

BUSINESS & FINANCIAL OVERVIEW

Oil finishes with a loss, but U.S. prices mark sharpest weekly rise in a month

Crude-oil futures finished lower on Friday, with U.S. prices pulling back after four days of consecutive gains that prompted crude to tally its best weekly gain in about a month, amid growing signs of tightening global supplies.

April West Texas Intermediate crude CLJ9, -0.38% shed 9 cents, or 0.2%, to settle at \$58.52 a barrel on the New York Mercantile Exchange, after settling at its highest level since mid-November on Thursday. WTI tallied a weekly gain of about 4.4% based on the most-active contracts, which marked its sharpest weekly rise since the period ended Feb. 15, according to Dow Jones Market Data. May Brent crude LCOK9, -0.21% meanwhile, lost 7 cents, or 0.1%, to \$67.16 a barrel on ICE Futures Europe, with the contract up 2.2% for the week.

On Friday, the International Energy Agency said output from the Organization of the Petroleum Exporting Countries had fallen by 240,000 barrels a day last month, to 30.68 million barrels a day, its lowest level in four years. The IEA cited losses in Venezuela, and lower output from Saudi Arabia and Iraq. It left its forecast for global oil demand growth in 2019 unchanged at 1.4 million barrels a day.

The IEA report came a day after OPEC released its own monthly oil-market report showing a similar decline for February, though the report also highlighted that by OPEC's member production fell at a significantly reduced rate than the month prior and well-below the group's pledge to the market.

Over the weekend, the OPEC, non-OPEC Joint Ministerial Monitoring Committee will gather in Baku, Azerbaijan, with an official meeting scheduled for Monday to review compliance with production cuts. Some market participants worry that the cartel might act to further push prices higher. Michael Hewson, chief market analyst at CMC Markets, in a Friday research note, said "there is a risk that in pushing up prices at a time when global growth is slowing they could precipitate a sharper slowdown and a fall in demand."

"Oil prices have continued to edge higher, hitting their highest levels this year yesterday, as extended OPEC production cuts and lower inventories help underpin prices, helping to push oil and gas sector stocks towards their best weekly performance in over a month," he said. Recent gains have been underpinned by a series of data that appears to confirm that supplies are contracting. Last year, OPEC announced that it would reduce overall production by 800,000 barrels a day from October's levels for six months, beginning in January.

On Wednesday, the Energy Information Administration reported that U.S. crude supplies unexpectedly fell by 3.9 million barrels for the week ended March 8. The EIA also reported that total domestic crude production inched down from record territory, down 100,000 barrels to 12 million barrels a day.

Data on Friday from Baker Hughes BHGE, +0.51% showed that the number of active rigs drilling for oil in the U.S., a key metric of activity in the sector, fell for a fourth straight week, though it was down by just one to 833 this week. The EIA on Monday will release its forecast for April U.S. shale oil production. Among the energy products traded on Nymex Friday, April gasoline RBJ9, -0.09% added 0.4% at \$1.858 a gallon, up about 3.1% on the week, while April heating oil HOJ9, -0.08% lost 0.9% to \$1.968 a gallon, for a weekly decline of 1.9%.

