



## NEWS FLASH

### **OIL CLIMBS AS DROP IN U.S. STOCKPILES TEMPERS ECONOMIC WORRIES**

Oil climbed after a reported drop in U.S. crude inventories alleviated some of traders' concern that slowing economic growth will diminish demand. Futures advanced as much as 1.5% in New York on Wednesday. The American Petroleum Institute reported a 3.45 million-barrel decline in stockpiles last week, people familiar with the data said. That brings some relief for investors concerned about the global economy with U.S. President Donald Trump showing little urgency to resolve trade disputes and calling for a "big" interest-rate cut by the Federal Reserve. Crude is down about 18% from its late April highs as the trade war between the U.S. and China, the world's biggest economies, weighs on demand. Tension in the Middle East and efforts by the Organization of Petroleum Exporting Countries and allied producers to curtail output have failed to boost prices. "It's a tight market right now," said Bjarne Schieldrop, the Oslo-based chief commodities analyst at SEB AB. "But the assumption is that the future will be very bleak and bearish." West Texas Intermediate crude for October delivery rose as much as 82 cents to \$56.95 a barrel on the New York Mercantile Exchange, and traded for \$56.79 at 8:19 a.m. local time. The September contract settled 13 cents higher at \$56.34 when it expired on Tuesday. Brent for October settlement rose 94 cents, or 1.6%, to \$60.97 a barrel on ICE Futures Europe after closing 0.5% higher on Tuesday. The benchmark crude traded at a premium of \$4.19 to WTI, compared with an average of about \$7 in the past year. "It's a tight market right now," said Bjarne Schieldrop, the Oslo-based chief commodities analyst at SEB AB. "But the assumption is that the future will be very bleak and bearish." West Texas Intermediate crude for October delivery rose as much as 82 cents to \$56.95 a barrel on the New York Mercantile Exchange, and traded for \$56.79 at 8:19 a.m. local time. The September contract settled 13 cents higher at \$56.34 when it expired on Tuesday. Brent for October settlement rose 94 cents, or 1.6%, to \$60.97 a barrel on ICE Futures Europe after closing 0.5% higher on Tuesday. The benchmark crude traded at a premium of \$4.19 to WTI, compared with an average of about \$7 in the past year. The decline in U.S. stockpiles in the API data is more than double the 1.5 million-barrel drop forecast in a Bloomberg survey. Inventories at the storage hub of Cushing, Oklahoma, fell by 2.8 million barrels, the API was said to report. That would be the biggest decrease since February 2018 if confirmed by the official Energy Information Administration figures on Wednesday.