



NEWS FLASH

OPEC SEES 'SOMEWHAT BEARISH' OIL OUTLOOK EVEN AS MARKET TIGHTENS

Global oil markets face a “somewhat bearish” outlook for the rest of the year amid slowing economic growth and the long-running trade war, even though supplies will be tighter than previously thought, OPEC said. The Organization of Petroleum Exporting Countries, which pumps about a third of the world’s oil, increased estimates for world demand this year and next, and lowered forecasts for production from its rivals. Nonetheless, its monthly report -- which doesn’t typically give a view on prices -- warned that the market may weaken. That increases pressure on Saudi Arabia, the cartel’s de facto leader, which has shouldered most of the burden in production cuts aimed at bolstering oil prices amid faltering demand and a relentless flood of new shale supplies from the U.S. Crude prices have fluctuated this week, following twists and turns in the clash between Washington and Beijing as President Donald Trump imposed steeper tariffs on Chinese goods and then touted further negotiations to resolve the impasse. At just under \$60 a barrel in London, crude is below the levels most OPEC nations need to cover government spending. A coalition of oil producers composed of OPEC members and allies such as Russia has curtailed supply this year to try and keep global markets in balance. Riyadh has reduced output by far more than it initially promised, reporting to the OPEC secretariat that it cut production again in July to 9.58 million barrels a day. The report released by OPEC’s Vienna-based research department on Friday indicated that -- in theory -- the cartel’s efforts should be sufficient to prevent any surplus this year. The global balance of supply and demand is tighter than it appeared a month ago. OPEC raised its assessment of consumption for this year and next by 50,000 barrels a day, and trimmed projections for non-OPEC supplies by 40,000 barrels a day for 2019 and by 90,000 a day for 2020.