



## Daily Oil Market Comment

19/08/04

Oil futures (excluding the soon to expire WTI September contract) were relatively unchanged overnight despite bullish US Inventory data which saw crude and gasoline stocks fall and distillates grow. Of course, this was seasonally expected, but usually such statistics would have seen bigger price reaction. It was left to the Friday expiring contract to rally on short covering and settle at new historic high (yet again). Brokers now seeing liquidity dropping off at such high prices as traders start to see little upside from here....but it has been said before about that and look at the results in the past 6 weeks.

US Dept Of Energy Change in Weekly Stocks (million/bbls)

Crude	-1.3
Gasoline	-2.3
Distillates	+2.1

Singapore prices surged on the back of the previous nights futures rally and subsequent aggressive bidding in the swaps market despite physical being well offered. Expect Singapore prices to be relatively unchanged this morning.

Closing Prices Wednesday August 18, 2004:

WTI Sep	\$47.27/bbl	+\$0.52/bbl
WTI Oct	\$46.35/bbl	+\$0.09/bbl
IPE Brent	\$43.03/bbl	+\$0.04/bbl
IPE Gasoil	\$391.75/t	+\$2.50/t = +\$0.33/bbl

## Asian Day Market Movement

Oil prices continued their relentless upward climb in a market that just believes prices will increase without any change in the fundamentals. WTI hit a new record high of \$47.00/bbl this afternoon. With the US Inventory data being released tonight with forecasts of crude stock draws due to hurricanes last week, prices will probably keep going up.

Singapore prices were also much firmer with aggressive swaps buying despite physical markets being well offered. Traders are simply riding the bullish market sentiment and finding it hard to find swaps sellers. Expect Singapore prices to be up \$1.15/bbl today.

Prices at at 5:30PM Singapore Time - Wednesday August 18, 2004:

WTI Sep	\$47.00/bbl	+\$0.25/bbl
WTI Oct	\$46.39/bbl	+\$0.13/bbl
Brent Oct	\$43.17/bbl	+\$0.18/bbl
IPE Gasoil	\$393.25/t	+\$4.00/t = +\$0.54/bbl
Singapore Kero	\$53.95/bbl	+\$1.15/bbl