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# What's new in the oil markets ....

## U.S.-CHINA DE-ESCALATION HOPES AND EXPLOSION AT IRAN'S MAIN PORT

### Disclaimer

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**Oil prices are up this morning as it seems that U.S. and China will probably want to deescalate the trade war. Further, there are reports of explosion at Iran's biggest port which could potentially affect oil exports. This morning, Brent oil is trading around \$66.10 (July contract).**

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Allegedly China has allowed some U.S.-made pharmaceuticals to enter the country without paying the 125% duties that China imposed earlier this month in response to Trump's 145% tariffs on Chinese imports. The U.S. administration has also signalled it is looking to defuse the tension with China, with U.S. stating that both sides see the current state of play as untenable.

Monday next week members of OPEC+ will meet. The group of oil producers is expected to suggest accelerating oil output hikes for a second consecutive month. It is reported that eight OPEC+ countries will meet to decide the June output plan as it is thought that some members wanted to increase output by a similar volume to the May increase.

The market is also keeping an eye on the nuclear talks between Iran and the U.S. in Oman which continue this week. The Iranian Foreign Minister said that he remained "extremely cautious" about the success of the negotiations. In Iran, a powerful explosion at its biggest port of Bandar Abbas has killed at least 40, with more than 1,200 people injured, state media reported over the weekend.

The U.S. is allegedly pressing Russia and Ukraine to make progress on a peace deal following a one-on-one meeting between the U.S. and Ukrainian presidents over the weekend.

U.S. energy firms added oil and natural gas rigs for a second week in a row for the first time since February, according to Friday's weekly data from Baker Hughes. The rig count rose by two to 587. However, despite the rig increase, Baker Hughes said the total count was still 4% below this time last year. The rig count is an early indicator of future output.

This week's most important economic news will be the U.S. nonfarm payroll data and unemployment rate at the end of the week. But also Chinese PMIs and eurozone inflation data will be followed closely and could give some market jitters.