

Oil Jumps to 9-Month High After Iran Cuts Supply, Predicted to Hit \$150

Oil prices jumped to a nine-month high above \$105 a barrel on Monday after Iran said it halted crude exports to Britain and France in an escalation of a dispute over the Middle Eastern country's nuclear program.

That news came even as a semiofficial Iranian news agency reported that Tehran is considering extending its oil embargo against France and Britain to other European countries.

The Mehr news agency quoted National Iranian Oil Co. Ahmad Qalehbandi as saying that Tehran may stop crude exports to European Union members that continue "hostile acts" against Iran.

What's more, Qalehbandi predicted that oil prices could pass \$150 a barrel, without specifying when.

By early afternoon in Europe, benchmark March crude was up \$1.91 to \$105.15 per barrel in electronic trading on the New York Mercantile Exchange. Earlier in the day, it rose to \$105.21, the highest since May. The contract rose 93 cents to settle at \$103.24 per barrel in New York on Friday.

Markets in the United States are closed Monday for the Presidents Day holiday.

Iran's oil ministry said Sunday it stopped crude shipments to British and French companies in an apparent pre-emptive blow against the European Union after the bloc imposed sanctions on Iran's crucial fuel exports. They include a freeze of the country's central bank assets and an oil embargo set to begin in July.

Iran's Oil Minister Rostam Qassemi had warned this month that Tehran could cut off oil exports to "hostile" European nations. The 27-nation EU accounts for about 18 percent of Iran's oil exports.

The EU sanctions, along with other punitive measures imposed by the United States., are part of Western efforts to derail Iran's disputed nuclear program, which the West fears is aimed at developing atomic weapons. Iran denies the charges, and says its program is for peaceful purposes.

Analysts said Iran's announcement probably would have minimal impact on supplies, because only about 3 percent of France's oil consumption is from Iranian sources, while Britain has not imported oil from the Islamic republic in six months.

"The price rise is more a reflection of concerns about the further escalation in tensions between Iran and the West," said commodity analyst Caroline Bain of the Economist Intelligence Unit. "Banning the tiny quantities of exports to the U.K. and France involves very little risk for Iran — indeed quite the opposite, it catches the headlines and leads to a higher global oil price, which is something Iran is very keen to encourage."

Oil prices also rose on hopes that Greece's new bailout deal will be approved on Monday as well as by China's decision to boost money supply bid to spur lending and economic growth. China's central bank said Saturday it will lower the ratio of funds that banks must hold as reserves, a move that frees tens of billions of dollars.

Oil has jumped from \$96 earlier this month amid optimism the global economy may grow more this year than previously expected. J.P. Morgan raised its Brent crude price forecast to as high as \$135 from \$120 — on Monday, the April Brent crude contract was up 79 cents at \$120.37 per barrel on the ICE Futures exchange.

"Building economic momentum has the potential to pull oil prices higher for the next 12 to 24 months," J.P. Morgan said in a report.

In other energy trading in March contracts, heating oil gained 1.61 cents to \$3.2050 per gallon and gasoline futures rose 3.2 cents to \$3.22 per gallon. Natural gas lost 4.8 cents to \$2.636 per 1,000 cubic feet.