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# OIL EDGES UP AFTER IRAQ URGES EXTENSION OF OPEC CUTS

**-** 07.03.2017

BNN (06 March 2017)

Oil prices reversed course on Monday, edging up after Iraq's oil minister said OPEC would likely need to extend its production cuts into the second half of 2017.

The market has been rangebound for more than 60 days, constrained by concerns that U.S. production growth may counter the Organization of the Petroleum Exporting Countries' agreement to reduce output during the first half of the year.

Iraq's oil minister Jabbar Al-Luaibi said the production cuts will likely need to be extended into the second half of 2017, according to a Bloomberg report. Iraq is ready to join in such an effort, according to Bloomberg.

Iraq agreed to lower its production by 210,000 barrels per day under the deal but OPEC's second-largest producer had originally sought to be exempt from any cuts, saying it needed the revenue to fight an Islamic State insurgency.

Brent crude reversed course and traded up 17 cents a barrel at $56.07 by 10:44 a.m. EST (1544 GMT). U.S. crude traded up 5 cents a barrel at $53.38.

"I think that has stopped some of the selling pressure that we opened with," said Gene McGillian, head of market research at Tradition Energy.

Still, he cautioned that OPEC's cuts have not yet altered the overhang in oil inventories substantially.

"The idea that we can extend it would be supportive in the medium term," he said. Statements from Saudi Arabia, OPEC's largest member, would be needed to push the price substantially higher, he said.

Earlier in the session, oil had retreated as China lowered its growth target for the year to 6.5 per cent, compared with 6.7 per cent last year, and tightened regulatory controls in an effort to tackle pollution.

Investors are watching the moves carefully for signs they could dampen demand for oil.

The news, along with concerns over Russia's compliance with a deal between OPEC and other producers to trim oil output, reversed some of the late-week gains that came on the back of attacks on Libya's oil ports.

"It's a market where there are no signs of extreme tightness," said Olivier Jakob, managing director at PetroMatrix. "It makes it hard to get a sustained rally."

Still, rival Libyan factions continued to battle for control of export terminals Es Sider and Ras Lanuf. East Libyan forces carried out fresh air strikes on Monday as they attempted to win back control, and the turmoil forced a production cut of 35,000 barrels per day.

Kaynak/Source: