

Oil prices rise as Ukraine-Russia crisis escalates
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Oil prices rose today as an escalation of tensions over the Ukraine-Russia crisis helped to offset weak manufacturing figures from China, traders said. The US benchmark, West Texas Intermediate for delivery in June, climbed 21 cents to US\$99.69 (RM324.35) a barrel.

Brent North Sea crude for June climbed 23 cents to stand at US\$107.95 a barrel approaching midday in London.

The death toll from a military offensive in a flashpoint town in east Ukraine rose to at least 34, officials said today, amid fresh warnings of civil war and the shutdown of a major airport in the region.

"Chaos and the risk of civil war" are now looming in Ukraine, said French President Francois Hollande, reflecting a frantic European push under way for a diplomatic solution before it is too late.

Ukraine is a major conduit for Russian oil and gas exports to Western Europe, and any escalation of the conflict could disrupt supplies and send prices soaring, analysts have warned.

Singapore's United Overseas Bank (UOB) meanwhile said that some of the price support was eroded by a survey that showed China's manufacturing sector contracted for a fourth consecutive month in April and at a faster pace than initially thought.

British banking giant HSBC yesterday said that its purchasing managers' index (PMI) for China last month came in at 48.1, a tad up from the 48.0 in March but weaker than the 48.3 reported in its preliminary report on April 23.

A figure below 50 indicates contraction, while anything above points to growth.

"Oil was pressured by the Chinese PMI report, adding to worries that the Chinese economy is still losing momentum," UOB said in a market commentary. – AFP, May 6, 2014.

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