



Daily Oil Market Comment

28/10/04

Oil prices fell heavily overnight on US inventory seen as overall bearish despite fall in distillate stocks. Crude oil and gasoline stocks increased and gasoline demand actually fell, so perhaps higher oil prices are starting to impact on demand. Distillate stocks fell more than forecast and are now 13% lower than last year, but for some strange reason the market ignored this and started selling. The OPEC President asked for the US to release crude from the SPR but President Bush again reiterated that he would not release crude to lower prices.

US Dept Of Energy Change in Weekly Stocks (millions/barrels)

Crude	+3.9
Gasoline	+1.3
Distillates	-2.4 (of which Heating Oil -0.6).

Singapore prices increased \$0.40/bbl during Asian trading in line with the crude market at the time. Physical gasoil remains well offered with no bids whilst Trader Hin Leong bought another kerosene cargo from BP, but supply remains plentiful and no new demand is seen. The market is still waiting for the Japanese to start buying to build stocks before winter. Expect Singapore prices to be down \$1.50/bbl this morning.

Closing prices Wednesday October 27, 2004:

WTI	\$52.46/bbl	-\$2.71/bbl
Brent	\$49.45/bbl	-\$2.11/bbl
IPE Gasoil	\$471.25/t	-\$17.50/t = -\$2.35/bbl

Asian Day Market Movement

Futures markets regained the losses of Monday night and the WTI crude closed over 55.00 again. Market looking ahead to tonight's US Inventory and demand data.

Asian markets showing length on most of the products and Singapore paper swaps on middle distillates were sold down again during the afternoon despite the higher numbers in the Western markets.

Prices at 18:00:

WTI	\$55.05	- 0.10 /bbl.
Brent	\$51.37	-0.19 /bbl.
IPE Gasoil	\$485.50 /M.Ton	- 3.50 /MT or 0.47 /bbl.