DAILY NEWS, THURSDAY FEBRUARY 20, 2003

Daily News BUSINESS World economy

World oil prices rise to new two-year highs

NEW YORK, WEDNESDAY (AFP)

World oil prices scaled new two-year highs as traders fretted over the possibility of a US-led war in Iraq while fuel supplies run low in the United States.

Trade was quiet, however, with snowstorms paralyzing much of the northeastern United States. US markets had been closed Monday for Presidents' Day.

"There are not a lot of participants," said Donald Luke, market analyst at the Fimat brokerage. Investors were waiting fresh data on US inventories, particularly of heating oil, which plunged the previous week as supplies from the strike-hit Venezuelan oil industry remained low.

"The whole issue (about Iraq) is still providing underlying support and will continue to do so until it is resolved," Luke said.

New York's benchmark light sweet crude contract for March delivery rose 16 cents to 36.96 dollars a barrel, the highest level since September 2000. In London, the price of reference Brent North Sea crude oil for April delivery climbed 63 cents to 32.55 dollars per barrel. Traders in London said the market was mulling a declaration by EU leaders at an emergency summit in Brussels that Iraqi President Saddam Hussein must disarm immediately.

"War is not inevitable. Force should be used only as a last resort," the final EU declaration said. "However, inspections cannot continue indefinitely in the absence of full Iraqi cooperation."Morgan Stanley analyst Irene Himona said there was little news beyond the comments from the EU summit.

"It is difficult to say what impact the latest developments have on prices, and there is certainly fatigue in the market over the issue of Iraq," she said in London.

But analysts said the outlook for oil prices remained positive with US crude oil stock levels at a 27-year low and Venezuelan supplies still below normal levels because of a two-month-old strike.

"All the key factors that are supporting current high prices remain in place and recent moves look little more than a technical correction," said Barclays Capital analyst Kevin Norrish in London."US stocks are expected to fall further this week, after recent cold weather, Venezuelan output recovery appears to be stalling and the market is nervous about a strike in Nigeria by white collar industry workers," he added.

The pay strike by Nigerian government oil workers entered its second day, as rumours that it could spread to tanker drivers sparked panic petrol buying among motorists.

Nigeria's oil companies said the limited strike by oil ministry personnel had not affected production or export.

But the president of the Petroleum and Natural Gas Senior Staff Association of Nigeria, Sina Lawoye, said the stoppage had been effective and had forced the ministry to the negotiating table.