

Brent nudges up above \$103 on Mideast, Africa supply concerns

By Florence TanSINGAPORE (Reuters) – Brent crude edged higher to above \$103 a barrel on Tuesday, extending gains to a second day due to concerns about supply disruptions in the Middle East and Africa. Oil output in Libya has fallen by a third after protesters shut several oilfields, heightening concerns about the Middle East's oil exports as anti-government demonstrations in Egypt raised concerns about the stability of the whole region. Brent crude futures for August delivery edged up 13 cents to \$103.13 a barrel by 0530 GMT after rising 0.82 percent the previous day. U.S. crude futures for August inched up 3 cents to \$98.02 per barrel after settling up more than 1 percent on Monday. "Brent has been caught in a range for a while as geopolitical risks keep markets up, but there is so much sweet crude coming out of the United States," said Tony Nunan, a risk manager at Mitsubishi Corp. Technical charts based on the Ichimoku Cloud showed Brent staying in a range of \$102.66 to \$104 a barrel, he said. Rising oil and gas production from shale rocks in the United States reduced the need of the world's largest oil consumer to import crude and forced sellers to seek other markets. As a result, global crude supply is at healthy levels this year despite supply disruptions in the North Sea, the Middle East and Africa. In the North Sea, output at Britain's Buzzard oilfield was building up to the normal rate of 200,000 barrels per day (bpd) on Monday after maintenance, although exports from Nigeria remained at a four-year low. The outlook for crude exports from South Sudan remained murky as a meeting of top officials from Juba and Khartoum failed to resolve a conflict. Brent's premium to U.S. crude widened slightly to about \$5 a barrel after hitting a low of \$4.75 on Monday, the narrowest since January 2011, as severe flooding disrupted Canadian oil supply to the United States. Canada resumed on Monday operation at a part of a major pipeline in Alberta as the weather improved. The spread could widen again as it may have narrowed too quickly, Mitsubishi's Nunan said. Some analysts had expected a \$6 a barrel spread by the end of this year. Crude demand will also rise in the United States as BP Plc (BP.L) starts up a new crude distillation unit at its 413,000 bpd Whiting, Indiana, refinery. (Editing by Muralikumar Anantharaman and Miral Fahmy) Reuters