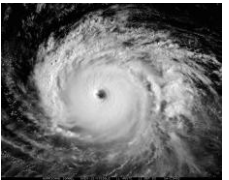
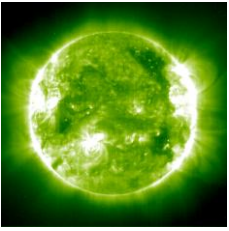


Energy Weekly

A Weekly Report on World Energy Market



Crude oil

Review:

Crude oil prices have witnessed biggest weekly gain since the month of May and ended the week at \$76.09. The entire week was bullish for crude oil; driven by stronger demand in the United States and drop in crude oil inventories. The bullish sentiment was also taken after the International Monetary Fund (IMF) raised its projection for global growth. Hurricane Alex disrupted output and deliveries in the Gulf of Mexico also caused oil prices to rise. The economic indicators released from US were supportive for oil demand to pick. Jobless claims fell in the last week was an important factor for US economy to strengthen. Brent crude oil for August delivery also traded higher and settled the week at \$75.86 with a gain of 5.35% from previous weeks close at Intercontinental Exchange (ICE)

Last weeks Facts:

- August futures WTI light sweet crude oil prices rose by 5.5% from previous week
- Brent crude oil for August delivery settled higher at \$75.86 up by 5.35%
- Crude oil inventory dropped 4.96 million barrel to 358.20 million, the biggest decline since September
- Alex, the earliest hurricane of the Atlantic season since 1995, made landfall in northeastern Mexico June 30. Almost 421,000 barrels of daily oil output, or 26 percent of Gulf of Mexico production, was shut-in on the day the storm hit shore

Outlook

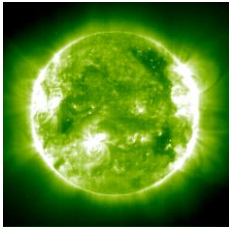
Though economic figures were positive for U.S economy but ultimately dollar index declined as the other risky assets like equities, currencies have appreciate from their previous weeks. The declining dollar value has also added value for oil prices to rise. In the coming week host of economic figures are expected from US, euro zone and Asia. Most of the economic figure suggests an appreciating tone for the US dollar. In this regard we may see dollar improving and there by may bring oil to an initial corrective mode. However, the intrinsic fundamentals like lower inventory, higher refinery utilizations might give a positive outlook on oil prices for the coming week.

We expect an initial lower correction may be witnessed but later on the losses could be recovered and likely to end the week on a positive note.

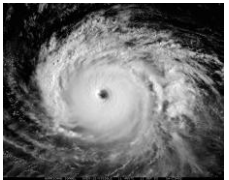
Facts to watch out:

- Rebounding of dollar is expected from the upcoming economic indicator
- Further draw down of crude inventory is expected, thereby increase the refinery utilization
- The effect of Hurricane Alex may remain invincible in the short run

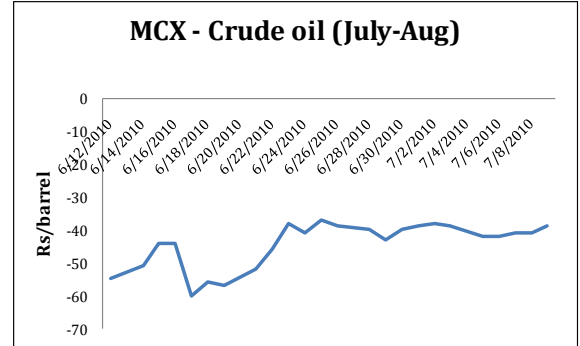
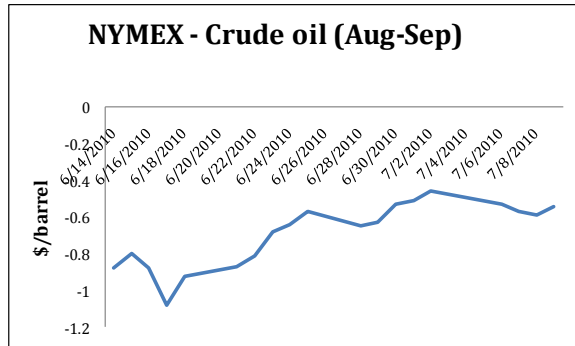
Exchange	Contract	Open	High	Low	Last	% Change	Volume	% Change	Open Interest	% Change
NYMEX (\$/bbl)	August	72.06	76.48	71.09	76.09	5.48	1165694	-25.54	257123	-14.38
	Sptember	72.59	77.03	71.47	76.63	5.55	405939	-1.46	204645	17.27
MCX (Rs/bbl)	July	3402	3568	3367	3555	4.81	797163	-0.71	22264	-41.67
	August	3444	3607	3406	3592	4.69	56366	29.39	4897	-9.18



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Calendar spread



Technical analysis: NYMEX Crude oil – August

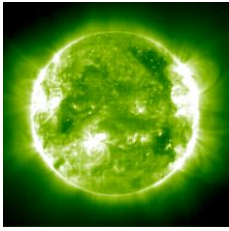
CRUDE OIL-AUG- NYMEX- Crude Oil Nymex futures August went upward by 5.47% and settled at 76.09. Market is trading well above the last week's low. Closing above the weekly short term EMA suggests market to remain higher. On the lower side key level to watch is at 73 levels sustain above the same possible to push the prices on higher side. The momentum indicator RSI (14) weekly is trading at 0.46 levels and showing a higher potential. However, a mild lower correction is expected to before resuming its uptrend. We expect prices to trade higher and recommend buying at lower levels.

RECOMMENDATION: CRUDE OIL-AUGUST-NYMEX: Buy in the range of 73.85-72.75 levels targeting 77.50 with a stop loss at \$71.00 levels.

CRUDE OIL JULY MCX: Buy in the range of 3510-3530 levels targeting 3600 and 3620 levels with a stop loss at 3460 levels.



Commodity	Exchange	Contract	S3	S2	S1	Weeks close	R1	R2	R3
Crude oil	NYMEX	August	\$67.50	\$68.60	\$70.50	\$76.09	\$74.55	\$75.00	\$76.5
Crude oil (Rs)	MCX	July	3325	3370	3400	3555	3460	3500	3580
Recommendation	Buy in the range \$73.85-72.25 TP \$77.50-78.00 SL \$71.00								
	Buy in the range 3510-3530 targeting 3600, 3620 with stop loss below 3460								



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Natural Gas



Review

- Natural Gas August futures prices at NYMEX tumbled in the last week with settling the contract lower at \$4.402 down 6 per cent
- Similar effect was also seen at MCX as the July futures settled lower at Rs. 206. The heavy sell off was witnessed after EIA reports an inventory build up of 78 BCF
- Baker Hughes Gas rig (Machines used for drilling) count in U.S. stood at 964 up by 4 from the figure for earlier week
- The spot gas prices at Henry Hub also declined in the last week with settling around \$4.30 levels

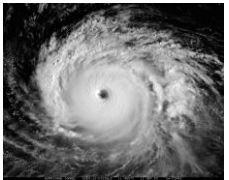


Outlook

Gas prices are expected to trade lower in the coming week as the unexpected piling up of inventory to 78 BCF may still have negative effect. Meanwhile, the rig counts have been increasing by Baker Hughes Gas suggesting more activities are taking place. In the other hand, a sharp reduction in imports of natural gas to the United States may provide upward pressure on prices.



Initially, gas prices are expected to trade lower but in the later part some recovery may be witnessed. The entire week gas prices are expected to trade sideways to lower for the coming week.

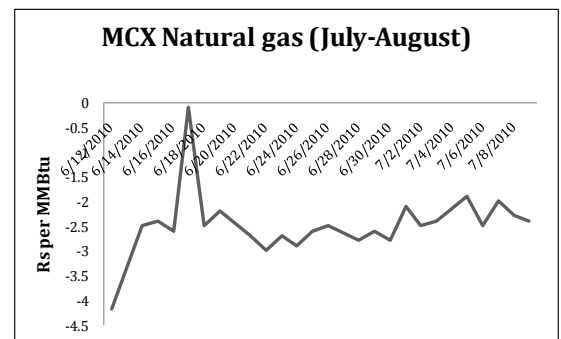
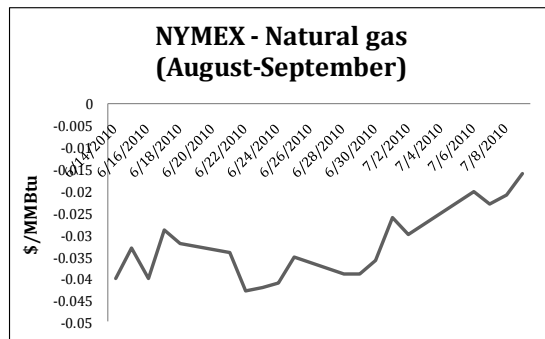


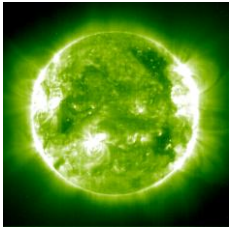
Exchange	Contract	Open	High	Low	Last	% Change	Volume	% Change	Open Interest	% Change
NYMEX (\$/MMBtu)	August	4.66	4.90	4.34	4.40	-6.08	399392	-20.5928	130718	-0.50
	Sptember	4.69	4.92	4.36	4.42	-6.34	146322	13.54	142154	-1.29
MCX (Rs/MMBtu)	July	222	231	204	207	-6.26	168640	-0.91	12683	119.81
	August	238	242	223	230	209.10	3203	13081.00	692	1841.00



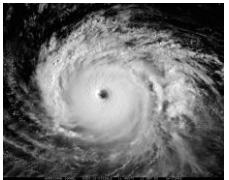
Natural gas Rig count			
Commodity	Latest week	Previous week	Change
Natural gas	960	958	2

Calendar spread





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Technical analysis: NYMEX Natural gas - August

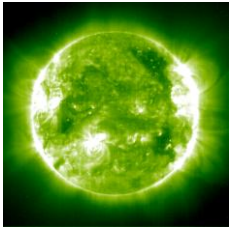
Natural Gas August - NYMEX- Natural gas future prices fell sharply in last week by declining as much as 6.08% from previous close. Closing of the previous candle renders sideways to lower movements for this week. The immediate support is at 4.230 on break below likely to drop till 4.070 levels. The momentum indicator RSI (14) weekly is trading at 0.39 levels and still has the potential to move lower. Trading below the weekly short term EMA suggests market to remain lower. We expect prices to trade lower and recommend selling at higher levels.

Recommendation: Sideways

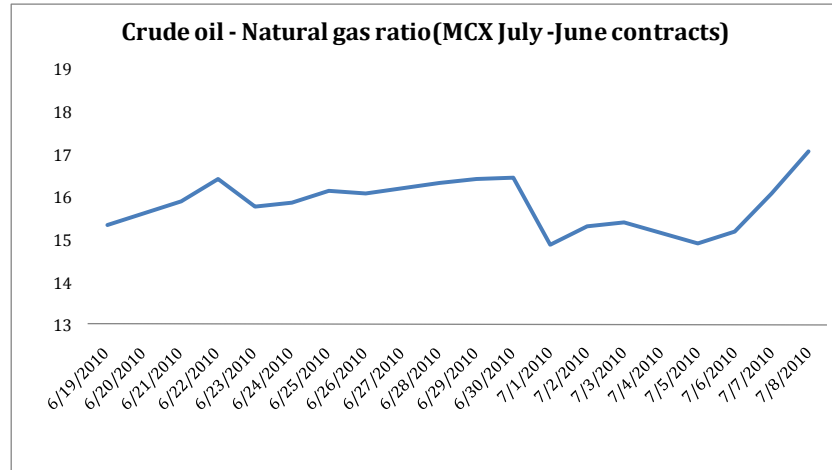
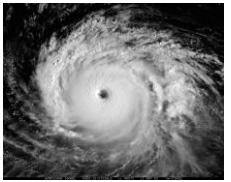


Commodity	Exchange	Contract	S3	S2	S1	Weeks close	R1	R2	R3
Natural gas	NYMEX	August	\$4.27	\$4.51	\$4.69	\$4.402	\$5.03	\$5.25	\$5.51
Natural gas (Rs)	MCX	July	192	205.0	210.0	207	225	230	\$240
Recommendation	Sideways								

DOE Warehouse Stocks ('000 barrels)			
Commodity	Latest week	Previous week	Change
Crude Oil	358154	363115	-4961
Gasoline	219435	218115	1320
Distillate	159697	159376	321
Refinery utilization (%)	89.8	88.4	1.4
EIA Working gas storage (Bcf)			
Natural gas	2762	2684	78

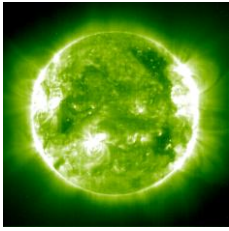


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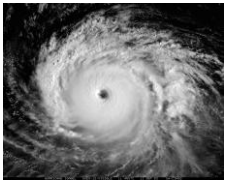


Current Contracts on NYMEX and MCX

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



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