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What's new in the oil markets

OIL PRICES ARE LOWER AFTER OPEC+ FURTHER ACCELERATING OUTPUT INCREASES

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Oil prices are lower after OPEC+ further accelerating output increases. This morning, the Brent oil price is trading around \$68.25.

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Already Friday evening, rumours started to circulate that OPEC+ could further accelerate oil output hikes in August and that was exactly what happened over the weekend. OPEC+ agreed on Saturday to raise production by 548,000 barrels per day in August, which further accelerate output increases. The group pumps about half of the world's oil and has reversed course this year to regain market share.

The August increase represents a jump from monthly increases of 411,000 bpd which OPEC+ had approved for May, June and July, and 138,000 bpd in April. As reasons for producing more oil, OPEC+ mentions a steady global economic outlook and healthy market fundamentals, including low oil inventories. However, the actual output increase has been smaller than planned so far and most of the supply has been from Saudi Arabia. After the raise of production in August, it's expected that also September will see a high production. The next meeting in the group of eight OPEC+ members will be on 3 August.

This week, the U.S. is planning to meet with Iran to restart the nuclear talks, as Iran's Foreign Minister Araqchi said that Iran remains committed to the nuclear Non-Proliferation Treaty. That eases the threat of a fresh outbreak of hostilities.

Yesterday, the U.S. President Trump said that the U.S. is close to finalising several trade pacts in coming days and will notify other countries of higher tariff rates by 9 July, with the higher rates set to take effect on 1 August. The U.S. Treasury Secretary Bessent said yesterday that several big trade agreements would be announced in the next days, adding that the European Union talks had made good progress. However, concerns over the U.S. administration's tariffs will continue to be the theme in the second half of 2025, even though it seems that the levies could range in the lower region from "maybe 60% or 70% tariffs to 10% and 20%".

Also, the U.S. dollar will be impacted by the potential tariff announcement and market volatility appears inevitable. While the market expects two interest rate cuts of 25 basis points in the second half of 2025, at the next U.S. central bank meeting at the end of July, it seems that no change in the monetary policy is expected for now.

Today, the U.S. market participants will be back again after a long weekend, due to celebrations of the Independence Day on 4 July. On Wednesday, the U.S. central bank will publish minutes from the latest meeting, while Thursday the market will see German consumer prices for June. Also, at end of the week, the International Energy Agency will announce their monthly report.