



Daily Oil Market Comment

19/10/04

Oil prices dropped \$1.00 per barrel overnight on profit taking after WTI traded above \$55 per barrel. There was no other news other than many economists now stating that \$55 oil is hurting demand, but there is a disagreement by how much. Technically the market is still in the uptrend and this drop may well be simply a dip. The US inventory data will be released Wednesday night and is forecast to be similar to last week with crude and gasoline increasing but distillates dropping. If this is the case, then futures prices will probably rise again.

Singapore prices fell \$0.65 per barrel on aggressive selling of swaps whilst the physical markets remained extremely quiet at the high numbers. Refining margins still remain at historical highs and traders are still bullish for kerosene heading into winter with Japanese stocks low.

Closing prices Monday October 18, 2004:

WTI (Nov)	\$53.67/bbl	-\$1.26/bbl
WTI (Dec)	\$52.84/bbl	-\$1.13/bbl
Brent (Dec)	\$49.03/bbl	-\$0.90/bbl
IPE Gasoil	\$468.25/t	-\$12.25/t = -\$1.64/bbl

Asian Day Market Movement

Oil futures were up slightly during Asian trading whilst Singapore prices will be weaker. Oil futures initially rallied up \$0.45/bbl during the morning but eased a little when London opened with some profit taking. The market remains bullish over concerns on low heating oil stocks and disruptions to crude oil production in the US Gulf.

Singapore prices were weaker with aggressive selling of swaps following the aggressive rise last week. Physical markets remain extremely quiet at high prices with no aggressive bidders and markets well offered. Expect Singapore prices to be down \$1.00/bbl tonight.

Prices As At 5:30pm Singapore Time Monday October 18, 2004:

WTI (Nov)	\$55.03/bbl	+\$0.10/bbl
WTI (Dec)	\$54.08/bbl	+\$0.11/bbl
Brent (Dec)	\$50.07/bbl	+\$0.14/bbl
IPE Gasoil	\$481.25/t	+\$0.75/t = +\$0.10/bbl
Singapore Kero	\$62.80/bbl	-\$1.00/bbl