Brent Crude Hikes Four-Month High Ahead of Doha Producers Meeting

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Brent crude prices rallied to a four-month high on Monday, spurred by strong commodities markets ahead of Doha meeting on April 17 where OPEC members and other producers may agree to cap production to curb a global glut. Brent crude futures, the global benchmark, rose 89 cents, or 2.12 percent to settle at $42.83 a barrel, after hitting the highest level since December 7 earlier in the day. U.S. crude futures boosted 64 cents, or 1.6 percent, to close at $40.36 a barrel.

However, Iraq increased its crude output to a record level in March, ahead of the long-awaited meeting in Qatar.

Crude output in OPEC’s second-biggest producer boosted to 4.55 million barrels a day last month from 4.46 million barrels in February. Exports rose to 3.81 million barrels a day in March from 3.23 million the previous month. Iraq is boosting production and exports after decades of economic sanctions and war. The International Energy Agency showed that the country pumped a record of 4.43 million barrels a day in January. Iraq is on the 5th place in terms of biggest crude oil reserves in the world. Ahead of the Doha meeting, Iraq supports an agreement reached in February between Saudi Arabia, Russia, Venezuela and Qatar to slash output at January levels, Iraqi Oil Ministry Spokesman Asim Jihad said on March 23, without confirming if the country agrees to freeze its own production.

Meanwhile, British prompt gas prices tumbled on Monday as forecasts for robust wind power output slashed demand and gas imports from continental Europe and liquefied natural gas (LNG) supplies remained firm. Gas for instant delivery eased 0.7 pence per therm to 26.75 p/therm, while the day-ahead contract lost 0.58 pence to 27 p/therm. Further along the curve, weak oil prices weighed on the gas market. The British winter 2016 gas contract dropped 0.35 pence to hit 32.45 p/therm, while the Summer 17 contract shed 0.15 to 29.55 p/therm. European prompt power prices climbed on Monday, spurred by weaker renewables output and lower than expected imports from the Nordics which eclipsed a modest rise in thermal capacity. German baseload power for Tuesday delivery stood at 28.25 euros per megawatt hour (MWh), rose by 3.5 euros against the price paid for Monday. The equivalent French position gained 1.5 euros at 27.5 euros/MWh. Forward power prices evolved differently, with Germany’s benchmark contract up, while the French equivalent fell. German baseload power for next year delivery, the Cal ’17, increased 20 cents at 22.45 euros/MWh. The equivalent French contract lost 10 cents at 27.15 euros/MWh. European coal prices for 2017 delivery added 0.2 percent to hit $41.4 a tonne. Benchmark EU carbon allowance prices edged 1.7 percent higher to stand at 5.51 euros a tonne.