OIL MARKETS ARE WELL-SUPPLIED

“The increase in net production from key suppliers since May..., and the fact that oil stocks built ... lends weight to the argument that the oil market is adequately supplied for now.”

-- International Energy Agency Oil Market Report October 2018

Oil Markets are Currently Well Supplied: Rising oil production and sufficient storage levels show that the adjustment to replace Iranian oil exports has been successful.

- Major oil producers have already increased production to replace Iranian exports, and have signaled a willingness and ability to continue to do so.

- Oil markets are well-supplied and oil inventory levels are seasonally strong.

- Global oil supply is growing fast; in September, world oil production grew to 100 million barrels per day, 2.6 million barrels per day higher than a year ago according to the International Energy Agency (IEA).

- Non-OPEC (Organization of the Petroleum Exporting Countries) output, led by the United States, is forecast to expand by 2.4 million barrels per day in 2018 and 2.3 million barrels per day in 2019, according to the U.S. Department of Energy’s Energy Information Administration (EIA).

- OECD (Organization for Economic Co-operation and Development), including U.S. industry-held, oil stocks remain at 5-year averages, according to the IEA.

Oil Markets are Well-Supplied

[Graph showing demand/supply balance until 4Q18]
“The United States remains the engine of non-OPEC supply growth, propelled by expansions in the shale patch and rebounding output offshore.”
—IEA Oil Market Report October 2018

The United States is Doing its Part to Increase Oil Production and Exports

- Recently, EIA reported that United States oil and natural gas liquids production reached 16 million barrels a day, making the United States the largest producer of oil and natural gas liquids.

- U.S. crude oil production increased by 1.7 million barrels per day on average as of October compared to a year ago and is forecasted by EIA to continue to rise.

- EIA forecasts U.S. crude production will increase by 1 million barrels per day within the next year.

- U.S. crude oil exports in the first half of 2018 increased by nearly 800,000 barrels per day, up 80% year-on-year and set a new monthly record of 2.2 million barrels per day in June, according to the EIA.

- The U.S. remains in close and productive consultations with major oil producers, as well as major oil consuming organizations such as the International Energy Agency, which works to assure the global oil market is adequately supplied.

The United States is Rapidly Increasing Oil Production

United States Petroleum Production

Source: U.S. Energy Information Administration

U.S. Petroleum Production to nearly double from 2012 to 2019.