

World Oil Prices Fall Despite Weekly Drop in U.S. Crude Reserves



Houston, June 20 (RHC)-- Oil prices in global markets have fallen again despite reports indicating the seventh weekly drop in U.S. crude reserves and ahead of an expected decision by the Federal Reserve on the interest rate.

U.S. benchmark West Texas Intermediate for delivery in July fell 60 cents on Wednesday to hit USD 59.37 a barrel compared with Tuesday's closing level. Meanwhile, Brent North Sea crude for August delivery lost 66 cents to reach USD 63.04 a barrel in late afternoon deals in London. AFP reported.

The fall came in spite of a report released by the US Department of Energy saying the country's commercial crude inventories had sank by 2.7 million barrels in the week ending June 12.

Analysts taking part in a poll by Bloomberg News said the fall indicated the seventh weekly drop in US crude reserves and was heavier than market expectations of a 1.8-million decline.

"Crude oil prices reversed earlier gains and retreated sharply in the afternoon session," said Sudden analyst, Mytro Sokou, who added, "The weekly (DoE) oil inventories report failed to provide any upside

momentum as crude oil stocks at the key location of Cushing, Oklahoma, rose 112,000 (barrels) versus expectations of a 837,000 drop.”

The analyst further noted that the most important issue was the US refinery utilization dropping “significantly by 1.5 percent last week suggesting a slowdown of the US oil demand.”

On Wednesday deals and only one day after the American Petroleum Institute announced a larger drop in crude oil stocks tantamount to 2.9 million barrels for last week, the oil market jumped by a dollar.

“Crude inventories did decrease for the seventh time in as many weeks -- though by just 2.7 million barrels, which disappointed those who were hoping for a reading of 2.9 million or higher,” said Forex.com analyst, Fawad Razaqzada.

Cushing is the main U.S. oil storage facility in the state of Oklahoma, which contains crude oil produced in Texas that is known as West Texas Intermediate and is used as the benchmark for futures contract in the New York market.

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