



Daily Oil Market Comment

12/08/04

Futures prices had a volatile night with prices firming dropping on reports from Saudi Arabia that they are pumping 9.3 million barrels per day and can add another 1.3 million barrels per day if needed. However, prices then rallied and ended up on bullish US Inventory data that showed a larger than expected fall in crude inventories and gasoline but the expected build in distillates. Technically the market remains in the uptrend with \$45/bbl a strong resistance level for WTI given that all the bullish factors of Iraq, Venezuela and Yukos are factored into the market already.

US Dept of Energy Change in Weekly Stocks (millions/bbls):

Crude	-4.3
Gasoline	-1.8
Distillates	+1.3

Singapore prices fell yesterday on aggressive selling of physical cargoes and paper during Platts. Fundamentally the market remains well supplied with little new demand and refining margins remain at historical high levels. Expect Singapore prices to be up 20 cents per barrel today.

Closing Prices for Wednesday August 11, 2004:

WTI	\$44.80/bbl	+\$0.28/bbl
Brent	\$41.57/bbl	+\$0.29/bbl
IPE Gasoil	\$371.00/t	-\$3.25/t = -\$0.44/bbl
MOPS Kero	\$51.275/bbl	-\$0.675/bbl

Asian Day Market Movement

Oil prices were mixed during Asian trading with oil futures up slightly as traders get some length ahead of the US inventory data and Singapore prices down on more aggressive selling. Today's early focus will also be on the IEA Monthly Oil Report. Whilst the tone of the report's text is neutral to slightly bearish (basically stating there is enough stocks around the world to buffer any shortages), the IEA's data revisions actually reveal a more bullish scenario for oil market fundamentals. The report continues the trend evident through the year whereby demand continues to be revised upward.

Singapore prices were down, especially for kero as more sellers come out in both paper and physical with SRC selling a cargo to MIPCO at \$51.30/bbl. Buyers are still not aggressive at such high prices. However, refiners continue to have spare cargoes with refining margins still at extreme highs. Expect Singapore kero price to be down \$0.70/bbl today.

Prices as at 5:30PM Singapore Time - Wednesday August 11, 2004:

WTI	\$44.66/bbl	+\$0.14/bbl
Brent	\$41.46/bbl	+\$0.18/bbl
IPE Gasoil	\$376.50/t	+\$2.25/t = +\$0.30/bbl
Singapore Kero	\$51.40/bbl	-\$0.70/bbl