



Daily Oil Market Comment

23/08/04

Oil futures finally fell on Friday night as the expiring September contract failed to break \$50 level so traders took opportunity to take profit. There was also an easing of tensions in Iraq, but this could change daily. Prices remain at historic highs and concerns will be about high oil prices affecting economic growth. Fundamentally there is no shortage of oil with the Saudis now complaining that although they are offering an additional 1.3 million barrels per day to the market, the Americans are not buying it (probably because it is too heavy and sour and the US wants light sweet crude that make more gasoline and distillates). Technically the market remains in uptrend and many traders will take the opportunity to "buy on dip".

Singapore prices continues their surge on aggressive buying of swaps despite a lackluster physical market. In one week Singapore kero has increased \$4.65/bbl whilst IPE Gasoil only went up \$2/bbl. Expect Singapore prices to come of 90 cents per barrel this morning.

Closing Prices Friday August 20, 2004:

WTI Oct	\$46.72/bbl	-\$0.92/bbl
Brent Oct	\$43.54/bbl	-\$0.79/bbl
IPE gasoil	\$399.75/t	+\$1.75/t = +\$0.24/bbl

Asian Day Market Movement

Oil prices continue to rise on bullish market sentiments despite no change to fundamentals. It would appear that the market is just accepting that crude will go to \$50/bbl. The market's concerns remain fear of potential supply disruptions from Yukos, and Iraq.

Singapore prices surged as they played catch-up to the overnight futures hike. Physical gasoil remains balanced with aggressive offers being bought but the kero market is seeing a lack of buying at these high numbers. Expect Singapore prices to be up \$1.55/bbl today.

Prices as at 5:30PM Singapore Time - Friday August 20, 2004:

WTI Sep	\$48.85/bbl	+\$0.15/bbl
WTI Oct	\$47.83/bbl	+\$0.19/bbl
Brent Oct	\$44.56/bbl	+\$0.23/bbl
IPE Gasoil	\$405.50/t	+\$7.50/t = +\$1.00/bbl
Singapore Kero	\$56.00/bbl	+\$1.55/bbl