The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Oil Prices Keep Falling as Goldman Sachs Slashes Forecast

By The Moscow Times

January 12, 2015

U.S. crude oil for February was trading at just above at $46 per barrel on Monday afternoon.

Global oil prices fell by over $2 a barrel on Monday as Goldman Sachs lowered its short-term forecasts, while refineries in Ohio and Pennsylvania were hit by fires over the weekend, curtailing demand for crude in the United States.

Both Brent and U.S. crude are at their lowest since April 2009 and have fallen for seven straight weeks.

Analysts at Goldman Sachs cut their average forecast for Brent in 2015 to $50.40 a barrel from $83.75. They lowered their forecast for U.S. crude to $47.15 a barrel from $73.75, saying it would need to stay near $40 for most of the first half of 2015 before it would hold up shale oil investments.

"To keep all capital sidelined and curtail investment in shale until the market has rebalanced,

we believe prices need to stay lower for longer," the analysts said in a report.

U.S. crude oil for February was trading at just above at $46 per barrel on Monday afternoon. The February Brent contract fell to just under $48 a barrel.

New oil and gas well permits issued across the United States rose slightly in December after falling sharply in November due to the plunge in crude prices.

The drop in November had pointed to a potential slowdown in the shale oil and gas boom that brought the United States into competition with Saudi Arabia to be the second-largest crude producer behind Russia.

Refinery disruptions in Ohio and Pennsylvania threaten to add to a growing glut of crude by reducing demand from two sizable plants, including the largest on the U.S. East Coast.

Venezuela said in a statement on Sunday it had agreed with Saudi Arabia to work for a recovery in the oil market and oil prices "with state policies" from the two countries, without providing details.

However, Saudi Arabia, the world's biggest oil exporter, has said it won't support prices by cutting production and it ignored calls from smaller OPEC members, including Venezuela, to react to falling oil prices at a meeting of the cartel in November.

"Oil market fundamentals are gradually shifting in response to the sharp fall in prices, but are set to have an impact on market balances only by the latter half of 2015," analysts at Barclays said on Monday.

They expect the oil surplus to expand by 1 million barrels per day in the first quarter compared with the previous three months.

Original url:
https://www.themoscowtimes.com/2015/01/12/oil-prices-keep-falling-as-goldman-sachs-slashes-forecast-a42792