



Daily Oil Market Comment

04/11/04

Volatility rules. Oil prices overnight see-sawed to close strongly up following the Bush re-election. Prices initially tumbled when exit poles had Kerry leading. Then prices rallied when Bush took the lead. Then prices tumbled when US Inventory data showed a larger build then prices rallied again when Bush claimed victory. WTI traded in an amazing intraday range of \$2.50/bbl with a high of \$51.15 and a low of \$48.65. Technically the market remains in a downtrend but last night's action will give the bulls more belief that the market will go higher.

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

Crude	+6.3
Gasoline	+0.5
Distillates	-0.9

Crude stocks are looking better and are at levels prior to Hurricane Ivan despite the US Gulf still being 220,000 barrels per day lower than average. Gasoline stocks are slightly higher than last year but distillate stocks are 13% below last year and 11% below 5 year average. Low distillate stocks are still the wildcard for price direction.

Singapore prices increase \$0.58/bbl in line with the futures during Asian trading but the markets remain quiet with traders sitting out these volatile times. Both gasoil and kerosene physical markets saw only sellers and no buying interest but the swaps markets were well bid. Expect Singapore prices to be up \$0.75/bbl this morning.

Closing Prices Wednesday November 3, 2004:

WTI	\$50.88/bbl	+\$1.26/bbl
Brent	\$47.56/bbl	+\$1.01/bbl
IPE Gasoil	\$432.75/t	+\$2.75/t = +\$0.37/bbl

Asian Day Market Movement

Oil prices initially dropped this morning on exit polls indicating John Kerry may win the US Presidential Election as the market sees Kerry as bearish for prices. However, once reports started to come in about Bush winning, the prices rallied over \$1/bbl. Technically the market is still on a downtrend but other factors like the election and US Inventory data could turn that around quickly. The US Inventory data is due out tonight with forecasts of crude and gasoline to build and distillates to build. This would be the same as last week but that caused the market to drop !

Singapore prices rebounded in line with futures following a likely Bush win. The physical markets remain quiet with more buyers than sellers in this volatile market. The swaps markets remain reasonably well bid in line with the futures markets.

Prices As At 5:30pm Singapore Time November 3, 2004:

WTI	\$50.20/bbl	+\$0.58/bbl
Brent	\$47.03/bbl	+\$0.48/bbl
IPE Gasoil	\$432.25/t	+\$2.75/t = +\$0.37/bbl
Singapore Kero	\$58.40/bbl	+\$0.48/bbl