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Oil jumps above \$61

Crude prices near high for year amid dip in inventories, concerns over Iran's nuclear program.

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LONDON (Reuters) -- Oil climbed above \$61 to a seven-week high Friday after the United States reported an unexpected drop in gasoline stocks and Iran said it would show 'no weakness' over its nuclear program.

Strength in energy is also part of a broader commodity rally, Petromatrix analyst Olivier Jakob noted, with corn, wheat, metals and sugar all on the march in recent days.

U.S. crude for April delivery jumped 48 cents to \$61.43 a barrel in electronic trading. It earlier hit \$61.49, the highest since January 2, taking gains for the week to about 6 percent. Some analysts had said a close above \$60.80 could presage further gains.

"The range on crude oil has now been broken and ... the positive momentum is back into oil and should attract further momentum investment," Jakob said.

London Brent crude rose 68 cents to \$61.30.

Weekly U.S. data Thursday showed [a surprise 3.1 million barrels fall](#) in gasoline stocks, unnerving investors ahead of the peak summer demand season. Nine cargoes of European gasoline are already headed to the United States and more are likely to follow to take advantage of higher U.S. prices.

"Gasoline stocks drew for a second week, falling more than expected... U.S. gasoline demand continued to show surprising strength," said BNP Paribas in a research note.

More defiant words Friday from Iran's President Mahmoud Ahmadinejad also unsettled the market.

"If we show weakness in front of the enemy the expectations will increase but if we stand against them, because of this resistance, they will retreat," he said.

Tehran ignored a February 21 United Nations deadline to stop enriching uranium.

The five permanent members of the U.N. Security Council plus Germany will meet next week to discuss possible further steps against the world's fourth biggest oil exporter. Already the United Nations has imposed sanctions barring the transfer of nuclear technology and know-how.

"The risk is to the upside if the Iranian situation deteriorates a little bit, so just in case you buy," said Dariusz Kowalczyk, chief strategist at CFC Seymour Ltd.





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September 19, 2006
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Problems at some U.S. refineries and the temporary closure of part of a fuel pipeline supplying the densely populated Northeast risk straining supplies in the United States.

A fire over the weekend at [Valero Energy Corp.'s \(Charts\)](#) 170,000 bpd refinery on the Texas panhandle was expected to keep the plant shut for several weeks. Several other refineries were shut for repairs and regular seasonal maintenance.

[TEPPCO \(Charts\)](#) told customers Thursday it could restart the downed portion of its 240,000 barrel-per-day refined oil products pipeline by Friday morning, pending regulatory approval, a day sooner than initially expected.

[Synthetic fuel: A perfect energy fix?](#) ■

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