
WORLD'S TOP OIL TRADERS SEE OPEC ROLLOVER IF RUSSIA COMMITS

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Speaking at the FT Commodities Global Summit in Lausanne, Switzerland, executives from some of the worlds largest independent trading houses said a push to draw down oil inventories would likely need to last at least for the rest of the year.

Theres a feeling stocks arent drawing in the way they were meant to, said Russell Hardy, chief executive of Vitol's European, Middle East and African business. At \$50 theres a lot of incentive for people to continue with the current policy, though he cautioned a sharper recovery in prices could weaken Opecs resolve.

Opec agreed to production cuts with other big producers like Russia totaling almost 1.8m barrels a day late last year. But in recent weeks prices have slid back towards \$50 a barrel as US oil production has rebounded more quickly than many anticipated.

Compliance with the Opec-led cuts by the cartels members has been strong so far, partly due to bigger-than-demanded cuts from Saudi Arabia. However, Russia – the largest exporter outside Opec – has only executed about half their agreed cut.

The onus is now on Russia to show theyre serious about this, said Mercuria chief executive Marco Dunand, adding that he saw the market starting to tighten.

If Russia come to the fold with non-Opec were going to see a floor around \$60 a barrel.

Torbjorn Tornqvist, chief executive of Gunvor, agreed cuts may be rolled over but said he thought Opec would be cautious, as too sharp a recovery in prices could trigger a further surge in US shale output.

Is it in their interests to drive the prices too high? asked Mr Tornqvist

They are well aware of what caused the crash in the first place.

Kaynak/Source: