



Brent crude oil fell .50, or 3.29 percent to settle at \$73.44 a barrel. (Image: Reuters)

Oil prices fell more than \$2 a barrel Friday after two of the world's biggest producers indicated they might increase output at next week's OPEC meeting, while U.S. exports were threatened by potential Chinese tariffs on crude oil and refined products. Oil investors have been nervous ahead of the coming OPEC summit in Vienna. Saudi Arabia and Russia have already boosted production modestly, and have indicated they were prepared to increase output at that meeting.

Brent crude oil fell \$2.50, or 3.29 percent to settle at \$73.44 a barrel. U.S. crude settled \$1.83 lower at \$65.06 a barrel. In post-settlement trading, U.S. crude retreated further, falling 2.25, or 3.4 percent, to \$64.64 a barrel. Brent crude was on track to end the week down more than 4 percent, while U.S. crude was heading to fall 1.7 percent. After settlement, China announced \$50 billion in retaliatory tariffs, in response to a series of levies by U.S. President Donald Trump earlier.

Some investors were surprised when crude oil and other energy products were included for tariffs at a later date, the official Xinhua news agency reported, citing the Tariff Commission of the State Council. Over the past six months, the United States has exported an average 363,000 bpd of crude oil to China, which along with Canada is the biggest buyer of U.S. crude. "They were a big outlet, and we're going to notice it," said John Kilduff, a partner at Again Capital in New York. "It'll take time for other buyers to absorb that crude."

U.S. crude's discount to Brent widened in post-settlement trade after China announced the planned tariff. Both contracts have drifted lower since hitting 3-1/2-year highs in May. Prices have been pressured by rising U.S. crude production, while the Organization of the Petroleum Exporting Countries, Russia and others look poised to increase output in their meeting in the Austrian capital on June 22-23. "We're going into an OPEC meeting where everyone is talking about raising production – the only question is by how much," said Bob Yawger, director, energy at Mizuho in New York.

On Thursday, Russian Energy Minister Alexander Novak said after talks with Saudi Energy Minister Khalid al-Falih in Moscow that both nations "in principle" supported a gradual increase in production after restricting output for 18 months. Novak said one option would involve gradually raising output by 1.5 million barrels per day (bpd), possibly starting July 1. Falih said "I think we'll come to an agreement that satisfies, most importantly, the market."

Greg McKenna, chief market strategist at futures brokerage AxiTrader, said Russia seemed to want a bigger rise in production than some other producers. "My guess is the increase will be something less than the 1 million bpd (barrels per day) that the U.S. is supposed to have asked the Saudis for," McKenna said. Adding to investor jitters about supply, U.S. production continues to ramp up. U.S. energy companies added one oil rig this week, the fourth week of increases, according to weekly data from GE's Baker Hughes division.

Get live [Stock Prices](#) from BSE and NSE and latest NAV, portfolio of [Mutual Funds](#), calculate your tax by [Income Tax Calculator](#), know market's [Top Gainers](#), [Top Losers](#) &

[Best Equity Funds](#). Like us on [Facebook](#) and follow us on [Twitter](#).