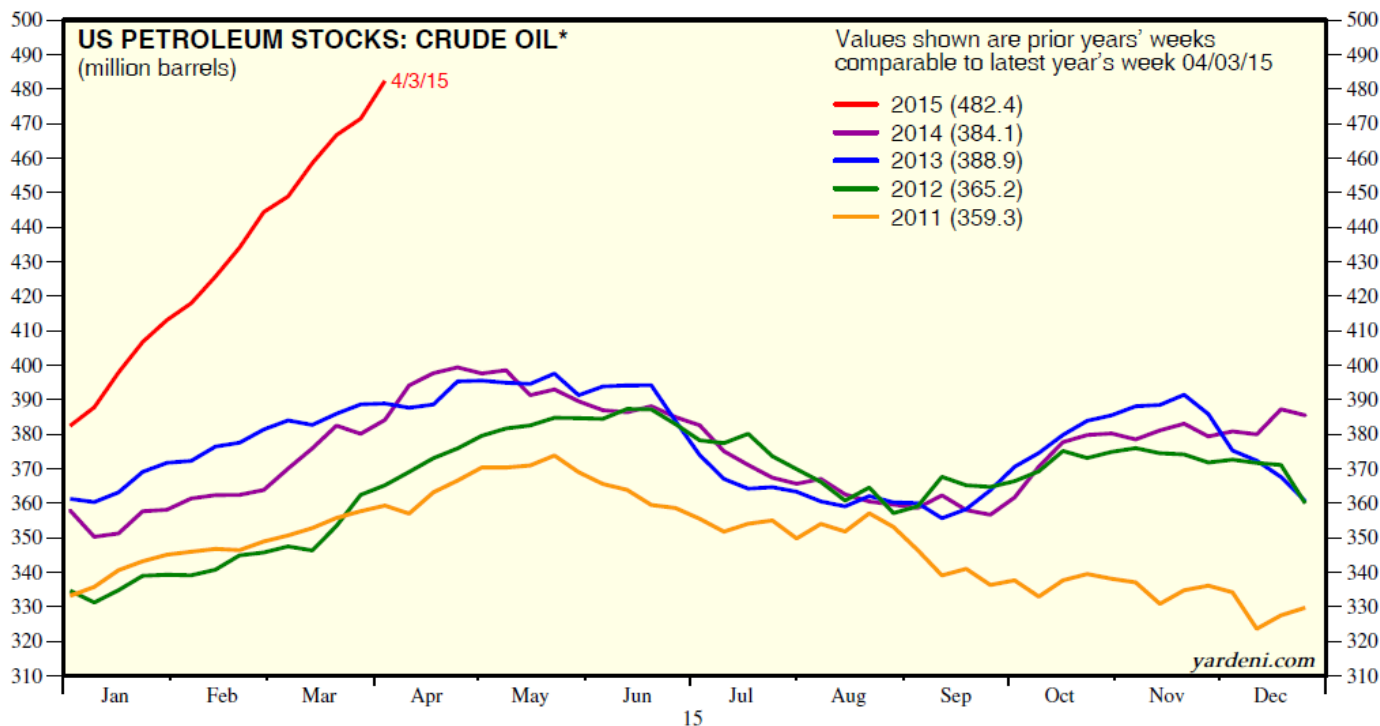


## Oil Output Continues To Gush

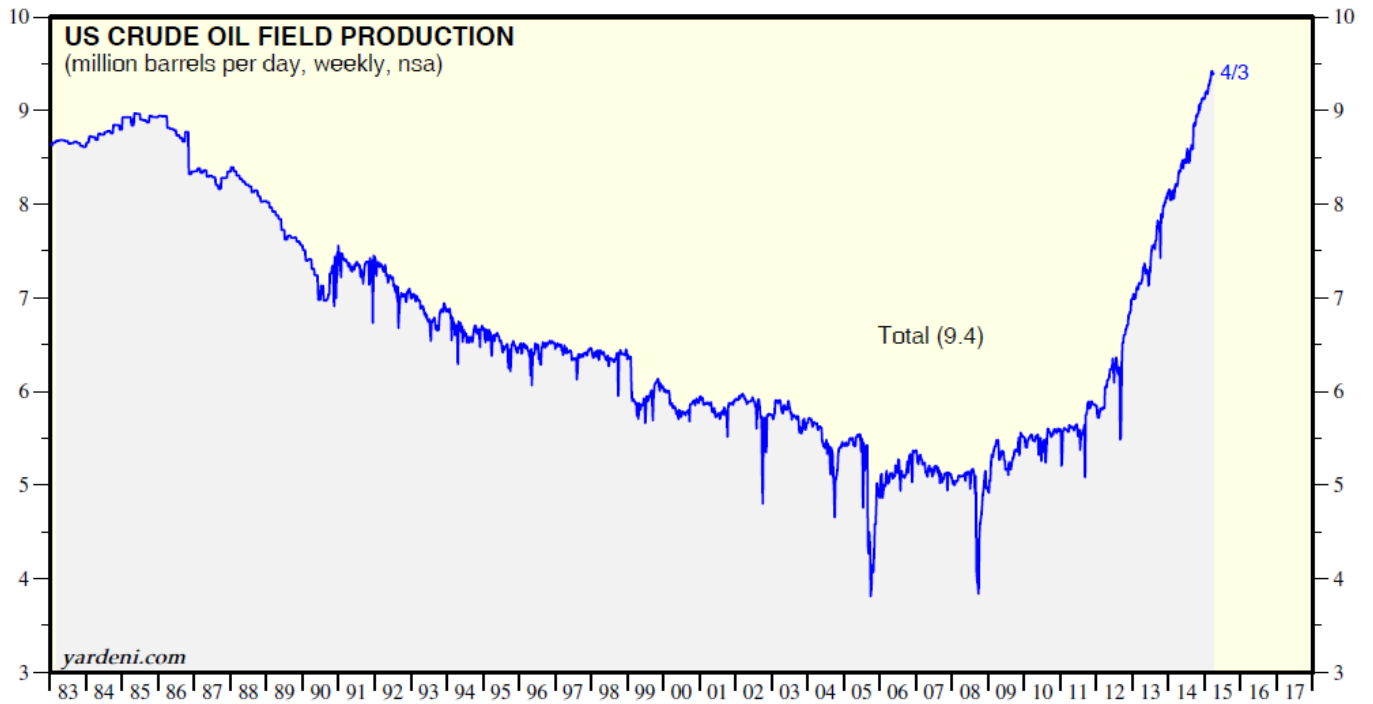


Yesterday, the price of a barrel of oil gave back recent gains after Saudi Arabia reported record production of 10.3mbd in March, a figure the country's oil minister said was unlikely to fall by much. They are obviously aiming to keep oil prices down to hurt Iran, and Russia too. In addition, yesterday we learned that US crude oil inventories soared to a record-high 482.4 million barrels during the week of April 3, 2015, up 26% y/y.

The Saudis are also hoping that low crude oil prices will significantly reduce the output of US frackers. There is no sign of that happening just yet. US oil field production remained at 9.4mbd during the first week of April, following a seven-week climb. The US still imports 9.6mbd, though that's about as low as levels were during 1996. Furthermore, US exports of petroleum products are at a record 4.3mbd.

US merchandise trade data show that in current dollars, US oil imports have dropped by a whopping \$274 billion (saar) from the most recent high of \$470 billion during May 2011 to \$196 billion during February. The trade deficit in crude oil and petroleum products has dropped by \$258 billion to \$97 billion over this period. In current dollars, US oil exports are down \$70 billion over the past six months through February as lower oil prices more than offset the increase in exported barrels.

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Source: US Department of Energy and Haver Analytics.