

Oil Price Falls From Seven-week High as Hurricane Fears Ease

June 28 2010 (Telegraph) -- The price of crude oil fell on Monday on forecasts that tropical storm Alex will bypass the Gulf of Mexico's main oil producing region – and BP's oil spill.

The oil price had reached a seven-week high of \$79.38 in New York on earlier reports that Alex will become a hurricane in the next 48 hours.

“Alex’s direction seems headed towards Mexico and not the north, where all the rigs and refineries are located,” Hakan Kocayusufpasaoglu, chief investment officer at **Archbridge Capital** in Zug, Switzerland, told Bloomberg. “Though Mexico also has some production in the region, the real danger is off the coasts of the US, where production and refining are more concentrated.”

Oil for August delivery dropped as much as 84 cents, or 1.1pc, to \$78.02 a barrel in New York. Brent crude for August delivery was at \$77.26 a barrel on the London-based ICE Futures Europe exchange, down 86 cents.

The price was also dampened down by expectations that data due this week will show US consumer confidence waned and manufacturing growth slowed this month. Oil futures are heading for a quarterly decline of 6.1pc.

Alex has so far spared BP as the company tries to contain and clean up The largest oil spill in US history. The company hopes to plug the well, which is spewing as much as 60,000 barrels a day of crude, by August.

BP shares rose 0.79pc by early afternoon in London.

Alex, packing maximum sustained winds of 45mph, was about 60 miles west-southwest of Campeche in Mexico and moving west-northwest at 7 mph, the hurricane centre said in an advisory on its website posted at 10 p.m. Miami time yesterday. No coastal watches or warnings are in effect, it said.

The Atlantic hurricane season, which runs from June 1 through Nov. 30, is closely monitored by the energy and agriculture industries because of the potential impact of storms on production areas.

The Gulf is home to about 30pc of US oil and 12pc of its natural gas production. It also has seven of the 10 busiest US ports, according to the Army Corps of Engineers.