



Daily Oil Market Comment

03/08/04

Overnight futures prices ended little unchanged (nut higher than the Asian close) at record highs on the same old concerns - crude oil disruptions from Russia, Venezuela, Nigeria and OPEC's inability to increase production as well as shortage of refining capacity to meet surging demand. Although as shown in yesterday's table, stocks are sufficient, there is no doubt that demand is remaining strong despite the high oil prices. Technically the market can rally further with prices needing to settle below \$41.00/bbl for WTI to break this trend. WTI has increased \$8.16/bbl since June 29.

Singapore prices were slightly lower on more aggressive offers on both kero and gasoil. The high prices are making traders nervous about buying fixed price which is allowing sellers to offer more aggressively. Expect Singapore prices to be up \$0.20/bbl this morning.

Closing Prices August 2, 2004:

WTI	\$43.82/bbl	+\$0.02/bbl
Brent	\$39.97/bbl	-\$0.06/bbl
IPE Gasoil	\$372.25/t	+\$2.00/t = +\$0.27/bbl
MOPS Kero	\$50.475/bbl	-\$0.10/bbl

Asian Day Market Movement

Oil prices eased slightly during Asian trading on some profit taking following Friday night's surge. The market remains bullish on fears of shortages to product supply in general and crude supplies from Russia. With prices now at historic highs, it is uncertain how much resistance there will be to more upward pressure. Given the market sentiment, it is most likely that prices will bounce back again during the US trading day.

Singapore prices for kero should be slightly lower as Shell offered aggressively with no real buying interest despite BP still bidding aggressively in the swaps market. Kero remains well offered and gasoil well bid. Expect Singapore prices to be down \$0.20/bbl today.

Prices As At 5:30PM Singapore Time, August 2, 2004:

WTI	\$43.62/bbl	-\$0.18/bbl
Brent	\$39.71/bbl	-\$0.12/bbl
IPE Gasoil	\$371.00/t	+\$0.75/t = +\$0.10/bbl
Singapore Kero	\$50.40/bbl	-\$0.20/bbl