

Oil steadies below \$58

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By Janet McBride

LONDON (Reuters) - Oil steadied below \$58 a barrel on Thursday after its repeated failure to breach \$60 triggered a two-percent sell-off the previous day.

"For the third day in a row, a timid approach of \$60 a barrel led to a rapid and continued correction," analyst Olivier Jakob of Swiss-based Petromatrix said.

At 1603 GMT U.S. crude oil was down 10 cents at \$57.61 a barrel, after Wednesday's \$1.17 fall.



An oil rig in China's Bohai Sea in a file photo. Oil steadied on Thursday after its repeated failure to breach \$60 triggered sell-off the previous day. REUTERS/China Newsphoto

London Brent crude was down 25 cents at \$56.98.

"The build in U.S. gasoline stocks fueled the negative sentiment," Jakob said, referring to U.S. data published on Wednesday that showed a drop in heating oil and crude stocks in the world's top consumer but an increase in gasoline reserves.

Investors are already beginning to look beyond the northern hemisphere winter toward the U.S. spring and summer when gasoline demand kicks in and heating oil use tails off.

Oil's repeated failure to push beyond psychological resistance at \$60 a barrel has triggered profit-taking after a nearly 20 percent climb since mid-January.

The market is still supported by cold weather in the major heating oil consuming regions of the U.S. Midwest and Northeast, which cut U.S. distillate fuel stocks by 3.7 million barrels last week, the biggest decline since October.

OPEC supply cuts are also underpinning prices. At meetings in October and December the group agreed to remove a total 1.7 million bpd from the market. Figures released by Lloyd's Marine Intelligence Unit showed OPEC was delivering on its pledge.

"The strong compliance that we saw in December has followed through into January," the shipping analysts said, although there was a slight rebound in late January and early February.

David Dugdale, an analyst at MFC Global Investment Management, said improved OPEC discipline in implementing cuts could be a trigger for a rise above \$60.

"It seems that the more reluctant OPEC members are slowly implementing cutbacks, so the resulting impact on inventories in a period of colder weather, coupled with anticipation of further cuts to come, could help push up prices," he said.

Exports from 11 OPEC members were 24.64 million barrels per day in the week ending February 4, Lloyd's said. January exports averaged 22.6 million bpd, down

from 22.8 million in December.

(additional reporting by Angela Moon in Seoul)

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