

## Oil slips on possible return of Iranian supply as nuclear talks progress



MELBOURNE (Reuters) - [Oil prices](#) fell on Thursday but stayed within the tight range they have been in all week, as optimism on the summer driving season in the United States and Europe offset concerns about demand in India and a potential supply increase from Iran.

[Brent crude](#) fell 44 cents, or 0.6%, to \$68.43 a barrel at 0220 GMT, erasing Wednesday's gain of 22 cents. Brent has traded between \$68 and \$69 for most of this week.

U.S. West Texas Intermediate (WTI) crude fell 43 cents, or 0.7%, to \$65.78 a barrel, after a rise of 14 cents on Wednesday, but still in the \$65-\$66 range it has been this week.

"[Markets](#) remain focused on the Iranian nuclear talks and whether sanctions on oil exports are lifted in full, and when," Citi analysts said in a note.

That will be a big issue for the next meeting of the Organization of the Petroleum Exporting Countries and allies, together called OPEC+, on June 1, where producers will have to assess whether to change their plans for easing production curbs against the prospect of Iranian supply returning to the market.

Citi predicted OPEC+ would stick to plans to bring back 700,000 barrels per day (bpd) of oil supply in June, but the group's plan to step up supply by a further 840,000 bpd in July "might now be in question".

JPMorgan said it did not expect OPEC+ to hike production beyond what the group has already agreed for May through July and would decide any future increases based on the demand outlook.

Analysts said any increase of supply from Iran would only be gradual, with JPMorgan estimating Iran could add 500,000 bpd by the end of this year and a further 500,000 bpd by August 2022.

While the market was supported on Wednesday by a bigger-than-expected drawdown in U.S. oil inventories, there are still concerns about demand shrinking in India, the world's third-largest oil consumer. [EIA/S]

"However, we don't think demand concerns in India will derail the narrative of global oil demand recovering," Commonwealth Bank commodities analyst Vivek Dhar said.

[Oil Prices](#)