



Daily Oil Market Comment

06/08/04

Futures prices did a complete turnaround last night and surged to new record highs on news that Russia's Justice Ministry had revoked its approval to Yukos to use its bank accounts. The market also remains nervous about uncertainties in Venezuela and Nigeria and security concerns in Saudi Arabia and Iraq. The market is not short of oil, but is being driven up on speculation and fear. Technically the market remains in strong uptrend, and since we are at historic highs, there is no certainty where the market will go.

Singapore prices were down from the previous night's futures movements but did not fall as much as traders saw the opportunity to buy on a dip in the market. Physical kero and gasoil remains aggressively offered although gasoil is tighter than kero. However, the paper markets remain aggressively bid despite the fundamentals. Expect Singapore prices to be up another \$1.00/bbl this morning.

Closing Prices August 5, 2004:

WTI	\$44.41/bbl	+\$1.58/bbl
Brent	\$41.12/bbl	+\$1.42/bbl
IPE Gasoil	\$382.00/t	+\$2.25/t = +\$0.30/bbl
MOPS Kero	\$51.175/bbl	-\$0.45/bbl

Asian Day Market Movement

Oil prices bounced back from the overnight fall during Asian trading on belief that the oil market will remain tight due to capacity constraints and strong demand and last night's price drop was simply a dip and not a correction. Technically the market remains in the uptrend and it is doubtful that any more bearish news will appear before the weekend.

Singapore prices were down from yesterday but kept ahead of crude as the margin over crude continues to widen. Singapore distillate stocks fell this week to their lowest level since May 2004, but physical kero remains well offered in the region but the banks continue to aggressively buy the swaps. Expect prices to be down \$0.35/bbl today.

Prices as at 5:30PM Singapore Time:

WTI	\$43.25/bbl	+\$0.42/bbl
Brent	\$40.25/bbl	+\$0.55/bbl
IPE Gasoil	\$375.75/t	-\$4.00/t = -\$0.54/bbl
Singapore Kero	\$51.25/bbl	-\$0.35/bbl