

New Straits Times - Oil Prices Rally

 Thursday, Apr 13 2017



Oil prices increased 25 cents to US\$56.23 on Tuesday. BLOOMBERG PIC

LONGEST-WINNING STREAK

OIL PRICES RALLY

Bullish on optimism that Saudi may back Opec's prolong production cuts and US stockpiles showing signs of shrinking

NST 13/4

HONG KONG

OIL is riding the longest winning streak since December on optimism that Saudi Arabia will support an extension to the Organisation of Petroleum Exporting Countries (Opec)-led output cuts just as United States stockpiles show signs of shrinking.

Futures in New York were holding gains after rising 6.3 per cent in the previous six sessions.

Saudi Arabia is likely to back prolonging the curbs into the second half of this year in an effort to boost prices, according to

a person familiar with the kingdom's internal discussions.

Several other countries, including Kuwait, have also expressed support for an extension. Industry data was expected to show that US crude supplies fell last week.

While speculation that Opec and its allies will extend their six-month pact aimed at eroding a global glut is helping boost prices, there's concern that rising US output will counter the reductions.

Saudi Arabia, the biggest Opec producer, reduced supply below 10 million barrels a day last month, more than pledged under the deal.

The group is scheduled to gath-

er in Vienna on May 25.

"Extending production cuts beyond June are gathering momentum," said Jonathan Barratt, chief investment officer at Ayers Alliance Securities in Sydney.

"The problem is, as prices climb higher, US shale producers would pump more. The top for West Texas is probably about US\$55 (RM244.2) a barrel."

West Texas Intermediate (WTI) for May delivery was at US\$53.51 a barrel on the New York Mercantile Exchange, up 11 cents, at 1.40pm in Singapore.

Brent for June settlement was 14 cents higher at US\$56.37 a barrel on the London-based ICE Futures Europe exchange.

Prices rose 25 cents, or 0.5 per cent, to US\$56.23 on Tuesday. The global benchmark crude traded at a premium of US\$2.46 to June WTI. **Bloomberg**