Oil Prices Rise Again As Dollar Weakens

NEW YORK (AP) — Oil prices are rising again after falling below $111 a barrel on news that U.S. forces killed al-Qaida leader Osama bin Laden.

Benchmark oil for June delivery rose 24 cents to $114.17 a barrel in Monday morning trading on the New York Mercantile Exchange. In London, Brent crude gained 48 cents at $126.37 a barrel on the ICE Futures exchange.

Bin Laden was killed Sunday by U.S. special forces in Pakistan. Oil fell below $111 a barrel early Monday morning shortly after President Barack Obama announced bin Laden's death. By midmorning it was on the rise again. Analysts say traders are concerned that bin Laden's death may lead to retaliation from his followers that could affect oil supplies.

"There will be a fear, I think, in the short-term in the markets that something might happen in the next week or two," said Michael Lynch, president of Strategic Energy & Economic Research. "I do think in the longer term, it suggests likely more stability in the Middle East."

Oil also got a boost as the dollar retreated from an early rally following news of bin Laden's death. Oil is priced in dollars. A weaker dollar makes crude more attractive to buyers with foreign currency, and the price tends to rise.

Lynch thinks bin Laden's death eventually may represent a tipping point for global oil and commodities prices, and the exit of Libya's Moammar Gadhafi would remove further uncertainty about oil supplies in the region.

"Right now, partly out of deficit concerns and continuing unrest in Libya and Syria, there's still some demand for safe havens, including commodities."

Tom Bentz, director of BNP Paribas Commodity Futures, said traders remain concerned about the lingering issues of sovereign debt and the economic recovery. "For the most part nothing's really changed. Osama bin Laden, whether he's here or not, has nothing to do with the price of oil." Bentz also thinks traders are worried about extremist retaliation.

Gas pump prices are still climbing. The national average for a gallon of regular rose by a penny on Monday to $3.95. That's 32 cents more than a month ago and $1.07 higher than a year ago. Drivers in 13 states and the District of Columbia are paying over $4 a gallon.

In other trading on the Nymex, heating oil lost a penny at $3.2691, gasoline futures fell 2 cents to $3.3786 and natural gas was 2 cents higher at $4.780 per 1,000 cubic feet.

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