



## NEWS FLASH

### **OIL EDGES HIGHER AS INVENTORY DROP HELPS EASE POST-OPEC GLOOM**

Oil gained after suffering its worst reaction to an OPEC meeting in more than four years. Futures rose 0.8% in New York after an industry report showed U.S. oil inventories declined by almost 5 million barrels last week. Prices were still far from recovering Tuesday's 4.8% decline, when concerns about the global economy overshadowed OPEC and its allies' decision to extend output cuts for nine months. It was the biggest drop following an OPEC gathering since November 2014. The Organization of Petroleum Exporting Countries and its friends including Russia agreed on Tuesday to prolong cuts into 2020 as they seek to reduce global stockpiles. But divisions remained over which measure of inventories should be used to determine the scale of the supply glut. Concerns over oil demand resurfaced following weak manufacturing data from the U.S., China and Europe. "Clearly, there is no getting away from economic bearishness and cooling demand fundamentals," PVM Oil Associates Ltd. analyst Stephen Brennock wrote in a report. "This morning, however, has provided a reprieve from the selling frenzy as those searching for a bullish catalyst pin their hopes on another drawdown in U.S. oil inventories." West Texas Intermediate crude for August delivery gained 43 cents to \$56.68 a barrel on the New York Mercantile Exchange as of 11:11 a.m. London time. It slid 4.8% on Tuesday, the most in over a month. Brent for September settlement rose 61 cents to \$63.01 a barrel on the ICE Futures Europe Exchange after slumping 4.1% in the previous session. The spread between contracts for December 2019 and December 2020 narrowed on Tuesday to just \$1.91, compared with \$2.44 for the same WTI deliveries. The global benchmark crude traded at a premium of \$6.19 to WTI for the same month on Wednesday. A Bloomberg survey forecast that U.S. crude stockpiles fell by 3 million barrels last week in a third weekly loss. The American Petroleum Institute was said to report the drawdown was almost 2 million barrels larger. The Energy Information Administration is scheduled to release its official data on Wednesday.