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Putin Says Current Oil Prices Acceptable, Hints at OPEC Cooperation

By Reuters

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"I want to stress that for the Russian budget, for our economy, the current oil prices level is acceptable," Putin told a meeting with Russian energy officials and producers to discuss the coronavirus and its implications. **Yegor Aleyev / TASS**

Russian President Vladimir Putin said on Sunday that current oil prices were acceptable and that Russia had the tools to react to any negative effects of the spread of the coronavirus on the global economy, but offered a chink of light to OPEC as the producer group pushes for deeper supply cuts.

Putin added that he sees the OPEC+ group as an effective mechanism to preserve long-term stability, adding that Russia had to be prepared for different scenarios on oil markets following a global fall in oil prices on coronavirus concerns.

Moscow has been resisting further curbs, arguing that reduced output by the Organization of

the Petroleum Exporting Countries (OPEC) and its allies, known as OPEC+, will not necessarily revive demand, sources said.

OPEC+ is due to meet in Vienna this week to decide on production policy when its existing supply pact expires at the end of March.

Several key members of Saudi Arabia-led OPEC are leaning towards a bigger than previously expected output cut, four sources with knowledge of the talks have told Reuters, but Russia has yet to make clear its stance on proposals for further cuts.

"I want to stress that for the Russian budget, for our economy, the current oil prices level is acceptable," Putin told a meeting with Russian energy officials and producers to discuss the coronavirus and its implications.

The price of Brent crude slumped to $50.05 on Friday, its lowest since late 2018, on fears that the coronavirus outbreak will trigger oil demand destruction.

Russia, which has more than $560 billion in its reserves, envisages in its budget an average Brent crude price of $42.40 a barrel, Putin said.

"Our accumulated reserves, including the National Wealth Fund, are enough for ensuring a stable situation, the fulfilment of all budget and social liabilities, even under a possible deterioration of the global economic situation," Putin said.

He added, however, that this does not set aside the need for action, "including together with foreign partners."

Putin also highlighted the difficulty in forecasting moves in oil prices and acknowledged that Russia needs to be ready for various scenarios.

OPEC+ has "proved to be an effective instrument to ensure long-term stability on global energy markets," he told the meeting, with his comments released on the Kremlin website.

"Thanks to that, we have obtained extra budget revenues and, what is important, provided a possibility for upstream companies to confidently invest in promising development projects."

Putin asked meeting participants for their views on further possible action on the global oil market and said he hoped that steps taken by Russia to prevent the spread of the coronavirus were effective.

"The situation is under control overall," he said.

Russia has limited entry for Chinese, South Korean and Iranian citizens and said it will deport 88 foreign nationals for alleged violations of quarantine measures.

Three Russian nationals are receiving treatment in Russia after contracting the virus on a cruise ship in Japan, authorities have said. Two Chinese nationals were taken to hospital in Russia with the virus but have since recovered.

Last week the ruble slid beyond 67 per dollar to its weakest since early 2019 and the stock market dropped, pricing in a global sell-off and another increase in tensions with Turkey over Syria.

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