

COMMODITIES – Oil rises on cold weather

(Montel Powernews) Oil prices are rising on colder weather in the Northern hemisphere as well rising business sentiment in Germany, players said.

The front month contract for Brent North Sea crude oil was last seen changing hands at USD 73.91/bbl on the ICE platform, up USD 0.54 on Thursday's close.

The contract has traded in a USD 73.07-74.84/bbl range to the time of writing.

On Nymex, the WTI January contract last traded USD 1.36 higher at USD 74.01/bbl.

"Crude oil prices rose... helped by signs of a potential stronger winter demand, as cold weather conditions hit in the Northeastern area in the US," Myrto Sokou of Sucden Financial Research said in a research note.

The market received better than expected data out of Germany with the IFO business sentiment indicator rising to 94.7 from 93.9 in November, said Sintje Diek, oil analyst at HSH Norbank. The IFO business climate index is based on survey responses of the major German firms.

Overall, a mix of positive macro-economic data and an upwards correction after recent falls were pushing up prices, Diek said.

In addition, the US dollar had weakened against the euro on Friday after the US currency's rally the day before, players said.

System copes despite high demand for UK gas

On the UK gas market, the day-ahead contract was last trading at 33p/th, up 0.85p on Thursday's close, according to one broker.

"Day-ahead and weekend are both at 33.00 p/therm at the moment, reflecting demand of 431.4 mcm – well in excess of the seasonal normal 334.1 mcm," said Craig Lowrey, a consultant at JC Rathbone Associates Energy.

The system had so far coped despite demand being at current levels due to high flows from Norway, ample storage, as well as supplies from the country's LNG terminals, Lowrey added.

The prompt gains had contributed to the small increases seen on the curve, he added.

In the European carbon market, the Dec 10 EUA contract last traded at EUR 13.65/t, up EUR 0.04 on Thursday's close. The contract opened at EUR 13.78/t, while the intraday high was registered at EUR 13.88/t on the ICE platform.

"I expect prices to drop further as it is likely that no strong agreement will come out of Copenhagen climate talks," a trader said.

Coal prices in the API 2 window rose with the January contract last seen at USD 80.50/t, up USD 1.50 day on day at one broker.