

# Upstream Spending and Industry Trends

Industry-leading analysis and outlooks on demand, supply and costs at the market segment level.



Costs and Supply Chain

---

**S&P Global**  
Commodity Insights



Build the oil and gas industry's most comprehensive view of spending and industry trends into your organization's market intelligence for strategic sourcing, project investment and business development decisions

- **Global Upstream Spending**
- **North America Upstream Spending**
- **Global Upstream Industry Trends**
- **Regional Upstream Industry Trends**
- **Energy Sector Capex Spending**

# Upstream Spending and Industry Trends reports

Our Costs and Supply Chain team gathers industry-leading analysis and outlooks on demand, supply and costs at the market segment level. These overarching reports draw together these insights into an upstream sector overview, providing a comprehensive and detailed picture of upstream spending and industry trends:

## **What questions does this detailed sector overview answer?**

- How much money is being spent in the upstream industry, where, and on what?
- What is driving demand for upstream services and equipment?
- Where are the supply constraints and growth opportunities?

## **Who will benefit from these reports?**

- Market intelligence and strategic sourcing teams at E&P operators
- Market intelligence, strategic planning and business development teams at service sector companies and equipment manufacturers
- Investors and other stakeholders in the upstream project sector



# What do the Spending reports cover?

How much money will be spent in the oil and gas markets this year? Every day, stakeholders across the upstream value chain have to make crucial investment decisions in an uncertain and ever-changing market environment.

In response to this challenge, the Spending reports bring together analysis from across S&P Global Commodity Insights to provide the most comprehensive view available of spending trends within the oil and gas industry.

Delivered quarterly, the Spending reports are designed to support the strategic planning efforts of oil and gas companies, their suppliers, and investors in the upstream industry.

It provides historical overviews and an outlook for capital and operating expenditures. Five-year projections are built on a project-by-project basis that leverages the Upstream Capital Costs and Operating Costs Indexes and the Costs and Supply Chain team's quantitative analysis of service category demand across the oil and gas industry.

The Spending reports use a bottom-up approach to modeling demand in the oil and gas industry. This methodology builds on the onshore and offshore project databases developed across the S&P Global Commodity Insights portfolio of research and analysis services, utilizing hundreds of project entries. This places S&P Global Commodity Insights in a unique position to fully forecast industry spending trends globally using a bottom-up, project-by-project approach.

Scope of report						
	Exploration	Development		Installation	Operations	Abandonment
Onshore	Seismic	FEED	Conventional	Onshore Pipelay	Operations	Decommissioning
			Unconventional		Maintenance	
			LNG		Logistics	
			Rigs/Drilling		Well Services	
			Well Services			
Offshore	Seismic	FEED	Subsea Prod. Systems	Offshore Pipelay	Operations	Decommissioning
			Topsides	Offshore Pipelay Installation (ROVSV/DSV)	Maintenance	
			FPSO/FSO	Offshore Heavy Lift	Logistics	
			Jackets			
			Floaters (Semis, TLPs, Spars)			
			FLNG			
			Rigs/Drilling	Well Services	Well Services	
			Well Services			
			Equipment/Bulk			Rotating Equipment
Heat Exchaners/Vessels & Tanks	Line Pipe					
Labour			Construction Labour			
			Engineering			



# The Global Upstream Spending report enables clients to:



Understand where, and on what the money is being spent



Gain an overview on spending under current economic conditions, and economic outlooks



Identify which market segments and geographical areas show the most growth and provide the best opportunities for investment

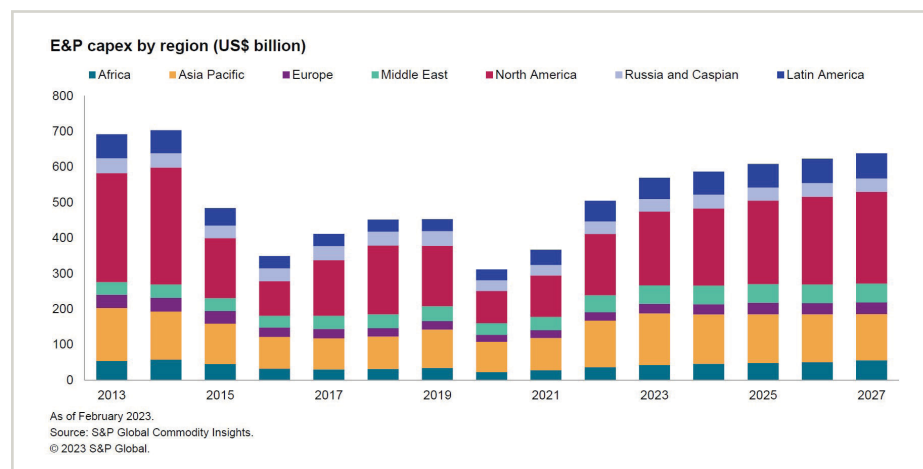


Understand projections that help them plan sales and revenues



Receive a detailed, ground-up, objective, third-party view to check against their forecasts

## Sample charts from the report:



Opex by region																
\$ billion		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Africa		50.1	48.3	40.3	38.6	43.0	44.2	46.0	35.6	41.0	46.1	47.6	48.6	49.2	52.1	54.3
Asia-Pacific		67.0	68.4	59.9	59.2	63.1	63.3	66.8	60.4	66.8	73.9	77.1	79.0	81.8	84.6	87.1
Europe		50.7	50.9	44.4	43.8	46.2	45.3	44.4	40.7	45.0	51.1	54.5	53.9	55.8	56.7	58.7
Middle East		96.9	98.9	87.2	87.1	92.3	94.1	90.7	79.7	88.0	108.8	119.1	122.2	126.0	132.4	138.4
North America		130.8	138.8	122.2	114.9	123.9	137.0	145.7	131.2	144.9	171.1	188.2	195.0	205.5	218.4	230.5
Russia and Caspian		67.6	66.4	56.8	55.8	60.4	62.3	63.2	55.3	61.9	65.4	69.7	72.2	77.0	80.1	83.1
Latin America		48.1	50.4	42.6	40.4	41.1	38.5	36.1	33.2	36.3	42.7	46.9	49.1	52.7	56.8	60.6
Total		511.3	522.2	453.4	439.8	470.1	484.7	492.9	436.2	484.0	559.0	603.0	620.2	648.0	681.0	712.6

As of February 2023.  
Source: S&P Global Commodity Insights.  
© 2023 S&P Global.



# What does the North American Upstream Spending report cover?

How will CAPEX and OPEX fare in the North American upstream sector this year? Where will money be spent – in which regions and which market segments?

North America has developed into an important and dynamic region for upstream project investment, and it is likely to be a key swing market in the current low oil price environment. Players across the value chain who are active in the region make daily investment decisions in this uncertain environment. For those who have no direct involvement in the North American upstream market and industry, its size and dynamics ensure it remains crucial to understanding both global E&P spending and future oil and gas supply.

The quarterly report brings a regional focus on Canada and the United States and particularly highlights unconventional spending.

Drawing on analysis from across S&P Global Commodity Insights, the quarterly report delivers a complete overview of conventional and unconventional upstream spending and a detailed breakdown by play and spending categories. It identifies key drivers and growth segments, and provides a 5-year outlook on upstream oil and gas spending in North America.

## **The North American Upstream Spending report answers these key questions:**

- To what extent will future spending growth be driven by cost inflation?
- What is the «real» spending growth over the forecast period (discounting the impact of cost inflation)?
- What are the main cost drivers for conventional and unconventional activities, and how are costs set to evolve?

## **It enables clients to gain a detailed understanding of:**

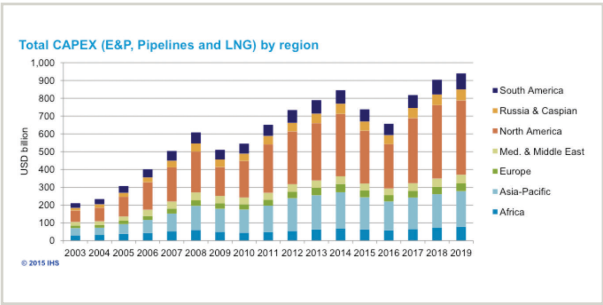
- How much money is being spent in the upstream industry, where, and on what?
- What is driving demand for upstream services and equipment?
- Where are the supply constraints and growth opportunities?

The North American Upstream Spending report uses a bottom-up approach to modeling demand in the oil and gas industry similar to that used by the Global Upstream Spending report.

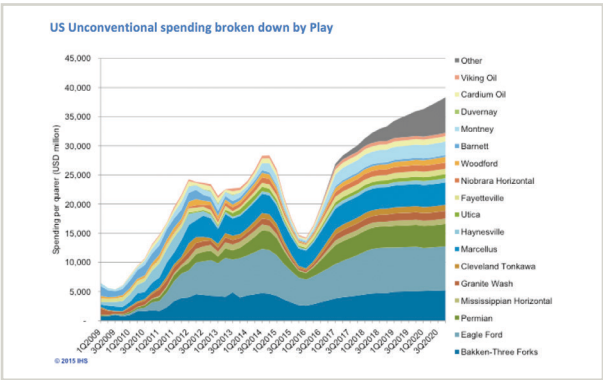




Sample charts from North American Upstream Spending report:



How is North American upstream spending set to evolve in absolute terms and relative to the global industry?



Where is North American upstream spending distributed geographically?

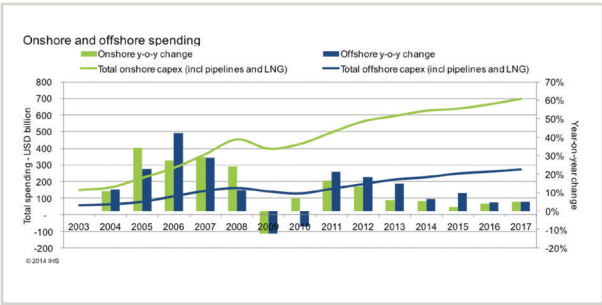
**Figure 7 1: Major bulks/equipment categories – spending by type**

USD billion	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Rotating equipment	2.5	3.2	4.1	4.9	3.9	4.6	5.7	5.9	6.4	6.9	6.0	5.3	6.7	7.4
Vessels and tanks	1.4	2.0	2.6	3.2	2.2	2.9	4.0	4.3	4.6	5.1	4.2	3.7	4.8	5.3
Heat exchangers	0.4	0.5	0.8	1.1	0.8	0.7	0.8	0.8	0.9	1.1	1.5	1.4	1.5	1.3
Instrumentation	1.4	2.0	2.5	2.9	2.0	2.6	3.5	3.8	4.1	4.5	3.7	3.3	4.2	4.7
Electrical bulks	0.7	0.9	1.2	1.4	1.0	1.2	1.6	1.8	1.9	2.1	1.7	1.5	2.0	2.2
<b>Total</b>	<b>6.4</b>	<b>8.8</b>	<b>11.1</b>	<b>13.5</b>	<b>9.9</b>	<b>12.1</b>	<b>15.6</b>	<b>16.5</b>	<b>18.0</b>	<b>19.7</b>	<b>17.1</b>	<b>15.1</b>	<b>19.2</b>	<b>20.9</b>

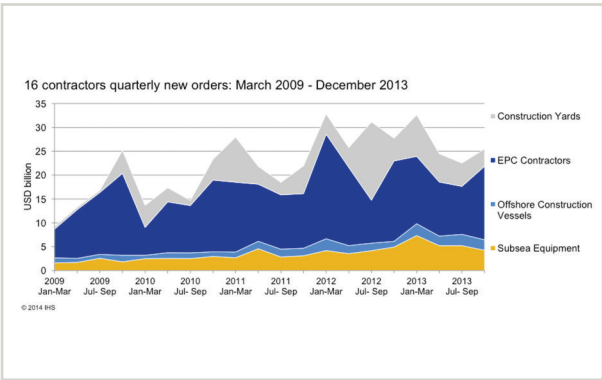
© 2015 IHS

Which market segments are driving North American upstream spending?

Sample charts from Industry Trends report:



Are new project sanctions increasing or slowing down? What will be key areas of Operator focus? How will service providers respond?



How are service vendor markets evolving? What areas are growing or shrinking? What areas are Operators spending the most money in?

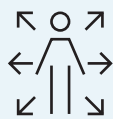
Total onshore upstream spending (USD billion)																
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	CAGR 2013-17
Drilling and Well Services	51	59	79	110	137	168	124	146	189	233	239	239	249	257	268	3%
Other Field Development	62	69	104	128	170	215	207	220	246	265	281	295	299	319	337	5%
Pipelines	31	29	31	37	46	57	54	51	51	52	60	74	70	67	71	4%
LNG infrastructure	5	7	9	7	12	14	14	9	10	13	15	18	20	22	22	10%
<b>Total</b>	<b>149</b>	<b>165</b>	<b>222</b>	<b>283</b>	<b>365</b>	<b>453</b>	<b>398</b>	<b>426</b>	<b>496</b>	<b>562</b>	<b>594</b>	<b>626</b>	<b>639</b>	<b>665</b>	<b>698</b>	4%

Source: IHS

How will upstream spending change over the next three years and which categories will be affected most?



# What does the Industry Trends report cover?



What is driving upstream supplier activity



Are investments in supplier capacity meeting demand from upstream operators



What is the status of order intake and project backlog

Upstream operators sourcing services and equipment, as well as service sector companies developing their market strategy, need an informed and comprehensive overview of the supplier/contractor markets to the upstream oil and gas industry. The Industry Trends report brings together the principal trends from 40+ Upstream Market Segments covered by the Costs and Supply Chain team to help clients gain an understanding of key drivers across the industry as well as insights into industry directions.

Delivered 2 times a year, the Industry Trends report considers common threads - historical, present, and future – as well as any significant divergences within the

supplier/contractor industry. To facilitate comparison between markets, industry trends are analysed separately for onshore and offshore expenditure.

The suppliers/contractors are covered through the onshore, offshore, capital equipment/bulks and services sectors. Demand trends are analysed and compared by tracking contract awards, project decisions and spending data. Supply capacity is evaluated in terms of workforce, rig and vessel fleets, fabrication yard capacity, and order backlogs. The report looks at the supply and demand balance to draw conclusions about bargaining power and margins, market structure and supplier strategies.

## The scope of the Industry Trends report:





## The Industry Trends report enables clients to:



Identify upcoming projects and future growth markets



Track performance and projects of key competitors



Understand future demand requirements and the current supply base



Foresee opportunities and constraints in the supply chain

### Access to experts

Our 650+ energy analysts serve a client base comprised of virtually every major energy company, top institutional and investment managers and the world's leading commercial and investment banks. This diversity allows our analysts the opportunity to bring multiple views together and develop unique insights on the energy sector. Analysts are available exclusively to our clients to discuss and share their research.

#### REST API

Connect directly to the data in your subscriptions and pull data into your analytical tools, internal databases, or 3rd party applications.

**Connect®** brings together our industry analysis, in-depth market research, technical information and forecasts with robust analytic capabilities transforming complex, multi-dimensional information and analysis into actionable insights.

### Related Products:

#### Oilfield Equipment and Services subscriptions:

- Subsea and Capital Equipment
- Rig Markets
- Offshore Services and Vessels
- Onshore Services and Materials
- Offshore Decommissioning

#### Costs and Expenditure subscriptions:

- Global Upstream Costs and Expenditures (Upstream Capital and Operating Costs Service)
- Upstream Innovation Index
- Latin America Costs and Supply Chain
- North American Costs and Expenditure

#### Other Upstream Insight subscriptions:

- Companies and Transactions
- Commercial Plays and Basins
- E&P Terms and Above-Ground Risk
- Upstream Transformation Service

### CONTACT US

ci.support@spglobal.com

#### The Americas

+1 800 447 2273

#### EMEA

+44 1344 328 300

#### Asia-Pacific

+604 291 3600

#### Japan

+81 3 6262 1887

Copyright © 2023 by S&P Global Commodity Insights, a division of S&P Global Inc. All rights reserved. No content, including by framing or similar means, may be reproduced or distributed without the prior written permission of S&P Global Commodity Insights or its affiliates. The content is provided on an "as is" basis.

[spglobal.com/commodityinsights](https://spglobal.com/commodityinsights)

CI-US-2660000