

Economic Alert iQ



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International

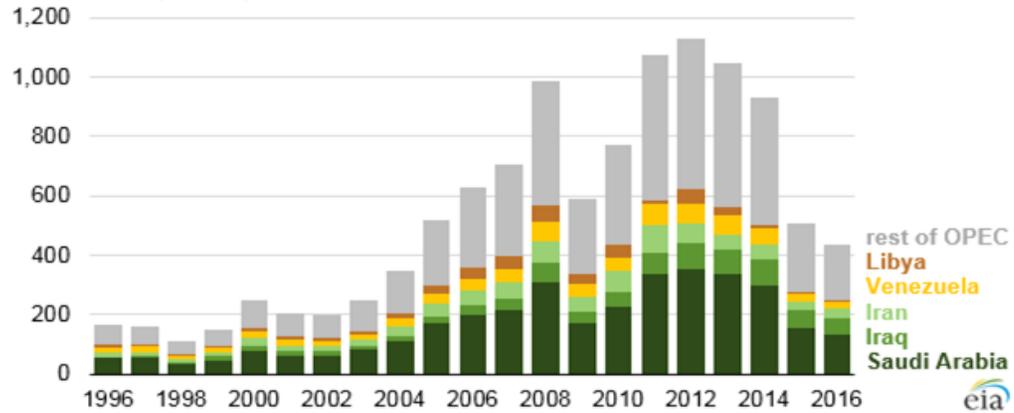
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Economic Alert: OPEC Revenues Fall to Lowest Level in a Decade

- Revenues at the Organization of the Petroleum Exporting Countries fell to US\$433 billion in 2016, their lowest level since 2004, according to a report released by the U.S. Energy Information Administration today.
- This represents a 15% drop from the previous year's net revenues, the result of sustained lows in oil and gas prices and OPEC's decision to cut production in late 2016, the agency said.
- However, oil prices now hovering around US\$50 a barrel, EIA is projecting OPEC revenues will rise to US\$539 billion this year. The expected increase in OPEC's net export earnings is attributed to slightly higher forecast annual crude oil prices in 2017 as well as slightly higher OPEC output during the year.
- For 2018, OPEC net oil export revenues are forecast to be US\$595 billion (annual), with an increase in forecast crude oil prices and higher OPEC production and exports contributing to the rise in overall earnings.

Organization of the Petroleum Exporting Countries net oil export revenues (1996-2016)
billion dollars (nominal)



Source: EIA

Barrels Of Crude Oil Produced by OPEC members vs. WTI Crude Oil Price



Source: Bloomberg

- The agency further notes that Saudi Arabia has consistently earned more oil export revenues than any other member of OPEC, with its share in total OPEC net oil export revenues ranging between 29% and 34% since 1996.
- The Organization of the Petroleum Exporting Countries, Russia and other producers originally agreed to cut production by 1.8 million barrels per day for six months from Jan. 1 to support the market.
- Oil prices, trading at around US\$50, have gained support from reduced output but high inventories and rising supply from producers not participating in the accord have limited the rally, pressing the case for extending the curbs.
- At the time of writing, WTI Crude Oil was trading at US\$50.35 while Brent Crude stood at US\$53.58.



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