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It's up to you to heed the call on OPEC

The standout figure in this week's IEA Oil Market Report is its forecast for the 2017 call on OPEC crude — 33.5mn b/d, a meaty 1mn b/d up on the forecast for this year.

The IEA's forecast increase for 2016 over 2015 is bigger still, and follows a modest rise even for the producers' nightmare year 2015 over 2014.

Argus is not yet forecasting beyond the end of this year, but concurs with the IEA that the call this year will be well over 2mn b/d more than last year's. For good measure, that is what OPEC says too.

For its part, the US EIA takes a punt on OPEC 2017 production, putting it at 33.04mn b/d, 690,000 b/d up on a forecast 32.35mn b/d for this year. OPEC surplus capacity falls to 1.33mn b/d next year from 1.54mn b/d this year and over 2mn b/d in 2014.

More numbers, if you can spare a minute. Using Argus data, the excess of OPEC crude production over the call on members' crude tumbles from 2.48mn b/d last year to just 370,000 b/d this year. Substitute other estimates — OPEC members' own declared production and call figures, say — and you get the same result — a sharp narrowing of the "surplus" of OPEC crude.

And the early forecasts for 2017 suggest that narrowing will continue. If you are an optimist by nature, you will see encouraging signs of national reconciliation in Libya, note that the conflict in Iraq has had little direct impact on output, expect another amnesty and more payoffs in the Niger delta to calm things there, and forecast an uptick in Venezuelan production the minute Nicolas Maduro leaves office. If you are a more seasoned observer, you may work on the assumption that every time one door opens another slams in your face.

With non-OPEC production growth severely constrained by lower prices and OPEC members freed of even the rhetoric of output discipline, we have the pretty philosophical debate over whether the "call on OPEC crude" remains viable as a concept. If non-OPEC is dancing to the tune of OPEC-sustained price weakness, should we start talking about the "call on non-OPEC" crude? Should OPEC production be viewed as the given and non-OPEC the variable, the swing production?

Not so fast! A different scenario is equally, perhaps more, likely — namely, that OPEC returns to policies guided by price objectives next year. Not $100/bl objectives but ones that enable member country economies to survive if not thrive while keeping non-OPEC production under the costs cosh. Riyadh has taught its little brothers in OPEC as well as non-OPEC producers that it will no longer bear the burden of being a swing producer organisation's only real swing producer.

With the crude overhang eroding, the shale oil genie back in the bottle, small prospect of a major increase in OPEC capacity and the strong likelihood of output from one or more member countries being constrained by some war or pestilence, 2017 could be just the right time to start talking about price bands and production ceilings, even if quotas may be a bridge too far.

What has been too often forgotten, ignored or just not understood is that the market share strategy was never a renunciation of the ambition to corral the market, it is a reassertion of OPEC's influence in response to a threat from new non-OPEC supply, a clear echo of Riyadh's market flooding manoeuvre of the mid-1980s. A year hence, the market may be yelling for more OPEC crude and all talk of scrapping "the call on OPEC crude" may be forgotten.