

Energy Weekly

Apr 25, 2011

CRUDE OIL:

Technical Recommendation:

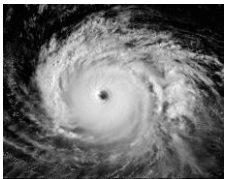
Exchange	S3	S2	S1	R1	R2	R3
Jun- Crude oil - Nymex (\$/bbl)	101.50	103.84	108.04	114.5	116.7	120.98
May- Crude oil - (Rs/bbl)	4565	4661	4839	5113	5209	5387
Nymex crude oil (Jun)	Buy in the range \$110.5 targeting \$115 then \$117 SL below \$107.50					
MCX Crude oil (May)	Buy in the range 4940-4960 targeting 5100 then 5140 SL below 4870					

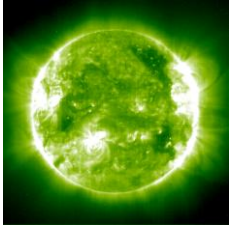
Last week's Price Movement

Exchange	Contract	Open	High	Low	Last	% Change	Volume	% Change	Open Interest	% Change
NYMEX WTI Crude (\$/bbl)	May	110.05	112.48	106.01	112.29	1.88%	1126527	6.65%	361085	12%
	Jun	110.46	112.95	106.44	112.75	1.87%	212582	-42.89%	182504	-2%
ICE Brent Crude (\$/bbl)	May	126.24	126.47	119.54	123.45	-2.12%	689982	53.43%	236402	-2%
	Jun	123.15	124.44	118.79	123.63	0.41%	208250	-34.48%	133039	11%
MCX WTI Crude	April	4896	5014	4756	4997	1.81%	451663	412.50%	14358	115%
	May	4938	5065	4805	5051	1.88%	15683	432.71%	1783.00	174%

Review: As per our weekly view crude oil futures traded on a positive trend in the last week, and closed with a gain of near two percent. However, crude oil prices opening in the last week were pressurized by increasing inflationary concern of China. NYMEX traded June contract closed at \$112.29/ bbl with a gain of more than 1.8% in the last week. Similarly, MCX traded May contract closed at Rs.4997/ bbl, after making a high of Rs.5014 / bbl. However, ICE Brent crude oil gained only 0.40% on weekly basis. Beginning of the week was pressurized by lower equity market which made oil prices to fall. Thereafter prices recovered on account of falling inventory report and on support of higher equity market.

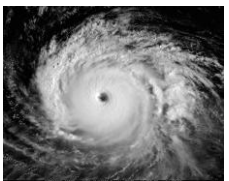
People bank's of China announced to increase the interest rate to curb the inflation rate which increased to 5.4% against expectation of 5.2% in March. Thus, most of the Asian and European equities showed a bearish trend and closed on lower note on Monday. So, oil prices fell below \$106.70 / bbl in international market and closed by losing more than two percent. Credit rating agency Standard and Poor down graded the US debt ratings, which also pressurized equity market and ultimately oil prices. On economic data front, data releases in the form of PMI numbers of German and Euro-zone results mix for the economy in the month of April. Similarly, German IFO numbers for Business climate and expectations declined in April. On the other hand, US housing data and building permits rebounded in March month. Building permits climbed up to 11.20% in March in contrast to -8.2% in February. However, continuing and





Energy Weekly

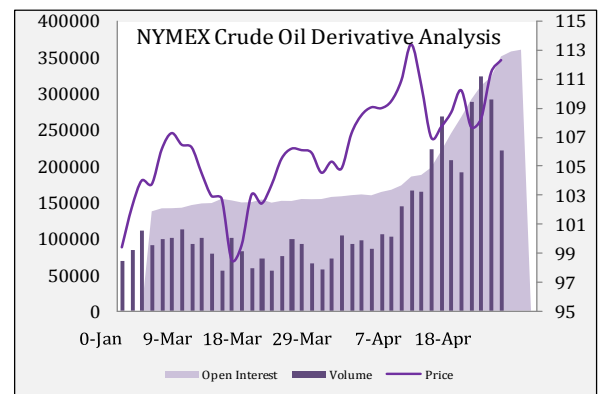
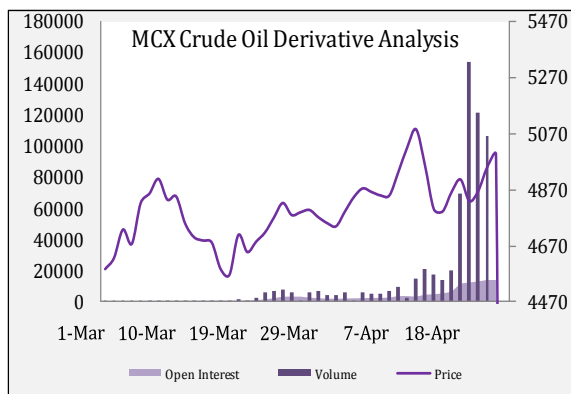
Apr 25, 2011



initial jobless claims increased in the last week. So, overall economic data releases were mixed for the economy. World equity indices closed with a gain of more than 2% on weekly basis. Dollar index closed at 74.10 levels by loosing near one percent. Indian rupee closed at 44.37 by appreciating moderately.

It is crude oil inventory report which actually fueled oil prices in the last week. As per American petroleum institute, Gasoline and Distillates stocks have been declined, whereas Cushing crude oil inventory have declined by more than 800K barrels in the last week. Similarly, as per DOE Stock piles of Gasoline and Distillates declined in the last week, whereas Cushing crude levels fell by more than 700K barrels.

Derivative Analysis of Crude Oil Future Contracts

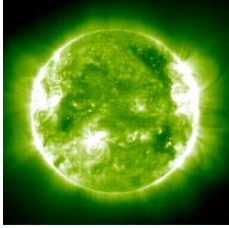


US Crude Oil Inventory

DOE Warehouse Stocks ('000 barrels)			
Commodity	Latest week	Previous week	Change
Crude Oil	356969	359291	-2322
Gasoline	208096	209679	-1583
Distillate	148335	150839	-2504
Refinery utilization (%)	82.5	81.4	1.1
EIA Working gas storage (Bcf)			
Natural gas	1654	1607	47

Outlook

We would like to continue our bullish view on crude oil prices for the coming week also. On economic front, data releases from US in the form of housing data are likely to continue the growth trend. Fall in house price index may improve the housing demand and hence the new home sales are expected to take a leap. Rebound of housing sector and a strong equity market may boost consumer confidence and the jobless claims are also expected to come down. FOMC rate decision is there in the coming week, which must eye. Industrial production of Japan is expected to fall due to huge loss in recent past. Euro-zone and German data may come slightly lower than prior month data. So, overall economic data may have positive impact on the



Energy Weekly

Apr 25, 2011



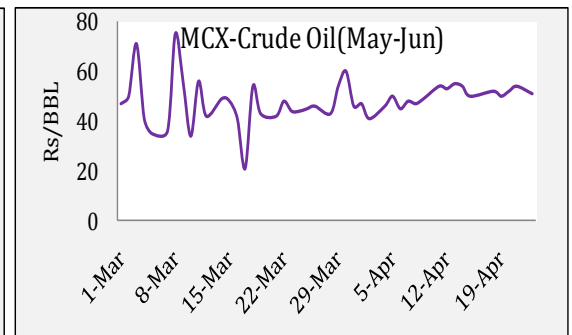
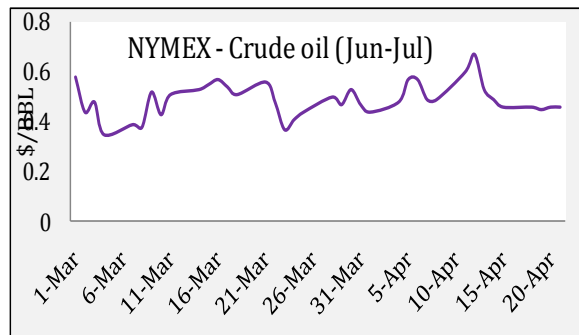
market, hence on oil prices. On the other side, inventory data releases must eye which may change the price movement. Refiners have increased their capacity to full fill the peak summer driving season demand of petroleum products. There is no resolution came out for MENA region unrest. So effect will still be there in market. Overall, we may expect oil prices to trade on higher trend amid positive economic data releases and expectation of higher demand in summer season in US.

Facts to watch out:

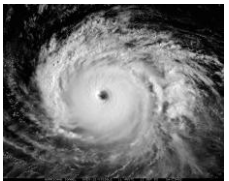
- API Inventory data releases on Wednesday 2:00 A.M. IST
- DOE Inventory data releases on Wednesday 8:00 P.M. IST



Calendar spread



Increasing demand for June contract made spread to increase from Rs.50 to Rs.54 in the last week. However, spread between NYMEX traded June and July contract remained in the range of 0.43 to 0.46 cents. In the coming week, we may expect spread to increase from the current level.



Technical analysis:

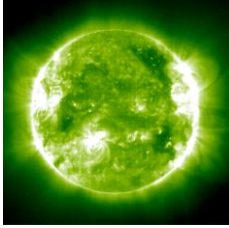


CRUDE Oil NYMEX: NYMEX June Crude Oil prices higher on last week by reversing the previous trend it had made a high of \$ 112.48 then low of \$ 106.01 and close at 112.30, in the next coming week we are expecting positive up trend. By observing previous week low @ 105.31 and this week low @ 106.10 market has following the 8EMA supports based on this observations next week 8EMA will act as a initial support @ 108.20 even there is a trend line support in the ranges of 108.90-110.00 and 105.31-106.10 levels will act as a major support for the following week .In the following week we hope that market will break its monthly high of 114.20 and it will act as an initial resistance if market sustains above 114.20 levels next immediate resistance is 119.40 ranges .



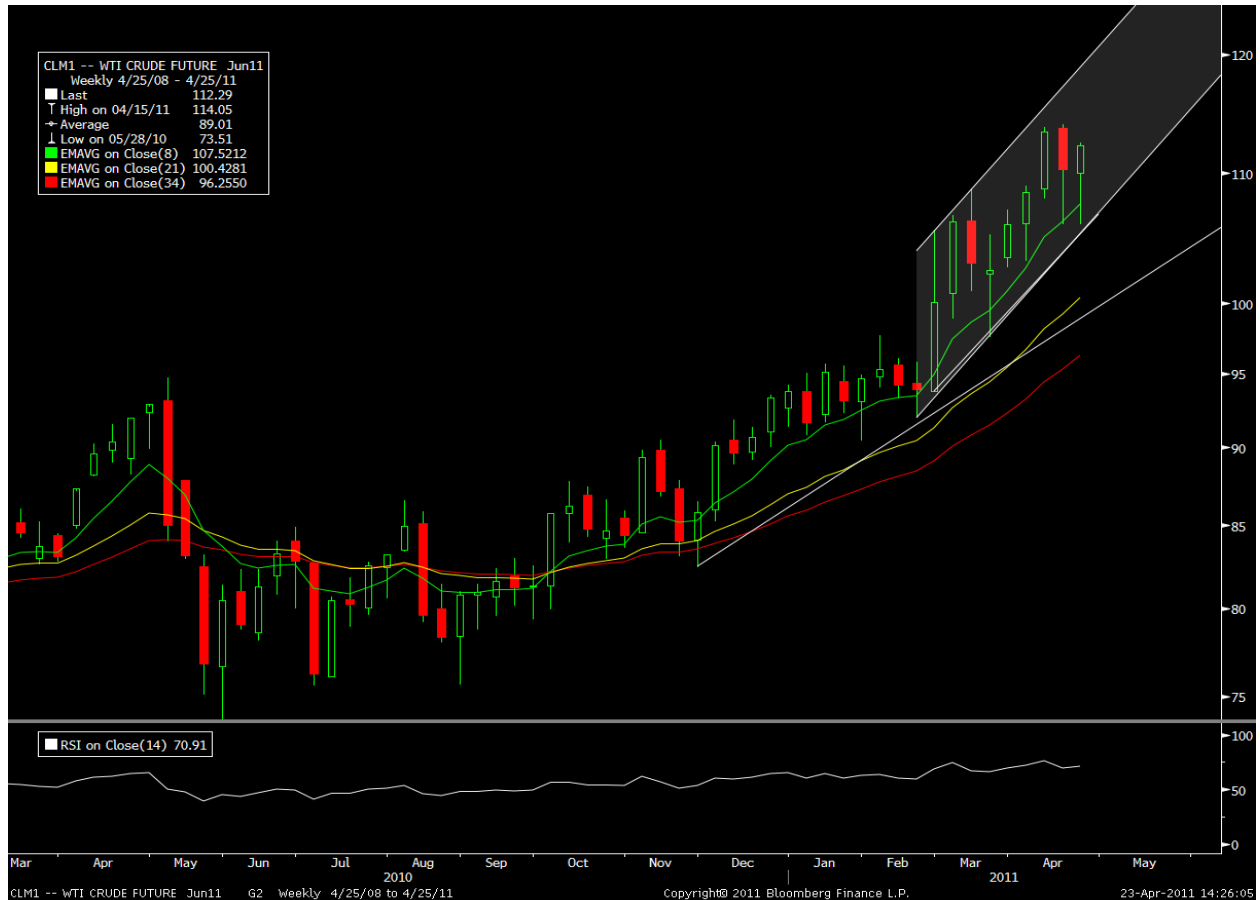
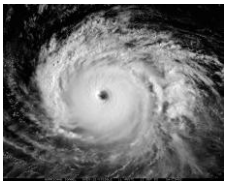
Conclusion: we are expecting bullish rally 105.31-106.10 are will act as a trend reversal ranges if daily closes below in this ranges we can expect correction in the market up to 101.00 ranges.





Energy Weekly

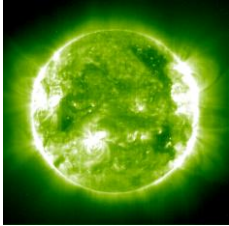
Apr 25, 2011



Natural Gas

Technical Recommendation: -

Exchange	S3	S2	S1	R1	R2	R3
NYMEX Natural Gas (\$/MMBtu)	3.849	3.968	4.190	4.531	4.560	4.872
MCX Natural Gas (Rs./MMBtu)	171	176.90	187	203	208.90	219
NYMEX Natural Gas(Jun)	Buy at 4.280-4.320 TP 4.580 then 4.820 SL 4.050					
MCX Natural Gas(May)	Buy at 192 to 194 TP 205 then 211 SL 185					



Energy Weekly

Apr 25, 2011



Last week's Price Movement



Exchange	Contract	Open	High	Low	Last	% Change	Volume	% Change	Open Interest	% Change
NYMEX (\$/MMBtu)	May	4.21	4.43	4.09	4.41	4.95	519467	-32.586	50620	-50.35
	Jun	4.29	4.48	4.14	4.47	4.74	282893	-18.88	149304	7.75
MCX (Rs/MMBtu)	April	187	197	183	196	4.59	109528	-29.33	6977	-37.09
	May	198	200	181	183	4.17	14737	12.02	3046	22.72

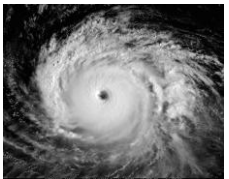


Review

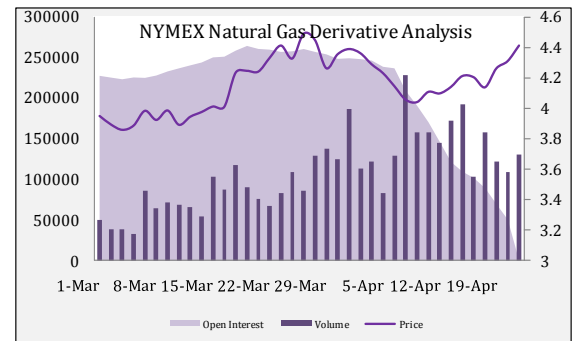
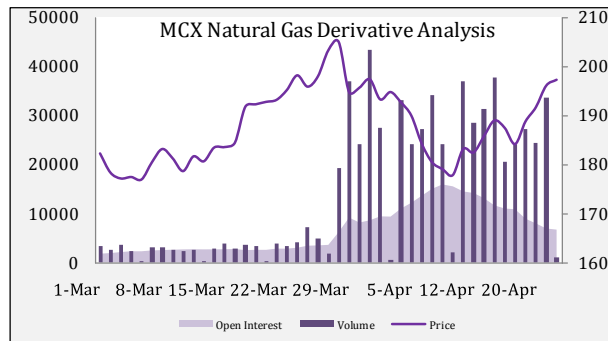
Natural gas futures prices traded on a positive trend in the last week and closed with a gain of 5% in both international and India market. May contract closed at \$4.412/ MMBTU after making high of \$4.43 in NYMEX platform. Similarly, April contract closed Rs.196 / MMBTU in MCX platform.

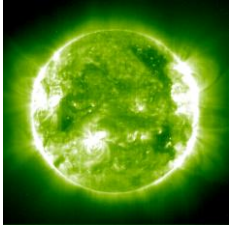


Expectation of higher demand in summer season for power generation in electric power plant and uses of air conditioner supported gas prices to trade on higher side. As per EIA, natural gas storage change increased by 47 BCF, higher than expectation. Overall consumption this week rose by close to 6 percent, according to BENTEK data. The bulk of the increase came from the residential and commercial sectors, where consumption rose 14.2 percent, no doubt a reflection of the weather. Compared to the same week last year, total consumption was up 16.4 percent. Supplies this week were robust, increasing about 1 percent from the previous week and 4 percent from the same week last year, according to BENTEK data. Production rose slightly from the previous week, and is more than 6 percent greater than it was during the comparable week last year.



Derivative Analysis of Natural Gas Future Contracts





Energy Weekly

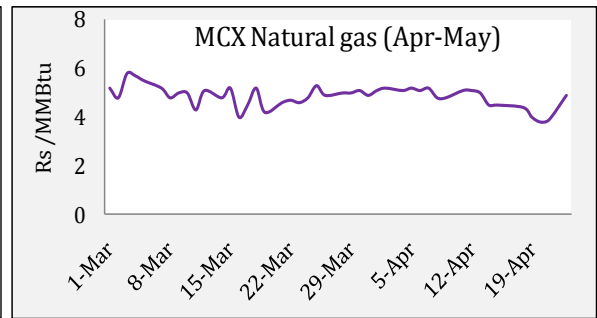
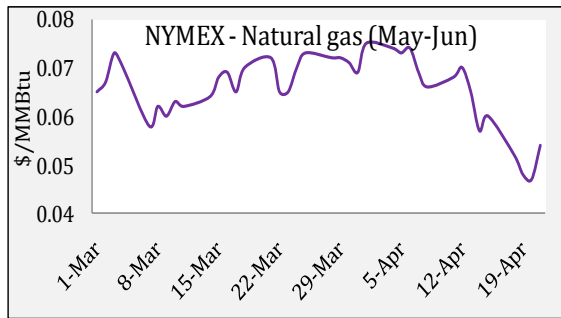
Apr 25, 2011



Outlook:In the coming week, we are expecting Gas prices to trade on higher side on the back of higher demand expectation. US weather condition is expected to remain mostly sunny in the coming week, which may also support gas prices to take positive cues On the other hand, economic releases from the major economy are likely to come positive for the economy, which may support gas prices. So, we may expect gas futures to trade on positive side in the coming week.

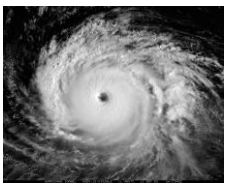


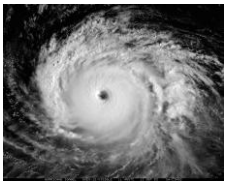
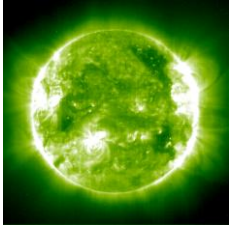
Calendar spread



Technical analysis:

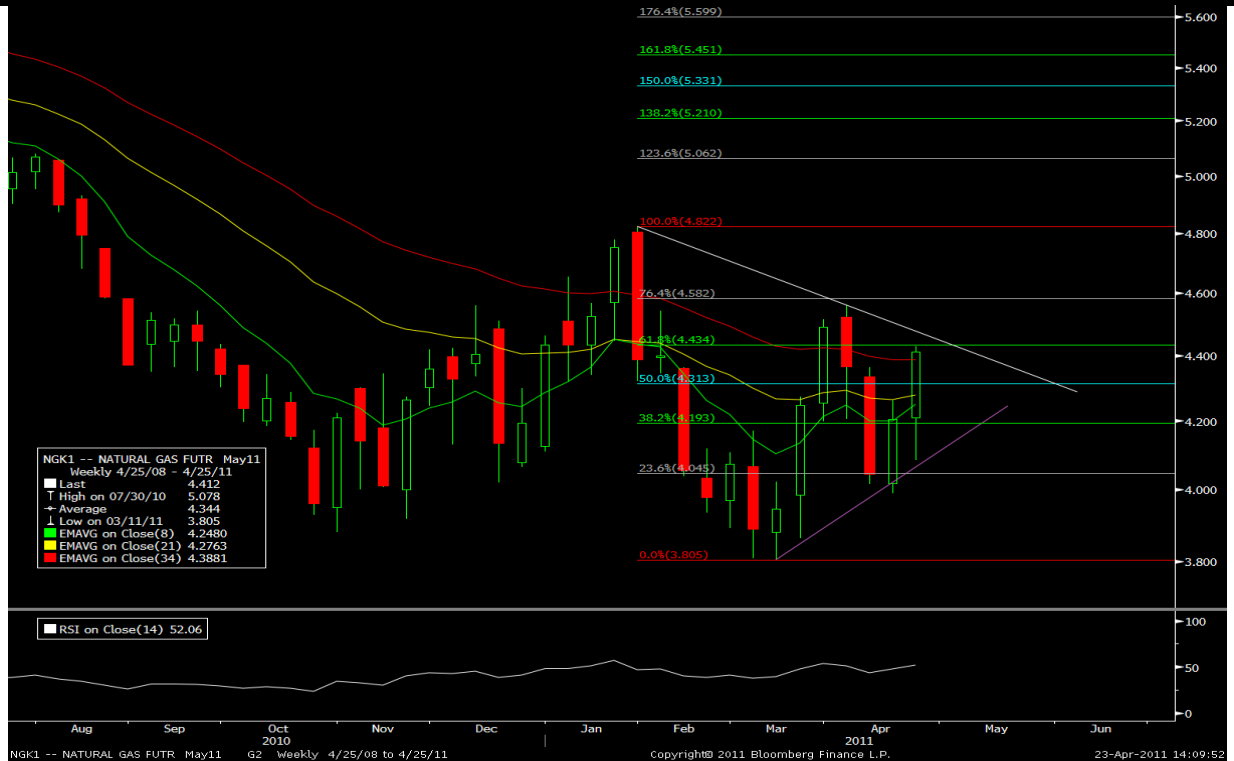
Natural gas prices traded higher on last week by continuing the previous trend. It made a low of 4.087 then high of 4.428 before settling higher at 4.412 levels. Closing of the candle renders upside movements for the coming week. Prices are witnessing trend line resistance at 4.458 levels. On breach and sustained trade above is likely to trade further higher. Prices are witnessing support at 4.000 levels (previous swing lows). On sustained trade above is likely to remain higher. The principle of Fibonacci retracement states that prices are witnessing immediate resistance at 4.434 levels which is 61.8% retracement of the range 3.805-4.822 levels. On breach and sustained trade above would lead the prices to test 4.582 then 4.822 which are 76.4% and origin point respectively. The moving average principle suggesting upside movements as prices are trading well above the short and medium term EMA's of (8,21&34) levels. Another momentum indicator RSI 14 Weekly trading at 0.520 levels and suggesting higher potential. We expect prices to trade higher and recommend buying near the support levels.





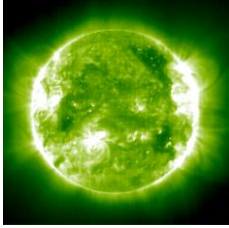
Energy Weekly

Apr 25, 2011



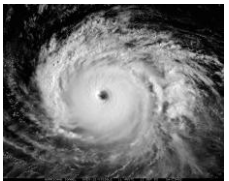
Crude Oil –Natural Gas Ratio

This week ratio between crude oil and Natural gas stands at 25. Ratio remained at 25 levels for the whole week as both crude oil and natural gas traded on positive direction. Gas prices gained more than crude oil prices which made ratio to decrease from 26 to 25 levels in the last week. However, in the coming week we may expect ratio to increase more from its level as Crude oil prices may spike up more than natural gas prices.

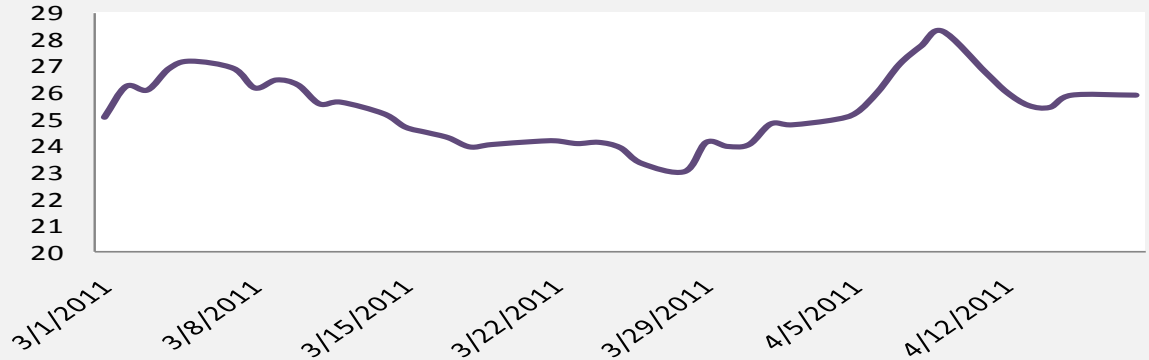


Energy Weekly

Apr 25, 2011

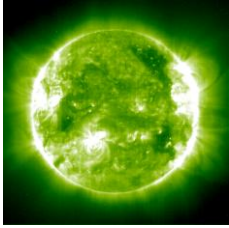


Crude Oil- Natural Gas Ratio



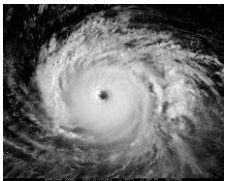
MAJOR ECONOMIC RELEASES IN THE COMING WEEK

Date Time	Region	Event	Period	Survey	Prior
04/25/2011 19:30	US	New Home Sales M/M	MAR	12.00%	-16.90%
04/25/2011 19:30	US	New Home Sales	MAR	280K	250K
04/25/2011 20:00	US	Dallas Fed Manf. Activity	APR	13.4	11.5
04/26/2011 14:30	EC	Euro-Zone Govt Debt/GDP Ratio	2010	--	79.20%
04/26/2011 18:30	US	S&P/CaseShiller Home Price Ind	FEB	--	140.86
04/26/2011 19:30	US	Consumer Confidence	APR	64.5	63.4
04/26/2011 19:30	US	Richmond Fed Manu fact. Index	APR	20	20
04/27/2011 05:20	JN	Retail Trade Y/Y	MAR	-6.10%	0.10%
04/27/2011 05:20	JN	Retail Trade M/M SA	MAR	-5.40%	0.80%
04/27/2011 14:00	UK	GDP (Q/Q)	1Q A	0.50%	-0.50%
04/27/2011 14:00	UK	GDP (Y/Y)	1Q A	1.80%	1.50%
04/27/2011 14:30	EC	Industrial New Orders SA (M/M)	FEB	1.50%	0.10%
04/27/2011 16:30	US	MBA Mortgage Applications	22-Apr	--	5.30%
04/27/2011 18:00	US	Durable Goods Orders	MAR	2.00%	-0.90%
04/27/2011 22:00	US	FOMC Rate Decision	27-Apr	0.25%	0.25%
04/27/2011	GE	Consumer Price Index (M/M)	APR P	0.20%	0.50%
04/27/2011	GE	Consumer Price Index (Y/Y)	APR P	2.40%	2.10%
04/28/2011 05:20	JN	Industrial Production (M/M)	MAR P	-10.60%	1.80%
04/28/2011 05:20	JN	Industrial Production YOY%	MAR P	-8.50%	2.90%
04/28/2011 11:30	GE	Import Price Index (M/M)	MAR	1.10%	1.10%
04/28/2011 18:00	US	Chicago Fed Nat Activity Index	MAR	--	-0.04
04/28/2011 18:00	US	GDP Q/Q (Annualized)	1Q A	1.90%	3.10%
04/28/2011 18:00	US	GDP Price Index	1Q A	2.40%	0.40%



Energy Weekly

Apr 25, 2011



04/28/2011 18:00	US	Personal Consumption	1Q A	2.10%	4.00%
04/28/2011 18:00	US	Initial Jobless Claims	23-Apr	395K	403K
04/28/2011 18:00	US	Continuing Claims	16-Apr	3680K	3695K
04/28/2011 19:30	US	Pending Home Sales M/M	MAR	1.70%	2.10%
04/28/2011 19:30	US	Pending Home Sales Y/Y	MAR	--	-9.30%
04/28/2011	JN	BOJ Target Rate	28-Apr	0.10%	0.10%
04/29/2011 11:30	GE	Retail Sales (M/M)	MAR	0.20%	-0.30%
04/29/2011 14:30	EC	Euro-Zone CPI Estimate (Y/Y)	APR	2.70%	2.60%
04/29/2011 14:30	EC	Business Climate Indicator	APR	1.4	1.41
04/29/2011 14:30	EC	Euro-Zone Consumer Confidence	APR F	-11.4	-11.4
04/29/2011 14:30	EC	Euro-Zone Economic Confidence	APR	107	107.3
04/29/2011 14:30	EC	Euro-Zone Unemployment Rate	MAR	9.90%	9.90%
04/29/2011 18:00	US	Personal Spending	MAR	0.50%	0.70%
04/29/2011 18:00	US	Personal Income	MAR	0.40%	0.30%
04/29/2011 19:15	US	Chicago Purchasing Manager	APR	68.2	70.6
04/29/2011 19:25	US	U. of Michigan Confidence	APR F	70	69.6

Prepared By:

Aurobinda Prasad G: Aurobinda@karvy.com

Smitarani Tripathy: Smitarani.tripathy@karvy.com

To unsubscribe please mail us at commodity@karvy.com

Disclaimer

The report contains the opinions of the author, which are not to be construed as investment advice. The author, directors and other employees of Karvy and its affiliates cannot be held responsible for the accuracy of the information presented herein or for the results of the positions taken based on the opinions expressed above. The above mentioned opinions are based on the information which is believed to be accurate and no assurance can be given for the accuracy of this information. There is risk of loss in trading in derivatives. The author, directors and other employees of Karvy and its affiliates cannot be held responsible for any losses in trading.

Commodity derivatives trading involve substantial risk. The valuation of underlying may fluctuate, and as a result, clients may lose entire of their original investment. In no event should the content of this research report be construed as an express or an implied promise, guarantee or implication by or from Karvy Comtrade that you will profit or that losses can or will be limited in any manner whatsoever. Past results are no indication of future performance. Information provided on this report is intended solely for informative purposes and is obtained from sources believed to be reliable. Information is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted.

We do not offer any sort of portfolio advisory, portfolio management or investment advisory services. The reports are only for information purpose and not to be construed as investment advices.

For Detailed disclaimer please go to following URL's:

<http://www.karvycomtrade.com/disclaimer.asp>

<http://www.karvycomtrade.com/riskDisclaimer.asp>