

Oil dips as U.S. crude production hits record



Oil prices dipped on Thursday, dragged down by weakening factory output in China and Japan and record United States crude output, although markets remained relatively well supported by supply cuts led by producer club OPEC.

International Brent crude futures were at \$66.20 per barrel at 0525 GMT, down 19 cents, or 0.3 per cent from their last close, *Reuters* and the *News Agency of Nigeria* reported.

U.S. West Texas Intermediate crude oil futures were at \$56.90 per barrel, down four cents from their last settlement.

Prices were dragged down by surging American crude oil production which has risen by more than two million barrels per day over the last year to an unprecedented 12.1 million bpd .

Traders said China's weakening economy also weighed on oil prices.

Factory activity in China, the world's biggest oil importer,

shrank for a third straight month in February as export orders fell at the fastest pace since the global financial crisis a decade ago, official data showed on Thursday.

Amid weak demand from China, oil producers are having to cut prices.

Russia's Surgutneftegaz is selling April-loading ESPO crude oil at the lowest level in three months, charging \$2.20 to \$2.40 per barrel over benchmark Dubai quotes.

In Japan, Asia's second-biggest economy, factory output posted the biggest decline in a year in January as China's slowdown affected the entire region.

But oil markets remain relatively well supported by supply cuts by OPEC, which together with some non-affiliated producers like Russia known as 'OPEC+' agreed late last year to reduce output by 1.2 million bpd to prop up prices.

Because of these cuts, U.S. commercial crude inventories fell 8.6 million barrels in the week to February 22 to 445.87 million barrels.

"Crude imports into the U.S. fell 1.6 million bpd last week, to a two-decade low," ANZ bank said on Thursday.