



Daily Oil Market Comment

16/08/04

Oil prices surged once again on a fire at a BP refinery In Indiana which saw gasoline futures rise over \$2/bbl on concerns over supply disruptions. The market continued to worry about potential supply disruptions from unrest in Iraq and Venezuela. Fundamentally the market remains well supplied but demand remains strong. Technically the market is now heading to \$48/bbl (WTI) with only a settle below \$44.50/bbl reversing the trend. It appears the only thing that can calm down this market is a drop in demand...which will take time to flow into the market.

Singapore prices rebounded on Friday on higher crude prices. Aggressive kero sellers finally saw some buyers emerging with traders seeing good value at the big discounts offered. Expect Singapore price to rise \$1.20/bbl today.

Closing Prices Friday August 13, 2004:

WTI Sep	\$46.58/bbl	+\$1.08/bbl (contract expires Friday night)
WTI Oct	\$46.03/bbl	+\$1.10/bbl
Brent Sep	\$43.88/bbl	+\$1.59/bbl (contract expires tonight)
Brent Oct	\$42.91/bbl	+\$1.37/bbl
IPE Gasoil	\$385.00/t	+\$6.75/t = +\$0.91/bbl
MOPS Kero	\$51.275/bbl	+\$0.35/bbl

Asian Day Market Movement

Oil prices were mixed during Asian trading with crude futures marginally down but Singapore prices firmer as they catch up to the overnight futures increase. With futures still at historic highs, it is unlikely for prices to ease given the concerns over the usual factors ahead of the weekend- Yukos, Venezuela, Iraq, OPEC.

Singapore prices were firmer with aggressive offers being suddenly hit by buyers. The physical market remains well offered but sentiment remains for bullish prices. Expect Singapore prices to be up 40 cents per barrel today.

Prices at at 5:30PM Singapore Time August 13, 2004:

WTI	\$45.40/bbl	-\$0.10/bbl
Brent	\$42.20/bbl	-\$0.09/bbl
IPE Gasoil	\$378.50/t	+\$0.25/t = +\$0.03/bbl
Singapore Kero	\$51.30/bbl	+\$0.40/bbl