

Oil Prices Decline; More Build-up in US Reserves

COLUMBUS, Ohio (AP) — Oil prices dipped Wednesday as a government report showed that domestic supplies of crude grew more than expected.

Benchmark crude for May delivery fell \$1.12 to \$52.86 a barrel on the New York Mercantile Exchange. It had been off as much as \$51.86 before the Energy Information Administration released its inventory data.

Growing domestic supplies of crude outlined Wednesday, though greater than predicted, were far below numbers released late Tuesday by the American Petroleum Institute, which said stocks grew by 4.6 million barrels.

Prices at the pump, however, went in the opposite direction. National retail gasoline prices hit the highest level since Nov. 21 and are on pace to surpass \$2 by Friday with one analyst suggesting prices may go as high as \$2.25 this spring. Prices have risen 6 cents nationally this week.

The cost of gas usually heads higher this time of year as refineries shut down for maintenance ahead of the summer driving season, but they've shut down earlier this time because Americans are driving a lot less.

Prices hit \$1.986 Wednesday, according auto club AAA, Wright Express and Oil Price Information Service. Prices are 7.6 cents higher than a month ago, but \$1.269 below year-ago levels.

In London, Brent prices shed \$1.03 to \$52.47 on the ICE Futures exchange.

Oil prices rallied all last week and again on Monday amid gains in stock markets and optimism about a U.S. government plan to buy up toxic assets from banks. A weaker dollar has also caused investors to flee to commodities like oil, which have risen more than 30 percent this month.

Prices have risen about 30 percent this month even as supplies continue to rise.

The EIA said that for the week ended Friday crude inventories rose by 3.3 million barrels, or 0.9 percent, to 356.6 million barrels, which is 15.6 percent above year-ago levels.

Analysts had expected a boost of 1.4 million barrels, according to a survey by Platts, the energy information arm of McGraw-Hill Cos.

Gasoline inventories slipped by 1.1 million barrels, or 0.5 percent, to 214.6 million barrels, 5.1 percent below year-ago levels, according to the government report. Analysts expected stockpiles of the motor fuel to fall by 900,000 barrels.

Oil Prices Decline; More Build-up in US Reserves

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

Demand for gasoline over the four weeks ended Friday was 0.7 percent higher than a year earlier, averaging nearly 9.1 million barrels a day.

Refineries were also running slightly below what was expected by analysts.

"The oil market feels like it's gotten too high in too short of a time frame," wrote Tom Pawlicki of MF Global Research.

At the pump, gas prices rose 2 cents overnight to a new national average of \$1.986 a gallon Wednesday, and remain below the year-ago average of \$3.255 a gallon, according to AAA and the Oil Price Information Service.

While the price increases are typical around now, but Tom Kloza, publisher and chief oil analyst for OPIS, said prices will be no where like they were last summer when gasoline hit \$4.11 a gallon. He the weak economy and demand along with excess refining capacity.

Prices did not receive any support after the government reported that orders to U.S. factories for big-ticket manufactured goods unexpectedly rose in February after a record six straight declines.

The Commerce Department says durable goods orders increased 3.4 percent last month, much better than the 2 percent fall economists expected. It was the first advance since July and the strongest one-month gain in 14 months.

The strength was led by a surge in orders for military aircraft and parts, but demand for machinery, computers and fabricated metal products also rose.

Still, the rebound was expected to be temporary given all the problems facing the economy, and a large drop in orders in January was revised even lower.

In other Nymex trading, gasoline for April delivery fell 1.6 cents to \$1.4865 a gallon, while heating oil lost 3.2 cents to \$1.4677 a gallon. Natural gas for April delivery fell 8.5 cents to \$4.262 per 1,000 cubic feet.

Associated Press writers Martin Crutsinger in Washington, Pablo Gorondi in Budapest, Hungary, and Eileen Ng in Kuala Lumpur, Malaysia, contributed to this report.

Copyright 2009 The Associated Press.

Source URL (retrieved on 12/20/2014 - 11:42am):

<http://www.impomag.com/articles/2009/03/oil-prices-decline-more-build-us->

Oil Prices Decline; More Build-up in US Reserves

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

[reserves?qt-recent_content=0](#)