

# DJ OIL FUTURES: Gasoline Jumps On Outage; Crude Edges Higher

NEW YORK, Dec 09, 2010 (Dow Jones Commodities News via Comtex) --  
By Dan Strumpf Of DOW JONES NEWSWIRES

Gasoline futures jumped Thursday after a key gasoline-making unit at a refinery operated by Hess Corp. (HES) went offline for unplanned repairs.

Front-month January reformulated gasoline blendstock rose 3.59 cents, or 1.6%, to settle at \$2.3405.

The outage affects the 150,000-barrel-a-day fluid catalytic cracker at the Hovensa refinery in St. Croix, according to a person familiar with the refinery's operations. The outage is expected to last 10 to 14 days, the person said.

Thursday's spike in gasoline futures was confined to the front-month January contract as concerns center around short-term supplies. Later-month RBOB contracts saw a more subdued price increase, with the February contract settling up 1.68 cents, or 0.7%, at \$2.3209 a gallon.

"The first sign when you have a (refinery) problem is people will be buying in the cash market to cover the potential shortfall" of supplies, said Peter Beutel, head of the oil trading advisory firm Cameron Hanover.

Crude oil edged higher Thursday, taking a cue from a better-than-expected report on U.S. jobless claims. Light, sweet crude for January delivery settled 9 cents, or 0.1%, higher at \$88.37 a barrel on the New York Mercantile Exchange. Brentcrude on the ICE futures recently rose 31 cents, or 0.3%, at \$91.08 a barrel.

The Labor Department's said Thursday initial unemployment claims fell by 17,000 to 421,000 in the week ended Dec. 4. Economists surveyed by Dow Jones Newswires had expected claims would fall by 13,000.

A steady dollar likely prevented more dramatic price moves by crude. The ICE Dollar Index, which tracks the greenback against a basket of trade-weighted currencies, rose to 80.077 from 79.678 recently. A stronger dollar typically pressures oil prices, making the commodity more expensive when purchased with weaker currencies.

In addition, traders remain hesitant to take large positions ahead of Saturday's meeting of the Organization of Oil Producing Countries in Quito, Ecuador. Though OPEC, which accounts for about one-third of the world's oil output, is widely expected to keep quotas unchanged, traders will be closely watching for any commentary from the group on oil prices or global supply and demand.

**"With the OPEC meeting coming up, I don't necessarily think anybody is willing to make a big bet on the direction of" crude, said Yu-Dee Chang, chief principal at ACE Investment Strategists.**

Market participants also remain focused on the prospect of an interest-rate hike in China, the world's second-largest oil consumer. Any move seen curbing economic growth there is likely to weigh on energy prices.

"There's nervousness about what's going to come out of China this weekend," said John Kilduff, partner at Again Capital. "This whole run to \$100 (oil) is predicated on unrelenting demand there."

January heating oil rose 0.61 cent, or 0.3%, to settle at \$2.4668 a gallon.

Past performance is not necessarily indicative of future results. The risk of loss exists in futures trading.