
IRAQ OIL EXPORTS, OPEC'S FASTEST GROWING IN 2015, HOLD STEADY IN MARCH

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24.03.2016

Reuters, 23 March 2016

Iraq's oil exports have held steady so far in March, according to loading data and industry sources, halting for now the rapid supply growth that has increased downward pressure on prices.

Baghdad has given verbal support to an initiative by the Organization of the Petroleum Exporting Countries and outside producers to freeze output in an effort to boost prices. Producers are due to meet on April 17 to discuss the plan.

The lack of export growth is partly involuntary as it reflects disruptions on Iraq's northern pipeline, offsetting near-record southern exports. Still, coupled with outages in other producers, it has supported a price rise this year.

"The recent disruption in Iraq and Nigeria, alongside greater risk appetite in financial markets, has helped to lift the price," said Harry Tchilinguirian, global head of commodity strategy at BNP Paribas.

"But that momentum is running out of steam. The global supply and demand imbalance is still large in the first half of 2016."

Iraq's southern exports in the first 23 days of March averaged 3.35 million barrels per day (bpd), according to two industry sources and loading data tracked by Reuters. That's close to the record of 3.37 million bpd reached in November.

The south pumps most of Iraq's oil. Iraq also exports smaller amounts from the north by pipeline to Turkey.

Iraq's northern pipeline has been carrying around 600,000 bpd from the autonomous Kurdistan region and the disputed Kirkuk fields, but has been repeatedly sabotaged in recent months. The flow was most recently halted due to theft.

Shipments have fallen to 217,000 bpd so far in March according to loading schedules, from 350,000 bpd in February due to pipeline stoppages and a decision by the central government in Baghdad to suspend pumping Kirkuk crude into the line.

Baghdad's decision is linked to its long-running dispute with Erbil over revenues, which has kept northern exports offline in the past.

Iraq was OPEC's fastest source of supply growth in 2015 and boosted production by more than 500,000 bpd, despite conflict with Islamic State militants and spending cuts by companies working at the southern fields.

Technically at least, Iraq could export even more from the south, industry sources say, although production is unlikely to rise as much as it did last year as the spending cuts bite.

Kaynak/Source: