



U.S. Asks OPEC to Boost Production to Help Hold Down Oil Prices

Bloomberg News reported on June 5 that the U.S. government has quietly asked Saudi Arabia and some other OPEC producers to increase oil production by about one million barrels a day, citing unnamed “people familiar with the matter.”

The report attributed the move to the recent increase in U.S. retail gasoline prices, which have reached their highest level in more than three years.



The United States recently imposed sanctions on Iran’s crude oil exports of about one million barrels a day, so an increase in production by OPEC would offset that reduction.

The report quoted a statement that President Trump wrote on Twitter on April 20: “Looks like OPEC is at it again. Oil prices are artificially Very High! No good and will not be accepted!”

A previous *Bloomberg* report on May 25 cited a statement made by Saudi Oil Minister Khalid Al-Falih, who announced a shift in policy that suggested a market sell-off, saying OPEC and its allies were “likely” to boost output in the second half of the year.

“[Trump’s] tweet moved the Saudis,” *Bloomberg* said, quoting Bob McNally, founder of consultant Rapidan Energy Group LLC in Washington and a former White House oil official. “The message was delivered loud and clear to Saudi Arabia.”

The New American reported on May 30 that in response to Al-Falih’s comments, the price of crude dropped like a stone, losing more than six percent of its value.

However, noted that report, OPEC’s influence has declined, thanks to the energy production revolution in the United States, mostly as a result of fracking. Therefore, what OPEC decides or doesn’t decide matters less and less. Even the price drop after Al-Falih’s comments appears temporary.

This was borne out by a CNBC report on June 4 observing that despite the news that the United States had asked OPEC to increase its output, U.S. West Texas Intermediate “shrugged off the report,” rising in that day’s trading to \$65.52, rallying from a nearly two-month low of \$64.22 earlier in the session.

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