

13:00 25 Sep 2020

Oil prices remain rangebound as pandemic uncertainty continues to paralyse market

The headline story remains the same in the oil market, with prices staying rangebound and uncertainty paralysing the market.

Oil prices were down this week despite last week's reassuring words from OPEC and friends.

In Friday trading, Brent crude was priced above US\$41 with West Texas Intermediate (WTI) holding just below US\$40 a barrel.

A 'precarious situation'

The International Monetary Fund said that emerging markets still faced a "precarious" situation in terms of economic recovery.

The next official outlook is a couple of weeks away, but the IMF said it is hoping the global outlook will have improved from the last report in June.

Jobless figures in the US were on the rise, a situation Jason Schenker, president of Prestige Economics called "shockingly high".

Comparing figures to the Great Recession in 2009 where more than 6 million remained unemployed, the current figure is above 12 million people, a situation that is "not good for economic, political or social stability".

With less money in the economy comes lower demand for oil and petroleum products.

The pandemic has constrained all forms of travel with gasoline demand down 9% year-on-year.

Increase in infections

Many parts of the country are being hit with an increase in coronavirus infections.

Across the globe, restrictions on international travel remain in place. India is one of the worst effected countries with oil refineries reporting a drop in utilisation by more than 26%.

There's plenty of oil on the market and while the world will welcome a resumption of business at Libyan ports, adding to global oil supply is not encouraged.

The country has opened three oil terminals for export shipping, but analysts say it will take time to get back to normal.

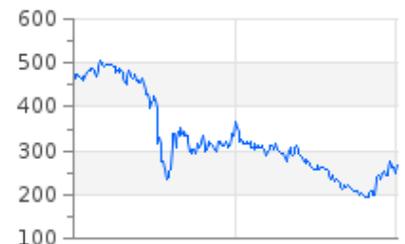
Three of the secondary ports, Hariga, Brega and Zueitina are back in business, but the country's biggest port remains closed.

The National Oil Corporation lifted the force majeure on the terminals it considered safe. The CEO of CMarkits, Dr

Price: 264.1

Market Cap: £53.51 billion

1 Year Share Price Graph



December 2019 June 2020 December 20

Share Information

Code: BP.

Listing: LSE

52 week High Low
508.43 188.52

Sector: Oil & Gas

Website: www.bp.com

Company Synopsis:

BP is one of the world's largest oil and gas companies with operations in more than 100 countries across six continents.

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Yousef Alshammari said that "return to full production is not guaranteed as the country's oil industry suffers from major infrastructure issues".

Libya is currently exempt from the OPEC+ production adjustment agreement.

The International Energy Agency recently said that the path ahead for oil demand was "treacherous" and depending on who you talk to, demand may or may not return to pre-Covid levels.

BP takes a hit

BP's (LON:BP.) share price took a hit this week as the company elaborated further on its greener future while US oil company ConocoPhillips told Reuters they expected oil demand back at 100 million barrels a day in a couple of years.

The company cautioned that it expects "quite a bit of uncertainty next year".

The uncertainty will plague the market for the rest of the year as we enter the final quarter with no great expectations for optimism.

Low and steady is probably as good as the market can expect as producers brace for further cutbacks and enforced efficiencies till the end of the year.

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