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PUBLICATION:	Egyptian Gazette
DATE:	05-November-2015
COUNTRY:	Egypt
CIRCULATION:	60,000
TITLE :	Oil Holds Above \$50
PAGE:	05
ARTICLE TYPE:	General Industry News
REPORTER:	Staff Report

Oil holds above \$50

LONDON (News agencies) – Oil prices held above \$50 a barrel yesterday following a 3 per cent jump a day earlier on the back of Brazilian and Libyan supply worries, a US pipeline outage and a general rally in riskier assets on hopes of more economic stimulus measures.

Brent and US futures for December delivery traded little changed by 10:25GMT at \$50.59 and \$47.93 respectively. Brent ended the last session \$1.75, or 3.6 per cent, higher while US crude rose \$1.76, or 3.8 per cent on Tuesday.

US crude hit its highest since Oct. 13 during Tuesday's session after the US Colonial Pipeline suspended operations due to flooding, on outage that came on top of a strike at Brazil's state oil producer Petrobras and the closure of the Libyan oil export terminal.

The Petrobras strike has slowed daily oil output by about 25 per cent in the world's ninth biggest oil producer.

"While a few days of even 500,000 barrels per day of lost supply are

clearly not an issue, a sustained outage of this magnitude heading into December when refinery runs reach a seasonal high could be a reasonably bullish factor," JBC Energy analysts said in a note.

Activity in China's services sector expanded at its fastest pace in three months in October thanks to stronger new business, a private survey showed yesterday, easing some concerns over economic weakness as manufacturing falters.

However, it was still not clear whether the services data would be a big enough boost to strengthen demand in the world's top consumer of energy, metals and other commodities.

"A year-end recovery in commodity prices remains unlikely with a stronger dollar and continued weak Chinese economic data," ANZ said in a note yesterday.

The dollar index was stronger on Wednesday but the S&P 500 index was also stronger, partially driven by energy stocks but also by general expectations central banks such as the ECB will print more money.