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<b>PUBLICATION:</b>	Egyptian Gazette
<b>DATE:</b>	28-August-2015
<b>COUNTRY:</b>	Egypt
<b>CIRCULATION:</b>	60,000
<b>TITLE :</b>	Oil prices rise more than 4.5%
<b>PAGE:</b>	05
<b>ARTICLE TYPE:</b>	General Industry News
<b>REPORTER:</b>	Staff Report

# Oil prices rise more than 4.5%

**LONDON** (Reuters) – Oil prices jumped more than 4.5 per cent yesterday after a rally in equity markets and an unexpected fall in US crude inventories, but worries over the Chinese economy and a global oil glut kept the outlook uncertain.

World stock markets rose as Chinese shares recovered on hopes that government measures to stimulate the economy would pay off, while the dollar strengthened as risk aversion eased.

Oil markets moved up from six-and-a-half-year lows reached earlier this week, but investors are still worried about huge fuel oversupply, which is depressing oil for immediate delivery and filling stockpiles worldwide.

"The trend is strong and down.

However, do not be wrong-footed by a correction higher," PVM Oil Associates technical analyst Robin Bieber said. "Few markets head forever in one direction with no respite." Front-month Brent, the global oil benchmark, was up \$1.90 at \$45.04 a barrel by 11:00 GMT. US crude, also known as West Texas Intermediate (WTI), was up \$1.80 at \$40.40 a barrel.

Phillip Futures oil analyst Daniel Ang said he saw the rally as a pause in a downward trend, rather than a longer-term shift upwards.

"We would not underestimate the current bearish momentum and still believe that it is possible to see prices break supports of \$38 and \$45 for WTI and Brent," Ang said.

Standard Chartered cut its 2015 Brent forecast by \$10 a barrel to \$54, and slashed its 2016 forecast by \$20 to \$63.

It sees macro factors such as a Chinese economic slowdown offsetting improved market fundamentals.

The bank expects US crude to average \$48 in 2015 and \$58 in 2016.

Oil prices were supported by data on Wednesday showing US crude inventories fell 5.5 million barrels in the week to Aug. 21, the biggest one-week decline since early June.

Analysts had expected an increase of one million barrels.

But some analysts said the inventory fall may be connected to lower import figures for last week and may not mark the start of a trend.