



## Non-OPEC falling short of numbers...(or, just one reason why oil is at \$66/bbl today)

Posted by [Prof. Goose](#) on August 11, 2005 - 11:54am

In [the International Energy Agency's current market report](#) (link to full .pdf at the bottom of the page), the IEA increased its estimate of growth in OPEC oil production by 250 thousand barrels per day (kbpd) (hat tip, [GCC](#)). But the agency then cut its view of non-OPEC supply growth by 205 kbpd, leaving world oil supply at 84.7 million barrels per day (mbpd).

Production outages in North America and the North Sea accounted for most of the shortfall in non-OPEC supply growth. Russia is also pumping less than expected. Furthermore, the IEA cut its non-OPEC production estimate for 2006 by 400 kbpd to 52 mbpd. Here's the rest of the highlights from the .pdf:

WTI and Brent breached \$60 in early July as storms threatened Gulf of Mexico oil and gas production. Little damage was seen, but there has been an unusually active start to the hurricane season. Diesel strength and limited spare capacity has increased consumers'/refiners' desire to hedge forward and demand higher stock holdings, driving up prices.

Global demand growth is revised down by 200 kb/d, to 1.58 mb/d, in 2005 due to a weaker outlook for China and the US, but is projected at 1.75 mb/d in 2006. A 1.34 mb/d increase in non-OECD countries is expected to continue to drive global demand growth in 2006. Chinese demand is expected to rebound by 490 kb/d, outpacing the projected 410 kb/d increase for the whole of the OECD in 2006.

Non-OPEC oil supply in 2006 is expected to average 52.4 mb/d versus 51.0 mb/d in 2005. Growth of 0.9 mb/d this year accelerates to 1.4 mb/d in 2006. Less disruption to OECD supply plus continuing strong growth from the FSU, Latin America and Africa underpin the 2006 forecast. There is also emerging evidence that high prices may be leading to increased upstream activity levels.

Growth in non-OPEC oil and OPEC gas liquids supply in 2006 should match global demand growth, holding the call unchanged at 28.1 mb/d next year. OPEC crude supply in June averaged 29.3 mb/d, down 60 kb/d from May, despite higher Iraqi exports on resumed Ceyhan liftings. The OPEC-10 production target was raised to 28.0 mb/d, effective from 1 July.

OECD total industry oil stocks built by 2.5 mb/d, or by 78 mb, in May to an estimated 2658 mb, or 139 mb above their position last year. The build in stocks, combined with downward revisions to OECD demand, raised forward cover to 54 days in May, up from 53 days in April and 2.5 days above levels of a year ago.

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