



OPEC+ agree deep supply cuts – Reuters

Description

The reduction could spur a massive recovery in global prices for crude

Key ministers of OPEC+, known as the joint ministerial monitoring committee, have agreed on production cuts of up to two million barrels per day for the oil-producing nations, Reuters reported on Wednesday, citing sources at the organization.

The potential reduction is expected to significantly curb supply in an already tight market. It could send global prices for crude, which have dropped to about \$90 from \$120 three months ago, surging again.

Earlier this week, various media outlets reported that the cartel was mulling daily output curbs of between 500,000 to one million barrels at a meeting in Vienna on Wednesday.

A reduction of two million barrels per day by the world's major oil producers and exporters would mark the biggest production cut since pandemic lockdowns first destroyed demand across the globe. That's the equivalent of around 2% of global oil demand.

Meanwhile, Washington was trying hard to prevent a production cut by OPEC+ ahead of midterm elections in the US.

The White House mobilized all available resources, with officials *"having a spasm and panicking,"* an unnamed senior official told CNN, describing these latest efforts as *"taking the gloves off."* Some of the talking points drafted by the US administration suggested the potential cut would be viewed as *"a hostile act"* and a *"total disaster."*

Arriving at the meeting, Suhail Al Mazrouei, the energy minister of the United Arab Emirates (UAE), said that OPEC+ is a *"technical organization,"* when asked whether US-UAE relations risked being damaged because of the proposal.

Most officials from OPEC+ member states said any reduction would be a *"technical not political decision,"* and cited a *"risk of recession"* for the cuts as they entered the OPEC headquarters in Vienna.

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