

Riyadh hails 'perfect' oil price, stable market

Cairo, December 06: Saudi Arabia said Saturday that oil prices were "perfect" and the global market stable as Arab heavyweights in the OPEC cartel appeared united in their support for maintaining production quotas.

"Everything is so good now, we don't have to think very hard," Saudi Oil Minister Ali al-Naimi said in Cairo, reflecting an agreement among OPEC members to keep production quotas unchanged at the December 22 conference.

"Inventories are coming down, the price is perfect and all investors, consumers, producers are all very happy. The market is stable right now, volatility is minimum and everybody is happy with the price."

Naimi, whose country is OPEC's leading producer and exporter, was speaking at a ministerial meeting of the Organisation of Arab Petroleum Exporting Countries (OAPEC).

Kuwaiti Oil Minister Sheikh Ahmad Abdullah al-Sabah echoed his comments.

"There will be no increase in production whatsoever," he said, adding that he believed there was a consensus among all OPEC members to maintain the status quo.

OPEC cut 4.2 million barrels per day of its production quotas last December, bringing down the total output of the 12-member cartel -- excluding Iraq -- to 24.84 million bpd.

It took the measure to support flagging oil prices, which slumped from historical highs above 147 dollars a barrel in July 2008 to just above 30 dollars after a sharp decline in demand because of the global financial crisis.

Oil prices have rebounded strongly in the past few months and are currently ranging between 70 and 80 dollars a barrel. In October, prices jumped above 80 dollars before easing.

Crude prices tumbled on Friday in volatile trade, succumbing to a stronger dollar following an improved US jobs report picture.

New York's main contract, light sweet crude for January delivery, fell 99 cents to 75.47 dollars a barrel. In London, Brent North Sea crude for delivery in January dropped 84 cents to settle at 77.52 dollars a barrel.

It was the third straight losing session for the New York futures contract.

Libyan Oil Minister Shukri Ghanem said there are no objections among OPEC members to a production rollover in Angola.

"I don't think there are objections" to maintaining output quotas, he told reporters, and added that Tripoli had delayed plans to raise its oil output capacity until 2017.

"Our plan was to reach three million barrels per day by 2012, but (delayed it to 2017) because of the market conditions, as well as budget constraints," Ghanem said.

Libya's production capacity was now almost two million bpd, he said.

Qatar's Energy Minister Abdullah al-Attiyah also said OPEC will roll over current production levels but will monitor the market next year.

"I believe the decision will be to maintain the current production levels and then wait until 2010" to assess the situation, Attiyah said.

Arab ministers said the oil price was satisfactory though Algerian Oil Minister Chakib Khelil said it is "a bit low."

The ministers differed in their assessments of production compliance among OPEC members, however.

Saudi Arabia and Qatar said compliance was good while Kuwait and Libya demanded that OPEC members stop over-producing.

The Kuwaiti oil minister said compliance had dropped to 60 percent.

"There is no compliance. It has dropped to 60 percent and we want it to be at least between 65 percent to 70 percent," said Sheikh Ahmad.

A lack of compliance in quotas had led to oversupply, the ministers of Kuwait, Libya and Algeria said.

But Naimi said he was not worried about high levels of inventories because they are "coming down."

According to the International Energy Agency, current production of OPEC minus Iraq stands at 26.48 million bpd, about 1.64 million bpd higher than the official quota.

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