Change of oil production on the market

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The end of the production year could bring changes in demand and production in the oil market in non-OPEC countries due to the risk of developing a delta strain of the COVID-19, which in general should not interfere with the supply of oil to the market stated Bloomberg report. Iran is expected to supply more than a million barrels of oil per day if the country would manage to negotiate the development of Iran's nuclear program, unlike countries such as Russia, Angola, and Nigeria where the oil production might not grow.

According to the details of the Bloomberg report, the administration of President Joe Biden is ready to update or sign a new agreement with Iran to export oil to the United States if an agreement is reached to develop a nuclear program in Iran. Thus, it is expected that Iran will be able to increase oil supplies by 1.3 million barrels of oil per day, while the current volume of supplies is equal to 3.8 million barrels.

Bloomberg reported, that OPEC countries plan to increase oil production to meet higher demand on oil production, where Saudi Arabia became the main oil-producing member in August. Due to excess supply on the oil market caused by increased production in non-OPEC countries, the market would change significantly by the end of the year if oil demand continues to decline, fueled by the development of the COVID-19 pandemic. According to Bloomberg, it was estimated that in August of this year Iran increased oil production by 110 thousand barrels to 4.08 million barrels per day, OPEC increased oil production by 290 thousand barrels to 27.11 million barrels per day and Saudi Arabia increased oil production by 200 thousand barrels to 9.63 million barrels per day.

On the other hand, due to a fire at Gazprom's largest plant in Western Siberia, Russia is expected to be unable to increase its oil sales by the end of the year. Bloomberg reported, that Gazprom, whose plant was damaged by the fire, was forced to stop production at this plant, resulting in a loss of about 10.43 million barrels per day, while the estimated profit could be 114 thousand barrels per day. The overall drop in oil production in Russia fell by 5% in the end of the month, thus OPEC+ countries increased oil production to compensate for losses and meet the large demand for oil. The profitability of Russia's cooperation with OPEC+ depend on its largest companies such as Gazprom, Rosneft, and Lukoil, while the profits of the largest companies in other OPEC member countries are directly dependent on oil prices, according to Bloomberg.

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