

U.S. government report expected to show a drop in crude oil inventories.



Investors were weighing whether expected production increases from Saudi Arabia, the world's largest oil producer, would do enough to quench rising global demand. The Saudis are planning a meeting of oil producing and consuming nations in Jeddah on Sunday to seek ways to tackle soaring oil prices.

Over the weekend, Saudi Arabia told U.N. Secretary-General Ban Ki-moon that it would increase oil output by 200,000 barrels a day, or by 2 percent, from June to July. In May, the country raised production by 300,000 barrels a day.

"If there is any announcement along those lines, you'd think it would have some positive effect on oil prices," said David Moore, a commodity strategist at the Commonwealth Bank of Australia in Sydney. "But the markets are also going to be wondering whether they see this as a permanent solution to the issue of adequacy of oil supplies to meet ongoing growth in oil demand."

Light, sweet crude for July delivery rose 57 cents to \$134.58 a barrel by noon in European electronic trading on the New York Mercantile Exchange. The contract declined 60 cents to settle at \$134.01 a barrel on Tuesday.

Tuesday's pullback in oil prices followed broad swings Monday, when prices surged to a record \$139.89 per barrel and tumbled as low as \$132.84 before closing down modestly.

U.S. crude stockpiles were expected to fall by 2 million barrels, while gasoline inventories were predicted to rise by nearly a million barrels last week in a report by the U.S. Energy Department's Energy Information Administration, according to a survey by Platts, the energy research arm of McGraw-Hill Cos.

Analyst and trader Stephen Schork noted that over the last four weeks crude oil stocks have fallen by 7.2 percent, "the largest one-month draw since the leadup to the first Gulf war in October 1990."

Reflecting the crude draws, stocks of distillates, which include heating oil and diesel, were expected to rise by 1.8 million barrels, the survey showed.

Oil prices edge up

Mercredi, 18 Juin 2008 15:11

While there have been reports that high oil prices are hurting demand in the U.S., by far the world's biggest oil consumer, demand in booming Asian markets and other parts of the world is accelerating rapidly. That growth ensures worldwide supplies remain tight even as U.S. drivers ease up.

"The thing pushing oil prices higher at the moment is that non-OPEC oil supply has been quite subdued, while oil demand is mixed -- you have weakness in U.S. oil demand but ongoing strength from developing parts of the international economy," Moore said.

While added Saudi oil would help ease tight global supplies, market observers are unsure whether a further boost will do much to dent crude's surge. Last month's increase was largely ignored by the energy market.