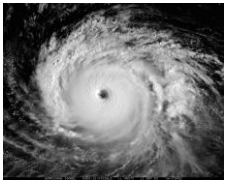


Energy Weekly

A Weekly Report on World Energy Market



Crude oil

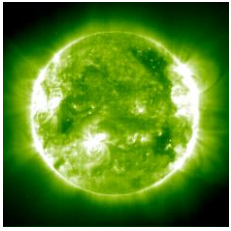
Review:

- Oil prices traded lower earlier last week on concerns that the rescue plan for Greece may fail while new worries gripped the market after the US administration proposed to introduce financial reforms to regulate the banking industry.
- Prices continued to trade lower as worries over Greece mounted with S&P downgrading the nation's credit rating and that of two other Euro zone nations namely Portugal and Spain.
- Even positive economic data from US in the form of consumer confidence index failed to prevent the downtrend.
- DOE report during the week showed oil and distillate inventories building up by 1.963 million barrels and 2.937 million barrels while gasoline inventories reported a surprise decline by 1.24 million barrels.
- Refinery utilization also rose substantially to the highest in almost 2 years. The data was slightly positive for prices.
- Prices began to recover from there on as investors sensed the urgency among world leaders to formulate and execute an aid package so as to ensure that Greece does not default on its debt obligations.
- Economic data from Germany showing a fall in unemployment rate also helped turn the sentiment in the oil market to positive. Equity indices in Japan rose while stock markets in Europe, US and China traded lower.
- While the dollar index rose prices reached a high and low of \$86.5 and \$81.29 and closed the week at \$86.15 with a gain of 1.21 percent.

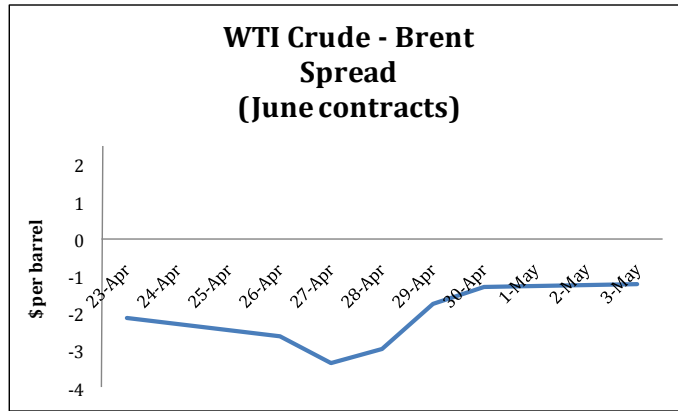
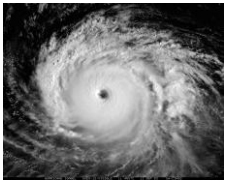
Exchange	Contract	Open	High	Low	Last	% Change	Volume	% Change	Open Interest	% Change
NYMEX (\$/bbl)	June	85.2	86.5	81.3	86.2	1.21	1960273	4.05	366303	1.02
	July	87.1	88.6	83.8	88.4	1.52	823243	30.38	216041	15.55
MCX (Rs/bbl)	May	3787	3825	3643	3814	0.90	639785	4.72	18867	36.04
	June	3874	3917	3754	3908	1.11	41301	44.79	5421	69.88

Outlook

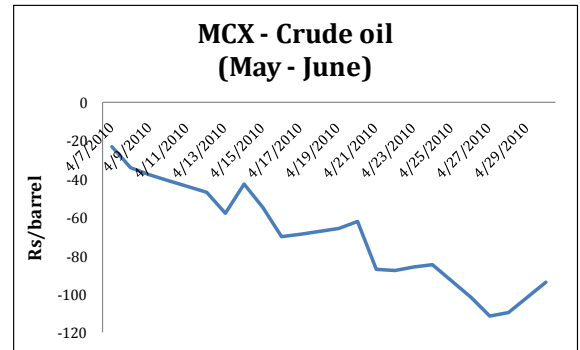
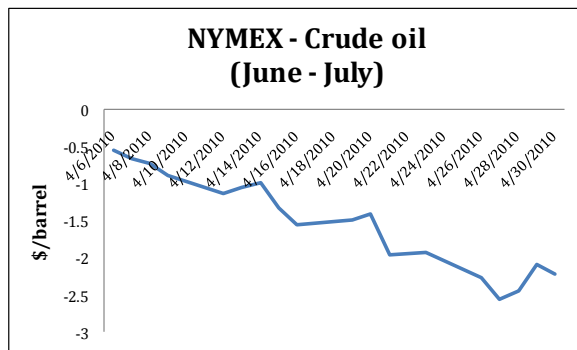
The crisis in Europe concerning Greece is still far from over. This is going to continue to impact the European demand for oil. The continuing maintenance season will limit the demand for oil. However economic data in the ongoing week may help prices breach the 18 month high. But prices may unlikely sustain such levels due to numerous issues in the form of proposed US financial reforms, weak demand for oil and Greece issue.



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Calendar spread

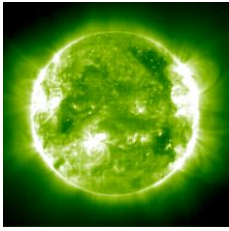


Technical analysis: NYMEX Crude oil – June

NYMEX Crude oil June contract rallied higher to \$86.15 levels taking direction from its previous week close. Market has formed a crucial support at \$83.80 sustain above the same lead the prices to trade higher for the week ahead. Moreover, the previous week's candlestick pattern in weekly chart is also supporting above view. The RSI (14) weekly is trading at 0.62 and still having the potential to trade higher. The minor 1st support is at \$85 levels sustain above likely to push the prices on higher side. In case, if market breaches the 1st support likely to test 2nd support at \$83.80 levels. Moreover, the key level to watch is at \$87.59 levels (2010 year high) only on break above expected to gain the prices in the near term. Sustain below the same likely to limit the gains.

Technical Outlook

We expect market to trade in the price band of \$84 - \$88 for coming week. However, if the market breaks and sustains above \$ 87.59 it is likely to test \$ 89 then \$ 91 for the next week.



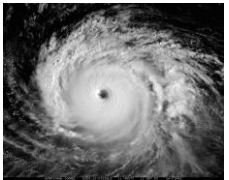
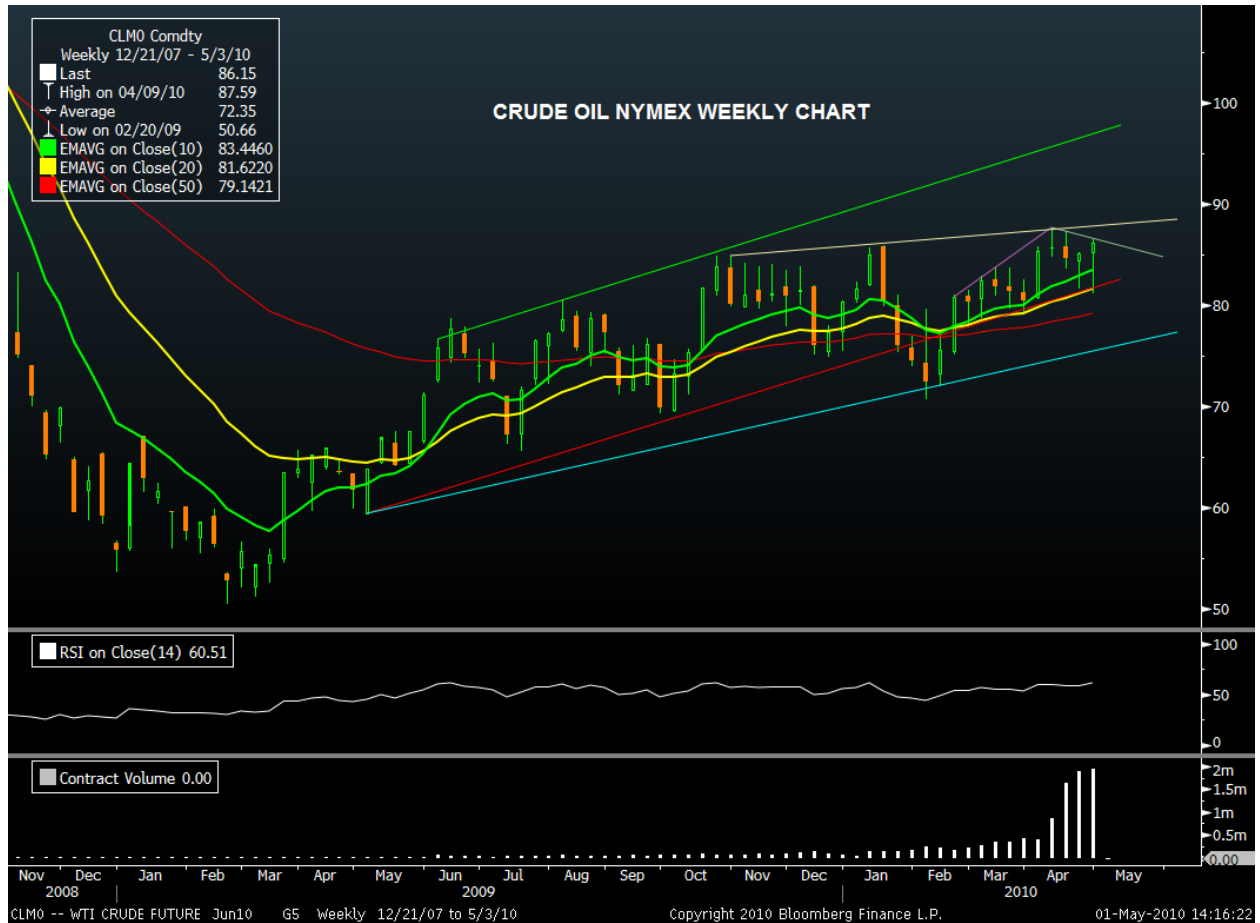
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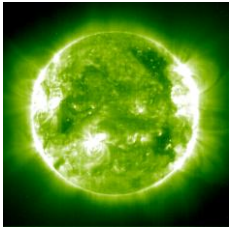
Recommendation:

Crude oil June NYMEX: Buy at \$85.50 targeting \$86.5 then \$89 stop loss below \$84

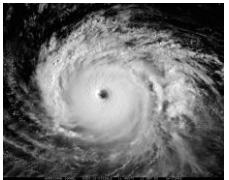
Crude oil May MCX: Buy at 3790 targeting 3848 then 3898 stop loss below 3734



Commodity	Exchange	Contract	S2	S1	Weeks close	R1	R2
Crude oil	NYMEX	June	\$83.80	\$85.00	\$86.15	\$87.59	\$89.0
Crude oil (Rs)	MCX	May	3710	3787	3814	3875	3930
Recommendation	Crude oil June NYMEX: Buy at \$85.50 targeting \$86.5 then \$89 stop loss below \$84 Crude oil May MCX: Buy at 3790 targeting 3848 then 3898 stop loss below 3734						



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Natural Gas

Review

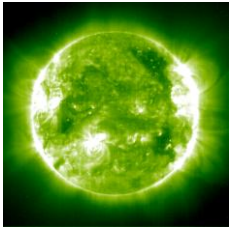
- During the week EIA reports an inventory build up of 83 Bcf.
- Baker Hughes Gas rig (Machines used for drilling) count in U.S. stood at 958 up by 2 from the figure for earlier week.
- Prices rose earlier in the previous week after the market saw the first decline in rig count during the year. However the market gave up the gains on anticipation for another above average build up in inventories in the EIA report.
- Positive sentiment in the industry derived from a rise in US consumer confidence index and also after Dow chemical co, the largest US chemical maker reported a first quarter profit that came better than market expectations helped prices trade higher.
- EIA report showed inventories building up by 83 Bcf while market expectations stood at 70 Bcf. Prices traded lower on account of an above average build up in inventories. Inventories of gas in US currently stand at 1.912 Tcf which is 18.8 percent above the five year average.
- Prices reached a high and low of \$4.424 and \$3.885 before closing the week at \$3.92 with a weekly decline of 9.7 percent.

Exchange	Contract	Open	High	Low	Last	% Change	Volume	% Change	Open Interest	% Change
NYMEX (\$/MMBtu)	June	4.4	4.42	3.89	3.92	-9.74	526766	47.65318	175708	15.80
	July	4.481	4.55	4.02	4.05	-9.05	142643	33.69	160219	5.47
MCX (Rs/MMBtu)	May	195.7	198	176	176	-9.23	142046	439.05	14820	232.36
	June	201.1	204	182	182	-8.39	9657	548.99	897	140.48

Natural gas Rig count			
Commodity	Latest week	Previous week	Change
Natural gas	958	956	2

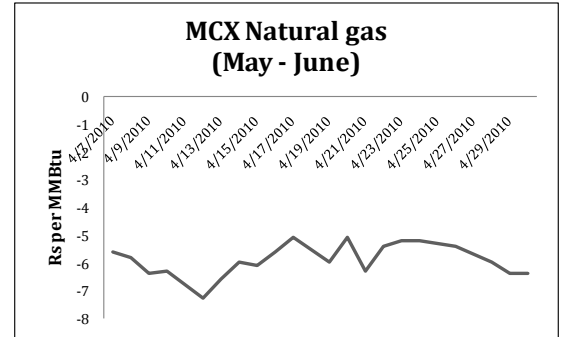
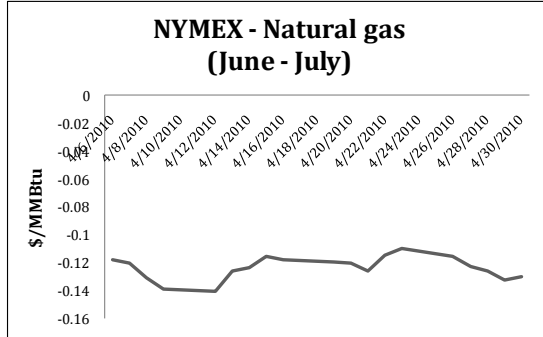
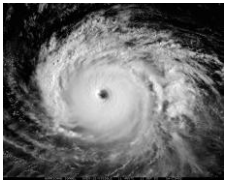
Outlook:

Prices may trade lower during the ongoing week as the inventory surplus continues to widen with rig count continuing to rise. Positive economic data from US may however help prevent prices from falling too steeply.



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Calendar spread



Technical analysis: NYMEX Natural gas - June

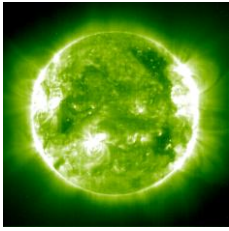
Natural gas June future prices tumbled on Nymex from a high of \$ 4.42 and it closed the week at \$ 3.92 level. Last week it fell as much as 9.67 % and market is expecting to continue sideways to lower movements for coming week. Moreover, the RSI (14) is trading at 0.32 signaling a neutral to bearish view for the week. The crossover of 10 EMA below 20 EMA weekly is also supporting the above view. However, the market is holding a crucial support at \$3.80 level only on break and sustains below the same lead the prices to trade lower. Likewise, on the higher side the resistances are at \$ 4.26 then \$ 4.42 levels.

Technical outlook:

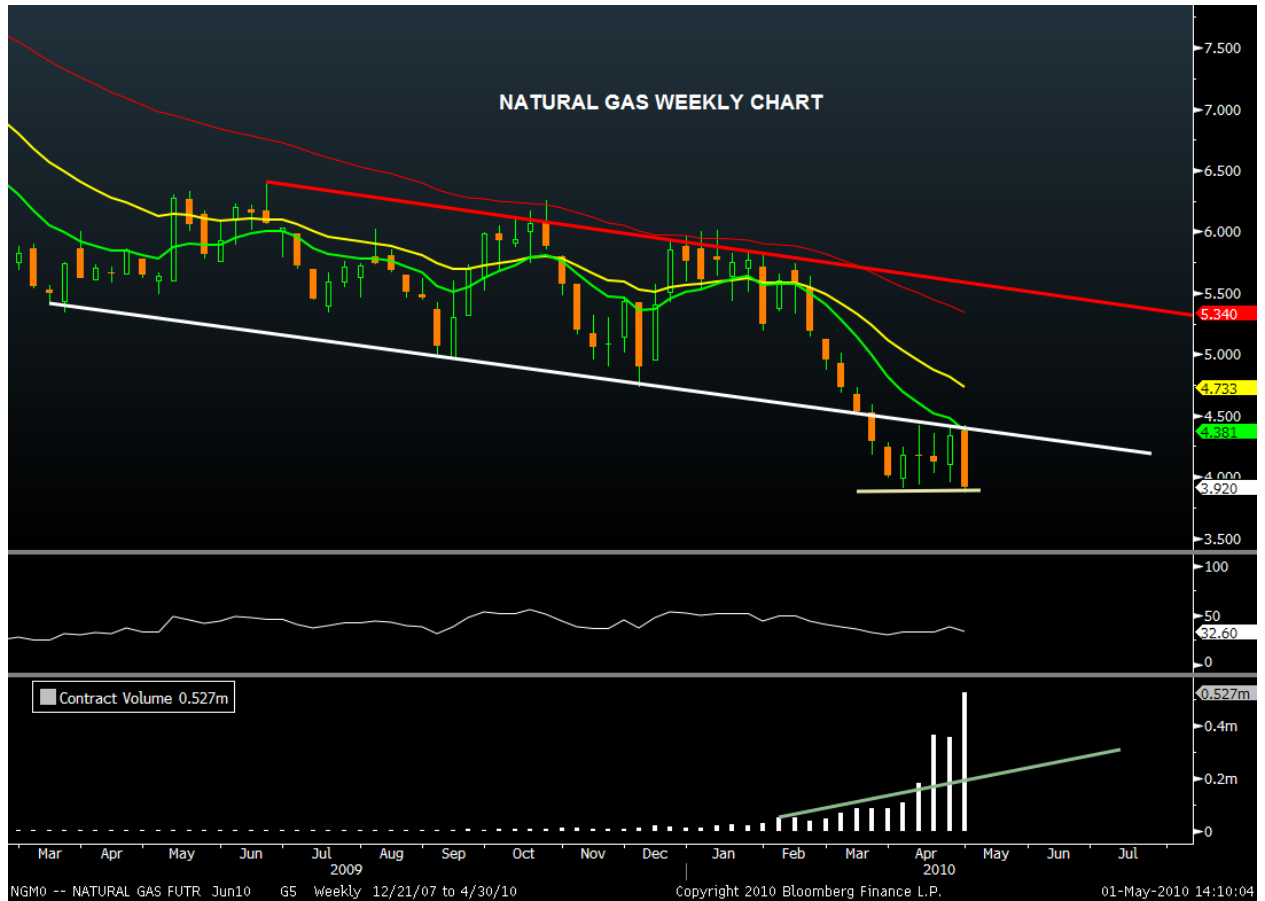
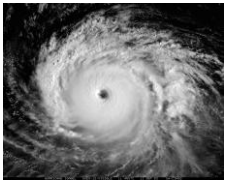
We expect market to trade in the range of \$ 4.40-\$ 3.9 levels. Only on either side breakout will confirm the trend for the week.

Recommendation:

Sideways to lower



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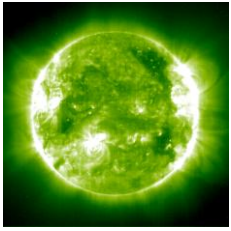


Commodity	Exchange	Contract	S2	S1	Weeks close	R1	R2
Natural gas	NYMEX	June	\$3.67	\$3.80	\$3.920	\$4.26	\$4.42
Natural gas (Rs)	MCX	May	167.0	174.0	176	181	\$190
Recommendation	Sideways to lower						

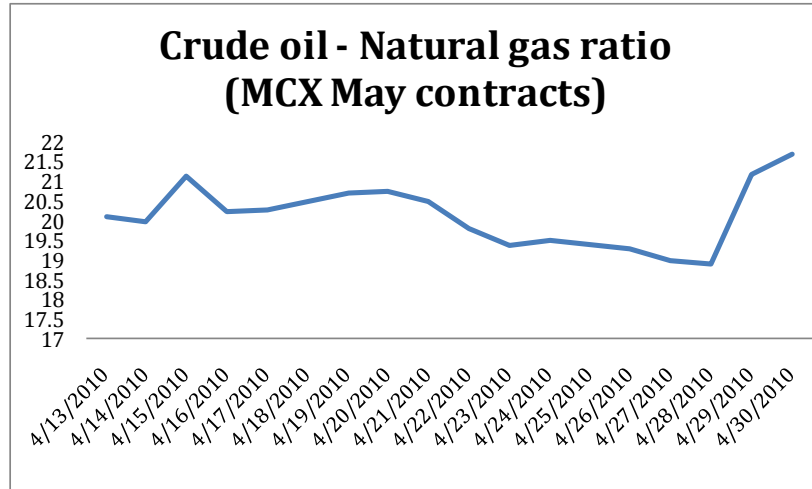
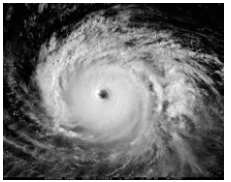
DOE Warehouse Stocks ('000 barrels)			
Commodity	Latest week	Previous week	Change
Crude Oil	357820	355857	1963
Gasoline	223685	224925	-1240
Distillate	151820	148883	2937
Refinery utilization (%)	88.95	85.93	3.02
EIA Working gas storage (Bcf)			
Natural gas	1912	1829	83

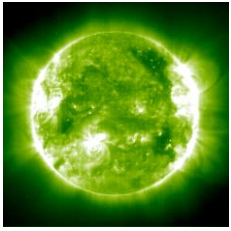
KCTL Research reports are also available on Reuters Knowledge & Thompson first call



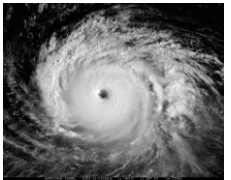


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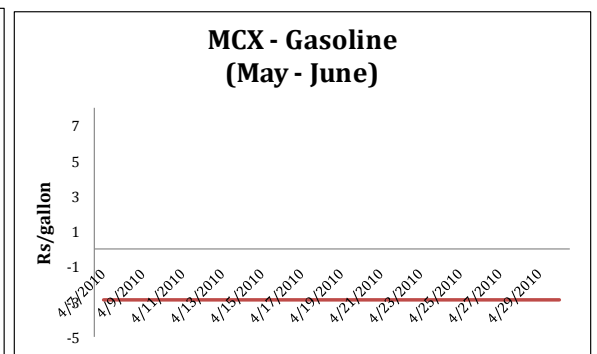
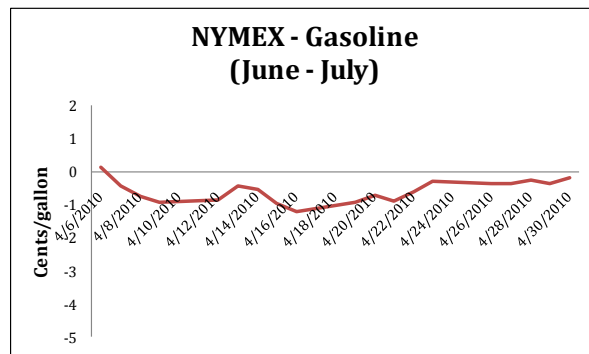


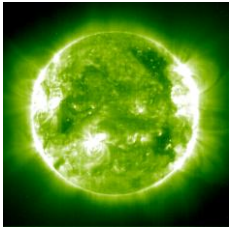
Gasoline

Review: Gasoline production increased last week, averaging 9.2 million barrels per day while overall motor gasoline imports last week averaged 985,000 barrels per day. Gasoline inventories fell last week by 1.2 million barrels. Gasoline demand averaged 9.2 million barrels over the last four week period up by 3.1 percent from the same time last year.

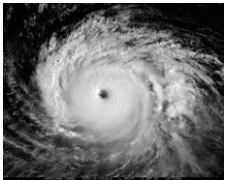
Exchange	Contract	Open	High	Low	Last	% Change	Volume	% Change	Open Interest	% Change
NYMEX (Cents/gallon)	June	236.4	240	230	239.94	1.70	264332	-1.47	117631	10.02
	July	236.5	241	230	240.14	1.66	115007	6.99	58288	3.11
MCX (Rs/gallon)	May	101.9	102	102	101.9	0.00	N/A N/A	#VALUE!	1	0.00
	June	104.9	105	105	104.85	0.00	N/A N/A	#VALUE!	#N/A N/A	#VALUE!

Calendar spread





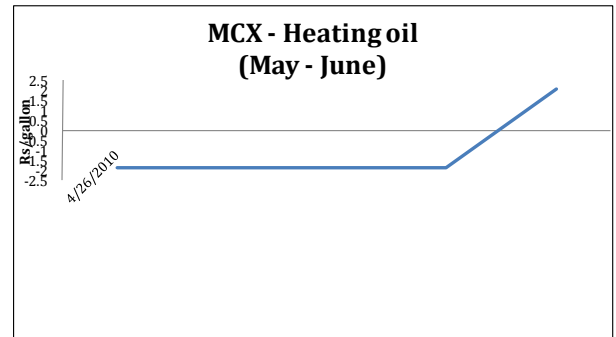
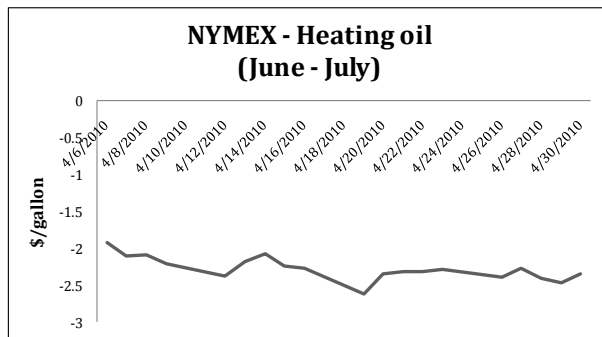
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Heating oil

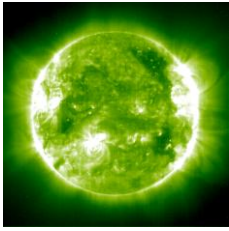
Exchange	Contract	Open	High	Low	Last	% Change	Volume	% Change	Open Interest	% Change
NYMEX (Cents/gallon)	June	227.9	232	222	232	1.80	267832	6.52	109575	18.64
	July	230.6	235	224	234	1.81	79707	16.93	41082	9.70
MCX (Rs/gallon)	May	98.5	98.5	98.5	98.5	0.00	N/A N/A	#VALUE!	#N/A N/A	#VALUE!
	June	100.4	100	100	100	0.00	N/A N/A	#VALUE!	#N/A N/A	#VALUE!

Calendar spread



Current Contracts on NYMEX and MCX

	NYMEX	Expiration	MCX	Expiration
Crude oil	June	20-May	May	19-May
Natural gas	June	26-May	May	25-May
Gasoline	June	28-May	May	25-May
Heating oil	June	28-May	May	25-May
Coal	May	28-May	May	28-May



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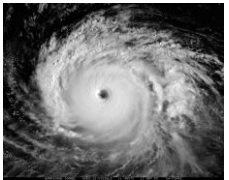
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