



Drumbeat: February 2, 2013

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[Gas price hikes don't boost smaller car sales](#)

Sales of some of the smallest cars barely budged or fell last month despite the steady rise in gas prices.

It could be a sign that one of the axioms of the car business may be weakening: sales of tiny cars rise in tandem with driver angst at the pump.

[Oil Completes Longest Run of Weekly Gains Since 2004](#)

Oil capped the longest stretch of weekly advances in more than eight years after reports showed that U.S. hiring and manufacturing expanded last month.

Futures climbed 0.3 percent after the Labor Department said payrolls rose 157,000 in January and the Institute for Supply Management's U.S. factory index reached a nine-month high. The Dow Jones Industrial Average gained 1 percent. Brent oil's premium to crude traded in New York widened because of limits on a pipeline linking the Midwest to the Gulf Coast.

[Europe Gasoline, Gasoil Rise to Three-Month Highs: Oil Products](#)

European gasoline barges rose for a 12th day to the highest level in more than three months. Gasoil futures advanced to the highest since October.

Royal Dutch Shell Plc will permanently halt gasoline and diesel production at its Hamburg oil refinery in Germany at the end of March as the company converts part of the site into storage facilities. OAO Lukoil extinguished a fire at its Ploiesti refinery in Romania.

[TNK-BP pulls Russia's Jan oil output down](#)

(Reuters) - Lower output from TNK-BP's mature fields led to an overall decrease in Russia's crude oil production, the world's largest, which edged down 0.1 percent in January, Energy Ministry data showed on Saturday.

Russia's oil output fell to 10.47 million barrels per day last month from 10.48 million bpd in December, marking a second monthly fall in a row after it reached a post-Soviet record high of 10.50 million bpd in November.

[Ethanol Weakens Against Gasoline on Ample Supply, Lower Demand](#)

Ethanol weakened against gasoline on concern demand isn't strong enough to cut a glut of the biofuel.

The spread widened 1.68 cents a gallon to 58.46 cents after a Jan. 25 Energy Information Administration report showed stockpiles climbed to a six-week high even as production plunged to the lowest level since the Energy Department's statistical arm began tracking weekly data in June 2010.

[Diesel prices to be hiked 40-50 paise every month, Veerappa Moily says](#)

NEW DELHI: Diesel prices will be hiked by 40-50 paise per litre every month till losses on the nation's most used fuel are completely wiped out, oil minister M Veerappa Moily said today.

"Until further orders, oil marketing companies can increase it (diesel price) by 40-50 paise (per litre) every month," he told reporters here.

The government had on January 17 decided to move towards deregulating or freeing diesel prices from state control and gave powers to state-owned oil firms to raise prices in small measures every month till all of their losses are wiped out.

[Lyondell Lightening Crude at Houston With Long Eye on Canada](#)

LyondellBasell Industries NV (LYB) is lightening the crude slate at its 265,000-barrel-a-day Houston refinery and has a long-term vision of running more heavy Canadian crude there, Chief Executive Officer Jim Gallogly said.

The refinery will work on the smaller of its two crude units during a planned turnaround this quarter to allow it to run more domestic light, sweet crude, Gallogly said in a conference call.

[Alaska January Crude Output Down 7.9 Percent From Year Earlier](#)

Oil production from Alaska's North Slope dropped 7.9 percent in January from a year earlier as output from wells declined and new ones weren't added.

Production averaged 576,959 barrels a day last month, down from 626,155 in January

2012, the state tax division said on its website. December output was 582,150 barrels a day.

[Accident suspected in deadly Pemex blast in Mexico](#)

MEXICO CITY — With rescue operations winding down, the head of Mexico's oil monopoly suggested Friday that a huge explosion that claimed at least 33 lives at the company's headquarters was a calamitous industrial accident.

If confirmed, it would be a scathing indictment of the ability of the giant petroleum exporter to protect, operate and inspect its facilities, experts said. Petroleos Mexicanos, or Pemex, has a long history of lax security, shoddy maintenance, neglected infrastructure, corruption and deadly accidents, as well as incidents of deliberate sabotage.

[Asia to deepen Iran oil cuts as sanctions 'bite'](#)

SINGAPORE/TOKYO (RTRS): Iran's crude exports to its biggest customer, Asia, fell by a quarter in 2012 and shipments this year are expected to drop by at least 12 percent under US sanctions pressure, but ample alternative supplies will keep refiners flush with oil.

[Iran crude oil exports rise to highest since EU sanctions](#)

(Reuters) - Iran's crude oil exports in December leapt to their highest level since European Union sanctions took effect last July, analysts and shipping sources said, as strong Chinese demand and tanker fleet expansion helped the OPEC member dodge sanctions.

Exports rose to around 1.4 million barrels per day (bpd) in December, according to two industry sources and shipping and customs data compiled by Reuters on a country-by-country basis and corroborated by other sources and consultants.

[Biden raises possibility of direct U.S.-Iran talks](#)

MUNICH (Reuters) - The United States is ready to hold direct talks with Iran if it is serious about negotiations, Vice President Joe Biden said on Saturday, backing bilateral contacts that many see as crucial to easing an international dispute over Tehran's nuclear program.

[Egypt Clashes Near Palace Imperil Accord to End Violence](#)

Egypt's premier urged protesters to adhere to a cross-party accord on ending violence, after at least one person died during clashes outside President Mohamed Mursi's palace.

A day after the opposition and Islamists signed the pact, demonstrators hurled Molotov cocktails and rocks at the palace walls late into the night, while security forces countered with tear gas and water cannons. One 23-year-old man was killed, according to the Health Ministry. The state-run website Ahram Online said he died of gunshot wounds to the neck and chest.

[Suez Canal Seen Kept Open by Army as Ship Agent Suspends Service](#)

Egypt's army is maintaining shipping services through the Suez Canal, which handles about 8 percent of world trade, amid unrest that's suspended some port services, Inchcape Shipping Services, a global maritime agent said.

[Saudi Prince Muqrin Is Named Second Deputy Prime Minister](#)

Prince Muqrin bin Abdulaziz, a special adviser to King Abdullah and Saudi Arabia's former intelligence chief, was appointed second deputy prime minister, potentially placing him second in line to the throne.

Muqrin, the king's younger half-brother born in 1945, was educated in Britain and the U.S. His appointment by royal decree comes amid speculation over succession in the world's largest oil exporter where the king, who will turn 90 next year, has had recent operations, including back surgery in November.

[The 'Silent Peak Oil Trade' That Could Be Setting Investors Up For A Nasty Surprise](#)

Many investors are fascinated by Francisco Blanche's view that WTI could fall to \$50/barrel in coming years. A strong dollar-weak commodity backdrop is seen as less helpful for EM.

We think the "peak oil" theme has played itself out convincingly across many equity markets and sectors in recent quarters (**all the big outperformance in recent quarters has come from countries (e.g. Japan, peripheral Europe, India, Turkey) and sectors (e.g. consumer discretionary, banks) that do well when oil prices fall.** This also suggests that the combo of rising yields and rising oil prices this year would be a big negative surprise to many.

[Alberta picks former oil lobby head as Washington envoy](#)

CALGARY, Alberta (Reuters) - Alberta on Friday appointed energy executive David Manning, a former head of Canada's most powerful oil lobby group, as its envoy to Washington as it looks for a favorable decision from the Obama administration on the

long-delayed Keystone XL pipeline project.

[US Energy Secretary Chu is latest Obama Cabinet departure](#)

WASHINGTON/LOS ANGELES (Reuters) - U.S. Energy Secretary Steven Chu, the Nobel Prize winner who shepherded an effort to help spur a clean energy U.S. economy, will step down after a tenure rocked by the failures of some costly government investments.

[Obama leaning toward McCarthy for EPA chief - sources](#)

WASHINGTON (Reuters) - President Barack Obama is leaning toward choosing Gina McCarthy, a top official in charge of air quality at the Environmental Protection Agency, to run the EPA in his second term, according to two sources familiar with the matter.

McCarthy, currently the assistant administrator for the EPA Office of Air and Radiation, would take on the top job as the agency leads Obama's push for measures to fight climate change.

[US shale oil reserves amount to 2 tln barrels -- Kuwaiti expert](#)

KUWAIT (KUNA) -- Sheikh Fahad Al-Dawood Al-Sabah, a Kuwaiti expert in oil strategies, on Saturday estimated the reserves of the unconventional shale oil in the United States at two trillion barrels.

"This is the largest such reserve in the world at least so far," he said in statements to KUNA, citing recent data by the International Energy Agency (IEA) and the US Energy Institute (USEI).

[Cantabria becomes first region in Spain to ban fracking](#)

"Those scavengers are bleeding the Earth." That is how Manuel López describes his battle against energy companies involved in fracking in Cantabria. The controversial hydraulic fracturing technique, to obtain gas from depths of over 2,000 meters, has been denounced by environmentalists all over the world because of its possible health consequences on people in surrounding communities.

[Farmers in Ohio divided on 'fracking'](#)

The growing amount of hydraulic fracturing, commonly called "fracking," being performed in Ohio as part of a booming oil and gas industry is causing a split in opinion among the state's farmers. Some see the movement as an economic opportunity, while others see the practice as a threat to their livelihoods.

[2013 Jetta Hybrid: Volkswagen ups ante with sporty Jetta Hybrid](#)

Traditionally, fuel economy is what the Volkswagen Jetta does best, especially versions fitted with the automaker's 2.0-liter four-cylinder turbo-diesel engine (TDI) that features plenty of power, but maintains a strict fuel-consuming diet. Despite all its strengths, the TDI is clearly not the first choice among North American car shoppers who are embracing gas-electric hybrids in ever-greater numbers. Not to be left out, VW has fitted its Jetta sedan with hybrid technology, but with some unorthodox differences.

[Historic cod fishing cuts threaten centuries-old industry in New England](#)

Scores of fishermen gathered Wednesday in Portsmouth, New Hampshire, to hear the vote of the New England Fishery Management Council, which has since submitted its recommendations to the federal government.

"We're doomed, as they say," said fisherman Dennis Robillard, whose voice wavered as he acknowledged that his boat, the Julie Ann II, is now up for sale.

"I'm getting out. It just doesn't make any sense to me anymore."

[Critics say Coalition's Green Deal is no solution to curse of fuel poverty](#)

Energy efficiency is key in cutting the bills. But who pays?

[Insurers' cash used to fund climate change](#)

The UK's insurance industry is today accused of funding environmentally threatening research. The claim comes from the respected Ethical Consumer magazine. Its research shows that big insurers such as Aviva, Legal & General and LV= are funding major oil and gas exploration in the Arctic by investing in the firms whose activities risk widespread environmental disaster.

The work could be catastrophic for the environment, according to Rob Harrison, one of the authors of the report. "At a time when the world's scientific community is urging action on climate change it makes no sense for the UK's insurance industry to be funding activities that will lead to more hydrocarbons being burned," he said.

[How Climate Change Could Destroy Energy Companies](#)

Climate change may have been responsible for Hurricane Sandy's \$60 billion-plus in damage. It also may be to blame for last summer's drought that cost another \$77 billion. Maybe chalk up record-high temperatures, flooding, and wildfires in Australia to a changing climate. But could stranger weather destroy hundreds of billions in companies'

value?

It's possible. A lot of the energy reserves that sit in the ground might not be able to be extracted if policy to mitigate climate change aggressively targets limiting carbon dioxide emissions. And a lot of energy companies' value comes from their proven reserves.

[An Arctic CSI case: Cyclone is absolved in record sea ice melt](#)

"The Great Arctic Cyclone of August 2012" arose in Siberia on Aug. 2 and crossed the Arctic Ocean to Canada, lasting an unusually long 13 days. The cyclone hit a pressure minimum of 966 millibars on Aug. 6, the lowest ever recorded for an Arctic storm. The stronger the pressure gradient, or difference in pressure, the stronger the winds associated with a storm.

Since the storm, which was equal in strength to a hurricane, tore across the Arctic, scientists have wondered whether its winds and waves were a guilty party in the disappear



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