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Oil market jittery amid slowing growth and rising inventories

Slowing global growth and growing oil inventories has the market nervous this week.

A report from the International Monetary Fund confirmed lower economic growth for the world.

In Friday trading, Brent crude stayed below US$60 with WTI holding around US$54 a barrel.

Economic growth in China has boosted the oil market in terms of demand and oil price in recent years.

The third quarter of 2019 was one of China's weakest performing few months in the past 30 years.

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The on-going 15-month trade war and tariffs imposed on Chinese goods is dampening demand and hurting trade, despite a sense of easing in the stand-off with US and China.

The Chinese leader Xi Jinping is to meet US President Donald Trump at the Asia-Pacific Economic Cooperation Summit in Chile next month.

China is one of the world's top oil consumers with import of around 13.8 million barrels a day.

IM's China downgrade

The IMF cut its expectations for growth in China in their latest report, with a prediction of 6.1 percent for this year and 5.8 percent for 2020.

These figures still look healthy when compared with the gloomy IMF global growth rate of 3 percent.

The last time the world saw such a slow growth rate was in the aftermath of the 2008 financial crisis.

The IMF report stated that downside risks remain elevated and "the global outlook remains precarious."

A slowdown in global growth will first have a psychological impact on the market, but the real fear is it will also dampen investment appetite as people grow cautious.

Slow growth will also dampen oil demand growth and will have producers concerned as the market is already adequately supplied.

The report said "trade barriers and heightened geopolitical tensions, including Brexit-related risks, could further disrupt supply chains and hamper confidence, investment and growth."

A long-awaited Brexit deal was agreed on Thursday, but European leaders reluctantly wishing the UK a brighter future as it looks to become an independent player in Europe.

While the full details of the deal still need full government approval, the compromise reached was good for the oil market as investors see some sense of direction to come.

Inventories rising

Oil inventories in the US were up by 9.3 million barrels last week according to the US Energy Information Administration.

Analysts had been expecting a rise of less than 3 million barrels.

Refinery output was lower than expected, currently running at a two-year low. Gasoline and distillate fuel inventories declined.

Gasoline production is currently at 10 million barrels a day.

The American Petroleum Institute said that crude inventories were currently around 432.5 million barrels with the EIA putting that figure at just 434.9 million barrels, putting inventories about 2 percent above the five-year average for this time of year.

Finding balance in the market is essential and OPEC and friends will be worried when oil supply looks abundant, especially when future growth in demand looks stagnant.

The market is holding out for any hint that OPEC may look to cut production further when it meets in Vienna in early December.

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