

Oil market

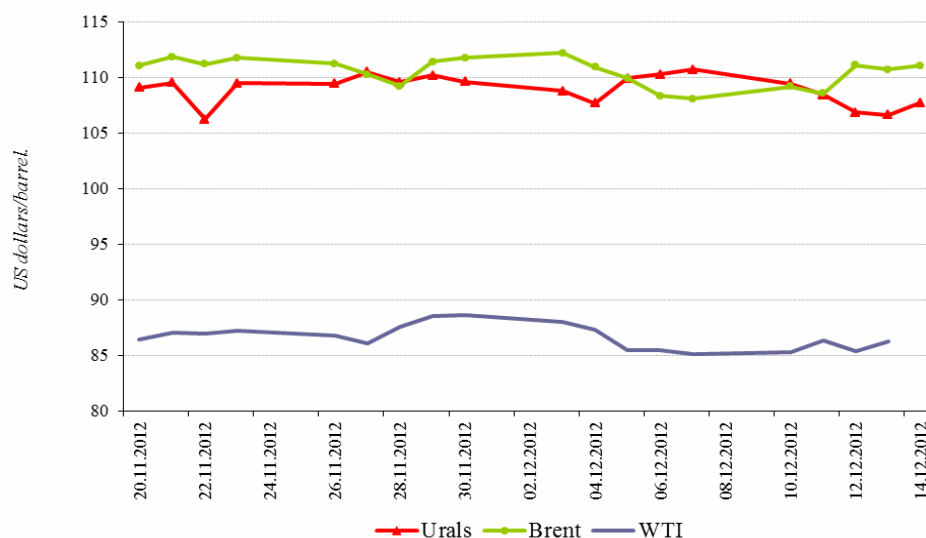
Current situation of the oil market

The monitoring of the oil market from 20.11.2012 to 14.12.2012 the prices of the basic brands (Urals, Brent, WTI) ranged in 85.1 -112.2 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
22.10.2012-20.11.2012	108.0	97.0	109.5	97.1	86.2	94.3
20.11.2012-14.12.2012	109.0	100.9	110.5	100.9	86.7	100.6

Source: NA «Reuters»



Average prices of oil quotations in November-December of this year slightly increased compared to the prices of the period reviewed before. Price change was caused by the following world events:

- Macroeconomics of Europe. The growth of business climate index in Germany and France had a positive effect on the growth of oil prices. GDP of Germany in the 3 quarter of 2012 increased by 0.2 percent compared to the 2 quarter. Additional impact made news about the proposal of IMF and European Central Bank on conducting second for this year restructuring of Greece's sovereign debt.
- Macroeconomics of USA and China. USA and China have positive tendency in economy. On the background of published positive statistical data of the countries, share prices rushed up that provided support to oil prices.
- Fiscal policy of USA. Negotiations on the budget issue between Republicans and Democrats failed to settle the issue. The slowdown in the decision making of this issue may lead to the "fiscal break". At the end of the reviewed period oil prices slightly started to change to the downside, having reflected the concerns of investors in the issue of "fiscal break in USA".

Forecasts for the short-term and medium-term perspectives

OPEC countries by the results of another meeting retained quota for oil production at the level of – 30 mln. barr./day. This was largely due to lower production of raw in Saudi Arabia. In addition, cartel plans to gradually reduce the production of raw to meet the designated quota.

IEA

Experts of the International Energetic Agency (IEA) revised its own forecast of oil consumption by the world economy in the fourth quarter in 2012. Forecast was raised from the previous month by 435 thous. barr./day – to 90.5 mln. barr./day due to the improvement of situation in the economy of China.

As follows from the data of IEA, at the moment oil consumption in the world is slightly higher than its supply in the world market, which in November amounted about 85 mln. barr./day. Thus, in November OPEC countries produced 31.22 mln. barr. of oil daily, and oil production in the countries outside of OPEC amounted 54 mln. barr./day, according to a report of IEA.

Kazakhstan

Kazakh President instructed the Government to cancel the current 4 year moratorium on the issuance of new licenses for mining in order to attract investments to the isolated regions of the country.

According the announcement of the managing director of “NC Production Operations Company BV” in June of 2013, the Kashagan field, located on the shelf of the Caspian Sea, will be released for commercial oil production on the level of 75 thous. barr./day.

According to the press service JSC “KazTransGas” (is the part of the group of companies “KazMunaiGas”), documents on providence of China Development Bank of 15-year loan in the amount of 1.8 billion US dollars for construction of gas pipeline “Beineu-Shimkent” in Kazakhstan were signed in Hong Kong. Project involves the construction of gas pipeline with the length of 1.5 thous. km, which would provide with a natural gas southern regions of the republic from the fields, located on the west part of the country. Construction of the gas pipeline “Beineu-Shymkent” is divided into two sections. It is expected that the first mechanical launch of the “Beineu-Bozoi” section will be held in October of 2013. Construction of the pipeline will let to bring together all main gas pipelines of the country (Central Asia – Center, Bukhara – Ural, BGR – TBA, Kazakhstan – China) in a single system.

Russia

Prices and data on changes of retail prices in Russia for gas and diesel fuel as of 10.12.2012 in comparison to prices as of 12.11.2012.

	12.11.2012	10.12.2012	изменение, в % (+/-)	
	price, ruble	price, ruble	to the previous registration	to December of 2011
1. Gas	28.77	28.82	+0.2	+6.9
<i>including:</i>				
AI-80	26.28	26.43	+0.6	+7.0
AI-92	28.01	28.01	0.0	+6.3
AI-95 and higher	30.55	30.68	+0.4	+8.0
2. Diesel fuel	29.42	30.56	+3.9	+9.6

Source: Federal service of state statistics of the RF

According to the Federal service of state statistics of the RF as of 10th of December of 2012, average consumer prices for gas from the beginning of the year increased by 6.9 percent and diesel fuel – by 9.6 percent. Excise,

increase of fuel demand, the incomplete repair work on separate refineries cause the current increase in the price of gas in Russia.

According to calculations of MF of the RF export duty for oil in January of 2013 will decrease by 0.2 percent to 395.6 US dollars.

According to the Deputy of Minister of Energy of the RF, EU complains about Russia because of preferential tariffs for export of Russian oil, destined for the Asian market. Traditional buyers of Russian raw on the European market for the last two years meet the deficit of volume and price growth, after the RF diversified export of oil, launched in 2009 pipeline Eastern Siberia – Pacific Ocean (ESPO), designed for the growing market of Aisa. EU notes that providing incentives, the RF subsidizes oil supplies in Asia at the expense of the European market.

According to Rosneft, ExxonMobil and Rosneft signed an agreement to develop experimental hard recoverable oil reserves of Bazhenov and Achimov formation in Western Siberia. Companies will create a joint venture to implement the development work and possible future commercial production.

Kyrgyzstan

Prices and data on changes of retail average prices for gas and diesel fuel for December¹ 2012 in comparison to prices of November 2012.

Cities	AI-95		AI-92		DF	
	price, som	change, in % (+/-)	price, som	change, in % (+/-)	price, som	change, in % (+/-)
Bishkek	42.22	+0.1	39.67	+0.3	39.43	0.0
Karakol	39.50	0.0	38.17	+0.3	39.09	-0.2
Jalal-Abad	44.90	+0.2	42.00	+0.3	41.87	0.1
Naryn	43.35	+0.1	39.27	+0.1	40.00	0.0
Batken	-	-	42.08	+0.1	43.55	-0.2
Osh	43.62	-0.3	42.15	+0.6	41.75	+0.1
Talas	42.29	0.0	37.96	+0.4	37.37	-0.4
Tokmok	42.40	+0.3	38.95	+0.2	39.05	0.0
Kara-Balta	-	-	39.69	+1.9	39.15	+0.2
Average in the republic	42.50	0.0	40.13	+0.4	40.01	0.0

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 14th of December 2012 has slightly increased by 15 tyins compared to the prices in November 2012, by 3.9-4.4 som compared to average prices in January of the current year. Price for diesel fuel in the republic has not changed in comparison to prices in the last month and in comparison to prices in January changed by 2.6 som.

According to the president of the Association of Oil Traders of Kyrgyzstan J. Akeneev, increase of price in the beginning of 2013 is not expected.

According to his report, at present gasoline is supplied at lower prices from Russia. Previous price increase was due to the fact that the Russian Government made it mandatory for 6 major manufacturing plants to produce fuel “Euro-3” and “Euro-5”. Now Russian plants have started to work,

¹ The average price of gasoline as of December 14, 2012

therefore prices for oil began to reduce. In addition, Kyrgyzstan has the monthly reserve of petroleum products.

According to MTKR “Mir”, there are two refineries are being built in Kyrgyzstan. Chinese investors promise to finish them to the end of the next year. According to the expert’s words, in 2-3 years after the opening country will not be dependent on imported fuel. Investors are willing to invest 70 mln. US dollars. Currently machinery is imported, at the end of October 2013 it is planned to launch the plant in Tokmak. Production capacity is – 500 thous. tonnes of fuel per year. Taxes from the company will annually replenish the city treasury by 600 thous. US dollars. However, Kyrgyzstan doesn’t have its own raw for processing. Oil for processing will be purchased in Kazakhstan and Russia, therefore gasoline will not be very cheap.

Natural gas

Kyrgyzstan

The issue of privatization of JSC “Kyrgyzgas” is discussed with Russian “Gazprom”. At the moment all evaluation documents are ready, the only thing left is to prepare technical assignment and financial-economic feasibility.

Due to the cold winter, Kazakhstan has limited gas supply to the Kyrgyz Republic to 11 thousand cubic meters per hours. According to the head of Bishkek gas control industry, all of the districts are shut off from the gas supply, where gas is used for heating. JSC “KazTransGas” from 13th of December has limited the supply of natural gas to the north of the republic due to the under-deliveries of Uzbek gas, and also with its deficiency on the south of Kazakhstan.

As of December 18, 2012 an agreement on the purchase price of gas in 2013 with neighboring countries is not achieved.

Electric power

Kyrgyzstan

In the period under review an increase of energy consumption is noted due to a seasonal factor.

According to the press service of JSC “Severelectro”, in the capital of Kyrgyzstan numbers of recent constructions are shut off from the electricity on the station because of the overload and maintenance of equipment. Projected power outages currently take place in several parts of the republic.

Minister of Energy and Industry of the KR will fly to Astana to solve the issues on keeping the work of a single energy ring of Central Asia and the current situation on gas supplies in the nearest future. On February 28, 2013 the issue of providing of south of the KR will be solved, when the project of building the “Datka” station will be finished. If Kazakhstan leaves the energy ring, then Osh province will have 50 percent of electric supply, Batken – 80 percent, north of the KR – 40 percent. The minister said that the Kyrgyzstan today came to the limit amount of electricity consumption: if consumption of electricity in 2008 reached 2200 mW and 40 mln. kW/hour daily, for today consumption is 64 mln. kW/hour daily, and the power is – 3100 mW.

As of December 17, 2012 the volume of water of Toktogul reservoir amounted 15.7 mln. cubic meters, decreased compared to the analogous period of 2011 by 10.3 percent.

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 14.12.2012

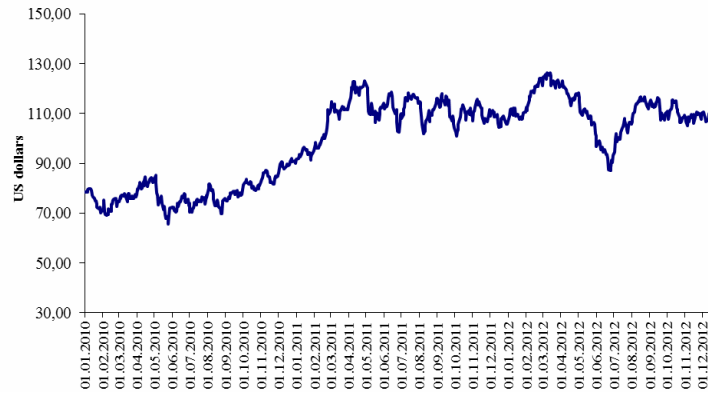


Figure 2: Brent from 01.01.2010 to 14.12.2012

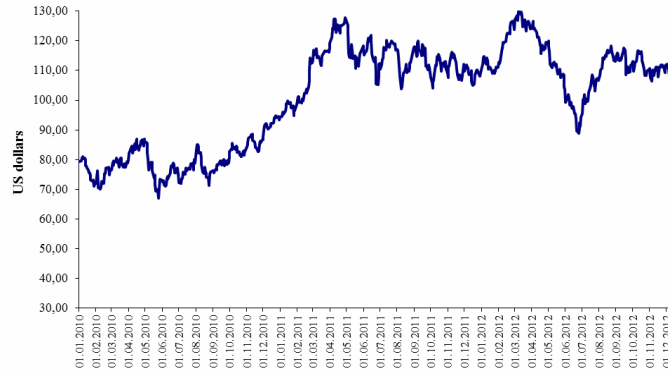


Figure 3: WTI from 01.01.2010 to 14.12.2012

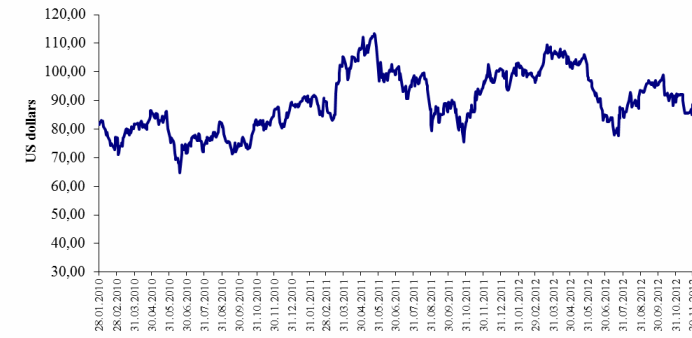


Figure 4: Urals from 20.11.2012 to 14.12.2012

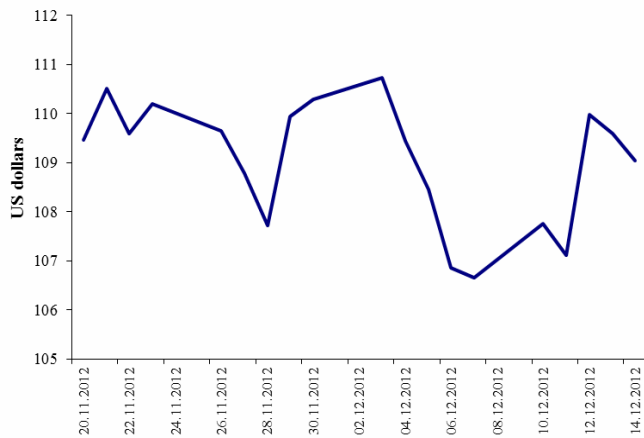


Figure 5: Brent from 20.11.2012 to 14.12.2012

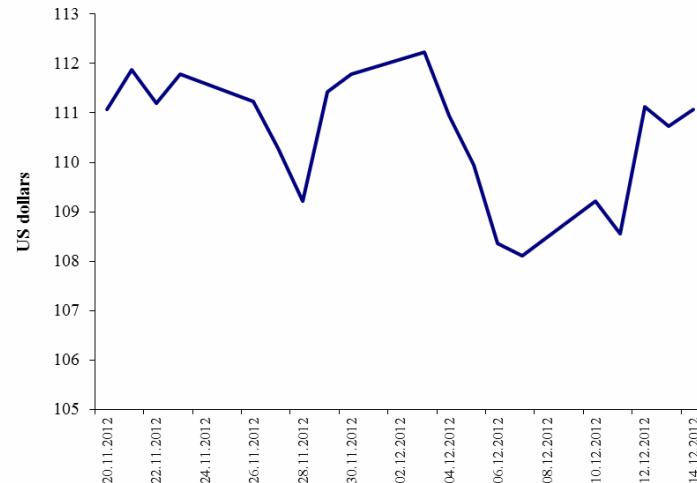


Figure 6: WTI from 20.11.2012 to 14.12.2012

