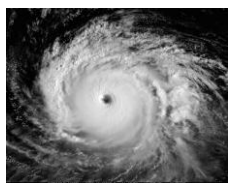
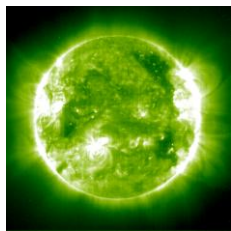


Energy Weekly

A Weekly Report on World Energy Market



Energy Overview

Crude oil futures prices traded in a bearish trend in the last week on the back of appreciating currencies and economical factors. However, rise in prices was witnessed on account of falling inventory report released by US energy Department, though it could not continue for the whole week. Similarly, gas prices took positive cues from expected rising winter demand and lower storage report. However, market took correction as long positions get liquidated. We may expect oil prices to trade in a lower trend, though some improvement can be there on account of supportive economic releases. However, we may expect gas prices to trade in a positive trend on the back of supportive fundamentals.

Technical Recommendation:-Sideways

Exchange	S3	S2	S1	R1	R2	R3
Dec- Crude oil - Nymex (\$/bbl)	81.90	83.39	87.50	90.12	91.61	81.90
MCX Crude oil – Nov (Rs/bbl)	3736.67	3782.33	3903.33	3978.67	4024.33	3736.67
Nymex crude oil (December)	Sell at \$ 86-86.7 targeting \$ 82.5 with stop loss above \$ 88.7					
MCX Crude oil (November)	Sideways					

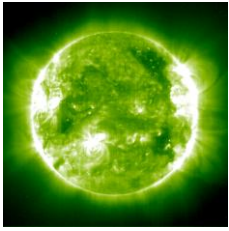
Last week's Price Movement

Exchange	Contract	Open	High	Low	Last	% Change	Volume	% Change	Open Interest	% Change
NYMEX WTI Crude (\$/bbl)	December	87.39	88.63	84.52	84.88	-2.27	1928355	15.46	216785	-39.29
	January	88.04	89.1	85	85.34	-2.45	807502	68.12	306554	46.20
ICE Brent Crude (\$/bbl)	December	88.3	89.7	85.76	86.34	-2.01	836205	-3.42	75219	-57.67
	January	88.41	89.86	86.06	86.53	-2.05	721833	31.97	262636	14.17
MCX WTI Crude	November	3850	3933	3812	3824	-0.57	673857	5.56	20680	-14.12
	December	3896	3979	3855	3882	-0.21	59224	44.33	5631	48.50

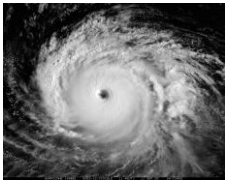
Review:

Crude oil prices fell more than 2% on Newyork Merchantile Exchange in the last week. West Texas Intermediate, bench mark crude oil for January delivery ended the Week at \$85.35/bbl on NYMEX, Oil prices declined more than 0.50% in the last week on Multi Commodity Exchange, India. ICE Brent also fell in international market. Thus the spread between WTI and Brent increased from past period to near \$1.4However, Brent crude oil future prices are still at higher side from WTI.

Oil prices traded in a bearish trend in the last week, though some improvement was seen in mid of the week. Futures opened in a bullish trend on first day of the week, however fell Economic releases of the China results positive, whereas most of the economic data were remain unchanged for Euro-zone. However, a mixed picture of economy was seen for the US zone. World



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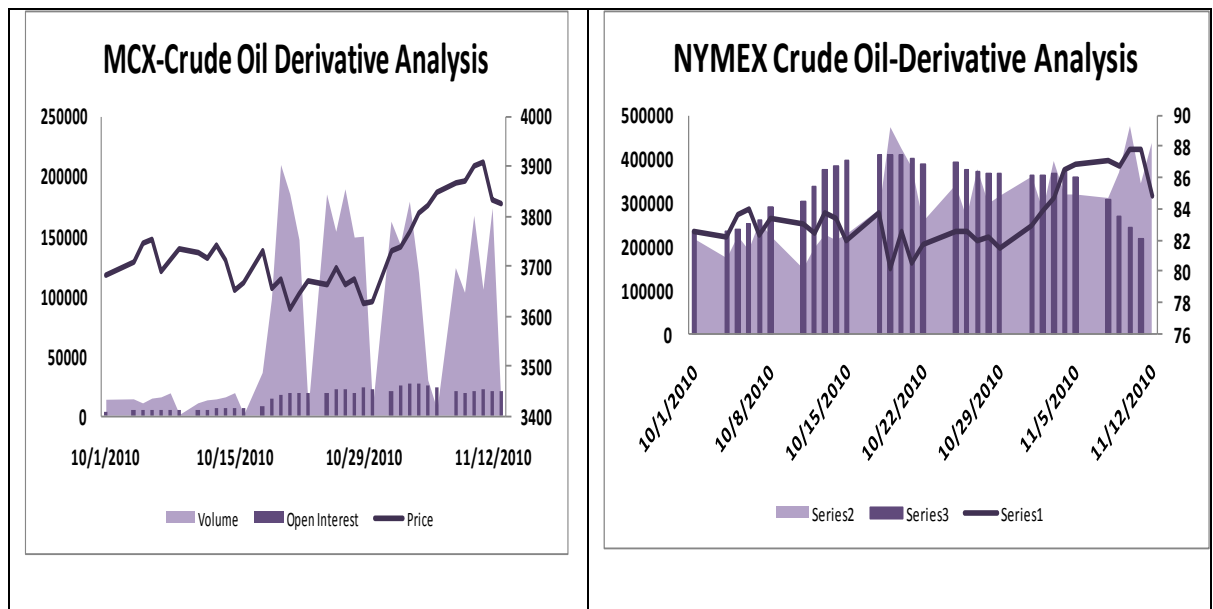


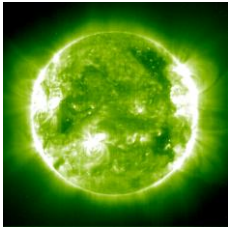
equity market fell by more than 1% in the last week. However, positive economic releases from the China, in the form of rising trade balance and industrial production made leading equity index of China to gain more than 1% in mid of the week. Current account balance of the German climbed to six month's high. However, QoQ GDP of the Euro-zone declined more than expectation. Jobless claims data results positive for the economy, as it fell to two year's low. Rising economic confidence of the US citizens have also supported market to take some cues. Industrial production of India fell to 4.4% in the month of September, which made a fall in India equity market. On the back of economic releases currency of India depreciated by 1%, whereas dollar index climbed near 2% in the last week. Thus, growth in commodity prices was capped. There was no report released by CFTC, on account of US holiday.

Declining inventory was the price driver in the last week. Inventory level of the crude oil has been declined the most in the last week. As per American data released, total crude oil inventory and other petroleum stock piles fell the most and DOE data also released in the same direction. Total crude oil inventory declined more than 1% from the prior week, which is highest weekly decline in last four months of time. Similarly Distillates inventory weekly fall was at two years' low level. Though gasoline inventory fell, in a lower pace from the last week. Thus, oil prices took positive cues from falling inventory report on Wednesday, but the rally could not continued on the back of lower trading equity market.

As per Baker Hughes, crude oil rig counts increased the most in the last week that is by 22 numbers, which was a negative factor for the oil prices. Similarly, total oil and natural gas rig counts increased by more than 11 numbers in the last week.

Derivative Analysis of Crude Oil Future Contracts





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US Crude Oil Inventory

DOE Warehouse Stocks ('000 barrels)			
Commodity	Latest week	Previous week	Change
Crude Oil	364882	368156	-3274
Gasoline	210336	212253	-1917
Distillate	159902	164874	-4972
Refinery utilization (%)	82.4	81.8	0.6
EIA Working gas storage (Bcf)			
Natural gas	3840	3821	19

Outlook

In the coming week, we expect crude oil prices to take some correction and trade in a positive trend, thereafter roll over of contracts may make fall in oil price movement. Most of the US economic releases are expected to have positive impact on the economy, which may support the equity market and then commodity prices. Industrial production of the US is expected to rise more in the month of October. Other economic releases from Euro-zone are expected to results positive for the Euro, which may pressurize Euro in beginning of the week, thus crude oil futures prices may trade in a lower trend. There are no economic releases from the Second energy consumer of the world.

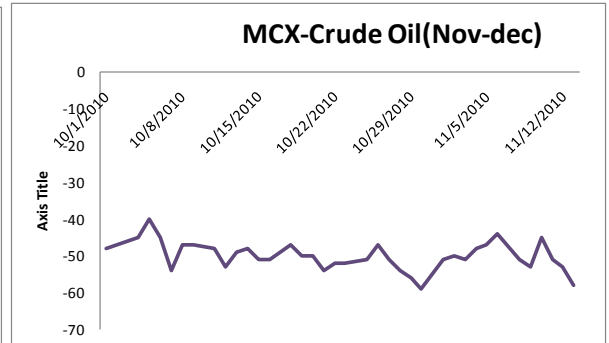
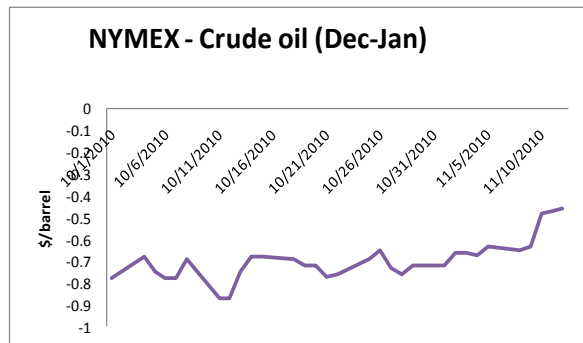
PVO analysis suggests long liquidation can happen in the market, which may pull down prices. Volume has been increased in a higher pace whereas open interest have been declined in the last week.

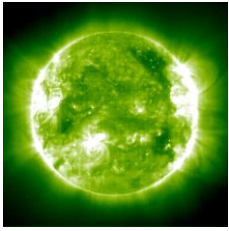
Most intrinsic fundamental of crude oil in the form of inventory suggests, demand is rising for distillates in a higher pace in comparison to gasoline. Thus, prices may take cues out of the inventory report releasing on Wednesday. However, we may expect crude oil prices to trade in zigzag trend and end the coming week in a lower note.

Facts to watch out:

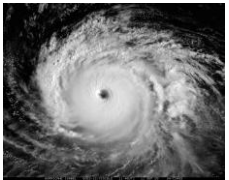
- Tropical storm report by National Hurricane Centre, US
- API Inventory data releases on Wednesday 2:00 A.M. IST
- DOE Inventory data releases on Wednesday 8:00 P.M. IST
- Dollar movement with effect economic releases

Calendar spread





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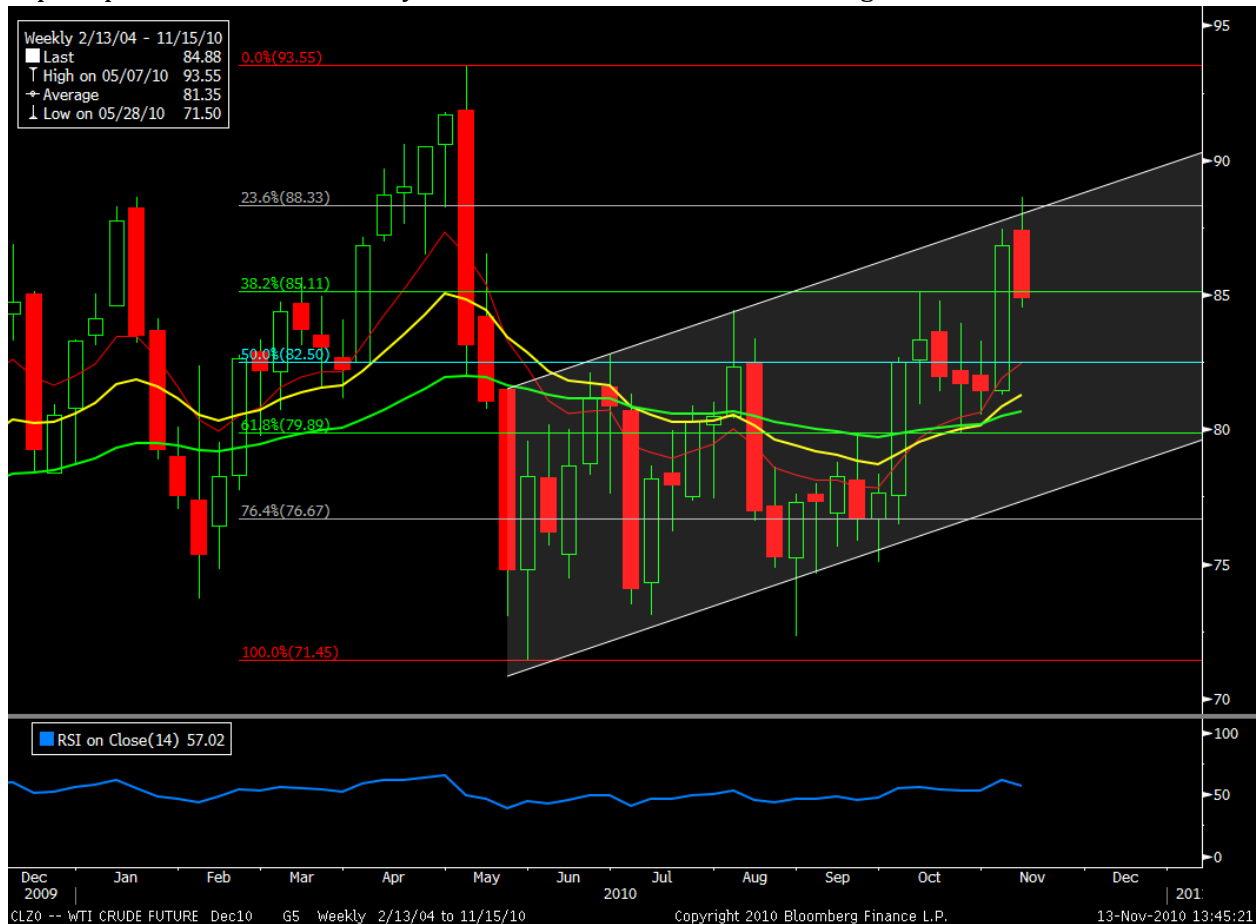


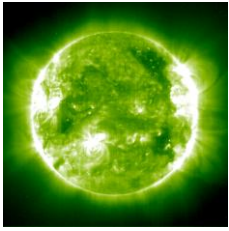
Calendar spread between the consecutive contract stands at higher level from prior week, that Rs.58. Spread difference had been increased as current month contract fell more in comparison to December month contract in MCX. Similar changes also seen in NYMEX traded oil future contracts. We, expect current 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 initially up and tumbled down at the end and closed in red. Crude oil made a high of 88.63 and low of 84.52 levels and settled lower at 84.88 levels. It was down by around --- on last week. The principle of Fibonacci retracement states that crude oil is witnessing crucial resistance at 88.35 levels which is 23.6% retracement of the range (71.45-93.55) levels and has potential for the prices to test 82.50 levels which is 38.2% retracement of the same range. The momentum indicator weekly RSI-14 is trading at 0.57 levels and showing potential for the prices to trade on the downside. 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 sideways to lower and recommend selling at the resistance levels.





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Natural Gas



Technical Recommendation: - Sideways



Exchange	S3	S2	S1	R1	R2	R3
NYMEX Natural Gas October (\$/MMBtu)	3.49	3.65	4.10	4.40	4.56	3.49
MCX Natural Gas October (Rs./MMBtu)	161.07	167.23	184.63	195.87	202.03	161.07
NYMEX Natural Gas	Sideways					
MCX Natural Gas	Sideways					

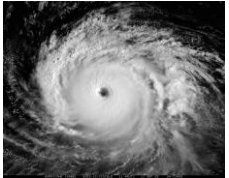


Last week's Price Movement



Exchange	Contract	Open	High	Low	Last	% Change	Volume	% Change	Open Interest	% Change
NYMEX (\$/MMBtu)	December	3.95	4.25	3.79	3.80	-3.51	709632	15.310	107991	-37.63
	January	4.17	4.41	3.97	3.98	-4.65	420327	70.93	202594	12.29
MCX (Rs/MMBtu)	November	175	190	172	174	0.46	194314	-21.17	15911	2.78
	December	179	201	177	200	-0.91	25147	3.51	4901	19.95

Review

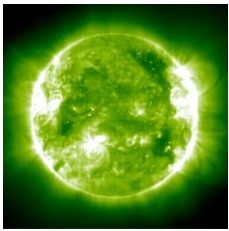


November futures of natural gas prices traded at Rs.173.10/mmbtu by declining 1% from last week. Gas prices fell near Rs.172 in Multi Commodity Exchange. November contracts declined to \$3.80 in Newyork Merchantile Exchange, with a fall of more than 3.5%. However, gas prices opened in a positive trend on today in MCX.

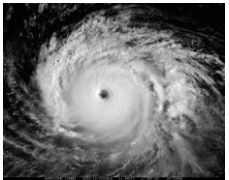


Gas prices open the week in a bullish trend thereafter started falling in mid of the week and closed in a negative figure. National Oceanic and Atmospheric and administration reported about cooler weather condition in the US lower 48 states, which boosted demand for gas. Fall in storage also supported gas prices to climb more than 4%. Natual gas storage climbed to 3840 bcf, increased by only 19 bcf in the last week. This is the lowest rise in the last seven months of time. Economic data of the major countries made dollar index to rise by 2%, thus a negative impact was also witnessed. According to Baker Hughes's natural gas rig count remained the same as last week. Correction in market was seen as volume had increased in a higher pace in the prior week, which made investors to liquidate their positions.

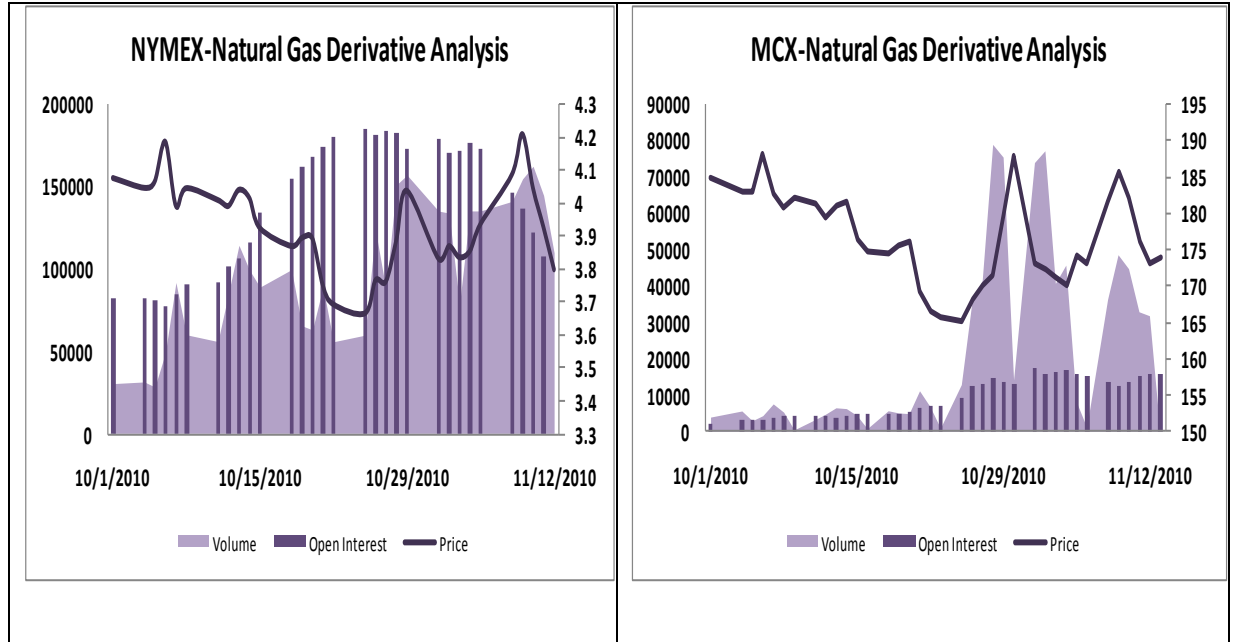




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Derivative Analysis of Natural Gas Future Contracts

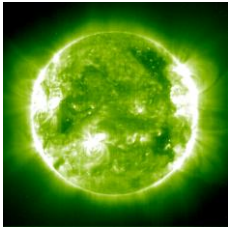


Outlook

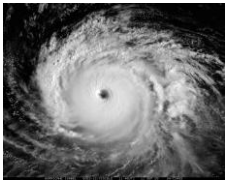
Gas prices are expected to trade in a positive trend in the coming week. Though gas prices have declined, it is in a lower pace. Rising Volume and declining open interest suggest a bearish trend; it may take some correction in beginning of the week. Thus this trend may create some volatility in gas price movement. Natural gas storage increased in a lower pace in the last week. Meanwhile, the rig counts have not increased from prior week, which may have little positive impact on prices. Economic releases from the US are expected to have some positive impact on economy which may push gas prices to trade higher.

However, we may expect gas prices to trade in a positive trend on the back of supportive demand due to winter in US. Whereas actual storage report and rig counts may have some pressure on gas prices in mid of the week.

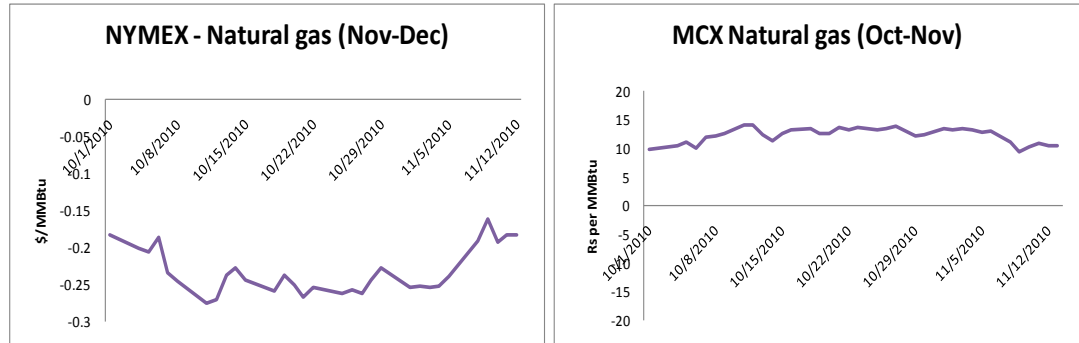
Natural gas Rig count			
Commodity	Latest week	Previous week	Change
Natural gas	955	955	0



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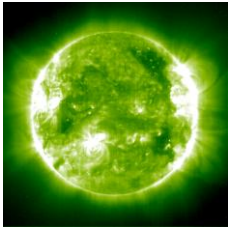
Calendar spread



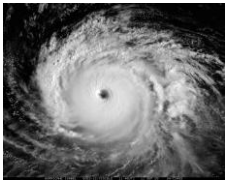
Calendar spread declined near Rs.10.50 in MCX for November and December contracts. Current month contract declined lower than far month contract, which made spread to fall. However, some gain was also witnessed in beginning of the week. Similarly, spreads difference declined near 0.18 cents in NYMEX future contracts. However, we may expect the spread to continue the same trend in the coming week, as near month contract may trade in a higher trend in comparison to far month contract.

Technical analysis: NYMEX Natural gas - December

Natural gas future prices traded initially up and ended on bearish note with a loss by --- on its previous week's close. It made a high of 4.249 levels and low of 3.794 and settled lower at 3.799 levels. The closing of the weekly closing candle renders down side movement 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 0.298 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 to lower in the coming week.

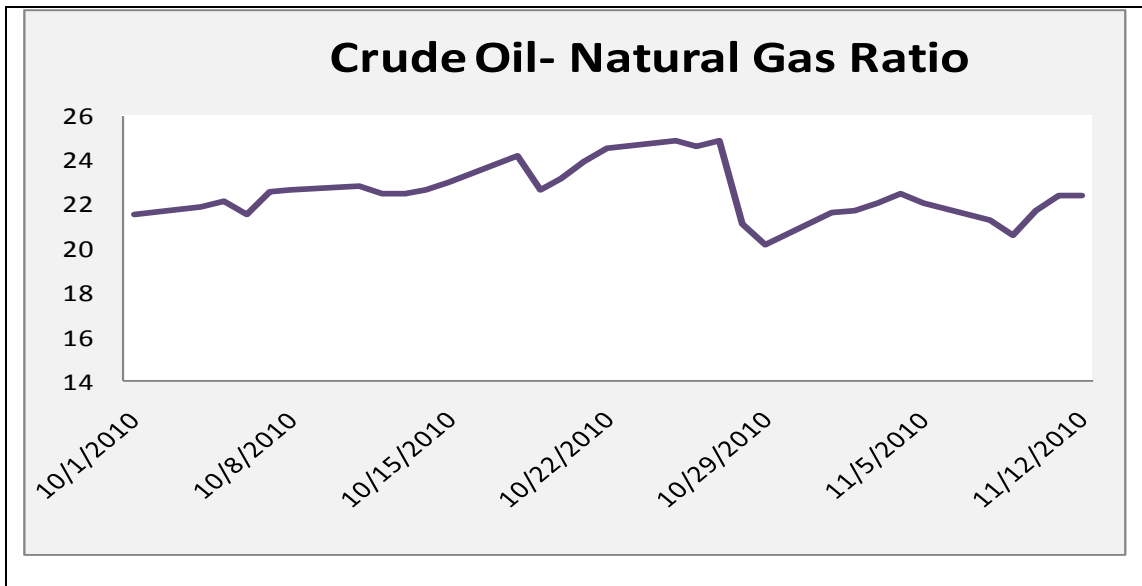


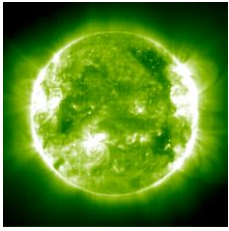
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Crude Oil - Natural Gas Ratio

This week ratio between crude oil and Natural gas stands at 22, which is slightly higher than last week ratio. A rise 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 fall in the coming week.

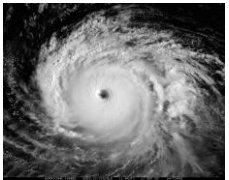


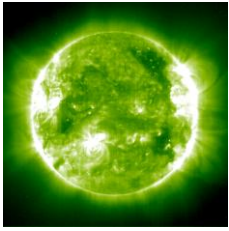


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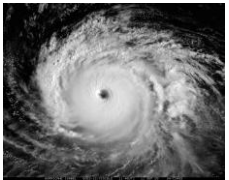
MAJOR ECONOMIC RELEASES IN THE COMING WEEK

Date Time	Region	Event	Period	Survey	Prior
11/15/2010 5:20	JN	Gross Domestic Product (QoQ)	3Q P	0.60%	0.40%
11/15/2010 12:00	IN	Monthly Wholesale Prices YoY%	OCT	8.50%	8.62%
11/15/2010 15:30	EC	Euro-Zone Trade Balance sa	SEP	1.0B	-1.4B
11/15/2010 19:00	US	Advance Retail Sales	OCT	0.70%	0.60%
11/15/2010 19:00	US	Empire Manufacturing	NOV	14	15.73
11/15/2010 20:30	US	Business Inventories	SEP	0.80%	0.60%
11/16/2010 15:00	UK	CPI (MoM)	OCT	0.20%	0.00%
11/16/2010 15:30	EC	Euro-Zone CPI (MoM)	OCT	0.30%	0.20%
11/16/2010 15:30	GE	Zew Survey (Current Situation)	NOV	75	72.6
11/16/2010 15:30	EC	ZEW Survey (Econ. Sentiment)	NOV	2	1.8
11/16/2010 15:30	GE	ZEW Survey (Econ. Sentiment)	NOV	-6	-7.2
11/16/2010 19:00	US	Producer Price Index (MoM)	OCT	0.80%	0.40%
11/16/2010 19:30	US	Total Net TIC Flows	SEP	--	\$38.9B
11/16/2010 19:30	US	Net Long-term TIC Flows	SEP	--	\$128.7B
11/16/2010 19:45	US	Industrial Production	OCT	0.30%	-0.20%
11/16/2010 19:45	US	Capacity Utilization	OCT	74.90%	74.70%
11/16/2010 20:30	US	NAHB Housing Market Index	NOV	17	16
11/17/2010 19:00	US	Consumer Price Index (MoM)	OCT	0.30%	0.10%
11/17/2010 19:00	US	Housing Starts	OCT	600K	610K
11/17/2010 19:00	US	Building Permits	OCT	570K	539K
11/17/2010 19:00	US	Housing Starts MOM%	OCT	-1.60%	0.30%
11/17/2010 19:00	US	Building Permits MOM%	OCT	4.20%	-5.60%
11/18/2010 14:30	EC	ECB Euro-Zone Current Account SA	SEP	--	-7.5B
11/18/2010 19:00	US	Initial Jobless Claims	13-Nov	441K	435K





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11/18/2010 19:00	US	Continuing Claims	6-Nov	4290K	4301K
11/18/2010 20:30	US	Leading Indicators	OCT	0.50%	0.30%
11/18/2010 20:30	US	Philadelphia Fed.	NOV	5	1

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