Oil Prices Fall Despite Global Tensions

Increased Libyan Supply, OPEC's Reluctance to Cut Quotas, Leading to Oversupply

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Oil prices are lower Monday even though tensions in a number of key oil-producing areas are on the rise.

In Ukraine, fears of a larger conflict escalated as government forces lost more ground to Russian-backed separatists, while in the Middle East, U.S. airstrikes continued in Iraq, checking some of the advances made by radical Sunni militants.

Those developments weren't enough to move the oil price significantly, as the market remains well supplied with crude oil. Prices had drifted higher Friday, but fell back somewhat on Monday.

"The ample supply situation is precluding any significant rise in prices," said Commerzbank.

Libya, they noted has been able to scale up its oil production to 700,000 barrels a day of late, according to the Libyan National Oil Corporation.

The additional supply from Libya is compounding the oversupply on the European market because the other members of the Organization of the Petroleum Exporting Countries, or OPEC, aren't scaling back production.

OPEC members control the global oil market and can increase or decrease production to maintain prices within a certain target range.

Brent crude oil is down 0.2% at $103.08 a barrel on the ICE Europe exchange. WTI is down 0.3% at $95.69 on the Nymex exchange.

Gasoil was up 0.3% at $867.25 a metric ton.

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