ABDULLAH BIN HAMAD AL-ATTIYAH INTERNATIONAL FOUNDATION
FOR ENERGY AND SUSTAINABLE DEVELOPMENT

مؤسسة عبدالله بن حمد العطية الدولية
للطاقة والتنمية المستدامة

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Weekly Oil Market Review

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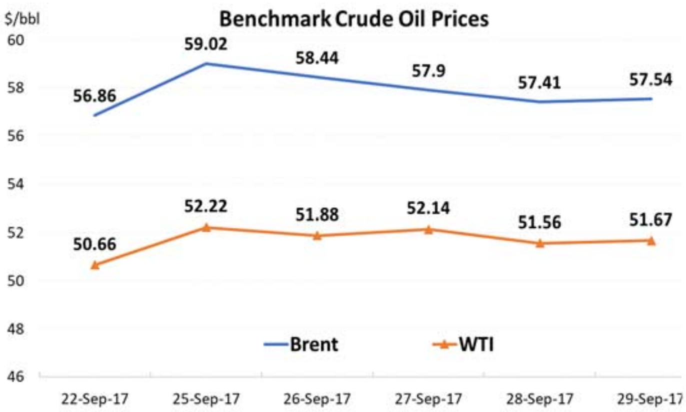
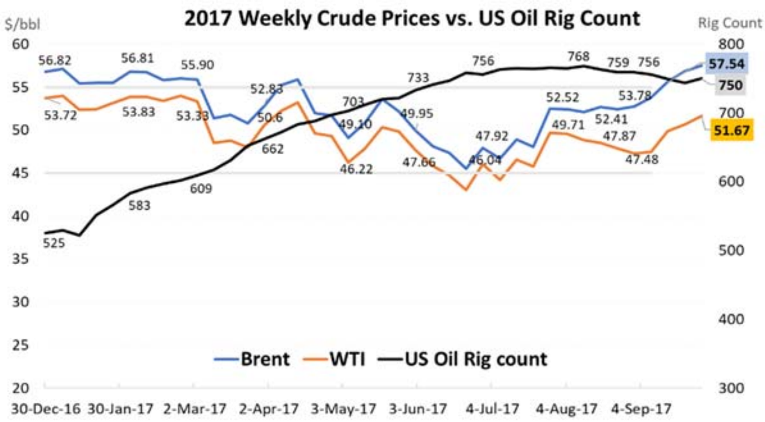
Over the whole week to September 29, crude prices extended their gains with an additional weekly increase of more than 1%, even though the price evolution within the previous week showed both positive and negative movements. Brent price continued its take off to finish above the $55 level for a third week in a row, while the WTI is rolling away the 50$ mark with its strongest third quarter in 10 years after its recovery from the hurricane Harvey and anticipated demand from U.S. refiners.





Crude prices started the last week with a spike of around 3%, extending the bullish sentiment from the OPEC/Non Opec meeting on Friday 22nd September combined to concerns from Iraq's Kurdistan independance referendum results and potential Turkish retaliation. Turkey actually threatened to cut oil exports from northern Iraq to the global market, whereas the last OPEC/Non OPEC meeting recommended to delay any deal extension to upcoming meetings. Afterwards, starting from Tuesday Brent price declined for three consecutive days; first due to profit taking after reaching a 26 months high, then hurt by a stronger dollar that usually moves in opposite direction of oil price movement, and due also to crude supply increase concerns. Finally, oil prices ended last week with modest daily gains due mainly to the geopolitical instability stemming from the independence result in Iraq's Kurdistan referendum, amid the strongest 3rd quarter for the Brent since 2004 and its fifth consecutive weekly gain.

U.S. stocks fell 1.8 million barrels the earlier week, the U.S. Energy Department said, versus forecasts for a 3.4 million-barrel build. US gasoline inventories rose and stocks of distillates were down by less than anticipated. Whereas, refinery utilization rates jumped to 88.6% of total capacity (highest since Harvey), as most facilities are back online.

U.S. crude output rose to 9.55 million barrels per day (bpd) the week earlier, higher than before Harvey hit the Gulf Coast on August 25. Iraqi Kurdistan voted in favor of independence, leading Turkish President to threaten to cut oil flows from Iraq's Kurdistan, which represents around half a million bpd. Oil output from the OPEC has risen last month by 50,000 bpd, a Reuters survey found, as Iraqi exports were on the rise and production in Libya, which is exempt from the oil cut deal, is also increasing. U.S. oil rig count rose by 6 to 750 for the first week in seven, Baker Hughes weekly drilling data showed.

The Brent oil price maintained its position for another week outside the "$45-$55" territory, still driven mainly by the bullish sentiment prevailing in the market and geopolitical instability in the Middle East. Concerns that this recent price rise will incentivize U.S. shale production are real and could ultimately reverse the current positive price trend, which is somehow confirmed by the last weekly increase in US oil rig count. Nonetheless, even though oil prices seem to want to get outside the $45-$55 zone, one would rather expect prices to occasionally seesaw between the two ranges $45-$55 and $55-$65 as market indicators are getting mixed and may continue to push oil prices in both directions.