



DOHA DATELINE
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Will Opec curb output?

US oil production rises to its highest level in 29 years to 9m barrel per day



The logo of the Opec is seen at the headquarters building in Vienna. Analysts are expected that Opec may act to curb the oil flowing into market in its upcoming meeting by end of this month in response to the steep fall in oil prices in recent months. — AFP

BRENT CRUDE AND WTI had continued to extend its declines on concern that demand from Japan will fall. Japan's economy shrank an annualised 1.6 per cent in the third quarter, a second successive drop. Brent crude was above \$78/barrel and WTI was hovering around \$75/barrel.

It had early fallen on concerns of surge in production from the United States. The US Department of Energy reported that oil production in the US rose to its highest level in 29 years to just over nine million barrels per day. The surge in US oil production is due to the immense success of hydraulic fracturing, which has liberated millions of barrels of oil and millions of cubic feet of natural gas from fields.

A flood of oil being extracted from shale rock in US had helped to create a global supply glut and lowered prices. In early November, Saudi Arabia sent global oil prices tumbling when it cut its price for crude on the US market while raising it for Asia.

The US has almost ended imports of crude oil from West African countries, such as Nigeria, which used to be a key source of supply.

We need to see whether Organisation of Petroleum Exporting

Countries (Opec) will act to curb the oil flowing into market in its upcoming meeting by end of this month in response to the steep fall in oil prices in recent months.

Opec production ceiling is at 30 million barrels a day and currently produce around 600,000 barrels of oil a day over the output ceiling. Libyan production has disappointed of late with more signs of trouble. Less supply can expect to push prices higher, however oil prices have not reacted much to this.

A cold weather in northern

dollar, and countries in the eurozone were continuing to sell gold stocks in order to repay debt to the European Central Bank. Gold has fallen by more than one per cent year-to-date. Silver was around \$16/ounce and it had fallen by more than 17 per cent.

Copper was above \$6,775/metric tonne and had earlier arose on the London Metal Exchange as the US consumer confidence data increased more than forecast in November 2014. However copper slipped on concerns over China's

and after weaker industrial production data in the US. Earlier it had surged on account of Indonesia export ban. Nickel was up by more than 13 per cent YTD in 2014.

Wheat price at Nybot is above \$5.54/bushel and it had surged recently as temperatures plunge in the US. Plains states and after a government report showed domestic supplies slipped. Wheat market is recovering from a slump that sent prices to their lowest level in more than four years in September 2014.

Corn at Nybot is above \$3.9/bushel and prices are also surging because of the cold weather. It is unlikely that the crop will be damaged by the plummeting temperatures however the snow and wintry conditions could make it difficult for farmers to gather the crop. Soybean at Nybot is above \$10.31/bushel and it had marginally arose on cold weather. Corn slumped more than 15 per cent this year and soybeans fell 21 per cent amid prospects for record harvests in the US, the world's biggest grower. Wheat lost close to 15 per cent as global production climbed to the highest ever, according to the US Department of Agriculture.

The writer is the group chief executive officer at Doha Bank. Views expressed by him are his own and do not reflect the newspaper's policy.

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hemisphere can drive oil consumption and provide relief for oil prices. The fall in oil prices recently will not have significant impact on the GCC project space. Natural gas is above \$4/MMBTU, it had gained earlier on account of cold weather in US however it came down as milder temperatures were forecasted ahead.

Gold price was below \$1,200/ounce. The lack of inflation in some economies meant gold was less attractive, investors turned from gold to the strengthening US

sluggish property sector, although expectations of more European monetary stimulus offered support. Copper has fallen by more than eight per cent year-to-date in 2014.

Aluminum was above \$2,025/metric tonne and China's Aluminum demand has weathered real estate slow down. Aluminum is up by more than 16 per cent YTD in 2014. Nickel was above \$15,700/metric tonne and had fallen amid data showing property prices declined a second month in China,