

OPEC June crude oil output 32.49 mil b/d, up 220,000 b/d from May: Platts survey

Platts.com, 6th July 2017

- OPEC almost 600,000 b/d above ceiling, with Equatorial Guinea
- Rises in Libya, Nigeria, Saudi Arabia more than offset Venezuela drop
- Saudi output 9.97 mil b/d; Iran at 3.8 mil b/d
- Libya, Nigeria combined Jan-Jun average 380,000 b/d above Oct

OPEC's crude oil production has risen 500,000 b/d in the last two months, as the continued recoveries of Nigeria and Libya pushed the bloc's output to 32.49 million b/d, according to the latest S&P Global Platts OPEC survey released July 6.

The June output figure, an increase of 220,000 b/d from May, is a six-month high for the organization, complicating its efforts to hasten the oil market's rebalancing through production cuts that went into force January 1.

The production rises in Libya and Nigeria, which were exempted from the agreement as they recovered from militancy, have sent the organization's collective output almost 600,000 b/d above its stated ceiling of around 31.9 million b/d when new member Equatorial Guinea is added in and suspended member Indonesia is subtracted.

This comes even as compliance among OPEC's 12 countries with quotas under the agreement remains robust at 116%, according to an average of January through June production, as seven countries led by largest member Saudi Arabia have cut more than required.

Saudi Arabia saw its output rise in the month to 9.97 million b/d, according to the survey, as the kingdom's crude exports rose significantly and the onset of summer drove domestic consumption of oil to power air conditioning.

But that is still far below its quota under the deal of 10.06 million b/d.

Second largest member Iraq grew production slightly to 4.45 million b/d, remaining the least compliant country in terms of output above its quota, which is 4.35 million b/d.

Iran, OPEC's third largest producer, also saw a slight increase in output to 3.8 million b/d, right at its quota under the deal.

Venezuela saw the largest decrease in the month, with production falling 30,000 b/d to 1.91 million b/d, the survey found, as the country's economic crisis continued to worsen, with various refinery units and heavy crude upgraders being shut down and extra heavy crude production being shut in.

New member Equatorial Guinea produced 140,000 b/d in June, down from 150,000 b/d in May, according to the survey.

Diplomatically isolated Qatar, meanwhile, has yet to see any impact to production from the economic blockade imposed by Persian Gulf neighbors Saudi Arabia, the UAE, Bahrain and Oman, with output remaining steady at 610,000 b/d.

EXEMPTION APPREHENSION

Libya's production, boosted by the return of several fields that had been shut in by civil strife, rose 80,000 b/d on the month to average 810,000 b/d, its highest level since October 2014, when output averaged at 860,000 b/d, according to Platts survey data.

Nigeria's output, meanwhile, rose 50,000 b/d to 1.78 million b/d, the highest since January 2016, as key export grade Forcados returned from force majeure, more than offsetting the force majeure declared June 8 on Bonny Light exports, as well as unplanned maintenance on the Bonga **OPEC June crude oil output 32.49 mil b/d, up 220,000 b/d from May: Platts survey**

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The combined output of Libya and Nigeria is now about 380,000 b/d above their October level, the benchmark month from which OPEC based its 1.2 million b/d cut in its output agreement.

Further recoveries appear likely, as militancy has quieted in both countries for the moment. Analysts have said that if the two countries' gains prove sustainable, they may need to be brought into the fold if other OPEC members do not wish to see their cuts undermined.

The deal, which also includes 10 non-OPEC countries led by Russia that agreed to a collective 558,000 b/d cut, was recently extended to March 2018.

A monitoring committee composed of ministers from Kuwait, Russia, Algeria, Venezuela and Oman are scheduled to meet July 22-24 in St. Petersburg, Russia, to discuss market conditions.

The Platts estimates were obtained by surveying OPEC and oil industry officials, traders and analysts, as well as reviewing proprietary shipping data.
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