

general news

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PTT: Oil could hit \$300 a barrel

Firm warns Gulf war will make price soar

The country's largest oil and gas company PTT Plc sees the prospect of world crude prices reaching a previously unthinkable US\$300 per barrel if tensions in the Middle East escalate. Tevin Vongvanich, PTT's senior executive vice-president for corporate strategy and development, said yesterday that Iran's missile tests have had some negative effects on the oil market.

The price of refined oil in Singapore rose by more than US\$6 a barrel on Friday, making a decline in local fuel prices unlikely next week as anticipated.

Mr Tevin said global oil market analysts are concerned that if Iran is attacked by Israel and carries out its threat of retaliation by blocking oil shipments through the Strait of Hormuz in the Persian Gulf, it would probably result in world crude prices skyrocketing to \$200 to \$300 per barrel.

A local oil industry source said if crude prices continue to climb at a steady rate, he won't be surprised to see local pump prices reach 56-80 baht per litre.

Mr Tevin said oil speculators were mainly to blame for the difficult situation as they have found a hedge in oil from the weakening dollar.

Crude prices should be fluctuating between \$70 to \$80 per barrel, he said.

Global oil prices spiked on Friday closing at nearly \$147 a barrel. The price for August delivery jumped \$5.25 to \$146.90 on the New York Mercantile Exchange, the price in Dubai jumped by \$6.25 to 139.05.

Finance Minister Surapong Suebwonglee said yesterday the government does not want to see both deflation and inflation occur at the same time due to an increase in consumer goods prices caused by rising oil prices. He said the government was doing everything within its power not to let that happen.

He called on the Bank of Thailand's Monetary Policy Committee to be cautious and listen to expert opinions before deciding to raise its benchmark interest rate at its meeting on Wednesday.

Analysts have forecast the committee will raise the interest rate to curb inflation which reached 8.9% in June.

The Finance Ministry has opposed the rate increase, arguing that if it is raised, it would only put the economy under more pressure.

Speaking of concern over a possible tight money situation in the country during the second half of 2008, a condition which could cripple the industrial and financial sectors, Mr Surapong said he is optimistic that if the government is able to tackle the inflation crisis, liquidity would improve. BANGKOK POST AND THAI NEWS AGENCY.