

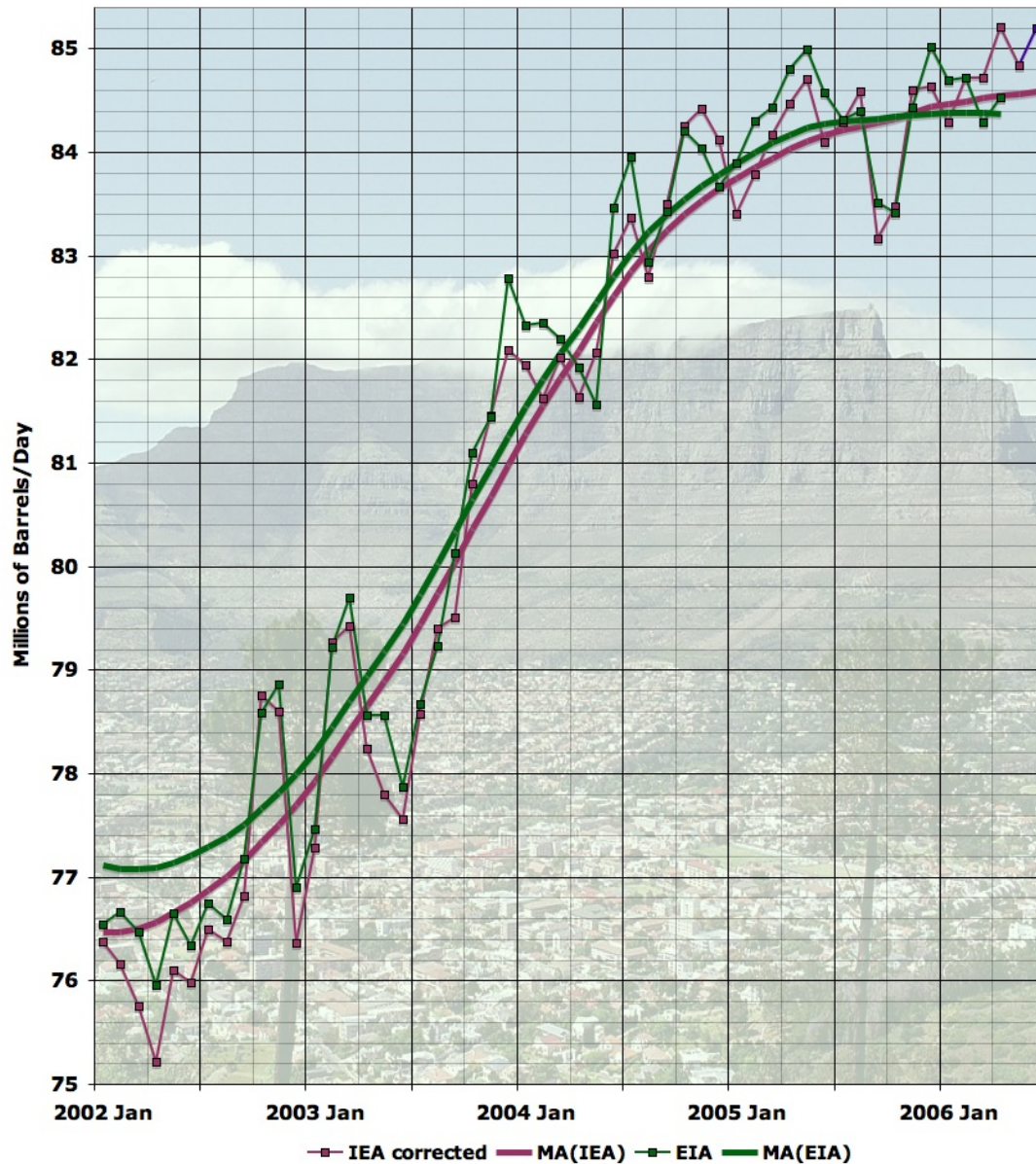


## IEA Supply Creeping Up

Posted by [Stuart Staniford](#) on July 27, 2006 - 2:40am

Topic: [Supply/Production](#)

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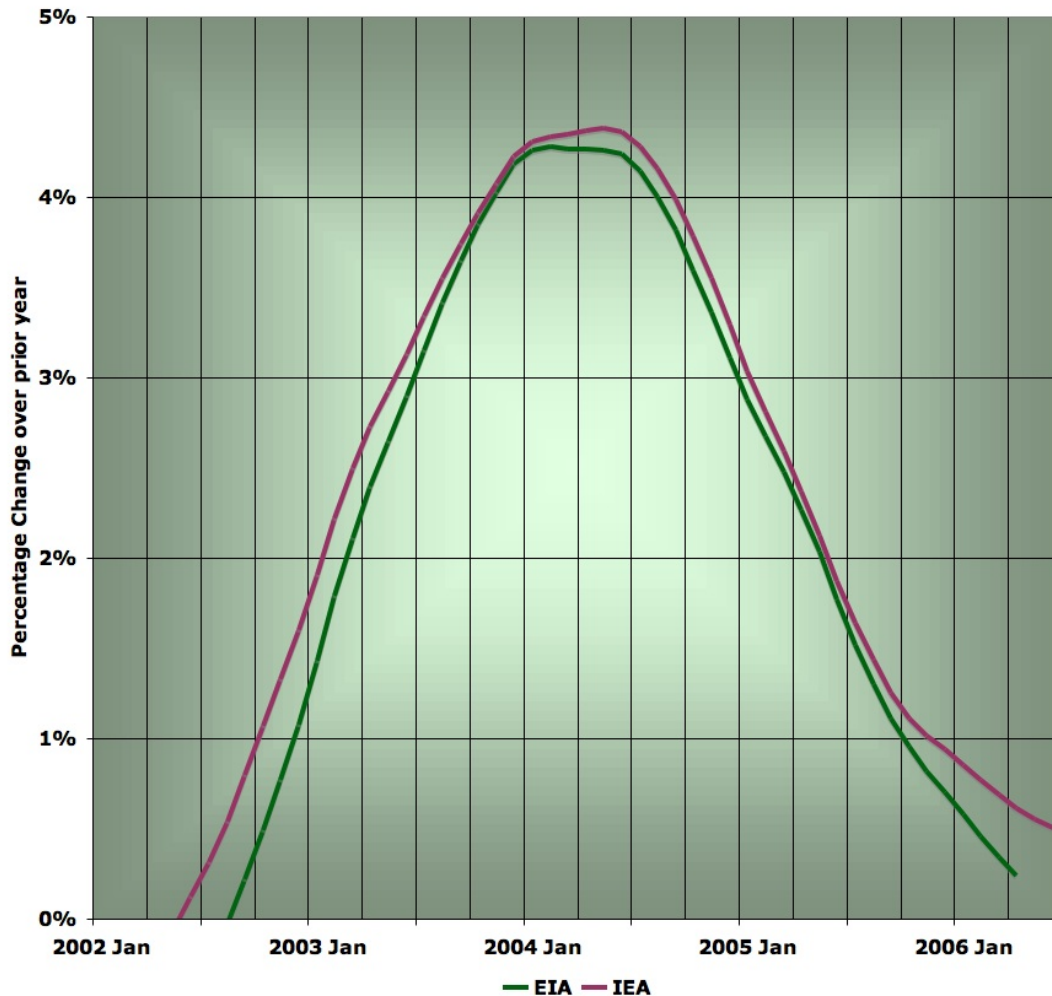
Average daily oil production, by month, from EIA and IEA, together with 13 month centered moving averages of each line, recursed once. Click to enlarge. Believed to be all liquids. Graph is not zero-scaled. Source: [IEA Oil Market Reports](#), and [EIA International Petroleum Monthly Table 1.4](#). The IEA line is taken from Table 3 of the tables section at the back of the OMR in the last issue for which the number for that month is given.

The IEA has come out with the [July 12th Oil Market Report](#). Usually, I update my graph when they initially release it based on the public press release, but in this case the press release didn't have the overall supply numbers so it was necessary to wait for the full report to be publicly available (2 weeks after it is made available to their subscribers).

World oil supply in June gained 315 kb/d from May to average 85.2 mb/d. This was 715 kb/d higher than June 2005, with OECD production down by 620 kb/d, OPEC total oil supply up 225 kb/d, and non-OECD plus other supplies running 1.1 mb/d higher versus year-ago levels. Month-on-month gains in June came from the US GOM, Canada, Russia, Azerbaijan, China and Sudan, while North Sea maintenance trimmed European supply by 175 kb/d. OPEC crude supply was 200 kb/d higher than in May, largely due to renewed exports from northern Iraq.

So a good month, they think. Also, in response to a suggestion from Freddy Hutter, I have reworked my methodology for taking the data from OMR's. Instead of extracting it from the summary the following month, I am now taking it from the Table 3 figure, three months after (or the last data given if not yet available). That has sharpened the sense of disagreement with the EIA. As you can see in the graph above, what the EIA sees as a clear plateau is to the IEA just a (sharp) slowdown in growth but not an actual flattening. IEA used to be significantly more pessimistic than EIA, but that gap steadily closed and has now crossed.

We can see the issue more sharply in this new graph, which shows the year-on-year percentage change in the recursed moving average for each data source:



*12 month percentage change in 13 month recurred moving averages of IEA and EIA data. Click to enlarge. Believed to be all liquids. Source: [IEA Oil Market Reports](#), and [EIA International Petroleum Monthly Table 1.4](#). The IEA line is taken from Table 3 of the tables section at the back of the OMR in the last issue for which the number for that month is given.*

As you can see, the EIA line looks like it's headed determinedly to zero (ie moving averaged supply being dead flat for a year), while the IEA line is expressing an interest in perhaps flattening out to a small positive value (ie some small growth in supply). The IEA has seen faster growth at all points during these last four years - presumably this discrepancy cannot continue forever.

It will be interesting to see if the EIA, with their May initial estimate due in a few days, starts to confirm the high numbers the IEA is estimating for 2006 Q2. Of course, it's also worth bearing in mind that the picture could change in a hurry as we go into the active hurricane season, or if events in the Middle East continue to worsen and begin to affect oil production there more seriously.

On hurricanes, it's worth noting that so far this year we've only had tropical storm Alberto. By this point last year we'd had TS Arlene, TS Bret, H Cindy, H Dennis, H Emily, TS Franklin, and TS Gert. So a much slower start to the season. However, in 2004 there were no named storms by this date.

One other interesting point from the IEA OMR:

The biggest single change compared to last month's Report is the inclusion of biofuel supply estimates for countries other than Brazil, the USA and Germany (for which a combined 500 kb/d-plus is already included in the OMR). Analysis undertaken for the MTOMR highlights global supply of ethanol and biodiesel, net of US/Brazil, rising from 22 kb/d in 2000 to 74 kb/d in 2004, 118 kb/d in 2005 and 154 kb/d in 2006. This includes estimated ethanol volumes by 2006 of 10 kb/d or more each in China, the EU, Thailand, India and Colombia. Global biodiesel supply rises from 15 kb/d in 2000 to 40 kb/d in 2004, 72 kb/d in 2005 and 84 kb/d in 2006. Production is centred in Germany (40 kb/d) and in France and the USA (with around 10 kb/d each).

Biofuels seem to be the component of the "alternative" fuels that can respond most rapidly to current high price incentives since the facilities are small and easier to capitalize, permit, and build quickly than, say, oil sands upgraders or CTL facilities. However, competition for land with ever increasing food demand will presumably limit the growth of biofuels at some point.

For those unfamiliar with this line of posts, please check the [plateau background](#) to get a better understanding.



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