

# OPEC MAY CRUDE OIL OUTPUT SLIDES TO 13-MONTH LOW OF 31.90 MIL B/D: PLATTS SURVEY

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- **No impact on Iran output seen yet from sanctions**
  - Nigeria beset by key pipeline outages
- **Saudi Arabia tops 10 mil b/d for first time since Oct**
  - Angola crude production hits 19-month low
- **Venezuela posts 580,000 b/d year-on-year drop**

As OPEC prepares to meet in Vienna to decide whether to loosen the taps, its crude production in May slid for the fourth straight month to 31.90 million b/d, the lowest in over a year, according to the latest S&P Global Platts survey of industry officials, analysts and shipping data. The 14-country bloc produced 32.00 million b/d in April, a 140,000 b/d drop from March, according to the survey. The April figure is about 730,000 b/d below OPEC's notional ceiling of about 32.73 million b/d, when every country's quota under its production cut agreement is added up. Outages due to the troubles in Nigeria and Venezuela's oil industries more than offset higher output from Saudi Arabia, Iraq and Algeria, the survey found, as May production fell 100,000 b/d from the previous month. OPEC output was last lower in April 2017 at 31.85 million b/d, the last month before West African producer Equatorial Guinea became its newest member.

The 14-country bloc's next meeting is June 22, when ministers will gather in the Austrian capital amid speculation that Saudi Arabia may push for more flexibility on production quotas in anticipation of sustained declines in Venezuela and the impact of US sanctions on Iran. Recent price rises have also drawn the ire of the US, a key Saudi ally. OPEC is committed, along with 10 non-OPEC producers including Russia, to a 1.8 million b/d cut agreement that is scheduled to run through the end of 2018. The May figure is about 830,000 b/d below OPEC's notional ceiling of about 32.73 million b/d, when every member's quota under the deal is added up.

Nigeria's production plunged 150,000 b/d in the month to 1.73 million b/d, a one-year low, according to the survey. Key pipelines supplying Forcados and Bonny Light grades were out of commission for significant parts of May, while another major export grade, Qua Iboe, went on planned maintenance in the first 10 days. Crisis-wracked Venezuela's oil production continued to shrink, plunging for the 10th straight month to 1.36 million b/d. That is a 580,000 b/d year-on-year drop and a 910,000 b/d fall in two years, according to survey data. It is also the lowest in the 30-year history of the Platts OPEC survey, except for December 2002 and January 2003, when a 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. Angolan production has also been falling steadily, with its May output of 1.52 million b/d representing a 190,000 b/d drop since October, according to the survey, due to depleting mature fields.

War-torn Libya suffered a 20,000 b/d fall to 950,000 b/d in May, with power outages affecting fields feeding into the Es Sider terminal, while the El Feel remains shut in due to protests.

## NO SANCTIONS BITE LEFT

OPEC's top producer, Saudi Arabia, topped the output-rise table among members, with its production growing to 10.01 million b/d in May, the survey found. Seasonal direct crude burn for power generation picked up as the weather turned warmer and air conditioning use increased, while exports also rose, survey participants said. This is the first month since October that Saudi crude production has surpassed 10 million b/d, according to survey data.

Iraq, the second biggest producer within OPEC, likewise had higher exports from its southern terminals, with a rise in output to 4.47 million b/d, according to the survey. Algerian production rose to 1.05 million b/d in May, as maintenance at the Hassine Berkine South field ended, sources said.

Iran, OPEC's third largest producer, which faces the snapback of US sanctions targeting its oil sector, did not yet see any impact on its flows, with crude production remaining steady at 3.83 million b/d, according to the survey. The US in May withdrew from the Iranian nuclear deal, which relaxed sanctions on Iranian crude exports, though analysts are divided on how much oil might be shut in when the sanctions go back into effect November 5.

OPEC's falling production means the group was 161% compliant with its committed cuts in May and 123% overall since the output cut deal began. 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 CRUDE OIL OUTPUT

OPEC PRODUCTION (IN MILLION B/D)

Member	May	Change	April	March
Algeria	1.05	0.04	1.01	1.00
Angola	1.52	-0.01	1.53	1.55
Ecuador	0.52	0.00	0.52	0.53
Equatorial Guinea	0.13	0.00	0.13	0.13
Gabon	0.16	-0.02	0.18	0.19
Iran	3.83	0.00	3.83	3.82
Iraq	4.47	0.05	4.42	4.46
Kuwait	2.70	-0.01	2.71	2.70
Libya	0.95	-0.02	0.97	0.97
Nigeria	1.73	-0.15	1.88	1.92
Qatar	0.60	0.01	0.59	0.60
Saudi Arabia	10.01	0.06	9.95	9.92
UAE	2.87	0.00	2.87	2.86
Venezuela	1.36	-0.05	1.41	1.49
<b>TOTAL</b>	<b>31.90</b>	<b>-0.10</b>	<b>32.00</b>	<b>32.14</b>

OPEC PRODUCTION VS. CUT ALLOCATIONS (IN MILLION B/D)

Country	May	Allocation	Over/Under
Algeria	1.05	1.04	0.01
Angola	1.52	1.67	-0.15
Ecuador	0.52	0.52	0
Equatorial Guinea	0.13	0.13	0
Gabon	0.16	0.19	-0.03
Iran	3.83	3.80	0.03
Iraq	4.47	4.35	0.12
Kuwait	2.70	2.71	-0.01
Libya*	0.95	1.00	-0.05
Nigeria*	1.73	1.80	-0.07
Qatar	0.60	0.62	-0.02
Saudi Arabia	10.01	10.06	-0.05
UAE	2.87	2.87	0
Venezuela	1.36	1.97	-0.61
<b>TOTAL</b>	<b>31.90</b>	<b>32.73</b>	<b>-0.83</b>

\* 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 November 30, 2017, OPEC and 10 non-OPEC producers decided to extend their 1.8 million b/d production cut agreement through the end of 2018. 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, bringing membership to 14 countries.

The next OPEC meeting is June 22, 2018.