



As OPEC began its 2-day meeting in Abu Dhabi on Monday, to align its members to adherence to output reductions, data from S & P Platts revealed that Libya and Nigeria pushed OPEC's crude oil output in July to the highest level this year at 32.82 million barrels a day. Per Platts; Libya and Nigeria (both exempt from the cuts agreed last year) oil production went up 210K barrels per day in July, 210K bpd and 1.81 million bpd respectively. If the data from Platts is correct then OPEC's output in July was 920K bpd above the ceiling of 31.9 million bpd OPEC set last year. It is evident that compliance with the cuts is not being made, thus leading to an oversupply that has kept WTI below \$50. The markets will be waiting to see if OPEC makes further demands of its members to reduce production and, more importantly, that its members abide by such demands. In currencies, USD edged lower on Monday, giving back some of its gains from Friday, as the markets became cautious ahead of inflation data this week that may signal a reversal in USD weakness. Finally, the latest economic data out of China pointed to steady global demand. While exports missed market estimates, rising 11.2% in July in yuan terms, demand for Chinese goods held up in the face of escalating tensions with the US. EURUSD trading was relatively light on Monday, trading in a narrow 43.7 pip range as it made some gains from Fridays sell-off. Currently, EURUSD is trading around 1.1805. USDJPY was also trading in a narrow range of less than 28 pips on Monday. Currently, USDJPY is trading around 110.60. GBPUSD appears to have found some support just above 1.30 on Monday in

relatively light trading. Currently, GBPUSD is trading around 1.3045. Gold edged lower on Monday, failing to gain support from a weaker USD, as the markets digested sharp losses in the previous session and worried about further U.S. rate hikes. Currently, Gold is trading around \$1,260.00. WTI lost 1.2% on the day, as Oil failed to recover from recent USD strength. WTI currently trades around \$49.40pb. Economic data releases on Tuesday are, somewhat, second tier - with little expected impact on the markets. Day 2 of the OPEC meeting in Abu Dhabi ends. The main focus being members' compliance to the output pact the cartel inked with 10 other oil suppliers, including Russia, in late 2016. The deal so far has not produced meaningful effects to reduce global output or inventories.

### Today's important market news

Time: GMT

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 **22:35**  RBA Assistant Governor Kent Speech

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