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Investors drive Brent above plentiful U.S. crude

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By Jane Merriman - Analysis

LONDON (Reuters) - Investors have flocked to the European benchmark Brent crude oil futures, helping to stoke a record premium to their U.S. counterpart.

U.S. crude (CLc1: [Quote](#), [Profile](#), [Research](#)) traditionally has traded at a higher level than Brent (LCOc1: [Quote](#), [Profile](#), [Research](#)), because of its superior quality, but the relationship has been reversed throughout this month.

"If you want to be long of crude oil you are much better to be in Brent rather than WTI (West Texas Intermediate) currently," said Olivier Jakob, of oil consultancy Petromatrix.

"There is a lot of speculative money going to Brent, so it becomes a self-fulfilling thing."

The premium of Brent, traded on the IntercontinentalExchange (ICE), over the U.S. crude that is traded on the New York Mercantile Exchange (NYMEX), last week reached its widest ever, according to Reuters data. When April Brent expired last Thursday the spread was more than \$3.

It has since narrowed to around a dollar following Tuesday's expiry of the front-month U.S. contract. But analysts say that Brent, one of the blends that together form the North Sea sweet crude oil physical benchmark, is likely to remain the more expensive crude in the near term.

"I think the structure will persist until we see some stronger reduction of crude stocks in the United States," said Jakob. [Continued...](#)

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