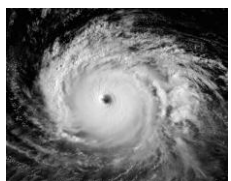
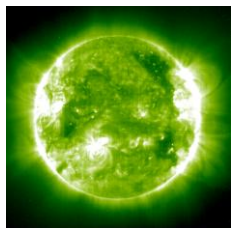


Energy Weekly

A Weekly Report on World Energy Market



Energy Overview

Crude oil futures prices traded in a positive trend in the last week by taking cues from falling dollar index and supportive fundamentals of falling inventory. Gasoline and Distillates inventory declined more than expectation in the last week report. However, gas prices traded in a bearish trend in the last week in the absence of any supportive trigger. Though some improvement were seen by rising storm threat in mid of the week. We may expect oil prices to trade steadily in the coming week as profit booking is expected. Similarly, we may expect gas prices to trade in a lower trend whereas some improvement can be seen in price movement after a correction.

Technical Recommendation:-Buy

Exchange	S3	S2	S1	R1	R2	R3
Dec- Crude oil - Nymex (\$/bbl)	\$76.86	\$79.09	\$82.97	\$89.08	\$91.31	\$95.19
MCX Crude oil - Nov (Rs/bbl)	3489	3561	3700	3911	3983	4122
Nymex crude oil (December)	Buy at \$ 85-85.5 targeting \$ 88.3 then 90.5 with stop loss below \$ 83.00					
MCX Crude oil (November)	Buy at 3760-80 targeting 3875 then 3920 with stop loss below 3720.					

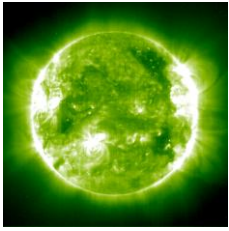
Last week's Price Movement

Exchange	Contract	Open	High	Low	Last	% Change	Volume	% Change	Open Interest	% Change
NYMEX WTI Crude (\$/bbl)	December	81.45	87.43	81.32	86.85	6.66	1636626	2.86	370009	1.50
	January	82.31	88.04	82.14	87.48	6.49	475341	32.30	213666	16.32
ICE Brent Crude (\$/bbl)	December	83.13	88.8	82.82	88.11	5.97	865728	-4.39	186765	-14.80
	January	83.34	88.96	83.34	88.34	5.95	546895	53.54	221338	16.70
MCX WTI Crude	November	3634	3845	3634	3839	5.76	633651	-24.09	24693	11.55
	December	3700	3887	3700	3887	5.37	40375	-1.51	3805	44.51

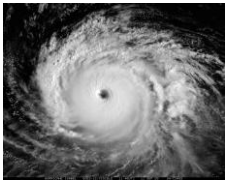
Review:

Crude oil prices climbed by more than 6% on Newyork Merchantile Exchange in the last week. West Texas Intermediate, bench mark crude oil for January delivery ended the Week at \$87.48/bbl on NYMEX, Oil prices climbed more than 5% in the last week on Multi Commodity Exchange, India. ICE Brent up by near 6% in international market. Thus the spread between WTI and Brent recovered from past period. However, Brent crude oil future prices are still at higher side from WTI. Oil prices have also climbed with a rising trend of volume in the last week.

Oil prices traded in a bullish trend in the last week. Manufacturing activities of the major countries climbed in the last month, which supported commodity prices to rise in a positive trend. Non-manufacturing composite of the US also climbed more than 1%. Quantitative easing policy of most of the countries boosted world market. There is 0.25% increase in repo rate,



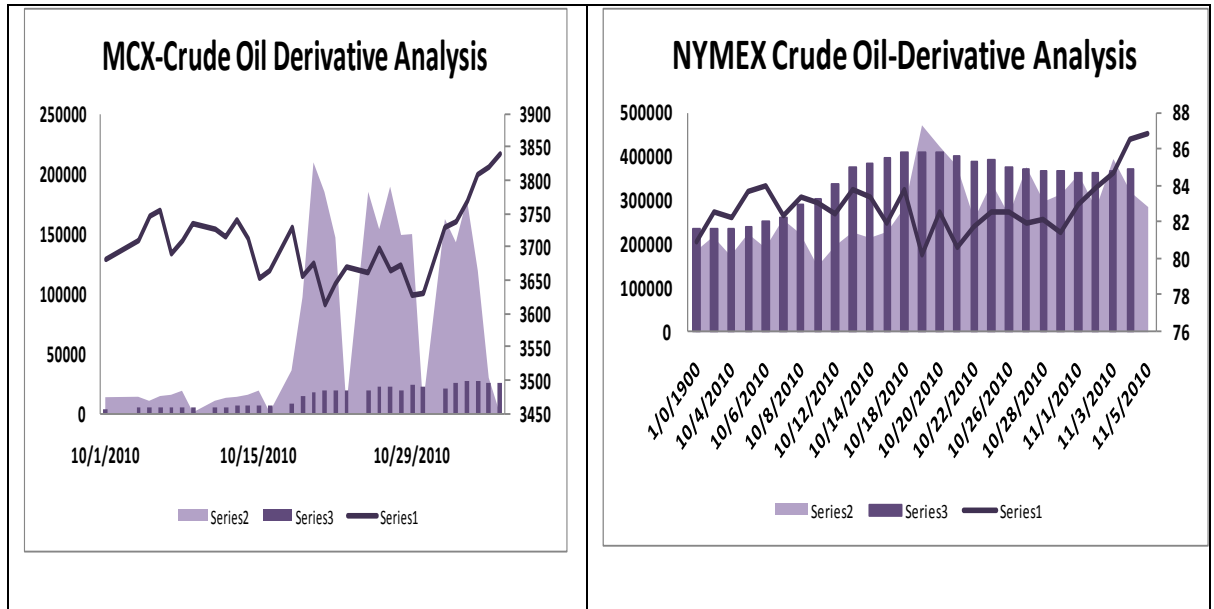
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whereas reverse repo rate remain unchanged by Reserve Bank of India to control inflation. Federal Open Market Committee kept the benchmark interest rate unchanged at 0.25. However, the announcements of purchasing assets of \$600 billion by middle of the coming years. Thus, Dollar index traded at year's low in the electronic platform on last Wednesday. Crude oil prices climbed more than 1% in NYMEX. Bank of England also kept the interest rate at 0.50% as before. Domestic vehicle sales of the US climbed more than 9.2 millions in the last month, which suggests uses of petroleum, is increasing trend. Initial jobless claims of the US declined from the prior week data, which results positive for all commodities. World equity market closed with a gain of 3% in the last week.

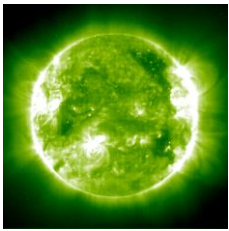
Tropical storm Tomas changed to Hurricane, which also made volatility in oil price movement. However, TOMAS is the last named tropical storm of this hurricane season. The other fundamentals like inventory report released by US Energy Department. Cushing crude oil inventory has been declined more than 900K million barrels in the last week. Distillates inventory is declining in a higher pace on account of rising demand for space heating due to cooler weather. DOE and API inventory data results in a same direction for the last week. Gasoline inventory has been increased whereas Distillates have declined from the prior week data.

Derivative Analysis of Crude Oil Future Contracts

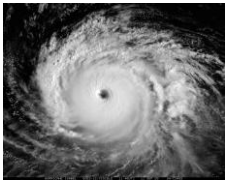


US Crude Oil Inventory

DOE Warehouse Stocks ('000 barrels)			
Commodity	Latest week	Previous week	Change
Crude Oil	368156	366206	1950
Gasoline	212253	214942	-2689
Distillate	164874	168442	-3568
Refinery utilization (%)	81.8	83.7	-1.9
EIA Working gas storage (Bcf)			
Natural gas	3821	3754	67



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Outlook

In the coming week, crude oil futures prices may trade in a positive side on the back of supportive economic releases from the China. However, initial correction can be seen in beginning of the week. PVO analysis suggests market is attracting late buyers and early shorts, which may create a bullish trend in the market.

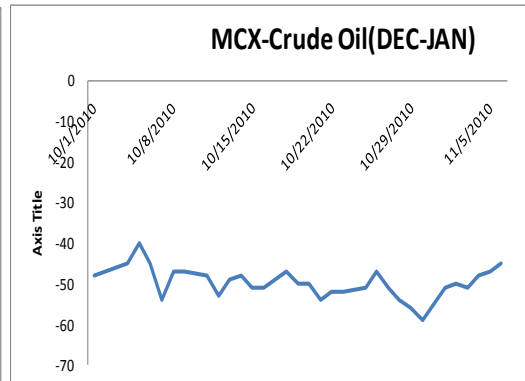
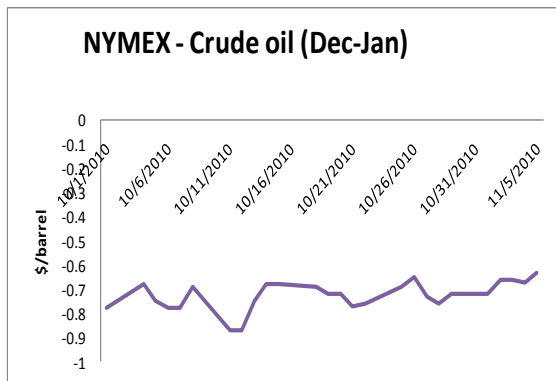
The major developing country China's economic releases in the form of trade balance, industrial production and producer price index data are expected to have positive impact on oil price movement in the coming week. Consumer confidence of the US is expected to rise as per the Michigan university survey. Euro-zone GDP for the third quarter is expected to decline, which may support dollar to rise, hence pressure can be seen in oil price movement. As per crude oil inventory seasonality chart, inventory is expected to rise in the coming week. There is no effect of tropical storms seen in North Atlantic. However, hurricane season is still going on which may drive prices any time.

On the back of economic and fundamental reasons, we may expect oil prices to trade in a volatile range.

Facts to watch out:

- Tropical storm report by National Hurricane Centre, US
- API Inventory data releases on Wednesday 2:00 A.M. IST
- DOE Inventory data releases on Wednesday 8:00 P.M. IST
- Dollar movement with effect economic releases

Calendar spread

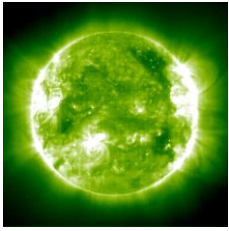


Calendar spread between the consecutive contracts has been declined by near Rs.10 in MCX from the prior week, that Rs.56. Spread difference had been increased in mid of the week as current contract declined the most in comparison to near month contract in MCX. Similar changes also seen in NYMEX traded oil future contracts. We, expect current contract to decline more in comparison to near month contract which may lead spread to rise in the coming week.

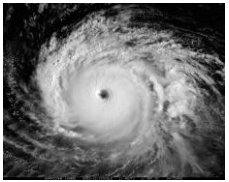
Technical analysis:

CRUDE Oil NYMEX:

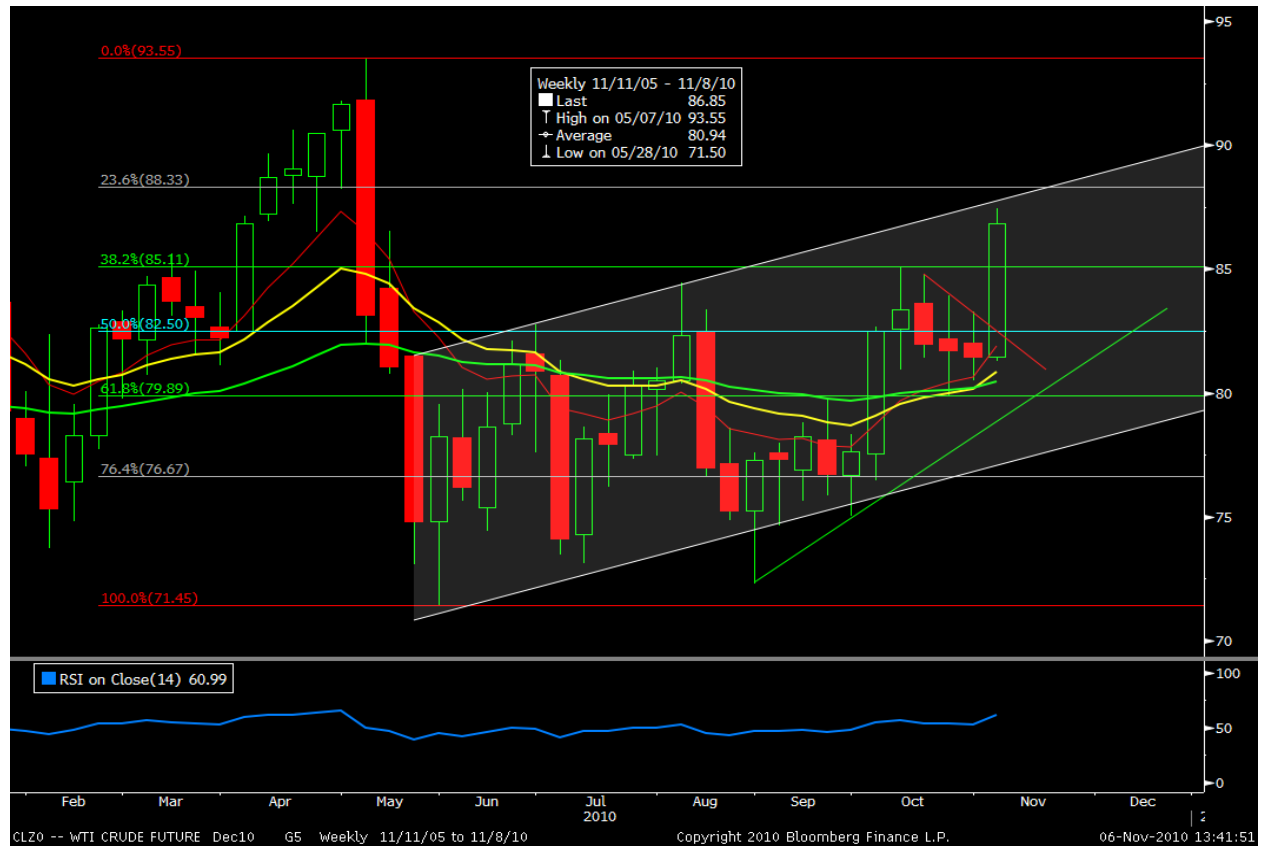
December crude oil futures prices traded completely in green and made a high of 87.43 and settled higher at 86.85 levels. It was up by around 6.6% on last week. Crude oil is witnessing

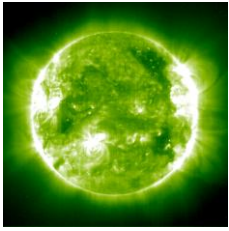


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trend channel formation on the upper side and is allowing the prices to touch the upper band of 88.00 levels. The principle of Fibonacci retracement states that crude oil has breached the crucial resistance of 85.11 levels of the range (71.45-93.55) levels and has potential for the prices to test 88.35 levels which is 23.6% retracement of the same range. The momentum indicator weekly RSI-14 is trading at 0.61 levels and showing higher potential for the prices to trade on the upside. As prices are trading well above the short term and midterm EMA's suggesting the prices to trade higher. Hence, we expect prices to trade higher and recommend buying at the support levels.





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Natural Gas



Technical Recommendation: - Sideways



Exchange	S3	S2	S1	R1	R2	R3
NYMEX Natural Gas October (\$/MMBtu)	3.27	3.51	3.72	4.17	4.41	4.62
MCX Natural Gas October (Rs./MMBtu)	142	154	164	186	198	208
NYMEX Natural Gas	Sideways					
MCX Natural Gas	Sideways					

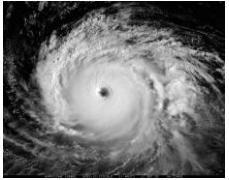


Last week's Price Movement



Exchange	Contract	Open	High	Low	Last	% Change	Volume	% Change	Open Interest	% Change
NYMEX (\$/MMBtu)	December	4.04	4.19	3.74	3.94	-2.50	582131	1.028	176594	1.98
	January	4.26	4.40	4.00	4.18	-2.09	230997	11.40	181420	2.63
MCX (Rs/MMBtu)	November	188	188	166	174	-7.45	245441	-4.84	15540	16.54
	December	187	190	178	179	-6.64	24078	2.26	4096	6.50

Review

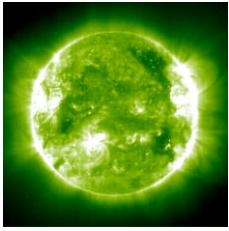


November futures natural gas prices traded at Rs.174/mmbtu by declining more than 7% from last week. December contracts climbed to \$3.33 in Newyork Merchantile Exchange, with a rise of more than 2%. Increase in volume is witnessed with falling prices which shows a bearish trend.

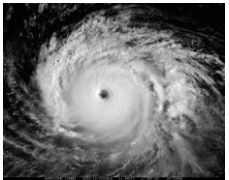


Gas prices open the week in a bearish trend, though a slight recovery was seen in mid of the week. Appreciating rupee pressure gas prices to trade in a lower trend on Monday. Similarly, depreciating dollar index and rising equity market could not support international gas price movement. National Hurricane Centre issued advisory on tropical storm Tomas, which supported gas prices to climb near one percent. However the bullish trend could not continue on the back of rising storage.Thus, rising storage change kept gas prices under pressure in mid of the week. Natural gas storage change data increased from the expectation and stands at 64 bcf, which made gas prices to take negative cues. In the absence of any boosting fundamentals, gas prices fell more than five percent before the weekend.

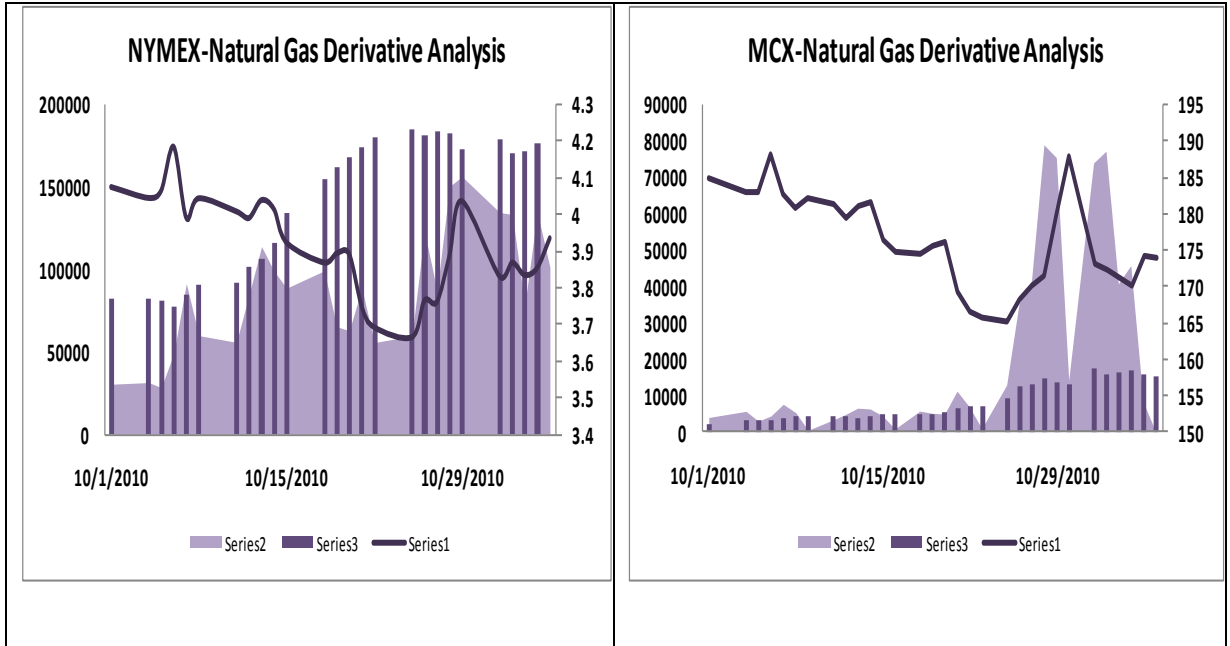




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Derivative Analysis of Natural Gas Future Contracts

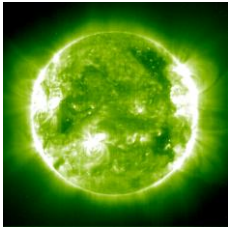


Outlook

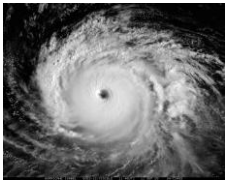
Gas prices are expected to continue the bearish trend as last week. As per CFTC data reported last week total short positions have been increased more than total long positions. This indicates bearish sentiments in the market. Gas prices have declined in a higher pace from the prior week, whereas volume increased in a higher pace and open interest declined. Thus this trend may create some volatility in gas price movement. Natural gas storage still stands higher than one month average. Meanwhile, the rig counts have been increased by 2 numbers from prior week, which may have little negative impact on prices. Economic releases from the China are expected to have some positive impact on economy which may push gas prices to trade lower.

However, we may expect gas prices to trade slight lower in beginning of the week. Whereas actual storage report and rig counts may have some pressure on gas prices in mid of the week. Roll over of contracts will be there on coming week, which may pressurize gas prices to trade in lower trend.

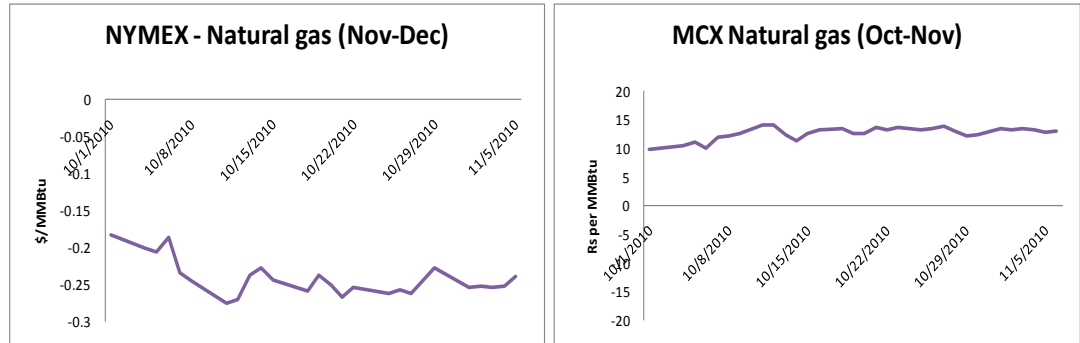
Natural gas Rig count			
Commodity	Latest week	Previous week	Change
Natural gas	967	965	2



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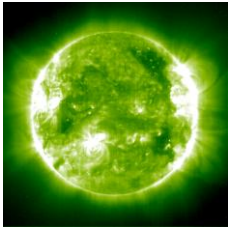
Calendar spread



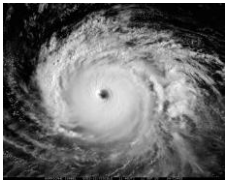
Calendar spread declined near Rs.13 in MCX for November and December contracts. Current month contract declined lower than far month contract, which indicates a bearish view in the long term. Similarly, spreads difference declined near 0.30 cents in NYMEX future contracts. However, we may expect the spread to continue the same trend in the coming week, as near month contract may fall more than current month contract.

Technical analysis: NYMEX Natural gas - December

Natural gas future prices ended on bearish note with a loss by -2.5 % on its previous week's close. It made a low of 3.743 and settled at 3.937 levels. The closing of the weekly closing candle renders indecisive for the prices. Natural gas is witnessing trend channel formation on the down side and allowing the prices to trade lower. The momentum indicator RSI weekly 14 is trading at 0.318 levels showing potential to trade further down side. Market is trading well below all the short term and medium EMA's (9, 18 and 45) levels suggesting prices to trade further lower side. We expect price to trade sideways in the coming week.

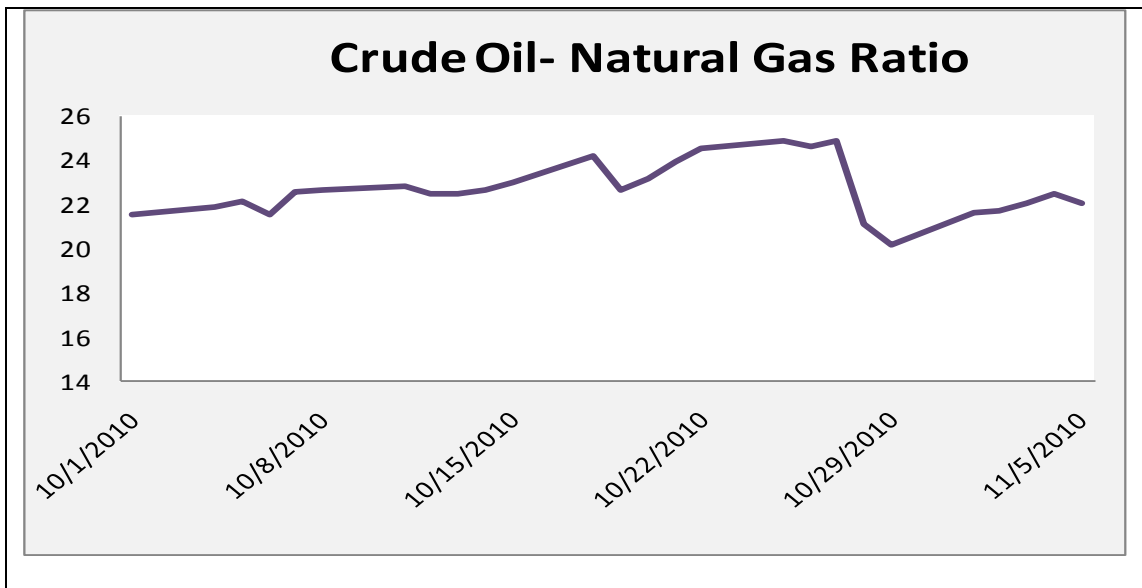


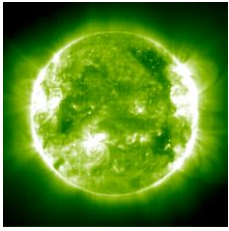
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Crude Oil - Natural Gas Ratio

This week ratio between crude oil and Natural gas stands at 22, which is slightly higher than last month's average and higher than last week ratio. A continuous increase in ratio is witnessed in the last week as gas prices declined more than oil prices. However, as per weekly view, we may expect the ratio to continue the rising trend in the coming week.

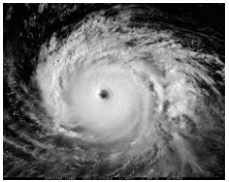


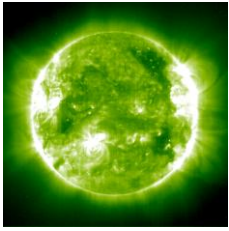


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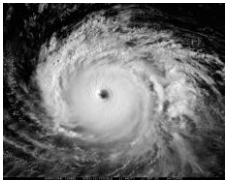
MAJOR ECONOMIC RELEASES IN THE COMING WEEK

Date Time	Region	Event	Period	Survey	Prior
11/08/2010 12:30	GE	Current Account (EURO)	SEP	9.0B	4.6B
11/08/2010 12:30	GE	Trade Balance	SEP	12.0B	9.0B
11/08/2010 16:30	GE	Industrial Production MoM (sa)	SEP	0.40%	1.70%
11/09/2010 05:20	JN	Current Account Total	SEP	¥1684.3B	¥1114.2B
11/09/2010 12:30	GE	Consumer Price Index (MoM)	OCT F	0.10%	0.10%
11/09/2010 12:30	GE	Consumer Price Index (YoY)	OCT F	1.30%	1.30%
11/09/2010 15:00	UK	Industrial Production (MoM)	SEP	0.40%	0.30%
11/09/2010 15:00	UK	Industrial Production (YoY)	SEP	3.60%	4.20%
11/09/2010 15:00	UK	Manufacturing Production (MoM)	SEP	0.20%	0.30%
11/09/2010 15:00	UK	Manufacturing Production (YoY)	SEP	4.90%	6.00%
11/09/2010 20:30	US	Wholesale Inventories	SEP	0.70%	0.80%
11/10/2010 03:30	US	ABC Consumer Confidence	7-Nov	--	-46
11/10/2010	CH	Trade Balance (USD)	OCT	\$25.50B	\$16.88B
11/10/2010	CH	Exports YoY%	OCT	23.00%	25.10%
11/10/2010	CH	Imports YoY%	OCT	28.10%	24.10%
11/10/2010 19:00	US	Trade Balance	SEP	-\$45.0B	-\$46.3B
11/10/2010 19:00	US	Import Price Index (MoM)	OCT	1.20%	-0.30%
11/10/2010 19:00	US	Import Price Index (YoY)	OCT	3.60%	3.50%
11/10/2010 19:00	US	Initial Jobless Claims	6-Nov	450K	457K
11/10/2010 19:00	US	Continuing Claims	30-Oct	4300K	4340K
11/11/2010 07:30	CH	Producer Price Index (YoY)	OCT	4.50%	4.30%
11/11/2010 07:30	CH	Purchasing Price Index (YoY)	OCT	--	7.10%
11/11/2010 07:30	CH	Consumer Price Index (YoY)	OCT	4.00%	3.60%
11/11/2010 07:30	CH	Retail Sales (YoY)	OCT	18.80%	18.80%





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11/11/2010 07:30	CH	Industrial Production (YoY)	OCT	13.50%	13.30%
10-12 NOV	CH	China Property Prices	OCT	8.9	910.00%
11/12/2010	IN	Industrial Production YoY	SEP	--	5.60%
11/12/2010 12:30	GE	GDP s.a. (QOQ)	3Q P	0.008	--
11/12/2010 15:30	EC	Euro-Zone GDP s.a. (QoQ)	3Q A	0.50%	1.00%
11/12/2010 15:30	EC	Euro-Zone GDP s.a. (YoY)	3Q A	1.90%	1.90%
11/12/2010 15:30	EC	Euro-Zone Ind. Prod. sa (MoM)	SEP	0.30%	1.00%
11/12/2010 20:25	US	U. of Michigan Confidence	NOV P	69	67.7

Prepared By:Aurobinda Prasad G: Aurobinda@karvy.comSmitarani Tripathy: Smitarani.tripathy@karvy.comTo unsubscribe please mail us at commodity@karvy.com**Disclaimer**

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