

Opec oil supply guru Conrad Gerber has died

by Javier Blas

How do you measure Opec's crude oil supply amid secrecy and dishonesty?

Conrad Gerber, who died on April 25, responded to that question for almost 30 years, providing the oil market with a glimpse of clarity from his Geneva-based Petro-Logistics company.

He made a living from a peculiar characteristic of the oil market: the most reliable data for Opec monthly supply comes not from the cartel member's energy ministries, but from so-called secondary sources - a network of spies watching, binoculars in hand, the movement of tankers in and out of the world's ports.

Opec's members do not trust each other's supply numbers, so even themselves used Petro-Logistics data, among others. The confusion and distrust about production is so deep that Opec members in the past regularly request data about fellow members' production from the International Energy Agency. This is ironic because the IEA, created after the 1970s oil shocks as the western countries' oil watchdog, is basically to Opec what Nato was to the Warsaw Pact.

Mr Gerber's company - together with Oil Movements and Lloyd's Intelligence Marine Unit - was a critical source of information, moving oil markets, even if some of its customers wondered from time to time whether its data was accurate or just a simple guess of market trends, even if somehow well informed.

Opec's secrecy helped its business, particularly at times - such as the last few months - when the cartel was promising to reduce its supply and knowing if the group was, indeed, delivering on its pledge was critical for the oil market.

He was always secretive about how Petro-Logistics was able to secure the information only to say that it was a painstaking exercise.

"We cannot cross the Saudi desert on a camel to measure the output at the oil wells," he joked when the Financial Times talked to him a few months ago for a piece about, precisely, the dark art of assessing Opec's production cuts.

"But we can measure supply by the number of tankers leaving the ports because we know their destination and what is inside the tanker," he added.

Mr Gerber told us then that he relied on multiple sources - from “spies” at oil ports to “friendly” officials at oil companies leaking data. But even so, he conceded the information was never 100 per cent accurate. “There are black holes such as Nigeria and Venezuela where all you can come by is a reasonable estimate,” he said.

Petro-Logistics said that it planned to continue operating. In a message to its customers, he said: “We would like to assure that Petro-Logistics will continue to provide high quality services and an advisory board is currently being appointed.”

Mr Gerber’s latest published estimate for the Opec’s countries bound by production limits put the cartel’s output at 25.5m barrels a day in March, down from 25.8m b/d in February, but still about 650,000 b/d above their target. Opec’s production is particularly sensitive issue at the moment, with ministers meeting later in May and most analysts estimating that that the cartel cut its supply further in April. The market will surely miss Mr Gerber’s insight into the numbers.