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Oil Little Changed Around $78 on Forecast U.S. Supplies Grew
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By Grant Smith and Ann Koh

Oct. 27 (Bloomberg) -- Crude oil was little changed around $78 a barrel in New York before a report forecast to show that U.S. crude inventories expanded for a third week.

An Energy Department report due tomorrow will probably show that U.S. stockpiles of crude oil rose 1.5 million barrels last week, according to a Bloomberg News survey. Analysts forecast that supplies of gasoline and distillate fuel, a category that includes heating oil and diesel, declined last week.

"It's overvalued and it may be time for a correction," said Carsten Fritsch, an analyst with Commerzbank AG in Frankfurt. "The fundamental picture is bearish. Demand outside China is still weak and global stockpiles are ample."

Crude oil for December delivery was at $78.55 a barrel, down 13 cents, at 8:49 a.m. London time. Yesterday, it dropped 2.3 percent to close at $78.68 a barrel on the New York Mercantile Exchange, the biggest decline since Sept. 24 and the lowest settlement since Oct. 16.

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