

 **London** : Brent oil prices climbed above \$111 per barrel to a four-month high on Thursday on fears violence in Egypt could affect the Suez Canal or spread in the Middle East, where supplies are already disrupted.

Egypt's government declared a state of emergency on Wednesday following deadly clashes between riot police and supporters of ousted President Mohamed Mursi.

Egypt is not a major producer of crude oil, but investors feared that unrest could choke major supply routes such as the Suez Canal or spill over into oil-exporting neighbours.

Disruptions at the Suez Canal are unlikely, but markets never move on what's likely. They move on fear. If people are fearful about supply, they buy even if the market is fundamentally well supplied, Michael Hewson, an analyst at CMC Markets, said.

I think Brent has the potential to go as high as \$113 to \$114 but not much higher, he added.

Front-month September Brent, which expires on Thursday, jumped by over a dollar to reach \$111.29 at 0821 GMT, after earlier reaching \$111.41, the highest since April 2. US oil rose 69 cents to \$107.54.

Courtesy: The News