

**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. 26<sup>th</sup> 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. 1<sup>st</sup>

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

**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 <sup>st</sup> Month		
2 <sup>nd</sup> Res.	66.10	Daily resistance
1 <sup>st</sup> Res.	64.15	Yesterday's high
<b>NOW</b>	<b>63.08</b>	
1 <sup>st</sup> Sup.	62.70	Yesterday's low
2 <sup>nd</sup> Sup.	61.30	Oct 10 low

**US INVENTORIES (Mbbbls) - EIA**

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

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