



## NEWS FLASH

### **OIL RETREATS FROM FIVE-WEEK HIGH AS TRUMP DAMPS TRADE OPTIMISM**

Oil retreated from a five-week high in New York after U.S. President Donald Trump warned he might impose substantial additional tariffs on Chinese imports. Futures fell as much as 1.1% after closing 2.7% higher on Wednesday as government data showed U.S. crude stockpiles dropped the most since September 2016. Trump said in an interview with Fox Business Network that there would be more levies on Chinese goods if there's no progress at his meeting with President Xi Jinping on the sidelines of the G-20 summit on Saturday. Oil jumped more than 10% in the five sessions through Wednesday as tensions in the Persian Gulf intensified, causing concerns over supply. Trump's latest tariff threat on China is reminding investors that an already fragile demand outlook could worsen if the world's two biggest economies don't return to negotiations. These are pulling the Organization of Petroleum Exporting Countries and its allies in different directions as they prepare to meet in Vienna to decide on production levels. "The uncertainty ahead of this weekend's G-20 and next week's OPEC meetings are likely to keep the upside capped for now," said Ole Sloth Hansen, head of commodity strategy at Saxo Bank A/S in Copenhagen. "Failure at the weekend would see the market focus return to global growth and demand worries." West Texas Intermediate for August delivery fell 37 cents to \$59.01 a barrel on the New York Mercantile Exchange at 10:12 a.m. in London. The contract peaked at \$59.93 on Wednesday, the highest intraday level since May 23. Brent for August settlement lost 52 cents to \$65.97 a barrel on London's ICE Futures Europe Exchange. The global benchmark crude traded at a premium of \$7.01 to WTI. Trump will meet with Xi on Saturday morning in Osaka, according to the White House. "My Plan B with China is to take in billions and billions of dollars a month and we'll

do less and less business with them,” Trump said Wednesday in an interview with Fox Business. The U.S. president has previously said he may decide to raise tariffs on the remaining \$300 billion of Chinese imports.

American nationwide oil stockpiles dropped by 12.8 million barrels to about 470 million barrels in the week through June 21, Energy Information Administration data showed. Crude exports surged to their highest level in data going back to 1993, while production fell by 100,000 barrels a day to 12.1 million a day, down for a third week.