



## Daily Oil Market Comment

02/07/04

Futures prices soared overnight on reports that Yukos (Russia's largest crude producer) may stop production after the government froze their bank accounts in their tax dispute. Traders are also concerned that distillate stocks in the US are too low ahead of winter. There also remains the fear of terrorist attacks whilst the US is having a long weekend. Fundamentally crude remains well supplied but products are tight. Technically we have crossed over the trend line and the market is back in a short term uptrend. After hours ACCESS for WTI is down 25 cents per barrel on some profit taking.

Singapore prices were up on aggressive swaps buying despite being well offered. Product prices are rising much faster than crude prices. Expect Singapore prices to be up \$2.00 to \$2.50/bbl today.

### Closing Prices July 1, 2004

WTI	\$38.74/bbl	+\$1.69/bbl
Brent	\$36.07/bbl	+\$1.57/bbl
IPE Gasoil	\$338.25/t	+\$16.50/t = +\$2.21/bbl
MOPS Kero	\$44.275/bbl	+\$1.525/bbl

### Asian Day Market Movement

Oil prices fell slightly during the Asian trading day on profit taking following the surge in futures prices overnight. Concerns still remain over low product stocks in both US and Europe, whereas crude stocks are sufficient. Technically the market remains in short term downtrend.

Singapore kero prices increased more than crude on aggressive bidding on swaps by J.Aron & BP. Fundamentally kero remains well offered in both Singapore and the Middle East whilst Gasoil is tight. However, despite the fundamentals, the regrade widened in excess of 50 cents per barrel due to the aggressive swaps bidding. Expect Singapore prices to be up about \$1.55/bbl today.

Oil Prices as at 5:30PM Singapore Time July 1, 2004 and movement from yesterday's settlements:

WTI	\$36.82/bbl	-\$0.23/bbl
Brent	\$34.34/bbl	-\$0.16/bbl
IPE Gasoil	\$321.75/t	No change
Singapore Kero	\$44.30/bbl	+\$1.55/bbl