

Oil rises above \$106 on Libya, U.S. demand

Oil up 24% since start of Libya fighting

By [Global Research](#)

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Supporting Oil prices advanced again Wednesday as the U.S. and its allies reportedly continued air strikes in Libya and new data showed U.S. gasoline demand continues to rise despite sharp price increases at the pump.

May light sweet crude added \$1.13 cents to \$106.10 US per barrel on the New York Mercantile Exchange in midday trading.

An Energy Information Administration report released Wednesday suggested that American motorists are so far handling higher fuel costs without cutting back.

U.S. retail prices, at a national average of \$3.548 US per gallon (94 cents US per litre), remain at the highest ever for this time of year and have reached a point where economists expect consumers to start to cut spending.

In Canada, where gasoline prices are always higher compared with the United States, the national price compiled by Gasbuddy.com was 122.43 cents Canadian, up about one cent from Tuesday and up from 113.95 cents a month ago.

Natural gas also rises

Oil prices have jumped about 24 per cent since the middle of February when fighting broke out in Libya and threatened the country's oilfields.

The clash between Moammar Gadhafi and pro-democracy rebels has shut down most of the country's oil production and experts say Libya's exports will remain off-line for months.

Natural gas also rose, gaining eight cents to \$4.33 per 1,000 cubic feet on speculation demand will increase for an alternate fuel for power generation in the wake of Japan's nuclear crisis.

Canada's natural gas exports totalled \$15.5 billion in 2009 and accounted for 4.3 per cent of the value of total Canadian merchandise exports in a year when prices were low and demand had been weakened by a slow U.S. economy.

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