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Sunday, 7 April 2019 **CNBC**

OIL MARKETS WILL SEE 'MUCH MORE UPSIDE THAN DOWNSIDE,' CITI STRATEGIST

- *International benchmark Brent crude stood at $70 a barrel on Friday, with WTI trading at around $63. Morse believes that more upside is in store with supplies being taken off the market in Iran and Venezuela, as well as major oil cartel OPEC.*
- *Fereidun Fesharaki, the chairman of leading consulting group FGE, backed up Citi's forecast, telling CNBC Sunday that the supply and demand fundamentals will likely push the oil price up to $75 and $80 for the second half of this year.*

Matt Clinch | Natasha Turak

Edward Morse, the global head of commodities research at Citi Group, gave a bullish outlook for global oil markets Sunday, saying that current inventories were at a "constructive" level.

Crude futures have surged in recent months, with Brent and U.S. West Texas Intermediate (WTI) both rallying more than 20 percent since the start of 2019. International benchmark Brent crude stood at $70 a barrel on Friday, with WTI trading at around $63. Morse believes that more upside is in store with supplies being taken off the market in Iran and Venezuela, as well as major oil cartel OPEC.

"I think there's much more upside than downside," he told CNBC's Dan Murphy in Dubai Sunday.

"I think it's under bought, I think it was oversold ... The market is very constructive, it's fairly tight and we think it's going to be in the $70 range through the second quarter and into the third quarter depending on what happens. And there's a lot of variables between now and then."

One variable is whether the President Donald Trump administration will extend sanctions waivers on eight countries importing Iranian oil and he has until May 2 to decide. Morse believes that the focus for the U.S. will be sanctions and Venezuela and this would likely see "kinder" actions on those importing Iranian oil.

Meanwhile, Fereidun Fesharaki, the chairman of leading consulting group FGE, backed up Citi's forecast, telling CNBC Sunday that the supply and demand fundamentals will likely push the oil price up to $75 and $80 for the second half of this year.

"There may be a Trump ceiling of $70 or close to it but so far as the fundamentals are concerned, if nobody touches anything, the second half of this year will be $75, $80," he told CNBC's Dan Murphy.

Trump has taken to Twitter numerous times since entering the Oval Office to chastise OPEC and its largest producer, Saudi Arabia, for propping up oil prices via production cuts.

The 15-member organization reached a deal with non-OPEC producers including Russia to scale back oil output last December in response to falling prices. The production curbs by the so-called OPEC+ group have played a major part in the rebound in the oil market this year.

Trump's most recent jab at OPEC came late last month, asking that the cartel increase oil output because "World Markets are fragile, price of Oil getting too high." Fesharaki told CNBC that "never before has a president had so much impact on oil prices."