

Oil Prices Surge Following Saudi King Abdullah Death



Riyad, January 23 (RHC)-- Oil prices have surged following the news of the death of Saudi Arabia's king, but uncertainty still lingers in the energy markets as investors are watching to see if the kingdom will change its oil production policy amid plunging prices.

Saudi Arabia's King Abdullah bin Abdulaziz Al Saud died early on Friday and his brother Salman succeeded him. The king reportedly died at an area hospital, where he had been receiving medical treatment for several weeks.

U.S. benchmark West Texas Intermediate (WTI) for March delivery rose more than 2 percent to a high of USD 47.76 a barrel in early Asian trading after the Saudi royal court announced the death. Brent crude for March also jumped USD 1.09 to USD 49.61.

The Saudi King's death that triggered a rise in oil prices comes after months of steep falls caused by slowing global economic growth, oversupply of the black gold and the unlikely chance that the intergovernmental Organization of the Petroleum Exporting Countries (OPEC) might cut crude output.

Investors say the market is probably uncertain over what the new Saudi king would do about the oversupply issue. Saudi Arabia is a key member of the OPEC body. The kingdom's decision in late November not to slash output levels led to further falling prices. Oil prices have plunged about 50 percent since June last year.

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