

OIL AND GAS

Oil prices rise to six-year highs after OPEC+ talks yield no production deal

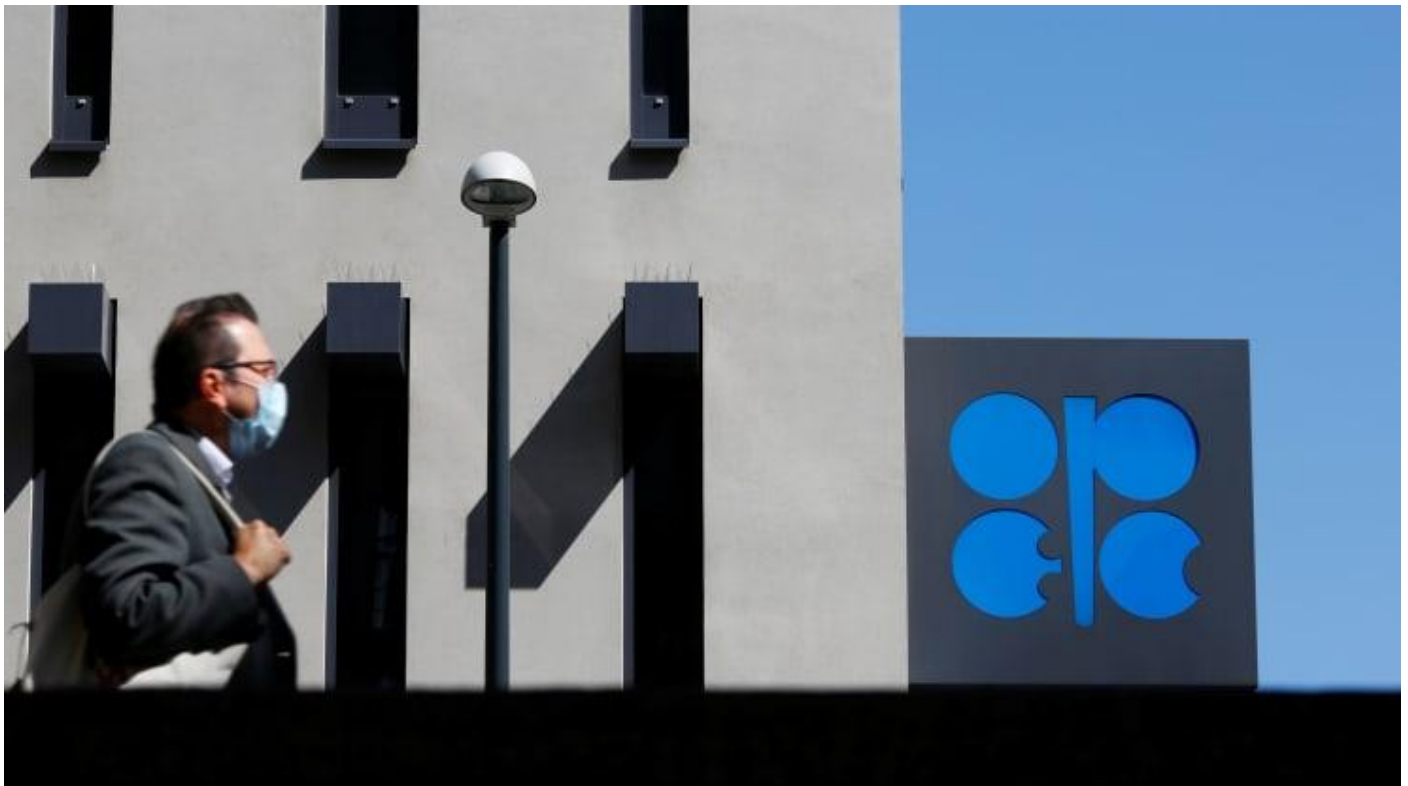
PUBLISHED MON, JUL 5 2021•6:52 PM EDT UPDATED AN HOUR AGO



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A person passes the logo of the Organization of the Petroleum Exporting Countries (OPEC) in front of OPEC's headquarters in Vienna, Austria April 9, 2020.

Leonhard Foeger | Reuters



Oil jumped to its highest level in six years after talks between OPEC and its oil-producing allies were [postponed indefinitely](#), with the group failing to reach an agreement on production policy for August and beyond.

On Tuesday, U.S. oil benchmark [West Texas Intermediate crude futures](#) advanced 1.6%, or \$1.22, to \$76.38 per barrel. At one point, WTI crude hit as high as \$76.98, which was the highest price since November 2014.

International benchmark [Brent crude](#) rose 0.2%, or 16 cents, to \$77.32 per barrel — the highest since late 2018.

Discussions began [last week](#) between OPEC and its allies, known as OPEC+, as the energy alliance sought to establish output policy for the remainder of the year. The group on Friday voted on a proposal that would have returned 400,000 barrels per day to the market each month from August through December, resulting in an additional 2 million barrels per day by the end of the year. Members also proposed extending the output cuts through the end of 2022.

The United Arab Emirates rejected these proposals, however, and talks stretched from Thursday to Friday as the group tried to reach a consensus. Initially, discussions were set to resume on Monday but were ultimately called off.

“The date of the next meeting will be decided in due course,” OPEC Secretary General Mohammad Barkindo said in a statement.

OPEC+ took historic measures in April 2020 and removed nearly 10 million barrels per day of production in an effort to support prices as demand for petroleum-products plummeted. Since then, the group has been slowly returning barrels to the market, while meeting on a near monthly basis to discuss output policy.

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“For us, it wasn’t a good deal,” UAE Minister of Energy and Infrastructure Suhail Al Mazrouei [told CNBC on Sunday](#). He added that the country would support a short-term increase in supply, but wants better terms if the policy is to be extended through 2022.

Oil’s blistering rally this year — WTI has gained 57% during 2021 — meant that ahead of last week’s meeting many Wall Street analysts expected the group to boost production in an effort to curb the spike in prices.

“With no increase in production, the forthcoming growth in demand should see global energy markets tighten up at an even faster pace than anticipated,” analysts at TD Securities wrote in a note to clients.

“This impasse will lead to a temporary and significantly larger-than-anticipated deficit, which should fuel even higher prices for the time being. The summer breakout in oil prices is set to gather steam at a fast clip,” the firm added.

— CNBC’s [Sam Meredith](#) contributed reporting.

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