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Oil prices surge past US\$107 on Iraq pipeline attack

LONDON - OIL prices jumped above 107 dollars (S\$148) a barrel on Thursday when concern about tight supplies increased on news that saboteurs had blown up a major Iraqi export pipeline, traders said.

New York's main oil contract, light sweet crude for delivery in May, rose by 1.12 dollars to 107.02 dollars per barrel.

London's Brent North Sea crude for May climbed 86 cents to 104.85 dollars.

'The main current fundamental risk for oil is the extended fighting in Basra and this morning's report of a bomb attack on one of the export pipelines will bring a risk premium for the weekend,' said Petromatrix analyst Olivier Jakob.

One of Iraq's two main oil export pipelines near the southern city of Basra was blown up by saboteurs on Thursday, Samir al-Maksusi, spokesman for the Southern Oil Company told reporters.

The pipeline transports crude oil from the Zubair oil field to the Al-Faw storage facility from where it is exported, Mr Maksusi said.

'Thus far, exports from Basra have not been materially affected, but concerns regarding those exports are high and rising,' said Dennis Gartman, editor of daily trading note The Gartman Letter.

Oil prices were also supported by a weaker-than-expected energy stockpiles report in the United States, the world's biggest energy user, dealers said.

The US government's Energy Information Administration (EIA) said on Wednesday that American crude inventories were unchanged at 311.8 million barrels in the week ending March 21.

That contrasted sharply with market expectations for a weekly gain of 1.8 million barrels.

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'Oil futures were higher Thursday, extending gains from last night amid the broad weakness in the US dollar and a bullish US fuel inventories report from the EIA,' said Sueden analyst Andrey Kryuchenkov.

Global supplies are being further pressured by the Opec cartel's decision to maintain its output levels earlier this month.

Oil prices have been supported by long-term concerns over the ability of producers to meet rising energy demand from the developing world, notably China and India.

'Also many are using commodities to hedge themselves against much feared inflation,' added Mr Kryuchenkov.

New York crude hit a record intraday high of 111.80 dollars on March 17, while London Brent scored a historic peak of 108.02 dollars earlier this month. -- AFP

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