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# OPEC Plus decision in charts: More of the same

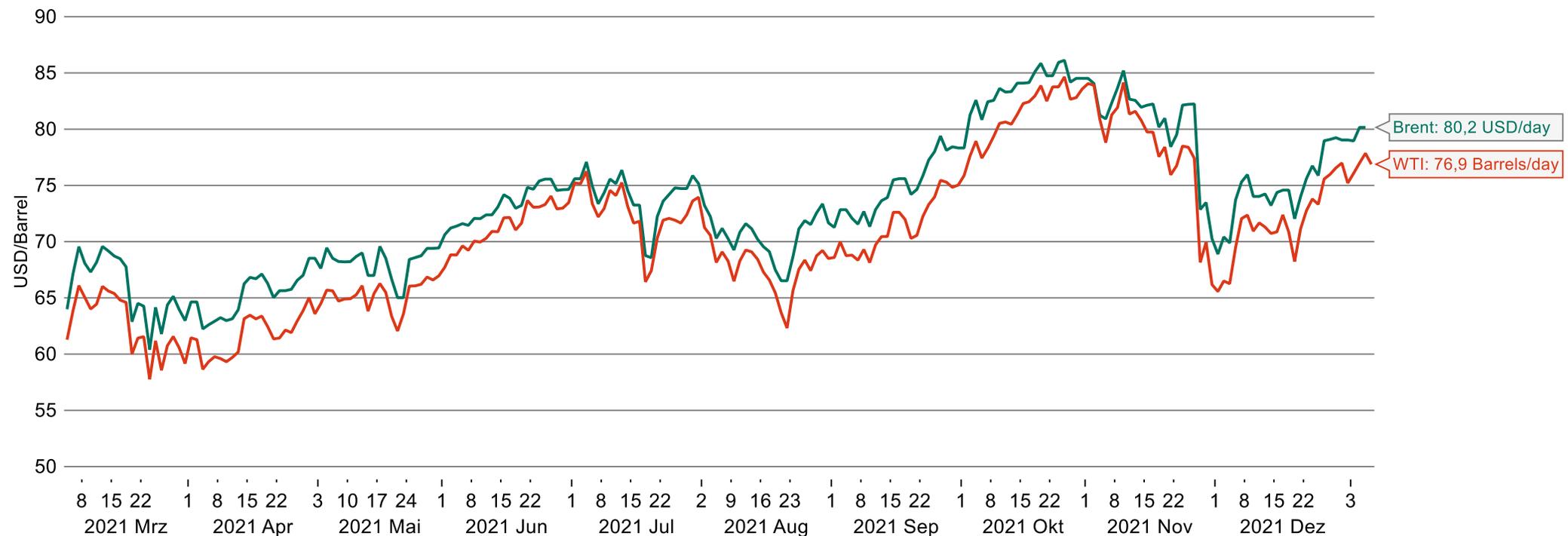
Economics  
January 6, 2022

# OPEC Plus Decision of January 4

- OPEC Plus has decided to increase oil production by **400,000 barrels/day** in February in accordance with the current agreement. This corresponds to a monthly quota increase of 1% on average.
- **Quotas not exhausted:** So far, member countries have not succeeded in exhausting their production quotas. In November 2021, OPEC Plus is estimated to have produced 512,000 barrels/day less than committed. Production data for December will be released next week.
- Despite the uncertainties surrounding Omicron, most market participants had expected the quota increases to continue. Nevertheless, **oil prices rose** slightly.
- OPEC Plus signals **confidence** and continues to rely on **strong demand** growth despite Omicron. The oil countries forecast **demand of 100.59** million barrels/day in 2022. According to the assessment, the pre-crisis level of **2019** would be **exceeded**.
- The next OPEC Plus meeting is scheduled for **February 2**. It will decide on the production level for the month of March.
- What to watch for: **Nuclear negotiations with Iran / Russia conflict / Omicron development**

# Oil prices initially rose in response to the OPEC Plus decision. Brent reached a multi-week high of \$80 per barrel.

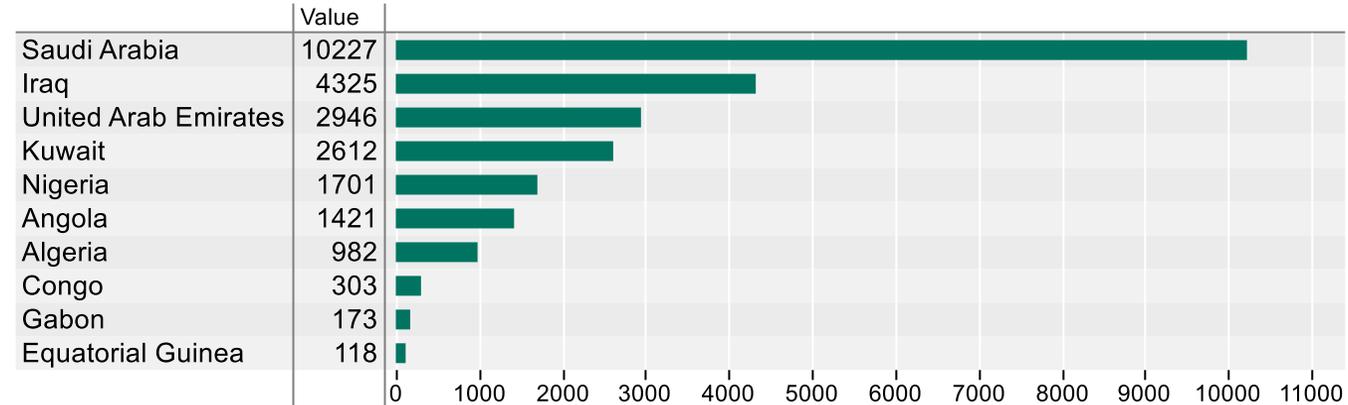
Oil price, Brent und WTI, US-Dollar/Barrel



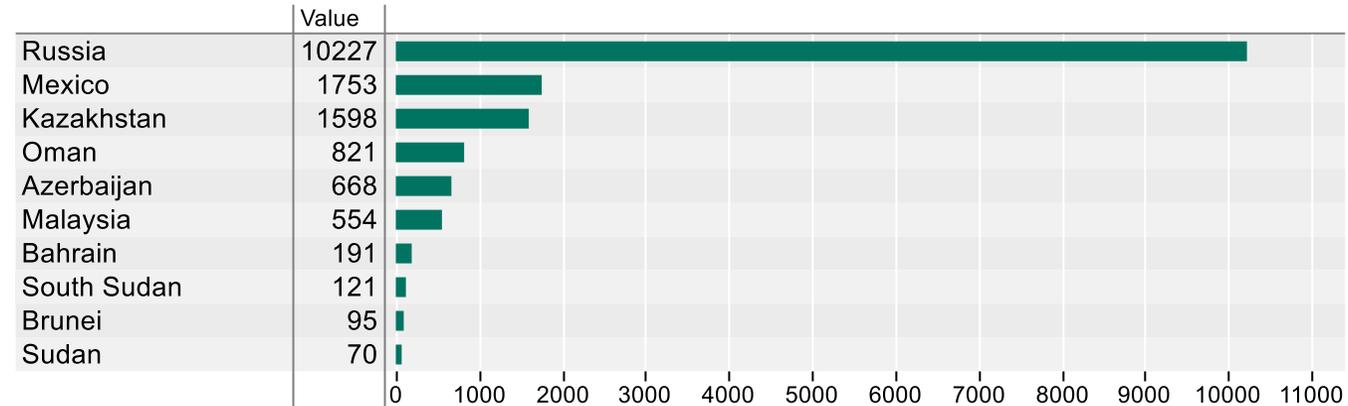
Source: Macrobond, Hamburg Commercial Bank Economics, Intercontinental Exchange (ICE)

# OPEC Plus plans to produce 40.9 million barrels/day in February, corresponding to about 40% of global output.

OPEC: Required production in February 2022, barrels/day



OPEC partner: Required production in February 2022, barrels/day

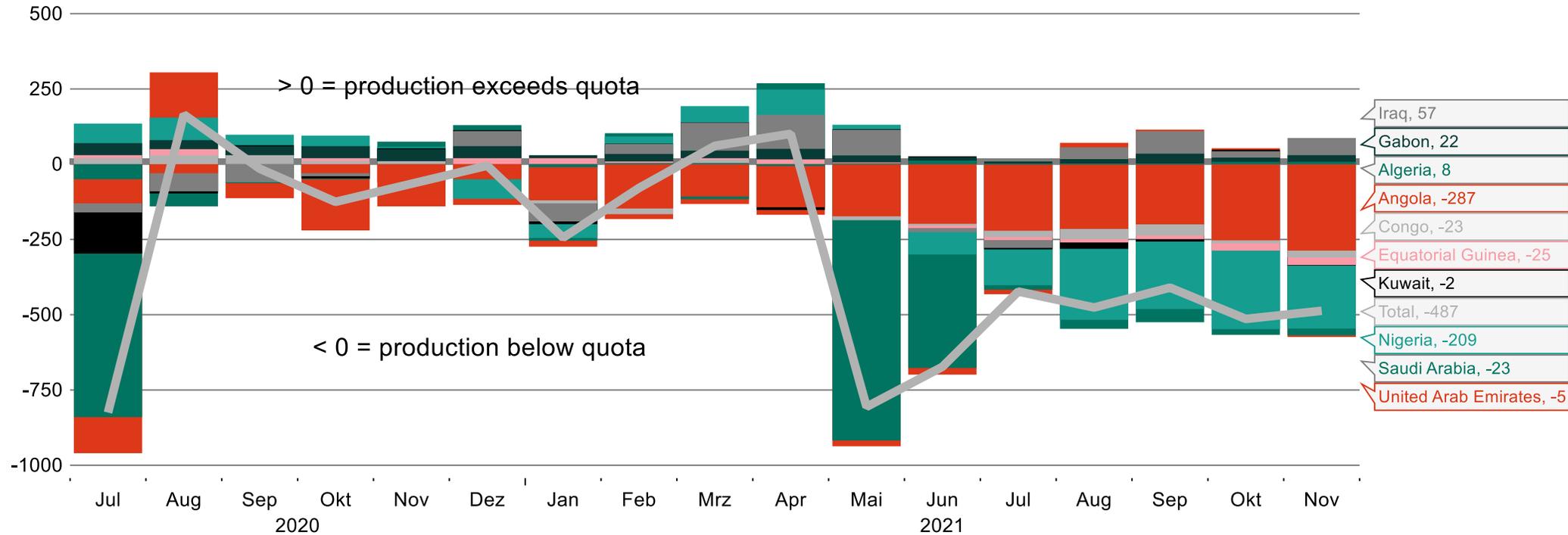


Source: Macrobond, HCOB Economics, OPEC

# Compliance by OPEC: OPEC countries are not fully exhausting the agreed production quotas. In November, an estimated 487,000 barrels/day less was produced than the quota would have allowed.

While Iraq, along with a few other OPEC countries, are producing slightly more than agreed, Angola and Nigeria in particular are ensuring that OPEC's bottom line is actually producing less than planned.

OPEC crude oil production - deviation from quota, 1000 barrel/day  
 Currently not part of the OPEC agreement: Iran, Libya, Venezuela

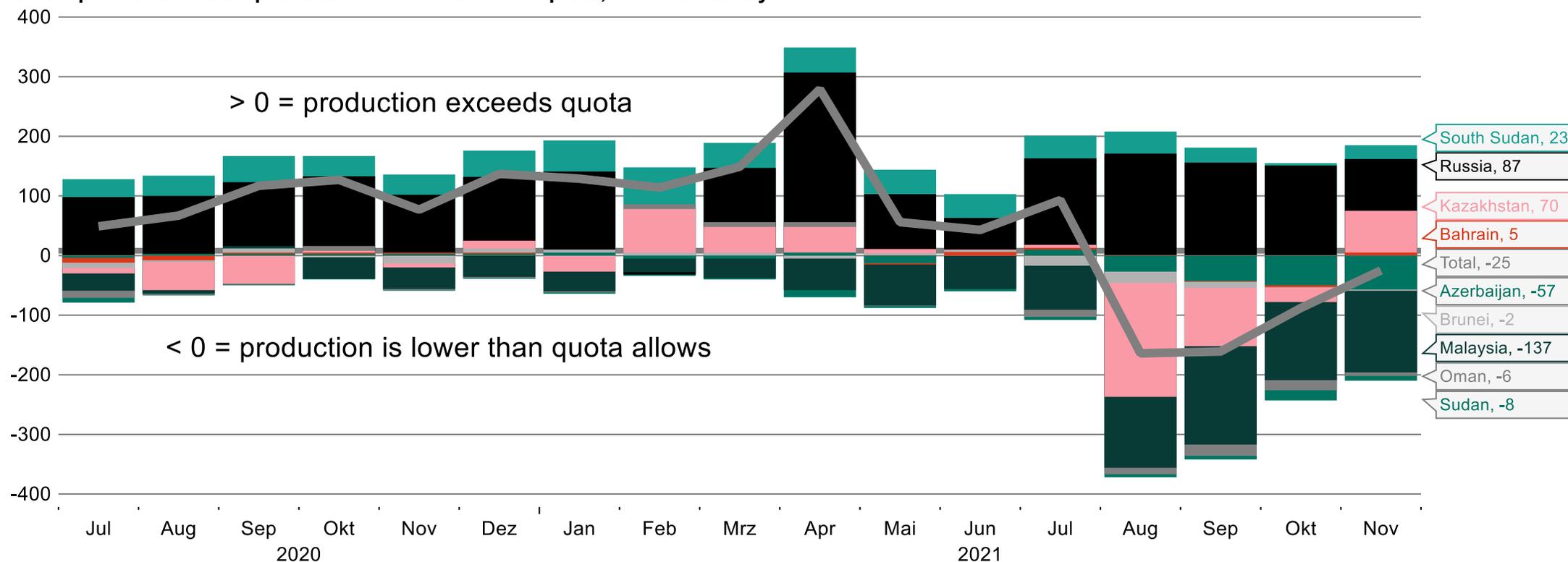


Source: Macrobond, Hamburg Commercial Bank Economics, S&P Global Platts

# Compliance of OPEC partners: the partner countries as a whole are complying with the agreement.

Russia significantly exceeds the agreed production quota; Malaysia and Azerbaijan make up for this by remaining below the permitted quota.

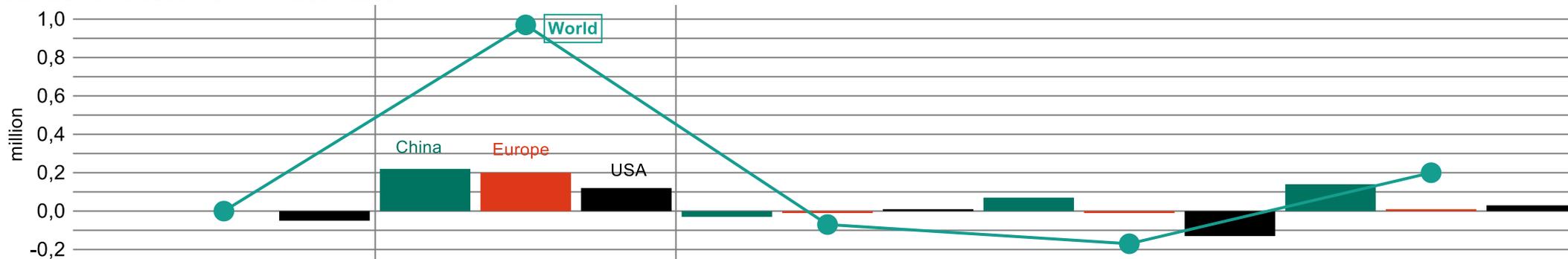
OPEC partner crude oil production - deviation from quota, 1000 barrel/day



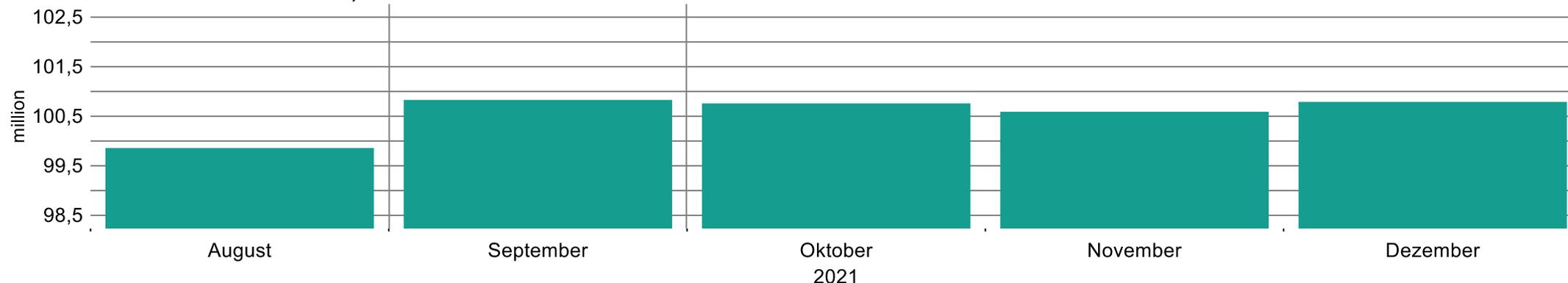
Source: Macrobond, Hamburg Commercial Bank Economics, S&P Global Platts

**For 2022 as a whole, OPEC has recently revised its forecast slightly upward. Forecast demand currently stands at 100.59 million barrels/day, exceeding the pre-crisis level of 2019.**

**Total Demand 2022 - Shift in Estimates**



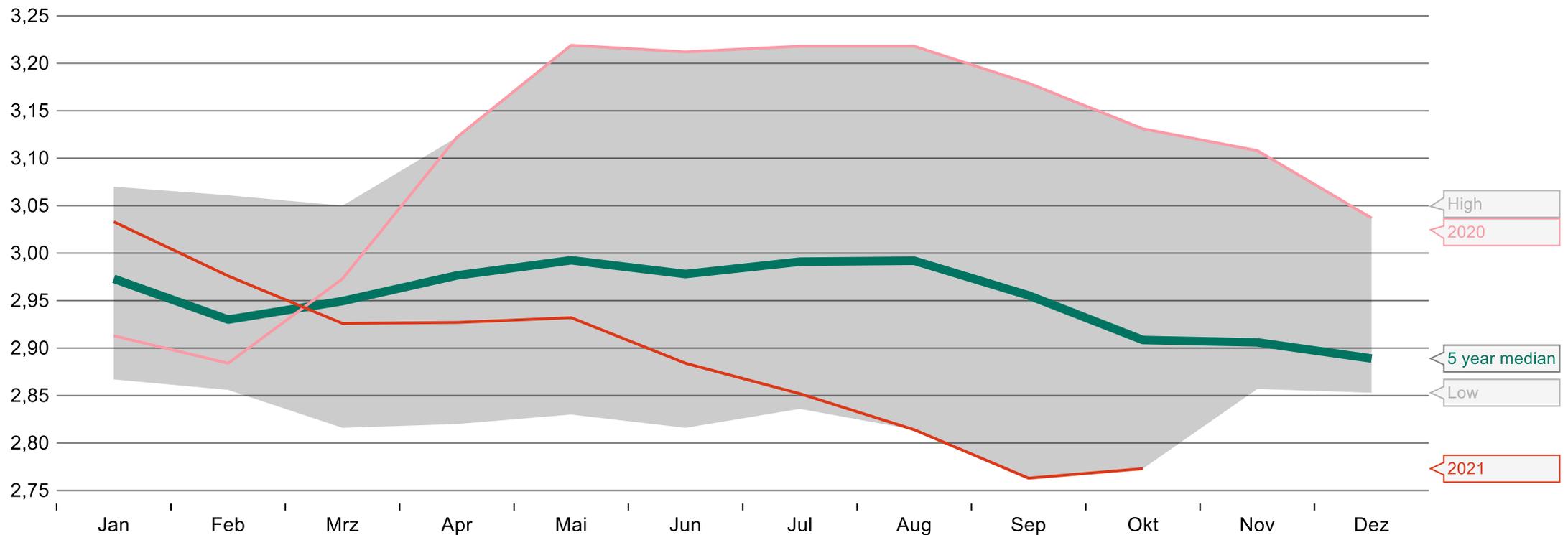
**Total Demand in Absolute Values, World**



Source: Macrobond, HCOB Economics, S&P Global

# OECD oil inventories are well below the five-year average. There is an oil shortage. This should further confirm OPEC Plus in its plan to gradually increase production.

Oil inventories of OECD countries according to the data of OPEC, most recent development and five year average



Source: Macrobond, HCOB Economics, OPEC

# Background: OPEC countries and OPEC+ countries

## OPEC

- Algeria
- Angola
- Congo
- Equatorial Guinea
- Gabon
- Iraq
- Kuwait
- Nigeria
- Saudi Arabia
- United Arab Emirates

Excluded from agreements due to political trouble:

- Libya
- Iran
- Venezuela

## OPEC Partner

- Azerbaijan
- Bahrain
- Brunei
- Kazakhstan
- Malaysia
- Mexico
- Oman
- Russia
- Sudan
- South Sudan

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Editorial deadline for this issue: January 06, 2022

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