

## Oil market

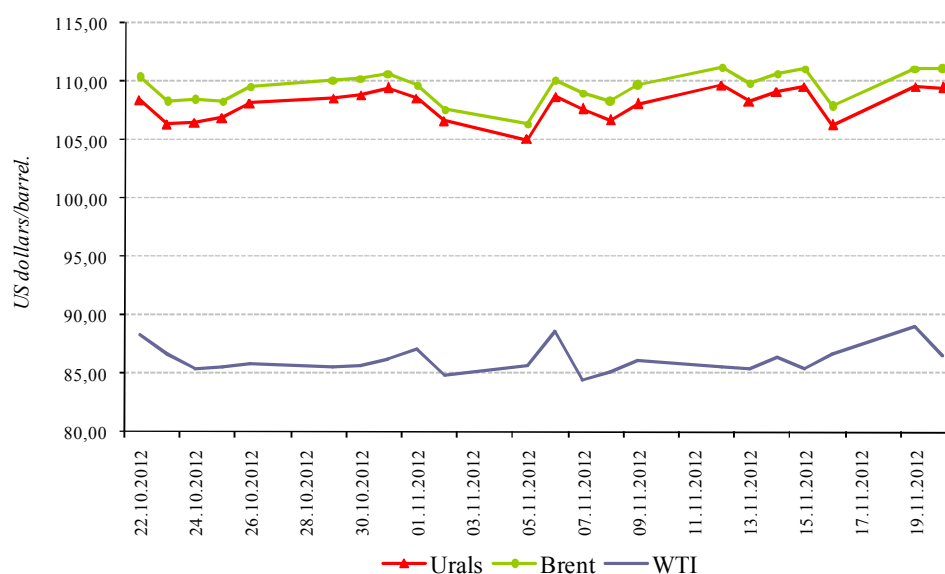
**Current condition of the oil market**

During the monitoring of the oil market from 20.10.2012 to 20.11.2012 the prices of the basic brands (Urals, Brent, WTI) ranged in 84.5 -111.3 US dollars per barrel.

## Changes in average oil prices:

| Average for the period | Urals                |                                  | Brent                |                                  | WTI                  |                                  |
|------------------------|----------------------|----------------------------------|----------------------|----------------------------------|----------------------|----------------------------------|
|                        | prices, USD / barrel | change, % to the previous period | prices, USD / barrel | change, % to the previous period | prices, USD / barrel | change, % to the previous period |
| 20.09.2012-20.10.2012  | 111.3                | 98.0                             | 112.8                | 98.4                             | 91.4                 | 95.2                             |
| 22.10.2012-20.11.2012  | 108.0                | 97.0                             | 109.5                | 97.1                             | 86.2                 | 94.3                             |

Source: NA "Reuters"



Average prices of oil quotations in November 2012 declined slightly compared to the prices of the previous month. However, some volatility of the price was due to the following major world events:

- The impact of the "Sandy" hurricane. Changes in prices on the world market in the beginning of the reviewed period favored the closure of refineries with the hurricane approaching to the USA. In such situation, analytics of ANZ forecasted short-term decrease in demand for oil, as the infrastructure of the damaged cities will not be fully recovered.
- The Palestinian-Israeli conflict. Although the conflict between Israel and Palestine does not directly threaten oil deliveries, the market is very sensitive to the situation in the Middle East. Investors are concerned that a conflict may involve Arab producers, which will affect the delivery from these countries. Situation in the Middle East continued to determine the dynamics of the oil market.
- The complex political-economic situation in Greece. Market participants are concerned that the withdrawal of the country from the crisis takes place very slowly. Despite the fact that recently the Greek Parliament approved a budget, decision of providing tranche of aid at the time had not been taken yet.
- Macroeconomics of China. China has had positive developments in the economy. On the background of positive country's macrostatistics, share prices rushed up and provided support to oil prices.

## Forecasts for short-term and long-term perspectives

In its monthly review of the oil market, OPEC expects that in the next year demand for oil in the world will increase by 770 thous. barr./day, to 89.57 mln. barr./day. According to the report, in the next year possible economic slowdown creates a significant degree of uncertainty in the global demand for oil.

### IEA

International energetic agency (IEA) decreased demand forecast for oil for the second time in the fourth quarter, citing for economic weakness in Europe, disruptions of fuel supplies in the USA are due to the “Sandy” hurricane. According to the monthly forecast of IEA, in the fourth quarter of the current year global consumption will amount 90.1 mln. barr./day, which is 290 thous. barr./day, or by 0.3 percent lower of the previous forecast. Global oil demand in October increased by 800 thous. barr./day, to 90.9 mln. barr./day. At the moment oil deficit is not observed, the volume of oil production in Iran in October increased by 70 thous. barr./day, to 2.7 mln. barr., export – from 1 mln. barr. to 1.3 mln. barr.

### Kazakhstan

By the Decree of the Government of Kazakhstan limit wholesale price of liquefied petroleum gas (to 31<sup>st</sup> of December, 2012) was approved on the domestic market at a rate of 35.8 thous. tenge per tonne excluding VAT.

In terms of the Kazakh-Chinese committee for cooperation, Kazakhstan and China agreed to build the gas pipeline “Sarybulak-Zimunai” in Beijing.

According to the announcement of the Minister of Oil and Gas of Kazakhstan, commercial production of “black gold” in the Kashagan field will start next year in spring. Currently, the great volume of work for the start of production at the mine has been done. For the project on the basis of Atyrau refinery 2.8 billion US dollars will be invested. In the end of April of the next year first commercial production of the Kashagan oil will start.

### Russia

Prices and data on changes in retail prices in Russia for gasoline and diesel fuel as of 12.11.2012, compared to the prices of 22.10.2012.

|                        | 22.10.2012   | 12.11.2012   | change in % (+/-)            |                     |
|------------------------|--------------|--------------|------------------------------|---------------------|
|                        | price, ruble | price, ruble | to the previous registration | to December of 2011 |
| <b>1.Auto gasoline</b> | <b>28.72</b> | <b>28.77</b> | <b>+2.0</b>                  | <b>+6.7</b>         |
| <i>including:</i>      |              |              |                              |                     |
| AI-80                  | 26.25        | 26.28        | +1.8                         | +6.5                |
| AI-92                  | 27.96        | 28.01        | +1.9                         | +6.2                |
| AI-95 and higher       | 30.48        | 30.55        | +2.2                         | +7.6                |
| <b>2.Diesel fuel</b>   | <b>29.29</b> | <b>29.42</b> | <b>+1.8</b>                  | <b>+6.8</b>         |

Source: Federal service of state statistics of the RF

According to the data of Federal service of state statistics of the RF, as of 12<sup>th</sup> of November of 2012 average consumer prices for gasoline from the beginning of the year increased by 6.7 percent and diesel fuel – by 6.8 percent. Current inflation, excise taxes, aimed at filling the road funds, demand increase for fuel, continued repair work on some major refineries, and also fluctuations of the world prices for oil cause the current increase of prices for oil in Russia.

From January of 2013, the sale of gasoline and diesel fuel of the standard below than “Euro-3” will be prohibited, as this type of fuel makes a significant harm to the environment. Experts note, that sale is prohibited, but not a production of “Euro-2” fuel. Companies that failed to upgrade refineries, can send gasoline and diesel fuel for export. Outside of Russia, they are processed in a high-quality fuel.

“Gazpromneft-Center” increased the volume of sales of oil-products in the third quarter of 2012 by 42 percent compared to the same period of the previous year. This increase is due to the expansion of retail network “Gazpromneft” in the Central region by 37 percent, increase of work effectiveness of each individual fuel station. Additional leverage in improving the efficiency of the network of fuel stations in the Central region is promotion of G-Drive fuel, presented in market in the beginning of 2011. Its share in the total volume of sales of AI-95 gasoline on the fuel stations, which are selling branded fuel, increased by 30 percent in September of 2012 and continues to increase.

## Kyrgyzstan

Prices and data on changes in retail average prices for gasoline and diesel fuel for November<sup>1</sup> of 2012 in comparison with the prices for October of 2012.

| Cities                  | AI-95        |                  | AI-92        |                  | DF           |                  |
|-------------------------|--------------|------------------|--------------|------------------|--------------|------------------|
|                         | price, som   | change in % (+/) | price, som   | change in % (+/) | price, som   | change in % (+/) |
| Bishkek                 | 42.12        | +6.0             | 39.45        | +6.6             | 39.41        | -0.1             |
| Karakol                 | 39.50        | +1.3             | 37.86        | +4.5             | 39.21        | 0.2              |
| Jalal-Abad              | 44.75        | +5.5             | 41.81        | +6.1             | 41.83        | -0.1             |
| Naryn                   | 42.25        | +6.3             | 39.20        | +5.8             | 40.00        | 0.0              |
| Batken                  | -            | -                | 42.00        | +5.6             | 43.72        | +1.5             |
| Osh                     | 43.69        | +5.5             | 41.71        | +6.4             | 41.70        | 0.0              |
| Talas                   | 42.25        | +5.9             | 37.72        | +4.9             | 37.52        | +1.9             |
| Tokmok                  | 42.21        | +6.0             | 38.85        | +5.8             | 39.05        | 0.0              |
| Kara-Balta              | -            | -                | 39.48        | +7.3             | 39.00        | -0.7             |
| Average in the republic | <b>42.42</b> | <b>+5.7</b>      | <b>39.89</b> | <b>+6.4</b>      | <b>40.00</b> | <b>+1.7</b>      |

Source: National statistical committee of the Kyrgyz Republic  
«-» - absence of products

The average price for gasoline (AI-92 and AI-95) in Kyrgyzstan as of 20<sup>th</sup> of November of 2012 increased by 2.3-2.4 soms comparing to the prices in October of 2012, by 3.8-4.2 soms comparing to average prices in January of the current year. Price for diesel fuel in the country increased by 0.7 soms comparing to the prices in the last month and by 2.6 soms comparing to the prices in January.

The reason for the price increase, according to the president of the Association of Oil Traders of Kyrgyzstan J. Akeneev, was the increase in the selling prices of petroleum products at the manufacturing plants in Russia.

According to his report, planned price increase for petroleum products in Kyrgyzstan in the nearest future is not expected. Contracts for supply of petroleum products with Russian oil refineries are formatted. According to the head of the Association of Oil Traders of Kyrgyzstan, stocks of petroleum products will be enough until the new year. Next year 1.1 mln. tonnes of duty-free petroleum products from Russia will be delivered to Kyrgyzstan.

According to the message of the news agency “Kirtag”, Kazakhstan again imposed a ban for import of the petroleum products in Kyrgyzstan

through “Maimak station”. The ban was imposed by Kazakhstan jointly with the “Russian Railways” station. As it is noted by J. Akeneev, new ban on goods crossing on the “Maimak” station will strike greatly on providence of south of Kyrgyzstan with fuel. This increases the risk of prices risings for petroleum products.

## **Natural gas**

### ***Kyrgyzstan***

The Deputy of the Executive Director JSC “Kyrgyzgas” informed that Kyrgyzstan owes to suppliers for natural gas more than 2.5 mln. US dollars, at the same time consumers of the natural gas owe more than 4 mln. KGS. Also he noted that until 1<sup>st</sup> of January, 2013 there will be no disruptions in gas supply. Until the end of the year gas prices will not be increased. Gas price in 2013 will depend on the level of the purchase prices.

## **Electric power**

### ***Kyrgyzstan***

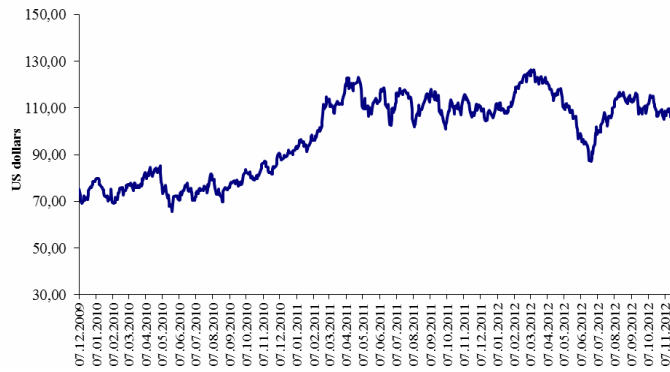
In the period under review increase of consumption of electricity was noted, determined by a seasonal factor. One of the factors is reduction of daytime hours. Despite the sufficient volume of energy production and announcement, blackouts occur.

According to a press release of the Ministry of Energy, meeting of the working groups of delegations of Kyrgyzstan, Russia and Kazakhstan, where issue of implementation of the project “Kambar-Ata HEP-1” was discussed. With the beginning of construction of suggested HEP development of hydropower resources of the upper reaches of the Naryn river will begin, which provides reliable guaranteed power supply of consumers in the most intense winter period of the year and creates prerequisites for socio-economic development of the Naryn area and Issyk-Kul zone of the Kyrgyz Republic.

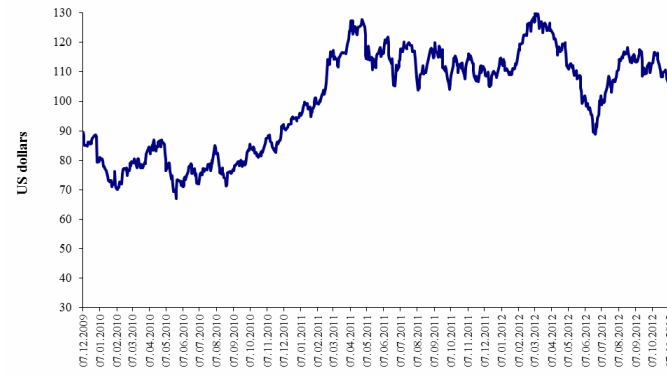
As of November 22, 2012 the volume of water on the Toktogul reservoir amounted 16.8 mln. cubic meters, decreased by 11.1 percent compared to the same period of 2011.

***The review is prepared according the data of:*** NA «24.kg», NA «Reuters», NA «RBC», NA «Kazakhstan Today», NA «Tazabek», NA «CentralAsia», NA «KirTAG», NA «ITAR-TASS, NA «REGNUM», publishing house «Gas vertical».

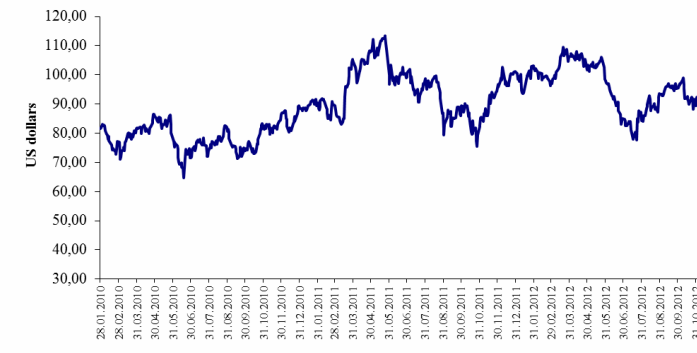
**Figure 1:** Urals, from 01.01.2010 to 20.11.2012



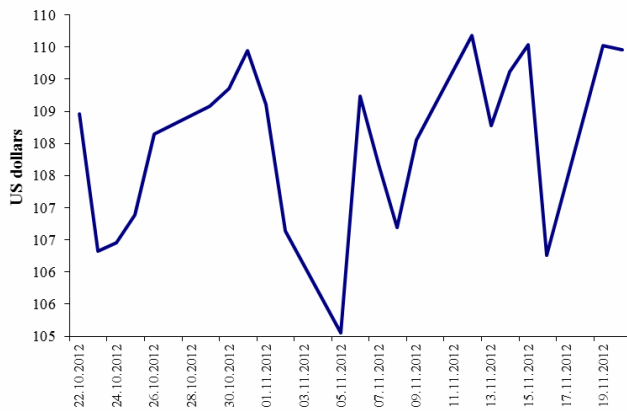
**Figure 2:** Brent, from 01.01.2010 to 20.11.2012



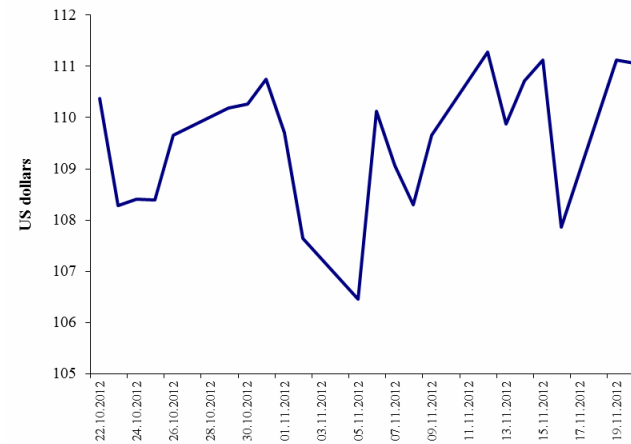
**Figure 3:** WTI, from 01.01.2010 to 20.11.2012



**Figure 4:** Urals, from 20.10.2012 to 20.11.2012



**Figure 5:** Brent, from 20.10.2012 to 20.11.2012



**Figure 6:** WTI, from 20.10.2012 to 20.11.2012

