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OIL JUMPS AFTER RUSSIA JOINS OPEC CUT BUT DEAL A 'TEMPORARY FIX': ANALYST

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Crude oil prices jumped at the Asian open on Monday after the Organization of the Petroleum Exporting Countries (OPEC) and non-member producers agreed on a deal at the weekend to cut output to ease a global supply glut.

Benchmark U.S. West Texas Intermediate rose as much as 5.8 percent to 54.51 a barrel while European Brent spiked 6.6 percent to $57.89 a barrel. At 10.30 a.m. SIN/HK time, WTI and Brent were both up over 4 percent to $53.84 and $56.61 a barrel respectively.

On Saturday, producers from outside OPEC agreed to reduce output by 558,000 barrels a day, the largest-ever contribution by non-OPEC countries. Russia has pledged to cut most among the non-OPEC countries at 300,000 barrels a day.

OPEC had previously agreed to slash output by 1.2 million barrels per day from Jan. 1, with top exporter Saudi Arabia cutting as much as 486,000 barrels a day.

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ANZ commodity strategist Daniel Hynes said full compliance of the 1.7 million barrels a day cut from the market will negate the impact of any increase from the U.S. in the short-term, as the U.S. has cut just 800,000 barrels a day in the last 12 months.

This would "go a long way in pushing the market into deficit" as crude oil stock draw down accelerates in the first half of 2017, he told CNBC's "Squawk Box".

Hynes said oil prices could move into the mid-$60 a barrel level in the first quarter of 2017.

The joint output cut will be a "temporary fix", but proves OPEC and non-OPEC members are ready to support the market when prices fall, said Alliance Securities chief investment officer, Jonathan Barratt.

Shale producers will likely be ramping up production when crude oil prices hit $60 a barrel, putting renewed pressure on crude oil prices, he added to CNBC's "The Rundown".

He added he was optimistic on compliance by Russia.

"This is not a deal they just sign off and forget. It's a deal they are committed to and they will work to make sure they adhere to the actual goal set in the agreement," Barratt said, adding that it was in Russia's own interest to get oil prices to stabilize.

Hynes concurred with this view.

"The rhetoric is so strong this time; and economic and financial constraints are really pushing (the need for) compliance to the limit," said Hynes.

Kaynak/Source: