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Oil Up as Russia Considers OPEC Talks

By The Moscow Times

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Russian oil output hit a new post-Soviet monthly high of 10.74 million barrels per day in September, despite a drop in global crude prices to 6 1/2-year lows in August.

Oil rose on Monday after Russia said it was ready to meet other producers to discuss the market, where prices have more than halved from last year's highs due to a supply glut.

A report showing a fifth weekly fall in the number of oil rigs drilling in the United States also underpinned prices.

Brent was 50 cents higher at $48.63 a barrel by 0930 GMT after ending up 44 cents on Friday. U.S. crude was 50 cents higher at $46.04 a barrel after settling up 80 cents.

Russia, one of the world's top three oil producers, has been unwilling to cut output to support prices and last November declined to cooperate with the Organization of the Petroleum Exporting Countries (OPEC) in order to defend its market share.

But Moscow is now prepared to meet OPEC and non-OPEC oil producers to discuss oil markets

if such a meeting is called, its energy minister said Saturday. A separate meeting between Russian and Saudi officials was being planned for the end of October, he said.

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Brent reached a low of almost $42 a barrel in August, down from a high above $115 in June 2014.

"Geopolitical tension created by Russia's involvement in Syria makes cooperation with OPEC highly unlikely," said Tamas Varga, oil analyst at London brokerage PVM Oil Associates. "But talk of such collaboration is supporting prices short term."

Russia has angered Saudi Arabia and other Gulf Arab states by helping support Syrian President Bashar Assad with air strikes and military aid against rebel fighters.

Russia said on Monday its planes had struck 10 Islamic State targets in Syria.

Yoo-jin Kang, commodities analyst at NH Investment & Securities in Seoul, said the global oil market was oversupplied and any talk of production restraint was supportive.

"As Russia requested talks, investors seem to expect a possible reduction in oil output to be agreed during re-balancing procedures," Kang said.

Data on Friday showed U.S. energy firms reduced the number of oil rigs by 26 in the latest week, the most since April and the fifth straight weekly fall, a sign low prices were pushing drillers away from the well pad.

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