

## Gasoline Short Term Outlook

### Fundamental view

- The main seasonal demand for gasoline starts each year during Memorial Day in late may and ends on Labor Day in early September.
- These three months otherwise known as the summer driving season are crucial for gasoline demand.
- The latest inventory report from DOE shows gasoline inventories rising by 5.4 million barrels which is the highest since mid January this year.
- The inventory report for the week ended Sep 18<sup>th</sup> gives a true picture for the gasoline demand in the near term as it comes a week after the driving season ended.
- According to the report Motor Gasoline demand stood at 9.1 million barrels a day up by 4.5 percent from the same period last year while total motor gasoline imports (including both finished gasoline and gasoline blending components) last week averaged 1.0 million barrels per day.
- Overall inventories of motor gasoline in U.S now stand at 213.1 million barrels.
- With demand expected to decline imports of finished gasoline are expected to drop.
- However the inventory pile up reported this week may be the first of a series to come in the near future.
- As a result prices are set to take a setback in the near term.

### Technical Analysis

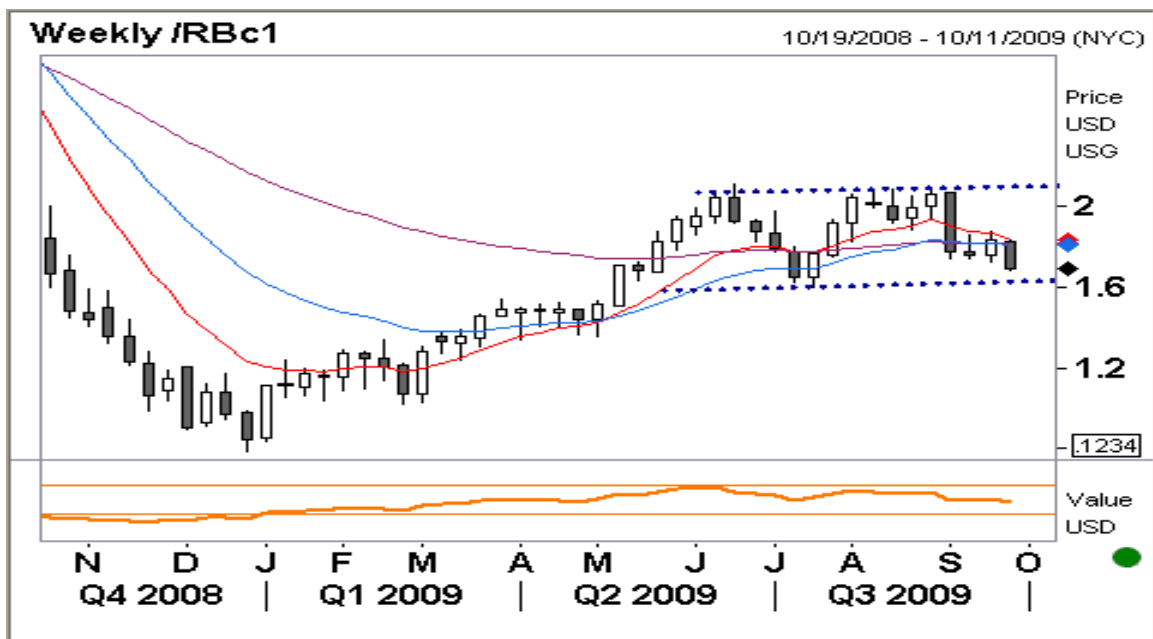
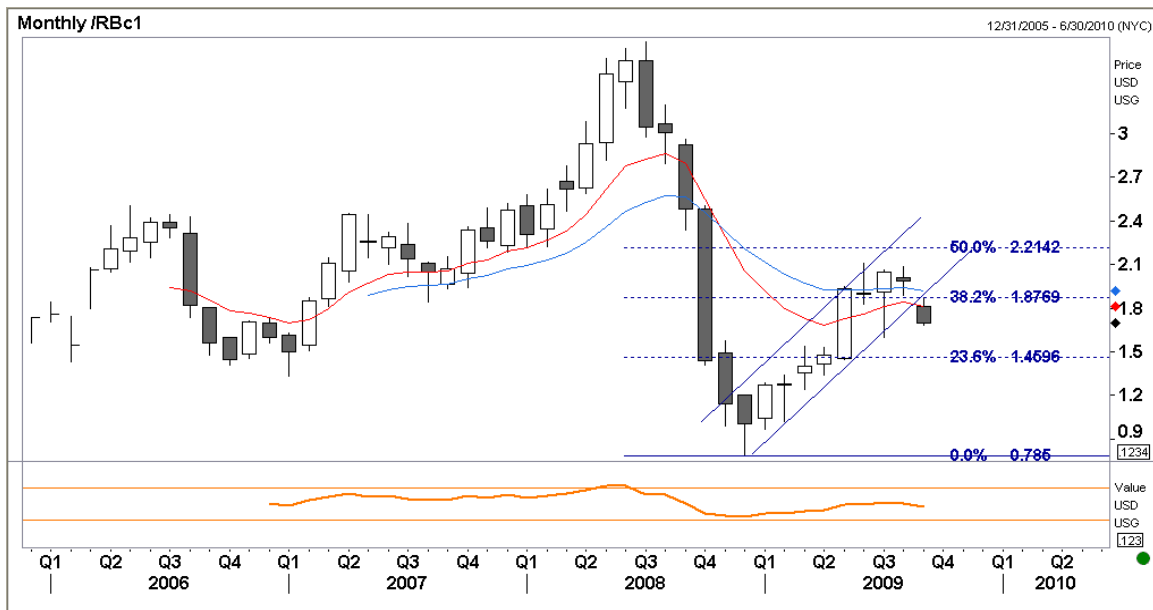
The Nymex future Gasoline prices are seen trading down at \$1.6995 levels after witnessing a recent high of \$2.1124 (6/30/2009). Market took a higher correction near 50% retracement at \$2.2142 (\$0.7850-\$3.6310 range) and failed to breach the same made prices to trade down. The next immediate support is at \$1.6010 on breach of the same likely to trade further down till \$1.4080 levels. Conversely, on the higher side resistances are at \$1.8863 then \$2.1124 levels. However, prices have already breached the trend channel and treading below the same renders downside movements in the near term. Moreover, market is trading below the monthly short term (10, 20) and medium term (50) EMA signaling sideways to lower prices. The momentum indicator RSI monthly (14) is treading at 0.46 levels and still having potential to move down.

### Our stance

We expect prices to trade down in the near term.

**MCX Gasoline:** - Supports: 76 then 67, Resistance: 90 then 101 levels.

Note: Resistance and supports are derived by taking a rupee factor assuming an average of 48.



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