

## **Crude oil futures stable amid higher US rig count, US-China tension**

Platts.com, 17th Sep 2018

Crude oil futures were largely stable in mid-morning trade in Asia Monday as the market digested a higher US rig count and a weekend uptick in trade tensions between the US and China.

At 10:34 am Singapore time (0234 GMT), November ICE Brent crude futures were down 2 cents/b (0.03%) from Friday's settle at \$78.07/b, while the NYMEX October light sweet crude contract was 4 cents/b (0.06%) lower at \$68.95/b.

Baker Hughes Friday reported the largest week-on-week rise in the US oil rig count in a month, up 7 to 867 in the week ended September 14. The count has bounced between the high 850s to 869 since late May.

In the Permian Basin, the US' most active oil and gas producing area, the rig count fell by one to 483, Baker Hughes said.

This came as US tension with China appeared to ratchet up over the weekend.

"Trades tension between the US and China is set to escalate this week after the Wall Street Journal reported Saturday that President Trump plans to announce within days new tariffs on another \$200 billion of Chinese goods, and to go into effect within weeks," UOB said in a note.

"This comes ahead of high-level scheduled trade talks with Beijing later this month. The tariffs will be set at 10%, according to people familiar with the matter, below the original 25% level announced in early August," UOB added.

OCBC Bank commodity economist Barnabas Gan said: "With US President Trump threatening to proceed with the next tranche of \$200 billion of tariffs on Chinese imports, this is likely to put a dampener on Treasury Secretary Mnuchin's overtures to the restart US-Sino trade talks. China is also considering rejecting the US trade talk offer later this month, according to a Wall Street Journal report."

"Another bout of dollar strength left greenback-denominated commodities trending lower into the previous trading day, just as market-watchers likely view the uptick in risk appetite to be temporal after the hype over further US-Sino trade talks faded," Gan added.

As of 0234 GMT, the US Dollar Index was 0.27% higher at 94.805.