



Daily Oil Market Comment

05/11/04

Oil prices fell heavily overnight continuing their see-saw ride not just intra-day but inter-day. WTI again traded within a remarkable \$2.20/bbl trading range from \$50.95 to \$48.75, highlighting the markets volatility. Prices fell following the release of inventory data for natural gas which showed an unexpected large build which caused natural gas prices to fall which caused heating oil prices to fall which brought down crude as well. Technically the market remains in down trend with WTI needing to close above \$52.70 to restart the uptrend. WTI has not traded below \$49.00 since September 27. The next big support comes at \$47.70, the peak price reached in August.

Singapore prices rallied \$1.20/bbl for Kerosene and \$1.60/bbl for gasoil on more aggressive bids in both the physical and paper markets with Hin leong again returning to buy a gasoil cargo. However, demand still appears relatively weak and supply satisfactory. Whilst kerosene has weakened slightly relative to gasoil, prices still strong on expectations of Japan needing to buy for winter due to low stocks. Singapore prices should drop \$1.25/bbl this morning.

Closing Prices Thursday November 4, 2004:

WTI	\$48.82/bbl	-\$2.06/bbl
Brent	\$46.01/bbl	-\$1.56/bbl
IPE gasoil	\$420.00/t	-\$5.00/t = -\$0.67/bbl

Asian Day Market Movement

Oil prices were slightly weaker during Asian trading day with some profit taking following last night's late rally following Bush's re-election. Technically the market is still on downtrend and should thus be weaker today but traders are really waiting to see what the US traders do when they start trading.

Singapore prices rallied \$1/bbl as they caught up to the crude futures. With the election over, some buyers have now emerged, probably with more confidence that a Bush win will push prices back up, One gasoil cargo was done with Hin Leong buying at an aggressive 45 cent discount compared to yesterdays assessed discount of \$1.10/bbl ! No physical kerosene was done but the market saw 2 bidders which will result in the reduction in discount as well. The swaps markets saw aggressive bidding for gasoil with kero not moving up as much.

Prices As At 5:30pm Singapore Time, Thursday November 4, 2004:

WTI	\$50.64/bbl	-\$0.24/bbl
Brent	\$47.34/bbl	-\$0.22/bbl
IPE gasoil	\$432.75/t	+\$7.75/t = +\$1.04/bbl
Singapore Kero	\$59.50/bbl	+\$1.00/bbl