



Daily Oil Market Comment

22/07/04

Futures prices ended up overnight but off from the Asian close following US Inventory data that was seen as neutral. Whilst crude stocks fell more than expected, product srtocks increased and demand for gasoline and distillates were their lowest since end April. However, analysts still see demand increasing but refining capacity in the US at their limit and if European demand continues to improve, less European exports will go to the USA. Technically the market remains in a very strong uptrend. Trading in after hours ACCESS has WTI off 7 cents this morning.

Singapore prices were lower yesterday but only dropped a third of what crude prices dropped due to the reduction in supplies ex Korea following the shutdown of the LG-Caltex refinery. The refinery is expected to be shutdown for 20 days which is much longer than first thought. Physical gasoil remains well bid whilst physical kero remains well offered, however paper kero remains aggressively bid by the banks. Expect Singapore prices to start 20 cents per barrel lower this morning.

Closing Prices July 21, 2004:

WTI	\$40.58/bbl	+\$0.14/bbl
Brent	\$37.16/bbl	+\$0.15/bbl
IPE Gasoil	\$346.25/t	-\$3.75/t = -\$0.50/bbl
MOPS Kero	\$48.575/bbl	-\$0.325/bbl

Asian Day Market Movement

Oil prices were up during Asian trading day following the fall from the previous night. Traders taking the attitude of "buy on dips" as see and fall shortlived ahead of US Inventory data tonight. Market sentiment remians extremely bullish with strong demand and low stocks.

Singapore prices were lower than yesterday but did not fall anywhere near the drop in futures due to the ongoing shutdown of the LG-caltex Refinery in Korea. Physically gasoil remains well bid and kero well offered by swaps markets reflect the opposite whith kero swaps bid better tha gasoil swaps. Expect Singapore prices to be down only 30 cents per barrel from yesterday.

Prices as at 5:30PM Singapore Time:

WTI	\$40.70/bbl	+\$0.26/bbl
Brent	\$37.40/bbl	+\$0.39/bbl
IPE Gasoil	\$347.50/t	-\$2.50/t = -\$0.33/bbl
Singapore Kero	\$48.60/bbl	-\$0.30/bbl