

Oil nears \$60 per barrel, highest in a year



New York, February 8 (RHC)--Oil prices rose about one percent over the weekend, after hitting their highest in a year and closing in on \$60 a barrel, supported by economic revival hopes and supply curbs by the Organization of the Petroleum Exporting Countries (OPEC) and the producer group's allies.

Oil was also supported as United States stock markets hit record highs on signs of progress towards more economic stimulus, while a U.S. jobs report confirmed the labour market was stabilising. Brent crude ended the session up 50 cents, or 0.9 percent, at \$59.34 after hitting its highest since February 20 at \$59.79. U.S. crude settled up 62 cents, or 1.1 percent, at \$56.85, after reaching \$57.29, its highest since January 22nd last year.

U.S. crude futures gained about 9 percent this week, the biggest percentage gain since October, in part due to US inventories last week dropping to levels last seen in March. "Brent is eyeing the \$60 level now that OPEC+ has successfully eased most supply-side concerns and optimism on the COVID front improves globally," said Edward Moya, senior market analyst at OANDA in New York.

“The fundamentals remain solid for crude, but a consolidation seems likely given the recent run-up.” The last time Brent traded at \$60 a barrel, the pandemic had yet to take hold, economies were open and demand for fuel was much higher.

The roll-out of COVID-19 vaccines has fed hopes of demand growth, but even optimists such as OPEC, which expects a market deficit throughout 2021, do not expect oil consumption to return to pre-pandemic levels until 2022.

“What is really helping the market today, and is a more valid reason for the price rise we see, once again comes from Saudi Arabia and its top firm, Aramco,” said Rystad Energy’s head of oil markets, Bjornar Tonhaugen. Aramco raised its Arab Light official selling price to Northwest Europe for March by \$1.40 a barrel from the previous month. This could signal Saudi Arabia is more confident in the demand outlook, feeding bullish sentiment, Tonhaugen said.

OPEC and allies, collectively known as OPEC+, stuck to their supply tightening policy at a meeting earlier in the week. Record OPEC+ cuts have helped lift prices from historic lows last year.

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