



Daily Oil Market Comment

05/08/04

Futures prices finally came off from historic highs following a build in US stocks and other news. The OPEC President did a complete turnaround and said OPEC could increase production immediately by 1-1.5 million barrels per day (the Soriginal Saudi stance). The Russian Government also said Yukos could use it capital to pay for crude output and transport cost, easing fears of crude supply cuts. The weekly US inventory showed a drop in crude but an unexpected build in gasoline and distillates.

US Dept of Energy Change in Weekly Stocks (millions bbls):

Crude	-1.9
Gasoline	+2.4
Distillates	+2.1

Singapore prices firmed in line with distillate futures in Europe which are rising faster than crude on concerns of tightening supply. Physical kero and gasoil were offered more aggressively due to the absolute high prices. Expect Singapore prices to be down \$0.80/bbl today.

Closing Prices Wednesday August 4, 2004:

WTI	\$42.83/bbl	-\$1.32/bbl
Brent	\$39.70/bbl	-\$0.94/bbl
IPE Gasoil	\$379.75/t	+\$1.50/t = +\$0.20/bbl
MOPS Kero	\$51.625/bbl	+\$0.725/bbl

Asian Day Market Movement

Oil prices were generally firmer during the Asian Day as market maintains its bullish stance. More price direction is expected from US Inventory stats being released later tonight with forecasts for crude and gasoline to build and distillates to build. The major driver of the market remains the fear of global supply of both crude and products not meeting the surging demand. London futures prices are stronger than the US prices today on the back of stronger gasoil prices on concerns over low German stocks.

Singapore prices much stronger today on the back of the IPE gasoil price increases which have increased nearly a dollar whilst the crude has stayed at similar levels of yesterday Asian close. Singapore physical kero and gasoil remain aggressively offered on a fixed price basis. Singapore swaps for both gasoil and kero remain aggressively bid. Expect Singapore prices to be up \$0.80/bbl today.

Prices as at 5:30PM Singapore Time, Wednesday August 4:

WTI	\$44.15/bbl	Nil
Brent	\$40.78/bbl	+\$0.14/bbl
IPE Gasoil	\$380.75/t	+\$2.50/t = +\$0.34/bbl
Singapore Kero	\$51.70/bbl	+\$0.80/bbl