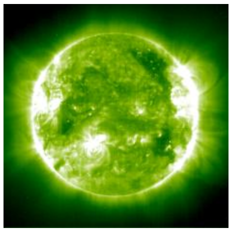

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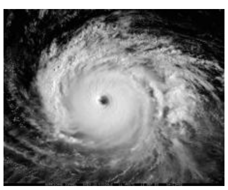


CRUDE OIL

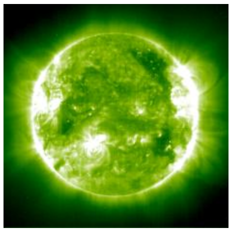
Commodity	S3	S2	S1	R1	R2	R3	Recommendation
NYMEX -Crude Oil: Aug	82.6	86.1	88.6	94.6	98.1	100.6	Sell at 95-96.50 TP 90 SL 99
MCX -Crude Oil: Jul	3787	3926	4025	4263	4402	4501	Sell at 4272-4317 TP 4026 SL 4429

OUTLOOK:

The fall on oil price has been uninterrupted for the past four weeks and the intensity has increased in very recent time. On cumulative basis we have seen oil prices falling around nine per cent in two weeks and thirteen to fourteen per cent in last four weeks. Many reasons can be attributed to such price fall which has already been discussed in our **crude oil market over view** part of this report. The economic data coming in positive trajectory are quite unexpected; restricting oil to fall considerably. Despite IEA declared oil output data, prices fell merely two per cent in the last week. Perhaps unexpected positive economic data and unexpectedly decline in oil and oil products inventories are the early indications for oil to recover. ***However, we should not be so optimistic immediately because the global economic concerns are still lingering and surprises are always inevitable.*** Undoubtedly oil is still looking bearish for the coming week but we might have to give importance to expected economic data across the globe and on-going summer driving season which might push oil to move higher. There are host of economic data expected across the globe and few are likely to have major impact on oil market such as: U.S income/spending situation (likely to decline), Japan's industrial production (expected to improve), Chinese PMI manufacturing and U.S ISM manufacturing data are expected which are likely to have negative impact on oil. The remaining data are available at below mentioned table.

Apart from the economic data we believe IEA's impact may still be seen in the short term along with euro-zone concerns may have negative impact on oil prices. While looking at the fundamental part we see Brent spread has entered into premium suggesting market might see a smart recovery. The price-volume and open interest scenario is also supportive for current oil trend. Looking at the above condition, undoubtedly the trend for oil can be expected to remain bearish for the coming week. However, a smart recover could be expected, nevertheless recovery level should be used to take short positions at higher levels. We recommend carry a selling view on oil for the coming week.

This is also important to watch out for the technical levels. Above mentioned table suggest the recommendations for the coming week.



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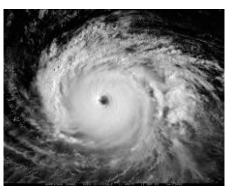
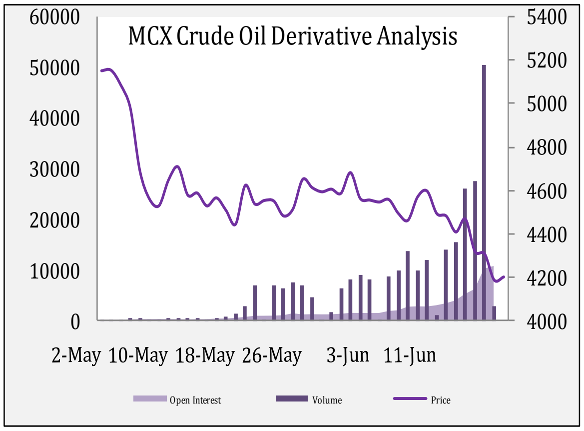
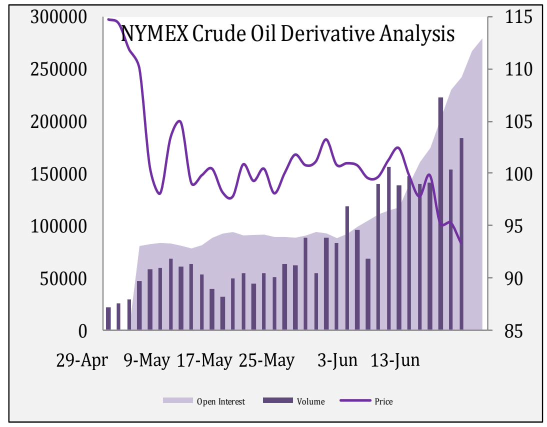
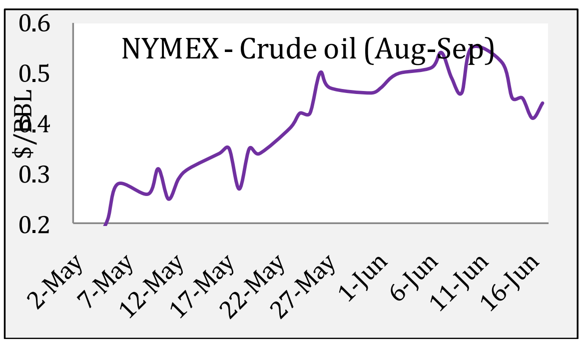


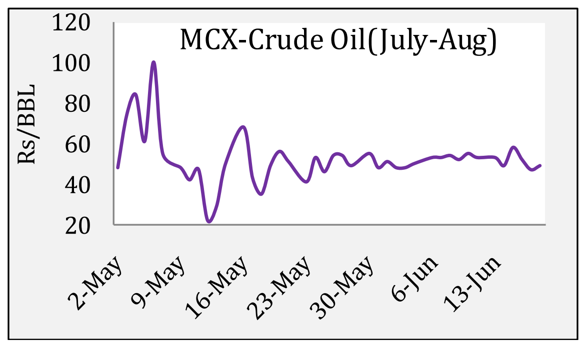
Derivative Analysis:



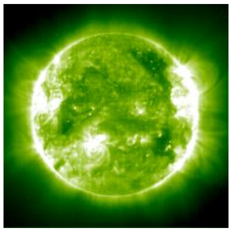


Calendar spread





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



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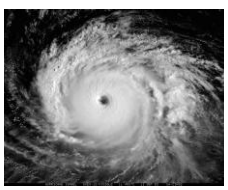


Crude oil market overview

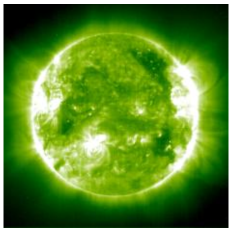
Exchange	Contract	Open	High	Low	Last	% Change	Volume	% Change	Open Interest	% Change
NYMEX WTI Crude ($/bbl)	Aug	93.17	95.7	89.69	91.16	-2.40%	1700183	98.97%	326552	10%
	Sep	93.54	96.21	90.27	91.71	-2.27%	395677	26.31%	166854	7%
ICE Brent Crude ($/bbl)	Aug	117.96	120	111.05	113.21	-7.15%	1359651	9.00%	188520	-9%
	Sep	112.78	114.02	103.87	105.31	-6.68%	696185	52.92%	153200	11%
MCX WTI Crude (Rs/bbl)	July	4185	4303	4065	4118	-2.05%	1044327	662.04%	19501	80%
	Aug	4224	4352	4118	4169	-1.93%	59468	1323.02%	2080.00	159%

The week gone by has been the fourth consecutive week for oil to trade lower. In the last week oil prices fell over 2.4 per cent and on cumulative oil fell over fourteen per cent. There are host economic data, uncertainly and surprises from oil organizations have made oil to tumble so much. Predominantly, talking about last week's performance we believe International Energy Agency (IEA) news of releasing supply was shocking which made oil to fall so much. In addition to that, economic concerns across the globe and especially at euro-zone have declined fuel demand. Despite IEA rising strategic petroleum reserve supply by 60 million barrel, the fall on oil was restricted as the economic data released in the last week were mostly positive. Nevertheless, the weakness mounted over oil price trend. U.S Dollar index also had impact on oil prices as it rose by one per cent from its previous week. The equity markets across the globe were mostly mixed with high volatility as the gains witnessed during the week were all eroded by end of the week and ended on a negative zone. (Europe and U.S). However, Asian remained on a positive note. Moreover, the U.S 5-year bond yields have fallen drastically by 10 per cent. The overall scenario for energy market was in a doldrums. The entire oil markets in the form of WTI and Brent also declined.

Petroleum Inventory Data:

DOE Warehouse Stocks ('000 barrels)			
Commodity	**Latest week**	**Previous week**	**Change**
Crude Oil	363844	365555	-1711
Gasoline	214601	215065	-464
Distillate	141994	140821	1173
Refinery utilization (%)	89.2	86.1	3.1
EIA Working gas storage (Bcf)			
Natural gas	2354	2256	98

The petroleum data released in the last week was very impressive as well as tricky. The rising refinery utilization by 3.1 per cent with declining crude oil and gasoline inventories suggests the summer driving demand is slowly picking up. Meanwhile, rising distillate inventory is quite obvious. However, the ongoing economic concerns are not respecting the intrinsic fundamentals of oil. We believe this has been the start up of demand, perhaps we might see inventory figures declining in the coming week which might resume a fresh demand for oil.



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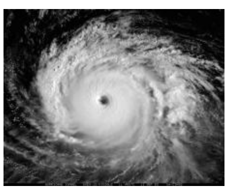
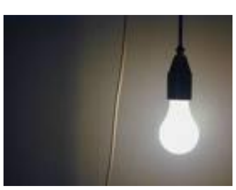


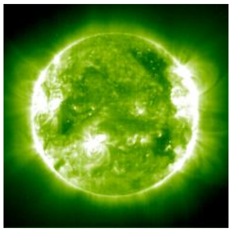


Technical analysis:

CRUDE Oil NYMEX: This has been the fourth consecutive week oil prices have been falling. In the last week oil prices have declined by around 2.35 per cent over previous week. Weekly statistics suggest market had made a high of $95.70 and a low of $89.69. Going by the chart principle we believe weekly low itself will be considered as immediate support level ($89.69). On break of the same may see oil correcting until $88.50 levels quarterly 8-EMA levels. On the higher side it is important to trace out the resistance levels as market is currently trading far from the moving averages. Hence, a smart pullback can be expected. Going by the Fibonacci principles, we see $96.10 as an immediate resistance point (50 % retracement of $74.71-115.52 range). In case market breaches this resistance we might see recovery extending until $99.10-100.70 range. This might happen as the weekly RSI-14 period is now treading around 0.30 which might recover. However, it’s too early to predict such recovery scenario.

Hence, we believe the price retracement might be within $96.10 to $99.10 range. Going by the above analysis we recommend taking short positions for the week, however, precautionary measures are to be taken care.

Recommendation: Sell in the range of $95.50-96.50 targeting $90.00 with stop loss above $99.00



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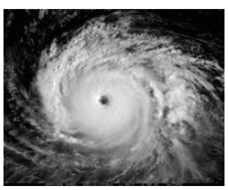


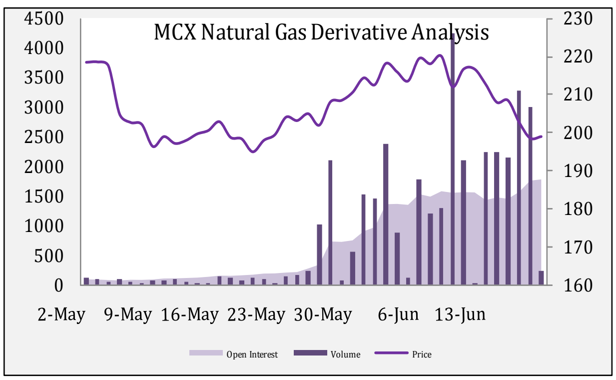
NATURAL GAS

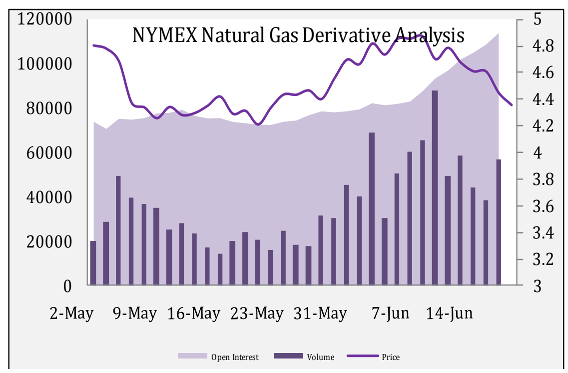
Commodity	S3	S2	S1	R1	R2	R3	Recommendation
NYMEX -GAS: Aug	3.842	4.014	4.132	4.422	4.954	4.712	Sell at $4.404 TP 4.150SL 4.502
MCX -GAS: Jul	176.4	183.2	188.5	200.6	207.4	212.7	Sell at Rs. 197/198 TP 185 SL 202

OUTLOOK:

The current fundamentals: rising inventory, increasing rig counts, economic concerns all have been bearish for this commodity. However, gas price trend is mostly derived from weather condition. Keeping above fundamental at the current scenario we believe gas may remain weak. However, forecast shows above-normal temperatures might spark demand for gas in the coming week. We believe gas prices may trade sideways and has no signs of recovery now.

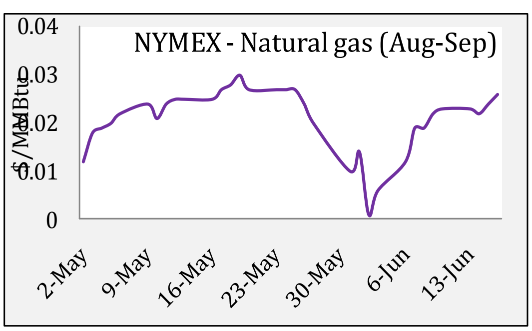
Derivative Analysis

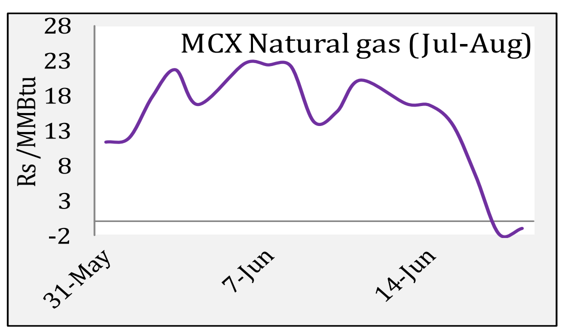


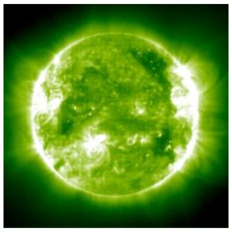


Calendar spread between two contracts fluctuated between 2.7 to 2.9 in the last week. However, we are expecting spread to increase in the coming week, as expectation of higher demand for far month contract is there is market.

Calendar spread







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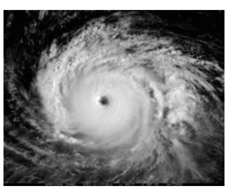
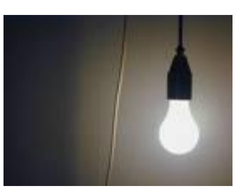
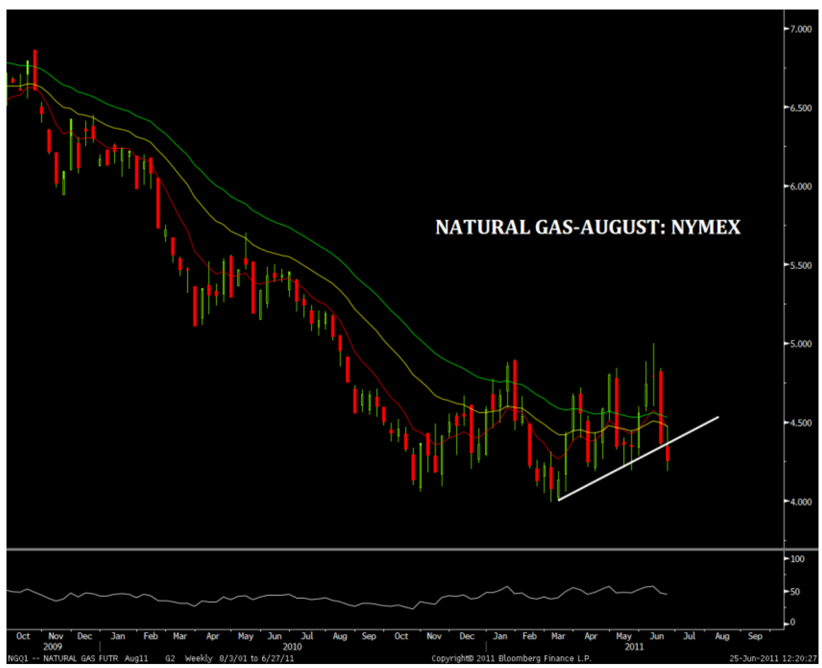




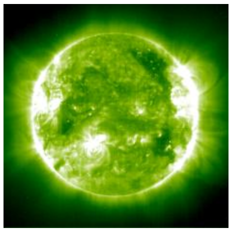
Natural Gas market overview: Henry hub spot natural gas prices have fallen around five per cent in the last week and on a cumulative basis gas prices have fallen around fifteen per cent. The spot demand has decline as the weather condition was unfavorable which reduced gas demand in the recent time. Along with Russia the biggest exporter has also reduced its spot activities which have made gas prices to trade lower. Moreover, the weekly storage data releasing by DOE suggesting an addition of inventory which is pulling gas prices to trade lower. Hence, the impact was seen on futures trend. The August futures gas prices declined by 2.52 per cent at NYMEX and 3.12 per cent at MCX respectively. Overall scenario has been bearish for this commodity. The detail outlook is stated above.

Exchange	Contract	Open	High	Low	Last	% Change	Volume	% Change	Open Interest	% Change
NYMEX	Aug	4.34	4.48	4.19	4.25	-2.52	335169	32.105	141936	17.71
($/MMBtu)	Sep	4.22	4.50	4.08	4.28	-2.53	132018	-19.91	210395	5.05
MCX	July	197	202	190	193	-3.12	19566	48.58	3337	86.22
(Rs/MMBtu)	Aug	219	228	215	219	-3.32	2187	34.79	577	12.45



Technical analysis: Future prices have traded completely lower side by continuing its short term bearish trend. Prices had made a high of $4.476 and a low of $ 4.186 and settled at 4.250 levels. Prices have broken down trend line support and even close also happened below trend line. Now we consider trend line level as a crucial resistance for coming session which is at $4.404 levels. In case market breaches above mentioned resistance level then next resistance can be seen at$ 4.502 level (8, 21 Weekly EMA) levels. Going by the chart principle we believe weekly low itself will be considered as immediate support level ($4.186). Then next support is seen at $4.050 a level which is long term low in market. Before continuing its bearish trend prices may witness pull back in coming session after that we may see a fall in market. Momentum Indicator RSI is suggesting downside momentum which is at 0.500.

Recommendations: sell at $4.404 targeting $4.186 then$ 4.050 with stop loss above $4.502



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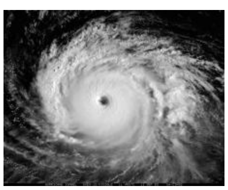
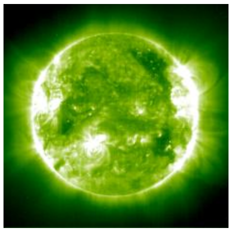


Date Time	Region	Event	Period	Survey	Prior
06/27/2011 18:00	US	Personal Income	MAY	0.40%	0.40%
06/27/2011 18:00	US	Personal Spending	MAY	0.10%	0.40%
06/27/2011 20:00	US	Dallas Fed Manf. Activity	JUN	-3.2	-7.4
06/28/2011 11:30	GE	Import Price Index (MoM)	MAY	-0.30%	0.30%
06/28/2011 14:00	UK	GDP (QoQ)	1Q F	0.50%	0.50%
06/28/2011 14:00	UK	GDP (YoY)	1Q F	1.80%	1.80%
06/28/2011 14:00	UK	Current Account (BP)	1Q	-4.7B	-10.5B
06/28/2011 19:30	US	Consumer Confidence	JUN	61	60.8
06/28/2011 19:30	US	Richmond Fed Manufact. Index	JUN	-3	-6
06/28/2011	GE	Consumer Price Index (MoM)	JUN P	0.10%	0.00%
06/29/2011 05:20	JN	Industrial Production (MoM)	MAY P	5.50%	1.60%
06/29/2011 05:20	JN	Industrial Production YOY%	MAY P	-6.30%	-13.60%
06/29/2011 14:30	EC	Business Climate Indicator	JUN	0.9	0.99
06/29/2011 14:30	EC	Euro-Zone Consumer Confidence	JUN F	-10	-10
06/29/2011 14:30	EC	Euro-Zone Economic Confidence	JUN	105	105.5
06/29/2011 14:30	EC	Euro-Zone Indust. Confidence	JUN	3.5	3.9
06/29/2011 14:30	EC	Euro-zone Services Confidence	JUN	9	9.2
06/29/2011 19:30	US	Pending Home Sales MoM	MAY	2.50%	-11.60%
06/30/2011 11:30	GE	Retail Sales (MoM)	MAY	0.50%	0.60%
06/30/2011 18:00	US	Initial Jobless Claims	25-Jun	421K	429K
06/30/2011 18:00	US	Continuing Claims	18-Jun	3690K	3697K
07/01/2011 06:30	CH	PMI Manufacturing	JUN	51.5	52
07/01/2011 08:00	CH	HSBC Manufacturing PMI	JUN	- -	51.6
07/01/2011 13:25	GE	PMI Manufacturing	JUN F	54.9	54.9
07/01/2011 13:30	EC	PMI Manufacturing	JUN F	52	52
07/01/2011 14:00	UK	PMI Manufacturing	JUN	52.3	52.1
07/01/2011 14:30	EC	Euro-Zone Unemployment Rate	MAY	9.90%	9.90%
07/01/2011 19:25	US	U. of Michigan Confidence	JUN F	72	71.8
07/01/2011 19:30	US	Construction Spending MoM	MAY	0.10%	0.40%
07/01/2011 19:30	US	ISM Manufacturing	JUN	51.8	53.5
07/01/2011 19:30	US	ISM Prices Paid	JUN	70.5	76.5
07/02/2011 02:30	US	Total Vehicle Sales	JUN	12.05M	11.76M
07/02/2011 02:30	US	Domestic Vehicle Sales	JUN	9.40M	9.22M



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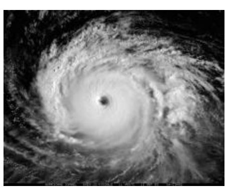

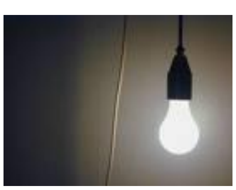

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