

Surprise move: Opec+ announces deep production cuts to stabilise crude markets

Saudi Arabia, the United Arab Emirates and other key oil-producing members of the wider Opec+ alliance have announced surprise production cuts totalling more than 1.1 million barrels per day, declaring their intention is to stabilise crude markets.

Several nations, led by Opec kingpin Saudi Arabia, on Sunday made a coordinated move to further curtail oil production, aiming to reverse the recent decline in oil prices.

Vandana Hari, founder of Vanda Insights, a Singapore-based global energy market intelligence provider said the announcement had brought a “knee-jerk reaction” to oil markets.

“Brent futures spiked by more than 8% at Monday’s (opening) on the back of Sunday’s surprise Opec+ cuts... but calmed down to 5.5% in a few hours,” she noted.

Hari cautioned that the move by the Opec+ members comes at a time when central banks attempt to control “stubbornly high” inflation is posing a risk of global recession.

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