

Oil prices up with Iraq violence in focus
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Oil prices rose in Asian trade today with escalating violence in Iraq sharply in focus as militants attacked the major crude producer's biggest refinery and seized more territory.

US benchmark West Texas Intermediate (WTI) for July rose 35 cents to US\$106.32 (RM342.30) while Brent crude for August gained nine cents to US\$114.35 in late-morning trade.

WTI has jumped by more than US\$2.0 a barrel and Brent by over \$4.0 since the escalation of the jihadist offensive last week.

"The escalation of the crisis in Iraq led to a sharp spike in crude prices," said Sanjeev Gupta, head of the Asia-Pacific oil and gas practice at professional services firm Ernst & Young.

"Together with the limited spare capacity due to drying up of supplies from Libya, any further escalation of the crises in the region can lead to a sharp spike in benchmark prices," he said.

Sunni fighters led by the Islamic State of Iraq and the Levant (ISIL) yesterday launched an assault on the Baiji oil refinery – Iraq's biggest – spooking international oil markets.

Officials say security forces retain control of the refinery, but clashes are ongoing. Washington said it had not seen any major disruptions in Iraqi oil supplies as a result of the assault.

Most of Iraq's oil infrastructure is in the far south of the country, which has so far not been affected by the now nine-day insurgency.

Baghdad has called for US air strikes as the lightning offensive rapidly bears down on the capital.

Fears about Iraq, the second biggest producer in the OPEC oil cartel, offset a mixed US inventory report, analysts said.

The US Energy Information Administration's weekly inventory report showed commercial crude stocks in the world's biggest oil consumer fell by 600,000 barrels in the week to June 13.

This was less than the 1.1 million drop on average projected by analysts surveyed by The Wall Street Journal.

The report also showed a bigger-than-expected increase in US gasoline supplies. – AFP, June 19, 2014.

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