



## Daily Oil Market Comment

21/10/04

Oil prices soared once again on the back on surging heating oil futures following the release of the latest US Inventory statistics which showed distillates and gasoline stocks fell whilst crude oil rose. However, the drop in distillates was larger than expected and heating oil stocks are now 11% lower than last year before winter starts. Traders are thus fearful of a supply crunch when the cold weather arrives.

US Department of Energy - Change in Weekly Stocks (millions/barrels):

Crude	+1.2
Gasoline	-0.7
Distillates	-1.9

Singapore prices were already up \$1.25/bbl on the back of aggressive swaps buying in anticipation of the fall in US stocks. Physical kerosene remains quiet with no aggressive buyers whilst Hin Leong purchased more gasoil cargoes. Supplies remain plentiful in Asia and Middle East on strong refining margins. Singapore prices likely to be up \$2/bbl this morning.

Closing Prices Wednesday October 20, 2004:

WTI	\$54.41/bbl	+\$1.77/bbl
Brent	\$50.52/bbl	+\$1.75/bbl
IPE Gasoil	\$487.75/t	+\$26.00/t = +\$3.49/bbl

### Asian Day Market Movement

Prices were up during the Asian trading day as traders buy back into the market ahead of the release of US Inventory data later tonight which is forecast to show crude and gasoline builds but draws in distillates. Technically the market remains in the uptrend with WTI needing to close below \$52.20 to reverse the trend. There was more aggressive buying on the IPE Gasoil futures than the crude contracts.

Singapore prices bounced back today on aggressive buyers of swaps following yesterday's drop. In physical markets Hin Leong returned to buy 2 gasoil cargoes but the kerosene market remains quiet. There remains plenty of cargoes available in the Middle East and Asian region but prices remain bullish on expectations of Japan needing to purchase kerosene during the winter due to low stocks.

Prices As At 5:30pm Singapore Time Wednesday October 20, 2004.

WTI (Dec)	\$52.78/bbl	+\$0.14/bbl
Brent (Dec)	\$48.98/bbl	+\$0.21/bbl
IPE Gasoil	\$469.50/t	+\$7.75/t = +\$1.04/bbl
Singapore Kero	\$61.60/bbl	+\$1.25/bbl