



Independent Statistics & Analysis
U.S. Energy Information
Administration

The Availability and Price of Petroleum and Petroleum Products Produced in Countries Other Than Iran

Number 22 in a series of reports required by section 1245(d)(4)(A)
of the National Defense Authorization Act for Fiscal Year 2012

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This is the 22nd in a series of reports prepared in fulfillment of section 1245(d)(4)(A) of the National Defense Authorization Act (NDAA) for Fiscal Year 2012, as amended. The law requires the U.S. Energy Information Administration (EIA), the statistical and analytical agency within the U.S. Department of Energy, to submit to Congress a report on the availability and price of petroleum and petroleum products produced in countries other than Iran in the two-month period preceding the submission of the report. By law, EIA's data, analyses, and forecasts are independent of approval by any other officer or employee of the U.S. Government. The views in this report, therefore, should not be construed as representing those of the U.S. Department of Energy or other federal agencies. However, EIA consulted with the U.S. Department of the Treasury, the U.S. Department of State and the intelligence community in the process of developing this report.

Beginning with this edition, this report will be published bi-monthly, concurrent with EIA's [Short-Term Energy Outlook \(STEO\)](#). The previous edition of this report covered the months of May and June 2015. As a transition report, this edition covers the period of June and July 2015. For additional information on global oil markets, readers may review the latest oil market [short-term analysis and forecasting](#). Detailed background and contextual information not repeated here can be found in early [editions of this report](#).

This edition of the report includes Table 1, unchanged from previous editions, and Table 2, which in previous editions was Table 5. Table 3a of the Short-Term Energy Outlook replaces the earlier editions of Table 2. Similarly, Tables 3b and 3c of the Short-Term Outlook replace former Tables 3 and 4, respectively.

June – July 2015 Update

- The U.S. Energy Information Administration (EIA) estimates that global oil inventories grew by an average of 2.5 million barrels per day (b/d) in June and July, sharply exceeding the 0.4 million b/d build during the same time last year and an average 0.3 million b/d build over the previous three-years (2012-14) (**Table 1**). The sizeable build in inventories occurred amid continued high production levels, with year-over-year growth averaging 3.3 million b/d for the two-month period. Global consumption also rose compared with last year, albeit by a much smaller volume of 1.1 million b/d on average, resulting in the large inventory build. Estimated inventories held by countries in the Organization for Economic Cooperation and Development (OECD) in June and July stood roughly 260 million barrels higher on average compared with the previous three years (**Table 1**).
- Recent economic data from China and other non-OECD countries raised concerns that slowing global economic growth could negatively impact demand for petroleum products. Together with robust levels of current global crude oil production, and the potential for additional Iranian exports in 2016, oil prices fell. The North Sea Brent front month futures contract averaged \$57 per barrel (/b) in July (**Table 2**), a decrease of \$7/b from the June average. It was the largest month-over-month decline in oil prices since December 2014 to January 2015, with oil prices near the lowest point of the year.
- Continued strong builds in global inventory levels in June and July led to increased contango (when near-term prices are lower than further dated ones) in the Brent futures curve. The Brent 1st-13th month spread averaged about -\$5/b in June and July (**Table 2**), with the discount for near-month contracts increasing by less than \$1/b compared to the May 2015 average.
- [Global petroleum and other liquids¹ production](#) in June and July averaged 96.5 million b/d, with the year-on-year growth roughly evenly split between members of the Organization of the Petroleum Exporting Countries (OPEC) and non-OPEC producers. Among the OPEC producers, [Saudi Arabia and Iraq](#) posted the largest production gains, while the [United States and Canada](#) drove non-OPEC production higher. [Global petroleum and other liquids consumption²](#) in June and July averaged 93.9 million b/d, boosted by seasonal factors including crude oil burn for power generation in Saudi Arabia and increased demand for gasoline in the United States (**Table 3a-d of the Short Term Energy Outlook (STEO)**).
- [Global surplus crude oil production capacity](#) averaged 1.4 million b/d in June and July, 0.6 million b/d lower than at the same time last year. Spare capacity is typically an indication of market conditions, and surplus capacity below 2.5 million bbl/d is an indicator of a tight market. However, the current volume of global oil inventories makes the current low surplus capacity level less significant. Nonetheless, low surplus capacity heightens uncertainty about the market's ability to counteract unforeseen supply outages, particularly in the current geopolitical climate with ongoing conflicts in or next to major oil producing countries in the Middle East and North Africa (**Table 3c of the STEO**).
- Global unplanned supply disruptions averaged at 3.4 million b/d in June and July, rising about 0.3 million b/d over previous two-month period due to an increase in outages among OPEC producers, specifically in Libya. [Unplanned OPEC crude oil supply disruptions](#) in June and July reflect continued outages in Saudi Arabia and Kuwait, where the Neutral Zone production at the Khafji and Wafra fields

¹ The term "petroleum and other liquids" encompasses petroleum and petroleum products and close substitutes, including crude oil, lease condensate, natural gas liquids, biofuels, coal-to-liquids, gas-to-liquids, and refinery processing gain.

² The growth rates referenced in this report may not exactly match corresponding values in tables as a result of independent rounding.

was shut in, along with outages in Iran, Iraq, and Nigeria (**Appendix Figure 1**). In contrast, [unplanned non-OPEC liquid fuels supply disruptions](#) fell in June and July as shut-in volumes in Canada, where wildfires in Alberta caused a number of oil sands production facilities to cease operations, came back online (**Appendix Figure 2**). Output at Mexico's Abkatun Pol Chuc system continued to recover in July following an explosion at the offshore facility. More than 80% of total non-OPEC outages are accounted for by Yemen, Sudan/S. Sudan, and Syria.

- Iran's petroleum and other liquids production averaged 3.5 million b/d in June and July, of which 2.8 million b/d was crude oil and the remainder was condensate and natural gas plant liquids (**Table 1**). EIA estimates that Iran's petroleum and other liquids production increased about 0.1 million b/d in June and July compared with the previous two-month period due to an increase in condensate output.
- EIA revised the preliminary estimates of petroleum and other liquids production and consumption for the previous two-month period. Global petroleum and other liquids production for April and May was revised upward by 0.3 million b/d to average 95.3 million b/d, while global consumption was also revised higher by about 0.3 million b/d to average 92.7 million b/d. Changes in global supply were the result of higher-than-expected production in the United States, Iraq, and Saudi Arabia.
- On July 14, the P5+1 (the five permanent members of the United Nations Security Council and Germany) and Iran announced an agreement that could result in relief from some oil-related sanctions imposed on Iran. Please see EIA's *August 2015 Short-Term Energy Outlook* for additional details.

Tables

Table 1. Summary of Estimated Petroleum and Other Liquids Quantities

	June 2015	July 2015	June – July 2015 Average	June – July 2014 Average	2012 – 2014 Average
Global Petroleum and Other Liquids (million barrels per day)					
Global Petroleum and Other Liquids Production (a)	96.5	96.4	96.5	93.2	91.6
Global Petroleum and Other Liquids Consumption (b)	93.7	94.1	93.9	92.8	91.3
Biofuels Production (c)	2.4	2.3	2.3	2.3	1.9
Biofuels Consumption (c)	2.1	2.0	2.1	2.0	1.9
Iran Liquid Fuels Production	3.5	3.5	3.5	3.3	3.4
Iran Liquid Fuels Consumption	1.8	1.8	1.8	1.9	1.9
Petroleum and Petroleum Products Produced and Consumed in Countries Other Than Iran (million barrels per day)					
Production (d)	90.7	90.6	90.6	87.6	86.3
Consumption (d)	89.8	90.2	90.0	88.9	87.5
Production minus Consumption	0.9	0.4	0.6	-1.3	-1.3
World Inventory Net Withdrawals Including Iran	-2.8	-2.3	-2.5	-0.4	-0.3
Estimated OECD Inventory Level (e) (million barrels)	2,894	2,924	2,909	2,643	2,649
Surplus Production Capacity (million barrels per day)					
OPEC Surplus Crude Oil Production Capacity (f)	1.4	1.3	1.4	2.0	2.1

Note: The term "petroleum and other liquids" encompasses crude oil, lease condensate, natural gas liquids, biofuels, coal-to-liquids, gas-to-liquids, and refinery processing gains, which are important to consider in concert due to the inter-related supply, demand, and price dynamics of petroleum, petroleum products, and related fuels.

(a) Production includes crude oil (including lease condensates), natural gas liquids, other liquids, and refinery processing gains.

(b) Consumption of petroleum by the OECD countries is synonymous with "products supplied," defined in the glossary of the EIA Petroleum Supply Monthly, DOE/EIA-0109. Consumption of petroleum by the non-OECD countries is "apparent consumption," which includes internal consumption, refinery fuel, and loss, and bunkering.

(c) Biofuels production and consumption are based on EIA estimates as published in the International Energy Statistics. Biofuels production in the third quarter tends to be at its highest level in the year as ethanol production in Brazil reaches its seasonal peak and is typically lowest in the first quarter as seasonal production falls in the South/South-Central region of Brazil.

(d) Global production of petroleum and petroleum products outside of Iran is derived by subtracting biofuels production and Iran liquid fuels production from global liquid fuels production. The same method is used to calculate global consumption outside of Iran.

(e) Estimated inventory level is for OECD countries only.

(f) EIA defines surplus oil production capacity as potential oil production that could be brought online within 30 days and sustained for at least 90 days, consistent with sound business practices. This does not include oil production increases that could not be sustained without degrading the future production capacity of a field. It also does not include additional capacity that may be available in Iran, but which is currently offline due to the impacts of U.S. and EU sanctions on Iran's ability to sell its oil.

Source: U.S. Energy Information Administration.

Table 2. Crude Oil and Petroleum Product Price Data

Item	June 2015	July 2015	June – July 2015 Average	June – July 2014 Average	2012 – 2014 Average
Brent Front Month Futures Price (a) (\$ per barrel)	63.75	56.76	60.26	110.04	106.61
WTI Front Month Futures Price (b) (\$ per barrel)	59.83	50.93	55.38	103.74	95.04
Dubai Front Month Futures Price (\$ per barrel)	61.67	56.22	58.95	107.12	103.92
Brent 1st - 13th Month Futures Spread (\$ per barrel)	-4.85	-5.19	-5.02	4.15	4.29
WTI 1st - 13th Month Futures Spread (\$ per barrel)	-2.76	-4.96	-3.86	8.80	3.19
RBOB Front Month Futures Price (c) (\$ per gallon)	2.07	1.91	1.99	2.98	2.80
Heating Oil Front Month Futures Price (\$ per gallon)	1.89	1.68	1.79	2.92	2.93
RBOB - Brent Futures Crack Spread (\$ per gallon)	0.55	0.56	0.56	0.36	0.26
Heating Oil - Brent Futures Crack Spread (\$ per gallon)	0.37	0.33	0.35	0.30	0.39

(a) Brent refers to Brent crude oil traded on the Intercontinental Exchange (ICE).

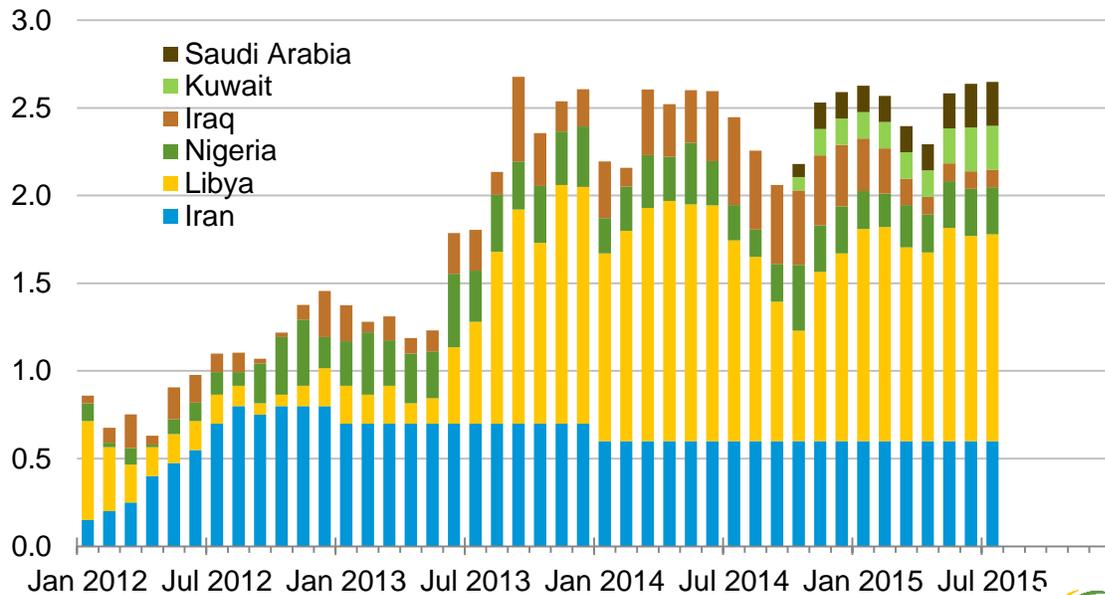
(b) WTI refers to West Texas Intermediate crude oil traded on the New York Mercantile Exchange (NYMEX), owned by Chicago Mercantile Exchange (CME) Group.

(c) RBOB refers to reformulated blendstock for oxygenate blending traded on the NYMEX.

Source: U.S. Energy Information Administration, based on Chicago Mercantile Exchange (CME), Intercontinental Exchange (ICE), and Dubai Mercantile Exchange (DME).

Appendix

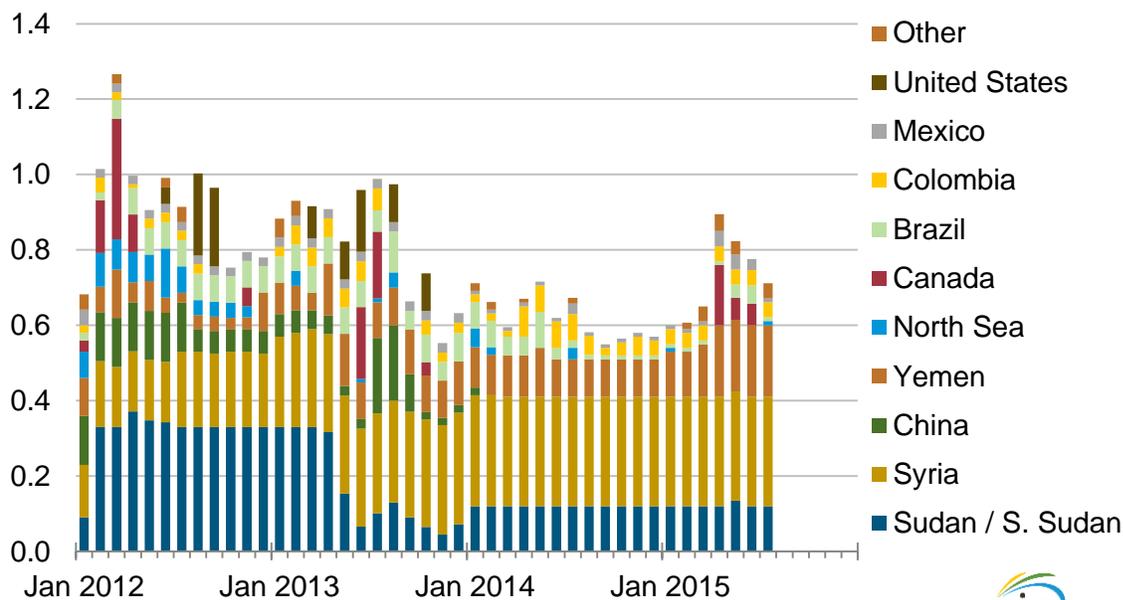
Figure 1. Estimated Unplanned Crude Oil Production Disruptions Among OPEC Producers, January 2012-July 2015



Source: Short-Term Energy Outlook, August 2015.



Figure 2. Estimated Unplanned Petroleum and Other Liquids Production Disruptions Among Non-OPEC Producers, January 2012 – June 2015



Source: Short-Term Energy Outlook, August 2015.

