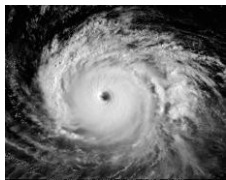


Energy Weekly

A Weekly Report on World Energy Market

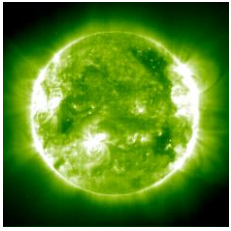


Crude oil

Review:

- Earlier in the previous week economic data from US showed personal income rising below market expectations while personal spending rose above market expectations.
- The data came mixed for oil prices. Prices traded lower on market speculation that there won't be any disruption to production in the Gulf of Mexico from tropical storm Alex. G20 leaders in their meeting in Toronto decided to continue with deficit cutting measures which also brought forth the concerns relating to the Euro zone debt crisis.
- US consumer confidence data came much below market expectations and resulted in prices declining further.
- DOE report during the week showed oil inventories declining by 2 million barrels while gasoline and distillate inventories rose by 537,000 and 2.457 million barrels respectively.
- The data came slightly negative for prices on account of an unexpected rise in gasoline inventories.
- The market saw its first quarterly decline since 2008 with economic data from US in the form of ADP employment report showing lesser number of jobs being added.
- Towards the week end more negative economic data from US came in the form of Jobless claims and continuous claims which rose higher than market expectations while Chinese and European PMI declined compared to forecasts there by indicating a slowdown in the manufacturing sector in the respective regions.
- Even other economic data from US in the form of ISM non manufacturing, pending home sales and factory orders showed the recovery to be faltering. Equity indices Europe, US and Japan and China closed lower during the week.
- While the dollar index fell slightly prices reached a high and low of \$79.38 and \$71.62 and closed the week at \$72.14 with a loss of 8.5 percent.

Exchange	Contract	Open	High	Low	Last	% Change	Volume	% Change	Open Interest	% Change
NYMEX (\$/bbl)	August	79.00	79.38	71.62	72.14	-8.52	1545500	2.14	309089	-0.17
	September	79.61	79.97	72.08	72.60	-8.60	401848	11.13	177295	17.34
MCX (Rs/bbl)	July	3649	3649	3380	3392	-7.09	802891	23.89	38169	122.46
	August	3684	3684	3419	3431	-7.02	43564	58.89	5392	111.45

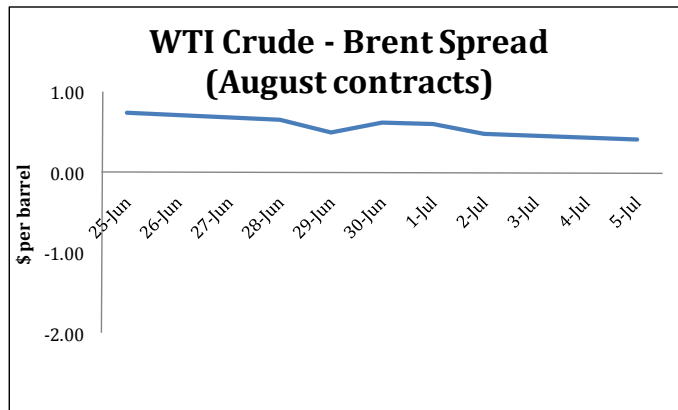
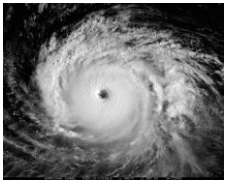


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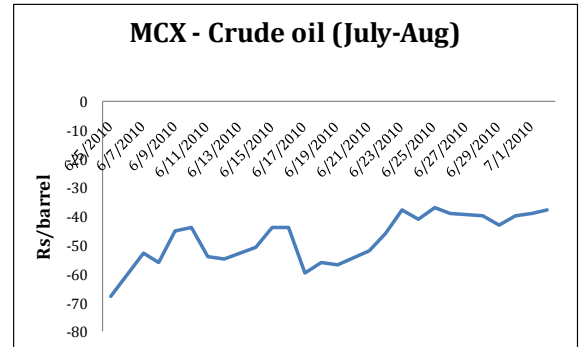
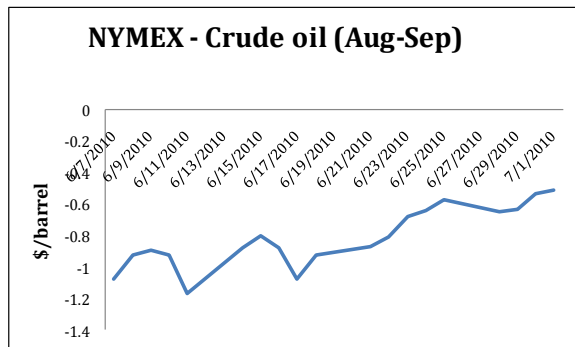


Outlook

Major Economic indicators from US in the coming week continue to indicate the economic recovery to be weak. DOE inventory report have so far failed to show a good demand for petroleum products. Recent economic indicator has shown the economic progress to be stalling. Overall outlook for crude oil looks down in the near term while some low level buying could limit the downside in the coming week.

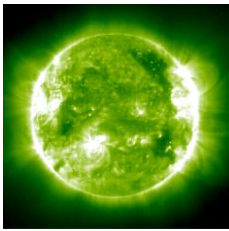


Calendar spread



Technical analysis: NYMEX Crude oil – August

Crude oil-AUG- NYMEX- Crude oil fell by 8.57 % and settling at \$72.17 levels. August Crude oil is well trading below the last weeks low with negative indication for further fall in coming week. It has broken the strong support level of \$74.55 and trading well below the price. Resistances are seen at \$ 74.55 and in the range of \$ 80.00 - \$ 79.30 levels. Strong support is seen at \$ 70.50 and Major support is seen at \$ 68.60 levels. RSI is showing a negative down trend falling from 0.49 levels to 0.36 levels. Stochastic is also supporting the trend with the overlapping of K% and D% from the upper side to down.



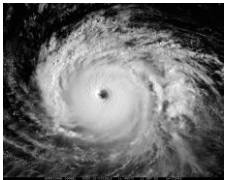
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Recommendation: Recommendation: Sell in the range of 74.55 levels targeting 70.50 and 68.60 levels with a stop loss at \$80.00 levels.

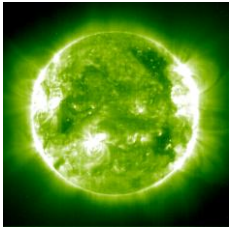


CRUDE OIL JULY MCX: Sell in the range of 3460-70 levels targeting 3380 and 3340 levels with a stop loss at 3500.00 levels.



Commodity	Exchange	Contract	S3	S2	S1	Weeks close	R1	R2	R3
Crude oil	NYMEX	August	\$67.50	\$68.60	\$70.50	\$72.14	\$74.55	\$75.00	\$76.5
Crude oil (Rs)	MCX	July	3325	3370	3400	3392	3460	3500	3580
Recommendation	Sell in the range of \$74.55-75.00 TP 70.50 SL 80.00 Sell in the range of 3460-3470 TP 3380 SL 3500								



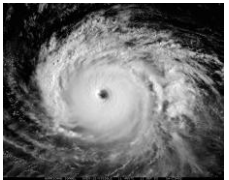


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Natural Gas

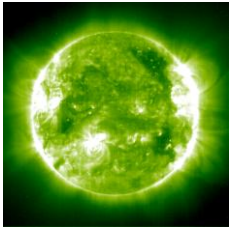
Review

- During the week EIA reports an inventory build up of 60 Bcf.
- Baker Hughes Gas rig (Machines used for drilling) count in U.S. stood at 960 up by 2 from the figure for earlier week.
- Prices traded lower earlier last week on speculation that tropical storm Alex would not cause any disruption to production in the Gulf of Mexico and also as cooler weather was forecast in the consuming parts of US in the near future.
- Data showing a fall in US consumer confidence index also led to prices declining further. Prices however rose midweek as weather forecasters gave indications for hotter weather in the month of July which may push the demand for natural gas higher.
- EIA report during the week showed inventories building up by 60 Bcf while the market expectations stood at 65 Bcf.
- The data came positive for prices. However manufacturing related data in the form of ISM manufacturing index and factory orders declined while there was also a rise in jobless claims and continuous claims which came negative for prices.
- Inventories of gas in US currently stand at 2.684 Tcf which are 12 percent above the five year average. Prices reached a high and low of \$4.92 and \$4.5 before closing the week at \$4.7 with a weekly decline of 4.5 percent.

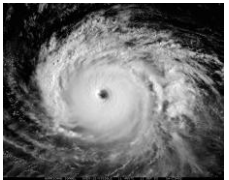


Exchange	Contract	Open	High	Low	Last	% Change	Volume	% Change	Open Interest	% Change
NYMEX (\$/MMBtu)	August	4.85	4.92	4.48	4.69	-4.50	498459	87.16263	131728	9.41
	Sptember	4.87	4.95	4.52	4.72	-4.57	127599	34.18	144274	2.69
MCX (Rs/MMBtu)	July	227	232	210	221	-2.91	170192	324.37	5770	17.23
	August	235	247	234	238	222.90	725	10396.00	351	865.00

Natural gas Rig count			
Commodity	Latest week	Previous week	Change
Natural gas	960	958	2



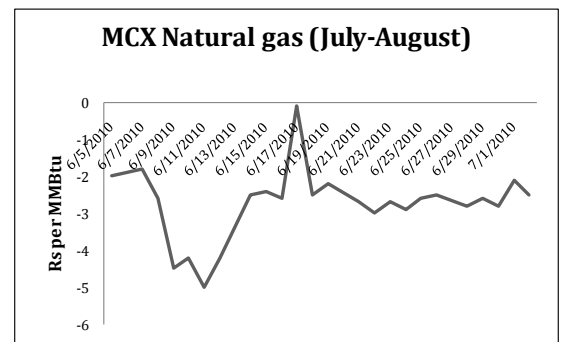
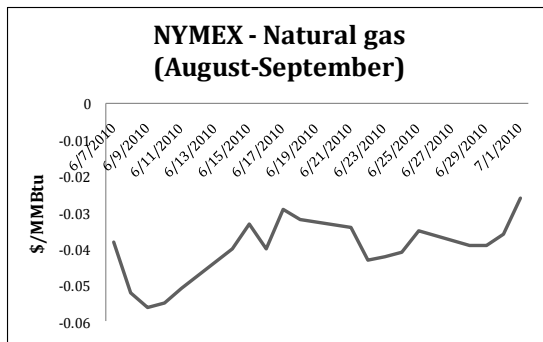
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Outlook:

Hot weather is forecast in the US in the coming week which is expected to push the demand for natural gas higher. Rising rig count may however limit price gains. The surplus of inventories compared to the five year average has been declining in the past which is expected to help tighten the supply side of the market. The five year average decline for the coming week is 80 Bcf. Overall the market may trade slightly higher in the coming week on account of forecast for hot weather.

Calendar spread



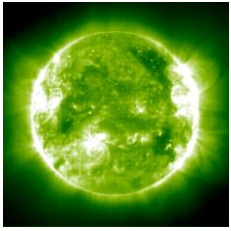
Technical analysis: NYMEX Natural gas - August

Natural Gas August - NYMEX- August Natural Gas trading below the last weeks low. Natural Gas fell by 4.5% with settling at \$4.687 levels. Strong support is seen at \$4.470 levels. RSI is showing a negative down trend falling from 0.63 levels to 0.49 levels. Stochastic is also supporting the trend with the overlapping of K% and D% from the upper side to down. However Resistances are seen at \$4.837 levels and \$ 4.940 levels.

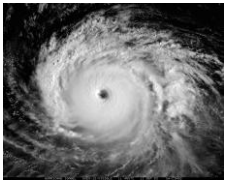
Recommendation:

Sell in the range of \$ 4.837 targeting \$ 4.470 with a stop loss at \$ 4.960 levels.

NATURAL GAS-JULY-MCX: Sell in the range of 222.00 levels targeting 210.00 levels with stop loss at 228.00 levels.

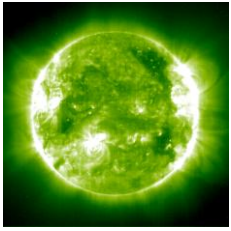


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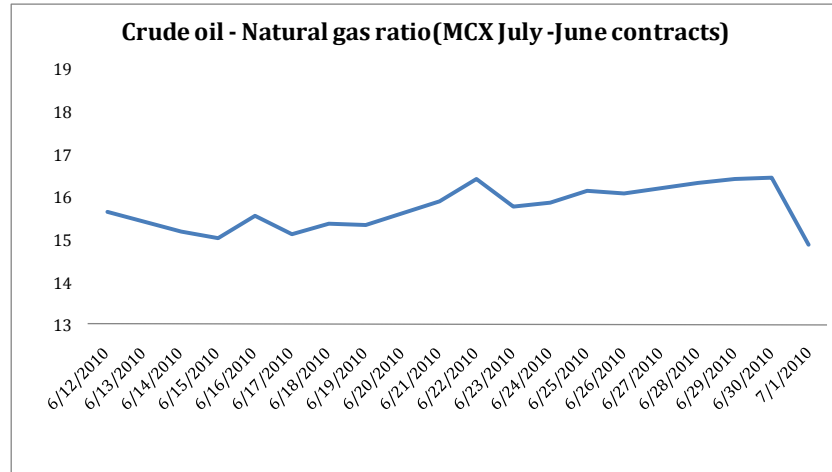
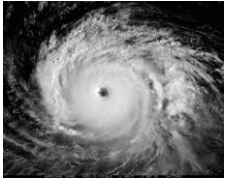


Commodity	Exchange	Contract	S3	S2	S1	Weeks close	R1	R2	R3
Natural gas	NYMEX	August	\$4.27	\$4.51	\$4.69	\$4.687	\$5.03	\$5.25	\$5.51
Natural gas (Rs)	MCX	July	192	205.0	210.0	221	225	230	\$240
Recommendation	Sell in the range of 4.837 TP 4.470 SL 4.960 Sell in the range of 222-225 TP 210 SL 228								

DOE Warehouse Stocks ('000 barrels)			
Commodity	Latest week	Previous week	Change
Crude Oil	363115	365122	-2007
Gasoline	218115	217578	537
Distillate	159376	156919	2457
Refinery utilization (%)	88.4	89.4	-1
EIA Working gas storage (Bcf)			
Natural gas	2684	2624	60

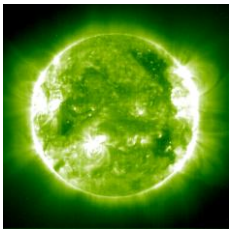


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Current Contracts on NYMEX and MCX

	NYMEX	Expiration	MCX	Expiration
Crude oil	August	20-Jul	July	19-Jul
Natural gas	August	28-Jul	July	27-Jul



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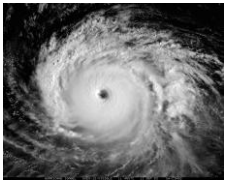
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