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Oil prices stay near \$60 a barrel

Oil ended Friday trading just below \$60 a barrel, with the closure of a US oilfield after a fire and the ongoing cold snap there bolstering prices.



The cold weather in the US is expected to last another week

The cost of a barrel of US light crude rose as high as \$60.42, before slipping back to end up 18 cents to \$59.89, while Brent fell 2 cents to \$59.01.

Prices have not settled above \$60 since the start of the year and fell below \$50 last month as demand for oil eased.

Meanwhile, Opec members - led by Saudi Arabia - cut output in recent weeks.

'Gaining momentum'

The move was designed to stabilise prices after they fell steadily from a high of more than \$78 a barrel in August.

"With the projected fall in Opec supplies in the short term, the market has been gaining momentum," said Tetsu Emori, chief commodities strategist at Mitsui Bussan Futures.

But a fire which shut an oilfield in California, which produces 120,000 barrels a day, has raised fresh supply concerns.

The incident led to independent producer Occidental Petroleum shutting down 95% of production at the site in Elk Hills.

Fresh violence in Nigeria also contributed to the recent rise in prices.

The kidnapping of a French national in the oil-rich Niger delta was the 40th such incident in the past month.

“ To stay above \$60 on a sustainable basis would take some confirmation the Iranian situation is deteriorating further ”

Olivier Jakob, Petromatrix

Other factors driving the market were the cold snap in the US, expected to last for another week, which has increased

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demand for heating oil.

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Comments by Iran's supreme leader Ayatollah Khamenei that the country would be prepared to attack US interests if it was attacked also raised the spectre of increased tension over Iran's nuclear program.

But analysts largely dismissed the remarks as rhetoric aimed at a domestic audience.

"To stay above \$60 on a sustainable basis would take some confirmation the Iranian situation is deteriorating further," said Olivier Jakob, from energy analysts Petromatrix.

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