

## Oil rises on Egypt concerns

Oil prices Tuesday climbed higher on continued concerns that the political crisis in Egypt could disrupt the flow of petroleum from the Middle East. US benchmark West Texas Intermediate for August delivery hit its highest level since May 2012, jumping \$1.61 to \$99.60 a barrel on the New York Mercantile Exchange. Brent oil futures rose \$1 to \$104.00 a barrel for August delivery. Markets are cautiously watching Egypt amid the popular mobilization against President Mohammed Morsi after he snubbed an ultimatum from the army to agree to the “people’s demands” or face an imposed solution. Clashes broke out Wednesday between allies and opponents of the embattled president. Several top Morsi administration officials have resigned in recent days. The crisis has revived concerns about key oil chokepoints that could be disrupted, said Andy Lebow, senior vice president of energy derivatives at Jefferies Bache. These include the Suez Canal and the Sumed Pipeline, which runs through Egypt and has the capacity to ship some 2.5 million barrels of oil a day, or about 2.7 percent of daily global consumption. In addition, there is also the risk the strife in Egypt could spread to other countries, Lebow said. “The market is concerned that perhaps as the situation unravels, that will just destabilize an already unstable region,” Lebow said. “A lot of issues with the Middle East are keeping pressure on the market,” said Carl Larry, analyst at Oil Outlooks & Opinions. Upbeat US economic data has meanwhile boosted hopes for stronger energy demand in the world’s top crude consumer, analysts said. The Institute for Supply Management on Monday said its purchasing managers index of US manufacturing activity rose to 50.9 in June, up from May’s 49. Of the 18 manufacturing industries surveyed, 12 reported growth. Meanwhile, new orders for manufactured goods rose 2.1 percent in May, the Commerce Department said Tuesday. That was above expectations for a rise of 2.0 percent.