
OPEC Oil price level satisfactory

Saturday, 21 Nov, 2009

Gulf News cited Mr Jose Maria Botelho de Vasconcelos president of OPEC as saying that the international oil prices currently in the range of USD 75 per barrel per day to USD 78 per barrel are at a good level and the Organization of Petroleum Exporting Countries is happy with the price range.

He said that it's a balanced price, not too high. The economy can recover at the current price. Even at USD 80 per barrel the oil prices are not too high.

Mr De Vasconcelos said that the compliance by OPEC members with their adjusted output quotas is about 65%. We have an average compliance in OPEC of about 65%. OPEC is happy with the compliance level.

He said that "In December, we will analyze the situation and take a decision. You must wait until the meeting."

OPEC cut production last year when oil prices went into a freefall following the onset of a global economic downturn. The international oil prices have been rebounding from lows of USD 32.40 per barrel in December.

The oil prices have been boosted by a weakening US dollar and on signs the worst of the global economic recession may have passed. At three previous meetings earlier this year, OPEC left production quotas of members unchanged.

Mr De Vasconcelos said that there are currently 62 days of forward cover implying the world oil markets are currently oversupplied and the inventories are at a higher level than OPEC is comfortable with. Ideally, OPEC looks at a forward cover of 52 or 53 days.

He said that OPEC member countries will put money in developing new capacity at the current level of oil prices. The world oil demand may rise by 20 million barrels per day to 106 million barrels per day between 2008 and 2030.

(Sourced from gulfnews.com)

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