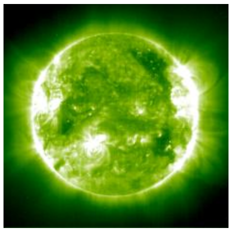

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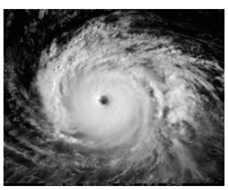
CRUDE OIL

Commodity	S3	S2	S1	R1	R2	R3	Recommendation
NYMEX -Crude Oil: Aug	82.13	87.18	90.29	98.45	103.5	106.61	Sell at 94.70/95.50 TP 90.20, 88 SL
MCX -Crude Oil: Jul	3771	3972	4086	4401	4602	4716	Sell at 4295/4330 TP 4090 SL 4430

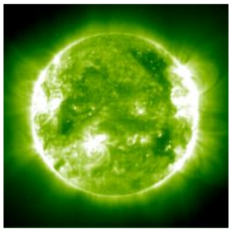
OUTLOOK:

Six and half per cent fall in a single week is certainly a significant move as far as oil is concerned. As we understand, the reasons for such move can be attributed to economic concerns running across the globe which is slowing down the oil demand. Especially, the distress seen in European economy, Greece is a major reason for oil to decline; along with the oil demand is also seen declining from U.S. The inventory data released last week by Department of Energy (DOE) was also very unimpressive. ***Though official summer driving season has just begun but by looking at the implied demand for oil and oil products shows that this summer is going to be tough for U.S.*** In this regard we might see descending demand for oil to prolong. Although economic figures from U.S are coming better than previous figures but U.S is still not able to reach to a buoyant phase. Looking at the intrinsic value of oil at the current scenario suggests that oil may remain under pressure. However, we must have to give some importance to the economic data releases in the coming week, as they may have not impact directly on oil but any positivity on these data might drive other commodities to move higher and thereby may cause oil to recover from its weekly lower. Nevertheless, the selling stance should not be changed as the current scenario prevail a bearish approach on this commodity. Certainly, the economic figures from U. S and Euro-zone are likely to be much better than prior data which might propel oil to recover a tad. This is also important to look at oil price performance from the perspective of Hurricane as officially the hurricane season has also started in the first week of June. However, we do not see any kind of disastrous move to take place at Gulf-of-Mexico Ocean in the near term. Though we have discussed about economic data releases in the next week, an important factor i.e. FOMC rate decision likely on 22nd of June may have some positive impact on the economy (U.S) and on oil too.



Looking at the above analysis we believe oil prices to remain lower in the coming week but a smart pull back cannot be ruled. However, we stress on to stay in the selling side for crude oil in the coming week.

To be adequate in our analysis it is also important to look at the derivative (P-V-OI) of crude oil. The data suggests volumes and open interests have increased substantially along with six and half per cent decline in price indicating the trend to continue in the short term. As we understand the prevailing trend is bearish hence, we continue to be bearish for the coming week too.



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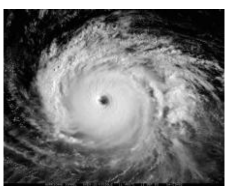

Derivative Analysis:

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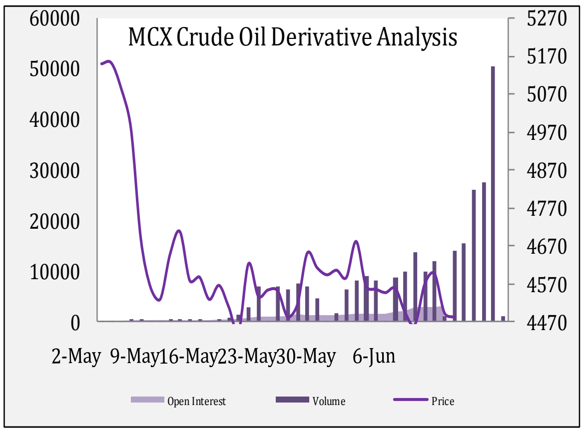
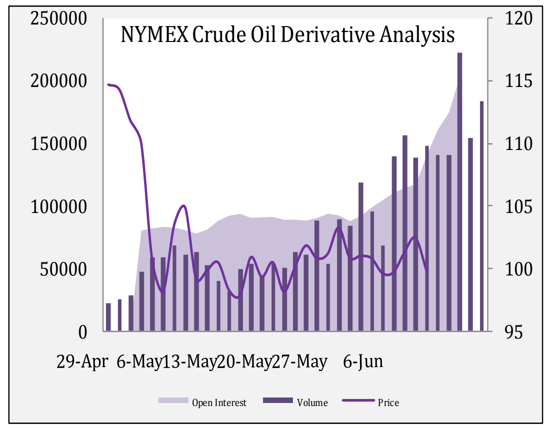
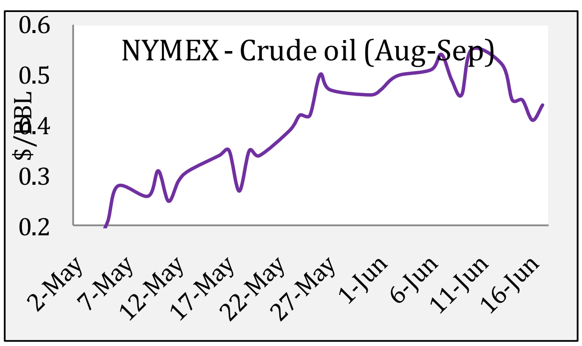
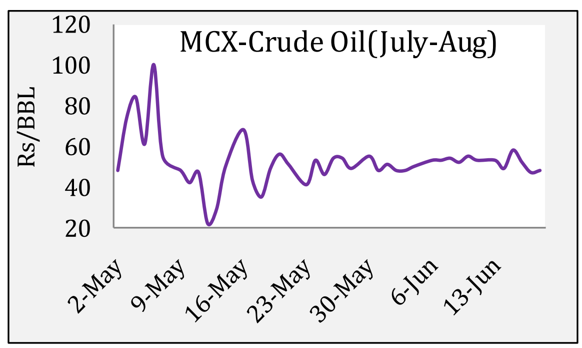




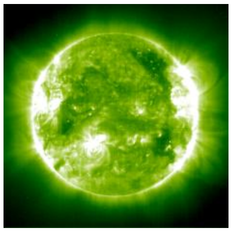
Calendar spread





Since the oil prices are correcting we see that the impact is seen on near month and subsequent contract month value. This can also be seen from the narrowing down of gap between two consecutive contracts.

Going by the weekly view, we expect the impact of narrowing down between two contract can be expected in the coming week.



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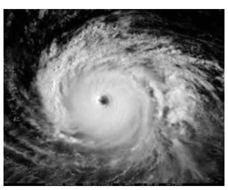
Crude oil market overview:

Exchange	Contract	Open	High	Low	Last	% Change	Volume	% Change	Open Interest	% Change
NYMEX WTI Crude ($/bbl)	Aug	99.41	100.39	92.23	93.4	-6.46%	842178	29.49%	279879	38%
	Sep	100.18	100.79	92.68	93.84	-6.53%	306081	-17.52%	157599	7%
ICE Brent Crude ($/bbl)	Aug	115.57	119.6	113.45	118.35	-4.34%	1247334	88.57%	209956	3%
	Sep	117.44	119.45	110.72	112.85	-4.23%	455257	55.16%	132314	6%
MCX WTI Crude (Rs/bbl)	July	4487	4512	4172	4213	-6.00%	134176	140.48%	10084	227%
	Aug	4536	4560	4224	4260	-6.06%	4038	184.57%	750.00	72%

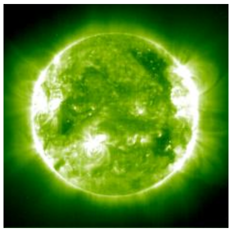


In beginning of the last week, slowdown in global economic growth also reflected on world major equity market. The Asian Equity market traded down through the week over concerns from the negative Economic data released in China, U.K and Japan. The Chinese Trade balance has increased to $13.05B from $11.42B. The CPI data released in UK shows a decrease from 1.0% to 0.2% for May. The WTI Crude oil prices, taking cues from the Asian and European Equity markets, drastically fell through the week mostly driven by concern on Europe's debt crisis. Crude oil for July delivery dropped to $91.82 a barrel on the New York Mercantile Exchange (NYMEX), the biggest weekly decline in six weeks. As per American Petroleum Institute (API), crude oil inventory have declined along Gasoline and Distillates stocks in the last week. However, data released by DOE, crude oil inventory was mostly mixed but declining refinery utilization suggested that upcoming implied demand made oil to trade lower. Euro rose from a low versus the Dollar after the German Chancellor and French President have come to an agreement on the Greece debt crisis, however the Crude oil futures prices have closed on a lower trend. Though the leading indicator for The U.S increased to 0.8% from -0.3% there has not been a major impact on Crude Oil Prices.

Petroleum Inventory Data:

As per US Energy department, crude oil inventory have declined the most in last two months of time and currently the storage stands at 36.8 million barrels. Oil refiners have increased their production capacity by 1.2 % in the last week to meet the future demand by keeping an eye on summer driving season along with hurricane season. Cushing and Oklahoma delivery centre stocks stands at 3.8million barrels, down by more than 1000k barrels in the last week. Petroleum products have increased in the storage last week.

DOE Warehouse Stocks ('000 barrels)			
Commodity	Latest week	Previous week	Change
Crude Oil	365555	368961	-3406
Gasoline	215065	214492	573
Distillate	140821	140926	-105
Refinery utilization (%)	86.1	87.2	-1.1
EIA Working gas storage (Bcf)			
Natural gas	2256	2187	69



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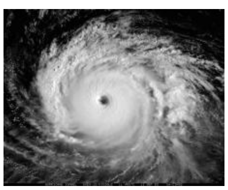
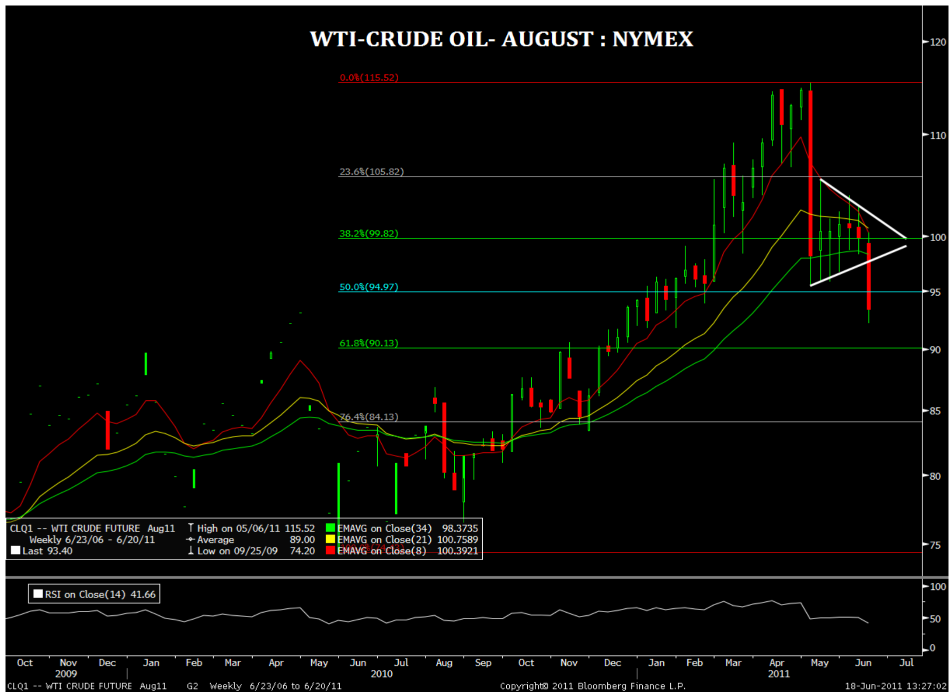


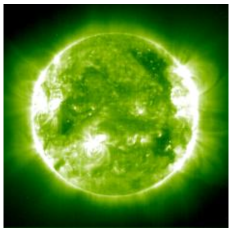

Technical analysis:

CRUDE Oil NYMEX: In last week crude oil august future price performance has been in line with our expectations. The week gone by had made a high of $100.30 and a low of $92.2 to settle the week at $93.40 levels. Going by the chart principle we believe weekly low itself will be considered as the immediate support levels. However, if market breaches the same support levels then may see an extended correction till $90.20. Below is the analysis which justifies the implication of technical analysis and suggests a bearish signal for the coming week. Analysis description: After reaching a consolidation phase prices are witnessing formation of a Pennant (Bearish) pattern. Pennant formation is considered as a bearish signal, indicating that the current downtrend may continue.



The principle of Fibonacci retracement states that prices are witnessing immediate resistance at $94.9 levels which is 50% of the range $74.73-$115.52 levels. Future prices closing below 50% of the Fibonacci retracement is indicating still weakness in market. Another support is seen at $90.1 levels which is 61.8% of above mentioned range. This is also important to watch out for the pivotal point and the weekly pivotal point is at $95.3 level which may act as resistnce for next week.

Recommendations: Sell at $94.70-95.50 targeting $90.2 then $88 with stop loss above $98.50



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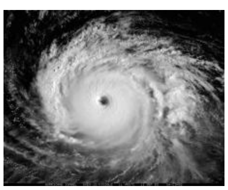
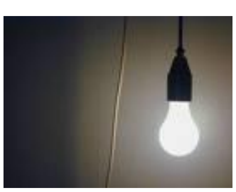




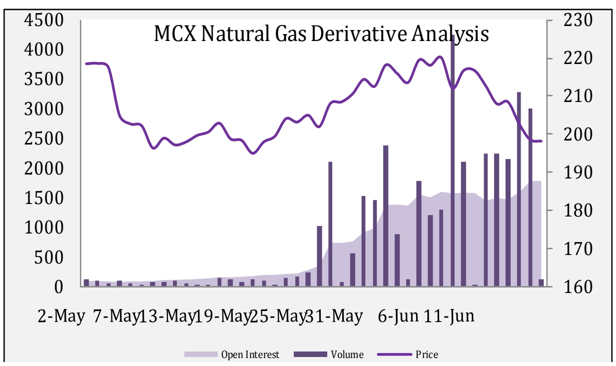
NATURAL GAS

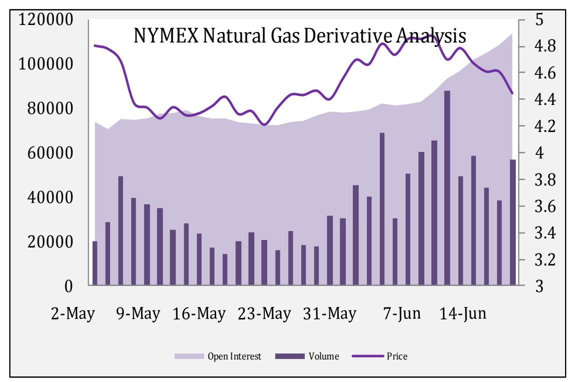
Commodity	S3	S2	S1	R1	R2	R3	Recommendation
NYMEX -Crude Oil: Aug	4.187	4.270	4.315	4.443	4.526	4.571	Sideways
MCX -Crude Oil: Jul	170.2	184.0	191.4	212.6	226.4	233.8	Range: 190-200

OUTLOOK:

After a decline almost by 9 per cent gas prices are expected to continue its down trend. However, we might see a volatile movement on gas prices. The rising rig counts for oil and gas in U.S is likely to support gas to trade lower. Moreover, we have not seen any improvement on weather in U.S which might also pull gas to trade lower. The gradual improvement on total inventories might keep gas prices to trade lower. However, technical traders may not go short beyond the moving average support hence, marginal recovery can be expect.

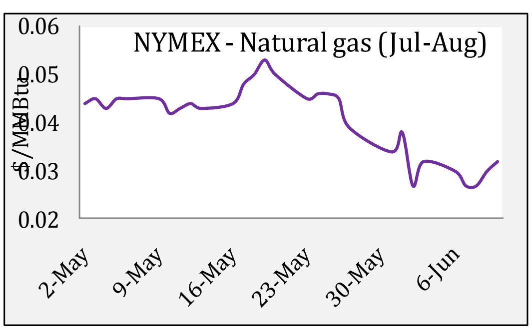
Derivative Analysis

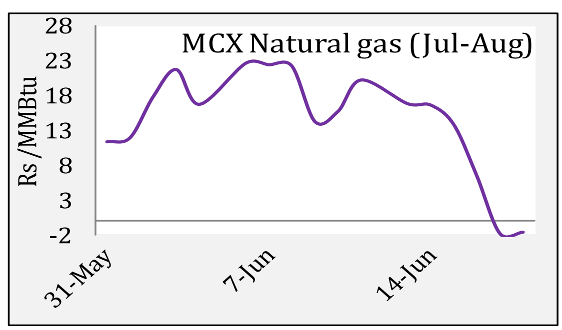


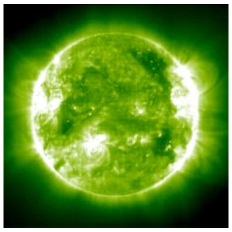


Calendar spread between two contracts fluctuated between 2.7 to 2.9 in the last week. However, we are expecting spread to increase in the coming week, as expectation of higher demand for far month contract is there is market.

Calendar spread







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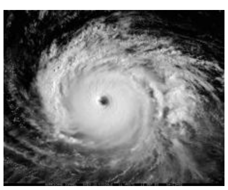
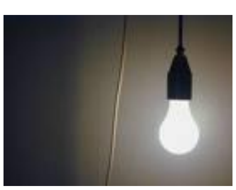
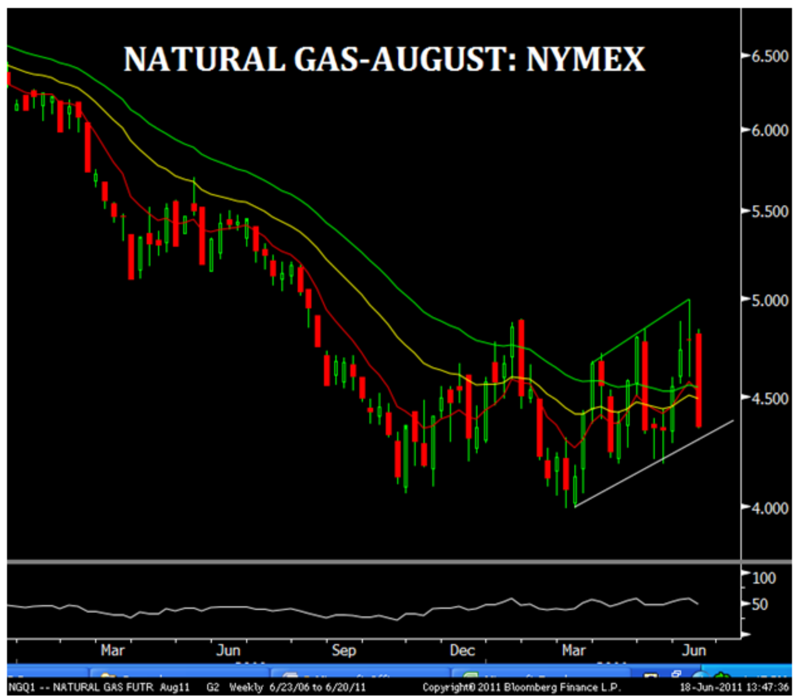




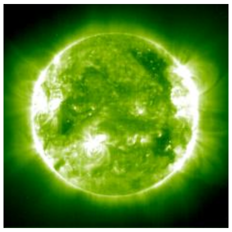
Natural Gas market overview: Henry hub spot natural gas prices have declined by almost 9 per cent in the last week as the temperature remained below normal which reduced the gas demand in U.S. Besides, inventories have also shown addition to total inventories which has made gas prices to trade on the lower note. Oil and gas rigs have reached to the highest levels November 2008 made gas prices to decline.

Exchange	Contract	Open	High	Low	Last	% Change	Volume	% Change	Open Interest	% Change
NYMEX	Aug	4.82	4.84	4.35	4.36	-8.96	244706	-22.019	113743	17.40
($/MMBtu)	Sep	4.84	4.86	4.38	4.39	-8.85	163176	-51.47	199700	12.21
MCX	July	217	219	198	198	-8.54	12966	21.64	1769	12.68
(Rs/MMBtu)	Aug	219	228	215	219	-100.00	0	33.10	0	12.82



Technical analysis: August futures gas prices declined over 8.9 per cent in the last week to settle at $4.360 levels. Likewise, at MCX July futures ended at Rs. 198.90 levels. Market has retraced back from the previous week and failed to breach the same too. Hence, we could see hefty correction in the last week. The correction has also breached the averages which suggest market to trade lower. However, there is a trend line support which might restrict gas to fall much. The supports can be seen at $4.315 and then $4.000. Likewise, on the higher side the resistances are at $4.4000/4.5000 levels. If market sustains below the 1st resistance point may see down side correction to continue.

Overall, market is expected to trade lower for the coming week.



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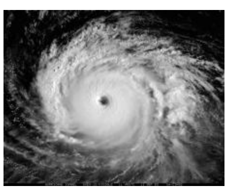
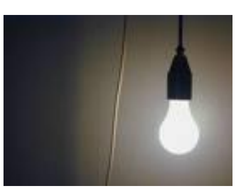
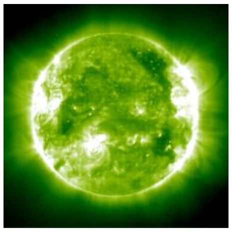




Date Time	Region	Event	Period	Survey	Prior
06/20/2011 05:20	JN	Merchnds Trade Balance Total	MAY	-¥710.1B	-¥463.7B
06/20/2011 05:20	JN	Merchnds Trade Exports YOY	MAY	-8.4	-12.5
06/20/2011 05:20	JN	Merchnds Trade Imports YOY	MAY	11.6	8.9
06/20/2011 11:30	GE	Producer Prices (MOM)	MAY	0.10%	1.00%
06/20/2011 11:30	GE	Producer Prices (YOY)	MAY	6.30%	6.40%
06/20/2011 13:30	EC	Euro-Zone Current Account n.s/a	APR	- -	-3.8B
06/21/2011 14:30	GE	Zew Survey (Current Situation)	JUN	90	91.5
06/21/2011 14:30	EC	ZEW Survey (Econ. Sentiment)	JUN	6.1	13.6
06/21/2011 14:30	GE	ZEW Survey (Econ. Sentiment)	JUN	-3	3.1
06/21/2011 19:30	US	Existing Home Sales	MAY	4.80M	5.05M
06/22/2011 14:00	**UK**	**Bank of England Minutes**			
06/22/2011 14:30	EC	Industrial New Orders SA (MOM)	APR	1.00%	-1.80%
06/22/2011 19:30	EC	Euro-Zone Consumer Confidence	JUN A	-10.4	-9.8
06/22/2011 22:00	**US**	**FOMC Rate Decision**	**22-Jun**	**0.25%**	**0.25%**
06/23/2011 13:00	GE	PMI Manufacturing	JUN A	57	57.7
06/23/2011 13:00	GE	PMI Services	JUN A	55.7	56.1
06/23/2011 13:30	EC	PMI Composite	JUN A	55.2	55.8
06/23/2011 13:30	EC	PMI Manufacturing	JUN A	53.8	54.6
06/23/2011 13:30	EC	PMI Services	JUN A	55.3	56
06/23/2011 18:00	US	Initial Jobless Claims	18-Jun	412K	- -
06/23/2011 18:00	US	Continuing Claims	11-Jun	3668K	- -
06/23/2011 19:30	US	New Home Sales	MAY	310K	323K
06/24/2011 18:00	US	Durable Goods Orders	MAY	1.60%	-3.60%
06/24/2011 18:00	US	GDP QOQ (Annualized)	1Q T	1.90%	1.80%
06/24/2011 18:00	US	Personal Consumption	1Q T	2.20%	2.20%
06/24/2011 18:00	US	GDP Price Index	1Q T	1.90%	1.90%
06/24/2011 07/01	GE	Retail Sales (MOM)	MAY	0.70%	0.60%
06/24/2011 07/01	GE	Retail Sales (YOY)	MAY	- -	3.60%



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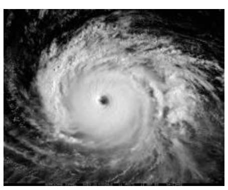

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