



Daily Oil Market Comment

21/07/04

Futures prices finally had a correction with analysts putting the falls to the following:

- 1) Expiring August WTI contract saw large sell off on profit taking;
- 2) Reports of increased gasoline imports to the USA pulling down gasoline futures;
- 3) US federal Reserve Chairman Greenspan saw Chinese economy slowing down;
- 4) Reports that Saudia Arabia will increase production another 500kbpd.

Technically the market remains in the uptrend with WTI needing to settle below \$39.00/bbl to reverse the trend. Traders will now be waiting for the US Inventory data tonight for more price direction. But considering demand is still strong and the terrorists have not gone away, the price fall is limited.

Singapore prices surged yesterday on the back of the shutdown of the LG-Caltex Refinery in Korea which has resulted in a halt in exports for July and August. Expect Singapore prices to be down about \$0.80/bbl this morning.

Closing prices Tuesday July 20, 2004:

| | | |
|------------|-------------|-------------------------|
| WTI | \$40.44/bbl | -\$1.00/bbl |
| Brent | \$37.01/bbl | -\$0.89/bbl |
| IPE Gasoil | \$350.00/t | -\$1.75/t = -\$0.23/bbl |
| MOPS Kero | \$48.90/bbl | +\$0.90/bbl |

Asian Day Market Movement

Oil prices remain mixed during Asian day trading with oil futures down slightly on continued profit taking with a lack of news but Singapore prices surging on the back of LG Caltex problems. Despite the slight weakening of futures, prices are expected to stay within a narrow trading range whilst the market awaits any news.

Singapore prices surged on higher crude prices from yesterday's trading but more on the back of LG-Caltex shutting their Korean refinery due to a labour dispute. In the physical markets, gasoil was well bid and an aggressive offer by Hin leong was quickly taken out and not offered anymore. Then BP aggressively bid up the gasoil swaps market. Physical kero again remains well offered by prices higher on the back of higher gasoil and banks continuing to bid the regrade. Expect Singapore gasoil to be up \$1/bbl and Kero up \$0.75/bbl today.

Prices As At 5:30PM Singapore Time July 20, 2004 (versus yesterday's closing prices):

| | | |
|----------------|-------------|-------------------------|
| WTI | \$41.34/bbl | -\$0.10/bbl |
| Brent | \$37.91/bbl | +\$0.01/bbl |
| IPE Gasoil | \$350.50/t | -\$1.25/t = -\$0.16/bbl |
| Singapore Kero | \$48.75/bbl | +\$0.75/bbl |