



Tech Talk - Iran and the New EIA and OPEC Reports

Posted by [Heading Out](#) on December 16, 2012 - 2:14am

With the possibility that demand for Iranian oil may fall below 1 million barrels a day (mbd) as sanctions continue to bite, [Iran has announced](#) that it wants OPEC to cut back production to the agreed quotas, rather than the overall additional 1 mbd that is actually being produced and sold. Such a move would, of course, make it more difficult for those customers who have found a way to replace Iranian oil, and perhaps incline them more toward disregarding the embargo.

OPEC has just released their [December Monthly Oil Market Report](#) (MOMR) in which they anticipate that earlier projections for 2013 oil demand growth will still be valid at 0.8 mbd. (Though they note that December 2012 growth y-o-y was at 1.0 mbd as the US economy continued to improve). They expect that all of this increase will be met by non-OPEC increases in supply, and that demand for OPEC oil may even drop 0.4 mbd. Part of that projection continues to rely on increased US crude production, and the [EIA TWIP](#) of December 5th had the latest chart showing that projected growth, based on the newly released [Annual Energy Outlook 2013](#).

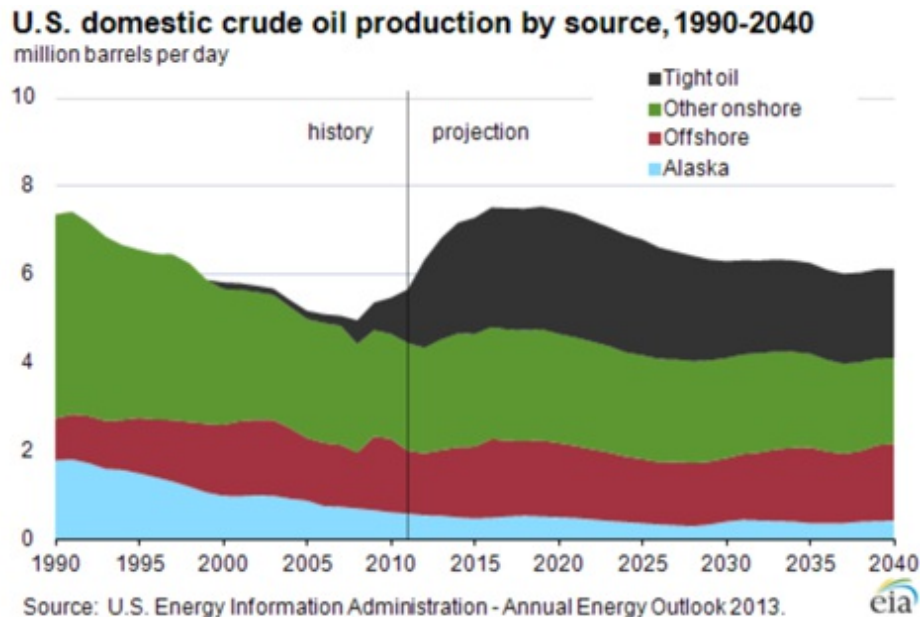


Figure 1. Projections of future growth in US crude oil production. ([EIA TWIP](#)) from [Annual Energy Outlook 2013](#))

As a footnote to that graph, the Alyeska pipeline pumped an average of 582,755 bd in November, which brings the annual average up to [544,625 bd](#). It is clear from looking at that plot that the gains in production are assumed to come from increased production of the "tight" oil deposits that have produced the overall gains achieved to date. The optimism of this projection goes a little beyond the levels that I anticipate will be achieved.

Coming back to the MOMR - their projections do not include the recent news that Venezuelan

President Chavez has had a fourth operation for cancer and has named a successor, although [the operation was apparently successful](#). This may complicate decisions on how much to allocate among the OPEC partners, especially since all continue to need higher priced oil.

OPEC also give the price of various commodities in their report, and before moving on to discuss country production, examining those prices is informative. With the decline in overall global demand at present, metal prices in particular seem to continue to slide.

Commodity price data, 2012							
Commodity	Unit	Monthly averages			% Change		
		Sep 12	Oct 12	Nov 12	Sep/Aug	Oct/Sep	Nov/Oct
<i>World Bank commodity price indices for low and middle income countries (2005 = 100)</i>							
Energy		188.5	183.9	180.9	0.6	-2.5	-1.6
Coal, Australia	\$/mt	89.0	81.9	83.1	-2.2	-8.0	1.5
Crude oil, average	\$/bbl	106.3	103.4	101.2	1.0	-2.7	-2.2
Natural gas, US	\$/mmbtu	2.8	3.3	3.5	0.1	16.7	6.6
Non Energy		192.0	188.8	184.9	1.5	-1.7	-2.0
Agriculture		200.2	194.2	190.1	-0.2	-3.0	-2.1
Food		223.3	214.4	210.2	-1.4	-4.0	-1.9
Soybean meal	\$/mt	646.0	601.0	579.0	0.3	-7.0	-3.7
Soybean oil	\$/mt	1,283.0	1,175.0	1,133.0	2.5	-8.4	-3.6
Soybeans	\$/mt	670.0	617.0	589.0	-2.0	-7.9	-4.5
Grains		260.8	261.1	261.8	-1.8	0.1	0.3
Maize	\$/mt	320.8	321.2	321.6	-3.4	0.1	0.1
Wheat, US, HRW	\$/mt	353.4	358.2	360.8	1.2	1.4	0.7
Sugar World	¢/kg	44.1	44.8	42.6	-4.3	1.6	-4.8
Base Metal		171.0	168.8	163.2	9.1	-1.3	-3.3
Aluminum	\$/mt	2,064.1	1,974.3	1,948.8	11.9	-4.4	-1.3
Copper	\$/mt	8,087.7	8,062.0	7,711.2	7.6	-0.3	-4.4
Iron ore, cfr spot	¢/dmtu	99.5	114.0	120.4	-7.5	14.6	5.6
Lead	¢/kg	217.8	214.2	218.2	14.6	-1.6	1.9
Nickel	\$/mt	17,288.0	17,168.7	16,335.4	9.9	-0.7	-4.9
Tin	¢/kg	2,077.1	2,123.4	2,071.3	10.6	2.2	-2.5
Zinc	¢/kg	201.0	190.4	191.2	10.5	-5.3	0.4
Precious Metals							
Gold	\$/toz	1,744.8	1,746.6	1,721.6	7.0	0.1	-1.4
Silver	¢/toz	1,623.7	1,635.8	1,576.4	11.7	0.8	-3.6

Source: World Bank, Commodity price data.

Figure 2. OPEC report of commodity prices for November ([OPEC December MOMR](#))

Equally informative is the demand that OPEC anticipates from the various regions of the world for oil in 2013.

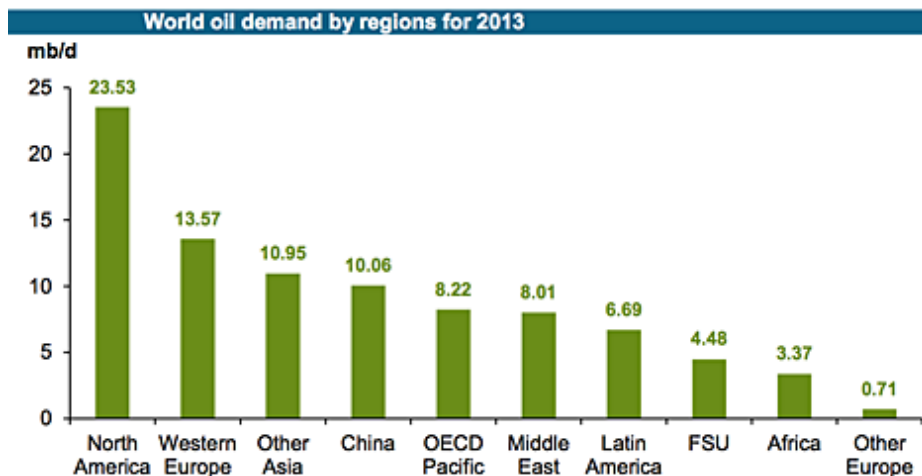


Figure 3. OPEC estimates for regional oil demand in 2013. ([OPEC December MOMR](#))

In total OPEC anticipates that global demand will reach 90.83 mbd by the fourth quarter of 2013, with the greatest growth continuing to be from China and the other Asian nations.

Looking at where this oil might come from, the main increase is still anticipated to come from North America.

Non-OPEC oil supply in 2013, mb/d							
	2012	1Q13	2Q13	3Q13	4Q13	2013	Change 13/12
North America	16.51	16.83	16.93	17.03	17.34	17.04	0.52
Western Europe	3.80	3.74	3.59	3.52	3.68	3.63	-0.16
OECD Pacific	0.60	0.65	0.67	0.68	0.66	0.67	0.06
Total OECD	20.91	21.23	21.19	21.24	21.68	21.33	0.42
Other Asia	3.61	3.63	3.66	3.67	3.69	3.66	0.05
Latin America	4.74	4.78	4.80	4.92	4.98	4.87	0.13
Middle East	1.51	1.47	1.46	1.50	1.55	1.49	-0.01
Africa	2.34	2.35	2.42	2.50	2.52	2.45	0.10
Total DCs	12.20	12.23	12.34	12.59	12.74	12.48	0.27
FSU	13.31	13.41	13.36	13.41	13.53	13.43	0.12
Other Europe	0.14	0.14	0.14	0.14	0.14	0.14	0.00
China	4.20	4.26	4.23	4.23	4.25	4.24	0.04
Total "Other regions"	17.65	17.81	17.73	17.78	17.91	17.81	0.16
Total Non-OPEC production	50.76	51.27	51.27	51.60	52.33	51.62	0.86
Processing gains	2.17	2.21	2.21	2.21	2.21	2.21	0.04
Total Non-OPEC supply	52.93	53.48	53.48	53.81	54.54	53.83	0.90
Previous estimate	52.95	53.48	53.49	53.83	54.58	53.85	0.90
Revision	-0.01	0.00	-0.02	-0.02	-0.03	-0.02	-0.01

Figure 4. Non-OPEC supply projections for 2013 ([OPEC December MOMR](#))

The conflict in Syria is now reported to have led government forces to withdraw [from the Omar and Al-Ward fields](#) in the Deir Ezzor region, where much of Syria's exports were produced. However, the rebels do not, as yet, control any of the refineries or [export terminals](#) and the result is that oil production is estimated to have fallen from 380 kbd to 160 kbd over the past few months. The regime is making up the shortfall in its needs by importing from Iraq.

Which brings us back to OPEC production levels. (Note that this is for crude oil and does not include the roughly 6 mbd in NGL that is currently being produced).

Firstly, this is what the various governments report that they are producing:

OPEC crude oil production based on direct communication, tb/d									
	2010	2011	1Q12	2Q12	3Q12	Sep 12	Oct 12	Nov 12	Nov/Oct
Algeria	1,184	1,173	1,215	1,213	1,201	1,195	1,207	..	..
Angola	1,691	1,618	1,734	1,716	1,677	1,714	1,674	1,640	-34.0
Ecuador	475	500	502	500	509	506	503	504	1.3
Iran, I.R.	3,544	3,576	3,742	3,758	3,746	3,739	3,721	3,708	-13.0
Iraq	2,358	2,653	2,628	2,936	3,150	3,235	3,035	3,190	155.0
Kuwait	2,312	2,660	2,995	2,990	2,957	2,900	2,930	2,970	40.0
Libya	1,487	462	1,296	1,503	1,504	1,537	1,562	1,544	-18.0
Nigeria	1,968	1,896	1,880	1,971	..	..	..	..	..
Qatar	733	734	745	737	726	735	725	730	5.0
Saudi Arabia	8,166	9,311	9,883	10,002	9,760	9,724	9,724	9,492	-231.6
UAE	2,324	2,565	2,602	2,615	2,727	2,691	2,647	2,674	26.6
Venezuela	2,779	2,795	2,792	2,818	2,820	2,800	2,779	2,807	28.6
Total OPEC	29,020	29,942	32,015	32,758	..	..	..	..	..
OPEC excl. Iraq	26,662	27,290	29,387	29,823	..	..	..	..	..

Totals may not add up due to independent rounding.
.. Not available.

Figure 5. OPEC production from official sources ([OPEC December MOMR](#))

The total shows, among other things, how Libya has recovered from their "Arab Spring." In contrast with the official figures, OPEC also posts the values from "secondary sources".

OPEC crude oil production based on secondary sources, tb/d									
	2010	2011	1Q12	2Q12	3Q12	Sep 12	Oct 12	Nov 12	Nov/Oct
Algeria	1,250	1,240	1,233	1,214	1,209	1,199	1,193	1,175	-17.5
Angola	1,786	1,667	1,763	1,738	1,709	1,668	1,736	1,713	-23.0
Ecuador	475	490	492	493	499	501	497	501	4.0
Iran, I.R.	3,706	3,628	3,391	3,086	2,734	2,673	2,678	2,683	5.0
Iraq	2,401	2,665	2,705	2,956	3,129	3,192	3,163	3,174	11.0
Kuwait	2,297	2,538	2,768	2,793	2,810	2,817	2,825	2,833	8.2
Libya	1,559	462	1,213	1,424	1,465	1,496	1,504	1,510	6.3
Nigeria	2,061	2,111	2,075	2,143	2,110	1,991	1,956	1,854	-101.7
Qatar	791	794	786	748	745	746	741	737	-4.2
Saudi Arabia	8,263	9,293	9,819	9,919	9,818	9,738	9,721	9,673	-47.5
UAE	2,304	2,517	2,598	2,607	2,653	2,652	2,646	2,592	-54.5
Venezuela	2,338	2,380	2,381	2,367	2,348	2,321	2,330	2,336	6.2
Total OPEC	29,231	29,786	31,224	31,488	31,228	30,992	30,989	30,781	-207.7
OPEC excl. Iraq	26,831	27,120	28,519	28,532	28,099	27,801	27,826	27,607	-218.7

Totals may not add up due to independent rounding.

Figure 6. OPEC production from secondary sources. ([OPEC December MOMR](#))

The difference between the two figures for Iran is at around 1 mbd. Overall, OPEC production is declining with the increase in non-OPEC production, so perhaps Iran won't have quite as difficult a time persuading their colleagues to drop production a little more, to help them out. That won't be at the latest meeting of the OPEC Ministers, which was held in Vienna on December 12th, where it was decided to maintain the current ceiling of 30 mbd.

The meeting was [largely distracted](#) by debate over who should be the new Secretary General, with this decision "kicked down the road" to the end of May.

On the other hand, while Malaysia had [promised to halt imports](#) of oil from Iran last March, the [IEA is reporting](#) that they increased crude purchases from Iran in November. Whether this is oil ultimately destined for that country, or whether this is a [convenient transshipment point](#) from Iranian tankers bringing in crude that is then transferred to other carriers and a second purchaser is not clear, although a Chinese oil trader appears to be involved.

A move to make US natural gas available to NATO allies has [begun in the Senate](#), with the intent that perhaps this could wean countries like Turkey from their use of Iranian and Russian natural gas. Whether this will ever amount to much is not clear, since Senator Lugar, the initial author, was defeated in the primary of the last election and thus leaves the Senate at the end of the term.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](#).