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Russia's Oil Output Falters After Summer Rebound

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Gleb Schelkunov / Kommersant

Russian oil production fell in the first weeks of August, ending several months of recovery from Western sanctions imposed over Russia's war in Ukraine, the Kommersant business daily reported Monday.

Average daily production so far this month has fallen by 3% compared to July, totaling 1.428 million tons, the publication said, citing unnamed sources familiar with the data.

Small oil companies, as well as state-owned major producer Gazprom Neft, accounted for 90% of the decrease.

The rest of Russia's major oil producers have kept output levels stable. They are expected to boost output under the latest OPEC+ agreement raising the oil cartel's production goal by 100,000 barrels per day.

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Experts cited by Kommersant say larger oil companies are displacing their smaller competitors and causing them to lose their place in the market.

Russia's oil production has been on a path to recovery since falling sharply in April, though it is yet to reach pre-sanctions levels.

The International Energy Agency raised its forecast for Russian crude production into 2023, saying last week that sanctions have had a limited impact due to increased demand from mostly Asian buyers.

An EU embargo on Russian crude oil and petroleum products is expected to further decrease Moscow's exports to Europe when it takes effect in February 2023.

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