

Energy Weekly

A Weekly Report on World Energy Market



Crude oil

Recommendation:-

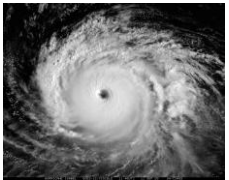


Exchange	S3	S2	S1	R1	R2	R3
September Crude oil - Nymex	74.70	77.00	78.30	81.00	82.25	83.60
August Crude oil - MCX	3531	3607	3660	3745	3790	3830
Nymex crude oil (Sep)	Buy in the range of \$78.30-77.50 targeting \$81.00 then 83.50 with a stop loss below \$76.50 levels					
August Crude oil (Aug)	Buy in the range of 3670-3655 targeting 3745 then 3830 with a stop loss below 3590					



Review:

Crude oil prices ended at **\$78.98**, higher than last week's high. Prices fell from two months high in speculation of lower effect of storm Bonnie in Gulf form Florida. The entire week was bullish for crude oil; driven by equities and improving macro economic fundamentals from Euro-zone. Oil prices tumbled on account of Increasing Inventories.



Last week's Facts:

- Bench mark **Brent Crude oil futures started trading on MCX**, India on 21st Jul
- August future contracts expired on 20th July on NYMEX
- September futures WTI light sweet crude oil prices rose by 3.40% from previous week on NYMEX
- Brent crude oil for September delivery settled higher at \$79.34 up by 3.31%
- DOE report stated Crude oil inventory rose 360 million barrel since last week as the refinery utilization increased
- API monthly supply report shows crude oil and petroleum demand increased by 1.7 percent from last month.
- Storm threat kept BP Oil spill work on hold
- National Hurricane Centre reported about **hurricane Bonnie** heading towards Gulf of Mexico
- European bank stress test conducted resulting 84 banks passed out of 91



Outlook

In the coming week, host of economic figures are expected from the US, euro zone and Asia. Most of the economic figure suggests an appreciating tone for the Euro. In this regard we may see continued pressure on the dollar and thereby, may result in oil price to increase. However, the intrinsic fundamentals like higher inventory, higher refinery utilizations might give a negative pressure on oil prices for the coming week. Tropical storm could be a major price mover this week.

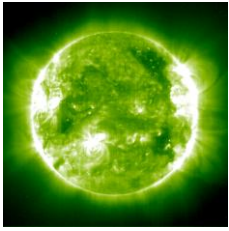


We expect crude oil to trade on a positive note.



Facts to watch out:

- The dollar is expected to remain weak on account of continued strength in the Euro.
- Further draw down of crude inventory is expected, thereby increase the refinery utilization
- The effect of Hurricane Bonnie may remain invincible in the short run



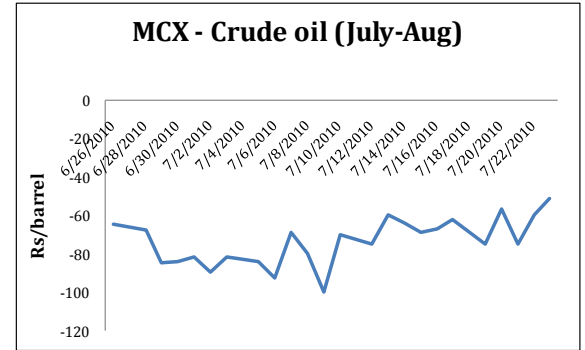
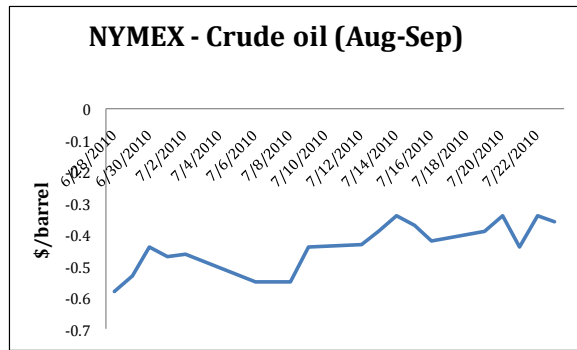
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Exchange	Contract	Open	High	Low	Last	% Change	Volume	% Change	Open Interest	% Change
NYMEX WTI Crude (\$/bbl)	September	76.07	79.60	75.85	78.98	3.40	1520304	74.81	371296	5.91
	October	76.47	79.94	76.36	79.34	3.31	297320	62.80	88466	10.43
MCX WTI Crude (Rs/bbl)	August	3595	3738	3591	3717	3.42	944788	600.17	32557	234.54
	September	3632	3767	3624	3746	3.39	46480	927.18	2649	209.46

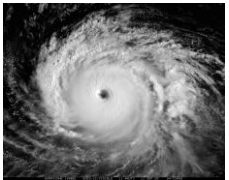


Calendar spread



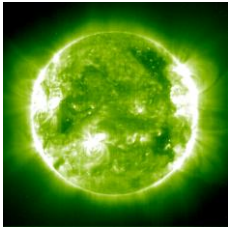
Technical analysis: NYMEX Crude oil – September

CRUDE OIL-SEP- NYMEX- Crude Oil Nymex futures September raised by 3.29% and by making a high of 79.60 it settled at 78.98. Market is witnessing a weekly trend line resistance at 81.25 levels. Sustained and trade above likely to trade the prices on higher side. Crude oil is witnessing decent support levels at 78.30 and we advise buying at these levels. The momentum indicator RSI (14) weekly is trading at 0.497 levels and showing a higher potential. However, a mild lower correction is expected before resuming its uptrend. We expect prices to trade higher and recommend buying at lower prices.



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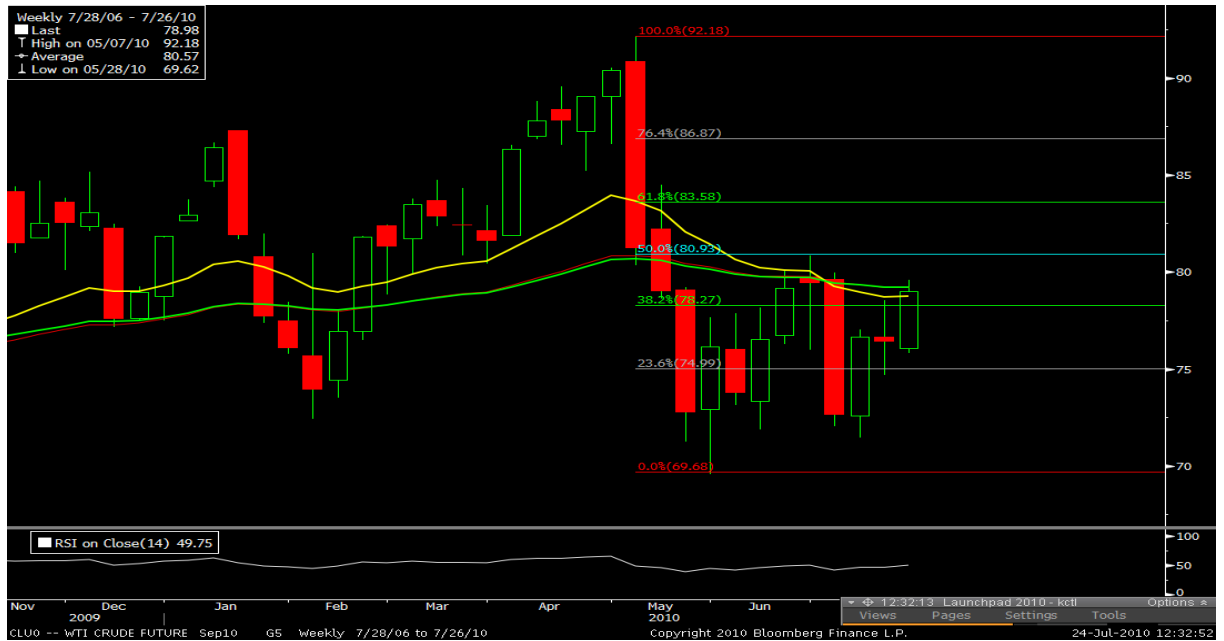
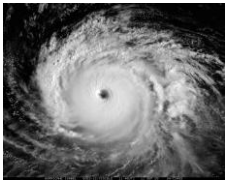
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RECOMMENDATION: CRUDE OIL-AUGUST-NYMEX: Recommendation: Buy in the range of \$78.30-77.50 targeting \$81.00 then 83.50 with a stop loss below \$76.50 levels

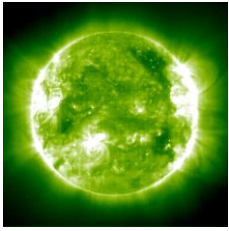


CRUDE OIL JULY MCX: Buy in the range of 3670-3655 targeting 3745 then 3830 with a stop loss below 3590



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Natural Gas



Recommendation: Sideways



Exchange	S3	S2	S1	R1	R2	R3
Sep Natural Gas Nymex	4.200	4.35	4.43	4.639	4.78	4.900
August Natural Gas - MCX	200	207	212	218	221	227
Sep Natural Gas Nymex	Sideways					
August Natural Gas - MCX	Sideways					

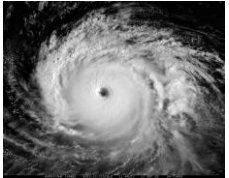


Review



Natural Gas August futures prices at NYMEX traded in a mixed trend last week with settling the contract higher at \$4.58 up by 1.35 per cent. Similar effect was also seen at MCX as the July futures settled lower at Rs. 216.

- Baker Hughes Gas rig (Machines used for drilling) count in U.S. stood at 982, 17-month high.
- Flood in Central Australia disrupted production
- National Grid Plc, U.K forecasted decreasing supply of gas where as demand will be more in near future
- Gas inventory decreased on report released by DOE
- Tropical storm Bonnie hit in Bahamas



Outlook



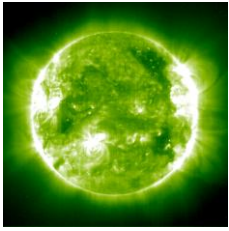
Gas prices are expected to trade in a mixed trend in the coming week as the demand is increasing reported by National Grid plc. Declining of inventory by 51 BCF may have effect on oil prices. Meanwhile, the rig counts have been increasing by Baker Hughes Gas suggesting more activities are taking place. In the other hand, threat from tropical storm may disrupt production which can affect gas prices.



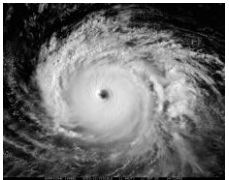
Exchange	Contract	Open	High	Low	Last	% Change	Volume	% Change	Open Interest	% Change
NYMEX (\$/MMBtu)	August	4.49	4.72	4.45	4.58	1.35	549071	-3.75415	29918	-56.86
	Sptember	4.57	4.70	4.45	4.56	1.00	278368	-8.42	186985	9.39
MCX (Rs/MMBtu)	July	214	221	211	216	1.22	213465	-0.12	5761	-35.69
	August	225	233	206	209	216.70	13081	36359.00	1841	3498.00



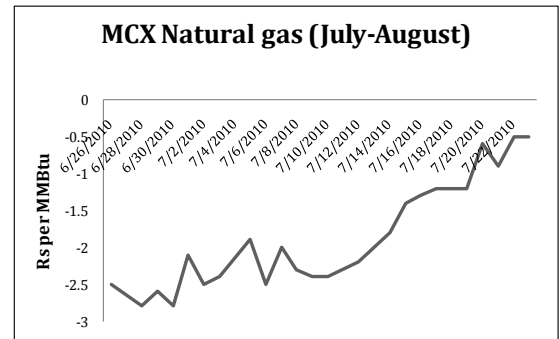
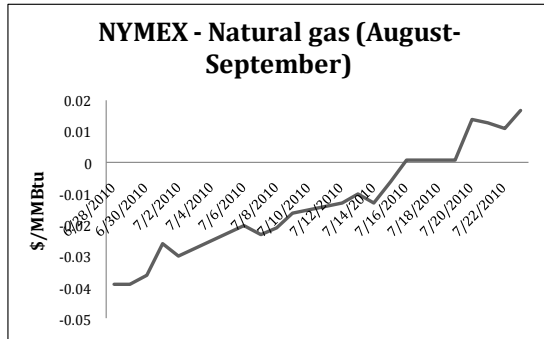
Natural gas Rig count			
Commodity	Latest week	Previous week	Change
Natural gas	982	979	3



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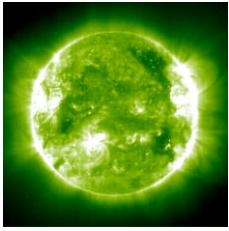
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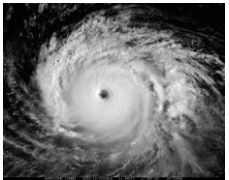
Technical analysis: NYMEX Natural gas - August

Natural Gas August - NYMEX- Natural gas future prices gained as much as 1% from previous close. It made a high of \$4.699 levels and settled at \$4.563 levels. Natural gas is witnessing a crucial resistance at 4.677 levels. Only breach and sustained trade above likely to test 4.710 levels. The momentum indicator RSI (14) weekly is trading at 0.445 levels and still has the potential to move higher. We expect prices to trade lower and recommend selling on higher levels.

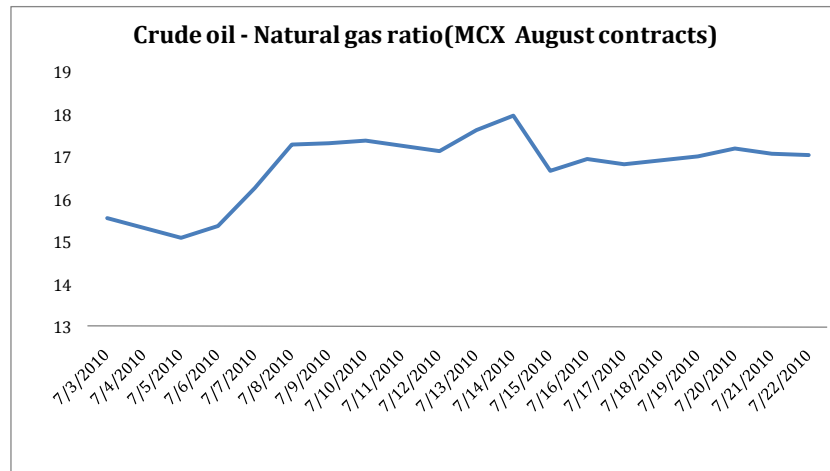
Recommendation: Buy in the range of 4.450 levels targeting 4.68 then 4.900 levels with a stop loss at 4.250. Natural gas July MCX: Buy in the range of 209-210.50 levels targeting 225.00 with stop loss at 200.00 levels.



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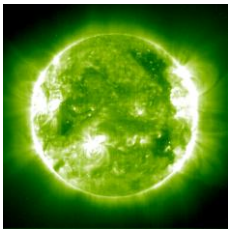


DOE Warehouse Stocks ('000 barrels)			
Commodity	Latest week	Previous week	Change
Crude Oil	353456	353096	360
Gasoline	222154	221036	1118
Distillate	166575	162640	3935
Refinery utilization (%)	91.5	90.5	1
EIA Working gas storage (Bcf)			
Natural gas	2891	2840	51

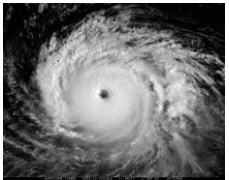


Current Contracts on NYMEX and MCX

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



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