



Daily Oil Market Comment

18/08/04

Futures prices rallied yet again overnight setting new record highs on improved US economy statistics and concerns over Yukos. Statistics for July showed US Industrial Production increased 0.4%, Housing Starts increased 8.3% and the CPI declined 0.1%. Thus, despite higher oil prices, US inflation is under control and traders believe the demand for oil will continue to increase. Yukos failed in its court bid to have its tax payments suspended whilst they negotiate with the government.

Singapore prices were strong yesterday despite oil futures being down at that time on aggressive swaps buying. The physical markets remain relative quiet with products well offered. Expect Singapore prices to be up \$0.60/bbl today.

Closing prices Tuesday August 17, 2004:

WTI Sep	\$46.75/bbl	+\$0.70/bbl
WTI Oct	\$46.26/bbl	+\$0.57/bbl
Brent Oct	\$42.99/bbl	+\$0.40/bbl
IPE gasoil	\$389.25/t	+\$3.00/t = +\$0.40/bbl

Asian Day Market Movement

Oil prices were mixed again during the Asian trading day with oil futures weakening slightly whilst Singapore prices rising.

Oil futures were weaker on continued selling following the Venezuela referendum result. However, the market has strong resistance levels so prices are not expected to fall too much tonight. The market will again wait for more price direction from the US Inventory that will be due out tomorrow night. However, crude stocks are forecasted to fall following the hurricanes in the US Gulf delaying the discharge of many vessels. This will be bullish for the market.

Singapore prices firmed on aggressive swaps buying, especially by BP despite little interest in the physical kero market. The physical gasoil market remains reasonably well bid. Expect Singapore prices to be up \$0.15/bbl today.

Prices As At 5:30PM Singapore Time - Tuesday August 17, 2004:

WTI Sep	\$45.77/bbl	-\$0.28/bbl
WTI Oct	\$45.35/bbl	-\$0.34/bbl
Brent Oct	\$42.30/bbl	-\$0.39/bbl
IPE Gasoil	\$382.25/t	-\$4.00/t = -\$0.54/bbl
Singapore Kero	\$52.675/bbl	+\$0.15/bbl