

Canadian Crude Differentials

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Summary

Canada produces approximately 3.6 million barrels of oil per day with expectations of production reaching 4.0 million barrels by the end of 2014. The EIA, OPEC, and IEA all forecast growth in non OPEC supply to come almost exclusively from the US and Canada. At the same time, anticipated production growth from US and Canada alone is expected to outpace World oil consumption growth for at least the next year. The significant North American production growth in recent years has led to substantially higher volatility of Canadian crude prices.

Despite pipeline and infrastructure proposals such as Keystone XL and the Alberta Clipper expansion, implementation timelines are pushing out further and further – yet North American crude production growth isn't easing in the current price environment.

What could this mean for Canadian crudes such as WCS and Edmonton light?

Can Rail capacity keep up with Canadian production growth?

At what price point is it economic for US refiners to buy US based heavy crude versus Canadian heavy crude?

This presentation will address the current bottleneck situation in Alberta and the likely effects on Canadian crude streams in the short term.