

## PRESS CLIPPING SHEET

<b>PUBLICATION:</b>	<b>Egyptian Gazette</b>
<b>DATE:</b>	<b>6-June-2016</b>
<b>COUNTRY:</b>	<b>Egypt</b>
<b>CIRCULATION:</b>	<b>60,000</b>
<b>TITLE :</b>	<b>Oil price plasters over OPEC rift – for now</b>
<b>PAGE:</b>	<b>05</b>
<b>ARTICLE TYPE:</b>	<b>General Industry News</b>
<b>REPORTER:</b>	<b>Staff Report</b>

# Oil price plasters over Opec rifts – for now

VIENNA (News agencies) — Opec looks to be in a happier place with oil prices recovering, but its inability to agree an output ceiling to restrain the flow of crude betrays lingering divisions that could spell trouble ahead, analysts warn.

Meeting in Vienna on Thursday, the Organisation of the Petroleum Exporting Countries expressed confidence that the crisis of the past two years that saw prices plunge and splits emerge was now over.

It said that since December, "crude oil prices have risen by more than 80 per cent, supply and demand (has been) converging and oil and producer stock levels in the OECD have recently shown moderation."

According to Helima Croft at RBC Capital Markets, the mood at the bi-annual gathering was a "lot more upbeat" than the acrimonious last meeting in December.

Saudi Arabia's Energy Minister Khaled al-Falih, newly appointed by the kingdom's dynamic Deputy Crown Prince Mohammed bin Salman, went on a "charm offensive" to "mend fences," Croft said.

This was helped by the fact that Opec's Riyadh-driven strategy of keeping pumping oil at high levels in order to maintain market share and squeeze

competitors despite low prices appears, at last, to be working.

With dozens of US shale oil producers going bankrupt, non-Opec output is forecast to fall and prices have recovered to around \$50, a six-month high, having tumbled from over \$100 in 2014 to almost \$25 in January.

At the same time, the International Energy Agency predicts the stubborn global supply glut – which sparked the vicious price collapse – would "shrink dramatically" this year. Demand also looks healthy.

This recovery is coming just in time, too, with years of low prices having hit investment in new wells and technologies, creating concerns about possible supply problems in the future.

"You have to have stronger oil prices. Investment is so low now, it has been shrinking for two years. This has never happened before," Bill Farren-Price of Petroleum Policy Intelligence (PPI) told AFP.

The meeting also saw regional rivals Saudi Arabia and Iran – which is ramping up output after nuclear sanctions were lifted this year and adding to pressure on the price – appearing to bury the hatchet, in Vienna at least.



## PRESS CLIPPING SHEET