



Daily Oil Market Comment

17/06/04

Futures prices ended up on the day after initial weakness at the end of Asian trading. Prices firmed on the closure of the Iraqi crude pipeline following its sabotage, and subsequent stopping of Iraqi exports, and then were supported by US inventory data that showed crude and products did not grow as much as forecast. Technically the market remains in short term downtrend (a lot of funds have already sold) but prices remain high. The funds length is down to about 100 million barrels and the last time they were at this level prices for WTI were at \$32/bbl. Fundamentally there remains no problem with crude supply (despite the Iraqi halt to exports) but product stocks are still historically low. After hours ACCESS trading has WTI up 15 cents this morning.

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

Crude	+0.8
Gasoline	-0.5
Distillates	+1.5

Singapore prices firmed on the Iraqi news and continued buying of gasoil and kero swaps, despite physical cargoes being offered aggressively. Expect Singapore prices to be up 20-30 cents this morning.

Closing Prices June 16, 2004:

WTI Jul	\$37.32/bbl	+\$0.13/bbl
WTI Aug	\$37.65/bbl	+\$0.23/bbl
Brent Aug	\$35.20/bbl	+\$0.17/bbl
IPE gasoil	\$308.75/t	+\$0.50/t = +\$0.06/bbl
MOPS Kero	\$42.60/bbl	+\$0.525/bbl (June 15 price amended down to 42.075)