



Daily Oil Market Comment

06/10/04

Oil prices surged another \$1/bbl on the same old concerns to reach record highs. The US Gulf has lost approximately 15 million barrels of crude oil production as a result of damage caused to pipelines and platforms following Hurricane Ivan. This is during a period of record high world oil demand and low stocks. This is despite OPEC producing at over 30 million barrels per day, the highest since 1981. Technically the market remains in a steep uptrend.

Singapore prices were weaker by \$0.225/bbl in contract to the futures markets with products only offered and no bids. High prices appear to be having a dampening effect on demand in the trading market. Expect Singapore prices to be up \$0.75/bbl this morning.

Closing Prices Tuesday October 5, 2004:

WTI	\$51.09/bbl	+\$1.18/bbl
Brent	\$47.13/bbl	+\$0.94/bbl
IPE Gasoil	\$445.00/t	+\$3.75/t = +\$0.50/bbl

Asian Day Market Movement

Oil futures firmed during Asian trading on speculative buying ahead of tomorrow's release of US Inventory data. The market remains extremely strong on reports that US Gulf crude production is still 484,000 barrels per day lower than usual following delays to repairs to pipelines and rigs following Hurricane Ivan. Technically the market remains in a strong uptrend and the next target for WTI is \$50.80/bbl.

Despite the rising futures prices, Singapore prices should be slightly weaker in well offered markets. There were no bids at all in the physical Singapore markets which seems strange in such a "tight physical market with strong demand" ! The kerosene market is still bullish as North Asia stockpiles ahead of winter and Japan has low stocks.

Prices as at 5:30pm Singapore Time Tuesday October 5, 2004:

WTI	\$50.31/bbl	+\$0.40/bbl
Brent	\$46.71/bbl	+\$0.52/bbl
IPE Gasoil	\$442.50/t	+\$1.25/t = +\$0.17/bbl
Singapore Kero	\$57.95/bbl	-\$0.075/bbl