OIL FUTURES:
Crude Passes $90/Bbl On US Oil Stocks Data

Crude-oil futures rose above $90 a barrel in Asia Wednesday, the first time crude has passed the threshold since Dec. 7, after a report showed U.S. inventories falling twice as fast as market expectations.

On the New York Mercantile Exchange, light, sweet crude futures for delivery in February traded at $89.94 a barrel at 0601 GMT, up $0.12 in the Globex electronic session. It hit an intraday high of $90.09 a barrel earlier in the session.February Brent crude on London's ICE Futures exchange rose $0.15 to $93.35 a barrel.

Oil bulls took heart from a survey by the American Petroleum Institute, an industry lobby group, that showed a much larger-than-expected drop in crude oil stockpiles last week.

Crude was also given support in Asian trading by regional stock markets, which were mostly up despite thin pre-holiday volumes. South Korea's Kospi Composite rose 0.3%, while Australia's S&P/ASX 200 was 0.1% higher.According to the API, U.S. crude inventories fell last week by 5.8 million barrels--double the expectations of analysts polled by Dow Jones Newswires. Gasoline stockpiles fell by 2.9 million barrels, versus an expected 900,000-barrel build, while distillate inventories didn't fall as the market predicted.Having passed the psychologically important $90-a-barrel threshold in Asian trade, the market could make a run at the $90.76 resistance level--its Dec. 7 high--if weekly petroleum data from the U.S. Department of Energy back up the API numbers. The department is due to publish its report at 1530 GMT Wednesday.If this week's DOE report shows a large drawdown in crude oil stocks, we would expect to see it serve as a reason for crude oil prices to break over $90.76. In any event, a bullish report is much more likely to attract buying than a bearish report is likely to promote selling, Peter Beutel of oil trading advisory firm Cameron Hanover said.Monday's breakout of gasoline futures suggests it is just a matter of time before crude prices set new two-year highs, he added.Gasoline futures leaped higher Monday on reports that Hovensa LLC has delayed by a week the restart of its gasoline-making unit at its 500,000-barrel-a-day St. Croix refinery. Two traders told Dow Jones Newswires the company has delayed restarting the unit until Dec. 27, after shutting it down for unplanned repairs Dec. 9.Nymex reformulated gasoline blendstock for January--the benchmark gasoline contract--rose 145 points to $2.4130 a gallon, while January heating oil traded at $2.5200, 36 points higher.

OPEC 158th (Extraordinary) Meeting concludes

The 158th (Extraordinary) Meeting of the Conference of the Organization of the Petroleum Exporting Countries (OPEC) convened in Quito, Ecuador, on 11 December 2010, under the Chairmanship of its President, HE Wilson P?stor-Morris, Minister of Non-Renewable Natural Resources of Ecuador and Head of its Delegation, and its Alternate President, HE Masoud Mir-Kazemi, Minister of Petroleum of the Islamic Republic of Iran and Head of its Delegation.

The Conference was formally opened by HE Rafael Correa Delgado, President of the Republic of Ecuador.

The Conference considered the report of the Secretary General on oil market outlook as well as various administrative matters. The Conference also exchanged views on recent developments in the area of international environment negotiations, in particular the 16th Session of the Conference of the Parties of the UNFCCC, and on developments in the International Energy Forum.

The Conference took note of new developments on Ecuador's Yasuni-ITT initiative and repeated its expression of support for Ecuador's endeavour in this regard, since this is consistent with the energy and environment-protection objectives established at the Third Summit of OPEC Heads of State and Government held in the Kingdom of Saudi Arabia in November 2007.Having reviewed the oil market outlook, including the overall demand/supply projections for the year 2011, the Conference observed that the increase in the annual average oil demand in 2011 is likely to be lower than in 2010. This expectation of lower demand growth is coupled with challenging risks to the fragile global economic recovery, including the adverse effect of possible currency conflicts and fears of a second banking crisis in Europe, all of which would negatively impact on oil demand. With the OECD still facing lower industrial output, lagging private consumption as well as persistently high unemployment, and with ample spare capacity throughout the oil supply chain, the Conference agreed to maintain current oil production levels.

In taking this decision, Member Countries acknowledged their commitment to individually agreed production allocations, as outlined in the Oran Agreement of December 2008, and

Ministers repeated their readiness to rapidly respond to any developments that might jeopardize oil market stability and Member Countries' interests. As customary, the Secretariat will continue closely monitoring the market, keeping Member Countries abreast of the situation at all times. The situation will be reviewed at the next Ordinary Meeting of the Conference.

As always, the Conference also acknowledged OPEC's statutory commitment to providing an economic and regular supply of petroleum to consuming nations whilst stabilizing the market and realizing the Organization's objective of maintaining crude oil prices at fair and equitable levels, for the well-being of the market and the benefit of the world at large.

Since oil market stability is clearly of benefit to all oil producers, not OPEC Member Countries alone, the Conference renewed its call on other oil producers/exporters to cooperate with the Organization in its endeavours to secure oil market equilibrium.

The Conference decided that its next Ordinary Meeting will be held on Thursday, 2 June 2011, in Vienna, Austria.

The Conference approved the Budget of the Organization for the year 2011.

The Conference expressed its sincere gratitude to His Excellency Rafael Correa Delgado, the President of the Republic of Ecuador, as well as to the Government and the People of Ecuador for the warm hospitality extended to Conference participants and for the excellent arrangements made for the Meeting.

In addition, the Conference recorded its special thanks to HE Wilson P?stor-Morris, Minister of Non-Renewable Natural Resources, and his Staff for their warm hospitality and the excellent arrangements made for the Meeting.

2010 and The Future Outlook

Speech delivered by Dr. Ibibia Lucky Worika, General Legal Counsel, on behalf of HE Abdalla S. El-Badri, OPEC Secretary General, to the Oil Council's Awards of Excellence and Gala Dinner, 25 November 2010, London, U.K.

Ladies and gentlemen, it gives me great pleasure to be here this evening representing the Secretary General of OPEC, HE Abdalla Salem El-Badri. And on his behalf, I would like to thank the Oil Council for the invitation to address this respected gathering.

As each and everyone one of us in this industry knows, the last few years have been hugely challenging. I certainly do not need to remind anyone here of the turbulent journey the world economy has gone through. Nor do you need reminding of the belt-tightening measures that have been implemented by most governments over the last two years. All intended to put the economy back on the path of growth.It has been a momentous and unpredictable time. And we still face many hurdles and challenges. Yet, there is still good reason to look ahead with optimism.

If I may, I would like to touch briefly on the background to the crisis.

The global financial crisis and subsequent economic downturn of 2008-2009 were very severe. The crisis had its foundation firmly rooted in the subprime mortgage crisis in the United States as well as the activities of speculators. The oil market was severely affected by these developments and the result was a roller-coaster ride for oil prices. The OPEC Reference Basket recorded prices in 2008, that were both extremely high at $141/b and as low at $33/b. Inevitably, this did not create a good investment climate. Consequently, projects were either delayed or suspended in both OPEC and non-OPEC Member Countries, as governments worked to find ways to put the economy back on track. The latter, as we know, has been largely through the monetary and fiscal stimulus packages implemented across the globe - which have certainly helped economies return to growth.

For its part, OPEC's decision to adjust production by 4.2mil-lion b/d at its Conference in Oran, Algeria in 2008 went a long way in helping to stabilize the oil market.

Trying to put the crisis behind us, we entered 2010 with optimism.

As we all know, a stable economy is an essential requirement for growth and investment for both energy producers and consumers. For now, most analysts are of the opinion that the worst of the global financial crisis and subsequent economic downturn is almost behind us. Also, with the price of oil remaining relatively stable at a range of $70-85/barrel this year, the economic outlook appears far brighter than it did a year or so ago.

And, as the world economy continues to recover, most of the investments affected as a result of the crisis have been resumed. In OPEC Member Countries for instance, according to our forecast, over the period to 2014 there are around 140 projects expected to come on stream. These will result in gross capacity of 12mbd by the end of 2014. The estimated required investment is around $155 billion over the same period.

Of course looking ahead there are future challenges.

Now, the question is, can we also approach 2011 with the same level of optimism as we did 2010 or do we have cause to be wary?

Ladies and gentlemen, the future seems to be fraught with challenges and evidence of a newly emerging crisis point to the need for cautious optimism.

But make no mistake there is and will continue to be demand for crude oil. In our World Oil Outlook for 2010 released earlier this month, the forecast showed that developing countries and South East Asia in particular, are fast becoming the centre of gravity of global economic growth. And therefore of energy needs! Most importantly, the forecast also shows that it is necessary to increase fossil fuels use, in particular oil, to meet future energy demand most of which will come from these regions.

While this is the situation, it is important to also note that there are present realities that may affect demand in the years ahead, especially over the immediate future. When we talk about economic recovery, the nature of such a recovery has not been as balanced as many would have preferred. The recovery, and growth in oil demand, is being fuelled by the emerging markets of non-OECD countries.

Growth meanwhile, in some of the industrialized countries has been lethargic. This has raised fears of a double dip recession. In the OECD - particularly in the European Union - there is concern about sovereign debt sustainability. And the early reduction of financial stimulus packages around the world continues to present significant challenges.Also, there is genuine concern over rising unemployment worldwide. This is in addition to a possible overheating of the Chinese economy and continuing global imbalances. These have led to calls for countries enjoying some level of economic boom to actively encourage private consumption to bring the world economy out of recession.

Then, of course, there are new challenges that include the Irish debt crisis - the second for the Euro zone in 6 months, the weak dollar and also energy policies of some consumer countries that set ambitious targets for some fuel types, such as biofuels at the detriment of oil. The danger in this is that as we all know, lead times for investment are very long in this industry, and it is a complex and ongoing challenge to avoid over- or under-investing.

In other words, there is the need for clear non-discriminatory policy directives that would point investors in the right direction.

Another challenge that we have to deal with to ensure stable supply in the future, is that of the availability of suitably trained manpower. It is important to remember that the training, education and retention of skilled labour are fundamental to the future health of the OUR industry.

As we approach 2011, if these challenges are not well handled, they have the capacity to erode the gains made in 2010. How we handle them therefore will affect the pace of recovery and demand in 2011.

Let me now please talk of OPEC's commitment.

For our part, OPEC remains committed to its goal of providing steady supplies of crude to the market at all times. As you may be aware, OPEC celebrated its 50th Anniversary on 14 September, of this year. Fifty years on - I am proud to say that in ensuring steady and secure oil supply , OPEC has remained faithful to the objective that was agreed by its Founder Members - Iran, Iraq, Kuwait, Saudi Arabia and Venezuela at its first conference in Baghdad in 1960.

In addition, the Organization has supported market stability, encouraged sustainable development initiatives through the OPEC Fund for International Development and committed itself to efforts to protect the environment. We are also strongly committed to encouraging dialogue between OPEC and non-OPEC producers, as well as with consumers.

In the area of adequate manpower provision, it is encouraging to see that our Member Countries have been making increasing efforts to provide appropriate education and training to industry personnel. Globally, however, a lot more thought has to be given to this area just as more needs to be done to ensure that the industry does not run out of skilled manpower in the future.And on that note ladies and gentlemen, I thank you all for your time. And please enjoy the rest of your evening.