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## Middle East crude rises as Saudi Aramco cuts official Asia prices

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Bloomberg reported that Middle East crude oils rose on expectations of better refining profits after Saudi Arabia reduced its official selling prices.

Oman for immediate loading, a Gulf benchmark for Asia, rose 70 cents or 1% to USD 73.86 per barrel. Dubai oil for loading in October climbed 80 cents or 1.1% to USD 73.33 per barrel. Murban increased 1.1% to USD 74.63 per barrel.

Saudi Aramco lowered its official selling prices for sales to Asian refiners in September. Arab Light was cut by USD 1.75 to a discount of 25 cents a barrel to the average of Oman and Dubai.

According to netback calculations by EnSys Energy, the profit margin from refining Saudi's Arab Light crude oil in a so called cracking plant that can upgrade fuel oil into gasoline and diesel fuel was at minus 51 cents per barrel. That's up from minus USD 1.61 per barrel recently.

Oman crude oil futures for October delivery rose 5 cents to USD 73.80 per barrel on the Dubai Mercantile Exchange at 4:52 PM Singapore time, with 475 contracts traded. The settlement price was set at USD 73.30 per barrel at 12:30 PM Dubai time.

According to data from PVM Oil Associates, the Brent Dubai exchange for swaps for September widened 52 cents to USD 1.87 per barrel and the exchange for swaps for October narrowed 35 cents to USD 1.49 per barrel.

National Iranian Oil Company is set to reduce the official selling price for its main Iranian Light crude oil supplied to Asia for the first time in four months, after Saudi Arabia cut prices.

Iran's state owned oil company will set Iranian Light for September at 9 cents a barrel above the average of Gulf benchmarks Oman and Dubai grades, based on a quarterly formula tied to prices set by Saudi Arabian Oil Company. The premium will be down USD 1.75 or 95% from August and will be the smallest in seven months.

Saudi Aramco, as state owned Saudi Arabian Oil is known reduced the price for Arabian Light crude for September shipments to Asia by USD 1.75 per barrel on less refinery demand for diesel and gasoline.

According to the formula, Iranian Heavy and Forozan Blend crude, linked to Saudi Aramco's Arabian Medium grade will be reduced by USD 1.50 per barrel to discounts of USD 1.12 and USD 1.07 to the Oman and Dubai average, respectively. Saudi Aramco recently cut Arabian Medium by USD 1.50, taking it to a 7 month low.

National Iranian will formally announce its prices for the three grades to be supplied to Asia, the Mediterranean, Northwest Europe and South Africa later this week. It will also set September prices for Soroush and Norooz, which are shipped only to Asia and the Mediterranean.

According to a Bloomberg survey of analysts and producers, Iran, the second largest producer in the Organization of Petroleum Exporting Countries or OPEC pumped 3.79 million barrels per day last month more than its quota of 3.34 million. The country has a capacity to produce 4.1 million barrels per day.

(Sourced from Bloomberg)

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