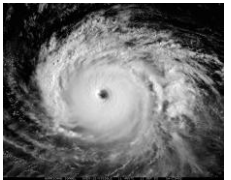
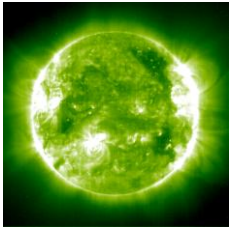


# Energy Weekly

A Weekly Report on World Energy Market



## Crude oil

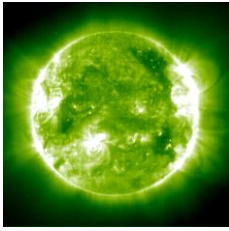
### Review:

- Oil Prices declined in the previous week mainly on concerns that the Greek crisis may spread to other regions in the Euro zone economy and also after Chinese PMI dropped to a six month low in April.
- Investors had doubts whether the huge cuts in spending and higher taxes promised by the Greece government in return for the 110 billion Euro bail out package would be implemented as worker unions and other organizations went on strike in the nation to protest against the strict measures.
- On top of that DOE report during the week didn't help prices recover as it showed inventories building up while refinery utilization continued to rise. DOE report during the week showed oil, gasoline and distillate inventories building up by 2.755 million barrels, 1.257 million barrels and 573,000 barrels. The report was mixed for prices.
- Prices are seeing the biggest weekly drop since January 2009 as investors are concerned the crisis in Greece hasn't been adequately addressed.
- Equity indices in Japan, Europe, US and China traded lower during the week. While the dollar index rose prices reached a high and low of \$87.15 and \$74.51 and closed the week at \$75.11 with a loss of 13 percent.

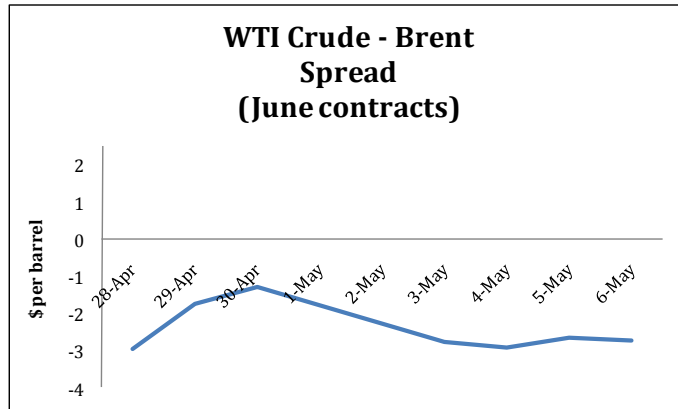
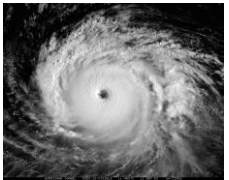
Exchange	Contract	Open	High	Low	Last	% Change	Volume	% Change	Open Interest	% Change
NYMEX (\$/bbl)	June	86.2	87.2	74.5	75.1	-12.81	2477768	26.40	331817	-6.64
	July	88.5	89.8	77.7	78.5	-11.15	949625	15.35	233630	10.77
MCX (Rs/bbl)	May	3819	3875	3418	3445	-9.67	810742	26.72	24054	27.49
	June	3921	3995	3563	3601	-7.86	71165	72.31	5093	-6.05

### Outlook

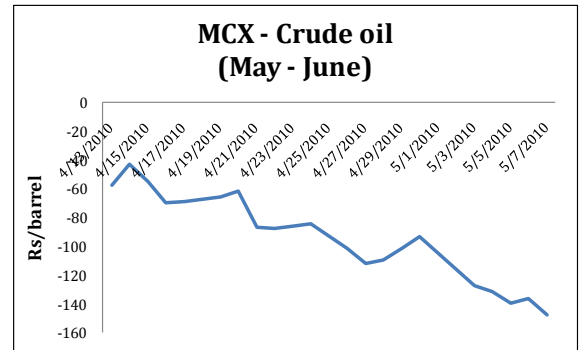
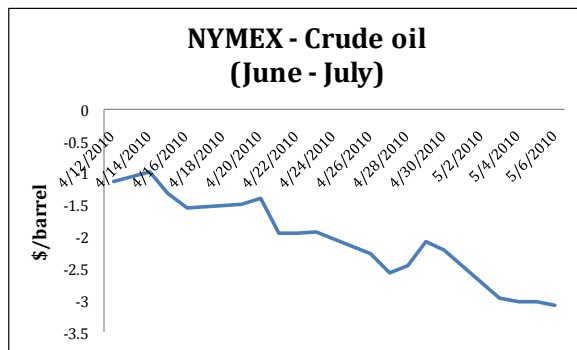
Economic data in the coming week may be slightly supportive for prices to trade higher. However the continuing build up in inventories due to weak demand and the ongoing issues with Greece are expected to put pressure on prices. An emergency fund which is being set up by European leaders whose workings will be established before the next market opening on May 10<sup>th</sup> may however support prices to trade higher initially.



# Energy Weekly



Calendar spread

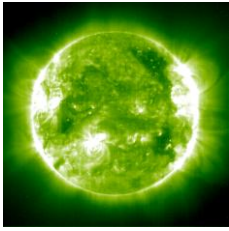


## Technical analysis: NYMEX Crude oil – June

NYMEX Crude oil June contract plummeted drastically last week from a high of \$ 87.15 levels it settled at \$ 75.11, a fell by 12.87 % (\$ 12.04 fall). Market has broken a crucial support trend line connecting from a low of \$ 33.51 to \$ 75.60 level suggesting a bearish view for the coming week. The drastic expansion of volume is also confirming the above break out. Moreover, the market has broken Fibonacci retracement level at \$ 75.87 ( 38.2% of \$ 147.27 to \$ 31.74 moves) suggesting further bearish sentiments supporting above view. The momentum indicator is trading at 0.45 (fell from 0.63) indicating bearish view. On lower side, the 1<sup>st</sup> support is at \$ 73.71 breaches below and sustains the same market likely to test 2nd support at \$70.76 levels. On other hand, the resistances are at \$ 78.54 then \$ 81 levels.

### Technical Outlook

We expect market to trade in the price band of \$78 -\$73 for coming week. However, if the market breaks and sustains below \$ 73 it is likely to test \$ 70 levels. Overall, we recommend selling in pullbacks for the week ahead.



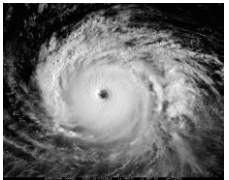
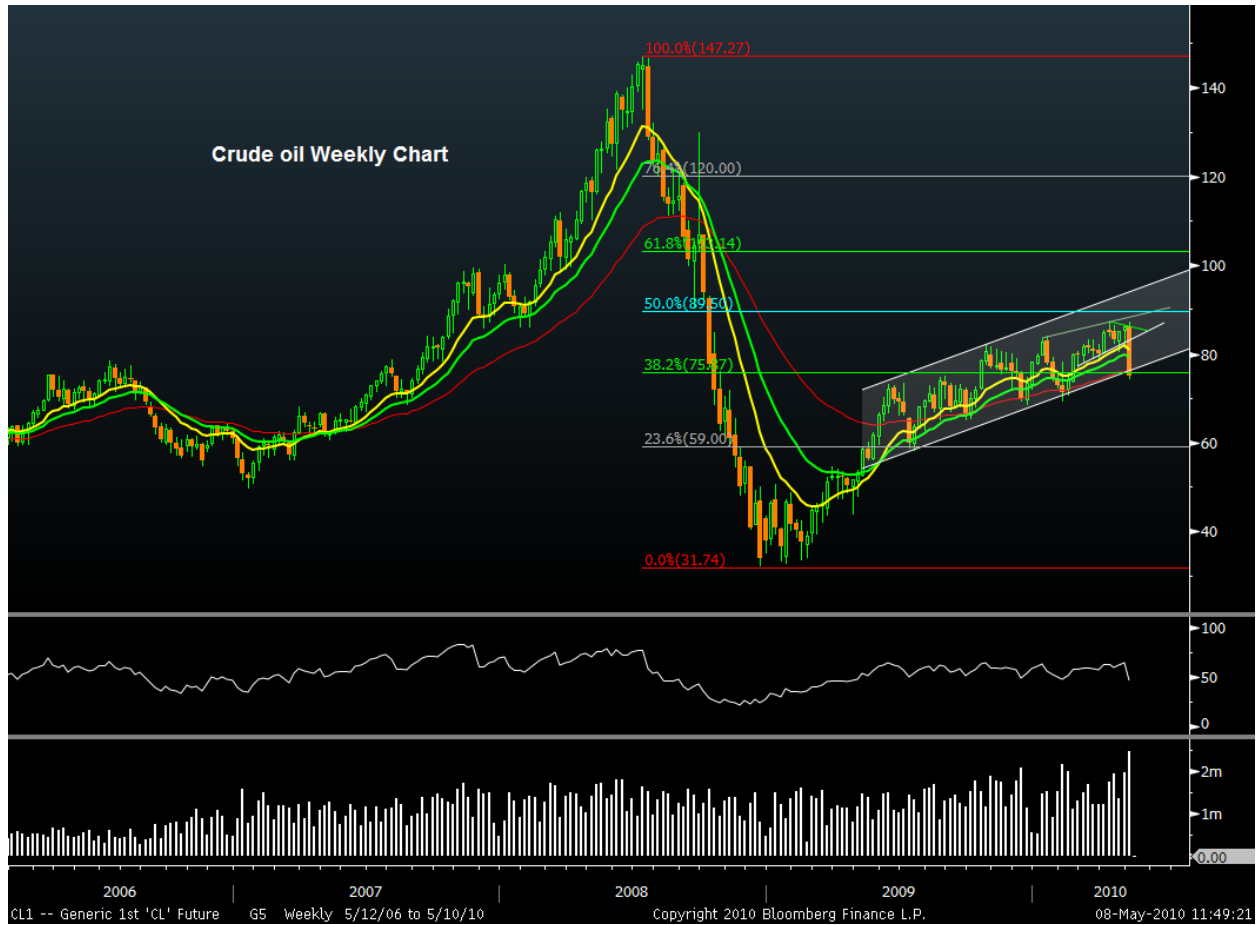
# Energy Weekly



## Recommendation:

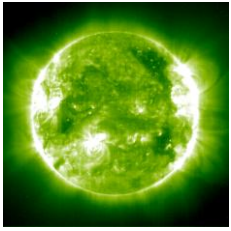
Crude oil June NYMEX: Sell at \$75.90 targeting \$73.50 then \$70.5 stop loss above \$78.99

Crude oil May MCX: Sell at 3500 targeting 3453 then 3400 stop loss above 3552

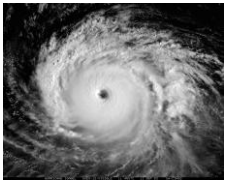


Commodity	Exchange	Contract	S2	S1	Weeks close	R1	R2
Crude oil	NYMEX	June	\$70.76	\$73.00	\$75.11	\$78.54	\$81.0
Crude oil (Rs)	MCX	May	3303	3390	3445	3462	3547
<b>Recommendation</b>	Crude oil June NYMEX: Sell at \$75.90 targeting \$73.50 then \$70.5 stop loss above \$78.99 Crude oil May MCX: Sell at 3500 targeting 3453 then 3400 stop loss above 3552						





# Energy Weekly



## Natural Gas

### Review

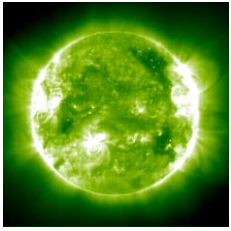
- During the week EIA reports an inventory build up of 83 Bcf.
- Baker Hughes Gas rig (Machines used for drilling) count in U.S. stood at 953 down by 5 from the figure for earlier week.
- Prices traded near \$4 at the beginning of the week on speculation over higher industrial demand along with some short covering supported prices.
- Factory orders data from US also supported the recovery in the economy and helped prices trade higher.
- EIA report showed inventories building up by 83 Bcf while market expectations stood at 80 Bcf.
- Prices traded lower on account of an above average build up in inventories. Inventories of gas in US currently stand at 1.995 Tcf which is 18.8 percent above the five year average.
- Prices reached a high and low of \$4.086 and \$3.855 before closing the week at \$4.015 with a weekly gain of 2.4 percent.

Exchange	Contract	Open	High	Low	Last	% Change	Volume	% Change	Open Interest	% Change
NYMEX (\$/MMBtu)	June	3.9	4.09	3.86	4.02	2.42	404897	-23.1353	159701	-6.98
	July	4.045	4.28	3.97	4.12	1.83	135380	-5.09	158660	0.01
MCX (Rs/MMBtu)	May	176.3	186	174	182	3.64	110005	-22.56	9989	-32.60
	June	182.4	193	181	188	3.18	7351	-23.88	899	0.22

Natural gas Rig count			
Commodity	Latest week	Previous week	Change
Natural gas	953	958	-5

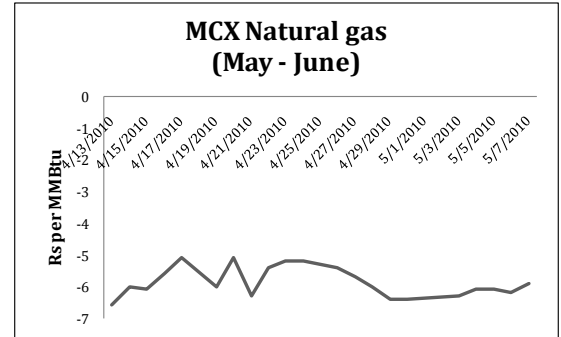
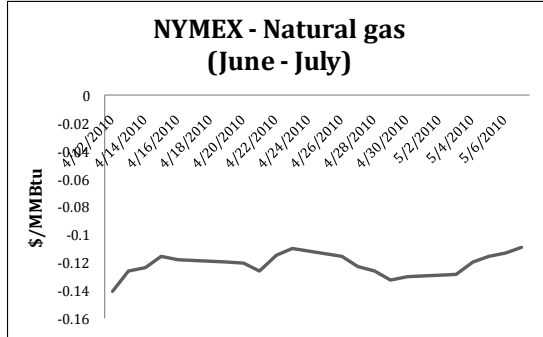
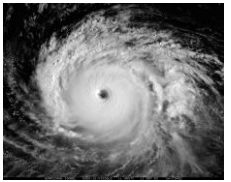
### Outlook:

The market may trade steady near \$4 in the coming week on account of lack of significant industrial data. Rising inventory surplus is expected to weigh on the market. However while the market has rebounded from under \$4 in previous weeks on account of short covering higher prices cannot be sustained without a good inventory report.



# Energy Weekly

## Calendar spread



### Technical analysis: NYMEX Natural gas - June

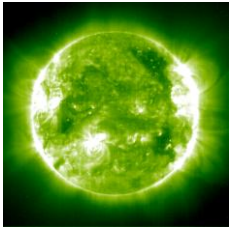
Natural gas June future prices reversed the previous week trend and recovered slightly higher on Nymex after making a low of \$ 3.85 it closed the week at \$ 4.015 level. Last week it recovered from the previous week's fall and this week expects market to trade sideways to higher. Moreover, the RSI (14) weekly is trading at 0.34 (up from 0.32.) signaling bullish to sideways view. Moreover, the market is holding a crucial support at \$3.80 level sustains above the same level prices likely to move further high. Likewise, on the higher side the resistances are at \$ 4.17 then \$ 4.36 levels.

### Technical outlook:

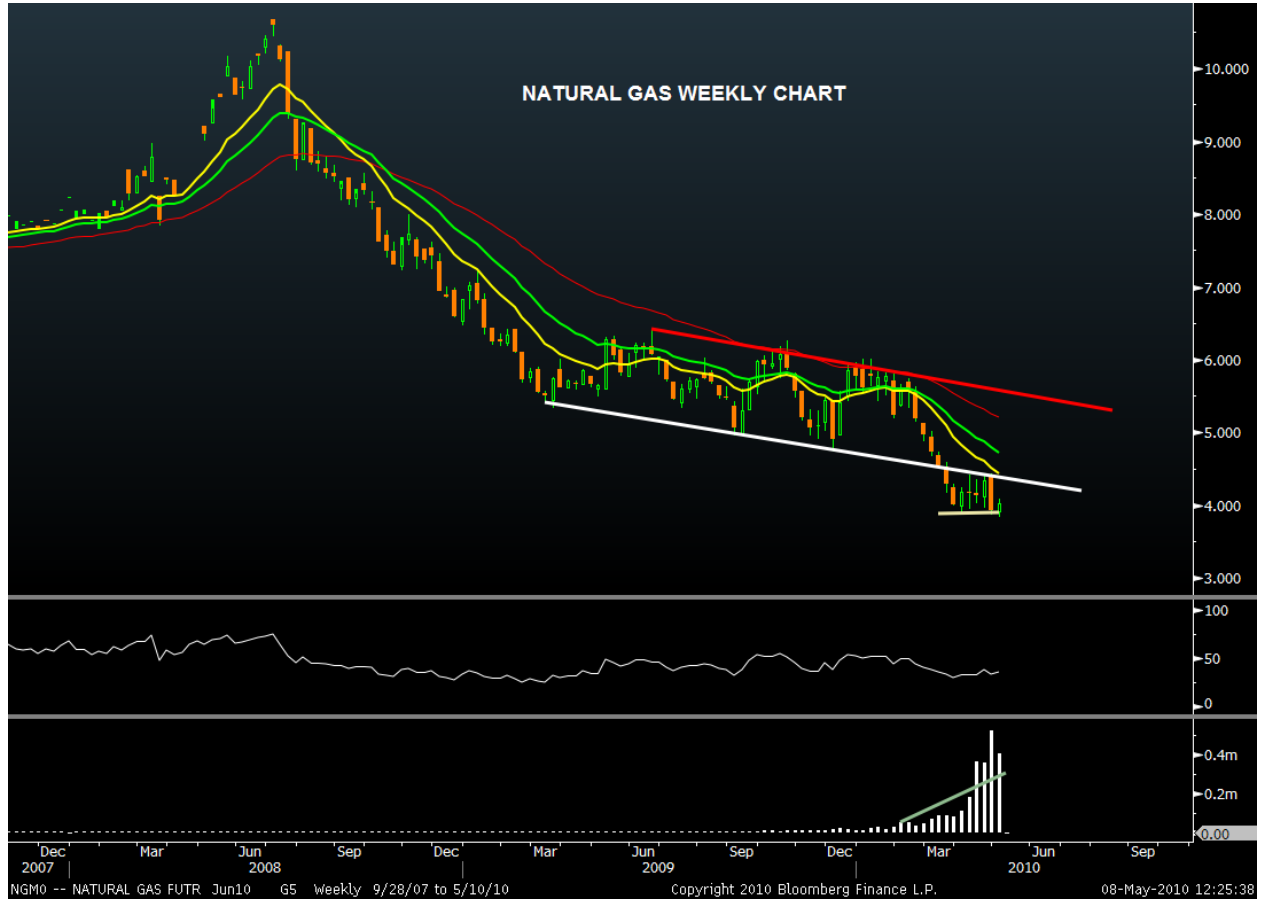
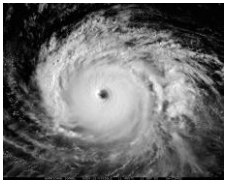
We expect market to trade in the range of \$ 4.24-\$ 3.9 levels. We expect market to trade sideways to higher for the week.

### Recommendation:

Sideways to Higher



# Energy Weekly

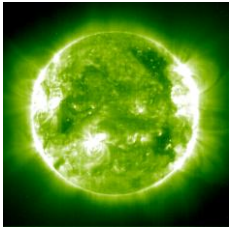


Commodity	Exchange	Contract	S2	S1	Weeks close	R1	R2
Natural gas	NYMEX	June	\$3.79	\$3.85	\$4.015	\$4.17	\$4.36
Natural gas (Rs)	MCX	May	167.0	174.0	182.4	185	\$192
<b>Recommendation</b>	Sideways to Higher						

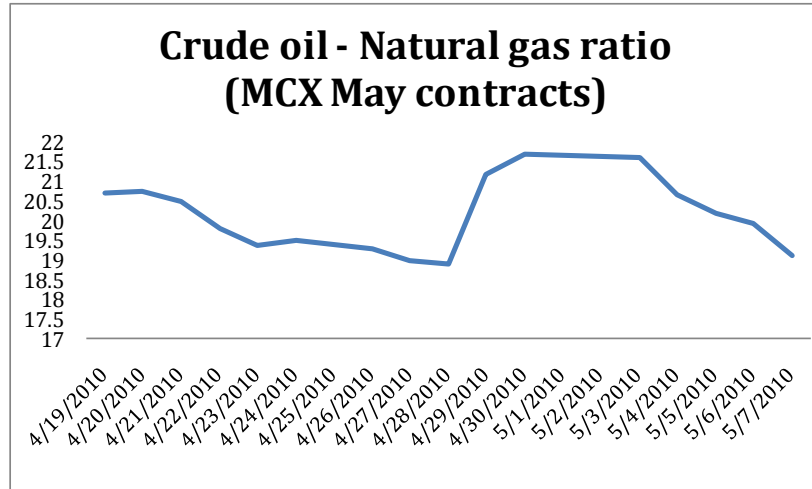
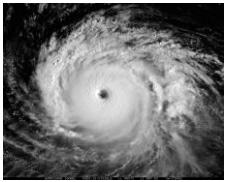
DOE Warehouse Stocks ('000 barrels)			
Commodity	Latest week	Previous week	Change
Crude Oil	360575	357820	2755
Gasoline	224942	223685	1257
Distillate	152393	151820	573
Refinery utilization (%)	89.59	88.95	0.64
EIA Working gas storage (Bcf)			
Natural gas	1995	1912	83

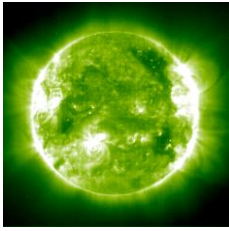
KCTL Research reports are also available on Reuters Knowledge & Thompson first call



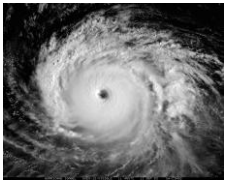


# Energy Weekly





# Energy Weekly

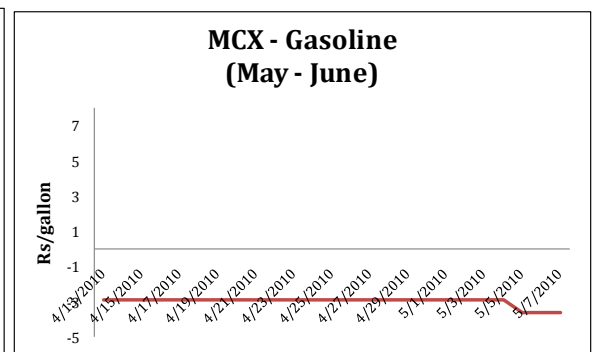
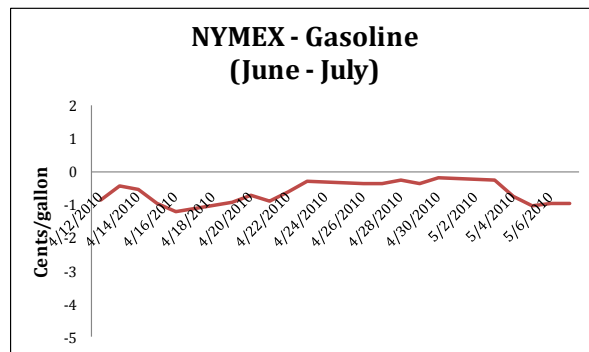


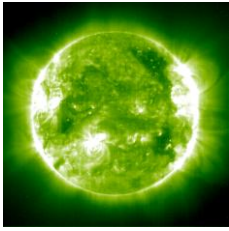
## Gasoline

**Review:** Gasoline production decreased last week, averaging 9.1 million barrels per day while overall motor gasoline imports last week averaged 1.1 million barrels per day. Gasoline inventories rose last week by 1.257 million barrels. Gasoline demand averaged 9.3 million barrels over the last four week period up by 3.5 percent from the same time last year.

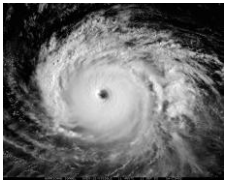
Exchange	Contract	Open	High	Low	Last	% Change	Volume	% Change	Open Interest	% Change
NYMEX (Cents/gallon)	June	239.9	244	210	212.51	-11.43	307613	16.37	92115	-21.66
	July	240.2	244	211	213.48	-11.10	163531	42.19	61086	4.76
MCX (Rs/gallon)	May	98	106	97.2	97.15	-4.66	10	#VALUE!	1	0.00
	June	104.9	105	101	100.65	-4.01	N/A N/A	#VALUE!	#N/A N/A	#VALUE!

## Calendar spread





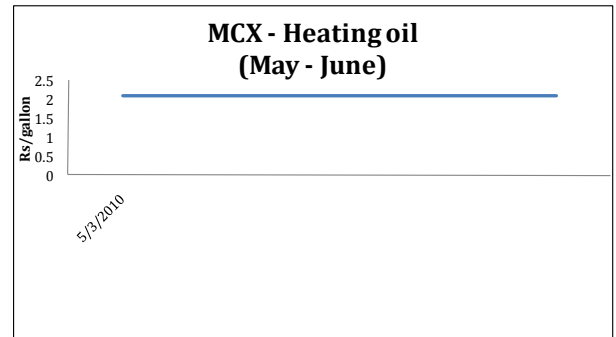
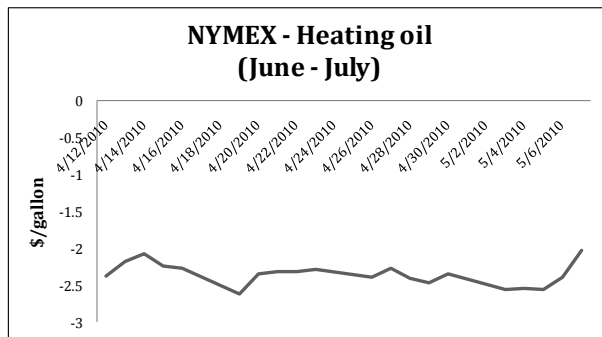
# Energy Weekly



## Heating oil

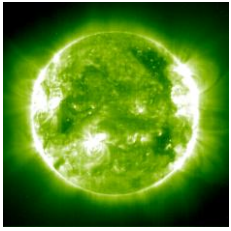
Exchange	Contract	Open	High	Low	Last	% Change	Volume	% Change	Open Interest	% Change
NYMEX (Cents/gallon)	June	232	236	206	208	-10.20	308233	15.08	86310	-21.05
	July	235	238	208	210	-10.24	118724	48.95	46275	12.72
MCX (Rs/gallon)	May	98.5	102	98.5	102	4.01	N/A N/A	#VALUE!	#N/A N/A	#VALUE!
	June	100.4	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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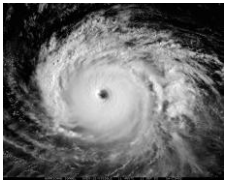
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