



## Daily Oil Market Comment

13/10/04

Oil futures finally fell overnight. Prices rallied in London morning on reports that Shell in Nigeria had shut a crude pipeline following sabotage. Prices hit new record highs of \$54.45/bbl for WTI, \$51.50/bbl for Brent and \$508.00/t for IPE Gasoil. Then the IEA announced that they were cutting their 2005 oil demand growth by 320,000 bbls/day to 1.45 million barrels per day. This is compared to 2004's growth of 2.71 million barrels per day. The IEA report and the breach of \$54/bbl for WTI then seemed to attract profit taking and prices started falling. Technically the market remains in the uptrend.

Singapore prices surged \$3.45/bbl yesterday on the back of firmer IPE gasoil and aggressive swaps bidding by traders. The physical markets remain well supplied with buyers generally sitting on the sideline waiting for lower numbers. Refining margins still remain at historic highs as traders believe kerosene and gasoil will be in tight supplies heading into winter.

Closing Prices Tuesday October 12, 2004:

WTI	\$52.51/bbl	-\$1.13/bbl
Brent	\$49.60/bbl	-\$1.06/bbl
IPE Gasoil Oct	\$499.00/t	+\$9.80/t = +\$1.30/bbl (Contract expired last night)
IPE Gasoil Nov	\$471.50/t	+\$6.25/t = +\$0.84/bbl

## Asian Day Market Movement

Oil prices continued to surge today as everyone scrambles to buy over concerns of low stocks and increasing demand and a lack of crude oil production capacity and refining capacity...although there is no stock outs of crude or products in any markets. Futures prices are being led up on the back of distillate futures as we head into the winter period with low stocks.

Singapore prices skyrocketed over \$3/bbl in one day on the back of futures prices. Whilst the physical market for gasoil pricked up with Hin Leong buying 4 parcels, physical kerosene trading remains subdued at these high prices. However, with swaps being bid up over \$3/bbl, this is flowing through to the physical market. Traders appear to be desperate to buy swaps in this market.

Prices As At 5:30pm Singapore Time: Tuesday October 12, 2004:

WTI	\$54.30/bbl	+\$0.66/bbl
Brent	\$51.35/bbl	+\$0.69/bbl
IPE Gasoil	\$503.00/t	+\$13.75/t = +\$1.85/bbl
Singapore Kero	\$63.90/bbl	+\$3.50/bbl