PRESS CLIPPING SHEET

PUBLICATION:	Egyptian Mail
DATE:	27-October-2015
COUNTRY:	Egypt
CIRCULATION:	60,000
TITLE :	Oil prices edge higher but glut swells storage capacity
PAGE:	05
ARTICLE TYPE:	General Industry News
REPORTER:	Staff Report

Oil prices edge higher but glut swells storage capacity

LONDON (Reuters) – Oil edged higher yesterday as investors prepared for a week of important economic indicators, but prices remained range-bound on indications that the world's stored oil was nearing capacity, stoking a persistent supply glut.

Brent, the international benchmark, was up 25 cents at $48.24 a barrel at 5.37am ET, 11 per cent below this month's high.

US crude futures traded up 24 cents at $44.84 a barrel.

"Today, we have a consolidation in the price of oil. From our point of view the low-to-mid $40s constitutes a decent floor because it's deep into the cost curve of the US shale oil industry," said Harry Tchilinguirian, global head of commodity strategy at BNP Paribas.

Investors await the outcome of this week's two-day policy meeting of the US Federal Reserve, just days after China's surprise fourth interest rate cut this year sent shockwaves through markets.

Many oil market experts remained bearish about the outlook for prices, however, as signals strengthened of a widening supply glut which has already caused crude to lose more than half of its value since June 2014.

"While our distillate balances suggest that stocks will fall short of capacity, the margins of error are small and the risks high, leaving risks to current crude oil prices and timespreads as skewed to the downside through next spring," analysts at Goldman Sachs wrote.

Unwanted diesel and jet fuel cargoes are backing up outside Europe's ports and taking longer, slower routes around the southern tip of Africa to buy time.

Research consultancy Energy Aspects said product stocks rose by 0.6 million barrels per day in the third quarter.

Rising inventories as well as a mild winter expected for Europe and North America as a result of an El Nino weather event would likely lead to reduced refinery production and lower use of crude by refiners, it added. Due to low oil prices, investment in the sector in 2016 is likely to decline further after sliding this year by more than a fifth, Fatih Birol, executive director of the International Energy Agency (IEA), said yesterday.

"If it comes true, this will be the first time in two decades we will see oil investments declining for two consecutive years and may be an indication for future oil markets," he said at Singapore International Energy Week.