

COMMODITIES – Oil gains as Dubai fears dissipate

The front month contract for Brent North Sea crude oil was last seen changing hands at USD 79.43/bbl on the ICE platform, up USD 0.96 on Monday's close.

The contract had traded in a USD 78.25- 79.48/bbl range to the time of writing.

On Nymex, the WTI January contract last traded USD 0.86 higher at USD 78.14/bbl.

As more light was shed on the Dubai debt issue, concerns were easing, said Barclays Capital analyst Amrita Sen, adding players now saw this as more of a regional than a global issue.

Furthermore, signs of OECD oil demand picking up were supporting the market, she added.

Concerns about the emirate's ability to repay its debts seemed to be gradually dissipating, in addition the dollar weakness was helping to push prices up in the absence of fundamental news, said Michael Wittner, global head of oil research at French bank Société Générale.

The government-owned Dubai World has announced plans to restructure almost half its estimated USD 60bn debt after "constructive" discussions with banks, according to media reports.

UK gas system "well supplied"

On the UK gas market, the day-ahead contract was last seen trading at 26.25p/th, down 0.70p on Monday's close despite colder weather, according to one broker.

"Despite demand climbing to its highest level so far this winter [381 mcm], the system has been well supplied so far Tuesday and is currently slightly long," said consultant Craig Lowrey at JC Rathbone Associates Energy.

"This has been aided by strong withdrawals from Rough storage, although this has itself offset a drop in deliveries through [Norway pipeline] Langede compared to Monday's levels," he added.

The short-term outlook for supplies looked healthy given that there would be an expected three LNG tankers arriving in the UK between Tuesday and Friday, he said.

In the API 2 coal window, no trades had gone through on the Cal 10 contract at one broker, but Q2 2010 was up USD 1.15 at 81.25/t.

While activity was thin, prices were supported by Chinese and Indian demand, Sen said.

In the European carbon market, the Dec 09 EUA contract last traded at EUR 13.45/t, up EUR 0.31 on Monday's close.

Carbon prices were rising amid firmer oil and equity markets, said a trader, adding that the current upward move was a natural reaction after last week's sell off, which some saw as an "overreaction".