



## Daily Oil Market Comment

26/07/04

Futures prices ended higher on Friday night on a fire at Germany's largest refinery (Miro 283,000 bpd) that will reduce gasoline and distillate production by 25% for a few weeks. As a result, IPE gasoil reached a historic high of \$366.20 before edging lower. The market remains extremely bullish and pounces on any bullish news. The Funds are getting longer and prices will only ease if there is some bearish news (unlikely) or the funds start to liquidate their position on the back of more favorable markets elsewhere. Technically the market remains in a strong uptrend but WTI is now trading at its strong resistance level with the next resistance level at \$42.30/bbl.

Singapore prices surged on Friday as they more than caught up on the previous night's futures rally. Market still bullish on the LG-Caltex refinery closure and the banks are the major swaps buyers. Physical kero remains well offered whilst gasoil is well bid. Expect Singapore prices to be up another 25 cents per barrel this morning.

Closing Prices July 23, 2004:

WTI	\$41.71/bbl	+\$0.35/bbl
Brent	\$38.27/bbl	+\$0.26/bbl
IPE Gasoil	\$357.25/t	+\$1.00/t = +\$0.13/bbl
MOPS Kero	\$49.75/bbl	+\$1.275/bbl

## Asian Day Market Movement

Oil futures were little changed from the previous night's rally whilst Singapore prices increased more than the previous night's rally. Futures were rangebound waiting for additional news but it is unlikely prices will fall ahead of a weekend when traders fear terrorist attacks are most likely.

Singapore prices skyrocketed on the back of the futures rally last night and concerns over product shortages resulting from the shutdown of the LG Caltex refinery in Korea. BP was aggressively bidding up both gasoil physical and swaps whilst kero increased on aggressive regrade buying by banks despite physical kero being well offered and no buying interest. Expect Singapore prices to be up \$1.35/bbl today.

Prices as at 5:30PM Singapore Time July23, 2004:

WTI	\$41.44/bbl	+\$0.08/bbl
Brent	\$37.97/bbl	-\$0.04/bbl
IPE Gasoil	\$359.00/t	+\$2.75/t = +\$0.37/bbl
Singapore Kero	\$49.80/bbl	+\$1.35/bbl