

# Crude oil skids to 11-year low

London, Dec. 21: Brent crude prices fell to their lowest in more than 11 years on Monday, hounded by a relentless rise in global supply that looks set to outpace demand again next year.

Oil production is running close to record highs and, with fresh barrels poised to enter the market from the likes of Iran, the United States and Libya, the price of crude is set for its largest monthly percentage decline in seven years.

While consumers have enjoyed lower fuel prices, producers have hacked back spending and cut thousands of jobs, while exporting nations have suffered tumbling revenue.

Brent futures fell by about two per cent to as low as \$36.05 per barrel on Monday, their weakest since July 2004, and were down 45 cents at \$36.43 at 9.05 am.

Brent crude futures haven't fallen more than 18.5 per cent this month, their steepest fall since the collapse of failed US bank Lehman Brothers in October 2008.

US West Texas Intermediate (WTI) futures dropped 33 cents to \$34.40 a barrel, their lowest since 2009. "Really, I wouldn't like to be in the shoes of an oil exporter getting into 2016. It's not exactly looking as if there is light at the end of the tunnel any time soon," Saxo Bank senior manager Ole Hansen said.

"For every dollar we move lower, that brings forward increased stress in the system."



■ **BRENT CRUDE** price is considered to be benchmark for oil in Asia. Morgan Stanley feels oil price could remain subdued in 2016 also.

■ Though the price in India is fixed as per the oil basket, it may be set for another cut in the next 15 days.

The price of oil has halved over the past year, shredding the finances of oil producers such as Nigeria, which faces its worst economic crisis in years, or Venezuela, which has been plunged into deep recession.

Even wealthy Gulf Arab states have been hit. Last week, top Opec exporter Saudi Arabia, Kuwait and Bahrain raised interest rates as they scrambled to protect their currencies.

On Monday, Iraq devalued its dinar currency to offset the impact of lower oil, while Azerbaijan ditched its currency peg after burning through more than half its foreign exchange reserves this year.

Morgan Stanley said that "the hope for a rebalancing in 2016 continues to suffer serious setbacks".

— Reuters