in global population is a fantasy, as it is its projection of global energy use.

Forty years ago, Exxon was the world’s largest employer of PhDs and, at one point, had more MIT economists—considered among the best anywhere—than any academic department. Some of their reports are classics, even worthy of publication in academic journals, despite the taint that comes from the oil industry.

In 2023, Exxon does not employ an economist. One of the world’s foremost energy correspondents reported, “I met their alleged 'chief economist' after I insisted. He was not trained in economics.” The Exxon report shows the vacuousness of the company’s economics group and the firm’s intention to keep on destroying the world.