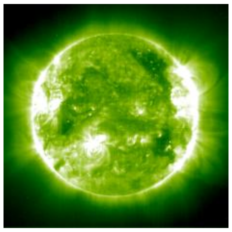


Energy Weekly

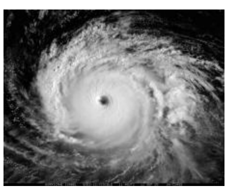
CRUDE OIL:

Technical Recommendation:-Buy

Exchange	S3	S2	S1	R1	R2	R3
May- Crude oil - Nymex ($/bbl)	98.18	100.14	102.77	107.36	109.32	111.95
MCX Crude oil – Apr (Rs/bbl)	4475	4550	4646	4817	4892	4988
Nymex crude oil (May)	Buy at $103.5-104.5 TP 108.5 SL 102					
MCX Crude oil (Apr)	Buy at 4700-4720 TP 4810 then 4910 SL 4625					

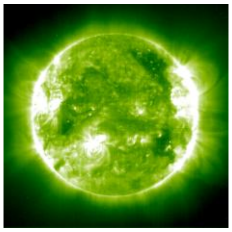
Last week's Price Movement

Exchange	Contract	Open	High	Low	Last	% Change	Volume	% Change	Open Interest	% Change
NYMEX WTI	May	103.02	106.69	102.1	105.4	3.49%	1277616	33.42%	362319	3%
Crude ($/bbl)	Jun	103.42	107.14	102.74	105.94	3.42%	384204	3.62%	157424	4%
ICE Brent	May	114.75	116.4	114.15	115.59	1.46%	723749	-33.30%	187049	-2%
Crude ($/bbl)	Jun	115.43	116.32	114.14	115.42	1.45%	391601	-23.15%	204074	3%
MCX WTI	April	4660	4797	4626	4743	2.37%	660554	507.30%	16278	82%
Crude	May	4761	4850	4678	4800	2.43%	29212	620.57%	3456.00	285%



Review: As per our last weekly report, crude oil futures prices traded on a positive trend and closed with a gain near four percent. Oil prices continued the bullish trend and traded above last two and half year high again on the back of supportive fundamentals. However, some pressure was witnessed on prices in mid of the week due to higher stock piles and lower economic data releases from the US. WTI Light sweet crude oil April contract made a high near Rs.4800/bbl in the MCX platform, whereas NYMEX traded May contract traded above $106.60 in the last week. However, ICE Brent crude oil futures prices have gained near 1.5% only. As per PVO, volume has been increased largely in the last week in comparison to open interest.

Ongoing unrest in Libya and expected higher demand from Japan have supported oil prices to trade higher, though some down fall was witnessed in between. Air strikes in Libya which have created supply concern again in the market pushed prices upward. On contrary, Japan government have authorized to releases more oil reserves to meet the current demand. Thus, oil prices had shown a sluggish movement in mid of the week. In addition to this, Cushing stocks have increased by more than 170K in the last week. Though Gasoline stocks have declined largely, piling up in Distillates stock was witnessed as reported by American Petroleum Energy. Meanwhile, oil drilling activity rose for fourth week, reaching its highest levels in Baker Hughes



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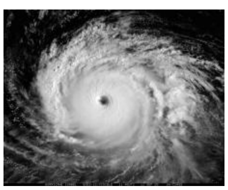
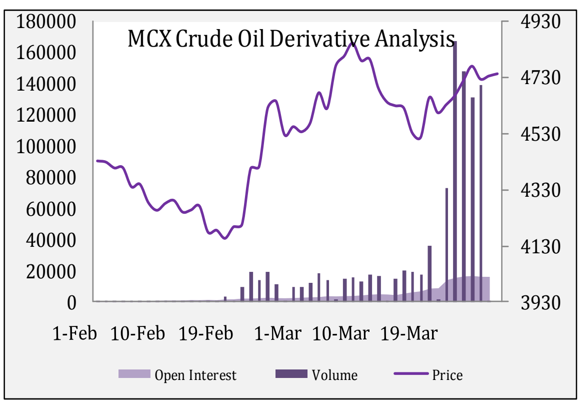
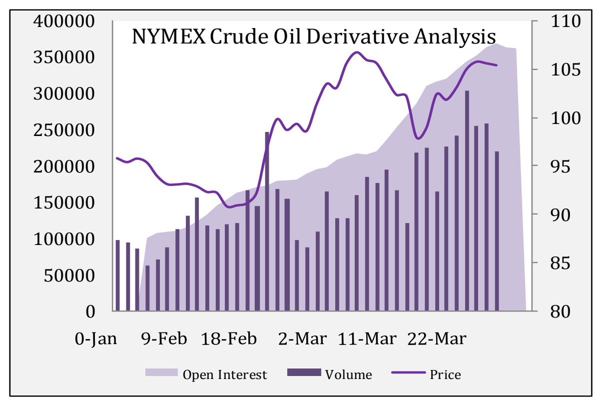


data since 1987. The count rose by 12 to 851, since drillers continue to explore unconventional fields as benchmark U.S. oil prices topped $106 a barrel this month.

Most of the economic releases from the US were lower than expectation numbers, which had negative impact on equity market and hence on oil prices. In the beginning of the week, equity market were supportive along with intrinsic fundamentals, however declining home sales data and lower Richmond Fed index created a bearish impact on the market. House price index has remained unchanged on negative figures in January. New home sales also fell in the last month. Durable goods orders of the US declined the most, which made prices to fall on Thursday night. As per the last week report, jobless claims have declined slightly, whereas continuing claims have increased. Similarly, PMI numbers of the Euro- zone and German were mixed for the economy. Fortunately, increased GDP number in fourth quarter on annualized basis has supported market to bounce back. Volatile movement in dollar index was seen, and then it closed at 76.15 levels by loosing near 0.60%. However, appreciating INR pressurized oil price movement in India market. INR closed at 44.67 levels by appreciating near 1% in the last week. Global equity market closed with a gain of more than 3% in the last week.

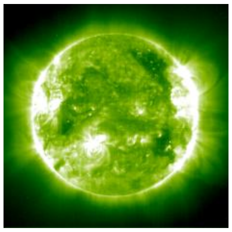
Derivative Analysis of Crude Oil Future Contracts





US Crude Oil Inventory

DOE Warehouse Stocks ('000 barrels)			
Commodity	**Latest week**	**Previous week**	**Change**
Crude Oil	352767	350636	2131
Gasoline	219720	225040	-5320
Distillate	152615	152608	7
Refinery utilization (%)	84.1	83.4	0.7
EIA Working gas storage (Bcf)			
Natural gas	1612	1618	-6



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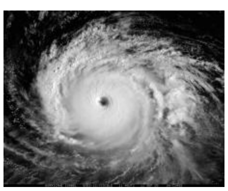
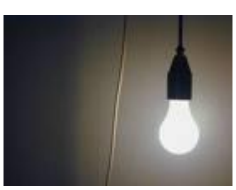




Outlook

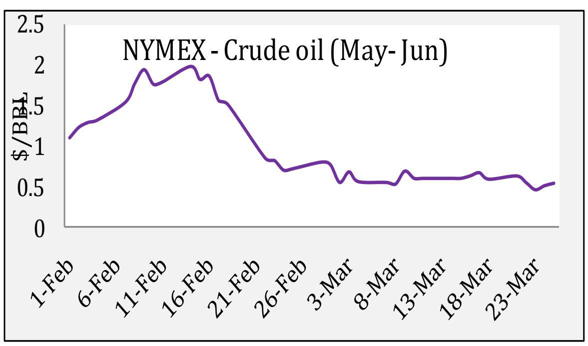
In the coming week, our outlook is remain unchanged for a positive trend, however some down fall may be seen initially due to lower economic data expectation. Continuing civil unrest in MENA region and expectation of higher demand from Japan will support oil prices to continue the positive trend. Refinery utilization is in increasing trend since the disaster in Japan in his month. US government has permitted for deep horizon drilling to some of major companies. Heating degree day's numbers are in declining order, which may pressurize the demand for Distillates. On the other side, Gasoline demand is expected to increase to meet the future demand of driving season. Supply concern has created the sentiment to pile up the stocks to meet the future demand. So, ultimately this is going to support oil prices.

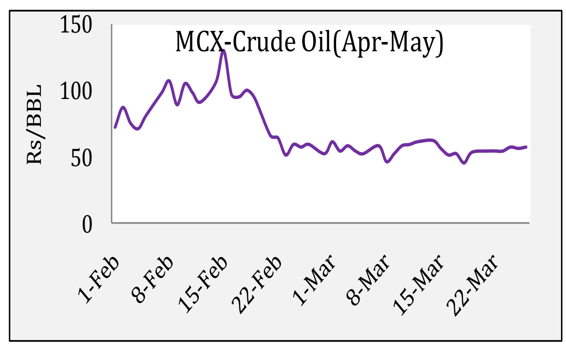
On economic front, US economic releases are likely to come mixed. In one hand, lower increase in personal consumption along with lower factory orders expectation is expected to have negative impact on market. On other side, Payrolls data of the US are expected to increase along with other increase private employment numbers. Similarly, German employment data is expected to decline in March. Different confidence index of the Euro-zone is likely to fall slightly in this month. So, we may expect oil futures prices to trade on higher side in the coming week.

Facts to watch out:

- API Inventory data releases on Wednesday 2:00 A.M. IST
- DOE Inventory data releases on Wednesday 8:00 P.M.IST

Calendar spread





Calendar spread between the consecutive contracts increased to Rs.57 in the last week. Increasing trade volume in May contract pushed the spread upward. Volume has been increased more in May contract than April contract. We are expecting spread to increase slightly, as more movement can be seen in May contract than April.

Technical analysis:

CRUDE Oil NYMEX: May Crude oil prices traded higher on last week by continuing the previous trend. It made a low of 102.1 then high of 106.69 and settled higher at 105.4 levels. On sustained trade above is likely to remain higher. Prices have breached the key resistance at 104.50 levels (previous week high). Prices are witnessing resistance at 108.25 levels (previous swing highs). On sustained trade above would escort the prices to further highs. The principle

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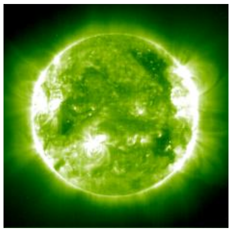
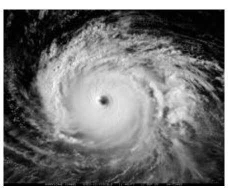
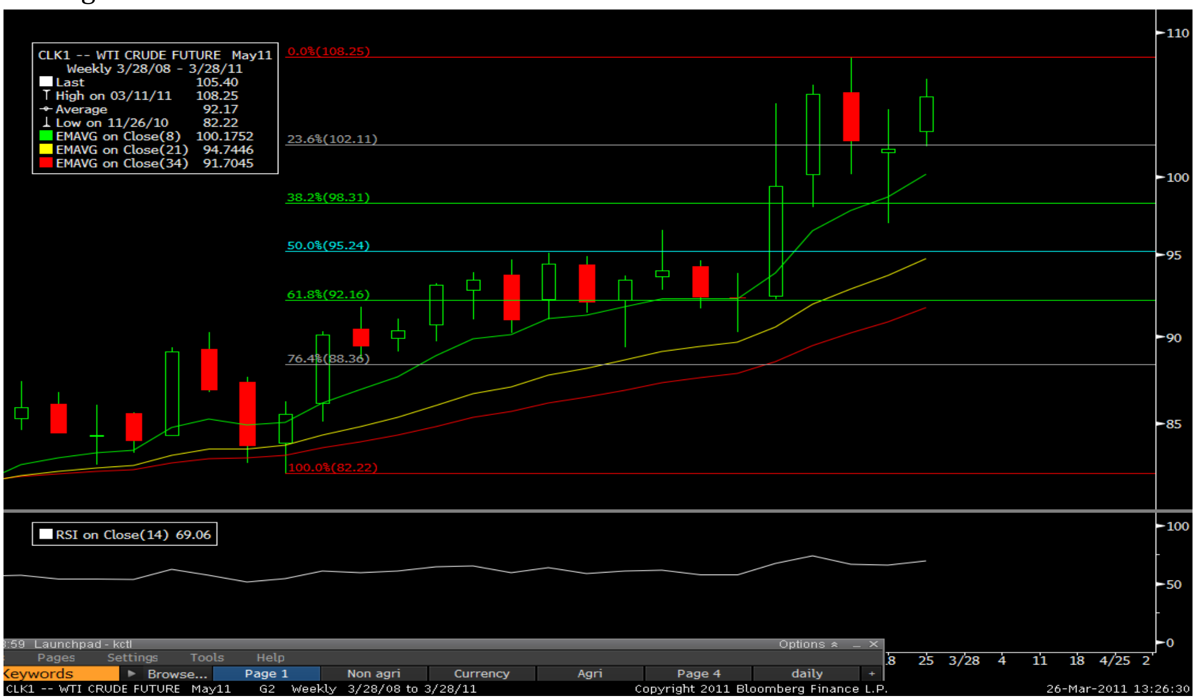





of Fibonacci retracement states that Prices are witnessing crucial support at 102.10 levels which is 23.6% retracement of the range 82.22-108.25 levels. On sustained trade above would lead the prices to test the origin point. Incase markets fails to breach higher, we expect the limited gains. The "Moving 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 0.690 levels and suggesting upside movements. However a mild correction on the lower side may be expected before resuming its uptrend.

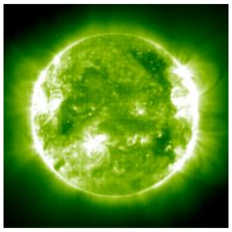
Conclusion: We expect prices to trade higher and recommend buying at support levels for the coming week.



Natural Gas

Technical Recommendation: - Buy

Exchange	S3	S2	S1	R1	R2	R3
NYMEX Natural Gas ($/MMBtu)	3.973	4.087	4.288	4.603	4.717	4.918
MCX Natural Gas (Rs./MMBtu)	182.3	186.8	195.1	207.9	212.4	220.7
NYMEX Natural Gas(May)	Buy in the range $4.300- 4.400 TP $ 4.650 then 4.850 with stop loss below $4.150.					
MCX Natural Gas(April)	Buy in the range Rs. 197-199 targeting Rs. 205 then Rs. 213 with stop loss below Rs. 191					



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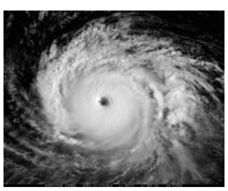
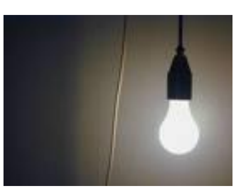




Last week's Price Movement

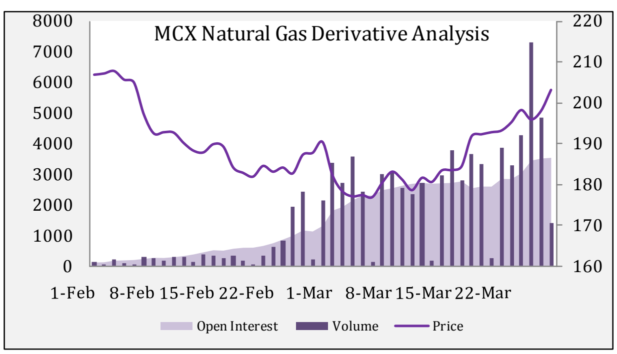
Exchange	Contract	Open	High	Low	Last	% Change	Volume	% Change	Open Interest	% Change
NYMEX	April	4.17	4.43	4.12	4.40	5.64	563256	-26.352	33313	-57.46
($/MMBtu)	May	4.25	4.52	4.20	4.49	5.75	416444	-8.27	257891	-2.49
MCX	March	189	200	186	197	5.17	132553	-22.26	5802	-29.78
(Rs/MMBtu)	April	176	184	174	181	5.34	24930	17.30	3529	-3.67

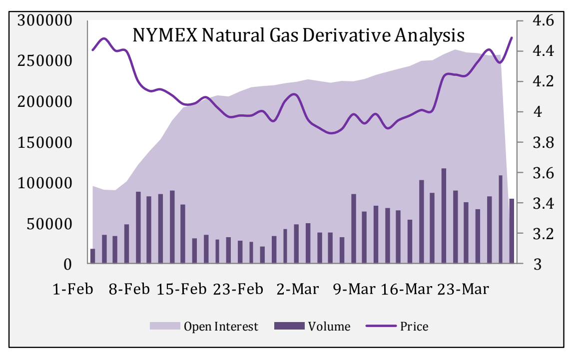
Review

Natural gas futures continued the third weekly gain. Increasing demand for LNG and concern of pipeline supply supported gas futures prices to trade on higher side. April contract closed at $4.40 with a gain of more than 5.6% in the last week. March contract closed at Rs.197/bbl in the MCX platform, after making the high at Rs.200 / MMBTU on last Friday.

Natural gas futures prices traded higher on expectation of higher LNG demand. Japan is the third largest energy consumer and largest LNG importer. Current situation after earthquake and nuclear explosion have created the concern of power shortage. Thus, for power generation demand for LNG is expected to increase in short term. On going unrest in Middle East also created the concern of pipeline supply. On the other side, rig counts have been increased to meet the future demand. As per Baker Hughes working gas rig counts have been increased by 5 numbers in the last week. So, the storage level has declined slightly higher than market expectation. Increased US GDP have also fueled gas prices to continue the bullish trend.

Derivative Analysis of Natural Gas Future Contracts





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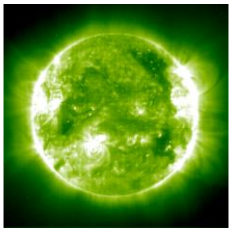
In the coming week, we are expecting Gas prices to trade on positive trend on expectation of higher demand from Japan. LNG import may increase which may boost demand for gas. Increasing production and higher demand is expected to support gas prices. On the other hand, global economic releases in the form of employment data are expected to result positive for the economy, which may support gas prices. Declining heating degree days in US is in a declining trend which may have some pressure on demand, hence on prices .Overall, we are expecting gas prices to trade on higher side.



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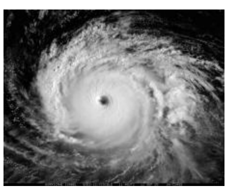
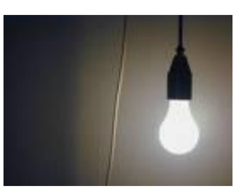
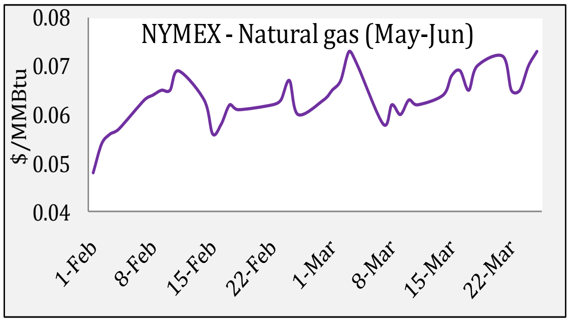
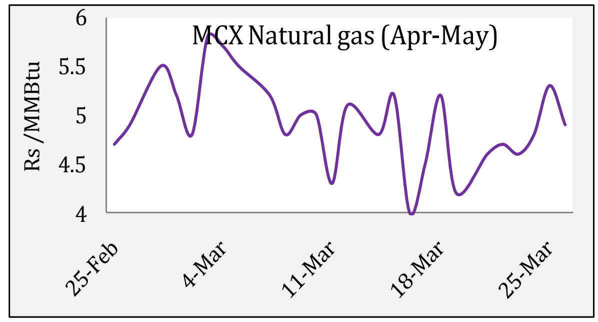




Calendar spread





Calendar spread increased to Rs.5.8 in MCX for March and April contracts. April month contract increased more than March contract, which made spread to increase. Similarly, spreads increased declined in NYMEX future contracts. We may expect the spread to increase in the coming week, as May 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 continuing the previous trend. It made a low of $4.200 levels then high of $4.515 before settling at higher at $4.490 levels. It was up by 5.75% on last week. Closing of the weekly candle renders bullish trend is still intact for the coming week. Prices are witnessing ***"Double Bottom"*** candle stick pattern on the lower side. The neck line for the pattern is seen at $4.822 levels. Only on breach and sustained trade above would confirm the trend (double bottom). The principle of Fibonacci Retracement states that prices are witnessing support at 4.200 levels which is 23.6% retracement of the range 5.495-3.805 levels. Prices have breached the resistance at 4.452 levels which is 38.2% retracement of the range 5.495-3.805 levels. On sustained trade above would lead the prices to trade 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 0.535 levels and suggesting upside movements. However a mild correction on the lower side may be expected before resuming its uptrend.

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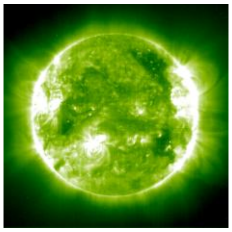
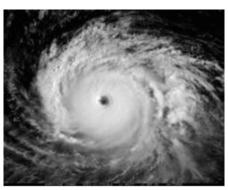
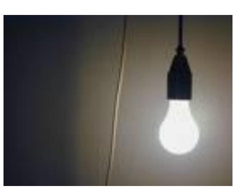
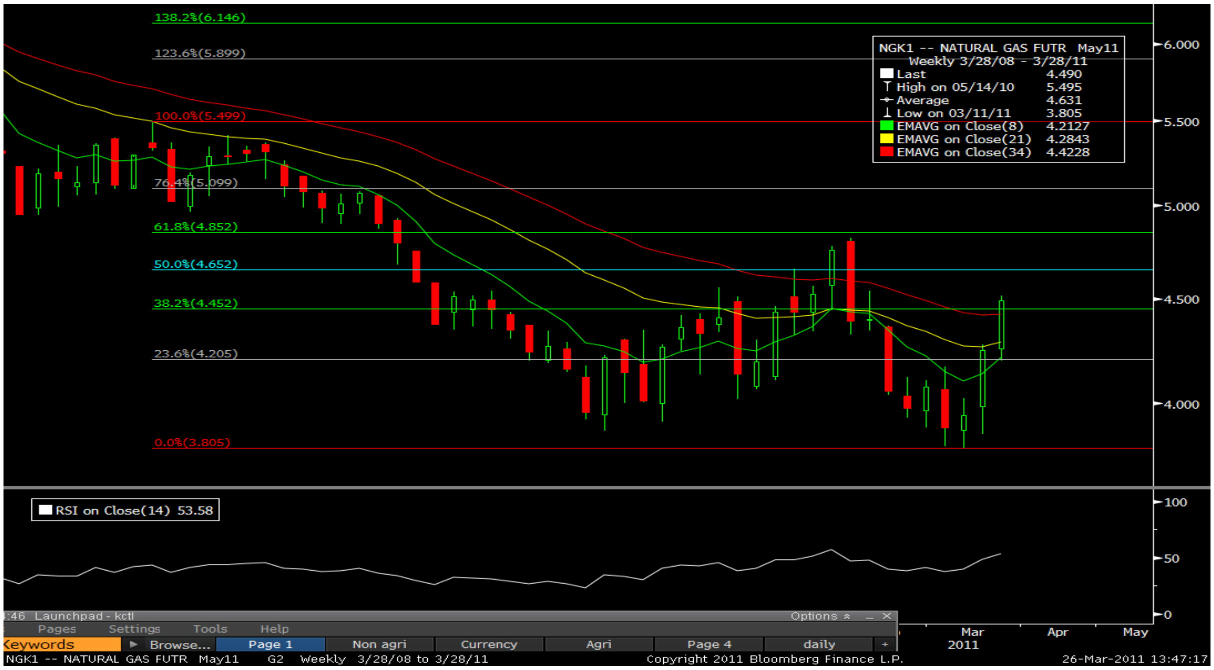


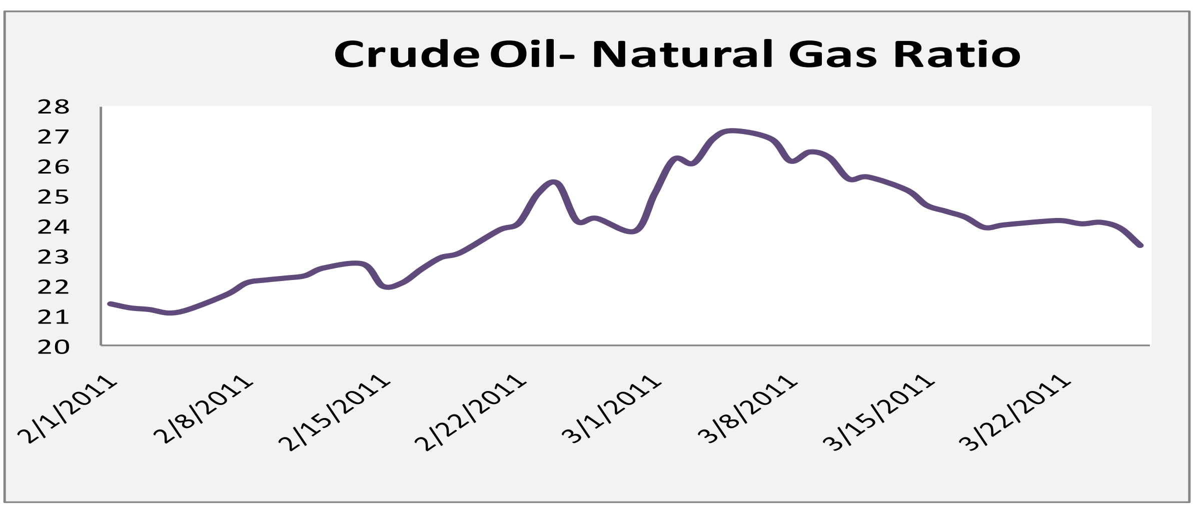


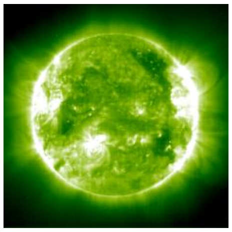




Crude Oil –Natural Gas Ratio

This week ratio between crude oil and Natural gas stands at 23. More increase in natural gas prices made ratio to decline in the last week. However, in the coming week we may expect ratio to fluctuate from its level as Crude oil price may spike up more than natural gas prices.





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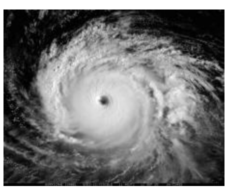
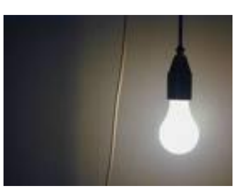
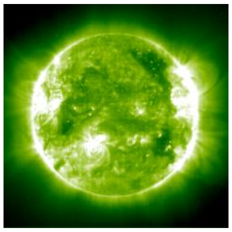




MAJOR ECONOMIC RELEASES IN THE COMING WEEK

Date Time	Region	Event	Period	Survey	Prior
03/28/2011 18:00	US	Personal Spending	FEB	0.50%	0.20%
03/28/2011 18:00	US	Personal Income	FEB	0.40%	1.00%
03/28/2011 19:30	US	Pending Home Sales M/M	FEB	0.00%	-2.80%
03/28/2011 20:00	US	Dallas Fed Manf. Activity	MAR	17.6	17.5
03/28/2011 04/01	GE	Retail Sales (M/M)	FEB	0.40%	1.40%
03/29/2011 19:30	US	Consumer Confidence	MAR	65	70.4
03/29/2011	GE	Consumer Price Index (M/M)	MAR P	0.40%	0.50%
03/30/2011 05:20	JN	Industrial Production (M/M)	FEB P	-0.10%	1.30%
03/30/2011 05:20	JN	Industrial Production YOY%	FEB P	4.00%	3.50%
03/30/2011 14:30	EC	Business Climate Indicator	MAR	1.42	1.45
03/30/2011 14:30	EC	Euro-Zone Consumer Confidence	MAR F	-10.6	-10.6
03/30/2011 14:30	EC	Euro-Zone Economic Confidence	MAR	107.5	107.8
03/30/2011 14:30	EC	Euro-Zone Indust. Confidence	MAR	6	6.5
03/30/2011 14:30	EC	Euro-zone Services Confidence	MAR	11.5	11.1
03/30/2011 17:45	US	ADP Employment Change	MAR	208K	217K
03/31/2011 13:25	GE	Unemployment Change (000's)	MAR	-25K	-52K
03/31/2011 13:25	GE	Unemployment Rate (s.a)	MAR	7.20%	7.30%
03/31/2011 18:00	US	Initial Jobless Claims	26-Mar	380K	382K
03/31/2011 18:00	US	Continuing Claims	19-Mar	3705K	3721K
03/31/2011 19:15	US	Chicago Purchasing Manager	MAR	69	71.2
03/31/2011 19:30	US	Factory Orders	FEB	0.30%	3.10%
04/01/2011 06:30	CH	PMI Manufacturing	MAR	54.3	52.2
04/01/2011 08:00	CH	HSBC Manufacturing PMI	MAR	52.4	51.7
04/01/2011 10:30	JN	Vehicle Sales (Y/Y)	MAR	- -	-14.00%
04/01/2011 11:00	IN	Exports Y/Y%	FEB	- -	32.40%
04/01/2011 11:00	IN	Imports Y/Y%	FEB	- -	13.10%
4/1/2011 13:25	GE	PMI Manufacturing	MAR F	60.9	60.9
04/01/2011 13:30	EC	PMI Manufacturing	MAR F	57.7	57.7
04/01/2011 14:30	EC	Euro-Zone Unemployment Rate	FEB	9.90%	9.90%
04/01/2011 18:00	US	Change in Nonfarm Payrolls	MAR	195K	192K
04/01/2011 18:00	US	Change in Private Payrolls	MAR	222K	222K
04/01/2011 18:00	US	Change in Manufact. Payrolls	MAR	33K	33K
04/01/2011 18:00	US	Unemployment Rate	MAR	8.90%	8.90%
04/01/2011 19:30	US	Construction Spending M/M	FEB	0.00%	-0.70%
04/01/2011 19:30	US	ISM Manufacturing	MAR	61	61.4
04/01/2011 19:30	US	ISM Prices Paid	MAR	82	82
04/02/2011 02:30	US	Domestic Vehicle Sales	MAR	10.13M	10.22M
04/02/2011 02:30	US	Total Vehicle Sales	MAR	13.20M	13.38M



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