

Symbol / Company



We

Regis

HOME **NEWS** MARKETS EARNINGS INVESTING SMALL BUSINESS VIDEO CNBC TV CNBC PRO

U.S. | ASIA-PACIFIC | EUROPE | ECONOMY | ENERGY | POLITICS | TECHNOLOGY | BLOGS | SLIDESHOWS | SPECIAL REPORTS

## Oil May Rise as Nigeria Adds to Supply Fears: Survey

Published: Monday, 16 Jan 2012 | 9:58 PMET

Text Size - +

By: Sri Jegarajah

Anchor, CNBC Asia Pacific

Recommend

&lt; 25



43

0



Benchmark crude oil prices may rise this week as supply fears from Nigeria, Africa's largest producer, add to disruption threats from Iran, CNBC's weekly survey showed.



Nearly sixty percent of this week's sample group, or seven out of twelve respondents, expect oil prices **[CLCV1 100.79 ▲ 2.09 (+2.12%)** to climb this week despite the risks continuing to originate from the euro zone, highlighted by **S&P's downgrade of nine sovereigns in the region including**

**France.** Two respondents forecast a pullback while the remaining three expect prices to remain unchanged.

"While the macro forces of a slowing economy are the overriding influences, the geopolitical risks in the short term are powerful enough to merit shorting the market a dangerous proposition," said Roubini Global Economics' Shelley Goldberg. "The threat of sanctions against Iran's nuclear program both in the west and the east, as well as concern of a strike in Nigeria, Africa's largest crude producer, should support the markets in the near term."

Nigerian trade unions called off strikes and protests on Monday, ending a major confrontation over fuel prices after President Goodluck Jonathan said he would cut them by one third, Reuters reported.

Although the deal did avert a threat by oil workers to shut down production, the main umbrella union in Nigeria's second biggest city of Kano, in the north, said protests and strikes would continue there. Sporadic violence has been worst in Kano, where anti-government sentiment is currently riding highest.

David Kotok, Chief Investment Officer of Cumberland Advisors, has been warning on the supply risks of Nigeria since at least November. "Jonathan went too far on the gas price," said Kotok, who has a bullish call on the oil market this week. "If he backs down, he is a weakened president. If he doesn't, he will face huge unrest. He cannot win now. Situation is explosive and very bad for

ADVERTISEMENT

### BRAIN TRAINING GAME

Improve your memory



"My favorite game is Raindrop. There is something oddly comforting and stimulating about this game."

- Mathew, 25



lumosity

▶ Play Games

### TOP HEADLINES

» Markets | Economy | C



**Spain Sells \$6.2 Billion in Treasury Yields Fall** (1)

China Slowdown Certain, but Experts Differ on How I  
Euro Woes Could Revive Bout of Market Volatility  
Overnight Deposits at ECB Top Half a Trillion Euros  
Wikipedia to Shut For 24 Hours to Stop Anti-Piracy Ac  
AIA Eyes \$6 Billion ING Asia Insurance Business  
British Bonus Season Set to Disappoint Traders (1)  
Is Luxury Property a Good Investment?   
DS Smith Snaps Up SCA Packaging in \$2.04 Billion  
Rio Tinto's Iron Ore Output Flattens On China Conce

### LATEST FROM OUR BLOGS

**Is Apple Set to Revolutionize the Industry?** (5)



Investor Sentiment a Boost to Markets? Not So Fast  
Better Times, Bigger Crowds at NRF Conference (2)  
These Small-Caps Have Big Potential: Fund Manage  
Lionsgate Buys Summit for \$412.5M in Cash and Stk Debt  
El-Erian: Do Friday's European Downgrades Matter?  
Jan. 13: Unusual Volume Leaders (1)  
Is Twitter's Problem with Google+ Search Results a Issue?  
If You Can't Beat Mobile Devices, Join Them (6)

the oil importing nations."

Should strike action disrupt the country's oil industry, it would add to already hefty risk premium that's been accumulating in the price of oil as investors attempt to price in the threat from Iran.

"Iran is a big part of what is happening in the crude complex right now," said Peter Turville-Ince, Director at Compass Global Markets. "Improving U.S. economic data is also helping with the only real hindrance in the short-term being the euro."

Though the weakness in the euro is restraining any move higher in the broader commodities market, Turville-Ince said "we remain bulls above \$97.50 and even though we have not broken back above resistance at \$100.10 we will become short term bulls again as Iranian tensions come to the forefront. Support at \$98.50 should hold into any further weakness."

The European Union - Iran's second biggest oil customer after China, buying some 450,000 barrels per day of its 2.6 million bpd exports - is expected to agree to embargo Iranian oil at a foreign ministers meeting on January 23, Reuters reported on Monday.

#### RELATED LINKS

[Iran Studying 'Hormuz Letter,' Warns Gulf Producers](#)

[Nigeria Oil Union Won't Shut Down Crude Production Yet](#)

[Oil Prices Could Soar 80% If Iran Shut Hormuz: Analyst](#)

"The screws are tightening on Iran and sabre-rattling grabs headlines," said Peter Hickson, Global Commodities and Basic Materials Strategist at UBS. "A blockade is unlikely, but even threats will remain price supportive, as 20 percent of global oil supply flows through the Straits. Sanctions halting E.U. imports of 600,000 b/d are more likely,

though they would likely result in a redirection rather than a halt to crude flows."

Roubini Global Economics' Goldberg said although Saudi Arabia was capable of compensating for Libya's 1.6 million barrel a day shortfall last year, "they are less likely to cover a potential 4 million barrels of Iran output."

Downside risks included the lingering euro zone debt crisis and a slowdown in emerging markets. "Global oil demand looks flat for now," said PFGBest's Tom Weber but "scary talk about Nigeria unrest and Hormuz closure will still be at the forefront."

Specific to the industry, RGE's Goldberg highlighted a series of refinery closures both in Europe and the U.S. eastern seaboard occurring against a backdrop of shrinking margins. "This will inevitably leave more supply without a home."

Petroplus, Europe's largest independent refining company, earlier this month began shutting down three of its five refineries, halting about a quarter of a million barrels of daily production, the Financial Times reported on January 5. Since the 2008-09 financial crisis, 2.6 million barrels a day of capacity has disappeared from advanced economies, according to the International Energy Agency.

"The Atlantic Basin oil balance will be tighter this year given refinery capacity losses on both sides of the Atlantic Ocean and the potential for long-lasting Petroplus refinery outages," wrote Deutsche Bank's Soozhana Choi.

#### 4 Companies That Are Bleeding Cash

### FEATURED SLIDESHOWS



#### Bill Gates: His Life in Pictures

Bill Gates is one of the richest men in the world. He's also changed the way we live and work.



#### Highlights from the Detroit Auto Show

Take a look at the American consumer's first glimpse at what next year will bring for the automotive industry.



#### Stocks With Potential To Drop

So, which stocks are analysts expecting to have the biggest drops?

### MOST SHARED

[AIA Eyes \\$6 Billion ING Asia Insurance Business](#)  
[British Bonus Season Set to Disappoint Traders](#)  
[Dixons Retail Sales Fall Accelerates](#)  
[European Shares Get China Data Boost in Early Trade](#)  
[Trust in EFSF Bonds Not Shaken: Japan Finance Minister](#)  
[No Short-Term Boost for Indian Stocks From Policy Change](#)

### MOST POPULAR

[News](#) [Blog Posts](#) [Videos](#)

[FTSE, CAC, DAX To Open Higher; Euro Rescue Fund Downgraded](#) 16 Jan 2012

[China GDP Growth At 2 Year Low But Tops Forecast](#) 16 Jan 2012

[European Hedge Funds Line Up Bets On China Downturn](#) 16 Jan 2012

[Asia Up On China Data, Shanghai Jumps 4.2%](#) 16 Jan 2012

[Ireland's Former Richest Person Declared Bankrupt](#)

[Clearing Houses: The Next Casualty Of The Crisis?](#)

[Stricken Italian Liner Shifts, 29 People Missing](#) 16 Jan 2012

[Iran Studying 'Hormuz Letter,' Warns Gulf Producers](#)

[Oil May Rise As Nigeria Adds To Supply Fears: Survey](#) 16 Jan 2012

[S&P Downgrades Euro Zone Rescue Fund By One Notch](#) 16 Jan 2012

### SPECIAL REPORTS



#### Market Predictions 2012

Find out what CNBC will be looking for in the global economy and financial markets coming year.

### HOT ON FACEBOOK

© 2012 CNBC.com

SECTORS: [Energy](#)[Print](#) [Email](#)

## Sponsored Links

**6.7% Super Annuities?**

Don't Buy Any Annuity Until You Watch This Special Video Report!  
[SeniorAnnuityAlert.com](#)

**LifeLock® Official Site**

Don't Be a Victim of Credit Fraud. Enroll w/ LifeLock & Get Protected.  
[LifeLock.com](#)

**Stock To Watch: RAYS**

Raystream Inc. (RAYS) Announces Agreement with Cinefly  
[www.stockauthority.com](#)

[Buy a link here](#)

## Recommendations



**U.S. jobless claims rise sharply to 6-week h**  
 324 people recommend this.



**S&P Cuts Credit Ratings for Nine Euro Zone**  
 702 people recommend this.



**Reebok Makes Huge Push Into CrossFit**  
 607 people recommend this.



**Greek PM: Two Deals But No Drachma Ahead**  
 98 people recommend this.



**Ron Paul Receives Pivotal Endorsement of S Carolina State Senator Tom Davis Palmetto : Tea P**  
 69 people recommend this.

[Facebook social plugin](#)

## CNBC HIGHLIGHTS

» [More: Blogs](#) | [Quizzes](#) | [Slideshows](#) | [Special Reports](#) | [Video](#)**Collectible Cars**

Check out the interesting (and quirky) cars you'll see cross the auction block for a wide range of investors.  
[Collectible Weapons](#)

**Steeling China**

To make the U.S. safer, author Dan McNichol says we need to use China's ability to make lots of steel.  
[Race to Rebuild](#)

**Banks & Lending**

Why aren't banks lending more? Here's what regulators and bank officials say.  
[Banks Recoup Losses](#)

**Insured Body Parts**

Some celebs think their body parts are worth insuring. Look ahead to see who's covering their assets!  
[Playboy's Offers](#)

**Wealth Tax Time**

Nobel Prize winner in economics Edmund Phelps says we need to have a wealth tax.  
[Tax Cut Show down](#)

**The Cialis Smuggle**

Airports catch a lot of things that are being smuggled out of the US. But a drug for erectile dysfunction?  
[Product Placements](#)

## COMMENTS

1 Comment

Drewader | Jan 17, 2012 12:49 AM ET

What if because of this computer program you knew the "code" for Gold, another words you knew when it would go up or down, allowing you to buy or short it over and over again and be right up to 90% of the time, do you think you could make money from that?

Google "Gold Trading Academy" to learn more.  
<http://www.goldtradingacademy.com/>

[Report Abuse](#)

ADD COMMENTS

Please [Sign In](#) or [Register](#) to participate.

Your Comments (Up to 1100 characters):

Please sign-in/optin or register to be able to submit comments.

Remaining characters1100

Preview Comment

CNBC welcomes your contribution. Please respect our community and the integrity of its participants. CNBC reserves the right to moderate and approve your comment.

CNBC NEWS

- U.S. New s
- Asia-Pacific New s
- Europe New s
- Economy
- Energy
- Green
- Technology
- Blogs
- Wires
- Slideshow s
- Special Reports
- Corrections

MARKETS

- Pre-Markets
- World Markets
- Stocks
- Dow 30
- Commodities
- Currencies
- Bonds
- Funds

EARNINGS

- New s
- Calendar
- Surprises
- Highlights
- Ideas

INVESTING

- Stock Blog
- Personal Finance
- Portfolio (Beta)
- Watchlist
- Stock Screener
- Fund Screener
- Earnings Screener

VIDEO

- Latest Video
- Top Video
- U.S. Video
- Asia-Pacific Video
- Europe Video
- CEO Interview s
- Analyst Interview s
- CNBC Pro

CNBC TV

- CNBC U.S.
- CNBC Asia-Pacific
- CNBC Europe
- CNBC World
- CNBC HD+
- Channel Finder

MORE

- Small Business
- CNBC 360
- CNBC Mobile Website
- RSS
- Real-Time Quotes and Ext
- Latest Press Releases



About CNBC | Site Map | Video Reprints | Advertise | Help | Contact  
Privacy Policy | AdChoices | Terms of Service | Independent Programming Report

Data is a real-time snapshot \*Data is delayed at least 15 minutes  
Global Business and Financial News, Stock Quotes, and Market Data and Analysis

© 2012 CNBC LLC. All Rights Reserved.

A Division of NBCUniversal

