

Opec, Russia set to hike output

Final decision on output increase at Opec and non-Opec ministers meeting in Vienna from June 22-23

● Upping production would ease 17 months of strict supply curbs amid concerns that a price rally has gone too far, with oil having

● 2 OPEC began a discussion about easing production cuts following a critical tweet from Trump, OPEC's Secretary-

Reuters | St Petersburg/Dubai

Saudi Arabia and Russia are discussing raising Opec and non-Opec oil production by some 1 million barrels a day, sources said, while OPEC's chief said a complaint from U.S. President Donald Trump over high prices had triggered the idea of upping output.

Riyadh and Moscow are prepared to ease output cuts to calm consumer worries about supply adequacy, their energy ministers said on Friday, with Saudi Arabia's Khalid al-Falih adding that any easing would be gradual so as not to shock the market.

Upping production would ease



Increasing production by Opec and Russia would ease 17 months of strict supply curbs

17 months of strict supply curbs amid concerns that a price rally has gone too far, with oil having hit its highest since late 2014 at \$80.50 a barrel this month.

OPEC began a discussion about easing production cuts following a critical tweet from Trump, OPEC's Secretary-General Mohammad Barkindo said. Trump tweeted last month that OPEC had "artificially" boosted oil prices.

"We pride ourselves as friends of the United States," Barkindo told a panel with the Saudi and

Russian energy ministers in St. Petersburg at Russia's main economic forum.

The Organization of the Pe-

\$77
was the price of a barrel of oil yesterday as Saudi and Russia said they are ready to ease supply curbs

troleum Exporting Countries and allies led by Russia have agreed to curb output by about 1.8 million barrels per day (bpd) through 2018 to reduce global stocks, but the inventory overhang is now near OPEC's target.

Sources familiar with the matter said an increase of 1 million bpd would bring compliance with agreed supply curbs down to 100 percent from April's level of around 152 percent.

Barkindo also said it was not unusual for the United States to put pressure on OPEC as some



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Riyadh and Moscow are prepared to ease output cuts to calm consumer worries about supply adequacy and any easing would be gradual so as not to shock the oil market

KHALID AL-FALIH,
SAUDI ENERGY MINISTER

U.S. energy secretaries had asked the producer group to help lower prices in the past.

Oil prices fell more than 2 percent towards \$77 a barrel yesterday as Saudi Arabia and Russia said they were ready to ease supply curbs.

Near target

Russian Energy Minister Alexander Novak said current cuts were in reality 2.7 million bpd due to a drop in Venezuelan production - somewhere around 1 million bpd higher than the initially agreed cuts of 1.8 million bpd. Novak declined to say, however, whether OPEC and Russia would decide to boost output by 1 million bpd at their next meeting in June.

Initial talks are being led by the energy ministers of Saudi Arabia and Russia at St. Petersburg this week along with their counterpart from the United Arab Emirates, which holds the OPEC presidency this year, the sources said. OPEC and non-OPEC ministers meet in Vienna on June 22-23, and the final decision will be taken there.

Current discussions are aimed at relaxing record-high compliance with the production cuts, the sources said, in an effort to cool the market after oil hit \$80 a barrel on concerns over a supply shortage. China has also raised concerns about whether enough oil is being pumped, according to a Saudi statement issued after Saudi Energy Minister Falih called China's energy chief on Friday to discuss cooperation between their countries.

German carmakers dismayed as US weighs tariffs

AFP | Frankfurt

German automakers reacted with dismay yesterday as the US Commerce Department said tariffs on car imports could be on the horizon, potentially opening a new front in a burgeoning transatlantic trade conflict.

"One-sided protectionism has never helped anyone in the long term. Only free and fair trade secures increased prosperity," a spokesman for industry behemoth Volkswagen told AFP.

American Commerce Secretary Wilbur Ross had announced Wednesday he had initiated a so-called Section 232 investigation on auto trade - which would provide the legal basis to impose tariffs, if his department finds imports threaten US national security - after speaking with President Donald Trump on the matter.

Ross promised "a thorough,



Tariffs on car imports would potentially open a new front in trade conflict

fair, and transparent investigation into whether (auto) imports are weakening our internal economy and may impair the national security."

The move comes as a June 1 deadline approaches for the White House to decide whether

er imports from the EU will remain exempt from border taxes slapped on steel and aluminum.

Trump's recourse to national security arguments for potential tariffs echoes his justification for the metals duties. In a separate statement released by the



German carmakers employ some 36,500 people in the US and car parts producers 80,000 more. Germany exported 494,000 vehicles to US last year

White House, the president said "core industries such as automobiles and automotive parts are critical to our strength as a nation." Germany's Federation of the Automotive Industry (VDA) noted that German carmakers employ some 36,500 people in the US and car parts producers

80,000 more.

And it highlighted German firms' "significant contribution to the American balance of trade in cars" with their exports to third countries.

"An increase in tariff barriers should be avoided," the body said, saying it had "always spoken out in favor of mutual reductions in tariffs and for free-trade agreements."

German carmakers exported 494,000 vehicles to the US last year, the VDA said, while the Chambers of Commerce and Industry (DIHK) calculated autos and parts accounted for 28.6 billion (\$33.6 billion) of Germany's 111.5 billion in exports to the US.

Shares in Volkswagen, high-end BMW and Mercedes-Benz maker Daimler were among the worst performers in the DAX index of blue-chip German shares just before midday (1100 GMT) Thursday.

Saudi starts withdrawing 1 Riyal notes from market

Saudi Gazette | Riyadh

The Saudi Arabian Monetary Authority (SAMA) will start withdrawing SR1 banknotes from the market from Thursday, SAMA announced on its website on Wednesday.

The SR1 banknotes will be replaced with one-riyal coins.

The SR1 banknotes will, however, remain in circulation until these are withdrawn from trading in accordance with a specific time plan, the SAMA announcement said.

The SR1 banknote accounts for 49 percent of the volume of traded cash, as it is often dealt between people and rarely deposited into banks, a section of the Arabic media quoted an official as saying.

US pricing pressure to hit profit: Sun Pharma

Reuters | Mumbai

India's largest drugmaker Sun Pharmaceutical Industries Ltd said yesterday it expects its 2019 revenue to come in short of analysts' expectations due to pricing pressure in its main market, the United States. Makers of generic drugs have seen poor sales as uncertainty grows in the global market for copycat drugs due to rising competition and pricing scrutiny in the world's largest healthcare market. The warning compounds problems



at Sun, which has been struggling to get clearance for its factories that are under U.S. supply bans due to quality control failures. It now plans to reduce its research spend on some generic drug projects that have become "unviable".

Argentines brace for crisis as nation seeks aid

Reuters | Buenos Aires

Maria Florencia Humano opened a clothing store in 2016, convinced that Argentina's long history of economic crises had ended under pro-business President Mauricio Macri.

She will shutter it later this month, unable to make rent or loan payments. Soaring interest rates and a plunging currency have upended her dream and returned Argentina to a familiar place: asking the International Monetary Fund for a lifeline.

Humano's decision comes just weeks after a somber Macri announced in a televised May 8



Argentina has approached International Monetary Fund for a credit line

speech that Argentina would start talks with the IMF.

He is seeking a credit line

worth at least \$19.7 billion to fund the government through the end of his first term in late

2019.

The unexpected move surprised investors and stoked Argentines' fears of a repeat of the nation's devastating 2001-2002 economic collapse.

Many people here blame IMF-imposed austerity measures for worsening that crisis, which impoverished millions and turned Argentina into a global pariah after the government defaulted on a record \$100 billion in debt.

Word of a potential bailout sent thousands of angry Argentines into the streets this month, some with signs declaring "enough of the IMF."