

## COMMODITIES – Carbon gains as Copenhagen talks open

**(Montel Powernews) Carbon prices are trading at a one-month high following the opening of the Copenhagen climate summit as well as rising gas and power prices, players said.**

In the European carbon market, the Dec 09 EUA contract last traded at EUR 14.50/t, up EUR 0.38 on Friday's close. The contract opened at EUR 14.10/t.

The fact that Barack Obama was joining the Copenhagen talks on 18 December was seen a bullish factor since this was a sign of strong commitment from the US president, said a Germany-based trader. He added that stronger UK gas prices was another bull factor for carbon.

Expectations regarding the Copenhagen outcome had been too pessimistic before, said Dennis Mignon of First Climate, adding that some short-covering ahead of the Dec 09 delivery date was supporting prices.

The Copenhagen climate talks appeared to have a psychological effect on the market, said a Finland-based player, adding that a binding agreement at the summit was not likely although possible.

"The fundamentals point to different directions as oil is weakening while the German power has gained," he added.

### **UK gas jumps**

UK gas prices rose across the board driven by strong prompt market, players said.

The day-ahead contract was last seen traded at 29.30p/th, up 2.30p on Friday's close, according to one broker.

Spot prices were up on the back of a drop in LNG supplies from the Milford Haven Dragon terminal, said a UK based analyst.

"There was a sharp drop in Dragon supplies from Friday's levels of 21mcm to 4.3mcm," he said, but added that another LNG cargo was expected to arrive at the terminal on 9 December.

"It looks as though the prompt is in the driving seat at the moment. While the system is 8.6 mcm short, there is a lot of upside potential from storage in particular," said Craig Lowrey, consultant at JC Rathbone Associates Energy.

Current withdrawal rates were well below capacity and certainly below the levels seen last week, Lowrey said.

### **Oil slips on dollar**

The front month contract for Brent North Sea crude oil was last seen changing hands at USD 77.07/bbl on the ICE platform, down USD 0.45 on Friday's close.

On Nymex, the WTI January contract last traded USD 0.54 lower at USD 74.93/bbl.

Stronger dollar and rising supply from the Opec in November were the key price driving factors, said analyst Benny Clausen of Norwegian Oil Trading.

Meanwhile coal prices in the API2 window were lower day on day with the Jan 10 contract last traded at USD 75.80/t, down USD 0.40 at one broker.