

Oil inches below \$100 ahead of OPEC meeting

By ALEX KENNEDY, Associated Press – 8 hours ago



SINGAPORE (AP) — Oil prices inched down below \$100 a barrel Wednesday in Asia amid expectations OPEC will likely keep its output quotas unchanged.

Benchmark crude for January delivery was down 29 cents to \$99.85 a barrel in midday Singapore time in electronic trading on the New York Mercantile Exchange. The contract rose \$2.37 to settle at \$100.14 on Tuesday.

In London, Brent crude was down 16 cents at \$109.34 on the ICE futures exchange.

The Organization of Petroleum Exporting Countries will meet later Wednesday in Vienna amid a slowing global economy threatened by rising energy costs. The 12-nation group will also seek to avoid a supply glut as Libya's oil exports gradually recover next year.

"The cartel will be threading a fine line between any decision that would further elevate prices and at the same time, making some attempt to accommodate a return of Libyan barrels into the market," energy consultant Ritterbusch and Associates said in a report.

Crude producers should consider boosting output since demand is growing in developing countries and inventories are dropping in wealthy nations, said Fatih Birol, the chief economist for the International Energy Agency, in a speech Wednesday in Singapore.

"I'm sure OPEC knows much better than me what to do," Birol said when asked if OPEC should raise output. "But seeing that oil prices are still high today and the negative effect that has on the recovery of the global economy, I hope the energy producing countries will take these things into account and make their decision accordingly."

Crude jumped Tuesday after Iranian officials said the OPEC member plans to carry out military maneuvers near the Strait of Hormuz, a narrow pass in the Persian Gulf where about 30 percent of the world's crude exports pass through. Iran said it could retaliate if Europe imposes sanctions because of the country's nuclear power program.

"Rising tensions in the Middle East have been providing support to elevated prices and any provocative activity in the region would most likely launch prices quickly upward," said Richard Soutanian of NUS Consulting.

A report showed U.S. energy supplies were little changed last week. The American Petroleum Institute said late Tuesday that crude inventories rose 462,000 barrels last week while analysts surveyed by Platts, the energy information arm of McGraw-Hill Cos., had predicted a decrease of 2.0 million barrels.

Inventories of gasoline fell 12,000 barrels last week while distillates rose 1.2 million barrels, the API said.

The Energy Department's Energy Information Administration reports its weekly supply data later Wednesday.

In other energy trading on the Nymex, natural gas fell 2.0 cents at \$3.23 per 1,000 cubic feet. Heating oil fell 0.5 cent to \$2.92 a gallon and gasoline futures slid 0.8 cent to \$2.62 a gallon.

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