

Oil rises above \$80 ahead of stocks data

LONDON: Oil rose above 80 US dollars a barrel on Wednesday, extending the previous session's near two percent gain, ahead of US government oil inventory data and supported by a weaker dollar.

The Energy Information Administration is due to report crude and product stocks data at 1530 GMT, a day after an industry report showed a surprise draw in crude inventories, aiding an oil price rally.

The US dollar fell against a basket of currencies on Wednesday, helping to send gold prices to record highs and lifting oil.

A weaker dollar makes commodities like oil cheaper for those holding other currencies. US crude for December rose 75 cents to \$80.35 a barrel by 1402 GMT, after settling up \$1.47 on Tuesday.

London Brent crude added 63 cents to \$78.74 a barrel.

"I think a combination of the weaker dollar and inventories is lifting oil," said Carsten Fritsch, oil analyst at Commerzbank in Frankfurt.

"After yesterday's data the market may be anticipating a similar result in today's inventory numbers, which is another reason for oil rising," Fritsch added.

Industry group American Petroleum Institute (API) said late on Tuesday that US commercial crude oil stocks fell 3.3 million barrels as imports dropped in the week to Oct. 30, versus expectations for a 1.4 million-barrel rise.

The data lifted optimism that the pace of oil demand recovery was picking up in the world's largest energy user, helping to send oil prices higher.

The API did say however that gasoline stocks rose by 501,000 barrels last week against forecasts for a 300,000-barrel increase, while distillate supplies increased by 1.8 million barrels versus predictions for a 1 million-barrel decline.

Gold hit a record high above \$1,090 per ounce as the dollar weakened and after the International Monetary Fund's 200-tonne sale of gold to India's central bank enhanced sentiment toward the metal.

The US Federal Reserve ends its two-day meeting on Wednesday and, while it is expected to keep rates unchanged, there is speculation it might drop or alter its pledge to keep rates low for an "extended period," even as signs of a recovery mount.

Analysts warned that oil prices could suffer losses if there are any signs in the Federal Reserve's statement that monetary policy is going to be squeezed.

"Not long ago a few words from Saddam Hus-



FILE - An unidentified oil worker checks a pipe into a waste oil pit Thursday, Nov. 20, 2008, in the Persian Gulf desert oil fields of Sakhr, Bahrain, while camels mill about nearby. (AP)

sein could turn prices on their head. Now a few words from the Fed is all it needs," brokers PVM said in its research note on Wednesday.

"If there is any hint of tightening, hang on to your hats. Few believe that the real economy has yet caught alight sufficiently to remove the oxygen."

The International Energy Agency (IEA) will "substantially" downgrade its long-term oil demand forecast in its annual energy outlook next week, the second cut in a row, the Wall Street Journal said, citing a person familiar with the report.

While the IEA's outlook is unlikely to affect the short-term view that the global economy's recovery from recession is lifting oil use, it is an important measure for oil companies considering whether to build refineries or drill new wells.

US crude rises \$1 a barrel ahead of stocks data

Meanwhile, oil rose more than one dollar a barrel on Wednesday, heading towards \$81 ahead of key US government oil inventory data and supported by a weaker dollar. US crude for December rose \$1.02 cents to \$80.62 a barrel by 1331 GMT, after settling up \$1.47 on Tuesday. London Brent crude added 87 cents to \$78.98 a barrel. The Energy Information Administration is due to report crude and product stocks data at 1530 GMT, a day after an industry report showed a surprise draw in crude inventories, aiding an oil price rally. The US dollar fell against a basket of currencies on Wednesday, helping to send gold prices to record highs and lifting oil. A weaker dollar makes dollar-priced commodities cheaper for those holding other currencies. -Reuters

Kuwaiti crude up to \$75.36 Tuesday

KUWAIT: Kuwaiti crude oil climbed over the 75 US dollar per barrel (pb) price level still and gained 71 cents to reach \$75.36 pb Tuesday, stated Kuwait Petroleum Corporation on Wednesday.

The oil prices are in a state of recovery in general amid indications the global economy is improving, which means improved demand for oil. But observers believe there is more to the hikes than the normal supply and demand mechanism.

The decline in the exchange rate of the US dollar against other main currencies was a main factor in bolstering prices, as well as reports that speculation was back to the oil market.

The Organization of Petroleum Exporting Countries (OPEC) seeks a 70-80 dollar range to meet the needs of producers who constantly spend on exploration and development as well as those of consumers who are suffering the strain of the global financial crisis.

The current price of Kuwait's crude is a reasonable figure within the \$70-80 pb range set by OPEC as desirable range. The crude had peaked at around \$136 pb in July 2008 while the low of \$32 pb price had been seen late last December. -Reuters

Kuwait starts up \$2 billion aromatics plant

CAPITALS: Kuwait's Petrochemical Industries Company (PIC) started operations at a two billion US dollar aromatics plant this week and is expected to hit full capacity by early December, a company executive said on Wednesday.

The plant, which has a nameplate capacity of 830,000 tons per year (tpy) of paraxylene and nearly 400,000 tpy of benzene, can produce up to one million tpy of light naphtha, and is currently operating at 60 percent, Saad Al-Ajmi, deputy managing director of administration and finance, told Reuters.

"We started with 60 percent and we will reach 100 percent within a month, which is the first week of December," he said.

The plant will require about 2.7 million tons of naphtha to produce derivatives like paraxylene and benzene, Al-Ajmi said, adding PIC would purchase the feedstock from the Kuwait National Petroleum Company (KNPC).

PIC and Kuwait National Petroleum Company each have a 40 percent stake in the plant - Kuwait Aromatics, with Qurain Petrochemical Industries holding a 20 percent share.

Kuwait cuts exports

Kuwait has been terminating term contracts with its customers as it is looking to divert the cargoes to the aromatics plant, traders said.

In its latest contract negotiations for supplies lifting from December 2009 through November 2010, Kuwait has terminated contracts with Japanese trader

Marubeni and Mitsubishi Corp.

"Kuwait will most likely drop contracts with trading companies first, their priority now is to service end-users," said a Northeast Asian trader.

Kuwait's current term talks have offer levels being pegged at a premium of \$14 a ton to Middle East benchmark prices.

Prior to the contract termination, Marubeni and Mitsubishi were expected to receive between 175,000 and 225,000 tons of full range naphtha from Kuwait for the 12-month period between Dec. 2009 and Nov. 2010, traders said.

The termination of these contracts are coming at a time when spot demand in Asia has strengthened compared to early October, on a revival of petrochemical demand in China, traders said.

"The sentiment is that the global economy is in recovery mode, this is going to naturally give the manufacturing sector a nice boost," a Singapore based trader said.

HSBC's China Purchasing Managers' Index (PMI) rose to an 18-month high in October of 55.4 from 55.0 in September, the seventh straight month that the index compiled by British research firm Markit and released on Monday, has been above the watershed of 50 that divides expansion and contraction.

Export orders hit a 28-month high a pre-production inventories rose for the first time since July 2007.

"We will see the market firm up if sustained recovery is seen over the next few months, it looks like we're finally out of the woods," the trader said. -Reuters

Chevron in last stage of tests in Saudi oilfield



FILE - In this Oct. 28, 2009 photo, a Chevron gasoline station is shown in Miami Beach, Fla. (AP)

KHOBAR: US oil major Chevron has started the third stage of testing an improved oil recovery technique in the neutral zone between Saudi Arabia and Kuwait, it said on Wednesday.

Chevron has been testing the impact of steam flooding in the Wafra oilfield to help boost output of heavy oil. Steam raises the temperature below ground and loosens up crude that is otherwise difficult to pump.

The 340 million US dollar pilot project (LSP), is the third and "final test in a nearly 10-year staged assessment to determine the technical and economic viability of thermal recovery projects in the Eocene heavy-oil carbonate reservoir," Chevron said in an e-mailed statement.

This stage, which achieved first-steam injection in June, would prove if Chevron can use this technology in full-field development.

"Chevron is applying new technologies to free-up in commercial quantities the potential of extra heavy oil from carbonate," George Kirkland, Executive Vice President for Global Upstream and Gas at Chevron said.

"It is a potential in the onshore Partitioned Neutral Zone and elsewhere measured in billions of barrels of new energy resources, billions of dollars in investments and revenues," Kirkland added.

This stage, that would last for three years includes 16 injection wells, 25 producing wells, 16 observation wells and installing water treatment and steam generation and distribution facilities, the statement added.

Saudi Arabia and Kuwait share the estimated 550,000 barrels per day (bpd) output from the Neutral Zone. Saudi Arabia has extended Chevron's concession in the neutral zone to 2039. -Reuters

Taiwan CPC accepts Kuwait, ADNOC term naphtha offers

SINGAPORE: Taiwan's Chinese Petroleum Corporation (CPC) has accepted Kuwait Petroleum Corp.'s (KPC) December-November naphtha price at 14 US dollars a ton above Middle East quotes on a free-on-board (FOB) basis, traders said on Wednesday.

CPC has also agreed to Abu Dhabi National Oil Company's (ADNOC) January-December splitter grade offer at \$14.50 a ton premium to the Middle East refiner's price formula, FOB, they said.

KPC's offer was initially quoted at \$19.00 a ton premium, but it was reduced several times, to the final \$14.00 premium, firmer versus its Aug. 2009-July 2010 contract at \$12.00 a ton premium.

"I think the current price is alright if you were to look at the firmer market condition," said a trader.

KPC's other customers who include South Korea's Hanwha and YNCC and Japanese Mitsubishi Chemical and India's Haldia Petrochemicals have not accepted the offers.

Hanwha and Haldia are also involved in term talks with ADNOC, who usually offers three naphtha grades in its contracts, namely pentane plus, low-sulphur

and splitter.

Both companies have also not taken up ADNOC's offers, which are currently around four dollars a ton higher than its most recent contract for supplies lifting July 2009-June 2010.

"The deadline for ADNOC's customers is later today, but many are undecided," said a second trader.

Under the January-December 2010 contract, pentane plus is offered at \$16.50 a ton premium, while low-sulphur is at \$15.50 a ton premium.

"Trading houses are generally finding it harder to accept the current premiums from both refiners," said a third trader.

Unlike petrochemical makers, traders would have to resell the Middle Eastern cargoes at even higher premiums to reap a profit, and some traders were unsure of next year's outlook.

But for now, naphtha sentiment is firmer versus a month ago, thanks to petrochemicals demand from China which showed renewed buying interest.

Current crack spreads, premiums/losses obtained from refining Brent crude into naphtha, were at \$97.05 a ton versus \$72.68 on Oct. 2. -Reuters

Nokia Siemens Networks targets improved financial performance

DUBAI: Nokia Siemens Networks announced, in a press release on Wednesday, its plan to improve financial performance and return to growth. The plan includes reorganizing the company's business units to better align with customer needs; extensive operating expense and production overhead reduction, including a global personnel review; ongoing purchasing savings; expanded partnering to ensure a full portfolio of world-class products and services; and potential acquisitions where assets would add scale to existing product areas or customer relationships.

"As our customers make purchasing decisions, they want a partner who engages in issues well beyond a traditional discussion of technology," said Rajeev Suri, chief executive officer of Nokia Siemens Networks. "Business models, innovation, growth and transformation are now very much front and center when it comes to the selection of a technology partner - and our planned new structure will position us well in this changing market."

The Company's five business units are planned to be realigned into three, each targeting a specific customer focus area. The planned new business units, which are expected to come into effect on Jan.

1, 2010, are Business Solutions, Network Systems and Global Services. Rouanne and Walter will join the Company's Executive Board, effective Jan. 1, 2010. Chowdhary is already a member of the Executive Board and will remain so in his new role.

Nokia Siemens Networks will also target a reduction of annualized operating expenses and production overheads of 500 million euros by the end of 2011 compared to the end of 2009. The company estimates that total charges associated with these reductions will be in the range of 550 million euros over the course of 2010-2011. Nokia Siemens Networks will seek to further strengthen its business through partnerships and acquisitions. The Company already has a range of partnerships, including with Juniper Networks in the Carrier Ethernet transport arena. Nokia Siemens Networks will also pursue acquisitions when assets are available and the associated purchase price of those assets provides the appropriate value. In particular, the Company will target assets that enhance the scale of existing product and service business lines and that deepen relationships with key customers.

Rotana to open Rose Rayhaan, the world's tallest hotel

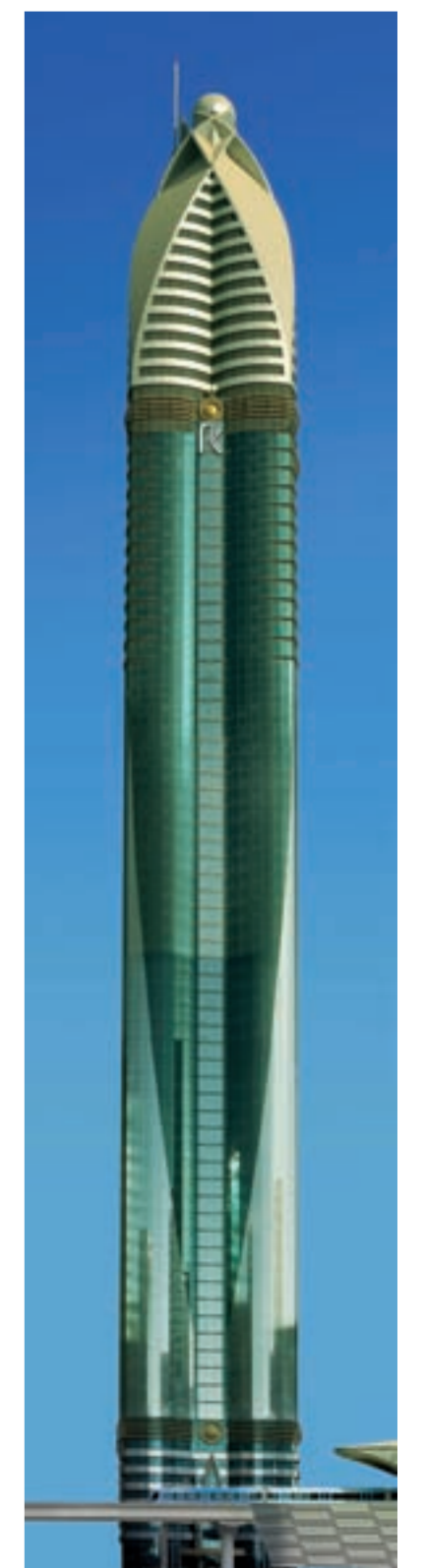
DUBAI: Rotana, the leading hotel management company in the Middle East and North Africa is in its final stage to open one of Dubai forthcoming landmarks, Rose Rayhaan by Rotana in mid Dec. 2009. This was announced in a press release on Wednesday.

Commenting on the announcement, Omer Z. Kaddouri, Senior Vice President UAE of Rotana said: "We are very proud to be managing this landmark property. Rose Rayhaan by Rotana team, headed by the General Manager Daniel Mathew, has been working hand in hand with Rotana Corporate Office to ensure all areas of the opening are perfected for the operation of this scenic property."

Rose Rayhaan by Rotana, a soaring 72 floor tower structure, 333 meters high is set to be a dramatic addition to the scenery on Sheikh Zayed Road and the world's tallest hotel. Located in the heart of Dubai, the hotel is five minutes away from the stunning Dubai Mall, the world's largest shopping and entertainment center and is surrounded by the Dubai night-life scene.

"Rose Rayhaan by Rotana is the second property to open under Rotana's brand 'Rayhaan Hotels & Resorts by Rotana,' which is uniquely designed to cater to the diverse needs of our guests. This alcohol-free option reflects our respect for the culture and beliefs of our guests and our dedication to fostering a new Arabia in today's world," comments Daniel Mathew, General Manager of Rose Rayhaan by Rotana.

"Rotana currently operates more hotels in Dubai than any other single operator and the scheduled openings of Rose Rayhaan by Rotana will only increase the company's stronghold further," concluded Kaddouri.



Rose Rayhaan by Rotana