

Oil & Gas Market Wrap

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Oil prices decline on US inventories data

Oil futures dipped on both sides of the Atlantic today after the US Department of Energy reported that America's crude stockpiles hit the highest level in 20 years.

The inventories figures showed that oil stocks added 2.84 million barrels last week, which was a bigger gain than expected, to reach 375.86 million barrels.

Earlier in the session, official US employment data provided a little support to commodities. The Department of Labor reported that initial claims for unemployment benefits fell 27,000 to 365,000 last week, while forecasts were for a decline to 379,000.

However, the drop in weekly unemployment claims was taken with a grain of salt as the less volatile four week moving average reached a five month high, rising 750 to 383,500.

Earlier this week, a report from payrolls processor ADP revealed that the US private sector created only 119,000 jobs last month, raising concerns that Friday's key non-farm payrolls data from the US government could miss expectations.

Concerns about the outlook for the European economy further reduced demand for riskier assets including oil.

President of the European Central Bank (ECB) Mario Draghi said at a press conference that followed the bank's policy meeting that recent euro zone data highlighted "prevailing uncertainty" and downside risks to the economic outlook remained.

He was referring to yesterday's manufacturing reports from Markit, whose euro zone manufacturing PMI index hit 34 month lows. In addition, unemployment in the euro area hit all time highs at 10.9 percent last month.

Despite the gloomy updates, the ECB decided against cutting its one percent interest rate.

US light, sweet crude for June delivery, currently the most actively traded contract on the **New York Mercantile Exchange (NYMEX)**, fell 84 cents to US\$104.38/barrel in morning trade in New York.

June **Brent crude** declined 53 cents to US\$117.67/barrel on the **ICE Exchange** this afternoon.

Today's top risers in the oil and gas sector were:

Nostra Terra Oil & Gas (LON:NTOG), up 25 percent at 0.689 pence at midday

Matra Petroleum (LON:MTA), up 17.5 percent at 2.77 pence

Gold Oil (LON:GOO), up 14.5 percent at 7.33 pence

Forum Energy (LON:FEP), up 11 percent at 187 pence

Tower Resources (LON:TRP), up 6.5 percent at 3.17 pence

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MarketTopic Synopsis:

The Oil and Gas wrap provides the latest oil prices from commodity exchanges in New York and London, gives a summary of the main corporate and macroeconomic news impacting the price of oil, a barometer of the strength of global economy.

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The top fallers in the sector were:

Silvermere Energy (LON:SLME), down 13 percent at 15.24 pence at midday

Bahamas Petroleum (LON:BPC), down 12 percent at 7.82 pence

Roxi Petroleum (LON:RXP), down 11 percent at 2.78 pence

Trap Oil (LON:TRAP), down 8.5 percent at 28.62 pence

Hardy Oil & Gas (LON:HDY), down 5 percent at 140 pence

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