Oil bulls can’t be happy with this at all. At one time, they had hoped for $60 a barrel, and supply-demand balance.

In fact, Algerian Energy Minister Noureddine Boutarfa once noted that oil prices could move above $55 on the idea that a supply glut could be gone by year-end. Even Russia and Saudi Arabia argued for a near-term rebalancing.

The reality is – that won’t happen. At least, not any time soon.

Already, since the middle of 2016, U.S. oil production has jumped about 10% to 9.3 million barrels per
day (bpd). Worse, in the months ahead, the U.S. was expected to add another 950,000 barrels per day (bpd), overshadowing OPEC cuts even more.

Libyan output is also expected to rise above 800,000 bpd for the first time since 2014. Nigeria is expected to return to 2.2 million barrels this year, and 2.5 million bpd by 2019.

Worse, according to the IEA, supply could outpace consumption in 2018, too. “In 2018,” they noted, per Reuters, “we expect non-OPEC production to grow 1.5 million bpd, which is slightly more than the expected increase in global demand.”

Traders have been using this as an opportunity to short oil.

Some are buying the Pro Shares Ultra Short Oil & Gas ETF (DUG), which caught its 50-day moving average – which it has held since February. As long as that support line holds with continued weakness in oil prices, DUG could potentially retest a previous high of $49.69.

Another way traders are playing the short side of oil has been with put options using the Chevron (CVX) August 2017 105 puts for example, as well as the July 2017 105 puts. Technically, CVX is due for a pullback to about $102 a share after finding heavy resistance at $108 a share. Trade accordingly.