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Kocayusufpasaoglu Says Refineries May Outstrip Demand

By Ayla Jean Yackley

Dec. 14 (Bloomberg) -- Hakan Kocayusufpasaoglu, director of commodity derivatives at Credit Suisse Group in London, comments on the possibility of refining capacity outstripping demand for oil next year as new plants open in China, India and Latin America. He spoke in an interview today.

On emerging markets' demand for oil:

``A U.S. economic slowdown next year will be the basis for a slowdown in the world economy. If the U.S. economy doesn't grow and the only demand growth for oil is in emerging markets like China, India, etcetera, you've got demand growth that won't compensate for the added refining capacity that is coming online next year.

``With new production coming into place, demand for oil could be overshadowed by supply. The added capacity means there may be more products than demand in the market.

On the Organization of Petroleum Exporting Countries:

``If OPEC restores supplies after reducing inventories in OECD countries, there may be no change. OPEC has achieved reduced inventory levels. The reduced inventory levels are substantial -- the U.S. is close to a five-year average.''

``OPEC has to do something before'' the group of 13 producing nations meets again on Feb. 1.

On the International Energy Agency's report today that 2008 global oil demand will rise 2.5 percent:

``That is a huge amount of growth. Much of the growth demand forecasts from the heavy hitters are having to be revised downwards.''

On the prospect of $100 barrel of oil:

``If reserve requirements further change, than the price of oil in dollars will rise.

``The price could probably push to $100. It's more tricky to see if it can be sustained there, especially if the dollar continues to strengthen. So, if there's dollar stability, then it's hard to see oil sustained at $100 per barrel.''

--Editor: Will Kennedy, Stephen Cunningham.

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