



Daily Oil Market Comment

15/09/04

Oil prices continued to rise yesterday on the impact of Hurricane Ivan in the US Gulf. The storm has resulted in the shutdown of about 1 million barrels per day of crude production from the US Gulf. Traders are also betting that US inventories will be lower again for the seventh straight week on the data to be released tonight. Technically the market has once again started a short term uptrend. Trading on after hours ACCESS has WTI up another \$0.35/bbl this morning.

Singapore prices surged on the back of aggressive bidding in the physical markets as well as the swaps markets. Hin Leong continues to buy up the gasoil market whilst BP continues to bid up the kero market although kero went back to a discount due to being well offered. However, BP then the banks bid up the regrade by more than \$1.40/bbl despite the physical market showing gasoil being stronger. The net impact was that Singapore kero increased nearly \$1.50/bbl. Expect Singapore prices to be up at least \$0.30 per barrel this morning.

Closing Prices Tuesday September 14, 2004:

WTI	\$44.39/bbl	+\$0.52/bbl
Brent (Oct)	\$41.73/bbl	+\$0.67/bbl (contract expires tonight)
Brent (Nov)	\$41.18/bbl	
IPE Gasoil	\$392.50/t	+\$7.25/t = +\$0.97/bbl

Asian Day Market Movement

Oil prices continued their upward climb as traders worry about Hurricane Ivan disrupting oil supplies in the US Gulf and concerns that US inventory will fall again this week. Technically the market is now back to the upward trend.

Singapore prices surged as swap levels for kero were aggressively bid first by BP then the banks. The September regrade (Kero less gasoil) increased more than \$1.40/bbl (basically doubling) with no news affecting kero supply. In fact physical gasoil remains more aggressively bid than kero so today's movement is purely these companies squeezing the market. Expect Singapore prices to be up \$1.80/bbl today.

Prices As At 5:30pm Singapore Time Tuesday September 14, 2004:

WTI	\$44.43/bbl	+\$0.56/bbl
Brent	\$41.57/bbl	+\$0.51/bbl
IPE Gasoil	\$392.50/t	+\$7.25/t = +\$0.97/bbl
Singapore Kero	\$55.50/bbl	+\$1.80/bbl