

Oil market

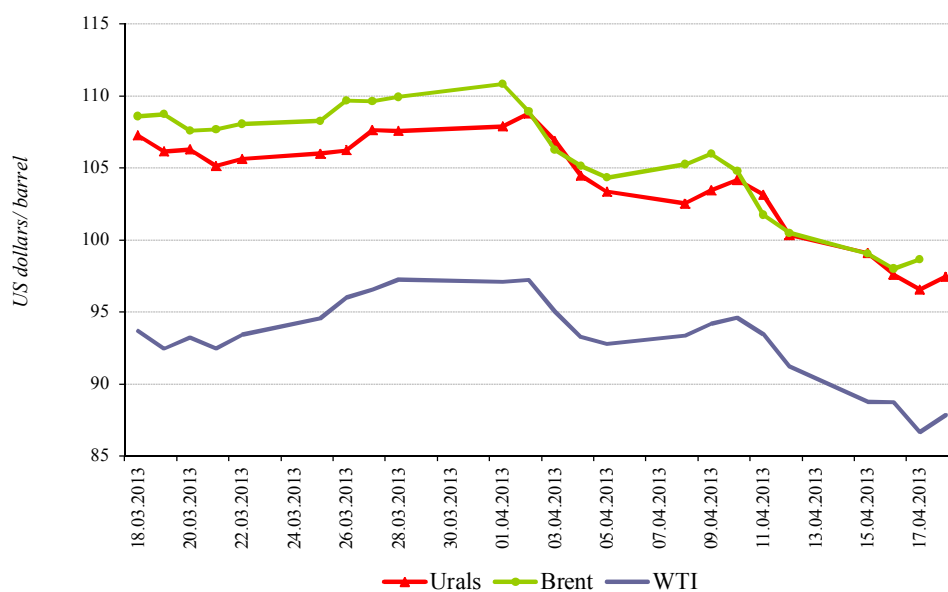
Current state in the oil market

In the course of the oil market monitoring conducted within the period from March 18, 2013 to April 18, 2013 the price for major oil grades (Urals, Brent, WTI) was fluctuating within the range from 86,7 to 110,8 US dollars per barrel.

Change in the average prices for oil:

On the average of the period	Urals		Brent		WTI	
	prices, USD / barrel	change, % compared to the previous period	prices, USD / barrel	change, % compared to the previous period	prices, USD / barrel	change, % compared to the previous period
18.02.2013-18.03.2013	109,5	95,0	112,6	96,6	92,7	96,2
18.03.2013-18.04.2013	104,1	95,1	105,8	93,9	93,2	100,6

Source: News Agency «Bloomberg»



Average prices of oil quotes in the period from March to April 2013 continued to decline, while in April the rate of decline has increased.

The dynamics of oil prices since the beginning of the period was influenced by the following main events:

- *Reduction in oil consumption forecasts.*

In monthly report OPEC cut its growth forecast of world oil consumption in 2013 to 800 thousand barrels per day. Forecast of demand for crude oil produced by OPEC members was reduced by 40 thousand barrels per day to 29.75 million barrels because of unexpected weak consumption in Europe and Japan, as well as possible decline in supply of countries outside OPEC.

Experts from the International Energy Agency (IEA) revised their own forecast of consumption of oil and oil products in the world economy in 2013. In their monthly report, the IEA lowered its growth forecast by 25 thousand barrels per day, totaled 795 thousand barrels. Average daily consumption would equal to 90.6 million barrels. In March, oil production in the OPEC decreased by 140 thousand barrels per day to 30.4 million barrels.

This year IEA lowered the forecast for oil production outside OPEC by 20 thousand barrels per day, totaled 54.4 million barrels.

According to IEA forecasts, perspectives of global oil demand

"continue to demonstrate lethargy", oil demand in Europe will be reduced by 340 thousand barrels per day, totaled 14.1 million barrels per day, which would be the consequence of the crisis: the debt crisis in Europe, which began three years ago with Greece, spread to Ireland, Portugal, Italy, Spain and Cyprus, and put pressure on the rate of economic growth and fuel demand in the region.

- The situation in the United States. At the beginning of the period under review, oil prices rose slightly against the background of positive statistics in the United States, but later they began to fall on the background of the Energy Information Administration data on the growth in U.S. oil inventories. The growth of total oil reserves in the United States were due to the decline in imports that offset the growth of oil supply to refineries in the country.

- Macrostistics of China. The decrease in prices was affected by economic slowdown in China. According to Russian analysts, the state of China's economy, overheating by the credit boom, in aggregate with European debt crisis and the prolonged recovery in the U.S. could seriously worsen the prognosis for the world economy and global investment.

- The situation in Europe. The situation with the economic position of Cyprus and statements of the ECB head put additional pressure on oil prices. The head of the European Central Bank has expressed concern about the risks of declining euro area economy, which conceal the decline in domestic demand and slow structural reforms in the euro area.

Kazakhstan

According to the Ministry of Oil and Gas of RK, there are certain works that are conducted in the country in order to supply regions with diesel fuel for spring planting. As of March 27, there was shipped 49.5 million tons of diesel fuel at reduced prices, or about 50 percent of the planned volume for February and March. According to the Minister of Agriculture, the distribution of fuel is done at a fixed price, which includes the cost of transport and operators and equal to 90 KZT per liter, that is lower by 11-12 percent in comparison with the average market price (102 KZT per liter). In general, for the spring sowing there will be shipped 360.0 thousand tons, the same as in the last year.

According to news agency "Kazakhstan Today" there was signed a law on ratification of the Agreement between the Government of the Republic of Kazakhstan and the Government of Russian Federation on trade and economic cooperation in the field of oil and oil products to the Republic of Kazakhstan.

According to the press service of RK, the President held a meeting with the head of CNPC, during which they discussed issues of expansion of cooperation in the oil and gas sector. It was noted that at present there are implemented around 10 joint projects in oil and gas sectors, the total cost of which amounts to 5 billion US dollars. 4 more major joint projects which worth more than 18 billion US dollars are being implemented in the transportation of energy resources. The meeting resulted in the signing of an agreement on key principles of cooperation for the expansion and operation of the Kazakhstan-China oil pipeline.

Kazakhstan intends to reduce the supply of gasoline and diesel fuel from Russia. It is assumed that this measure will help to solve the problem of unloading of Kazakh oil refinery storage. At the same time, as was mentioned by Oilnews.kz portal, such measures would drive all retail sales of petroleum products in Kazakhstan to a standstill. This can lead to destabilization of the fuel market in Kazakhstan. In particular, the sale of internal reserves and non-admission of Russian reserves will lead to shortages, speculative price increases and reorientation of suppliers from Russia to other markets.

Russia

Pricing and data on changes of retail prices in Russia for gasoline and diesel fuel as of April 15, 2013 compared with the prices of March 25, 2013.

	25.03.2013	15.04.2013	Change in % (+/-)
	<i>price, RUB</i>	<i>price, RUB</i>	<i>to the previous registration</i>
1. Automobile gasoline	29,52	29,51	0,0
<i>including:</i>			
AI-80 grade	26,86	26,87	0,0
AI-92 grade	28,64	28,63	0,0
AI-95 and better	31,28	31,28	0,0
2. Diesel fuel	31,46	31,29	-0,5

Source: Federal Service of State Statistics of Russia

According to the Federal State Statistics Service of Russian Federation as of April 15, 2013 the average consumer prices for gasoline since the beginning of 2013 increased by 2 percent and for diesel fuel - by 1.5 percent.

The Russian government has approved the export duties on crude oil and oil products exported outside Russia and member states of the Customs Union. As follows from the decision, from April 1, the duty on the export of crude oil will reach 401.5 US dollars per cubic meter; on the export of naphtha - 361.4 US dollars per cubic meter; gasoline commodity - 361.4 US dollars per cubic meter; liquid fuels, oils and waste oil - 265 US dollars per cubic meter.

According to the Deputy Minister of Energy, the fall in world oil prices will not affect the volume of oil production in Russia. Rise of prices for Russian gas station is also not expected. He said that the increase in the excise tax on Euro-4 and Euro-5 class fuel, which is scheduled for July 1, also did not lead to higher prices at the gas station. The main suppliers are now actively engaged in the modernization of their facilities, and none of the oil companies has announced a significant backlog of modernization plan of their refineries.

Kyrgyzstan

Prices and data on average retail price changes of gasoline and diesel fuel in April¹ 2013 compared with the prices in March 2013.

Cities	AI-95		AI-92		Diesel Fuel	
	<i>price, KGS</i>	<i>Change in % (+/-)</i>	<i>price, KGS</i>	<i>Change in % (+/-)</i>	<i>price, KGS</i>	<i>Change in % (+/-)</i>
Bishkek	41,40	0,0	37,47	-1,9	39,53	0,0
Karakol	41,40	0,0	37,57	-0,8	39,03	0,0
Jalal-Abad	43,74	-0,4	40,32	-1,3	41,87	0,0
Naryn	41,40	-0,4	38,27	-0,8	39,73	-0,5
Batken	-	-	40,50	-2,3	43,06	-0,4
Osh	42,63	-0,1	39,43	-1,5	41,15	-0,1
Talas	41,40	0,0	36,95	-0,9	37,60	2,4
Tokmok	41,40	0,0	36,97	-1,3	38,80	0,0

¹ Average gasoline prices as of April 18, 2013

Kara-Balta	-	-	37,48	-1,4	39,60	0,0
Average for the republic	41,79	-0,1	38,09	-1,7	40,02	-0,02

Source: National Statistical Committee of Kyrgyz Republic "-" - lack of goods

The average price for gasoline (AI-92 and AI-95) in Kyrgyzstan as of April 18, 2013 decreased by 64 tyins compared to prices in March 2013, and by 1.9 KGS, compared with the average price in December 2012. The price of diesel fuel in the country, as of April 18, did not change compared to price in March 2013 and December 2013.

President of Oil Traders Association in Kyrgyzstan said that there will be a gradual increase in the price of diesel fuel. According to him, in connection with the planting season in Russian Federation, Russian manufacturers are increasing the price of diesel fuel by 2.3 KDS per one liter. 100 percent of fuel is imported from Russia, the contracts are for one year, and after the 25th of the month there is specification of prices for the following month, as fuel prices have a tendency to sharp fluctuations. In the domestic market, the price of diesel will rise by 50 tyin. In this case, the wholesale price of fuel for the country and farms until June 20 of this year will not change. Wholesale shipments of diesel fuel will be dispensed at 37.5 KGS per one liter, which is 2 KGS cheaper than in gas stations of the country. To carry out the spring field work there will be required 41.2 tons of diesel fuel, currently there are 23.6 thousand tons in the presence. Increase will not affect the price of gasoline.

According to the Deputy Prime Minister, refinery in Tokmak city will start operating in test mode at the end of the year. During the meeting with the leadership of Sintszyan international trade and industrial company, which is building the refinery, there were discussed issues of compliance with regulations and standards which are applicable to industrial facilities of this scale.

Natural gas

Kyrgyzstan

Kyrgyz Prime Minister held talks with Deputy Energy Minister and Deputy Chairman of the Board of JSC "Gazprom". The press service of the head of the government said that during the meeting there were discussed the implementation of the agreements on the privatization of state-owned shares of OJSC "KyrgyzGas" by open joint stock company "Gazprom". It was noted that both parties have the same understanding of the issue and negotiations are hold in a constructive way.

According to the company, the process of privatization of JSC "KyrgyzGas" by JSC "Gazprom" is on schedule and expected to be completed in April 2013. At the current time there are negotiations on the text of the intergovernmental agreement.

According to the company, the people of Kyrgyzstan in March will pay 14.93 KGS per one cubic meter of gas. Moreover, for consumers of the southern region the tariff is 14.91 KGS per one cubic meter of fuel. Monthly rates vary depending on the US dollar. Compared with last month, the cost rose by 12 tyin.

Electricity

Kyrgyzstan

According to the Minister of Energy, the electricity tariff of this year

will not increase. The minister said that currently there is a development of medium-term tariff policy. In 2012, the loss of electricity amounted to 21.0 percent, according to estimates about 17.0 percent - are technical losses, the remaining 4.0 percent - is plundered electricity which amounts to 400 million KGS.

According to the news agency "Tazabek", the implementation of a project of Toktogul hydroelectric power station modernize for the amount of 55 million US dollars will begin in early 2014. Under the first phase the implementation of the project will start in the beginning of 2014 and will run for two years. This was discussed during the meeting of the Prime Minister's Office with representatives of the ADB. As the press service of the government mentioned, during the first phase it is planned to purchase and replace electrical and mechanical equipment, including cables, controllers and other systems. The second phase includes the repair of generators and turbines that can increase the capacity.

During the meeting there were discussed stages of project implementation on modernization of Toktogul hydroelectric power station. For these purposes, ADB will provide 40 million USD in grants and 15 million US dollars in the form of a loan.

As of April 15, 2013 Toktogul reservoir water volume is 11.2 billion cubic meters, which decreased by 16.9 percent compared to the same period in 2012.

The review was organized based on the data: New Agency «24.kg», New Agency «Reuters», New Agency «Kazakhstan Today», New Agency «Tazabek», New Agency «CentrAsia», New Agency «KirTag», New Agency «ITAR-TASS», New Agency «REGNUM»

Chart 1: Urals from 01.01.2011 to 18.04.2013

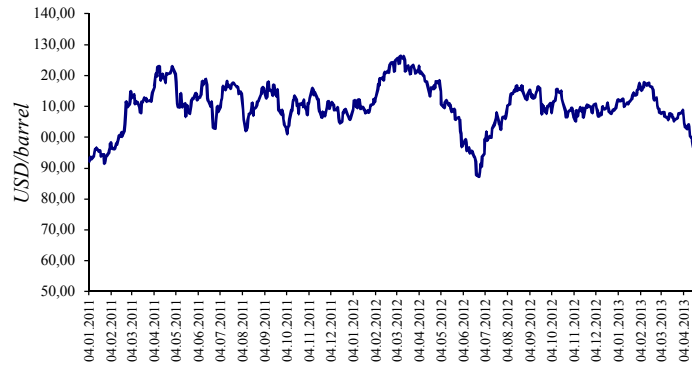


Chart 2: Brent from 01.01.2011 to 18.04.2013

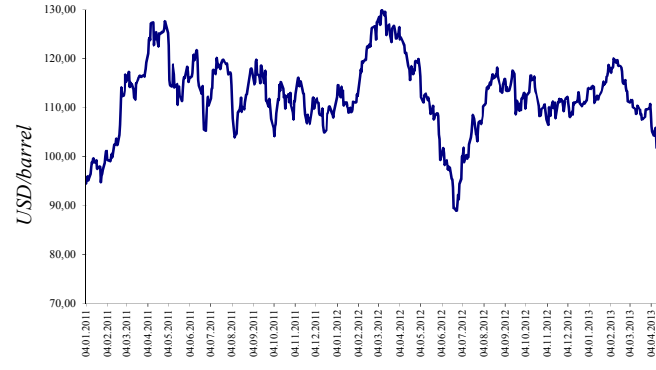


Chart 3: WTI from 01.01.2011 to 18.04.2013

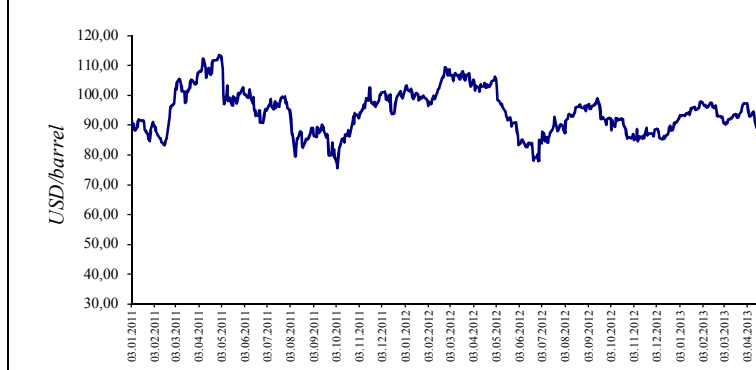


Chart 4: Urals from 18.03.2013 to 18.04.2013

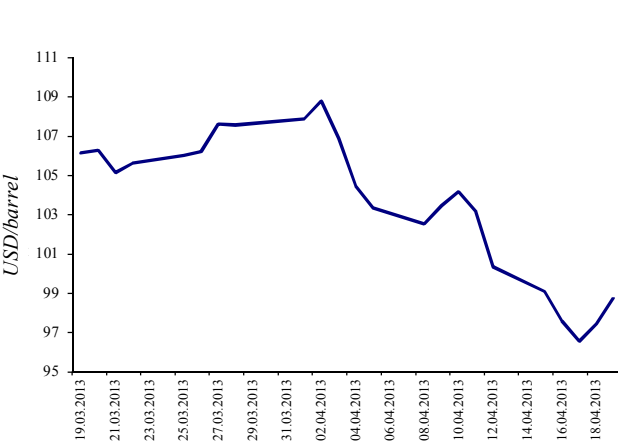


Chart 5: Brent from 18.03.2013 to 18.04.2013

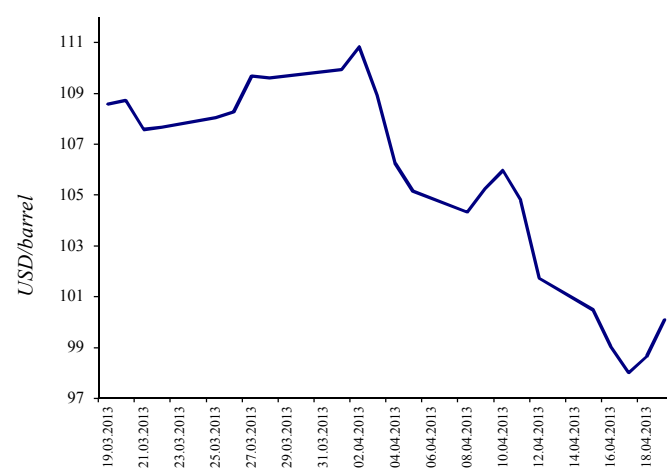


Chart 6: WTI from 18.03.2013 to 18.04.2013

