

VENEZUELAN CRISIS, WAR THREAT BOOST OIL PRICES

By CAROLINE WAXLER



OVER A BARREL:
U.S. crude oil prices passed \$30 a barrel yesterday for the first time since October.
- Reuters

December 18, 2002 -- It may be caliente in Caracas but if the workers there keep striking, New Yorkers will have to pay a lot more money to keep from freezing.

"If the crisis continues we could see prices raised on home heating oil almost immediately," said Phil Flynn, senior market analyst for Chicago-based trading firm Alaron. "There could even be an increase of 30 percent over last year, in the near term."

The Caracans have been striking for nearly three weeks in opposition to Venezuelan president Hugo Chavez. Venezuela is the world's fifth-largest oil exporter, supplying the U.S. with 13 percent of its imported oil.

The strike, combined with the threat of war with Iraq, helped propel crude oil prices to a two-month high yesterday.

The January crude oil contract at the NYMEX, the world's benchmark, hit a high of \$30.33 per barrel, before closing at \$30.10. The January unleaded gasoline price closed at \$85.39, settling back down a little from its two-month high of \$88.40.

"I think that Venezuela is Public Enemy No. 1 to our economic recovery right now," said Phil Flynn, senior market analyst with Chicago trading firm Alaron.

Crude oil supplies, as reported last evening by the American Petroleum Institute, fell 3.15 million barrels from last week's levels. Flynn, for one, is relieved that it wasn't worse. And he points out that we're still well below last year's levels.

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