

## COMMODITIES – Oil firms on weaker dollar

### **(Montel Powernews) - Brent crude is firming on Tuesday afternoon on the back of a falling dollar, players said.**

The front month contract for Brent North Sea crude oil was last seen changing hands at USD 67.73/bbl on the ICE platform, up USD 0.75 on Monday's close.

The contract has traded in a USD 65.90/bbl to USD 67.94/bbl on Tuesday.

"Weakness in the dollar helps European shares and oil prices recover from the morning lows," brokerage PVM said in a research note.

"Crude oil supply is still outweighing demand on the physical market. We can expect major volatility in prices until the physical market balances out," said Nordea analyst Thina Margrethe Saltvedt.

### **UK gas ticks higher**

In the UK gas market, the day-ahead contract was last heard traded at 26p/th, up 0.65 on Monday's close. Meanwhile the UK gas contract for Winter 09 was last traded up 0.5p at 49.55p/th at one broker.

"Flows from Norway through Langeled have dropped to less than 20 mcm at the time of writing," said Craig Lowrey, analyst at JC Rathbone Associates Energy.

There were no technical reasons for lower flows through Langeled, said Kjell Varlo Larsen, head of information at Norwegian gas pipeline operator Gassco.

In addition, the Teesside BP sub-terminal was experiencing a decline in deliveries day on day, as well as the St Fergus Total sub-terminal (which also provides Norwegian gas through Vesterled), the analyst said.

"As such, the increase in the prompt would appear to be supply related given that demand has fallen by approximately 23 mcm day on day based on current forecasts," Lowrey added.

Meanwhile in the API 2 coal window, the Cal 10 contract was last heard at USD 85.50/t, up from the intraday low of EUR 83.75/t at one broker.

In the European carbon market, the Dec 09 EUA contract last traded at EUR 13.07/t, up EUR 0.12 on Monday's close. The contract opened at EUR12.66/t on the ICE platform.

"The EUR 13 level appears to be well supported at the moment," said a trader, adding that the recent fall in coal prices had provided support to the carbon price.