

Oil prices steady as Omicron caution lingers

Oil prices were steady on Wednesday as fears of tight supply were offset by COVID-19 concerns after Singapore suspended quarantine-free travel and Australia renewed its vaccination push due to a surge in Omicron variant cases.

U.S. West Texas Intermediate (WTI) crude futures edged up, Brent crude futures also rose

"The bias is positive over optimistic updates from vaccine maker Moderna (NASDAQ:MRNA) ... however the upside looks limited as investors seem to be exercising caution over Omicron-related restrictions," said Ajay Kedia, director at Kedia Commodities in Mumbai.

Moderna CEO Stephane Bancel said on Tuesday that the vaccine manufacturer does not expect any problems in developing a booster shot to protect against the Omicron variant and could begin work in a few weeks.

In another bullish indicator, industry data showed that U.S. crude inventories last week registered a larger-than-expected decline.

American Petroleum Institute data showed U.S. crude stocks fell 3.7 million barrels for the week ended Dec. 17, according to market sources, versus a 2.8 million barrel drop that eight analysts polled by Reuters had expected.

Weekly data from the U.S. Energy Information Administration is due later on Wednesday.

However, mobility curbs across the globe once again stoked fears of a drop in fuel demand.

Germany, Ireland, the Netherlands and South Korea are among countries that have reimposed partial or full lockdowns or other social distancing measures in recent days.

The Singapore government said it will freeze all new ticket sales for flights and buses from Dec. 23 to Jan. 20 into the city-state, citing Omicron risks.

On the supply side, investors are looking ahead to a meeting of the OPEC+ producers group on Jan. 4.

With the growing production issues in Russia and various others in the Atlantic Basin, it is likely that Middle Eastern producers could push for a continuation of monthly quota increases, consultancy JBC Energy said in a note.

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