

US tempers oil price jump with breather on Iran

Reuters

Oil prices were mixed on Tuesday, as price gains on supply concerns in Norway and Libya were tempered by the United States' indication that it would consider requests for waivers from Iranian oil sanctions.

Brent crude futures LC0c1 gained 48 cents to \$78.55 per barrel by 1:45 p.m. EDT (1745 GMT). Earlier, the global benchmark hit a session high of \$79.51.

U.S. crude futures CLc1 were down 7 cents at \$73.78, after hitting a high of \$74.70.

Earlier in the session, prices had been within striking distance of the four-year highs, said Bob Yawger, director of energy futures at Mizuho.

Prices retreated after U.S. Secretary of State Mike Pompeo said that the United States would consider requests from some countries to be exempted from sanctions on Iranian oil that it will put in effect in November

"That basically took the wind out of the sails from the market," said Phil Flynn, analyst at Price Futures Group in Chicago.

"But it isn't unlike anything that they've said before. But it all depends on which countries they're talking about. Is it big buyers of Iranian crude? Is it India?...Is it temporary waivers?"

Last month, the United States said it wanted to reduce oil exports of fifth-biggest producer Iran to zero by November.

Still, Brent was buoyed by a strike by hundreds of workers on Norwegian offshore oil and gas rigs, leading to the shutdown of one Shell-operated oilfield.

Also bullish to prices was plummeting production in Libya, where output has halved to 527,000 barrels per day in five

months.

“Working in the opposite direction of the Norwegian oil workers strike and the geopolitical situation” was the update on the Syncrude oil sands facility, said Yawger at Mizuho.

On Monday, Suncor Energy said its 360,000 bpd Syncrude facility would resume some production in July, earlier than expected, following an outage last month that disrupted total output and sent U.S. prices higher.

The updated timeline has muted U.S. price gains and widened the difference between the two benchmarks, said Yawger.

U.S. prices were also under some pressure ahead of inventory reports, said Bill Baruch, president of Blue Line Futures in Chicago.

The American Petroleum Institute is scheduled to release its inventory data for last week at 4:30 p.m. EDT on Tuesday.