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Russia Says There's Enough Oil in Global Stockpiles to Replace Lost Saudi Barrels

By Reuters

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Saudi Arabia's Energy Minister Prince Abdulaziz bin Salman and Russia's Energy Minister Alexander Novak **Jon Gambrell / AP / TASS**

There is enough oil in global stockpiles to replace barrels Saudi Arabia has temporarily lost due to attacks on its oil facilities, Russia's Energy Minister Alexander Novak, an ally of Riyadh in a pact to curb supply, told reporters on Monday.

Following the strike on Saudi Arabia's oil infrastructure, which shut about 5% of global supply, Brent crude posted its biggest intra-day percentage gain since the 1991 Gulf War.

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Oil producer Saudi Aramco said the attack had cut output by 5.7 million barrels per day (bpd).

Asked whether Russia was ready to increase production, Novak said that Saudi Arabia would

first give its estimate of the attacks' consequences.

"But currently, we understand that the world has enough commercial stockpiles to cover the shortage... in the mid-term," Novak said, adding he planned to have a call with newly appointed Saudi counterpart, Prince Abdulaziz bin Salman.

Novak said that Russia was sticking to its commitments under the global oil production deal and it was premature to talk about any possible changes to production levels.

Saudi Arabia, the United States and China have hundreds of millions of barrels of oil in strategic storage. U.S. President Donald Trump said on Sunday he had authorized a release from the U.S. Strategic Petroleum Reserve.

The International Energy Agency (IEA), which coordinates energy policies of industrialized nations, advises all its members to keep the equivalent of 90 days of net oil imports in storage.

OPEC Secretary-General Mohammed Barkindo has discussed the oil market development with IEA head Fatih Birol, and both have expressed satisfaction that “the situation has been brought under control by the Saudi authorities,” according to an OPEC source.

Kremlin spokesman Dmitry Peskov told reporters separately on Monday that Russia should wait to see how the situation develops before taking any action on production.

According to a Citibank note, Russia has roughly 295,000 bpd of idle oil capacity, with around half of that at top oil producer Rosneft.

Most of the idle capacity "could come online in the course of a few days to a few weeks," Citi said.

Saudi Arabia and Russia lead a global oil production deal in which OPEC and non-OPEC nations have agreed to reduce output by 1.2 million bpd in order to help support prices.

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