
Crude oil rises for a second day as Chinese manufacturing grows

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Bloomberg reported that crude oil rose for a second day after a report showed Chinese manufacturing expanded at the fastest pace in five years, spurring hopes that the world second biggest oil user will buoy consumption of the fuel.

Mr Hannes Loacker an analyst at Raiffeisen Zentralbank Oesterreich in Vienna said “Chinese oil demand should increase by 5% this year, 4% next year. While the rate of growth is slowing down a bit, it means there is still growth there in one of the most important regions.”

Oil for January delivery gained as much as 66 cents or 0.9% to USD 77.94 a barrel in electronic trading on the New York Mercantile Exchange. The contract traded at USD 77.81 a barrel at 9:55 AM London time.

Oil traded near USD 78 a barrel on November 25th before Dubai World, one of the emirate three largest state-linked holding companies, sought to delay payments on its debt and other liabilities. The company has since begun what it described as constructive talks with banks to restructure USD 26 billion less than half of its USD 59 billion in obligations.

Mr Rob Montefusco a broker at Sucden Financial in London said “Dubai is being resolved and China is as busy as ever. The market is coming back quickly after finding support at USD 75.”

Mr Masoud Mir-Kazemi Iranian Oil Minister said the Organization of Petroleum Exporting Countries won't increase production targets when it meets later this month.

The 12 OPEC states will assemble in Luanda, Angola on December 22nd to review their output targets and the impact of supply reductions announced last year the largest in the group history. Ministers from Kuwait and Nigeria have also indicated they expect quotas to be left unchanged.

(Sourced from Bloomberg)

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