



Daily Oil Market Comment

24/08/04

Futures prices ended down overnight after an initial rise. First prices increased on news that the Russian Government is billing the main Yukos subsidiary with a multi billion dollar tax bill. Then prices fell with reports that Iraq was back to exporting 2 million barrels per day with not only the 2 southern pipelines fully operational but also the northern pipeline to Ceyhan in Turkey was re-opened after 3 months of closure. Technically the market still remains in a steep uptrend despite 2 days of price falls and WTI needs to settle below \$45/bbl to break the trend.

Singapore prices eased in line with the Friday's nights fall in oil futures with still some aggressive sellers but the price drop also brought out Hin Leong as an aggressive buyer of kero. The gasoil market remains balanced to tight whilst the kero market remains well supplied thanks to the strong regrade and refining margins causing refiners to maximize kerosene. Expect Singapore prices to be down \$0.90/bbl today.

Closing Prices Monday August 23, 2004:

WTI	\$46.05/bbl	-\$0.67/bbl
Brent	\$43.03/bbl	-\$0.51/bbl
IPE Gasoil	\$392.50/t	-\$7.25/t = -\$0.97/bbl

Asian Day Market Movement

Oil prices were firmer during Asian trading following Friday night's drop. Prices started firming again on reports that the Russian Government is now putting a \$3 billion tax bill on the Yukos subsidiary as well as their holding company. This would make it easier for the Russian Government to seize the subsidiary and sell it. Otherwise the major concerns still exist about possible supply disruptions from Yukos and Iraq. Technically the market remains in a strong uptrend with WTI needing to close below \$45/bbl to break the trend.

Singapore prices are down following the fall in futures prices on Friday. However, the drop in price brought out some more aggressive bidders in the physical market although Singapore kero remains well offered. Expect Singapore prices to be down \$1.15/bbl today.

Prices As At 5:30PM Singapore Time Monday August 23:

WTI	\$47.07/bbl	+\$0.35/bbl
Brent	\$43.87/bbl	+\$0.33/bbl
IPE Gasoil	\$396.50/t	-\$3.25/t = -\$0.44/bbl
Singapore Kero	\$54.80/bbl	-\$1.15/bbl