

U.S. oil futures post biggest daily drop since November as Saudi price cut raises demand worries

Natural-gas prices rally, buoyed by winter storm forecast

Oil futures declined Monday, with U.S. prices posting their largest daily drop since November after Saudi Arabia cut its crude selling prices to all regions, raising concerns about the outlook for demand.

A survey, meanwhile, showed higher oil production last month by members of the Organization of the Petroleum Exporting Countries.

Market drivers

State-owned producer Saudi Aramco on Sunday said it would cut its official selling price for crude to all regions, including its largest market in Asia in February. The spread for Saudi crudes, including its flagship Arab light, over local benchmarks will be cut by up to \$2 a barrel.

“When a major oil producer like Saudi Arabia offers price discounts, it’s either a sign of concern about weakening demand conditions or an attempt to stop foreign producers such as the U.S.A. from stealing market share away,” Marios Hadjikyriacos, senior investment analyst at XM, said in a note. “Either way, it’s a bearish signal for energy prices.”

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