

OPEC June crude oil output rises 90,000 b/d from May to 31.99 mil b/d: PLATTS SURVEY

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- **Libya turmoil sees output plummet 250,000 b/d**
 - **Angola continues slide to 20-month low**
- **Venezuela posts 610,000 b/d year-on-year drop**
- **Iran falls to 3.8 mil b/d, Iraq rises to 4.54 mil b/d**

Saudi Arabia lifted production in June to an 18-month high, but that was barely enough to move the needle for OPEC as a whole, as the kingdom's gains were largely offset by turmoil in Libya and continued declines in Venezuela and Angola, according to the latest S&P Global Platts OPEC survey.

OPEC produced 31.99 million b/d in June, according to the survey of industry officials, analysts and shipping data, a 90,000 b/d increase from May. This does not include the Republic of Congo, which became OPEC's 15th member on June 22 and will be included in the Platts survey beginning next month. The June figure is 740,000 b/d below OPEC's nominal ceiling of 32.73 million b/d, when every country's quota under the OPEC/non-OPEC production cut deal is added up.

OPEC and its 10 non-OPEC partners on June 23 agreed to raise output by a collective 1 million b/d by reducing overcompliance with their committed cuts, but left unsettled how the extra barrels are to be divvied out.

Saudi Arabia, OPEC's largest producer, has said that countries with spare capacity -- largely the bloc's Gulf members -- would take on the increase, a position opposed by Iran, which has said the deal still binds countries to their individual quotas.

Saudi Arabia produced 10.39 million b/d in June, the survey found, up from 10.01 million b/d in May and far above its quota of 10.06 million b/d. This is the highest since December 2016, the month before the production cut agreement went into force.

The kingdom has signaled its intention to produce up to 11 million b/d in July to meet market shortages.

Iraq, OPEC's second-largest producer, also increased production to the highest since December 2016, by 70,000 b/d in the month to 4.54 million b/d, according to the survey. Exports from both the country's southern port of Basra and the Turkish port of Ceyhan showed rises, and fields in Kirkuk saw production gains.

Iran's production, meanwhile, dropped to 3.80 million b/d in June, the survey found. The country faces the snapback of US sanctions on November 4, which analysts say could shut in more than 1 million b/d of Iranian crude production by the end of the year.

PRODUCTION DISRUPTIONS

Libya saw its output crash to 700,000 b/d in June, down from 950,000 b/d in May, as a militia called the Libyan National Army occupied and blockaded the country's eastern crude export terminals starting mid-month. With ships unable to load at the ports and storage tanks full, production at the fields feeding them has been halted.

Production in the conflict-torn country had stabilized in the last eight months at near 1 million b/d, before the latest disruption. Angola, meanwhile, continues to see its production slide due to field depletion, with June output coming in at 1.45 million b/d, according to the survey. That is the lowest since October 2016. But the African country has hopes for a rebound later this summer, with the Kaombo field expected to come online in August. Venezuela's steep decline shows no signs of ending, its June output dropping 60,000 b/d to 1.30 million b/d, the lowest in the history of the Platts OPEC survey, except for December 2002 and January 2003, when an industry strike severely curtailed production. The country, which is suffering from crushing debt, hyperinflation, labor troubles and crumbling oil infrastructure, has been the leading contributor -- albeit unwillingly -- to OPEC's overcompliance with its committed cuts, which has tightened the market faster than many observers had anticipated when the deal began in January 2017.

Compliance among the 12 members of OPEC with quotas under the production agreement stood at 129% for June and 123% since the deal began in January 2017. Libya and Nigeria were given a loose combined cap of 2.8 million b/d for 2018.

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

OPEC GUIDE

OPEC production (in million b/d)

Member	June	Change	May	April
Algeria	1.06	0.01	1.05	1.01
Angola	1.45	-0.07	1.52	1.53
Ecuador	0.52	0.00	0.52	0.52
Equatorial Guinea	0.13	0.00	0.13	0.13
Gabon	0.18	0.02	0.16	0.18
Iran	3.80	-0.03	3.83	3.83
Iraq	4.54	0.07	4.47	4.42
Kuwait	2.71	0.01	2.70	2.71
Libya	0.70	-0.25	0.95	0.97
Nigeria	1.72	-0.01	1.73	1.88
Qatar	0.61	0.01	0.60	0.59
Saudi Arabia	10.39	0.38	10.01	9.95
UAE	2.88	0.01	2.87	2.87
Venezuela	1.30	-0.06	1.36	1.41
TOTAL	31.99	0.09	31.90	32.00

OPEC production vs. cut allocations (in million b/d)

Country	June	Allocation	Over/Under
Algeria	1.06	1.04	0.02
Angola	1.45	1.67	-0.22
Ecuador	0.52	0.52	0
Equatorial Guinea	0.13	0.13	0
Gabon	0.18	0.19	-0.01
Iran	3.80	3.80	0
Iraq	4.54	4.35	0.19
Kuwait	2.71	2.71	0
Libya*	0.70	1.00	-0.30
Nigeria*	1.72	1.80	-0.08
Qatar	0.61	0.62	-0.01
Saudi Arabia	10.39	10.06	0.33
UAE	2.88	2.87	0.01
Venezuela	1.30	1.97	-0.66
TOTAL	31.99	32.73	-0.74

* Libya and Nigeria were given a combined 2.80 million b/d cap, near their presumptive maximum sustained production capacities of 1.00 million b/d and 1.80 million b/d, respectively.

Notes:

On June 23, OPEC and 10 non-OPEC producers agreed to boost output by a combined 1 million b/d by reducing overcompliance with production cuts but left unsettled how that will be apportioned. Indonesia suspended its OPEC membership in November 2016. The estimate for Iraq includes volumes from semi-autonomous Iraqi Kurdistan. Equatorial Guinea became OPEC's smallest oil producer in May 2017, when its application to join the bloc was approved. The Republic of Congo joined OPEC in June 2018, becoming the organization's 15th member. Its production will be included in the Platts survey starting with July.

The next OPEC meeting is December 3.

S&P Global Platts OPEC survey methodology

Since 1988, S&P Global Platts has published a monthly survey tracking OPEC crude oil production by country. The estimates are obtained through a review of proprietary shipping data, news reportage and surveys of knowledgeable sources.

Data reviewed include loading programs, export statistics and tanker tracking via Platts cFlow. Sources interviewed for the survey include national oil company or ministry officials; analysts at international agencies, think tanks, consultancies and banks; and traders. The sources remain confidential and are interviewed by a team of Platts oil news reporters -- typically led by Herman Wang, Platts OPEC correspondent, and Eklavya Gupta, Platts senior editor for Europe and Africa news.

The survey is typically published between the 5th and 10th of each month, and it measures oil output -- excluding condensates and NGLs.