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OIL MARKETS

Oil Prices Mixed as Some Refineries Come Back Online After Harvey

Gasoline lower, while WTI crude edges higher

By Neanda Salvaterra

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Gasoline prices retreated from highs and U.S. crude prices were mixed on Monday as some refineries started coming back on line following Hurricane Harvey, now a tropical depression, that caused the shutdown of about a fifth of U.S. refinery capacity last week.

Colonial Pipeline Co. said it expects to restart on Tuesday an important pipeline that pumps gasoline to the east coast from Texas refineries, easing trader's fears that too much crude is flowing into storage.

U.S. markets were closed due to a national holiday on Monday and trading remained muted.

Nymex reformulated gasoline blendstock—the benchmark gasoline contract—was down 3.07% at $1.69 a gallon. ICE gasoil changed hands at $503.50 a metric ton, down $1.00 from the previous settlement.

Brent crude, the global oil benchmark, fell 0.23% to $52.21 a barrel on London's ICE Futures exchange. On the New York Mercantile Exchange, West Texas Intermediate futures were trading up 0.13% at $47.35 a barrel.

"If refineries were now to resume operation more quickly than anticipated, as some reports suggest, this would doubtless put further pressure on gasoline prices while boosting the WTI price at the same time, "said Commerzbank analysts in a recent report.

Some 2.3 million barrels a day of Texas oil-refining capacity remained down as of Sunday, according to S&P Global Platts. That is 13% of total U.S. capacity. Including facilities partially shut down or reopening partially, the figure is closer to 17%, it added.

Energy prices are also feeling pressure from traders who lowered their bets that crude prices could rise.

Refineries, such as this one in Port Arthur, Texas, are starting coming back on line following Hurricane Harvey. PHOTO: ASSOCIATED PRESS

Statistics from the Commodity Futures Trading Commission show that institutional investors cut their net long positions in WTI on the New York Mercantile Exchange by 45% in the week to 29 August, say analysts.

Investors were also eyeing the potential for future disruption from a fresh storm brewing in the Atlantic Ocean.

The storm, named Irma, is currently projected to affect the Caribbean and potentially the U.S. East Coast.

However some analysts are pointing to data that may offer traders some relief.

U.S. oil production that has been rising steadily for more than a year is starting to succumb to three straight months of sub-$50 oil, say analysts.

The oil-services firm Baker Hughes Inc. said the number of active oil rigs in the U.S. stayed unchanged at 759, in the latest week, while natural gas rigs rose by 3 in the latest week, to 183.

“We just don’t think that U.S. production will carry on growing forever, “said Emily Ashford, director of energy research at Standard Chartered. “Numbers are starting to look a bit softer.”

—Biman Mukherji contributed to this article.

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