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Oil Surges to Settle at 3-Month High on Bullish Outlook

By The Moscow Times

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Brent crude oil futures LCOc1 closed up $1.72 at $53.05 a barrel, while U.S. crude futures CLc1 closed up $1.62 at $49.43 a barrel.

Oil prices climbed to their highest in three months on Thursday after a closely watched oil forecaster predicted prices would climb to $75 over the next two years, adding to early gains notched after worries about Russia's military intervention in Syria.

PIRA Energy Group, a closely watched forecaster that predicted the collapse in oil prices a year ago, said it sees crude prices at $70 per barrel by the end of 2016 and $75 a barrel in 2017.

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Earlier, crude prices climbed on buoyant Chinese equity markets and as Russia's military involvement in Syria brought a geopolitical risk premium into the market.

Syrian troops and allied militia backed by Russian air strikes and cruise missiles attacked rebel forces.

"The situation is getting complicated very quickly and raising the geopolitical risk in the region to a new high," Energy Management Institute analyst Dominick Chirichella said about the conflict in Syria.

"This has caught the attention of the market place [and] is viewed as a situation that could potentially impact the flow of oil from the region as well as degrading the already declining relationship between Russia and the U.S."

Brent is on track to rise more than 10 percent this week, close to its largest weekly increase since early 2009, after oil industry executives warned that this year's fall below $50 would force higher-cost producers to reduce output.

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