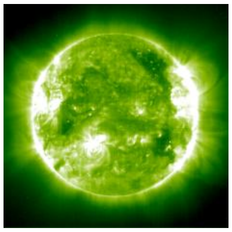

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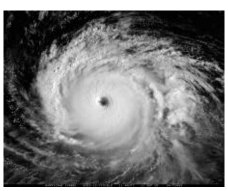

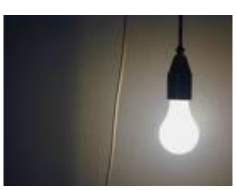

CRUDE OIL:
Technical Recommendation:-Buy

Exchange	S3	S2	S1	R1	R2	R3
Apr- Crude oil - Nymex ($/bbl)	**89.9**	**94.4**	**97.8**	**105.7**	**110.3**	**113.7**
MCX Crude oil – Mar (Rs/bbl)	**4089**	**4295**	**4423**	**4757**	**4963**	**5091**
Nymex crude oil (April)	**Buy at $96-97 TP 106.5 SL $94.**					
MCX Crude oil (March)	**Buy at 4420-4450 TP 4550 then 4620 SL 4350**					

Last week's Price Movement

Exchange	Contract	Open	High	Low	Last	% Change	Volume	% Change	Open Interest	% Change
NYMEX WTI	April	104.65	106.95	99.01	101.16	-3.12%	1921313	7.79%	215405	-22%
Crude ($/bbl)	May	105.71	108.25	100.15	102.35	-3.09%	856391	39.21%	286005	30%
ICE Brent	April	116.12	118.5	112.13	113.84	-1.84%	991012	3.56%	84830	-43%
Crude ($/bbl)	May	115.89	118.42	112.23	113.84	-1.77%	833246	51.77%	160603	13%
MCX WTI	March	4736	4835	4501	4559	-3.64%	1007055	5.40%	18025	-5%
Crude	April	4854	4919	4582	4643	-3.39%	77474	20.24%	5007.00	36%

Review: Oil futures prices traded on a volatile trend in the last week and closed on a negative note. Oil prices have declined by more than 3% in the last week, after last one month of price rally. In spite of unrest in Libya, oil prices took negative cues from other economical factors and earth quake of Japan before end of the week.

Nymex traded oil futures prices traded below $100/bbl in the last week by falling from the high of $106.95/bbl. Similarly, March contract made a low of R.4501/bbl in the MCX platform on Friday. Prices have fallen from its last two and half year high, whereas volume has increased along with declining open interest in March Contract on MCX.

Ongoing conflict have supported oil prices initially in the last week, however prices took negative cues out of the other factors. Bearish performance of Global equity market driven by weak economic data releases in the last week was witnessed. Consumer credit of US has declined slightly in January whereas both wholesale and business inventories have increased, which had a negative impact on US equity market. US jobless claims have been increased in the last week. Trade balance of China slipped to deficit by -$7.3B in February, in last one year of time. Increasing Inflationary numbers in the form of Producer price index and Consumer price index in February has created inflationary concern in China. On the other hand, Moody has downgraded credit rating of Spain in the last week. Thus, world equity index have fallen by more than 2% in the last week. After trading on a volatile trend, dollar index closed almost flat

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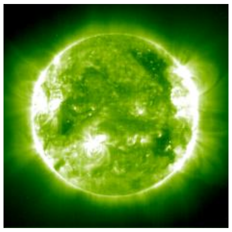
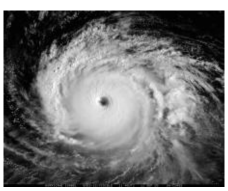
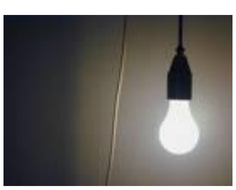




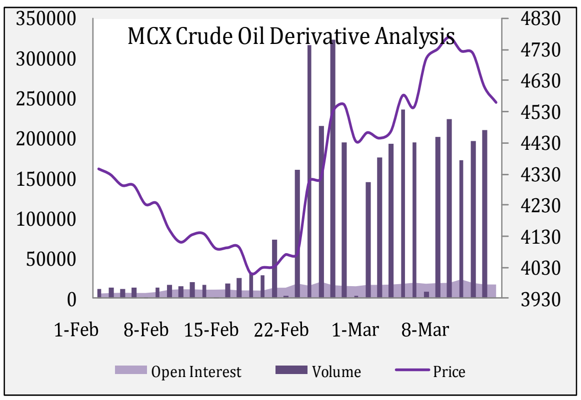


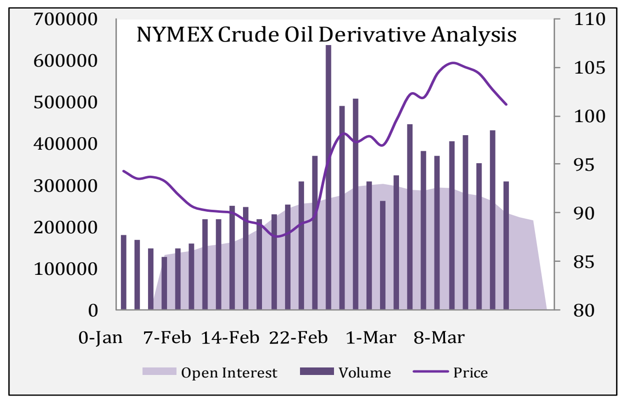
on weekly basis at 76.77 levels. However, INR has depreciated near 1% and closed at 4.39 on last Friday.

Strong earth quake with magnitude of 8.9 have made a down fall in crude oil prices on last Friday. Japan is the second largest crude oil importer which imports more than 4.7 million barrels per day. However, it has the largest refining capacity in Asia Pacific region, near 4.6 million barrels per day. Most of the Oil Refiners have shut down in Japan. Thus, oil prices fell on concern of lower demand in near term from Japan.

As per US energy department, total crude oil inventories have increased by more than 2.5mb in the last week inventory report. However, refiners have increased their capacity as huge withdrawal in Gasoline and Distillates stocks was witnessed. On the contrary Baker huges oil rig counts have been increased by 26 numbers.

Derivative Analysis of Crude Oil Future Contracts





US Crude Oil Inventory

DOE Warehouse Stocks ('000 barrels)			
Commodity	**Latest week**	**Previous week**	**Change**
Crude Oil	348891	346375	2516
Gasoline	229214	234708	-5494
Distillate	155209	159186	-3977
Refinery utilization (%)	82	80.9	1.1
EIA Working gas storage (Bcf)			
Natural gas	1674	1745	-71

Outlook

In the coming week, we may expect crude oil futures to trade on positive trend on the back of positive economic data expectation and prevailing unrest in Libya. However some pressure may be witnessed initially due to shut down in Japan refineries. Japan is the second largest importer of crude oil and third largest consumer which consumes more than 4.42 million

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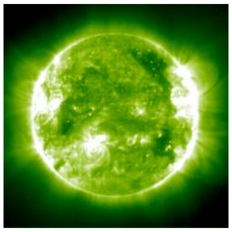
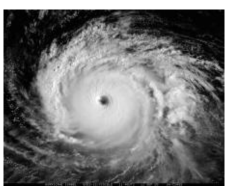




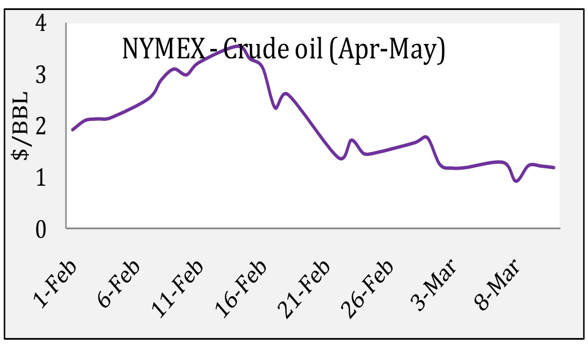



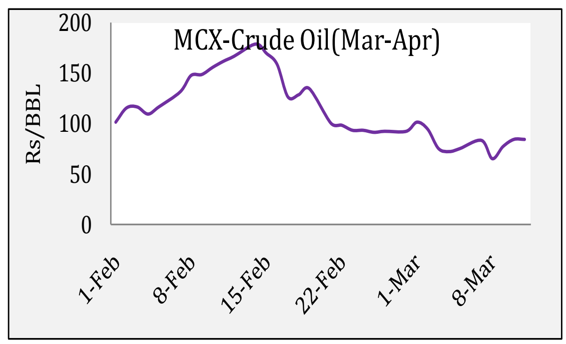

barrels per day. As refineries have shut down in Japan, demand may increase in short term from Japan, which may lead oil prices higher, though initially there may be some pressure due to fall in refining capacity. On economic front, most of the data releases from the US are expected to result positive. Import price index for February is expected to decline, which is positive for US economy. Empire manufacturing index is likely to continue the uptrend. Inflationary numbers in the form of PPI and CPI is likely to give a mix picture for US economy. Similarly, fall in jobless claims is also expected in the coming week. Slight improvement in housing sector is also expected. Most importantly; FOMC rate decision is there in coming week, which must eye. On the other hand, trade balance of Euro-zone is expected to decline in January which may have negative impact on market movement. However, increasing Euro-zone CPI and PPI numbers of PPI is expected to result positive for their economy. US weather outlook is expected to remain normal in the coming week. Increasing refining utilization along declining petroleum stocks is indicating more demand which may support oil prices to trade on higher side. However, actual inventory data must be eye on Wednesday night. Above all, any news from Libya which is still prevailing in the market may change the oil price movement.

Facts to watch out:

- API Inventory data releases on Wednesday 2:00 A.M. IST
- DOE Inventory data releases on Wednesday 9:00 P.M.IST

Calendar spread

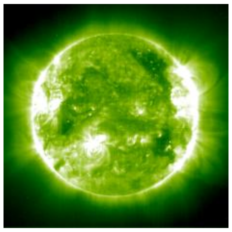




Calendar spread between the consecutive contracts increased to Rs.84 in the last week. However, fall in spread was also witnessed mid of the week at Rs.65. Increasing trade volume in April contract supported spread to increase from its low. In the coming week, we are expecting spread to decline slightly, as more movement can be seen in April contract than March.

Technical analysis:

CRUDE Oil NYMEX: April crude oil futures prices traded lower on last week by reversing the previous trend. It made a high of $106.95 then low of $99.01 levels and settled at $101.16 levels. It was down by 3.12% on last week. Closing of the weekly candle renders indecisive movements for the coming week. The principle of Fibonacci retracement states that prices are witnessing crucial support at 99.30 levels which is 23.6% retracement of the range 74.98-106.95 levels. Only on breach and sustained trade below would lead the prices to trade lower and has potential to test 94.70 levels which is 38.2% retracement of the above mentioned



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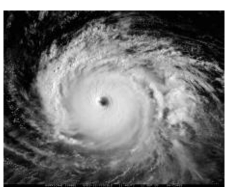
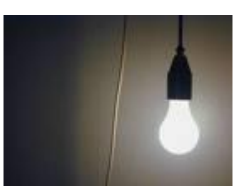
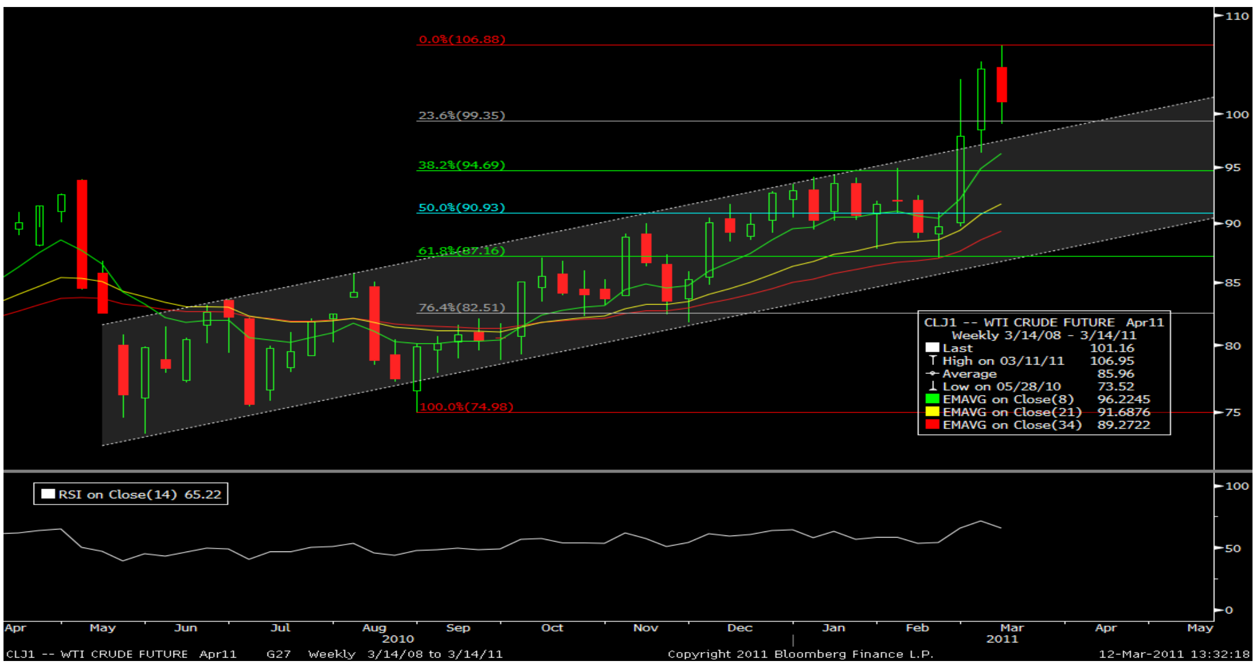




range. Incase market sustains above $99.00 levels may expect the prices to trade higher and test the origin point. Prices are witnessing trend channel support at 97.50 levels. On sustained trade above is likely to remain higher. The "Moving Average" principle suggesting upside movements as prices are trading well above the short and medium term EMA's of (8,21&34) weeks. The momentum indicator weekly RSI-14 is treading at 0.652 levels and showing indecisiveness. However a mild correction on the lower side is expected before resuming its uptrend.

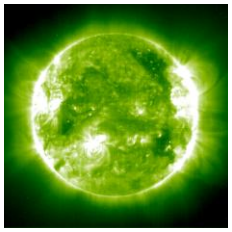
Conclusion: We expect prices to trade higher and recommend buying at support levels for the coming week.



Natural Gas

Technical Recommendation: - **Buy**

Exchange	S3	S2	S1	R1	R2	R3
NYMEX Natural Gas ($/MMBtu)	**3.526**	**3.628**	**3.759**	**3.992**	**4.094**	**4.225**
MCX Natural Gas (Rs./MMBtu)	**159.9**	**164.3**	**170.3**	**180.7**	**185.1**	**191.1**
NYMEX Natural Gas(April)	Buy in the range $3.860-3.800 TP $4.050 then 4.200 with stop loss below 3.730.					
MCX Natural Gas(March)	Buy in the range Rs. 173-174 targeting Rs. 180 then Rs. 184 with stop loss above Rs. 167					



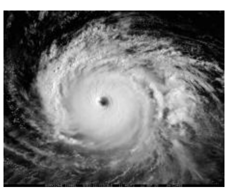
Energy Weekly

Last week's Price Movement

Exchange	Contract	Open	High	Low	Last	% Change	Volume	% Change	Open Interest	% Change
NYMEX	April	3.79	3.96	3.73	3.89	2.10	678937	26.265	149459	-29.34
($/MMBtu)	May	3.88	4.02	3.81	3.95	1.49	350076	67.34	236903	4.98
MCX	March	171	179	169	177	3.15	154078	-10.83	11733	-31.80
(Rs/MMBtu)	April	184	190	180	188	2.66	13721	55.47	2705	51.20

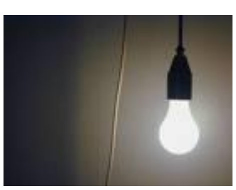
Review

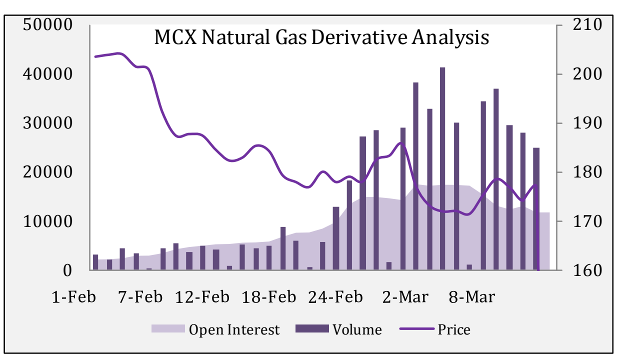
Like crude oil, natural gas future prices were traded on a volatile trend in the last week, however closed on positive note on weekly basis. March contract closed with a gain of more than 3% in MCX platform, whereas NYMEX traded April contract closed at $3.89/ MMBTU by gaining more than 2%.

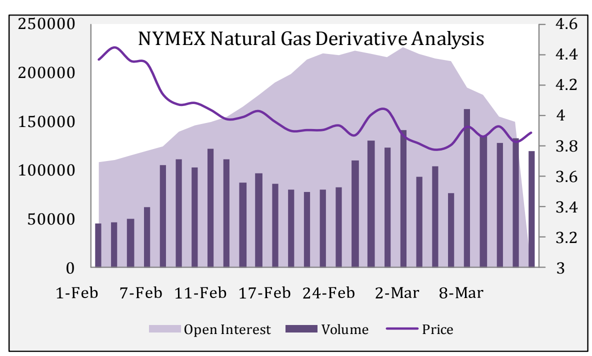


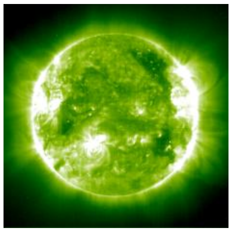
Gas leak news in Jasper Avenue in Alberta has supported gas prices to take positive cues initially in the last week. However, after it got repaired and resumed working, gas prices again fell. Rising production in North America from shale formation have also pressurized gas prices. Normal weather condition of the US has also limited the gains of gas prices. Lower withdrawal of storage had negative impact on price movement. Thus, a fall in prices was witnessed on Thursday. However, earth quake in Japan changed the price movement on Friday. Japan is one of the largest LNG importers and it accounts for 36 percent of World LNG import. In 2009, Japan consumed some 3.3 Tcf of natural gas, importing about 3.0 Tcf of LNG by tanker. Gas futures climbed up by 2% on Last Friday. Declining rig counts report has also supported gas prices to take positive cues. In March contract, price has increased slightly, whereas volume and open interest have declined. Traders are liquidating both loosing short positions & closing winning long positions.

Derivative Analysis of Natural Gas Future Contracts







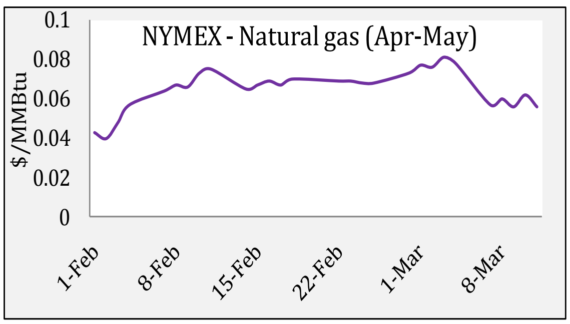


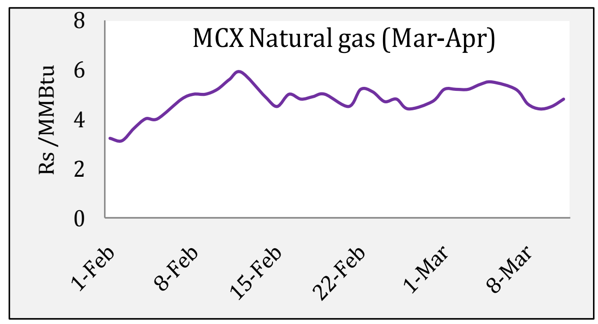
Energy Weekly

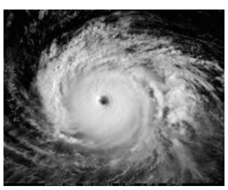
Outlook:

In the coming week, we are expecting Gas prices to trade on positive trend on expectation of higher demand from Japan and lower rig counts report. Natural gas rig counts have fallen by 17 numbers and currently it stand at 882. Natural gas storage level stands at 1674 BCF, as per the EIA weekly inventory report. Thus, declining storage level and lower rig counts may support gas prices to take some cues. Similarly, Japan's LNG import may increase which may boost demand for gas. On the other hand, economic releases from US are expected to result mostly positive for the economy, which may support gas prices. However, US weather is expected to remain largely unchanged, which may limit the gains of gas prices. Overall, we are expecting gas prices to trade on higher side.

Calendar spread





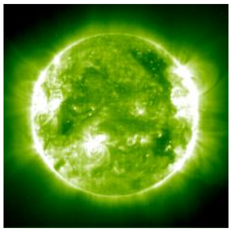


Calendar spread declined to Rs.4.8 in MCX for March and April contracts. Near month contract increased more than current contract, which made spread to decline. Similarly, spreads difference declined in NYMEX future contracts. We may expect the spread to decline in the coming week, as March month contract may trade on a positive trend in comparison to April month contract.

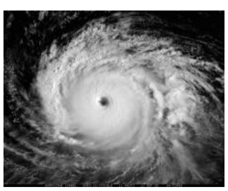
Technical analysis:

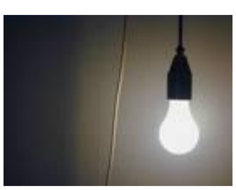
NYMEX Natural gas: Natural gas future prices traded higher on last week by reversing the previous trend. It made a low of $3.731 levels then high of $3.964 before settled at $3.889 levels. It was up by 2.10% on last week. Closing of the weekly candle renders upside movements for the coming week. Prices have breached the crucial resistance at 3.848 levels (previous swing lows). On sustained trade below is likely to remain lower. Prices are witnessing trend channel formation on the lower side and hovering within the channel from the past couple of weeks. This time prices are moving towards the northward direction after witnessing lower trend channel support. The volume indicator analysis suggesting upside

Energy Weekly

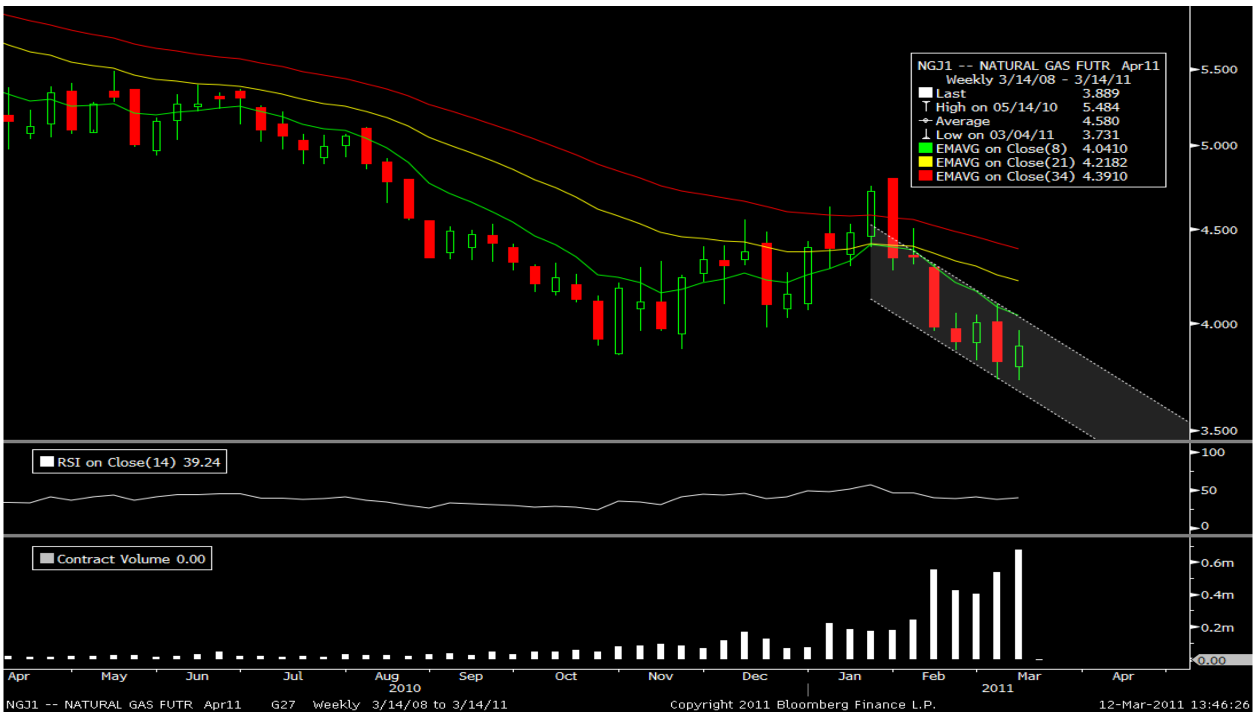




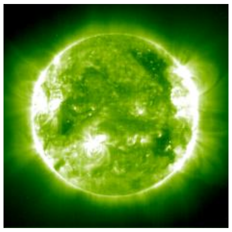



movements as volumes has increased from 0.537M to 0.678M contracts. It means volumes have increased on rising markets. The momentum indicator RSI weekly 14 is treading at 0.392 levels and suggesting upside movements for the coming week. The Moving Average principle suggesting downside movements as prices are trading well below the short and medium term EMA's of (8, 21 & 34). However a mild correction on the lower side may be expected before resuming its uptrend. We expect price to trade higher and recommend buying at lower levels.



Crude Oil –Natural Gas Ratio

This week ratio between crude oil and Natural gas stands at 26. Volatile trend in both the commodities prices has kept ratio largely unchanged from prior week. However, in the coming week we may expect ratio to fluctuate from its high level to down side.



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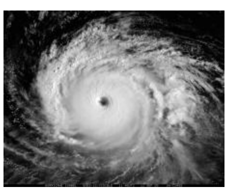
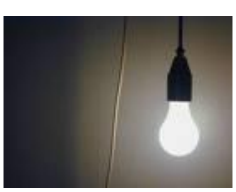
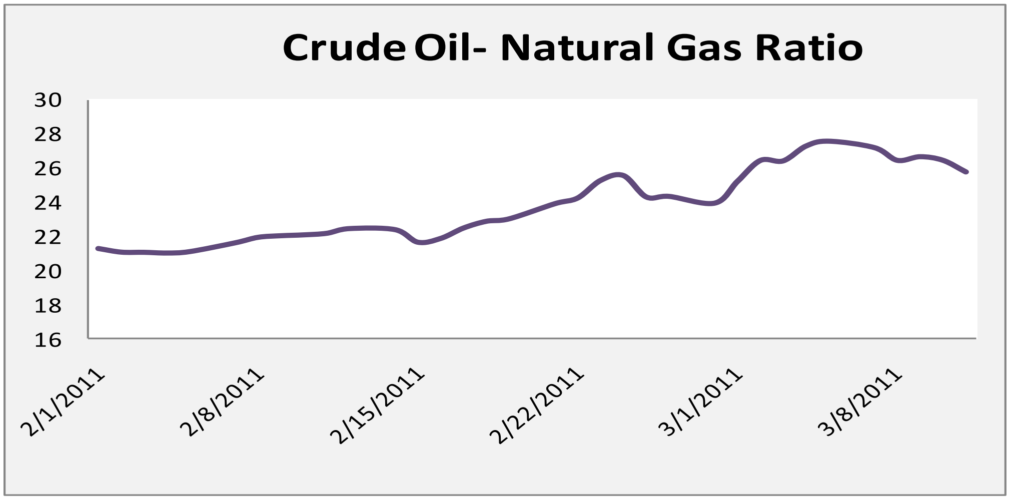
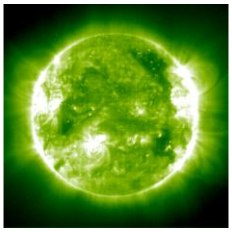






Economic Data releases in the Coming Week

Date Time	Country	Event	Month	Survey	Prior
03/14/2011	EC	Euro-Zone Ind. Prod. sa (M/M)	JAN	0.30%	-0.10%
03/15/2011	GE	Zew Survey (Current Situation)	MAR	86	85.2
03/15/2011	EC	ZEW Survey (Econ. Sentiment)	MAR	- -	29.5
03/15/2011	GE	ZEW Survey (Econ. Sentiment)	MAR	16	15.7
03/15/2011	US	Empire Manufacturing	MAR	16.1	15.43
03/15/2011	US	Import Price Index (M/M)	FEB	0.90%	1.50%
03/15/2011	US	Import Price Index (Y/Y)	FEB	6.40%	5.30%
03/15/2011	US	Total Net TIC Flows	JAN	$35.0B	$48.2B
03/15/2011	US	Net Long-term TIC Flows	JAN	$55.0B	$65.9B
03/15/2011	US	NAHB Housing Market Index	MAR	17	16
03/15/2011	US	FOMC Rate Decision	15-Mar	0.25%	0.25%
3/16/2011	EC	Euro-Zone CPI (M/M)	FEB	0.40%	-0.70%
03/16/2011	US	Housing Starts	FEB	570K	596K
03/16/2011	US	Building Permits	FEB	570K	562K
03/16/2011	US	Producer Price Index (M/M)	FEB	0.70%	0.80%
03/16/2011	US	Producer Price Index (Y/Y)	FEB	4.70%	3.60%
03/17/2011	IN	Cash Reserve Ratio	17-Mar	6.00%	6.00%
03/17/2011	IN	Reverse Repo Rate	17-Mar	5.75%	5.50%
03/17/2011	US	Consumer Price Index (M/M)	FEB	0.40%	0.40%
03/17/2011	US	Initial Jobless Claims	12-Mar	390K	397K



Energy Weekly

03/17/2011	US	Continuing Claims	5-Mar	3750K	3771K
03/17/2011	US	Industrial Production	FEB	0.60%	-0.10%
03/17/2011	US	Capacity Utilization	FEB	76.50%	76.10%
03/17/2011	US	Leading Indicators	FEB	1.00%	0.10%
03/17/2011	US	Philadelphia Fed.	MAR	29.7	35.9
03/18/2011	GE	Producer Prices (M/M)	FEB	0.70%	1.20%
03/18/2011	GE	Producer Prices (Y/Y)	FEB	6.30%	5.70%
03/18/2011	EC	Euro-Zone Trade Balance	JAN	-9.0B	-0.5B

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