



Saudis officially happy with \$100 oil

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In an interview [with the Financial Times](#), the Saudi oil minister, Ali Naimi, admits he is powerless in today's market:

We have nothing to do [with] where the price is today. (...) We work very hard and consciously to be sure that whatever actions we take that we are responsible do not dampen economic growth. (...) We are today not producing all our capacity because it is not needed. The demand is not there, the customers are not there.

This was initially posted as [Opus 53 of my "Countdown to \\$100 oil"](#) series on [European Tribune](#).

So, he's claiming that oil prices today are not a threat to overall growth, that they are not caused by a lack of supply in the market, and that Saudi Arabia would be willing to step in with more production if needed (in [this separate article](#), the FT notes that he mentions available capacity of 11.3mb/d vs 9mb/d current production).

In fact, he specifically blames speculators and rebuffs the IEA, pointing that scaremongering pushes prices up and helps some make money.

These pessimists about the adequacy of supply and adequacy of reserves in the future, I think they are doing a lot of damage to the stability on the market.

And logically, he specifically states that OPEC has no intention to discuss any production increases at their coming Summit, being satisfied with the overall market balance, and available stocks.

The question is - is this credible, or is he trying to find excuses for not being able to increase production? Saudi Arabia has always been worried, to a much larger extent than other OPEC members, by the risk of a slowdown of the global economy, and has had an explicit policy to bring in capacity in order to avoid price levels that would encourage the development of alternative fuels and energy savings. Indeed, the minister repeats these goals in the interview, but states that current prices are not a threat to the economy.

So - either he's trying to hide his country' inability to increase volumes, or he's right, and he's confident that such prices are indeed not sufficient to cut demand for oil. Either way, oil prices are not going down...

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An article that summarises the interview: [Saudi oil minister rejects Opec raise](#)



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