

Oil Prices Above \$94 a Barrel in Asia

Monday, January 14, 2008

(01-14) 23:54 PST SINGAPORE, (AP) --

Oil prices were nearly flat Tuesday after climbing more than \$1 a barrel in the previous session as forecasts for colder weather in the United States raised expectations of increased fuel demand.

The U.S. National Weather Service is calling for below-normal temperatures across most of the country over the next two weeks. The Midwest is a major consumer of natural gas, while the northeastern United States is the world's largest market for heating oil.

Traders were also looking ahead to a weekly U.S. government petroleum inventory report to be released Wednesday that was expected to show crude oil stocks rose last week for the first time in nine weeks.

The U.S. Energy Department's report is expected to say crude inventories rose 700,000 barrels in the week ended Jan. 11, according to the average of analyst forecasts in a Dow Jones Newswires survey.

Gasoline inventories are expected to have risen 2.3 million barrels, according to the survey, while distillate inventories, which include heating oil and diesel fuel, are forecast to have grown 1.2 million barrels.

Refinery use is expected to have dropped 1 percentage point to 90.3 percent of operable capacity, the Dow Jones survey said.

Light, sweet crude for February delivery fell 6 cents to \$94.14 a barrel in Asian electronic trading on the New York Mercantile Exchange by midmorning in Singapore.

The contract on Monday rose \$1.51 to settle at \$94.20 a barrel. A declining dollar and rising political tensions in the Middle East contributed to the advance, apparently outweighing worries that a weakening U.S. economy could curb oil demand.

The euro rose Monday near its all-time high against the dollar on speculation that the Federal Reserve will cut interest rates again.

Lower rates tend to weaken the dollar, giving investors reason to buy oil. Crude futures offer a hedge against a declining dollar, and oil futures bought and sold in dollars are more attractive to foreign investors when the currency is falling.

Heating oil futures added 0.22 cent to \$2.5914 a gallon while gasoline prices dropped 0.08 cent to US\$2.372 a gallon.

Natural gas futures added 5.6 cents to \$8.409 per 1,000 cubic feet.

Brent crude futures added 1 cent to \$92.93 a barrel on the ICE Futures exchange in London.

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