Economic indicators for the world economy for 2009 show, similarly to the previous year, that the economic environment is very volatile. Throughout 2009 the world economy shrunk by 0.8%, yet the specificity of that change was not uniform.

We could observe strong diversification of economic changes by geographical territory. On the one hand, the following key global economies recorded a significant drop in GDP: 2.4% for the USA, 5% for Japan, 4.2% for EU states, and 7.9% for Russia. On the other hand, economies of developing countries, including China (8.7%) and India (7%) grew by 2.1%.

Rate of GDP growth in the years 2009-2010

Source: inhouse study based on IMF data (January 2010), Eurostat (March 2010)

The global economy ended 2009 with a negative growth in GDP, however, the rate of that drop was smaller than it had been expected in 2008. Economic improvement, faster than estimated, was mainly noticeable in the second half of the year in the USA and EU states, which resulted in the forecast growth of the global economy (by 3.9%) in 2010, including the USA (2.7%) and the EU (0.7%).
The better evaluation and macroeconomic perspective of the end of 2009 may be threatened by a number of economic risks, including, but not limited to, increasing unemployment (EU states), withdrawal of emergency government programmes, and the significant disproportion of the rate of growth.

Poland – macroeconomic environment

In 2009, the Polish economy recorded sound economic results in comparison to other EU member states. The annual growth in GDP was 1.8% and increased quarter by quarter. Domestic demand decreased by 0.9%, however, individual consumption increased by 2.3% in comparison to 2008.
In 2009, total retail sales grew by 4.3%. Good domestic sales could be achieved owing to a relatively stable situation in the labour market. The registered unemployment rate grew by 2.4 pp to 11.9% and the level of salaries in the economy was higher than in the previous year.

Situation of the refinery sector

In 2009, this sector was mostly influenced by the global economic crisis which resulted in a decisive drop in demand for fuel, in particular diesel oil whose consumption is mainly determined by the economic standing of enterprises. Reduced demand had a negative impact on refinery margins which dropped to the smallest level for the first time ever since 2002.

Refinery margins (USD/bbl)

Source: International Energy Agency

The fall in global GDP directly contributed to the drop in demand for crude oil. This was mainly influenced by developed countries, while developing states recorded a growth in consumption. It is expected that in future developing states will have a bigger impact on the growth in consumption (Oil Market Report, February 2010, IEA). The market forecasts an average world demand for that raw material in 2009 of around 84.4 mb/d, i.e. by approximately 1.7% less than in 2008 (given the average estimated demand of 85.9 mb/d). While in the European market, the reported demand for crude oil was around 15.3 mb/d in 2009, in comparison to 16.1 mb/d in 2008. The rate of decrease in the consumption of the raw material in Europe was bigger than globally and reached 4.7%. It is important to note that, given the simultaneous drop in total demand, both global and European markets recorded a quarterly improvement in the consumption of the raw material (Own study based on OPEC data (Monthly Oil Market Report, February 2010), IEA (Oil Market Report, February 2010), EIA (Short-Term Energy Outlook, January 2010).

Demand for crude oil in 2009 (mb/d)

Source: own study based on EIA data, March 2010

Year 2009 was characterised by quarterly growths in oil prices since the average raw material price was up to almost 37% smaller than in the previous year and amounted to 62 USD/b. Such a growth was, on the one hand, determined by the weakening American dollar and, on the other hand, increasing demand as a result of improvement in the economic situation. Oil prices changed from slightly over USD 40 in January to almost USD 80 at the end of the year. Such a trend is one incentive for taking up investments in the area of crude oil exploration and exploitation.

International fuel market

(Market Report, January 2010, EIA (Short Term Energy Outlook, February 2010, Mid-Term Oil Market Outlook 2009-2014, JBC, October

2009)

It is estimated that in 2009 demand for oil refining products dropped by almost 1.8%. The biggest changes were recorded in the case of demand for air fuel JET (-5.3%) and light fuel oil (-4.9%). The global consumption of diesel oil, as initially estimated, decreased by 1.8%, while the consumption of petrols slightly increased. Such a global demand for fuels is an effect of the drop in demand in developed states

Fuel consumption in the world (thousand b/d)

Source: inhouse study based on JBC data, October 2009.

In the European market, the estimated drop in demand in 2009 was 3%, including a decrease in petrol consumption by 4%, JET fuel consumption by 4% and diesel oil consumption by almost 3%. Demand for diesel oil and air fuel is expected to increase.

Polish fuel market

(The data source is POPiHN)

The consumption of liquid fuels in Poland in 2009 was rapidly growing (by 5.3% in comparison to 2008) and amounted to almost 21.7 million m^3 of products.

Fuel consumption in Poland (thousand m^3)

Source: inhouse study based on POPiHN data.

In Poland, petrol cars are the most popular and constitute 65% of the market. Demand for petrol is determined by individual customers, for whom an important factor is still the balance between retail prices of petrol and alternative diesel oil. Compared to 2008, the domestic fuel market recorded a growth in petrol consumption by 4.8%. The volume of demand for that product reached the level from 2007. Taking into consideration market maturity, such fluctuations should be considered as excessive.

The number of cars with diesel engines is much smaller than cars with petrol engines. However, given their purpose, such vehicles generate high diesel oil consumption. The share of diesel cars in the domestic market has been systematically increasing both globally and in the segment of passenger cars. The last year was another period in which the consumption of diesel oil in Poland increased. The growth in demand for that product was bigger than the rate of growth of the total fuel market and reached 6.4% in comparison to 4.3% in 2008. It is estimated that the growing trend in diesel oil consumption will be maintained in the nearest years, which should be supported by the development of road transport and diesel engine technologies. In accordance with world trends, the Polish fuel producers maximise the production of medium fractions, therefore they will be able to supply the market with domestic products to a much bigger extent.

In 2009 the sale of air fuel dropped by 5% and amounted to 0.5 million m^3. The domestic consumption of this product resulted from the worse economic situation in Poland and in the world. Compared to the previous year, Polish airports served 8.2% less passengers and the number of paxes (number of departures and landings of aircrafts) decreased by 7.7%. Such a situation was a consequence of the global fall of passenger transport (by 2.9% in comparison to 2008) and cargo transport (by 11.1%). Air fuel is a product that is particularly sensitive to economic changes, therefore demand may grow significantly if macroeconomic conditions improve. In 2009, monopoly in the Polish air fuel market was broken – the subsidiary, LOTOS Tank, launched its own fuel base in the Gdańsk airport Rębiechowo.

In 2009, domestic sales of LPG amounted to over 3.9 million m^3 and was 6.1% smaller than in 2008. This was another year in which the consumption of that fuel dropped in spite of the growth in the number of vehicles equipped with a gas system. The growth in the number of cars run on LPG does not translate, however, into the growth of fuel sales since newer vehicle models consume less fuel. At the same time, older vehicles with gas installations are being scrapped. The shape of the LPG market shows that it is mature which means that product consumption should not change significantly in the following years.

In 2009, similarly to previous years, the consumption of light fuel oil decreased. However, that drop was smaller than in 2008, when it reached almost 15%. The consumption of that fuel in 2009 was 1.4 million m^3 and was 2.9% less than in the previous year. Smaller demand for the product results mainly from the growth in the importance of other energy sources whose prices are relatively small.

Situation in the retail fuel market in Poland

In 2009, Poland continued actions aiming at the segmentation of the retail market of fuels and the adjustment of its offer to customer expectations. Market segmentation consisted of the visible separation of premium and economic stations. The Polish petrol station chains were streamlined mainly by way of the termination of patronage agreements. Particular activities are observed in the field of motorway petrol stations (Traveller Service Stations), where premium stations are located. As a part of the development of the motorway network in Poland, the General Directorate for National Roads and Motorways planned to fix around 100 Traveller Service Stations by 2015. However, the activity of fuel distributors in the economic sector, i.e. the sector of retail customers that are most sensitive to product prices, decreased noticeably. Although the price of fuel influences the choice of a station, customers mainly take into account a location criterion. In addition, still a small percentage of users declares that they use self-service stations (3% of customers use such stations regularly, 19% use them occasionally; 78% do not use them at all, source: Moto Scan 2009, Petrol Stations. December 2009).

At the end of 2009, the number of stations in Poland included over 6,700 facilities and was by 138 sales points bigger than in the previous year. Changes in the retail market of petrol stations in Poland may be defined in three basic areas:

- the drop in the number of stations and the reorganisation of the domestic sales network of petrol producers,
- the growth in the number of stations owned by foreign concerns,
- the permanent drop in the number of independent petrol station operators.

The number of petrol stations in Poland

Source: inhouse study based on POPiHN data.