
OPEC to cut output to keep oil above USD 100

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Kazinform reported that the oil price rebounded this morning after OPEC announced a surprise cut in production in an attempt to halt the recent decline in the cost of a barrel of crude.

Having fallen by almost 30% in the last two months to the fringes of the symbolic USD 100 mark, US crude jumped by over a dollar to USD 103.30 this morning. Brent Crude, which recently slipped as low as USD 99.34, rebounded to USD 100.63 a barrel after OPEC claimed it was reining in production because the world is now oversupplied with oil.

The unexpected cut in production was announced after OPEC members met in Vienna. The cartel said that its members would abandon production increases that were announced this summer when the oil price had soared to nearly USD 150 a barrel and would stick to their previous quota limits.

According to Mr Chakib Khelil president of OPEC and Algerian energy minister assuming all its members agree, this would reduce OPEC's oil output by 520,000 barrels per day, to 28.8 million barrels.

OPEC said in a statement that the oil price has fallen in recent weeks because of falling demand in the developing world, the strengthening US dollar, and an easing in geopolitical tensions following the end of military action in Georgia. It said that "All the foregoing indicates a shift in market sentiment causing downside risks to the global oil market outlook."

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