



## Daily Oil Market Comment

28/07/04

Oil futures continued their upward climb in prices as funds continued their buying in expectation of US stocks declining last week. The report is issued tonight. Technically the market remains in a strong uptrend and WTI need to settle below \$39.00 to break the trend. Fundamentally there is no shortage of crude in the market and products are sufficient. However, it is the fear of potential scarcity that is driving this market....scarcity of OPEC capacity, scarcity of refining capacity and scarcity of shipping.

Singapore prices were marginally weaker yesterday on reports that LG-Caltex's Korean refinery was now operating at 80% despite striking workers. Physical kero remains well offered and gasoil well bid whilst paper kero remains well bid by the banks. Expect Singapore prices to be up 25-40 cents this morning.

Closing Prices July 27, 2004:

WTI	\$41.84/bbl	+\$0.40/bbl
Brent	\$38.54/bbl	+\$0.43/bbl
IPE Gasoil	\$361.00/t	+\$3.00/t = +\$0.40/bbl
MOPS Kero	\$49.90/bbl	-\$0.425/bbl

## Asian Day Market Movement

Oil prices were mixed during the Asian trading day with oil futures up marginally whilst Singapore prices eased a little. Futures prices are up on continuing concerns over low product stocks, terrorism and Funds that are long. Whilst the market has traded the last 9 days above \$40/bbl for WTI, it appears there is good selling at \$41.70 which is proving a strong resistance.

Singapore prices are down slightly on the back of last night's futures drop and slightly weaker sentiment with LG-Caltex advising that their Korean refinery is now operating at approximately 80%. Physical gasoil remains well bid, but buyers not as aggressive as yesterday whilst kero remains well offered with little buying interest. The August regrade finally dropped below \$3/bbl today. Expect Singapore prices to be down \$0.40/bbl today.

Prices as at 5:30PM Singapore Time, July 27, 2004:

WTI	\$41.60/bbl	+\$0.16/bbl
Brent	\$38.19/bbl	+\$0.08/bbl
IPE Gasoil	\$358.00/t	-\$0.50/t = -\$0.06/bbl
Singapore Kero	\$49.90/bbl	-\$0.40/bbl