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OPEC AND ITS ALLIES ARE ACHIEVING BALANCE IN THE OIL MARKET: AL MAZROUEI

# OIL EQUILIBRIUM IN SIGHT

**Issac John**

**DUBAI** — The Organisation of the Petroleum Exporting Countries (Opec) and its allies are achieving a balance in the oil market, and remain committed to that goal, Suhail bin Mohammed Faraj Faris Al Mazrouei, the UAE Energy Minister, said on Monday.

The minister, speaking on the sidelines of an energy conference in Dubai, said that compliance with an output cut agreement between Opec and non-Opec members is

**“We will take the right decision for the market”**

**Suhail bin Mohammed Faraj Faris Al Mazrouei**  
UAE Energy Minister

expected to be good in April. Al Mazrouei also said that a possible extension of the production cut for another three months or more, along with Russia, would have to be a decision taken unanimously by the group and allies.

**“I don't think we will need (to do more) ... the market is on its way towards balance”**

**Khalid Al Falih**  
Saudi Energy Minister

“We will take the right decision for the market,” he said. International benchmark Brent futures were at \$70.70 per barrel at 1343GMT, up 36 cents or 0.5 per cent from their last close. US West Texas Intermediate (WTI) crude

futures were up 72 cents, or 1.1 per cent, at \$63.80 per barrel. Brent and WTI hit their highest since November at \$70.86 and \$63.87 a barrel, respectively, on Monday.

In Riyadh, Saudi Energy Minister Khalid Al Falih said that it was premature to say whether a consensus existed among Opec and its allies to extend oil supply cuts, but that a meeting next month would be key. Oil markets are “healthy,” eliminating

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## Roadmap ahead

Opec+ plans a meeting in May to assess the group's compliance

Opec, Russia and other producers will meet in June to discuss extension or cuts or raise production

Oil producers keen to reduce 70 million to 80 million barrels glut in the market

## Opec production since Oct 2018 (MBPD)

Month	Production (MBPD)
October	33.1
November	33.2
December	32.6
January	31.1
February	30.5

## Key producers in 2019 (MBPD)

Country	Jan	Feb
Saudi Arabia	10.20	10.10
UAE	3.09	3.07
Kuwait	2.75	2.69

## World oil demand and supply trends (MBPD)

Year	Demand (MBPD)	Supply (MBPD)
2017	97.29	97.29
2018	98.72	99.03
2019	99.96	99.15

**30%+**  
Jump recorded in oil prices so far this year

**1.2MBPD**  
Cut in production from January by Opec and other oil producers

**<7M**  
Barrels per day exported by Saudi Arabia in March, April

**33.1%**  
Saudi contribution in Opec crude oil production in March

# Opec and its allies are achieving balance

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the need for Saudi Arabia to increase its deeper-than-agreed production cuts, the minister said. A joint Opec and non-Opec ministerial committee is due to meet in May.

“The meeting will be a key decision point because we will certainly by then know where the consensus view is and, more importantly, before we ask for consensus, we will know where the fundamentals are pointing. We are driven by inventories,” said Al Falih, adding oil inventories remain higher than average but the market is on its way towards rebalancing.

“We are getting to a stage where inventories are starting to stabilise and come down but still significantly above what I would consider a normal level,” he said.

“I don't think we will need (to do more) ... the market is on its way

national record high of 11.16 million bpd last year.

## Oil trading currency

The UAE minister said the use of the US dollar as the main oil trading currency could not be changed overnight.

“Trading with the US dollar is something you don't change overnight,” Al Mazrouei said when asked about the possibility that Opec members may move away from trading oil in dollars.

Dismissing rumours that Saudi Arabia is threatening to sell its oil in currencies other than the dollar if Washington passes a bill exposing Opec members to US antitrust lawsuits, the minister said Opec did not say that. “Opec did not say that they will change the currency in the trading,” Al Mazrouei said.

Saudi Arabia also ruled out any move to shift from dollar. “The

kingdom has been trading its oil in dollars for decades, which has served the objectives of its financial and monetary policies well,” the energy ministry said in a statement.

The US has been increasing its own crude exports steeply and President Donald Trump has been pressing Opec to lower the oil price by boosting production.

In the United States, crude production reached a global record of 12.2 million bpd in late March.

US crude exports have also risen, breaking through 3 million bpd for the first time earlier this year.

Oil is up about 30 per cent this year after the strongest quarterly performance in five years. But Opec and allies, remain committed to reducing an inventory glut which is still 70 million to 80 million barrels too high.

— With inputs from agencies  
— issajohn@khaleejtimes.com