

UPDATE 1-Saudi oil exports to drop by about 100,000bpd in Aug- OPEC governor

DUBAI, July 19 (Reuters) – Saudi Arabia expects its crude exports to drop by roughly 100,000 barrels per day in August as the world's top oil exporter works to ensure it does not push oil into the market beyond its customers' needs, the kingdom's OPEC governor said on Thursday.

Adeeb Al-Aama said in a statement that Saudi Arabia's crude oil exports in July would be roughly equal to June levels. There was no mention in the statement of Saudi June crude exports.

An industry source familiar with the matter said Saudi oil exports in June were about 7.2 million bpd, while the latest official figures show May exports at 6.984 million bpd.

Al-Aama said Saudi Arabia's policy is to work on satisfying customers' needs, but to do so while adhering to OPEC and non-OPEC supply agreements.

OPEC agreed with Russia and other oil-producing allies last month to raise output from July, with Saudi Arabia pledging a "measurable" supply boost but giving no specific numbers.

OPEC and non-OPEC said they would raise supply by returning to 100 percent compliance with previously agreed output cuts, after months of underproduction. That would mean a roughly 1 million bpd increase in output.

"Despite the international oil markets being well balanced in the third quarter, there will still be substantial stock draws due to robust demand and seasonality factors in the second half," Al-Aama said in the statement.

He also said concerns that Saudi Arabia and its partners are moving to substantially oversupply the market are "without

basis”.

“Stable and balanced markets are the ideal market form for both producers and consumers, and just as Saudi Arabia would not like to see unmet customer demand, an oversupplied market repels potential investment in the oil industry, curtailing future supply and contributing to volatility,” he added.

Saudi Arabia has told OPEC it pumped 10.488 million bpd of crude oil last month, an increase of 458,000 bpd from the level it said it produced in May.

The kingdom’s total crude supply to the market in June were even higher than well-head production, OPEC sources told Reuters, suggesting the Kingdom sold crude from storage. (Reporting by Rania El Gamal; Writing by Ghaida Ghantous; Editing by Jan Harvey and Alexandra Hudson)