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International

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Economic Alert: OPEC Agrees To First Cut In Oil Production Since 2008

- For the first time in eight years, the Organization of Petroleum Exporting Countries has reportedly agreed to cut oil output, cutting production by 1.2 million barrels per day in hopes of stabilizing the global oil market.
- With the cut, OPEC's production will drop to 32.5 million barrels a day, effective on Jan. 1, 2017.
- This cut will represent roughly 1% of current production worldwide. The agreement will include Iraq reducing output by 200,000 bpd to 4.351 million bpd beginning in January.
- Kuwait, Venezuela and Algeria have agreed to monitor compliance with the OPEC agreement.
- Non-OPEC member Russia has agreed to cut output by 300,000 bpd. OPEC will meet with non-OPEC producers on Dec. 9 according to Bloomberg sources.
- On the eve of today's meetings, OPEC Conference President Mohammed Bin Saleh Al-Sada said that while there were signs that a rebalancing of the global oil market is under way, "price volatility is still a significant concern."
- At the time of writing, U.S. West Texas Intermediate crude futures rose USD\$4.02 to USD \$49.25 a barrel, a 8.9% gain. WTI briefly traded at a high of \$49.37 a barrel, a 9 % gain.
- Brent crude futures rose USD \$3.79 to USD \$50.17 a barrel, a 8.2% gain.
- Initial reactions saw the S&P 500 Index surpassed its previous record but then fell back and was up 0.25% at 2,210.21. The Dow Jones Industrial Average shot up 0.4% to a new record of 19,197. The Nasdaq Composite Index rose early but then retreated and was down 0.1% to 5,375.29.



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