

Snapshot: Prices ease as Wilma is heading towards Florida.

BULLISH FACTORS:

Short Term

- Market analysts from **Bloomberg and Reuters** expect today's EIA US petroleum report to show a total draw in products between 2.9-3.8 mbbbls.
- The strike at 328,000 bpd **Gonfreville refinery** has been extended until Friday, employee Union threatened to expand it to 5 other Total refineries.
- **Hurricane Wilma is a Hurricane 5.** Any change in its path towards the Louisiana region will pose a huge threat once again to the industry.
- **US Fed Chairman Greenspan**, warned that high oil prices are here to stay "for sometime to come".
- **OPEC President Al Sabah**, expects petroleum demand to rebound in 2006.
- IEA forecasted the **loss of 140 mbbbls of crude and 163 mbbbls of products** by year end.
- **5 US refineries** stay shut in the Gulf with combined lost capacity above **1 mbpd**
- **MMS reported** that 65.47% of Gulf production remains shut (982,011 bpd). Lost production as of Aug. 26th has reached **61.629 mbbbls**.

Long Term

- According to monthly **IEA** report **global demand growth** will pick up in 2006 reaching 1.75 mbpd.
- **OPEC will be unable** to increase spare capacity in the next 5 years due to lack of investments (IMF).

BEARISH FACTORS:

Short Term

- **Hurricane Wilma** despite its powerful Hurricane 5 strength, **has shifted path away from oil installations**, heading towards SW Florida.
- **Mobile reported the restart** of the huge 350,000 bpd Beaumont refinery in Texas.
- **OPEC's Secretary General Eldin OPEC**, stated that OPEC capacity will rise by 5.5 mbpd by 2010.
- **The Petroleum Association of Japan**, reported that prices are expected to drop down to \$60 by year end.
- **Analysts from Bloomberg and Reuters** expect a crude build of 2-2.25 mbbbls at today's EIA report.
- The **Organization of Arab Petroleum Exporting Countries (OAPEC)** reported that the use of new extracting technologies adds to OAPEC's confirmed reserves **another 300 billion barrels of oil**.
- The IEA reported that **OECD crude forward demand cover** is at 54 days – 2 days above avg.
- Production started at **Russia's Shahalin fields at 50,000 bpd**, it will reach 250k bpd by end of 2006..
- **OPEC suspended quotas** for 3 months as of Oct. 1st

Long Term

- **Deterioration of demand** on high oil price environment could lower demand for H1 2006
- **Saudi Oil Minister Naimi** reported that S.Arabia is about to almost double proven reserves to 464 bn.

Today's Focus

Prices fluctuated directionless awaiting for market driving news. Hurricane Wilma the 21st storm of the year, reach the catastrophic Category 5 level but seems to have switched course away from the Gulf installations and towards Florida. The change of direction has temporarily removed fears of a third strike of the already damaged Gulf oil industry. However today's EIA report is expected to continue to show the massive weekly declines in US inventories, as still almost 1 mbpd of production and another million of refining capacity remain down. Early weather forecast support a high price scenario for the winter and most demand forecasts also point to higher numbers. IMF confirmed that global GDP growth remains unaffected at 4.3% and Fed Chairman Greenspan warned that high oil prices are here to stay for a while as global economies seem to be able to afford the costs. We continue to favor a "but dips" for the winter season.

Major Technical Levels

Brent 1 st Month		
2 nd Res.	62.15	Daily resistance
1 st Res.	60.60	Daily resistance
NOW	59.23	
1 st Sup.	59.03	Yesterday's low
2 nd Sup.	58.00	3-month low (Oct 10 th)

Energy Calendar

19/09	Mini NYMEX crude Expiration
19/09	EIA Petroleum report
19/09	Crude expiration NYMEX
20/09	EIA Nat. Gas report
21/09	CFTC report
21/09	New vote on French strike at Gonfreville

WTI 1 st Month		
2 nd Res.	66.10	Daily resistance
1 st Res.	64.15	Yesterday's high
NOW	63.08	
1 st Sup.	62.70	Yesterday's low
2 nd Sup.	61.30	Oct 10 low

US INVENTORIES (Mbbbls) - EIA

	Sep 30/05	Sep 30/04	CHG %
CRUDE	306.4	275.6	11.2
DISTIL.	124.6	122.2	2.0
MOGAS	192.8	204.5	-5.7
HEAT.OIL	56.6	51.4	9.9
Tot. stk (exc.SPR)	998.0	970.4	2.8

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