

Snapshot: Gasoline led rally

BULLISH FACTORS:	BEARISH FACTORS:
<p><u>Short Term</u></p> <ul style="list-style-type: none"> - The confrontation between the new government of Bolivia and the oil majors escalates. Petrobras suspended plans to invest \$5 billion in the country after negotiations with the government of Evo Morales failed. - Equador's Congress voted to impose a tax of 60% on "extraordinary profits" earned by foreign investors in the oil sector following the example of Venezuela and Bolivia. - Another busy hurricane season is expected this summer due to warm ocean temperatures. - The UN Security Council issued a unanimous resolution to Iran to suspend uranium enrichments within 30 days and cooperate with IAEA on progress reporting. - Iran's ambassador in the UN Javad Zarif, stated that his country has an "inalienable right" to pursue nuclear energy. - Total shut-in output in Nigeria has reached 630,000 bpd. - Iraqi Oil Minister Hashemi, reported that exports from the northern pipeline system will be idle for another 12 months after sabotage attacks. <p><u>Long Term</u></p> <ul style="list-style-type: none"> - Escalation of US-Iran conflict could affect exports from Iran. - World demand is expected to rise by 1.5 million bpd in 2006. 	<p><u>Short Term</u></p> <ul style="list-style-type: none"> - The US Renewables Fuels Association reported that ethanol supplies will prove adequate to meet demand after the switch of US refineries from MTBE to ethanol by May 5th. - The workers strike in France was called-off and energy operations returned to normal. - Japan's Energy Committee expects demand for oil products to drop by 2.9% for the financial year starting April 1st 2006. - US crude inventories, are at the highest levels of the past 7 years. - US demand remains below last year's level. Total demand for the 4-weeks ending March 24th was 1% lower on year. - Nigerian government has called a meeting with representatives from militant groups at the Niger Delta on April 5th. - Iraqi Oil Minister al-Hashemi expects Iraqi exports to reach 1.5 mbpd in March up 400,000 bpd from the lowest 1.1 mbpd in January. - IEA, has reduced its estimate for 2006 petroleum demand by 290,000 bpd, citing high prices and lower consumption in SE Asia. <p><u>Long Term</u></p> <ul style="list-style-type: none"> - EIA and IEA expect world spare capacity to rise by 1 million bpd in 2006. - High oil prices force oil consuming prices to accelerate efforts to reduce oil dependence.

Today's Focus

Prices rally led by gasoline ahead of today's expirations of the NYMEX futures. Such a price behaviour is often observed as traders discount supply shortages for the coming driving season and price squeezes in the energy exchanges corner short positions of spec funds. In the geopolitical front the UN resolution against Iran does not seem to trigger any actions that could threaten oil supplies but it rather defines a 30 day period in which IAEA will monitor the progress of Iran in suspending uranium enrichment. Given the fact that Iran denied to abide with this resolution, the crisis is expected to escalate after the expiration of the 30 day monitoring period. Once again we suggest to monitor closely the confrontation between oil majors and the governments of Venezuela, Bolivia and Equador where new government taxation policies has triggered a hard battle between parties.

Major Technical Levels

Brent 1 st Month		
2 nd Res.	68.00	Daily resistance
1 st Res.	66.70	Yesterday's high
NOW	65.47	
1 st Sup.	65.27	Yesterday's low
2 nd Sup.	63.44	28/3 low

WTI 1 st Month		
2 nd Res.	67.90	Daily resistance
1 st Res.	67.30	Yesterday's high
NOW	66.75	
1 st Sup.	65.50	Daily support
2 nd Sup.	64.05	28/3 low

Energy Calendar

31/3	NYMEX products expiration
31/3	CFTC report
5/3	Nigerian meeting government/militants
5/3	EIA weekly petroleum report

US INVENTORIES (Mbbbls) - EIA

	Mar 24/06	Mar 24/05	CHG %
CRUDE	340.7	314.8	8.2
DISTIL.	124.2	107.6	15.4
MOGAS	216.2	215.7	0.2

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6/3	EIA weekly natural gas report
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HEAT.OIL	46.1	38.1	21.0
Tot. stk (exc.SPR)	1012.6	971.4	4.2