

**Headline:** Domestic diesel prices will remain steady this week, with a slight downward bias of 0.3cpl.

**Domestic Diesel Market:** The domestic diesel make was tight last week with vessels arriving late causing some allocation issues in some locations. The price of diesel increased 0.7cpl at the terminal gate week-on-week and will remain steady for the week ahead. There will be a slight downward bias to prices of approximately 0.3cpl. Domestic markets are ~17% above the lows of mid-January and the trend higher remains intact, but momentum is waning.

**Chart 1: Singapore Diesel in Australian Dollars**



**International Oil Market:** Iran is back in the headlines creating waves in the Straits of Hormuz, the main shipping artery for middle eastern crude oil. There have been reports this week that Iran has been firing warning shots over the bow of tankers in international waters. US navy vessels were escorting US flagged vessels through the straits. This comes as Iran is in final negotiations with P5+1 around nuclear enrichment and the Saudi's sit down with middle eastern leaders to resolve the Yemeni crisis. The oil markets listen when Iran flexes their military muscles in the Straits, which may keep the Brent markets bid in the short term.

**Chart 2: Daily ICE Gasoil**



**Australian Dollar:** The Australian Dollar remains on its recent trajectory and closed over \$0.8000 on Friday against the USD. The recent strength can be attributed to the recovery in commodity prices due to expectations that the Chinese economy is bottoming (PBOC stimulus), fundamentally weaker USD and expectations that the Reserve Bank of Australia's rate cutting cycle is most like complete. These three factors are supportive of the AUD in the short to medium term, however the risk is to the downside in the longer term.

**Chart 3: Daily Australian Dollar**



FORWARD PRICING TABLE				
	Jun-15	Jul-15	Q315	Q415
Ultra Low Sulphur Diesel (ACPL Incl. Excise & GST)	1.2779	1.2825	1.2874	1.3010