



Crude

Crude Prices end almost 5% lower as dollar stays strong. Crude oil prices slumped on Thursday, 04 February 2010. Prices fell, as the dollar extended a strong rally on Thursday buoyed by debt problems in Europe and disappointing jobless claims data in US. Strong economic reports generally tend to push crude prices higher on anticipation of higher demand in coming months and vice versa. The strong dollar further pushed crude price lower today. On Thursday; crude-oil futures for light sweet crude for March delivery closed at \$73.14/barrel (lower by \$3.84 or 4.9%). It was the biggest percentage drop for crude in six months. Last week, crude ended lower by 2.4%. In January 2010, crude ended lower by 8.3%. On a year to date basis, crude is lower by 9.2%.

The Energy Department in US reported yesterday that crude oil inventories rose by 2.3 million barrels in the week ended 29 January 2010. Market was expecting a decline of 1 million barrels in crude stocks. In the weekly inventory report, the EIA also said inventories of distillate, which includes heating oil, fell by 948,000 barrels, while gasoline stocks fell by 1.3 million barrels. Market was expecting a buildup of 1.5 million barrels in gasoline stocks. The report also stated that refinery utilization fell to 77.7%, while it was expected to rise 0.25% to 78.75%.

Crude ended FY 2009 higher by 78%, the highest yearly gain since 1999. It reached a high of \$82 earlier in October 2009 and hit a low of \$33.98 on 12 February 2009. Oil prices had reached a high of \$147 on 11 July, 2008 but have dropped almost 53.5% since then. Crude prices had ended FY 2008 lower by 54%, the largest yearly loss since trading began at Nymex.

At the MCX, crude oil for February delivery closed Rs 161 (4.5%) lower at Rs 3,412/barrel. Natural gas for February delivery closed lower by Rs 5.8 (2.3%) at Rs 248.2/mmbtu.

Gasoline

Among other energy products on Thursday, March reformulated gasoline futures fell 8.6 cents, or 4.2%, to \$1.95 a gallon and March heating oil declined 7 cents, or 3.5%, to \$1.94 a gallon.

Natural-gas

Also on Thursday, March natural-gas futures finished little changed at \$5.42 per million British thermal units, as cold weather forecasts helped offset a smaller than expected drawdown in U.S. supplies. It earlier slumped 2% after the Energy Information Administration said natural gas in storage in the storage fell by 115 billion cubic feet in the week ended 29 January 2010 against an expectation of a drawdown of between 121 billion and 125 billion cubic feet.

Gold

India MCX April gold futures Contract last ended down 3% at INR16,152/10 grams. February Comex gold futures up 0.2% at \$1,064.80/oz.

Metals

London markets; aluminum last settled down 0.8% at INR94.90/kg, lead at INR92.60/kg, nickel at INR829.60/kg, zinc at INR95.05/kg.



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Daily Commodity Update

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News

In the currency market on Thursday, the dollar index, which weighs the strength of dollar against the basket of six other currencies rose by almost 0.7%.

As per latest reports, Greece is struggling to curb budget deficits that are in excess of European Union limits. The euro weakened to its lowest level since June against the dollar after European Central Bank President Jean-Claude Trichet said the economic outlook is subject to "uncertainty."

Among economic data expected for the day, the Labor Department in US reported on Thursday, 04 February 2010, that first-time filings for state unemployment benefits climbed to their highest level since mid-December last week. Market was expecting a drop in the number.

As per the report, initial claims rose 8,000 to stand at 480,000 for the week ended on 30 January, 2010. Market was expecting a figure around 450,000. The four-week moving average for initial claims, which smoothes out fluctuations in the weekly data, rose to 468,750, up 11,750. This is the highest level since the week ended 5 December 2009.

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