

OPEC compliance 110% in Sept. for 12 members with quotas: PLATTS SURVEY

BY HERMAN WANG, EKLAVYA GUPTA, S&P GLOBAL PLATTS

- **OPEC, allies surpass targeted 1 million b/d increase**
- **Saudi Arabia raises output by 110,000 b/d in September**
 - **Iran drops 100,000 b/d as customers flee**
- **Libya pumps most since June 2013 as militancy eases**

OPEC's 15 countries boosted crude oil output in September to 33.07 million b/d, a 180,000 b/d rise from August, according to an S&P Global Platts survey of analysts, industry officials and shipping data released Friday, as the producer group seeks to instill confidence in its ability to keep the market well-supplied.

That is the most OPEC has pumped since July 2017, if the Republic of Congo, which joined the organization in June, is not included. The survey indicates that OPEC and its 10 non-OPEC partners, led by Russia, have surpassed their stated aim of raising production by a combined 1 million b/d from May levels. OPEC's September output was 850,000 b/d above where it was in May, not including Congo, according to Platts survey data, while Russia on Tuesday reported a record high in its September output of 11.356 million b/d, up 390,000 b/d from May.

OPEC has been under fire by the US for not pumping more to bring down oil prices, which have hit four-year highs in recent days over apprehension that the producer bloc would be unable or unwilling to make up for expected output losses from sanctions-hit Iran and economically careening Venezuela.

Platts reported Wednesday that the US State Department accused OPEC of withholding some 1.42 million b/d of spare capacity from the market, a charge denied by Saudi energy minister Khalid al-Falih, who said at the Russia Energy Week forum Thursday that there was adequate supply and that the price rise was due to geopolitics and speculators.

Indeed, Saudi Arabia, OPEC's largest producer and the world's largest crude exporter, pumped 10.60 million b/d in September, according to the Platts survey, a 110,000 b/d increase from August.

That more than offset Iran's 100,000 b/d month-on-month decline to 3.50 million b/d in September, while Venezuelan production held steady at 1.22 million b/d, the survey found.

But many analysts expect Iran, whose exports are plummeting as its customers cut their purchases, to lose a further 1 million b/d or more after the sanctions go into effect November 5, and Venezuelan production to fall below 1 million b/d by year's end.

Iranian production is down 330,000 b/d since May, while Venezuela is down 140,000 b/d, according to the Platts survey.

Falih, who said Saudi Arabia's October production is expected to average 10.7 million b/d, said the kingdom was capable of pumping 1.3 million b/d above that, if there was the market demand to justify it. Saudi Arabia holds the bulk of global spare capacity.

An OPEC/non-OPEC monitoring committee is scheduled to meet November 11 in Abu Dhabi to assess market conditions and determine next steps. The next full OPEC meeting, when any policy change would be decided, is December 6 in Vienna.

COMPLIANCE COMING DOWN

Libya tied with Saudi Arabia for the biggest monthly gain, with its output rising to 1.05 million b/d, as militancy around its oil facilities quieted, according to the Platts survey. That is the violence-torn country's highest production level in more than five years.

Angola also showed a significant gain, with production rising 50,000 b/d in September to 1.51 million b/d, due to the ramp up of the Kaombo offshore field. The UAE (3.01 million b/d) and Kuwait (2.82 million b/d) pumped their most since December 2016, the survey found. OPEC's second largest producer Iraq saw a 30,000 b/d month-on-month fall to 4.65 million b/d, as its crude exports saw a slight dip, according to the survey.

In all, the 12 OPEC members with quotas brought compliance down to 110%, from 115% in August, as the bloc intends to end overcompliance with cuts that have been in force since January 2017 under its plan to boost production by 1 million b/d. Libya and Nigeria were exempted from the cuts, while Congo was never given a quota. ■

OPEC GUIDE OPEC CRUDE OIL OUTPUT

| OPEC PRODUCTION (IN MILLION B/D) | | | |
|----------------------------------|-------|-------|--------|
| COUNTRY | SEP | AUG | CHANGE |
| Algeria | 1.06 | 1.06 | 0 |
| Angola | 1.51 | 1.46 | +0.05 |
| Congo | 0.32 | 0.32 | 0 |
| Ecuador | 0.54 | 0.53 | +0.01 |
| Equatorial Guinea | 0.11 | 0.13 | -0.02 |
| Gabon | 0.18 | 0.20 | -0.20 |
| Iran | 3.50 | 3.60 | -0.10 |
| Iraq | 4.65 | 4.68 | -0.03 |
| Kuwait | 2.82 | 2.80 | +0.02 |
| Libya | 1.05 | 0.94 | +0.11 |
| Nigeria | 1.88 | 1.87 | +0.01 |
| Qatar | 0.62 | 0.62 | 0 |
| Saudi Arabia | 10.60 | 10.49 | +0.11 |
| UAE | 3.01 | 2.97 | +0.04 |
| Venezuela | 1.22 | 1.22 | 0 |
| TOTAL | 33.07 | 32.89 | +0.18 |

| OPEC PRODUCTION VERSUS ALLOCATIONS (IN MILLION B/D) | | | |
|---|-------|------------|------------|
| COUNTRY | SEP | ALLOCATION | OVER/UNDER |
| Algeria | 1.06 | 1.04 | +0.02 |
| Angola | 1.51 | 1.67 | -0.16 |
| Congo* | 0.32 | n/a | n/a |
| Ecuador | 0.54 | 0.52 | +0.02 |
| Equatorial Guinea | 0.11 | 0.13 | -0.02 |
| Gabon | 0.18 | 0.19 | -0.01 |
| Iran | 3.50 | 3.80 | -0.30 |
| Iraq | 4.65 | 4.35 | +0.30 |
| Kuwait | 2.82 | 2.71 | +0.09 |
| Libya** | 1.05 | 1.00 | +0.05 |
| Nigeria** | 1.88 | 1.80 | +0.08 |
| Qatar | 0.62 | 0.62 | 0 |
| Saudi Arabia | 10.60 | 10.06 | +0.54 |
| UAE | 3.01 | 2.87 | +0.14 |
| Venezuela | 1.22 | 1.97 | -0.75 |
| TOTAL*** | 33.07 | 32.73 | +0.34 |

* Congo has not been given an allocation

** Libya and Nigeria were given an unofficial 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

*** Total allocation does not include Congo

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.

The estimate for Iraq includes volumes from semi-autonomous Iraqi Kurdistan.

The Republic of Congo joined OPEC in June 2018, becoming the organization's 15th member.