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

## GEOPOLITICAL RISK PREMIUM IS FADING, AT LEAST FOR NOW

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**Oil prices are slightly lower this morning as the geopolitical risk premium is fading, at least for now. Also, rumours are picking up that OPEC+ will decide to continue the output increase of 411,000 barrels per day into August when they meet early next month. Brent oil price is currently around \$66.80**

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After a couple of extremely volatile weeks in the oil market primarily caused by the war between Israel and Iran followed by a peace agreement, markets are eying other oil-related news. Especially the coming meeting in the expanded group of oil producers, OPEC+, takes centre stage. Allegedly a decision will be made on increasing production by 411,000 barrels per day in August, similar to the increases decided for May, June and July.

Overnight, mixed Chinese key economic data was published. Manufacturing PMI came at 49.7, signalling contraction rather than expansion of the sector. Both Non-Manufacturing and Composite PMI came out slightly above last month's data and above the 50-level. Since China is a top oil importer, a potential slow-down of the country's growth could also affect demand for oil and hence weigh on oil prices.

On Friday last week, the latest oil rig count data from Baker Hughes showed another drop in the number of active oil rigs in the U.S. 432 oil rigs are now actively drilling for oil, down from 438 the week before and is now around the lowest since October 2021.

The U.S. dollar traded lower on Friday as the market is starting to anticipate that the U.S. Federal Reserve will cut interest rates in September with a probability of more than 90%. The chairman of the U.S. central bank also said that rate cuts were likely if inflation does not spike this summer due to tariffs. Further, the market is keeping an eye on Trump's massive tax-cut and spending bill, which is currently before the Senate and could add 3.3 billion USD to the national debt over a decade, according to the U.S. Congressional Budget Office.

Market activity this week could be affected by the U.S. markets' early close on Thursday and fully close on Friday (Independence Day). Nevertheless, a row of important economic data will be published especially Thursday where the important Non-Farm Payrolls is released along with the latest unemployment data.