

Crude Oil Rises in London After North Korea Test Fires Missiles

July 5 (Bloomberg) -- Oil rose in London after North Korea fired missiles into the Sea of Japan, raising concern that fuel supplies to Asia, the fastest-growing energy consumer, could be disrupted by conflict in the region.

North Korea launched at least six missiles today, said Stephen Hadley, the U.S. national security adviser. The U.S., Japan and other countries protested. Countries bordering North Korea -- Japan, China and South Korea -- are Asia's biggest oil importers.

Brent crude oil for August settlement gained as much as 0.7 percent on the ICE Futures exchange in London, halting two days of declines. It was up 39 cents, or 0.5 percent at \$72.88 at 1:04 p.m. in London. U.S. crude on the New York Mercantile Exchange was little changed in electronic trading after being closed for the past two days when Brent was falling.

``The most important news is the missile test overnight," which also has implications in Iran, said Rob Laughlin, a senior broker at Man Financial Ltd. in London. ``Some people in Iran had a big smile this morning. Now they will wait for how President George W. Bush is going to react."

The Russian army said it tracked 10 North Korean missile launches, Interfax reported today, citing Russian Armed Forces Chief of Staff Yury Baluyevsky. Japan's Kyodo newswire reported North Korea may have launched seven missiles, according to government officials it didn't identify.

Iranian Confrontation

Oil has risen 24 percent this year in London York, partly on concern a confrontation over Iran's nuclear research will lead to an interruption of oil supplies from the Islamic Republic, the world's fourth largest producer. Bush on June 19 threatened action by the United Nations Security Council if Iran rejected a European Union plan to encourage Iran to end uranium enrichment.

Iran has until July 12 to stop enriching uranium or risk UN sanctions, the Associated Press said this week, citing unidentified diplomats. Iran this week rejected calls for a prompt reply to the EU proposal, saying it will stick to its own deadline of Aug. 22.

Iranian and European Union officials including, Javier Solana, the EU's foreign policy chief, will meet tomorrow in Brussels to discuss the Islamic Republic's nuclear program. Iran's top nuclear negotiator, Ali Larijani, postponed the meeting by one day.

Solana will receive the Iranian envoy tomorrow and resume talks on July 11. The EU wants to ``proceed rapidly" on the issue, Solana said in a statement on his EU Web site.

Nymex Open

In New York, crude for August delivery was down 9 cents at \$73.84 a barrel in after-hours electronic trading. The New York Mercantile Exchange was closed July 3 and July 4 for the U.S. Independence Day holiday.

ICE Futures trades a similar U.S. crude futures contract to Nymex, known as West Texas Intermediate. The August WTI crude contract on ICE was up 44 cents at \$73.80 a barrel at 1:04 p.m. London time, after falling 68 cents yesterday and rising 9 cents on July 3.

Oil price gains were aided by speculation that gasoline demand over the U.S. holiday will eat into supplies when the U.S. Energy Department provides its next weekly inventory report tomorrow, at 10:30 a.m. Washington time.

“Nervousness about this week’s inventory figures should prove constructive, especially given the uncertainty generated by the July 4th holiday and the recent ship-channel closure,” Edward Meir, an analyst at Man Financial Ltd. in Darien, Connecticut, said in a daily report.

Inventories may have been affected by disruptions to barge deliveries and imports when the Calcasieu Ship Channel in Louisiana was closed for more than a week in late June because of an oil spill.

The Energy Department’s previous inventory report, issued June 28, showed an unexpected 1.1 million-barrel decline in U.S. gasoline stockpiles for the week ended June 23, the first decline in nine weeks.