



Daily Oil Market Comment

25/10/04

Futures continued their bull run with new historic highs reached. WTI traded at a historic high of \$55.50 and settled at a historic high of \$55.17. The market is looking for any new bullish news and on Friday they used the IEA report that China's growth in the 3rd quarter of 9.1% was higher than forecast of 8.9% and so concerns that the Chinese economy will keep soaking up all the spare capacity. There are also concerns over the low US distillate stocks heading into winter (the lowest since 2000). We can also expect increase insurgency in Iraq before the US presidential elections next week. Technically the market has the next objective of \$57.00/bbl for WTI and only a settle below \$53.30/bbl will break the short term trend. It is hard to believe that at the beginning of September WTI was \$42.00/bbl !!!

Singapore prices increased marginally (\$0.125/bbl) despite the lack of physical activity on the back of an active swaps market where active sellers met active buyers. The physical markets remain quiet due to high prices but supply remains plentiful in the region and the Middle East. The main concern remains on low Japanese kerosene stocks before winter.

Closing prices Friday October 22, 2004:

WTI	\$55.17/bbl	+\$0.70/bbl
Brent	\$51.22/bbl	+\$0.50/bbl
IPE gasoil	\$492.00/t	+\$1.50/t = +\$0.20/bbl

Asian Day Market Movement

Oil prices were firmer during Asian trading as traders continue to buy ahead of the weekend over concerns that distillate stocks are too low heading into winter. Technically the market remains in strong uptrend with WTI needing to close below \$52.50/bbl to break the trend.

Singapore prices were only up marginally as swaps markets were better offered at these historical highs. The physical markets remain quiet with no trades but offers are not aggressive which may reduce the discount. Prices should be up \$0.15/bbl today. Kerosene remains bullish on fears that Japan's stocks are too low and they will need to buy before winter.

Prices As At 5:30pm Singapore Time Friday October 22, 2004:

WTI	\$54.77/bbl	+\$0.30/bbl
Brent	\$51.12/bbl	+\$0.40/bbl
IPE gasoil	\$494.00/t	+\$3.50/t = +\$0.47/bbl
Singapore Kero	\$6370/bbl	+\$0.15/bbl