

Short build-up on MCX-Crude oil

Akhil Nallamuthu

bl. research bureau

Crude oil prices slumped last week and have begun the year on a weak note. The Brent futures on the Intercontinental Exchange (ICE) declined 8.6 per cent to end the week at \$78.5 per barrel. Likewise, the continuous contract of crude oil on the Multi Commodity Exchange (MCX) tumbled 6.2 per cent to close the week at ₹6,149 a barrel.

Inventory build-up in the US weighed on the prices last week. According to the Energy Information Administration (EIA), the crude oil stocks in the US shot up by 1.7 million barrels for the week ended December 30, which was higher compared with an increase of 0.7 million barrels in the preceding week. Moreover, the latest data showed that the Manufacturing and Services PMI in the US were in the contraction zone, raising the demand concerns.

On the charts too, the bearish bias is very evident as both Brent and MCX futures have formed a lower low after falling off a resist-



GETTY IMAGES/ISTOCKPHOTO

ance level. The possibility is high to see more fall from here.

BRENT FUTURES (\$78.5)

The Brent futures declined after facing a roadblock at \$87. Also, \$85 is a resistance level. Now it has fallen back below \$80-mark and the nearest support from the current level is seen at \$76. Given that the overall trend is weak, the contract might drop below \$76

and head south towards \$65. On the upside, a rally beyond \$85 is difficult.

MCX-CRUDE OIL (₹6,149)

The January futures of crude oil plummeted on the back of the resistance at ₹6,750. In addition to this, the presence of the 50-day moving average at around ₹6,700 helped the bears' cause.

Notably, the contract has

closed below the ₹6,200 support, opening the door for further depreciation. There is significant short build-up as the cumulative Open Interest (OI) of crude oil futures increased to 11,610 contracts from 6,138 contracts over the past week. This strengthens the bearish case and increase the probability of more downside.

The contract is likely to slip below the support at ₹5,900 and decline to ₹5,600 in the near term. A breach of this level can result in a fall to ₹5,400.

On the upside, the contract has a resistance at ₹6,400 and another strong one at ₹6,750. For the bulls to stand a chance against the bears, the prices should rise decisively above ₹6,750. Until then, bears are expected to dominate.

Trading strategy: One can consider initiating fresh short positions at the current level of ₹6,149. Add more shorts if the price moves up to ₹6,400. Place stop-loss at ₹6,750 at first. Revise it down to ₹6,050 when price falls below ₹5,900. Tighten it further to ₹5,900 when the contract goes below ₹5,750. Exit the shorts at ₹5,600.

RIL Arbitration: SC to Hear Govt Plea Against Delhi HC Order On Monday

Indu.Bhan
@timesgroup.com

New Delhi: The Supreme Court will hear on Monday the government's appeal against last month's Delhi High Court order that refused to halt the ongoing arbitration proceedings initiated by Reliance Industries (RIL), BP Exploration and Niko Resources against the Centre over a \$400-million cost recovery dispute involving natural gas exploration in the KG-D6 block.

The government is seeking termination of the mandate of the tribunal for "having lost faith" in its two foreign arbitrators — Michael D Kirby and Bernard Rix.

It has alleged that the way the tribunal proceedings were conducted clearly showed an evident bias and harboured justifiable doubts as to the independence and impartiality of the arbitrators.

A bench led by Chief Justice of India DY Chandrachud said it will hear the case on Monday after senior counsel Harish Salve, appearing for RIL, told the Bench that the government-nominated third arbitrator, former CJI VN Khare, had written that wouldn't want to resume proceedings until the apex court hears the petroleum ministry's appeal.

"The other two arbitrators are saying if the case is not to proceed immediately, they will give dates for their other commitments," Salve told the Bench.

Justice Yashwant Varma of HC had, on December 9, upheld RIL's preliminary objections and rejected the ministry's allegations that serious distrust and justifiable doubts existed with respect to the independence and impartiality of the two members of the arbitral tribunal.



dependence and impartiality of the two members of the arbitral tribunal.

DLF VS NOIDA AUTHORITY

Real estate firm DLF on Friday moved the Supreme Court challenging the New Okhla Industrial Development Authority's (Noida) notice demanding over ₹234 crore toward payment of compensation to the previous owner of the land on which its 'Mall of India' has been built.

The dispute relates to a parcel of 54,320 square metres of land that DLF had won in an open auction conducted by the authority in 2004 in Sector 18 of Noida, which now houses one of India's largest malls having several luxury brands.

A Bench led by Chief Justice DY Chandrachud directed the matter to be listed on January 13 after senior counsel AM Singhvi and Mukul Rohatgi sought an urgent hearing in the case. DLF has a January 12 deadline for making the payment.

NTPC CHAIRMAN

The Supreme Court stayed

the Telangana High Court order that awarded a two-month imprisonment to NTPC CMD Gurudeep Singh in a contempt of court case related to appointments of some non-executive employees.

A Bench, led by DY Chandrachud, took note of the submissions of Solicitor General Tushar Mehta that the HC order needed to be stayed. Mehta appeared on behalf of the chief executive of the country's biggest state-run power generator.

FOR FULL REPORT, GO TO
www.economictimes.com

महंगाई से जनता त्रस्त पेट्रोल कंपनियां मस्त

हर लीटर पर 10 रुपये की कमाई

■ दिल्ली, नवभारत न्यूज नेटवर्क.
महंगाई ने आम आदमी की कमर तोड़ रखी है. पेट्रोल और डीजल की कीमतें लंबे समय से हाई बनी हुई हैं. ऐसे में तेल कंपनियां भी पेट्रोल से जहां 10 रुपये प्रति लीटर तक की कमाई कर रही हैं. वहीं उनका डीजल पर घाटा भी कम हुआ है. पेट्रोल और डीजल की



ऊंची कीमतों ने जनता का हाल-बेहाल किया हुआ है. महंगाई कंट्रोल करने के लिए आरबीआई लगातार ब्याज दरों को बढ़ा रहा है. इस बीच खबर है इंडियन ऑयल, भारत पेट्रोलियम और हिंदुस्तान पेट्रोलियम जैसी कंपनियों को पेट्रोल पर 10 रुपये प्रति लीटर का जबरदस्त मुनाफा हो रहा है. जबकि डीजल पर कंपनियों का घाटा कम हुआ है. खबर के मुताबिक तेल कंपनियों को जहां पेट्रोल से 10 रुपये प्रति लीटर का फायदा हो रहा है. वहीं डीजल पर घाटा कम होकर 6.5 रुपये प्रति लीटर पर आ गया है.