

International Energy Agency

18 January 2013

HIGHLIGHTS

- **Crude oil prices edged higher as 2012 drew to a close,** gathering strength from seasonally stronger winter demand and geopolitical concerns. By mid-January, prices were trading above December levels, with Brent at $110.75/bbl and WTI around $95.15/bbl.

- **The world is forecast to consume 90.8 mb/d of oil in 2013, 240 kb/d more than in last month's report** and 930 kb/d (1.0%) up on 2012. A raised 4Q12 demand estimate and heightened expectations for China are the main contributors to the hike.

- **Global supplies fell by 170 kb/d in December, to 91.2 mb/d. Non-OPEC production rebounded by 90 kb/d** from the prior month, to 54.2 mb/d and is expected to increase by 590 kb/d in 1Q13 y-o-y. For 2013, non-OPEC production is projected to rise by 980 kb/d to 54.3 mb/d, the highest growth rate since 2010.

- **OPEC crude supply in December fell to its lowest level in a year at 30.65 mb/d** on lower output from Saudi Arabia and Iraq. Average OPEC crude output reached an historic high in 2012 in the wake of continued global demand growth. The 'call on OPEC crude and stock change' for 2013 was raised by 100 kb/d, to 30 mb/d.

- **OECD industry inventories drew by 18.7 mb in November, led by a further drop of 11 mb in middle distillate stocks**, extending earlier declines. On a forward demand basis, total products cover fell by 0.5 days to 30 days in November. December preliminary data point to a further 18.4 mb decline in OECD industry inventories.

- **Global refinery runs rose 1.5 mb/d y-o-y to around 75.9 mb/d in 4Q12**, with growth in refining activity concentrated in China, India and Russia. Favourable refining margins, a gradual reduction in offline capacity and a cold snap in Asia and the FSU supported refinery throughputs in the last months of 2012.

TABLE OF CONTENTS

HIGHLIGHTS 1

CROUCHING TIGER, HIDDEN DRAGON 3

DEMAND 4
- Summary 4
- Global Overview 4
- Top-10 Consumers 5
  - Chinese Demand Forecast Upgraded 7
- OECD 11
  - Americas 12
  - Europe 12
  - Asia Oceania 12
- Non-OECD 13

SUPPLY 14
- Summary 14
- OPEC Crude Oil Supply 15
- Non-OPEC 20
- OECD 20
  - Americas 20
  - Up Against the Export Wall: Hurdles to US LTO Production Growth 22
  - North Sea 27
  - OECD Asia 27
- Non-OECD 28
  - Former Soviet Union 28
  - Middle East 29
  - Africa 29
  - Latin America 29
  - Asia 30

OECD STOCKS 31
- Summary 31
- OECD Inventory Position at End-November and Revisions to October Data 31
- Analysis of Recent OECD Industry Stock Changes 32
  - OECD Americas 32
  - OECD Europe 33
  - OECD Asia Oceania 34
- Recent Developments in Singapore and China Stocks 35

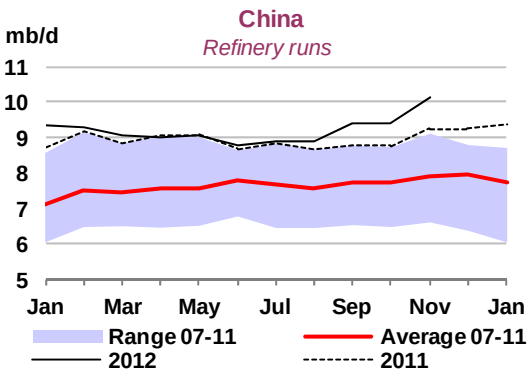
PRICES 37
- Summary 37
- Market Overview 37
- Futures Markets 39
  - Activity Levels 39
  - Market Regulation 41
  - The Changing Structure of Energy Trading Markets 42
- Spot Crude Oil Prices 44
- Spot Product Prices 46
- Freight 48

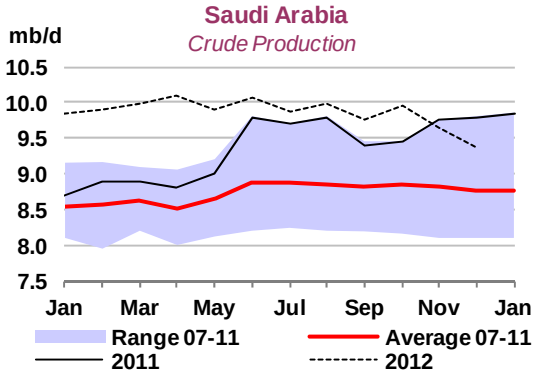
REFINING 50
- Summary 50
- Global Refinery Overview 50
- OECD Refinery Throughputs 53
- Non-OECD Refinery Throughputs 57

TABLES 62

CROUCHING TIGER, HIDDEN DRAGON

This first *Report* since the year-end holidays paints a sobering, 'morning after' view of the oil market. In one fell swoop, the estimate of the 'Call on OPEC' for 4Q12 has been nudged up by 400 kb/d. All of a sudden, the market looks tighter than we thought. On the demand front, a marked departure in Chinese apparent demand from the preceding low-growth trend brings to mind Napoleonic metaphors about awakening dragons. On the supply front, a down tick in Saudi production from the 30-year highs that had characterised it through so much of last year gave headline writers a field day, sparking much hand wringing about Saudi budget needs and price appetite. OECD inventories are getting tighter – a clean break from the protracted and often counter-seasonal builds that had been a hallmark of 2012.





It may be too early, however, to declare the start of a new market cycle or a return to the bull market of yesteryear. Both Chinese demand and Saudi supply are too complex for hasty interpretations. In hindsight, the latest twists in Chinese and Saudi data may partly reflect fleeting factors. The dip in Saudi supply, for one, seems less driven by price considerations than by the weather. Analysts often lose sight of the fact that Saudi Arabia has become its own single largest customer. A dip in air conditioning demand – as well as reduced demand from refineries undergoing seasonal maintenance – likely goes a long way towards explaining reduced output. Nothing for the global market to worry about.

Chinese data are another story. The prospects for the Chinese economy, ultimately the main driver of the country's demand, are as clear as the Beijing sky. Chinese economic indicators have been mixed, but recent bullish readings have signalled the potential for a rebound. There is no lack of alternative explanations for the latest demand data, though. First, tax changes might have offered market participants – including the so-called 'teapot' refineries -- an incentive to boost refinery runs before they came into effect. Apparent 4Q12 demand might thus include 'borrowed' 1Q13 demand. Second, record-high refinery runs – supported also by the start-up of a swath of new state-owned capacity – likely caused large product builds, weakening the validity of apparent demand estimates. As the country's refining capacity leaps ahead of demand growth, apparent demand will become an increasingly blunt and misleading proxy for consumption. Brutal swings in apparent demand in both directions may become a fact of life, masking unreported inventory builds and draws.

The bull market of 2003-2008 was all about demand growth and perceived supply constraints. The bear market that followed was all about financial meltdown. Today's market, as the latest data underscore, has a lot to do with political risk writ large, and not just in Syria, Iran, Iraq, Libya or Venezuela. Changes in tax and trade policies, in China as in Russia, can, at the stroke of a pen, shakeup crude and products markets and redraw the oil trade map. Producer country policies on power generation and price subsidies loom as large in oil supply as E&P investment or EOR technology. As producer demand grows, so will those policies' impact. Nor are OECD economies free from political risk. The abrupt shifts in oil markets in the last year expose instances where resources and regulations – such as export and shipping legislation – have become misaligned. Bringing tomorrow's oil supply to market may hinge on resolving those 'above-ground' issues as much as on geology, investment, technology or anything else.

DEMAND

Summary

- **Estimates of global oil demand for 2012 have been revised upwards to 89.8 mb/d on stronger-than-expected 4Q12 data. Demand growth for 2012 is now estimated at 975 kb/d (or 1.1%)**, 175 kb/d more than assumed in December's *OMR*. Fourth-quarter demand surprised on the upside, with the greatest upwards revisions seen in China (+200 kb/d), the US (+155 kb/d) and Brazil (+155 kb/d). The demand forecast for 2013 has been revised upwards by 240 kb/d, to 90.8 mb/d, underpinned by higher Chinese demand expectations; yet continuing concerns about the macroeconomic environment keep growth relatively restrained at 930 kb/d.

Global Oil Demand (2011-2013)

(million barrels per day)

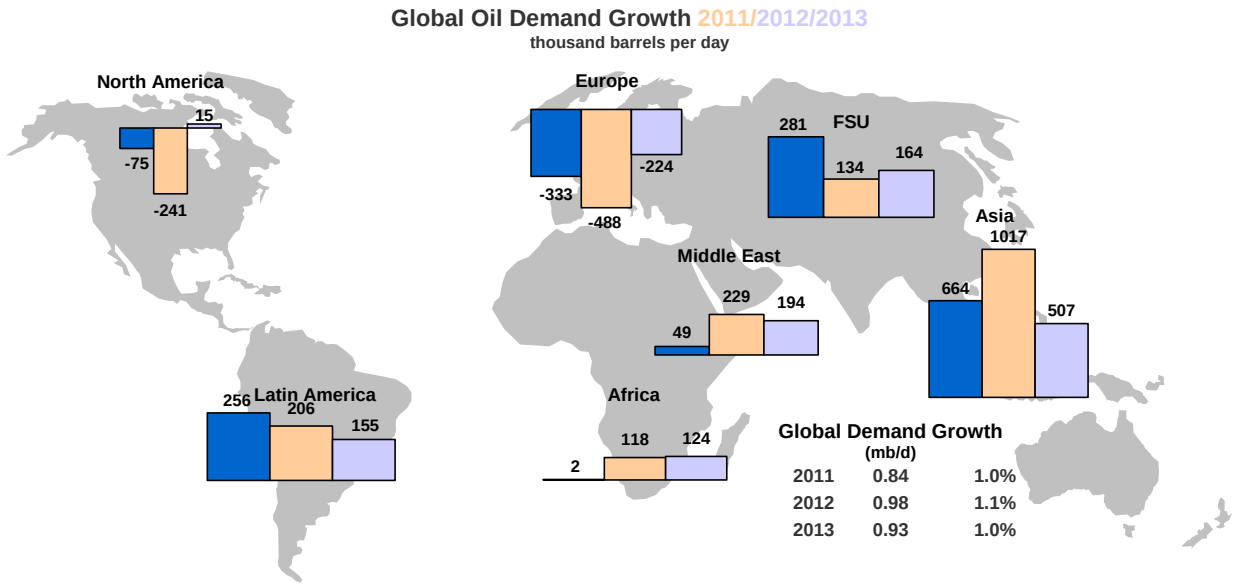
	1Q11	2Q11	3Q11	4Q11	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
Africa	3.3	3.3	3.2	3.3	3.3	3.4	3.4	3.4	3.5	3.4	3.5	3.5	3.5	3.6	3.5
Americas	30.3	30.1	30.7	30.4	30.4	29.8	30.3	30.5	30.7	30.3	30.0	30.2	30.8	30.9	30.5
Asia/Pacific	29.0	27.7	27.8	29.2	28.4	30.0	28.7	28.8	30.3	29.4	30.6	29.4	29.3	30.5	29.9
Europe	14.9	14.8	15.4	14.8	15.0	14.4	14.5	14.5	14.6	14.5	14.0	14.0	14.5	14.5	14.3
FSU	4.2	4.4	4.6	4.6	4.4	4.5	4.5	4.7	4.7	4.6	4.6	4.6	4.8	4.9	4.7
Middle East	6.9	7.4	7.8	7.3	7.4	7.1	7.7	8.0	7.5	7.6	7.3	7.8	8.3	7.7	7.8
World	**88.7**	**87.6**	**89.4**	**89.7**	**88.9**	**89.1**	**89.0**	**90.0**	**91.2**	**89.8**	**90.1**	**89.6**	**91.3**	**92.0**	**90.8**
Annual Chg (%)	2.5	0.4	0.8	0.2	0.9	0.5	1.5	0.6	1.7	1.1	1.1	0.8	1.4	0.9	1.0
Annual Chg (mb/d)	2.1	0.4	0.7	0.2	0.8	0.5	1.3	0.5	1.6	1.0	1.0	0.7	1.3	0.8	0.9
Changes from last OMR (mb/d)	0.00	0.00	0.00	0.00	0.00	0.00	0.02	-0.02	0.71	0.17	0.12	0.15	0.20	0.49	0.24

- **Chinese manufacturing sentiment continued to improve in 4Q12, supporting an apparent uptick in oil demand growth in the world's second largest consumer.** Chinese implied demand reached an estimated 10.1 mb/d in 4Q12, an increase of 700 kb/d on the year. Coming on the heels of relatively slow growth through most of 2012, the 4Q12 acceleration surprised with its velocity. This heady pace of growth is unlikely to be sustained in 2013, as one-off factors helped support 4Q12 demand, but the forecast for the year as a whole has still been revised higher by 135 kb/d, to 10 mb/d. Chinese demand growth for 2013 is now projected at 390 kb/d (or 4.0%).

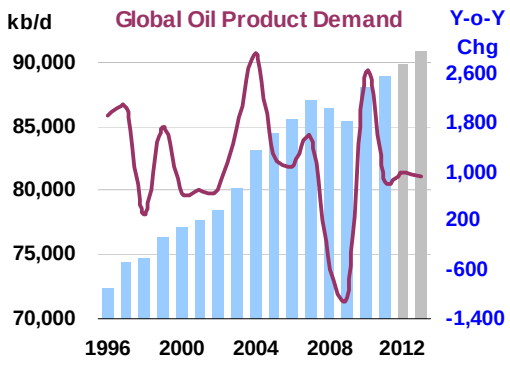
- **Early indicators of 4Q12 US demand point to higher-than-expected average consumption of 18.8 mb/d**, **155 kb/d more than the projection carried last month, but still down by 100 kb/d (or 0.5%) on the year**. The 4Q12 decline is the shallowest contraction in US demand in nearly two years.

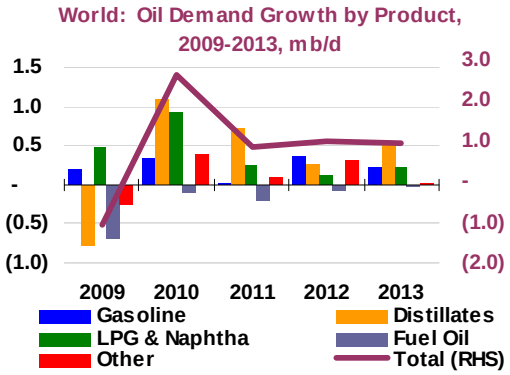
Global Overview

The latest global demand estimate for 4Q12 comes out at 91.2 mb/d, equivalent to year-on-year growth of 1.7 mb/d (or 1.7%). This is 710 kb/d more than forecast in last month's *Report*. The most notable 4Q12 upwards revisions centred on China (200 kb/d higher), the US (+155 kb/d), Brazil (+155 kb/d), Russia (+55 kb/d), Korea (+40 kb/d), Belgium (+40 kb/d) and Saudi Arabia (+30 kb/d). Underpinning these adjustments were higher-than-expected October estimates, with the biggest revisions being the US (235 kb/d higher), Brazil (+225 kb/d), China (+155 kb/d) and Saudi Arabia (+95 kb/d). Those revisions more than offset downwards adjustments to demand for the UK (50 kb/d lower), India (-45 kb/d), Germany (-40 kb/d), Canada (-30 kb/d) and Russia (-15 kb/d). Preliminary November data also impacted the 4Q12 demand estimate, with big additions being seen in data for China, the US, Brazil, Korea, Russia and France, offsetting downward adjustments for India, Italy, Spain and Poland.



For 2012 as a whole, global demand is estimated at 89.8 mb/d, 975 kb/d (or 1.1%) more than in 2011, with strong Asian demand (+1.0 mb/d) leading the increase. Non-OECD Asian demand expanded by an estimated 675 kb/d, or 3.3%, while Japanese fuel switching away from nuclear power generation supported OECD demand growth. Projections for 2013 demand growth remain relatively subdued at 930 kb/d (to 90.8 mb/d). Upwards revisions to Chinese demand forecasts fail to offset continued concerns about the broader macroeconomic environment and reduced support from Japanese fuel switching.





Top-10 Consumers

Opposite seasonal factors in two of the world's top consumers saw Brazil and Saudi Arabia switch positions in our top-10-rankings for October, as reduced air conditioning demand in Saudi Arabia countered the impact of a counter-seasonal gain in Brazil. Both nations traditionally see falling month-on-month demand trends in October, but only Saudi Arabia fell in October 2012. Germany and Canada also traded places, as Canadian demand fell seasonally month-on-month in October, but German demand rose counter-seasonally. Mexico also made a late run for tenth spot in the October rankings, replacing South Korea as expected. The change occurred as additional replacement demand arose on account of the closure of Pemex's Reynosa gas processing facility. Korea will likely soon regain its 10th spot in the rankings, as strong seasonal domestic demand is likely to return in November.

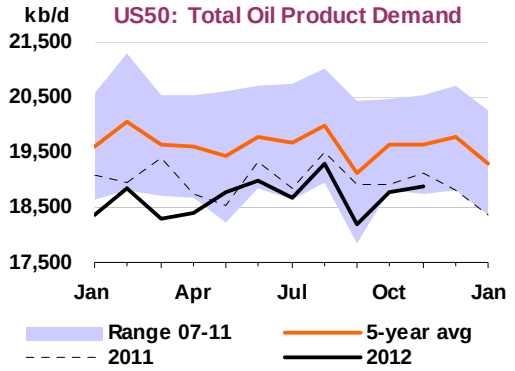
Top-10 Oil Consumers
(thousand barrels per day)

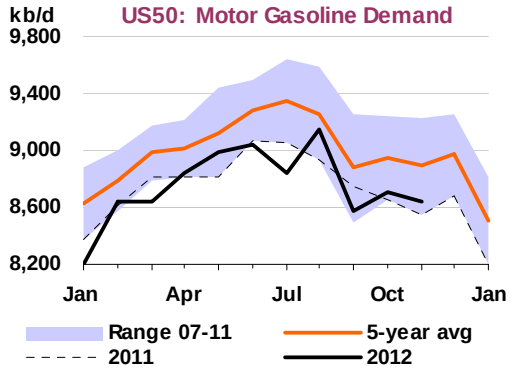
	Demand			Annual Chg (kb/d)			Annual Chg (%)		
	Oct-12	2012	2013	Oct-12	2012	2013	Oct-12	2012	2013
US50	18,781	18,696	18,702	-121	-313	6	-0.6	-1.6	0.0
China	9,749	9,595	9,984	739	352	388	8.2	3.8	4.0
Japan	4,422	4,698	4,529	28	234	-169	0.6	5.2	-3.6
India	3,624	3,645	3,747	165	131	101	4.8	3.7	2.8
Russia	3,389	3,370	3,520	-14	118	150	-0.4	3.6	4.5
Brazil	3,193	3,018	3,098	272	124	80	9.3	4.3	2.7
Saudi Arabia	3,116	3,040	3,167	304	166	127	10.8	5.8	4.2
Germany	2,510	2,349	2,326	2	-52	-23	0.1	-2.1	-1.0
Canada	2,278	2,329	2,329	88	40	0	4.0	1.7	0.0
Mexico	2,275	2,151	2,157	206	18	7	10.0	0.8	0.3
% global demand	59%	59%	59%						

Collectively the world's ten largest oil consumers used 53.3 mb/d of oil products in October, which roughly accounts for two-thirds of total global demand.

US

Preliminary estimates of 4Q12 US50 demand surprised on the upside, with average consumption now predicted at 18.84 mb/d, 155 kb/d higher than projected in December's *OMR*. Although the updated 4Q12 demand estimate is still 100 kb/d (or 0.5%) below 4Q11 figures, the annual decline rate was the shallowest in nearly two years. Domestic transportation fuels led the revival, jet fuel demand rose by an estimated 1.4% (to 1.42 mb/d) and gasoline by 0.2% (to 8.65 mb/d).





Diminished pessimism has emerged in recent months: with the political status-quo maintained without too much fuss; higher than anticipated 4Q12 demand; and, most importantly, the initial stages of the circumnavigation of the US 'fiscal cliff'. True, further flash points lie in wait concerning the US debt ceiling, but January's much anticipated hurdle passed without too much pain for world economies, providing support for the IMF's long held belief that economic growth will remain above 2% in 2013. Indeed, such predictions of relative macroeconomic buoyancy allow us to maintain our belief that US demand will essentially remain flat on the year.

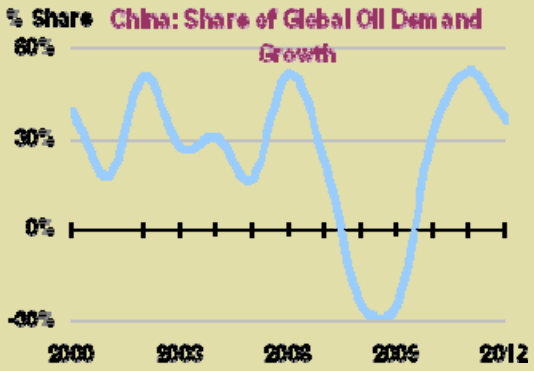
China

Strong Chinese apparent demand growth in October of 740 kb/d y-o-y, to 9.7 mb/d, cements China's place as the world's second largest oil consumer. Preliminary estimates for November imply further gains of around 830 kb/d, to 10.4 mb/d – an all-time high. A surge in refinery runs on the back of new refining capacity underpinned the increase in apparent demand (i.e. refinery output plus net product imports). A January adjustment in excise duties, which brought blending components under the excise net, may have

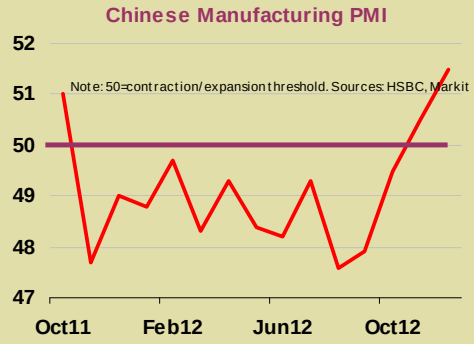
artificially inflated November and December apparent demand, however. End-2012 demand may thus in effect represent in part "borrowed demand" from early 2013. In addition, surging throughputs likely caused steep product stock builds at the end of 2012, which may be drawn down later on, alongside unreported builds of strategic stocks.

Chinese Demand Forecast Upgraded

China alone accounted for nearly two-thirds of total oil product demand growth between 2007 and 2011, but Chinese demand growth all but disappeared from September 2011-through-August 2012. Chinese apparent demand picked up momentum in September, however, as apparent growth rebounded to 915 kb/d (or 10.3%), up from an average 110 kb/d (or 1.2%) in the previous 12 months. Demand growth remained robust in October and November. These gains are the leading factor behind the upwards revisions to global 4Q12 demand estimates in this month's *Report*.

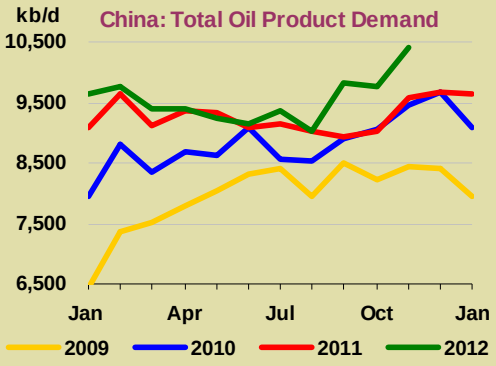


Initial pessimism regarding the short-term Chinese data led us to keep a lid on demand forecasts, but recent data suggest that the tide may have begun to turn. Manufacturing sentiment became "expansionary" (i.e. above 50) in November, albeit only marginally, after a long spell contracting when the index came in below 50, and has maintained this bias, rising into December. The Chinese trade figures, although mixed of late, provide additional support for the 'stronger Chinese demand' story. Total Chinese exports rose by 14.1% y-o-y in December, to $199.23 billion, outpacing imports which rose by a more modest 6%. This is in contrast to November, when exports rose by just 2.9% y-o-y. Other supportive influences include stronger electricity use (with double-digit percentage point gains returning in December, against a 2012 average of 5.5%) and increased rail usage, with 11% y-o-y more passengers carried in December.



Restraining the upside – hence the still below consensus 4% 2013 projection – are concerns about the sustainability of the Chinese upturn: as heightened debt levels, an enlarged shadow banking system, and worrisome property markets loom.

Infrastructural spending provided large chunks of the late-2012 momentum. While this is not something that can continue *ad-infinitum*, additional infrastructural expenditure is the key reason we are revising up the 2013 Chinese growth forecast, by 135 kb/d, to 10 mb/d – a projected annual expansion of 390 kb/d or 4%. China watchers, such as *CICC*, *BNP Paribas* and *HSBC*, appear confident that the new Chinese political leadership will rely on infrastructural projects as a form of economic stimulus, at least through its first full year in office. On the flip-side, the resumption of rising inflation in December, to a six-month high of 2.5% over the prior year, may limit the scope for government support.



Underpinning stronger growth predictions will be China's plentiful demand for cheap plastics, which will support robust naphtha demand, while predictions of 7% growth in new-vehicle sales (up from 4.3% in 2012) will underpin gasoline demand – though not at the pace seen at the end of 2012, when one-off factors provided support. Continued growth in air passenger traffic (which rose by 9.2% in 2012) will accordingly support demand for jet fuel.

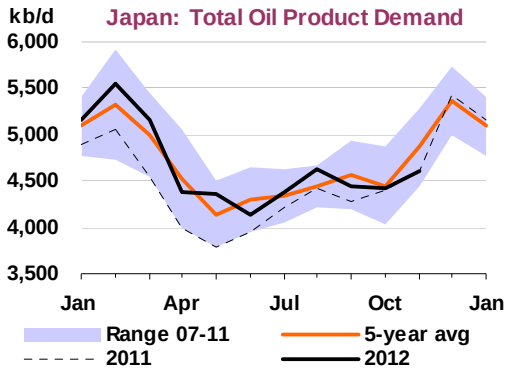
China: Demand by Product
(thousand barrels per day)

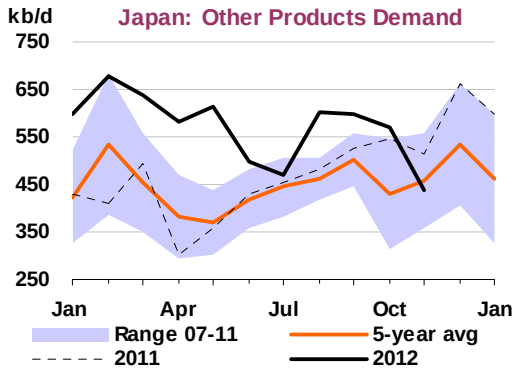
	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2011	2012	2013	2012	2013	2012	2013
LPG & Ethane	720	731	742	12	11	1.6	1.5
Naphtha	1,113	1,130	1,209	18	79	1.6	7.0
Motor Gasoline	1,754	1,914	2,029	160	115	9.1	6.0
Jet Fuel & Kerosene	419	438	453	19	15	4.5	3.5
Gas/Diesel Oil	3,193	3,232	3,356	39	124	1.2	3.8
Residual Fuel Oil	507	517	519	9	3	1.8	0.5
Other Products	1,538	1,634	1,675	95	42	6.2	2.6
Total Products	**9,243**	**9,595**	**9,984**	**352**	**388**	**3.8**	**4.0**

Chinese demand estimates for 2012 have been revised upwards by around 50 kb/d since last month's *Report*, to 9.6 mb/d, on the strength of the preliminary 4Q12 data. Estimates for 4Q12 have been raised by 200 kb/d, to 10.1 mb/d, a y-o-y gain of 7.4%, in line with signs of stronger manufacturing sentiment. HSBC's Chinese Manufacturing Purchasing Managers' Index (PMI) rose to 51.5 in December, its second consecutive month above the key 50-threshold. Readings above 50 indicate that more survey respondents anticipate expanding conditions than contracting.

Japan

Japanese demand growth eased in October to 0.6% bringing consumption to an average of around 4.42 mb/d. Last month's *OMR* had assumed slightly more subdued growth of 0.2%. The weaker growth seen in October is a dramatic climb-down from the 7.3% average expansion seen in the previous twelve months, when fuel switching out of nuclear power generation lifted demand for fuel oil and 'other products' by 39.4% and 43.1%, respectively. Although the pace at which this replacement demand unwinds is forecast to be slow, no new replacement-demand is anticipated since 2011, hence the step change in year-on-year growth. Preliminary estimates of November demand, based on inland-deliveries, hint at a further deceleration to 0.1% y-o-y growth, to 4.61 mb/d. This is 30 kb/d more than projected last month, as a cold spell supported stronger-than-expected kerosene demand.

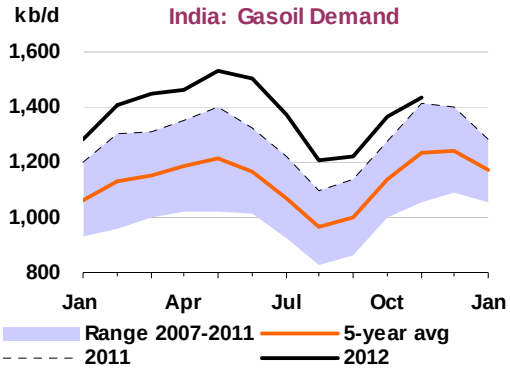


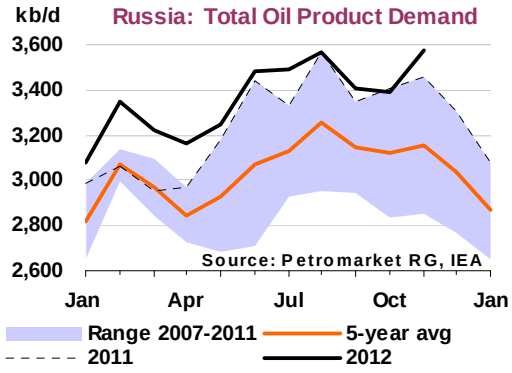


India

India consumed a revised 3.6 mb/d of oil products in October, 45 kb/d less than assumed in last month's report but still 165 kb/d higher than the year earlier. Gasoil led the growth momentum, contributing roughly half of the total growth, followed by LPG (+25 kb/d), gasoline (+20 kb/d) and naphtha (+20 kb/d). Growth came to a near-complete standstill in November, according to preliminary statistics, with significant y-o-y contractions seen in fuel oil, LPG and jet/kerosene. Gasoil demand growth eased to a 19-month low, as better weather patterns required less diesel-powered irrigation, while the spill-over

from September's subsidy reduction (equivalent to a 14% rise in the price of diesel) continued. Demand averaged roughly 3.7 mb/d in November and is expected to average 3.6 mb/d for the year as a whole, 130 kb/d more than in 2011.



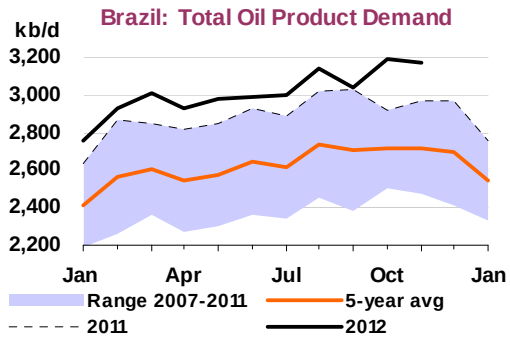


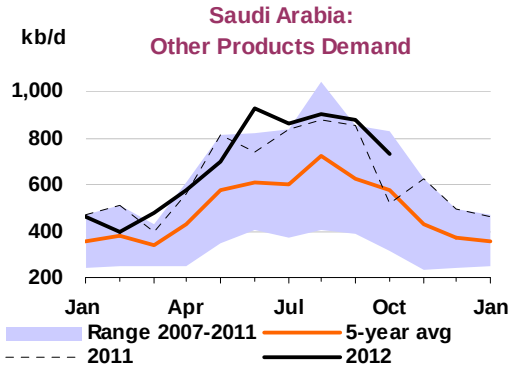
Russia

Revised estimates of Russian demand depict it averaging 3.4 mb/d in October, 15 kb/d less than we assumed a month ago and down 0.4% on the corresponding month a year earlier, its first y-o-y decline since July 2010. Between August and October, Russian demand growth averaged just 0.4% year-on-year, well down on the previous 12-month trend (7.2%). The slowdown is largely attributable to above trend growth in 2011 and, hence, is likely to have ended in November, when growth is forecast to resume at around 3.4%, as demand averages 3.6 mb/d. Russian consumption for the year as a whole is projected at 3.4 mb/d, 3.6% up on 2011. Growth is forecast to accelerate in 2013, to 4.5%, as momentum in Russia gains on the expanded income base.

Brazil

Brazil leapfrogged Saudi Arabia into sixth place in the top-10 rankings of oil consumers for October, as demand rose counter-seasonally by 160 kb/d month-on-month, against a five-year average contraction of 5 kb/d. Stronger gasoil and gasoline demand underpinned the October turn-around, rising by 75 kb/d and 60 kb/d m-o-m, respectively, versus flat five-year averages. Gasoil demand rising as additional diesel-fired power generation was required to compensate for dwindling drought-hit hydropower supplies. The lower ethanol-mix of the gasoline blend by default boosted gasoline demand. Brazil consumed 3.2 mb/d of oil products in October, a gain of 9.3% on the year earlier (a two-year high) and 225 kb/d more than the estimate carried last month. A similar aggregate number is foreseen in November, amounting to 160 kb/d more demand than forecast earlier. Gasoline and gasoil account for the bulk of the upside in both months, as the previously ailing economy showed clear signs of recovery towards the end of the year. Manufacturing sentiment, as tracked by HSBC rose into 'expansionary' territory, October-through-December, having endured 'contracting' conditions previously.



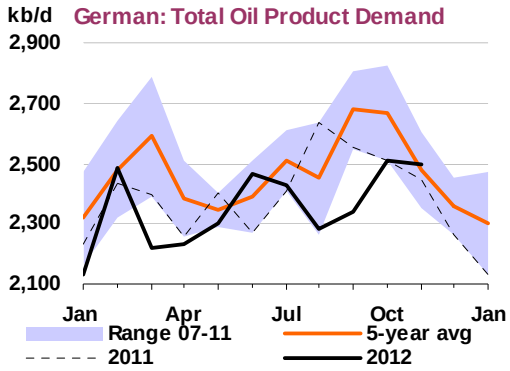


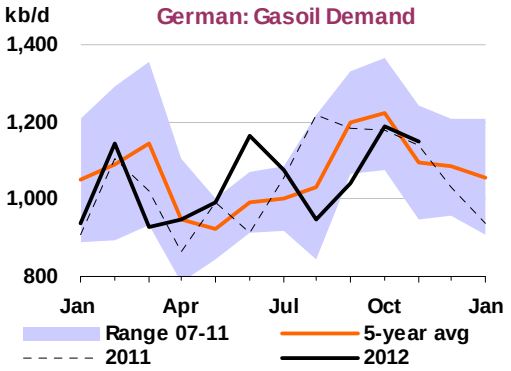
Saudi Arabia

Strong 'other product' demand growth underpinned Saudi Arabian consumption of 3.1 mb/d in October, a 305 kb/d (or 10.8%) increase on the year. That revised October estimate was 95 kb/d higher than forecast in last month's report. Demand for 'other products', notably crude oil in the power sector, expanded by 215 kb/d on the year earlier, to 730 kb/d. Large gains were also seen in demand for gasoline (+55 kb/d, to 490 kb/d) and gasoil (+40 kb/d, to 695 kb/d). Stronger-than-anticipated October demand growth led us to revise higher our 4Q12 forecast by 35 kb/d over last month's *Report*, to 3.0 mb/d, lifting the overall 2012 forecast by a more modest 10 kb/d to 3.0 mb/d – a gain of 165 kb/d on the year earlier. A deceleration to 125 kb/d is foreseen in 2013, as economic growth eases. Saudi Arabia maintained its traditionally sharply falling October trend, with consumption down by 8% on the month earlier, in contrast to the 10.8% y-o-y gain.

Germany

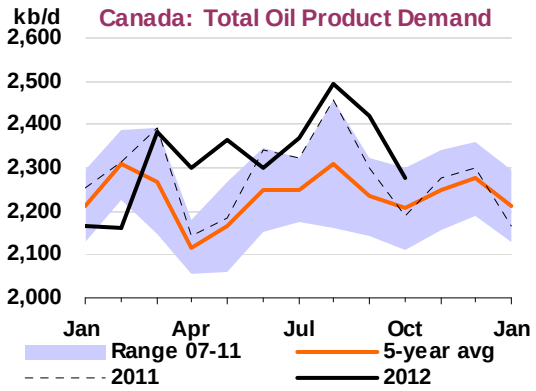
Having endured a topsy-turvy year through most of 2012, the German demand trend has strengthened somewhat in recent months, breaking back into y-o-y growth territory in October and November. October's 0.1% gain saw consumption average out at around 2.5 mb/d. Rebounding naphtha and gasoil demand underpinned the trend, rising by 13.8% and 1.0% in October and 31.6% and 1.2% in November, respectively. For the year as a whole demand is projected at 2.35 mb/d, equating to a decline rate of 2.1% y-o-y, with a further reduction of 1% forecast in 2013, to 2.33 mb/d, as economic conditions remain under pressure.

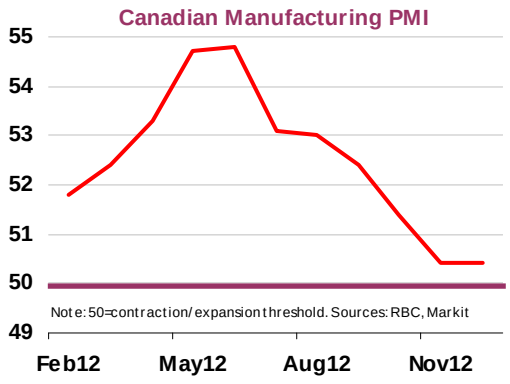




Canada

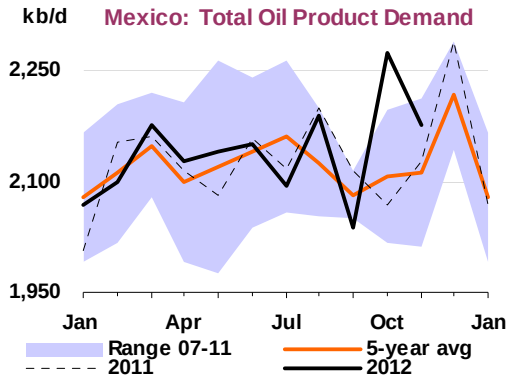
Canadian oil demand grew by 90 kb/d or 4% to 2.3 mb/d in October, extending earlier gains, albeit at a more moderate pace. The Canadian economy continues, at least for now, to shrug off the recessionary trend that has bedevilled many other OECD countries. Momentum has moderated, however, compared to September's 115 kb/d expansion or the recent peak of 180 kb/d achieved in May, as manufacturing sentiment has slipped.

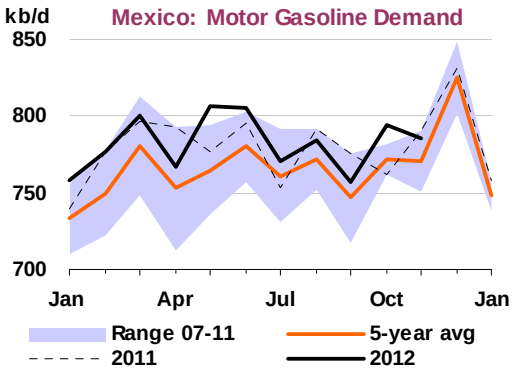




Mexico

Mexico achieved tenth position in the *Top-10 Consumers* ranking in October on account of an explosion at Pemex's Reynosa gas processing plant. The disruption temporarily took 900 million cubic feet per day of natural gas off the Mexican market, equivalent to around 300 kb/d of oil products. Of course, not all of the shortfall was accounted for by oil products, but a very substantial fillip was seen. This replacement demand fell away in November, and we will likely see Mexico fall below the *Top-10* ranking in next months report, as average consumption declined exactly in line with last month's report to 2.18 mb/d (from 2.28 mb/d in October). Gasoline demand of 785 kb/d accounts for roughly one third of total demand.





OECD

OECD demand showed signs of life in November as the y-o-y contraction slowed to a relatively modest 0.5%, to 46.5 mb/d, with more robust demand generally at the lighter end of the barrel (as well as in 'other products', which include crude oil used for power generation in Japan). OECD demand contracted by more than 1% in the previous 12-months. November's more subdued contraction came about on reports of colder weather conditions in many countries (notably Japan, Korea, the US and Canada) and early indications that some economies might be bottoming-out. In addition, demand in the year-ago reference period had been exceptionally low. A clear regional split is apparent, with demand expanding in Asia Oceania, staying flat in the Americas and contracting in Europe, much as has been the case since mid-2012.

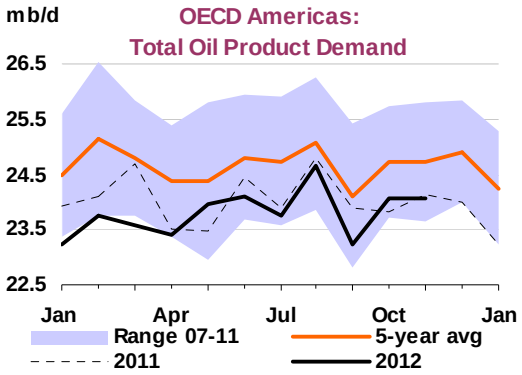
OECD Demand based on Adjusted Preliminary Submissions - November 2012
(million barrels per day)

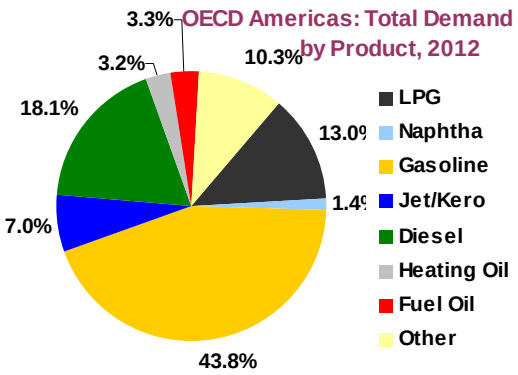
	Gasoline		Jet/Kerosene		Diesel		Other Gasoil		RFO		Other		Total Products	
	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa
OECD Americas*	**10.30**	**0.8**	**1.68**	**1.6**	**4.42**	**-3.2**	**0.81**	**-8.5**	**0.75**	**-5.2**	**6.10**	**1.06**	**24.06**	**-0.4**
US50	8.64	1.0	1.44	0.7	3.57	-4.0	0.33	-15.8	0.35	-14.3	4.55	-1.1	18.88	-1.2
Canada	0.75	-0.9	0.13	7.8	0.29	-6.3	0.30	-4.0	0.09	3.5	0.78	12.1	2.33	2.5
Mexico	0.79	-0.7	0.06	9.6	0.35	4.5	0.15	4.5	0.20	9.9	0.64	1.8	2.18	2.4
OECD Europe	**1.89**	**-8.5**	**1.13**	**-1.0**	**4.40**	**-2.5**	**1.85**	**4.0**	**1.05**	**-9.0**	**3.53**	**-0.2**	**13.85**	**-2.4**
Germany	0.41	-13.4	0.19	12.3	0.71	-2.6	0.44	8.1	0.13	-5.0	0.63	15.9	2.50	2.1
United Kingdom	0.31	-7.8	0.30	-6.9	0.47	-2.0	0.12	2.2	0.05	-23.6	0.22	-20.2	1.47	-7.8
France	0.16	-0.9	0.14	-2.1	0.72	5.2	0.31	31.1	0.07	-23.8	0.39	-3.5	1.80	3.9
Italy	0.19	-11.4	0.07	-8.1	0.44	-12.8	0.11	-15.2	0.09	-11.5	0.34	-10.4	1.24	-11.8
Spain	0.10	-7.8	0.09	-11.7	0.41	-8.7	0.20	0.3	0.18	-5.5	0.29	-9.2	1.26	-7.2
OECD Asia & Oceania	**1.62**	**-0.2**	**1.00**	**10.5**	**1.33**	**10.4**	**0.51**	**-13.9**	**0.86**	**2.5**	**3.26**	**1.2**	**8.57**	**2.3**
Japan	0.96	-0.6	0.64	18.3	0.46	0.5	0.37	-1.2	0.51	1.7	1.66	-5.4	4.61	0.1
Korea	0.20	3.6	0.18	-2.3	0.30	8.7	0.13	-4.3	0.26	5.2	1.34	11.4	2.42	7.6
Australia	0.34	0.1	0.13	3.2	0.43	3.6	0.00	0.0	0.02	-32.0	0.18	1.3	1.11	1.2
OECD Total	**13.82**	**-0.7**	**3.81**	**3.0**	**10.14**	**-1.3**	**3.17**	**-2.6**	**2.66**	**-4.5**	**12.88**	**0.7**	**46.48**	**-0.5**

* Including US territories

Americas

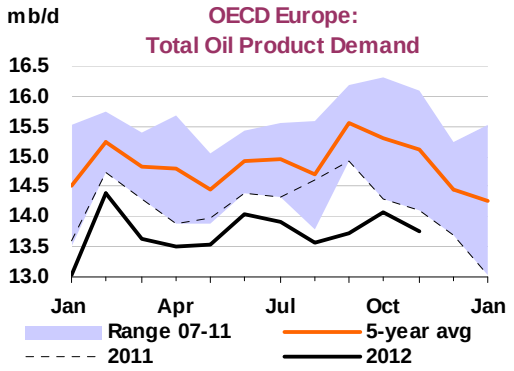
Robust demand growth in both Canada and Mexico took the November average for the OECD Americas to near-flat y-o-y, according to preliminary data. The transport sector led the gains as gasoline demand edged up 0.8% y-o-y (to 10.3 mb/d) and jet/kerosene demand rose 1.6% to 1.7 mb/d. Modestly improved employment statistics supported the transportation figures, with unemployment in both Canada (7.2%) and the US (7.9%) near four-year lows in November.

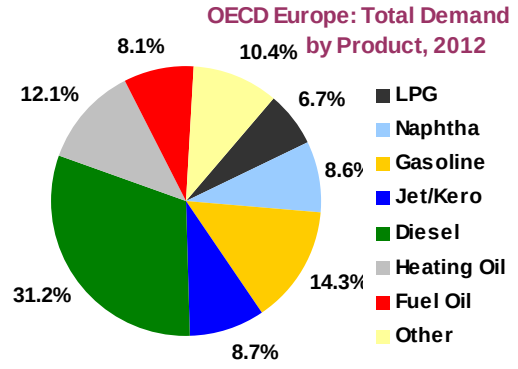




Europe

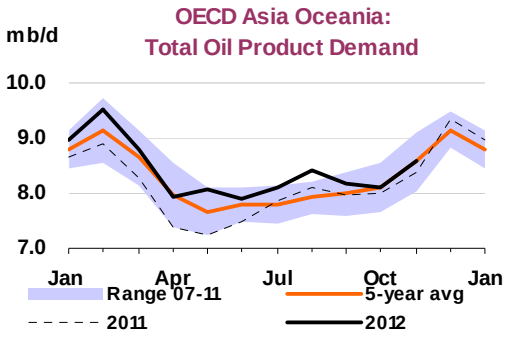
OECD European demand averaged roughly 13.8 mb/d in November, according to preliminary statistics, 2.4% less than the year earlier. This is a dramatic deceleration from the previous 12-month average y-o-y decline of 4.2%, partly explained by exceptionally low demand a year earlier. November 2011 was almost the worst part of the European demand decline, triggered by very real concerns that the European single currency could collapse. Talk of upside should not, however, distract from the overwhelming trend which remains clearly a declining one. We project that European demand will fall by a further 1.7% in 2013, to 13.6 mb/d.

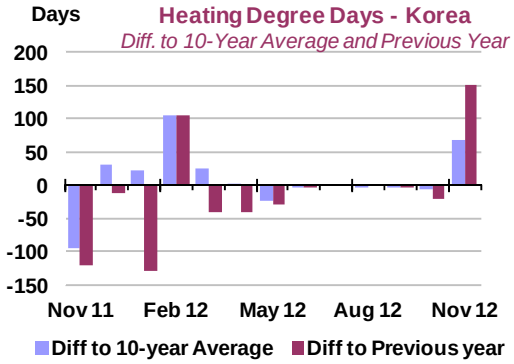




Asia Oceania

Asia Oceania continues to lead OECD demand growth. Preliminary statistics suggest that demand rose by 2.3% in November y-o-y, to 8.6 mb/d. All of the main product categories bar gasoline saw gains. An East Asian cold snap supported demand, compounding the impact of closed nuclear capacity in Japan and in contrast to unseasonably low demand in November 2011.





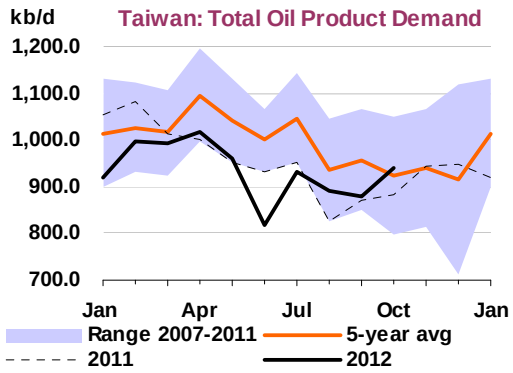
Non-OECD

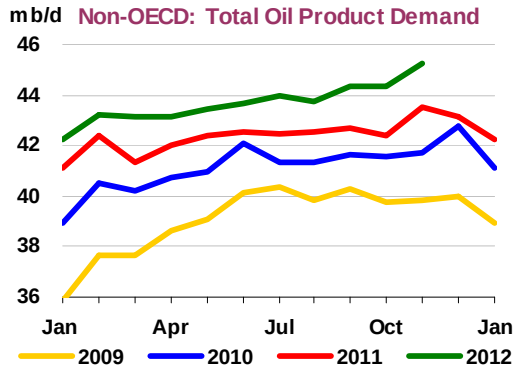
Preliminary estimates of total non-OECD demand averaged 45.2 mb/d in November, 3.9% up on the year earlier, a noted deceleration on October's pace of growth. Demand growth slowed markedly in India, Saudi Arabia and Brazil, in contrast to October when all three accelerated. Light products led November's upside, with naphtha and gasoline rising particularly steeply, predominantly in China. Growth of around 3.3% is expected for 2012 as a whole, to an average of around 43.7 mb/d. This is forecast to expand to around 45 mb/d in 2013, with total non-OECD demand forecast to briefly outpace OECD demand in 2Q13 before reversing on strong seasonal 2H13 OECD demand.

Non-OECD: Demand by Product
(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	Sep-12	Oct-12	Nov-12	Oct-12	Nov-12	Oct-12	Nov-12
LPG & Ethane	4,637	4,630	4,685	55	28	1.2	0.6
Naphtha	2,722	2,909	3,199	174	248	6.4	8.4
Motor Gasoline	8,899	8,922	9,147	439	576	5.2	6.7
Jet Fuel & Kerosene	2,886	2,854	2,861	92	26	3.3	0.9
Gas/Diesel Oil	13,542	13,536	13,862	380	290	2.9	2.1
Residual Fuel Oil	5,463	5,443	5,504	126	214	2.4	4.1
Other Products	6,209	6,044	5,963	712	322	13.4	5.7
Total Products	**44,358**	**44,338**	**45,220**	**1,978**	**1,705**	**4.7**	**3.9**

Taiwanese consumption saw an unseasonably large 60 kb/d hike in October, compared to a five-year average decline of 20 kb/d for that month. Strong naphtha demand accounted for the majority of the momentum, rising by 30 kb/d in October compared to five-year average decline rate of 10 kb/d.





SUPPLY

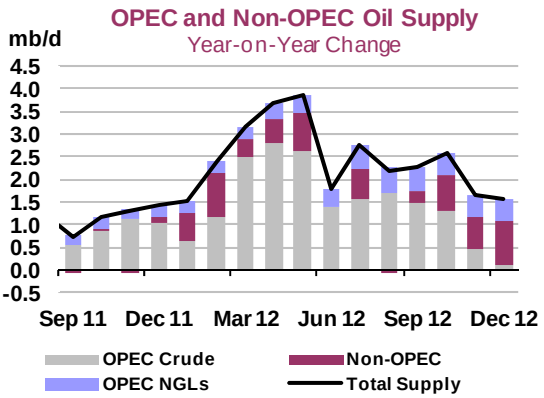
Summary

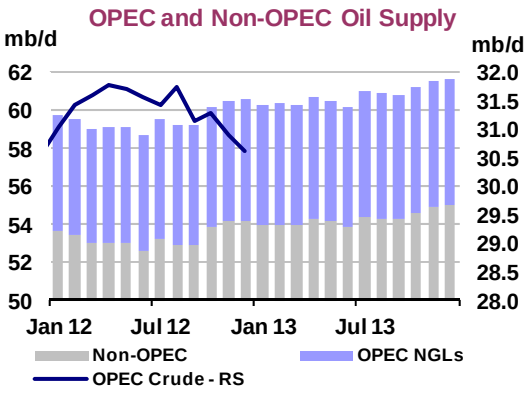
- **Global supplies fell by 170 kb/d in December to 91.2 mb/d, with OPEC crude down by 265 kb/d.** Compared to 2011, December production stood 1.6 mb/d higher, with non-OPEC supply growth accounting for 60% of the increase. For all of 2012, global supplies grew by 2.5 mb/d, the highest rate of growth since 2004, with OPEC crude accounting for 60% of the increase**.**

- **Non-OPEC production rebounded by 90 kb/d in December from the prior month to 54.2 mb/d** with higher output from North America offsetting lower global biofuels output. Production is expected to increase by 590 kb/d in 1Q13 compared to 1Q12, roughly 160 kb/d higher than last month's assessment. For 2013, non-OPEC production is projected to rise by 980 kb/d to 54.3 mb/d, the highest growth rate since 2010 and 150 kb/d higher than the previous forecast.

- **OPEC crude oil production in December fell to its lowest level in a year, with reduced output from Saudi Arabia and Iraq partially offset by a recovery in Nigerian supplies.** December production fell by 265 kb/d to 30.65 mb/d. On an annual basis, OPEC collectively increased crude output in 2012 to the highest level ever in the wake of continued global demand growth. OPEC NGLs also posted historic highs in 2012, up 425 kb/d to 6.2 mb/d.

- **The 'call on OPEC crude and stock change' for 2013 was raised by 100 kb/d this month, to 30 mb/d, following a 710 kb/d upward revision in demand for 4Q12**, largely driven by China. The 4Q call was raised by 400 kb/d to 30.8 mb/d for the final three months of the year. OPEC's 'effective' spare capacity rose to 3.26 mb/d, in line with reduced OPEC supplies last month. The supply cushion is now at its highest level since October 2011.





All world oil supply figures for December discussed in this report are IEA estimates. Estimates for OPEC countries, Alaska, Indonesia and Russia are supported by preliminary November supply data.

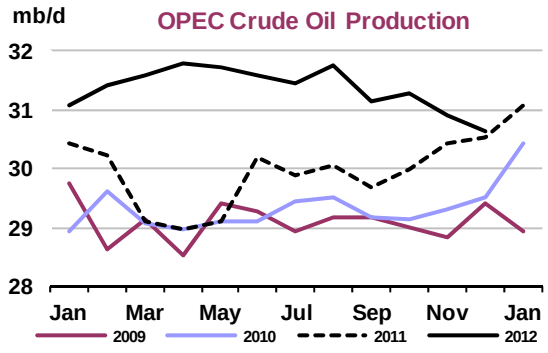
Note: Random events present downside risk to the non-OPEC production forecast contained in this report. These events can include accidents, unplanned or unannounced maintenance, technical problems, labour strikes, political unrest, guerrilla activity, wars and weather-related supply losses. Specific allowance has been made in the forecast for scheduled maintenance in all regions and for typical seasonal supply outages (including hurricane-related stoppages) in North America. In addition, from July 2007, a nationally allocated (but not field-specific) reliability adjustment has also been applied for the non-OPEC forecast to reflect a historical tendency for unexpected events to reduce actual supply compared with the initial forecast. After heavy outages seen in 2011 and 2012, this adjustment now totals –500 kb/d for non-OPEC as a whole, with most downward adjustments focused in the OECD.

OPEC Crude Oil Supply

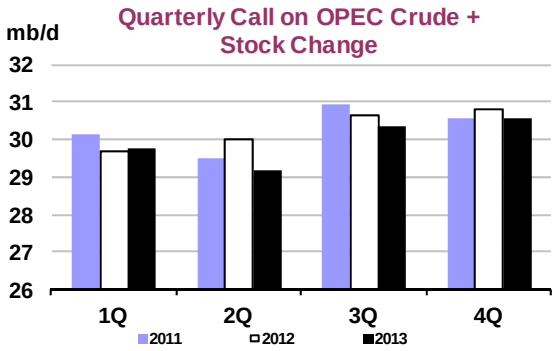
OPEC crude oil production in December fell to its lowest level in a year, with reduced output from Saudi Arabia and Iraq partially offset by a recovery in Nigerian supplies. December production fell by 265 kb/d to 30.65 mb/d. On an annual basis, however, OPEC collectively increased output in 2012 to the highest level ever in the wake of continued global demand growth and despite exceptional increases in North American supplies. OPEC NGLs also posted historic highs in 2012, up 425 kb/d to 6.2 mb/d. The group's revenues are estimated to have reached peak levels last year, at more than $1 trillion, in line with higher production and record Brent prices.

OPEC ministers, as expected, unanimously opted to rollover their 30 mb/d production target at the 12 December 2012 meeting in Vienna. Unable to agree a new Secretary General, however, the producer group extended the tenure of Abdalla Salem El-Badri for one year, effective 1 January 2013. The next meeting will take place in Vienna on 31 May 2013.

The 'call on OPEC crude and stock change' for 2012 and 2013 was raised by 100 kb/d this month, to 30.3 mb/d and 30 mb/d, respectively. A sharp upward revision in demand for 4Q12, largely driven by China, is behind a 400 kb/d increase on the 'call' to 30.8 mb/d for in the final three months of the year. OPEC's 'effective' spare capacity in December was estimated at 3.26 mb/d versus 2.49 mb/d in November, in line with reduced OPEC supplies last month. The increase represents the group's highest level of spare capacity since October 2011.



Entire series based on OPEC Composition as of January 2009 onwards (including Angola & Ecuador & excluding Indonesia)



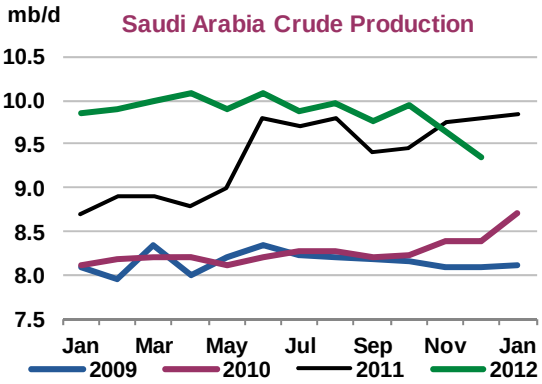
Entire series based on OPEC Composition as of January 2009 onwards (including Angola & Ecuador & excluding Indonesia)

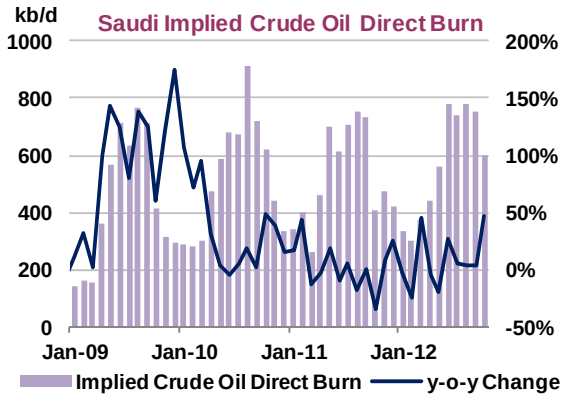
Preliminary data show OPEC output in 2012 averaged 31.36 mb/d, an increase of 1.48 mb/d, with the sharp rebound in Libyan supplies in the aftermath of the 2011 civil war accounting for two-thirds of the year-on-year increase. Libyan output recovered by 930 kb/d to an average 1.39 mb/d. That compares with 1.55 mb/d on average in 2009 and 2010.

OPEC's crude production stayed above the 31 mb/d mark for the first 10 months of the year before edging down in the final two months. OPEC Gulf producers Saudi Arabia, Kuwait, Iraq and the UAE combined increased production by 1.2 mb/d. Saudi supplies rose by around 530 kb/d to an average 9.86 mb/d. Iraqi production was up by 280 kb/d, to 2.95 mb/d, the highest annual average since the country's 1990 invasion of Kuwait but well below initial government projections for the year. By contrast, Iranian production tumbled 650 kb/d for the year, to 3 mb/d. All other OPEC members posted only marginal year-on-year changes *(see table below)*.

After increasing production for most of last year, **Saudi Arabia** reduced supplies by just under 300 kb/d in December, to 9.36 mb/d. That is down 600 kb/d from October's lofty 9.95 mb/d, when crude exports surged to China. However, the downturn in production reflects a myriad of fundamental developments, not least of which is the country's sharply lower seasonal domestic demand. Saudi Arabia's domestic

demand declined on a seasonal basis by around 400 kb/d from the third to the fourth quarter, when use of crude for burning at electricity and water desalination plants falls sharply. Crude burned at utility plants typically peaks in the May-September period before starting on a seasonal downturn. Latest data from JODI show Saudi crude burned over the May-September period averaged 700 kb/d before tumbling to 400 kb/d in October. Lower output in recent months also reflects a seasonal cutback in demand by refiners for the country's crude. Reduced output in December may also reflect lower-than-expected shipments to the US, where Aramco was planning to restart a new 325 kb/d crude unit at its joint-venture Motiva refinery in Port Arthur, Texas. Further technical problems have now delayed the planned start-up, however (see *'Refining'*).





Speculation that recent lower Saudi production levels equates to a desire for higher prices appears misplaced. Market speculation was rife that Saudi Arabia reduced supplies in a bid to set a new price target of $110/bbl. In response, the oil ministry categorically denied the rumours and confirmed seasonal, fundamental issues were at play. Saudi Oil Minister Ali Naimi reaffirmed last fall that the Kingdom "would like to see it [prices] lower, towards $100/bbl" versus Brent at $111-112/bbl. Saudi officials reported supplies to the market in December of 9.15 mb/d, about 200 kb/d below our monthly estimates based on tanker data and industry sources.

OPEC Crude Production

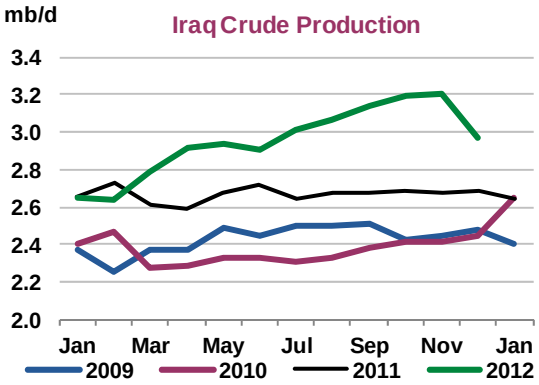
(million barrels per day)

	Oct 2012 Supply	Nov 2012 Supply	Dec 2012 Supply	Sustainable Production Capacity[1]	Spare Capacity vs Dec 2012 Supply	2012 Annual Production Average	Volume Chg 2012 vs 2011
Algeria	1.12	1.18	1.18	1.19	0.01	1.17	-0.02
Angola	1.73	1.75	1.73	1.89	0.16	1.75	0.08
Ecuador	0.51	0.50	0.50	0.52	0.02	0.50	0.00
Iran	2.72	2.70	2.70	3.03	0.33	3.00	-0.62
Iraq	3.20	3.21	2.97	3.30	0.33	2.95	0.28
Kuwait[2]	2.78	2.74	2.78	2.86	0.08	2.74	0.21
Libya	1.42	1.45	1.40	1.58	0.18	1.39	0.93
Nigeria[3]	1.98	1.88	2.10	2.49	0.39	2.10	-0.08
Qatar	0.73	0.73	0.74	0.74	0.00	0.74	0.01
Saudi Arabia[2]	9.95	9.65	9.36	11.80	2.44	9.86	0.53
UAE	2.67	2.65	2.68	2.80	0.12	2.65	0.15
Venezuela[4]	2.48	2.47	2.50	2.60	0.10	2.50	0.00
Total OPEC	**31.29**	**30.90**	**30.64**	**34.80**	**4.16**	**31.36**	**1.48**
(excluding Iraq, Nigeria, Libya and Iran)					*3.26)*		

1 Capacity levels can be reached within 30 days and sustained for 90 days.
2 Includes half of Neutral Zone production.
3 Nigeria's current capacity estimate excludes some 200 kb/d of shut-in capacity.
4 Includes upgraded Orinoco extra-heavy oil assumed at 390 kb/d in December.

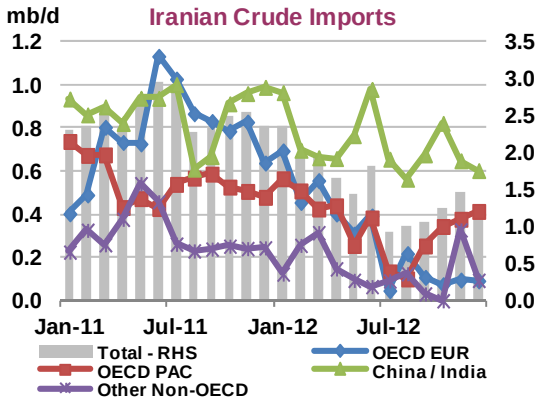
Iraqi crude oil production also posted a significant drop in December. A long-simmering political standoff between Baghdad and Erbil was behind reduced exports from the northern region while weather-related delays affected southern supplies, forcing operators to curtail production due to the lack of storage facilities at the ports. Output fell by 235 kb/d in December, to a six-month low of 2.97 mb/d. Full-year production rose to the highest level in more than three decades at 2.95 mb/d, an increase of 280 kb/d but well short of expectations.

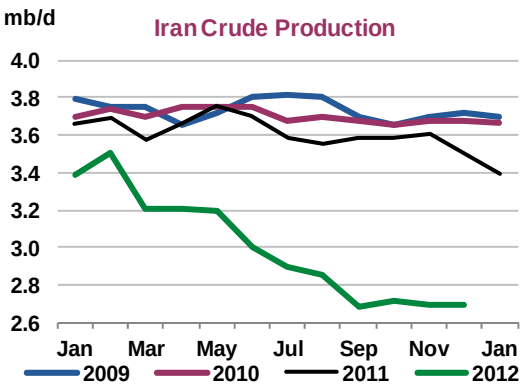
Crude exports in December fell 235 kb/d, to 2.39 mb/d. Rough weather at the southern terminals disrupted Basrah shipments, with exports off 134 kb/d, to 2.06 mb/d. Full-year exports from the Basrah terminals rose by around 350 kb/d, to an average 2.06 mb/d, but well below expectations. The start-up of the two new 900 kb/d Single Point Moorings (SPMs) in the spring had led officials to forecast a much larger increase in southern exports for 2012 but as yet unresolved technical and infrastructure problems have undermined the operation of the SPMs.



Northern exports of Kirkuk crude via the Turkish Mediterranean port of Ceyhan tumbled as well, down 100 kb/d to 315 kb/d. An additional 10 kb/d of Kirkuk crude was trucked to Jordan. Oil flows from the Kurdish region, which are exported as part of the Kirkuk crude stream, fell to an estimated 50 kb/d in December compared with 150 kb/d in November as the quarrel escalated between the central government in Baghdad and the Kurdish Regional Government (KRG) in the North over payment and volume issues escalated.

The protracted dispute deteriorated further in early January when the KRG started selling crude via truck to Turkey. Initially a few thousand barrels per day were trucked, but operator Genel Energy says it plans to move as much as 20 kb/d by the end of January. In response, the central government in Baghdad threatened legal action against companies producing or buying the crude. The deterioration in relations between the two governments is likely to constrain northern exports further near term.

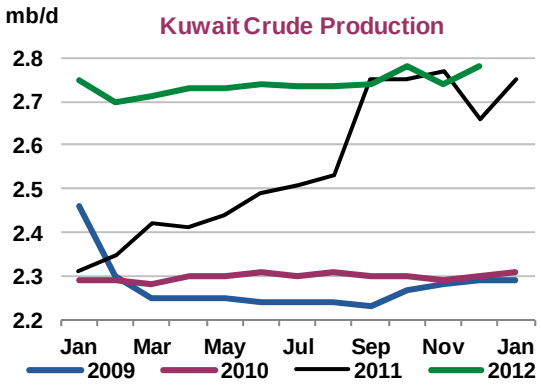


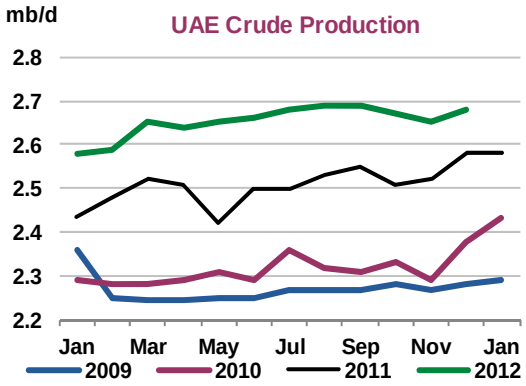


Iranian oil output in December was pegged at 2.70 mb/d, unchanged from the previous month. The sanctions-hit country saw 2012 production decline to an average 3 mb/d, the lowest level since 1990. Preliminary data show imports of Iranian crude in December declined by 250 kb/d, to 1.2 mb/d from an upwardly revised 1.45 mb/d in November. Japan and India reduced December imports by a combined 100 kb/d, to 160 kb/d and 150 kb/d, respectively. By contrast, South Korea and China both increased imports last month, to 250 kb/d and 450 kb/d, respectively. The US granted a second set of 180 day waivers to eight countries in December, including China. In early January, China reportedly signed a new term contract with Iran for 2013.

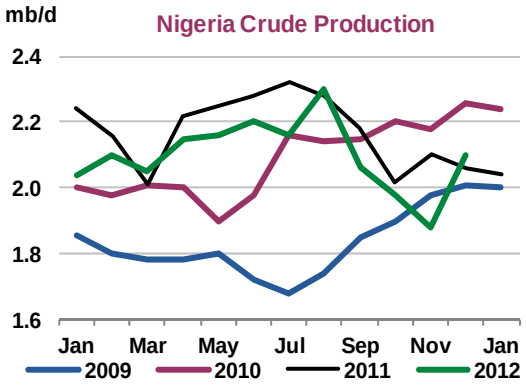
Kuwaiti production rose by 40 kb/d to 2.78 mb/d in December, bringing the full-year 2012 output to record levels. Average production in 2012 rose by 210 kb/d to 2.74 mb/d. Last year's increase follows a rise of 300 kb/d in 2011 stemming from debottlenecking at the Mina al-Ahmadi oil terminal, which enabled increased production from the giant Burgan oil field.

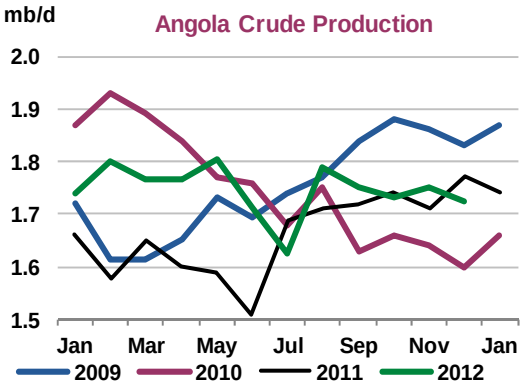
Production from the **UAE** edged up 30 kb/d to 2.68 mb/d while **Qatari** production was up a smaller 10 kb/d at 740 kb/d. The UAE's plans to increase production capacity from the current 2.8 mb/d to 3 mb/d have been delayed from 4Q12 to 1Q13 now.





Nigerian production rebounded in December following the end of the rainy season and severe flooding which sharply curbed output. *Force majeures* on Bonny, Forcados and Qua Iboe exports crudes were lifted in December. ENI also lifted its *force majeure* on Brass River crude 15 January, which had been in place since early November. A resurgence in sabotage and ensuing damage to infrastructure from illegal bunkering last year was behind the annual decline in Nigerian output, off 80 kb/d to an average 2.1 mb/d in 2012.



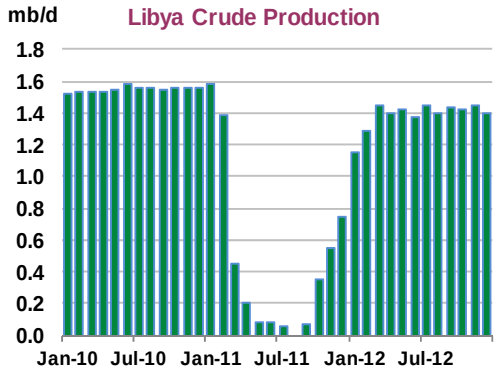


Crude oil output in **Angola** edged lower in December due to continued technical problems at some fields, down 25 kb/d to 1.73 mb/d. The decline was partially offset by the 6 December start-up of the BP-operated 150 kb/d PSVM fields. One field is reportedly in operation, averaging between 60-90 kb/d with the remaining fields expected to be connected to the platform in coming months.

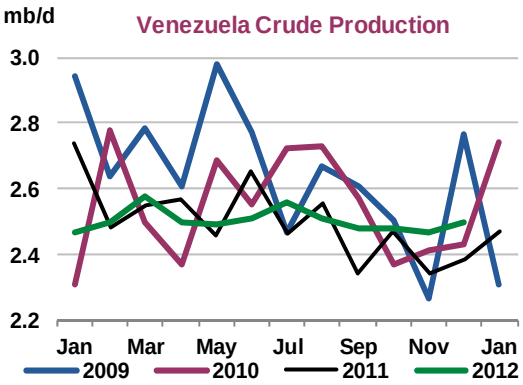
Algerian crude oil production was unchanged at 1.18 mb/d for December and for full-year down a marginal 15 kb/d to 1.17 mb/d. The 16 January kidnapping and murder of foreign oil workers at the In Amenas gas field has cast a dark cloud over the outlook for the country's energy sector. Production at the field was shut-in, including an estimated 50 kb/d of condensate. The In Amenas gas project is a joint venture partnering Statoil, the operator, BP and state-run Sonatrach. Japan's JGC engineering firm is also on site. The Islamist militants said the attack was in retaliation for French involvement in Mali, where the

government and French troops have launched an offensive against rebels that have taken over the northern region of the country.

Libyan production was off 50 kb/d, to 1.4 mb/d in December, due to striking workers. Exports have been curtailed by the strike action which forced the shut-in of production. The country's oil infrastructure has been targeted by protesters unhappy with the country's new government, elected last summer. Militia attacks also continue, with the latest targeting the Italian consul in Benghazi. Despite the precarious security situation, Libyan crude oil production recovered to an average 1.39 mb/d in 2012.



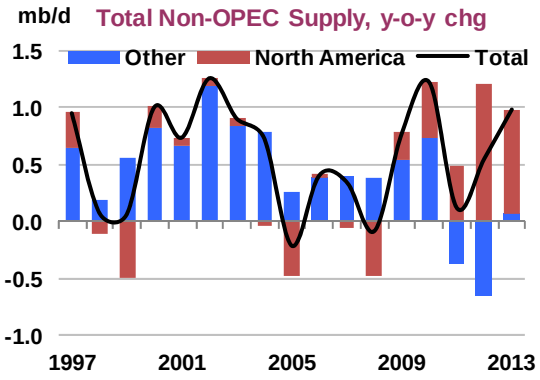
Venezuelan production in December rose by 35 kb/d to 2.5 mb/d. Oil production ebbed and flowed throughout the year in tandem with chronic operational problems at the country's four heavy crude oil upgraders, but overall full-year output was unchanged at an average 2.5 mb/d. President Hugo Chavez's worsening health condition has injected another level of instability into the outlook for the country's oil sector. Following his re-election to a new six-year term on 7 October 2012, Chavez's deteriorating health has caused a constitutional crisis. The president, still recuperating from surgery, could not be sworn in for another term on 10 January, but announced he would run the country from his hospital bed in Cuba. The country's constitution stipulates that new elections must be held within 30 days, but the current government has ruled Chavez is still in charge. The opposition is challenging this decision, which could potentially lead to an escalation in protests and civil unrest.

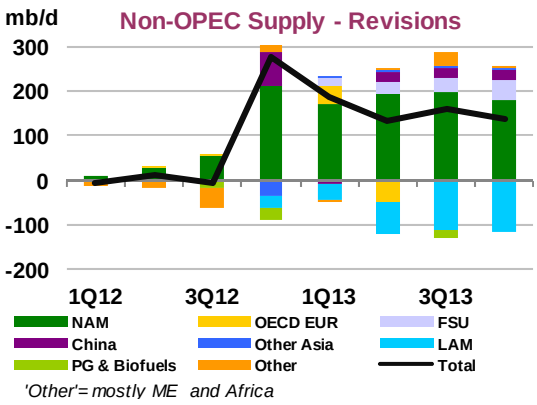


Non-OPEC

Non-OPEC supplies continue to show strong growth rates in 2012, and 2013 is expected to fare even better. Intense supply growth in North America is trumping systematic geopolitical and technical-related problems that continue to reduce supplies elsewhere, a trend that we see continuing through 2013. Based on the most recent estimates, non-OPEC supplies grew to 54.1 mb/d in 4Q12, around 870 kb/d higher than the prior year. Production was 1.2 mb/d higher in 4Q12 in North America but was offset by European output that was almost 500 kb/d lower than in 2011. The lingering impact of the dispute between Sudan and South Sudan dragged down non-OPEC supplies by a further 350 kb/d in 4Q12. North Sea production volumes rebounded by 135 kb/d in 4Q12 to 2.9 mb/d, but are still 14% below prior year levels.

Taking stock of 2012, non-OPEC production rose by 560 kb/d to a yearly average of 53.3 mb/d, around 400 kb/d less than predicted at end-2011. Although US production exceeded expectations by a wide margin, that was more than offset by reduced production from other regions, which fell short of forecast levels. Higher-than-expected growth from the US mitigated the lacklustre performance of the Middle East, Africa, and the North Sea. For 2013, non-OPEC output is forecast to increase by 1 mb/d to 54.3 mb/d, and we expect a reduction in unplanned outages this year. Some outages already have subsided. For example, in China, the Peng Lai field has returned to service and in the UK the Buzzard field is producing at capacity. Of course, 2013 will bring with it its share of unplanned and unpredictable outages elsewhere - the Brent pipeline system shut down in January is a case in point - but at this stage it is difficult to envision more acute outages in places like Syria, Yemen, and Colombia, and South Sudan. We also factor in a downward adjustment of roughly -500 kb/d to account for such unforeseen outages.





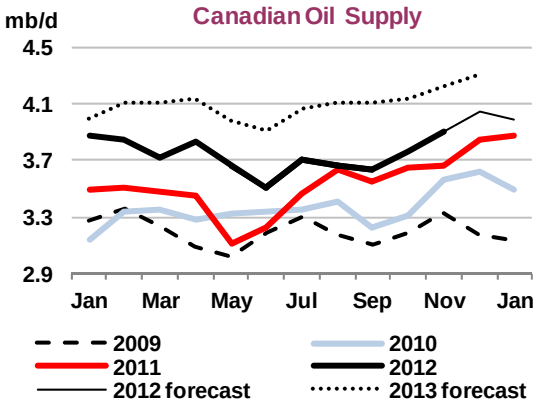
Upwards revisions outpaced downward revisions to non-OPEC supply this month and led to a 50 kb/d increase to the 2012 average supply growth estimate and a 150 kb/d upward adjustment for 2013. Higher-than-expected growth in the US in 2012 and 2013 was offset by lower-than-forecast Brazilian ethanol and Indian crude output in 4Q12 and an 80 kb/d reduction in Brazilian crude output in 2013.

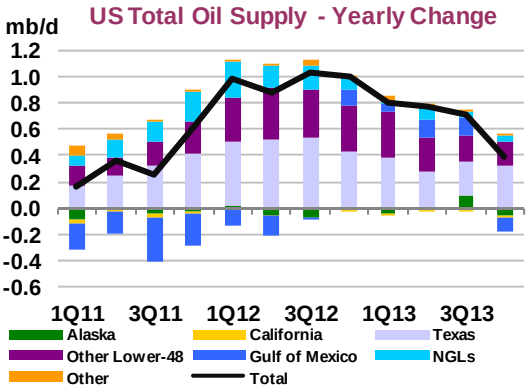
OECD

Americas

US – December preliminary, Alaska actual, other states estimated: US crude oil production grew by almost 900 kb/d y-o-y in December to 6.9 mb/d. Based on this preliminary estimate, 2012 output grew by a total of 780 kb/d to 6.4 mb/d. In addition to revisions to October estimates from EIA's *Petroleum Supply Monthly*, 1Q-3Q12 historical production data were also adjusted upwards slightly by around 30 kb/d based on EIA's revisions. For the week ending 4 January, EIA data showed that production reached over 7 mb/d, a level not seen for 20 years. In 2013, US crude output is forecast to grow by around 600 kb/d y-o-y to around 7.1 mb/d, 170 kb/d higher than previously estimated. Despite the headlines reporting lower rig counts in some tight plays in the US, producers are gaining knowledge

about their assets, resulting in efficiency gains and enabling them to drill more wells with fewer rigs. The Bakken (North Dakota) saw its first month-on-month decline of 10 kb/d to 670 kb/d in November 2012. Nonetheless, production there is expected to grow by 140 kb/d in 2013 to 740 kb/d, compared to growth of 240 kb/d in 2012. In the Eagle Ford, in-fill drilling success, improved drilling efficiency, and new NGL processing capability are projected to result in higher-than-expected output in 2H13. Eagle Ford crude production is expected to grow by over 320 kb/d in 2013, to around 900 kb/d, compared to annual growth of 350 kb/d in 2012.





Canada – October preliminary: Canadian oil production continued its upward trajectory in October, rising 170 kb/d to 3.8 mb/d from September. Rising output from oil sands projects in 4Q12 was partly offset by the effect of continuing maintenance at offshore projects in Eastern Canada, but at 3.9 mb/d, production remained 200 kb/d higher than 4Q11 levels. Last month, Syncrude Canada Ltd trimmed its production forecast for December due to the impact of cold weather on equipment but company data revealed little impact. Next year, the crude oil outlook has been reduced by 20 kb/d due to delays at some upcoming oil sands projects, and most importantly a new delay at the largest project to come online this year, Imperial's 110-kb/d Kearl bitumen project. Imperial recently announced that the project would be delayed for several weeks (the original start date was December 2012). We now expect first oil in late January. In contrast to other surface mining projects with dedicated upgraders, the operator will market the diluted bitumen to the mid-continent where it will compete with other heavy oil streams. Alternatively, the bitumen will be refined at Imperial and ExxonMobil's facilities in Ontario or in PADD II. Despite these adjustments to the 2013 outlook, output is still expected to increase by 330 kb/d to average 4.1 mb/d in 2013.

Mexico – December preliminary: Mexican production rebounded over the last two months to almost 3.0 mb/d in December from levels of around 2.9 mb/d in October. Mexican production has remained remarkably stable over the course of 2012, declining by only 20 kb/d to average 2.9 mb/d for the year. Ku-Maloob-Zaap (KMZ) production increased in each quarter this year to average 850 kb/d in 4Q12, and Cantarell's decline on an annual basis was maintained at -9%, in contrast to annual declines of over 30% in both 2008 and 2009. The latest monthly statistics also indicate that the Tsimin and Kuil fields (onshore in the south) have added about 25 kb/d since August to the country's output, which we have carried through the 2013 forecast. Because of these new field additions we have raised 2013 output by 40 kb/d to 2.8 mb/d, a 90 kb/d annual decline from 2012.

Up Against the Export Wall: Hurdles to US LTO Production Growth

Anybody with even a remote understanding of North American crude oil markets has become aware of the logistical hurdles facing future production growth, but the exact nature of those hurdles is less commonly understood. It is widely known that US light, tight oil (LTO) and Canadian oil sands -- which taken together account for the bulk of forecast North American production growth for 2013 and beyond – lack transport access to some growing markets which has kept their prices artificially depressed. A continued 'disconnect' between high-growth LTO and oil sands streams and international benchmarks could theoretically put further supply growth at risk, if the new barrels traded at a discount so deep as to make their production uneconomical. It is as if new production was running against a fast-approaching wall – a logistical wall or price wall – not unlike the so-called 'blending wall' facing ethanol output – in that case, the US gasoline market's limited ability to absorb incremental ethanol supply under current gasoline blending rules.

New pipeline and rail links are set to link rapidly increasing LTO and oil sands production with refining markets that had been geographically or economically out of reach beforehand. A first swath of new transport capacity opened up in mid-January with the start-up of a 300-kb/d expansion of the Seaway pipeline running from Cushing to the US Gulf, and there is more to follow over the course of 2013. Already, WTI prices have started to firm versus Brent. But the debottlenecking of transport capacity within North America and especially within the US may not in and of itself spell the end of LTO's market troubles. That is because of the North American refining market's ultimately limited appetite for incremental light, sweet oil supply. While new pipeline links, supplemented with increasingly efficient railroad links, will give producers short-term relief from depressed prices, at the end of the day US LTO production growth will need new export outlets. Under current legislation, however, US crude exports enjoy at best limited growth potential. In contrast with internal US pipeline capacity, which looks set to realign with production trends, export restrictions are becoming increasingly misaligned with the new marketplace reality. Given the twin constraints of finite refining capacity and legal limits on crude oil exports, pressure will be mounting to revisit the current regulatory regime and allow crude oil exports on a larger, less regulated scale.

Transport Constraints and Processing Capacity Raise Incentives to Export. Intra-US transport constraints and occasional shortages of processing capacity due to refiner turnarounds have put downward pressure on LTO prices. In some cases the resulting cut in producer netbacks has threatened the marginal barrel of crude production. Not only have transportation bottlenecks caused WTI at Cushing to trade at a widening discount to UK benchmark Brent, but price differentials for Canadian heavy crude, WTI at Midland, Texas and Bakken LTO prices at Clearbrook, Minnesota have chronically widened even further, often veering far below WTI Cushing prices.

New pipeline and rail capacity is set to open up in 2013 that will deepen the market reach of Midwestern supply and let incremental barrels move more freely to Gulf Coast refining hubs as well as to east and west coast refineries. First and foremost is the Seaway pipeline, which was reversed in 2012 with a capacity of 150 kb/d and just expanded to 400 kb/d in January. The line is expected to reach full capacity of 800 kb/d by 1Q14. All in all, more than 20 medium-sized or major pipelines are expected to come on stream this year. Most of those will run from the Midwest to Texas. Several will run from West Texas south to coastal refineries in South Texas, and new capacity will also link Texas to Louisiana refineries. WTI discounts to Brent already have started narrowing on news of the Seaway pipeline expansion, while coastal grades have weakened. However, new pipeline capacity, while a step in the right direction, will not bring LTO marketing problems to an end, as Gulf Coast capacity to absorb new light, sweet supply, even with blending, will not be limitless.

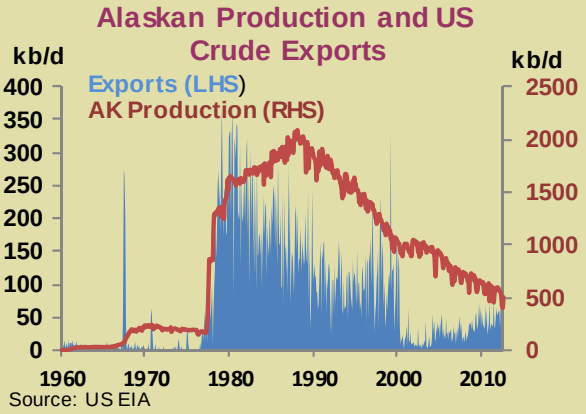
As shipping capacity to the Gulf Coast increases, however, light, tight oil barrels will compete for relatively limited refining capacity. Much of the Gulf Coast refining capacity is geared to process heavy, sour grades, which normally trade at a discount to light, sweet oil. Sophisticated, deep-conversion Gulf Coast plants are designed to extract maximum yields of high-value light products from that discounted feedstock, and have limited appetite for premium lighter grades. In the mid-continent, Bakken producers are likely to find better netbacks by selling their crude oil to eastern Canada and the US East Coast, rather than compete for takeaway capacity to Cushing and the US Gulf Coast, which will already be filled to the brim with Eagle Ford and Permian crudes. These incentives are likely to be amplified any time takeaway capacity becomes constrained or if processing capacity in the mid-continent and US Gulf Coast is less than planned.

Up Against the Export Wall: Hurdles to US LTO Production Growth (continued)

Existing Statute Limits Exports. While the need for export capacity is clear, US producers are hopelessly constrained in their capacity to export domestic crude. In the past, export regulations facilitated the export of Alaskan crude oil to Canada and abroad. Crude exports are governed by the Export Administration Act (EAA) of 1979, which allows the US President to prohibit or curtail the export of commodities, namely crude oil, determined to be in "short supply." The most comprehensive summary of the existing statute is found in the Export Administration Regulations (EAR), Section 7.[1] This statute is the result of a series of Congressional Acts, Executive Orders, and subsequent amendments. Under current regulations, exports of crude oil produced in the US require a license from the Bureau of Industry and Security (BIS), a branch of the US Department of Commerce. BIS will generally review and approve the application to export crude oil[2] as long as it is consistent with the national interest and purposes of the Energy Policy and Conservation Act of 1975. Criteria and stipulations are set forth in the Code of Federal Regulations (C.F.R.) Title 5, Part 754.2 and are also discussed in the EAR. Such licenses are routinely granted for crude oil that falls within several categories, including:[3]

- Exports from Alaska's Cook Inlet (unless via a federal right-of-way)
- Exports to Canada for consumption or use therein, with the exception of Alaskan crude sent via the Trans-Alaskan Pipeline (where the policy is to approve applications for an average of no more than 50 kb/d for consumption or use in Canada)
- Exports of Alaskan North Slope oil, unless there has been a national interest determination to the contrary
- Exports of California heavy crude oil, up to 25 kb/d
- Exports in connection with refining or exchange of oil in strategic reserves
- Exports that are consistent with findings made by the President under an applicable statute

Alaskan North Slope crude does not require a license. Domestically produced crude oil, transported via federal rights of way (granted under the Mineral Leasing Act of 1920[4]) requires a license but may be exported under certain conditions. The exports must be licensed under the EAR; must not reduce the total quantity or quality of petroleum refined within, stored within, or legally committed to be transported to and sold within the US; must be in the national interest; and be in agreement with the EAA. BIS must also determine if the export or exchange would otherwise lower refiner acquisition costs within 3 months time.[5] Unless the export of crude is explicitly described in the regulations cited above, a person or entity may undertake transactions subject to the EAR without a license or other authorization. For example, crude and lease condensate produced on state lands and moved to port by means other than inter-state pipelines, would not be restricted.



If BIS grants a crude export license, it is valid for one year from date of issue and for a specific dollar value, as opposed to a specific quantity of crude oil.[6]

[1] Legal Authority Export Administration Regulations (EAR). 17 November 2011. Accessed online at http://bis.doc.gov/policiesandregulations/ear/legal_authority.pdf.

[2] Crude oil is defined as a mixture of hydrocarbons that existed in liquid phase underground and remains liquid at atmospheric pressure after passing through surface separation facilities and which has not been processed through a crude distillation tower. Also included is lease condensate.

[3] Authority granted in 15 CFR 754.2. Other restrictions exist concerning strategic stocks, export of foreign-origin crude oil, and exports that are consistent with international emergency supply requirements, which are unlikely to have a long-term market impact and are outside of the scope of this analysis.

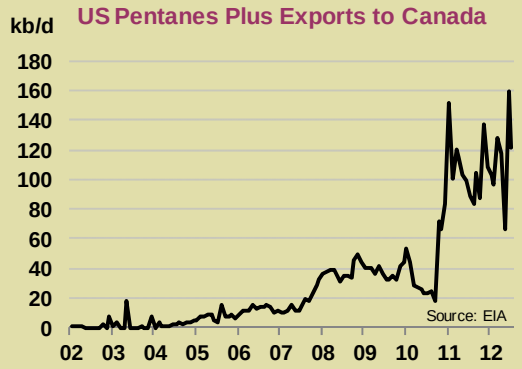
[4] Mineral Leasing Act, Section 28(u).

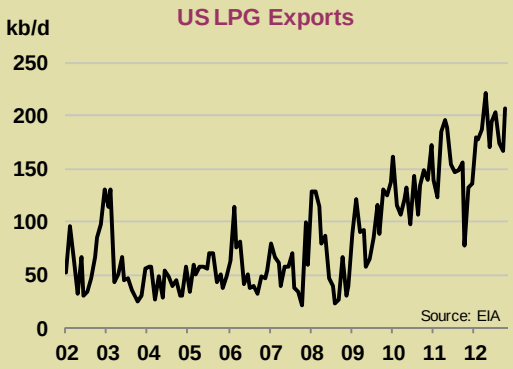
[5] Legal Authority Export Administration Regulations (EAR).

[6] "Market Implications of Increased Domestic Production of Light Sweet Crude Oil." *This Week in Petroleum*. US Energy Information Administration, 28 November 2012.

Up Against the Export Wall: Hurdles to US LTO Production Growth (continued)

US Crude Exports to Canada on the Rise. Despite the relatively cumbersome nature of US crude export regulations, exports to Canada have been on the rise. Both Canada, and Mexico for that matter, benefit from free trade agreements with the US. Crude exports to Canada averaged 50 kb/d in 2011 and 60 kb/d between January-and October 2012. Around 85% of these exports have come from PADD II, the location of North Dakota's prolific Williston Basin and Bakken play. Exports totalled around 70 kb/d in October 2012 based on the latest EIA data. Exports of light, sweet Bakken crude flow via Enbridge Inc's Lakehead pipeline to the Sarnia, Ontario refining and petrochemical hub. The 300-kb/d Irving oil refiner at Saint John, New Brunswick, is taking railcars of Bakken crude to replace more-expensive seaborne supplies. Valero also recently noted that its 265 kb/d St. Romuald refinery in Quebec could run 90% light crude, and has reportedly received an export license from BIS to facilitate the export of Eagle Ford crude at a cost of around $1.50-2.00/bbl. On balance, the extent to which new crude and condensate volumes flow to Canada will depend first on oil sands' operators demand for diluent, which will clearly rise in the coming years, and on the competitiveness of these crudes at the refinery gate, net of transport costs, with their existing, largely Brent-priced import slate.





Plant Condensate and LPG Exports Provide an Outlet. The export restrictions described above specifically include "lease condensate" in the definition of crude oil. Lease condensate cannot be exported because it has not been processed. Pentanes Plus, on the other hand, which include natural gasoline or plant processed condensate, on the other hand, are not constrained by an export restriction. These hydrocarbons are mostly being sent to Canada to be used as a diluent for oil sands marketing and transport. Pentanes Plus exports have surged in the last two years, from 20-40 kb/d from 2008-2011 to over 100 kb/d over the past year.

These exports are occurring because of fast-rising production growth in Canadian oil sands, where shippers use pentanes plus to move heavy bitumen via pipelines. Looking forward, there might be particular pressures to remove lease condensate from export restrictions, so as to let producers tap the fast growing Canadian market, where lease condensate could be processed in Canada. In the absence of such exceptions, ethane and propane, derived from condensate, could be targeted for exports. US exports of LPG, mostly propane, have more than tripled since 2008 to 206 kb/d in October. So far Mexico and other Central and Latin American countries have been the main market, though US propane is also shipped to the Netherlands and elsewhere. In the future, however, ethane and propane could find growing markets in Asian and European petrochemical plants. The *MTOMR,* published in October 2012, projected that Asian ethylene demand will rise by almost 20% by 2017. Africa is also a growing market for LPG, used as a cooking fuel to replace traditional biomass, among other purposes.

Up Against the Export Wall: Hurdles to US LTO Production Growth (continued)

Major Selected Crude, Condensate and Diluent Pipelines to Canada

Pipeline	Operator	Type	From	To	Planned Cap (kb/d)	Target Date
Enbridge Mainline North Dakota	Enbridge	Crude	Plentywood, MT	Clearbrook, MN	210	In service
Enbridge Line 5	Enbridge	Crude/Condensate	Superior, WI	Sarnia, ON	490	In service
		Crude/Condensate	**Superior, WI**	**Sarnia, ON**	**+50**	**1Q 2013**
Portland Montreal	PMPL	Crude	Portland, ME	Montreal, QC	602	In service
Enbridge Line 6B	Enbridge	Crude	Griffith, IN	Sarnia, ON	240	In service
		Crude	**Griffith, IN**	**Stockbridge, MI**	**+260**	**2013/2014**
Enbridge Line 7	Enbridge	Crude/Condensate	Sarnia, ON	Westover, ON	150	In service
Enbridge Line 65	Enbridge	Crude	Cromer, Manitoba	Clearbrook,MN	185	In service
Southen Lights	Enbridge	Dilluent	Manhattan, IL	Edmonton, AB	180	In service
Toledo	Enbridge	Crude	Stockbridge, MI	Oregon, OH	100	In service
Enbridge Line 79	**Enbridge**	**Crude**	**Stockbridge, MI**	**Romulus, MI**	**80**	**1Q 2013**
Enbridge Bakken Expansion	Enbridge	Crude	Beaver Lodge, ND	Cromer, MB	25	In service
	Enbridge	**Crude**	**Beaver Lodge, ND**	**Cromer, MB**	**+120**	**1Q 2013**
Enbridge Line 9A reversal	**Enbridge**	**Crude**	**Sarnia, ON**	**Westover, ON**	**50**	**1Q 2013**
Enbridge Line 9B reversal*	**Enbridge**	**Crude**	**Westover, ON**	**Montreal, QC**	**250**	**2014**
Bakken North Pipeline*	**PAA**	**Crude**	**Williston, ND**	**Regina, SK**	**75**	**2Q 2013**
High Prairie	**Saddle Butte**	**Crude**	**Alexander, ND**	**Clearbrook, MN**	**150**	**4Q 2013**
Cochin reversal	**Kinder Morgan**	**Dilluent**	**Windsor, ON**	**Fort Saskatchewan, AB**	**95**	**3Q 2014**
Sandpiper*	**Enbridge**	**Crude**	**Tioga, ND**	**Superior, WI**	**225**	**2015/2016**

* Project awaiting approval or only proposed

Source: CAPP, Deutsche Bank, ND Pipeline Authority, Company data

Are Refiners Constrained in How Much They Can Process? Exports of refined products are not restricted in any way under US law, though recently there have been legislative efforts to extend crude export restrictions to products. In the last few years, the refining industry has in effect become a conduit for crude oil exports, allowing rising US crude production to be exported in product form. In just a few years, the US has transformed itself from the world's top product importer to its second largest product exporter, surpassed only by Russia. US product exports have averaged 3.1 mb/d from January to October 2012, compared with 2.9 in 2011 and just 1 mb/d in 2005. On a net basis, the numbers are even more impressive, showing that the US exported 900 kb/d of oil products so far this year, compared with net imports of 2.5 mb/d of refined products in 2005. The US refining industry has become a highly competitive export industry, benefitting from the twin strength of 'advantaged' crude – LTO and other feedstock trading at a deep discount to international benchmarks -- and some of the lowest natural gas prices on the planet. US refiners use natural gas as a refiner fuel and to produce hydrogen used in refinery processing. Refining utilization rates have streely risen recently. US refinery utilization rates were estimated at 89% in December, a level normally seen in the summer months.

Effective as it may have been as a way to leverage US crude production growth in international markets, the US refining industry has limited capacity to absorb incremental production of light, sweet oil. The imminent restart of Motiva's new 325 kb/d crude unit at its Port Arthur refinery in Texas could lift US throughput, but the refinery is geared to heavy grades. Beyond the Motiva expansion, the US is set to add very little crude distillation capacity before 2018, limiting longer term growth in product exports. The Motiva expansion will also partly offset the closure of Sunoco's Marcus Hook refinery and a partial shutdown of Flint Hill's North Pole refinery in Alaska in 2012. Another 200 kb/d of distillation capacity is being added before 2018, through several smaller expansion and upgrading projects. In all, US refining capacity is expanding by a net 285 kb/d

from 2012 to 2017. With utilisation rates already trending near record highs, there seems to be little room for further gains in utilisation. Also in Canada there is little spare capacity to process additional crude volumes. Current throughput rates are averaging around 1.7 mb/d, compared to nameplate capacity of some 1.9 mb/d.

Objections to and opportunities for exports. Policymakers will have to balance growing producer incentives to export crude with existing law that governs US resources in "short supply" as set forth in the Export Administration Act. Producers may find a dwindling market for their crude in Gulf Coast refiners, who invested heavily in conversion capacity over the last 20 years, and whose appetite to undergo reconfiguration will be determined by their profitability. Running increasing amounts of blended LTO and heavier crudes would mean lower yields of middle distillates and reduced operating rates of some

Up Against the Export Wall: Hurdles to US LTO Production Growth (continued)

sophisticated units that are designed to convert low-quality crude into high value products.[7] Much will inevitably depend on each refiner's configuration, feedstock prices (especially the relative prices of mid-continent crudes, coastal crudes like LLS, and Brent), and refined product demand outside the US. US refiners are already supplying around a quarter of Mexico's product demand (around 1.2 mb/d) and half of Brazil's imports (450 kb/d), and these volumes are poised to grow. From an economic perspective, changing patterns of comparative advantage in crude production would suggest a shift in trade patterns, with winners and losers depending on the sector.

Opportunities for swaps could arise if certain providers of heavy crude into the US would be willing to exchange their heavy crude in kind for LTO supplies that they could supply elsewhere on the world market. BIS would have to determine that such a swap would result in "equal or better quality of crude oil" for the US. Light crude exchanged in kind for light product might also be conceivable as long as the quantity and quality of products is not less than the quantity and quality of commodities that would be derived from refining that same crude oil at home.[8]

Outlook. Despite a slew of recent announcements that will facilitate the movement of more crude from the Bakken to the East and West coasts of the US, current export restrictions limit large-scale exports and are influencing North American crude benchmark prices. Yet US policymakers, concerned about energy security or possible domestic crude price impacts, have expressed their reluctance to relaxing export restrictions. Thus, large legislative changes seem unlikely in the short term, and we are likely to see instead work-arounds such as crude/product swaps and/or an expansion of condensate exports. We may also see continued intra-US infrastructure built to allow LTO from the Eagle Ford, Bakken, and Permian plays to move to areas where light, sweet crude remains a staple of the refining feedstock slate, predominantly the East Coast. Brent-priced crudes are likely to continue to compete for East and West coast refining slates. And despite rising LTO supplies, US imports from foreign suppliers with refining and marketing assets in the US, like Saudi Arabia, Mexico and Venezuela, will likely to want to keep their market share. But this relationship opens opportunities for in kind swaps within current regulations and could increase pressure on BIS to facilitate such transactions on a large scale.

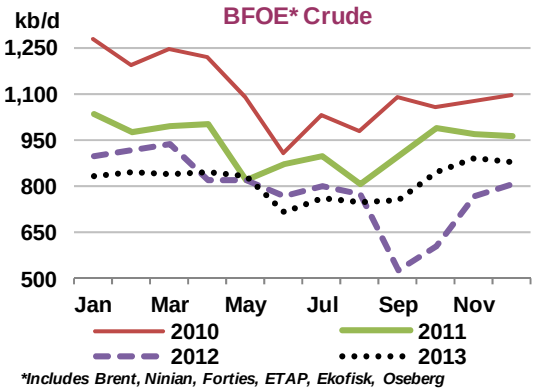
There is more to this story than BIS's role. Shipping reform, including a potential overhaul of the Jones Act[9], the expansion of existing Gulf Coast-to-East coast pipelines, and a change in the refining slates are just a few ways in which rising LTO volumes could avoid or delay crashing into the export wall. This analysis is a work in progress, and we will continue to leverage our existing upstream, midstream, and downstream analytical capacity to understand how these developments in North America impact global oil markets. What seems already clear, though, is that policy and regulatory reform may loom as large in future North American production as geological resources and technology. Like everywhere else, production risk in North America is both below ground and above ground.

[7] Ibid.
[8] 15 C.F.R. § 754.2 (b) (2) (A).
[9] The Jones Act requires that cargo transported by water between US locations must be carried in US built vessels., owned and staffed by US citizens. The 1920 law was enacted in response to a surplus of US built cargo ships leftover from World War I. Jones Act ships are said to be significantly more expensive than foreign-built ships.

North Sea

North Sea production volumes rebounded sharply by 135 kb/d in 4Q12 to 2.9 mb/d, but are still 14% below prior year levels. Brent-Forties-Oseberg-Ekofisk (BFOE), whose output constitutes the stream underlying the North Sea Dated price, also rebounded sharply in the fourth quarter to average 730 kb/d after dipping to 700 kb/d in 3Q12. In 1Q13, output from BFOE is expected to average 810 kb/d, around 100 kb/d lower than the prior year. Loadings indicate that output is exceeding expectations, with cargoes from January being advanced to February.

UK — November preliminary: Production rebounded to 910 kb/d in November after falling to a record low of 620 kb/d in September 2012. For 2012 as a whole UK liquids output fell by almost 15% but a smaller decline of 10% is envisaged in 2013. As noted previously, a gas leak at the Taqa-operated North Cormorant platform led to the shutting in of the Tern and Eider platforms at the end of November. The December *OMR* reduced its forecast of output from these three fields by around 20 kb/d. On January 14, Taqa announced that an oil leak at an integrated facility, Cormorant Alpha, led to the closure of the 100 kb/d Brent pipeline system. The Brent system produced around 80 kb/d in October. Other fields shut in according to Taqa include Thistle, North Alwyn, and Murchison. Taqa has indicated that they expect flows on the Brent pipeline system to resume shortly, though Cormorant Alpha and integrated fields are likely to remain shut in. We have assumed that output will remain lower through the beginning of February.

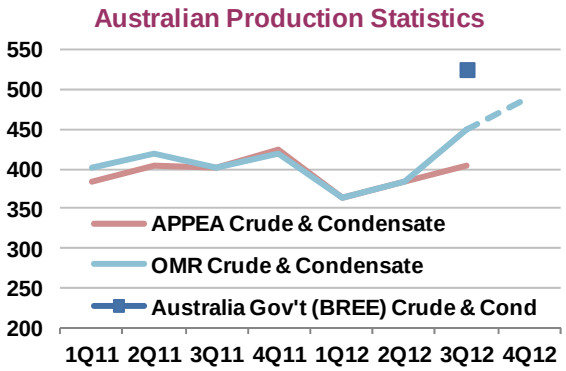


Production is forecast to fall by around 10% (100 kb/d) in 2013, taking into account planned maintenance and other continued outages. The Buzzard field is expected to undergo a week-long turnaround in the first week of March. Also, the Schiehallion field is expected to be shut for around three years beginning in 2013. This maintenance had not been explicitly included in prior forecasts and is the reason for a 30 kb/d downwards revision. In addition, the Elgin and Franklin fields remain offline until at least 2Q13. Looking ahead, the biggest field addition in 2013 will be the Huntington field, which is expected to start in 2Q13 and reach 20 kb/d in the second half of 2013.

Norway — December preliminary: Oil output continued to rebound in December to 1.9 mb/d from record lows of 1.5 mb/d reached in September. Supplies remained lower due to planned maintenance and technical problems at Morvin, Njord, Tordis, Visund, and Asgard. BP's Skarv field finally came online in January several months later than planned, but in line with prior expectations. We assume the field will reach levels of around 70 kb/d by 4Q13. Output from the Troll field exceeded expectations in October, reaching 140 kb/d. The Valhall and Ula fields remained offline at the end of 2012, an outage that also affected other small fields in the area. Valhall is scheduled to resume in early January, and Ula is already operating after a leak forced a shutdown.

OECD Asia

Australia: Australian liquids production is estimated at 480 kb/d in 4Q12, around 60 kb/d higher on an annual basis and 40 kb/d higher than production during the prior quarter. Elevated production from the Pyrenees and Stybarrow fields, especially in October supported the increase. We estimate that Pyrenees production has reached close to the capacity of the FPSO, or around 90 kb/d. With production to be impacted



by both the start of the cyclone season and a five-month-long maintenance at the 40-kb/d Vincent field, Australian oil production is expected to fall by around 150 kb/d, to 350 kb/d in 1Q13. Already in January, Cyclone Narelle caused BHP Billiton to shut in production at the Stybarrow and Pyrenees fields. Woodside and Apache also noted that FPSOs connected to Cossack, Enfield, and Van Gogh were disconnected for several days.

Recent government statistics from Australia's Bureau of Resources and Energy Economics (BREE) show a 100 kb/d increase in crude and condensate output from July to October 2012 (the most recent month for which data are available), while production statistics from industry groups Australian Petroleum Production and Exploration Association (APPEA) and EnergyQuest show no such increase. In the past, the IEA has relied on BREE statistics, which it continues to use through 2Q12, and cross-checks them with industry data from APPEA and EnerQuest for statistical accuracy. For 3Q12, however, government and industry statistics diverged by more than 100 kb/d. For purposes of the balance in the Oil Market Report, we estimate that production averaged somewhere in between industry and government figures. In the upcoming months, we hope that APPEA, EnergyQuest, and BREE will be able to resolve the statistical discrepancy.

Non-OECD

Former Soviet Union

Russia – November preliminary: In 2012Russian oil production averaged 130 kb/d (or 1.2%) higher than 2011, in line with end-2011 expectations. December's production fell by 60 kb/d from the prior month to 10.8 mb/d. We continue to forecast a slight decline (-70 kb/d) in production in 2013 to 10.7 mb/d. EOR at legacy assets or brownfields as well as rising natural gas condensate volumes are projected to contribute to production increases by some companies in 2013, as long as prices remain at current levels. The Vankor field is expected to reach roughly 470 kb/d by end-2013, which would be around 60 kb/d higher than current levels. Output expectations are raised slightly due to higher output at the TNK-BP's Uvat group of fields, which are planned to increase from 140 kb/d to 200 kb/d in the medium term. The company recently indicated it would bring on two new fields at the new Tyamkinsky hub of the group in 2013 at Yuzhno-Petjegovskoe and Radonezhskoe, helping to raise Uvat's output to 150 kb/d by 2015. Existing production comes from the Eastern Hub of Uvat.

FSU Net Exports of Crude & Petroleum Products

(million barrels per day)

	2010	2011	4Q2011	1Q2012	2Q2012	3Q2012	Sep 12	Oct 12	Nov 12	Latest month vs. Oct 12	Latest month vs. Nov 11
Crude											
Black Sea	2.10	1.93	1.87	1.83	1.88	1.74	1.70	1.76	1.83	0.08	-0.21
Baltic	1.60	1.50	1.37	1.48	1.75	1.78	1.94	1.87	1.70	-0.17	0.02
Arctic/FarEast	0.74	0.67	0.65	0.62	0.62	0.64	0.69	0.65	0.73	0.08	0.13
BTC	0.77	0.70	0.69	0.73	0.68	0.64	0.61	0.57	0.59	0.02	-0.02
Crude Seaborne	**5.22**	**4.80**	**4.58**	**4.66**	**4.93**	**4.80**	**4.95**	**4.85**	**4.86**	**0.01**	**-0.08**
Druzhba Pipeline	1.13	1.17	1.18	1.24	1.11	0.98	1.01	1.00	0.97	-0.03	-0.27
Other Routes	0.42	0.53	0.54	0.51	0.49	0.53	0.54	0.54	0.53	-0.01	0.04
Total Crude Exports	**6.76**	**6.50**	**6.30**	**6.42**	**6.53**	**6.31**	**6.50**	**6.39**	**6.36**	**-0.03**	**-0.32**
Of Which: Transneft[1]	4.00	4.18	4.09	4.18	4.35	4.24	4.36	4.29	4.07	-0.22	-0.41
Products											
Fuel oil[2]	1.54	1.58	1.59	1.61	1.81	1.83	1.78	1.49	1.79	0.30	0.29
Gasoil	0.88	0.77	0.72	0.88	0.75	0.76	0.75	0.66	0.86	0.20	0.17
Other Products	0.43	0.43	0.36	0.43	0.41	0.45	0.48	0.45	0.50	0.05	0.22
Total Product	**2.85**	**2.77**	**2.66**	**2.92**	**2.97**	**3.04**	**3.01**	**2.60**	**3.15**	**0.55**	**0.68**
Total Exports	**9.61**	**9.27**	**8.96**	**9.33**	**9.50**	**9.35**	**9.51**	**8.99**	**9.51**	**0.52**	**0.36**
Imports	0.07	0.08	0.10	0.12	0.06	0.08	0.08	0.08	0.07	-0.01	0.00
Net Exports	**9.54**	**9.19**	**8.86**	**9.21**	**9.44**	**9.27**	**9.43**	**8.92**	**9.44**	**0.53**	**0.36**

Sources: Argus Media Ltd, IEA estimates

[1]Transneft data exclude Russian CPC volumes.

[2]Includes Vacuum Gas Oil

FSU net exports increased 0.5 mb/d to 9.4 mb/d in November after refiners returned from maintenance and raised product shipments by a lofty 550 kb/d. Fuel oil and gasoil volumes were hiked by 300 kb/d and 200 kb/d, respectively. Meanwhile, 'other products' rose by 50 kb/d, likely after healthy domestic gasoline demand tempered exports. Conversely, the end of refinery maintenance also lifted Russian refinery throughputs, thus reducing Transneft crude shipments by 220 kb/d. However, total FSU crude exports only fell by 30 kb/d on the month after offsetting rises elsewhere, notably through the CPC pipeline (+150 kb/d m-o-m) and from Sakhalin Island (+40 kb/d m-o-m).
Kozmino exports rose to a new record of 400 kb/d (+90 kb/d m-o-m), boosted by the commissioning of the ESPO-2 pipeline to transport previousl- railed volumes to the port. Loading schedules indicate that volumes are set to remain at this level into 1Q2013. Looking into 2013 and beyond, it is anticipated that until a number of frontier Eastern Siberian fields are connected to the Transneft network, Western Siberian oil is likely to be diverted away from other outlets in order to fill the expanded ESPO line. Indeed, in November only 700 kb/d of crude was delivered to Black Sea outlets via the Transneft network, reportedly the lowest in 10 years and a significant 130 kb/d below a month earlier.

Elsewhere, a 130 kb/d fall at the new Ust Luga port lowered Baltic shipments by 170 kb/d. Druzhba deliveries inched down by 30 kb/d to 970 kb/d, a noteworthy 270 kb/d below a year earlier. Despite this and as anticipated in last month's report, Druzhba deliveries to the Czech Republic rebounded to a more normal 85 kb/d in November after refiners there were unable to secure cheaper supplies elsewhere.

Middle East

In **Yemen**, news reports indicated that the 110-kb/d Marib pipeline was sabotaged on 10 January after operating at a reported rate of 70 kb/d for about 10 days. Repairs reportedly only took two days. We have not changed our view on Yemen and assume no major improvement of the overall output situation in 2013, compared to 2012, with output staying at around 180 kb/d (including NGLs). That said, the government reportedly reached an agreement with the tribal chiefs to stop such attacks in return for a cessation in air strikes, but there are doubts that the truce can hold.

Africa

Sudan and South Sudan: A presidential summit between the two leaders with the African Union during the first week of January led to a joint summit statement reaffirming some of the states' prior promises including the institution of a buffer zone between their disputed border. Negotiations continued two weeks later on the development of a "matrix" that will include a time frame for the implementation of all agreements. Successful implementation of the matrix is being linked to the resumption of oil exports. As this matrix is likely to take time to agree and then time to implement, we take a more pessimistic view than last month on the actual timing of the restart, and now assume that wellhead production could begin in April. On the positive side, Sudan's production volumes have been revised up slightly for 2012 and 2013 based on the reported start of the CNPC subsidiary operated 10-kb/d Hadida field (in Block 6) and the al-Najma field (in Block 17), which is expected to come online in January. Assuming an April production restart in South Sudan, output from Sudan and South Sudan is expected to average 200 kb/d in 2013, in contrast to only 110 kb/d in 2012.

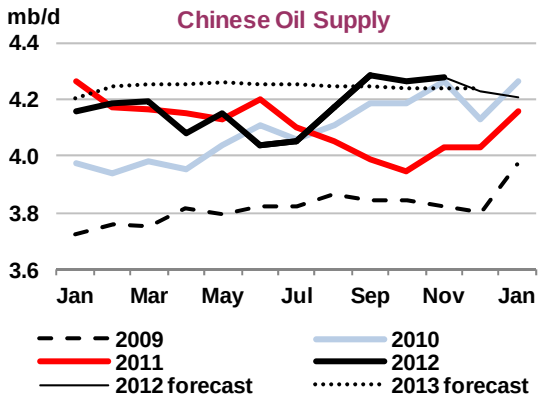
Latin America

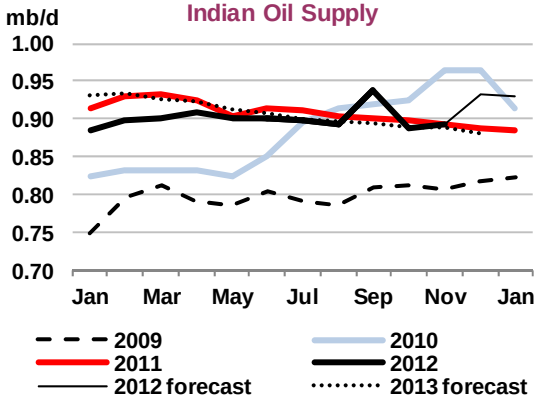
Brazil – November preliminary, October actual: Brazilian crude output has bounced back to 2.04 mb/d in November, on par with levels seen in 2Q12, after maintenance reduced output to 1.92 mb/d in September. The addition of the FPSO Cidade de Anchieta (with nameplate capacity of 100 kb/d) at the Baleia Azul field and first oil at Sapinhoá are also projected to lift output in 4Q12 and in 2013. Despite new field additions, we have revised downward our estimates for Brazilian crude production in 2013 for three reasons. First, announcements of planned maintenance at Roncador's P-53 platform in February and at the P-40 plaform at Marlim Sul in April will likely reduce output at the fields in 1H13. Second, we expect that Petrobras' efficiency program (called PROEF), while likely to sustain legacy output in the medium term, will cause short-term downtime while this work is underway. Finally, we anticipate a delay

to the restart of production from the Frade field until at least August, and first oil from the Papa Terra field is now not expected until 1Q14. These developments are expected to reduce output levels in 2013 by 80 kb/d to 2.2 mb/d, which is still 120 kb/d higher than 2012 levels.

Asia

China – November preliminary: Oil output inched up by 20 kb/d to 4.3 mb/d in November from upwardly revised October figures. With Peng Lai 19-3 and other Bohai Bay reportedly back online, output in 4Q12 is seen 250 kb/d higher, on an annual basis, at 4.3 mb/d. Some reduction is expected in the first months of 2013 with ice disrupting output and logistics at four offshore fields. The icy conditions are expected to continue until early February according to Chinese meteorological sources. In the medium term, output at Peng Lai 19-3 and 25-6 is expected to increase further with the Chinese government's recent approval in January of operator CNOOC's second phase. According to media sources, the second phase for the Peng Lai fields consists of five well-head platforms, central processing facilities and an FPSO.





India – November preliminary: After an unexplained lull in reporting in October, the latest Indian production statistics showed no dramatic divergence from 2Q12 levels of around 890 kb/d in October and November 2012. While production jumped briefly in September, new well underperformance at Mumbai High offshore and higher water cuts at other facilities led to lower-than-expected production from ONGC in November. We remain optimistic that production will stay at 900 mb/d in 2013. Upside potential exists in Cairn's Rajasthan project that will offset declines elsewhere in India. The government just approved the second part of the project's field development plan that will increase total ouput to around 300 kb/d in the medium term. In the short term, the company forecast a 70 kb/d increase in output over the course of 2013 after a 40 kb/d increment (at the Bhagyam field) came online in 2012. This would bring the project's production rate to average 240 kb/d in 2013. However, as a result of the long delay for approval of the second phase, we conservatively expect these levels to not be seen until after 2013.

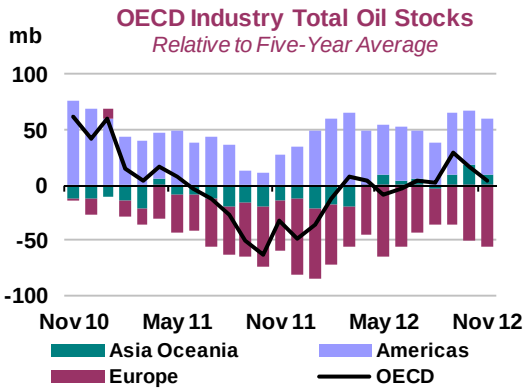
OECD STOCKS

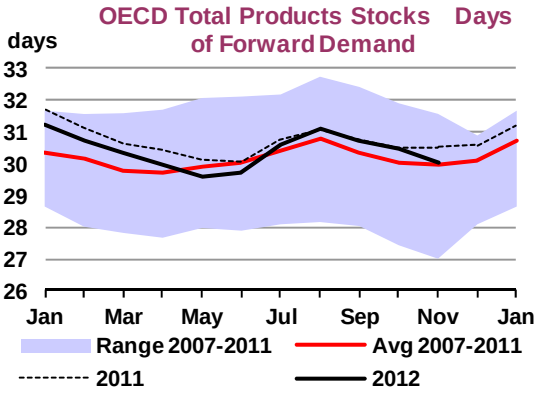
Summary

- **OECD commercial oil inventories drew by 18.7 mb to 2 693 mb in November** led by a further drop of 11 mb in middle distillate stocks, extending earlier declines. Winter stocks of heating fuels look tight, especially in the OECD Americas region.

- **On a forward demand basis, total products cover fell by 0.5 days to 30 days in November**. Final data show product stocks down 26.7 mb in October, almost 10 mb more than estimated in last month's *Report*.

- **Preliminary data point to a further 18.4 mb decline in OECD commercial oil inventories in December**, driven by crude oil.





OECD Inventory Position at End-November and Revisions to October Data

OECD commercial oil inventories fell by 18.8 mb to 2 693 mb in November, more than three times the average draw of the last five years for that month. Their surplus to the five-year average shrank to 4 mb, compared to October's downwardly revised excess of 17 mb.

As in previous months, inventory patterns varied greatly by region. Stocks in OECD Americas and OECD Asia Oceania remained above their five-year average, with surpluses of 51.9 mb and 8.5 mb, respectively. In contrast, the deficit in OECD Europe inventories widened by 6 mb, to 56.4 mb. On a product-by-product basis, crude oil inventories stood 36.4 mb above their five-year average, with the bulk of the overhang in OECD Americas. On the other hand, total products stocks showed a deficit of 38.1 mb to their five-year average that spanned all product categories bar 'other products'. Middle distillates led the drop with a 10.9 mb draw that widened their deficit to the five-year average by a steep 15 mb to 57 mb, well below last year. 'Other products' inventories declined by 7.5 mb. The deficit in total product inventories spanned all OECD regions.

On a forward demand basis, OECD total product inventories covered 30 days at end-November, down 0.5 days on the month. Final data show stocks drew by 26.7 mb in October, 9.9 mb more than estimated in last month's *Report*. Inventories were revised downwards by 12.5 mb for OECD Europe and by 6 mb for OECD Americas, but raised by 8.7 mb for OECD Asia Oceania. On a product-by-product basis, downwards adjustments of 13.9 mb for total products – led by a 7.2 mb downward revision in 'other oils' – more than offset an 11.3 mb upward adjustment in crude oil.

Revisions versus 12 December 2012 Oil Market Report

(million barrels)

	Americas		*Europe*		*Asia Oceania*		*OECD*	
	Sep-12	Oct-12	Sep-12	Oct-12	Sep-12	Oct-12	Sep-12	Oct-12
Crude Oil	**1.0**	**-2.5**	**3.4**	**5.2**	**0.0**	**8.6**	**4.4**	**11.3**
Gasoline	-0.2	-2.8	-2.6	-5.1	-0.1	-0.1	-2.8	-8.0
Middle Distillates	0.9	-0.3	0.6	-5.2	0.3	-0.2	1.8	-5.8
Residual Fuel Oil	0.7	0.1	-1.1	0.7	-0.2	-0.3	-0.7	0.5
Other Products	1.2	5.3	-3.7	-6.8	1.5	0.8	-1.0	-0.6
Total Products	**2.6**	**2.3**	**-6.8**	**-16.4**	**1.5**	**0.2**	**-2.7**	**-13.9**
Other Oils[1]	-0.6	-5.8	-0.4	-1.3	0.0	-0.1	-1.0	-7.2
Total Oil	**3.0**	**-6.0**	**-3.9**	**-12.5**	**1.5**	**8.7**	**0.6**	**-9.9**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

Preliminary data point to a further 18.4 mb decline in OECD commercial oil inventories in December. If confirmed, that draw would be weaker than the five-year average decline of 39.7 mb for that month, bringing the stock overhang to 25 mb versus seasonal levels. Crude oil drew by 24.6 mb, more than offsetting a 6.6 mb build in total products. Motor gasoline inventories led product gains with a steep 17.7 mb build, the bulk of which was centred in OECD Americas. In contrast, 'other products' drew by 16.2 mb following high US propane demand as prices remain at record seasonal lows. Middle distillates inventories built by a steeper-than-seasonal 8.1 mb, reversing three consecutive months of declines, as a 12.1 mb build in OECD Americas more than offset a 4 mb decline in Asia Oceania. Stocks in OECD Europe remained stable.

Preliminary Industry Stock Change in November 2012 and Third Quarter 2012

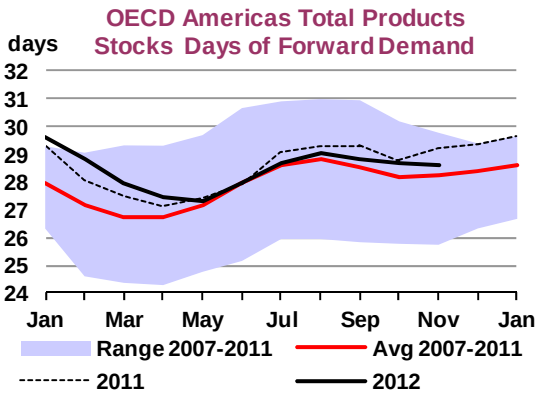
	November 2012 (preliminary) *(million barrels)*				November 2012 (preliminary) *(million barrels per day)*				Third Quarter 2012 *(million barrels per day)*			
	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total
Crude Oil	**-4.4**	**5.5**	**-3.1**	**-1.9**	**-0.15**	**0.18**	**-0.10**	**-0.06**	**-0.16**	**-0.12**	**0.02**	**-0.27**
Gasoline	10.6	-1.0	-2.3	7.4	0.35	-0.03	-0.08	0.25	-0.06	0.06	0.02	0.02
Middle Distillates	-5.5	-0.5	-4.9	-10.9	-0.18	-0.02	-0.16	-0.36	0.16	0.14	0.08	0.39
Residual Fuel Oil	-0.5	1.2	-1.9	-1.2	-0.02	0.04	-0.06	-0.04	-0.01	0.03	0.02	0.04
Other Products	-6.9	-0.2	-0.4	-7.5	-0.23	-0.01	-0.01	-0.25	0.19	-0.02	0.07	0.24
Total Products	**-2.3**	**-0.4**	**-9.5**	**-12.2**	**-0.08**	**-0.01**	**-0.32**	**-0.41**	**0.29**	**0.21**	**0.20**	**0.69**
Other Oils[1]	-1.6	-2.1	-0.9	-4.6	-0.05	-0.07	-0.03	-0.15	0.08	-0.03	-0.04	0.02
Total Oil	**-8.3**	**3.1**	**-13.5**	**-18.7**	**-0.28**	**0.10**	**-0.45**	**-0.62**	**0.21**	**0.06**	**0.17**	**0.44**

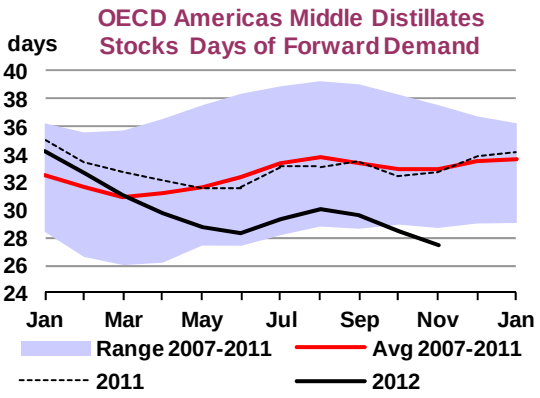
1 Other oils includes NGLs, feedstocks and other hydrocarbons.

Analysis of Recent OECD Industry Stock Changes

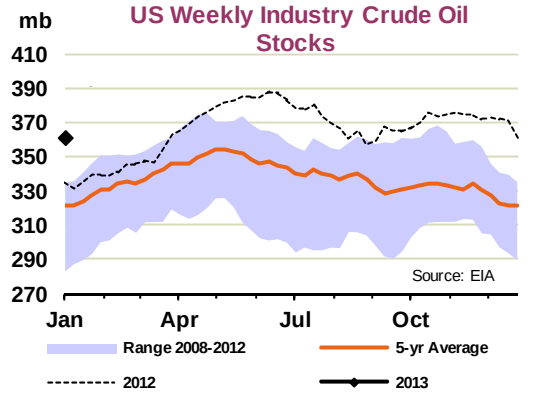
OECD Americas

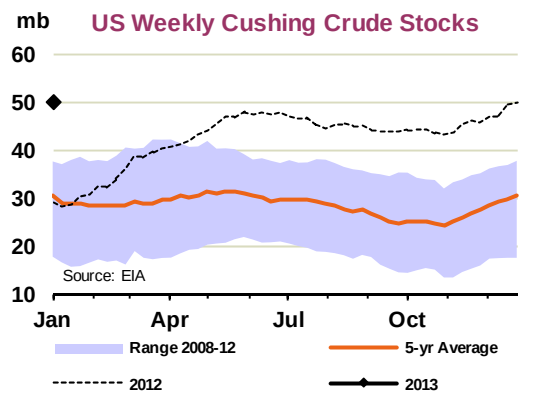
Industry oil inventories in OECD Americas fell by 8.3 mb in November, in line with seasonal trends. All categories except motor gasoline posted declines. Crude fell by a seasonal 4.4 mb as refineries in the US and Mexico ramped up runs while total products dropped by 2.3 mb, driven lower by falls in 'other products' (-6.9 mb) and middle distillates (-5.5 mb). The former dropped as consumers in the US, where propane is an important component of the heating fuel mix in the Midwest and South, reacted to record low seasonal prices that were roughly 40 cents per gallon equivalent below last year. The latter brought the regional draw in middle distillates to 13.1 mb since end-September in the wake of minimal summer restocking. On a forward demand basis, total products cover remained level with end-October at 28.6 days. However, middle distillates cover, which has been on a broad downward trajectory since end-2009, fell by 1 day to 27.5 days, its lowest level since April 2008.





Preliminary weekly data from the US EIA indicate a shallow 3.2 mb build in industry inventories in December. Crude oil stocks drew by a steep 11.1 mb after refinery runs surged by 360 kb/d over November, while imports fell steadily over the month. In contrast, product stocks built by 12.5 mb despite a 100 kb/d uptick in exports. Motor gasoline drove the increase, rising by a steep 17.8 mb amid persistently low demand that has once again slipped below last year's level. Middle distillates posted a robust build of 12.1 mb, reversing three consecutive monthly contractions. 'Other products' stocks dropped by a further 14.9 mb as healthy propane demand continued to the end of the year.



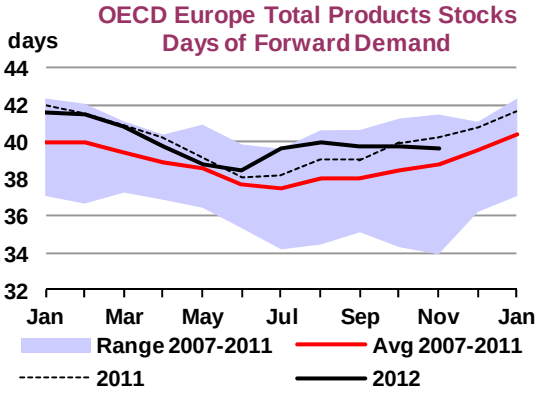


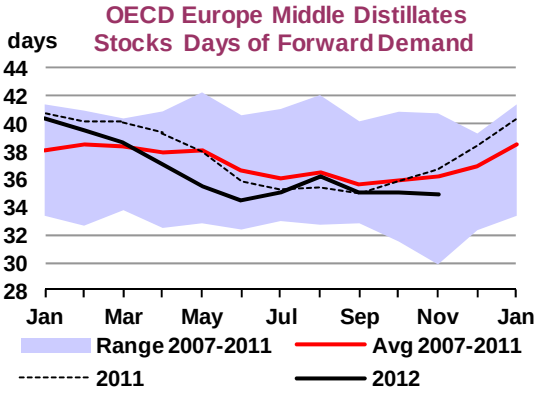
Crude holdings at Cushing, Oklahoma rose by over 4 mb in December to reach a new record level of 49.8 mb in the last week of the month. This surge has continued into early-January with latest weekly data suggesting that inventories recently exceeded 50 mb. Current builds at the hub have coincided with reduced demand for crude in the mid continent as a number of refineries there have been undergoing maintenance. However, the 'glut' of crude in the region is likely to dissipate over the coming months as maintenance at some of these refineries ends and as the early-January start up of the expanded Seaway pipeline begins to pump as much as 400 kb/d of crude to the Gulf Coast.

OECD Europe

OECD European commercial oil stocks built by 3.1 mb in November, significantly less than the 8.9 mb five-year average gain for the month. Crude oil stocks led the build with a 5.5 mb increase as rebounding North Sea crude production and healthy crude imports outpaced a 250 kb/d hike in refinery runs. Crude inventories stood at 311 mb in November, 4.2 mb above a year ago. Total product stocks inched lower by 0.4 mb as a 1.2 mb build in fuel oil failed to offset decreases elsewhere. Total product inventories appear tight on an absolute basis, standing at the bottom of the five-year range. However, due to weak demand, they look more comfortable when measured on a forward cover basis, sitting approximately 1 day above the seasonal average and only slightly lower than 12 months ago. Similarly, middle distillates inventories fell for a third consecutive month in November to a deficit of 20 mb versus the five-year average and 13 mb versus last year, but weak demand leaves them covering 35.1 days, only slightly lower than both

the previous year and the seasonal average. In Germany, latest data suggest that the impact of high prices has tempered the refilling of consumer heating oil stocks, at end-November they remained level with end-October at 59 % of capacity, short of the seasonal average and below last year's peak of 61%.

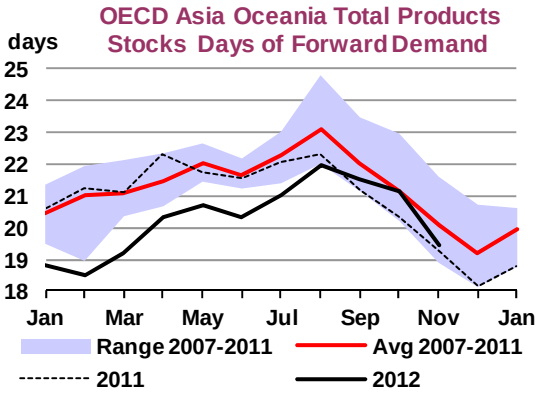


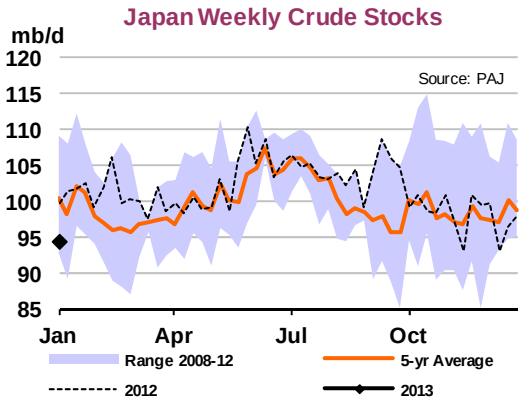


Preliminary data from Euroilstock point to a steep counter-seasonal draw in EU-15 and Norway commercial inventories in December. Crude led the fall with a 11.1 mb decline as refinery runs continued to rise. Meanwhile, product stocks drew by a further 1.5 mb with all product categories contracting except middle distillates, which remained level with October. Data pertaining to refined products held in independent storage in Northwest Europe suggest that stocks rebounded in December with gasoline, fuel oil and gasoil posting gains while naphtha and jet kerosene fell.

OECD Asia Oceania

Industry inventories in OECD Asia Oceania fell by a sharp 13.5 mb in November, halving the region's surplus to the five-year average to 8.5 mb, from 17.3 mb in October. All oil categories contracted, notably middle distillates (-4.9 mb), crude oil (-3.1 mb) and motor gasoline (-2.3 mb). End-November regional product stocks covered 19.5 days of forward demand, a steep drop of 1.8 days compared to a month earlier after exports from the region reportedly remained buoyant.





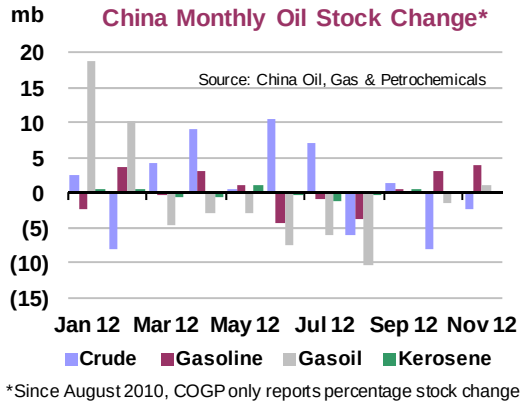
The monthly decline was centred in Japan where stocks contracted by 10.7 mb, far steeper than the 0.6 mb five-year average fall. Crude dropped by a counter-seasonal 3.7 mb despite weak refinery runs which remained lower than at the end of summer, as crude imports fell by 250 kb/d. Japanese product inventories plummeted by 6.9 mb, with the draw spanning all categories. After seven consecutive monthly builds, middle distillates (gasoil and kerosene) stocks contracted by a steep 3.7 mb as cold weather increased kerosene demand by an approximate 200 kb/d m-o-m, outpacing refinery output. Korean stocks dropped by 2.8 mb, broadly in line with seasonal trends. Stocks for all categories except 'other products' inched lower.

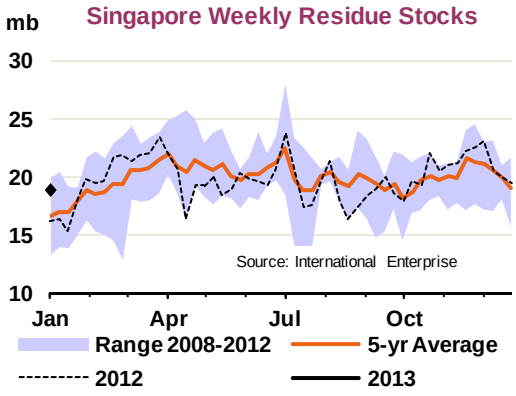
Latest data from the Petroleum Association of Japan suggest that Japanese industry stocks contracted by

a further 9 mb in December, half the five-year average draw of 18.2 mb for the month. A 4 mb decline in middle distillates led the decline on the back of continued cold weather. As in November, heating demand for kerosene outpaced refinery output. Crude oil dropped by 2.4 mb after refinery runs increased by 250 kb/d.

Recent Developments in Singapore and China Stocks

Chinese commercial oil inventories rose in November by an equivalent 3.1 mb (data are reported in terms of percentage stock change), to approximately 351 mb, according to *China, Oil, Gas and Petrochemicals (China OGP)*. Crude stocks fell by 1% (2.2 mb) after refinery throughputs reportedly soared by 750 kb/d, outpacing imports. On the flip side, high refinery throughput lifted product inventories: gasoline stocks increased by 7% (3.8 mb) while kerosene and gasoil holdings rose by 3% (0.4 mb) and 2% (1.1 mb), respectively. All indications suggest that the stockpiling of crude for the government's strategic petroleum reserve abated in 4Q12. The implied crude stock change, calculated as the difference between reported refinery throughputs and crude oil supply (calculated as the sum net crude imports and domestic production), showed a deficit for the second consecutive month in November.

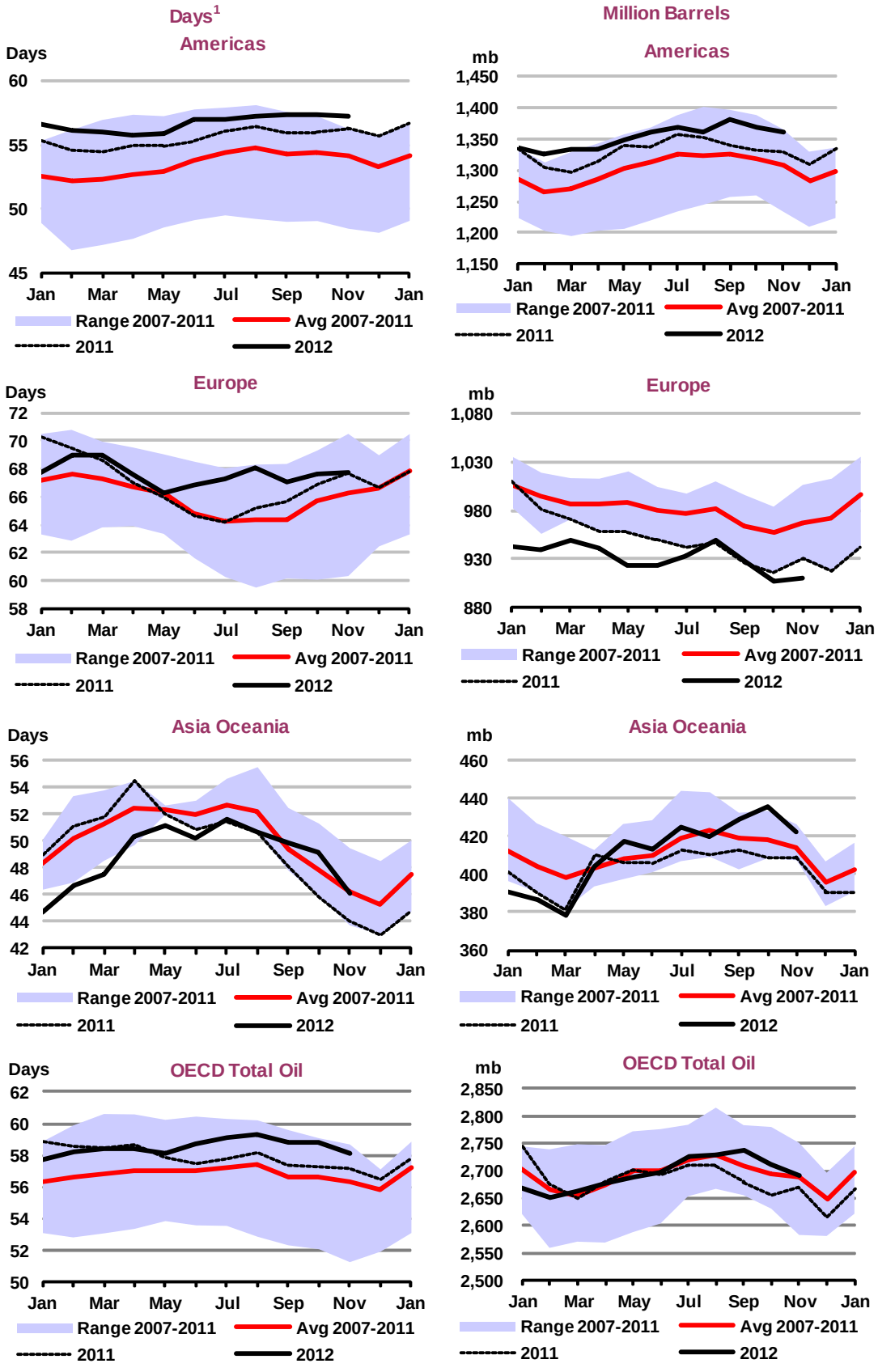




Data from *International Enterprise* indicate that commercial product stocks in Singapore fell by 2.6 mb in December but remained level with the five-year average and above last year's level. A 3.5 mb drop in residual fuel oil led the draw amid high exports to other countries in the region. Cold winter temperatures boosted power generation demand in parts of Asia while import demand from Chinese independent refiners rebounded. Light distillates (gasoline, reformate and naphtha) and middle distillates (gasoil and kerosene) inventories built by 0.6 mb and 0.4 mb, respectively.

Regional OECD End-of-Month Industry Stocks

(in days of forward demand and million barrels of total oil)



1 Days of forward demand are based on average demand over the next three months

3

PRICES

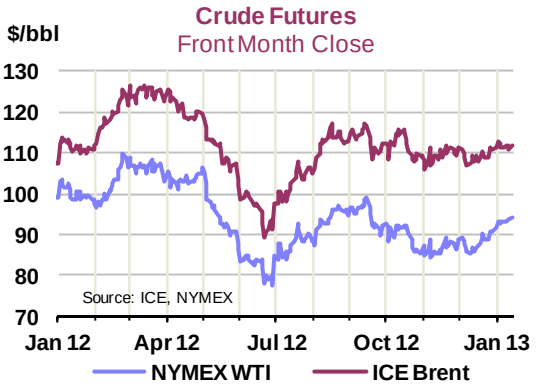
Summary

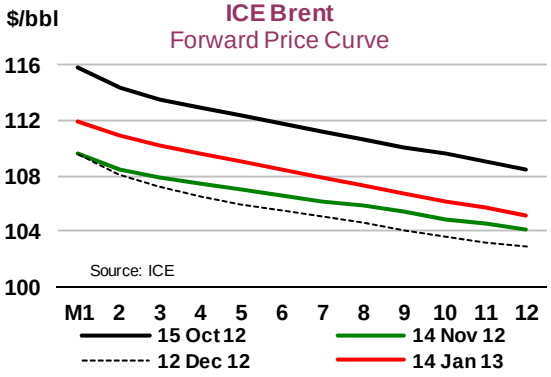
- **Crude oil markets edged higher throughout December, with prices gathering strength from seasonally stronger winter demand** while fears the US would go over the fiscal cliff tempered upward moves. Prices strengthened again after an 11th-hour agreement was reached to halt an across-the-board increase in taxes and spending cuts. By mid-January, prices were trading above December levels, with Brent at $110.75/bbl and WTI around $95.15/bbl.

- **Structural changes in energy trading markets look set to accelerate in 2013 as long-delayed rules governing global swaps markets come into effect.** The new rules are intended to bring transparency to swap markets and reduce risks but regulatory uncertainties and inconsistencies within and across jurisdictions might in fact lead to less transparent and more risky global financial markets.

- **Spot product prices were relatively weaker than crude markets in December, with crack spreads in the US and Europe declining on rising supplies as refineries returned from maintenance.** An exceptionally cold winter in Asia is helping to support gasoil, kerosene and fuel oil in the region.

- **Freight rates for Suezmax and Aframax tankers in the western hemisphere soared in December as brisk demand ahead of the year-end holiday tightened tonnage.** However, momentum was not sustained and rates fell back after the Christmas holiday and into early January. In comparison, VLCCs for the main Mideast-Asia route weakened or remained static through December.



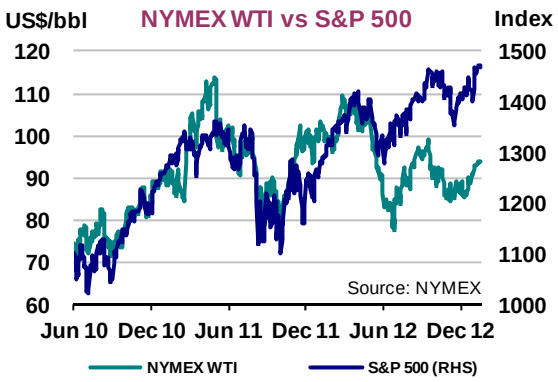


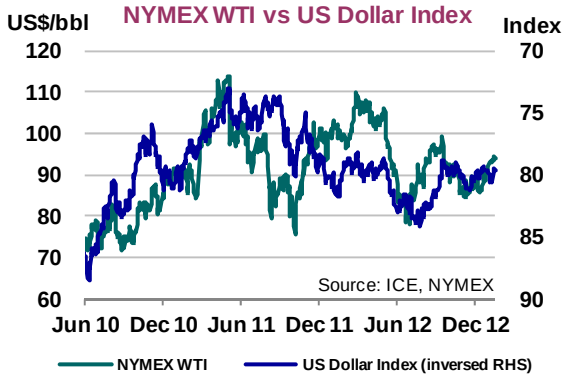
Market Overview

Crude oil markets edged higher throughout December, with prices gathering strength from seasonally stronger winter demand and a myriad of geopolitical issues while fears that the US government would be unable to avert the 'fiscal cliff' curbed upward price momentum. Pessimism over the outlook for the global economy and oil demand growth prospects as the year drew to a close also tempered upward moves. Diverging price trends for benchmark crudes continued in December. WTI prices rose by $1.50/bbl to average $88.25/bbl while Brent fell about $0.35/bbl month-on-month, to $109.20/bbl. By mid-January, prices were trading above December levels, with Brent at $110.75/bbl and WTI at around $95.15/bbl.

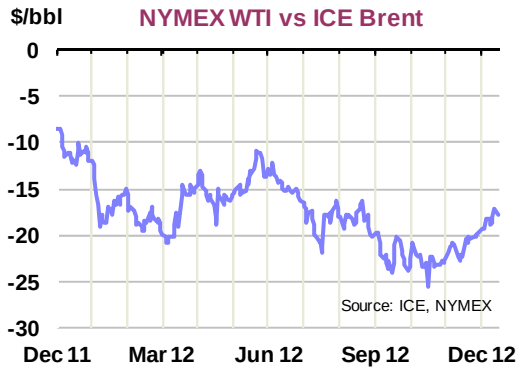
At the start of the New Year, crude oil prices rose to near three-month highs as part of a broader market rally after the US Congress reached a contentious deal to avert an across-the-board increase in taxes and spending cuts, which economists and investors feared would have derailed economic growth and thrown the country into a recession. The rally appeared overdone, however, with oil prices partially retracing

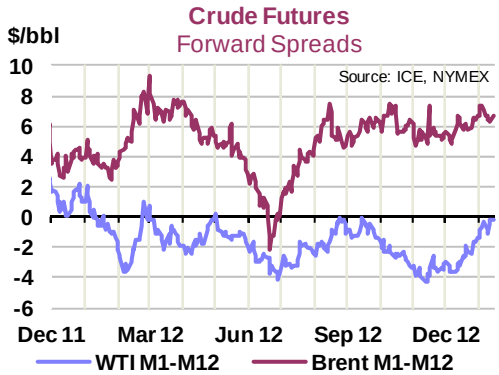
their gains as new fears emerged that politicians would be unable to agree on the federal government's debt ceiling come a new February deadline. Nonetheless, the 11th-hour tax and spending agreement has reduced worries of a US recession, providing a floor under oil prices and financial markets.





Oil demand growth and the global economic recovery, however weak they may have been compared to earlier expectations, helped support oil prices last year, compounding the impact of supply disruptions and geopolitical risk. Brent futures averaged $111.68/bbl in 2012, a record level though just $0.75/bbl above year-ago levels, supported by persistent supply disruptions in the North Sea and elsewhere. The annual increase paled in comparison to the more than $30/bbl 2011 gain. By contrast, annual WTI futures were down by just under $1/bbl to $94.15/bbl in the wake of record growth in US domestic crude supply. The feast and famine of the two grades saw the price spread between Brent and WTI widen to $17.53/bbl in 2012 compared with $15.80/bbl a year earlier. In 2010 it was just $0.73/bbl.





Growing inventories in the US market pressured prices and served to amplify the disconnect between WTI and international markets. As a result, Brent cemented its role as the world's major benchmark crude, with futures contracts for Brent on the Intercontinental Exchange exceeding for the year as a whole WTI futures contracts traded on the NYMEX.

Diverging forward price structures also were a key feature of Brent and WTI futures contracts in 2012. Persistent disruptions in North Sea supply anchored prompt month strength in Brent futures, with the M1-M12 contract in backwardation throughout the year, except for a brief flirtation with contango in July. The Brent M1-M12 spread averaged about $5/bbl for full year 2012 versus $2.80/bbl in 2011. That compares with $5.95/bbl in December and $5.44/bbl in November.

Rising domestic inventories at the key Cushing, Oklahoma storage hub and pipeline constraints kept prompt month prices for WTI relatively depressed. Nonetheless, the WTI M1-M12 contract spread averaged -$1.84/bbl in 2012, a narrowing of around $0.80/bbl from -$2.65/bbl in 2011. Expectations that

pipeline bottlenecks will ease following completion of the expansion of the Seaway pipeline running from the Midcontinent to the US Gulf this month prompted a narrowing of the WTI M1-M12 contract, to just $0.68/bbl on average in the first two weeks of January compared with an average of $2.70/bbl in December and $3.54/bbl in November.

Prompt Month Oil Futures Prices

(monthly and weekly averages, $/bbl)

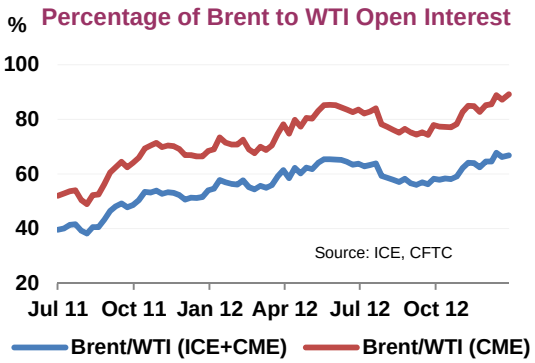
	Oct	Nov	Dec	Dec-Nov Avg Chg	% Chg	Week Commencing: 10 Dec	17 Dec	24 Dec	31 Dec	07 Jan
NYMEX										
Light Sweet Crude Oil	89.57	86.73	88.25	1.52	1.7	86.15	88.69	90.31	92.74	93.36
RBOB	117.86	113.08	113.28	0.21	0.2	110.20	114.05	117.47	117.28	116.62
No.2 Heating Oil	131.88	126.51	125.81	-0.71	-0.6	123.60	126.57	127.79	127.41	127.88
No.2 Heating Oil ($/mmbtu)	23.26	22.31	22.19	-0.12	-0.6	21.80	22.32	22.54	22.47	22.55
Henry Hub Natural Gas ($/mmbtu)	3.50	3.69	3.44	-0.24	-7.1	3.38	3.40	3.39	3.27	3.22
ICE										
Brent	111.52	109.53	109.20	-0.33	-0.3	108.38	109.20	110.32	111.76	111.53
Gasoil	132.10	125.74	124.25	-1.50	-1.2	122.26	125.13	125.48	125.29	126.72
Prompt Month Differentials										
NYMEX WTI - ICE Brent	-21.95	-22.80	-20.95	1.85		-22.23	-20.51	-20.01	-19.02	-18.17
NYMEX No.2 Heating Oil - WTI	42.31	39.78	37.56	-2.23		37.45	37.88	37.48	34.67	34.52
NYMEX RBOB - WTI	28.29	26.35	25.03	-1.31		24.05	25.36	27.16	24.54	23.26
NYMEX 3-2-1 Crack (RBOB)	32.96	30.83	29.21	-1.62		28.52	29.54	30.60	27.91	27.01
NYMEX No.2 - Natural Gas ($/mmbt	19.76	18.63	18.74	0.12		18.42	18.92	19.15	19.20	19.33
ICE Gasoil - ICE Brent	20.58	16.21	15.05	-1.17		13.88	15.93	15.16	13.53	15.19

Source: ICE, NYMEX

Futures Markets

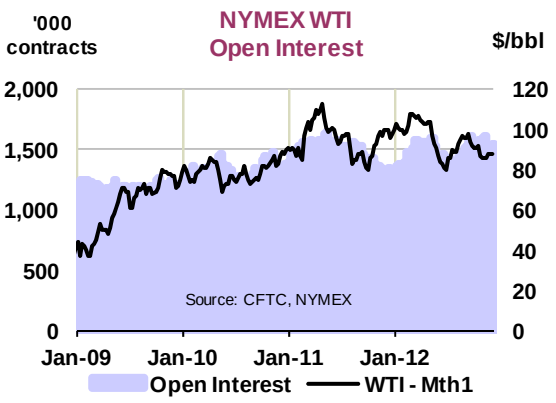
Activity Levels

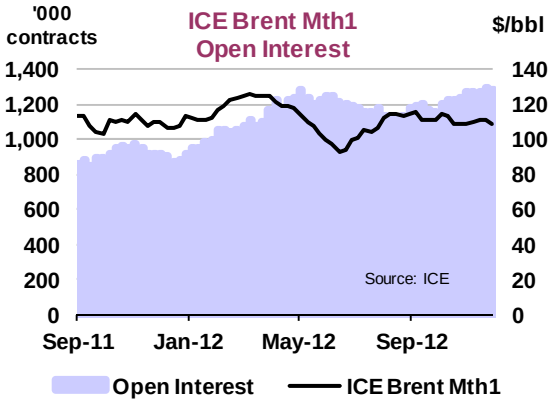
Market activity measured by open interest on oil futures exchanges in December depicted a mixed trend. At the CME, combined open interest in WTI futures and options declined by 2.6%, to 2.17 million, while open interest in futures-only contracts dropped by more than 4.6%, to 1.48 million between 4 December 2012 and 8 January 2013. Over the same period, open interest at the London ICE fell by 1.4% to 0.49 million for WTI futures-only contracts and increased by 1.8% in futures and options, to 0.62 million contracts.



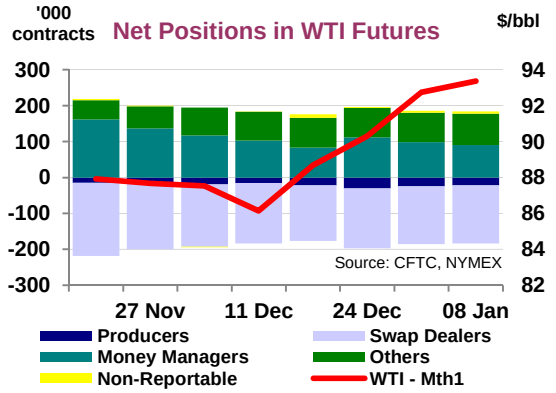
Meanwhile, open interest in ICE Brent futures contracts increased by 2.9% to 1.32 million while, ICE Brent futures and options contracts rose by 2.3% to 1.54 million. As a result, the ratio of Brent futures open interest on the London ICE to New York and London WTI oil positions increased by 4.4 percentage points to 66.9% over the referenced period. Stripping out ICE WTI contracts, the ratio of Brent to WTI open interest rose even faster, by 6.5 percentage points to 89.2%, hitting a historical record.

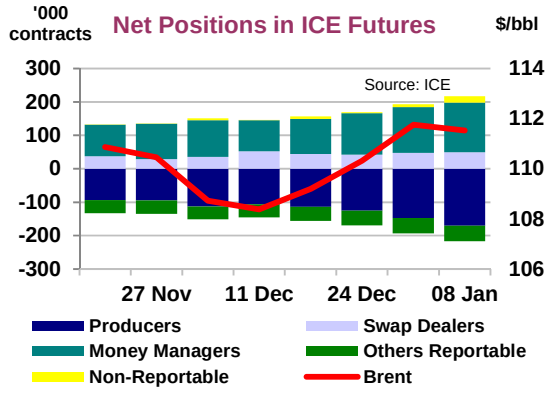
Similar trends were observed in trading volumes. Overall trading activity in oil derivatives declined in December at the CME but increased in the ICE markets. Total trade volumes in CME WTI contracts fell 14.7% in December 2012 y-o-y and by 19.7% year-to-date, to 8.5 million contracts and 140.5 million contracts, respectively. In contrast, Brent monthly volume increased by 10.6% to 8.7 million contracts last month from 7.9 million in December 2011. Year to-date Brent volumes rose by 12% to 147.4 million, exceeding the volume change in CME WTI contracts by almost 7 million contracts. The continued decline in CME WTI contracts open interest and volume is partly related to regulatory uncertainties as well as erosion of customers' trust in the current design of customer segregated accounts in the wake of MF Global and PFG scandals.





Money managers increased their long positions in ICE and CME oil contracts in December, continuing their bullish wagers that started in late November. They increased their bullish bets on CME WTI contracts by 43.6% to 161 164 contracts as WTI prices rose from $88.50/bbl to $93.15/bbl, the highest settlement price since mid-September. The rise in price was triggered by expectations of growth in emerging markets and especially China, better-than-expected job growth in the US as well as the passage of an 11th hour deal by the US Congress that averted the so-called 'fiscal cliff'.





Money managers in London ICE Brent contracts followed a similar pattern and increased their bullish wagers by 34.1% to 147 701, the highest level since ICE started publishing its weekly commitments of traders report in June 2011. Producers accounted for 17.5% of the short positions and 16.5% of the long positions in CME WTI futures-only contracts in early-January, decreasing their net short positions by 52.7% to 14 652 contracts. Swap dealers, who accounted for 22.4% and 36.2% of the open interest on the long side and short side, respectively, increased their bets on falling prices by 22.9% to 203 734 contracts, continuing the trend seen in November. Producers' trading activity in the London ICE Brent contracts followed an opposite pattern to CME WTI contracts while swap dealers followed a similar pattern as CME WTI contracts. Producers in London ICE Brent contracts increased their net short positions from 112 431 to 169 866 contracts. In contrast, swap dealers increased their net long positions by 41% from 35 363 to 49 845 contracts.

Index investors' long exposure in commodities increased by $7.9 billion in November to $296.5 billion, after edging down $6.1 billion in October. The notional value of long exposures in both on- and off-WTI Light Sweet Crude Oil futures contracts also increased by $1.4 billion in November. The number of long futures equivalent contracts declined by 1000 to 537 000, equivalent to $48.3 billion in notional value.

Positions on Light Sweet Crude Oil (WTI) Futures

Thousand Contracts

08 January 2013	Long	Short	Net	Long/Short	Δ Net from Prev. Week	Δ Net Vs Last Month
Producers' Positions	243.5	258.1	-14.7	*Short*	↑ 2.6	↑ 16.3
Swap Dealers' Positions	331.1	534.9	-203.7	*Short*	↓ -21.3	↓ -38.0
Money Managers' Positions	444.2	283.0	161.2	*Long*	↑ 24.7	↑ 49.0
Others' Positions	381.3	327.6	53.6	*Long*	↓ -8.0	↓ -28.0
Non-Reportable Positions	77.7	74.0	3.6	*Long*	↑ 2.0	↑ 0.7
Open Interest			**1477.7**		↑ 4.3	↓ -71.4

Source: CFTC

Positions on ICE Brent Crude Futures

Thousand Contracts

08 January 2013	Long	Short	Net	Long/Short	Δ Net from Prev. Week	Δ Net Vs Last Month
Producers' Positions	510.3	680.1	-169.9	*Short*	↓ -22.5	↓ -57.4
Swap Dealers' Positions	368.8	319.0	49.8	*Long*	↑ 2.5	↑ 14.5
Money Managers' Positions	280.8	133.1	147.7	*Long*	↑ 10.1	↑ 37.5
Others' Positions	114.8	162.4	-47.6	*Short*	↓ -1.6	↓ -9.3
Non-Reportable Positions	43.5	23.6	19.9	*Long*	↑ 11.4	↑ 14.7
Open Interest			**1318.3**		↑ 33.0	↑ 37.2

Source: ICE

Market Regulation

Most of the rules issued under the Dodd-Frank Act governing the swaps markets by the US CFTC and other regulatory agencies will go into effect in 2013. Some rules, such as the real-time reporting of swap transactions and registration of swap dealers already took effect on 31 December 2012. The CFTC announced that by New Year's Eve 65 entities had already submitted applications, became provisionally registered as swap dealers, and submitted real-time trading data to swap data depositories, fulfilling one of the main purposes of the Dodd-Frank Act.

In the meantime, during the month of December and early January 2013, the CFTC issued over 30 no-actions letters and other documents, related but not limited to extraterritoriality, business conduct and documentation requirements, and reporting of certain complex swaps. These no-action letters were intended to ease the transition to the new regulations. No-actions letters postponed the implementation of some of the new rules until no sooner than 10 April 2013 and as late as 1 September 2013.

Among the most important documents released by the CFTC is the one related to the cross-border application of the US swap rules. Those rules were heavily criticised by European and Asian regulators and other market participants for the unintended consequences of their cross-border application, including potential market disruption or fragmentation resulting in increased systemic risks and reduced market liquidity. Also of concern is the issue of non-US persons facing overlapping compliance requirements in the US and in their home country, where regulations can be mutually conflicting. The CFTC released its Final Cross Border Exemptive Order on 21 December 2012 and pushed back the compliance date for firm-level requirements of non-US swap dealers and major swap participants until 12 July 2013. Additionally, the Order also exempted foreign-owned US banks from including the swap activity of their parent company when determining registration requirements.

On 2 January 2013, the CFTC published an interim final rule extending the compliance date for business conduct and documentation requirements for swap dealers and major swap participants to 1 May 2013

for certain regulations, and to 1 July 2013 for others. Furthermore, the CFTC delayed the reporting of certain swap transactions to 30 April 2013 and onwards.

The CFTC was not the only regulatory agency that delayed the compliance date of some of the new rules enacted under Dodd-Frank Act. On 3 January 2012, the Office of the Comptroller of the Currency (OCC) released a guidance that effectively extended the compliance with the Swaps Pushout Rule, which prohibits banks from using federal assistance they receive to support certain swap activities, for up to two years for insured federal depository institutions that are (or may become) swap dealers. In order to use this extension, institutions have to submit their request for extension by 31 January 2013. The guidance, however, does not address the treatment of US branches or agencies of non-US registered swap dealers; therefore, they might not be eligible for the extension.

On 11 January 2013, the International Organisation of Securities Commissions (IOSCO) issued a consultation paper on financial benchmarks. The consultation paper solicited stakeholder' views on the following issues: (i) the appropriate level of regulatory oversight of the process of benchmarking; (ii) standards that should apply to methodologies for benchmark calculation; (iii) credible governance structures to address potential conflicts of interest in the benchmark setting process within the reporting financial institutions as well as in the oversight bodies; (iv) the appropriate level of transparency and openness in the benchmarking process; and finally (v) issues that market participants might confront when seeking to make the transition to new or different benchmarks. IOSCO requested responses by 11 February 2013.

Based on stakeholders' responses, IOSCO will formulate a framework of robust, globally consistent policy guidance and principles for financial benchmarks and related activities. Recognising differences among benchmark setting practices in different asset classes, IOSCO principles will cover a wide range of benchmarks used in interbank borrowing markets, overnight lending and repo markets, swap markets, equity markets, credit markets, commodities markets, energy markets, and currency markets. The Consultation report heavily draws on IOSCO Principles for Oil Price Reporting Agencies (See *OMR 12 December 2012*, '*Extending Principles for Price Reporting Agencies to All Assessments*'). Besides the principles mentioned for the oil reporting agencies, the Consultation Report called for an oversight committee to contribute to the technical aspects of the benchmark and governance arrangements as well as to review the appropriateness of the benchmark definition and methodology. However, the independence of such a committee cannot be guaranteed given the vested interests of its suggested members. The latter include market participants and other stakeholders who use these same benchmarks. If they try to use their power as a member of the oversight committee for their own benefit, not only the independence of oversight committee but also the independence of the price assessment process could become questionable.

The Changing Structure of Energy Trading Markets

Energy trading markets have been undergoing radical transformation lately. These transformations are set to accelerate in 2013 because of much anticipated implementation of new rules that will govern global swaps markets. These include measures such as position limits, mandatory clearing and margin requirements, capital requirements, pre- and post-trade transparency through position reporting requirements to trade repositories, as well as trading standardised swaps on designated contract organisations or swap execution facilities where multiple traders can place bids and offers, and real time reporting of cleared and uncleared swaps to the centralised swap data repositories. These changing dynamics present new challenges not only for financial speculators, who buy or sell any asset in the anticipation of a price change, but also for traditional energy companies that use previously unregulated financial derivative instruments to hedge or mitigate commercial risk.

The new rules are intended to bring transparency to the swaps markets and lower their risks. A closer look at the new rules suggests that lingering difficulties remain and that the process of regulatory swaps market

The Changing Structure of Energy Trading Markets (continued)

reform may still be undergoing teething pains. Regulatory uncertainties and inconsistencies within and across jurisdictions might in fact lead to less transparent and more risky global financial markets.

Market participants are already searching for ways to escape from costly and complex regulations of the swaps market. Aside from cross-border disputes, in the presence of regulatory arbitrage, there are concerns that market participants may increasingly seek out jurisdictions with less strict regulations, thereby shifting the risk rather than mitigating it, and eventually increasing the opaqueness of swaps markets rather than bringing more transparency to them.

A closer look at the new rules also suggests some interesting implications. In seeking to prohibit excessive speculation and its possible effect on price volatility in futures markets, regulators introduced hard position limits on speculative activity. The main objective of the proponents of those hard position limits was to reduce market-share concentration in commodity markets, supposedly by ensuring that markets are made up of a broad group of participants with a diversity of views, thereby preventing distortion in market prices. The limit on the concentration of market share is also deemed necessary to reduce systemic risk. However, hard position limits have the potential of severely constraining trading activity, which would lead to increased, rather than reduced, volatility. Liquidity in futures markets, and especially in swaps markets, may be impaired. Producers and end users would have a smaller pool of counterparties to hedge their price risk with, which in turn increases the bid/ask spread, thereby creating more volatility. The position limit rule can also potentially constrain the size of trading entities. This will effectively lead to market dependence on small speculators, as institutional investors would be forced out of the market once they reach their respective position limit. This would lower liquidity and increase trading costs. Higher costs could, in turn, force some entities to establish smaller positions than their hedging needs.

A recent ruling by the District Court in the US against the so-called position limit rule will potentially force regulators to revisit some of their final rules. The court found that the US Commodity Futures Trading Commission (CFTC) overreached by imposing position limits without showing they were 'necessary to diminish, eliminate or prevent' excessive speculation. However, the CFTC announced that they will move forward with an appeal of the federal district court's decision vacating the position limits rule. Nevertheless, the court still did not rule on whether the agency must conduct a full cost-benefit analysis, which we expect market participants might use to further challenge the final rule.

In contrast to the position limit rule, the mandatory margin requirements rule may well lead to an increase in the concentration of market share of large speculators while raising price volatility and having no effect on price levels. A study released by the International Swaps and Derivatives Association (ISDA) suggests that the initial margin requirement will be between $1.7 trillion and $10.2 trillion depending on the specific models used. The analysis further finds that the required margin requirement is at least three times higher during stressed market periods, leading to increased systemic risk due to greatly increased demand for new funds at the worst possible time for market participants. The increases in margin cost will likely affect the end-users' ability to hedge price risks, especially during stressed market conditions when they need it most.

Clearing requirements for standardised swaps through an intermediary company with sufficient capital, such as clearing houses or central counterparties (CCPs), a measure introduced to eliminate counterparty risk, have also become a target of criticism. Proponents of the requirement argue that central clearing has worked in the futures markets for over a century. Critics counter that the present regulatory reform and regulations may not remove the systemic risk from OTC derivatives but rather shift it from counterparties to central clearing parties. A recent IMF paper concluded that the current proposed central clearing system, far from reducing systemic risk, actually increases it.

Higher capital requirements for swap dealers and major swap participants might as well increase the concentration ratio leaving only large speculators (investment banks) as viable liquidity providers in the commodity derivatives markets, which regulators try to limit in order to reduce systemic risk. Furthermore, the proposed Volcker rule prohibits proprietary trading while allowing transactions related to underwriting, market-making, risks mitigating hedging, trading in certain US government obligations, and trading on behalf of customers. As a response, most banking entities already closed their proprietary trading desks. Some argue that they are merely moving these activities to their market-making activities or that proprietary desks have morphed into independent hedge funds. A recent interview with one market participant suggests that registration requirements for hedge funds as commodity pools would likely force some of them to liquidate their positions.

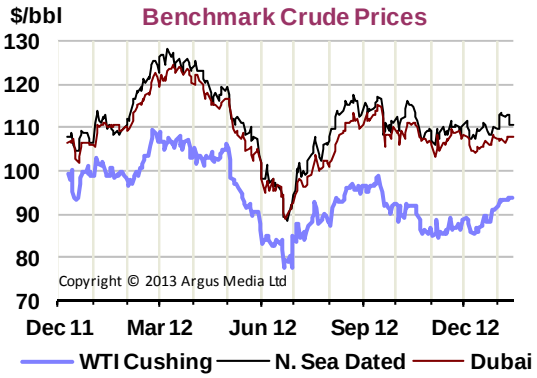
The Changing Structure of Energy Trading Markets (continued)

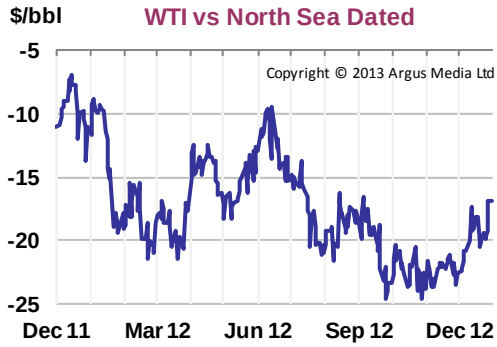
As mentioned in the November 2012 *OMR*, in order to reduce their clients' exposure to compliance costs associated with the new rules imposed on swap transactions and to avoid dealing with the increased complexity facing swaps market participants (compared to futures market participants for example), the Intercontinental Exchange (ICE) has already converted all existing over-the-counter (OTC) cleared energy swaps and option products, including crude and refined oil, natural gas, electric power, and natural gas liquids, into economically-equivalent futures and option products on 15 October 2012, which corresponded to the compliance date for several new swaps rules. ICE further argued that already tested futures market regulations give market participants more certainty than the untested regulation in swaps markets. Furthermore, futures markets also offer clients the ability to margin their trades in one account rather than two separate accounts, one for futures and the other for swaps. Similarly, CME have listed all actively traded contracts on CME Clearport for execution on the CME Globex central limit order book as cross trades on the trading floor and as block trades. CME argued that since 15 October, customers have consistently traded approximately 80% as futures, compared to approximately 15% beforehand. If these futures-like products are successful, then the success of the swap execution facilities, where only standardised swaps will be traded, will be limited.

It is still too early to estimate the full impact of the new regulations on liquidity in the derivatives market and the cost associated with these rules. The implementation of some of the rules just started, and some of the rules, including rules on swap execution facilities, capital and margin rules, and the Volcker rule, still need to be finalised. However, we have already seen some real consequences for the swaps market, including the futurisation of swaps markets.

Spot Crude Oil Prices

Crude oil prices traded in a fairly narrow range for much of December, with a surplus of light, sweet crudes in US and European markets and waning demand for fuel-oil rich heavier grades weighing on Dubai crude. Atlantic basin benchmarks posted modest month-on-month increases while Dubai declined. Spot prices for WTI saw the largest increase, up $1.58/bbl to an average $88.18/bbl. A recovery in North Sea supplies in December weighed on spot prices for Dated Brent, up by a smaller $0.24/bbl to $109.40/bbl. Spot Dubai declined by just under $1/bbl, to$106.23/bbl on weaker refiner demand for Mideast crudes ahead of planned turnarounds and amid high crude stocks in Asia.





The ongoing structural shift in Atlantic basin markets became more pronounced this month following the start-up of additional pipeline capacity moving surplus crude from the landlocked Cushing, Oklahoma storage terminals to the US Gulf Coast refining centre. The Seaway pipeline expansion added a further 250 b/d to the line's capacity, however, this increment is just a trickle when compared with the total 1.2 mb/d planned pipeline capacity expected to come online this year. In addition, a further 600 kb/d of new rail capacity is expected to be brought online in 2013. Spot prices for WTI are forecast to gradually rise from depressed levels as the glut of crudes moves out of the Midcontinent. But with total US crude

inventories well above the five-year average and stocks at Cushing hitting a new historic high of over 50 mb in early January, the price recovery promises to be a slow process.

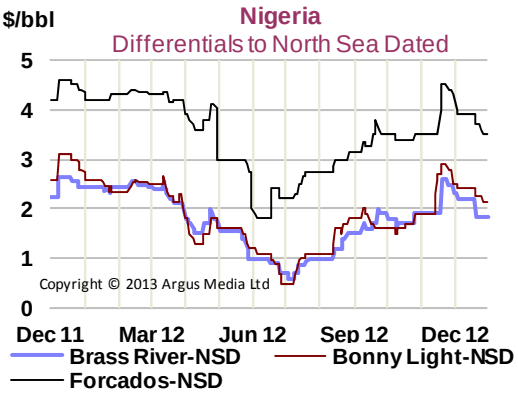
The start-up of the Seaway pipeline has also supported the narrowing of the Brent-WTI price spread. WTI's discount to North Sea Dated Brent narrowed to around -$19/bbl in the first two weeks of January compared with $21.22/bbl in December and $22.56/bbl in November. Higher production of light, tight oil from the US Midcontinent and rising flows of Canadian crude also continue to back out other foreign grades, especially supplies of higher quality African crudes. As a result, light, sweet crudes that would typically move to the US headed instead to Europe. While crude stocks in Europe are running below the five-year average, exceptionally weak refining margins have limited imports into the region. An increase in Nigerian crudes on offer following a rebound in production as the rainy season ended depressed differentials to North Sea Dated crude prices.

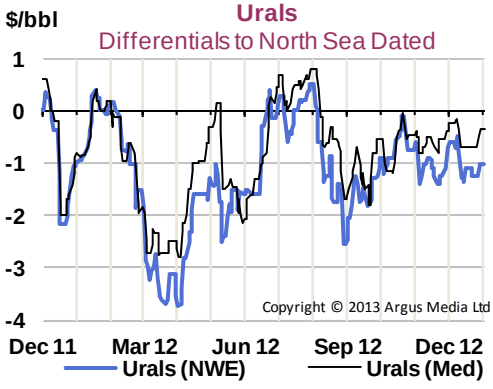
Spot Crude Oil Prices and Differentials

(monthly and weekly averages, $/bbl)

	Oct	Nov	Dec	Dec-Nov Avg Chg	%	Week Commencing: 10 Dec	17 Dec	24 Dec	31 Dec	07 Jan
Crudes										
North Sea Dated	111.60	109.16	109.40	0.24	0.2	108.86	110.09	109.47	112.35	112.34
Brent (Asia) Mth 1	112.29	109.75	109.77	0.03	0.0	108.42	109.89	110.77	112.24	111.71
WTI (Cushing) Mth 1	89.52	86.60	88.18	1.58	1.8	86.15	88.50	90.24	92.74	93.36
Urals (Mediterranean)	110.68	108.65	108.93	0.29	0.3	108.49	109.84	108.77	111.65	111.86
Dubai	108.79	107.18	106.23	-0.95	-0.9	104.77	106.24	107.17	107.28	107.49
Tapis (Dated)	116.12	114.29	114.58	0.29	0.3	113.96	115.27	114.86	117.85	117.80
Differential to North Sea Dated										
WTI (Cushing)	-22.08	-22.56	-21.22	1.34		-22.71	-21.59	-19.23	-19.61	-18.98
Urals (Mediterranean)	-0.92	-0.51	-0.47	0.05		-0.37	-0.25	-0.70	-0.70	-0.48
Dubai	-2.81	-1.98	-3.18	-1.19		-4.09	-3.84	-2.31	-5.07	-4.85
Tapis (Dated)	4.52	5.13	5.18	0.04		5.10	5.18	5.39	5.50	5.46
Prompt Month Differential										
Forward Cash Brent Mth1-Mth2	0.81	0.78	0.86	0.08		1.24	0.69	0.66	1.07	0.84
Forward WTI Cushing Mth1-Mth2	-0.40	-0.48	-0.51	-0.03		-0.54	-0.47	-0.45	-0.43	-0.45
Forward Dubai Mth1-Mth2	0.47	1.25	1.32	0.07		1.21	1.39	1.58	0.96	0.87

Copyright © 2013 Argus Media Ltd - All rights reserved

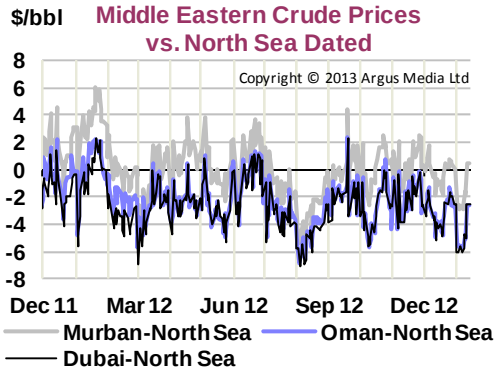


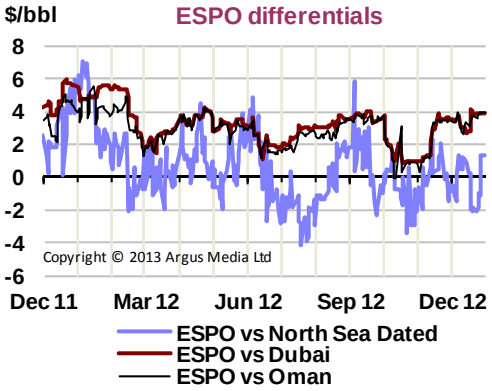


In Europe, The price differential between Urals and Brent in the Mediterranean remained at weaker levels in December. Urals was trading at a $0.47/bbl discount to Brent on average in December compared with $0.50/bbl in November. Increased exports of Russian cargoes via Ust Luga are also pressuring the Urals-Dated Brent differential.

In Asia, reduced demand for fuel-oil rich crudes, ample stocks and upcoming refinery maintenance plans pressured prices for Mideast grades, with premiums above official prices for spot barrels disappearing and some grades trading at a discount. Rising volumes of Russian ESPO crude into Asia also pressured

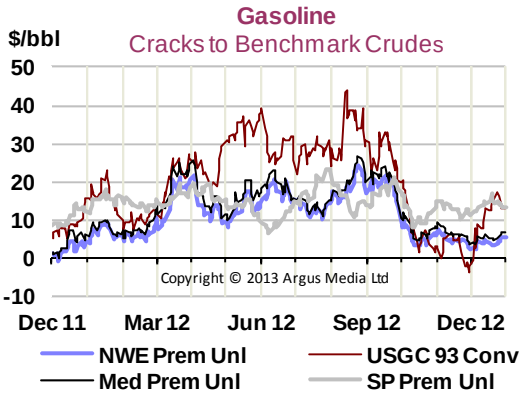
competing grades. Even the loss of heavier Syrian, Sudanese and Yemeni crudes failed to support markets. Both China and South Korea increased imports of Iranian crude in November and December. Underscoring the weakness, the spot Dubai-Brent differential deepened to -$3.18/bbl on average in December, falling to over -$5/bbl at end-year. That compares with just under -$2/bbl in November.

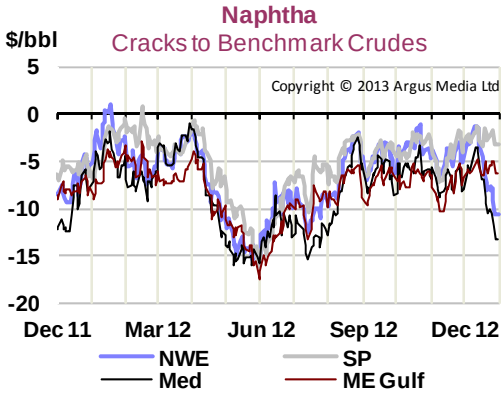




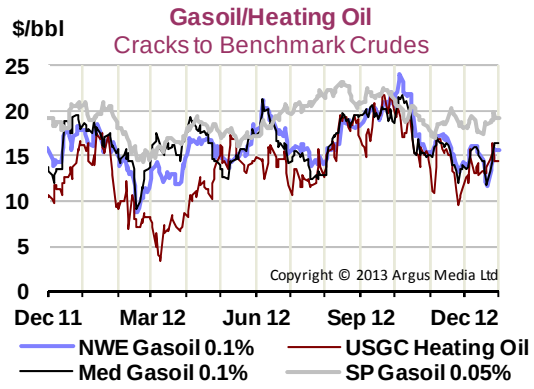
Spot Product Prices

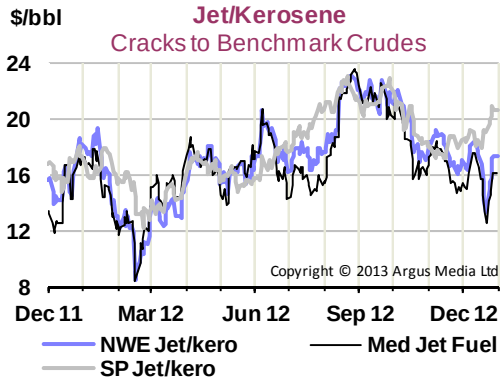
Spot product prices were relatively weaker than crude markets in December, with crack spreads in the US and Europe declining. By contrast, an exceptionally cold winter in Northern Asia is helping to support gasoil, kerosene and fuel oil. The onset of colder weather in Atlantic basin markets in January, however, led to a strengthening in gasoil and low-sulphur fuel oil crack spreads. Gasoline markets in December were only marginally stronger in the US and Singapore and weakened in Europe. Gasoline cracks are expected to firm ahead of second-quarter seasonal refinery turnarounds.





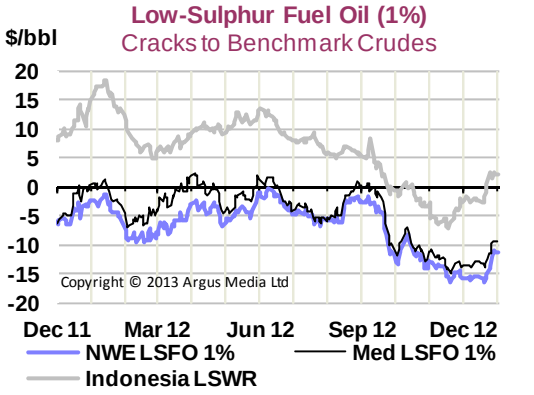
Gasoil crack spreads in both Europe and the US were weaker in December due too relatively mild winter weather. Gasoil cracks for Dated Brent in Northwest Europe were down about $1.80/bbl, to $14.70/bbl, and by $1.55/bbl to $14.25/bbl for Urals in the Mediterranean. In the US, gasoline crack spreads in New York fell by $2.25/bbl but were still a robust $37/bbl.

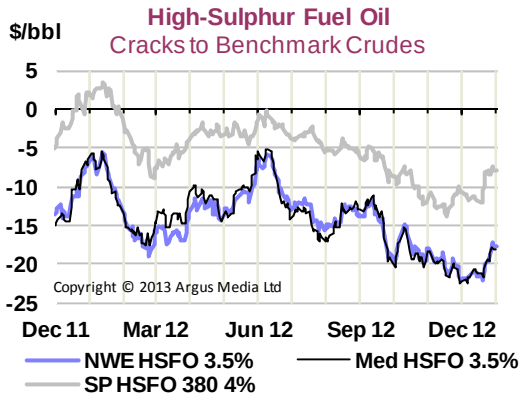




So far this winter, crack spreads for heating fuels have posted the strongest gains in Asia due to exceptionally colder weather. Strong Japanese demand for kerosene boosted the differential to Dubai crude in Singapore by $0.50/bbl, to $18.55/bbl. Gasoil cracks are up a smaller $0.20/bbl to $18.75/bbl.

Depressed fuel oil markets were even weaker in December in Atlantic Basin markets, with higher inventories and weaker demand for bunker fuel adding further downward pressure. Crack spreads for Dated Brent in Northwest Europe were down by about -$2.10/bbl for both low- and high-sulphur fuel oil, to -$15.49/bbl and -$21.13/bbl respectively. In Asia, stronger utility demand for high-sulphur fuel saw crack spreads improve by $0.30/bbl in both Singapore and South Korea, to -$9.95/bbl and -$8/bbl, respectively.





Spot Product Prices

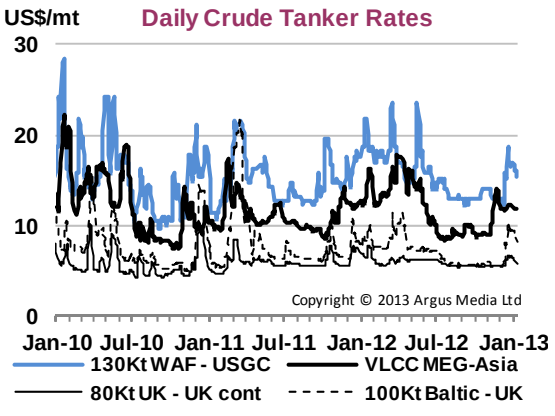
(monthly and weekly averages, $/bbl)

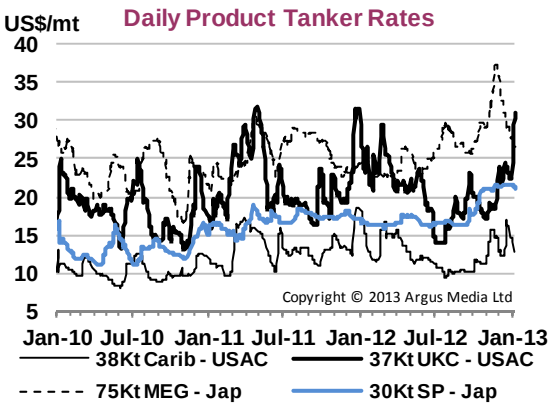
	Oct	Nov	Dec	Dec-Nov Chg	Dec-Nov %	Week Commencing: 10 Dec	17 Dec	24 Dec	31 Dec	07 Jan	Oct	Nov	Dec
Rotterdam, Barges FOB											**Differential to Dated Brent**		
Premium Unl 10 ppm	122.63	114.48	113.20	-1.28	-1.1	112.25	113.31	113.75	115.83	117.04	11.03	5.32	3.80
Naphtha	107.57	104.94	105.68	0.74	0.7	104.54	107.13	107.37	105.81	103.65	-4.03	-4.22	-3.72
Jet/Kerosene	132.76	127.27	126.39	-0.88	-0.7	125.44	127.12	127.35	127.31	128.50	21.16	18.11	16.99
ULSD 10ppm	137.99	132.15	126.96	-5.18	-3.9	125.38	127.56	127.62	128.14	129.84	26.39	22.99	17.56
Gasoil 0.1%	132.83	125.66	124.10	-1.56	-1.2	122.56	124.89	125.01	125.23	127.02	21.24	16.50	14.69
LSFO 1%	101.84	95.82	93.91	-1.91	-2.0	93.61	94.31	94.02	96.64	99.96	-9.75	-13.34	-15.49
HSFO 3.5%	94.63	90.14	88.27	-1.87	-2.1	87.63	88.31	88.30	91.22	93.88	-16.97	-19.02	-21.13
Mediterranean, FOB Cargoes											**Differential to Urals**		
Premium Unl 10 ppm	123.83	115.62	114.13	-1.49	-1.3	113.24	114.17	114.59	116.64	117.77	13.15	6.97	5.20
Naphtha	104.62	102.18	102.62	0.44	0.4	101.43	104.06	104.37	102.74	100.57	-6.06	-6.47	-6.31
Jet Aviation fuel	130.91	125.66	124.66	-1.00	-0.8	123.57	125.46	125.78	125.72	127.02	20.23	17.01	15.72
ULSD 10ppm	134.74	128.04	126.12	-1.92	-1.5	124.89	126.66	126.92	127.17	129.01	24.06	19.40	17.18
Gasoil 0.1%	130.62	124.42	123.18	-1.24	-1.0	121.74	124.27	124.37	124.58	127.00	19.94	15.77	14.25
LSFO 1%	102.54	96.78	95.43	-1.35	-1.4	95.08	96.22	95.91	98.57	101.60	-8.14	-11.86	-13.50
HSFO 3.5%	93.45	89.16	87.55	-1.61	-1.8	86.82	87.85	87.84	90.71	93.18	-17.23	-19.49	-21.39
US Gulf, FOB Pipeline											**Differential to LLS**		
Super Unleaded	128.28	112.80	113.84	1.04	0.9	106.97	114.39	120.89	125.65	125.74	18.02	4.17	4.21
Unleaded	116.49	105.93	103.86	-2.07	-2.0	98.59	104.83	108.79	111.43	111.31	6.23	-2.69	-5.77
Jet/Kerosene	130.37	124.04	123.49	-0.56	-0.5	120.41	124.39	126.24	126.68	129.23	20.11	15.42	13.86
ULSD 10ppm	132.53	125.66	124.17	-1.49	-1.2	122.41	124.10	125.56	126.00	127.20	22.26	17.04	14.54
No. 6 3%*	96.16	92.86	93.39	0.53	0.6	92.47	94.11	94.61	96.44	96.97	-14.11	-15.76	-16.24
Singapore, FOB Cargoes											**Differential to Dubai**		
Premium Unleaded	124.12	119.69	118.83	-0.86	-0.7	116.89	118.82	121.39	122.64	121.48	15.33	12.51	12.60
Naphtha	105.02	102.85	103.48	0.63	0.6	102.10	103.63	105.26	104.83	105.27	-3.77	-4.33	-2.75
Jet/Kerosene	130.10	125.21	124.77	-0.44	-0.3	123.01	125.02	125.69	126.14	127.75	21.31	18.03	18.55
Gasoil 0.05%	129.81	125.68	124.95	-0.73	-0.6	123.18	124.94	125.23	125.60	126.68	21.03	18.50	18.73
LSWR Cracked	108.93	102.65	103.11	0.47	0.5	101.92	104.11	104.93	106.05	109.66	0.14	-4.53	-3.12
HSFO 180 CST	102.45	96.91	96.27	-0.65	-0.7	95.86	96.20	96.85	97.96	100.18	-6.34	-10.26	-9.96
HSFO 380 CST 4%	100.67	95.36	94.87	-0.49	-0.5	94.27	94.92	95.66	97.13	99.55	-8.12	-11.82	-11.36

Copyright © 2013 Argus Media Ltd - All rights reserved * Waterborne

Freight

Freight rates for Suezmax and Aframax tankers in the western hemisphere soared during December after brisk pre-holiday demand rapidly tightened tonnage. However, as has occurred so often over the past two years, momentum was not sustained and rates fell away post-holiday and into early January. The exception to this was the VLCC market where the firming reported in November was not prolonged into December with the benchmark Middle East Gulf – Asia route trending sideways at close to $12/mt throughout the month and into 2013. Rates for VLCCs on the Middle East Gulf – US Gulf weakened early month and then held steady at approximately $12/mt following reports of a delayed start-up at Saudi Aramco's Motiva joint venture refinery on the Gulf Coast, which tempered sailings from Saudi Arabia to the US.





The West Africa – US Atlantic Coast Suezmax rate surged to a peak of $18.80 on 19 December as charters struggled to fix cargoes before Christmas but following the holiday rates plunged back so that by early January they stood at $15.40/mt. In Northern Europe the pre-holiday rush combined with inclement cold weather in the Baltic to tighten Aframax markets. Predictably, those operating on routes out of Ust Luga or Primorsk rallied to a peak of $10/mt in mid-month but by early January had retreated to $8/mt. As a knock-on effect of events in the Baltic, the cross-UK Aframax market also received a boost as the notoriously stable rate rose to $6.60/mt by mid month, however, by early-January it had slipped to under $6/mt as fundamentals once again softened.

Clean tanker markets fared poorly compared to their crude brethren with no significant sustained firming reported on benchmark trades over the month. Following lower demand, the Middle East Gulf – Japan trade experienced the most significant drop as it plummeted from its lofty level of over $35/mt in early December to below $27/mt one month later, the Singapore – Japan trade was affected less as intra-Asian trade reportedly remained healthy and soaked up tonnage. The most significant upward rate movement took place on the UK – US Atlantic Coast trade in early January as an already depleted tonnage pool, following healthy West African and Mediterranean demand, dwindled after an upsurge in transatlantic enquiries. Consequently, rates soared to exceed $31/mt by early-January, a level not seen since December 2011.

REFINING

Summary

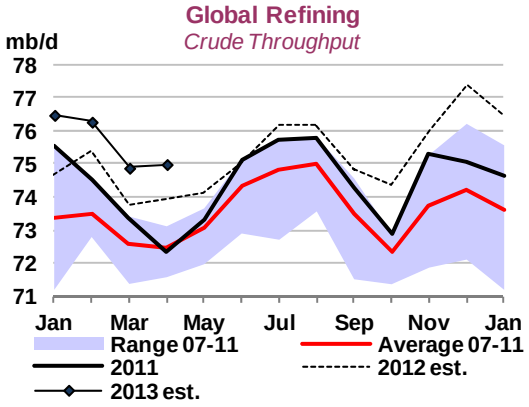
- **Global refinery runs are estimated at around 75.9 mb/d for 4Q12, up 1.5 mb/d year-on-year**, led by steep growth in Asia and the US.

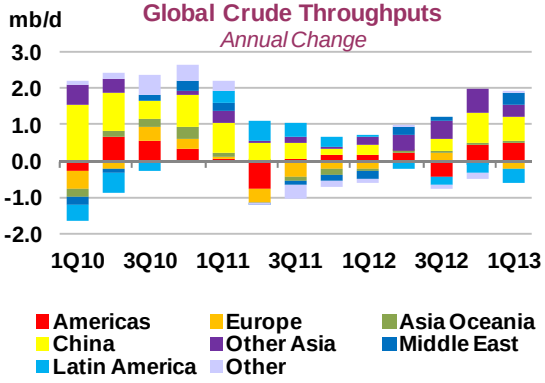
- **China and Russia lifted non-OECD refinery crude runs for November to 39 mb/d,** up 1 mb/d y-o-y. Chinese refinery runs surged past the 10 mb/d mark in November for the first time as new capacity came online and refiners boosted their activity in anticipation of the New Year holiday and changes in product taxes.

- **OECD refinery throughput rose by 550 kb/d in November on the month, to average 36.9 mb/d**. Increases stemmed from OECD Americas and Europe while OECD Asia was stable. Strong refining activity in the US Gulf Coast offset lower crude runs on the East Coast, while recovery in Mexican activity pushed runs in the OECD Americas to 18.2 mb/d. In Europe, crude runs increased by 2% m-o-m, to 12.1 mb/d as refiners returned from maintenance. The 4Q12 OECD estimate has been adjusted upwards by 240 kb/d to 37.1 mb/d on the back of the strong increase in US runs.

- **Refining margins fell sharply in December in Europe and the US Gulf Coast**. Weak demand, in part due to a mild winter and the progressive return from maintenance of European and Russian refineries, helped drive down European cracking margins by $2 - $3/bbl while margins for simple refineries fell into the red. In the US, December cracking and coking refining margins ended negative on weak gasoline cracks.

- **December Singapore refining margins remained stable**, as high distillate demand in Asia lifted diesel prices on the back of colder-than-normal weather across the region and signs of a rebound in the Chinese economy.





Global Refinery Overview

Favourable refining margins, a gradual reduction in offline capacity and a cold snap in Asia and the FSU supported November crude runs, which are now estimated at 76 mb/d, a 730 kb/d increase y-o-y. Major growth in refining activity was concentrated in China, India and Russia. China refinery runs surprised in November with total crude runs breaking the 10 mb/d wall for the first time as new capacity came online and refiners boosted their activity ahead of the New Year holiday. Expectations of new taxes on refined products may have helped lift refinery runs. After record-high runs in October, India remained at 4.5 mb/d in November, a 300 kb/d increase y-o-y. In Russia, crude throughputs also reached a new record high of 5.6 mb/d in November, thanks to higher oil production, strong domestic demand and tax changes that are encouraging refining.

Preliminary data for December show steep increases in crude runs continued in all regions. In North America, refining activity remained strong as plant utilisation rates reached unusually high levels for that time of the year. In China, strong activity from independent refiners supplemented the earlier start-up of new state-owned capacity and seemed to ensure that total crude runs would remain above 10 mb/d. Elsewhere in Asia, colder-than-normal temperatures supported Japanese crude runs. European crude throughput is estimated to have extended earlier gains, albeit at a more subdued pace, as refiners faced declining margins.

On those premises, 4Q12 estimates for global refinery runs have been revised upwards by 580 kb/d for 4Q12, to 75.9 mb/d. For 1Q13, OECD crude runs are estimated at 36.9 mb/d, down 190 kb/d from the previous quarter on economically-driven reductions in activity in Europe and on scheduled maintenance in the US. Non-OECD 1Q13 crude runs are estimated at 38.9 mb/d, unchanged from last month's *Report*. Most of the y-o-y increase in non-OECD runs will come from the Middle East and mainly Saudi Arabia with the start-up of new units at the Jubail refinery.

Global Refinery Crude Throughput[1 2]

(million barrels per day)

	Sep 12	**3Q2012**	Oct 12	Nov 12	Dec 12	**4Q2012**	Jan 13	Feb 13	Mar 13	**1Q2013**	Apr 13
Americas	17.8	**18.4**	17.8	18.2	18.7	**18.2**	18.4	18.1	17.9	**18.1**	18.3
Europe	12.4	**12.6**	11.9	12.1	12.3	**12.1**	12.0	11.7	11.5	**11.7**	11.7
Asia Oceania	6.7	**6.7**	6.7	6.6	7.1	**6.8**	7.1	7.2	6.9	**7.1**	6.6
Total OECD	**36.9**	**37.7**	**36.4**	**36.9**	**38.0**	**37.1**	**37.5**	**36.9**	**36.3**	**36.9**	**36.6**
FSU	6.5	**6.7**	6.3	6.9	7.0	**6.7**	6.7	6.8	6.7	**6.7**	6.5
Non-OECD Europe	0.5	**0.5**	0.5	0.5	0.5	**0.5**	0.5	0.5	0.5	**0.5**	0.5
China	9.4	**9.1**	9.4	10.2	10.2	**9.9**	10.0	10.0	9.7	**9.9**	9.5
Other Asia	9.3	**9.3**	9.6	9.4	9.6	**9.6**	9.6	9.7	9.5	**9.6**	9.6
Latin America	4.6	**4.6**	4.4	4.4	4.6	**4.4**	4.4	4.4	4.6	**4.5**	4.6
Middle East	5.8	**6.0**	5.7	5.7	5.7	**5.7**	5.9	5.9	5.7	**5.8**	5.8
Africa	1.8	**1.9**	2.1	2.0	1.8	**2.0**	1.9	2.1	1.9	**2.0**	2.0
Total Non-OECD	**37.9**	**38.0**	**38.0**	**39.1**	**39.4**	**38.8**	**39.0**	**39.3**	**38.6**	**38.9**	**38.4**
Total	**74.8**	**75.7**	**74.3**	**76.0**	**77.4**	**75.9**	**76.5**	**76.3**	**74.9**	**75.9**	**75.0**

1 Preliminary and estimated runs based on capacity, know n outages, economic run cuts and global demand forecast

2 From the report dated 10 August, 2012 OECD Americas include Chile and OECD Asia Oceania includes Israel.

Northwest European refining margins fell by about $3/bbl on the month in December. Weak demand, in part due to a mild winter, compounded the impact of the unwinding of maintenance at European and Russian plants to drive down complex refining margins to $2.5 - $2.7/bbl, while simple margins slipped into negative territory. A cold snap at the beginning of 2013 and low heating oil stocks provided cracking margins with some support. By mid-January, cracking margins had rebounded to about $2/bbl.

Mediterranean refining margins ended slightly higher on increased diesel demand as both Egypt and Algeria were reportedly seeking spot cargoes. After a slight decline in the first week of January, margins were returning to their December average amid rising prices for most products including fuel oil and weaker crude prices.

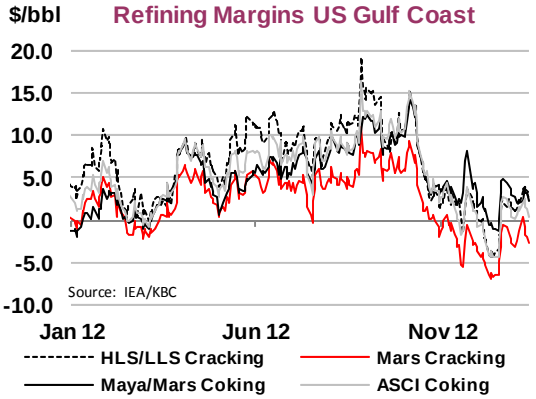
Table 15
IEA/KBC Global Indicator Refining Margins[1]

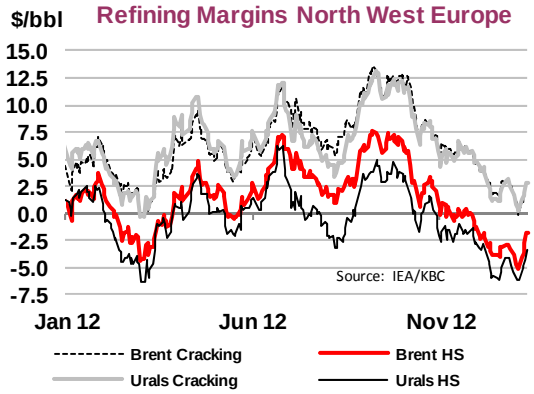
($/bbl)

	Monthly Average				Change		Average for week ending:			
	Sep 12	Oct 12	Nov 12	Dec 12	Dec 12-Nov 12	14 Dec	21 Dec	28 Dec	04 Jan	11 Jan
NW Europe										
Brent (Cracking)	12.31	9.03	5.68	2.73	-2.95	2.28	2.17	2.80	0.72	2.09
Urals (Cracking)	11.83	8.64	5.48	2.52	-2.96	1.80	1.62	2.87	0.81	2.15
Brent (Hydroskimming)	6.83	3.16	-0.06	-3.05	-2.99	-3.34	-3.56	-3.00	-4.69	-2.78
Urals (Hydroskimming)	3.79	0.79	-1.87	-4.68	-2.82	-5.30	-5.60	-4.35	-5.92	-4.19
Mediterranean										
Es Sider (Cracking)	13.64	9.86	5.93	3.88	-2.04	3.56	3.45	4.22	2.28	3.92
Urals (Cracking)	11.92	9.34	5.43	3.30	-2.13	2.72	2.72	3.95	1.89	3.17
Es Sider (Hydroskimming)	8.76	3.82	0.01	-1.92	-1.93	-2.09	-2.27	-1.61	-3.07	-1.08
Urals (Hydroskimming)	3.16	-0.08	-3.46	-5.56	-2.09	-6.04	-6.16	-4.99	-6.42	-4.87
US Gulf Coast										
50/50 HLS/LLS (Cracking)	11.36	7.40	1.86	-0.89	-2.74	-4.06	-0.11	1.87	1.77	3.40
Mars (Cracking)	6.74	3.31	-2.06	-4.09	-2.03	-6.54	-3.26	-1.79	-2.01	-1.34
ASCI (Cracking)	6.18	2.81	-2.68	-4.69	-2.00	-7.11	-3.79	-2.37	-2.61	-1.93
50/50 HLS/LLS (Coking)	12.55	8.61	2.66	-0.33	-2.99	-3.74	0.43	2.59	2.62	4.12
50/50 Maya/Mars (Coking)	9.89	7.73	3.68	1.65	-2.03	-0.68	2.33	3.80	2.31	2.94
ASCI (Coking)	10.93	8.00	1.51	-1.16	-2.67	-4.06	-0.43	1.42	0.86	1.58
US Midcon										
WTI (Cracking)	32.51	26.48	25.99	18.39	-7.60	18.51	15.48	17.89	14.05	13.54
30/70 WCS/Bakken (Cracking)	26.18	26.66	27.73	26.01	-1.72	25.78	23.07	29.27	21.51	23.27
Bakken (Cracking)	29.09	26.87	27.05	21.41	-5.65	20.94	18.49	21.44	17.05	18.15
WTI (Coking)	34.13	27.89	27.36	19.13	-8.22	19.18	15.89	18.59	14.62	13.88
30/70 WCS/Bakken (Coking)	29.14	29.83	30.65	28.04	-2.62	27.75	24.55	31.08	22.72	24.26
Bakken (Coking)	29.45	27.12	27.28	21.31	-5.97	20.81	18.22	21.33	16.86	17.84
Singapore										
Dubai (Hydroskimming)	1.22	0.46	-2.72	-2.31	0.41	-1.95	-2.33	-2.41	-1.71	-0.52
Tapis (Hydroskimming)	4.03	1.42	-1.28	-1.88	-0.60	-2.73	-2.33	-0.77	-3.41	-2.10
Dubai (Hydrocracking)	7.13	7.18	4.30	4.63	0.33	4.73	4.58	4.64	5.02	5.63
Tapis (Hydrocracking)	6.88	5.54	3.30	2.40	-0.90	1.45	1.73	3.42	0.60	1.16

1 Global Indicator Refining Margins are calculated for various complexity configurations, each optimised for processing the specific crude(s) in a specific refining centre. Margins include energy cost, but exclude other variable costs, depreciation and amortisation. Consequently, reported margins should be taken as an indication, or proxy, of changes in profitability for a given refining centre. No attempt is made to model or otherwise comment upon the relative economics of specific refineries running individual crude slates and producing custom product sales, nor are these calculations intended to infer the marginal values of crude for pricing purposes.

Source: IEA, KBC Advanced Technologies (KBC)

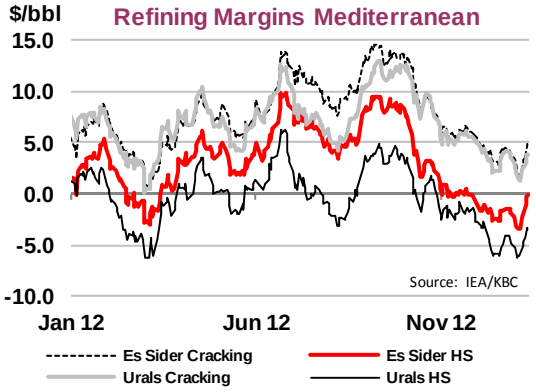


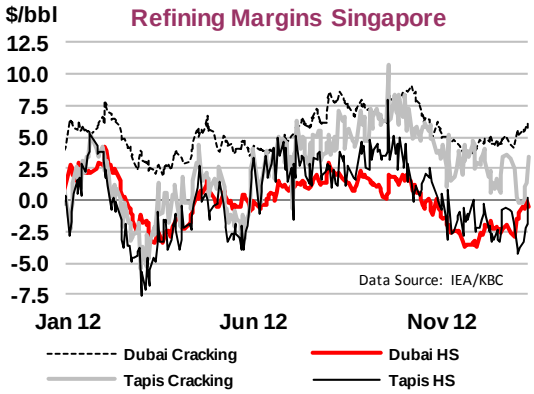


In the USGC, December cracking and coking refining margins (with the exception of Maya/Mars coking margins) ended negative and $2-$3/bbl lower compared with November. Ample supply from domestic

refineries and an inflow of gasoline from Northwest Europe pushed both gasoline and diesel cracks further down. Margins recovered in the first week of 2013 on the back of increased exports to South America, however.

In the US Mid-Continent, WTI margins fell by $8/bbl in December. Mid-Continent refining margins might decrease from last year's very high levels following the startup in mid-January of the 250 kb/d expansion of the reversed Seaway pipeline. By further alleviating the oil transportation bottleneck at Cushing, the expansion may cause the WTI discount to coastal crude grades to narrow and thus put a dent into the advantage of the Cushing barrel crack spread.





By contrast, December Singapore complex refining margins remained stable, inching higher by 30-40 cents a barrel to $4.6/bbl on Dubai crude. Refiners benefitted from recovering Asian fuel oil cracks and strong diesel margins of over $20/bbl, supported by high distillate demand in Asia as China economy showed signs of rebound in the run up to the New Year holiday.

Fuel oil cracks improved slightly in December on the back of a cold snap across the region that lifted demand from utility companies, higher sales in the bunker market (albeit still lower than year earlier levels) and higher demand from independent Chinese refiners. A new Chinese tax scheme will increase feedstock cost for independent refiners in 2013 (see *OMR 12 December 2012*) and may have led so-called 'teapot' refineries to increase their operable utilisation rates before it took effect.

OECD Refinery Throughputs

OECD refinery crude runs rose by 550 kb/d in November, to average 36.9 mb/d. Increases stemmed from OECD Americas and Europe while OECD Asia Oceania was stable. Strong refining activity in the US Gulf Coast has offset lower crude runs on the East Coast following Hurricane Sandy and increased total US crude throughput by 170 kb/d (m-o-m), while a recovery in Mexican refining activity helped push up OECD America runs by 330 kb/d to 18.2 mb/d. In Europe, crude runs in November increased by 2% m-o-m to 12.1 mb/d, as refiners progressively returned from maintenance.

Preliminary data for December show steep increases in refinery throughputs in all regions. In North America, refining activity remained strong as refiners increased plant utilisation rates to unseasonably high levels. In OECD Asia, colder-than-normal temperatures in December and January lifted Japanese crude runs by 440 kbd/d, while in Europe, crude runs appeared to have continued to ramp up, albeit at a much slower rate.

Based on these elements, the 4Q12 forecast has been increased by 240 kb/d from our last report to 37.1 mb/d. For 1Q13, crude runs are unchanged at 36.9 mb/d.

Refinery Crude Throughput and Utilisation in OECD Countries

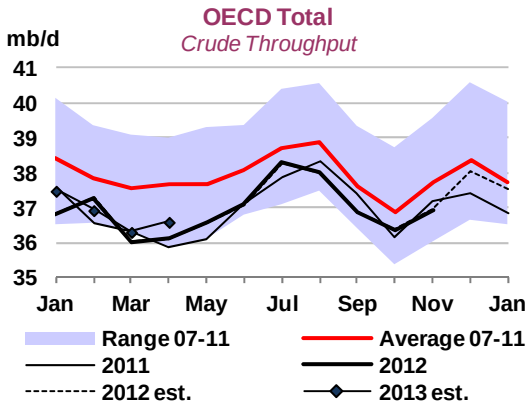
(million barrels per day)

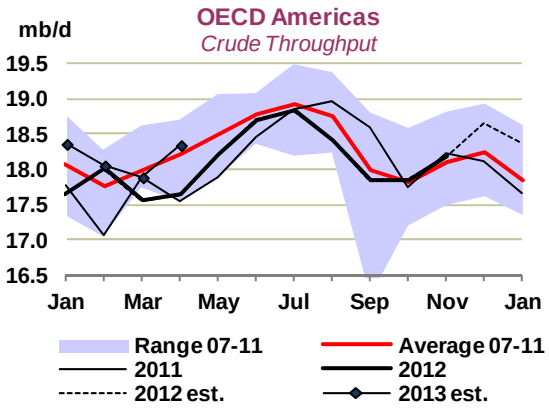
	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12	Change from Oct 12	Change from Nov 11	Utilisation rate[1] Nov 12	Utilisation rate[1] Nov 11
US[2]	15.63	15.66	15.26	14.86	14.85	15.03	0.17	0.07	85.1%	85.4%
US Virgin Islands	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.27	0.0%	77.4%
Canada	1.64	1.78	1.82	1.69	1.73	1.79	0.06	0.16	93.6%	86.7%
Chile	0.17	0.16	0.12	0.17	0.18	0.16	-0.02	-0.02	71.1%	77.9%
Mexico	1.25	1.23	1.21	1.12	1.08	1.20	0.12	0.02	72.4%	71.3%
OECD Americas	**18.69**	**18.82**	**18.41**	**17.84**	**17.85**	**18.17**	**0.33**	**-0.04**	**84.8%**	**85.6%**
France	1.24	1.38	1.36	1.12	1.15	1.17	0.02	-0.22	74.9%	83.1%
Germany	1.81	1.96	1.98	2.04	2.07	2.07	0.00	0.11	97.2%	92.0%
Italy	1.44	1.60	1.63	1.57	1.52	1.46	-0.06	-0.06	69.7%	69.5%
Netherlands	1.06	1.04	1.03	1.06	0.72	0.78	0.06	-0.18	60.7%	74.8%
Spain	1.10	1.32	1.25	1.25	1.33	1.25	-0.08	0.14	82.4%	72.8%
United Kingdom	1.43	1.44	1.41	1.31	1.03	1.19	0.17	-0.26	59.5%	63.1%
Other OECD Europe	3.96	3.97	4.08	4.03	4.05	4.19	0.14	0.44	85.1%	75.8%
OECD Europe	**12.04**	**12.71**	**12.74**	**12.39**	**11.86**	**12.11**	**0.25**	**-0.02**	**78.0%**	**75.7%**
Japan	2.82	3.15	3.29	3.09	3.01	3.07	0.06	-0.14	66.8%	69.8%
South Korea	2.59	2.63	2.62	2.60	2.64	2.59	-0.05	-0.04	94.7%	96.4%
Other Asia Oceania	0.95	0.97	0.93	0.97	1.01	0.98	-0.03	0.02	84.9%	78.7%
OECD Asia Oceania	**6.36**	**6.75**	**6.84**	**6.66**	**6.67**	**6.64**	**-0.03**	**-0.16**	**78.2%**	**79.6%**
OECD Total	**37.09**	**38.28**	**37.99**	**36.88**	**36.37**	**36.93**	**0.55**	**-0.23**	**81.3%**	**80.4%**

1 Expressed as a percentage, based on crude throughput and current operable refining capacity

2 US50

3 OECD Americas includes Chile and OECD Asia Oceania includes Israel. OECD Europe includes Slovenia and Estonia, though neither country has a refinery





OECD North American crude runs averaged 18.2 mb/d in November, unchanged from last year despite the closure of Hess's Hovensa refinery in early 2012. For 4Q12, crude runs are estimated at 18.2 mb/d, an increase of 1% y-o-y as refiners maintained very high utilisation rates to meet steady export demand from Central and South America. Refining activity is expected to slow down in 1Q13, however, as refiners enter a maintenance cycle.

Preliminary weekly data show **US** runs higher in December (+360 kb/d m-o-m) at 15.4 mb/d corresponding to a 90% utilisation rate of operable capacity. All PADDs show increases in crude runs, thanks to high light, tight oil production and exports to Central and South America. Part of the increase also reflects East Coast refiners coming back on line after disruptions caused by Hurricane Sandy.

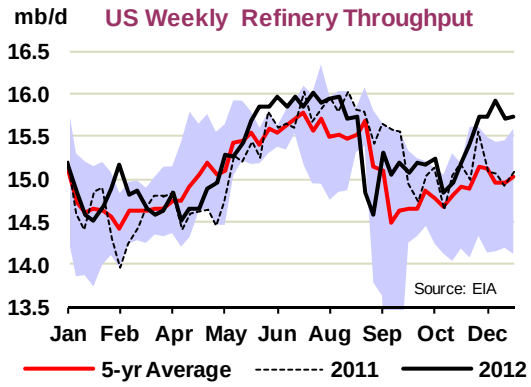
The Seaway pipeline running from Cushing, Oklahoma to the Gulf Coast completed a 400 kb/d capacity expansion in January. This will help alleviate the glut of oil in the Cushing storage hub while increasing availability of attractive domestic and Canadian crude oil to US Gulf Coast refineries.

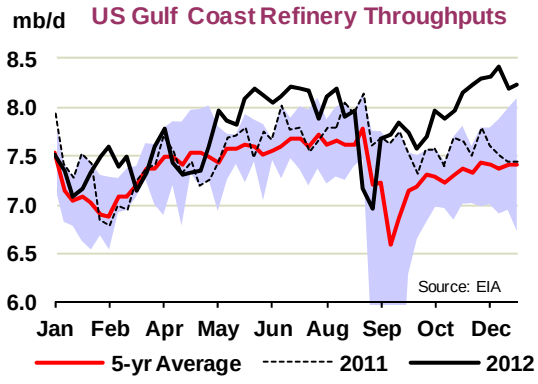
Overall, 2012 crude runs for the US are estimated at 15 mb/d, up 1.4% y-o-y. January refinery runs are forecast lower at 15.1 mb/d as many refiners have now entered maintenance.

The new 325 kb/d crude unit at Motiva's Port Arthur was shut down for the third time in early January after a new leak developed at an associated unit. Since early December, Motiva Enterprises has been trying to return the unit to production after more than six months of repairs following a chemical leak.

BP has pushed back again the start-up date of a revamped crude unit at its Whiting refinery. The restart is now scheduled for mid-April 2013, which could further delay the completion of its largest and most complex refining project. The modernisation project, completion of which is still planned for the second half of 2013, aims to increase the share of heavy crude, mainly from Canada, in the plant's feedstock slate. Delays at Whiting are particularly bearish for Canadian crude oil prices, which are now trading at a discount of more than $40/bbl to WTI.

Tesoro has announced this month that it will close its 94 kb/d refinery in Hawaii and convert it to an import, storage and distribution terminal.



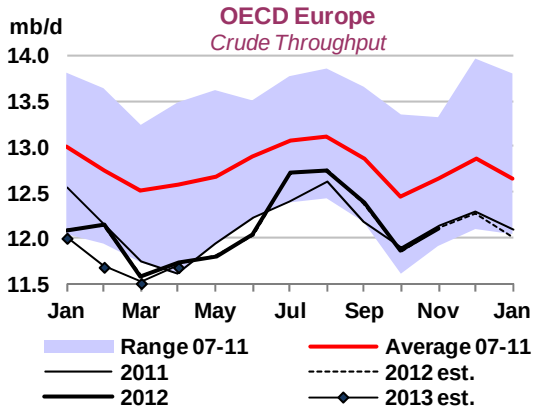


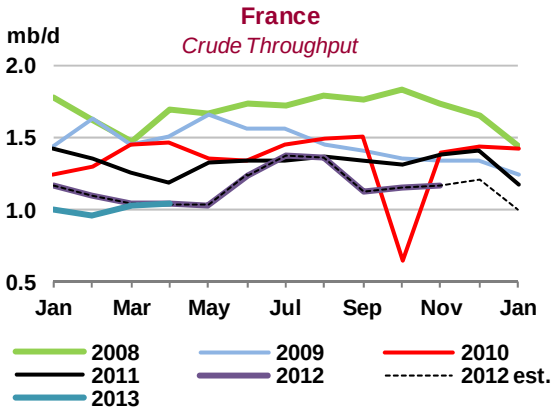
In **Mexico**, refining activity in November was recovering from last month's technical issues in its Minatiltán and Madero refineries. Crude runs increased 120 kb/d m-o-m, to 1.2 mb/d, but should drop in 1Q13 as maintenance is planned at Salamanca and Cadereyta refineries.

European refinery crude runs in December increased for the second consecutive month by 150 kb/d, on a monthly basis, reaching 12.3 mb/d. Netherlands crude throughput posted the largest increase (280 kb/d) with the end of turnaround maintenance at Total's Vlissingen, BP's Rotterdam, Shell's Pernis and KPC's Europort refineries.

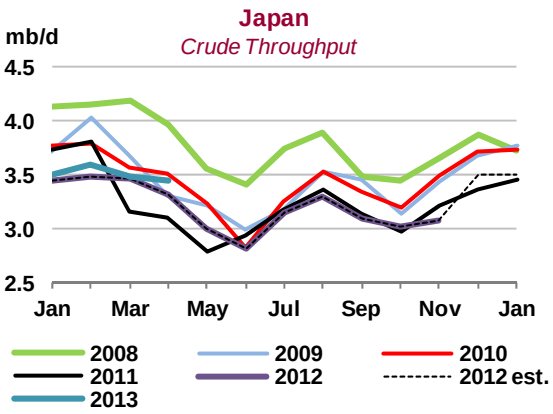
Crude runs averaged 12.1 mb/d in 2012, almost unchanged from last year. Weak demand, in part due to a mild winter and the progressive return from maintenance of European and Russian refineries, has driven down European refining margins by $3/bbl in NWE and $2/bbl in the Mediterranean. In response to poor refining economics in Europe, regional refiners have resorted to counter-seasonal run cuts. France's Lavera, the Netherlands' Pernis, Perm's refineries in Sweden and ExxonMobil's Fawley in the UK were all reported in the press as operating at reduced rates. Unless the refining margin recovers, it is anticipated that more refineries will cut operations. Our estimate for 1Q13 crude runs is 11.7 mb/d, down by 190 kb/d on a yearly basis.

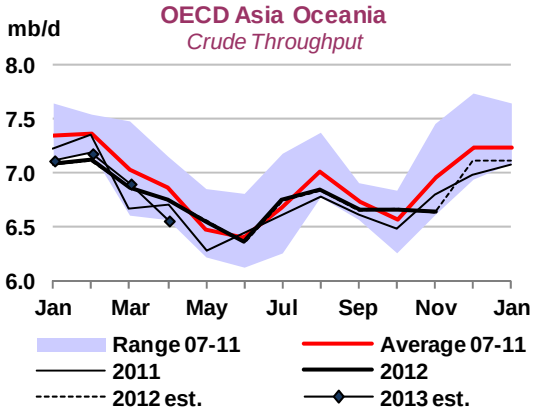
In **France**, the Gonfreville refinery has now returned from a long period of maintenance. The refinery was shut down before the end of July to complete a major upgrade on the hydrocracker to boost its diesel production by 3.8 million barrels per year while reducing gasoline production by 7.5 million barrels. Meanwhile, units at Petroplus's Petit Courrone refinery (160 kb/d) started shutting down in mid-December, as the processing agreement with Shell expired and was not renewed.





In **OECD Asia Oceania**, weekly data from the Petroleum Association of **Japan**, show Japanese crude intake increasing in December by 440 kb/d at 3.5 mb/d, compared to November, in line with our last estimate. Refiners have been increasing their activity, as temperatures have held mostly colder-than-normal this month and temperatures for January were forecast below the 30-year average. As offline capacity remains high, with Cosmo delaying the restart of operations at its 220 kb/d Chiba refinery, most refiners resorted to importing kerosene amid growing fears that they would not be able to meet strong domestic demand. Average crude throughput for 2012 is estimated at 3.2 mb/d, close to the record low of 2011.



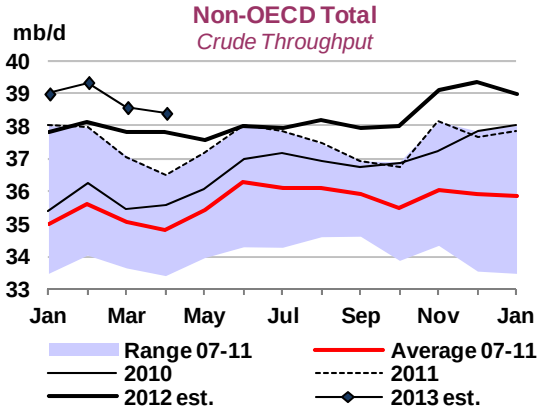


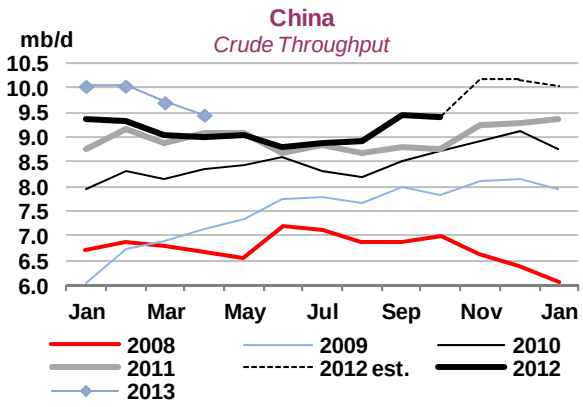
In **South Korea**, crude refining runs in November remained high at 2.6 mb/d, driven by strong exports. Oil products emerged in 2012 as the country's highest export earner. The election of President Pak Geun-Hye, who is due to take office by end-February, may affect refiners' export revenue, as she promised during her campaign to tackle inflation by letting the Won appreciate which will directly impact refiners since they export more than half of their production. She also pledged to promote greater competition in the energy sector and to increase the role of the antitrust watchdog. The country's four refiners, KS Innovation, GS Caltex, S-Oil and Hyundai Oilbank, which control more than 97% of the market, are regularly fined by the antitrust watchdog for price colluding and anti-competitive practices.

In January, the Nuclear Safety & Security Commission, which ordered the shutdowns in late November of two nuclear reactors, authorised them to come back online. Crude runs for 4Q12 remained unchanged at 2.6 mb/d. With maintenance planned at all four refineries by March, however, crude throughput is estimated to progressively decline in 1Q13 by 3% to 2.5 mb/d.

Non-OECD Refinery Throughputs

Non-OECD refinery crude runs have been revised upwards by 350 kb/d for 4Q12 to 38.8 mb/d on higher-than-expected runs in China and 'Other Asia' and slightly lower-than-expected runs in Africa, Latin America and the Middle East. Many unplanned refinery outages and extended maintenance plans have been weighing on crude runs for the last two months in those regions. Refineries in Asia, however, have been running at record highs, boosting our 4Q12 estimate for the Non-OECD region by 1.3 mb/d y-o-y amid rebounding demand and following the start-up of new refining capacity. Non-OECD runs are now estimated at 38.9 mb/d for 1Q13.





China processed record amounts of crude oil in November, reaching a new high of 10.2 mb/d as refineries returned from autumn maintenance and new capacity – both grassroot plants and expansions at existing facilities – came online. The 750 kb/d monthly increase boosts the 4Q12 average by 820 kb/d to 9.9 mb/d, a 9% increase y-o-y. The November surge in crude throughput pushed refiners to draw crude from storage and boosted crude oil imports, mainly from Saudi Arabia. A large part of this increase is attributed to the independent sector (the so-called 'teapot' refineries), which have been increasing their run rates in December to 50%, compared with an estimated 44% in November.

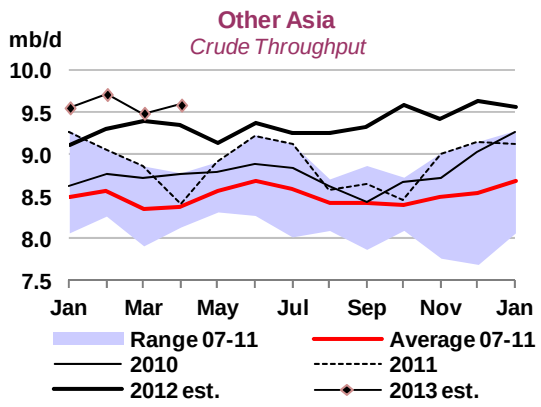
Company plans for January indicate runs should stay at elevated levels ahead of the 'Spring Festival' in February 2013 marking the Chinese New Year, particularly as turnaround maintenance plans are not scheduled before March and April.

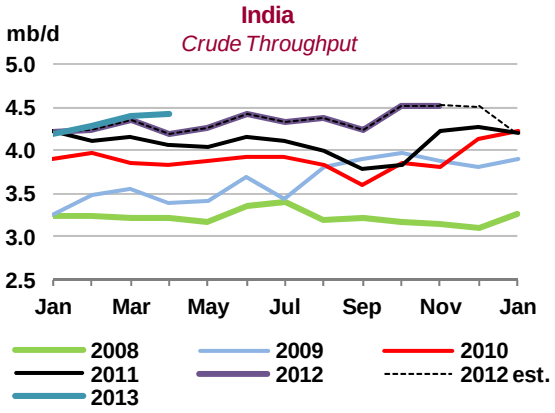
However, uncertainty remains regarding the reaction of the independent refiners to a new tax on their feedstocks, which takes effect in 2013 and may force some of them to shut production for economic reasons while some independents like ChemChina could be granted a licence to import directly crude oil, others may find a modicum of flexibility from an expected rise in domestic offshore crude supply (Shengli crude).

'Other Asia' throughput estimates for 4Q12 and 1Q13 were revised upwards by around 175 kb/d to 9.6 mb/d, on higher runs mainly in Indonesia, Pakistan, Thailand and Taiwan.

Indian refinery runs increased marginally to 4.5 mb/d in November, reaching a new historical record. December crude runs are estimated to have decreased slightly, as Reliance Industries shut at the end of December a crude distillation unit after a fire at its Jamnagar refinery. Overall, we estimate total Indian

2012 runs at 4.3 mb/d, a 6% annual increase. Refinery runs for 1Q13 should retreat from their current highs as maintenance is scheduled at the Jamnagar and Mumbai refineries, removing more than 400 kb/d of capacity.





Pakistan's crude runs held higher in December and should ramp up progressively in 2013 with the commissioning of the Byco refinery (120 kb/d), the largest refinery in the country. This new plant will boost Pakistan's refining capacity by more than 45%, to 411 kb/d. The new refinery is a relocation of Chevron's Gulf Refinery at Milford Haven, UK, which closed in 1997 before being purchased by Petroplus in 1998 and subsequently sold to Byco Oil Pakistan in 2006. It took almost two years to move the refinery to Pakistan and another three years to reassemble it and re-calibrate it to fit the Pakistani environment. The Byco refinery will be the first one in the country to have an isomerization unit for the production of high-quality gasoline.

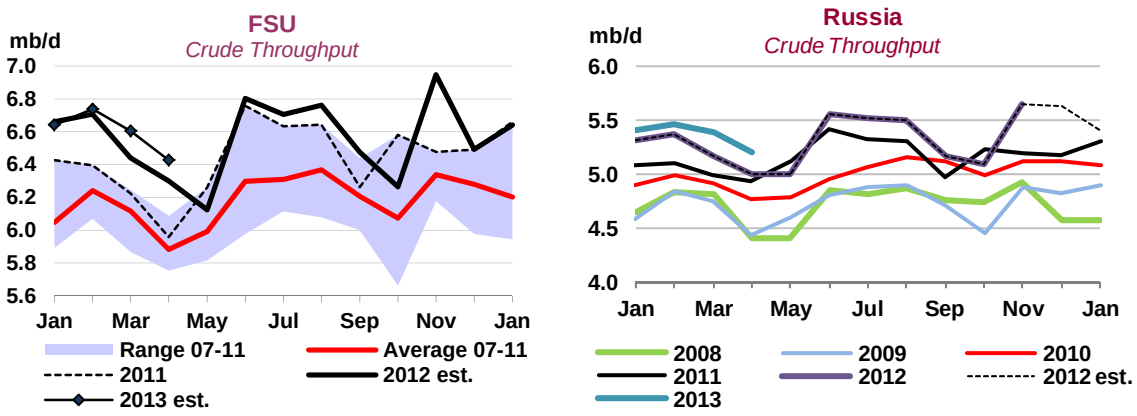
In **Thailand**, refinery activity remains high with crude runs reported at 1 mb/d in November, an 8% monthly increase. Nearly half of this increase is attributed to the progressive return to normal operation at the Bangchak Petroleum refinery. Since last summer, the refinery has been running at half capacity after a fire damaged a crude distillation unit. The bulk of the increase comes from IRPC refinery, which returns from October maintenance. Our crude runs estimate for 2012 is 980 kb/d, a 4% increase on a yearly basis and 1Q13 crude throughput should reach 1.0 mb/d with the return to full capacity of the Bangchak refinery.

Meanwhile in **Taiwan**, refinery runs recovered after CPC started up a new 80 kb/d residue fluid catalytic cracker (RFCC) at its Talin plant (300 kb/d) in early November. About one third of the refinery has been shut since September waiting for the start-up of the new units. Although 4Q12 refinery throughput is in line with 2011 on an annual basis, the estimate for 1Q13 surges to 990 kb/d, a 16% increase y-o-y.

Total **FSU** crude runs in November are estimated at 6.9 mb/d, an increase of 470 kb/d y-o-y on higher Russian crude runs. Crude oil processing at **Russian** refineries remained close to November's record high at 5.6 mb/d. On a yearly basis, refinery runs increased in November by 9%. A favourable price environment boosted the profitability of refining operations, a reduction in offline capacity and adverse weather conditions supported domestic demand and contributed to the increase in crude runs. In early January, operators were considering importing more gasoline from Europe in exchange for heavy oil products to avoid any domestic shortfall. Russia introduced at the beginning of 2013 Euro-3 specifications and delays in upgrading some refineries may explain on-spec fuel shortages.

Kazakhstan boosted crude runs in November, to 300 kb/d, as the Shymkent refinery returned from maintenance. On a yearly basis, processing in the country is up by 16%. The country has embarked on an ambitious plan to modernise its three refineries (Atyrau, Pavlodar and Shymkent) and build a fourth refinery at Bulaeva in northern Kazakhstan. Work is already underway at Atyrau refinery, where a deep

conversion complex is being implemented with a view to increasing Euro 5 products production. At the same time, a front-end engineering (FEED) contract was awarded for the Pavlodar and Shymkent refineries and completion announced for 2015 and 2016 respectively. It is anticipated that all these modernisation projects will increase the country's refinery throughput to 390 kb/d.



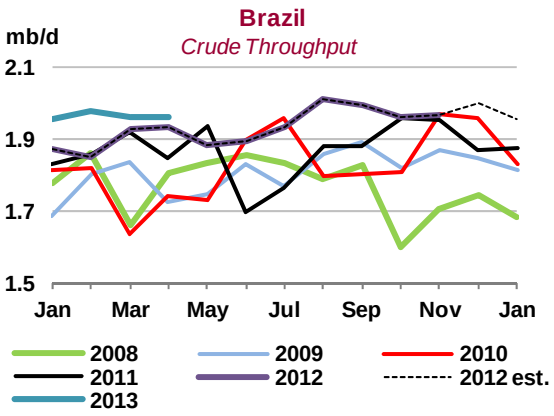
Overall, FSU 4Q12 crude runs should increase by 200 kb/d (y-o-y) to reach 6.7 mb/d, but activity should slow down in the first month of 2013, as refinery maintenance operations are scheduled in Kazakhstan and Russia.

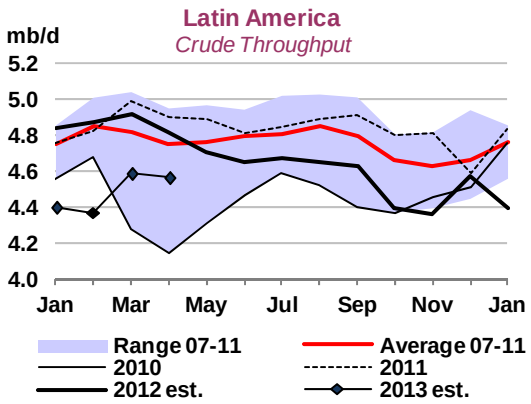
In **Latin America**, refining activity remains high in **Brazil**, with November refinery runs close to 2.0 mb/d. Refinery activity is boosted by gasoline consumption, which soared in 2012 with rising car sales, helped by a sales tax break and pump prices well below international levels. Although the majority of cars in Brazil run on a mixture of gasoline and ethanol, high ethanol prices and gasoline price controls have pushed up the consumption of gasoline. Considering the financial difficulties facing Petrobras, which is losing money importing fuels at high international prices to sell at lower prices in the domestic market, the Brazilian government could increase domestic fuel prices in 2013. According to a local newspaper, government could announce an increase in gasoline and diesel prices as soon as next week. Gasoline prices would increase by 7% while diesel prices would go up by 4-5%. Refineries activity was also boosted by increased fuel oil demand for the power sector which rose by 45% y-o-y as Brazil's northeast suffers its worst drought in decades, threatening hydropower electricity supplies.

Refining throughputs in **Venezuela** continue to be highly impacted by outages at the Amuay refinery (645 kb/d) after a fire and an explosion in late August cut refinery production by half. To date, the Amuay refinery is still not operating at its full capacity, requiring the country to import products, a situation that is likely to prevail in 1Q13. Our forecast for 2012 set Venezuela refinery crude runs at 900 kb/d, a major setback of 9% y-o-y mainly on account of problems and operational failures in all the country's refineries.

In **Trinidad and Tobago**, Petrotin is struggling to complete the revamping and gasoline optimisation project at the Point-a-Pierre refinery (168 kb/d). In addition to technical issues, the company faces labour problems as employees walked off their jobs in September. Since then, the refinery has been running at historically low levels with November crude runs in steep decline at 39 kb/d, down 71% on a yearly basis.

We estimate Latin America refinery throughput for 1Q13 to remain low at 4.5 mb/d on continued problems in Venezuela and maintenance plans announced in Columbia's two main refineries (Barrancabermeja and Unibon) and in Ecuador, where PetroEcuador has announced that it will cut throughputs at its 110 kb/d Esmeraldas refinery.

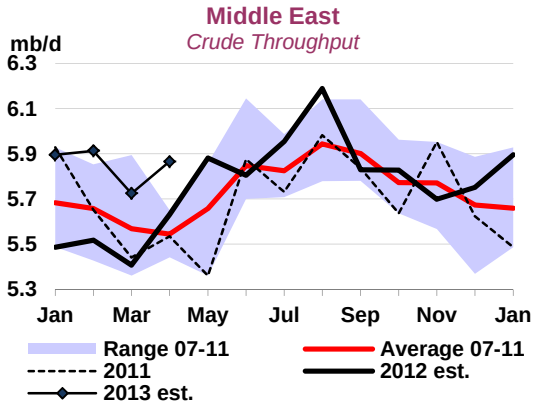


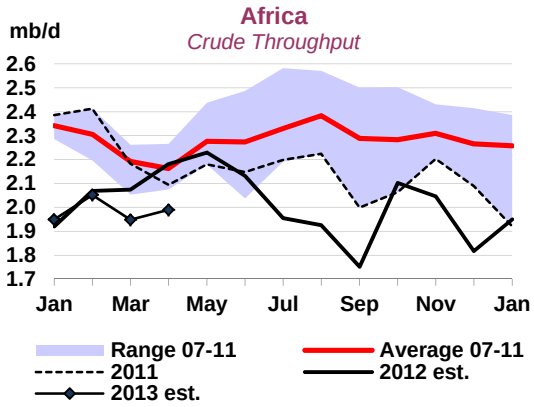


Middle East refinery throughputs for November were revised down by 220 kb/d to 5.7 mb/d. According to latest JODI data, **Saudi Arabian** refinery runs were 1.7 mb/d in October, a 7% drop on a y-o-y basis. By the end of December, the Petro Rabigh refinery (400 kb/d) was forced to shut its entire operations for around 20 days due to a cut in power and steam, which caused some small fires. Although the first of the two 200 kb/d distillation units at the Jubail refinery is expected to be running by early 2013, heavy maintenance at the Yanbu refinery will keep refinery utilisation rates at moderate levels. Our forecast for 4Q12 and 1Q13 is 1.7 mb/d as refinery throughputs should not increase before the end of the next quarter.

Kuwait refineries are still operating at very high rates with a throughput of 926 kb/d in October a 29.0% growth on a yearly basis according to JODI data. The country has ambitious plans for the future as it is still going ahead with the Al-Zour refinery project, the Middle East's largest oil refinery (615 kbp/d) and a 'Clean Fuels Project' (CFP) at its Mina Abdullah and Mina Al-Ahmadi refineries to increase conversion and products quality. KNPC declared this month in the press that the government will probably announce the winner of the management and consultancy (PMC) contract for the Al-Zour project next month while the PMC contract for the CFP project was already awarded before the end of December.

Overall, total refinery runs in the Middle East region for December are revised down by 110 kb/d at 5.7 mb/d, on reduced runs in Saudi Arabia. Our forecast for 2012 remains unchanged at 5.7 mb/d. Refinery runs in 1Q13 should show a net increase of 6% on a yearly basis at 5.8 mb/d as new projects come on line.





African refinery throughputs, for November, are largely unchanged from our last report at 2.0 mb/d. In **Algeria**, Sonatrach is still in the process of upgrading two crude distillation units at Skikda, the country's largest refinery (300 kbd). The refinery has been under heavy maintenance since July 2012 and was originally scheduled to restart in September 2012 but units were shut again following a fire and an

explosion. To offset the shutdown of its largest refinery, the country will continue to import gasoline to cover its domestic needs.

In **Libya**, the Ras Lanuf refinery is reported to be operating at reduced capacity but a port strike at the oil terminal could affect operations of the refinery in coming months.

In **Ghana**, the Tema Oil Refinery (45 kb/d) was shut down by the end of November due to a mechanical failure and a lack of crude oil for processing, while in **Nigeria**, the Port Harcourt and Kaduna refineries were on maintenance.

The Societe Ivoirienne de Raffinage (SIR), **Ivory Coast** has announced that it has suspended its exports of gasoline, gasoil and jet fuel to neighbouring countries following delays in receiving Nigerian crude. Delays at oil export terminals in Nigeria have considerably increased over the last months following the severe flooding and a surge in pipeline bombings.

Accordingly, we now estimate, total refinery runs in the region for December at 1.8 mb/d, on reduced runs in Algeria, Libya and Nigeria. African crude runs for 4Q12 are revised down by 100 kb/d from last month at 2.0 mb/d. 1Q13 forecast has also been slightly revised down to 2.0 mb/d as we assume the Skikda refinery to be operational by mid-February, with gradual ramp-up towards full rates by March 2013.

Table 1
WORLD OIL SUPPLY AND DEMAND

(million barrels per day)

	2009	2010	1Q11	2Q11	3Q11	4Q11	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
OECD DEMAND																	
Americas[1]	23.7	24.1	24.2	23.8	24.2	24.0	24.1	23.5	23.8	23.9	24.1	23.8	23.6	23.6	24.0	24.1	23.8
Europe[2]	14.7	14.7	14.3	14.2	14.7	14.1	14.3	13.7	13.8	13.8	13.9	13.8	13.4	13.3	13.8	13.8	13.6
Asia Oceania[3]	8.0	8.1	8.6	7.4	8.0	8.6	8.1	9.1	8.0	8.2	8.6	8.5	9.0	7.9	8.0	8.4	8.3
Total OECD	46.3	46.9	47.1	45.3	46.9	46.7	46.5	46.3	45.6	45.9	46.5	46.1	46.0	44.8	45.8	46.3	45.7
NON-OECD DEMAND																	
FSU	4.0	4.2	4.2	4.4	4.6	4.6	4.4	4.5	4.5	4.7	4.7	4.6	4.6	4.6	4.8	4.9	4.7
Europe	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
China	7.9	8.8	9.3	9.3	9.0	9.4	9.2	9.6	9.3	9.4	10.1	9.6	10.0	9.8	9.9	10.3	10.0
Other Asia	10.3	10.9	11.1	11.1	10.8	11.2	11.0	11.3	11.4	11.2	11.6	11.4	11.6	11.7	11.4	11.8	11.6
Latin America	5.7	6.0	6.1	6.3	6.5	6.4	6.3	6.3	6.4	6.6	6.7	6.5	6.4	6.6	6.8	6.7	6.7
Middle East	7.1	7.3	6.9	7.4	7.8	7.3	7.4	7.1	7.7	8.0	7.5	7.6	7.3	7.8	8.3	7.7	7.8
Africa	3.4	3.3	3.3	3.3	3.2	3.3	3.3	3.4	3.4	3.4	3.5	3.4	3.5	3.5	3.5	3.6	3.5
Total Non-OECD	39.1	41.1	41.5	42.3	42.6	43.0	42.4	42.8	43.4	44.0	44.7	43.7	44.1	44.9	45.4	45.8	45.0
Total Demand[4]	85.4	88.0	88.7	87.6	89.4	89.7	88.9	89.1	89.0	90.0	91.2	89.8	90.1	89.6	91.3	92.0	90.8
OECD SUPPLY																	
Americas[1,7]	13.6	14.1	14.3	14.3	14.5	15.3	14.6	15.6	15.5	15.7	16.4	15.8	16.6	16.5	16.7	17.0	16.7
Europe[2]	4.5	4.1	4.0	3.7	3.5	3.7	3.8	3.8	3.6	3.1	3.3	3.5	3.4	3.2	3.1	3.3	3.2
Asia Oceania[3]	0.6	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.6	0.6	0.6	0.5	0.5	0.6	0.6	0.5
Total OECD	18.8	18.9	18.9	18.6	18.6	19.6	18.9	19.9	19.7	19.4	20.4	19.8	20.5	20.3	20.3	20.9	20.5
NON-OECD SUPPLY																	
FSU	13.3	13.5	13.6	13.6	13.5	13.6	13.6	13.7	13.6	13.6	13.8	13.7	13.8	13.6	13.4	13.7	13.6
Europe	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
China	3.8	4.1	4.2	4.2	4.0	4.0	4.1	4.2	4.1	4.2	4.3	4.2	4.2	4.3	4.2	4.2	4.2
Other Asia[5]	3.6	3.7	3.7	3.5	3.6	3.6	3.6	3.6	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.4	3.5
Latin America[5,7]	3.9	4.1	4.2	4.2	4.2	4.3	4.2	4.3	4.1	4.1	4.2	4.2	4.2	4.3	4.3	4.4	4.3
Middle East	1.7	1.7	1.8	1.7	1.7	1.5	1.6	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Africa[5]	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.4	2.3	2.3	2.3	2.3	2.3	2.4	2.4	2.4	2.4
Total Non-OECD	29.0	29.8	30.2	29.8	29.8	29.7	29.9	29.8	29.2	29.3	29.7	29.5	29.7	29.6	29.4	29.7	29.6
Processing Gains[6]	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.2	2.1	2.1	2.2	2.2	2.2	2.2	2.2
Global Biofuels[7]	1.6	1.8	1.5	1.9	2.2	1.8	1.9	1.6	1.9	2.1	1.9	1.9	1.6	2.0	2.3	2.1	2.0
Total Non-OPEC[5]	51.4	52.6	52.8	52.4	52.7	53.2	52.8	53.4	52.9	53.0	54.1	53.3	54.0	54.1	54.3	54.9	54.3
OPEC																	
Crude[8]	29.1	29.2	29.9	29.4	29.9	30.3	29.9	31.3	31.7	31.4	30.9	31.4					
NGLs	4.9	5.4	5.8	5.7	5.8	5.9	5.8	6.0	6.1	6.3	6.3	6.2	6.3	6.4	6.6	6.6	6.5
Total OPEC[5]	34.0	34.6	35.7	35.1	35.6	36.2	35.7	37.4	37.8	37.8	37.3	37.6					
Total Supply[9]	85.4	87.3	88.4	87.6	88.4	89.4	88.4	90.8	90.7	90.8	91.4	90.9					
STOCK CHANGES AND MISCELLANEOUS																	
Reported OECD																	
Industry	-0.1	0.1	-0.5	0.5	-0.2	-0.7	-0.2	0.5	0.4	0.4							
Government	0.1	0.0	0.0	0.0	-0.4	0.1	-0.1	0.0	0.0	0.0							
Total	0.0	0.1	-0.5	0.5	-0.5	-0.6	-0.3	0.5	0.4	0.5							
Floating Storage/Oil in Transit	0.3	-0.2	0.2	-0.2	-0.2	0.0	-0.1	-0.4	0.2	-0.1							
Miscellaneous to balance[10]	-0.3	-0.6	0.1	-0.4	-0.3	0.4	-0.1	1.5	1.1	0.4							
Total Stock Ch. & Misc	0.0	-0.8	-0.2	-0.1	-1.1	-0.3	-0.4	1.6	1.7	0.8	0.1	1.1					
Memo items:																	
Call on OPEC crude + Stock ch.[11]	29.1	30.0	30.1	29.5	31.0	30.6	30.3	29.7	30.0	30.7	30.8	30.3	29.8	29.2	30.3	30.6	30.0
Adjusted Call on OPEC + Stock ch.[12]	28.8	29.3	30.2	29.1	30.7	31.0	30.2	31.2	31.1	31.1	31.1	31.1	30.1	29.5	30.7	30.9	30.3

1 As of August 2012 OMR, OECD Americas includes Chile.
2 As of August 2012 OMR, OECD Europe includes Estonia and Slovenia.
3 As of August 2012 OMR, OECD Asia Oceania includes Israel.
4 Measured as deliveries from refineries and primary stocks, comprises inland deliveries, international marine bunkers, refinery fuel, crude for direct burning, oil from non-conventional sources and other sources of supply.
5 Other Asia includes Indonesia throughout. Latin America excludes Ecuador throughout. Africa excludes Angola throughout.
Total Non-OPEC excludes all countries that were members of OPEC at 1 January 2009.
Total OPEC comprises all countries which were OPEC members at 1 January 2009.
6 Net volumetric gains and losses in the refining process and marine transportation losses.
7 As of the July 2010 OMR, Global Biofuels comprise all world biofuel production including fuel ethanol from the US and Brazil.
8 As of the March 2006 OMR, Venezuelan Orinoco heavy crude production is included within Venezuelan crude estimates. Orimulsion fuel remains within the OPEC NGL and non-conventional category, but Orimulsion production reportedly ceased from January 2007.
9 Comprises crude oil, condensates, NGLs, oil from non-conventional sources and other sources of supply.
10 Includes changes in non-reported stocks in OECD and non-OECD areas.
11 Equals the arithmetic difference between total demand minus total non-OPEC supply minus OPEC NGLs.
12 Equals the "Call on OPEC + Stock Ch." with "Miscellaneous to balance" added for historical periods and with an average of "Miscellaneous to balance" for the most recent 8 quarters added for forecast periods.

Table 1A
WORLD OIL SUPPLY AND DEMAND: CHANGES FROM LAST MONTH'S TABLE 1

(million barrels per day)

	2009	2010	1Q11	2Q11	3Q11	4Q11	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
OECD DEMAND																	
Americas	-	-	-	-	-	-	-	-	-	-	0.2	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	-	0.2	-	-	-	-0.1	-	-
NON-OECD DEMAND																	
FSU	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	0.2	0.1	-	0.1	0.2	0.3	0.1
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-
Latin America	-	-	-	-	-	-	-	-	-	-	0.2	-	-	-	-	0.1	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	-	-	-	-	0.5	0.1	0.1	0.1	0.3	0.4	0.3
Total Demand	-	-	-	-	-	-	-	-	-	-	0.7	0.2	0.1	0.1	0.2	0.5	0.2
OECD SUPPLY																	
Americas	-	-	-	-	-	-	-	-	-	0.1	0.2	0.1	0.2	0.2	0.2	0.2	0.2
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	-	0.3	0.1	0.2	0.2	0.2	0.2	0.2
NON-OECD SUPPLY																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-0.1	-0.1
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	-0.1	-0.1	-0.1
Processing Gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Global Biofuels	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OPEC	-	-	-	-	-	-	-	-	-	-	0.3	0.1	0.2	0.1	0.2	0.1	0.1
OPEC																	
Crude	-	-	-	-	-	-	-	-	-	-0.1							
NGLs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OPEC	-	-	-	-	-	-	-	-	-	-0.1							
Total Supply	-	-	-	-	-	-	-	-	-	-							
STOCK CHANGES AND MISCELLANEOUS																	
REPORTED OECD																	
Industry	-	-	-	-	-	-	-	-	-	-							
Government	-	-	-	-	-	-	-	-	-	-							
Total	-	-	-	-	-	-	-	-	-	-							
Floating Storage/Oil in Transit	-	-	-	-	-	-	-	-	-	-							
Miscellaneous to balance	-	-	-	-	-	-	-	-0.1	-	-0.1							
Total Stock Ch. & Misc	-	-	-	-	-	-	-	-	-	-							
Memo items:																	
Call on OPEC crude + Stock ch.	-	-	-	-	-	-	-	-	-	-	0.4	0.1	-	-	-	0.3	0.1
Adjusted Call on OPEC + Stock ch.	-	-	-	-	-	-	-	-0.1	-	-0.1	0.4	0.1	-	-	-	0.3	0.1

When submitting their monthly oil statistics, OECD Member countries periodically update data for prior periods. Similar updates to non-OECD data can occur.

Table 2

SUMMARY OF GLOBAL OIL DEMAND

	2010	1Q11	2Q11	3Q11	4Q11	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
Demand (mb/d)																
Americas[1]	24.14	24.24	23.81	24.21	23.99	24.06	23.51	23.81	23.89	24.07	23.82	23.61	23.60	23.99	24.13	23.84
Europe[2]	14.65	14.28	14.16	14.70	14.11	14.31	13.75	13.78	13.82	13.85	13.80	13.36	13.32	13.78	13.79	13.56
Asia Oceania[3]	8.10	8.60	7.36	7.98	8.58	8.13	9.08	7.97	8.23	8.60	8.47	9.02	7.86	8.03	8.38	8.32
Total OECD	46.89	47.11	45.33	46.88	46.68	46.50	46.34	45.56	45.94	46.52	46.09	45.99	44.78	45.81	46.30	45.72
Asia	19.65	20.36	20.32	19.80	20.65	20.28	20.88	20.70	20.58	21.67	20.96	21.57	21.51	21.26	22.12	21.62
Middle East	7.32	6.92	7.38	7.82	7.34	7.37	7.12	7.70	8.05	7.51	7.60	7.33	7.85	8.25	7.71	7.79
Latin America	6.04	6.05	6.26	6.47	6.38	6.29	6.25	6.45	6.63	6.65	6.50	6.42	6.61	6.84	6.73	6.65
FSU	4.15	4.22	4.36	4.58	4.57	4.43	4.45	4.47	4.66	4.68	4.57	4.59	4.64	4.82	4.87	4.73
Africa	3.30	3.34	3.31	3.19	3.33	3.29	3.40	3.38	3.39	3.46	3.41	3.50	3.53	3.53	3.58	3.53
Europe	0.68	0.66	0.68	0.71	0.72	0.69	0.68	0.73	0.72	0.73	0.72	0.69	0.73	0.75	0.74	0.73
Total Non-OECD	41.14	41.55	42.31	42.56	42.99	42.36	42.79	43.42	44.03	44.71	43.74	44.10	44.87	45.45	45.75	45.05
World	88.02	88.66	87.64	89.44	89.68	88.86	89.13	88.98	89.98	91.23	89.83	90.08	89.65	91.25	92.05	90.76
of which: US50	19.18	19.15	18.86	19.08	18.94	19.01	18.49	18.72	18.73	18.84	18.70	18.48	18.54	18.85	18.93	18.70
Europe 5*	8.92	8.68	8.52	8.85	8.50	8.64	8.26	8.20	8.20	8.25	8.23	8.05	7.87	8.13	8.18	8.06
China	8.80	9.27	9.26	9.03	9.42	9.24	9.59	9.26	9.40	10.12	9.60	9.95	9.81	9.87	10.30	9.98
Japan	4.44	4.83	3.91	4.31	4.81	4.46	5.28	4.30	4.48	4.73	4.70	5.22	4.16	4.26	4.50	4.53
India	3.37	3.54	3.61	3.31	3.61	3.51	3.67	3.74	3.49	3.69	3.65	3.74	3.83	3.56	3.86	3.75
Russia	2.98	3.00	3.20	3.42	3.39	3.25	3.22	3.29	3.49	3.48	3.37	3.36	3.44	3.64	3.63	3.52
Brazil	2.77	2.78	2.86	2.98	2.95	2.89	2.90	2.96	3.06	3.15	3.02	2.99	3.07	3.17	3.16	3.10
Saudi Arabia	2.76	2.56	2.94	3.18	2.81	2.87	2.66	3.09	3.41	2.99	3.04	2.80	3.23	3.53	3.10	3.17
Canada	2.26	2.32	2.22	2.36	2.25	2.29	2.24	2.32	2.43	2.33	2.33	2.31	2.28	2.39	2.34	2.33
Korea	2.27	2.36	2.05	2.21	2.30	2.23	2.31	2.19	2.23	2.36	2.27	2.31	2.20	2.24	2.33	2.27
Mexico	2.08	2.11	2.12	2.14	2.16	2.13	2.11	2.14	2.11	2.24	2.15	2.16	2.15	2.12	2.20	2.16
Iran	1.84	1.84	1.79	1.78	1.78	1.80	1.83	1.86	1.72	1.71	1.78	1.80	1.77	1.72	1.73	1.75
Total	61.66	62.44	61.32	62.65	62.93	62.34	62.56	62.09	62.74	63.89	62.82	63.16	62.36	63.47	64.27	63.32
% of World	70.1%	70.4%	70.0%	70.0%	70.2%	70.2%	70.2%	69.8%	69.7%	70.0%	69.9%	70.1%	69.6%	69.6%	69.8%	69.8%
Annual Change (% per annum)																
Americas[1]	2.0	2.0	-1.2	-1.0	-1.0	-0.3	-3.0	0.0	-1.3	0.3	-1.0	0.4	-0.9	0.4	0.2	0.1
Europe[2]	-0.3	-1.0	-1.3	-1.8	-5.2	-2.3	-3.7	-2.7	-6.0	-1.9	-3.6	-2.8	-3.3	-0.3	-0.4	-1.7
Asia Oceania[3]	1.8	0.7	-3.3	0.9	3.0	0.4	5.6	8.2	3.2	0.2	4.2	-0.7	-1.4	-2.5	-2.5	-1.8
Total OECD	1.3	0.9	-1.6	-0.9	-1.6	-0.8	-1.6	0.5	-2.0	-0.4	-0.9	-0.8	-1.7	-0.3	-0.5	-0.8
Asia	7.9	6.5	2.7	2.8	1.2	3.2	2.6	1.8	4.0	4.9	3.3	3.3	3.9	3.3	2.1	3.1
Middle East	2.8	0.4	0.5	0.3	1.5	0.7	2.9	4.2	3.0	2.4	3.1	3.0	2.0	2.5	2.7	2.5
Latin America	6.1	4.6	3.8	4.6	3.9	4.2	3.3	3.1	2.5	4.3	3.3	2.6	2.6	3.2	1.1	2.4
FSU	3.2	3.5	8.5	7.6	7.4	6.8	5.5	2.6	1.8	2.4	3.0	3.0	3.7	3.5	4.1	3.6
Africa	-1.9	2.0	-2.1	-2.4	1.5	-0.3	2.1	2.1	6.4	3.9	3.6	2.7	4.4	4.0	3.4	3.6
Europe	-1.4	-1.7	0.4	3.8	2.6	1.3	2.9	7.2	1.9	1.4	3.3	1.4	-0.4	3.6	0.8	1.4
Total Non-OECD	5.2	4.3	2.6	2.7	2.3	3.0	3.0	2.6	3.5	4.0	3.3	3.0	3.3	3.2	2.3	3.0
World	3.1	2.5	0.4	0.8	0.2	0.9	0.5	1.5	0.6	1.7	1.1	1.1	0.8	1.4	0.9	1.0
Annual Change (mb/d)																
Americas[1]	0.48	0.49	-0.28	-0.25	-0.24	-0.07	-0.73	0.00	-0.32	0.08	-0.24	0.10	-0.21	0.11	0.05	0.01
Europe[2]	-0.04	-0.14	-0.18	-0.26	-0.77	-0.34	-0.53	-0.38	-0.88	-0.26	-0.51	-0.39	-0.46	-0.04	-0.06	-0.24
Asia Oceania[3]	0.14	0.06	-0.25	0.07	0.25	0.03	0.49	0.60	0.26	0.02	0.34	-0.06	-0.11	-0.20	-0.22	-0.15
Total OECD	0.59	0.40	-0.72	-0.44	-0.77	-0.38	-0.78	0.23	-0.94	-0.16	-0.41	-0.35	-0.78	-0.14	-0.22	-0.37
Asia	1.44	1.24	0.53	0.53	0.24	0.63	0.52	0.37	0.78	1.02	0.68	0.69	0.82	0.67	0.45	0.66
Middle East	0.20	0.03	0.04	0.02	0.11	0.05	0.20	0.31	0.23	0.17	0.23	0.21	0.15	0.20	0.20	0.19
Latin America	0.35	0.26	0.23	0.29	0.24	0.26	0.20	0.19	0.16	0.27	0.21	0.17	0.16	0.21	0.07	0.16
FSU	0.13	0.14	0.34	0.32	0.32	0.28	0.23	0.11	0.08	0.11	0.13	0.14	0.17	0.16	0.19	0.16
Africa	-0.06	0.07	-0.07	-0.08	0.05	-0.01	0.07	0.07	0.20	0.13	0.12	0.09	0.15	0.14	0.12	0.12
Europe	-0.01	-0.01	0.00	0.03	0.02	0.01	0.02	0.05	0.01	0.01	0.02	0.01	0.00	0.03	0.01	0.01
Total Non-OECD	2.04	1.73	1.07	1.11	0.97	1.22	1.24	1.11	1.47	1.72	1.39	1.30	1.45	1.41	1.04	1.30
World	2.63	2.13	0.36	0.67	0.20	0.83	0.47	1.34	0.54	1.55	0.97	0.96	0.67	1.27	0.82	0.93
Revisions to Oil Demand from Last Month's Report (mb/d)																
Americas[1]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.04	0.16	0.03	0.01	0.00	-0.03	0.05	0.01
Europe[2]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.02	-0.02	-0.11	-0.02	-0.04
Asia Oceania[3]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.07	0.02	0.00	0.03	0.02	0.02	0.02
Total OECD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.04	0.23	0.05	-0.01	0.01	-0.12	0.04	-0.02
Asia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.18	0.05	0.05	0.08	0.22	0.31	0.17
Middle East	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.04	0.01	-0.01	0.01	0.02	0.02	0.01
Latin America	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.16	0.04	0.04	0.03	0.02	0.07	0.04
FSU	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.02	0.03	0.00	0.02	0.02	0.02
Africa	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.03	0.01	0.02	0.02	0.04	0.03	0.03
Europe	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00
Total Non-OECD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.02	0.48	0.13	0.13	0.13	0.32	0.45	0.26
World	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	-0.02	0.71	0.17	0.12	0.15	0.20	0.49	0.24
Revisions to Oil Demand Growth from Last Month's Report (mb/d)																
World	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	-0.02	0.70	0.18	0.13	0.13	0.22	-0.22	0.06

1 As of the August 2012 OMR, includes Chile.

2 As of the August 2012 OMR, includes Estonia and Slovenia.

3 As of the August 2012 OMR, includes Israel.

* France, Germany, Italy, Spain and UK

Table 2a

OECD REGIONAL OIL DEMAND[1]

(million barrels per day)

	2010	2011	4Q11	1Q12	2Q12	3Q12	Aug 12	Sep 12	Oct 12 [2]	Latest month vs. Sep 12	Latest month vs. Oct 11
Americas[3]											
LPG&Ethane	2.98	3.11	3.27	3.20	2.89	2.96	2.98	3.00	3.16	0.15	0.12
Naphtha	0.35	0.36	0.34	0.35	0.35	0.33	0.35	0.31	0.34	0.02	0.01
Motor Gasoline	10.66	10.43	10.31	10.17	10.69	10.58	10.91	10.24	10.40	0.16	0.10
Jet/Kerosene	1.67	1.67	1.62	1.61	1.66	1.70	1.75	1.61	1.60	-0.01	-0.02
Gasoil/Diesel Oil	4.98	5.15	5.26	5.09	5.01	4.95	5.08	4.99	5.16	0.17	-0.10
Residual Fuel Oil	0.96	0.89	0.87	0.81	0.75	0.75	0.81	0.62	0.80	0.19	-0.01
Other Products	2.53	2.45	2.33	2.27	2.46	2.63	2.76	2.47	2.61	0.14	0.13
Total	24.14	24.06	23.99	23.51	23.81	23.89	24.65	23.25	24.07	0.82	0.23
Europe[4]											
LPG&Ethane	0.96	0.96	0.95	1.00	0.93	0.87	0.90	0.80	0.82	0.01	-0.09
Naphtha	1.27	1.17	1.09	1.27	1.11	1.14	1.14	1.21	1.22	0.01	0.15
Motor Gasoline	2.21	2.11	2.05	1.91	2.03	2.04	2.08	1.97	1.97	0.00	-0.12
Jet/Kerosene	1.23	1.24	1.18	1.08	1.22	1.30	1.28	1.32	1.26	-0.07	-0.01
Gasoil/Diesel Oil	6.16	6.08	6.23	5.94	5.86	5.87	5.67	5.94	6.40	0.45	0.04
Residual Fuel Oil	1.31	1.26	1.21	1.20	1.10	1.09	1.08	1.07	1.06	-0.01	-0.18
Other Products	1.51	1.49	1.40	1.34	1.52	1.51	1.51	1.47	1.46	-0.01	0.01
Total	14.65	14.31	14.11	13.75	13.78	13.82	13.66	13.79	14.17	0.38	-0.20
Asia Oceania[5]											
LPG&Ethane	0.86	0.85	0.88	0.99	0.81	0.82	0.82	0.79	0.75	-0.04	-0.04
Naphtha	1.71	1.71	1.73	1.78	1.68	1.76	1.77	1.79	1.72	-0.07	0.07
Motor Gasoline	1.63	1.61	1.64	1.59	1.56	1.68	1.76	1.62	1.61	-0.02	0.04
Jet/Kerosene	0.90	0.88	0.99	1.19	0.65	0.65	0.65	0.67	0.78	0.10	-0.05
Gasoil/Diesel Oil	1.69	1.70	1.79	1.80	1.68	1.73	1.76	1.68	1.74	0.06	0.03
Residual Fuel Oil	0.79	0.79	0.86	1.00	0.90	0.90	0.92	0.88	0.83	-0.05	0.04
Other Products	0.51	0.59	0.70	0.73	0.70	0.68	0.75	0.72	0.69	-0.03	0.00
Total	8.10	8.13	8.58	9.08	7.97	8.23	8.43	8.17	8.11	-0.06	0.11
OECD											
LPG&Ethane	4.81	4.91	5.09	5.20	4.63	4.65	4.70	4.60	4.72	0.12	0.00
Naphtha	3.33	3.24	3.16	3.40	3.14	3.23	3.26	3.31	3.27	-0.04	0.23
Motor Gasoline	14.49	14.15	14.00	13.67	14.28	14.31	14.76	13.84	13.97	0.14	0.03
Jet/Kerosene	3.81	3.79	3.79	3.88	3.53	3.65	3.68	3.61	3.63	0.02	-0.07
Gasoil/Diesel Oil	12.84	12.93	13.28	12.84	12.54	12.56	12.52	12.61	13.30	0.68	-0.03
Residual Fuel Oil	3.06	2.94	2.94	3.01	2.75	2.74	2.81	2.57	2.69	0.12	-0.16
Other Products	4.55	4.54	4.42	4.34	4.69	4.81	5.02	4.66	4.76	0.10	0.14
Total	46.89	46.50	46.68	46.34	45.56	45.94	46.74	45.20	46.34	1.14	0.13

1 Demand, measured as deliveries from refineries and primary stocks, comprises inland deliveries, international bunkers and refinery fuel. It includes crude for direct burning, oil from non-conventional sources and other sources of supply. Jet/kerosene comprises jet kerosene and non-aviation kerosene. Gasoil comprises diesel, light heating oil and other gasoils. North America comprises US 50 states, US territories, Mexico and Canada.
2 Latest official OECD submissions (MOS).
3 As of the August 2012 OMR, includes Chile.
4 As of the August 2012 OMR, includes Estonia and Slovenia.
5 As of the August 2012 OMR, includes Israel.

Table 2b

OIL DEMAND IN SELECTED OECD COUNTRIES[1]

(million barrels per day)

										Latest month vs.	
	2010	2011	4Q11	1Q12	2Q12	3Q12	Aug 12	Sep 12	Oct 12 [2]	Sep 12	Oct 11
United States[3]											
LPG	2.17	2.28	2.42	2.38	2.11	2.19	2.20	2.24	2.41	0.17	0.16
Naphtha	0.26	0.26	0.26	0.26	0.25	0.22	0.24	0.21	0.26	0.05	-0.02
Motor Gasoline	8.99	8.76	8.63	8.49	8.96	8.86	9.15	8.57	8.71	0.13	0.05
Jet/Kerosene	1.45	1.44	1.40	1.36	1.45	1.45	1.48	1.38	1.35	-0.04	-0.04
Gasoil	3.80	3.90	3.99	3.83	3.73	3.66	3.75	3.69	3.84	0.15	-0.17
Residual Fuel Oil	0.54	0.46	0.44	0.42	0.35	0.35	0.35	0.29	0.28	-0.01	-0.13
Other Products	1.97	1.90	1.80	1.75	1.88	2.00	2.13	1.82	1.95	0.13	0.01
Total	19.18	19.01	18.94	18.49	18.72	18.73	19.30	18.20	18.78	0.58	-0.12
Japan											
LPG	0.48	0.50	0.52	0.63	0.50	0.49	0.47	0.48	0.46	-0.01	0.00
Naphtha	0.78	0.73	0.72	0.73	0.66	0.70	0.73	0.67	0.68	0.01	0.00
Motor Gasoline	1.00	0.98	1.00	0.96	0.93	1.04	1.10	0.99	0.97	-0.03	0.01
Jet/Kerosene	0.55	0.53	0.62	0.83	0.35	0.34	0.35	0.36	0.43	0.07	-0.05
Diesel	0.44	0.44	0.47	0.45	0.43	0.46	0.46	0.45	0.46	0.01	0.01
Other Gasoil	0.40	0.37	0.39	0.45	0.32	0.33	0.33	0.32	0.33	0.01	-0.02
Residual Fuel Oil	0.39	0.44	0.52	0.60	0.54	0.57	0.58	0.58	0.53	-0.05	0.05
Other Products	0.39	0.47	0.58	0.64	0.57	0.56	0.60	0.60	0.57	-0.03	0.02
Total	4.44	4.46	4.81	5.28	4.30	4.48	4.63	4.44	4.42	-0.02	0.03
Germany											
LPG	0.11	0.10	0.09	0.10	0.10	0.11	0.11	0.11	0.09	-0.02	0.00
Naphtha	0.39	0.37	0.33	0.39	0.35	0.36	0.37	0.34	0.38	0.04	0.05
Motor Gasoline	0.45	0.45	0.45	0.42	0.44	0.43	0.44	0.42	0.43	0.01	-0.04
Jet/Kerosene	0.18	0.18	0.17	0.16	0.18	0.20	0.19	0.21	0.20	-0.01	0.02
Diesel	0.64	0.67	0.68	0.64	0.67	0.70	0.71	0.69	0.71	0.02	0.02
Other Gasoil	0.45	0.38	0.43	0.36	0.36	0.33	0.23	0.35	0.48	0.13	-0.01
Residual Fuel Oil	0.15	0.14	0.14	0.14	0.13	0.12	0.12	0.11	0.11	0.00	-0.03
Other Products	0.09	0.10	0.11	0.06	0.10	0.11	0.10	0.11	0.11	0.00	-0.01
Total	2.47	2.40	2.41	2.27	2.33	2.35	2.29	2.34	2.51	0.17	0.00
Italy											
LPG	0.11	0.10	0.11	0.12	0.08	0.08	0.08	0.08	0.07	-0.01	-0.02
Naphtha	0.10	0.08	0.07	0.07	0.08	0.06	0.04	0.08	0.07	0.00	0.01
Motor Gasoline	0.24	0.23	0.22	0.18	0.21	0.21	0.21	0.20	0.20	0.00	-0.02
Jet/Kerosene	0.09	0.09	0.08	0.07	0.08	0.10	0.10	0.09	0.08	-0.02	-0.02
Diesel	0.49	0.50	0.50	0.43	0.47	0.46	0.43	0.45	0.47	0.02	-0.04
Other Gasoil	0.12	0.11	0.13	0.11	0.09	0.10	0.09	0.11	0.13	0.02	0.00
Residual Fuel Oil	0.14	0.13	0.12	0.13	0.11	0.13	0.14	0.11	0.12	0.00	-0.02
Other Products	0.24	0.22	0.20	0.18	0.20	0.21	0.23	0.20	0.22	0.02	0.02
Total	1.54	1.45	1.43	1.30	1.32	1.34	1.33	1.31	1.36	0.04	-0.11
France											
LPG	0.12	0.10	0.11	0.13	0.09	0.08	0.08	0.08	0.10	0.02	0.01
Naphtha	0.14	0.14	0.13	0.15	0.15	0.14	0.15	0.12	0.10	-0.02	-0.01
Motor Gasoline	0.18	0.18	0.17	0.15	0.17	0.18	0.18	0.16	0.17	0.00	-0.01
Jet/Kerosene	0.15	0.15	0.15	0.14	0.15	0.16	0.16	0.16	0.15	-0.01	0.00
Diesel	0.68	0.69	0.69	0.67	0.70	0.69	0.67	0.68	0.73	0.05	0.04
Other Gasoil	0.30	0.27	0.27	0.33	0.23	0.26	0.21	0.29	0.33	0.05	0.03
Residual Fuel Oil	0.09	0.08	0.09	0.09	0.07	0.06	0.07	0.06	0.06	0.00	-0.02
Other Products	0.17	0.17	0.16	0.14	0.16	0.15	0.14	0.17	0.16	-0.01	0.00
Total	1.83	1.79	1.75	1.80	1.71	1.73	1.66	1.73	1.81	0.08	0.03
United Kingdom											
LPG	0.14	0.13	0.12	0.13	0.12	0.09	0.09	0.06	0.06	0.01	-0.05
Naphtha	0.03	0.03	0.02	0.03	0.02	0.02	0.02	0.03	0.02	-0.01	0.00
Motor Gasoline	0.36	0.34	0.33	0.33	0.33	0.32	0.32	0.33	0.31	-0.02	-0.02
Jet/Kerosene	0.33	0.32	0.32	0.30	0.31	0.31	0.30	0.33	0.33	0.00	0.01
Diesel	0.45	0.45	0.47	0.45	0.46	0.46	0.45	0.47	0.45	-0.02	-0.01
Other Gasoil	0.12	0.12	0.11	0.11	0.11	0.13	0.13	0.13	0.12	-0.01	0.01
Residual Fuel Oil	0.07	0.06	0.06	0.05	0.05	0.05	0.05	0.05	0.05	0.00	-0.02
Other Products	0.15	0.15	0.14	0.15	0.14	0.13	0.13	0.13	0.10	-0.03	-0.04
Total	1.63	1.61	1.57	1.54	1.55	1.50	1.48	1.53	1.45	-0.07	-0.13
Canada											
LPG	0.34	0.37	0.38	0.35	0.34	0.32	0.33	0.32	0.30	-0.02	-0.04
Naphtha	0.08	0.08	0.06	0.09	0.10	0.10	0.10	0.10	0.07	-0.03	0.03
Motor Gasoline	0.75	0.76	0.75	0.77	0.82	0.83	0.85	0.79	0.75	-0.03	0.01
Jet/Kerosene	0.11	0.12	0.12	0.12	0.10	0.13	0.15	0.12	0.13	0.01	0.01
Diesel	0.24	0.30	0.30	0.30	0.30	0.30	0.29	0.31	0.29	-0.01	0.00
Other Gasoil	0.31	0.27	0.27	0.26	0.25	0.30	0.32	0.33	0.27	-0.05	0.01
Residual Fuel Oil	0.10	0.09	0.09	0.08	0.08	0.07	0.07	0.06	0.05	-0.01	-0.02
Other Products	0.32	0.31	0.29	0.27	0.33	0.37	0.38	0.39	0.39	0.00	0.08
Total	2.26	2.29	2.25	2.24	2.32	2.43	2.49	2.42	2.28	-0.14	0.09

1 Demand, measured as deliveries from refineries and primary stocks, comprises inland deliveries, international bunkers and refinery fuel. It includes crude for direct burning, oil from non-conventional sources and other sources of supply. Jet/kerosene comprises jet kerosene and non-aviation kerosene. Gasoil comprises diesel, light heating oil and other gasoils.
2 Latest official OECD submissions (MOS).
3 US figures exclude US territories.

Table 3
WORLD OIL PRODUCTION
(million barrels per day)

	2011	2012	2013	3Q12	4Q12	1Q13	2Q13	3Q13	Oct 12	Nov 12	Dec 12
OPEC											
Crude Oil											
Saudi Arabia	9.04	9.59		9.60	9.39				9.69	9.39	9.10
Iran	3.62	3.00		2.81	2.71				2.72	2.70	2.70
Iraq	2.67	2.95		3.07	3.12				3.20	3.21	2.97
UAE	2.50	2.65		2.69	2.67				2.67	2.65	2.68
Kuwait	2.24	2.46		2.47	2.51				2.52	2.48	2.52
Neutral Zone	0.59	0.56		0.54	0.52				0.52	0.52	0.52
Qatar	0.74	0.74		0.75	0.73				0.73	0.73	0.74
Angola	1.66	1.75		1.72	1.74				1.73	1.75	1.73
Nigeria	2.18	2.10		2.17	1.99				1.98	1.88	2.10
Libya	0.46	1.39		1.43	1.42				1.42	1.45	1.40
Algeria	1.18	1.17		1.18	1.16				1.12	1.18	1.18
Ecuador	0.50	0.50		0.50	0.50				0.51	0.50	0.50
Venezuela	2.50	2.50		2.52	2.48				2.48	2.47	2.50
Total Crude Oil[6]	29.88	31.36		31.45	30.94				31.29	30.90	30.64
Total NGLs[1,6]	5.78	6.20	6.48	6.31	6.33	6.34	6.36	6.60	6.33	6.33	6.33
Total OPEC[6]	35.65	37.56		37.76	37.27				37.62	37.23	36.97
OPEC: Historical Composition[6]	35.65	37.56		37.76	37.27				37.62	37.23	36.97
NON-OPEC[2]											
OECD											
Americas[7]	14.59	15.80	16.71	15.65	16.44	16.60	16.54	16.69	16.25	16.43	16.64
United States[5]	8.13	9.10	9.77	9.06	9.59	9.65	9.68	9.76	9.58	9.58	9.62
Mexico	2.94	2.92	2.84	2.93	2.92	2.87	2.84	2.83	2.88	2.93	2.96
Canada	3.51	3.76	4.09	3.66	3.92	4.06	4.01	4.09	3.79	3.91	4.05
Chile	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.02
Europe[8]	3.77	3.45	3.25	3.14	3.28	3.41	3.21	3.07	3.14	3.25	3.44
UK	1.11	0.95	0.85	0.82	0.87	0.97	0.85	0.73	0.73	0.91	0.98
Norway	2.04	1.91	1.82	1.75	1.82	1.85	1.78	1.78	1.83	1.75	1.87
Others	0.61	0.60	0.57	0.58	0.59	0.59	0.58	0.57	0.58	0.59	0.59
Asia Oceania[9]	0.57	0.58	0.55	0.61	0.65	0.51	0.54	0.57	0.67	0.63	0.64
Australia	0.48	0.49	0.47	0.53	0.57	0.43	0.46	0.49	0.59	0.55	0.56
Others	0.09	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.07	0.08	0.08
Total OECD	18.93	19.83	20.50	19.41	20.36	20.52	20.28	20.33	20.06	20.31	20.72
NON-OECD											
Former USSR	13.58	13.70	13.62	13.60	13.83	13.76	13.64	13.42	13.82	13.90	13.78
Russia	10.60	10.73	10.66	10.71	10.81	10.76	10.68	10.53	10.80	10.85	10.79
Others	2.98	2.97	2.96	2.89	3.02	3.00	2.96	2.89	3.02	3.05	2.99
Asia	7.68	7.72	7.72	7.71	7.77	7.78	7.75	7.70	7.75	7.79	7.77
China	4.10	4.17	4.24	4.17	4.25	4.23	4.25	4.25	4.26	4.28	4.23
Malaysia	0.65	0.66	0.66	0.65	0.65	0.66	0.65	0.66	0.65	0.65	0.66
India	0.91	0.90	0.91	0.91	0.90	0.93	0.91	0.90	0.89	0.89	0.93
Indonesia	0.93	0.87	0.82	0.85	0.85	0.85	0.83	0.81	0.84	0.85	0.85
Others	1.09	1.11	1.09	1.13	1.11	1.10	1.10	1.09	1.11	1.12	1.10
Europe	0.14	0.14	0.13	0.14	0.13	0.13	0.13	0.13	0.14	0.13	0.13
Latin America	4.23	4.18	4.28	4.10	4.20	4.21	4.27	4.28	4.15	4.15	4.28
Brazil[5]	2.19	2.15	2.27	2.07	2.15	2.23	2.27	2.25	2.10	2.13	2.22
Argentina	0.69	0.67	0.62	0.68	0.66	0.63	0.62	0.62	0.68	0.65	0.66
Colombia	0.92	0.95	1.00	0.94	0.98	0.96	1.00	1.01	0.96	0.97	0.99
Others	0.43	0.41	0.39	0.41	0.41	0.39	0.39	0.39	0.41	0.40	0.41
Middle East[3]	1.65	1.46	1.47	1.50	1.48	1.45	1.47	1.47	1.50	1.49	1.44
Oman	0.89	0.92	0.95	0.93	0.94	0.92	0.94	0.97	0.94	0.93	0.94
Syria	0.33	0.16	0.14	0.16	0.16	0.15	0.14	0.14	0.16	0.16	0.15
Yemen	0.23	0.18	0.18	0.21	0.19	0.19	0.19	0.18	0.21	0.21	0.16
Others	0.20	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19
Africa	2.60	2.31	2.40	2.25	2.29	2.32	2.38	2.43	2.28	2.29	2.29
Egypt	0.74	0.73	0.72	0.73	0.73	0.73	0.73	0.72	0.73	0.73	0.73
Gabon	0.25	0.25	0.25	0.24	0.25	0.25	0.25	0.24	0.25	0.25	0.25
Others	1.61	1.33	1.43	1.28	1.31	1.34	1.41	1.47	1.31	1.31	1.32
Total Non-OECD	29.88	29.50	29.61	29.30	29.70	29.65	29.64	29.43	29.64	29.75	29.70
Processing Gains[4]	2.11	2.14	2.18	2.16	2.13	2.18	2.16	2.20	2.09	2.16	2.15
Global Biofuels[5]	1.87	1.87	2.02	2.14	1.90	1.61	2.03	2.34	2.09	1.94	1.67
TOTAL NON-OPEC[6]	52.78	53.34	54.32	53.01	54.09	53.97	54.11	54.30	53.88	54.16	54.25
Non-OPEC: Historical Composition[6]	52.78	53.34	54.32	53.01	54.09	53.97	54.11	54.30	53.88	54.16	54.25
TOTAL SUPPLY	88.44	90.90		90.77	91.37				91.50	91.39	91.22

1 Includes condensates reported by OPEC countries, oil from non-conventional sources, e.g. Venezuelan Orimulsion (but not Orinoco extra-heavy oil), and non-oil inputs to Saudi Arabian MTBE. Orimulsion production reportedly ceased from January 2007.
2 Comprises crude oil, condensates, NGLs and oil from non-conventional sources
3 Includes small amounts of production from Jordan and Bahrain.
4 Net volumetric gains and losses in refining and marine transportation losses.
5 As of the July 2010 OMR, Global Biofuels comprise all world biofuel production including fuel ethanol from the US and Brazil.
6 Total OPEC comprises all countries which were OPEC members at 1 January 2009. OPEC Historical Composition comprises countries which were OPEC members at that point in time. Total Non-OPEC excludes all countries that were OPEC members at 1 January 2009. Non-OPEC Historical Composition excludes countries that were OPEC members at that point in time.
7 As of the August 2012 OMR, includes Chile.
8 As of the August 2012 OMR, includes Estonia and Slovenia.
9 As of the August 2012 OMR, includes Israel.

Table 4

OECD INDUSTRY STOCKS[1] AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS[2] in Million Barrels					PRIOR YEARS' STOCKS[2] in Million Barrels			STOCK CHANGES in mb/d			
	Jul2012	Aug2012	Sep2012	Oct2012	Nov2012*	Nov2009	Nov2010	Nov2011	4Q2011	1Q2012	2Q2012	3Q2012
OECD Americas												
Crude	510.4	502.1	510.2	515.3	510.9	468.1	502.0	476.6	-0.02	0.41	0.23	-0.16
Motor Gasoline	243.7	236.2	235.8	239.6	250.2	253.8	246.1	254.2	0.09	-0.03	-0.17	-0.06
Middle Distillate	197.8	202.8	203.4	195.9	190.4	246.5	240.0	219.1	-0.04	-0.21	-0.21	0.16
Residual Fuel Oil	45.4	43.0	45.3	47.2	46.7	44.3	48.7	48.0	-0.02	0.02	0.03	-0.01
Total Products[3]	688.5	690.5	694.4	683.5	681.2	709.1	700.8	691.6	-0.14	-0.27	0.02	0.29
Total[4]	1368.0	1361.2	1380.7	1368.8	1360.4	1332.2	1365.1	1330.5	-0.35	0.28	0.30	0.21
OECD Europe												
Crude	312.3	321.4	309.1	305.6	311.1	346.6	326.9	306.9	-0.24	0.29	0.06	-0.12
Motor Gasoline	91.8	89.7	92.6	90.6	89.6	98.9	97.2	94.8	0.06	-0.02	-0.06	0.06
Middle Distillate	255.7	269.7	260.7	248.7	248.2	296.8	284.7	261.0	0.12	0.03	-0.28	0.14
Residual Fuel Oil	84.5	83.7	84.0	86.4	87.5	91.2	91.4	85.1	-0.04	0.00	-0.01	0.03
Total Products[3]	550.0	558.3	550.6	533.6	533.2	591.8	576.1	554.8	0.12	0.02	-0.35	0.21
Total[4]	932.7	949.3	928.7	907.1	910.1	1006.1	971.5	931.0	-0.10	0.35	-0.29	0.06
OECD Asia Oceania												
Crude	176.8	165.5	171.7	174.5	171.5	167.1	165.0	156.2	-0.02	0.00	0.16	0.02
Motor Gasoline	27.3	28.1	28.2	28.3	26.0	25.2	24.5	23.8	-0.02	0.04	0.01	0.02
Middle Distillate	64.5	70.8	69.3	71.1	66.2	69.2	65.3	68.5	-0.07	-0.07	0.07	0.08
Residual Fuel Oil	21.0	21.7	21.4	20.4	18.5	19.2	19.4	19.7	-0.01	0.01	0.00	0.02
Total Products[3]	173.0	182.0	185.3	187.8	178.3	177.4	178.8	178.9	-0.18	-0.13	0.16	0.20
Total[4]	424.9	420.0	428.9	435.9	422.4	407.3	414.9	408.8	-0.24	-0.13	0.38	0.17
Total OECD												
Crude	999.5	988.9	991.0	995.4	993.4	981.8	993.8	939.7	-0.28	0.70	0.45	-0.27
Motor Gasoline	362.7	354.0	356.5	358.4	365.8	377.9	367.8	372.7	0.13	-0.02	-0.23	0.02
Middle Distillate	518.0	543.2	533.4	515.6	504.7	612.4	589.9	548.5	0.01	-0.25	-0.41	0.39
Residual Fuel Oil	150.8	148.4	150.7	153.9	152.7	154.6	159.5	152.7	-0.07	0.03	0.02	0.04
Total Products[3]	1411.5	1430.8	1430.3	1404.8	1392.7	1478.2	1455.8	1425.2	-0.20	-0.38	-0.17	0.69
Total[4]	2725.6	2730.5	2738.4	2711.7	2693.0	2745.6	2751.5	2670.3	-0.69	0.50	0.39	0.44

OECD GOVERNMENT-CONTROLLED STOCKS[5] AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS[2] in Million Barrels					PRIOR YEARS' STOCKS[2] in Million Barrels			STOCK CHANGES in mb/d			
	Jul2012	Aug2012	Sep2012	Oct2012	Nov2012*	Nov2009	Nov2010	Nov2011	4Q2011	1Q2012	2Q2012	3Q2012
OECD Americas												
Crude	696.0	696.0	695.0	695.0	695.0	726.1	726.6	696.0	0.00	0.00	0.00	-0.01
Products	1.0	1.0	1.0	1.0	1.0	2.0	2.0	0.7	0.01	0.00	0.00	0.00
OECD Europe												
Crude	194.2	194.8	195.3	195.7	195.7	183.7	186.2	184.2	0.04	0.03	0.04	0.03
Products	233.8	234.6	236.5	234.9	235.8	245.1	235.2	239.4	-0.02	-0.04	0.00	0.02
OECD Asia Oceania												
Crude	393.4	393.4	393.5	393.5	393.5	388.8	387.1	392.6	0.03	0.00	0.00	0.00
Products	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	0.01	0.00	0.00	0.00
Total OECD												
Crude	1283.6	1284.2	1283.8	1284.2	1284.2	1298.5	1299.9	1272.7	0.07	0.03	0.04	0.02
Products	254.8	255.6	257.5	255.9	256.8	267.1	257.2	260.0	0.00	-0.03	0.00	0.02
Total[4]	1539.7	1541.1	1542.5	1541.3	1542.2	1567.1	1558.4	1534.1	0.07	-0.01	0.04	0.04

* estimated

1 Stocks are primary national territory stocks on land (excluding utility stocks and including pipeline and entrepot stocks where known) and include stocks held by industry to meet IEA, EU and national emergency reserve commitments and are subject to government control in emergencies.

2 Closing stock levels.

3 Total products includes gasoline, middle distillates, fuel oil and other products.

4 Total includes NGLs, refinery feedstocks, additives/oxygenates and other hydrocarbons.

5 Includes government-owned stocks and stock holding organisation stocks held for emergency purposes.

Table 5
TOTAL STOCKS ON LAND IN OECD COUNTRIES[1]

('millions of barrels' and 'days')

	End September 2011		End December 2011		End March 2012		End June 2012		End September 2012 [3]	
	Stock Level	Days Fwd[2] Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand
OECD Americas										
Canada	176.0	78	177.9	79	174.9	76	171.4	70	176.8	-
Chile	11.5	35	9.9	29	10.5	30	10.3	30	9.8	-
Mexico	46.1	21	44.4	21	44.8	21	45.3	21	48.7	-
United States[4]	1780.9	94	1750.7	95	1778.8	95	1809.4	97	1819.4	-
Total[4]	2036.7	85	2005.0	86	2031.2	86	2058.4	86	2076.7	86
OECD Asia Oceania										
Australia	38.8	37	40.1	39	39.5	38	40.5	39	44.0	-
Israel	-	-	-	-	-	-	-	-	-	-
Japan	601.1	125	588.5	111	579.5	135	601.3	134	605.7	-
Korea	173.6	75	166.8	72	164.0	75	176.7	79	183.8	-
New Zealand	8.7	56	8.9	56	9.0	60	8.0	56	8.9	-
Total	822.2	96	804.3	89	792.0	99	826.6	100	842.5	98
OECD Europe[5]										
Austria	21.3	81	22.6	91	22.1	86	21.1	78	21.3	-
Belgium	36.7	58	36.4	56	34.8	57	38.6	63	38.3	-
Czech Republic	20.1	105	20.7	114	20.2	101	18.6	88	18.9	-
Denmark	22.4	138	22.4	142	21.4	133	19.5	120	20.5	-
Estonia	1.2	47	1.3	48	1.2	42	1.1	42	1.1	-
Finland	26.4	130	29.2	149	29.9	159	28.0	148	28.2	-
France	160.0	92	165.0	92	164.7	96	163.7	95	164.0	-
Germany	276.9	115	278.6	123	281.2	121	280.2	119	284.3	-
Greece	30.9	93	27.9	79	29.1	94	28.9	94	30.1	-
Hungary	16.2	112	15.4	125	17.2	143	15.9	117	15.6	-
Ireland	11.3	77	10.7	84	11.7	91	10.5	83	9.5	-
Italy	150.1	105	148.4	115	152.4	115	148.1	110	156.6	-
Luxembourg	0.7	11	0.6	10	0.5	8	0.6	11	0.7	-
Netherlands	115.9	116	103.0	104	121.1	117	112.6	113	113.5	-
Norway	24.5	92	25.9	106	29.1	115	27.4	108	27.0	-
Poland	65.2	110	64.5	126	64.5	118	62.7	114	62.8	-
Portugal	21.9	90	21.9	90	20.9	88	20.4	87	20.8	-
Slovak Republic	8.3	99	8.5	110	9.0	124	9.0	107	8.8	-
Slovenia	4.7	82	4.4	79	4.7	87	4.6	84	5.2	-
Spain	131.2	97	132.8	99	134.3	104	132.8	104	130.8	-
Sweden	32.6	108	31.5	109	29.6	98	29.0	95	30.2	-
Switzerland	37.0	140	35.7	137	35.3	142	35.2	140	36.7	-
Turkey	56.4	80	55.8	84	57.6	79	60.7	79	61.0	-
United Kingdom	78.4	50	80.0	52	82.2	53	82.3	55	75.6	-
Total	1350.3	95	1343.2	98	1374.8	100	1351.6	98	1361.7	98
Total OECD	4209.2	90	4152.5	90	4198.0	92	4236.6	92	4280.8	92
DAYS OF IEA Net Imports[6]	-	144	-	142	-	144	-	149	-	151

1 Total Stocks are industry and government-controlled stocks (see breakdown in table below). Stocks are primary national territory stocks on land (excluding utility stocks and including pipeline and entrepot stocks where known) they include stocks held by industry to meet IEA, EU and national emergency reserves commitments and are subject to government control in emergencies.
2 Note that days of forward demand represent the stock level divided by the forward quarter average daily demand and is very different from the days of net imports used for the calculation of IEA Emergency Reserves.
3 End November 2012 forward demand figures are IEA Secretariat forecasts.
4 US figures exclude US territories. Total includes US territories.
5 Data not available for Iceland.
6 Reflects stock levels and prior calendar year's net imports adjusted according to IEA emergency reserve definitions (see www.iea.org/netimports.asp). Net exporting IEA countries are excluded.

TOTAL OECD STOCKS

CLOSING STOCKS	Total	Government[1] controlled	Industry	Total	Government[1] controlled	Industry
	Millions of Barrels			*Days of Fwd. Demand*[2]		
3Q2009	4352	1568	2784	93	34	60
4Q2009	4230	1568	2662	91	34	57
1Q2010	4266	1571	2696	93	34	58
2Q2010	4342	1566	2776	92	33	59
3Q2010	4318	1553	2765	91	33	58
4Q2010	4254	1565	2690	90	33	57
1Q2011	4212	1562	2650	93	34	59
2Q2011	4259	1565	2694	91	33	57
3Q2011	4209	1530	2680	90	33	57
4Q2011	4152	1536	2616	90	33	57
1Q2012	4198	1536	2662	92	34	59
2Q2012	4237	1539	2698	92	34	59
3Q2012	4281	1542	2738	92	33	59

1 Includes government-owned stocks and stock holding organisation stocks held for emergency purposes.
2 Days of forward demand calculated using actual demand except in 3Q2012 (when latest forecasts are used).

Table 6

IEA MEMBER COUNTRY DESTINATIONS OF SELECTED CRUDE STREAMS[1]

(million barrels per day)

	2009	2010	2011	4Q11	1Q12	2Q12	3Q12	Aug 12	Sep 12	Oct 12	Year Earlier Oct 11	Year Earlier change
Saudi Light & Extra Light												
Americas	0.52	0.69	0.69	0.85	0.84	0.88	0.67	0.73	0.61	0.56	0.67	-0.10
Europe	0.59	0.66	0.83	0.88	0.76	0.91	0.97	1.05	0.88	0.80	0.90	-0.10
Asia Oceania	1.28	1.21	1.24	1.27	1.37	1.21	1.21	1.16	1.22	1.25	1.22	0.03
Saudi Medium												
Americas	0.40	0.36	0.37	0.40	0.47	0.44	0.41	0.43	0.39	0.43	0.35	0.07
Europe	0.02	0.00	0.02	0.01	0.05	0.07	0.05	0.01	0.08	0.01	0.01	0.00
Asia Oceania	0.34	0.34	0.40	0.40	0.46	0.42	0.48	0.49	0.47	0.42	0.33	0.09
Saudi Heavy												
Americas	0.03	0.02	0.02	0.01	-	0.15	0.02	0.03	-	0.02	0.02	0.00
Europe	0.02	0.00	0.01	0.03	0.04	0.12	0.21	0.26	0.21	0.18	0.02	0.16
Asia Oceania	0.15	0.22	0.20	0.18	0.21	0.18	0.19	0.19	0.19	0.20	0.08	0.11
Iraqi Basrah Light[c]												
Americas	0.40	0.36	0.29	0.21	0.39	0.55	0.46	0.57	0.39	0.74	0.01	0.73
Europe	0.12	0.09	0.11	0.11	0.14	0.18	0.42	0.40	0.34	0.37	0.13	0.24
Asia Oceania	0.24	0.29	0.34	0.32	0.26	0.34	0.39	0.31	0.46	0.26	0.32	-0.06
Iraqi Kirkuk												
Americas	0.06	0.03	0.07	0.06	0.06	0.08	0.04	0.04	0.06	0.03	0.03	0.00
Europe	0.31	0.27	0.27	0.26	0.20	0.23	0.21	0.20	0.25	0.19	0.29	-0.11
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Iranian Light												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.15	0.24	0.23	0.21	0.25	0.16	0.05	0.10	0.03	0.05	0.20	-0.16
Asia Oceania	0.07	0.04	0.04	0.03	0.03	0.02	0.01	0.02	-	-	0.02	-
Iranian Heavy[b]												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.40	0.49	0.55	0.54	0.33	0.21	0.08	0.12	0.07	0.03	0.58	-0.55
Asia Oceania	0.57	0.52	0.51	0.49	0.48	0.38	0.11	0.08	0.25	0.34	0.51	-0.17
Venezuelan Light & Medium												
Americas	0.39	0.14	0.18	0.13	0.07	0.15	0.14	0.08	0.14	0.10	0.32	-0.22
Europe	0.07	0.02	0.02	0.02	0.01	-	0.01	0.02	-	0.06	-	-
Asia Oceania	-	-	-	-	0.01	0.01	-	-	-	-	-	-
Venezuelan 22 API and heavier												
Americas	0.75	0.86	0.76	0.69	0.68	0.58	0.77	0.78	0.82	0.79	0.68	0.10
Europe	0.07	0.06	0.05	0.05	0.08	0.09	0.11	0.08	0.12	0.11	0.04	0.06
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Maya												
Americas	0.93	0.91	0.82	0.84	0.72	0.69	0.76	0.77	0.77	0.82	0.84	-0.02
Europe	0.10	0.11	0.12	0.12	0.12	0.14	0.13	0.10	0.17	0.18	0.11	0.07
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Isthmus												
Americas	0.01	0.04	0.07	0.07	0.04	0.03	0.05	0.07	0.00	0.00	0.07	-0.07
Europe	0.01	0.02	0.01	0.01	0.02	0.05	0.03	-	0.03	0.05	0.01	0.04
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Russian Urals												
Americas	0.15	0.08	0.01	0.02	-	0.01	0.01	-	-	-	0.05	-
Europe	1.72	1.80	1.69	1.61	1.75	1.76	1.97	2.01	1.95	2.16	1.56	0.60
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Nigerian Light[4]												
Americas	0.54	0.60	0.53	0.46	0.25	0.31	0.25	0.28	0.24	0.11	0.75	-0.64
Europe	0.32	0.34	0.45	0.48	0.51	0.52	0.72	0.70	0.83	0.65	0.36	0.28
Asia Oceania	0.00	-	0.05	0.05	0.03	0.06	0.03	0.05	0.05	0.03	0.06	-0.03
Nigerian Medium												
Americas	0.21	0.25	0.18	0.14	0.04	0.07	0.14	0.15	0.11	0.24	0.17	0.07
Europe	0.13	0.09	0.14	0.13	0.26	0.25	0.26	0.22	0.26	0.17	0.10	0.08
Asia Oceania	-	-	-	-	-	-	0.00	0.01	-	-	-	-

1 Data based on monthly submissions from IEA countries to the crude oil import register (in '000 bbl), subject to availability. May differ from Table 8 of the Report.
IEA Americas includes United States and Canada.
IEA Europe includes all countries in OECD Europe except Estonia, Hungary and Slovenia.
IEA Asia Oceania includes Australia, New Zealand, Korea and Japan.

2 Iraqi Total minus Kirkuk.

3 Iranian Total minus Iranian Light.

4 33° API and lighter (e.g., Bonny Light, Escravos, Qua Iboe and Oso Condensate).

Table 7
REGIONAL OECD IMPORTS[1,2]
(thousand barrels per day)

	2009	2010	2011	4Q11	1Q12	2Q12	3Q12	Aug-12	Sep-12	Oct-12	Year Earlier Oct-11	% change
Crude Oil												
Americas	7541	7496	6870	6668	6159	6495	6125	6139	5993	5852	6939	-16%
Europe	8893	9072	8985	8903	9119	9176	9794	10071	9515	9668	8804	10%
Asia Oceania	6311	6472	6609	6730	6994	6727	6627	6525	6576	6597	6452	2%
Total OECD	22746	23039	22464	22301	22272	22398	22546	22735	22084	22117	22195	0%
LPG												
Americas	43	34	33	20	20	28	34	33	33	24	21	16%
Europe	261	285	309	328	300	281	271	256	304	268	345	-22%
Asia Oceania	537	565	568	553	658	603	598	616	644	598	515	16%
Total OECD	840	884	909	902	978	911	903	905	980	890	881	1%
Naphtha												
Americas	22	36	42	38	15	34	17	26	15	19	40	-52%
Europe	336	399	272	238	399	363	291	240	291	424	268	58%
Asia Oceania	849	907	884	861	839	878	920	899	1050	922	817	13%
Total OECD	1207	1343	1198	1137	1253	1275	1228	1164	1356	1364	1124	21%
Gasoline[3]												
Americas	884	801	762	655	673	775	799	921	661	760	610	25%
Europe	206	187	222	213	280	180	201	169	157	180	197	-9%
Asia Oceania	111	84	94	113	95	92	68	68	71	94	103	-9%
Total OECD	1200	1073	1078	981	1048	1047	1068	1158	889	1034	910	14%
Jet & Kerosene												
Americas	62	76	77	67	41	58	95	134	104	107	81	32%
Europe	449	418	396	449	290	375	458	460	427	516	448	15%
Asia Oceania	60	46	56	61	77	38	55	54	49	64	71	-10%
Total OECD	571	539	530	577	408	471	608	648	579	687	600	14%
Gasoil/Diesel												
Americas	91	100	72	58	71	45	50	45	61	66	51	28%
Europe	1063	1071	1042	1101	1026	859	953	979	883	1013	1194	-15%
Asia Oceania	92	104	147	171	170	176	194	221	137	184	177	4%
Total OECD	1246	1275	1261	1329	1267	1080	1196	1246	1081	1263	1423	-11%
Heavy Fuel Oil												
Americas	271	277	268	228	220	217	208	195	223	189	217	-13%
Europe	489	464	536	550	631	534	483	465	450	393	574	-31%
Asia Oceania	116	118	153	182	221	203	227	225	234	226	155	45%
Total OECD	876	860	957	961	1072	954	918	885	907	808	946	-15%
Other Products												
Americas	877	807	871	828	751	835	880	777	1011	874	745	17%
Europe	747	692	690	619	590	664	643	576	690	519	650	-20%
Asia Oceania	353	375	373	375	389	370	359	363	374	309	362	-15%
Total OECD	1977	1874	1934	1822	1730	1869	1882	1716	2076	1702	1758	-3%
Total Products												
Americas	2250	2132	2124	1893	1791	1992	2084	2132	2108	2039	1765	16%
Europe	3551	3516	3467	3498	3516	3256	3299	3146	3201	3313	3676	-10%
Asia Oceania	2117	2199	2277	2316	2450	2361	2421	2445	2559	2396	2199	9%
Total OECD	7918	7847	7868	7708	7757	7608	7803	7723	7868	7748	7640	1%
Total Oil												
Americas	9791	9627	8995	8562	7950	8487	8209	8271	8101	7891	8704	-9%
Europe	12445	12588	12452	12401	12635	12432	13093	13217	12716	12982	12480	4%
Asia Oceania	8428	8671	8886	9047	9443	9088	9048	8970	9135	8993	8651	4%
Total OECD	30664	30886	30332	30009	30029	30006	30349	30457	29952	29865	29835	0%

1 Based on Monthly Oil Questionnaire data submitted by OECD countries in tonnes and converted to barrels.
2 Excludes intra-regional trade.
3 Includes additives.

© OECD/IEA 2013. All Rights Reserved

The International Energy Agency (IEA) makes every attempt to ensure, but does not guarantee, the accuracy and completeness of the information or the clarity of content of the *Oil Market Report* (hereafter the *OMR*). The IEA shall not be liable to any party for any inaccuracy, error or omission contained or provided in this *OMR* or for any loss, or damage, whether or not due to reliance placed by that party on information in this *OMR*.

The Executive Director and Secretariat of the IEA are responsible for the publication of the *OMR*. Although some of the data are supplied by IEA Member-country governments, largely on the basis of information they in turn receive from oil companies, neither these governments nor these oil companies necessarily share the Secretariat's views or conclusions as expressed in the *OMR*. The *OMR* is prepared for general circulation and is distributed for general information only. Neither the information nor any opinion expressed in the *OMR* constitutes an offer, or an invitation to make an offer, to buy or sell any securities or any options, futures or other derivatives related to such securities.

This *OMR* is the copyright of the OECD/IEA and is subject to terms and conditions of use. These terms and conditions are available on the IEA website at http://www.iea.org/oilmar/licenceomr.html. In relation to the Subscriber Edition (as defined in the OMR's online terms and conditions), all Argus information is sourced from Copyright © 2013 Argus Media Limited and is published here with the permission of Argus. The spot crude and product price assessments are based on daily Argus prices, converted when appropriate to US$ per barrel according to the Argus specification of products. Argus Media Limited reserves all rights in relation to all Argus information. Any reproduction of Argus information requires the express prior written permission of Argus. Argus shall not be liable to any party for any inaccuracy, error or omission contained or provided in Argus information contained in this OMR or for any loss, or damage, whether or not due to reliance placed by that party on information in this OMR.

OMR Contacts

Editor and Head, Oil Industry and Markets Division
Antoine Halff

Analysts

Bahattin Buyuksahin (Price Formation)

Michael Cohen (Non-OPEC Supply)

Diane Munro (OPEC Supply and Prices)

Matt Parry (Demand)

Jérôme Sabathier (Refining)

Andrew Wilson (Stocks/Statistics)

Statistics

Valerio Pilia

Editorial assistant

Anita Stjepic

Contact:
☎ (+33) 0*1 40 57 66 67
✉ **OilMarketReport@iea.org**
* 0 - only within France

Media Enquiries

IEA Press Office
(+33) 0* 1 40 57 65 54
✉ **ieapressoffice@iea.org**

Subscription and Delivery Enquiries

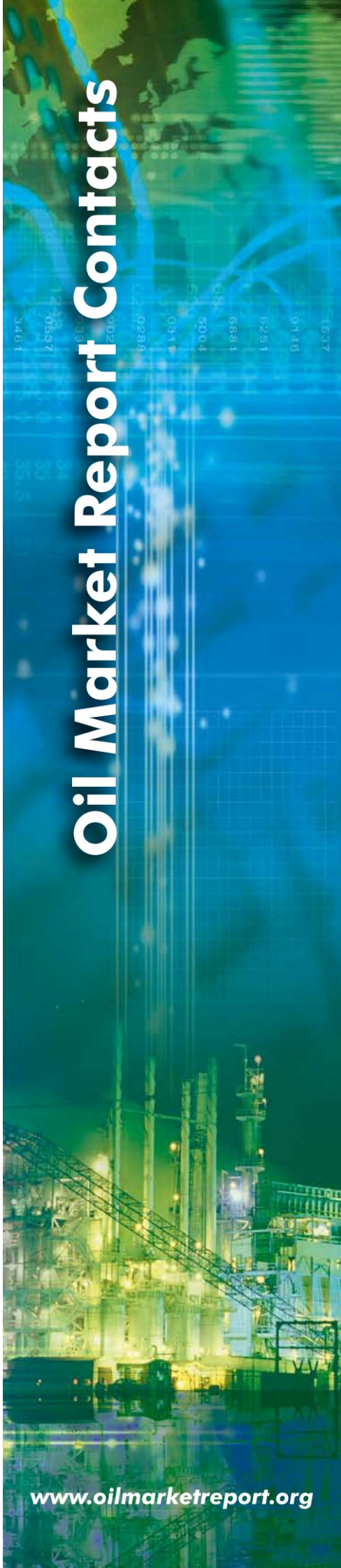
Oil Market Report Subscriptions
International Energy Agency
BP 586-75726 PARIS Cedex 15, France
✉ **OMRSubscriptions@iea.org**
☎ (+33) 0* 1 40 57 67 72
☎ (+33) 0* 1 40 57 66 90

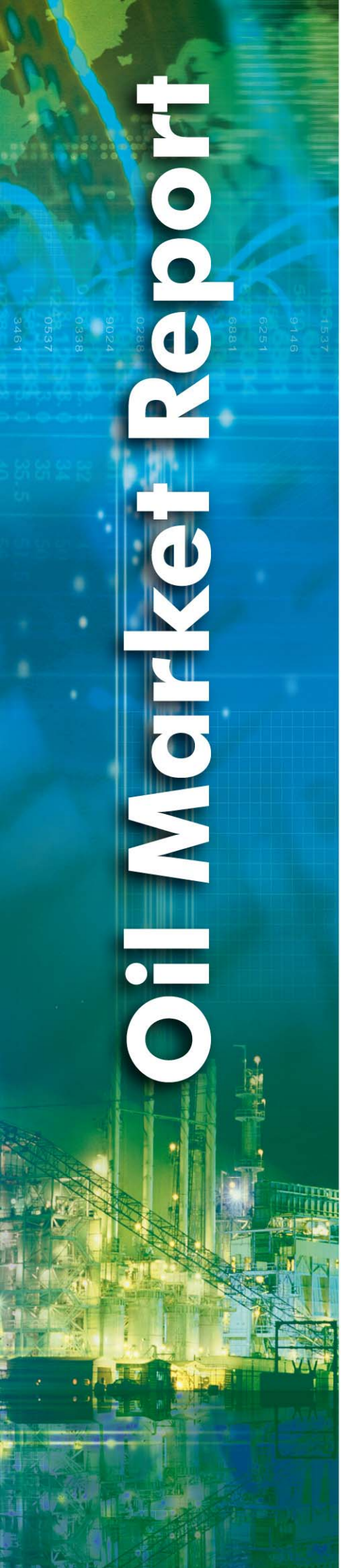
User's Guide and Glossary to the IEA *Oil Market Report*

For information on the data sources, definitions, technical terms and general approach used in preparing the *Oil Market Report (OMR)*, *Medium-Term Oil Market Report (MTOMR)* and *Annual Statistical Supplement* (current issue of the Statistical Supplement dated 10 August 2012), readers are referred to the *Users' Guide* at www.oilmarketreport.org/glossary.asp. It should be noted that the spot crude and product price assessments are based on daily Argus prices, converted when appropriate to US$ per barrel according to the Argus specification of products (Copyright © 2013 Argus Media Limited - all rights reserved).

The *Oil Market Report* is published under the responsibility of the Executive Director and Secretariat of the International Energy Agency. Although some of the data are supplied by Member-country Governments, largely on the basis of information received from oil companies, neither governments nor companies necessarily share the Secretariat's views

Next Issue: 13 February 2013





International Energy Agency

13 February 2013

HIGHLIGHTS

- **Crude oil futures prices breached nine-month highs in early February** as improved economic signals from China and the US, robust financial market activity and colder temperatures in the Northern Hemisphere buoyed market sentiment. Brent futures last traded at $118.75/bbl and WTI at $97.35/bbl.

- **Despite signs of improvement in China and the US, weak macroeconomic conditions are forecast to keep global oil demand growth capped at around 840 kb/d in 2013, to 90.7 mb/d**. The growth projection is 90 kb/d less than estimated last month, as the IMF trimmed their GDP forecast to 3.5%, from 3.6% previously.

- **Global supplies fell by 300 kb/d in January, to 90.8 mb/d. Non-OPEC production slipped by 190 kb/d from the prior month, to 54.2 mb/d** but is expected to increase by 750 kb/d in 1Q13 y-o-y. For 2013, non-OPEC supply is projected to rise by 1 mb/d to 54.4 mb/d.

- **OPEC crude supply hit 12-month lows in January, off by 100 kb/d m-o-m to 30.34 mb/d despite slightly higher output in Saudi Arabia and Kuwait**. OPEC NGL supply was cut by 100 kb/d for 1Q13, partly due to the effect of a terrorist attack in Algeria. The 'call on OPEC crude and stock change' for 1Q13 was cut by 100 kb/d, to 29.7 mb/d.

- **OECD commercial stocks edged down by 22 mb in December to 2 688 mb, less than the average draw for that month**. Crude and 'other products' led the decline while gasoline and middle-distillate stocks increased. Total products now cover 30.4 days, 0.4 day higher than at end-November.

- **The estimate of global refinery crude runs has been cut to 75.1 mb/d for 1Q13 but remains up by 515 kb/d on 4Q12.** Plant maintenance slashed US runs in January, but Asian runs hit new highs ahead of Chinese maintenance. Strong Atlantic Basin gasoline cracks, resilient gasoil cracks and narrowing fuel oil discounts lifted January margins.

www.oilmarketreport.org

TABLE OF CONTENTS

HIGHLIGHTS 1

OF OIL PRICES AND SPARE CAPACITY 3

DEMAND 4
- Summary 4
- Global Overview 4
- Macroeconomic Assumptions for 2013 Downgraded 5
- Top-10 Consumers 6
- Improving the IEA's Estimates of Chinese Oil Demand 8
- OECD 13
  - Americas 13
  - Europe 14
  - Asia Oceania 14
- Non-OECD 15

SUPPLY 16
- Summary 16
- OPEC Crude Oil Supply 17
- Heightened Security Risks In OPEC's African Producers 20
- Non-OPEC Overview 21
- OECD 21
  - Americas 21
  - North Sea 22
- Non-OECD 23
  - Former Soviet Union 23
  - Middle East 24
  - Africa 25
  - Latin America 25
  - Asia 26

OECD STOCKS 27
- Summary 27
- OECD Inventory Position at End-December and Revisions to Preliminary Data 27
- Analysis of Recent OECD Industry Stock Changes 29
  - OECD Americas 29
  - OECD Europe 30
  - OECD Asia Oceania 31
- Recent Developments in Singapore and China Stocks 32

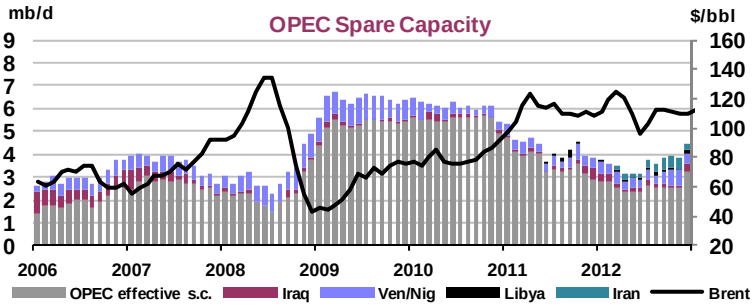
PRICES 34
- Summary 34
- Market Overview 34
- Futures Markets 36
  - Activity Levels 36
  - Market Regulation 38
- Spot Crude Oil Prices 39
- Spot Product Prices 41
- Freight 43

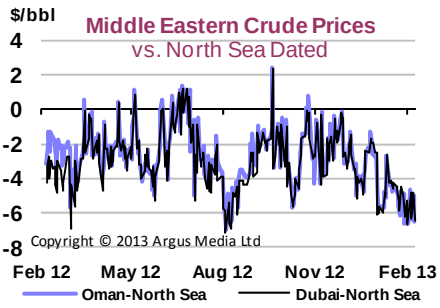
REFINING 44
- Summary 44
- Global Refinery Overview 44
- OECD Refinery Throughput 47
- The Straw that Broke the Camel's Back? 48
- Non-OECD Refinery Throughput 51

TABLES 56

OF OIL PRICES AND SPARE CAPACITY

The current run-up in oil prices, which saw Brent pass $118/bbl in early February, defies the widely accepted assumption that oil prices and OPEC spare capacity are inversely correlated. That assumption had worked well during the 2008 rally, when oil prices soared to record highs and "wafer thin" capacity became the cliché du jour. Excluding capacity in Venezuela and Nigeria that was effectively off limits to the market, so-called "effective" spare capacity had dipped below 1.5 mb/d, much of it too heavy and sour to run through refineries economically. During the financial crisis that ensued, demand plummeted, allowing capacity to rebuild. By the time effective capacity bounced back to over 3 mb/d, Brent had dipped below $60/bbl. It then dropped even lower.





OPEC spare capacity has been building lately, thanks both to years of robust Saudi upstream investment and the effect of soaring production of light, tight oil and oil sands in North America, but one would never guess it by looking at a Brent price chart. Total OPEC capacity at latest count had grown back to around 4.5 mb/d and counting. But Brent prices have also been on the rise, amid improved economic signals in the US and China. A revival of investor appetite for stocks and commodities, and record open interest in ICE Brent futures, are also driving bullish sentiment.

What then accounts for the apparent disconnect between the oil benchmark and OPEC spare capacity? First, definitions of "available" spare capacity have expanded as fast as the American oil patch. Excluding hard-to-tap capacity in Iraq, Venezuela, Nigeria, Libya and Iran, capacity doesn't look quite as high. Now a new wave of political unrest in Africa is clouding the outlook in a growing number of producers. Following the recent attack on an Algerian gas facility, companies have begun to reassess their security arrangements in the region. For the first time last month, a firm long active in Nigeria reportedly pulled personnel from that country on security concerns. Second, some of the latest gains in OPEC capacity simply reflect production cuts. So recent gains in spare capacity may not be as comforting in reality as they otherwise would appear.

Brent prices can also be misleading. Other crude grades have been trading at a widening discount to the North Sea benchmark. The WTI discount to Brent is getting deeper again, following the troubled start-up of new pipeline capacity out of the US Midwest. But so is the discount of other grades such as Western Canadian Select to WTI itself. Even Oman and Dubai, key benchmarks in Asia, where demand for crude has been rising faster than anywhere else, have seen their discount to Brent widen since November.

There are many reasons for the unprecedented price disparity between various crude oil grades and, more broadly, for the apparent "disconnect" between benchmark prices and spare capacity. But it is clear that there is more to prices than just supply and demand balances. The market is undergoing dramatic changes in the regional distribution of both supply and demand growth, even as part of the oil exporting world is caught up in a social and political shift of potentially far-reaching consequences. It is hard, under the circumstances, to overstate the challenges involved in bringing supply to market, which often result in unprecedented price pressures. Improving the quality of oil statistics and forecasts amid this maelstrom of change is not the least of those challenges.

DEMAND

Summary

- **The projection of global oil demand for 2013 was adjusted marginally lower, to 90.7 mb/d, following downward revisions in the IMF forecast of economic activity.** In its latest *World Economic Outlook*, the IMF trimmed its forecast of global GDP growth to 3.5% for 2013, from 3.6% previously. The lower economic assumption cut 85 kb/d out of our global demand estimate for 2013. The euro area and Latin America account for the bulk of the revisions (see *'Macroeconomic Assumptions for 2013 Downgraded').*

- **Revised 4Q12 data took 210 kb/d off the global 4Q12 demand estimate, to 91.0 mb/d.** Notable November changes included the Hurricane-hit US and Saudi Arabia, with 260 kb/d and 250 kb/d respectively subtracted. Preliminary estimates of December conflicted with the otherwise downward 4Q12 trend, with prominent additions for Japan (up by 265 kb/d) and China (+185 kb/d).

- **Global demand growth is forecast at 840 kb/d for 2013,** 90 kb/d less than estimated in last month's *Report*. Mutually offsetting revisions have only marginally raised the assessment of demand for full year 2012 since last month's *Report*. Adjustments to the economic outlook for 2013 are thus the main factor behind the cut in the forecast of demand growth for the year, which is broadly in line with the reduction in the projection of 2013 absolute demand.

Global Oil Demand (2011-2013)

(million barrels per day)

	1Q11	2Q11	3Q11	4Q11	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
Africa	3.3	3.3	3.2	3.3	3.3	3.4	3.4	3.4	3.4	3.4	3.5	3.5	3.5	3.6	3.5
Americas	30.2	30.0	30.6	30.4	30.3	29.8	30.3	30.5	30.6	30.3	30.0	30.2	30.7	30.8	30.4
Asia/Pacific	28.7	27.7	28.0	29.2	28.4	29.7	28.8	29.0	30.4	29.5	30.6	29.4	29.3	30.5	29.9
Europe	14.9	14.8	15.4	14.8	15.0	14.4	14.5	14.5	14.5	14.5	14.1	14.0	14.5	14.5	14.2
FSU	4.2	4.4	4.6	4.6	4.4	4.5	4.5	4.7	4.7	4.6	4.6	4.6	4.8	4.9	4.7
Middle East	7.0	7.4	7.9	7.4	7.4	7.2	7.8	8.1	7.5	7.6	7.3	7.9	8.3	7.7	7.8
World	**88.4**	**87.7**	**89.6**	**89.6**	**88.8**	**88.9**	**89.2**	**90.2**	**91.0**	**89.8**	**90.0**	**89.6**	**91.1**	**91.9**	**90.7**
Annual Chg (%)	2.2	0.3	0.7	0.2	0.9	0.6	1.7	0.6	1.6	1.1	1.3	0.4	1.0	1.0	0.9
Annual Chg (mb/d)	1.9	0.3	0.7	0.2	0.8	0.5	1.5	0.6	1.5	1.0	1.1	0.4	0.9	0.9	0.8
Changes from last OMR (mb/d)	-0.27	0.03	0.19	-0.11	-0.04	-0.21	0.22	0.22	-0.21	0.00	-0.04	-0.07	-0.14	-0.10	-0.09

- **In this *Report* we are revising our methodology for estimating Chinese implied demand, in a bid to better account for changes in product inventories.** The apparent demand calculation is now based on refinery output, plus net product imports, minus product inventory builds (or plus inventory draws) and adjustments. Utilising this methodology smoothes out abnormal swings in apparent demand. As a result, the estimate of 4Q12 demand has been slightly reduced, reflecting an estimated product build of 135 kb/d, estimates for 2Q12 and 3Q12 have been revised upwards due to de-stocking.

Global Overview

Predictions of a weaker global economic recovery in 2013 – 3.5% as opposed to the 3.6% expansion previously assumed – and marginal downward revisions to the estimate of 2012 demand together trimmed the forecast for global oil demand growth by 90 kb/d, to 840 kb/d (or 0.9%) in 2013. The weaker growth prediction results in a 2013 average consumption forecast of 90.7 mb/d, 85 kb/d less in absolute terms than last month. The 2012 estimate has also been very slightly increased (by 5 kb/d) to 89.8 mb/d. The main changes in the forecast since last month's *Report* include (a) slightly weaker global macroeconomic expectations; (b) adjustments to the estimate of Chinese apparent demand due to methodological changes; (c) a sharply reduced estimate of US demand for November; and (d) a weather-related drop in Saudi Arabian consumption since November.

The latest global demand estimate for 4Q12 comes out at 91 mb/d, equivalent to year-on-year growth of 1.5 mb/d (or 1.6%). This is 210 kb/d less than forecast in last month's *Report*. The most notable 4Q12 downwards revisions centred on the US (150 kb/d lower) and Saudi Arabia (-125 kb/d). Underpinning these adjustments were lower-than-expected November estimates, with the biggest revisions being the US (-260 kb/d), Saudi Arabia (-250 kb/d), China (-140 kb/d) and Egypt (-95 kb/d). Those revisions more than offset upward adjustments to demand for Thailand (+75 kb/d), Argentina (+70 kb/d), South Africa (+50 kb/d) and India (+50 kb/d). Preliminary December data partly offset November's reductions, with large upward revisions for Japan (+265 kb/d) and China (+185 kb/d), but smaller downward adjustments for Spain (-70 kb/d), Mexico (-55 kb/d) and Korea (-50 kb/d).

Macroeconomic Assumptions for 2013 Downgraded

There has been some degree of dissonance lately between, on the one hand, market perception of an improvement in recent economic indicators and oil demand prospects for 2013, and, on the other hand, reduced expectations of economic growth from major economic institutional forecasters such as the International Monetary Fund (IMF). In its most recent *World Economic Outlook Update* (January 2013), the IMF downgraded the pace of forecast global economic growth to 3.5% for 2013, from 3.6% in its previous report in October. The euro area and Latin America took the brunt of the IMF curtailments, with the growth forecast in each of these regions reduced by roughly three-tenths of a percentage point. This weaker economic outlook trims 85 kb/d from the global demand forecast for 2013, and, combined with small revisions to the 2012 demand estimate, cuts projected oil demand growth for the year by 90 kb/d, to 840 kb/d. Although the recent data flow from many oil consumers has shown signs of a potential improvement in economic conditions in recent months, as can be gleaned from the 930 kb/d upwards adjustment applied to the 4Q12 global demand estimate since November's *OMR*, some of those revisions were offset by recent downward adjustments for other past quarters.

Economic Outlook, 2013

IMF projections, January 2013

% change	Jan-13	Oct-12
WORLD	**3.5**	**3.6**
US	2.0	2.1
Germany	0.6	0.9
France	0.3	0.4
Italy	(1.0)	(0.7)
Spain	(1.5)	(1.3)
UK	1.0	1.1
Canada	1.8	2.0
Japan	1.2	1.2
China	8.2	8.2
India	5.9	6.0
Brazil	3.5	4.0
Russia	3.7	3.8

Source: IMF

In its latest *World Economic Outlook*, the IMF questions the permanency and sustainability of an improvement in economic performance that became apparent towards the second half of 2012. The global economy rose by 2.9% on a quarter-on-quarter basis in 3Q12, building on 2.5% growth in the previous quarter. But the IMF believes those signs of stronger recovery in 3Q12 to have been "largely due to temporary factors, including increased inventory accumulation (mainly in the US)". Indeed, US GDP swung back into a decline of 0.1% q-o-q in 4Q12 (reversing a 3.1% gain in 3Q12), while that of the UK fell by 0.3% (following growth of 0.9% in 3Q12) and the German economy contracted by 0.5% (after expanding by 0.2% in 3Q12). The overall 3Q12 expansion also hid the significant weakening in Europe, a factor that could end up depressing growth elsewhere through spill-over effects. Similarly, some signs of recovery in global oil demand growth in recent months may be attributable to one-off factors, rather than to a solid uptrend in underlying economic conditions. Thus, the extent to which one can extrapolate from a steep increase in Chinese apparent demand towards the end of 2012 is unclear. While higher Chinese refinery runs at that time may have responded to an actual increase in end-user demand, they may also have led to significant product inventory builds, potentially setting the stage for a slowdown or for an increase in product exports later on.

The reduction in the IMF economic outlook for Europe seems particularly ominous, not only because of the large three-tenth of a percentage point reduction applied to the 2013 growth estimate but also because of the sheer size of the region's economic footprint – taken in aggregate, OECD Europe is the world's largest economy on an absolute basis. Economic activity in the euro area is forecast to decline by 0.2% in 2013, a notable curtailment on the previously assumed 0.1% expansion. German and Italian downgrades led the decline, with respective changes of 0.6% (previously 0.9%) and -1.0% (versus -0.7%) forecast for 2013. The European weakness reflects "delays in the transmission of lower sovereign spreads … (and) still-high uncertainty about the ultimate resolution of the crisis despite recent progress." The outlook for non-euro

Macroeconomic Assumptions for 2013 Downgraded (continued)

area members, such as the UK, has also been reduced, as the confidence across the continent continues to erode. Reduced European economic momentum in 2013 accordingly raised the predicted decline rate of European oil demand in 2013, to -260 kb/d (or -1.9%) from -235 kb/d in last month's *Report*.

Non-OECD economies, as a whole, are expected to continue to expand, with economic growth forecast to approach 6% in 2013, little changed from the previous outlook. These figures, however, hide many revisions at the country level, including downward adjustments to the forecasts for Brazil (3.5%, from 4.0%), Russia (3.7%, from 3.8%) and India (5.9%, versus 6.0%), while the projection of Chinese economic growth is unchanged at 8.2%. The US came out of the revised outlook relatively unscathed, with the 2013 estimate reduced by just one-tenth of a percentage point, to 2%. US50 oil consumption is predicted to remain flat in 2013, at 18.7 mb/d, a modest 5 kb/d reduction on the slightly lower GDP forecast.

In our forecast, we have slightly adjusted the effect of the revisions in the IMF economic outlook to account for relatively robust oil demand growth in several countries in 4Q12, including China, Brazil and Russia, and some recent signs of improving underlying economic conditions in those countries – a sentiment supported by major forward-looking indicators such as the Purchasing Managers' Indices (PMI).

Top-10 Consumers

After oil consumers endured a particularly testing year in 2012, with falls or very shallow growth seen, November data saw a conflicting trend emerge. Stronger growth becoming apparent for China, Brazil, Korea and Canada, while weaker demand trajectories were seen across the remainder of the *Top-10 Consumers*. Notable November contractions being seen in the US and Saudi Arabia, as both suffered from weather-related additional downturns.

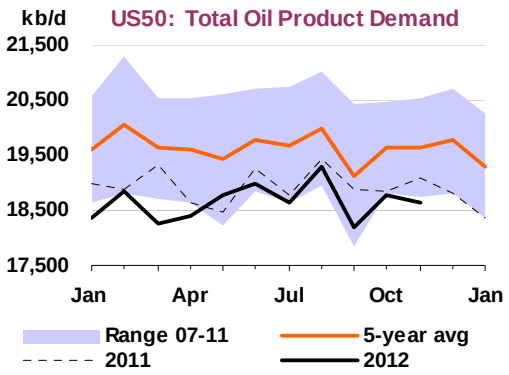
Top-10 Oil Consumers
(thousand barrels per day)

	Demand			Annual Chg (kb/d)			Annual Chg (%)		
	Nov-12	2012	2013	Nov-12	2012	2013	Nov-12	2012	2013
US50	18,625	18,651	18,651	-455	-299	0	-2.4	-1.6	0.0
China	10,270	9,600	9,984	836	367	385	8.9	4.0	4.0
Japan	4,641	4,723	4,550	39	259	-173	0.8	5.8	-3.7
India	3,765	3,652	3,750	48	137	98	1.3	3.9	2.7
Russia	3,530	3,366	3,516	71	114	150	2.1	3.5	4.4
Brazil	3,171	3,016	3,093	203	123	77	6.8	4.2	2.6
Saudi Arabia	2,808	3,009	3,128	-122	135	119	-4.2	4.7	3.9
Germany	2,496	2,351	2,324	49	-49	-27	2.0	-2.0	-1.2
Korea	2,423	2,268	2,268	171	38	0	7.6	1.7	0.0
Canada	2,345	2,311	2,308	69	22	-3	3.0	0.9	-0.1
% global demand	60%	59%	59%						

US

Upward adjustments to the estimate of 4Q12 US demand made in last month's *Report* have been reversed, reflecting revised November data for the US50 that now show a 455 kb/d contraction over the year earlier (or 2.4% lower), to 18.6 mb/d. Last month's *Report* was based on an earlier assessment from the US Energy Information Administration's *Short-Term Energy Outlook (STEO)*. The January *STEO* had estimated US demand for November at 18.9 mb/d (equivalent to a decline rate of 1.2%). In hindsight, that assessment overshot by 260 kb/d. The initial assessment made in the *OMR* in November – right after Hurricane *Sandy* – ended up being closer to the mark.

Particularly sharp November contractions were apparent in gasoil/diesel and residual fuel oil, demand for which fell by 205 kb/d (or -5%) and 130 kb/d (-31.2%), respectively, on the year earlier. The trend in oil demand echoed that in manufacturing sentiment in November, as reported by the *Institute for Supply Management* (ISM). Indeed, overall US economic activity contracted by 0.1% in 4Q12 (over 3Q12), its first dip since 2Q09 and a far cry from the consensus estimate of 1% growth.





Preliminary estimates of December US50 demand highlight a 140 kb/d (or 0.7%) contraction over the year earlier, with notable weaknesses apparent in residual fuel oil (125 kb/d less than the year earlier) and gasoline (-100 kb/d), outweighing the modest gains seen in jet/kerosene and gasoil. For 2012 as whole, US50 consumption is expected to average 18.7 mb/d, a drop of 300 kb/d (-1.6%) on the year. The relative performance should then improve in 2013, although still not growing, as consumption averages out at around 18.7 mb/d (unchanged on 2012), supported by a trend-rate expansion of around 2% for the US economy.

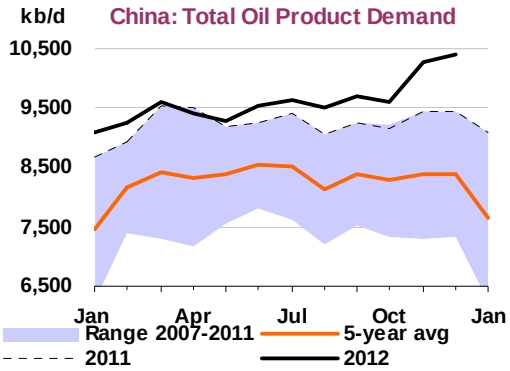
For January, the US Energy Department's *Weekly Petroleum Status Report* suggests that total products supplied increased by 1.2% on the year. Those weekly estimates, which remain subject to revision, show surprisingly large y-o-y gains in transport fuel deliveries including gasoline (+4.7%) and jet/kerosene (+2.3%), a trend that seems supported by reports of strengthening consumer sentiment (as shown in the Thomson Reuters/University of Michigan's consumer sentiment index rising to 73.8 in January, from 72.9 in December). That was partly offset by contractions in industrial fuels such as distillates (-3.6%) and residual fuel oil (-36.2%).

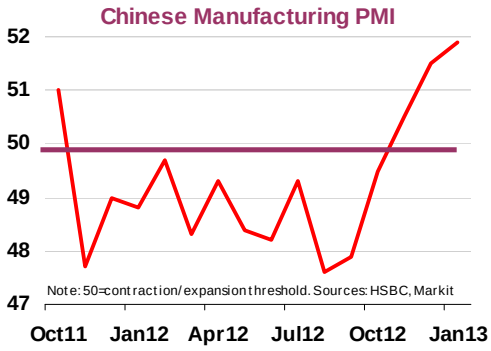
China

The forecast of Chinese demand growth in 2013 remains roughly on par with that made in last month's *Report*, when it was revised higher – to 4% from 3.2%. Both recent Chinese oil statistics and economic indicators remain supportive of this more bullish forecast. The overall Chinese apparent demand estimate for 2013 remains roughly unchanged from last month, at 10 mb/d. Consumption averaged 9.6 mb/d in 2012, up by 370 kb/d (or 4.0%), a modest 5 kb/d up on last month's *Report*. The quarterly breakdown of demand in 2012 has changed reflecting modifications to our assessment methodology (see *'Improving the IEA's Estimates of Chinese Oil Demand'*).

China: Demand by Product
(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2011	2012	2013	2012	2013	2012	2013
LPG & Ethane	720	733	747	14	14	1.9	1.9
Naphtha	1,113	1,123	1,197	10	74	0.9	6.6
Motor Gasoline	1,767	1,918	2,016	152	97	8.6	5.1
Jet Fuel & Kerosene	422	442	463	20	21	4.8	4.7
Gas/Diesel Oil	3,166	3,224	3,320	58	96	1.8	3.0
Residual Fuel Oil	507	522	538	14	17	2.8	3.2
Other Products	1,538	1,638	1,702	99	65	6.5	4.0
Total Products	**9,232**	**9,600**	**9,984**	**367**	**385**	**4.0**	**4.0**





Chinese apparent oil demand scaled new heights in November and December, as growth tested double-digit percentage point territory, having struggled at an average of 2.9% earlier in the year. Although a number of factors – such as a change in excise duties and the commissioning of new refinery capacity – may have distorted the estimate, it probably did not hurt that several key macroeconomic variables showed clear signs of improvement. GDP growth, for example, rose in 4Q12, to 7.9%, having slowed to 7.4% in 3Q12. Total Chinese exports also improved, with y-o-y growth accelerating from November's relatively flat 2.9% expansion to a robust 25% gain in January. Forward looking indicators, such as HSBC's Manufacturing PMI – where any reading above 50 highlights a bias towards 'expanding' sentiment – underpinned the trend, with a third consecutive 'expansionary' month seen in January, at 51.9 and a fifth successive rise.

Improving the IEA's Estimates of Chinese Oil Demand

Few oil market issues are more critical yet more elusive than getting Chinese demand right. The challenge is not just accurately to forecast Chinese economic expansion – the main underpinning of demand growth. Even assessing current and past Chinese oil consumption is more art than science. That is because the Chinese authorities do not publish demand statistics. Rather, Chinese demand in oil statistics is inferred from other data. Whereas estimates of demand in OECD countries and many other economies stem from surveys and reports of actual product deliveries, in the case of China "demand" is really a balancing item – in effect a function of estimated product supply.

In the past, the IEA, like many others, calculated Chinese "apparent demand" – a proxy for consumption – as the sum of Chinese refinery output and net product imports. While that method had the advantage of straightforwardness, its obvious shortcoming was its failure to account for changes in product inventories. In the absence of reliable Chinese stock data, that was inevitable – and, as long as inventory swings could be thought to be relatively small, manageable. That is no longer the case now that China accounts for roughly 10% of the world's oil consumption and 40% of global growth (five-year average, excluding 2008 and 2009 when global demand declined) – and especially since a step change in Chinese refining capacity has dramatically increased the potential for product swings. Since 2006, China also does provide some data on oil product inventories, though these statistics are open to question.

As long as China was short refining capacity and had to rely in part on product imports to meet domestic demand, it had limited scope forting up capital in product inventories. That has now changed. In the last few months, Chinese companies have aggressively expanded their refining capacity, turning China into a budding product exporter – a trend that is likely to continue. Chinese refining capacity increased by 300 kb/d in 4Q12 and is forecast to expand by another 300 kb/d in 2013. Data for the last few months show that as Chinese refining capacity ran ahead of domestic demand growth, there was more room for product stock builds.

Indeed, Chinese statistics for 4Q12 reveal an unusual build in product stocks, including a 5 mb gasoline build in December and a 1 mb build in gasoil. The ramp up in Chinese apparent demand in late 2012 is thus partly misleading, inasmuch as it lumps together real consumption and a build up in stocks, which has the potential to come undone later on – thus causing an equally misleading downswing in apparent demand.

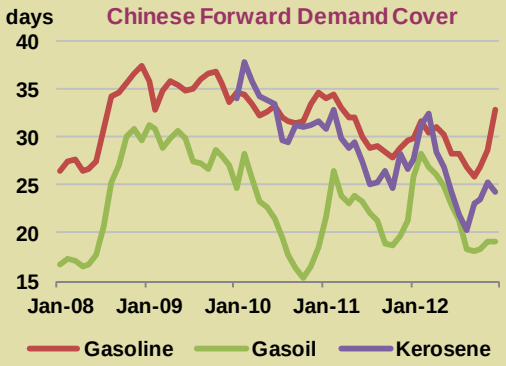
To better reflect Chinese demand in this environment of expanding Chinese refining capacity, the IEA has adjusted its methodology and now captures reported stock changes in its demand assessments. This new

Improving the IEA's Estimates of Chinese Oil Demand (continued)

method smoothes out abnormal swings in apparent demand: thus, a slowdown in apparent demand in the first 10 months of 2012 no longer seems as pronounced and as divorced from Chinese economic activity as it did according to the IEA's previous methodology. Likewise, the 4Q12 ramp-up in demand seems less startling when adjusted for inventory builds.

While the new methodology is an improvement on the old one under current circumstances, it is far from perfect, if only because of the uncertainty surrounding the various statistical inputs that go into the calculation. For example, it has become unclear whether the *refinery output* numbers that the *National Bureau of Statistics* (NBS) reports include only state-owned refineries or have begun to capture some of the independent refineries commonly referred to as "teapots", which are estimated to account for as much as one-third of Chinese nominal refinery capacity. *Product imports* reported by *China, Oil, Gas and Petrochemicals* (*China OGP*, published by China's Xinhua news agency), which apparently capture seaborne trade numbers, may miss the rising volume of over-land movements.

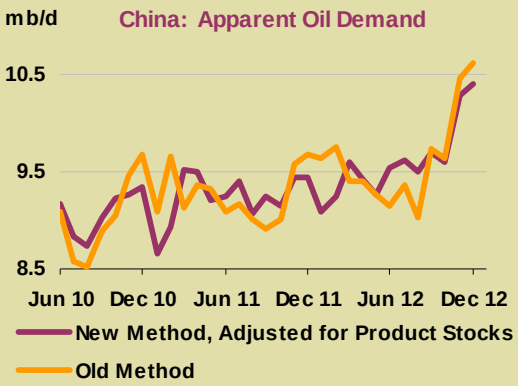
The method used for assessing stock changes is less than transparent. *Product stocks* (also reported in *China OGP*) only include inventories of gasoline, gasoil and jet/kerosene, missing any changes in LPG, naphtha or fuel oil. Uncertainty also surrounds what they are actually capturing. Until end-2009, it was understood that the reported OGP stock levels included oil held by the four national oil companies. Since then, OGP has only published a percentage stock change figure by product rather than absolute levels, after data CNPC and Sinopec became unavailable, and it further raises the question of whether current percentage stocks change data include only CNOOC and Sinochem or still include Sinopec and CNPC. However, there is a general consensus that the stock changes do not include stock changes at independent refiners.



When percentage stock change data are extrapolated using the last known absolute stock change number and then converted into days of forward demand, the data suggest a steady decline from mid-2008 onwards. Considering the large amount of refining capacity commissioned over this period and the need for minimum operating storage levels at these sites, such a steady decline seems unlikely.

Anecdotal efforts have been made to capture movements in other product stocks, but uncertainty is attached to these methods; until more quantifiable statistics are published, we are reluctant to include them within our numbers. For example, conflicting information, from market agents, of 'other product' (here referring to all products bar gasoline, gasoil and jet/kerosene) 2Q12 stock movements highlight the subjective nature of these reports. Improved data quality would accordingly raise the value of Chinese demand estimates, but for now the worth of this new methodology remains limited by the data that is passed through it.

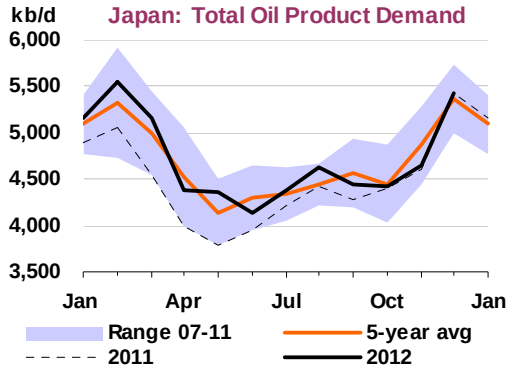
Getting demand right is always a work in progress. Oil statistics, like science according to Werner Heisenberg, proceeds from error to error, not from truth to truth. China itself is making great strides in improving its data collection and reporting system. This adjustment in our methodology is far from being our final word on Chinese demand. We will continue to look for ways to improve and refine our assessments. For now, the impact of the adjusted methodology is to redistribute 2012 consumption data across the year, increasing 2Q12 and 3Q12 demand at the expense of 1Q12 and 4Q12, with next-to-no change seen in the overall Chinese demand assessment for 2012. But its main benefits may come in 2013 and beyond, as Chinese refining capacity continues to grow.

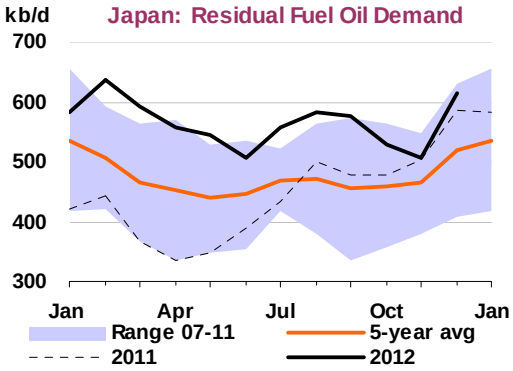


Strong January oil imports figures for China are supportive of our robust early-2013 prediction, with a 1Q13 gain of 6.1% y-o-y forecast, easing back as the year progresses. Net crude imports were up by nearly 8% y-o-y, to 5.9 mb/d; net product imports were 36% higher. Looking much further ahead, growth will likely ease as the government makes strenuous efforts to minimize oil imports following the release of its latest *Five-Year Energy Plan*, targeting a 61% import ceiling by 2015 (currently 59%).

Japan

Preliminary estimates for December depicted 5.4 mb/d of oil products being consumed, roughly unchanged on the year earlier but 265 kb/d more than our month earlier estimate. A cold spell meant large quantities of fuel oil/crude oil were still required in a power sector shorn of most of its nuclear capacity. The forecast for 2013 is for a decline of 175 kb/d (or -3.7%), to 4.6 mb/d, as economic momentum eases and the prior year's nuclear replacement demand falls out of the y-o-y equation.



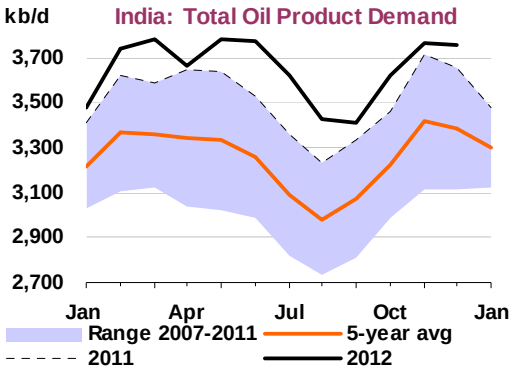


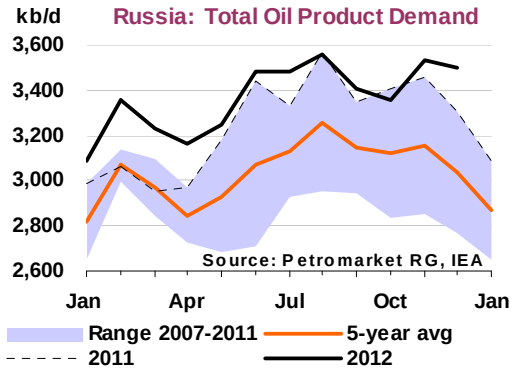
In related, longer-term news, the new Japanese government is reportedly giving consent to the gradual return of those nuclear reactors currently closed. For economic reasons this was a move predicted in October's *Medium-Term Oil Market Report*, but one that was always likely to prove problematic for political reasons. Contrasting the previous strategy – no-nuclear future, by 2040 – the new administration has said that it will target the construction of new, safer nuclear reactors, as the government looks to limit the Japanese dependence on expensive imported fossil fuels.

India

The Indian demand forecast for 2013 has been curtailed on account of weaker assumed economic growth and the likelihood of higher diesel prices. Demand growth of 2.7% is now assumed (or 100 kb/d), to 3.75 mb/d, a weaker gain than in last month's *Report* (2.8%), the reduction largely caused by the lower assumed economic growth (5.9% versus previous 6.0%). The likelihood of higher gasoil/diesel prices in 2013 has further compounded the forecast, as the government has agreed to gradually reducing diesel subsidies. As on January 17, the subsidy reduction effectively meant that diesel prices charged to individuals rose by half a rupee per litre (roughly 1 US cent). Delhi, for example, now charges 47.65 rupees (88 US cents) a litre (prices varying from state-to-state due to local taxes). Bulk users, such as apartment-complexes (which use diesel in their back-up power generating systems), saw an even greater 11 rupee/litre (20 US cents per litre) price gain. Gasoline (+3.7%) is forecast to outpace gasoil/diesel (+2.6%) in 2013, as the relative price discrepancy eases.

Roughly 3.7 mb/d of oil products were consumed in 2012, 135 kb/d up on the year (or 3.9%). The 2012 estimate is 5 kb/d higher than that assumed last month, consequential on 30 kb/d being added to the 4Q12 number: 50 kb/d more in November and 35 kb/d in December. Growth appeared to bottom-out in November, at 50 kb/d (or 1.3%), before accelerating in December, to 100 kb/d (or 2.8%) over the year earlier. A cold spell in northern India triggered additional diesel-fired generator demand – gasoil/diesel demand rising by 60 kb/d in December (to 1.5 mb/d).



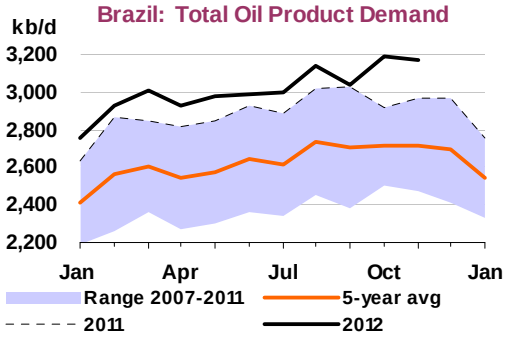


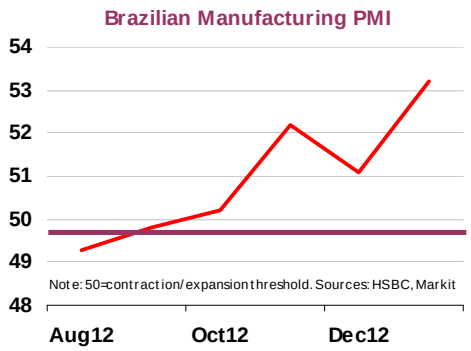
Russia

Preliminary estimates of Russia demand depict it rising by 6% in December, to 3.5 mb/d, with particularly strong gains in gasoil (+15.2%, to 695 kb/d) and jet/kerosene (+9.7%, to 270 kb/d) offsetting weak gasoline (+0.2%, to 845 kb/d) and LPG (-0.9%, to 375 kb/d). Having endured a mid-year slowdown, growing by an average of 1.1% June-through-October, a clear acceleration has since set in once again towards the end of the year.

Brazil

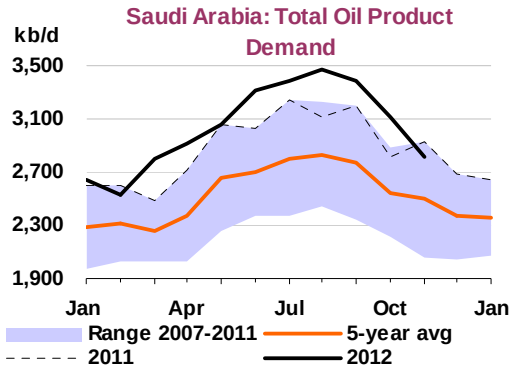
The recent Brazilian demand trend remains strong, rising by 6.8% to 3.2 mb/d, supported by big gains in road transportation markets. Gasoline consumption rose by 8.3% in November, to 900 kb/d, while gasoil/diesel was up 9.4%, to 1.1 mb/d. The overall trend is an upturn from the mid-2012 slowdown (average growth easing to 2.6%, June-through-September), underpinned by strengthening manufacturing sentiment (as the PMI rose into 'expansionary' territory, October-through-January, previously having 'contracted'). Government efforts to raise domestic prices – gasoline 6.6%/diesel 5.4% – should moderate demand growth, although the mandated increase in gasoline's ethanol-blend, (from 20% to 25%, in May), could increase demand as efficiencies wane from the lower energy content of a gasoline pool containing more ethanol.

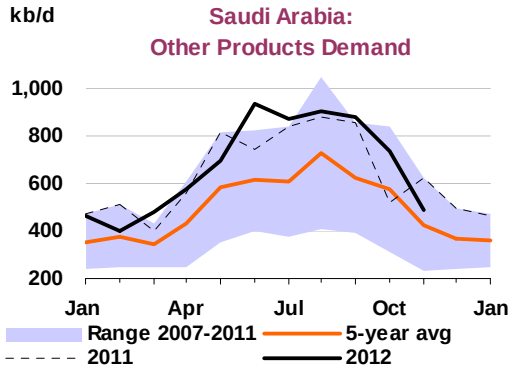




Saudi Arabia

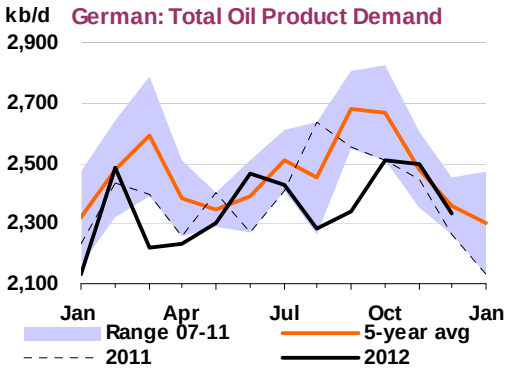
Consumption of oil products in Saudi Arabia fell sharply in November, down by 120 kb/d y-o-y (or 4.2%) to 2.8 mb/d, as the traditional winter demand-dip in 'other products' – notably crude oil for direct burn in the power sector – exceeded expectations. 'Other products' demand accounted for the majority of the contraction, down by 135 kb/d (or 21.5%) to 490kb/d. Other fuels used in power generation also saw seasonal declines, including residual fuel oil (-5 kb/d) and gasoil (used for power generation in the Northwest), demand for which fell by 85 kb/d month-on-month, but those drops were more closely captured in last month's *Report*. In total roughly 3 mb/d was consumed in 2012, equivalent to growth of around 135 kb/d on the year (or 4.7%), an expansion supported by the relatively robust economic backdrop. Further growth of around 120 kb/d is foreseen in 2013, to 3.1 mb/d, sustained by a budget that incorporates $219 billion in various public spending programmes.

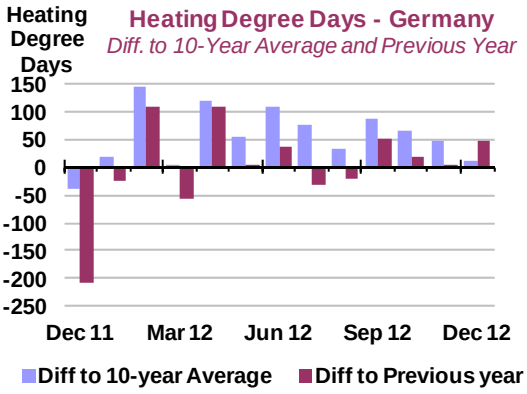




Germany

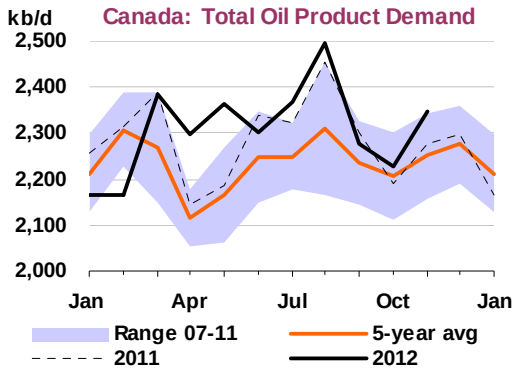
Consumption rose for a third consecutive month in December, up 3.1% y-o-y to 2.3 mb/d, a three-month trend not previously seen since the end of 2010. Demand has essentially returned to its 5-year average, supported by notable accelerations in naphtha, jet/kerosene and gasoil/diesel, the later rising as temperatures dipped below the year earlier. Concerns remain for 2013, with early indicators pointing towards demand weakness – car sales down 9% y-o-y in January and the manufacturing PMI 'contracting' (49.8 in January) – with consumption forecast to decline by 1.2%% in 2013, to 2.3 mb/d.

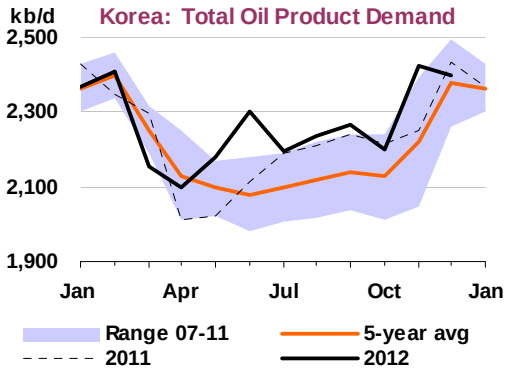




Canada

Strong November demand growth, up 3% on the year earlier, saw Canadian consumption average out at 2.3 mb/d, a trend supported by the still moderately 'expansionary' manufacturing PMI (which at 50.4 in November exceeded the 50-expansionary-threshold). The 2012 demand estimate has, however, been revised down since last month's *Report*, by 20 kb/d to 2.3 mb/d, due to reductions that have been applied to the historical series (-145 kb/d September, -50 kb/d October). This leaves a slower predicted growth rate for 2012 as a whole, up by 0.9% (versus 1.7% previously), with strong gains in transportation markets – gasoline (+3.3%) and jet/kerosene (+6.4%) – offsetting big reductions in residual fuel (-13.9%). Total Canadian consumption is forecast to remain roughly unchanged in 2013, at 2.3 mb/d, as modest economic momentum cancels out further efficiency gains.





Korea

Oil deliveries fell back by 35 kb/d (-1.5%) on the year, in December, to an average of 2.4 mb/d, reversing steep growth in November, as the economic backdrop remained subdued. GDP edged up by just 0.4% in 4Q12 over 3Q12, as growth in private consumption barely offset weak exports. Having risen by around 40 kb/d in 2012 as a whole, to 2.3mb/d, little change is foreseen in 2013, as the government has announced that it intends to make a concerted effort to restrain energy imports.

OECD

Developed economies continue to see a declining demand trend, as preliminary data for December shows average OECD consumption of 46.5 mb/d, a drop of 1.4% on the year. Europe continues to account for most of the decline with a contraction of 3.3%, while demand in OECD Asia Oceania remains more resilient, edging down by only 0.3%.

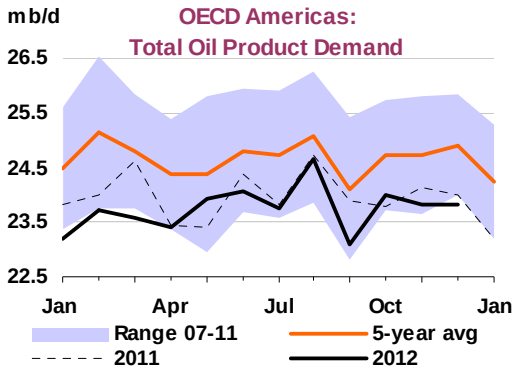
OECD Demand based on Adjusted Preliminary Submissions - December 2012
(million barrels per day)

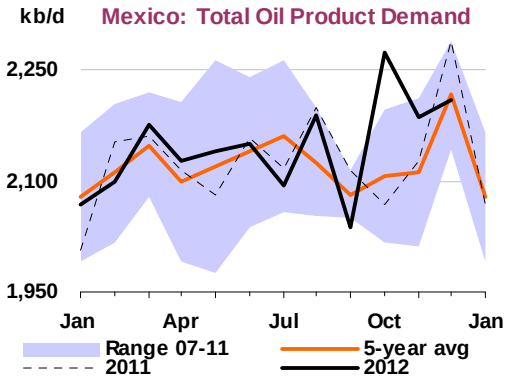
	Gasoline		Jet/Kerosene		Diesel		Other Gasoil		RFO		Other		Total Products	
	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa
OECD Americas*	**10.29**	**-1.1**	**1.62**	**1.8**	**4.27**	**1.0**	**0.92**	**7.8**	**0.77**	**-23.2**	**5.95**	**0.67**	**23.82**	**-0.7**
US50	8.59	-1.1	1.38	0.8	3.43	0.7	0.43	-4.5	0.39	-24.1	4.45	1.5	18.66	-0.7
Canada	0.76	-0.1	0.13	9.5	0.30	-0.2	0.33	38.5	0.07	-33.6	0.75	-4.3	2.33	1.4
Mexico	0.81	-2.2	0.06	6.8	0.33	1.0	0.14	1.0	0.20	-25.2	0.65	-0.3	2.21	-3.5
OECD Europe	**1.87**	**-6.7**	**1.14**	**0.8**	**4.04**	**-5.5**	**1.87**	**4.5**	**1.09**	**-12.4**	**3.33**	**-0.8**	**13.32**	**-3.3**
Germany	0.38	-8.9	0.17	6.2	0.59	-6.8	0.45	14.0	0.13	-11.0	0.60	20.4	2.33	3.1
United Kingdom	0.31	-4.2	0.32	2.6	0.44	-3.4	0.11	6.1	0.05	-25.0	0.21	-22.0	1.44	-6.0
France	0.15	-11.4	0.13	-4.5	0.65	-5.0	0.27	4.9	0.05	-32.8	0.40	-4.1	1.65	-5.1
Italy	0.19	-12.1	0.08	-3.0	0.42	-14.1	0.12	-10.6	0.10	-12.2	0.35	-10.0	1.26	-11.6
Spain	0.11	-8.3	0.10	-3.0	0.40	-10.0	0.19	-13.3	0.16	-11.1	0.25	-13.9	1.20	-10.9
OECD Asia & Oceania	**1.70**	**-1.5**	**1.27**	**3.1**	**1.29**	**8.1**	**0.59**	**-14.8**	**0.97**	**2.5**	**3.50**	**-1.7**	**9.32**	**-0.3**
Japan	1.05	-2.3	0.87	4.3	0.50	3.3	0.43	-2.7	0.61	4.7	1.97	-2.0	5.43	0.0
Korea	0.20	-2.7	0.22	-0.8	0.27	-5.2	0.15	1.2	0.28	0.9	1.28	-1.4	2.40	-1.5
Australia	0.34	1.4	0.13	3.3	0.38	3.6	0.00	0.0	0.02	-11.3	0.17	1.1	1.05	2.1
OECD Total	**13.86**	**-1.9**	**4.03**	**1.9**	**9.60**	**-1.0**	**3.37**	**1.4**	**2.82**	**-11.4**	**12.78**	**-0.4**	**46.46**	**-1.4**

* Including US territories

Americas

Modest falls remain the dominant theme in the OECD Americas, as the declining trend that set-in towards the beginning of 2011 continued, albeit to a lessened pace. Preliminary December statistics depict a 0.7% contraction, over the year earlier, leaving a relatively flat -0.5% nine-month trend, April-through-December. This is a notable improvement on the previous 12-month trend, of -1.6%, which in a region as large as this can account for a lot of oil, 285 kb/d of oil to be precise.



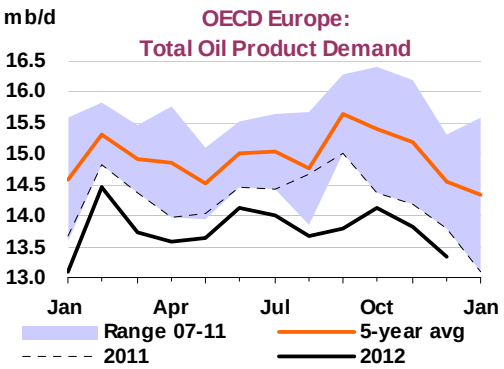


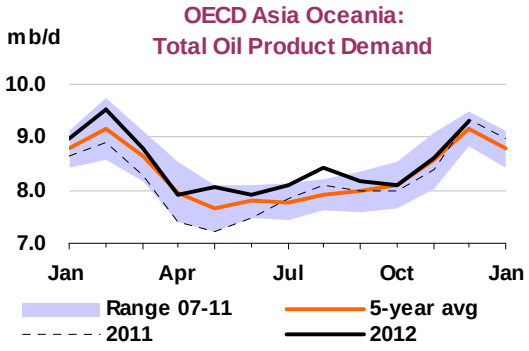
Mexican demand returned to its previously entrenched falling-trend in December, having seen two-months of above-trend growth in October-November caused by a fire at a large gas-processing facility. Roughly 2.2 mb/d of oil products were consumed in December, 3.5% (or 80 kb/d) less than the corresponding period a year earlier. Average consumption of around 2.1 mb/d was seen in 2012, a modest gain of 0.7% on 2011

Europe

Europe's near-recessionary economic backdrop has coincided with a period of sharply falling oil demand. Roughly 13.3 mb/d of oil products were consumed in December, according to preliminary data, 3.3% less than the year earlier. This sharply falling trend became entrenched around 2Q11, with the 22-month average, March 2011-through-December 2012, exactly matching December's 3.3% decline. The prior 12-month trend was for a modest average gain of 0.8%, before the woes of the double-dip recession started to feed through.

Revisions to 4Q12 OECD European demand amounted to -85 kb/d, with notably lower numbers carried for France (-80 kb/d), Spain (-25 kb/d) and Greece (-15 kb/d). These reductions more than offset the modest additions that were applied to Turkey (plus 25 kb/d), the UK (+10 kb/d) and the Netherlands (+10 kb/d). Total OECD European demand is forecast to decline by around 260 kb/d (or -1.9%) in 2013, to 13.5 mb/d, as the economic landscape remains precarious, at best.





Asia Oceania

The rising demand trend, which transpired mid-2011, ended in December, as the preliminary data showed a 0.3% y-o-y decline. The reversal, predicted in recent issues of this *Report*, arose as rising nuclear-replacement demand in Japan was correctly foreseen to be temporary; hence, Japanese consumers led December's downward momentum.

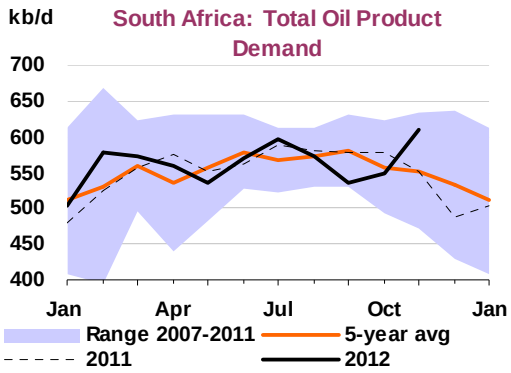
Non-OECD

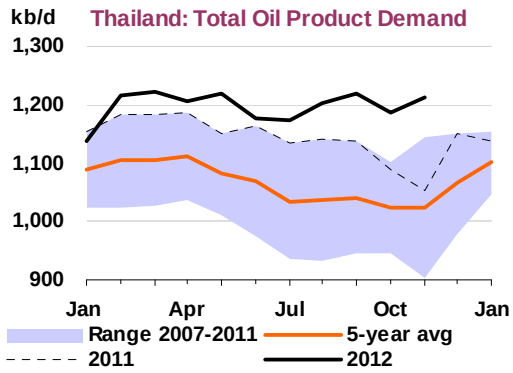
Emerging market growth accelerated in December, according to preliminary estimates, as non-OECD demand averaged 44.8 mb/d, a gain of 4.5% on the year earlier. The December growth estimate is seven-tenths of a percentage point up on November, which turned out to be a temporary relative lull caused by slower gasoil/diesel demand growth. Lighter products, such as naphtha and gasoline, led December's upside momentum, respectively rising by 9.7% and 5.7%, supported by robust petrochemical and transportation demand, respectively.

Non-OECD: Demand by Product
(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	Oct-12	Nov-12	Dec-12	Nov-12	Dec-12	Nov-12	Dec-12
LPG & Ethane	4,666	4,725	4,761	55	33	1.2	0.7
Naphtha	2,910	3,130	3,000	181	266	6.1	9.7
Motor Gasoline	8,840	9,061	9,252	584	501	6.9	5.7
Jet Fuel & Kerosene	2,857	2,904	2,813	85	98	3.0	3.6
Gas/Diesel Oil	13,588	13,736	13,515	212	438	1.6	3.3
Residual Fuel Oil	5,455	5,603	5,674	315	212	6.0	3.9
Other Products	5,926	5,872	5,814	221	398	3.9	7.3
Total Products	**44,241**	**45,030**	**44,829**	**1,654**	**1,945**	**3.8**	**4.5**

Argentinean demand, at 755 kb/d in 4Q12, exceeded earlier expectations, by 50 kb/d, as consumers shrugged-off a mid-year lull. Demand growth accelerated to 4.5% y-o-y in 4Q12, from an average of around 0.4% over the rest of the year, reflecting a pick-up in economic activity. A modest decline of 5 kb/d is forecast for 2013, as the third-largest economy in Latin America struggles with the region's highest inflation. **South Africa** saw a significantly revised historical data series, September-through-November, with large reductions over month earlier estimates applied in September (down by 45 kb/d) and October (-25 kb/d) counteracting increases for November (+50 kb/d). For 2012 as a whole, South African consumption should average out at 560 kb/d, 1.3% higher than 2011. Growth is forecast to accelerate in 2013, to 4.5% to 585 kb/d, as predictions of strengthening economic growth support a rising consumption trend.





The latest data on **Thailand** came out 75 kb/d ahead of the prediction carried in last month's *Report*, at 1.2 mb/d, equivalent to growth of 15.3% on the year earlier. Having expanded by around 5% in 2012, consumption growth is forecast to moderate to around 1.5% in 2013, as some of 2012's momentum was attributable to additional gasoil demand used in the post-flooding reconstruction. Severe flooding occurred in 2H11, triggering extra oil consumption in 2012 as oil-intensive rebuilding work was undertaken.

SUPPLY

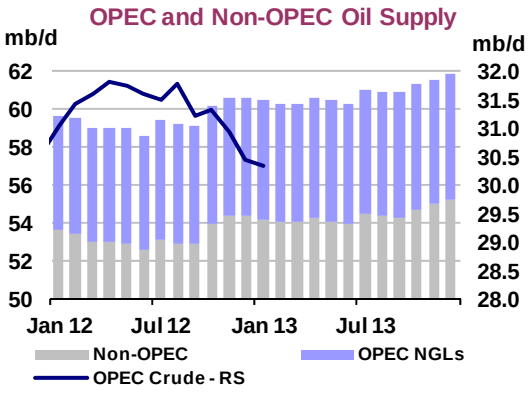
Summary

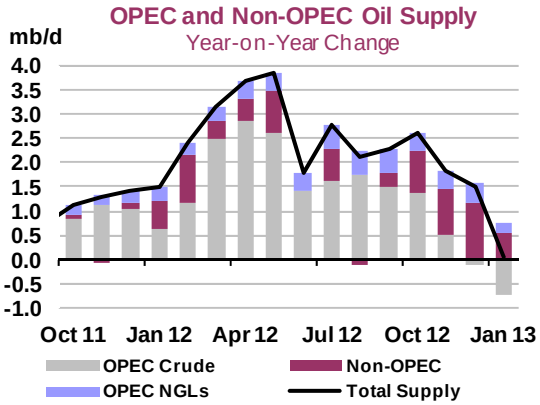
- **Global supplies fell in January m-o-m by 300 kb/d to 90.8 mb/d, with output from both OPEC and non-OPEC edging lower.** Compared to 2012, January production stood only 40 kb/d higher, with non-OPEC and OPEC NGLs growth offsetting a sharp decline of 720 kb/d in OPEC crude.

- **Non-OPEC output contracted mildly in January m-o-m, edging down by 190 kb/d to 54.2 mb/d, but was 540 kb/d higher than year ago.** North America grew strongly, but failed to offset fully a seasonal downturn in biofuels, production losses in Australia due to cyclones and maintenance, and unplanned outages in the North Sea. Annual output growth of 1 mb/d in 4Q12 had been the strongest in two years. For 2013, non-OPEC production is projected to rise by 1.0 mb/d to 54.4 mb/d, 80 kb/d above than last month's estimate due to higher output expectations from North America and Other Asia.

- **OPEC crude oil supply hovered near 12-month lows in January, off by 100 kb/d month-on-month to 30.34 mb/d. Marginally higher output by Saudi Arabia and Kuwait failed to offset reduced volumes from Nigeria, the UAE, Iran, Libya and Qatar**. Following a terrorist attack on Algeria's In Amenas natural gas processing facility, oil companies in the region, including Libya, are reviewing their security arrangements. The assessment of OPEC NGL supply in 1Q13 was lowered by 100 kb/d to 6.3 mb/d, in part due to reduced supplies from Algeria. Saudi Arabia's supply was marginally higher m-o-m in January and looks set to hold at the lower levels in February.

- **The 'call on OPEC crude and stock change' for 1Q13 was reduced by 100 kb/d to 29.7 mb/d**, reflecting adjustments in both demand and non-OPEC supply estimates**.** For full year 2013, the call was lowered by 100 kb/d, to an average 29.8 mb/d. OPEC's 'effective' spare capacity in January was pegged at 3.63 mb/d versus 3.26 mb/d the previous month.





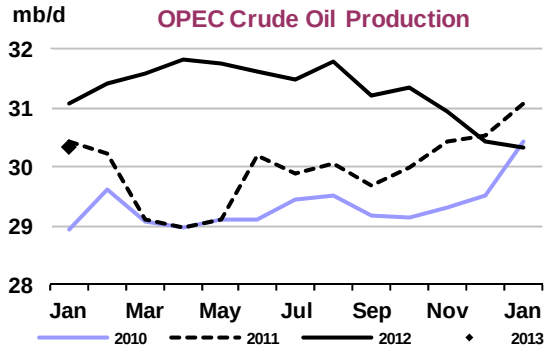
All world oil supply figures for January discussed in this report are IEA estimates. Estimates for OPEC countries, Alaska, Indonesia and Russia are supported by preliminary January supply data.

Note: Random events present downside risk to the non-OPEC production forecast contained in this report. These events can include accidents, unplanned or unannounced maintenance, technical problems, labour strikes, political unrest, guerrilla activity, wars and weather-related supply losses. Specific allowance has been made in the forecast for scheduled maintenance in all regions and for typical seasonal supply outages (including hurricane-related stoppages) in North America. In addition, from July 2007, a nationally allocated (but not field-specific) reliability adjustment has also been applied for the non-OPEC forecast to reflect a historical tendency for unexpected events to reduce actual supply compared with the initial forecast. This totals –500 kb/d for non-OPEC as a whole, with downward adjustments focused in the OECD.

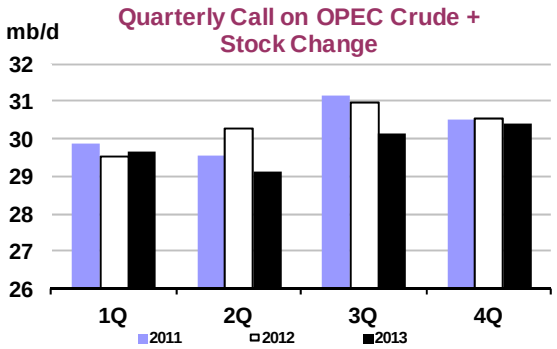
OPEC Crude Oil Supply

OPEC crude oil supply continued its downward trend in January, off by 100 kb/d to 30.34 mb/d. Marginally higher output by Saudi Arabia and Kuwait failed to offset reduced volumes from Nigeria, the UAE, Iran, Libya and Qatar. While it did not directly target oil operations, an unprecedented terrorist attack on Algeria's In Amenas gas facility has led oil companies in the region to review their security arrangements *(see 'Heightened Security Risks In OPEC's African Producers ')*.

Customer demand for crude supplies eased ahead of the spring refinery turnaround season, with runs forecast to fall by 1.6 mb/d between December and March. The 'call on OPEC crude and stock change' for 1Q13 was reduced by 100 kb/d month, to 29.7 mb/d. For full year 2013, the call was also lowered by 100 kb/d, to an average 29.8 mb/d. OPEC's 'effective' spare capacity in January was pegged at 3.63 mb/d versus 3.26 mb/d the previous month. The estimate of OPEC NGL production in 1Q13 was lowered by 100 kb/d to 6.3 mb/d, in part due to reduced supplies from Algeria.

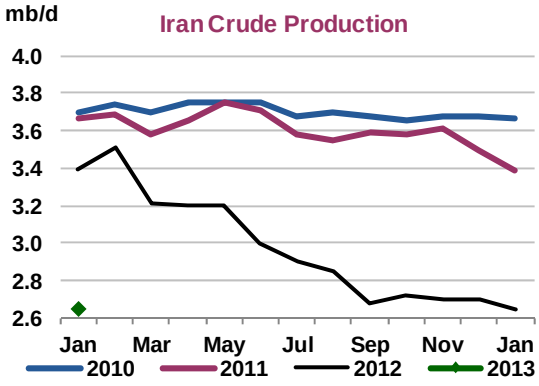


Entire series based on OPEC Composition as of January 2009 onwards (including Angola & Ecuador & excluding Indonesia)



Entire series based on OPEC Composition as of January 2009 onwards (including Angola & Ecuador & excluding Indonesia)

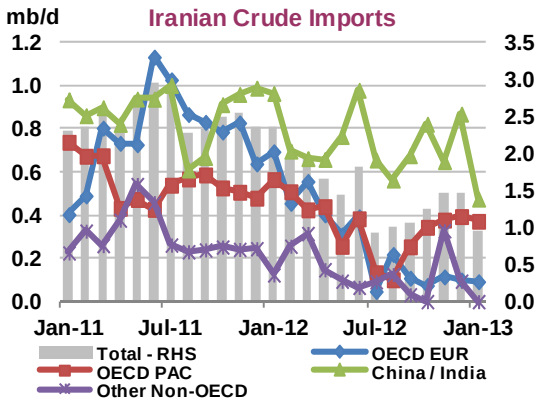
Iranian crude oil production continued to edge lower in January and may fall further in coming months following implementation on 6 February of additional sanctions by the US. Iranian production is now hovering below three-decade lows at 2.65 mb/d, a decline of 50 kb/d from December levels. The new sanctions, which were part of legislation adopted last summer, effectively bar Iran from repatriating earnings from its oil exports, depriving Tehran of much needed hard currency. The new provision requires that customers buying Iranian crude pay funds into an escrow account at a bank in the purchasing country. This effectively limits Iran's use of the proceeds to buying goods in the countries where it exports its oil. Under the law, such bilateral trade is also restricted to approved goods such as food and medicine, excluding all categories of items which could be used for military purposes or support nuclear development. As with other sanctions, countries that violate the new requirements risk being banned from the US financial system, among other penalties. Iranian crude exports declined to an average 1.5 mb/d in 2012, down about 1 mb/d from 2011 levels. A back-of-the-envelope calculation shows Iran lost just over $40 billion in export revenues in 2012 or about $3.4 billion per month based on average Brent futures prices of $111.70/bbl.



For Iran, the latest expansion of sanctions is expected to further undermine government finances as its oil export earnings are now effectively locked in the buyers' countries. Indeed, Iran's export earnings from them, which include China, India, South Korea and Japan, far exceed the value of what it imports

from its crude customers. South Korea, China, Japan, India and Turkey also owe substantial amounts for past crude purchases.

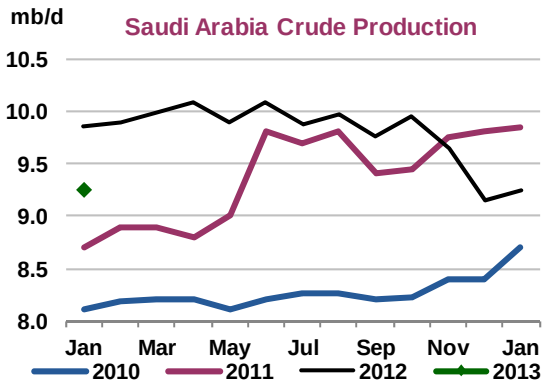
Preliminary data for imports of Iranian crude in January show volumes below 1 mb/d compared with an upwardly revised 1.56 mb/d in December. Import estimates are drawn from data submitted by OECD countries, customs data and news reports for non-OECD countries and tanker tracking data. More complete data for December show Chinese imports of Iranian crude jumped to the highest level since last June at around 595 kb/d. For January, though, preliminary data show Chinese imports of Iranian crude falling by more than half, to just over 200 kb/d. The exceptionally low January estimate remains subject to revision. South Korea also appears to have reduced its imports from Iran in January, to 130 kb/d from 185 kb/d in December.

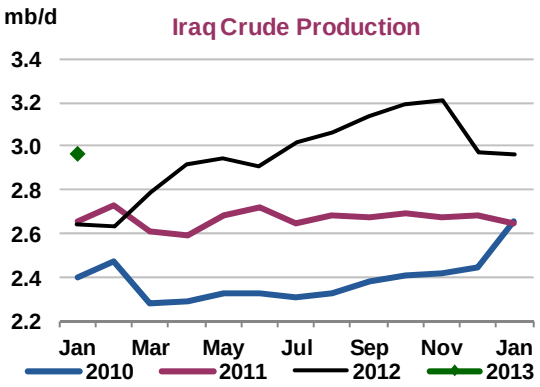


Despite more stringent sanctions, Iran appears to have increased its export capacity in logistics terms with the addition of two new VLCCs in January. The National Iranian Tanker Company's (NITC) VLCC fleet is now estimated at 30 vessels with a capacity of 60 million barrels. The latest delivery of tankers is part of a $1.2 billion, 12 super tanker deal between NITC and two Chinese shipyards that was inked in 2009. Five of the 12 tankers have now been delivered. With exports expected to be further constrained by the latest sanctions, the additional VLCCs will also increase the country's floating storage capacity.

Meanwhile, a new round of talks between Iran and Western powers over the former's nuclear programme is set for 26 February in Kazakhstan. Expectations, however, are low for a breakthrough in the more than decade-long dispute. Indeed, it is unlikely that progress will be made before Iran's June presidential elections.

Saudi Arabia's supply was marginally higher at 9.25 mb/d in January, up 100 kb/d from a downwardly revised 2012-low of 9.15 mb/d for December. Reduced domestic demand and lower customer nominations over the past few months are behind the recent decline to an average 9.2 mb/d for December-January. That's 700 kb/d below the average 9.91 mb/d posted in the January-November 2012 period. Preliminary tanker data indicate Saudi exports will increase in February. Going forward, preliminary tanker schedules indicate Saudi supplies will hover at the lower levels in February too before rising in line with increased customer demand for the post-refinery turnaround period.





Iraqi crude oil output hovered at six-month lows, down marginally by 5 kb/d to 2.97 mb/d. The standoff over revenue sharing and the legality of contract awards by the Kurdish Regional Government (KRG) and

Baghdad escalated once again last month. January exports fell a modest 5 kb/d to 2.38 mb/d, with sharply lower exports from the north offsetting higher southern shipments. Exports from the southern Basrah terminals rose by around 45 kb/d to 2.11 mb/d in January but volumes were still below planned levels due to weather-related delays. Exports of Kirkuk crude via the northern Turkish Mediterranean port of Ceyhan plummeted to the lowest level in five years, off 60 kb/d to 265 kb/d. An additional 10 kb/d of Kirkuk crude was trucked to Jordan while 10 kb/d of output from the KRG region was trucked to Turkey.

KRG oil flows to the Kirkuk crude export system were completely halted in January due to the stand-off with Baghdad. An agreement reached last September called for the Kurdish region to supply 250 kb/d in 2013 in exchange for Baghdad to release $850 million in overdue payments to the KRG, but so far only a fraction was paid by Baghdad in early December. Since then relations have deteriorated further, in no small part due to ExxonMobil's decision to sign a contract for acreage with the KRG and the company's apparent unwillingness to withdraw, despite heavy lobbying efforts by Baghdad in January and early February. The KRG's decision to allow exports of Kurdish crude via truck to Turkey also angered Baghdad, with both producing companies and buyers threatened with lawsuits by the central government. Given the many apparently intractable issues between the North-South, near term Iraqi exports from the Ceyhan terminal on the Mediterranean are expected to remain at current lower levels.

Other Gulf producers **Kuwait** and **Qatar** posted small production increases in January while **UAE** output declined. Kuwaiti output rose by 40 kb/d, reaching a new high of 2.82 mb/d in January. Production from Qatar rose 20 kb/d to 720 kb/d. Production from the **UAE** declined by 80 kb/d to 2.6 mb/d, due to a temporary reduction in onshore output stemming from work related to plans to raise crude oil production capacity from the current 2.8 mb/d to 3 mb/d. Plans to expand capacity by 200 kb/d were delayed from 4Q12 and are now expected to be completed by the end of 1Q13.

OPEC Crude Production

(million barrels per day)

	Nov 2012 Supply	Dec 2012 Supply	Jan 2013 Supply	Sustainable Production Capacity[1]	Spare Capacity vs Jan 2013 Supply	2012 Annual Production Average	Volume Chg 2012 vs 2011
Algeria	1.18	1.18	1.18	1.19	0.01	1.17	-0.02
Angola	1.80	1.78	1.77	1.82	0.05	1.78	0.19
Ecuador	0.50	0.50	0.50	0.51	0.01	0.50	0.00
Iran	2.70	2.70	2.65	3.01	0.36	3.00	-0.08
Iraq	3.21	2.97	2.97	3.28	0.31	2.95	0.29
Kuwait[2]	2.74	2.78	2.82	2.86	0.04	2.74	0.16
Libya	1.45	1.40	1.38	1.58	0.20	1.39	0.01
Nigeria[3]	1.88	2.10	2.00	2.49	0.49	2.10	-0.18
Qatar	0.73	0.70	0.72	0.75	0.03	0.74	0.05
Saudi Arabia[2]	9.65	9.15	9.25	11.90	2.65	9.85	0.43
UAE	2.65	2.68	2.60	3.01	0.41	2.65	0.06
Venezuela[4]	2.47	2.50	2.50	2.63	0.13	2.50	0.04
Total OPEC	**30.95**	**30.44**	**30.34**	**35.01**	**4.67**	**31.37**	**0.94**
(excluding Iraq, Nigeria, Libya and Iran)					*3.63)*		

1 Capacity levels can be reached within 30 days and sustained for 90 days.
2 Includes half of Neutral Zone production.
3 Nigeria's current capacity estimate excludes some 200 kb/d of shut-in capacity.
4 Includes upgraded Orinoco extra-heavy oil assumed at 390 kb/d in January.

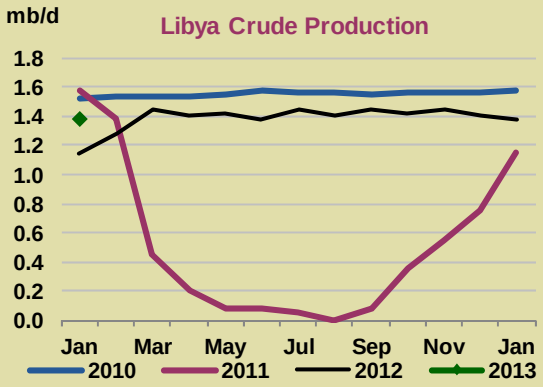
January **Angolan** crude production was largely unchanged month-on-month, off 5 kb/d to 1.77 mb/d. New output from the 150 kb/d PSVM fields was offset by continued technical problems at several fields. Technical issues halted production at the new FPSO PSVM platform for three days in January, with output there running below forecasts at around 80 kb/d. The 15 kb/d Kuito platform restarted on 21 January after a 17-day shutdown due to technical problems. A fire at the Central platform of LOMBO East forced production there and at the onshore Soyo field to be shut-in, a loss totalling about 25 kb/d in January.

Heightened Security Risks In OPEC's African Producers

A deadly terrorist attack on Algeria's In Amenas gas facility on 16 January has served to heighten security concerns for companies operating in Algeria, Libya and Nigeria. As new details emerged that the terrorists planned to blow up the entire gas complex and more threats were made against expatriate workers, companies went on high alert and evacuated at-risk personnel from both Algeria and Libya. While initial claims by the Islamist militants that the attack was in retaliation for French involvement in Mali, where the government and French troops have launched an offensive against rebels, the attack had been planned for several months. Indeed, terrorist activity and political violence in the region have been on the rise for the past year. So far only gas output from In Amenas has been affected but with companies already repatriating staff located in remote areas as well as undertaking comprehensive security reviews, some existing production or development projects in Algeria and Libya could be curtailed near term.

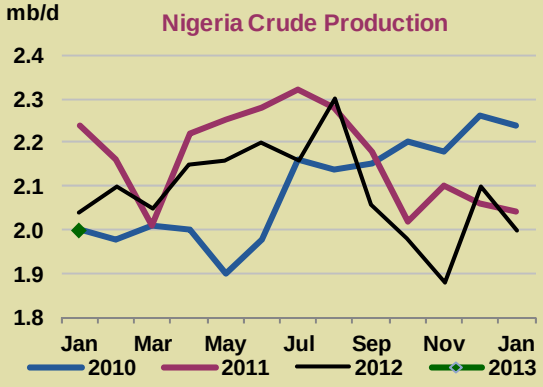
In **Algeria**, gas production of 9 bcm/year remains shut-in, including an estimated 50 kb/d of condensate and 7 kb/d of LPG, while damage is assessed and repairs are made. The In Amenas gas project is a joint venture of Statoil, BP and state-run Sonatrach. Japan's JGC Engineering is also active on site. All three foreign operators have evacuated their staff. A restart date has not been announced yet, and, contrary to Algerian officials who expect an imminent resumption of operations, both BP and Statoil appear to be taking a very cautious stance after the tragedy, emphasising the safety of staff is paramount. Statoil President Helge Lund said on 7 February that "the recent terror attack implies uncertainties related to production from In Amenas." In other words, the facility could be shut-in for a protracted period of time.

Reports that the terrorists entered Algeria from Libya also highlighted the ongoing risk from unstable neighbouring countries to Algeria's oil and gas fields near the unprotected borders. As a result, companies operating at Algeria's Saharan oil and gas fields have withdrawn staff. BP and Statoil have also evacuated staff from their In Saleh gas facility in the southwest of the country while Spain's Cepsa removed staff from its 150 kb/d Ourhoud operation.



Foreign nationals in **Libya,** which is reeling from political instability from armed militias, have received numerous threats since the In Amenas attack, prompting Britain, Germany, the Netherlands, the US and others to warn their nationals to leave the country. French Total has said it is beefing up security in Libya but has no plans to repatriate its staff. At the same time, it has relocated staff in Algeria from the desert to Algiers and sent others home to France.

Libyan officials increased security forces patrolling the border areas with Algeria, adding reinforcements to oil fields in the southwest region, which include ENI's El Feel and Repsol's Sharara fields. The In Amenas facility is about 100 km from the Libyan border. Libyan crude production has been declining due to ongoing strike action by workers disappointed with the post-Gaddafi government. Crude oil production fell to a seven-month low in January of 1.38 mb/d.



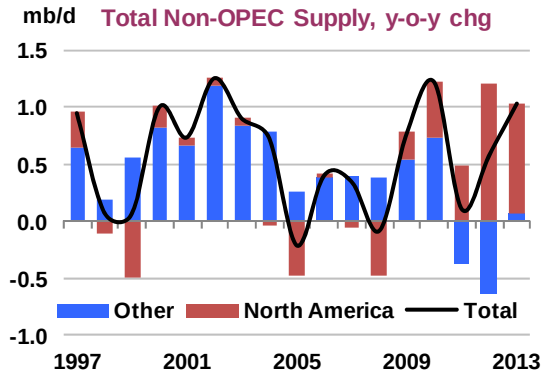
In **Nigeria**, a resurgence in oil theft and so-called 'bunkering' (oil pilfering) along pipelines and increased sectarian violence continue to destabilise the country. In January, production was down 100 kb/d to 2 mb/d, in large part due to lingering technical problems following the shut-in of major crude streams in recent months. *Force majeure* on Qua Iboe exports crudes was lifted in December but ExxonMobil said in early February that cargoes would be delayed due to ongoing pipeline repairs. Nigeria has increased its security forces but militant and terrorist activity remains a major problem for operators. Total moved its staff from Nigeria's capital, Abuja following the kidnapping of a French national in December, which was the first time staff were repatriated from the country.

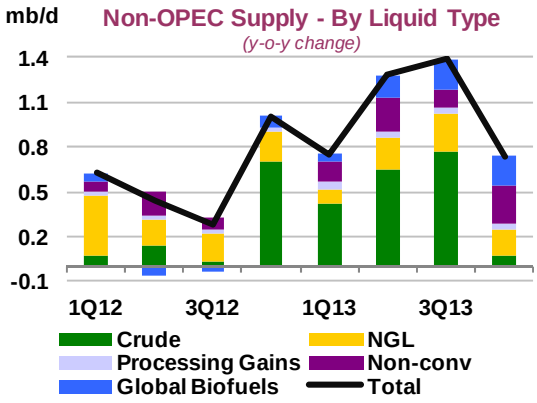
Non-OPEC Overview

With the advantage of finalised North Sea and other OECD member country data, 4Q12 supplies grew by 1.0 mb/d, the strongest annual growth rate since 4Q10. Strong growth from North America will account for almost all of the gains in non-OPEC supply in 2013, raising it by over 1.0 mb/d to 54.4 mb/d. Other areas of expansion include Africa, Latin America, China, and biofuels with offsets provided by declines in Europe, the FSU, and non-OECD Asia.

Since last month's *Report*, the most positive news comes from the North Sea, where the Valhall and the Skarv fields in Norway started up. Colombia breached the 1.0 mb/d benchmark, but pipeline sabotage still dented output. Continued production growth from North America and Russia did not offset hurricane- and maintenance-related declines in Australia and mechanical-related unplanned outages in the North Sea. Geopolitical factors were behind the sabotage in Yemen, and the continued dispute between Sudan and South Sudan that has shut in 350 kb/d of South Sudanese output. These factors dragged down non-OPEC supply's month on month contribution to negative territory (-190 kb/d) for the first time since North Sea planned maintenance in September 2012. January data remain preliminary, however.

Since the last report, new end-2012 monthly data has not resulted in any substantial revisions to the 2013 outlook. Some field level changes in the North Sea, continued lack of resolution to the dispute between Sudan and South Sudan, and higher-than-expected US and non-OECD Asian oil production growth are the major sources of revisions this month. These and other changes increase 2012 non-OPEC supplies by 10 kb/d in 2012 and 80 kb/d in 2013. We continue to expect a reduction in unplanned outages in 2013. Some outages already have subsided. For example, in China, the Peng Lai field has returned to service and in the UK the Buzzard field is producing at near-capacity.

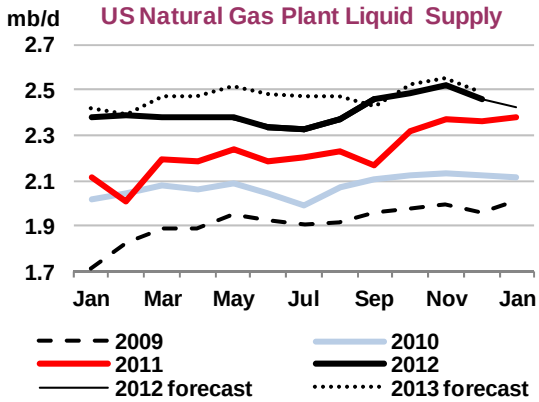




OECD

Americas

US – January preliminary, Alaska actual, other states estimated: Preliminary estimates indicate that US crude oil production averaged over 7 mb/d in January, the highest monthly average since November 1992, and 910 kb/d higher than the prior year. In total, US oil output increased by almost 1 mb/d in 2012, to 9.1 mb/d, a slightly higher estimate than last month, based on an upwards revision to NGL supply. NGL output increased by almost 190 kb/d in 2012, to 2.4 mb/d, and is expected to further increase to 2.5 mb/d in 2013. Prices for ethane, which comprised



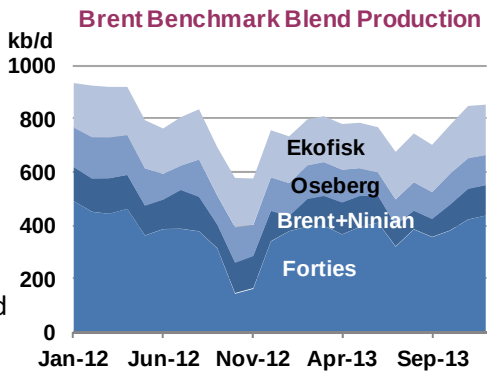
40% of US NGL production in 2012, have fallen by half to around 40 cents/gallon over the last year, as production levels are exceeding available processing capacity. The overwhelming majority of new capacity is not scheduled to come onstream until after 2016. In the mean time, insufficient ethane cracking capacity, delays in NGL export projects, and the resulting low ethane price are hitting upstream operator profits. Noble, Anadarko and Chesapeake all reported starkly lower NGL realisations in their recent quarterly earnings releases. If it is not profitable for the producer to process or fractionate the natural gas liquid (NGL), producers "reject" the NGL by keeping it in gaseous form. Additionally, lower drilling levels for natural gas will cause lower NGL volumes. Though NGL production growth is expected to be muted in 2013, crude production is expected to grow by 610 kb/d, raising total oil output by 720 kb/d to 9.8 mb/d this year.

Canada – November preliminary: Canadian oil production continued its upward trajectory in November, rising 80 kb/d on the month to 3.9 mb/d. Overall liquids output is likely to exceed 4.0 mb/d in 1Q13 and average 4.1 mb/d for 2013. Part of the recent increases are due to the partial return to production of Eastern Canadian offshore output. We expect a slower return than previously estimated at the Terra Nova field in 2013, however, as Suncor indicated only one of three drill centres is operational. Hibernia and White Rose are expected to return to normal levels in 1Q13. Alberta light and medium production also continued to increase in 4Q12, to over 420 kb/d, its highest level since 1Q03, after declining by 4% per year from 1994 to 2006 Multistage fracturing techniques are increasing output in the Viking and Cardium tight oil plays in Alberta, as well as in Saskatchewan and Manitoba.

Mexico – January preliminary: Mexican oil production totalled 2.94 mb/d in January, around 40 kb/d higher than both the prior month and the prior year. In contrast with earlier declining trends, Mexican production has remained remarkably stable over the course of 2012, inching down by only 20 kb/d to average 2.9 mb/d for the year. Ku-Maloob-Zaap (KMZ) production increased in each quarter last year to average 850 kb/d in 4Q12. Cantarell's output declined by 9% annually, a departure from declines of over 30% in both 2008 and 2009. The new Tsimin field is now assumed to ramp up to around 100 kb/d in the medium term, which results in a slight (+30 kb/d) 2013 upwards revision. Production at the field in November 2012 totalled 11 kb/d. We project Mexico's production will fall by only 60 kb/d to 2.9 mb/d in 2013.

North Sea

North Sea production volumes rebounded sharply by 180 kb/d in 4Q12 to 3 mb/d, still 13% below prior year levels. After falling to a low of only 530 kb/d in September, production of Brent-Forties-Oseberg-Ekofisk (BFOE), the stream underlying the North Sea Dated price, inched its way back up to 750 kb/d in January. Output is expected to average slightly higher at 780 kb/d in 1Q13 with Buzzard operating again at normal rates, the completion of some unplanned outages and the start of new fields in the UK and Norway.

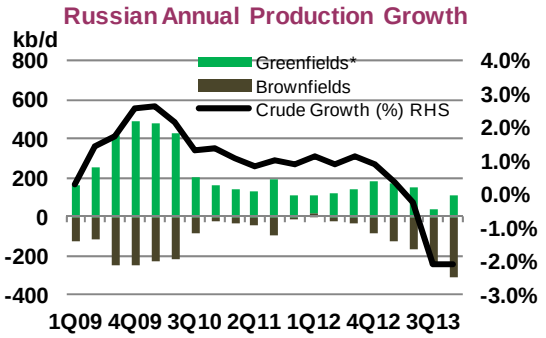


In the **UK**, the Elgin/Franklin oil fields remain offline after a gas leak several months ago and are not expected to return to service until at least 2Q12. A gas leak in January also caused the Cormorant Alpha platform to be shut down. Although Taqa, the UAE-based operator of the platform reportedly stopped the gas leak on 28 January, a restart date for the platform has yet to be provided. The Cormorant outage also temporarily lowered output at Cormorant's neighbouring fields when Taqa reduced pipeline flows on the Brent system. Planned maintenance at the St. Fergus associated gas terminal cut UK NGL output to around 50 kb/d in 3Q12 from 85 kb/d in 3Q11, In the near future, besides a possible Elgin/Franklin restart, the two major events that are expected to impact output are planned maintenance at the Buzzard field in March and the start of the Huntington field in 1Q13.

In **Norway,** liquids output increased by 90 kb/d to 1.8 mb/d in 4Q12 from prior-quarter levels but is around 10% lower than the prior year. We expect 1Q13 production to remain at those levels as new field additions offset natural declines and other outages. An emergency replacement of the Troll A platform is underway and will reduce NGL output by 25 kb/d through May. New processing facilities at BP's Valhall field finally came online at the end of January, after several months of delays. This is likely to increase oil output to around 40 kb/d in 2H13. The field produced 30 kb/d in 2011 but has been offline for most of 2012. Output is also increasing at the Skarv field, and the Skuld and Jette fields are expected to add to production during 1Q13.

Non-OECD

Former Soviet Union



*Greenfield production includes Sakhalin, Vankor, Verkhnechonskoye, Uvat, Salym, Caspian, and other major field additions of the last 3 years.

Russia – January preliminary: January liquids output increased by 130 kb/d to 10.9 mb/d y-o-y. Most of the increase came from strong output growth from Gazprom and from Rosneft's East Siberian Vankor field. Vankor's output reached over 400 kb/d in 4Q12, having increased by 22% over the course of last year. Total Russian oil production is showing annual gains, but crude production has been falling for the last three months to around 10.0 mb/d in January, from 10.1 in November 2012. Rosneft recently indicated that it would not meet its peak production target of 500 kb/d by the end of the year, and that it would average around 430-440 kb/d. The company cited the impending integration of this asset with those of TNK-BP's eastern Siberian assets for the revision in the development plan. As a result, we have slightly reduced output expectations from the field for 2013. On the other hand, we have adjusted upwards our projection of gas condensate and plant liquids output from Gazprom. Though the company scaled back gas production by 6% in 2012, it is now targeting its more liquids-rich natural gas plays. NGL output is forecast to increase by 50 kb/d to 790 kb/d in 2013, around 30 kb/d higher than the prior estimate.

FSU net exports fell back by a significant 530 kb/d in December to 8.9 mb/d but are still 110 kb/d above year-ago levels. Product shipments plummeted by 310 kb/d and crude shipments fell by 210 kb/d. Over the past year, Transneft expanded its pipeline network as it connected Eastern Siberian fields. The two largest developments were the 2Q launch of the BPS-2 line and associated Ust Luga terminal on the Baltic and the 4Q commissioning of the expanded ESPO-2 line linking Skovorodino to Kozmino on the Pacific coast. Ust Luga was launched to reduce dependence on transit states. Consequently, exports via Gdansk (previously reaching 170 kb/d) ground to a halt from April onwards with shipments from the Baltic rising to 1.67 mb/d in 2012 (+ 170 kb/d y-o-y). On an annual basis, exports of ESPO blend from Kozmino only rose by 25 kb/d to 330 kb/d in 2012, however, shipments are expected to rise to over 400 kb/d in the coming months.

Overall, Transneft exported 40 kb/d more during 2012 than in 2011. The expanded network has afforded Russian producers extra flexibility in choosing where to send their oil and as such they have gravitated away from less profitable routes. This has seen recent volumes shipped via the Druzhba pipeline fall to under 1 mb/d leaving many land-locked Eastern European states struggling to find alternative supplies. Similarly, Black Sea exports averaged 1.81 mb/d in 2012, 120 kb/d lower than the previous year as more Western Siberian oil flowed to other outlets, notably ESPO. This has also decreased the quality of Urals shipped via Novorossiysk leaving some exporters liable for penalty payments.

FSU Net Exports of Crude & Petroleum Products

(million barrels per day)

	2011	2011	1Q2012	2Q2012	3Q2012	4Q2012	Oct 12	Nov 12	Dec 12	Latest month vs. Nov 12	Latest month vs. Dec 11
Crude											
Black Sea	1.93	1.81	1.83	1.88	1.74	1.78	1.76	1.83	1.74	-0.09	-0.11
Baltic	1.50	1.67	1.48	1.75	1.78	1.69	1.87	1.70	1.50	-0.20	0.02
Arctic/FarEast	0.67	0.65	0.62	0.62	0.64	0.72	0.65	0.73	0.79	0.06	0.16
BTC	0.70	0.66	0.73	0.68	0.64	0.59	0.57	0.59	0.60	0.01	-0.04
Crude Seaborne	**4.80**	**4.79**	**4.66**	**4.93**	**4.80**	**4.78**	**4.85**	**4.86**	**4.64**	**-0.22**	**0.04**
Druzhba Pipeline	1.17	1.08	1.24	1.11	0.98	0.98	1.00	0.97	0.97	0.00	-0.31
Other Routes	0.53	0.52	0.51	0.49	0.53	0.54	0.54	0.53	0.54	0.01	0.02
Total Crude Exports	**6.50**	**6.39**	**6.42**	**6.53**	**6.31**	**6.30**	**6.39**	**6.36**	**6.15**	**-0.21**	**-0.25**
Of Which: Transneft[1]	4.18	4.22	4.18	4.35	4.24	4.10	4.29	4.07	3.94	-0.13	-0.28
Products											
Fuel oil[2]	1.58	1.72	1.61	1.81	1.83	1.61	1.49	1.79	1.55	-0.24	0.12
Gasoil	0.77	0.79	0.88	0.75	0.76	0.79	0.66	0.86	0.84	-0.02	0.16
Other Products	0.43	0.44	0.43	0.41	0.45	0.47	0.45	0.50	0.45	-0.05	0.08
Total Product	**2.77**	**2.95**	**2.92**	**2.97**	**3.04**	**2.87**	**2.60**	**3.15**	**2.84**	**-0.31**	**0.36**
Total Exports	**9.27**	**9.34**	**9.33**	**9.50**	**9.35**	**9.17**	**8.99**	**9.51**	**8.99**	**-0.52**	**0.11**
Imports	0.09	0.09	0.12	0.06	0.08	0.09	0.08	0.09	0.09	0.01	0.00
Net Exports	**9.19**	**9.25**	**9.21**	**9.44**	**9.27**	**9.08**	**8.92**	**9.42**	**8.89**	**-0.53**	**0.11**

Sources: Argus Media Ltd, IEA estimates

[1]Transneft data exclude Russian CPC volumes.

[2]Includes Vacuum Gas Oil

Despite product exports plummeting by 310 kb/d during December, recent months have seen high volumes of Russian 10 ppm-sulphur product meeting European ultra-low sulphur diesel (ULSD) standards, reportedly saturating Northwest European markets. This is not surprising since diesel demand in Russia is seasonally low in winter, Russian refiners have added over 200 kb/d of hydrotreating upgrades in 2012 to boost ULSD production (according to IEA data). The largest outlet for Russian refined 10 ppm diesel is the pipeline-fed port of Primorsk. Data indicate that over 180 kb/d of gasoil was exported from that terminal in December (+50 kb/d m-o-m). Recent reports also indicate that shipments may have climbed by a further 60 kb/d in January. With over 100 kb/d of Russian hydrotreating capacity slated to come on line in 2013, it is likely that ULSD will become a more important component of Russian exports, though exports may not necessarily remain at recent highs once domestic demand rebounds in the spring.

Middle East

Oman – November actual: Oil production reached 950 kb/d in November, and preliminary reports indicate production remained about the same in December. At 940 kb/d for 4Q12, production is 50 kb/d higher than the prior year. Some further output gain is expected in 2013 (+30 kb/d), bringing production to 950 kb/d. The Occidental-led Mukhaizna heavy oil EOR project failed to meet its target production rate in 2012. Additional drilling required tripled the cost of the project. Volumes are estimated at 125 kb/d, and the target rate is now 140 kb/d (10 kb/d less than planned).

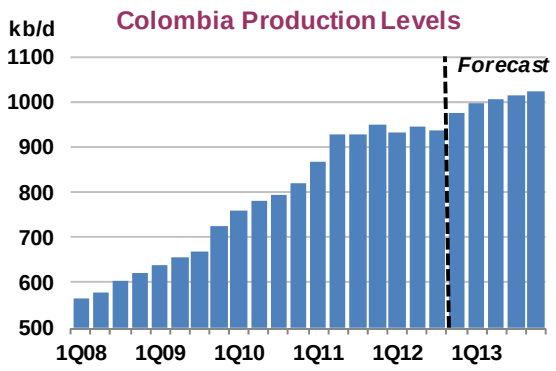
The 110-kb/d Marib pipeline in **Yemen** was bombed twice in January, leading to reduced oil flows for around five days. Our view on Yemen is unchanged and we assume no major improvement of the overall output situation in 2013, compared to 2012, with output staying at around 180 kb/d (including NGLs). The government reportedly reached an agreement with the tribal chiefs whereby the latter would stop attacking the Marib pipeline in return for a cessation in air strikes, but whether the truce can hold appears questionable. In early February, saboteurs simultaneously attacked the pipeline again in two separate spots.

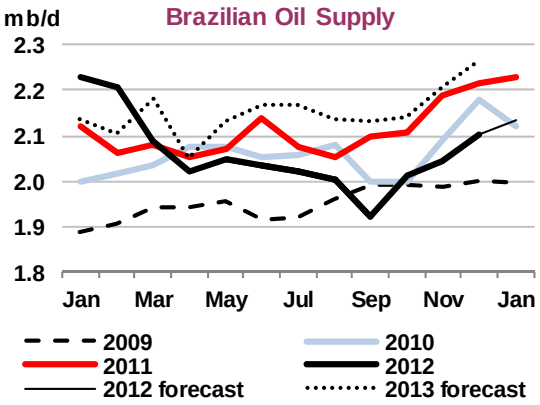
Africa

Sudan and South Sudan: More than 350 kb/d of South Sudanese oil production remains offline due to a disagreement on oil export revenue sharing between Sudan and South Sudan. The two presidents continued to negotiate the terms of a resumption in oil flows in January, along with other sticking points. Each side is accusing the other of delaying tactics. A statement released at the end of the January meetings indicated that the African Union mediators would give the two sides until 25 April to negotiate outstanding issues. Though discussions are making progress, three previous deadlines have come and gone without the African Union following through on its threat of sanctions. In the aftermath of the negotiations, South Sudan's Deputy Minister for Finance indicated that South Sudan is "considering" trucking some oil south to ports in either Kenya or Djibouti. It has been almost a year since that option – which would involve an underwater oil pipeline along the Nile River from Blocks 1, 4 and 5A to Djibouti or Kenya – was mentioned for the first time. Exports from those assets would represent only about a quarter of South Sudan's pre-independence capacity and would still leave output from Blocks 3 and 7 stranded. There are of course a host of challenges that make this option extremely challenging including financing, road development and truck procurement.

Latin America

Brazil – December preliminary: Brazilian crude output averaged 2.05 mb/d in 4Q12, up from 3Q12 but still 120 kb/d less than 4Q11 as fields in the Campos basin have yet to rebound fully from summer maintenance. As discussed in last month's *Report*, the addition of the FPSO Cidade de Anchieta (with nameplate capacity of 100 kb/d) at the Baleia Azul field and first oil at Sapinhoá are projected to lift output in 2013. We have marginally revised downwards our estimates for 2013, by another 30 kb/d, based on a more aggressive planned maintenance schedule and project delays. Maintenance in the Campos basin is expected to peak in 2Q13, reducing output by 60 kb/d, but will also reduce output in 4Q13 by 30 kb/d. High winds caused two platforms to break free of their moorings and collide according to a *Reuters* report. The collision of the P-58 (Parque das Baleias) and P-63 (Papa Terra) platforms result in a delay for output expectations from the Papa Terra field by several months, from 3Q12 to the end of the year. The P-63 had just arrived at the Port of Rio Grande several days prior.

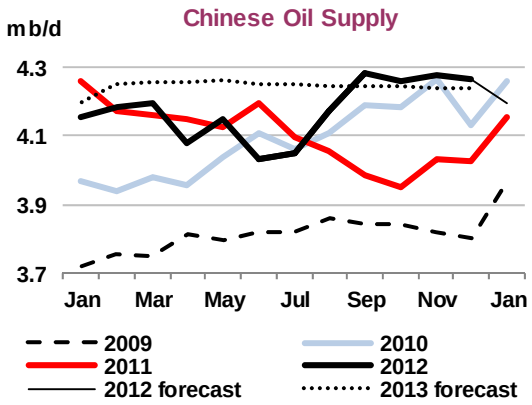




Colombia—January estimated: Government statistics indicated that Colombian output exceeded the country's goal of 1.0 mb/d in January, with output averaging 1.01 mb/d. Colombia's largest rebel group, the Revolutionary Armed Forces of Colombia (FARC), announced that on 21 January it had ended a two-month cease-fire with the government. The previous day, FARC bombed the country's 50-kb/d Trans-Andino line, and it is unclear whether the line is back in service. Rebels also reportedly destroyed four sections of a smaller line that takes crude to storage facilities and kidnapped two contract workers in the southern Putomayo provice. Sabotage is expected to continue throughout this year, keeping annual output growth in check at 60 kb/d and keeping Colombian oil output levels at 1.0 mb/d.

Asia

China—December preliminary: Despite an almost year-long outage from August 2011 to August 2012 at the Peng Lai group of fields, Chinese production still grew by around 70 kb/d to 4.18 mb/d in 2012 largely from growth in offshore CNOOC output. Output at the onshore Changqing field, a low permeability field operated by CNPC, grew by 50 kb/d to 450 kb/d, while most other fields either stayed at 2011 levels or fell slightly. CNPC is working with western service companies at Changqing to optimize well completion and employ multistage fracturing. It is unclear to what extent these technologies are being applied elsewhere. Total Chinese output grew by almost 270 kb/d y-o-y in 4Q12 on rebounding offshore output at Peng Lai and from other fields. In 2013, we expect growth of around 70 kb/d to 4.25 mb/d, largely because of new offshore fields. CNOOC recently noted it expects 10 new offshore oil and gas fields in 2013, but the company did not disclose field specifics.



Rising output in **Malaysia** has brought production to more than 680 kb/d in 4Q12, around 20 kb/d higher than the prior year. The Gumusut Kakap field came online in December and is expected to add around 10 kb/d to output this year, half of the projected increase in total Malaysian output, to 690 kb/d. Oil production in **Vietnam** is also up by 20 kb/d to 360 kb/d in 4Q12 based on the most recent government statistics.

OECD STOCKS

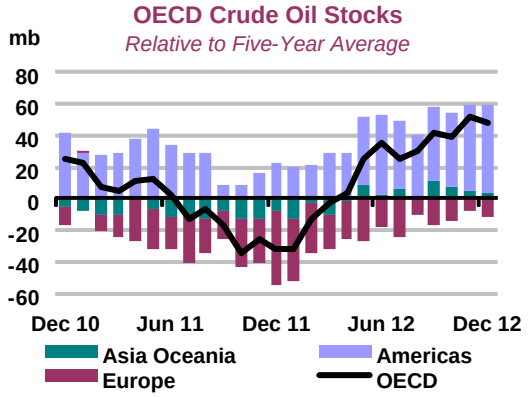
Summary

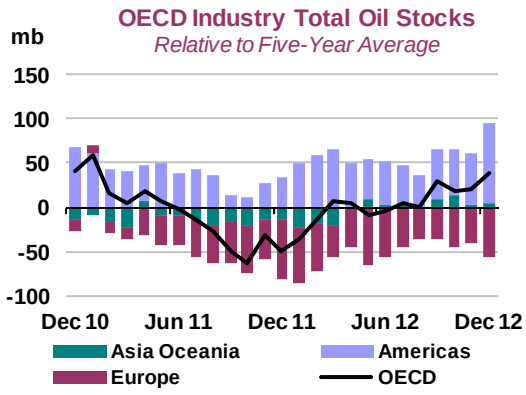
- Commercial oil inventories in OECD countries drew by a weaker-than-seasonal 22 mb to stand at 2 688 mb by end-December. Stocks were driven lower by falling crude and 'other products' while builds in motor gasoline and middle distillates provided some offset. On a forward demand basis, OECD industrial total product holdings now cover 30.4 days, a rise of 0.4 days compared to end-November.

- The assessment of OECD stocks for November has been revised upwards by a steep 16.8 mb, based on final data for that month. As a result, the sharp November stock draw reported in last month's *Report* has been reduced to a shallower 4.2 mb, a downward adjustment of 14.5 mb from preliminary estimates.

- After building over the first three quarters of 2012, OECD total oil industry inventories reversed course and drew by 550 kb/d over the fourth quarter, compared to an average 650 kb/d draw for that time of year in the last five years. For 2012 as a whole, they rose by 200 kb/d, their highest annual increment since 2008.

- Preliminary data suggest that OECD commercial total oil inventories posted a shallower than typical rebound of 19.4 mb in January, compared to an average first-quarter build of 49.6 mb in the last five years.





OECD Inventory Position at End-December and Revisions to Preliminary Data

Commercial oil inventories in OECD countries drew by 22 mb to stand at 2 688 mb by end-December. The draw was approximately half the five-year average reduction for the month, consequently the surplus of OECD stocks to the five-year average widened to 38.7 mb, its highest level since January 2011. Over recent months, crude oil holdings have accounted for the bulk of the overhang with much of this linked to soaring US liquids production. These extra supplies have necessitated the commissioning of new storage capacity, subsequently filled, to store crude in the US mid-continent. On a regional basis, stocks were driven lower in December by a seasonal 17 mb draw in Asia Oceania and a counter-seasonal 9.7 mb decrease in OECD Europe, partly offset by a 4.7 mb build in OECD Americas.

On a monthly basis, seasonally falling crude (-24 mb) and 'other products' (-16 mb) drove industry stocks lower. Stronger-than-seasonal builds in motor gasoline (+15 mb) and middle distillates (+10.1 mb) provided some offset. Despite the monthly build, however, middle distillates inventories remain a

significant 50.3 mb below five-year average levels – a potential concern in the event of a cold spell. On a forward-demand basis, OECD industrial total product holdings now cover 30.4 days, a rise of 0.4 day compared to end-November. This *Report* is now referring to total products rather than total oil to assess forward demand cover, since product inventories are viewed as a more reliable and precise measurement of the market's capacity to meet consumer demand at any given time.

Preliminary Industry Stock Change in December 2012 and Fourth Quarter 2012

	December 2012 (preliminary) *(million barrels)*				December 2012 (preliminary) *(million barrels per day)*				Fourth Quarter 2012 *(million barrels per day)*			
	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total
Crude Oil	**-11.9**	**-7.8**	**-4.4**	**-24.1**	**-0.38**	**-0.25**	**-0.14**	**-0.78**	**-0.03**	**0.04**	**-0.09**	**-0.07**
Gasoline	16.9	-1.4	-0.6	15.0	0.55	-0.05	-0.02	0.48	0.33	-0.03	-0.04	0.27
Middle Distillates	13.0	3.1	-6.1	10.1	0.42	0.10	-0.20	0.33	0.01	-0.11	-0.12	-0.22
Residual Fuel Oil	-1.0	-1.1	1.2	-1.0	-0.03	-0.04	0.04	-0.03	-0.01	0.00	-0.01	-0.02
Other Products	-14.0	1.0	-3.1	-16.1	-0.45	0.03	-0.10	-0.52	-0.32	-0.02	-0.02	-0.36
Total Products	**14.9**	**1.6**	**-8.5**	**7.9**	**0.48**	**0.05**	**-0.28**	**0.26**	**0.02**	**-0.16**	**-0.19**	**-0.34**
Other Oils[1]	1.7	-3.5	-4.0	-5.8	0.06	-0.11	-0.13	-0.19	-0.08	-0.02	-0.04	-0.14
Total Oil	**4.7**	**-9.7**	**-17.0**	**-22.0**	**0.15**	**-0.31**	**-0.55**	**-0.71**	**-0.09**	**-0.14**	**-0.32**	**-0.55**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

A now complete dataset for 4Q12, and thus for 2012 as a whole, indicates that after restocking over the first three quarters of 2012, OECD industry inventories drew by a significant 550 kb/d over the fourth quarter. The decline spanned the entire OECD region. OECD Asia Oceania led the way with a steep 320 kb/d draw, while OECD Europe and OECD Americas retreated by 140 kb/d and 90 kb/d, respectively. For 2012 as a whole, industry holdings rose by 200 kb/d, their highest annual build since 2008. On a region-by-region basis, the build was unevenly distributed. Inventories in OECD Americas soared by 180 kb/d, led by significant builds in crude (+110 kb/d), NGLs (+50 kb/d) and 'other products' (+ 50 kb/d of mostly propane) triggered by soaring US light tight oil and liquids production. Asia Oceania stocks built by a more muted +30 kb/d, while OECD Europe inventories fell marginally by 5 kb/d.

Final data confirm that OECD total oil inventories drew in November, although not quite as steeply as first thought. November data were revised upwards by 16.8 mb, cutting our assessment of the stock draw for that month to 4.2 mb versus the 18.7 mb (October data were also revised up by 2.2 mb) presented in last month's *Report*. An eye-catching upward adjustment of 15 mb in crude oil stocks drove the revisions. Region-by-region, crude stocks were revised upwards in OECD Europe and Americas by 9.7 mb and 8.7 mb, respectively. In contrast, OECD Asia Oceania crude stocks were restated 3.4 mb lower.

Revisions versus 18 January 2013 Oil Market Report

(million barrels)

	Americas		*Europe*		*Asia Oceania*		*OECD*	
	Oct-12	Nov-12	Oct-12	Nov-12	Oct-12	Nov-12	Oct-12	Nov-12
Crude Oil	**0.0**	**8.7**	**6.5**	**9.7**	**-4.0**	**-3.4**	**2.5**	**15.0**
Gasoline	0.0	-0.7	-0.7	1.6	0.0	-0.5	-0.7	0.4
Middle Distillates	0.0	1.0	-2.3	-1.0	0.0	-1.7	-2.3	-1.8
Residual Fuel Oil	0.0	-1.5	0.8	-2.1	0.0	0.4	0.8	-3.2
Other Products	0.0	0.9	-0.1	2.2	0.0	-0.2	-0.1	3.0
Total Products	**0.0**	**-0.3**	**-2.3**	**0.7**	**0.0**	**-2.0**	**-2.3**	**-1.6**
Other Oils[1]	1.8	-0.9	0.2	4.8	0.0	-0.5	2.0	3.4
Total Oil	**1.8**	**7.5**	**4.4**	**15.2**	**-4.0**	**-5.9**	**2.2**	**16.8**

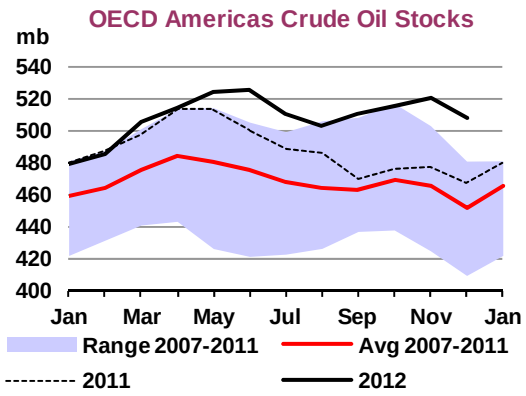
1 Other oils includes NGLs, feedstocks and other hydrocarbons.

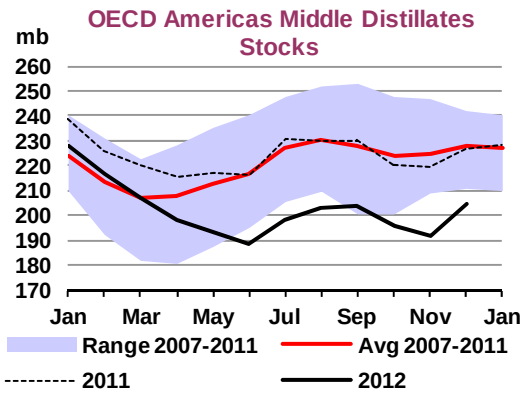
Preliminary data imply that OECD inventories rebounded by 19.4 mb in January, a shallower build than the five-year average increase of 49.6 mb. Rising stocks of crude oil (+10.2 mb), NGLs and feedstocks (+9.5 mb) and motor gasoline (+9.4 mb) led the build, while falling 'other products' stocks (-14.6 mb), notably in the US, provided some offset. Middle distillates continued to restock, growing by 5.5 mb on the month.

Analysis of Recent OECD Industry Stock Changes

OECD Americas

Industry oil inventories in OECD Americas rose by 4.7 mb in December, in sharp contrast to the 26.9 mb five-year average draw for that month, to stand at 1 373 mb by end-year. Stronger-than-seasonal builds in motor gasoline (+17 mb) and middle distillates (+13 mb) drove the gains, offsetting seasonal draws in crude oil and 'other products' of 11.9 mb and 14 mb, respectively. Total products covered 29 days at end-December, level with a month earlier. Despite the monthly rise in middle distillates, inventories still look very tight amid peak winter-heating demand season. Standing at 204 mb, they are 23 mb below their average seasonal level and 21 mb below end-2011. On a forward demand basis, the picture is improved somewhat, 30 days were covered at end-December, two days above November but still four days below end-2011.

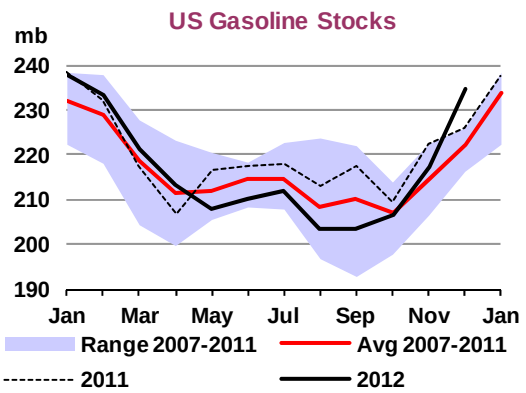


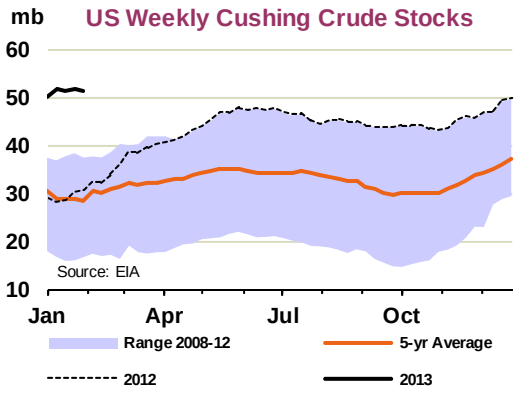


The regional deficit in middle-distillates is centred in the US. Despite a change in New York State legislation requiring residents since July 2012 to use cleaner-burning ultra low-sulphur distillate for space heating, and the associated 2011 conversion of the Northeast Home Heating Oil Reserve, heating fuels are still captured by middle distillate (kerosene+diesel+other gasoil) statistics. Data indicate that the US middle distillate deficit is primarily located in two regions; PADD 1 inventories stood 17 mb in deficit to the five-year average level at end-December while PADD 3 sat 5 million below the average. These deficits have to be considered in the context of greater natural gas penetration in the heating fuel mix where even in PADD 1 more gas is being shipped eastwards from the Marcellus Basin. Regardless, on a forward demand basis, US middle distillates covered 32 days, 5 days less than one year previous.

In contrast, US gasoline has 'overshot' normal seasonal levels. At end-2012, total US gasoline inventories had risen to 12.5 mb above the five-year average and 8.8 mb above last year. One reason for the contrasting states of gasoline and middle distillate holdings is that while demand for middle distillates has generally held up over 2012, gasoline demand has been sluggish, and even soaring US gasoline exports have done little to diminish excess inventory. However, it should be noted the overhang is geographically unbalanced: while gasoline holdings elsewhere in the US remain very healthy, PADD 1 inventories have been tighter; lying below the five-year range at end-December and into January. This, coupled with news of operational problems and shutdowns at East Coast refineries, helped cause gasoline prices to rally in January, drawing supplies in from abroad.

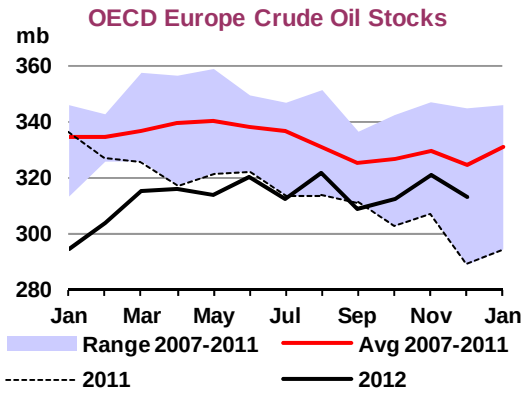
Preliminary data suggest that US restocking has continued into January with a further 7.6 mb build in total oil reported in EIA weekly data. Crude oil drove the rise as holdings increased by a seasonal 11 mb, motor gasoline built by 4.1 mb while middle distillates posted a 1.4 mb build. These increases were mitigated by a further seasonal 14.5 mb decline in 'other products', following brisk propane buying and growing exports to Latin America.

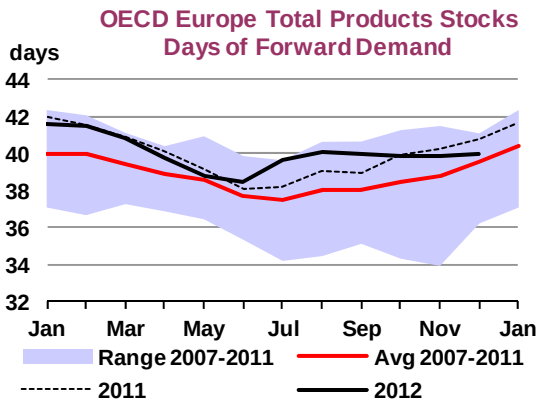




Despite the mid-January start-up of the Seaway pipeline expansion designed to move additional crude volumes from Cushing to PADD 3 (i.e., the US Gulf Coast), inventories at Cushing increased by 1.4 mb over the month. The main factor behind this has been bottlenecking at the Jones Creek terminal, the end-point of the line. Brimming tanks there have reportedly restricted pipeline flows to just 300 kb/d, well below the line's 400 kb/d capacity. These problems are likely to persist for some time as a number of Gulf Coast refineries undergo maintenance, thus reducing regional demand for crude. Looking forward, such problems should be alleviated by the 2H13 completion of a line taking Seaway crude to Houston where it could be transferred to vessels for onward shipment on Jones Act tankers and barges to other US refiners.

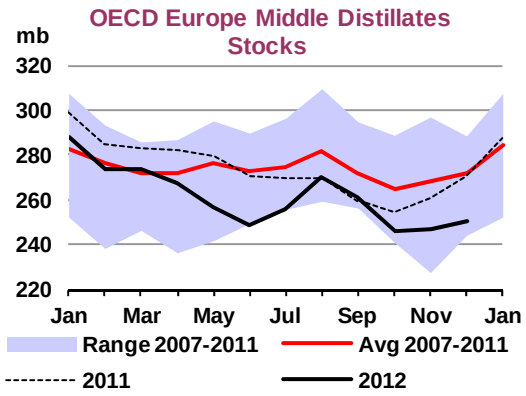
OECD Europe

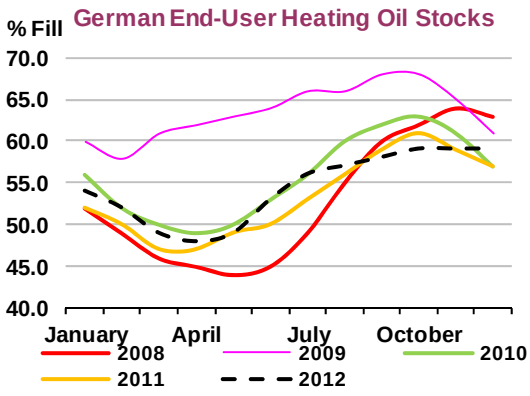




Commercial oil holdings in OECD Europe followed seasonal trends in December, drawing by 9.7 mb to stand at 916 mb by end-month. Crude oil inventories led the trend with a 7.8 mb draw over the month. Since regional refinery runs did not increase month-on-month, this drop in crude stocks likely reflected falling imports, as refiners ran down inventories which in November had risen to a 17-month high. Total product stocks built by a muted 1.6 mb in comparison to their five-year average 10 mb build as increases in middle distillates (+3.1 mb) and 'other products' (+1 mb) offset draws in motor gasoline (-1.4 mb) and fuel oil (-1.1 mb). In days of forward demand terms, total products now cover 40 days, little changed from November.

High prices appear to have discouraged German consumers from refilling their heating oil tanks. For the third consecutive month, tanks stood at 59% fill in December, well below the peak levels reached in previous years. Cold weather reached Germany in early January, therefore it is likely that these inventories have since been significantly drawn down.

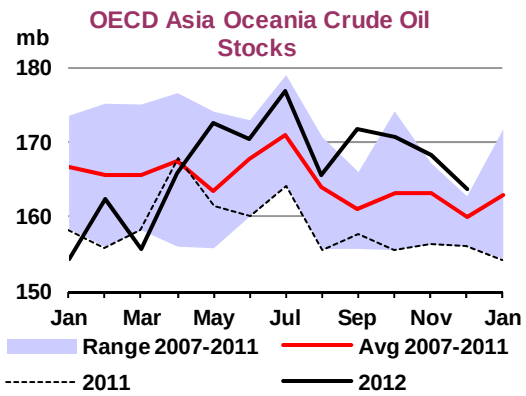


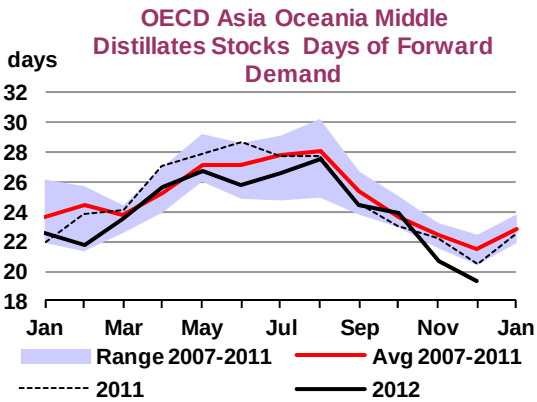


Preliminary data from Euroilstock suggest that OECD European commercial oil inventories rebounded by 8.7 mb in January as a 9.4 mb build in total products offset a slight 0.7 mb fall in crude. Rising inventories of motor gasoline (+5.5 mb) and middle distillates (+3.8 mb) pressured stock upwards while fuel oil and 'other products' remained approximately level with end-December. Data pertaining to refined products held in independent storage in Northwest Europe suggest that stocks continued their rebound in January with gasoline, gasoil and jet-kerosene reportedly building while naphtha and fuel oil fell.

OECD Asia Oceania

Seasonal destocking continued apace in OECD Asia Oceania as commercial total oil inventories drew for the third consecutive month over December. The 17 mb month-on-month fall left levels at 400 mb, above both last year's level and the five-year average. All oil categories slipped except fuel oil which posted a modest 1.2 mb increase. Crude oil fell by 4.4 mb after regional refinery runs surged by 580 kb/d, likely outpacing imports. However, this surge in refinery runs did not translate into a rise in product stocks as healthy demand from other Asian economies meant that refiners exported more products. Therefore, total products shrank by a seasonal 8.6 mb to cover 18.5 days to forward demand, a fall of 0.6 days from November's downwardly revised estimate.





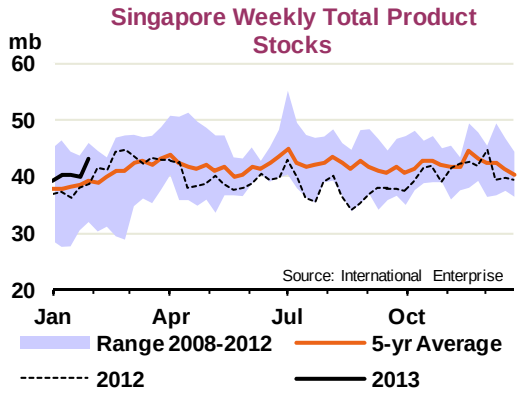
Product inventories were led lower by a 6.1 mb draw in middle distillates after cold weather hit the region increasing kerosene demand (the region's heating fuel of choice). Indeed, the onset of cold weather has eroded middle distillate stocks by a sharp 13 mb from the year-to-date peak posted in October so that by end-year they sat below five-year minimal seasonal levels on both an absolute and forward demand basis. Furthermore, days of forward cover stood at 19.4 days at end-December, their lowest level since January 2006.

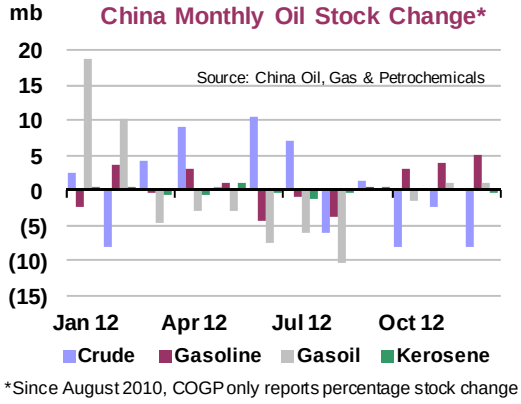
Preliminary data from the Petroleum Association of Japan point to a 3.1 mb rise in total industry inventories in January led by a 3.1 mb build in total finished and unfinished products which grew after

refiners turned their attention to supplying domestic, rather than export markets. Meanwhile, crude holdings remained relatively stable, slipping by a slight 0.1 mb.

Recent Developments in Singapore and China Stocks

According to data from *China Oil, Gas and Petrochemicals (China OGP)*, Chinese commercial total oil inventories fell by an equivalent 2.4 mb (data are reported in terms of percentage stock change) in December. Following refinery throughputs exceeding 10 mb/d for the first time, crude oil stocks declined by 4% (8 mb), their largest monthly downward movement since February. As a result, gasoline and gasoil inventories reportedly grew by 9% (5 mb) and 2% (1.1 mb), respectively, while kerosene stocks declined by 4% (0.5 mb). The implied change in Chinese crude oil inventories, calculated as the difference between reported refinery crude runs and the sum of net crude imports and domestic production, showed a deficit for the third consecutive month, suggesting that no SPR filling took place.



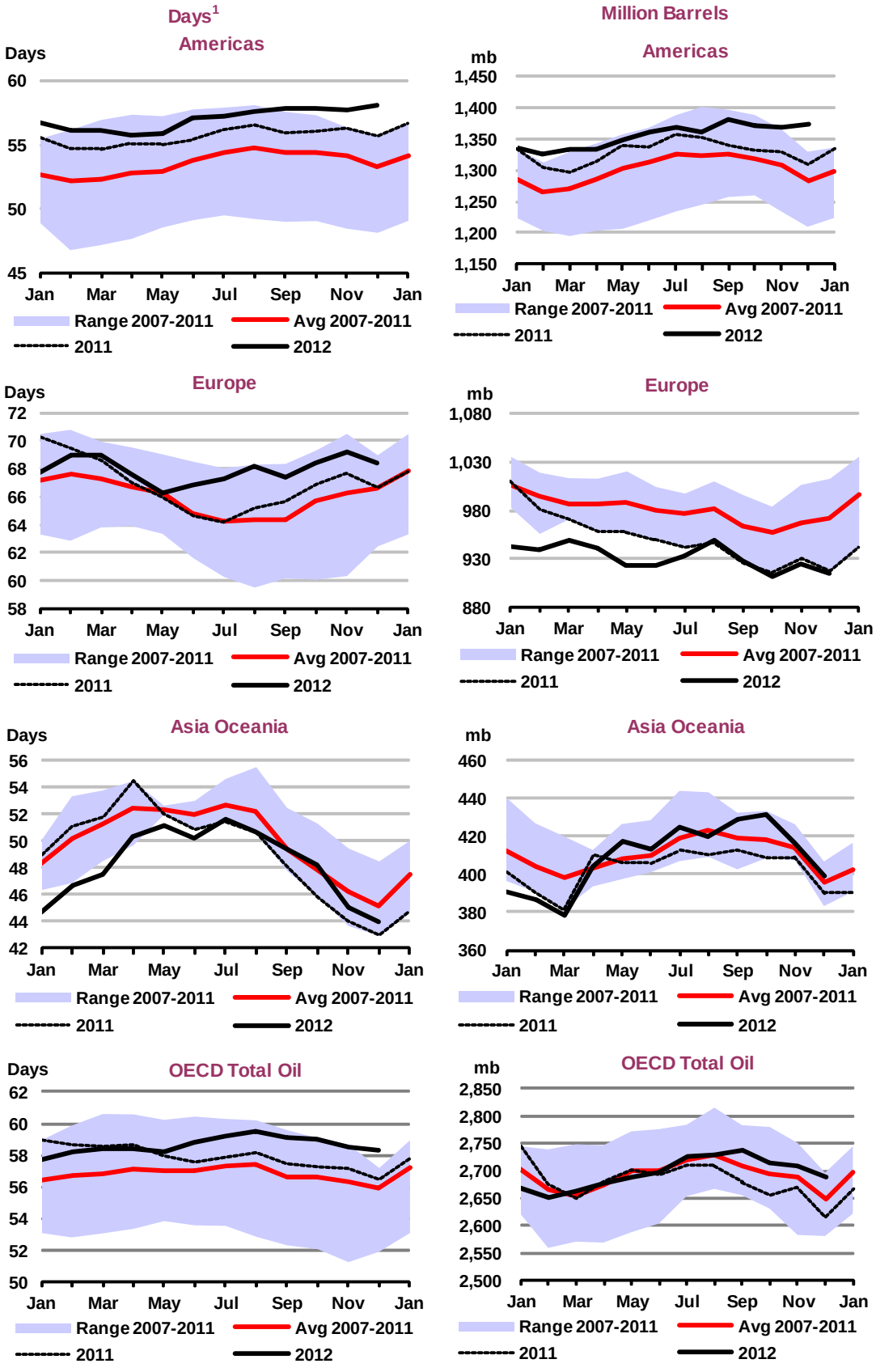


*Since August 2010, COGP only reports percentage stock change

Weekly data from *International Enterprise* indicate that land-based commercial product storage in Singapore reversed December's decline following a 3.6 mb build in January. Residual fuel oil (+1.6 mb), middle distillates (+ 1.2 mb) and light distillates (+0.8 mb) all posted builds. However, the build was not constant with end-month inventories looking much healthier after residual fuel oil posted its largest monthly build for six months (+ 3mb) in the week to 30 January following heavy imports and a reduction in exports to Korea and China.

Regional OECD End-of-Month Industry Stocks

(in days of forward demand and million barrels of total oil)



1 Days of forward demand are based on average demand over the next three months

PRICES

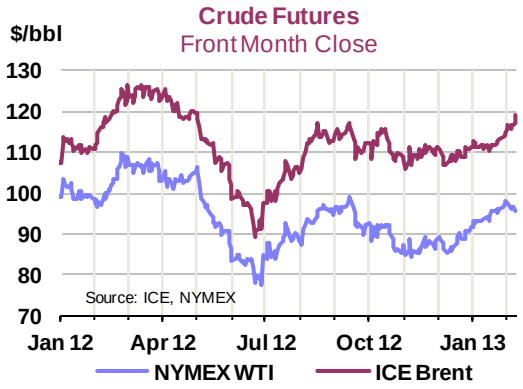
Summary

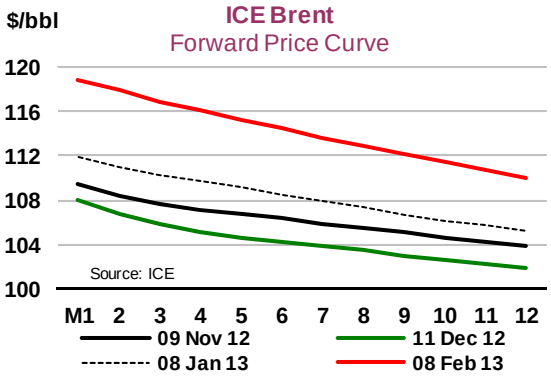
- **Crude oil futures prices scaled nine-month highs in early February, propelled by a shift in market sentiment amid expectations for a better economic outlook for power houses China and the US** and robust financial market activity as well as, to a lesser extent, seasonal winter demand. Futures prices for Brent were last trading at $118.75/bbl and WTI at $97.35/bbl.

- **Money managers increased their net long positions in ICE and CME oil contracts in January, continuing their bullish wagers that started in late November.** The rise in net long positions of NYMEX money managers reached a staggering 155% compared to mid-November, triggered by several factors, including, but not limited to, improved economic data from the US and China, increased geopolitical risks in Middle East and Northern Africa, and the passage of an 11th hour deal by the US Congress that averted the fiscal cliff in early January.

- **Refined product crack spreads rose across the board in all major markets in January. After a relatively mild winter heating oil season in the Atlantic basin, spot prices for gasoil in Europe and the US East Coast ticked higher** at end-January with the belated onset of cold weather. Meanwhile, gasoline crack spreads were supported by reduced refinery output, a temporary supply imbalance on the US East Coast in January, which drew product from elsewhere into that market, and the prospect of further scheduled outages in the second quarter in all major regions.

- **Rates for large crude carriers spiralled lower in January on falling demand and a swelling tanker pool.** VLCCs on trades out of the Middle East Gulf were hardest hit after Saudi Arabia throttled back production over recent months.



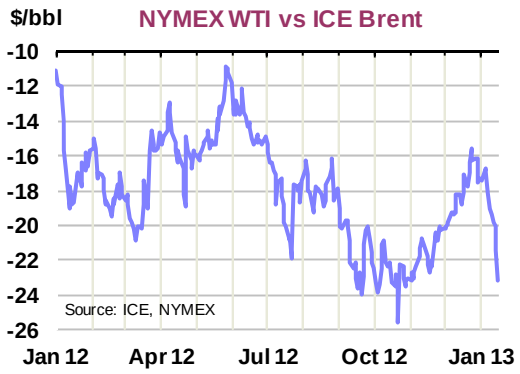


Market Overview

Crude oil futures prices scaled nine-month highs in early February after posting a steady upward trend since mid-January. Futures prices for Brent were propelled by a shift in market sentiment amid expectations for a better economic outlook in power houses China and the US and robust financial market activity as well as, to a lesser extent, seasonal winter demand. The January and early February increase was also fuelled by heightened geopolitical risks, including the 16 January terrorist attack on Algeria's In Amenas gas facility, Israel air strikes into Syria and continued hostile rhetoric from Iran.

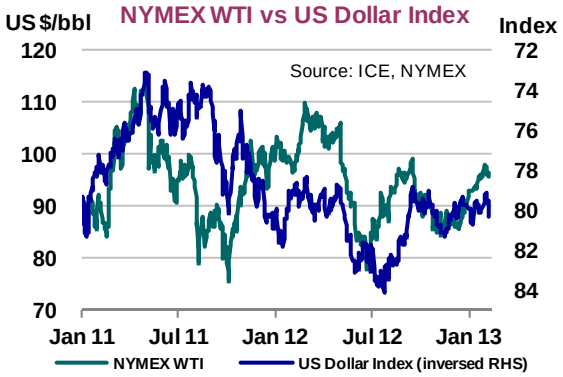
Futures prices for Brent were last trading at $118.75/bbl, up $6/bbl over January levels. By contrast, WTI prices gains were more modest given the weight of surplus crude supplies in the Midcontinent and were last trading at $97.35/bbl, around $2.50/bbl above January levels.

In January, Brent futures were up a modest $3.12/bbl, to an average $112.32/bbl. By comparison, WTI posted the sharpest monthly gains, up by $6.58/bbl to $94.83/bbl. WTI's relative strength in January reflected market expectations that prices would recover from exceptionally depressed levels following the start-up of new capacity on the Seaway pipeline running from the futures contract delivery point of Cushing, Oklahoma to the US Gulf Coast. In the event, storage bottlenecks on Seaway tempered WTI's upward price momentum shortly after start-up, with expectations now that it will take several months to work out the problems. As a result, the WTI price differential, which had narrowed to around $17.50/bbl in January from $20.95/bbl in December, widened to $23.18/bbl on 8 February.

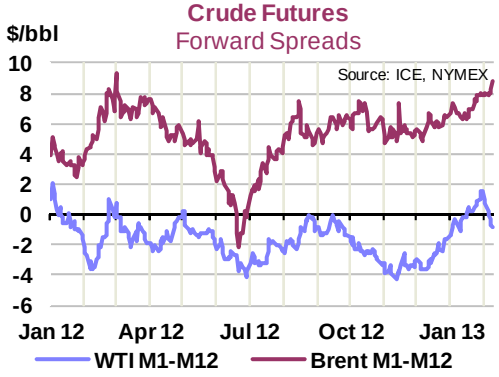


The latest surge in crude futures, to levels not seen since May 2012, was mirrored by the broader financial market rally. Crude oil futures tracked the upward momentum in stock markets and the S&P 500 index. The S&P 500 closed above 1500 for the first time in five years on 25 January while on 1 February the Dow Jones Industrial Average rose just over 14,000, the highest since October 2007, supported by better-than-expected jobs and manufacturing data in the US. The market's rally also coincided with a flood of cash flowing into equity markets. By 30 January, data showed investors injected $12.7 billion into US-based stock mutual funds and exchange-traded funds—ending the strongest four-week period for stock funds since 1996.





Forward price spreads for Brent widened on prompt month strength, with the M1-M12 contract averaging about $8.15/bbl in the first week of February compared with around $7/bbl in January and just under $6/bbl in December. The WTI M1-12 forward curve narrowed over the month with the start-up of additional Seaway pipeline capacity. By mid-January, expectations that incremental pipeline capacity would start draining surplus inventories at Cushing propelled the curve into backwardation by mid-January for 14 days before slipping back into contango on reports of pipeline delays. The WTI M1-M12 contract spread narrowed from -$2.70/bbl in December to +$0.05/bbl on average in January before widening again to -$0.15/bbl in early February.



Prompt Month Oil Futures Prices

(monthly and weekly averages, $/bbl)

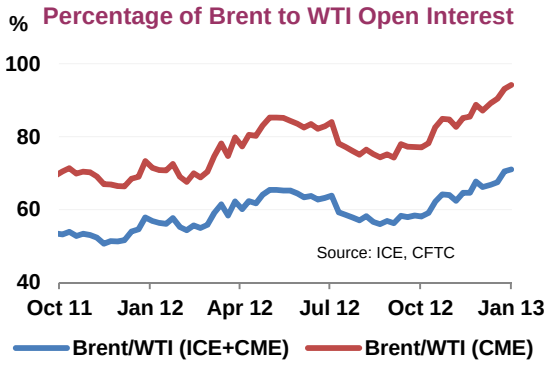
	Nov	Dec	Jan	Jan-Dec Avg Chg	% Chg	Week Commencing: 07 Jan	14 Jan	21 Jan	28 Jan	04 Feb
NYMEX										
Light Sweet Crude Oil	86.73	88.25	94.83	6.58	6.9	93.36	94.54	95.82	97.44	96.20
RBOB	113.08	113.28	118.73	5.44	4.6	116.62	115.48	119.72	126.22	127.24
No.2 Heating Oil	126.51	125.81	128.33	2.53	2.0	127.88	127.23	129.04	130.86	134.14
No.2 Heating Oil ($/mmbtu)	22.31	22.19	22.63	0.45	2.0	22.55	22.44	22.76	23.08	23.66
Henry Hub Natural Gas ($/mmbtu)	3.69	3.44	3.35	-0.09	-2.8	3.22	3.47	3.50	3.30	3.34
ICE										
Brent	109.53	109.20	112.32	3.12	2.8	111.53	111.16	112.70	115.01	117.00
Gasoil	125.74	124.25	128.71	4.47	3.5	126.72	128.28	130.19	132.79	136.15
Prompt Month Differentials										
NYMEX WTI - ICE Brent	-22.80	-20.95	-17.49	3.46		-18.17	-16.62	-16.88	-17.57	-20.80
NYMEX No.2 Heating Oil - WTI	39.78	37.56	33.50	-4.05		34.52	32.69	33.22	33.42	37.94
NYMEX RBOB - WTI	26.35	25.03	23.90	-1.14		23.26	20.94	23.90	28.78	31.04
NYMEX 3-2-1 Crack (RBOB)	30.83	29.21	27.10	-2.11		27.01	24.86	27.01	30.33	33.34
NYMEX No.2 - Natural Gas ($/mmbtu)	18.63	18.74	19.28	0.54		19.33	18.97	19.26	19.78	20.32
ICE Gasoil - ICE Brent	16.21	15.05	16.39	1.35		15.19	17.12	17.49	17.78	19.15

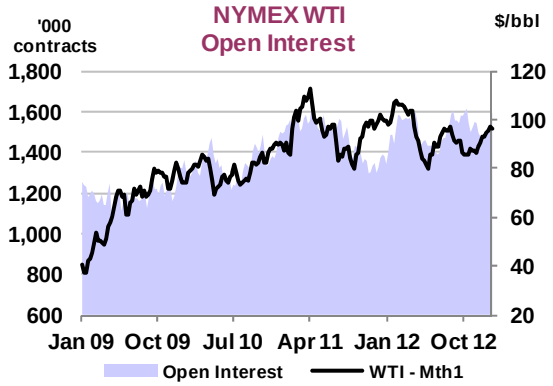
Source: ICE, NYMEX

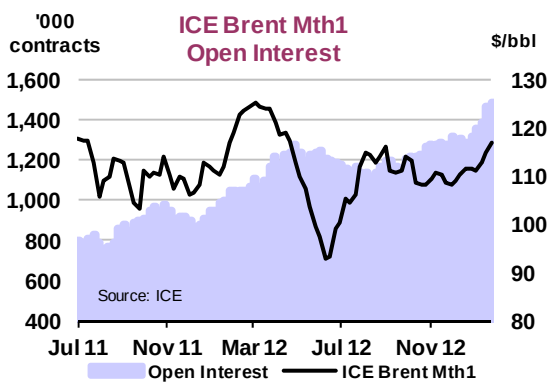
Futures Markets

Activity Levels

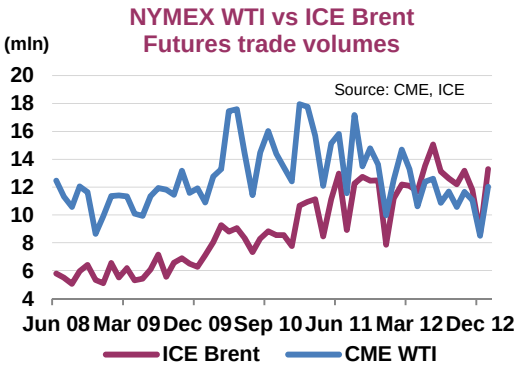
Market activity on oil exchanges saw futures positions in Brent contracts rebound relative to those in WTI. Open interest in all major oil contracts increased between 31 December 2012 and 5 February 2013; however, the increase was more prominent in the Brent contracts. At the CME, combined open interest in WTI futures and options increased by 9.5%, to 2.36 million, while open interest in futures-only contracts rose by more than 8.2%, to 1.59 million. Over the same period, open interest at the London ICE soared by 11.4% to 0.52 million for WTI futures-only contracts and rallied by 16.7% in futures and options, to 0.68 million contracts. Meanwhile, open interest in ICE Brent futures contracts surged by 15.5% to 1.48 million contracts while ICE Brent futures and options contracts rose by an even steeper 18.6% to 1.78 million contracts. As a result, the ratio of Brent futures open interest on the London ICE to New York and London WTI oil positions increased by 4 percentage points to 70.2% over the referenced period. Stripping out ICE WTI contracts, the ratio of Brent to WTI open interest rose even faster, by 5.9 percentage point to 93.1%, after hitting a new record the week before at 94.2%.





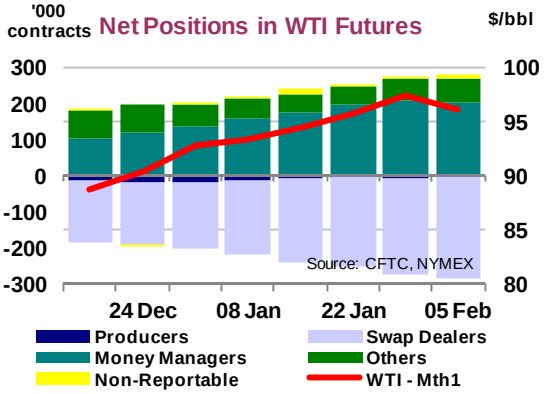


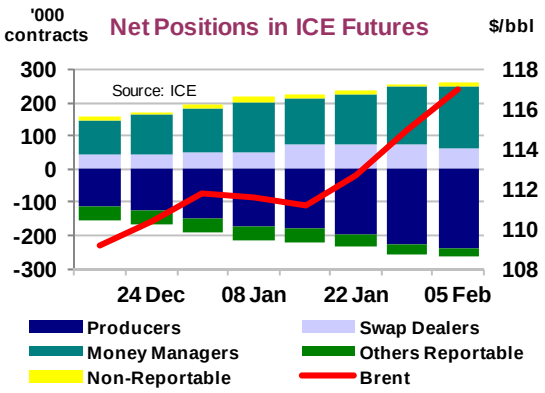
Overall trading activity in oil derivatives declined in January at the CME but increased in the ICE markets. Total trade volumes in CME WTI contracts fell 4.2% in January 2013 y-o-y, to 12 million contracts. In contrast, Brent monthly volume increased by 18.6% to 13.3 million contracts last month, from 11.2 million in January 2012. The continued decline in CME WTI volume was partly related to growing investor appetite for Brent over WTI, due to continued deep contango in WTI futures prices and the dislocation between Brent and WTI prices. Regulatory uncertainties and erosion of customers' trust in the design of customer segregated accounts in the wake of the MF Global and PFG scandals were contributing factors.



NYMEX RBOB futures and combined open interest declined by more than 13.4% to 319 552 and 332 352 contracts, respectively, over the same period. Open interest in NYMEX heating oil futures contracts was up by 18.6% to 311 647 contracts while open interest in natural gas futures market increased by 3.1% to 1.2 million contracts. Over the same period, open interest in London ICE gasoil futures contracts increased by 11.6% to 572 033 contracts.

Index investors' long exposure in commodities fell by $9.3 billion in December 2012 to $287.2 billion, after edging up by $7.9 billion in November. The notional value of long exposures in both on- and off-exchange WTI Light Sweet Crude Oil futures contracts increased by $1.4 billion in December. The number of long futures equivalent contracts declined by 4 000 to 533 000, equivalent to $49.7 billion in notional value.





Money managers increased their net long positions in ICE and CME oil contracts in January, continuing their bullish wagers that started in late November. They increased their bets on CME WTI contracts by 47.9% to reach the highest level since mid-September 2012 to 201 833 contracts in response to the rise in WTI prices from $91.80/bbl to $96.64/bbl, the highest settlement price since mid-September.

The rise in net long positions of NYMEX money managers reached a staggering 155% compared to 13 November 2012, triggered by several factors, including, but not limited to, improved economic data from the US and China, increased geopolitical risks in Middle East and Northern Africa, the passage of an 11th hour deal by the US Congress that averted the fiscal cliff in early January and delay of the US debt ceiling at least through mid-May. As a result, the market share of managed money traders reached a one-year high of 33% of open interest on the long side at the end of January. They were also very active in the options market in January. With the expectation of higher oil prices, they increased their outright delta-adjusted gross long position by 20%. There was also some short covering by managed money traders as reflected by a decline of 50% of gross short contracts. Money managers in London ICE Brent

contracts followed a similar pattern and increased their bullish wagers by 33.7% to 183 892, the highest level since ICE started publishing its weekly commitments of traders report in June 2011.

Producers accounted for 16.5% of the short positions and 16.6% of the long positions in CME WTI futures-only contracts in early-February, switching to a net long position for the first time ever since the CFTC started publishing its weekly disaggregated commitments of traders report in June 2006. Swap dealers, who accounted for 19.2% and 36.9% of the open interest on the long side and short side, respectively, increased their bets on falling prices by 54.5% to 281 857 contracts, continuing the trend seen in November and December. With producers switched to net long in the market, swap dealers became the only net short traders in ICE WTI futures; counterparty to all other types of traders on the net basis.

Producers' trading activity in the London ICE Brent contracts followed an opposite pattern to CME WTI contracts while swap dealers followed a similar pattern as CME WTI contracts. Producers in London ICE Brent contracts increased their net short positions from 147 346 to 237 452 contracts, an historical record since the first ICE commitments of traders report. In contrast, swap dealers increased their net long positions by 34.4% from 47 297 to 63 566 contracts.

Positions on Light Sweet Crude Oil (WTI) Futures

Thousand Contracts

05 February 2013	Long	Short	Net	Long/Short	Δ Net from Prev. Week	Δ Net Vs Last Month
Producers' Positions	264.4	263.5	0.9	*Long*	↑ 6.0	↑ 18.1
Swap Dealers' Positions	306.8	588.7	-281.9	*Short*	↓ -11.2	↓ -99.4
Money Managers' Positions	511.7	309.9	201.8	*Long*	↓ -5.2	↑ 65.4
Others' Positions	428.6	363.7	65.0	*Long*	↑ 4.0	↑ 3.4
Non-Reportable Positions	83.2	69.0	14.2	*Long*	↑ 6.4	↑ 12.6
Open Interest			**1594.8**		↑ 41.2	↑ 121.5

Source: CFTC

Positions on ICE Brent Crude Futures

Thousand Contracts

05 February 2013	Long	Short	Net	Long/Short	Δ Net from Prev. Week	Δ Net Vs Last Month
Producers' Positions	547.6	785.1	-237.5	*Short*	↓ -10.7	↓ -90.1
Swap Dealers' Positions	413.1	349.5	63.6	*Long*	↓ -9.7	↑ 16.3
Money Managers' Positions	331.5	147.6	183.9	*Long*	↑ 11.3	↑ 46.3
Others' Positions	148.2	170.7	-22.5	*Short*	↑ 6.8	↑ 23.5
Non-Reportable Positions	44.6	32.1	12.5	*Long*	↑ 2.3	↑ 4.1
Open Interest			**1485.0**		↑ 21.3	↑ 199.7

Source: ICE

Market Regulation

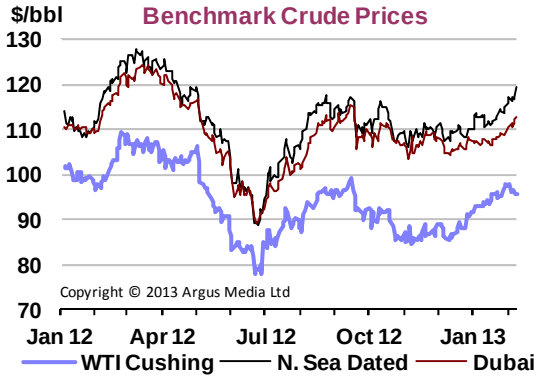
The CFTC held a roundtable on 31 January to highlight and discuss the so-called futurisation of swaps market. Banks, inter-dealer brokers, exchanges, trading platforms, corporate end-users as well as institutional investors were among the roundtable participants. The conference came at a time of intense debate surrounding recent conversions of swaps products into economically equivalent futures and options by exchanges in order to reduce their clients' exposure to compliance costs associated with the new rules imposed on swaps transactions, and to avoid dealing with the increased complexity facing swaps market participants. The discussion included general industry views and concerns regarding the

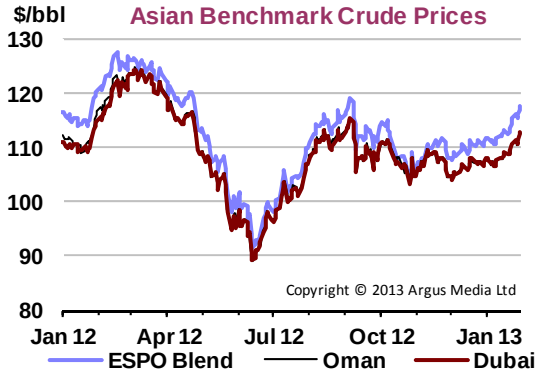
conversion of swaps to futures, clearing and different margin requirements for swaps and futures, transaction-related matters including appropriate block trade size for swaps and futures; and the effect of the conversion of swaps to futures on end-users. Participants were generally supportive of the conversion from swaps to futures and argued that the current regulatory framework encouraged futures over swaps, pointing to the following factors: (1) futures market regulations give market participants more certainty than the untested regulation in swaps markets; (2) one-day margin for futures, compared to five-day margin for cleared swaps; and (3) lower block trade sizes set by exchanges for futures, compared to higher block sizes set by the CFTC for swaps.

On 7 February 2013, the European Parliament passed the European Market Infrastructure Regulation (EMIR), which obliges non-financial firms, including energy trading firms, to clear over-the-counter (OTC) derivatives transactions if their notional value exceeds €3 billion, to report OTC derivatives transactions to trade repositories as well as to apply risk mitigation techniques to OTC derivative contracts. This was a surprise approval by the European Parliament especially after the decision by the Economic and Monetary Affairs Committee (ECON) of the EU Parliament on 5 February 2013 to reject some of the Regulatory Technical Standards (RTS), including clearing thresholds, drafted by the European Securities and Markets Authority (ESMA) under EMIR. The European Parliament was able to pass the EMIR after the ECON accepted the resolution offered by the European Commission of a phase-in over an appropriate period of time of clearing obligations.

Spot Crude Oil Prices

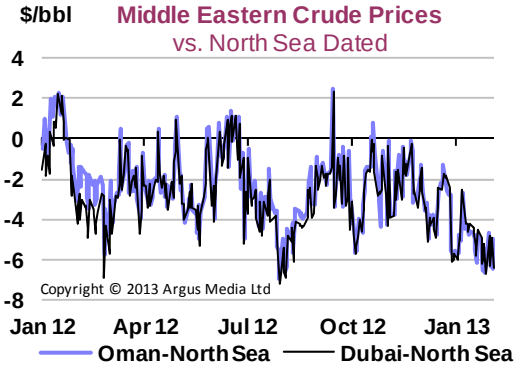
Spot crude oil prices for benchmark Brent and WTI largely rose in tandem with futures markets in January but the gains varied greatly by crude grade and region. WTI spot prices posted the largest increase, rising by 7.4%. In contrast, spot prices for Dubai crude saw the smallest rise on the month at 1.6%, with cash differentials for Mideast sour crudes weakening markedly over the month. January spot prices for WTI rose by $6.55/bbl to $94.75/bbl, Brent crude by $3.56/bbl to $112.97/bbl and Dubai by $1.71/bbl to an average 107.94/bbl.

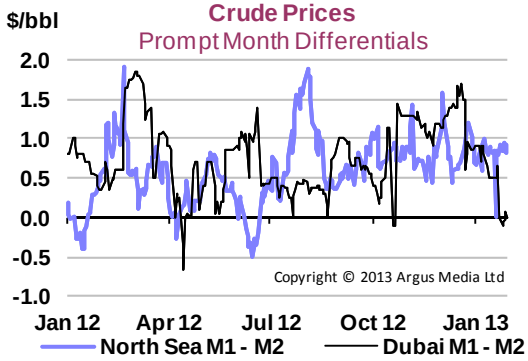




A long awaited increase in take-away pipeline capacity from Cushing, Oklahoma to the US Gulf Coast started up in January, with the Seaway pipeline expansion adding an incremental 250 b/d to the line's existing 150 kb/d. However, storage bottlenecks at the end-point of the Seaway pipeline at the Jones Creek terminal forced a cutback in volumes, with flows ebbing and up and down in the 200 kb/d to 300 kb/d range. The bottleneck is not expected to ease until refineries in the region come back from turnaround. As a result, the strengthening of WTI spot prices from depressed levels stalled by mid-January. Indeed, rather than draining off the surplus at Cushing as expected, stocks at the storage terminal rose to yet another record high by end-January, to over 50 mb. The surplus of crudes in the US Midwest and pipeline constraints for Canadian oil moving south has also depressed the price of Western Canadian Select and widened the spread with WTI to a steep -$40/bbl in January compared with a more normal $10/bbl to $20/bbl discount.

In Europe, spot crude markets were well supplied with Urals, North Sea crudes and West African grades. The price differential between Urals and Brent in the Mediterranean narrowed marginally in January, trading at -$0.33/bbl on average compared with -$0.47/bbl in December. Price differentials for West African crudes also slipped over the month, in large part due to a growing surplus of Nigerian and Angolan crude exports backed out of the US by rising domestic light, tight oil production and looking for a home in Europe. It did not help crude differentials that many European refineries are undergoing maintenance turnarounds.





Asian markets continued to be well supplied with heavier Middle East barrels, with inventories hovering near the top of the five-year range. Spot prices for Mideast grades weakened relative to benchmark Brent. In line with reduced demand during the peak refinery turnaround season, the spot Dubai-Brent differential fell by $1.85/bbl, to -$5.03/bbl in January compared with -$3.18/bbl in December. Mirroring the Dubai decline, Saudi Aramco's cut Arab Light March OSPs by a steeper than expected $1.50/bbl, from February's premium of $3.45/bbl above average Oman and Dubai prices to just plus $1.95/bbl.

Weak time-spreads for the front month Dubai spread also underscore the slowdown in demand for crude. Northern Asian refiners reduced purchases ahead of the heavy 2Q13 refinery turnaround season The Dubai M1-M2 narrowed sharply in January, reaching just a few pennies by end of the month. The Spread for the month narrowed by $0.60/bbl, to $0.72/bbl compared with $1.32/bbl in December. Prompt demand from Japanese and South Korean refiners has also dried up due to turnarounds and warmer weather.

Spot Crude Oil Prices and Differentials

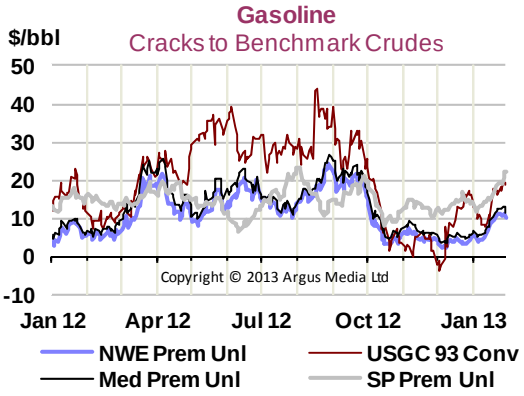
(monthly and weekly averages, $/bbl)

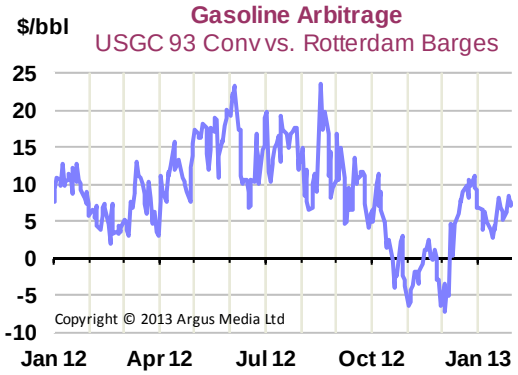
	Nov	Dec	Jan	Jan-Dec		Week Commencing:				
				Avg Chg	%	07 Jan	14 Jan	21 Jan	28 Jan	04 Feb
Crudes										
North Sea Dated	109.16	109.40	112.97	3.56	3.3	112.34	111.40	113.42	115.46	117.32
Brent (Asia) Mth 1	109.75	109.77	112.65	2.88	2.6	111.71	111.23	113.45	114.89	116.89
WTI (Cushing) Mth 1	86.60	88.18	94.73	6.55	7.4	93.36	94.54	95.32	97.44	96.20
Urals (Mediterranean)	108.65	108.93	112.64	3.70	3.4	111.86	111.05	113.35	115.26	116.38
Dubai	107.18	106.23	107.94	1.71	1.6	107.49	107.10	108.46	109.67	111.76
Tapis (Dated)	114.29	114.58	118.43	3.85	3.4	117.80	116.64	118.96	121.06	122.92
Differential to North Sea Dated										
WTI (Cushing)	-22.56	-21.22	-18.23	2.98		-18.98	-16.86	-18.10	-18.02	-21.12
Urals (Mediterranean)	-0.51	-0.47	-0.33	0.14		-0.48	-0.35	-0.07	-0.20	-0.94
Dubai	-1.98	-3.18	-5.03	-1.85		-4.85	-4.30	-4.96	-5.79	-5.56
Tapis (Dated)	5.13	5.18	5.46	0.28		5.46	5.24	5.54	5.60	5.60
Prompt Month Differential										
Forward Cash Brent Mth1-Mth2	0.78	0.86	0.84	-0.02		0.84	0.82	0.84	0.68	0.88
Forward WTI Cushing Mth1-Mth2	-0.48	-0.51	-0.48	0.03		-0.45	-0.45	-0.62	-0.45	-0.50
Forward Dubai Mth1-Mth2	1.25	1.32	0.72	-0.60		0.87	0.84	0.56	0.43	-0.02

Copyright © 2013 Argus Media Ltd - All rights reserved

Spot Product Prices

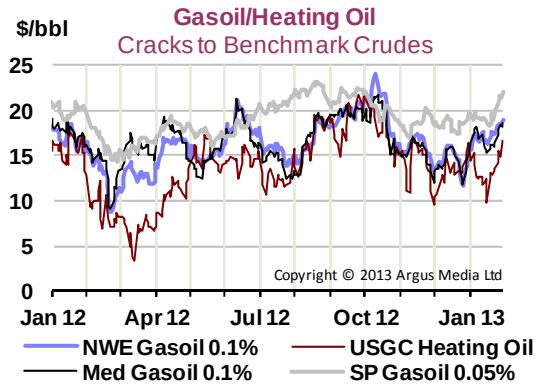
Refined product crack spreads rose across the board in all major markets in January, with naphtha in Europe the exception. Cold weather in Asia continued to prop up gasoil, kerosene and fuel oil in January. After a relatively mild winter heating oil season, spot prices for gasoil in Europe and the US East Coast ticked higher at end-January with the belated onset of cold weather. Meanwhile, gasoline cracks were supported by reduced refinery output and further scheduled outages in the second quarter.

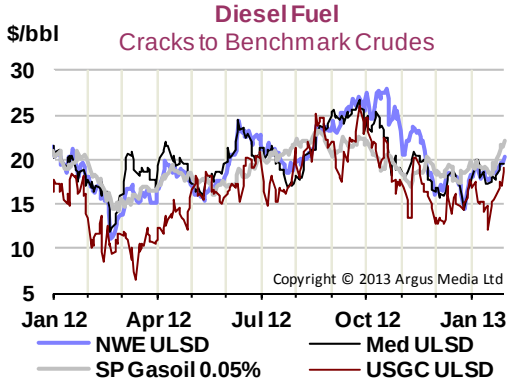




Gasoline markets showed unseasonal strength in January, in part due to earlier-than-expected refinery turnarounds. In the US, PADD 1 gasoline stocks fell below their five-year average due to a combination of lower refinery output and supply dislocations following Hurricane Sandy last November. The upcoming closure of Hess's Port Reading refinery at the end of February is also supporting crack spreads. Gasoline cracks also posted exceptional gains on the US Gulf Coast, albeit from depressed levels, due to earlier-than-expected refinery turnarounds. Despite the shutdown of Hess's Port Reading facility, however, capacity is actually higher on the East Coast year-on-year, as other plants that had been earmarked for closure have since been restarted (See Refining, '*The Straw that Broke the Camel's Back?*'). Crack spreads for Mars crude increased by $4.56/bbl pushing differentials into positive territory. Stronger gasoline markets along the US East Coast also provided an arbitrage opportunity to import surplus supplies from Europe. Gasoline imports into the East Coast increased markedly in early February, to around 665 kb/d in the first week compared with around 500 kb/d on average in the December – January period.

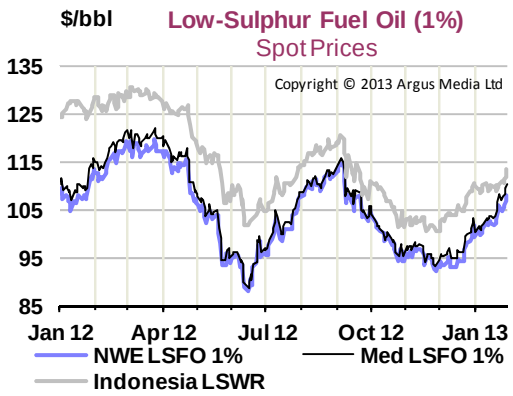
In Asia, gasoline cracks were buttressed by restocking operations in the region, with differentials to Dubai crude rising by $2.15/bbl to an average $14.75/bbl. Expectations of tighter supplies in the coming months in line with planned refinery maintenance in the region and reduced throughput rates in the Middle East helped support both gasoline and gasoil.

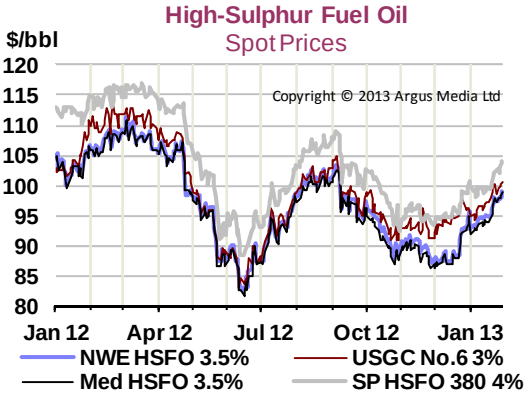




Gasoil crack spreads in Europe and Singapore were firmer on increased demand and reduced refinery output. Gasoil cracks for Dated Brent in Northwest Europe rose by around $1.20/bbl to $15.89/bbl on

average in January. Differentials for Urals in the Mediterranean rose by $1.50/bbl, to an average $15.75/bbl. In the US, gasoline crack spreads in New York fell by $2.25/bbl but were still a robust $37/bbl. In Asia, cold weather boosted demand for both gasoil and kerosene, with differentials to Dubai in South Korea rising by around $1.55/bbl, to $18.20/bbl and $16.65/bbl, respectively.





Fuel oil cracks improved slightly despite weak demand and differentials solidly remained in negative territory in the US, Europe and Singapore. In Europe, crack spreads for Dated Brent in Northwest Europe rose by $2.35/bbl to -$18.80/bbl for HSFO and by $3.30/bbl to -$12.20/bbl for LSFO. In Asia, HSFO 180 crack spreads to Dubai improved by $1.85/bbl in both Singapore and South Korea, to -$8.12/bbl and -$6.38/bbl, respectively.

Spot Product Prices

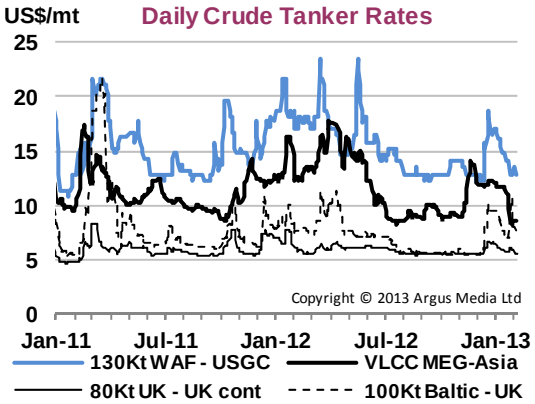
(monthly and weekly averages, $/bbl)

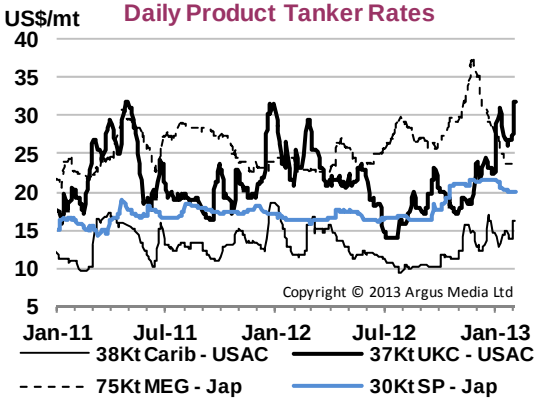
	Nov	Dec	Jan	Jan-Dec		Week Commencing:					Nov	Dec	Jan
				Chg	%	07 Jan	14 Jan	21 Jan	28 Jan	04 Feb			
Rotterdam, Barges FOB											**Differential to Dated Brent**		
Premium Unl 10 ppm	114.48	113.20	118.81	5.61	5.0	117.04	115.71	119.99	125.76	128.19	5.32	3.80	5.84
Naphtha	104.94	105.68	104.74	-0.94	-0.9	103.65	101.96	105.82	107.91	111.04	-4.22	-3.72	-8.22
Jet/Kerosene	127.27	126.39	130.35	3.96	3.1	128.50	129.63	132.00	134.03	136.91	18.11	16.99	17.38
ULSD 10ppm	132.15	126.96	130.82	3.85	3.0	129.84	130.24	131.60	133.98	136.95	22.99	17.56	17.85
Gasoil 0.1%	125.66	124.10	128.85	4.75	3.8	127.02	128.46	130.38	132.73	135.88	16.50	14.69	15.89
LSFO 1%	95.82	93.91	100.79	6.87	7.3	99.96	100.32	102.23	103.66	106.22	-13.34	-15.49	-12.18
HSFO 3.5%	90.14	88.27	94.16	5.89	6.7	93.88	93.71	94.73	96.32	98.15	-19.02	-21.13	-18.80
Mediterranean, FOB Cargoes											**Differential to Urals**		
Premium Unl 10 ppm	115.62	114.13	119.56	5.43	4.8	117.77	116.46	120.74	126.52	128.85	6.97	5.20	6.93
Naphtha	102.18	102.62	101.67	-0.95	-0.9	100.57	98.96	102.75	104.79	107.94	-6.47	-6.31	-10.96
Jet Aviation fuel	125.66	124.66	128.86	4.20	3.4	127.02	128.22	130.50	132.51	135.47	17.01	15.72	16.22
ULSD 10ppm	128.04	126.12	130.24	4.12	3.3	129.01	130.36	131.10	133.13	135.78	19.40	17.18	17.60
Gasoil 0.1%	124.42	123.18	128.39	5.21	4.2	127.00	128.64	129.65	131.38	134.47	15.77	14.25	15.75
LSFO 1%	96.78	95.43	102.28	6.84	7.2	101.60	101.58	103.42	105.41	108.64	-11.86	-13.50	-10.36
HSFO 3.5%	89.16	87.55	93.41	5.86	6.7	93.18	92.92	93.77	95.71	98.03	-19.49	-21.39	-19.23
US Gulf, FOB Pipeline											**Differential to LLS**		
Super Unleaded	112.80	113.84	125.75	11.91	10.5	125.74	121.27	124.35	132.67	135.37	4.17	4.21	13.26
Unleaded	105.93	103.86	112.22	8.36	8.0	111.31	109.28	111.95	117.85	119.00	-2.69	-5.77	-0.27
Jet/Kerosene	124.04	123.49	129.99	6.51	5.3	129.23	129.47	131.02	133.43	136.00	15.42	13.86	17.50
ULSD 10ppm	125.66	124.17	127.94	3.77	3.0	127.20	127.11	128.85	130.96	134.65	17.04	14.54	15.45
No. 6 3%*	92.86	93.39	96.55	3.16	3.4	95.94	95.42	96.68	98.66	99.76	-15.76	-16.24	-15.94
Singapore, FOB Cargoes											**Differential to Dubai**		
Premium Unleaded	119.69	118.83	122.68	3.85	3.2	121.48	119.90	123.37	127.41	132.44	12.51	12.60	14.74
Naphtha	102.85	103.48	105.72	2.24	2.2	105.27	103.42	107.02	108.17	111.60	-4.33	-2.75	-2.21
Jet/Kerosene	125.21	124.77	128.18	3.41	2.7	127.75	127.63	128.93	130.28	134.36	18.03	18.55	20.24
Gasoil 0.05%	125.68	124.95	126.98	2.02	1.6	126.68	126.41	127.43	128.79	133.14	18.50	18.73	19.04
LSWR Cracked	102.65	103.11	109.12	6.00	5.8	109.66	109.23	109.62	109.73	111.61	-4.53	-3.12	1.18
HSFO 180 CST	96.91	96.27	99.82	3.55	3.7	100.18	99.57	99.86	100.98	103.34	-10.26	-9.96	-8.12
HSFO 380 CST 4%	95.36	94.87	99.24	4.37	4.6	99.55	98.98	99.24	100.69	103.08	-11.82	-11.36	-8.69

Copyright © 2013 Argus Media Ltd - All rights reserved * Waterborne

Freight

Rates for large crude tankers nosedived during January as falling demand for tankers, following recent production falls, left the tanker pool bloated. VLCCs on trades out of the Middle East Gulf were hardest hit after main regional producers Saudi Arabia and Iraq throttled back production over recent months. Consequently, rates for carriers on the benchmark Middle East Gulf – Asia route dropped by over $3/mt during January to bottom out at $8.50/mt by end-month, a level not seen since July 2012.





Suezmaxes fared little better as the tanker pool remained swollen with multiple offers for scarce cargoes driving rates lower. The benchmark West Africa – US Gulf route, already suffering as the US imports less light West African crudes in the face of soaring domestic production, plunged by close to 4$/mt over the month. Rates for trades shipping Urals from Baltic ports were the exception as rates on the benchmark Baltic – UK trade soared to over $10/mt, after cold weather hit the region, vessels were consequently delayed due to ice and the tightening of ports' ice-class requirements, reducing the availability of suitable carriers.

Product tanker rates generally held up better than those for carrying crude. Vessels plying the benchmark UK – US Atlantic Coast route experienced a rollercoaster month. After initially plunging by $5/mt over the first three weeks of the month, rates soared by $6/mt over the final week of the month to stand at $32 by early-February after a wide arbitrage opportunity to move gasoline to the US opened. Meanwhile, Pacific Basin markets were weaker and generally trended sideways. The steady decline in rates on the benchmark Middle East Gulf – Singapore route was finally arrested in mid-January as rates bottomed out at close to $23.50/mt, $14/mt below their November high.

January saw a potentially important development in tanker markets with the news that the cash strapped Egyptian government, through the Suez Canal Authority, plans to raise transit tariffs by 5% for oil tankers using the canal from May 1st. However, this could be a risky move, which, in response to the tariff hike and with VLCC rates standing close to historic lows, could see shippers re-route cargoes onto larger vessels routed via the African Cape.

Additionally, the Suez Canal Authority also recently began permitting the passage of VLCCs through the canal in a southbound direction by part-unloading their cargoes onto smaller vessels. This move is likely in response to South Korea continually buying North Sea cargoes due to the free trade agreement with the EU. Even with the logistics of transferring cargoes, it should cut down transit times in comparison to passing via the African Cape. However, in a low-cost freight environment it remains to be seen whether shippers will take up this option.

REFINING

Summary

- **Global refinery crude throughputs have been revised lower to 75.1 mb/d for 1Q13, following a steep reduction in US crude runs**. After processing at a record high for that month in December, US refiners finally started maintenance operations at their plants, cutting January crude runs by 770 kb/d m-o-m. Despite this steep reduction, global runs are forecast to grow year-on-year by a still robust 515 kb/d in 1Q13 down from 75.9 mb/d in 4Q12.

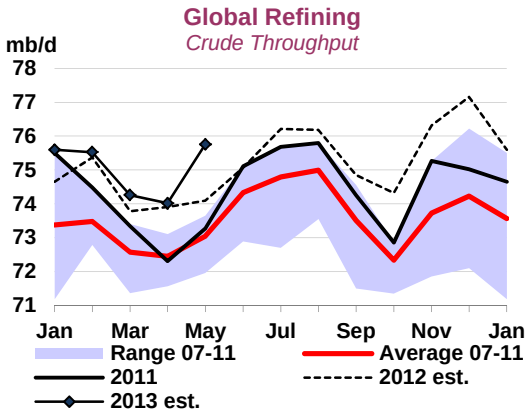
- **OECD crude runs fell 90 kb/d y-o-y in 1Q13 to 36.6 mb/d on average.** The start of seasonal maintenance in the US and Europe, and the closure of capacity in Europe brought runs lower in these regions, while Asia Oceania runs inched higher on stronger Japanese throughputs.

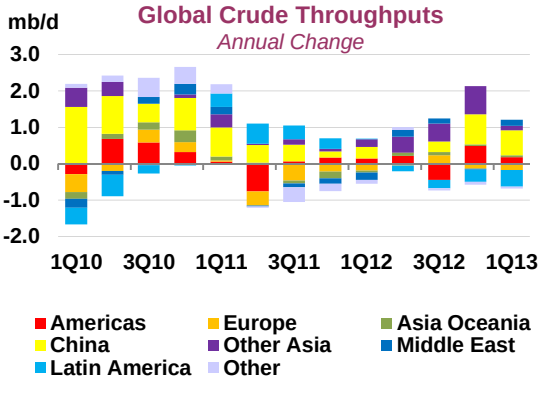
- **Final December data for several countries leaves the assessment of 4Q12 non-OECD refinery crude runs at 38.9 mb/d**, a 1.4 mb/d increase y-o-y, as refineries in Asia kept running at record highs. For 1Q13, non-OECD refinery throughput is expected to inch lower to 38.5 mb/d as seasonal maintenance starts in India and China.

- **Refinery margins ended higher in January** on strong gasoline cracks in the Atlantic basin and the start of refinery maintenance operations on the US Gulf Coast. Asian refining margins showed a slight increase on the back of firm seasonal demand, restocking operations in many Asian countries, and the prospect of tight product supplies as India and China start seasonal maintenance.

Global Refinery Overview

Global throughputs for 4Q12 are now assessed at 75.9 mb/d, an impressive gain of 1.5 mb/d on the same period in 2011. More than 90% of the quarterly increase stems from China and India, as these two countries commissioned more than 700 kb/d of new capacity this year. The remainder is attributable to North America and mainly the US. In December, US crude runs hit a record for that month at 15.4 mb/d amid strong export demand from Latin American countries. European runs remain depressed, down 140 kb/d q-o-q on longer-than-usual seasonal maintenance and economic run cuts amid declining refining margins and mild temperatures.





For 1Q13, throughputs are forecast to fall seasonally to 75.1 mb/d. Many refiners in the US Gulf Coast embarked on long delayed maintenance in January. Crude runs in Asia will also fall as India's Reliance is expected to shut down its Jamnagar 2 export refinery for scheduled maintenance in February. Chinese crude runs likely remained stable at 10 mb/d up to the extended Lunar New Year holidays, which started on 10 February, and then will fall as refiners target peak maintenance operations in April.

Global Refinery Crude Throughput[1 2]

(million barrels per day)

	3Q2012	Oct 12	Nov 12	Dec 12	4Q2012	Jan 13	Feb 13	Mar 13	1Q2013	Apr 13	May 13
Americas	**18.4**	17.8	18.2	18.6	**18.2**	17.8	17.7	17.7	**17.8**	18.0	18.5
Europe	**12.6**	11.9	12.1	11.9	**12.0**	12.0	11.8	11.5	**11.8**	11.6	11.7
Asia Oceania	**6.7**	6.7	6.6	7.2	**6.8**	7.1	7.2	6.9	**7.1**	6.6	6.7
Total OECD	**37.7**	**36.4**	**36.9**	**37.7**	**37.0**	**37.0**	**36.7**	**36.1**	**36.6**	**36.1**	**36.9**
FSU	**6.6**	6.3	6.9	6.9	**6.7**	6.6	6.8	6.7	**6.7**	6.5	6.6
Non-OECD Europe	**0.5**	0.5	0.5	0.5	**0.5**	0.5	0.4	0.5	**0.5**	0.5	0.5
China	**9.1**	9.4	10.2	10.2	**9.9**	10.0	10.0	9.7	**9.9**	9.5	9.9
Other Asia	**9.3**	9.6	9.6	9.7	**9.6**	9.4	9.5	9.3	**9.4**	9.4	9.6
Latin America	**4.6**	4.4	4.3	4.4	**4.4**	4.4	4.3	4.4	**4.4**	4.4	4.5
Middle East	**6.0**	5.7	5.7	5.7	**5.7**	5.7	5.6	5.6	**5.6**	5.5	5.8
Africa	**1.9**	2.1	2.2	2.0	**2.1**	2.0	2.1	1.9	**2.0**	2.1	2.2
Total Non-OECD	**38.0**	**37.9**	**39.4**	**39.3**	**38.9**	**38.6**	**38.8**	**38.1**	**38.5**	**37.9**	**38.9**
Total	**75.8**	**74.3**	**76.3**	**77.1**	**75.9**	**75.6**	**75.5**	**74.2**	**75.1**	**74.0**	**75.7**

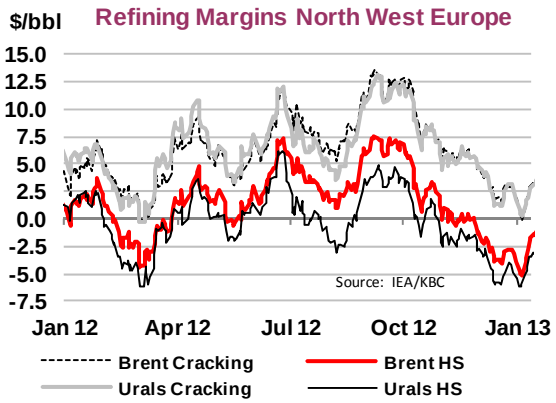
1 Preliminary and estimated runs based on capacity, know n outages, economic run cuts and global demand forecast

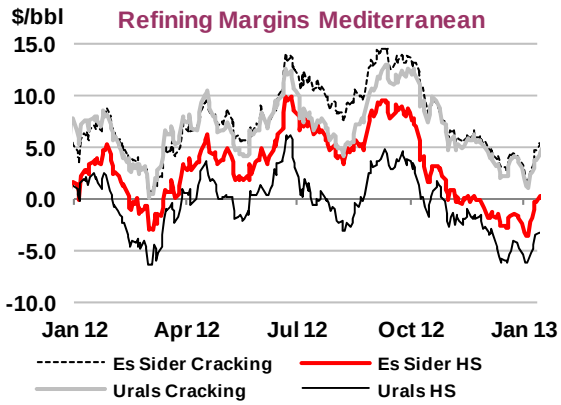
2 From the report dated 10 August, 2012 OECD Americas include Chile and OECD Asia Oceania includes Israel.

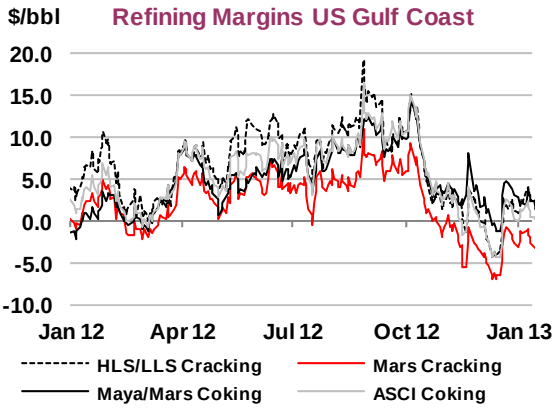
North West Europe refining margins increased sharply by the end of January on higher gasoline and middle distillate prices. The belated onset of cold winter weather supported the latter. Gasoline prices increased in the Atlantic basin after a fire shut down a reformer at Essar' Stanlow refinery in the UK and Hess announced the closure of its Port Reading refinery in New Jersey (see '*The Straw that Broke the Camel's Back*') . Earlier, Shell had confirmed the closing of the Hamburg-Harburg refinery. In the last week of January, the Brent cracking margin rose to an average of $3.70/bbl from $0.70/bbl in the first week.

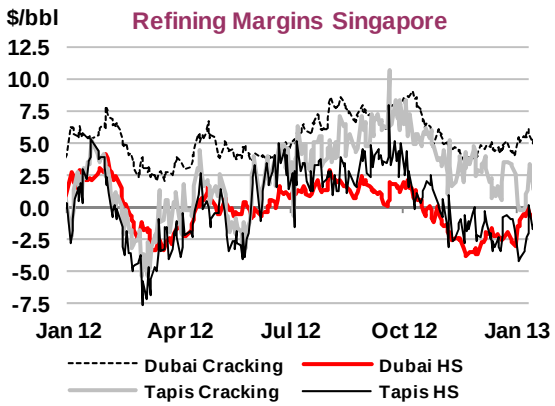
Mediterranean refining margins improved in January with Es Sider cracking margins averaging $4.60/bbl. Petroleum product markets in this region remained tight with persistent technical issues in Algerian and Libyan refineries and reduced crude runs in France, Spain and Greece.

US midcontinent margins on Bakken crude fell further as high runs of light crude oil boosted gasoline production and helped reverse an earlier draw in product stocks. Midcontinent margins recovered in the last week of January, on reduced flow on the recently expanded Seaway pipeline. Seaway throughput has been curtailed following high inventories at the Jones Creek Terminal due to turnaround work at the 260 kb/d Sweeny, Texas refinery. In the US Gulf Coast, refining margins in January recovered as maintenance operations started in many local refineries. An improvement in gasoline Atlantic Basin cracks also helped.









IEA/KBC Global Indicator Refining Margins[1]

($/bbl)

	Monthly Average					Change	Average for week ending:				
	Oct 12	Nov 12	Dec 12	Jan 13		Jan 13-Dec 12	04 Jan	11 Jan	18 Jan	25 Jan	01 Feb
NW Europe											
Brent (Cracking)	9.03	5.68	2.73	2.96	↑	0.23	0.72	2.09	3.14	3.71	4.92
Urals (Cracking)	8.64	5.48	2.52	2.72	↑	0.20	0.81	2.15	3.14	3.14	4.21
Brent (Hydroskimming)	3.16	-0.06	-3.05	-2.12	↑	0.92	-4.69	-2.78	-1.54	-1.35	-0.79
Urals (Hydroskimming)	0.79	-1.87	-4.68	-3.96	↑	0.73	-5.92	-4.19	-3.14	-3.68	-3.26
Mediterranean											
Es Sider (Cracking)	9.86	5.93	3.88	4.60	↑	0.72	2.28	3.92	5.28	5.31	5.79
Urals (Cracking)	9.34	5.43	3.30	3.63	↑	0.33	1.89	3.17	4.45	3.89	4.51
Es Sider (Hydroskimming)	3.82	0.01	-1.92	-0.57	↑	1.35	-3.07	-1.08	0.14	0.11	0.45
Urals (Hydroskimming)	-0.08	-3.46	-5.56	-4.73	↑	0.82	-6.42	-4.87	-3.85	-4.68	-4.23
US Gulf Coast											
50/50 HLS/LLS (Cracking)	7.40	1.86	-0.89	1.86	↑	2.75	1.77	3.42	1.20	-0.34	2.86
Mars (Cracking)	3.31	-2.06	-4.09	-2.61	↑	1.48	-2.01	-1.66	-3.84	-3.78	-1.85
ASCI (Cracking)	2.81	-2.68	-4.69	-3.17	↑	1.52	-2.61	-2.28	-4.38	-4.20	-2.41
50/50 HLS/LLS (Coking)	8.61	2.66	-0.33	2.67	↑	2.99	2.62	4.14	1.94	0.47	3.78
50/50 Maya/Mars (Coking)	7.73	3.68	1.65	1.36	↓	-0.29	2.31	2.93	0.34	0.66	0.59
ASCI (Coking)	8.00	1.51	-1.16	0.68	↑	1.84	0.86	1.57	-0.57	-0.22	1.73
US Midcon											
WTI (Cracking)	26.48	25.99	18.39	15.12	↓	-3.28	14.05	13.56	12.75	16.05	21.12
30/70 WCS/Bakken (Cracking)	26.66	27.73	26.01	22.79	↓	-3.23	21.51	23.05	21.37	22.62	26.35
Bakken (Cracking)	26.87	27.05	21.41	18.67	↓	-2.74	17.05	18.17	16.38	19.24	24.16
WTI (Coking)	27.89	27.36	19.13	15.75	↓	-3.38	14.62	13.90	13.23	16.79	22.30
30/70 WCS/Bakken (Coking)	29.83	30.65	28.04	24.30	↓	-3.73	22.72	24.26	22.69	24.32	28.73
Bakken (Coking)	27.12	27.28	21.31	18.51	↓	-2.80	16.86	17.86	16.14	19.14	24.28
Singapore											
Dubai (Hydroskimming)	0.46	-2.72	-2.31	-0.62	↑	1.70	-1.71	-0.52	-0.64	-0.62	-0.07
Tapis (Hydroskimming)	1.42	-1.28	-1.88	-2.37	↓	-0.49	-3.41	-2.10	-1.47	-2.26	-2.85
Dubai (Hydrocracking)	7.18	4.30	4.63	5.81	↑	1.17	5.02	5.63	5.49	5.96	6.76
Tapis (Hydrocracking)	5.54	3.30	2.40	1.17	↓	-1.23	0.60	1.16	1.73	1.30	1.20

1 Global Indicator Refining Margins are calculated for various complexity configurations, each optimised for processing the specific crude(s) in a specific refining centre. Margins include energy cost, but exclude other variable costs, depreciation and amortisation. Consequently, reported margins should be taken as an indication, or proxy, of changes in profitability for a given refining centre. No attempt is made to model or otherwise comment upon the relative economics of specific refineries running individual crude slates and producing custom product sales, nor are these calculations intended to infer the marginal values of crude for pricing purposes.

Source: IEA, KBC Advanced Technologies (KBC)

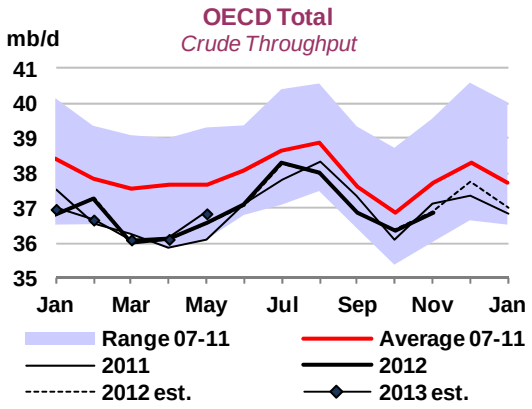
The Asian market showed a slight recovery on the back of firm seasonal demand with cold weather boosting demand for kerosene and gasoil. Restocking operations in many countries including Indonesia,

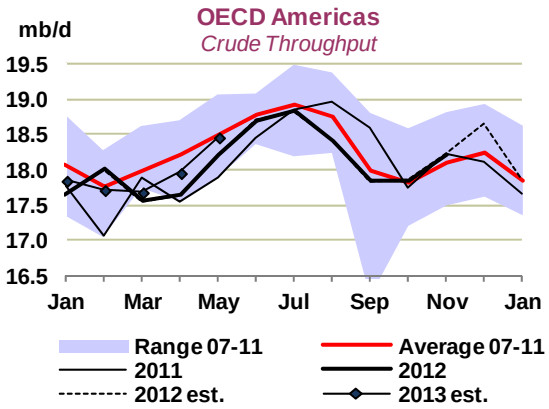
Pakistan and Vietnam pushed gasoline cracks upwards to $19/bbl at the end of January, a level not seen since October. The prospect of tightening supplies in the next months, with upcoming refinery maintenance in the region and low refining activity in the Middle East, supported Dubai cracking margins, which ended the month at about $6/bbl. Fuel oil cracks improved slightly despite weak fundamentals, as supply remained ample amid high Russian and West European exports, while bunker demand in Singapore stayed weak.

OECD Refinery Throughput

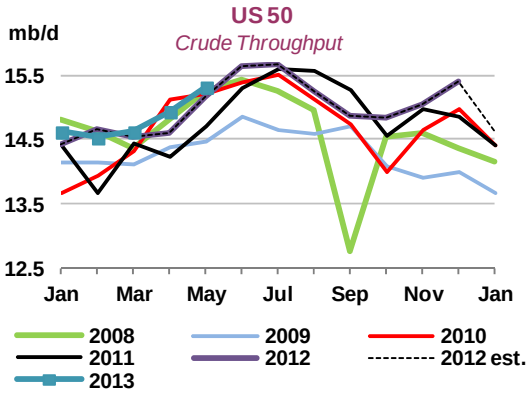
OECD refinery crude runs rose by 860 kb/d in December to average 37.7 mb/d, with the US and Japan increasing their crude processing by 340 kb/d and 450 kb/d respectively. OECD Europe crude runs inched lower by 140 kb/d on low refining margins and mild temperatures. Preliminary data for January show a steep decrease in refinery throughputs mainly in North America as most US refiners started seasonal maintenance early. US crude runs are estimated to have fallen by 770 kb/d m-o-m. In contrast, OECD Asia and Europe crude runs are estimated to have remained stable on low refinery maintenance downtime.

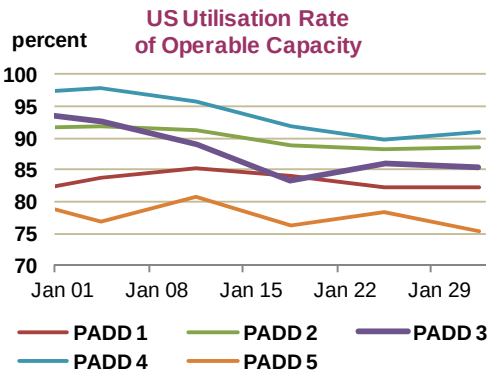
The estimate of OECD runs for 1Q13 is set at 36.6 mb/d, about 90 kb/d lower than last year's level on lower runs in Europe as maintenance began in February and refining capacity closure.





North American crude runs fell by 770 kb/d in January, as heavy maintenance got underway in the US. Turnarounds were much higher and sooner than expected as US refiners started maintenance work as early as January. Refinery runs have come down from the 90% utilisation rates seen in December to 86% in January, with crude runs totaling 14.6 mb/d, up 200 kb/d y-o-y. Most of the refineries offline were in the US Gulf Coast, with Valero, Motiva, Lyondellbasell, Marathon, Phillips 66 and Holly Frontier all reporting maintenance work. The capacity utilisation rate in January fell sharply to 83% in mid-January before increasing again to 85% at the end of the month as some units went back in operation.



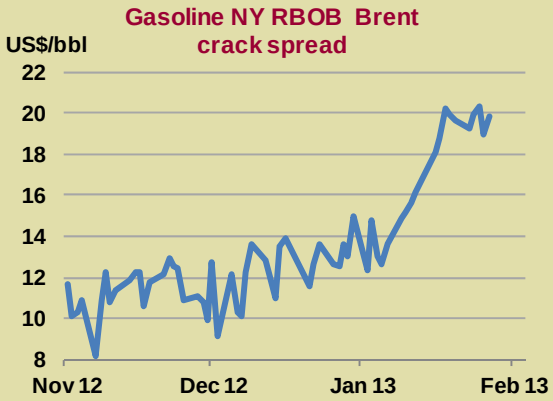


Low utilisation rates were also observed in PADD 5 (West Coast), as Valero's Wilmington (135 kb/d) and BP Carson (265 kb/d) plants were partially shut down for maintenance and a fire damaged a crude distillation unit at Chevron's Richmond refinery (243 kb/d).

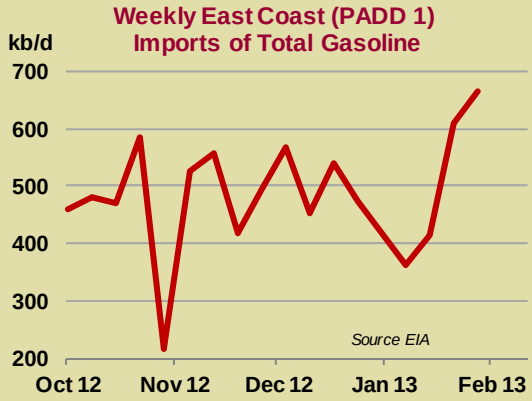
The new crude distillation unit (325 kb/d) at the Motiva's Port Arthur refinery is said to have finally restarted and was reportedly operating nearing full production at the beginning of February. Delays in upgrading BP's Whiting refinery are mounting up and the delayed coker unit is not expected to be on-line before 2014, meaning deep discounts for Canadian crude are likely to persist through 2013.

The Straw that Broke the Camel's Back?

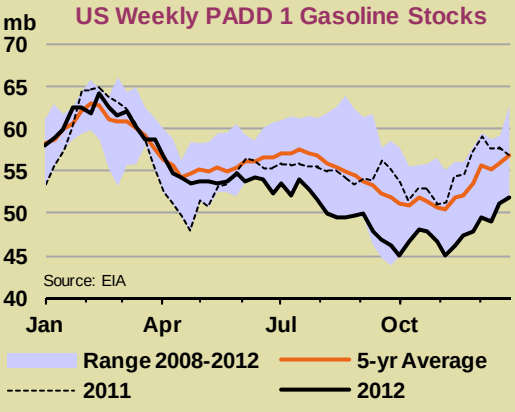
When gasoline prices rallied last month on the US East Coast and started lifting gasoline markets around the world in their wake, many commentators pinned the rally on Hess Corporation's announcement that it would close its Port Reading, NJ "refinery"— in fact, a single, 70 kb/d fluid catalytic cracking (FCC) unit in New York Harbour. In a 19 mb/d US oil market and a 23 mb/d world gasoline market, can the shutdown of such a relatively small processing unit really cause ripple effects of that magnitude? As often in oil markets, the impact of the news stemmed perhaps less from the event itself than from the broader context in which it occurred.



The Port Reading plant was Hess's last remaining refinery asset, after the company last year shut down its 350 kb/d Hovensa refinery in St. Croix, Virgin Islands, jointly owned with PDVSA. When Hess announced last month that it would close it and sell its US oil terminal network, bank analysts and investors hailed the move, while the stock market greeted the news of the closure with a rally in the company's share price. Gasoline markets also promptly responded. The April Nymex RBOB-Brent crack spread surged last week to a high of $20/bbl, from $12/bbl in early January.



Port Reading produced mainly gasoline and intermediate products used for blending. The refinery was running on vacuum gas oil (VGO) and imported low-sulphur straight run fuel oil (LSSR) as feedstock, much of it coming from West Africa after St. Croix was shut down. The market for LSSR is rather tight and current prices for this product are close to parity with Brent, hurting refining margins.



In 2012, Port Reading produced about 50 kb/d of gasoline, representing only 3% of total gasoline consumed in PADD1 (the US East Coast), estimated at 1.5 mb/d last year. Port Reading accounted for 10% of regional gasoline production, however, as many refineries have been shut down or idled in this region. Local gasoline production accounts for about 30% of total demand, with other sources of supply being mainly imports (30%), shipments from other PADDs (20%) and ethanol blending.

The Straw that Broke the Camel's Back? (continued)

Hess's announcement helped trigger a steep increase in gasoline imports to 666 kb/d for the week ending February 1. Although the Hess closure is not seen as having a major impact on gasoline markets by the EIA, its announcement came as East Coast gasoline stocks are at the bottom of their five-year range and amid tightness in the entire Atlantic Basin gasoline market following a string of refinery outages on both sides of the Ocean. On the US side, two key FCC units were shutdown in January at Monroe's Trainer (185 kb/d) and Philadelphia Energy Solutions (330 kb/d) refineries while on the European side, a fire at Essar Oil's Stanlow refinery (296 kb/d) in the United Kingdom has affected a reformer unit which will be back in operation in early February.

Recent tightness in Atlantic Basin gasoline markets thus looked more like a temporary and regional imbalance than a structurally short global gasoline market. Outside of the Atlantic Basin, gasoline supplies continue to look comfortable, with high US Gulf Coast stocks. But the recent gasoline price rally on the East Coast, and its ripple effects elsewhere, may also illustrate the relatively high cost and logistical challenges involved in moving gasoline supplies to the East Coast on short notice, given current constraints in product pipeline capacity between the Gulf Coast and East Coast markets and Jones Act restrictions on inter-state and inter-PADD tanker and barge movements in the US.

Refinery Crude Throughput and Utilisation in OECD Countries

(million barrels per day)

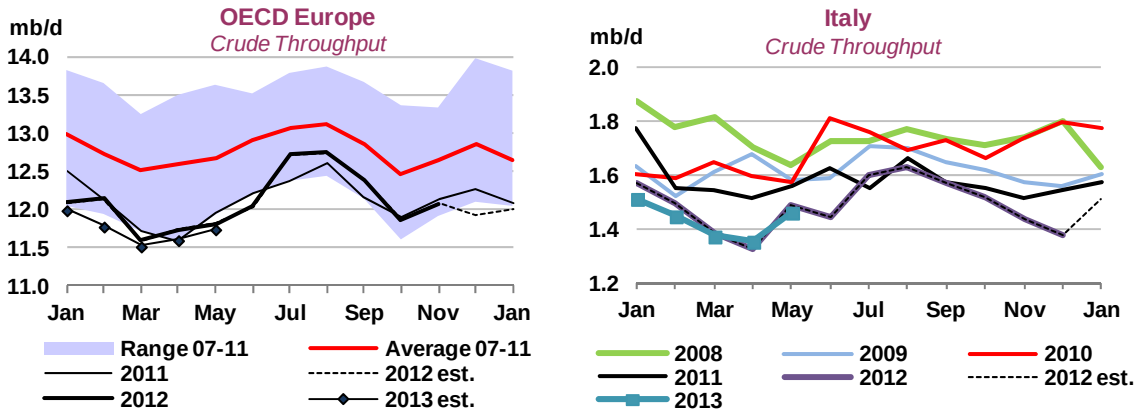
							Change from		Utilisation rate[1]	
	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12	*Nov 12*	*Dec 11*	Dec 12	Dec 11
US[2]	15.66	15.26	14.86	14.85	15.05	15.39	0.34	0.55	87.2%	84.7%
US Virgin Islands	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.27	0.0%	77.4%
Canada	1.78	1.82	1.69	1.73	1.79	1.83	0.04	0.15	95.7%	89.3%
Chile	0.16	0.12	0.17	0.18	0.18	0.16	-0.02	-0.01	71.2%	73.5%
Mexico	1.23	1.21	1.12	1.08	1.20	1.26	0.07	0.11	76.6%	70.0%
OECD Americas	**18.82**	**18.41**	**17.84**	**17.85**	**18.22**	**18.65**	**0.43**	**0.53**	**87.0%**	**85.1%**
France	1.38	1.36	1.12	1.15	1.15	1.12	-0.03	-0.29	71.7%	84.4%
Germany	1.96	1.98	2.04	2.07	2.09	1.96	-0.13	0.01	91.9%	91.3%
Italy	1.60	1.63	1.57	1.52	1.43	1.38	-0.05	-0.17	65.9%	70.8%
Netherlands	1.04	1.03	1.06	0.72	0.84	1.01	0.16	-0.02	78.0%	79.6%
Spain	1.32	1.25	1.25	1.33	1.25	1.25	0.00	0.16	82.1%	71.6%
United Kingdom	1.44	1.41	1.31	1.03	1.19	1.30	0.11	-0.15	65.0%	63.1%
Other OECD Europe	3.97	4.08	4.03	4.05	4.12	3.92	-0.20	0.11	79.7%	77.1%
OECD Europe	**12.71**	**12.74**	**12.39**	**11.86**	**12.07**	**11.93**	**-0.14**	**-0.34**	**76.9%**	**76.5%**
Japan	3.15	3.29	3.09	3.01	3.09	3.54	0.45	0.17	77.0%	73.3%
South Korea	2.63	2.62	2.60	2.64	2.59	2.67	0.08	0.05	97.4%	95.7%
Other Asia Oceania	0.97	0.93	0.97	1.01	0.90	0.96	0.05	-0.05	83.1%	82.0%
OECD Asia Oceania	**6.75**	**6.84**	**6.66**	**6.67**	**6.59**	**7.16**	**0.58**	**0.17**	**84.4%**	**81.7%**
OECD Total	**38.28**	**37.99**	**36.88**	**36.37**	**36.88**	**37.74**	**0.86**	**0.36**	**83.1%**	**80.9%**

1 Expressed as a percentage, based on crude throughput and current operable refining capacity

2 US50

3 OECD Americas includes Chile and OECD Asia Oceania includes Israel. OECD Europe includes Slovenia and Estonia, though neither country has a refinery

OECD European runs for December have been revised down by 320 kb/d to 11.9 mb/d on much lower than anticipated crude runs in Italy, France and Germany as refiners cut run rates at their plants in the face of declining refining margins and mild temperatures. Our January estimate is flat at 11.9 mb/d as further declines in France, Germany, Spain and the UK were likely counter-balanced by increases in Italy and the Netherlands, where BP's 188 kb/d Rotterdam plant and Shell's 400 kb/d Pernis refinery have returned from maintenance.

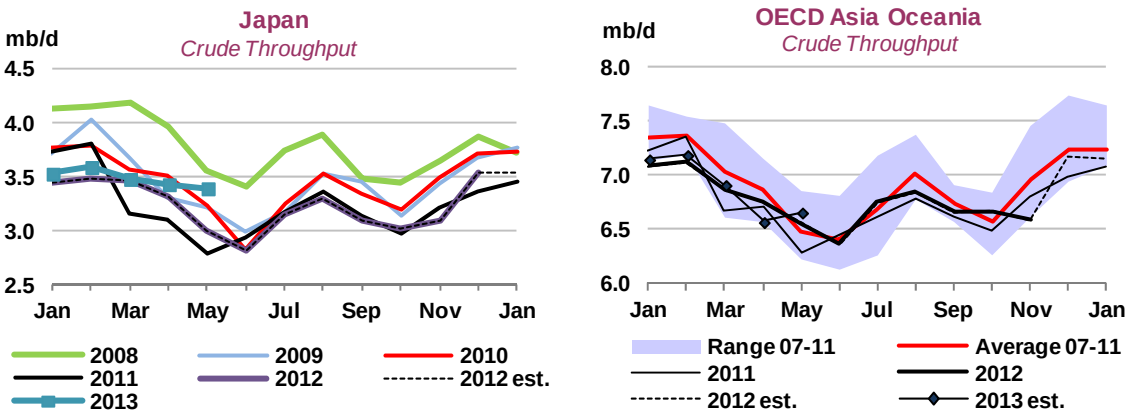


In **France**, five new offers submitted to buy the 162 kb/d Petit Couronne refinery in Normandy were all rejected and bidders invited to resubmit their bids by April 16. Among the bidders, a new company, Egypt's energy company Arabiyya Lel Istithmaraat, which runs 70 percent of Egypt's electricity network, received strong support from the French government, which would be ready to take a minority stake to support a takeover. The refinery was idled in late December after a processing deal with Shell expired. Refinery runs in France will remain subdued in 1Q13, as Total will shut half its units in February for extended maintenance at its 230 kb/d Donges refinery (Atlantic Coast) for around two months.

In **Germany**, Shell has confirmed the shutdown of the Harburg refinery (110 kb/d). The site will be converted into an oil products storage terminals. Only the base oil plant, sold to Sweden's Nynas, will remain in operation for the production of specialty products, including base oils and lubricant components.

In the **UK**, a fire has affected a reformer unit at Essar's Stanlow refinery (296 kb/d). This refinery supplies about 15% of total UK's transport fuel requirements.

OECD European refinery throughput in 1Q13 is estimated at 11.8 mb/d, down 170 kb/d y-o-y as refiners start seasonal maintenance with main turnarounds expected in France, Germany, Italy and the UK.



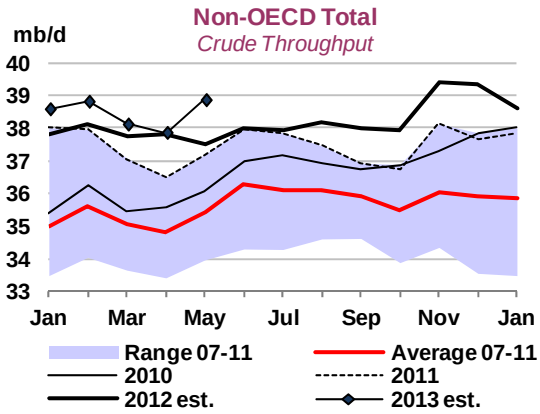
OECD Asia Oceania crude runs were mostly in line with expectations for January, at 7.1 mb/d, unchanged from a year earlier. Weekly data from the Petroleum Association of **Japan**, show Japanese crude intake in January close to its record high for December, at 3.5 mb/d, despite the continued shutdown of the 220 kb/d Chiba refinery. Refiners increased their runs amid strong fuel oil and kerosene demand for thermal power generation and space heating as the country sustained a cold spell in December. The refining sector in Japan under-performed in 2012 with many firms posting only modest profit growth due to poor oil and petrochemical margins. Japan's refinery capacity is projected to drop

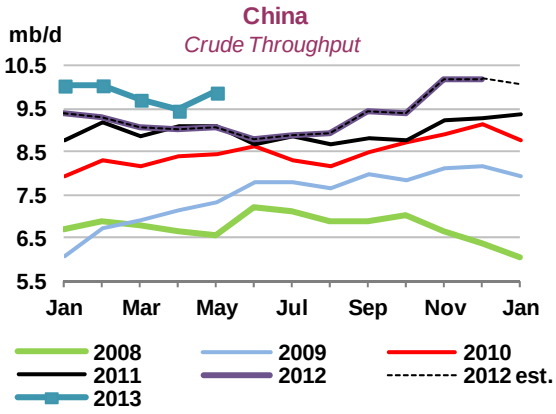
by around 10 percent by the end of March 2014 as under the 2009 law for enhancing competitiveness, refineries must opt for either trimming capacity or investing in deep conversion units.

Elsewhere in the OECD Asia Oceania, South Korean refiners kept crude runs high, reaching an all-time record of 2.7 mb/d in December. South Korea processed 2.6 mb/d in 2012, up 2.2% on y-o-y basis. Despite an increase in utilisation rates, South Korean refiner S-Oil suffered a steep fall in Q4 profits on weak refining margins and a lower won/dollar exchange rate.

Non-OECD Refinery Throughput

Non-OECD refinery crude runs remained unchanged for December at 39.3 mb/d. Refineries in Asia kept running at record highs, boosting 4Q12 estimates for the non-OECD region by 1.4 mb/d y-o-y. Overall, 2012 refinery throughput is estimated at 38.2 mb/d, a 2% increase y-o-y, mainly attributed to higher runs in China, India and Russia. Estimates for 1Q13 have been revised downwards by 440 kb/d, to 38.5 mb/d as a heavy maintenance season is expected.





Chinese refinery runs reached another record high in December averaging 10.2 mb/d, almost 920 mb/d higher than a year earlier. In 2012, China processed on average 9.3 mb/d of crude, a 4% increase y-o-y. In 2012, about 400 mb/d of net refining capacity was added in China, mainly in the last quarter of the year. Refinery capacity growth should slow down in 2013, with total additions estimated at 300 kb/d, including one grassroots project, Sichuan Petchem (200 kb/d), expected to start mid-2013.

Preliminary data for January show that refinery throughput slightly fell as independent refiners were expected to reduce their runs amid negative refining margins on imported fuel oil. To mitigate the economic impacts for some independents, the Chinese government finally granted ChemChina a license to import 200 kb/d of crude oil in 2013. Beijing is also expected to increase gasoline and gasoil pump price by the end of February. The last price change was in mid-November, when fuel prices were cut by about 3.5%.

Overall, crude runs should remain above 10 mb/d in the first two months of 2013, as very little planned maintenance is scheduled. Refiners will head into a heavy turnaround season after the Chinese New Year holiday, in March, with a peak expected in April when about 6% of total installed capacity will be shut down.

Following the smog that engulfed Beijing and other major Chinese cities, the Government has announced measures for the implementation of tighter fuel specifications. Gasoline and gasoil grades equivalent to Euro 4 standards (50 ppm sulphur) will be mandatory by the end of 2014, and product specifications will be further tightened to Euro 5 equivalent standards (10 ppm sulfur) by the end of 2017. Since February,

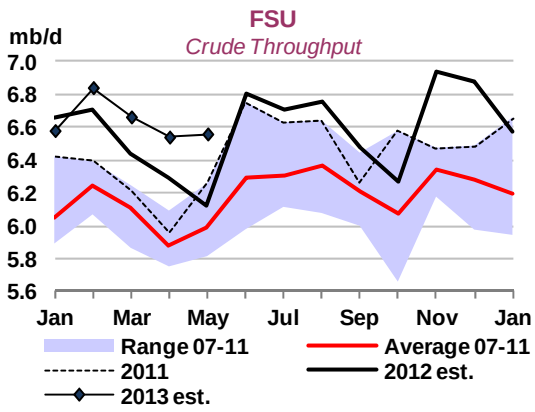
Beijing is the first and only city in China to have adopted Euro 5 specifications. Most major refiners in China are already prepared to produce Euro 4 transportation fuels, as they have upgraded a large amount of their refineries and have plans for further upgrading. Tighter fuel specifications will therefore mainly weight on some small independent refineries, which will not be able to bear the additional investment cost involved.

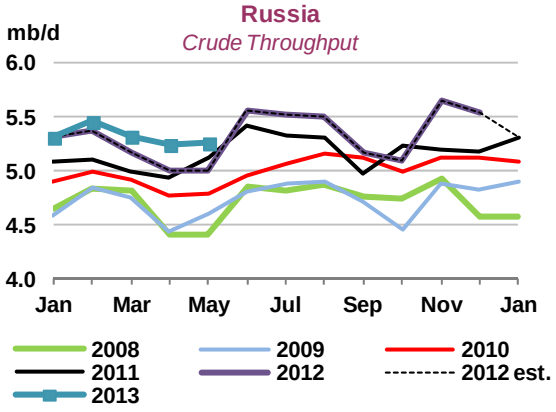
Other Asian refinery throughputs were largely in line with expectations for December, averaging 9.7 mb/d. **Indian** crude runs fell slightly by 1.3% monthly to 4.5 mb/d, due to lower runs at Reliance's 660 kb/d Jamnagar refinery following brief maintenance at one of its crude distillation units. A partial turnaround at the refinery is planned for February. The Government has made yet another attempt to rein in its massive fuel subsidy expenditure announcing deregulated diesel prices for bulk consumers and allowing oil companies to raise prices at the pump in small increments. Previously, it had announced a cut in subsidies for LPG, which resulted in refiners and marketers cutting LPG imports during the winter season, as consumers switched to other sources.

The decision to deregulate diesel price (see *Demand* section) has been hailed by the Reserve Bank of India and rating agencies, which were concerned about the growing fiscal deficit, should the diesel price reform not have taken place. Diesel under-recoveries represent 60% of total fuel under-recoveries. The deregulation could push private oil refiners finally to enter the bulk diesel market, increasing competition and could prepare for state divestment in public companies like Indian Oil Corporation Limited.

'Other Asia' throughput estimates for 1Q13 are revised downwards by around 190 kb/d to 9.4 mb/d on updated turnaround maintenance plans in India, Thailand and Taiwan with the partial shutdown of Formosa Petrochemical's 540 kb/d Mailiao refinery.

Total **FSU** crude runs in December are estimated at 6.9 mb/d, down 1% from last month but increasing 400 kb/d y-o-y. Overall, 2012 FSU refinery throughput increased by 2.5% y-o-y to 6.6 mb/d.





Russian oil refineries crude runs fell slightly in December by 100 kb/d m-o-m but remain close to record levels at 5.5 mb/d. After being introduced in October 2011, it seems that the so-called 60-66 tax reform has finally encouraged the Russian refining industry to increase domestic runs and upgrade their capacity to produce higher-quality products. The 60-66 tax reform lowered the marginal tax rate on the export duty for crude oil from 65% to 60% and at the same time, product export duties were aligned at 66% of the export duty for crude, with the exception of naphtha and gasoline duties, which were set at 90% to prevent domestic shortages.

High refinery runs since 2H12 have helped meet domestic demand while boosting export levels to 3.2 mb/d in November. In particular, trade data from Transnefteproduct, Russian state transporter, show ULSD exports from Primorsk rising to 1 million tons, or 240 kb/d, in January. This new diesel influx in

Europe, where demand remains subdued, added pressure on ultra-low sulphur diesel price (see *refining margin* section). Although many refineries have started upgrading, much remains to be done, as fuel oil yield remains high and the percentage of ULSD 10ppm produced small. According to Russia's energy ministry, refiners have committed to building or upgrading between 116 and 124 secondary processing units by 2020, raising diesel production to 1.8-1.9 mb/d (compared with 1.4 mb/d in 2012), gasoline production to 1.1-1.2 mb/d (compared with 900 kb/d in 2012), and cutting fuel oil output to 400-500 kb/d (compared with 1.4 mb/d in 2012). From February onwards, Russian throughputs are expected to fall as refineries begin seasonal maintenance.

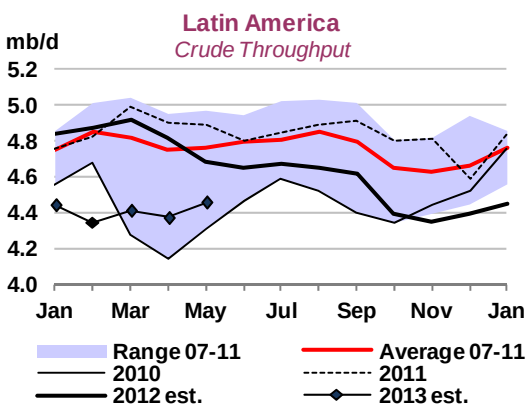
In 2012, **Kazakhstan** crude oil throughput rose by 3.3% y-o-y to 285 kb/d. December crude runs reached a record high level at 328 kb/d, a figure not seen since 2009. However, at the end of January, part of the Atyrau refinery (104 kb/d) was shut after a fire broke out at a crude distillation unit.

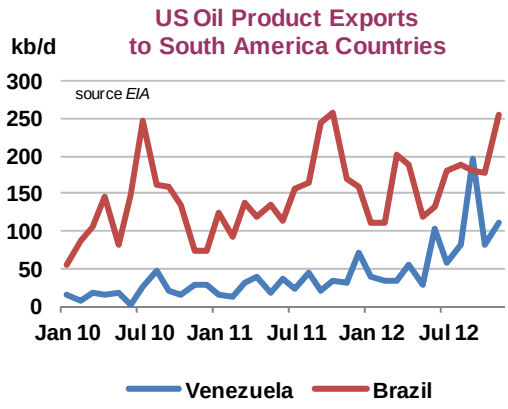
FSU refinery throughput for 1Q13 remains unchanged from last month report at 6.7 mb/d, as refineries should not start seasonal maintenance before the end of March.

Latin American refinery throughput in 4Q12 remains down 7.5% q-o-q at 4.4 mb/d following Valero's Aruba refinery shutdown (235 kb/d), and many technical issues in Venezuelan and Trinidad refineries.

The **Brazilian** government has decided to raise domestic gasoline and diesel retail prices by 6.6% and 5.4%, respectively. The measure will bring some relief to Petrobras' financial situation, although investors were largely disappointed by the size of the price hike. In particular, the increase in gasoline price is considered to have only a limited impact on ethanol demand, as the price differential between the two fuels remains too narrow to shift consumers' behavior. In order to curb gasoline imports and support sugarcane producers, the Brazilian government announced late last week that the percent of ethanol blended into Brazilian gasoline would be increased from 20% to 25% starting in May. The mixture had been at 25% until October of 2011 when it was reduced to 20% due to poor sugarcane harvests. Overall, 4Q12 Brazilian refinery throughput is estimated at 2.0 mb/d, up 2% y-o-y.

Petroecuador has started maintenance operations at its largest refinery, Esmeraldas (110 kb/d). The production of the refinery will be impacted during most of the year as the refinery is going under a major rehabilitation plan up to 2014. **Ecuador**, which already relies on imports to satisfy its 230 kb/d domestic consumption, will need to increase its imports further adding pressure on its budget deficit as oil products are heavily subsidized.



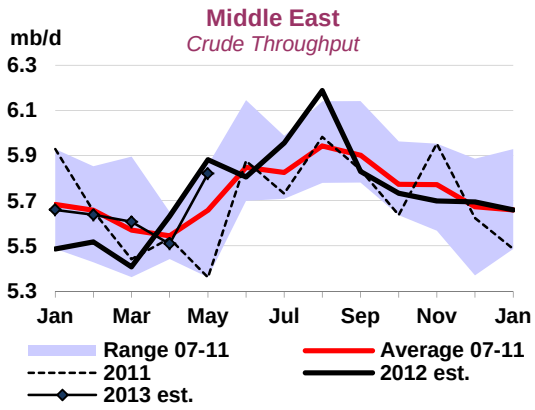


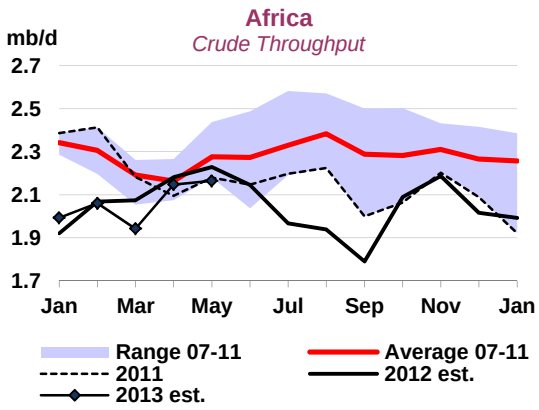
In **Venezuela**, the 955 kb/d Paraguana Refinery Complex, which includes the Amuay, Bajo Grande and Cardon refineries, was operating at about 60% of its nominal capacity by the end of January. The flexicoker unit has been partially restarted before being shut down again for a third time, early February, due to a fuel line leak. A report from the Venezuela Central Bank shows that domestic crude runs in the

second half of 2012 were 250 kb/d lower than in the first half, mainly attributed to the Amuay refinery explosion in August 2012. Venezuela imported up to 200 kb/d of petroleum products in September from the US. In October, imports halved but increased again in November to 110 kb/d, data from the EIA show.

We have revised down by 50 kb/d our Latin America refinery throughput for 1Q13 to 4.4 mb/d as crude runs will remain at reduced levels in Venezuela and maintenance in Columbia refineries is expected to start in February.

Middle Eastern crude runs for December are unchanged from our last report at 5.7 mb/d. According to latest JODI data, **Saudi Arabian** refinery runs were 1.8 mb/d in November, a 3% increase m-o-m but still an 11% drop on a y-o-y basis. Overall, 2012 Kingdom's refinery throughput is estimated at 1.7 mb/d almost unchanged from 2011. Crude runs should be lower in 1Q13 on heavy refinery scheduled maintenance as the Riyadh refinery (120 kb/d) was shut down in February for one month and the Samref Yanbu refinery (400 kb/d) will be shut down in March for 45 to 50 days. On top of that, the commissioning of the first phase (200 kb/d) of the Jubail refinery has been delayed by a pipeline technical failure and postponed to March. The second phase (200 kb/d) is expected to be on stream by end of June.





Kuwait refineries continue operating at very high rates although recently a fire shut part of the heavy oil hydrocracker at Shuaiba oil refinery (200 kb/d). Maintenance at the country's major refinery, Mina Abdullah (270 kb/d), is scheduled for March.

While no data is available for Iran's downstream operations since May 2012, we estimate that refineries in **Iran** are running at 85% of their capacity with an overall crude runs of 1.6 mb/d in November. Facing tightening US and EU sanctions, the refineries are struggling to process more crude domestically. In January, the government announced a plan to improve efficiency and production at the major refineries. Last year, Iran's refining capacity was increased to 2.0 mb/d.

Overall, total refinery runs in the Middle East region for 1Q13 are revised down by 170 kb/d at 5.6 mb/d, on reduced runs for heavy maintenance in Saudi Arabia and Kuwait and delays in commissioning Jubail refinery.

African refinery throughputs, for December, are estimated at 2.0 mb/d up 170 kb/d from last month as Nigeria delayed maintenance and upgrade work at its Port Harcourt refinery. The maintenance was initially planned for the last quarter of 2012 but was delayed to January as Japanese authorities gave negative travel advisory to JGC, the original builders of Port Harcourt. The country has embarked on an ambitious maintenance and upgrading programme to increase the refining capacity of the nation's three refineries to 90% of installed capacity by 2014, against less than 30% today.

December crude runs remain slightly below last year's level as throughput in North Africa continues to be disrupted, boosting gasoline prices in the Mediterranean. In Algeria, the Skikda refinery upgrade is still not completed as one crude distillation unit and two reformers remained shut after one was affected by a fire early January and the second one was in maintenance for a change of catalyst. To meet the national needs, Sonatrach issued a tender to buy 300,000 tons of gasoline for delivery in February and March.

In **Libya**, the Ras Lanuf refinery has been closed down since the end of January due to technical issues, including a power failure and an employee strike. Facing technical difficulties operating their refineries at nominal capacity, Libya should import about 3 million tons of gasoline in 2013 to meet local demand from Lukoil and other foreign firms.

Egypt has reported through the JODI database crude runs of 568 kb/d in November, a level not seen since 2011. Refiners increased their production in order to reduce the strong diesel shortfall the country is currently facing. At the end of December, the Egyptian General Petroleum Corporation issued a tender requesting 450,000 tons of diesel per month from January until March to meet the country's fuel needs. Diesel shortfalls in Egypt are common as the country produces only 75% of its consumption and high fuel subsidies encourage a lucrative black market trade.

We now estimate African crude runs for 4Q12 at 2.1 mb/d, down 1% y-o-y. Refinery throughput for 1Q13 is estimated at 2.0 mb/d given the uncertainties that remain in Algeria, Egypt and Libya regarding refinery operations and security issues.

Table 1
WORLD OIL SUPPLY AND DEMAND
(million barrels per day)

	2009	2010	1Q11	2Q11	3Q11	4Q11	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
OECD DEMAND																	
Americas[1]	23.7	24.1	24.2	23.7	24.2	24.0	24.0	23.5	23.8	23.8	23.9	23.8	23.6	23.6	23.8	24.0	23.8
Europe[2]	14.7	14.7	14.3	14.2	14.7	14.1	14.3	13.7	13.8	13.8	13.8	13.8	13.4	13.3	13.7	13.7	13.5
Asia Oceania[3]	8.0	8.1	8.6	7.4	8.0	8.6	8.1	9.1	8.0	8.2	8.7	8.5	9.1	7.9	8.0	8.4	8.3
Total OECD	46.3	46.9	47.0	45.3	46.8	46.7	46.4	46.3	45.5	45.9	46.3	46.0	46.1	44.7	45.5	46.1	45.6
NON-OECD DEMAND																	
FSU	4.0	4.2	4.2	4.4	4.6	4.6	4.4	4.5	4.5	4.7	4.7	4.6	4.6	4.6	4.8	4.9	4.7
Europe	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.7	0.7
China	7.9	8.8	9.0	9.3	9.2	9.3	9.2	9.3	9.4	9.6	10.1	9.6	9.9	9.8	9.9	10.3	10.0
Other Asia	10.3	10.9	11.1	11.1	10.8	11.2	11.0	11.3	11.4	11.2	11.6	11.4	11.6	11.7	11.4	11.8	11.6
Latin America	5.7	6.0	6.1	6.3	6.5	6.4	6.3	6.3	6.5	6.6	6.7	6.5	6.4	6.6	6.9	6.8	6.7
Middle East	7.1	7.3	7.0	7.4	7.9	7.4	7.4	7.2	7.8	8.1	7.5	7.6	7.3	7.9	8.3	7.7	7.8
Africa	3.4	3.3	3.3	3.3	3.2	3.3	3.3	3.4	3.4	3.4	3.4	3.4	3.5	3.5	3.5	3.6	3.5
Total Non-OECD	39.1	41.2	41.4	42.4	42.8	42.9	42.4	42.6	43.7	44.3	44.7	43.8	43.9	44.9	45.6	45.8	45.1
Total Demand[4]	85.4	88.1	88.4	87.7	89.6	89.6	88.8	88.9	89.2	90.2	91.0	89.8	90.0	89.6	91.1	91.9	90.7
OECD SUPPLY																	
Americas[1,7]	13.6	14.1	14.3	14.3	14.5	15.3	14.6	15.6	15.5	15.7	16.5	15.8	16.6	16.6	16.7	17.1	16.8
Europe[2]	4.5	4.1	4.0	3.7	3.5	3.7	3.8	3.8	3.6	3.2	3.3	3.5	3.4	3.2	3.1	3.3	3.2
Asia Oceania[3]	0.6	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.6	0.6	0.6	0.5	0.5	0.6	0.6	0.5
Total OECD	18.8	18.9	18.9	18.6	18.6	19.6	18.9	19.9	19.7	19.4	20.4	19.8	20.6	20.3	20.4	21.0	20.6
NON-OECD SUPPLY																	
FSU	13.3	13.5	13.6	13.6	13.5	13.6	13.6	13.7	13.6	13.6	13.8	13.7	13.8	13.7	13.4	13.6	13.6
Europe	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
China	3.8	4.1	4.2	4.2	4.0	4.0	4.1	4.2	4.1	4.2	4.3	4.2	4.2	4.3	4.2	4.2	4.2
Other Asia[5]	3.6	3.7	3.7	3.5	3.6	3.6	3.6	3.6	3.5	3.5	3.6	3.6	3.6	3.5	3.5	3.5	3.5
Latin America[5,7]	3.9	4.1	4.2	4.2	4.2	4.3	4.2	4.3	4.1	4.1	4.2	4.2	4.2	4.2	4.3	4.3	4.3
Middle East	1.7	1.7	1.8	1.7	1.7	1.5	1.6	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Africa[5]	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.4	2.3	2.3	2.3	2.3	2.3	2.3	2.4	2.4	2.4
Total Non-OECD	29.0	29.8	30.2	29.8	29.8	29.7	29.9	29.8	29.2	29.3	29.8	29.5	29.8	29.6	29.5	29.7	29.6
Processing Gains[6]	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.2	2.1	2.1	2.2	2.2	2.2	2.2	2.2
Global Biofuels[7]	1.6	1.8	1.5	1.9	2.2	1.8	1.9	1.6	1.9	2.1	1.9	1.9	1.6	2.0	2.3	2.1	2.0
Total Non-OPEC[5]	51.4	52.6	52.7	52.4	52.7	53.2	52.8	53.4	52.8	53.0	54.2	53.4	54.1	54.1	54.4	55.0	54.4
OPEC																	
Crude[8]	29.1	29.2	29.9	29.4	29.9	30.3	29.9	31.3	31.7	31.5	30.9	31.4					
NGLs	4.9	5.4	5.8	5.7	5.8	5.9	5.8	6.0	6.1	6.3	6.3	6.2	6.3	6.3	6.6	6.6	6.4
Total OPEC[5]	34.0	34.6	35.7	35.1	35.6	36.2	35.7	37.4	37.8	37.8	37.2	37.5					
Total Supply[9]	85.4	87.3	88.4	87.5	88.3	89.4	88.4	90.8	90.6	90.7	91.4	90.9					
STOCK CHANGES AND MISCELLANEOUS																	
Reported OECD																	
Industry	-0.1	0.1	-0.5	0.5	-0.2	-0.7	-0.2	0.5	0.4	0.4	-0.5	0.2					
Government	0.1	0.0	0.0	0.0	-0.4	0.1	-0.1	0.0	0.0	0.0	0.0	0.0					
Total	0.0	0.1	-0.5	0.5	-0.5	-0.6	-0.3	0.5	0.4	0.5	-0.5	0.2					
Floating Storage/Oil in Transit	0.3	-0.2	0.2	-0.2	-0.2	0.0	-0.1	-0.4	0.2	-0.1	0.1	0.0					
Miscellaneous to balance[10]	-0.3	-0.7	0.3	-0.4	-0.5	0.5	0.0	1.7	0.9	0.2	0.8	0.9					
Total Stock Ch. & Misc	0.0	-0.8	0.0	-0.1	-1.3	-0.2	-0.4	1.8	1.4	0.5	0.4	1.0					
Memo items:																	
Call on OPEC crude + Stock ch.[11]	29.1	30.0	29.9	29.5	31.2	30.5	30.3	29.5	30.3	31.0	30.5	30.3	29.7	29.1	30.1	30.4	29.8
Adjusted Call on OPEC + Stock ch.[12]	28.8	29.3	30.2	29.1	30.7	31.0	30.2	31.2	31.1	31.1	31.3	31.2	30.1	29.6	30.6	30.8	30.3

1 As of August 2012 OMR, OECD Americas includes Chile.
2 As of August 2012 OMR, OECD Europe includes Estonia and Slovenia.
3 As of August 2012 OMR, OECD Asia Oceania includes Israel.
4 Measured as deliveries from refineries and primary stocks, comprises inland deliveries, international marine bunkers, refinery fuel, crude for direct burning, oil from non-conventional sources and other sources of supply.
5 Other Asia includes Indonesia throughout. Latin America excludes Ecuador throughout. Africa excludes Angola throughout. Total Non-OPEC excludes all countries that were members of OPEC at 1 January 2009. Total OPEC comprises all countries which were OPEC members at 1 January 2009.
6 Net volumetric gains and losses in the refining process and marine transportation losses.
7 As of the July 2010 OMR, Global Biofuels comprise all world biofuel production including fuel ethanol from the US and Brazil.
8 As of the March 2006 OMR, Venezuelan Orinoco heavy crude production is included within Venezuelan crude estimates. Orimulsion fuel remains within the OPEC NGL and non-conventional category, but Orimulsion production reportedly ceased from January 2007.
9 Comprises crude oil, condensates, NGLs, oil from non-conventional sources and other sources of supply.
10 Includes changes in non-reported stocks in OECD and non-OECD areas.
11 Equals the arithmetic difference between total demand minus total non-OPEC supply minus OPEC NGLs.
12 Equals the "Call on OPEC + Stock Ch." with "Miscellaneous to balance" added for historical periods and with an average of "Miscellaneous to balance" for the most recent 8 quarters added for forecast periods.

Table 1A
WORLD OIL SUPPLY AND DEMAND: CHANGES FROM LAST MONTH'S TABLE 1

(million barrels per day)

	2009	2010	1Q11	2Q11	3Q11	4Q11	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
OECD DEMAND																	
Americas	-	-	-0.1	-0.1	-0.1	-	-0.1	-	-	-	-0.2	-0.1	-	-	-0.2	-0.1	-0.1
Europe	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-0.1	-0.1	-0.1	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-
Total OECD	-	-	-0.1	-0.1	-0.1	-	-0.1	-	-	-	-0.2	-0.1	0.1	-0.1	-0.3	-0.2	-0.1
NON-OECD DEMAND																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-0.2	0.1	0.2	-0.1	-	-0.3	0.1	0.2	-	-	-0.1	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	0.1	0.1	0.1	-	0.1	-	-	0.1	-	-
Africa	-	-	-	-	-	-0.1	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-0.2	0.1	0.2	-0.1	-	-0.2	0.2	0.3	-	0.1	-0.1	-	0.1	0.1	-
Total Demand	-	-	-0.3	-	0.2	-0.1	-	-0.2	0.2	0.2	-0.2	-	-	-0.1	-0.1	-0.1	-0.1
OECD SUPPLY																	
Americas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1
Europe	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1
NON-OECD SUPPLY																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	-	-	-	-	0.1	-	0.1	-	-	-	-
Processing Gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Global Biofuels	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OPEC	-	-	-	-	-	-	-	-	-	-	0.1	-	0.1	-	0.1	0.1	0.1
OPEC																	
Crude	-	-	-	-	-	-	-	-	-	0.1	-	-					
NGLs	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-	-0.1	-	-	-	-
Total OPEC	-	-	-	-	-	-	-	-	-	-	-0.1	-					
Total Supply	-	-	-	-	-	-	-	-	-	-	-	-					
STOCK CHANGES AND MISCELLANEOUS REPORTED OECD																	
Industry	-	-	-	-	-	-	-	-	-	-							
Government	-	-	-	-	-	-	-	-	-	-							
Total	-	-	-	-	-	-	-	-	-	-							
Floating Storage/Oil in Transit	-	-	-	-	-	-	-	-	-	-							
Miscellaneous to balance	-	-	0.3	-	-0.2	0.1	-	0.2	-0.3	-0.2							
Total Stock Ch. & Misc	-	-	0.3	-	-0.2	0.1	-	0.2	-0.3	-0.2							
Memo items:																	
Call on OPEC crude + Stock ch.	-	-	-0.3	-	0.2	-0.1	-	-0.2	0.3	0.3	-0.3	-	-0.1	-	-0.2	-0.2	-0.1
Adjusted Call on OPEC + Stock ch.	-	-	-	-	-	-	-	-	-	0.1	-0.2	0.1	-	-	-0.1	-0.1	-0.1

When submitting their monthly oil statistics, OECD Member countries periodically update data for prior periods. Similar updates to non-OECD data can occur.

Table 2

SUMMARY OF GLOBAL OIL DEMAND

	2010	1Q11	2Q11	3Q11	4Q11	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
Demand (mb/d)																
Americas[1]	24.14	24.16	23.74	24.15	23.96	24.00	23.50	23.80	23.84	23.88	23.76	23.64	23.58	23.81	24.03	23.76
Europe[2]	14.65	14.28	14.16	14.70	14.11	14.31	13.75	13.78	13.82	13.77	13.78	13.38	13.26	13.70	13.72	13.52
Asia Oceania[3]	8.10	8.60	7.36	7.98	8.58	8.13	9.08	7.97	8.23	8.68	8.49	9.07	7.88	8.02	8.38	8.34
Total OECD	46.89	47.03	45.26	46.83	46.65	46.44	46.33	45.55	45.89	46.33	46.02	46.10	44.72	45.53	46.12	45.62
Asia	19.70	20.13	20.38	20.01	20.57	20.27	20.59	20.84	20.78	21.69	20.98	21.48	21.50	21.28	22.15	21.61
Middle East	7.32	6.95	7.42	7.86	7.38	7.40	7.20	7.79	8.14	7.47	7.65	7.34	7.87	8.32	7.71	7.81
Latin America	6.04	6.07	6.27	6.48	6.40	6.30	6.27	6.47	6.65	6.72	6.53	6.40	6.61	6.88	6.76	6.66
FSU	4.15	4.22	4.36	4.58	4.57	4.43	4.45	4.47	4.65	4.67	4.56	4.56	4.63	4.84	4.88	4.73
Africa	3.30	3.33	3.30	3.18	3.27	3.27	3.39	3.36	3.36	3.42	3.38	3.48	3.51	3.52	3.59	3.53
Europe	0.68	0.66	0.68	0.71	0.72	0.69	0.68	0.73	0.72	0.73	0.72	0.69	0.73	0.75	0.74	0.73
Total Non-OECD	41.19	41.36	42.41	42.81	42.91	42.38	42.59	43.65	44.30	44.69	43.81	43.95	44.85	45.59	45.83	45.06
World	88.07	88.39	87.67	89.63	89.57	88.82	88.92	89.20	90.20	91.02	89.84	90.04	89.58	91.11	91.95	90.68
of which: US50	19.18	19.07	18.79	19.03	18.91	18.95	18.48	18.71	18.72	18.69	18.65	18.53	18.54	18.67	18.86	18.65
Europe 5*	8.92	8.68	8.52	8.85	8.50	8.64	8.26	8.20	8.20	8.16	8.20	8.04	7.84	8.08	8.13	8.02
China	8.85	9.04	9.31	9.23	9.34	9.23	9.31	9.40	9.60	10.08	9.60	9.88	9.81	9.90	10.34	9.98
Japan	4.44	4.83	3.91	4.31	4.81	4.46	5.28	4.30	4.48	4.83	4.72	5.27	4.19	4.25	4.49	4.55
India	3.37	3.54	3.61	3.31	3.61	3.52	3.67	3.74	3.49	3.71	3.65	3.74	3.83	3.56	3.86	3.75
Russia	2.98	3.00	3.20	3.42	3.39	3.25	3.22	3.30	3.48	3.46	3.37	3.33	3.44	3.66	3.63	3.52
Brazil	2.77	2.78	2.86	2.98	2.95	2.89	2.90	2.96	3.06	3.15	3.02	2.97	3.05	3.20	3.16	3.09
Saudi Arabia	2.76	2.56	2.94	3.18	2.81	2.87	2.66	3.09	3.41	2.87	3.01	2.75	3.20	3.52	3.03	3.13
Canada	2.26	2.32	2.22	2.36	2.25	2.29	2.24	2.32	2.38	2.30	2.31	2.29	2.26	2.37	2.31	2.31
Korea	2.27	2.36	2.05	2.21	2.30	2.23	2.31	2.19	2.23	2.34	2.27	2.30	2.19	2.24	2.34	2.27
Mexico	2.08	2.11	2.12	2.14	2.16	2.13	2.11	2.14	2.11	2.22	2.15	2.14	2.14	2.13	2.20	2.15
Iran	1.84	1.84	1.79	1.78	1.78	1.80	1.83	1.86	1.71	1.71	1.78	1.79	1.76	1.71	1.72	1.74
Total	61.71	62.13	61.31	62.80	62.82	62.27	62.26	62.22	62.88	63.53	62.73	63.03	62.26	63.29	64.08	63.17
% of World	70.1%	70.3%	69.9%	70.1%	70.1%	70.1%	70.0%	69.8%	69.7%	69.8%	69.8%	70.0%	69.5%	69.5%	69.7%	69.7%
Annual Change (% per annum)																
Americas[1]	2.0	1.7	-1.4	-1.3	-1.1	-0.6	-2.7	0.3	-1.3	-0.3	-1.0	0.6	-0.9	-0.1	0.6	0.0
Europe[2]	-0.3	-1.0	-1.2	-1.7	-5.2	-2.3	-3.7	-2.7	-6.0	-2.5	-3.7	-2.6	-3.7	-0.9	-0.4	-1.9
Asia Oceania[3]	1.8	0.7	-3.3	0.9	3.0	0.4	5.6	8.2	3.2	1.1	4.4	-0.1	-1.1	-2.6	-3.4	-1.8
Total OECD	1.3	0.7	-1.7	-1.0	-1.7	-0.9	-1.5	0.6	-2.0	-0.7	-0.9	-0.5	-1.8	-0.8	-0.4	-0.9
Asia	8.2	5.4	2.5	2.7	1.3	2.9	2.3	2.2	3.9	5.4	3.5	4.3	3.2	2.4	2.1	3.0
Middle East	2.8	0.9	1.0	0.7	1.9	1.1	3.6	4.9	3.6	1.2	3.3	1.9	1.1	2.2	3.2	2.1
Latin America	6.1	4.8	4.0	4.9	4.1	4.4	3.3	3.2	2.6	5.0	3.5	2.0	2.2	3.5	0.7	2.1
FSU	3.2	3.5	8.5	7.5	7.4	6.7	5.6	2.7	1.7	2.1	2.9	2.3	3.6	3.9	4.5	3.6
Africa	-2.0	1.9	-2.3	-2.6	-0.2	-0.8	1.8	1.9	5.6	4.5	3.4	2.6	4.4	4.8	4.9	4.2
Europe	-1.4	-1.7	0.4	3.8	2.6	1.3	3.0	7.3	2.0	1.5	3.4	1.6	-0.1	3.9	1.1	1.6
Total Non-OECD	5.4	3.9	2.6	2.8	2.4	2.9	3.0	2.9	3.5	4.1	3.4	3.2	2.8	2.9	2.5	2.8
World	3.1	2.2	0.3	0.7	0.2	0.9	0.6	1.7	0.6	1.6	1.1	1.3	0.4	1.0	1.0	0.9
Annual Change (mb/d)																
Americas[1]	0.48	0.41	-0.35	-0.31	-0.28	-0.13	-0.66	0.06	-0.31	-0.08	-0.25	0.14	-0.23	-0.03	0.14	0.01
Europe[2]	-0.04	-0.14	-0.18	-0.26	-0.77	-0.34	-0.53	-0.38	-0.88	-0.35	-0.54	-0.36	-0.51	-0.12	-0.05	-0.26
Asia Oceania[3]	0.14	0.06	-0.25	0.07	0.25	0.03	0.49	0.60	0.26	0.10	0.36	-0.01	-0.09	-0.22	-0.29	-0.15
Total OECD	0.59	0.32	-0.78	-0.50	-0.80	-0.44	-0.71	0.28	-0.93	-0.33	-0.42	-0.23	-0.82	-0.37	-0.20	-0.41
Asia	1.49	1.03	0.49	0.53	0.27	0.58	0.46	0.45	0.78	1.12	0.70	0.89	0.67	0.50	0.46	0.63
Middle East	0.20	0.06	0.07	0.06	0.14	0.08	0.25	0.36	0.28	0.09	0.25	0.14	0.09	0.18	0.24	0.16
Latin America	0.35	0.28	0.24	0.30	0.25	0.27	0.20	0.20	0.17	0.32	0.22	0.13	0.14	0.23	0.05	0.14
FSU	0.13	0.14	0.34	0.32	0.31	0.28	0.24	0.12	0.08	0.10	0.13	0.10	0.16	0.18	0.21	0.17
Africa	-0.07	0.06	-0.08	-0.09	-0.01	-0.03	0.06	0.06	0.18	0.15	0.11	0.09	0.15	0.16	0.17	0.14
Europe	-0.01	-0.01	0.00	0.03	0.02	0.01	0.02	0.05	0.01	0.01	0.02	0.01	0.00	0.03	0.01	0.01
Total Non-OECD	2.10	1.56	1.07	1.15	0.99	1.19	1.23	1.24	1.50	1.78	1.44	1.36	1.20	1.28	1.13	1.25
World	2.68	1.89	0.29	0.65	0.19	0.75	0.52	1.53	0.56	1.45	1.02	1.12	0.38	0.92	0.93	0.84
Revisions to Oil Demand from Last Month's Report (mb/d)																
Americas[1]	0.00	-0.08	-0.07	-0.05	-0.03	-0.06	-0.01	-0.01	-0.05	-0.19	-0.06	0.03	-0.03	-0.18	-0.10	-0.07
Europe[2]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.08	-0.02	0.03	-0.05	-0.08	-0.07	-0.04
Asia Oceania[3]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.08	0.02	0.05	0.03	-0.02	0.00	0.02
Total OECD	0.00	-0.08	-0.07	-0.05	-0.03	-0.06	-0.01	-0.01	-0.05	-0.19	-0.07	0.11	-0.05	-0.28	-0.17	-0.10
Asia	0.04	-0.23	0.06	0.20	-0.08	-0.01	-0.29	0.14	0.20	0.02	0.02	-0.09	-0.01	0.03	0.02	-0.01
Middle East	0.00	0.03	0.04	0.04	0.04	0.04	0.08	0.09	0.09	-0.05	0.05	0.01	0.02	0.06	0.00	0.02
Latin America	0.00	0.01	0.01	0.01	0.02	0.01	0.02	0.02	0.02	0.06	0.03	-0.02	-0.01	0.04	0.03	0.01
FSU	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.03	0.00	0.02	0.00	0.00
Africa	0.00	-0.01	-0.01	-0.01	-0.06	-0.02	-0.01	-0.02	-0.03	-0.04	-0.02	-0.02	-0.02	0.00	0.01	-0.01
Europe	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Non-OECD	0.05	-0.19	0.10	0.25	-0.08	0.02	-0.20	0.23	0.27	-0.02	0.07	-0.15	-0.02	0.14	0.07	0.01
World	0.05	-0.27	0.03	0.19	-0.11	-0.04	-0.21	0.22	0.22	-0.21	0.00	-0.04	-0.07	-0.14	-0.10	-0.09
Revisions to Oil Demand Growth from Last Month's Report (mb/d)																
World	0.06	-0.24	-0.07	-0.02	-0.01	-0.08	0.06	0.19	0.03	-0.10	0.04	0.17	-0.29	-0.36	0.11	-0.09

1 As of the August 2012 OMR, includes Chile.

2 As of the August 2012 OMR, includes Estonia and Slovenia.

3 As of the August 2012 OMR, includes Israel.

* France, Germany, Italy, Spain and UK

Table 2a

OECD REGIONAL OIL DEMAND[1]

(million barrels per day)

	2011	2012	4Q11	1Q12	2Q12	3Q12	Sep 12	Oct 12	Nov 12 [2]	Latest month vs. Oct 12	Latest month vs. Nov 11
Americas[3]											
LPG&Ethane	3.10	3.06	3.25	3.20	2.89	2.94	2.95	3.10	3.16	0.06	-0.06
Naphtha	0.35	0.34	0.34	0.35	0.35	0.33	0.31	0.34	0.36	0.03	0.03
Motor Gasoline	10.43	10.43	10.30	10.17	10.69	10.57	10.21	10.40	10.22	-0.18	0.01
Jet/Kerosene	1.66	1.65	1.62	1.61	1.66	1.70	1.61	1.60	1.67	0.07	0.02
Gasoil/Diesel Oil	5.15	5.06	5.26	5.09	5.01	4.94	4.94	5.16	5.26	0.10	-0.18
Residual Fuel Oil	0.89	0.76	0.87	0.81	0.75	0.74	0.60	0.81	0.68	-0.13	-0.11
Other Products	2.43	2.45	2.32	2.27	2.46	2.63	2.48	2.60	2.47	-0.13	0.00
Total	24.00	23.76	23.96	23.49	23.80	23.84	23.10	24.01	23.83	-0.18	-0.30
Europe[4]											
LPG&Ethane	0.96	0.92	0.95	1.00	0.93	0.87	0.80	0.81	0.88	0.07	-0.08
Naphtha	1.17	1.19	1.09	1.27	1.11	1.14	1.21	1.22	1.20	-0.02	0.10
Motor Gasoline	2.11	1.97	2.05	1.91	2.03	2.04	1.97	1.96	1.91	-0.05	-0.16
Jet/Kerosene	1.24	1.19	1.18	1.08	1.22	1.30	1.32	1.23	1.14	-0.09	0.00
Gasoil/Diesel Oil	6.08	5.97	6.23	5.94	5.86	5.87	5.94	6.40	6.28	-0.12	-0.01
Residual Fuel Oil	1.26	1.12	1.21	1.20	1.10	1.09	1.07	1.06	1.07	0.01	-0.09
Other Products	1.49	1.42	1.40	1.34	1.52	1.51	1.47	1.46	1.36	-0.10	-0.12
Total	14.31	13.78	14.11	13.75	13.78	13.82	13.78	14.14	13.83	-0.31	-0.35
Asia Oceania[5]											
LPG&Ethane	0.85	0.86	0.88	0.99	0.81	0.82	0.79	0.75	0.79	0.04	-0.05
Naphtha	1.71	1.75	1.73	1.78	1.68	1.76	1.79	1.72	1.85	0.14	0.10
Motor Gasoline	1.61	1.62	1.64	1.59	1.56	1.68	1.62	1.61	1.62	0.02	0.00
Jet/Kerosene	0.88	0.87	0.99	1.19	0.65	0.65	0.67	0.78	0.98	0.21	0.08
Gasoil/Diesel Oil	1.70	1.76	1.79	1.80	1.68	1.73	1.68	1.74	1.84	0.10	0.05
Residual Fuel Oil	0.79	0.92	0.86	1.00	0.90	0.90	0.88	0.83	0.85	0.02	0.01
Other Products	0.59	0.70	0.70	0.73	0.70	0.68	0.72	0.69	0.65	-0.04	0.04
Total	8.13	8.49	8.58	9.08	7.97	8.23	8.17	8.11	8.60	0.48	0.22
OECD											
LPG&Ethane	4.90	4.84	5.08	5.20	4.63	4.63	4.55	4.67	4.84	0.17	-0.19
Naphtha	3.23	3.28	3.15	3.40	3.14	3.23	3.31	3.27	3.41	0.14	0.23
Motor Gasoline	14.15	14.02	13.99	13.67	14.28	14.29	13.80	13.97	13.75	-0.22	-0.16
Jet/Kerosene	3.78	3.72	3.78	3.88	3.53	3.65	3.61	3.61	3.80	0.19	0.10
Gasoil/Diesel Oil	12.93	12.78	13.29	12.84	12.54	12.54	12.56	13.30	13.38	0.08	-0.14
Residual Fuel Oil	2.94	2.80	2.94	3.01	2.75	2.73	2.55	2.70	2.60	-0.10	-0.19
Other Products	4.51	4.57	4.41	4.34	4.68	4.81	4.66	4.75	4.47	-0.27	-0.09
Total	46.44	46.02	46.65	46.33	45.55	45.89	45.05	46.26	46.26	0.00	-0.44

1 Demand, measured as deliveries from refineries and primary stocks, comprises inland deliveries, international bunkers and refinery fuel. It includes crude for direct burning, oil from non-conventional sources and other sources of supply. Jet/kerosene comprises jet kerosene and non-aviation kerosene. Gasoil comprises diesel, light heating oil and other gasoils. North America comprises US 50 states, US territories, Mexico and Canada.
2 Latest official OECD submissions (MOS).
3 As of the August 2012 OMR, includes Chile.
4 As of the August 2012 OMR, includes Estonia and Slovenia.
5 As of the August 2012 OMR, includes Israel.

Table 2b

OIL DEMAND IN SELECTED OECD COUNTRIES[1]

(million barrels per day)

	2011	2012	4Q11	1Q12	2Q12	3Q12	Sep 12	Oct 12	Nov 12 [2]	Latest month vs. Oct 12	Latest month vs. Nov 11
United States[3]											
LPG	2.27	2.28	2.41	2.38	2.11	2.18	2.23	2.40	2.38	-0.03	-0.02
Naphtha	0.25	0.24	0.26	0.26	0.25	0.22	0.21	0.26	0.26	0.00	-0.01
Motor Gasoline	8.75	8.73	8.62	8.49	8.95	8.85	8.57	8.71	8.55	-0.16	0.01
Jet/Kerosene	1.44	1.41	1.39	1.36	1.45	1.45	1.38	1.35	1.42	0.07	-0.01
Gasoil	3.90	3.77	3.99	3.83	3.73	3.66	3.69	3.84	3.91	0.06	-0.20
Residual Fuel Oil	0.46	0.36	0.45	0.42	0.35	0.35	0.29	0.28	0.29	0.01	-0.13
Other Products	1.87	1.85	1.79	1.74	1.88	2.00	1.82	1.94	1.84	-0.11	-0.10
Total	18.95	18.65	18.91	18.48	18.71	18.72	18.20	18.77	18.63	-0.15	-0.45
Japan											
LPG	0.50	0.53	0.52	0.63	0.50	0.49	0.48	0.46	0.50	0.03	0.00
Naphtha	0.73	0.70	0.72	0.73	0.66	0.70	0.67	0.68	0.73	0.05	-0.01
Motor Gasoline	0.98	0.98	1.00	0.96	0.93	1.04	0.99	0.97	0.96	0.00	-0.01
Jet/Kerosene	0.53	0.54	0.62	0.83	0.35	0.34	0.36	0.43	0.62	0.19	0.08
Diesel	0.44	0.45	0.47	0.45	0.43	0.46	0.45	0.46	0.47	0.00	0.01
Other Gasoil	0.37	0.37	0.39	0.45	0.32	0.33	0.32	0.33	0.38	0.06	0.00
Residual Fuel Oil	0.44	0.57	0.52	0.60	0.54	0.57	0.58	0.53	0.51	-0.02	0.00
Other Products	0.47	0.58	0.58	0.64	0.57	0.56	0.60	0.57	0.48	-0.09	-0.04
Total	4.46	4.72	4.81	5.28	4.30	4.48	4.44	4.42	4.64	0.22	0.04
Germany											
LPG	0.10	0.10	0.09	0.10	0.10	0.11	0.11	0.09	0.09	0.00	0.01
Naphtha	0.37	0.38	0.33	0.39	0.35	0.36	0.34	0.38	0.40	0.02	0.08
Motor Gasoline	0.45	0.43	0.45	0.42	0.44	0.43	0.42	0.43	0.42	-0.01	-0.05
Jet/Kerosene	0.18	0.18	0.17	0.16	0.18	0.20	0.21	0.20	0.18	-0.02	0.01
Diesel	0.67	0.67	0.68	0.64	0.67	0.70	0.69	0.71	0.71	0.00	-0.03
Other Gasoil	0.38	0.38	0.43	0.36	0.36	0.33	0.35	0.48	0.48	-0.01	0.07
Residual Fuel Oil	0.14	0.13	0.14	0.14	0.13	0.12	0.11	0.11	0.13	0.01	-0.01
Other Products	0.10	0.09	0.11	0.06	0.10	0.11	0.11	0.11	0.09	-0.01	-0.04
Total	2.40	2.35	2.41	2.27	2.33	2.35	2.34	2.51	2.50	-0.01	0.05
Italy											
LPG	0.10	0.09	0.11	0.12	0.08	0.08	0.08	0.07	0.09	0.02	-0.01
Naphtha	0.08	0.07	0.07	0.07	0.08	0.06	0.08	0.07	0.07	0.00	0.00
Motor Gasoline	0.23	0.20	0.22	0.18	0.21	0.21	0.20	0.20	0.19	-0.01	-0.02
Jet/Kerosene	0.09	0.08	0.08	0.07	0.08	0.10	0.09	0.08	0.07	-0.01	0.00
Diesel	0.50	0.45	0.50	0.43	0.47	0.46	0.45	0.47	0.43	-0.04	-0.07
Other Gasoil	0.11	0.11	0.13	0.11	0.09	0.10	0.11	0.13	0.12	-0.01	-0.01
Residual Fuel Oil	0.13	0.12	0.12	0.13	0.11	0.13	0.11	0.12	0.12	0.00	0.01
Other Products	0.22	0.19	0.20	0.18	0.20	0.21	0.20	0.22	0.16	-0.06	-0.05
Total	1.45	1.31	1.43	1.30	1.32	1.34	1.31	1.36	1.26	-0.10	-0.15
France											
LPG	0.10	0.10	0.11	0.13	0.09	0.08	0.08	0.10	0.11	0.01	0.00
Naphtha	0.14	0.14	0.13	0.15	0.15	0.14	0.12	0.10	0.08	-0.02	-0.05
Motor Gasoline	0.18	0.17	0.17	0.15	0.17	0.18	0.16	0.17	0.16	-0.01	0.00
Jet/Kerosene	0.15	0.15	0.15	0.14	0.15	0.16	0.16	0.15	0.14	-0.01	0.00
Diesel	0.69	0.69	0.69	0.67	0.70	0.69	0.68	0.73	0.71	-0.02	0.03
Other Gasoil	0.27	0.28	0.27	0.33	0.23	0.26	0.29	0.33	0.29	-0.04	0.06
Residual Fuel Oil	0.08	0.07	0.09	0.09	0.07	0.06	0.06	0.06	0.06	0.00	-0.03
Other Products	0.17	0.15	0.16	0.14	0.16	0.15	0.17	0.16	0.15	-0.01	-0.02
Total	1.79	1.74	1.75	1.80	1.71	1.73	1.73	1.81	1.71	-0.10	-0.02
United Kingdom											
LPG	0.13	0.10	0.12	0.13	0.12	0.09	0.06	0.06	0.08	0.02	-0.03
Naphtha	0.03	0.02	0.02	0.03	0.02	0.02	0.03	0.02	0.02	0.01	-0.01
Motor Gasoline	0.34	0.32	0.33	0.33	0.33	0.32	0.33	0.30	0.32	0.02	-0.02
Jet/Kerosene	0.32	0.31	0.32	0.30	0.31	0.31	0.33	0.31	0.32	0.01	-0.01
Diesel	0.45	0.46	0.47	0.45	0.46	0.46	0.47	0.45	0.49	0.04	0.01
Other Gasoil	0.12	0.12	0.11	0.11	0.11	0.13	0.13	0.12	0.12	0.00	0.00
Residual Fuel Oil	0.06	0.05	0.06	0.05	0.05	0.05	0.05	0.05	0.04	-0.01	-0.02
Other Products	0.15	0.13	0.14	0.15	0.14	0.13	0.13	0.10	0.11	0.01	-0.02
Total	1.61	1.51	1.57	1.54	1.55	1.50	1.53	1.42	1.51	0.08	-0.09
Canada											
LPG	0.37	0.32	0.38	0.35	0.34	0.31	0.27	0.25	0.33	0.07	-0.04
Naphtha	0.08	0.09	0.06	0.09	0.10	0.10	0.10	0.07	0.09	0.02	0.04
Motor Gasoline	0.76	0.79	0.75	0.77	0.82	0.82	0.76	0.75	0.75	-0.01	-0.01
Jet/Kerosene	0.12	0.12	0.12	0.12	0.10	0.13	0.12	0.13	0.14	0.00	0.02
Diesel	0.30	0.30	0.30	0.30	0.30	0.30	0.31	0.29	0.31	0.02	0.00
Other Gasoil	0.27	0.28	0.27	0.26	0.25	0.29	0.28	0.28	0.30	0.02	-0.02
Residual Fuel Oil	0.09	0.08	0.09	0.08	0.08	0.07	0.04	0.06	0.08	0.02	0.00
Other Products	0.31	0.33	0.29	0.27	0.33	0.37	0.40	0.38	0.35	-0.03	0.07
Total	2.29	2.31	2.25	2.24	2.32	2.38	2.28	2.23	2.35	0.12	0.07

1 Demand, measured as deliveries from refineries and primary stocks, comprises inland deliveries, international bunkers and refinery fuel. It includes crude for direct burning, oil from non-conventional sources and other sources of supply. Jet/kerosene comprises jet kerosene and non-aviation kerosene. Gasoil comprises diesel, light heating oil and other gasoils.
2 Latest official OECD submissions (MOS).
3 US figures exclude US territories.

Table 3
WORLD OIL PRODUCTION
(million barrels per day)

	2011	2012	2013	3Q12	4Q12	1Q13	2Q13	3Q13	Nov 12	Dec 12	Jan 13
OPEC											
Crude Oil											
Saudi Arabia	9.04	9.57		9.60	9.32				9.39	8.89	8.99
Iran	3.62	3.00		2.81	2.71				2.70	2.70	2.65
Iraq	2.67	2.95		3.07	3.12				3.21	2.97	2.97
UAE	2.50	2.65		2.69	2.67				2.65	2.68	2.60
Kuwait	2.24	2.46		2.47	2.51				2.48	2.52	2.56
Neutral Zone	0.59	0.56		0.54	0.52				0.52	0.52	0.52
Qatar	0.74	0.74		0.75	0.72				0.73	0.70	0.72
Angola	1.66	1.78		1.77	1.79				1.80	1.78	1.77
Nigeria	2.18	2.10		2.17	1.99				1.88	2.10	2.00
Libya	0.46	1.39		1.43	1.42				1.45	1.40	1.38
Algeria	1.18	1.17		1.18	1.16				1.18	1.18	1.18
Ecuador	0.50	0.50		0.50	0.50				0.50	0.50	0.50
Venezuela	2.50	2.50		2.52	2.48				2.47	2.50	2.50
Total Crude Oil[6]	29.88	31.37		31.50	30.91				30.95	30.44	30.34
Total NGLs[1,6]	5.78	6.16	6.45	6.25	6.26	6.25	6.33	6.60	6.26	6.26	6.25
Total OPEC[6]	35.65	37.53		37.75	37.17				37.21	36.70	36.59
OPEC: Historical Composition[6]	35.65	37.53		37.75	37.17				37.21	36.70	36.59
NON-OPEC[2]											
OECD											
Americas[7]	14.59	15.80	16.77	15.65	16.46	16.63	16.57	16.73	16.49	16.61	16.66
United States[5]	8.13	9.11	9.83	9.06	9.64	9.71	9.73	9.82	9.66	9.68	9.78
Mexico	2.94	2.92	2.86	2.93	2.90	2.90	2.86	2.85	2.93	2.90	2.94
Canada	3.51	3.76	4.07	3.65	3.90	4.01	3.97	4.06	3.89	4.01	3.92
Chile	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Europe[8]	3.77	3.47	3.24	3.15	3.33	3.41	3.21	3.07	3.34	3.51	3.42
UK	1.11	0.95	0.85	0.82	0.89	0.97	0.85	0.72	0.92	1.03	0.99
Norway	2.04	1.91	1.81	1.75	1.84	1.84	1.78	1.78	1.81	1.88	1.83
Others	0.61	0.60	0.58	0.59	0.60	0.60	0.58	0.57	0.61	0.60	0.60
Asia Oceania[9]	0.57	0.57	0.55	0.60	0.62	0.52	0.54	0.57	0.60	0.61	0.53
Australia	0.48	0.48	0.47	0.51	0.54	0.43	0.46	0.49	0.53	0.53	0.45
Others	0.09	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.07	0.08	0.09
Total OECD	18.92	19.84	20.55	19.40	20.41	20.56	20.32	20.37	20.43	20.73	20.61
NON-OECD											
Former USSR	13.57	13.69	13.63	13.58	13.84	13.78	13.66	13.44	13.88	13.84	13.83
Russia	10.60	10.73	10.68	10.71	10.83	10.80	10.71	10.55	10.84	10.83	10.85
Others	2.97	2.95	2.95	2.88	3.01	2.98	2.95	2.89	3.03	3.00	2.98
Asia	7.68	7.74	7.76	7.71	7.84	7.82	7.78	7.73	7.86	7.87	7.79
China	4.10	4.18	4.25	4.17	4.27	4.24	4.26	4.25	4.28	4.27	4.20
Malaysia	0.65	0.67	0.69	0.65	0.68	0.69	0.68	0.68	0.69	0.68	0.69
India	0.91	0.90	0.91	0.91	0.90	0.93	0.91	0.90	0.89	0.93	0.93
Indonesia	0.93	0.87	0.82	0.85	0.85	0.85	0.83	0.81	0.85	0.85	0.85
Others	1.09	1.12	1.10	1.13	1.14	1.11	1.10	1.09	1.15	1.14	1.13
Europe	0.14	0.14	0.13	0.14	0.14	0.13	0.13	0.13	0.13	0.13	0.13
Latin America	4.23	4.18	4.26	4.10	4.19	4.24	4.22	4.26	4.16	4.26	4.25
Brazil[5]	2.19	2.15	2.24	2.07	2.14	2.23	2.21	2.24	2.13	2.20	2.22
Argentina	0.69	0.67	0.62	0.68	0.66	0.63	0.62	0.62	0.65	0.66	0.63
Colombia	0.92	0.95	1.01	0.94	0.98	1.00	1.00	1.02	0.97	0.99	1.01
Others	0.43	0.41	0.39	0.41	0.41	0.39	0.39	0.39	0.40	0.41	0.39
Middle East[3]	1.65	1.46	1.47	1.50	1.48	1.46	1.47	1.48	1.50	1.45	1.44
Oman	0.89	0.92	0.95	0.93	0.94	0.93	0.95	0.97	0.95	0.94	0.94
Syria	0.33	0.16	0.14	0.16	0.16	0.15	0.14	0.14	0.16	0.15	0.15
Yemen	0.23	0.18	0.18	0.21	0.19	0.19	0.19	0.18	0.21	0.16	0.16
Others	0.20	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19
Africa	2.60	2.31	2.38	2.25	2.29	2.32	2.33	2.42	2.29	2.29	2.32
Egypt	0.74	0.73	0.72	0.73	0.73	0.73	0.73	0.72	0.73	0.73	0.73
Gabon	0.25	0.25	0.25	0.24	0.25	0.25	0.25	0.24	0.25	0.25	0.25
Others	1.61	1.33	1.41	1.28	1.31	1.34	1.36	1.46	1.31	1.32	1.34
Total Non-OECD	29.87	29.50	29.63	29.29	29.77	29.76	29.60	29.46	29.82	29.83	29.76
Processing Gains[4]	2.11	2.14	2.18	2.16	2.13	2.18	2.16	2.20	2.16	2.15	2.21
Global Biofuels[5]	1.87	1.87	2.02	2.14	1.90	1.61	2.03	2.34	1.94	1.67	1.61
TOTAL NON-OPEC[6]	52.77	53.35	54.39	52.99	54.22	54.11	54.10	54.37	54.34	54.38	54.19
Non-OPEC: Historical Composition[6]	52.77	53.35	54.39	52.99	54.22	54.11	54.10	54.37	54.34	54.38	54.19
TOTAL SUPPLY	88.42	90.88		90.74	91.38				91.55	91.08	90.78

1 Includes condensates reported by OPEC countries, oil from non-conventional sources, e.g. Venezuelan Orimulsion (but not Orinoco extra-heavy oil), and non-oil inputs to Saudi Arabian MTBE. Orimulsion production reportedly ceased from January 2007.
2 Comprises crude oil, condensates, NGLs and oil from non-conventional sources
3 Includes small amounts of production from Jordan and Bahrain.
4 Net volumetric gains and losses in refining and marine transportation losses.
5 As of the July 2010 OMR, Global Biofuels comprise all world biofuel production including fuel ethanol from the US and Brazil.
6 Total OPEC comprises all countries which were OPEC members at 1 January 2009. OPEC Historical Composition comprises countries which were OPEC members at that point in time. Total Non-OPEC excludes all countries that were OPEC members at 1 January 2009. Non-OPEC Historical Composition excludes countries that were OPEC members at that point in time.
7 As of the August 2012 OMR, includes Chile.
8 As of the August 2012 OMR, includes Estonia and Slovenia.
9 As of the August 2012 OMR, includes Israel.

Table 4

OECD INDUSTRY STOCKS[1] AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS[2] in Million Barrels					PRIOR YEARS' STOCKS[2] in Million Barrels			STOCK CHANGES in mb/d			
	Aug2012	Sep2012	Oct2012	Nov2012	Dec2012*	Dec2009	Dec2010	Dec2011	1Q2012	2Q2012	3Q2012	4Q2012
OECD Americas												
Crude	502.1	510.2	515.3	519.5	507.6	451.1	479.9	466.9	0.41	0.23	-0.16	-0.03
Motor Gasoline	236.2	235.8	239.6	249.5	266.5	255.2	253.7	259.0	-0.03	-0.17	-0.06	0.33
Middle Distillate	202.8	203.4	195.9	191.4	204.4	241.6	241.3	226.5	-0.21	-0.21	0.16	0.01
Residual Fuel Oil	43.0	45.3	47.2	45.2	44.1	45.0	50.2	41.8	0.02	0.03	-0.01	-0.01
Total Products[3]	690.5	694.4	683.5	680.9	695.8	690.0	699.6	690.6	-0.27	0.02	0.29	0.02
Total[4]	1360.7	1380.7	1370.5	1367.9	1372.7	1283.7	1328.9	1308.4	0.28	0.30	0.21	-0.09
OECD Europe												
Crude	321.4	308.9	312.0	320.8	313.0	335.4	325.0	288.6	0.29	0.06	-0.12	0.04
Motor Gasoline	89.7	92.6	89.8	91.2	89.8	101.8	97.0	94.9	-0.02	-0.06	0.06	-0.03
Middle Distillate	269.7	260.7	246.3	247.2	250.3	288.4	278.2	270.6	0.03	-0.28	0.14	-0.11
Residual Fuel Oil	83.7	84.0	87.2	85.4	84.4	94.2	90.3	82.2	0.00	-0.01	0.03	0.00
Total Products[3]	558.3	550.6	531.3	533.9	535.5	592.4	573.9	561.6	0.02	-0.34	0.21	-0.16
Total[4]	949.3	928.4	911.5	925.4	915.7	994.8	969.2	917.1	0.35	-0.29	0.06	-0.14
OECD Asia Oceania												
Crude	165.5	171.7	170.6	168.1	163.7	160.5	158.5	155.9	0.00	0.16	0.02	-0.09
Motor Gasoline	28.1	28.2	28.3	25.5	24.9	22.9	23.6	22.1	0.04	0.01	0.02	-0.04
Middle Distillate	70.8	69.3	71.1	64.4	58.4	62.2	59.9	61.0	-0.07	0.07	0.08	-0.12
Residual Fuel Oil	21.7	21.4	20.4	18.9	20.0	18.6	18.9	19.0	0.01	0.00	0.02	-0.01
Total Products[3]	182.0	185.3	187.8	176.3	167.7	160.9	163.3	164.3	-0.12	0.16	0.20	-0.19
Total[4]	420.0	428.9	431.9	416.5	399.5	383.2	391.5	390.1	-0.13	0.38	0.17	-0.32
Total OECD												
Crude	988.9	990.8	997.9	1008.5	984.3	947.0	963.4	911.4	0.70	0.45	-0.27	-0.07
Motor Gasoline	354.0	356.5	357.7	366.3	381.2	379.9	374.3	376.0	-0.01	-0.23	0.02	0.27
Middle Distillate	543.2	533.4	513.3	502.9	513.0	592.2	579.4	558.1	-0.25	-0.41	0.39	-0.22
Residual Fuel Oil	148.4	150.7	154.8	149.5	148.5	157.8	159.3	143.0	0.03	0.02	0.04	-0.02
Total Products[3]	1430.8	1430.3	1402.6	1391.1	1399.0	1443.3	1436.8	1416.4	-0.38	-0.17	0.69	-0.34
Total[4]	2730.0	2738.1	2713.9	2709.8	2687.8	2661.7	2689.6	2615.6	0.51	0.39	0.44	-0.55

OECD GOVERNMENT-CONTROLLED STOCKS[5] AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS[2] in Million Barrels					PRIOR YEARS' STOCKS[2] in Million Barrels			STOCK CHANGES in mb/d			
	Aug2012	Sep2012	Oct2012	Nov2012	Dec2012*	Dec2009	Dec2010	Dec2011	1Q2012	2Q2012	3Q2012	4Q2012
OECD Americas												
Crude	696.0	695.0	695.0	695.0	695.0	726.6	726.6	696.0	0.00	0.00	-0.01	0.00
Products	1.0	1.0	1.0	1.0	1.0	2.0	2.0	0.7	0.00	0.00	0.00	0.00
OECD Europe												
Crude	194.8	195.3	195.7	196.1	196.1	184.2	186.5	186.7	0.03	0.04	0.03	0.01
Products	234.6	236.5	235.0	235.9	236.6	245.0	239.0	238.1	-0.04	0.00	0.02	0.00
OECD Asia Oceania												
Crude	393.4	393.5	393.5	393.6	393.6	389.0	389.6	393.6	0.00	0.00	0.00	0.00
Products	20.0	20.0	20.0	20.0	20.5	20.0	20.0	20.0	0.00	0.00	0.00	0.00
Total OECD												
Crude	1284.2	1283.8	1284.2	1284.6	1284.6	1299.8	1302.5	1276.2	0.03	0.04	0.02	0.01
Products	255.6	257.5	256.0	256.9	258.0	267.0	261.0	258.8	-0.03	0.00	0.02	0.01
Total[4]	1541.1	1542.5	1541.4	1542.8	1543.9	1568.2	1564.8	1536.3	-0.01	0.04	0.04	0.02

* estimated

1 Stocks are primary national territory stocks on land (excluding utility stocks and including pipeline and entrepot stocks where known) and include stocks held by industry to meet IEA, EU and national emergency reserve commitments and are subject to government control in emergencies.

2 Closing stock levels.

3 Total products includes gasoline, middle distillates, fuel oil and other products.

4 Total includes NGLs, refinery feedstocks, additives/oxygenates and other hydrocarbons.

5 Includes government-owned stocks and stock holding organisation stocks held for emergency purposes.

Table 5
TOTAL STOCKS ON LAND IN OECD COUNTRIES[1]

('millions of barrels' and 'days')

	End December 2011		End March 2012		End June 2012		End September 2012		End December 2012 [3]	
	Stock Level	Days Fwd[2] Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand
OECD Americas										
Canada	177.9	79	174.9	76	171.4	72	176.8	-	-	-
Chile	9.9	29	10.5	30	10.3	30	9.8	-	-	-
Mexico	44.4	21	44.8	21	45.3	21	48.7	-	-	-
United States[4]	1750.7	95	1778.8	95	1809.4	97	1819.4	-	-	-
Total[4]	2005.0	86	2031.2	86	2058.4	86	2076.7	87	2068.6	88
OECD Asia Oceania										
Australia	40.1	39	39.5	38	40.5	39	44.0	-	-	-
Israel	-	-	-	-	-	-	-	-	-	-
Japan	588.5	111	579.5	135	601.3	134	605.7	-	-	-
Korea	166.8	72	164.0	75	176.7	79	183.8	-	-	-
New Zealand	8.3	51	9.0	60	8.0	56	8.9	-	-	-
Total	803.7	88	792.0	99	826.6	100	842.5	97	813.5	90
OECD Europe[5]										
Austria	22.6	91	22.1	86	21.1	78	21.3	-	-	-
Belgium	36.4	56	34.8	57	38.6	63	38.3	-	-	-
Czech Republic	20.7	114	20.2	101	18.6	88	18.9	-	-	-
Denmark	22.4	142	21.4	133	19.5	120	20.5	-	-	-
Estonia	1.3	48	1.2	42	1.1	42	1.1	-	-	-
Finland	29.2	149	29.9	159	28.0	148	28.2	-	-	-
France	165.0	92	164.7	96	163.7	95	164.0	-	-	-
Germany	278.6	123	281.2	121	280.2	119	284.3	-	-	-
Greece	27.9	79	29.1	94	28.9	94	30.1	-	-	-
Hungary	15.4	125	17.2	143	15.9	117	15.6	-	-	-
Ireland	10.7	84	11.7	91	10.5	83	9.5	-	-	-
Italy	148.4	115	152.4	115	148.1	110	156.6	-	-	-
Luxembourg	0.6	10	0.5	8	0.6	11	0.7	-	-	-
Netherlands	103.0	104	121.1	117	112.6	113	113.5	-	-	-
Norway	25.9	106	29.1	115	27.4	108	27.0	-	-	-
Poland	64.5	126	64.5	118	62.7	114	62.8	-	-	-
Portugal	21.9	90	20.9	88	20.4	87	20.8	-	-	-
Slovak Republic	8.5	110	9.0	124	9.0	107	8.8	-	-	-
Slovenia	4.4	79	4.7	87	4.6	84	5.2	-	-	-
Spain	132.8	99	134.3	104	132.8	104	130.8	-	-	-
Sweden	31.5	109	29.6	98	29.0	95	30.2	-	-	-
Switzerland	35.7	137	35.3	142	35.2	140	36.7	-	-	-
Turkey	55.8	84	57.6	79	60.7	79	61.0	-	-	-
United Kingdom	80.0	52	82.2	53	82.5	55	75.4	-	-	-
Total	1343.2	98	1374.8	100	1351.8	98	1361.4	99	1349.5	101
Total OECD	4151.8	90	4198.0	92	4236.7	92	4280.5	92	4231.7	92
DAYS OF IEA Net Imports[6]	-	142	-	144	-	149	-	150	-	-

1 Total Stocks are industry and government-controlled stocks (see breakdown in table below). Stocks are primary national territory stocks on land (excluding utility stocks and including pipeline and entrepot stocks where known) they include stocks held by industry to meet IEA, EU and national emergency reserves commitments and are subject to government control in emergencies.
2 Note that days of forward demand represent the stock level divided by the forward quarter average daily demand and is very different from the days of net imports used for the calculation of IEA Emergency Reserves.
3 End December 2012 forward demand figures are IEA Secretariat forecasts.
4 US figures exclude US territories. Total includes US territories.
5 Data not available for Iceland.
6 Reflects stock levels and prior calendar year's net imports adjusted according to IEA emergency reserve definitions (see www.iea.org/netimports.asp). Net exporting IEA countries are excluded.

TOTAL OECD STOCKS

CLOSING STOCKS	Total	Government[1] controlled	Industry	Total	Government[1] controlled	Industry
	Millions of Barrels			*Days of Fwd. Demand*[2]		
4Q2009	4230	1568	2662	91	34	57
1Q2010	4266	1571	2696	93	34	58
2Q2010	4342	1566	2776	92	33	59
3Q2010	4318	1553	2765	91	33	58
4Q2010	4254	1565	2690	90	33	57
1Q2011	4212	1562	2650	93	34	58
2Q2011	4259	1565	2694	91	33	57
3Q2011	4209	1530	2680	90	33	57
4Q2011	4152	1536	2616	90	33	57
1Q2012	4198	1536	2662	92	34	59
2Q2012	4237	1539	2698	92	34	59
3Q2012	4281	1542	2738	92	33	59
4Q2012	4232	1544	2688	92	33	58

1 Includes government-owned stocks and stock holding organisation stocks held for emergency purposes.
2 Days of forward demand calculated using actual demand except in 4Q2012 (when latest forecasts are used).

Table 6

IEA MEMBER COUNTRY DESTINATIONS OF SELECTED CRUDE STREAMS[1]

(million barrels per day)

	2009	2010	2011	4Q11	1Q12	2Q12	3Q12	Sep 12	Oct 12	Nov 12	Year Earlier Nov 11	Year Earlier change
Saudi Light & Extra Light												
Americas	0.52	0.69	0.69	0.85	0.84	0.88	0.67	0.61	0.56	0.69	0.96	-0.28
Europe	0.59	0.66	0.83	0.88	0.77	0.91	0.97	0.88	0.80	0.74	0.89	-0.15
Asia Oceania	1.28	1.21	1.24	1.27	1.37	1.21	1.21	1.22	1.25	1.25	1.26	0.00
Saudi Medium												
Americas	0.40	0.36	0.37	0.40	0.47	0.44	0.41	0.39	0.43	0.43	0.44	-0.01
Europe	0.02	0.00	0.02	0.01	0.05	0.07	0.05	0.08	0.01	0.06	0.02	0.04
Asia Oceania	0.34	0.34	0.40	0.40	0.46	0.42	0.48	0.47	0.42	0.45	0.46	-0.01
Saudi Heavy												
Americas	0.03	0.02	0.02	0.01	-	0.15	0.02	-	0.02	0.01	0.02	-0.01
Europe	0.02	0.00	0.01	0.03	0.04	0.12	0.21	0.21	0.18	0.13	0.03	0.10
Asia Oceania	0.15	0.22	0.20	0.18	0.21	0.18	0.19	0.19	0.20	0.22	0.23	-0.01
Iraqi Basrah Light[2]												
Americas	0.40	0.36	0.29	0.21	0.39	0.55	0.46	0.39	0.74	0.42	0.31	0.12
Europe	0.12	0.09	0.11	0.11	0.14	0.18	0.42	0.34	0.37	0.21	0.13	0.07
Asia Oceania	0.24	0.29	0.34	0.32	0.26	0.34	0.39	0.46	0.26	0.38	0.33	0.04
Iraqi Kirkuk												
Americas	0.06	0.03	0.07	0.06	0.06	0.08	0.04	0.06	0.03	0.07	0.03	0.04
Europe	0.31	0.27	0.27	0.26	0.20	0.23	0.21	0.25	0.19	0.27	0.20	0.07
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Iranian Light												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.15	0.24	0.23	0.21	0.25	0.16	0.05	0.03	0.05	0.04	0.23	-0.19
Asia Oceania	0.07	0.04	0.04	0.03	0.03	0.02	0.01	-	-	-	0.02	-
Iranian Heavy[3]												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.40	0.49	0.55	0.54	0.33	0.21	0.08	0.07	0.03	0.07	0.60	-0.53
Asia Oceania	0.57	0.52	0.51	0.49	0.48	0.38	0.11	0.25	0.34	0.31	0.48	-0.17
Venezuelan Light & Medium												
Americas	0.39	0.14	0.18	0.13	0.07	0.15	0.14	0.14	0.10	0.16	0.06	0.10
Europe	0.07	0.02	0.02	0.02	0.01	-	0.01	-	0.06	0.08	0.05	0.02
Asia Oceania	-	-	-	-	0.01	0.01	-	-	-	-	-	-
Venezuelan 22 API and heavier												
Americas	0.75	0.86	0.76	0.69	0.68	0.58	0.77	0.82	0.79	0.73	0.74	-0.01
Europe	0.07	0.06	0.05	0.05	0.08	0.09	0.11	0.12	0.11	0.03	0.05	-0.02
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Maya												
Americas	0.93	0.91	0.82	0.84	0.72	0.69	0.76	0.77	0.82	0.71	0.89	-0.18
Europe	0.10	0.11	0.12	0.12	0.12	0.14	0.13	0.17	0.18	0.18	0.11	0.07
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Isthmus												
Americas	0.01	0.04	0.07	0.07	0.04	0.03	0.05	0.00	0.00	0.12	0.07	0.06
Europe	0.01	0.02	0.01	0.01	0.02	0.05	0.03	0.03	0.05	0.03	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Russian Urals												
Americas	0.15	0.08	0.01	0.02	-	0.01	0.01	-	-	-	-	-
Europe	1.72	1.80	1.69	1.61	1.75	1.76	1.97	1.95	2.16	1.98	1.63	0.35
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Nigerian Light[4]												
Americas	0.54	0.60	0.53	0.46	0.25	0.31	0.25	0.24	0.26	0.16	0.33	-0.17
Europe	0.32	0.34	0.45	0.48	0.51	0.52	0.72	0.83	0.65	0.59	0.51	0.08
Asia Oceania	0.00	-	0.05	0.05	0.03	0.06	0.03	0.05	0.03	0.06	0.05	0.01
Nigerian Medium												
Americas	0.21	0.25	0.18	0.14	0.04	0.07	0.14	0.11	0.24	0.21	0.07	0.14
Europe	0.13	0.09	0.14	0.13	0.26	0.25	0.26	0.26	0.17	0.23	0.08	0.15
Asia Oceania	-	-	-	-	-	-	0.00	-	-	-	-	-

1 Data based on monthly submissions from IEA countries to the crude oil import register (in '000 bbl), subject to availability. May differ from Table 8 of the Report.
IEA Americas includes United States and Canada.
IEA Europe includes all countries in OECD Europe except Estonia, Hungary and Slovenia.
IEA Asia Oceania includes Australia, New Zealand, Korea and Japan.

2 Iraqi Total minus Kirkuk.

3 Iranian Total minus Iranian Light.

4 33° API and lighter (e.g., Bonny Light, Escravos, Qua Iboe and Oso Condensate).

Table 7
REGIONAL OECD IMPORTS[1,2]
(thousand barrels per day)

	2009	2010	2011	4Q11	1Q12	2Q12	3Q12	Sep-12	Oct-12	Nov-12	Year Earlier Nov-11	% change
Crude Oil												
Americas	7541	7496	6870	6668	6159	6495	6118	5971	5792	5864	6516	-10%
Europe	8893	9072	8985	8903	9119	9176	9794	9515	9653	9516	9185	4%
Asia Oceania	6311	6472	6609	6730	6994	6727	6627	6576	6597	6451	6679	-3%
Total OECD	22746	23039	22465	22301	22272	22398	22539	22062	22042	21831	22381	-2%
LPG												
Americas	43	34	33	20	20	28	34	33	24	34	22	55%
Europe	261	285	318	328	300	281	271	303	276	316	363	-13%
Asia Oceania	537	565	568	553	658	603	598	644	598	604	526	15%
Total OECD	840	884	919	902	978	911	903	980	898	953	910	5%
Naphtha												
Americas	22	36	42	38	15	34	17	15	19	12	59	-80%
Europe	336	399	298	271	399	363	291	291	431	417	258	61%
Asia Oceania	849	907	884	861	839	878	920	1050	922	1021	905	13%
Total OECD	1207	1343	1224	1169	1253	1275	1228	1356	1371	1449	1223	19%
Gasoline[3]												
Americas	884	801	762	655	673	775	799	661	759	730	752	-3%
Europe	206	187	222	213	280	180	201	157	205	163	269	-39%
Asia Oceania	111	84	94	113	95	92	68	71	94	76	114	-33%
Total OECD	1200	1073	1078	981	1048	1047	1068	889	1058	969	1135	-15%
Jet & Kerosene												
Americas	62	76	77	67	41	58	95	104	107	79	89	-11%
Europe	449	418	396	449	290	375	458	427	489	469	554	-15%
Asia Oceania	60	46	56	61	77	38	55	49	64	98	65	50%
Total OECD	571	539	530	577	408	471	608	579	660	647	709	-9%
Gasoil/Diesel												
Americas	91	100	72	58	71	45	50	61	66	75	73	3%
Europe	1063	1071	1042	1101	1026	859	953	883	1024	1072	1156	-7%
Asia Oceania	92	104	147	171	170	176	194	137	184	241	147	64%
Total OECD	1246	1275	1261	1329	1267	1080	1196	1080	1274	1389	1376	1%
Heavy Fuel Oil												
Americas	271	277	268	228	220	217	208	223	170	228	257	-11%
Europe	489	464	536	550	631	534	483	450	453	358	532	-33%
Asia Oceania	116	118	153	182	221	203	227	234	226	220	198	11%
Total OECD	876	860	957	961	1072	954	918	907	849	806	987	-18%
Other Products												
Americas	877	807	871	828	751	835	881	1012	854	780	833	-6%
Europe	747	692	735	664	590	664	642	690	562	716	691	4%
Asia Oceania	353	375	373	375	389	370	359	374	309	278	350	-21%
Total OECD	1977	1874	1979	1867	1731	1869	1882	2076	1725	1774	1875	-5%
Total Products												
Americas	2250	2132	2124	1893	1791	1992	2084	2110	1999	1938	2086	-7%
Europe	3551	3516	3547	3577	3516	3256	3299	3200	3440	3512	3823	-8%
Asia Oceania	2117	2199	2277	2316	2450	2361	2421	2559	2396	2538	2305	10%
Total OECD	7918	7847	7948	7787	7757	7608	7803	7868	7835	7988	8214	-3%
Total Oil												
Americas	9791	9627	8995	8562	7950	8487	8202	8081	7792	7802	8603	-9%
Europe	12445	12588	12532	12480	12635	12432	13092	12715	13092	13028	13008	0%
Asia Oceania	8428	8671	8886	9047	9443	9088	9048	9135	8993	8988	8984	0%
Total OECD	30664	30886	30413	30088	30029	30006	30342	29930	29877	29819	30595	-3%

1 Based on Monthly Oil Questionnaire data submitted by OECD countries in tonnes and converted to barrels.
2 Excludes intra-regional trade.
3 Includes additives.

© OECD/IEA 2013. All Rights Reserved

The International Energy Agency (IEA) makes every attempt to ensure, but does not guarantee, the accuracy and completeness of the information or the clarity of content of the *Oil Market Report* (hereafter the *OMR*). The IEA shall not be liable to any party for any inaccuracy, error or omission contained or provided in this *OMR* or for any loss, or damage, whether or not due to reliance placed by that party on information in this *OMR*.

The Executive Director and Secretariat of the IEA are responsible for the publication of the *OMR*. Although some of the data are supplied by IEA Member-country governments, largely on the basis of information they in turn receive from oil companies, neither these governments nor these oil companies necessarily share the Secretariat's views or conclusions as expressed in the *OMR*. The *OMR* is prepared for general circulation and is distributed for general information only. Neither the information nor any opinion expressed in the *OMR* constitutes an offer, or an invitation to make an offer, to buy or sell any securities or any options, futures or other derivatives related to such securities.

This *OMR* is the copyright of the OECD/IEA and is subject to terms and conditions of use. These terms and conditions are available on the IEA website at http://www.iea.org/oilmar/licenceomr.html. In relation to the Subscriber Edition (as defined in the OMR's online terms and conditions), all Argus information is sourced from Copyright © 2013 Argus Media Limited and is published here with the permission of Argus. The spot crude and product price assessments are based on daily Argus prices, converted when appropriate to US$ per barrel according to the Argus specification of products. Argus Media Limited reserves all rights in relation to all Argus information. Any reproduction of Argus information requires the express prior written permission of Argus. Argus shall not be liable to any party for any inaccuracy, error or omission contained or provided in Argus information contained in this OMR or for any loss, or damage, whether or not due to reliance placed by that party on information in this OMR.

OMR Contacts

Editor and Head, Oil Industry and Markets Division

Antoine Halff

Analysts

Michael Cohen (Non-OPEC Supply)

Diane Munro (OPEC Supply and Prices)

Matt Parry (Demand)

Jérôme Sabathier (Refining)

Andrew Wilson (Stocks/Statistics)

Statistics

Valerio Pilia

Editorial assistant

Anita Stjepic

Contact:

☎ (+33) 0*1 40 57 66 67

✉ **OilMarketReport@iea.org**

* 0 - only within France

Media Enquiries

IEA Press Office

(+33) 0* 1 40 57 65 54

✉ **ieapressoffice@iea.org**

Subscription and Delivery Enquiries

Oil Market Report Subscriptions
International Energy Agency
BP 586-75726 PARIS Cedex 15, France

✉ **OMRSubscriptions@iea.org**

☎ (+33) 0* 1 40 57 67 72

☎ (+33) 0* 1 40 57 66 90

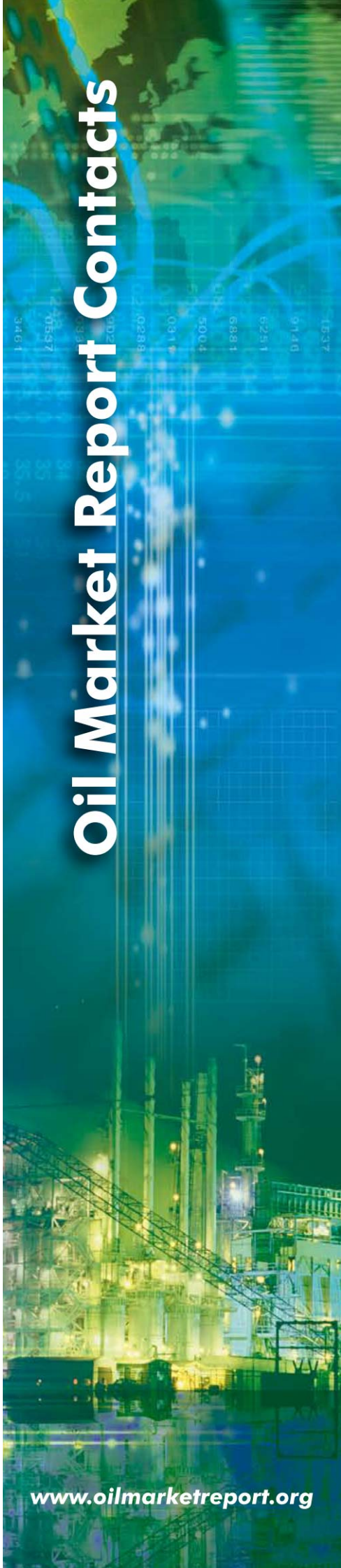
User's Guide and Glossary to the IEA *Oil Market Report*

For information on the data sources, definitions, technical terms and general approach used in preparing the *Oil Market Report (OMR)*, *Medium-Term Oil Market Report (MTOMR)* and *Annual Statistical Supplement* (current issue of the Statistical Supplement dated 10 August 2012), readers are referred to the *Users' Guide* at www.oilmarketreport.org/glossary.asp. It should be noted that the spot crude and product price assessments are based on daily Argus prices, converted when appropriate to US$ per barrel according to the Argus specification of products (Copyright © 2013 Argus Media Limited - all rights reserved).

The *Oil Market Report* is published under the responsibility of the Executive Director and Secretariat of the International Energy Agency. Although some of the data are supplied by Member-country Governments, largely on the basis of information received from oil companies, neither governments nor companies necessarily share the Secretariat's views or conclusions as expressed therein.

© OECD/IEA 2013

Next Issue: 13 March 2013





International Energy Agency

13 March 2013

HIGHLIGHTS

- **Oil futures prices reversed their upward course in mid-February**. By early-March, prices for benchmark Brent crude had fallen to nine-week lows and were last trading around $110/bbl, while WTI was pegged at $93/bbl.

- **Sluggish economic signals spanning several key economies underpin our projection of 0.9% or 820 kb/d annual growth in global oil demand for 2013**, to 90.6 mb/d. This contrasts with a 1.4 mb/d growth average for non-recessionary years.

- **Global oil supply inched up in February by 90 kb/d, to 90.8 mb/d, led by a 150 kb/d hike in OPEC crude**, to 30.49 mb/d. Increased Iraqi supply was the main factor behind the OPEC gain. Heavy spring refinery maintenance cut the 'call on OPEC crude and stock change' for 2013 by 100 kb/d from last month's estimate, to 29.7 mb/d.

- **Non-OPEC output slipped by 60 kb/d in February to 54.1 mb/d** but remained 0.6 mb/d higher than last year, as North American output growth offset lower European and Latin American supply. Non-OPEC supply is forecast to grow by 1.1 mb/d in 2013, to 54.5 mb/d.

- **OECD commercial oil holdings rebounded by 22.5 mb to 2 689 mb at end-January.** Total product stocks covered 30.7 days of forward demand, 0.1 day higher than last month. Preliminary data show OECD stocks fell by 12.9 mb in February, as a 20.2 mb draw in refined products outweighed a build in crude.

- **The estimate of global refinery crude runs has been cut to 74.8 mb/d** on heavy US refinery maintenance and sluggish refining activity in Europe. As seasonal maintenance winds down in the US and Europe, Asia is just getting started, with a very heavy turnaround schedule from March onwards.

www.oilmarketreport.org

TABLE OF CONTENTS

HIGHLIGHTS 1

CRISIS AND OPPORTUNITY 3

DEMAND 4
- Summary 4
- Global Overview 4
- Top-10 Consumers 5
- OECD 11
  - Americas 12
  - Europe 12
  - Asia Oceania 14
- Non-OECD 14

SUPPLY 16
- Summary 16
- OPEC Crude Oil Supply 17
  - Daunting Challenges Ahead for Chavez's Successor 21
- Non-OPEC Overview 23
- OECD 23
  - Americas 23
  - North Sea 24
  - OECD Asia 25
- Non-OECD 25
  - Latin America 25
  - Brazilian Biofuels Take a Turn for the Better 26
  - Middle East 28
  - Former Soviet Union 28
  - Africa 30
  - Asia 30

OECD STOCKS 31
- Summary 31
- OECD Inventory Position at End-January and Revisions to Preliminary Data 31
- Analysis of Recent OECD Industry Stock Changes 33
  - OECD Americas 33
  - OECD Europe 34
  - OECD Asia Oceania 34
- Recent Developments in Singapore and China Stocks 35

PRICES 37
- Summary 37
- Market Overview 37
- Futures Markets 39
  - Activity Levels 39
  - Financial Regulation 41
- Spot Crude Oil Prices 41
- Spot Product Prices 43
- Freight 45

REFINING 47
- Summary 47
- Global Refinery Overview 47
- OECD Refinery Throughput 50
- Non-OECD Refinery Throughput 54

TABLES 59

CRISIS AND OPPORTUNITY

The oil market is so used to war and upheaval that some say it has resilience to political crisis in its DNA. The oil-producing world today is in the midst of a once-in-a-generation transition of far-reaching consequences. Rarely has the market's ability to withstand crisis been so tested as in the two years since the start of the so-called 'Arab Spring'. Yet the market seems to have taken it all – civil uprisings, terrorist attacks, natural disasters, production outages, trade embargoes – in its stride. The biggest challenges may still lie ahead, however, and the market's success in weathering the storm so far should not blind us to looming risks– nor should it cause us to miss the opportunities that crises can offer.

Despite potential uncertainty from President Chavez's death in Venezuela, oil prices continued their recent downtrend. The fact that Venezuelan oil-industry officials made a conscious effort to convey a sense of business-as-usual may have something to do with it. National oil company Petroleos de Venezuela was ready with a reassuring press release on 5 March, and the oil workers' union followed suit the next day. Having withstood other events relatively unscathed, the oil market did not sense any cause for alarm.

Yet the market's calm should not conceal an abundance of risk. That market participants managed to weather recent crises without crippling price spikes or supply shortfalls owes as much to serendipity (the North American supply revolution) and cyclical factors (economic weakness) as to effective and timely responses by policy makers in major producing or consuming countries.

The challenges ahead cannot be overestimated. Much of the Middle East and North Africa region remains in turmoil. Civil war in Syria threatens to spread and the Iranian nuclear dispute is still unresolved. The only thing clear is that the current stalemate between Iran and the West is unsustainable: Sooner or later, something has to give. In Libya, the new leadership scored points by restarting production faster than anyone expected after the civil war, yet security risks linger there and have now spread to Algeria and beyond. In many emerging MENA democracies, what passes for political peace is often just a precarious balance of diverse if not conflicting interests among tribal, ethnic and religious groups. This is hardly a recipe for clear, stable and predictable oil policies let alone supplies.

Pundits and oil analysts seem nearly unanimous in predicting a win for Hugo Chavez's designate successor, Nicolas Maduro, in the upcoming presidential election. But that's about where the consensus ends. Whoever he may be, Venezuela's next leader faces a Catch 22 situation: current oil policies – namely, the diversion of oil revenues to fund costly social programmes – cannot continue without putting the oil industry – and the country's entire economy – at considerable risk. But neither can they be reversed without the risk of social unrest and political chaos.

The future of the Venezuelan oil industry, and of Venezuela itself, may well hinge on finding the right balance between the divergent needs of caring for the population and nursing a long-neglected oil sector back to health. A policy exclusively driven by the social agenda would be as doomed in the long run as one solely catering to business interests. Striking the right balance between the two has proved elusive in modern Venezuela, whose history can be described – at the risk of over-simplification -- as a pendulum swinging between 'Apertura' and Nationalism. The political transition underway may be an opportunity to learn from experience and get the balance right.

DEMAND

Summary

- **The macroeconomic environment underpinning oil demand, as of yet, shows little sign of short-term improvement.** A string of recent developments, including the US sequester, worsening Chinese business sentiment and continued deterioration in European employment lend support to the IEA's demand growth forecast of 820 kb/d (or 0.9%) for 2013, which is below both the majority of other forecasters and the 1.4 mb/d average of the last five non-recessionary years. Together these three economic "hits", affecting as they do the world's three largest economies and oil consumers, appear to further delay an elusive turnaround in global economic, and in turn oil demand, growth.

- **At the same time, continued high oil prices weigh on the global economy and further undermine the likelihood of a strong recovery in either economic or oil-demand growth in the near future.** The subdued growth rate of oil demand now looks increasingly entrenched in the face of high oil prices and weak economic growth. The IMF is forecasting only a very moderate uptick in global GDP growth in 2013, to 3.5%, from 3.2% in 2012.

- **Chinese consumption estimates, at the end of 2012, were inflated by higher refinery runs and a likely build in product stocks.** An emerging disconnect between Chinese refining activity and oil demand growth, coupled with a number of recent economic signals casting doubt on the sustainability of the earlier pace of recovery, lead us to maintain our below-consensus forecast for Chinese oil demand growth in 2013, at 3.9%.

- **Estimates of 4Q12 demand have been revised steeply downwards, by 205 kb/d to 90.8 mb/d.** That in turn has trimmed the 2012 average to 89.8 mb/d, 40 kb/d below the estimate in last month's *Report*. Turbulent end-year economic conditions curtailed estimated 4Q12 oil demand in both the US (-175 kb/d) and Germany (-50 kb/d), whilst baseline downward revisions cut the estimate of Turkish demand by 50 kb/d.

Global Oil Demand (2011-2013)

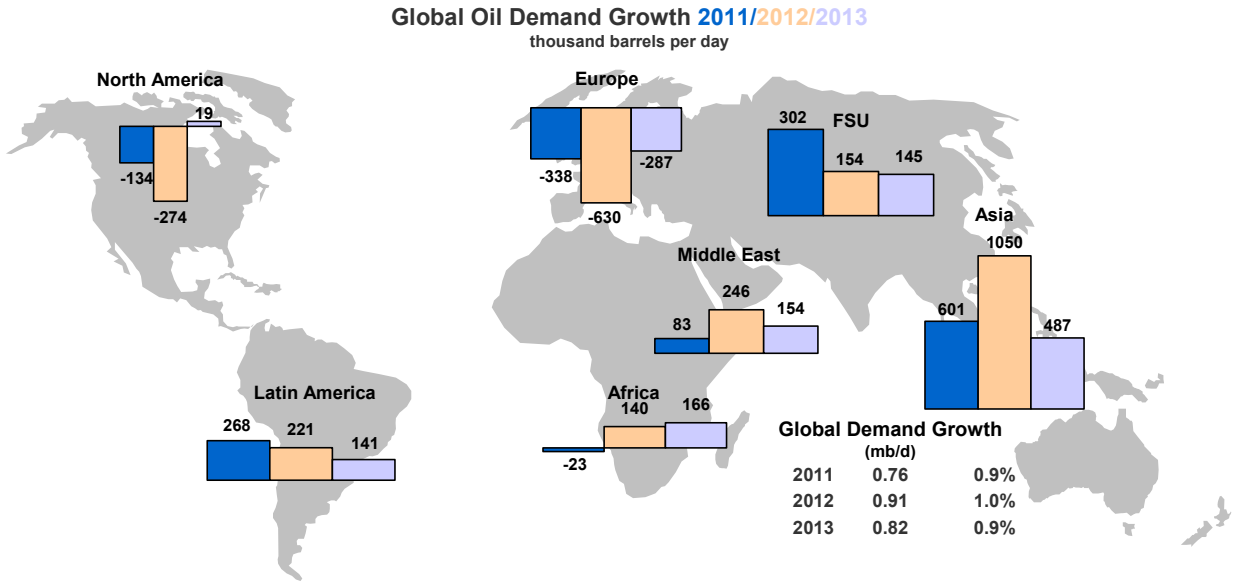
(million barrels per day)

	1Q11	2Q11	3Q11	4Q11	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
Africa	3.3	3.3	3.2	3.3	3.3	3.4	3.4	3.4	3.4	3.4	3.5	3.5	3.6	3.6	3.6
Americas	30.2	30.0	30.6	30.4	30.3	29.8	30.3	30.5	30.5	30.3	30.1	30.2	30.7	30.6	30.4
Asia/Pacific	28.7	27.8	28.0	29.2	28.4	29.7	28.8	29.0	30.4	29.5	30.6	29.4	29.3	30.6	30.0
Europe	14.9	14.9	15.5	14.9	15.0	14.3	14.5	14.5	14.3	14.4	13.9	13.9	14.3	14.4	14.1
FSU	4.2	4.4	4.6	4.6	4.5	4.5	4.5	4.7	4.7	4.6	4.6	4.7	4.9	4.9	4.8
Middle East	7.0	7.4	7.9	7.4	7.4	7.2	7.8	8.1	7.5	7.6	7.3	7.9	8.3	7.7	7.8
World	**88.4**	**87.8**	**89.8**	**89.7**	**88.9**	**88.9**	**89.2**	**90.2**	**90.8**	**89.8**	**90.0**	**89.6**	**91.1**	**91.8**	**90.6**
Annual Chg (%)	2.0	0.4	0.8	0.3	0.8	0.6	1.7	0.5	1.3	1.0	1.2	0.4	1.0	1.1	0.9
Annual Chg (mb/d)	1.8	0.3	0.7	0.2	0.7	0.5	1.5	0.5	1.2	0.9	1.1	0.3	0.9	1.0	0.8
Changes from last OMR (mb/d)	-0.02	0.10	0.12	0.09	0.07	0.00	0.05	0.01	-0.21	-0.04	-0.04	-0.02	-0.04	-0.12	-0.06

Global Overview

Continued deterioration in the European economic environment, signs of a potential slowdown in China and automatic US government spending cuts, combined to suggest that oil demand growth might remain relatively weak in 2013. The world's largest oil consumer, the US, which had been showing signs of a pick-up in the pace of economic recovery, now has to absorb $85 billion in government spending cuts – the so-called 'sequester' – unless US politicians come to a late agreement at the end of the month. Meanwhile, having weathered turbulent macroeconomic conditions in 2012, business sentiment in the world's fastest-growing oil consumer, China, is showing signs of waning. New Chinese inventory data also provide fresh evidence that steep product stock builds had much to do with an apparent increase in Chinese demand towards the end of 2012. Finally, the potential economic recovery remains sluggish at best in Europe. For example, euro-zone unemployment surged to new highs of 11.9% in January.

Demand growth of 820 kb/d is forecast for 2013, a reduction of 20 kb/d on last month's *Report*, taking global consumption up to an average of around 90.6 mb/d. This contrasts with consensus expectations of roughly 1 mb/d in annual growth this year and an average annual expansion of 1.4 mb/d for the last five non-recessionary years. Extending earlier trends, emerging and recently industrialised markets continue to outperform mature economies, reflecting stronger economic performance and more energy-intensive sectors of economic activity. Demand for middle-distillates also continues to outpace that of heavier products, such as fuel oil, with growth rates of 1.2% and -0.5%, respectively, in 2013.

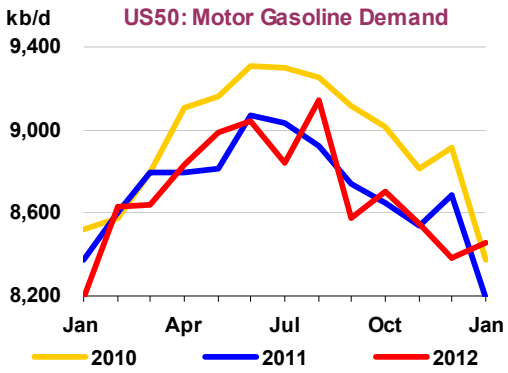


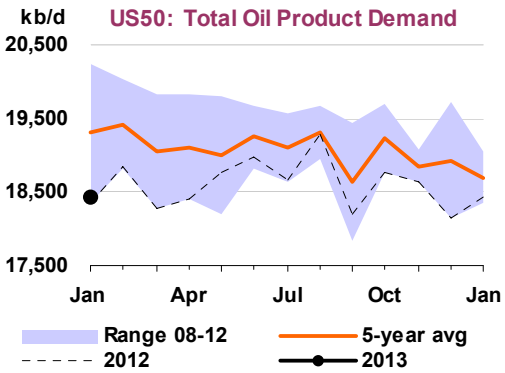
Based on the latest data, earlier estimates of 4Q12 global consumption have been adjusted downwards to 90.8 mb/d, 205 kb/d (or 0.2%) less than forecast in last month's *Report*. Several countries accounted for the bulk of the adjustments for December, including the US (-520 kb/d), Germany (-155 kb/d), Turkey (-55 kb/d) and Taiwan (-45 kb/d). The UK provided a partial offset with upward adjustments of 95 kb/d to December demand, as did Japan (+60 kb/d), Russia (+35 kb/d), Saudi Arabia (+30 kb/d), Canada (+30 kb/d) and Egypt (+30 kb/d). Steep 4Q12 downward adjustments to demand estimates were not replicated for 1Q13, however. Based on still very patchy preliminary data, 1Q13 estimates have been trimmed by a mere 45 kb/d, to 90 mb/d, reflecting weaker-than-anticipated preliminary January numbers for the US (-85 kb/d), Italy (-65 kb/d) and a number of smaller revisions, nearly fully offset by higher-than-expected data for India (+170 kb/d) and Argentina (+45 kb/d).

Top-10 Consumers

US

Despite concerns about the recent steep gasoline price rally, preliminary data suggest this has yet to dampen consumption. There are signs that gasoline demand, after a protracted period of contraction, may have stabilised somewhat. Whereas demand, in the ten-months April 2011-through-January 2012, fell by an average of 3.2% y-o-y, the trend has since flattened (no change in the 12 months through January 2013). The latest EIA data even imply growth of around 3% in the first couple of months of 2013, but may not fully capture exports. Total US car sales, at 1.04 million in January, were up 14% on the year, with sales of relatively oil-intensive trucks particularly strong. February data for the major manufacturers showed continued gains: Ford +9.3%, GM +7% and Chrysler +4.1%. It is, however, far too early to call an end to the falling US gasoline demand trend. Assuming that US consumer sentiment strengthens further, US gasoline demand is forecast to rise by around 0.4% in 2013, to an average of around 8.7 mb/d.



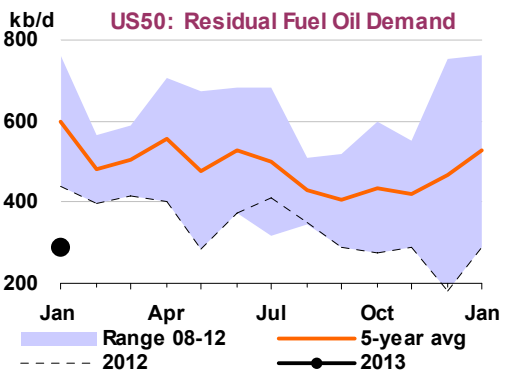


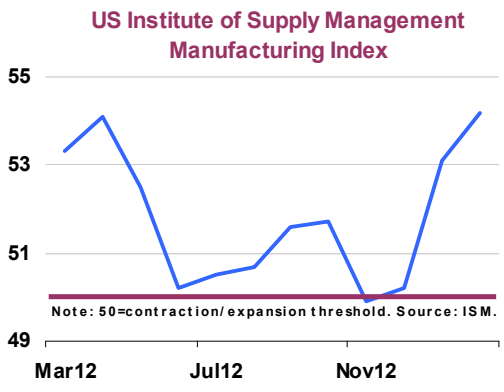
Total US50 consumption (which includes all products), on the other hand, is forecast to lag that of gasoline, unchanged on the year at an average of 18.6 mb/d. The recent declines in demand for heavier products, such as residual fuel oil look set to continue, albeit at a lessened pace in 2013, as consumers increasingly substitute to natural gas. LPG continues to post gains, up 1.3% in 4Q12 and is forecast to rise by a further 1.6% in 2013, to 2.3 mb/d, with demand supported by the rapid take-up from the resurgent US petrochemical sector.

Top-10 Oil Consumers
(thousand barrels per day)

	Demand			Annual Chg (kb/d)			Annual Chg (%)		
	Dec-12	2012	2013	Dec-12	2012	2013	Dec-12	2012	2013
US50	18,141	18,606	18,602	-662	-343	-4	-3.5	-1.8	0.0
China	10,402	9,600	9,979	961	368	379	10.2	4.0	3.9
Japan	5,492	4,729	4,570	52	248	-158	1.0	5.5	-3.3
India	3,743	3,651	3,755	65	134	103	1.8	3.8	2.8
Russia	3,525	3,411	3,542	207	138	131	6.2	4.2	3.8
Brazil	3,074	3,016	3,100	105	122	84	3.5	4.2	2.8
Saudi Arabia	2,711	3,012	3,127	19	137	116	0.7	4.8	3.8
Korea	2,399	2,268	2,269	-37	38	0	-1.5	1.7	0.0
Canada	2,359	2,327	2,334	61	38	7	2.6	1.7	0.3
Mexico	2,209	2,147	2,157	-80	14	11	-3.5	0.7	0.5
% global demand	60%	59%	59%						

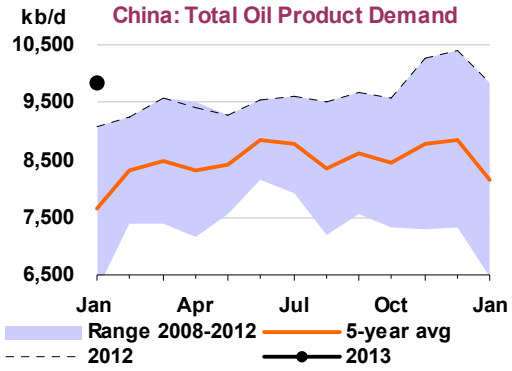
The risks to the US demand forecast remain heavily weighted to the downside, a sentiment reflected by the IMF's warning that automatic spending cuts could strip a further 0.5% from its already below-trend 2% GDP forecast for 2013. An eventual budget deal in Washington later this month would reduce the threat of the $85 billion sequester hit, however. Austerity cuts across the developed world will keep the economic climate and oil demand constrained. Further downside pressures are attached to the possibility of more rapid substitution towards cheaper natural gas.

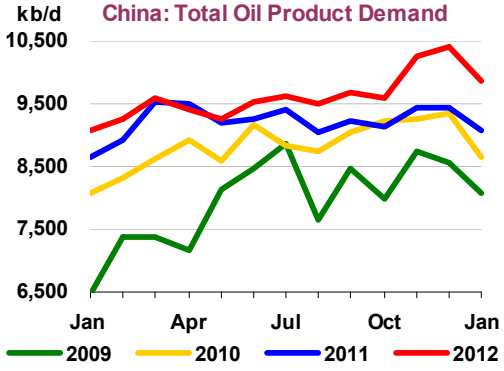




China

Latest Chinese oil data leave our forecast of 3.9% in Chinese oil demand growth for 2013, to 10 mb/d, relatively unchanged. Based on preliminary estimates, apparent demand (i.e. refinery output, plus net product imports, minus product inventory builds) averaged 9.9 mb/d in January, equivalent to y-o-y growth of 770 kb/d. That is 190 kb/d less than the expansion seen in December (960 kb/d y-o-y), but only 30 kb/d less than assumed in last month's *Report*. In hindsight, it is becoming clear that December's more rapid 960 kb/d expansion, to 10.4 mb/d, was largely attributable to higher refinery runs seen at the end of the year. Anecdotal evidence confirms expectations that the start-up of new refining capacity led to a surge in oil product inventories.





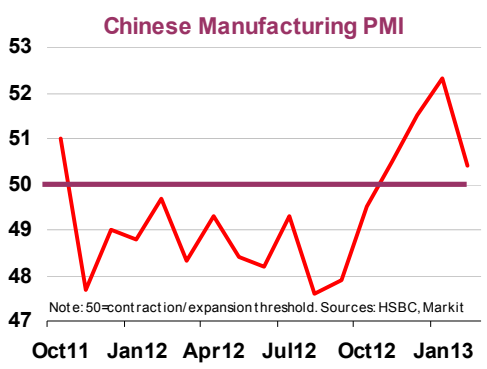
The emerging disconnect between Chinese refining activity and oil demand growth, coupled with a number of recent economic signals casting doubt on the sustainability of the earlier pace of recovery, lead us to maintain our below-consensus forecast for Chinese oil demand growth in 2013, at 3.9% (or 380 kb/d). Most other forecasters are predicting Chinese demand growth of around 5% for 2013, although the spectrum of estimates varies widely, from lows around 3.8% (OPEC) to highs of 5.2% (several bank forecasts).

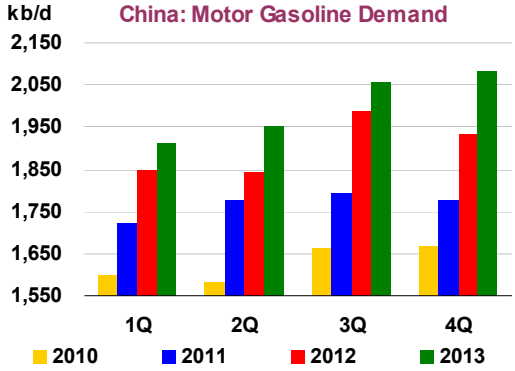
China: Demand by Product
(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2011	2012	2013	2012	2013	2012	2013
LPG & Ethane	720	731	744	11	13	1.6	1.7
Naphtha	1,113	1,121	1,194	8	73	0.7	6.5
Motor Gasoline	1,767	1,903	2,000	137	97	7.7	5.1
Jet Fuel & Kerosene	422	448	469	25	21	6.0	4.7
Gas/Diesel Oil	3,166	3,228	3,326	62	98	2.0	3.0
Residual Fuel Oil	507	522	539	15	17	2.9	3.2
Other Products	1,538	1,647	1,708	109	61	7.1	3.7
Total Products	**9,232**	**9,600**	**9,979**	**368**	**379**	**4.0**	**3.9**

Always favourite indicators of real-time economic developments, the Purchasing Managers' Indices (PMI) are a worry given the degradation seen recently. HSBC's closely watched manufacturing PMI fell to 50.4 in February, from a revised 52.3 in January. Although any indicator above 50 still signals more business leaders reporting 'expanding' sentiment than 'contracting', the deterioration depicts a dampening in optimism. The official government PMI, which focuses on larger state-run companies, confirmed this message, falling to 50.2 in February (50.4 in January). Despite talk of rebalancing the economy towards domestic expenditures, China is still heavily dependent upon export sales, which suffered a sharp deceleration in 2012 (+8.4%, from 20.7% in 2011). Export sales remained strong in January and February, respectively rising on a y-o-y basis by 25% and 21.8%. Domestic demand concerns,

however, widened as imports fell 15.2% y-o-y in February, after January's 28.8% gain, the rhetoric at present being that the timing of the Lunar New Year holiday (in February 2013, opposed to January 2012) caused the import swing. Careful attention must be paid to these numbers moving forward.



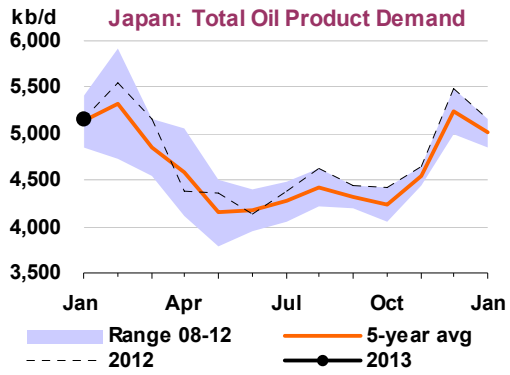


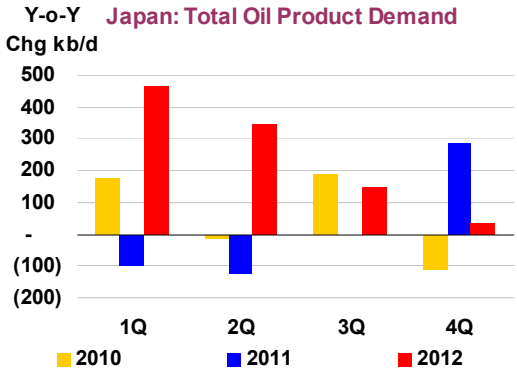
Chinese apparent demand growth is expected to show signs of a slowdown in February, in part a reflection of the Chinese New Year holiday lull, though potential draws in recently accumulated product stocks could be concealing stronger end-user consumption. The holiday calendar this year likely boosted January apparent demand, up 8.5% on the year, at the expense of February, up 6.2%. Such a calendar-driven distortion was likely especially pronounced in products used for industrial purposes such as gasoil (+3.6% in February), naphtha (+2.9%) and fuel oil (+2.9%), while gasoline demand (+7%) may have been less directly affected. A further drop in demand growth is forecast, through mid-2013, as seasonal refining maintenance is expected to slash crude throughputs from March onwards. Momentum should accelerate once again towards the end of the year on stronger economic activity, supported by an additional period of destocking. The assumption of stronger economic conditions in 2H13 is supported by reports that Standard & Poor's has raised their outlook on the Chinese housing market, from negative to stable. Furthermore, new home sales rose by 1% in the month of January, according to a survey by SouFun Holdings, the real estate company, its biggest gain in two years and its eighth consecutive rise.

Having outperformed the overall market in 2012, gasoline demand is forecast to once again lead momentum in 2013, albeit at a diminished pace (+5.1% in 2013, +7.7% in 2012) as car sales ease (China Automobile Dealers Association predicting a gain of 5% in 2013, half that of the previous year). The longer-term trend remains, in our opinion, one of relatively subdued growth, as car purchases in recent years have been largely of a more efficient variety, gaining support from subsidised efficient-car-purchasing schemes such as that seen in 2008-2010. Recent hikes in retail prices of both gasoline (+3.5%) and diesel (+3.8%) slow the very short-term momentum, although they remain supportive over the medium-term as they maintain refining margins. Other rapidly expanding product segments, such as naphtha are forecast to grow by around 75 kb/d in 2013, as additional ethylene capacity comes online.

Japan

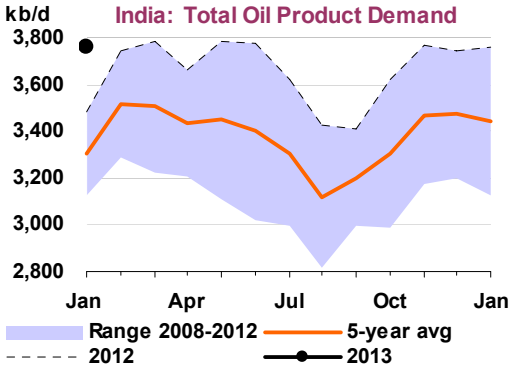
Revised 4Q12 statistics show Japanese consumption rising by around 30 kb/d y-o-y (or 0.7%), to 4.9 mb/d. This is the slowest level of growth since 3Q11, as Japanese oil demand had previously been strongly rising in the wake of the Great East Japan Earthquake of March 2011, with fuel oil/crude demand supported by the need to make up for lost nuclear power output and gasoil consumption ratcheted up in the reconstruction effort. December data came out 60 kb/d ahead of prior expectations, as colder weather conditions boosted kerosene demand, up 8.1%, whereas we had forecast a 4.3% gain. The recent slowdown has occurred for two key reasons: first, growth is now measured against a much lower benchmark for the reference period; and, secondly, economic conditions have deteriorated since the Japanese economy entered a recession in 2H12. GDP fell by around 0.1% between 4Q12 and 3Q12.

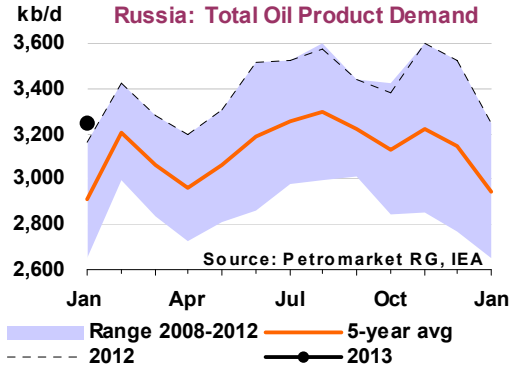




India

Demand growth in India rose to a 14-month high of 7.9% in January, as consumption averaged 3.8 mb/d. Support came from additional early-month purchases ahead of mid-January's diesel subsidy reduction programme (equivalent to a price hike of one US cent per litre, per month). Diesel demand in January rose by 8% on the year (or 105 kb/d), to 1.4 mb/d. Gasoline consumption posted even stronger growth, up 12.1% (or by 40 kb/d), albeit from a much lower base, to 375 kb/d. Assuming that the diesel-subsidy reduction programme continues, given the muted political opposition seen in January, gasoline demand could well out-pace diesel in 2013: rising by 3.8% as opposed to diesel's 3.1% forecast gain. Overall Indian consumption growth of around 2.8% is forecast in 2013, to 3.8 mb/d, as rising diesel prices dampen the optimism otherwise generated by strengthening macroeconomics.





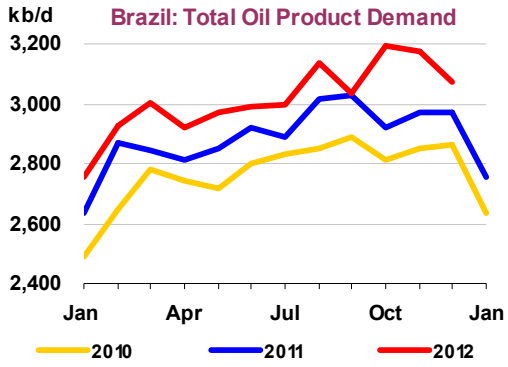
Russia

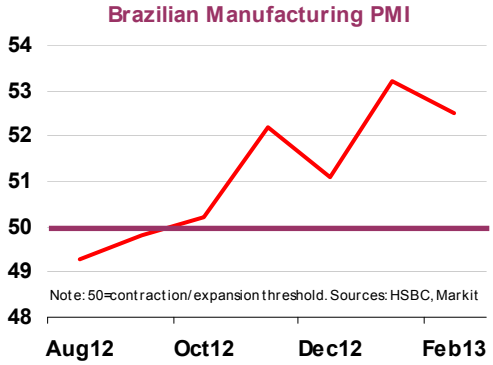
Significant upward revisions to historical Russian demand estimates left a more bullish spin on the 2012 demand story, with growth of around 140 kb/d (or 4.2%) now estimated, to 3.4 mb/d. Last month's *Report* put the 2012 increase at a more subdued 115 kb/d, as revisions to the 2012 series (45 kb/d higher) outpaced those applied to 2011 (+20 kb/d). Similarly paced growth is foreseen in 2013, as the macroeconomic underpinnings remain relatively unchanged for Russia, at around 3.6% anticipated growth in both years. Transportation fuels are forecast to lead the upside momentum in 2013, led by rising incomes.

Brazil

Official Brazilian data for December were in line with expectations, at 3.1 mb/d, a gain of 3.5% on the year earlier. Transportation fuels continue to lead the upside, with gasoline demand 5.5% higher and gasoil/diesel rising by 4.8%. Demand conditions solidifying towards the end of the year as the strengthening industrial backdrop supports inflated consumer spending patterns. Further consumption

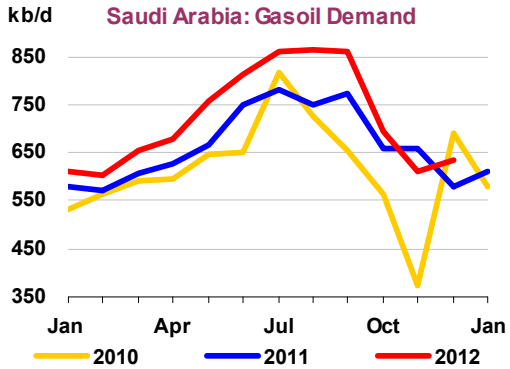
growth of around 2.8% is forecast for 2013, as the economy remains supportive (IMF forecasting GDP 3.5% higher in 2013) but government-induced price gains (gasoline +6.6%/diesel +5.4% in January, with a further 5% diesel hike in March) keep momentum in check.

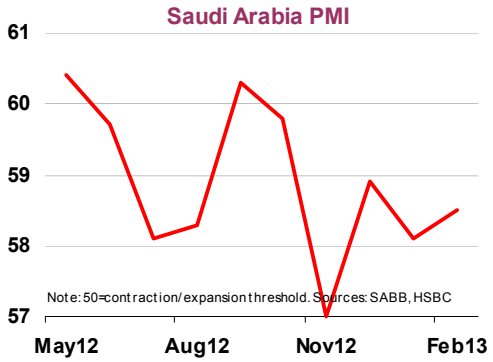




Saudi Arabia

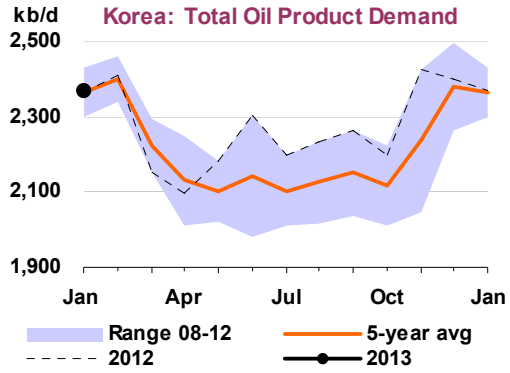
Revised data put Saudi Arabian consumption at 2.7 mb/d in December, just 30 kb/d above last month's forecast, as gasoil/diesel posted its strongest growth rate (+9.3% y-o-y) since September. Domestic transport fuels led December's upside, underpinned by hearty consumer sentiment indicators (Nielsen's consumer confidence index for Saudi Arabia came in at 112 in 4Q12, whereby a reading above 100 indicates a bias towards optimism), with gasoline up 11.9% y-o-y. Robust non-oil manufacturing activity, depicted by the strongly plus-50 SABB/HSBC manufacturing PMI, supported gasoil and LPG (+2.5% in December) demand. Despite easing in November, the PMI remained buttressed above the key 50-expansionary threshold. Stripping back the PMI results, output and new orders are picking up, supporting further rises in employment. Having expanded by around 4.8% in 2012, a deceleration is forecast to 3.8% in 2013 (to 3.1 mb/d) consequential on eased macroeconomic momentum.

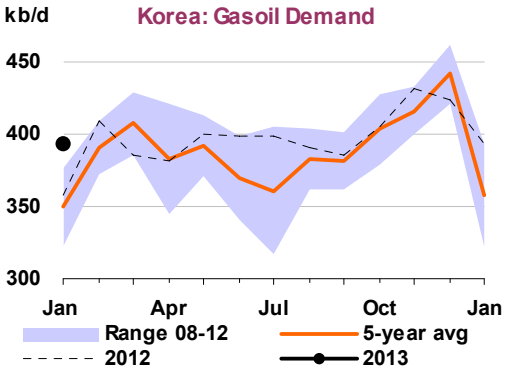




Korea

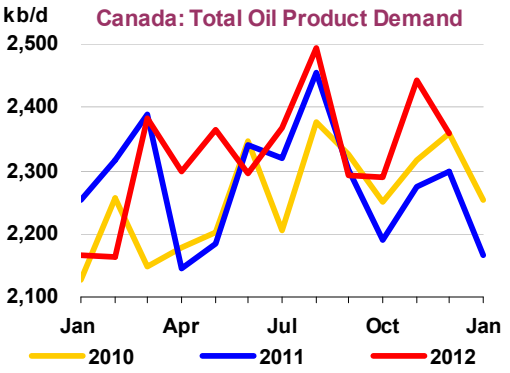
Korea experienced a relatively flat demand trajectory in January, at 2.4 mb/d, only 0.2% higher than the year earlier. The status-quo was maintained as robust growth in gasoil/diesel and gasoline, offset sharp contractions in LPG and fuel oil. A cold spell saw jet/kerosene demand reversing its previously sharply falling trend (prior six-month trend -7.7%), rising by 0.1% in January. Similarly sized total consumption, i.e. 2.4 mb/d, was seen in December, depicting a y-o-y decline of 1.5%. Despite predictions of strengthening economic growth in 2013, oil consumption growth is forecast to essentially vanish as the government makes a concerted effort to restrict the import bill, through a package of regulations and tax incentives that will support the usage of hybrid/small cars, public transportation and lower air conditioning use.

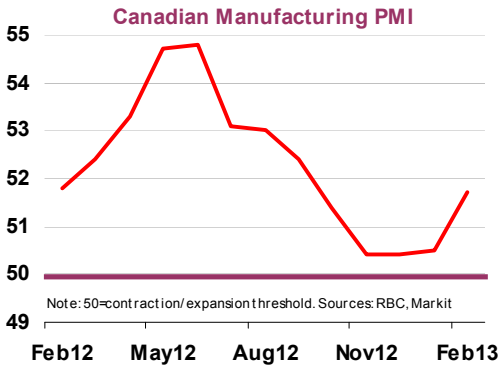




Canada

Large historical data revisions leave a more upbeat sheen on the Canadian oil demand picture, with our 4Q12 estimate now put at 2.4 mb/d, 60 kb/d more than envisaged in last month's *Report* with modified estimates for LPG and gasoline leading the way. The year-on-year growth trend, at +4.8%, is its most rapid clip since 1Q11, as an economy already buttressed by robust growth in oil sands looks to be gaining additional industrial momentum, with RBC's manufacturing PMI pointing towards strongly 'expansionary' territory. The transportation fuel markets, of jet/kerosene (+24.8%) and gasoline (+4.6%) look particularly strong in 4Q12 as strengthening employment prospects increase Canadians' propensity to travel.





Mexico

Mexican consumption fell heavily in December, down by 3.5% on the year, to 2.2 mb/d. The fall saw a reversion to the previous negative trend, after a two-month hiatus (with an average gain of 6.4% seen between October and November) triggered by the temporary closure of the large Reynosa gas processing facility. Fuel oil momentarily filling the gap as a replacement fuel for natural gas. The average total decline rate in the three-months prior to October was 1.7%, hence the second half of the year saw little change overall on the year earlier.

OECD

Preliminary data for January implies a flattening in the y-o-y trend decline, though we are not confident this will hold in 2013. Indeed, this is not the first time the decline rate has abated, it also did so in October only to fall again sharply in November and December (down by an average of roughly 2%), while OECD consumption even rose by around 2% in May only for the gain to prove temporary the next month. Transportation fuels led January's upside, with gasoline 0.9% higher and jet/kerosene up 2.3%.

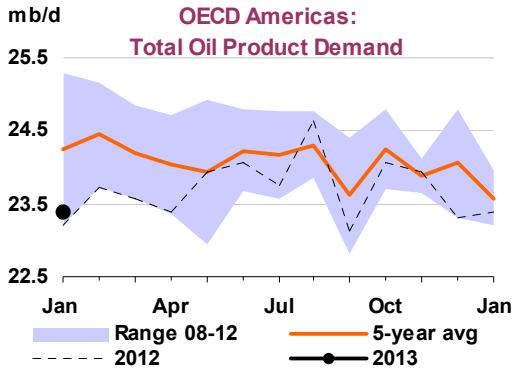
OECD Demand based on Adjusted Preliminary Submissions - January 2013
(million barrels per day)

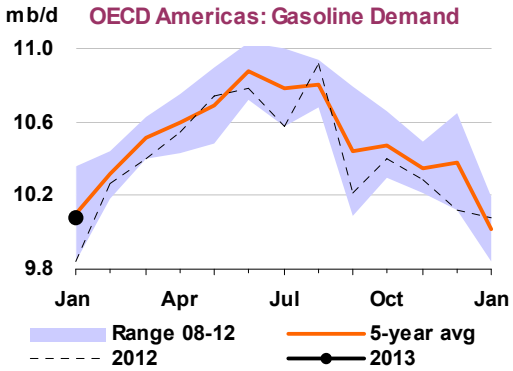
	Gasoline		Jet/Kerosene		Diesel		Other Gasoil		RFO		Other		Total Products	
	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa
OECD Americas*	**10.08**	**2.4**	**1.60**	**2.7**	**3.87**	**-4.8**	**0.97**	**-2.6**	**0.67**	**-17.2**	**6.20**	**4.31**	**23.38**	**0.8**
US50	8.46	3.2	1.34	1.4	3.06	-6.1	0.54	-3.9	0.29	-33.9	4.74	3.6	18.44	0.4
Canada	0.74	-2.6	0.14	16.7	0.29	-1.2	0.27	-0.1	0.07	-17.9	0.72	12.7	2.23	2.9
Mexico	0.75	-1.1	0.06	4.0	0.32	2.8	0.14	2.4	0.21	15.8	0.62	0.4	2.10	1.8
OECD Europe	**1.71**	**-6.2**	**1.07**	**3.3**	**3.77**	**-2.0**	**1.86**	**7.4**	**1.05**	**-8.6**	**3.29**	**-3.0**	**12.76**	**-1.8**
Germany	0.37	-8.7	0.16	5.7	0.57	-5.7	0.42	27.2	0.14	13.4	0.58	12.4	2.24	5.2
United Kingdom	0.30	-2.1	0.31	13.9	0.44	8.3	0.11	3.4	0.04	-18.7	0.24	-17.6	1.45	0.5
France	0.14	-7.7	0.14	-4.7	0.64	-2.1	0.35	17.0	0.06	-29.6	0.39	-9.1	1.70	-2.6
Italy	0.17	-13.7	0.07	-3.3	0.39	-5.3	0.10	-5.7	0.09	-20.4	0.32	-12.0	1.14	-9.8
Spain	0.10	-6.9	0.09	-1.7	0.38	-7.2	0.21	-3.0	0.16	-2.6	0.29	-9.7	1.23	-6.2
OECD Asia & Oceania	**1.51**	**-0.8**	**1.25**	**1.0**	**1.17**	**14.6**	**0.54**	**-16.5**	**1.00**	**1.5**	**3.50**	**-1.4**	**8.97**	**0.1**
Japan	0.89	-2.7	0.85	1.1	0.41	3.2	0.41	-3.3	0.62	7.3	1.97	-1.3	5.16	0.0
Korea	0.19	2.9	0.21	0.1	0.27	12.7	0.13	4.5	0.29	-4.8	1.28	-1.7	2.37	0.2
Australia	0.32	3.1	0.14	3.6	0.35	4.3	0.00	0.0	0.02	-4.2	0.16	-0.5	0.99	2.8
OECD Total	**13.31**	**0.9**	**3.92**	**2.3**	**8.81**	**-1.4**	**3.36**	**-0.1**	**2.72**	**-7.6**	**12.99**	**0.8**	**45.11**	**-0.1**

* Including US territories

Americas

Preliminary OECD Americas demand estimates for January depict the weakest conditions in the US, with US50 consumption up 0.4% against a regional gain of 0.8% y-o-y, to 23.4 mb/d. Slow US demand growth reflecting the relatively weak economic picture at the turn of the year. Lighter products are leading the upside, for the region as a whole, with gains of 2.7% seen in jet/kerosene and 2.4% for gasoline, whereas heavier products, such as fuel oil (-17.2%), fell heavily. The forecast is for very modest overall demand growth in 2013, up 0.1% (or 20 kb/d), as meek macroeconomic supports offset continued efficiency swings and early stage substitution out of oil products over to natural gas.



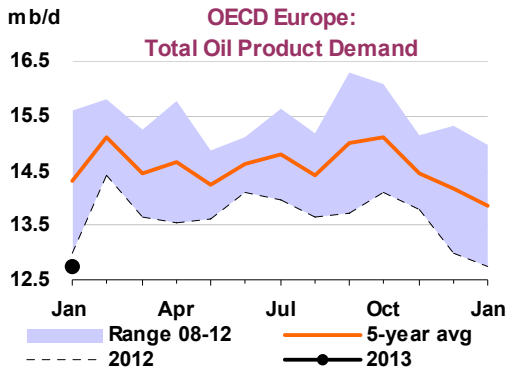


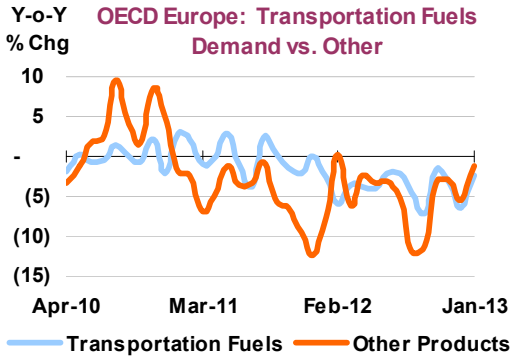
Europe

Demand in Europe remains blighted by the harsh economic headwinds, with the euro zone economy in 4Q12 falling by its fastest pace since the collapse of Lehman Brothers. GDP declined by 0.6%, between 3Q12 and 4Q12, with the two largest economies – France and Germany – both falling heavily, respectively contracting by 0.3% and 0.6%. Business surveys, which imply how economic momentum will pan out over the following six months, paint a mildly more optimistic picture, hence the predicted easing in the rate at which European oil demand falls in 2013, now forecast to decrease by 2.2% (to 13.4 mb/d), after the decline of 4.5% seen in 2012. With an unpalatable euro-zone record unemployment rate of 11.9% breached in January, consumption of oil products that are heavily dependent upon consumer sentiment, such as transport fuels, has been particularly dented.

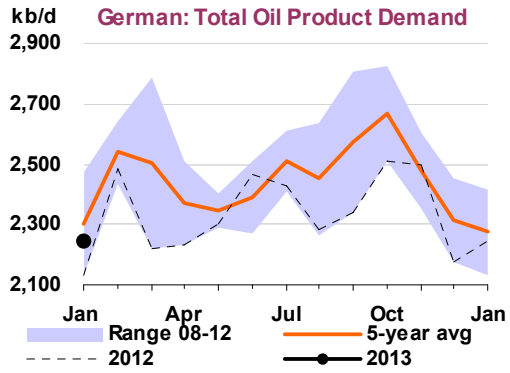
A uniform outlook is not expected across OECD Europe, with sharper declines forecast in the more highly indebted southern European states, while the relatively more robust northern European nations post

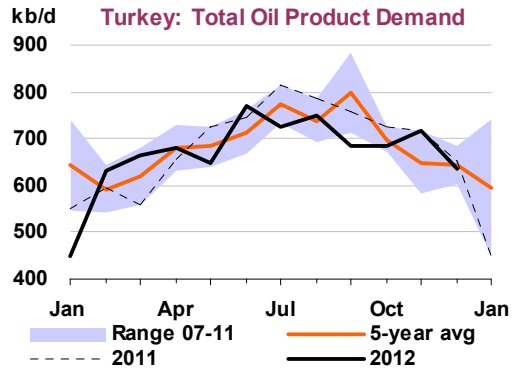
less rapid descents. This is relative, however, as most of Europe is forecast to see falling oil consumption in 2013, it is just degrees that vary. Countries such as **France** and the UK, which sit in the middle of this notional divide, will accordingly under-perform northern Europe, but outperform the south. French consumption is forecast to fall by around 45 kb/d (or -2.5%) in 2013 (to 1.7 mb/d), a decline greater than that forecast for Germany (-1.4%, see *Germany* in *Top-10 consumers*), as the pace of the predicted decline reflects the IMF's relative economic estimates: with GDP growth of 0.4% forecast for France in 2013 and 0.9% for Germany. The national statistics agency of France, Insee, reported a 2.3% decline in French manufacturing output, 3Q12 to 4Q12, a drop to which "all major (manufacturing) branches contributed" and the sharpest fall since 1Q09.





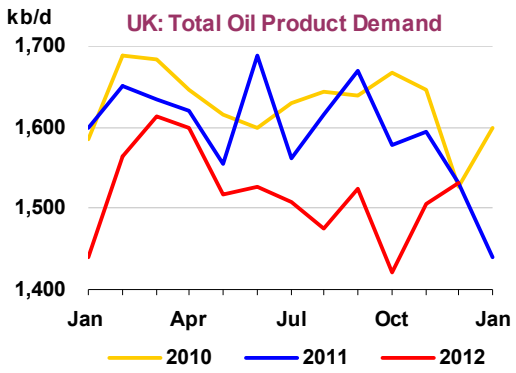
Downwards revisions to recent **German** statistics took 155 kb/d off the December demand estimate (to 2.2 mb/d), leaving an amended decline rate of -3.7% y-o-y (versus +3.1% wrongly gleaned from preliminary delivery statistics). Notable curtailments were made across all of the main product categories: naphtha (-70 kb/d, to 375 kb/d) and gasoil/diesel (-45 kb/d, to 1 mb/d). For 4Q12 as a whole, German consumption averaged 2.4 mb/d, 0.5% (or 10 kb/d) less than 4Q11, as the economy shrank by roughly 0.6%, 3Q12 to 4Q12, reflecting the weak performance of net exports and investments in plants and machinery.

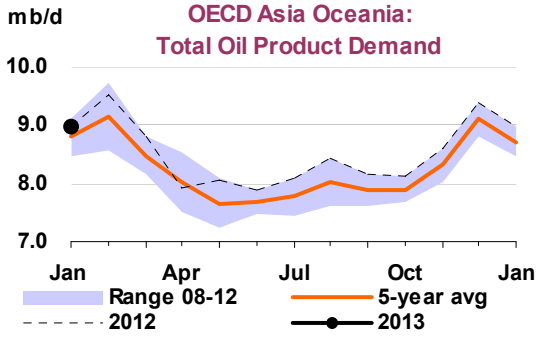




The historical **Turkish** data series have been revised heavily since last month's *Report*, as comprehensive annual data releases are now available, stripping 55 kb/d out of the amalgamated 2012 series although an average of 50 kb/d was added 2009-through-2011. The substantially lower 2012 Turkish demand estimate is chiefly attributable to lower estimates of naphtha and 'other products', respectively curtailed by 30 kb/d and 20 kb/d. The combined revisions result in a declining consumption trend of -3% in 2012, to 670 kb/d. Turkish demand fell as the country's economy has grown more reliant on providing manufactured goods to Europe. This shift has left Turkey highly susceptible to the European debt crisis. Indeed, economic growth in Turkey of around 2.6% in 2012 is down substantially from the 8.5% expansion seen in 2011.

Other notable European data revisions, incorporated in this month's *Report*, include the 95 kb/d addition made to the **UK** December demand data. Revised government statistics reveal UK consumption averaging 1.5 mb/d in December, essentially unchanged on the year earlier whereas we had anticipated a 6% drop in-line with the previous six-month trend (-7.7%). The majority of December's revision was attributable to higher LPG demand, as a petrochemical facility came back on-line (as opposed to an underlying strengthening in the British petrochemical sector). Consumption growth is likely to weaken in 1Q13, with February demand a particular concern for gasoil and fuel oil as the manufacturing PMI fell to 47.9 in February. Having fallen by around 5.5% in 2012, a further decline in total UK oil demand of around 2% is forecast for 2013, a result of expected continuing weakness in the macroeconomic situation (+1% GDP, according to IMF), although not as subdued as in 2012 (-0.2%).





Asia Oceania

The trend of robust OECD Asia Oceania demand growth, that took root mid-2011 amid the Japanese earthquake and tsunami, has effectively ended. Having peaked at 7.5% in 2Q12, OECD Asia Oceania demand growth has gradually declined, falling to around 0.1% in January, according to preliminary data. The key Japanese replacement fuels – i.e. residual fuel oil and 'other products' (including crude oil for direct burn in the power sector) – led the climb-down. Fuel oil demand growth peaked at over 30% y-o-y in 2Q12 before easing back to 1.5% in January. The expansion in 'other product' demand growth maxed-out at 46% in 4Q11, before easing into negative territory in December, down 1.2% y-o-y. The total OECD Asia Oceania forecast for 2013 is for an average decline rate of 1.6% on the year, to 8.4 mb/d.

Non-OECD

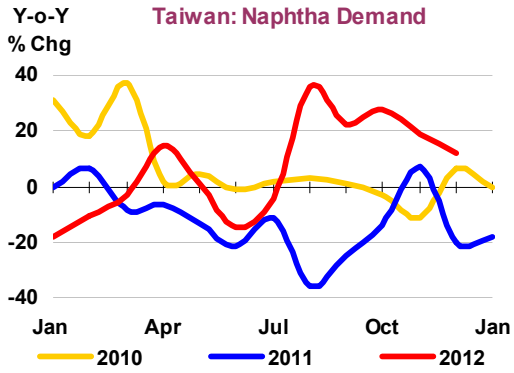
Emerging markets continue to provide the majority of the growth in global oil demand, as preliminary estimates of non-OECD demand point towards a 4.2% y-o-y gain in January, to 43.6 mb/d. Supported by a much more resilient economic backdrop, non-OECD consumption is forecast to expand by a further 2.8% in 2013, to 45.1 mb/d. All of the main product categories saw robust January expansions, although jet/kerosene demand growth eased somewhat (to 3.1%, from 5% in December), as reports of a notable airline closure in the Middle East, Bahrain Air, highlighted a possible weakness. Strong profit numbers at other Middle Eastern airlines, however, suppressed fears that non-OECD jet/kerosene demand is due for a correction. Air Arabia reported rising passenger numbers (5.3 million in 2012), whilst Kuwaiti Jazeera airways posted record profits ($49.3 million in 2012, up 32% on the year) and Flydubai reversed two years of losses.

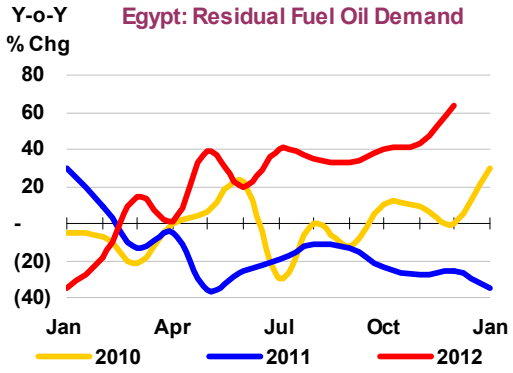
This month's analysis is somewhat unusual given the exceptionally small size of the December revision, with just 25 kb/d (or 0.05%) added to the previous forecast number. Notable December additions include Saudi Arabia (+30 kb/d) and Egypt (+30 kb/d) are more than enough to offset the large (-45 kb/d) Taiwanese curtailment.

Non-OECD: Demand by Product
(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	Nov-12	Dec-12	Jan-13	Dec-12	Jan-13	Dec-12	Jan-13
LPG & Ethane	4,733	4,736	4,765	8	143	0.2	3.1
Naphtha	3,130	3,007	3,022	261	148	9.5	5.1
Motor Gasoline	9,038	9,144	8,868	398	223	4.6	2.6
Jet Fuel & Kerosene	2,902	2,851	2,833	135	86	5.0	3.1
Gas/Diesel Oil	13,752	13,548	12,950	474	578	3.6	4.7
Residual Fuel Oil	5,609	5,682	5,429	222	295	4.1	5.8
Other Products	5,877	5,884	5,752	439	293	8.1	5.4
Total Products	**45,042**	**44,853**	**43,618**	**1,938**	**1,768**	**4.5**	**4.2**

The number of large closures in the **Taiwanese** petrochemical sector led to a deterioration in oil demand conditions in December, with only 945 kb/d of oil products consumed. This revised December estimate is 45 kb/d below the forecast we carried in last month's *Report* and a 5 kb/d reduction on the year earlier. The prior four-month average was for an increase of 45 kb/d y-o-y. Naphtha led the downside, with numerous crackers such as CPC's Linyuan petrochemical facility operating at reduced capacity due to maintenance. Taiwanese naphtha demand averaged 370 kb/d in December, a gain of 40 kb/d on the year earlier as opposed to previous four-month average increase of 75 kb/d.





Stronger-than-expected **Algerian** demand in December added 20 kb/d to the 2012 estimate, of 375 kb/d. Terrorist attacks in 1H13 will likely keep the forecast growth track subdued in 2013, at around 15 kb/d, well below the 25 kb/d expansion seen in 2012. Assuming relative calm through to the end of the year, transportation fuels will lead forecast demand growth in 2013: gasoline +6.8%, gasoil/diesel +4.9% and jet/kerosene +4.6%. Recent revisions, meanwhile, imply the corresponding political disruptions in **Egypt** have had a lesser impact on oil demand than previously predicted. Egyptian consumption rose by 5.5% y-o-y, to 730 kb/d in December, a number 30 kb/d more than assumed in last month's *Report*. Similarly sized additions have been carried across the Egyptian forecast for 2013, to 750 kb/d for the year as a whole due to strengthening economic growth (IMF foresees 3.3% in 2013, after the 2.2% expansion in 2012 and 1.8% in 2011). Recent price increases limit the scope for more rapid gains in consumption, with *Reuters* reporting industrial price hikes of up to 50% (19 February), for gasoil, fuel oil and natural gas. Cash constraints are forcing the government to reduce unaffordable energy-subsidies, in an effort to secure emergency loans from the IMF totalling $4.8 billion. Long queues at filling stations suggest that higher prices are required, as do black market diesel prices that are reportedly double official rates.

SUPPLY

Summary

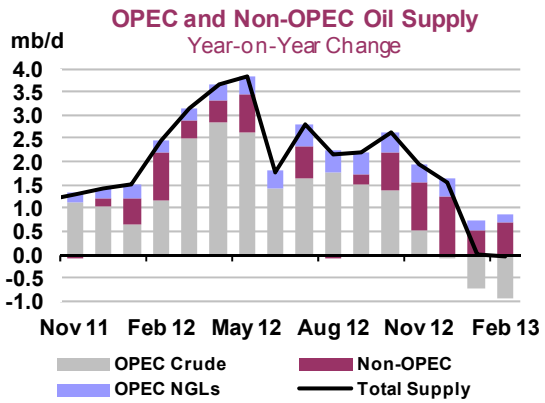
- **Global supplies rose in February m-o-m by 90 kb/d to 90.8 mb/d on the back of increasing OPEC output, while non-OPEC supply decreased slightly.** Compared to 2012, February production stood 110 kb/d lower, as growth in non-OPEC liquids and OPEC NGLs failed to offset a 930 kb/d decline in OPEC crude.

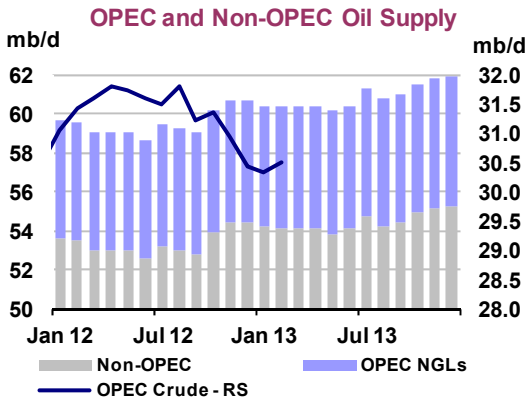
- **Non-OPEC output for 1Q13 is expected to average 54.1 mb/d, a gain of 720 kb/d y-o-y but a 170 kb/d dip from lofty 4Q12 levels.** Maintenance at Canada's oil sands facilities, new unplanned outages in the North Sea and a seasonal decline in biofuels are the main factors behind the quarterly decrease. Supplies are expected to grow by 1.1 mb/d to 54.5 mb/d in 2013.

- **OPEC crude oil supply was marginally higher in February, up 150 kb/d to 30.49 mb/d, largely on increased supplies from Iraq.** Demand for OPEC crude remained subdued by cutbacks from refiners as the peak spring turnaround period gets underway, especially at plants in Asia. The 'call on OPEC crude and stock change' for both 1Q13 and full year 2013 was revised down by 100 kb/d on higher non-OPEC supplies, to 29.7 mb/d for both periods.

- **Increased militant activity across North and West Africa, however, may curb output from Libya and Nigeria in March.** A raft of kidnappings and murders of foreign workers has further destabilised Nigeria and marks a new chapter in the violent campaigns by Islamic extremists targeting Europeans across the region.

- **Venezuelan oil operations have remained stable following the death of President Hugo Chavez** on 5 March after 14 years of rule, though upcoming special elections in April may prove challenging.





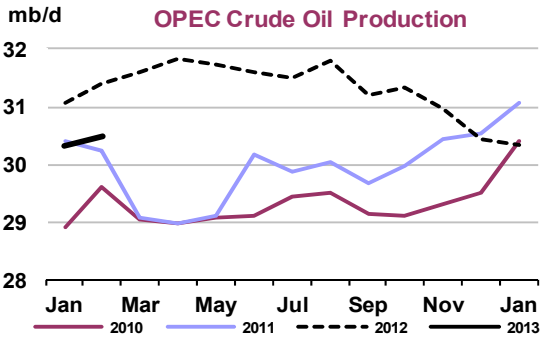
All world oil supply figures for February discussed in this report are IEA estimates. Estimates for OPEC countries, Alaska, Indonesia and Russia are supported by preliminary January supply data.

Note: Random events present downside risk to the non-OPEC production forecast contained in this report. These events can include accidents, unplanned or unannounced maintenance, technical problems, labour strikes, political unrest, guerrilla activity, wars and weather-related supply losses. Specific allowance has been made in the forecast for scheduled maintenance in all regions and for typical seasonal supply outages (including hurricane-related stoppages) in North America. In addition, from July 2007, a nationally allocated (but not field-specific) reliability adjustment has also been applied for the non-OPEC forecast to reflect a historical tendency for unexpected events to reduce actual supply compared with the initial forecast. This totals –500 kb/d for non-OPEC as a whole, with downward adjustments focused in the OECD.

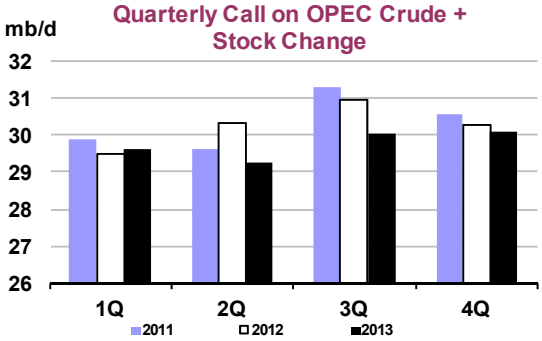
OPEC Crude Oil Supply

OPEC crude oil supply was marginally higher in February, up 150 kb/d to 30.49 mb/d. Increased supplies from Iraq as well as smaller increments from Iran, Algeria, Qatar, Nigeria and Libya offset lower output from Angola. Demand for OPEC crude remained subdued by cutbacks from refiners as the peak spring turnaround period gets underway, especially at plants in Asia. Increased militant activity in Libya and Nigeria, however, may curb output in March. The passing of Venezuela's president, Hugo Chavez, had no immediate impact on output, though upcoming special elections in April may prove challenging (see *'Daunting Challenges Ahead for Chavez's Successor'*.

OPEC's 'effective' spare capacity in February was estimated at 3.59 mb/d versus 3.8 mb/d in January. The 'call on OPEC crude and stock change' for both 1Q13 and full year 2013 was revised down by 100 kb/d on higher non-OPEC supplies, to 29.6 mb/d and 29.7 mb/d respectively.



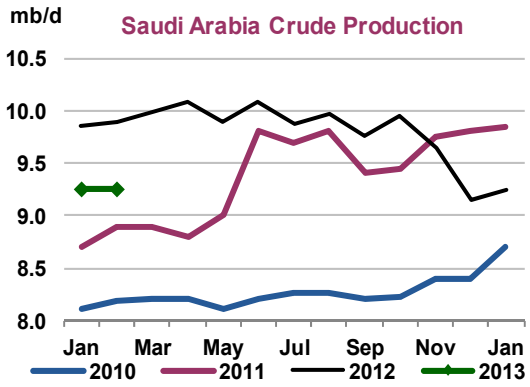
Entire series based on OPEC Composition as of January 2009 onwards (including Angola & Ecuador & excluding Indonesia)

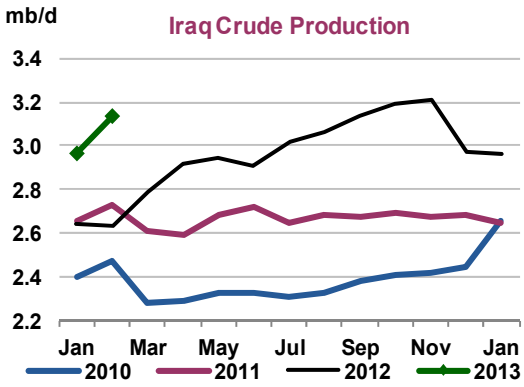


Entire series based on OPEC Composition as of January 2009 onwards (including Angola & Ecuador & excluding Indonesia)

Saudi Arabia's crude production was steady at 9.25 mb/d in February. Seasonally lower domestic use of crude for burning at power plants and reduced refiner demand from Asian customers undergoing refinery turnarounds have capped production in recent months, which is running around 500 kb/d below the 2H12 average of 9.78 mb/d.

Looking forward, however, Saudi Aramco has lowered April official selling prices again for Asian customers. The easing is in line with weaker prices for benchmark Dubai crude *(see Prices section*). From April onward, the Saudis look poised to slowly ramp-up production to meet higher demand from refiners as they come out of turnaround, seasonally increased demand for crude burn and higher shipments to domestic refineries following the planned inauguration in mid-year of the new 400 kb/d Jubail facility, Saudi Aramco's joint venture with Total. Start-up of the new heavy oil Manifa project this summer will also increase capacity, with the timing designed to dovetail with that of the new domestic refinery.





After running below the 3 mb/d mark for the previous two months, **Iraqi** production rebounded smartly in February, up by 170 kb/d to 3.14 mb/d. Exports increased just shy of 200 kb/d, to 2.58 mb/d, with higher shipments from both the southern and the northern exports routes. Basrah exports rose by around 135 kb/d to 2.24 mb/d. Volumes were somewhat constrained by weather-related delays in the Arab Gulf but the end of field maintenance work at Rumaila led to higher production flowing southward. Increased output from JV projects in early 2012 has led to an overall lowering of quality of Basrah crude. However, the long-delayed installation of storage tanks at the Fao terminal has now enabled the blending of existing and new crude flows, which led to an overall slight increase in API quality in February, according to industry sources.

Northern Kirkuk volumes via the Ceyhan terminal on the Mediterranean were up by 65 kb/d to around 325 kb/d. A further 15 kb/d of Kirkuk crude was trucked to Jordan. There were no exports via Ceyhan from the Kurdish region again in February due to the ongoing dispute between Baghdad and Erbil over payments.

The ongoing dispute over oil revenues between the central government in Baghdad and the Kurdistan Regional Government (KRG) continue to constrain production potential in the northern region of the country, with tensions worsening in recent months over revenue sharing and payments for past shipments.

OPEC Crude Production

(million barrels per day)

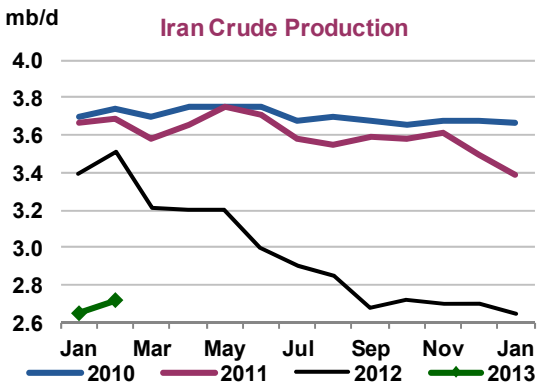
	Dec 2012 Supply	Jan 2013 Supply	Feb 2013 Supply	Sustainable Production Capacity[1]	Spare Capacity vs Feb 2013 Supply	2012 Annual Production Average	Volume Chg 2012 vs 2011
Algeria	1.18	1.16	1.16	1.19	0.03	1.17	-0.02
Angola	1.79	1.77	1.72	1.82	0.10	1.78	0.19
Ecuador	0.50	0.50	0.50	0.51	0.01	0.50	0.00
Iran	2.70	2.65	2.72	3.01	0.29	3.00	-0.08
Iraq	2.97	2.97	3.14	3.28	0.14	2.95	0.29
Kuwait[2]	2.78	2.82	2.79	2.86	0.06	2.74	0.16
Libya	1.40	1.38	1.40	1.58	0.18	1.39	0.01
Nigeria[3]	2.10	2.00	2.02	2.49	0.47	2.10	-0.18
Qatar	0.70	0.74	0.74	0.75	0.01	0.74	0.05
Saudi Arabia[2]	9.15	9.25	9.25	11.90	2.65	9.85	0.43
UAE	2.68	2.60	2.55	3.01	0.46	2.65	0.06
Venezuela[4]	2.50	2.50	2.50	2.63	0.13	2.50	0.04
Total OPEC	**30.45**	**30.34**	**30.49**	**35.01**	**4.53**	**31.37**	**0.94**
(excluding Iraq, Nigeria, Libya and Iran)					*3.59)*		

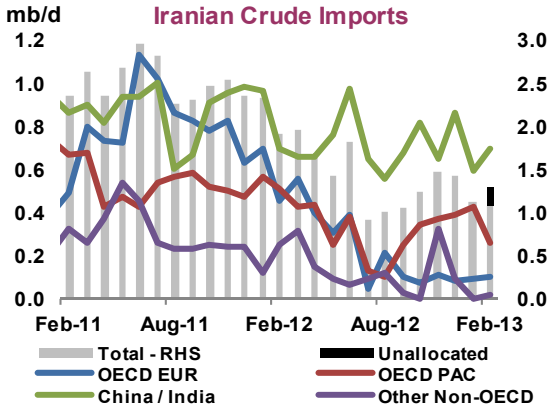
1 Capacity levels can be reached within 30 days and sustained for 90 days.
2 Includes half of Neutral Zone production.
3 Nigeria's current capacity estimate excludes some 200 kb/d of shut-in capacity.
4 Includes upgraded Orinoco extra-heavy oil assumed at 390 kb/d in February.

Iranian output edged marginally higher in February, with increased output reportedly going to China and India. Output was estimated up by 70 kb/d to 2.72 mb/d. Iranian tanker company NITC reportedly put in service old tankers overhauled from the scrap yard by foreign middlemen, with shipments earmarked for China. The refurbished tankers are in addition to the 12 new contracted builds from Chinese shipyards, of which two VLCCs were delivered in January, bringing the total to five to date. Some of the new tankers are expected to be used for floating storage. Iran also is building new onshore storage tanks, according to recent reports, with plans to add just over 8 mb of storage in six months. Iran's 20 mb of storage at Kharg Island and 5 mb at Lavan Island are reportedly full of unsold crude.

Imports of Iranian crude in OECD and non-OECD countries rose in February, to 1.28 mb/d from an upwardly revised 1.13 mb/d for January. Preliminary data for the current month, based on tanker data,

are now being adjusted higher by around 180 kb/d based on recent trends. Import volumes are based on data submitted by OECD countries and non-OECD data from customs agencies and news reports. By contrast, tanker data is the only source of information for the most current month. As expected, tanker data are inevitably biased by Iran's instructions to its tanker fleet to turn off its tracking beacons. We have therefore applied an adjustment based on a three-month rolling average to the most recent month to provide a more accurate assessment of current levels.

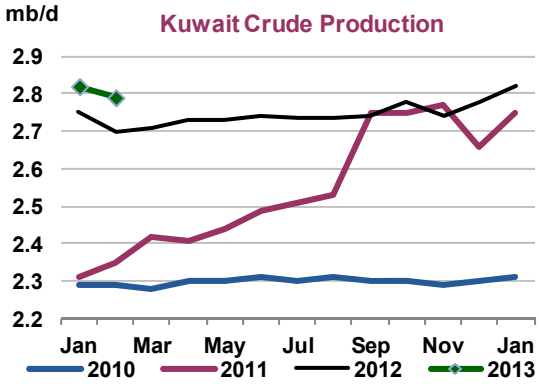


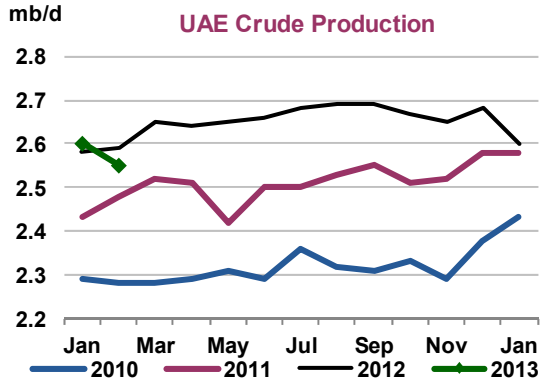


New US sanctions implemented in February, which bar Iran from repatriating earnings from its oil exports, appear not to have had an impact on February shipments. Customers must make payments into an escrow account at a bank in the importing country, effectively limiting Iran's use of the proceeds to buying goods within that country. Countries that violate the expanded sanctions risk being banned from the US financial system.

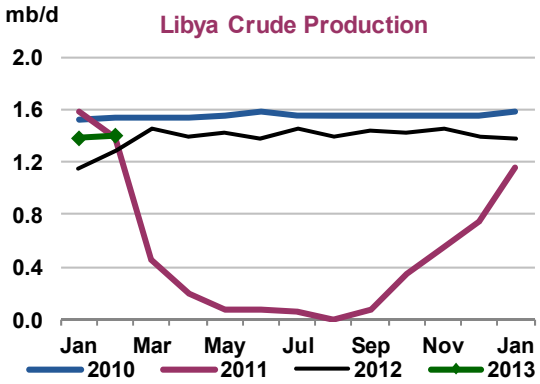
Meanwhile, the latest round of negotiations between Iran and the UN P5 +1 nations (the US, UK, France, Russia, China plus Germany) on 26 February in Kazakhstan achieved little of substance. Like the last meeting in June 2012, no progress was made on the standoff on Iran's nuclear development plans. The P5+1 were prepared to ease some sanctions on financial transactions and trade related to gold and precious metal, but not oil, if Iran agreed to halt its work to enrich uranium to 20% grade at the Fordo site, but no compromise was reached. A working level meeting is scheduled to take place 17-18 March in Istanbul with the next formal talks between the P5+1 and Iran scheduled for 5-6 April again in Almaty. Iran also appears to have low expectations for a breakthrough in the stalemate, if its new budget presented for the fiscal year starting 21 March 2013 is any guide. The government has budgeted for an average 1.3 mb/d in the new year compared with an average 1.4 mb/d in the first ten months of the current year. This figure is in line with OMR estimates of an average 1.38 mb/d for the same period.

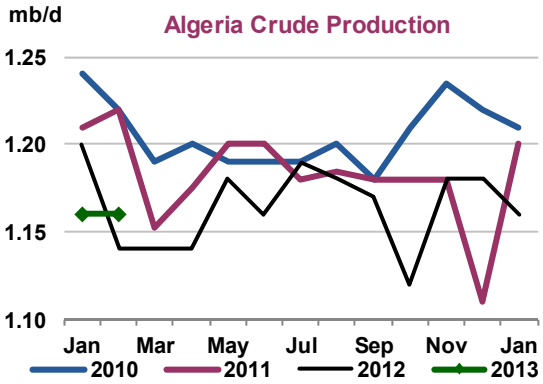
Elsewhere in the Gulf, **Kuwait** and the **UAE** marginally reduced output in February, by 30 kb/d to 2.79 mb/d and 50 kb/d to 2.55 b/d, respectively.





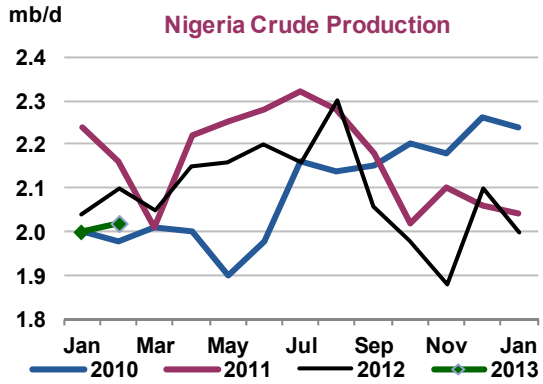
Libyan supplies rose by 20 kb/d to 1.4 mb/d in February but volumes are poised to fall again in March amid partial shut-in at several Eni and National Oil Company-operated fields following clashes between local militias. Natural-gas production was suspended at the Mellitah complex and output shut-in at the Elephant and Wafa fields by 25%, and may be cut by up to 50% from its regular output of 210 kb/d until security is restored. The regionally important 10 bcm/y Greenstream gas project was shut after clashes between local militias forced the closure of the coastal Mellitah facility, which processes gas from the offshore Bahr Essalam gas field and the onshore Wafa field.

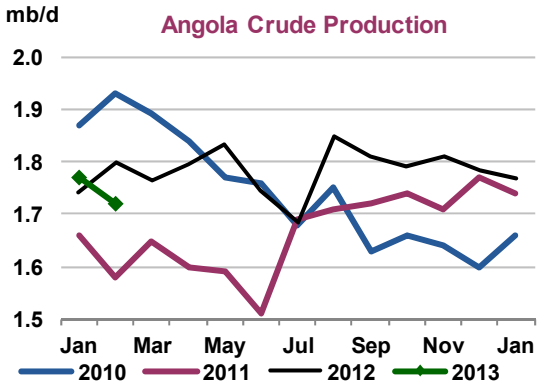




Production in neighbouring **Algeria** was estimated at 1.16 mb/d, flat with a downward adjusted January output level. While the In Amenas terrorist attack affected natural gas and gas liquids output, no crude production was affected.

Nigerian output rose by 20 kb/d to 2.02 mb/d in February. Slightly higher Bonny and Forcados output was partially offset by the continued force majeure on Qua Iboe volumes through much of the month. However, Shell announced *force majeure* on 5 March due to attacks on the Nembe Creek trunkline. The company reported that between 22-25 February 12 flow stations producing into the pipeline were shut down by safety systems three times due to oil thefts. It is unclear when the line will be up again. A raft of kidnapping and murder of foreign workers has further destabilised Nigeria and opens a new chapter in the violent campaigns by Islamic extremists targeting Europeans across North and West Africa, a growing concern of IOCs operating in the region.

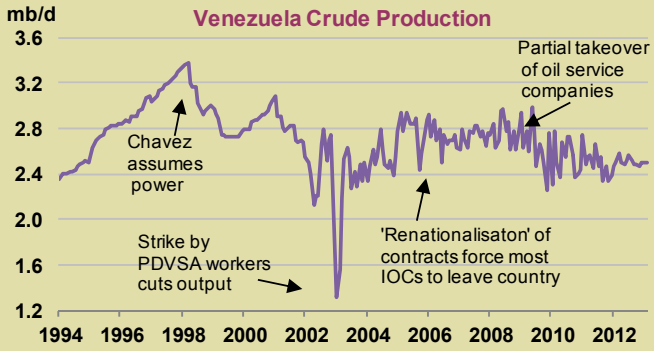




Angolan output remained on a downtrend, off 50 kb/d to 1.72 mb/d, due to continued technical issues. New offshore PSVM production is running below expectations. The BP-operated complex of fields is producing around 70 kb/d from the Plutao field as part of the first phase. Additional output is not expected until later this year when production from the Venus and Saturno fields come online. Start-up of the last field, Marte, is not expected until early next year, which will bring nameplate capacity to 150 kb/d. A total of 40 oil production, gas and water injection wells will be connected via 15 subsea manifolds to the 1.6 mb storage capacity FPSO. In February, Technip was awarded a five-year service contract for the under-performing Greater Plutonio and new PSVM FPSO facilities.

Daunting Challenges Ahead for Chavez's Successor

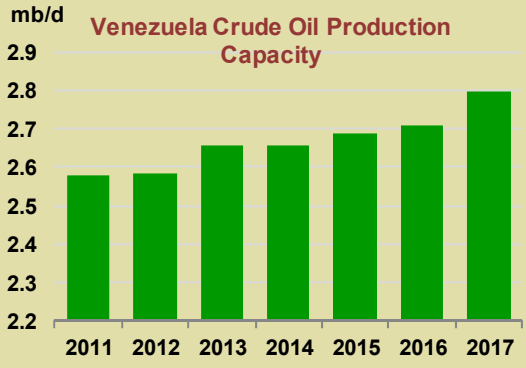
Venezuelan oil operations have remained undisturbed by the death of President Hugo Chavez announced on 5 March after 14 years of rule. Special elections are now set for 14 April. At present, Chavez's anointed successor, Vice-President Nicolas Maduro, is widely tipped to win the election against opposition leader Henrique Capriles. If so, a Maduro presidency could see a further degradation of the state oil company and the country's oil prospects. Chavez, the architect of the country's nationalistic oil policy, left a legacy of mounting economic pressures, a financially stressed state oil company, PDVSA, an aging oil infrastructure in dire need of fresh investment both upstream and downstream, and future oil production partly mortgaged to Chinese lenders. Under Chavez's watch, Venezuela, once a large product exporter, has become a net gasoline importer. Near term, the post-Chavez transition to a new leadership could prove raucous, but oil production operations are expected to remain unaffected with Energy Minister Rafael Ramirez remaining at the helm of the oil sector.



In the medium term, Venezuela's oil industry faces enormous challenges, from severe under investment by state PDVSA, and decaying infrastructure, to an oil policy that kept foreign partners waiting in the wings for a serious reorganisation. At the same time, the country's political leadership, whether drawn from the ranks of the Chavistas or the opposition, may find it expedient, for the sake of social stability, to continue Chavez's policy of raiding PDVSA coffers to fund ambitious social programmes, at least for some time.

PDVSA has long been the cash cow that fuelled President Chavez's expensive social programmes to the detriment of investment in the country's oil sector. Under Chavez's rule, crude oil production fell some 700 kb/d, from around 3.2 mb/d in 1998 to 2.5 mb/d on average in 2012. Venezuela's production reached a peak of 3.7 mb/d in 1970 but the 1976 nationalisation of the country's oil industry and launch of state oil company PDVSA led to a steep drop of investment in production following the departure of foreign oil companies. After production hit a 1985 low of 1.68 mb/d Venezuela launched its 'Apertura,' or opening via service contracts to international oil companies in 1991, which led to a rapid increase in production of a steep 1.1 mb/d in just seven years, from a 1990 average of 2.1 mb/d to 3.2 mb/d by 1997.

The election of Hugo Chavez in 1998 triggered yet another crisis for the oil sector. A battle for control of PDVSA between Chavez and the companies' executives led to a workers' strike and Chavez firing 18,000 staff at the end of 2002. By January 2003 production dipped to a new low of 1.3 mb/d. The recovery in output ebbed and flowed and has yet to reach pre-strike levels of 2.8 mb/d. The 'renationalisation' of contracts whereby PDVSA took a majority interest in projects in 2007 forced a number of IOCs to leave the country and a raft of law suits ensued. The partial nationalisation of oil service firms and takeover of assets in 2010 undermined production elsewhere in the country. Several companies, including Chevron, BP, Statoil and Total accepted the less attractive terms for their projects in the Orinoco belt, which have to date proved disappointing given lack of funding by PDVSA.



Because of the country's shifting oil policies and unstable investment climate under Chavez, Venezuela produces at just a fraction of its potential given its ranking as the world's top proven holder of reserves, which are defined as discovered volumes having a 90% likelihood of being developed. Development of its massive Orinoco heavy oil belt is way behind schedule, largely due to a lack of funding from PDVSA. Project timelines for the six major contracts in Orinoco remain stubbornly vague. Token amounts of production from some Orinoco projects were announced ahead of last year's election but apparently add up to only a few thousand barrels a day.

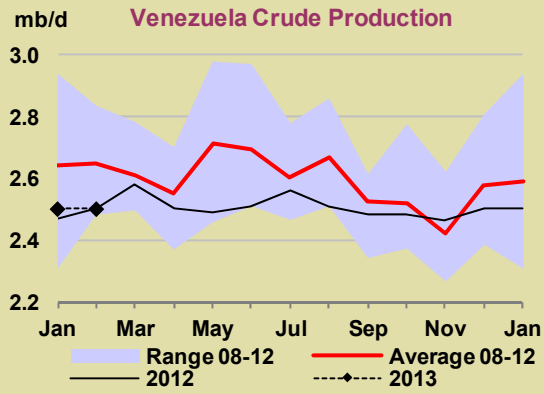
Daunting Challenges Ahead for Chavez's Successor (continued)

Estimates for Orinoco output have held in a steady range of just below 400 kb/d due to chronic operating problems and despite first output in September 2012 from the 200 kb/d Petromacareo joint venture with PetroVietnam and the much smaller 45 kb/d Petromiranda project, with Russian partners Rosneft and Lukoil. CNPC's 400 kb/d Junin Block 4 joint venture and ENI's 240 kb/d Junin Block 5 project are both expected online in 2013, however, ramp up in all projects is expected to be extremely slow given financial and operating constraints.

The Orinoco developments are expected to add 1.24 mb/d of gross capacity at peak production by 2017. Over the forecast period, however, net capacity growth will rise by just over 200 kb/d, to 2.8 mb/d, with the bulk of production not fully online until after the end of our forecast horizon.

Irrespective of who is elected president, maintaining social spending may prove unavoidable in the near to medium term. PDVSA's finances, however, were nearly emptied by the Chavez government to fund a massive wave of social projects to woo voters ahead of last autumn's election. Indeed, Venezuela requested an urgent loan from China in November 2012 and again this February but Beijing reportedly declined. Whether the new leadership can maintain calm in the face of an increasingly strained and complex economy is unclear. The debt-laden country has made it a priority to maintain its payments under the Chavez government but the new government may find it difficult to meet its obligations against a backdrop of stagnant production and revenues.

The first Chavez programme tipped to unravel may be its oil diplomacy programme with neighbouring countries. The costly subsidised oil sales to Central American and Caribbean nations has been a bone of contention within the country for some time and may be scuppered in favour of increased crude oil exports at market prices given current strained finances.



Agreements of oil for loans between China and Venezuela proved a windfall for Chavez's coffers initially but the bilateral relationship has proved difficult and disappointing for Beijing. China has provided Venezuela with relatively cheap financing than standard debt issuance, with loans now totalling some $30 billion. In turn, Venezuela is obliged to ship some 600 kb/d to China every month. In reality, both the volumes and quality of crude vary month to month. Venezuela's erratic adherence to the contracts has become a major cause of concern of Beijing, with speculation that China could delay disbursements of funds if the problems are not resolved, or worsen, under the new government. It is unlikely China will provide another oil-for-loan arrangement in the near term, especially after turning down requests as recently as last month.

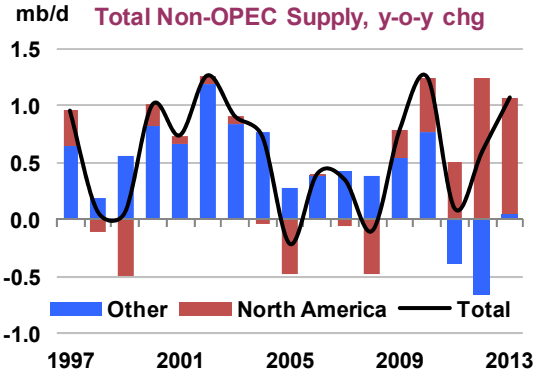
Analysts say it is only a question of how long the current precarious financial and economic can be sustained before the country's faces yet another crisis. The burgeoning national debt, hyperinflation, capital flight, shortages of goods as well as a high crime rate add yet more instability. Oil prices below $110/bbl could add further pressure. "It is difficult to determine a precise level of oil prices that allows the country to fund itself. However, with Brent at an average of $108 a barrel in 2012, the country still runs a 5% of GDP consolidated government deficit (including PDVSA)," according to Citibank.

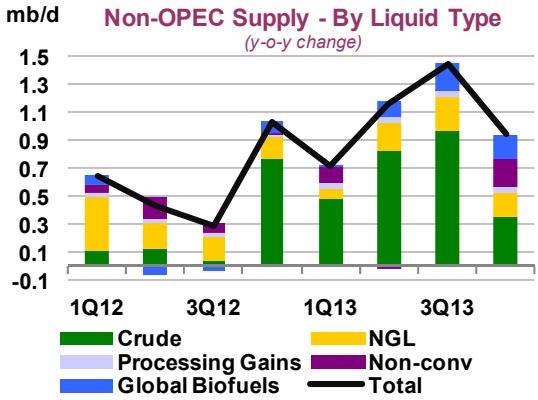
Non-OPEC Overview

North American oil sands and light tight oil (LTO) continue to drive unprecedented annual growth in non-OPEC supply. Each month seems to see new annual growth records, and the pace of growth is set to abate only slightly in the upcoming months. A y-o-y gain of 1.1 mb/d in US oil supply in 4Q12 was a record not only for that country but also for any non-OPEC producer since at least 1994. In Canada, mined synthetic crude output reached an all-time high of 1 mb/d in 4Q12, while the spread of LTO production from the US to Canada lifted Alberta light and medium output to its highest level in a decade.

For 1Q13, non-OPEC output is expected to average 54.1 mb/d, a 720 kb/d increase y-o-y but a 170 kb/d dip from the high of 54.3 mb/d reached in 4Q12. Maintenance at Canada's oil sands facilities, new unplanned outages in the North Sea and a seasonal decline in biofuels are the main factors behind the quarterly decline. Other setbacks include continued pipeline sabotage in Colombia, while Brazil and Russia are expected to achieve only marginal output growth. The restart of oil exports from South Sudan increased in probability this month with the signature of the final and most contentious agreement on border security. And, Total announced that it would restart production from the Elgin/Franklin fields though at reduced rates.

Since last month, we have adjusted our non-OPEC supply estimates by +30 kb/d for 2012, to 53.4 mb/d, and by +60 kb/d for 2013, to 54.5 mb/d. Annual growth in 2013 thus now looks slightly higher than last month, at 1.1 mb/d. Upwards revisions to baseline Texas production account for most of the adjustment. There were also a series of smaller, mutually offsetting revisions. Australian government statistics for 2012 have been revised downwards, while Indonesia's output has been adjusted upwards. Regarding biofuels, we now take a more optimistic view of US biodiesel and Brazilian ethanol output for 2013, but a more pessimistic view of US ethanol output. Higher maintenance than expected at Canadian mined synthetic crude facilities also reduces the estimate for Canadian output by 90 kb/d in 2013.



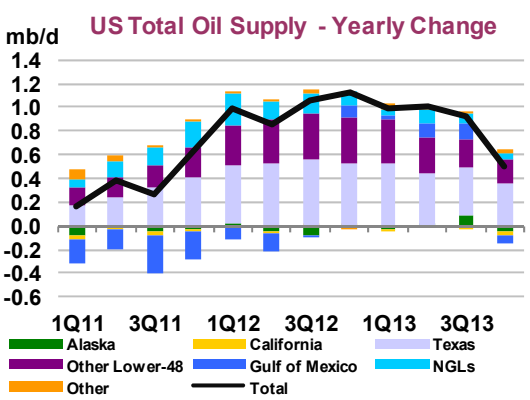


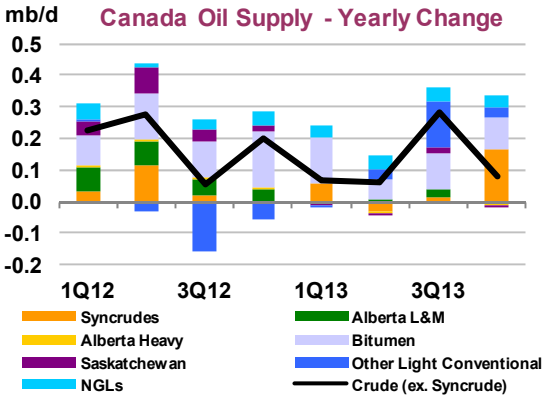
OECD

Americas

US – February preliminary, Alaska actual, other states estimated: US crude oil production stayed at 7.1 mb/d in February, preliminary weekly data from the US Energy Information Administration (EIA) indicate. For December, the latest Petroleum Supply Monthly (PSM) report from the EIA pegged crude production at 7.03 mb/d, a gain of 890 kb/d y-o-y and of around 20 kb/d m-o-m. For 4Q12, liquids production surged by a staggering 1.1 mb/d y-o-y, the steepest annual growth rate posted by any non-OPEC country since at least 1994. However, a 100 kb/d fall in NGL output dragged down total liquids output by 90 kb/d in December, to 9.7 mb/d. EIA also revised upwards historical 2011 and 2012 data for Oklahoma and Colorado. Carried forward, this adjustment resulted in a slight uptick in the forecast for these states. EIA revised Texas (and thus US) output upwards by around 10 kb/d in Q1-Q3 of 2012 but a substantial 60 kb/d in October and November 2012, resulting in a higher baseline, which has been carried forward through the Texas forecast. Increased drilling activity accounts for additional adjustments to the outlook for

Permian and Eagle Ford output. In sum, our forecast of US liquids output has been raised by 160 kb/d in 2013 to 9.99 mb/d, a growth of 840 kb/d y-o-y. Texas accounts for 73% of the change and other Lower-48 accounts for 33%.





Canada – December preliminary: Canadian oil production has increased rapidly over the last several months, reaching an all-time high of 4.1 mb/d in December on the back of a record 1 mb/d in synthetic crude output from surface mining operations. Canada's eastern offshore production returned to around 90% of pre-maintenance output of 250 kb/d. Alberta Light and Medium output reached 440 kb/d, the highest level in a decade, on the back of new LTO development. Suncor reported that it had completed tying–in, and producing from, new wells in December in Alberta's Cardium tight oil formation. Multistage fracturing techniques are increasing output in the Viking and Cardium tight oil plays in Alberta, as well as in Saskatchewan and Manitoba. On balance, Canadian output is expected to increase by 200 kb/d to 4.0 mb/d in 2013.

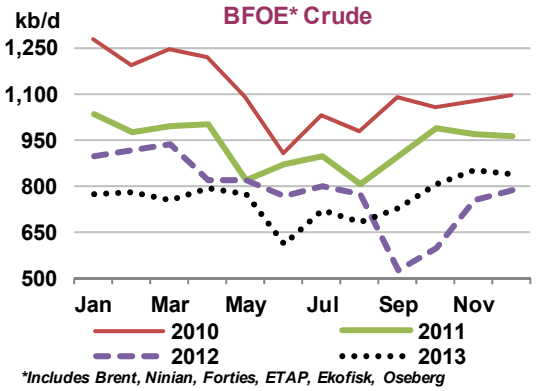
But planned maintenance at surface mining projects is likely to dent Canada's output over the next several months. Some maintenance projects had been announced and included in prior estimates while others had not. This month, Suncor will begin maintenance for 14 weeks at its 350-kb/d capacity Millennium upgrader. Suncor's earnings guidance noted that additional maintenance at the facility is planned for seven weeks sometime in 2Q13 and is also separately planned in 3Q13 for an unspecified amount of time. Suncor's Firebag in situ project, which has increased output to over 120 kb/d, will also undergo maintenance this year. CNRL's 110-kb/d Horizon upgrader will undergo an 18-day shutdown in May. So, after reaching 1 mb/d in December, mined synthetic crude output is likely to decline to around 810 kb/d in 2Q13. The projection of Canadian output is revised downward by 100 kb/d to take into account this planned maintenance in 2013. There are two downside risks to this outlook. First, last year's maintenance proved longer than initially announced, and this year could see a repeat. Second, with Western Canadian Select prices still experiencing a steep discount to WTI, operators may have an incentive to delay the restart of operations to a later time when the differential is more advantageous.

Mexico – February preliminary: Mexican oil production totalled 2.95 mb/d in February, around 20 kb/d higher than the prior month. While crude output has remained resilient in light of mature field decline, Mexico's NGL output declined in 4Q12 to around 330 kb/d due to two separate fires at the Burgos and the Nuevo Pemex gas processing centers. We expect NGL production to rebound to around 380 kb/d in 2013. We now assume that the Ku-Maloop-Zaap (KMZ) field, which produced 850 kb/d in February, will remain at these levels though the end of 2013. This results in a small +30 kb/d revision to the outlook. In sum, Mexican oil output is expected to inch down by 1.0% (-30 kb/d) to 2.89 mb/d in 2013. Mexican output has been declining at an annual average of 0.7% from 2010-2012 compared to -6.9% for 2007-2009.

North Sea

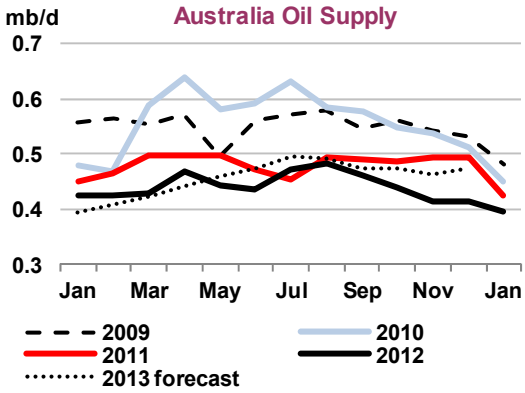
North Sea production continued to increase in 1Q13 by around 100 kb/d from the prior quarter to 3.0 mb/d, which is 380 kb/d (or 11%) below 1Q12. Production of Brent-Forties-Oseberg-Ekofisk (BFOE), the stream

underlying the North Sea Dated price, remained at about 780 kb/d in February. In **Norway,** liquids output fell slightly to 1.83 mb/d in February, slightly lower than 4Q12's average 1.85 mb/d. Output is expected to remain at about the same level through June as rising output from the Valhall, Skarv, Skuld, and Jette fields offset natural declines and other outages. In June, planned maintenance in the Ekofisk system for around half of the month will reduce output by 100 kb/d and will drag BFOE output below 650 kb/d.



In the **UK**, continued problems at the Cormorant Alpha platform caused a five-day shut-in of the Brent pipeline system in early-March. Estimates of loadings do not indicate that production has been impacted, and media reports indicate that the fields that had been shut in January due to related problems have restarted. However, the platform remains offline pending an investigation of the leaking pipes. In the Forties system, output is expected to fall to 360 kb/d this month due to a three-day maintenance outage at the Buzzard field in early March. Trade press indicates that the field was producing only 80 kb/d before the shutdown due to power issues. Total's Elgin/Franklin fields restarted but at only 50% of their design capacity of around 60 kb/d. Huntington's start is also expected to slide to late March, after a missed February start. Overall, only small revisions were carried through the forecast based on recent field-level data. We therefore expect UK oil output to fall by 100 kb/d (-10.6%) to 850 kb/d in 2013.

OECD Asia



Australia – December preliminary: A discrepancy between industry and government statistics for Australian crude and condensate production noted in the January edition of this *Report* has now been resolved. The Australia's Bureau of Resources and Energy Economics downwardly revised crude and NGL production statistics by 100-200 kb/d for the July-November 2012 period, in line with industry estimates. Consequently, OMR estimates have been revised downwards by 40 kb/d for 3Q12 and by 110 kb/d for 4Q12 in this *Report*. Latest estimates for December indicate oil production at 410 kb/d, or 80 kb/d lower than the prior year. Production is expected to fall slightly in January and February due to cyclones and the onset of maintenance at the 35-kb/d Vincent field. Maintenance at the 20-kb/d Van Gogh field is deferred to 1H14.

Non-OECD

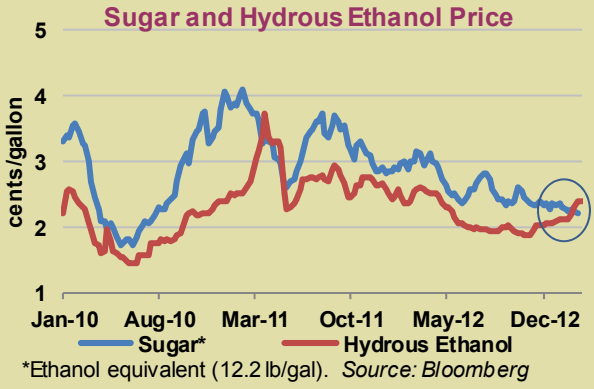
Latin America

Colombia – January preliminary: Colombia's Ecopetrol announced on 23 February that the 110 kb/d Caño Limón-Coveñas pipeline, jointly operated by Ecopetrol and Occidental, had been bombed for the second time in three days. The two attacks, in addition to the attack earlier in the month on the 40-kb/d Transandino pipeline, follow the end of a two-month ceasefire by the Fuerzas Armadas Revolucionarias de Colombia (FARC) insurgent group. FARC also attacked other energy infrastructure in February and March by detonating explosives at the Mirto Uno oil well and by setting fire to trucks carrying crude oil in the Putomayo region. Government statistics showed production exceeded 1 mb/d on average in January. Data for February have yet to be released. We estimate that these attacks will keep liquids output to 990 kb/d in 1Q13, 60 kb/d higher than a year earlier.

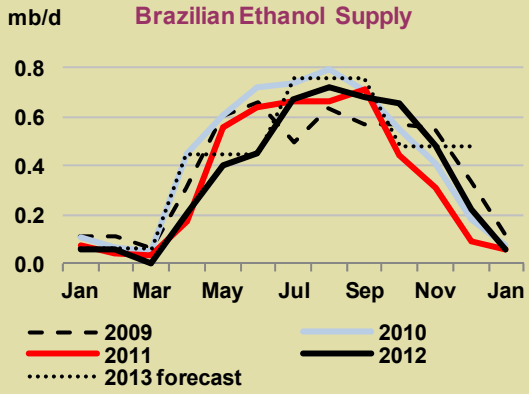
Brazilian Biofuels Take a Turn for the Better

Global biofuels output is expected to total 2 mb/d in 2013. While we see US ethanol output reaching only 860 kb/d (-1.1% y-o-y), Brazilian ethanol output could climb 13.6% to 440 kb/d averaged out over the course of the year or 750 kb/d during the peak season. The combination of a projected strong sugarcane harvest, favourable economics for ethanol versus sugar and an increase in the ethanol blending mandate point to a banner year for Brazilian ethanol output. US biofuels policy and the worst drought in 50 years in the US corn belt will also increase US demand for Brazilian ethanol in 2013.

The ethanol industry has gone through a rough patch in recent years in Brazil, the world's second largest biofuel producer, as producers faced financial difficulties and around 40 mills (10% of the total) were reported in bankruptcy. A poor harvest and high sugar prices led the government to lower the ethanol blending mandate to around 20% in October 2011. Concurrently, continued regulation of gasoline prices made ethanol relatively unattractive to owners of flexible fuel vehicles (FFVs), dampening domestic ethanol demand.



*Ethanol equivalent (12.2 lb/gal). *Source: Bloomberg*



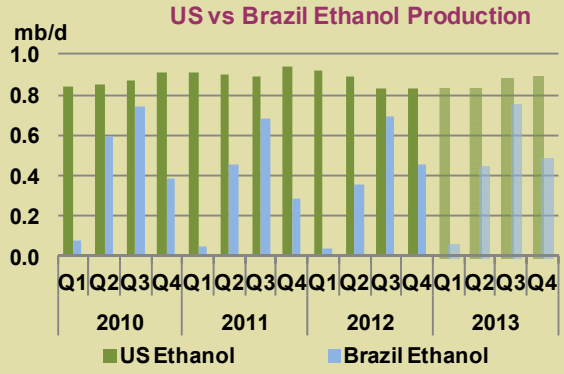
But recently announced government policies stand to improve the outlook for Brazilian ethanol in 2013. First, the government increased gasoline prices sold from Petrobras' refineries by 6.6% (for Sao Paolo state this would bring gasoline prices to around $2.53/gallon before taxes and distribution fees), and would serve to raise ethanol consumption for owners of FFVs. Second, the government is planning to reduce or remove both the taxes paid by fuel distributors for selling fuel ethanol and those paid by mills. Finally, the government is planning to re-raise the minimum blending mandate for ethanol to 25% effective 1 May. In combination, these actions are expected to revive investment in Brazil's sugarcane ethanol industry and bring ethanol mills welcome financial relief at a time when they had been struggling with rising input, labour and land costs. Clearly some of the government incentives described above will raise ethanol demand, increase the likelihood that ethanol prices will stay higher than sugar, and lead to a high level of ethanol output in Brazil in 2013.

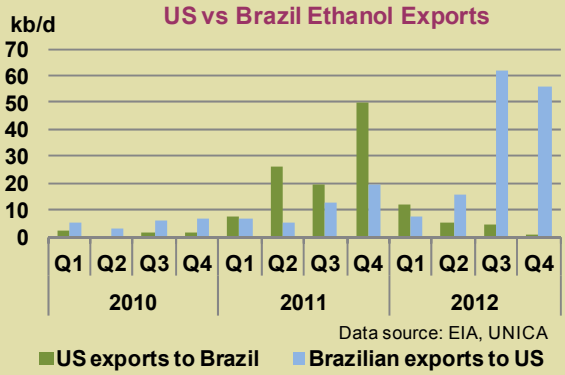
Some economic and policy uncertainties remain. First, Brazil's sugarcane harvest is expected to total around 580-590 m tonnes for the 2013/14 season according to industry group UNICA, or around 7-9% higher than the prior crop year. So, the recent fall in global sugar prices are partly a function of global surplus sugar supplies and partly a function of the expected near-record harvest of sugarcane in Brazil. Since no sugarcane processing into either ethanol or refined sugar is taking place at the moment it remains unclear how mills will respond to the ethanol/sugar relative price level once processing begins. Industry sources estimate that a premium of 2-3% needs to be maintained for the first couple months to continue to incentivise ethanol production rather than sugar. Ethanol installed industrial capacity depends on yearly decisions made by individual plants to produce sugar and/or ethanol. According to USDA, the industry responds to the theoretical ratio of 40:60 to change from sugar to ethanol production or vice versa from harvest to harvest. Once producing units adjust their plants to produce a set ratio of sugar/ethanol in a given year, there is much less flexibility to change it during the crushing season. Despite these uncertainties, the sugar surplus is likely to keep sugar prices in check, which should favour ethanol production. Though weather could still impact the amount of sugarcane harvested in 2013/14, we project ethanol output this year at 440 kb/d, just shy of the record set in 2010 at 450 kb/d.

Brazilian Biofuels Take a Turn for the Better (continued)

Trade Impacts. For several years, Brazil was the most important country of origin for US ethanol imports, while only small volumes were shipped in the opposite direction. The situation changed in 2009, when world sugar prices were rising rapidly and led many mills to shift more of their output towards sugar production. At the same time a strong real-dollar exchange rate meant that Brazilian domestic ethanol lost its economic advantage compared to US corn-based ethanol, in particular in light of a USD 0.54/gal import tariff.

Exports remained small until 2011, when Brazilian domestic ethanol prices rose and US corn ethanol production exceeded the RFS2 quota, allowing for considerable exports. Amid the Brazilian government's decision to abolish import tariffs for US ethanol as of April 2011, US exports to Brazil climbed to more than 25 kb/d on average during 2011.





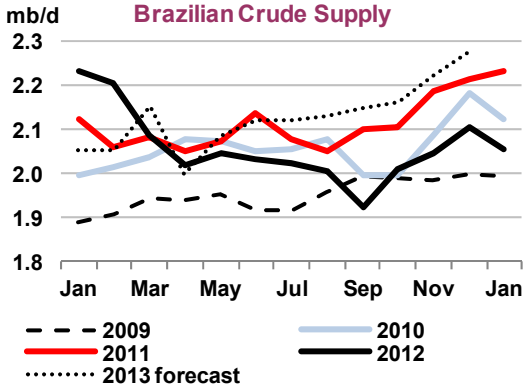
Outlook: Prospects for Brazilian Ethanol Exports to the US. In 2012 US corn ethanol production was depressed due to a severe drought, and domestic production of "advanced biofuels" (produced from sources other than corn) fell short of the RFS2 quota. Brazilian sugarcane ethanol was therefore a likely choice for blenders to use to meet the advanced biofuel requirement, and resulted in imports of the fuel of over 50 kb/d in 2H12.

Based on current production expectations, it is unlikely that US ethanol exports to Brazil and Brazilian ethanol exports to the US will reach the levels seen in 2011 and 2012. The severe drought in the US is likely to keep corn ethanol exports low in 2013 at least until the next corn harvest in 3Q13. Amid a mostly positive outlook for the 2013/14 sugarcane harvest, total Brazilian exports may increase in tandem with rising domestic demand driven from the higher mandatory ethanol share of 25% and from favourable tax policies.

But Brazilian ethanol export levels to the US in 2013 remain a wildcard. Now that the US biodiesel blender credit (of $1/gallon) has been reintroduced, increasing quantities can be used to satisfy the advanced biofuels requirement of the Renewable Fuels Standard 2 (RFS2) in lieu of Brazilian ethanol. The price difference between US-made biodiesel and Brazilian sugarcane ethanol is too close to clearly signal that one fuel will be favoured over the other. An important factor in assessing the future role of Brazilian ethanol exports to the US is that the US gasoline market is saturated with ethanol as the "blend wall" is close to being reached, and biodiesel faces no comparable blending limitations at the moment.

Brazil – January preliminary: Brazilian crude output fell slightly on the month to 2.05 mb/d, 150 kb/d below prior year levels. Production edged down because Petrobras needed to complete the installation of the FPSO at the Baúna field, which had been producing around 15 kb/d in 2012. With the new 80-kb/d capacity FPSO in place, the field is assumed to ramp to 60 kb/d over the course of 2013. Scheduled maintenance and technical issues at the Parque das Baleias and the Marlim Leste fields also reduced output in January, respectively. Test production at the Tartaruga Mestica field (in the Oliva area), on the scale of around 10 kb/d during 2012 also ended in January and is not expected to come back until 2017 when Petrobras will begin commercial production from an FPSO. Another important development in

February was the beginning of test production from the Sapinhoá Norte area at a level of around 15 kb/d for a maximum of six months. This asset is not to be confused with production that started from the 120-kb/d capacity FPSO Cidade de Sao Paolo on 7 January. The main Sapinhoá field will produce at 15 kb/d for three months from one well, and will then ramp to 120 kb/d by the first half of 2014 according to Petrobras.



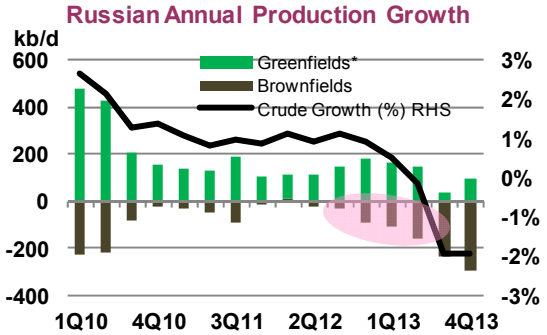
Middle East

The 110-kb/d Marib pipeline in **Yemen** was attacked in two separate spots in early February. It remained offline for repairs until 20 February when gunmen fired on the line and saboteurs bombed it in two separate places according to news reports. We believe the pipeline continued to pump normally until saboteurs bombed the line again in early March, but the line was repaired within a day. We estimate that Yemen's oil production in 2013 will remain at 2012 levels of 180 kb/d.

News reports indicate that in **Syria** the Free Syrian Army has taken over the large Suwaidiyah heavy oil field, as well as the al-Raqa and al Tabaqa fields. Oil from these fields has been transported via government-controlled pipelines to reach the Homs and Banias refineries. We expect some impact to production from this takeover because only some remaining production can be used locally and because the facilities were likely to have been damaged during fighting in the western and northwestern parts of the country. Therefore, we have lowered output in 2013 by 20 kb/d to 120 kb/d, a y-o-y decline of 40 kb/d.

Former Soviet Union

Russia – February preliminary: February liquids output increased by 120 kb/d to 10.8 mb/d y-o-y. Like last month, 50 kb/d of the increase came from strong output growth from Gazprom. Greenfield projects including Rosneft's Vankor field continue to reach new heights each month. At 420 kb/d, we expect 30 kb/d of further gains by the end of the year, in line with company guidance. TNK-BP's Uvat field reached 145 kb/d and the Verkhnechonskoye field reached 150 kb/d, all of which contributed to year on year growth. Yet overall, Russian crude production has gradually fallen by 60 kb/d since November, to 10.01 mb/d, due to accelerating decline at brownfield assets. In 1H12, brownfield production fell by 0.1%, in 2H12 it dropped by 0.8%, and in the first two months of this year it has fallen by -1.1%. We expect this trend to continue in 2013. Coupled with planned maintenance at Sakhalin-1, it is expected to reduce overall Russian oil output from 10.73 mb/d in 2012 to 10.69 mb/d in 2013.



*Greenfield production includes Sakhalin, Vankor, Verkhnechonskoye, Uvat, Salym, Caspian, and other major field additions of the last 3 years.

In **Kazakhstan** news reports indicate that despite operator and government hopes that Kashagan's output could begin as early as April, the field is not expected to begin commercial production until June, in line with our expectations. Kazakhstan's oil output is forecast to grow by only 30 kb/d in 2013 to 1.65 mb/d despite the startup of the 350 kb/d Kashagan field due to planned maintenance at the Tengiz field this summer and due to mature field decline.

FSU net exports inched up by 70 kb/d to 9.0 mb/d in January. Product shipments led the rise, growing by 140 kb/d on the month which offset a 60 kb/d drop in crude volumes. While Russian crude volumes rose by 50 kb/d, total crude exports were pressured lower by falling Kazakhstani and Azerbaijani shipments. Indeed, shipments of crude out of Black Sea terminals fell by a considerable 170 kb/d to 1.6 mb/d with non-Russian shipments from the region declining by 210 kb/d. Moreover, despite icy weather in the Baltic, Russian crude was reoriented away from the Black Sea towards northern outlets. Consequently, Urals volumes sent via Novorossiysk slumped by a further 90 kb/d to 670 kb/d in January, reportedly their lowest level in a decade. Much of this is due to the 2Q12 start up of Ust Luga. Since end-2011, Novorossiysk volumes have plummeted by close to 350 kb/d while Ust Luga volumes have averaged over 400 kb/d over the past six months with total Baltic exports reaching 1.7 mb/d in January. This glut of crude coming out of the Baltic has pressured NWE Urals prices since 2Q12. Indeed, despite reports of Urals Med becoming heavier as more light western Siberian crude heads into the ESPO, the price premium of Urals MED to NWE has averaged $0.60/bbl since the turn of the year with the differential noticeably widening in January. However, loading schedules for February and March indicate that Urals exports from Novorossiysk are likely to bounce back as icy weather has reportedly led to delays in the Baltic, this likely explains the brief return of Urals NWE to holding a premium over Med in early March.

FSU Net Exports of Crude & Petroleum Products

(million barrels per day)

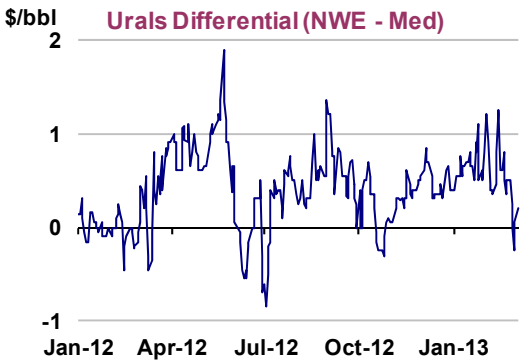
	2011	2012	1Q2012	2Q2012	3Q2012	4Q2012	Nov 12	Dec 12	Jan 13	Latest month vs. Dec 12	Latest month vs. Jan 12
Crude											
Black Sea	1.93	1.81	1.83	1.88	1.74	1.78	1.83	1.74	1.57	-0.17	-0.26
Baltic	1.50	1.67	1.48	1.75	1.78	1.69	1.70	1.50	1.67	0.17	0.14
Arctic/FarEast	0.67	0.65	0.62	0.62	0.64	0.72	0.73	0.79	0.79	-0.01	0.15
BTC	0.70	0.66	0.73	0.68	0.64	0.59	0.59	0.60	0.56	-0.04	-0.13
Crude Seaborne	**4.80**	**4.79**	**4.66**	**4.93**	**4.80**	**4.78**	**4.86**	**4.64**	**4.59**	**-0.05**	**-0.09**
Druzhba Pipeline	1.17	1.08	1.24	1.11	0.98	0.98	0.97	0.97	0.94	-0.03	-0.29
Other Routes	0.53	0.52	0.51	0.49	0.53	0.54	0.53	0.54	0.56	0.01	0.06
Total Crude Exports	**6.50**	**6.39**	**6.42**	**6.53**	**6.31**	**6.30**	**6.36**	**6.15**	**6.09**	**-0.06**	**-0.33**
Of Which: Transneft[1]	4.18	4.22	4.18	4.35	4.24	4.10	4.07	3.94	3.99	0.05	-0.21
Products											
Fuel oil[2]	1.58	1.72	1.61	1.81	1.83	1.61	1.79	1.55	1.62	0.06	-0.02
Gasoil	0.77	0.79	0.88	0.75	0.76	0.79	0.86	0.84	0.88	0.05	0.07
Other Products	0.43	0.44	0.43	0.41	0.45	0.47	0.50	0.45	0.49	0.04	0.03
Total Product	**2.77**	**2.95**	**2.92**	**2.97**	**3.04**	**2.87**	**3.15**	**2.84**	**2.98**	**0.14**	**0.08**
Total Exports	**9.27**	**9.34**	**9.33**	**9.50**	**9.35**	**9.17**	**9.51**	**8.99**	**9.07**	**0.08**	**-0.25**
Imports	0.09	0.09	0.12	0.06	0.08	0.08	0.09	0.08	0.09	0.00	-0.04
Net Exports	**9.19**	**9.25**	**9.21**	**9.44**	**9.27**	**9.08**	**9.42**	**8.91**	**8.98**	**0.08**	**-0.21**

Sources: Argus Media Ltd, IEA estimates

[1]Transneft data exclude Russian CPC volumes.

[2]Includes Vacuum Gas Oil

Elsewhere, exports via ESPO remained steady at 750 kb/d (including 320 kb/d sent along the Chinese spur) and Druzhba flows remained under 1 mb/d for a third consecutive month, although Czech volumes held up at 70 kb/d providing further indication that refiners there are now willing to pay a higher price for their crude. Product shipments rose with all oil categories increasing on the month as Russian domestic demand remains seasonally weak. Shipments of gasoil were also likely hiked as NWE gasoil prices remained strong in January after colder weather reached the region.



Africa

Sudan and South Sudan: The African Union (AU) mediated the negotiation and signature of a Security Arrangements Agreement on 8 March, which should lead to the withdrawal of troops from a demilitarised border zone on 14 March, and to troop removal by 5 April. The Agreement calls for a UN-supported Joint Border Verification and Monitoring Mechanism to be deployed afterward. Though several agreements about border security have been made in the past and have not been implemented, the AU announcement highlighted that this final agreement on security was the sole remaining obstacle to full implementation of the other nine agreements signed by the Presidents in September 2012, including the one concerning oil.

On 10 March, the parties also agreed on an "implementation matrix", including the key issue of when oil exports could resume and under what circumstances. South Sudan's information minister noted that now that the Security Agreement is complete, "we shall start preparing our facilities to resume exports." Subject to the conditions in the agreement and matrix, companies will be given orders to restart production on March 24. Delays are likely, however, due to technical issues with restarting production and exports and non-technical issues related to the implementation of the Security Agreement. For this reason we expect that South Sudanese production can restart slowly as soon as May, one month earlier than forecast in last month's report, and reach around 220 kb/d by the end of the year, which is still well below pre-independence capacity of around 350 kb/d. There is zero net revision to the forecast for flows in 2013 compared to last month because of a downward adjustment to the 4Q13 estimate.

At the time of writing, an oil workers union had just announced a strike in **Gabon**. The country produced around 250 kb/d in February and Total, Shell and Sinopec are the major producers in the country. With scant information available, we assume the strike will be short-lived and have reduced March output by 50 kb/d to 200 kb/d.

Asia

Indonesia's oil production slid by 40 kb/d (-4.7%) in 2012 to 890 kb/d based on newly available company and field-level government statistics. The new statistics result in a 20 kb/d upward revision to the previous estimate for 2012 that was based on JODI and other secondary sources of monthly production information. In the absence of new fields, Indonesian production is assumed to continue to decline at a rate of 70 kb/d to 820 kb/d in 2013.

OECD STOCKS

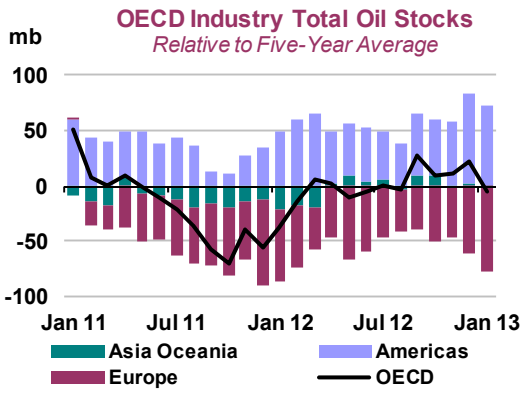
Summary

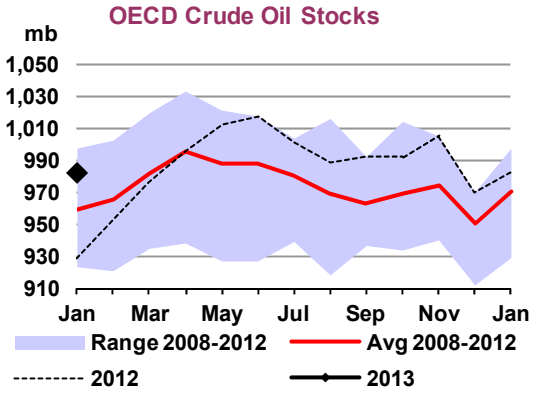
- OECD commercial oil holdings rebounded by 22.5 mb to stand at 2 689 mb at end-January. Builds spanned all regions, but were consistently shallower than the average builds for January. Consequently, inventories' position relative to the five-year average slumped to a 4.4 mb deficit.

- At end-January, total product inventories covered 30.7 days of forward demand, 0.1 day higher than the previous month. Final data for December indicate that a 700 kb/d draw in 4Q12 was 150 kb/d steeper than previously assessed.

- Preliminary data indicate that OECD holdings fell by 12.9 mb in February as a 20.2 mb draw in refined products outweighed an 8.5 mb build in crude. Middle distillates fell by a seasonally moderate 5.2 mb.

- Following the commissioning of new refining capacity, Chinese commercial stocks built by 12.4 mb, their largest increment in 12 months in January. Gasoil stocks surged by 10.9 mb, while gasoline and kerosene stocks increased by 3.5 mb and 0.2 mb, respectively.





OECD Inventory Position at End-January and Revisions to Preliminary Data

Total OECD commercial oil holdings rebounded by 22.5 mb to stand at 2 689 mb at end-January. Since the monthly build was less than half the 48.4 mb five-year average build for the month, inventories' position relative to five-year average levels slumped to a 4.4 mb deficit, the first time inventories have stood at a deficit since end-August 2012. The build spanned all OECD regions, but regional rises were consistently weaker than the five-year average builds for January. Stocks in the OECD Americas increased by 3.5 mb, while those in OECD Europe and Asia Oceania rose by 12.8 mb and 6.3 mb, respectively. Rising inventories of motor gasoline (+11.7 mb m-o-m) and crude oil (+15.2 mb m-o-m) led the gains. All other oil categories posted seasonal builds bar 'other products' and fuel oil, which drew by 19.4 mb and 2.6 mb, respectively. At end-January, total products covered 30.7 days of forward demand, 0.1 day higher than the previous month.

A further steep draw in 'other products' (-19.4 mb), extending earlier declines, blunted the effect of builds elsewhere. Centred in the US, this draw provides further evidence that US propane buying has continued apace, spurred on by cold weather, export demand and seasonally low prices. The build in motor gasoline was also below the seasonal norm, especially in the OECD Americas, where stocks inched up by just 2.8 mb, roughly 11 mb below average.

This month, Italian stock estimates have been revised downwards from January 2010 onwards by about 10.4 mb across the board. This baseline revision is meant to fix inaccuracies that were found in the accounting of refined products by the administration. Stripping it out, November stocks remained relatively unchanged (-5.1 mb) with downward adjustments centred in Australian crude oil holdings. Final December data were revised downwards by 11.3 mb, pointing at a substantially steeper stock draw for that month than previously thought, 28.2 mb versus 22 mb in last month's *Report*. Crude oil inventory estimates were revised downwards by 14.7 mb, accounting for the bulk of the December adjustment – a revision in crude stocks that was more or less evenly spread across all three OECD regions. Stripping out the Italian revisions, however, total products inventories for December were adjusted upwards by 19.1 mb.

Revisions versus 18 January 2013 Oil Market Report

(million barrels)

	Americas		*Europe*		*Asia Oceania*		*OECD*	
	Nov-12	Dec-12	Nov-12	Dec-12	Nov-12	Dec-12	Nov-12	Dec-12
Crude Oil	**-0.4**	**-5.0**	**1.6**	**-4.5**	**-4.8**	**-5.2**	**-3.6**	**-14.7**
Gasoline	0.0	-1.3	0.5	1.8	0.0	-0.6	0.5	-0.1
Middle Distillates	-0.1	6.4	2.1	6.9	0.0	2.0	2.0	15.3
Residual Fuel Oil	0.0	-1.2	-7.6	-6.5	0.0	-0.3	-7.6	-8.1
Other Products	-0.3	3.2	-5.5	-2.6	-0.2	1.0	-5.9	1.6
Total Products	**-0.4**	**7.1**	**-10.4**	**-0.5**	**-0.2**	**2.1**	**-11.0**	**8.7**
Other Oils[1]	-1.2	-10.6	0.3	-5.0	0.0	-0.1	-0.9	-15.7
Total Oil	**-2.0**	**-8.4**	**-8.5**	**-10.0**	**-5.0**	**-3.2**	**-15.5**	**-21.7**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

These adjustments have altered the 2012 quarterly and annual stock changes estimates versus last month's Report. The 4Q12 stock draw is now seen at 700 kb/d, a much steeper decline than the 550 kb/d draw reported in last month's *Report*. Similarly, the 2012 stock build now averages 165 kb/d, a shallower gain than the previous estimate of a 200 kb/d build.

Preliminary Industry Stock Change in December 2012 and Fourth Quarter 2012

	December 2012 (preliminary) *(million barrels)*				December 2012 (preliminary) *(million barrels per day)*				Fourth Quarter 2012 *(million barrels per day)*			
	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total
Crude Oil	**9.7**	**3.1**	**2.3**	**15.2**	**0.31**	**0.10**	**0.08**	**0.49**	**-0.09**	**-0.02**	**-0.13**	**-0.24**
Gasoline	2.8	6.8	2.1	11.7	0.09	0.22	0.07	0.38	0.32	-0.02	-0.04	0.26
Middle Distillates	0.5	3.8	1.6	5.9	0.02	0.12	0.05	0.19	0.08	-0.06	-0.10	-0.08
Residual Fuel Oil	-2.2	-0.1	-0.4	-2.6	-0.07	0.00	-0.01	-0.08	-0.03	0.01	-0.02	-0.04
Other Products	-14.5	-3.1	-1.7	-19.3	-0.47	-0.10	-0.05	-0.62	-0.28	0.00	-0.01	-0.29
Total Products	**-13.3**	**7.3**	**1.6**	**-4.4**	**-0.43**	**0.24**	**0.05**	**-0.14**	**0.09**	**-0.06**	**-0.17**	**-0.14**
Other Oils[1]	7.1	2.3	2.3	11.7	0.23	0.08	0.08	0.38	-0.20	-0.07	-0.04	-0.32
Total Oil	**3.5**	**12.8**	**6.3**	**22.5**	**0.11**	**0.41**	**0.20**	**0.73**	**-0.20**	**-0.16**	**-0.34**	**-0.70**

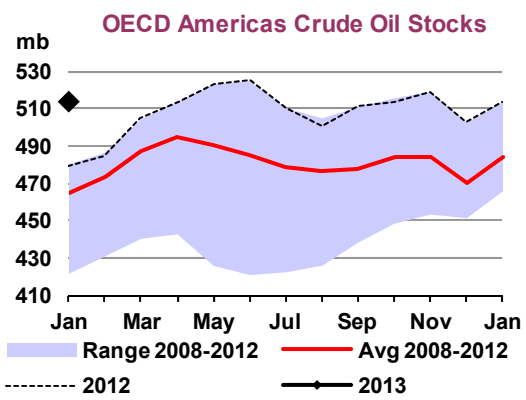
1 Other oils includes NGLs, feedstocks and other hydrocarbons.

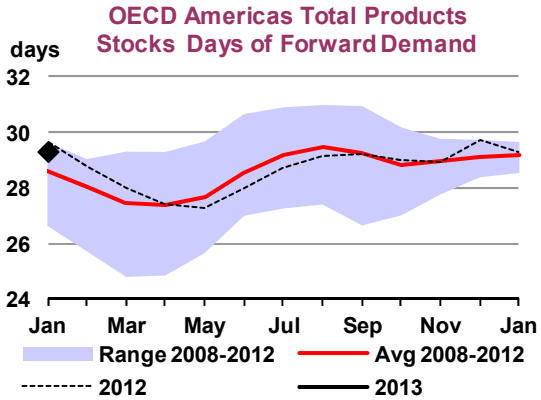
Preliminary data indicate that OECD holdings inched lower by 12.9 mb in February, far less than the 30.2 mb five-year average draw. Refined product inventories led the decline with a drop of 20.2 mb, shallower than the 34.4 mb average draw for February. As in January, 'other product' stocks accounted for the bulk of the product draw, declining by 10.9 mb, while motor gasoline and middle distillates fell by 7.4 mb and 5.2 mb, respectively. The latter's contraction was far shallower than the five-year average 23.5 mb draw for that month, if these data were confirmed the deficit to the five-year average would narrow to 25.2 mb. In contrast, crude oil stocks built seasonally by 8.5 mb as many OECD refiners entered turnarounds. Almost all the re-stocking was located in OECD Americas (+9.7 mb) while European inventories built by 1 mb and those in OECD Asia Oceania drew by an unseasonal 2.2 mb.

Analysis of Recent OECD Industry Stock Changes

OECD Americas

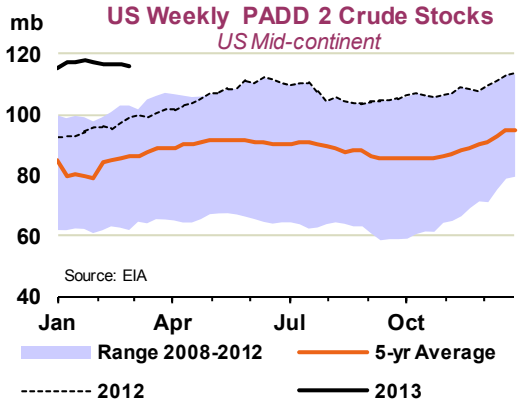
Industry total oil holdings in OECD Americas increased by a weaker-than-seasonal 3.5 mb in January. A seasonal crude oil build (+9.7 mb) led the gains, while NGLs and feedstocks rose by a further 7.1 mb. Meanwhile, total products were pressured lower after 'other products' plummeted by 14.5 mb. Despite 'other products' drawing strongly for a fourth consecutive month, inventories still stood at 170 mb in January, 8 mb above the previous seasonal maximum.

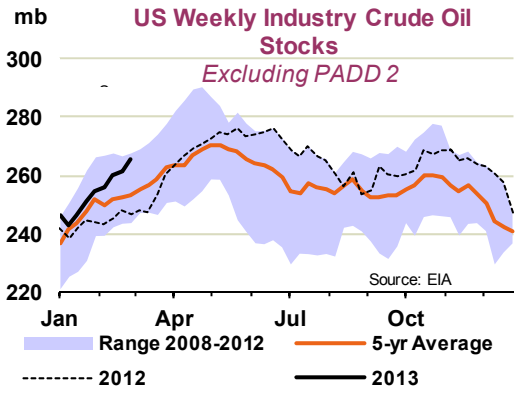




Total products fell by 13.3 mb to cover 29.2 days of forward demand at end-January, a fall of 0.5 days on the previous month. Despite cold weather hitting the region during the month, middle distillate inched up by a counter-seasonal 0.5 mb. Nonetheless, inventories remain tight, standing 15.8 mb below five-year average levels. However, this lag has been reduced significantly from the 33 mb posted at end-November. Against a backdrop of high US gasoline prices and healthy exports to Latin America, regional motor gasoline holdings rose by 2.8 mb on the month to stand at 268 mb, towards the top of the five-year range.

Preliminary weekly US EIA data indicate that commercial total oil inventories there fell by 16.9 mb in February. As with January, a significant draw in 'other products' (-12.2 mb m-o-m) pressured stocks downwards with total product inventories falling by 25.3 mb, stronger than the 16.6 mb average draw for the month. With a prolonged cold spell hitting the East Coast, middle distillates fell by a seasonal 8.5 mb but their deficit to the five-year average remained at 15 mb. A 9.7 mb build in crude stocks tempered the draw in total oil as refiners entered seasonal turnarounds and reduced throughputs.



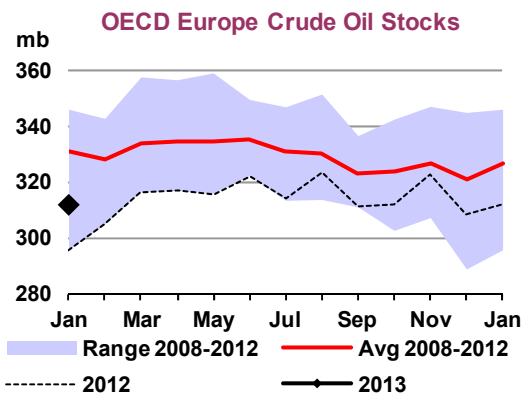


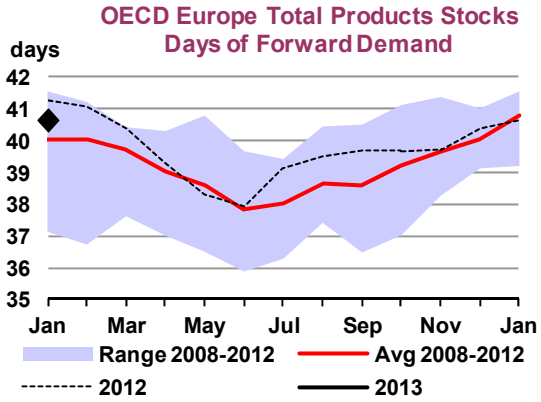
Since the turn of the year US crude stocks have built by close to 20 mb, however unlike previous years the location of these builds is not in the Midwest (PADD 2), where stocks have remained at 115 mb. The main source of the incremental growth has been the Gulf Coast (PADD 3), where following the start-up

of the expanded Seaway pipeline and despite lingering bottlenecks, crude is gradually making its way, boosting local stocks.

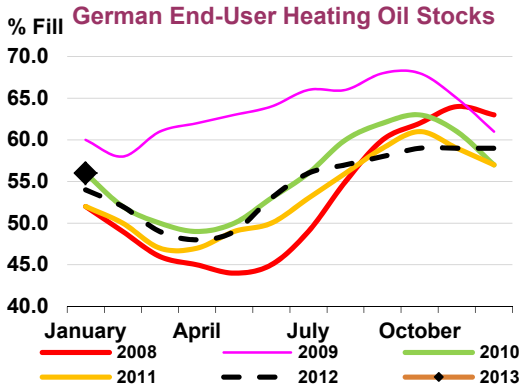
OECD Europe

Industry oil inventories in OECD Europe rose by 12.8 mb in January, significantly weaker than the 23.9 mb average build for the month. Following a reduction in regional throughputs, crude oil stocks rose by 3.1 mb. Total products rose by an additional 7.3 mb, after high regional product prices drew in imports from outside the region. At end-month total products covered 40.7 days, a rise of 0.3 day compared to end-December.





On a product-by-product basis, motor gasoline rose by a seasonal 6.8 mb while middle distillates continued their upwards trajectory, building for the second consecutive month as they rose by 3.8 mb. 'Other products' provided some offset as they drew by a seasonal 3.1 mb. On a country-by-country basis, France and Germany accounted for half of the regional build, as they replenished inventories by 2.8 mb and 3.3 mb, respectively. German middle distillates holdings posted a surprising counter-seasonal 0.8 mb draw, accordingly inventories' deficit to five-year average levels widened to 3 mb.

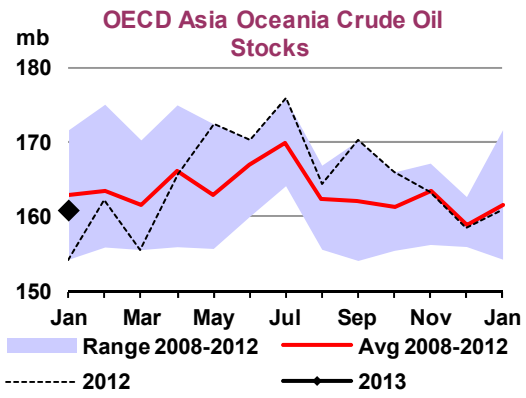


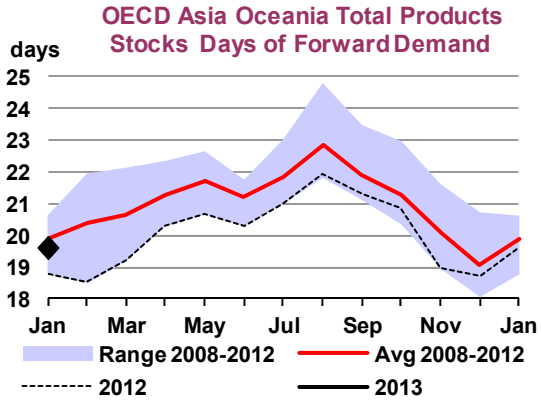
Harsh winter weather arrived in the region in February, which resulted in tertiary stocks drawing, consequently, German consumer heating oil stocks dropped to 56% of capacity. Since these inventories replenished disappointingly over 2012, if this cold weather was to prolong into March, levels could fall below seasonal minimums. Data from Euroilstock indicate that European total oil inventories inched up by 0.8 mb in February. Crude oil stocks rose by 1 mb after refinery throughputs fell as refiners entered turnarounds. Refined product inventories inched down by 0.2 mb after motor gasoline and 'other products' fell by 2.4 mb and 0.4 mb, respectively. These were offset by counter-seasonal rises in middle distillates (+2.3 mb) and fuel oil (+0.4 mb). Reports suggest that refined products held in independent storage in Northwest Europe grew for a third consecutive month in February driven by the strongest build in gasoline reported for two years and a lesser rise in gasoil holdings which more than offset draws in naphtha, jet kerosene and fuel oil.

OECD Asia Oceania

Industry inventories in Asia Oceania (still excluding Israel) built by a seasonal 6.3 mb in January. All oil categories adhered to seasonal patterns as only fuel oil and 'other products' posted contractions. Crude rose by 2.3 mb to stand at 160.7 mb by end-month, above last year's depressed level but below the five-

year average. Since regional runs remained relatively stable it is likely that crude imports increased further from January's elevated 7.2 mb/d. Total products rose by 1.6 mb to cover 19.5 days of forward demand at end-month, 0.8 days above the previous month. Middle distillates rose by 1.6 mb but with regional demand set to rise over the remainder of 1Q13, stocks look less comfortable on a forward demand basis, standing at 22 days, approaching the minimum level posted over the previous five years.

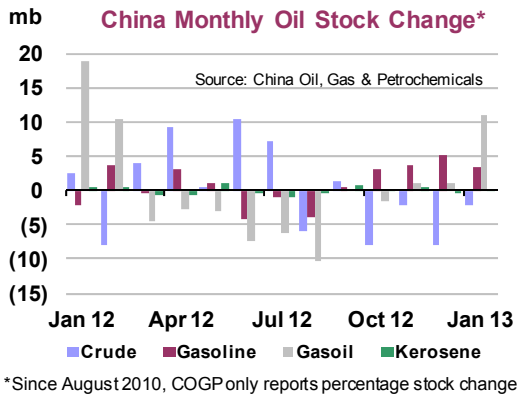


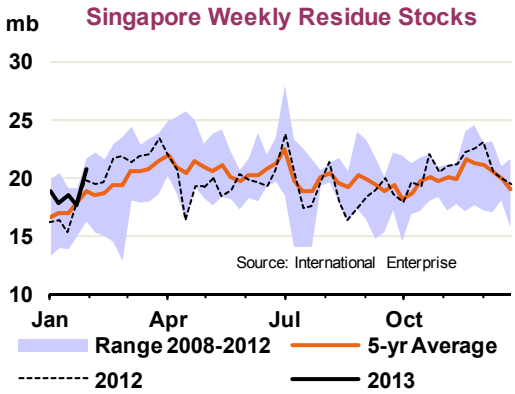


Preliminary weekly data from the Petroleum Association of Japan suggest that in February inventories there rose by a counter-seasonal 3.3 mb after a 5.2 mb build in total products outweighed a 2.2 mb draw in crude oil. This resulted from refiners increasing throughputs to their highest levels since before the 2011 earthquake and tsunami with refinery utilisation increasing steadily over the month to a high of 86%. All refined products built with middle distillates posting a strongly counter-seasonal 1.1 mb build while gasoline, fuel oil and 'other products' rose by 1.1 mb, 1.3 mb and 1.7 mb, respectively.

Recent Developments in Singapore and China Stocks

Chinese commercial oil inventories surged in January following the commissioning of new refining capacity. With Chinese refining capacity now closer to domestic demand requirements, high runs now offer greater potential to boost product inventories. According to data from China Oil Gas and Petrochemicals (China OGP), stocks rose by an equivalent 12.4 mb (data are reported in terms of percentage stock change), their largest increment in 12 months. Crude stocks dropped by 2.1 mb while products rose by 14.5 mb. Gasoil stocks surged by 10.9 mb (18.05 %) while gasoline and kerosene stocks increased by 3.5 mb (5.47%) and 0.2 mb (1.37%), respectively.

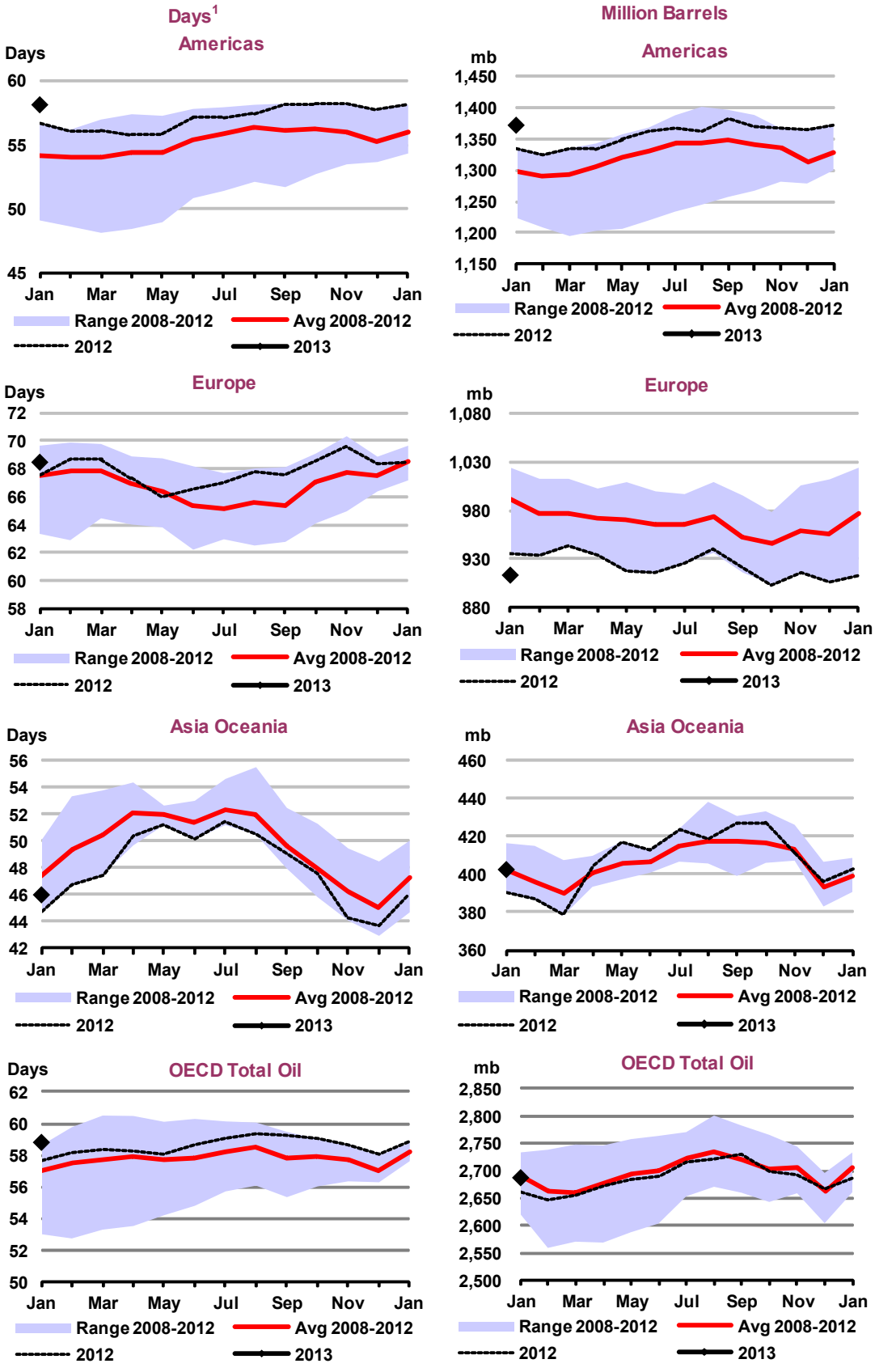




Weekly data from International Enterprise suggest that land-based refined product storage in Singapore fell by 0.2 mb in February after a 1.2 mb build in residual fuel oil was counter-balanced by a 1.2 mb draw in middle distillates while light distillates inched down by 0.2 mb. The build in residual fuel oil arrived towards the end of the month after arrivals from the Atlantic Basin, Middle East and India picked up as Asian prices climbed.

Regional OECD End-of-Month Industry Stocks

(in days of forward demand and million barrels of total oil)



1 Days of forward demand are based on average demand over the next three months

PRICES

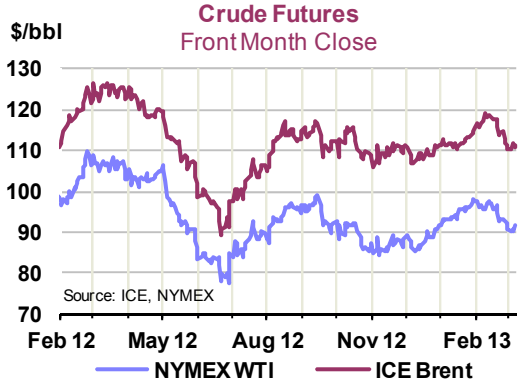
Summary

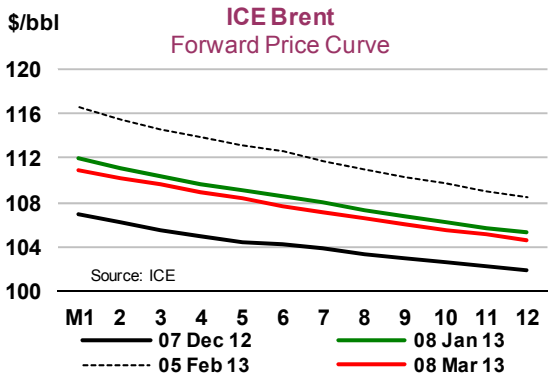
- **Oil markets retreated in mid-February after rallying in the first six weeks of 2013**. An abrupt shift in market sentiment saw prices for benchmark Brent crude fall to nine-week lows by mid-March. Futures prices for Brent were last trading at $110/bbl, down $6/bbl from average February price levels while WTI fell by a smaller $2.50/bbl over the same period, to $92.75/bbl.

- **Spot crude oil prices for benchmark grades rose on average in February, with gains ranging from a low of around $0.50/bbl for WTI to a high of $3.35/bbl for North Sea Dated.** The higher month-on-month levels, however, masked a sharp plunge in spot prices mid-month, which continued into early March. Earlier-than-expected and deeper cuts to global refinery throughputs during the turnaround season underway have largely been behind weaker crude markets.

- **Spot product markets posted strong gains in February due to tighter supplies on the back of earlier-than-usual refinery maintenance turnarounds and unplanned plant shutdowns**. Gasoline crack spreads rose counter-seasonally, especially on the US East Coast, even as market participants also faced a dramatic spike in ethanol blending credits.

- **Reduced crude oil production by Middle East exporters, especially Saudi Arabia over the past few months, sharply reduced demand, and hence, freight rates, for very large crude carriers (VLCCs) on trades out of the Middle East Gulf throughout February**. Suezmaxes fared much better, despite very limited opportunities to move light West-African crudes to the US, as rates surged to over $16/mt in late-February after a rush of fixings tightened the tonnage list.





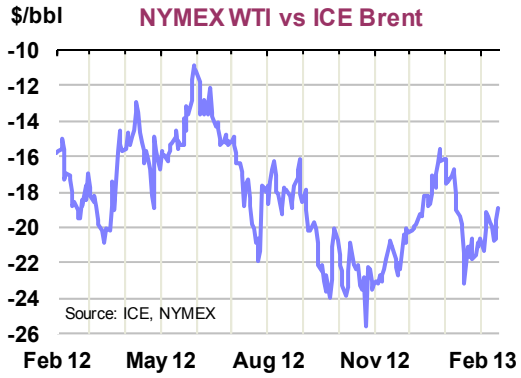
Market Overview

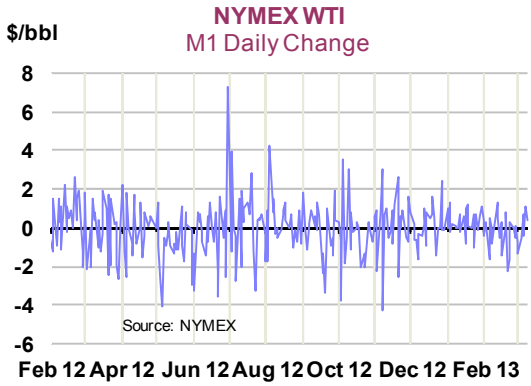
Oil markets eased in mid-February after rallying in the first six weeks of 2013 as traders appeared to reassess the outlook for the economy and oil demand. An abrupt shift in market sentiment saw benchmark Brent crude fall to nine-week lows by mid-March. Futures prices for Brent were last trading at $110/bbl, down $6/bbl from average February price levels while WTI fell a smaller $2.50/bbl over the same period, to $92.75/bbl.

The exuberance seen in financial and equity markets continues apace, but a number of developments converged to add downward pressures on oil futures and temper demand prospects near term. China's economic outlook became a focus of market concern following new data, including industrial production estimates for January and February, which showed output declined to the lowest level since the upswing that got underway in October 2012. In the US, failure of the US Congress to reach a deal on budget cuts

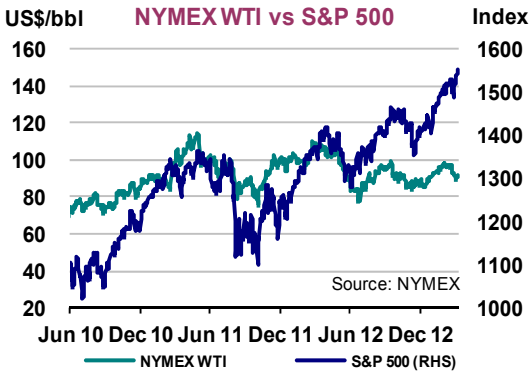
ushered in the so-called '*sequester*', or the automatic trigger for $85 billion of spending cuts, which could reduce GDP growth by 0.5 percentage point by some estimates. Analysts fear the economic burden on US consumers will lead to weaker-than-expected oil demand growth. Meanwhile, the latest forecast for the Eurozone from the European Commission now shows GDP for the region contracting by 0.3% in 2013 compared with earlier projections of growth for 2013.

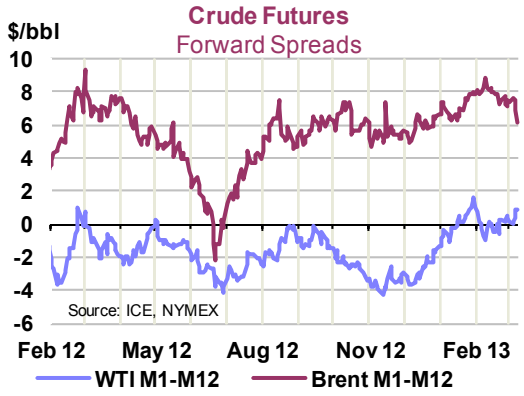
The steep run-up in prices in the first half of February was only partially offset by lower levels later in the month. Brent futures posted an average gain of $3.75/bbl, to $116.07/bbl. By comparison, WTI futures rose by a smaller $0.49/bbl to $95.32/bbl. Indeed, the daily change in the WTI M1 contract was muted on the month. As a result, the Brent-WTI price spread, which had narrowed to around $17.50/bbl in January widened to $20.75/bbl in February.





After closely tracking the upward momentum of the broader financial markets in early February, oil prices diverged by the last week in February. The S&P 500 continued its march above 1500 while WTI futures peaked on 14 February before cascading lower. The stock market rally has been fuelled by investors moving cash into equity markets.





Forward price spreads for Brent narrowed as prompt month prices weakened in early March following the restart of shut-in North Sea capacity. The M1-M12 contract averaged about $7.20/bbl in the first week of March compared with around $7.85/bbl in February. Continuing problems with production of the four North Sea crude streams that physically underpin the Brent futures market propped up the steep backwardation in Brent prices.

In the US, the WTI M1-12 forward spread moved into backwardation on expectations that incremental Seaway pipeline capacity would start moving surplus inventories at Cushing out of the congested region. The WTI M1-M12 contract spread narrowed to $0.44/bbl from -$0.02/bbl on average in February, +$0.13/bbl in January and from -$2.70/bbl in December.

Prompt Month Oil Futures Prices

(monthly and weekly averages, $/bbl)

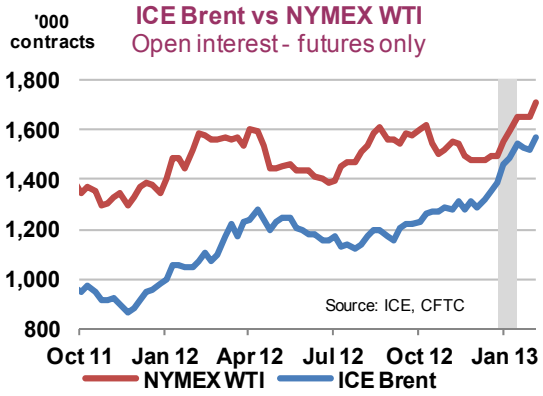
	Dec	Jan	Feb	Feb-Jan Avg Chg	% Chg	Week Commencing: 04 Feb	11 Feb	18 Feb	25 Feb	04 Mar
NYMEX										
Light Sweet Crude Oil	88.25	94.83	95.32	0.49	0.5	96.20	96.94	94.27	92.25	90.98
RBOB	113.28	118.73	127.48	8.75	6.9	127.24	129.01	129.12	125.52	131.86
No.2 Heating Oil	125.81	128.33	132.36	4.03	3.0	134.14	135.41	131.64	126.17	124.51
No.2 Heating Oil ($/mmbtu)	22.19	22.63	23.34	0.71	3.0	23.66	23.88	23.22	22.25	21.96
Henry Hub Natural Gas ($/mmbtu)	3.44	3.35	3.31	-0.04	-1.1	3.34	3.23	3.27	3.44	3.55
ICE										
Brent	109.20	112.32	116.07	3.75	3.2	117.00	118.23	115.63	112.16	110.95
Gasoil	124.25	128.71	133.80	5.08	3.8	136.15	136.32	133.23	127.21	124.19
Prompt Month Differentials										
NYMEX WTI - ICE Brent	-20.95	-17.49	-20.75	-3.26		-20.80	-21.29	-21.36	-19.91	-19.97
NYMEX No.2 Heating Oil - WTI	37.56	33.50	37.04	3.54		37.94	38.47	37.37	33.92	33.53
NYMEX RBOB - WTI	25.03	23.90	32.16	8.26		31.04	32.07	34.85	33.27	40.88
NYMEX 3-2-1 Crack (RBOB)	29.21	27.10	33.79	6.69		33.34	34.20	35.69	33.48	38.43
NYMEX No.2 - Natural Gas ($/mmbtu)	18.74	19.28	20.03	0.75		20.32	20.66	19.94	18.81	18.41
ICE Gasoil - ICE Brent	15.05	16.39	17.73	1.33		19.15	18.09	17.60	15.05	13.24

Source: ICE, NYMEX

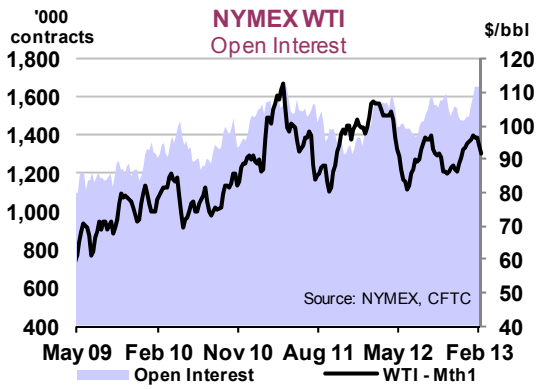
Futures Markets

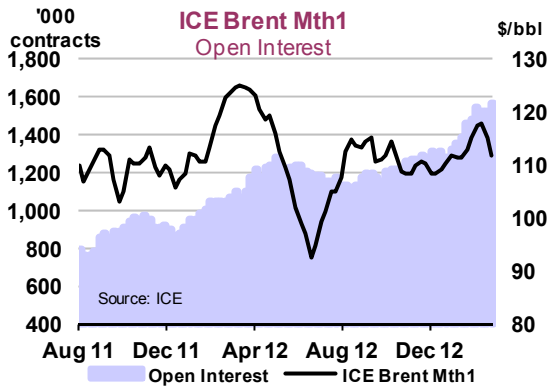
Activity Levels

Market activity on the two main oil exchanges, measured as open interest in futures contracts, saw NYMEX WTI rebound relative to ICE Brent to an all-time record high of 1.71 million contracts on 5 March. At the beginning of the month, ICE Brent had almost closed the gap with the New York benchmark, as their differential reached a historical low of 67,000 futures contracts on 1 February. On 5 March, the ratio between the two benchmarks settled at 91.8% for futures contracts, and 76.2% for futures and options combined, indicating a still significant prominence of NYMEX WTI in the options market.

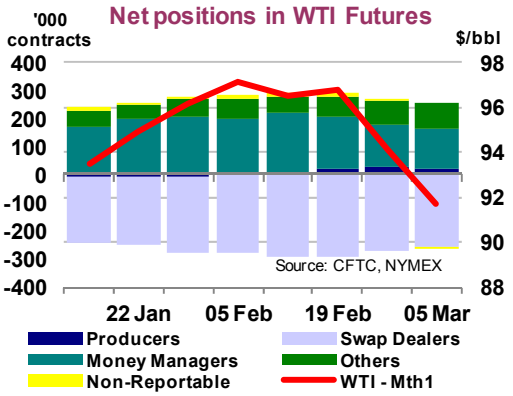


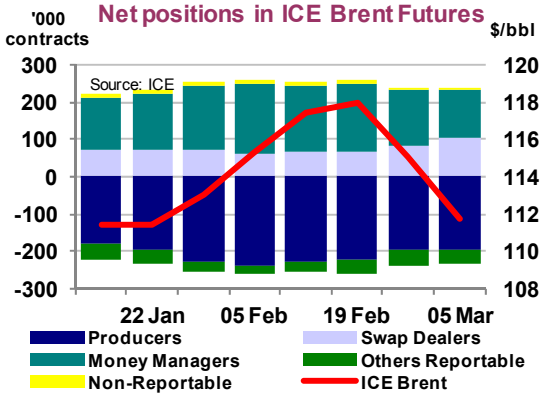
Trading volumes in oil futures have been stable on a year-on-year basis for the London ICE Brent contract, with trades in February up a modest 0.3% y-o-y, to 12.2 million trades. By contrast, WTI futures contracts volumes were down 21.5% y-o-y, to 11.5 million trades on the NYMEX and down 12% for ICE WTI. The trend in crude volumes indicates a growing preference for the North Sea benchmark.





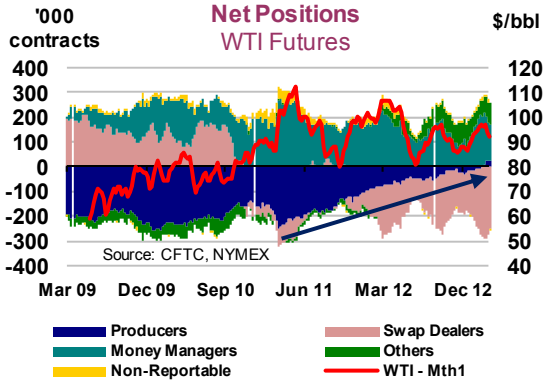
Money managers reduced their net long exposure in crude oil futures on both sides of the Atlantic between 29 January and 5 March, after raising their bullish bets throughout January. Following WTI down from $97.44/bbl to $90.98/bbl over the same period, hedge funds reduced their bullish wagers by 30.9% in futures only contracts, after inching slightly higher in the first half of February. In London ICE Brent futures, money managers also reduced their net long position, following Brent prices falling from $117/bbl to $110/bbl from mid-February to the first week of March.





NYMEX WTI traders in the producers/merchants/processors/users category (hereinafter producers) consistently raised their bullish wagers through February, reaching an historical all-time high of 25,700 net long contracts in futures contracts only by the end of February, finally settling slightly lower in the first week of March to 23,400 contracts. The overall trend that began in March 2011 saw producers' net position become progressively less short until it became net long in January 2013 for the first time since the CFTC reported the disaggregated commitment of traders. On the London ICE, producers reduced their Brent short wagers by 13.3% to 196,600 net short futures-only contracts.

At the end of the reported period, money managers in NYMEX WTI held 31.5% and 23.1% long and short positions in futures-only contracts, respectively. Producers had only a small portion of the long positions at 17.4% and 16.1% of short positions. This highlights a more significant role of hedge funds in the NYMEX with respect to physical players, due also to the disconnect of the landlocked WTI from the global physical markets. In contrast, London ICE Brent money managers hold only 19.8% of long positions and 11.8% of short positions, with a much more significant role of producers, which hold 42.1% and 54.6% of long and short positions, respectively.



Positions on Light Sweet Crude Oil (WTI) Futures

Thousand Contracts

05 March 2013	Long	Short	Net	Long/Short	Δ Net from Prev. Week		Δ Net Vs Last Month	
Producers' Positions	298.1	274.6	23.4	*Long*	↓	-2.2	↑	28.5
Swap Dealers' Positions	312.2	565.9	-253.8	*Short*	↑	20.2	↑	16.9
Money Managers' Positions	538.5	395.5	143.0	*Long*	↓	-7.4	↓	-64.0
Others' Positions	478.1	385.4	92.7	*Long*	↑	7.0	↑	31.8
Non-Reportable Positions	83.6	89.1	-5.4	*Short*	↓	-17.6	↓	-13.2
Open Interest			**1710.5**		↑	56.4	↑	156.9

Source: CFTC

Positions on ICE Brent Crude Futures

Thousand Contracts

05 March 2013	Long	Short	Net	Long/Short	Δ Net from Prev. Week	Δ Net Vs Last Month
Producers' Positions	661.4	858.0	-196.6	*Short*	↓ -3.5	↑ 30.1
Swap Dealers' Positions	436.1	330.8	105.3	*Long*	↑ 23.4	↑ 32.0
Money Managers' Positions	310.6	185.2	125.4	*Long*	↓ -24.0	↓ -47.2
Others' Positions	132.8	171.1	-38.2	*Short*	↑ 5.3	↓ -9.0
Non-Reportable Positions	29.7	25.6	4.2	*Long*	↓ -1.1	↓ -6.0
Open Interest			**1570.7**		↑ 48.3	↑ 107.0

Source: ICE

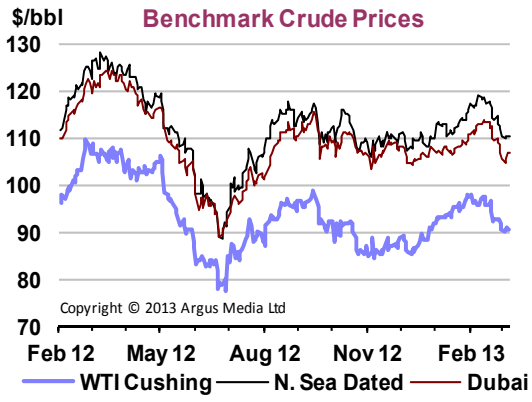
Financial Regulation

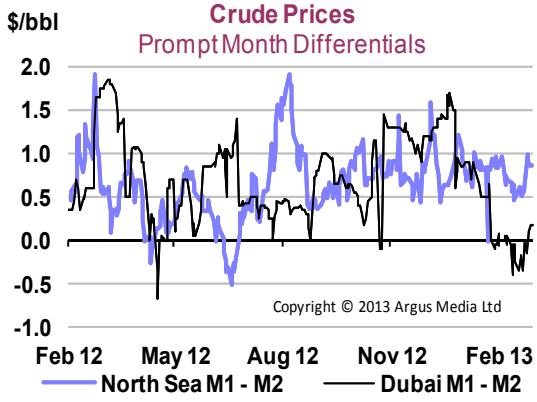
In February and during the first half of March some important rules under the Dodd-Frank Act have come into force. On 19 February the communications record-keeping rule for swap dealers entered into force. Under this rule, major swaps dealers are requested to record "all oral communications concerning quotes, solicitations, bids, offers, instructions, trading and prices" leading to the execution of a transaction in a commodity interest. From 28 February registered swap dealers are required to report data regarding equity, foreign exchange and commodity swaps including energy. This will require real-time public reporting of certain transactions and pricing data to a registered swap data repository. The first deadline for interest rate swaps and credit default to be backed up by a clearinghouse (i.e., "cleared"), requiring a margin to guarantee the trade, is 11 March. The central clearing of over-the-counter (OTC) swaps is one of the major changes coming under the Dodd-Frank Act that followed the 2008 financial crisis.

In the EU, the European Market Infrastructure Regulation (EMIR) will come into force on 15 March, following passage of the technical specifications by the EU Parliament and Council on 29 February. The EMIR regulation mandates, among other provisions, central clearing, data reporting standards and margin specifications for any form of derivatives contracts.

Spot Crude Oil Prices

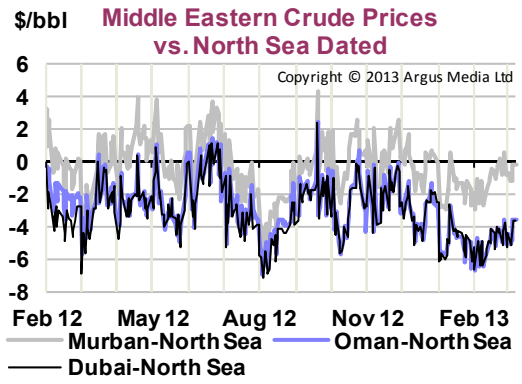
Spot crude oil prices for benchmark grades rose in February, with gains ranging from a low of around $0.50/bbl for WTI to a high of $3.35/bbl for North Sea Dated, to $95.26/bbl and $116.31/bbl, respectively. The higher month-on-month levels, however, masked a sharp plunge in spot prices mid-month and the downtrend continued into early March. Earlier and deeper cuts than expected to global refinery throughputs during the maintenance season underway likely account at least in part for the weaker crude markets.

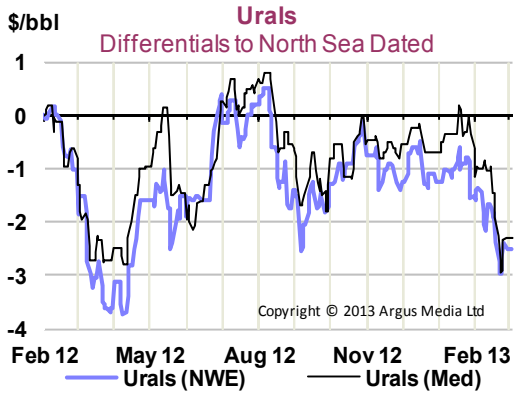




Spot prices for Dubai posted a monthly increase of $3.20/bbl to $111.13/bbl on average in February but the M1-M2 differential collapsed over the period as the market shifted into contango. The M1-M2 price spread fell to -$0.11/bbl in February compared with $0.72/bbl in January and $1.32/bbl in December. Major refinery maintenance for China, South Korea and India has already undermined prompt demand. Asian markets are well supplied with heavier Mideast barrels. Refinery runs in Asia are forecast to decline by near 1.5 mb/d from 26.7 mb/d in January to a seasonal low of 25.3 mb/d in April.

Most Mideast grades weakened relative to benchmark Brent against a backdrop of steep refinery run cuts and both scheduled and unplanned supply outages at North Sea fields. Dubai's discount to Brent rose to -$5.20/bbl in February versus -$5.05/bbl in January and -$3.18/bbl in December. By early March, however, the Dubai-Brent differential narrowed to -$4.25/bbl. With refinery turnarounds in Asia getting underway in earnest, a sustained recovery in demand for Middle Eastern crudes is not expected until May. However, price differentials for sought after Murban crude oil narrowed relative to Brent, to -$0.60/bb in early March compared with around -$1.46/bbl in February and -$1.53/bbl in January.





A recovery in North Sea output in early March, which underpins the Brent benchmark, however, may lead to a tightening of differentials to Mideast grades. The Buzzard field is rebounding following the completion of scheduled maintenance while the Brent oil pipeline system has restarted following an outage. European crude markets were also awash in supplies despite outages in the North Sea. Higher volumes of Russian Urals and West African grades were on offer. The differential between Urals and Brent in the Mediterranean widened sharply in February to -$1.35/bbl compared with -$0.33/bbl in January.

Spot Crude Oil Prices and Differentials

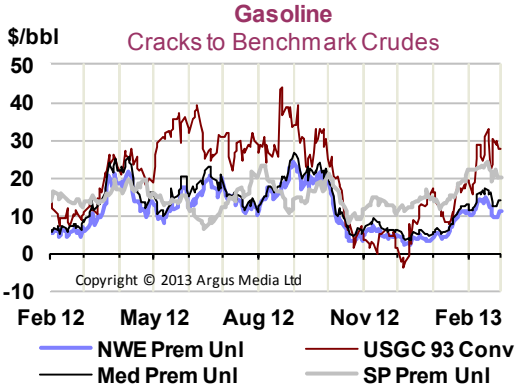
(monthly and weekly averages, $/bbl)

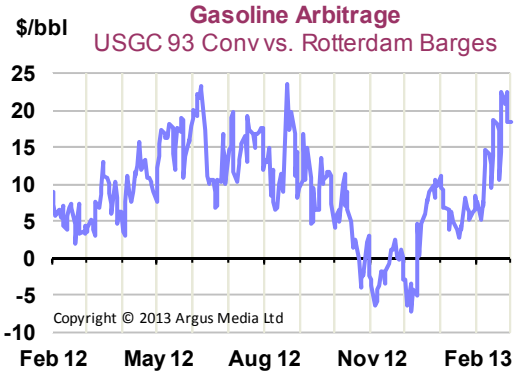
	Dec	Jan	Feb	Feb-Jan Avg Chg	%	Week Commencing: 04 Feb	11 Feb	18 Feb	25 Feb	04 Mar
Crudes										
North Sea Dated	109.40	112.97	116.31	3.34	3.0	117.32	118.17	115.82	112.50	110.31
Brent (Asia) Mth 1	109.77	112.65	116.54	3.90	3.5	116.89	118.80	117.02	113.55	111.02
WTI (Cushing) Mth 1	88.18	94.73	95.26	0.53	0.6	96.20	96.94	94.08	92.18	90.46
Urals (Mediterranean)	108.93	112.64	114.94	2.30	2.0	116.38	117.21	114.46	109.87	108.01
Dubai	106.23	107.94	111.13	3.20	3.0	111.76	113.41	111.35	107.93	105.75
Tapis (Dated)	114.58	118.43	121.86	3.43	2.9	122.92	123.68	121.50	118.87	117.06
Differential to North Sea Dated										
WTI (Cushing)	-21.22	-18.23	-21.04	-2.81		-21.12	-21.23	-21.74	-20.31	-19.85
Urals (Mediterranean)	-0.47	-0.33	-1.37	-1.04		-0.94	-0.96	-1.36	-2.63	-2.30
Dubai	-3.18	-5.03	-5.18	-0.15		-5.56	-4.76	-4.46	-4.57	-4.56
Tapis (Dated)	5.18	5.46	5.55	0.09		5.60	5.51	5.68	6.37	6.75
Prompt Month Differential										
Forward Cash Brent Mth1-Mth2	0.86	0.84	0.71	-0.12		0.88	0.76	0.57	0.56	0.92
Forward WTI Cushing Mth1-Mth2	-0.51	-0.48	-0.49	-0.01		-0.50	-0.57	-0.49	-0.40	-0.46
Forward Dubai Mth1-Mth2	1.32	0.72	-0.11	-0.83		-0.02	0.01	-0.16	-0.21	0.04

Copyright © 2013 Argus Media Ltd - All rights reserved

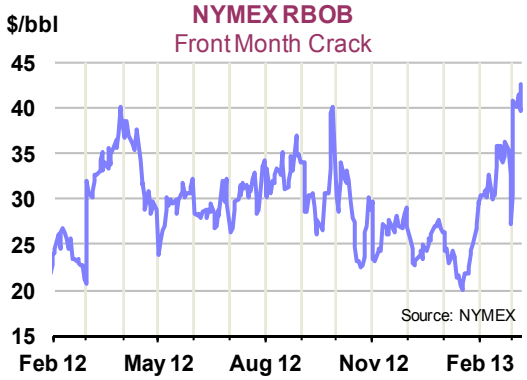
Spot Product Prices

Spot product markets posted strong month-on-month gains in February due to tighter supplies on the back of earlier-than-usual refinery maintenance and unplanned plant shutdowns. Indeed, gasoline crack spreads were unseasonably strong, especially on the US East Coast where ethanol blending mandates had the unintended consequence of pushing differentials to record levels. Middle distillate crack spreads in all major markets were higher in line with seasonal demand in February. By contrast, fuel oil markets were relatively weak due to lower demand for bunker fuels. Strong gains early in the month, however, masked the steady downturn in crack spreads from mid-February onwards.





Gasoline crack spreads in the US and Europe posted steep increases due to refinery maintenance and amid strong demand for scarce ethanol blending credits. Gasoline crack spreads on the NYMEX surged over $40/bbl in the first week of March, up from $31.23/bbl average for February and $24/bbl in January. Some market commentators linked the strength in the front month RBOB contract with fears of a shortage of renewable fuel credits, known as Renewable Identification Numbers (RIN). The market for credits, which are used to meet compliance with the federally mandated Renewable Fuel Standard (RFS), appear to have bumped up against the so-called 'blend wall,' a term that refers to the saturation of the ethanol market once ethanol blending nears 10% of the gasoline pool. The 10% threshold is theoretically the highest percentage of ethanol than can be blended into gasoline, aside from the 85% blend which is limited to the E85 niche market. Companies argue any higher above 10% would subject them to liabilities since it is unclear if older cars can run safely above 10%.



Once against the wall, in the absence of a Congressional amendment to the RFS, refiners and other obligated parties are under pressure to run higher ethanol blends or buy RINs. In 2010, a spike in biodiesel RIN prices was associated with a surge in diesel exports, as exported volumes are exempted from RFS regulations. Another factor that can cause RIN prices to rally, aside from blending limits, is a shortfall in ethanol supply.

Whatever effect RIN prices may have had on gasoline markets, the high gasoline price in the US induced large import volumes from Europe, which temporarily led to an easing in gasoline cracks. Gasoline cracks for WTI at New York jumped by $7.10/bbl to a record $43.90/bbl in February. Crack spreads at the Gulf Coast were also stronger but running about half the level posted in New York, up around $9.45/bbl to$22.70/bbl. Strong US demand for imports of premium gasoline also supported European markets, with the arbitrage for Rotterdam barges averaging $23.40/bbl in February. Crack spreads for super unleaded in Europe gained $6.25-$7.23/bbl in February, to $12.10/bbl in Rotterdam and to $14.15/bbl in the Mediterranean.

Crack spreads for gasoline in Singapore also strengthened last month, in part due to reduced supplies from refinery turnarounds. Gasoline cracks to Dubai rose just over $7/bbl to $21.78/bbl in February compared with $14.74/bbl in January.

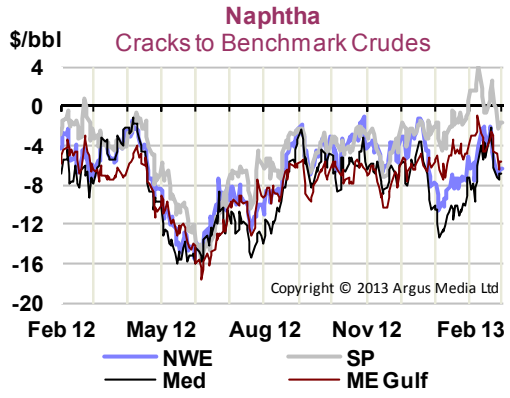
Spot Product Prices

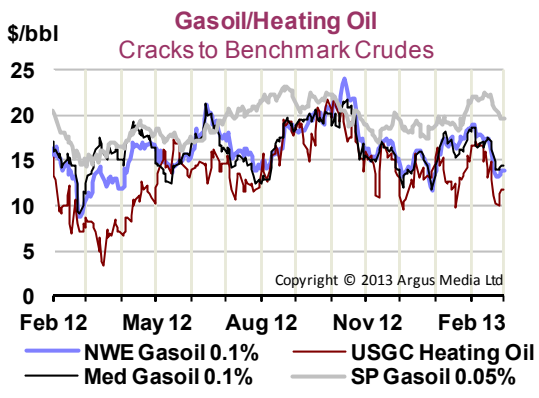
(monthly and weekly averages, $/bbl)

	Dec	Jan	Feb	Feb-Jan		Week Commencing:					Dec	Jan	Feb
				Chg	%	04 Feb	11 Feb	18 Feb	25 Feb	04 Mar			
Rotterdam, Barges FOB											**Differential to Dated Brent**		
Premium Unl 10 ppm	113.20	118.81	128.43	9.62	8.1	128.19	129.64	130.01	124.11	120.55	3.80	5.84	12.12
Naphtha	105.68	104.74	111.57	6.83	6.5	111.04	112.39	112.95	108.76	103.71	-3.72	-8.22	-4.73
Jet/Kerosene	126.39	130.35	135.23	4.88	3.7	136.91	137.28	135.03	129.97	127.35	16.99	17.38	18.92
ULSD 10ppm	126.96	130.82	135.66	4.85	3.7	136.95	137.66	135.54	130.75	127.20	17.56	17.85	19.35
Gasoil 0.1%	124.10	128.85	133.64	4.78	3.7	135.88	136.20	133.16	127.03	123.85	14.69	15.89	17.33
LSFO 1%	93.91	100.79	104.97	4.19	4.2	106.22	107.35	104.55	100.28	98.75	-15.49	-12.18	-11.33
HSFO 3.5%	88.27	94.16	96.64	2.48	2.6	98.15	98.06	95.69	93.31	92.21	-21.13	-18.80	-19.67
Mediterranean, FOB Cargoes											**Differential to Urals**		
Premium Unl 10 ppm	114.13	119.56	129.10	9.53	8.0	128.85	130.34	130.67	124.74	121.17	5.20	6.93	14.16
Naphtha	102.62	101.67	108.57	6.90	6.8	107.94	109.34	110.00	105.91	100.86	-6.31	-10.96	-6.37
Jet Aviation fuel	124.66	128.86	133.85	4.99	3.9	135.47	135.81	133.70	128.76	126.15	15.72	16.22	18.91
ULSD 10ppm	126.12	130.24	134.51	4.27	3.3	135.78	136.25	134.67	129.64	127.10	17.18	17.60	19.57
Gasoil 0.1%	123.18	128.39	132.01	3.62	2.8	134.47	134.30	131.58	125.38	122.15	14.25	15.75	17.08
LSFO 1%	95.43	102.28	107.53	5.25	5.1	108.64	110.16	107.20	102.64	100.97	-13.50	-10.36	-7.41
HSFO 3.5%	87.55	93.41	96.55	3.14	3.4	98.03	98.10	95.66	93.05	91.82	-21.39	-19.23	-18.39
US Gulf, FOB Pipeline											**Differential to LLS**		
Super Unleaded	113.84	125.75	138.96	13.21	10.5	135.37	139.12	143.13	140.75	141.07	4.21	13.26	22.69
Unleaded	103.86	112.22	123.30	11.09	9.9	119.00	125.01	127.91	122.46	120.40	-5.77	-0.27	7.04
Jet/Kerosene	123.49	129.99	134.97	4.98	3.8	136.00	137.61	134.85	129.54	126.25	13.86	17.50	18.70
ULSD 10ppm	124.17	127.94	134.42	6.48	5.1	134.65	137.61	134.57	129.60	127.64	14.54	15.45	18.16
No. 6 3%*	93.39	96.55	98.92	2.37	2.5	99.76	100.76	97.91	95.94	95.57	-16.24	-15.94	-17.34
Singapore, FOB Cargoes											**Differential to Dubai**		
Premium Unleaded	118.83	122.68	132.92	10.24	8.3	132.44	135.83	134.40	129.44	126.50	12.60	14.74	21.78
Naphtha	103.48	105.72	111.82	6.09	5.8	111.60	115.98	111.56	109.23	104.33	-2.75	-2.21	0.68
Jet/Kerosene	124.77	128.18	133.72	5.54	4.3	134.36	136.73	134.41	129.45	125.75	18.55	20.24	22.59
Gasoil 0.05%	124.95	126.98	132.74	5.77	4.5	133.14	135.20	133.54	129.18	125.57	18.73	19.04	21.61
LSWR Cracked	103.11	109.12	112.50	3.38	3.1	111.61	114.73	113.32	111.19	110.65	-3.12	1.18	1.36
HSFO 180 CST	96.27	99.82	102.68	2.86	2.9	103.34	104.70	102.49	100.36	99.88	-9.96	-8.12	-8.46
HSFO 380 CST 4%	94.87	99.24	102.25	3.01	3.0	103.08	104.38	101.99	99.71	99.40	-11.36	-8.69	-8.88

Copyright © 2013 Argus Media Ltd - All rights reserved *Waterborne

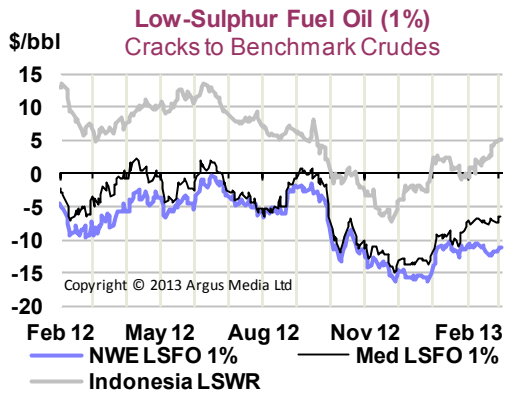
Naphtha markets strengthened month-on-month, with Singapore crack spreads now profitable. However, in Europe cracks turned lower again by end-February and early March but still managed to post a monthly increase. Crack spreads rose by $3.49-4.60/bbl in Europe, to -$4.75/bbl in Rotterdam and -$6.35/bbl in the Mediterranean. In Asia, strong petrochemical demand for cheaper naphtha relative to higher-priced feedstocks supported crack spreads, Singapore differentials to Dubai rose by $2.90/bbl, to $0.68/bbl on average in February. In Asia, reduced supply due to refinery maintenance also buttressed the naphtha price.

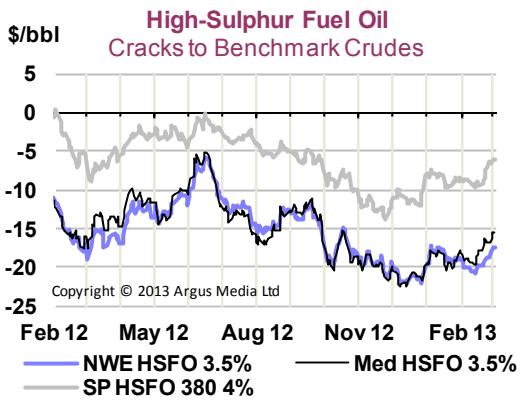




Gasoil markets were strong in first half February on cold weather and reduced refinery output but crack spreads dipped as concern over winter supplies eased. Gasoil crack spreads in Europe and Singapore were also supported by weak benchmark crude prices in the second half of the month. Gasoil cracks to Urals in the Mediterranean rose by an average $1.32/bbl to around $17.08/bbl. In Asia, crack spreads against relatively weak Dubai crude increased by $2.50-$2.85/bbl, to $21.60/bbl in Singapore, $22.45/bbl in Japan and $20.65/bbl in South Korea. In the US, gasoline crack spreads in New York to WTI were up by $5.25/bbl to $40.85/ on average in February and at the US Gulf Coast crack spreads for Mars increased by $1.85/bbl to $19.90/bbl.

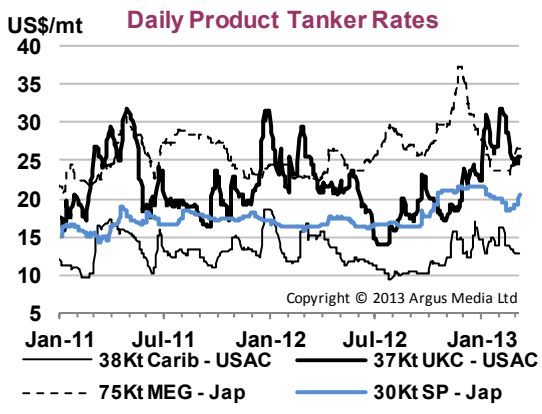
Fuel oil crack spreads remained in negative territory in all major markets, but the US and Europe posted modest improvements. In Europe, crack spreads for low-sulphur fuel oil were up $2.95/bbl to -$7.40/bbl in the Mediterranean and by a smaller $0.85/bbl to -$11.35/bbl in Rotterdam. By contrast, Singapore cracks were down on reduced bunker fuel oil demand, by -$0.35/bbl to around -$8.50/bbl.

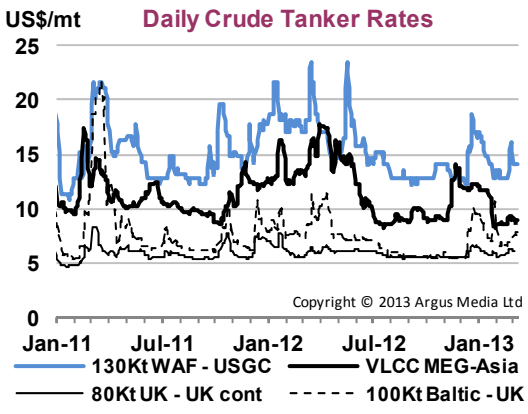




Freight

Following lower regional production and a bloated tanker pool, rates for very large crude carriers (VLCCs) on trades out of the Middle East Gulf remained at very depressed levels throughout February. Accordingly, rates on the benchmark Middle East Gulf – Asia trade remained anchored at, or below, $9/mt from late-January through early March. Indeed, the monthly average rate of $8.83/mt for February was the lowest since April 2009. Suezmaxes fared much better as, despite very limited opportunities to move light West-African crudes to the US, rates surged to over $16/mt in late-February after a rush of fixings tightened the tonnage list. However, as has occurred so often recently, this was a short-term market imbalance and rates had lost most of their ground by early-March. In Northwest Europe, and despite the arrival of cold weather in the Baltic, no ice-related rate surges have been posted. There has been a general firming on both of the benchmark Aframax routes but compared to previous winters, this has been underwhelming.





Product tanker markets demonstrated a distinct east – west split with buoyant Asian demand buttressing rates there while Atlantic Basin markets weakened despite ongoing healthy US trade. East of Suez markets firmed steadily over the month with rates on Middle East Gulf – Japan trade finally rising for the first time since 4Q12 similarly, the Singapore – Japan route arrested three months of softening as rates rose to above $20/mt by early-March.

Despite steadily firming since mid-2012, rates on the benchmark transatlantic UK – US Atlantic Coast gasoline trade slumped by more than $5/mt over the month to stand at close to $26/mt by early-March, approximately $5/mt above levels posted 12 months ago. The resurgence of the trade has been startling and has been the result of major two factors; Firstly, refinery closures on the US East Coast that have increased the region's import requirement as Gulf Coast refiners are unable to make up the shortfall since the Colonial pipeline is running at capacity. Secondly, surging US exports to Latin America have helped to tighten the Atlantic Basin tanker market.

REFINING

Summary

- **Global refinery crude throughput rates for 1Q13 have been revised downwards by 280 kb/d, to 74.8 mb/d,** as broader-than-expected seasonal maintenance in the US, Asia, the Middle East and Europe cut runs ahead of expectations.

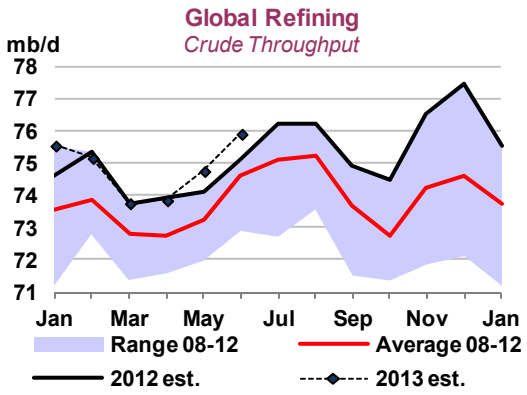
- **In the US, an average of around 1.4 mb/d of refining capacity is projected to be offline during the first quarter,** as heavier-than-usual maintenance activity pushed North American throughputs down to 17.6 mb/d, 105 kb/d lower than a year ago. In Europe, runs have been trimmed by 340 kb/d as sluggish economic conditions and refinery closures compound the impact of seasonal maintenance turnarounds. Overall, 1Q13 OECD runs are now estimated at 36.1 mb/d, down 585 kb/d y-o-y.

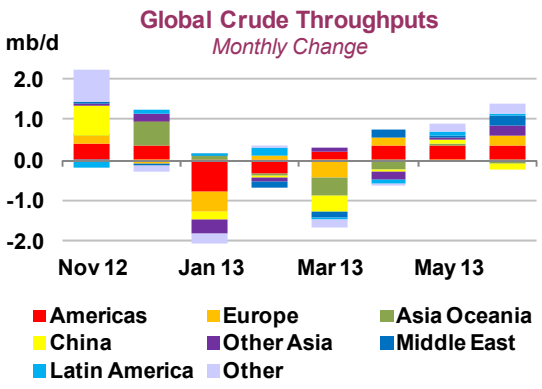
- **In contrast, the estimate of non OECD runs for 1Q13 is set at 38.7 mb/d, 870 kb/d higher than last year, as Chinese refineries have been processing at still high utilisation rates** in January and February despite the Lunar New Year holidays. But the refining maintenance season is expected to be particularly heavy in Asia, from March onwards, as major turnarounds in South Korea, China and India are expected to keep about 1.7 mb/d of refining capacity offline.

- **Expectations of tightening product supply because of refinery turnarounds buoyed refining margins across all markets.** Atlantic basin refiners saw their margins reach unseasonably high levels on the back of strong gasoline cracks as US East Coast refinery capacity utilisation dropped to 74% in February. Singapore margins reached $8.60/bbl, a level unseen since 2008, on expectations of market tightness as heavy refinery maintenance is starting and strong demand from Asian petrochemical plants.

Global Refinery Overview

The assessment of global throughput for 1Q13 has been reduced by 280 kb/d, to 74.8 mb/d, on lower-than-expected OECD crude runs, especially in Europe, and slower non-OECD growth than had recently been the case. In January, crude runs dipped 2.5% m-o-m, to 75.6 mb/d, with the reductions spanning all regions except Asia Oceania and Latin America. Declines were more pronounced in OECD countries, where crude throughput contracted by more than 3% as US refiners started seasonal maintenance early and idled more capacity than usual.





Over the first quarter, around 1.4 million b/d of US refining capacity will be offline. US refinery maintenance further tightened the Atlantic oil products markets where stocks of refined products were already unusually low, providing support to North West Europe refining margins. Declines in US

throughput also compounded the impact of a steep drop of 4% m-o-m in European crude runs, caused by a combination of plant closures, unplanned maintenance and adverse economic conditions.

Even as spring refinery maintenance season nears completion in North America and Europe, Asia is expected to follow suit with an exceptionally heavy turnaround schedule starting from March onwards. Over the next three months, about 1.7 mb/d of refining capacity will be offline, with major turnarounds expected in South Korea, China and India. After an earlier tightening in Atlantic Basin product markets, this is expected to have a substantial impact on those in Asia, especially since several Middle Eastern refiners will be conducting maintenance operations at about the same time. Global refinery throughput for 2Q13 is forecast at 74.8 mb/d as Asian maintenance will constrain crude runs through mid-May. Only in June are crude runs forecast to rebound in a big way.

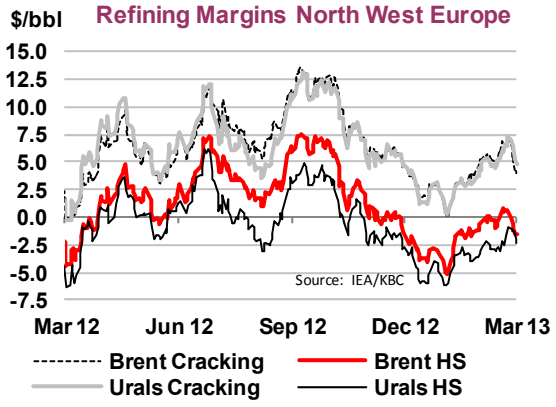
Global Refinery Crude Throughput[1 2]

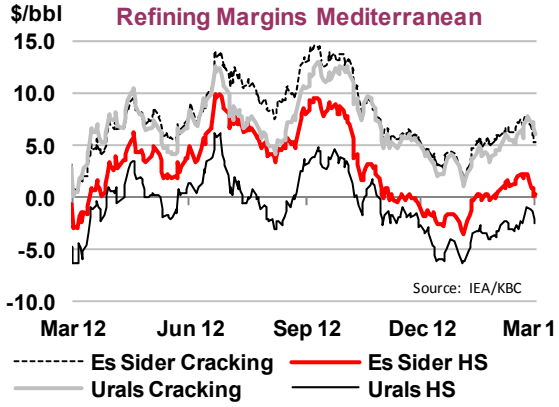
(million barrels per day)

	Nov 12	Dec 12	**4Q2012**	Jan 13	Feb 13	Mar 13	**1Q2013**	Apr 13	May 13	Jun 13	**2Q2013**
Americas	18.2	18.6	**18.2**	17.8	17.4	17.6	**17.6**	18.0	18.3	18.7	**18.3**
Europe	12.1	12.0	**12.0**	11.5	11.6	11.2	**11.4**	11.4	11.4	11.6	**11.4**
Asia Oceania	6.6	7.1	**6.8**	7.2	7.2	6.7	**7.1**	6.5	6.6	6.5	**6.5**
Total OECD	**36.9**	**37.7**	**37.0**	**36.5**	**36.3**	**35.5**	**36.1**	**35.9**	**36.3**	**36.8**	**36.3**
FSU	7.0	6.9	**6.7**	6.7	6.7	6.6	**6.7**	6.4	6.4	6.7	**6.5**
Non-OECD Europe	0.5	0.5	**0.5**	0.5	0.4	0.3	**0.4**	0.4	0.5	0.5	**0.5**
China	10.2	10.2	**9.9**	10.0	9.9	9.6	**9.8**	9.5	9.6	9.4	**9.5**
Other Asia	9.6	9.8	**9.7**	9.5	9.4	9.5	**9.4**	9.3	9.3	9.5	**9.4**
Latin America	4.4	4.5	**4.5**	4.6	4.8	4.7	**4.7**	4.6	4.7	4.8	**4.7**
Middle East	5.8	5.7	**5.7**	5.7	5.6	5.4	**5.6**	5.6	5.7	5.9	**5.7**
Africa	2.2	2.1	**2.1**	2.1	2.2	2.2	**2.1**	2.2	2.4	2.3	**2.3**
Total Non-OECD	**39.6**	**39.7**	**39.2**	**39.0**	**38.9**	**38.2**	**38.7**	**38.0**	**38.5**	**39.1**	**38.5**
Total	**76.5**	**77.5**	**76.2**	**75.6**	**75.2**	**73.8**	**74.8**	**73.9**	**74.8**	**75.9**	**74.8**

1 Preliminary and estimated runs based on capacity, know n outages, economic run cuts and global demand forecast

2 From the report dated 10 August, 2012 OECD Americas include Chile and OECD Asia Oceania includes Israel.





Refining margins strengthened in all regions in February with European cracking margins up by $2.70-2.90/bbl, USGC margins up by $3-4.60/bbl and Singapore margins up by $2.8-3/bbl. Margins were supported mainly by strong gasoline cracks on healthy demand in Asian countries and heavy maintenance in the US.

In February, Atlantic basin refiners were enjoying unseasonably high margins, with North West Europe Brent cracking margins averaging as much as $5.64/bbl, as US East Coast refinery utilisation dropped to 74%, from 83% a month earlier. Urals refining margins were also very strong, at $5.62/bbl on average for cracking margins in North West Europe and $6.22/bbl in the Mediterranean. Though product prices supported margins, it also helped that Russian crude prices plunged to 10-month-lows as bearish fundamentals in Europe and increased supply at loading terminals compounded the impact of reduced demand for crude due to plant maintenance.

IEA/KBC Global Indicator Refining Margins[1]

($/bbl)

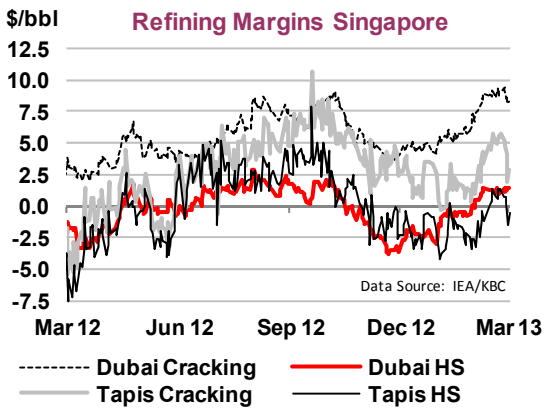
	Monthly Average				Change	Average for week ending:				
	Nov 12	Dec 12	Jan 13	Feb 13	Feb 13-Jan 13	01 Feb	08 Feb	15 Feb	22 Feb	01 Mar
NW Europe										
Brent (Cracking)	5.68	2.73	2.96	5.64	2.68	4.92	5.55	5.10	6.72	4.93
Urals (Cracking)	5.48	2.52	2.72	5.62	2.91	4.21	5.17	4.85	6.49	5.94
Brent (Hydroskimming)	-0.06	-3.05	-2.12	-0.21	1.91	-0.79	-0.14	-0.55	0.61	-0.97
Urals (Hydroskimming)	-1.87	-4.68	-3.96	-2.21	1.74	-3.26	-2.44	-2.95	-1.79	-1.62
Mediterranean										
Es Sider (Cracking)	5.93	3.88	4.60	6.66	2.06	5.79	6.46	6.52	7.53	6.00
Urals (Cracking)	5.43	3.30	3.63	6.22	2.58	4.51	5.80	5.51	6.84	6.97
Es Sider (Hydroskimming)	0.01	-1.92	-0.57	1.44	2.02	0.45	1.25	1.50	2.18	0.75
Urals (Hydroskimming)	-3.46	-5.56	-4.73	-2.70	2.04	-4.23	-3.00	-3.44	-2.38	-1.64
US Gulf Coast										
50/50 HLS/LLS (Cracking)	1.86	-0.89	1.86	5.75	3.89	2.84	2.89	6.64	8.01	6.39
Mars (Cracking)	-2.06	-4.09	-2.62	0.45	3.07	-1.86	-1.20	1.45	1.45	0.74
ASCI (Cracking)	-2.68	-4.69	-3.17	-0.03	3.13	-2.42	-1.74	1.09	0.82	0.34
50/50 HLS/LLS (Coking)	2.66	-0.33	2.66	7.28	4.62	3.76	4.22	8.08	10.05	7.93
50/50 Maya/Mars (Coking)	3.68	1.65	1.41	3.13	1.72	0.58	0.79	3.76	5.86	3.31
ASCI (Coking)	1.51	-1.16	0.68	5.14	4.46	1.72	2.84	6.43	6.73	5.45
US Midcon										
WTI (Cracking)	25.99	18.39	15.11	27.88	12.76	21.10	25.96	28.11	30.43	27.42
30/70 WCS/Bakken (Cracking)	27.73	26.01	22.79	29.90	7.12	26.33	29.61	28.90	31.46	29.38
Bakken (Cracking)	27.05	21.41	18.67	29.75	11.09	24.15	29.21	29.17	31.18	29.03
WTI (Coking)	27.36	19.13	15.75	29.77	14.02	22.29	27.76	29.88	32.74	29.21
30/70 WCS/Bakken (Coking)	30.65	28.04	24.30	33.18	8.88	28.72	32.65	32.22	35.16	32.51
Bakken (Coking)	27.28	21.31	18.51	30.21	11.70	24.26	29.62	29.55	31.85	29.46
Singapore										
Dubai (Hydroskimming)	-2.72	-2.31	-0.62	1.12	1.74	-0.07	0.96	1.30	1.17	1.35
Tapis (Hydroskimming)	-1.28	-1.88	-2.37	-0.11	2.26	-2.85	-1.22	0.65	1.05	-0.06
Dubai (Hydrocracking)	4.30	4.63	5.81	8.60	2.79	6.76	8.22	8.88	8.98	8.62
Tapis (Hydrocracking)	3.30	2.40	1.17	4.18	3.01	1.20	3.24	4.99	5.38	3.80

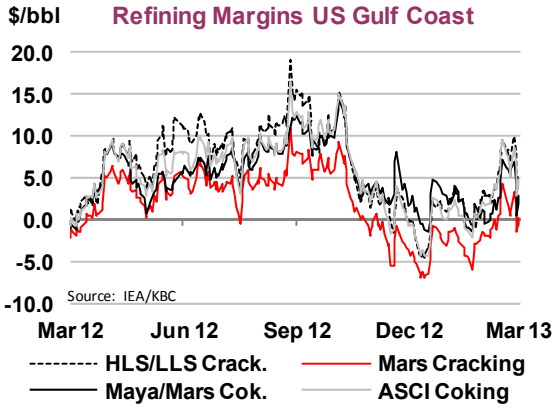
1 Global Indicator Refining Margins are calculated for various complexity configurations, each optimised for processing the specific crude(s) in a specific refining centre. Margins include energy cost, but exclude other variable costs, depreciation and amortisation. Consequently, reported margins should be taken as an indication, or proxy, of changes in profitability for a given refining centre. No attempt is made to model or otherwise comment upon the relative economics of specific refineries running individual crude slates and producing custom product sales, nor are these calculations intended to infer the marginal values of crude for pricing purposes.

Source: IEA, KBC Advanced Technologies (KBC)

US Gulf Coast margins have recovered from recent lows, led by coking margins that reached $7.28/bbl on HLS/LLS and $5.14/bbl on ASCI. Not only did US Gulf Coast margins benefit from the effect of record-high maintenance levels for the season, but robust exports of petroleum products, mainly in Latin America, provided markets with additional support, as did cyclical preparation for seasonal fuel specification changes. Midcontinent margins increased considerably in February getting close to $30/bbl on Bakken and WCS crude as flows on the expanded Seaway pipeline remained below expectations.

Dubai hydrocracking margins spiked up by around $2.80/bbl to $8.60/bbl, their highest level since 2008. Support has stemmed from strong regional demand as well as some tightness in light products markets as several refiners started maintenance operations. Asian margins were also boosted by an increase in naphtha cracks as Asian petrochemical firms were running their ethylene crackers at high capacity.

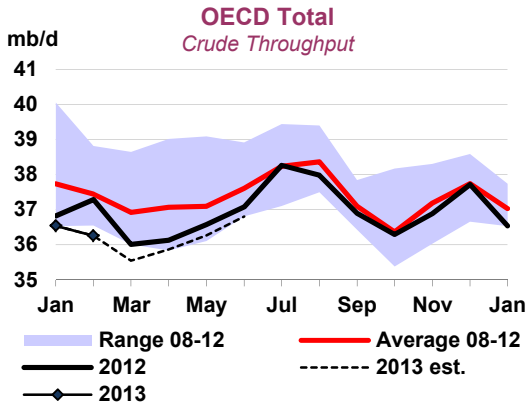


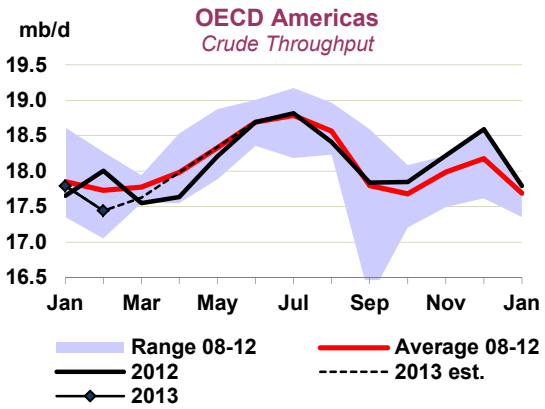


OECD Refinery Throughput

OECD refinery crude runs fell by 1.2 mb/d in January to 36.5 mb/d, down 285 kb/d y-o-y due to heavy refinery maintenance plans in the US and weaker European refining activity. In the US, seasonal maintenance will idle an estimated 1.4 mb/d of refining capacity in 1Q13, a record, pushing North American crude runs for February down 565 kb/d y-o-y to 17.4 mb/d. Although European maintenance per se is expected to be on the lighter side this spring, crude runs have nevertheless been revised down by 490 kb/d in January and 160 kb/d in February, reflecting low regional product demand and plant closures in Italy and elsewhere.

Overall, the estimate of OECD refinery throughput for 1Q13 is set at 36.1 mb/d, 585 kb/d lower than last year's level. In contrast with Europe and the Americas, refining activity was more sustained in Japan and South Korea. As maintenance work comes to an end in North America and major refineries, including Motiva's Port Arthur plant, resume full operations, OECD refinery crude runs are expected to bounce back to 36.3 mb/d in 2Q13. Even then, though, persistently low European runs are expected to keep OECD runs 290 kb/d lower than last year.

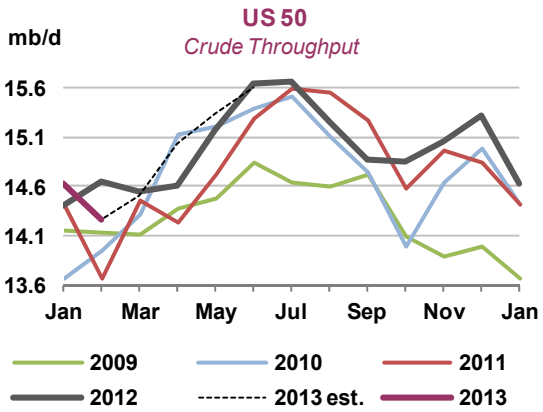


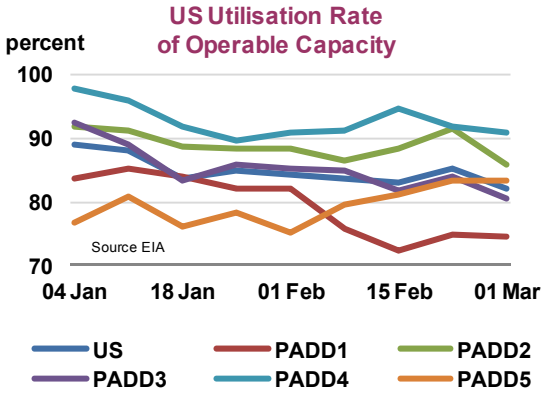


North American crude runs fell by 800 kb/d in January, to 17.8 mb/d, as refiners moved deeper into maintenance. In the US, crude runs were assessed at 14.6 mb/d, down 4.6% m-o-m, though up 210 kb/d y-o-y. Refinery utilisation fell to 86%, driven by the Gulf Coast (PADD 3), down 9 percentage points to 87%. Crude runs continued to dive in February, when utilisation rates averaged 84%. This time, the East Coast (PADD 1) led the drop with an 11-percentage-point decline, to 74%.

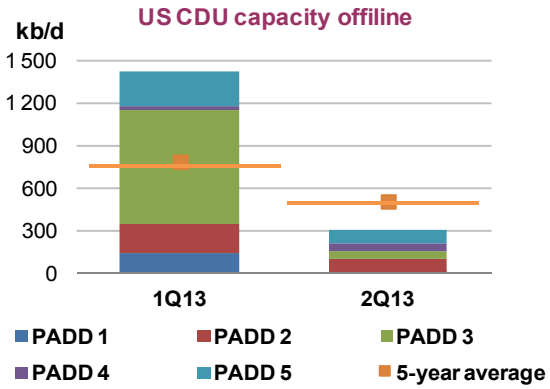
Colonial Pipeline Co., which operates the largest line linking US Gulf Coast refiners and East Coast markets, has completed a 60 kb/d expansion of its multiproduct Line 3, lifting refined-product shipments to the US Northeast to 945 kb/d. Another expansion project is under way to increase capacity by an additional 100 kb/d by 2Q13. These projects are part of a larger program, which could raise Colonial capacity to 2.4 mb/d.

Over the last three years, four East Coast refineries have been closed (Sunoco's Eagle Point/Westville, New Jersey plant; Western Refining's Yorktown, Virginia, facility; Sunoco's Marcus Hook, Pennsylvania, refinery and Hess's Port Reading, New Jersey unit), with a combined capacity of around 400 kb/d. Since the closure of these East Coast refineries, shipping capacity constraints on the Colonial and Plantation pipelines have been one of the factors behind a run-up in gasoline prices, as alternative gasoline supply has to be brought in from Europe and as far away as India.





Around 1.4 mb/d of US refining capacity will be going offline on average for maintenance work in the first quarter, well above the five-year average. PADD 3 maintenance in 1Q13 will idle on average about 800 kb/d of capacity as many refiners have reported maintenance plans, including Motiva's Port Arthur, Valero's Texas City and Lyondellbasell's Houston refineries, all in Texas, and Exxon's Chalmette refinery in Louisiana. Midwest offline capacity remains high, mainly due to a prolonged outage at BP's 405 kb/d Whiting refinery. The refinery is undergoing an upgrade that will substantially increase its ability to process Canadian heavy crude. The plant's largest crude distillation unit has been shut down since November as part of the project and is not expected to be back online before 2H13. Other major outages include the Chevron's Richmond refinery (225 kb/d) in California. The refinery has been running at half capacity since a fire damaged a crude distillation unit last August.



The estimate of US refinery throughput for 2Q13 is set at 15.3 mb/d, up 6% q-o-q as the turnaround season comes to an end. Some refineries have already resumed normal operations, including Motiva's Port Arthur plant, which the company said in early March was now fully operational at planned rates.

Hess and PDVSA have finally agreed to sell their 350 kb/d Hovensa refinery at St. Croix in the US Virgin Islands. After the refinery was shut in 2012 for economic reasons, its owners had proposed to operate it as an oil storage terminal. The Governor of the Virgin Islands rejected that proposal, however, forcing the parties to either operate or sell the refinery. Hovensa was a major source of Atlantic Coast supply

until decreasing gasoline demand in PADD 1 and increased competition with USGC refiners benefiting from low natural gas prices forced Hess and PDVSA to shut it after three consecutive years of losses. Its location in the US Virgin Islands is seen as particularly attractive nowadays, as it allows for use of low-priced US crude imported from the continent without being subject to the Merchant Marine Act of 1920 (Jones Act).

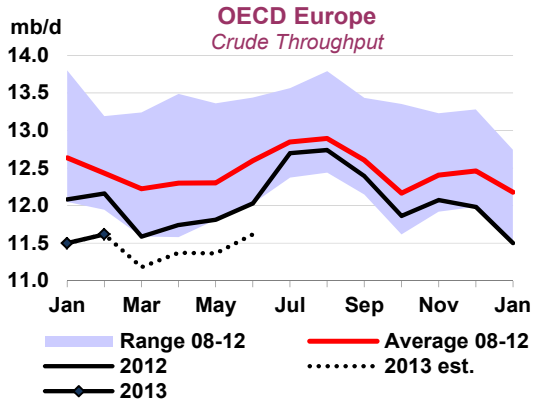
Refinery Crude Throughput and Utilisation in OECD Countries
(million barrels per day)

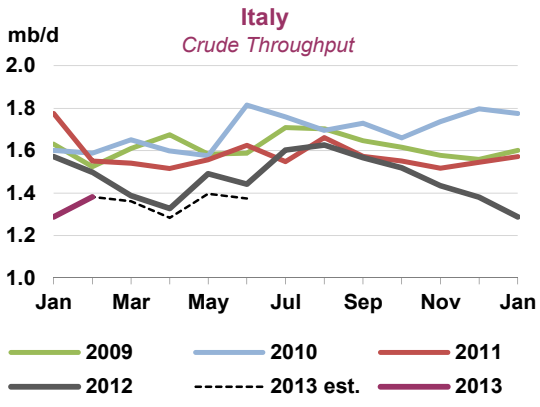
							Change from		Utilisation rate[1]	
	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12	Jan 13	*Dec 12*	*Jan 12*	Jan 13	Jan 12
US[2]	15.26	14.86	14.85	15.05	15.32	14.62	-0.70	0.21	82.7%	83.1%
US Virgin Islands	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.27	0.0%	77.1%
Canada	1.82	1.69	1.73	1.79	1.83	1.78	-0.05	0.18	92.9%	84.6%
Chile	0.12	0.17	0.18	0.18	0.18	0.16	-0.02	0.00	70.4%	70.7%
Mexico	1.21	1.12	1.08	1.20	1.26	1.23	-0.03	0.02	74.6%	73.6%
OECD Americas	**18.41**	**17.84**	**17.85**	**18.22**	**18.59**	**17.79**	**-0.80**	**0.14**	**82.9%**	**83.6%**
France	1.36	1.12	1.15	1.15	1.12	1.06	-0.06	-0.11	75.9%	75.1%
Germany	1.98	2.04	2.07	2.09	1.97	1.93	-0.04	0.00	90.4%	90.5%
Italy	1.63	1.57	1.52	1.43	1.38	1.29	-0.09	-0.28	61.5%	72.0%
Netherlands	1.03	1.06	0.72	0.84	1.00	0.98	-0.02	-0.08	76.0%	81.9%
Spain	1.25	1.25	1.33	1.25	1.25	1.22	-0.02	0.14	80.8%	71.7%
United Kingdom	1.41	1.31	1.03	1.19	1.30	1.25	-0.05	-0.23	62.4%	64.1%
Other OECD Europe	4.08	4.04	4.05	4.12	3.97	3.77	-0.20	-0.02	76.6%	76.7%
OECD Europe	**12.74**	**12.40**	**11.86**	**12.08**	**11.98**	**11.50**	**-0.48**	**-0.58**	**74.9%**	**75.9%**
Japan	3.29	3.09	3.01	3.09	3.52	3.57	0.05	0.12	77.6%	75.1%
South Korea	2.62	2.60	2.64	2.59	2.67	2.73	0.06	0.08	99.6%	96.8%
Other Asia Oceania	0.93	0.97	0.93	0.90	0.95	0.95	0.00	-0.04	79.3%	80.9%
OECD Asia Oceania	**6.84**	**6.66**	**6.58**	**6.59**	**7.14**	**7.25**	**0.11**	**0.16**	**84.9%**	**82.9%**
OECD Total	**37.98**	**36.89**	**36.29**	**36.88**	**37.72**	**36.54**	**-1.17**	**-0.28**	**80.5%**	**80.2%**

1 Expressed as a percentage, based on crude throughput and current operable refining capacity

2 US50

3 OECD Americas includes Chile and OECD Asia Oceania includes Israel. OECD Europe includes Slovenia and Estonia, though neither country has a refinery





OECD European runs fell by over 483 kb/d in January to 11.5 mb/d, nearly 0.6 mb/d less than a year earlier. Runs are particularly weak in **Italy**, averaging 285 kb/d less than last year in January, at 1.3 mb/d. Planned maintenance and economically-driven shutdowns explain this historical low refinery throughput in January. Anonima Petroli Italiana SpA (API) is closing its Falconara refinery (85 kb/d) on the Adriatic coast for both technical and economic reasons. The refinery will be offline for one year during which the

company will revamp its power plant. Falconara was one of the first refineries in Europe to be equipped with an Integrated Gasification Combined Cycle (IGCC) technology for transforming heavy residues into synthetic gas (syngas) to produce electricity and steam. ENI's Porto Maghera refinery (80 kb/d) was also shutdown on scheduled maintenance in January and returned online only by the end of February. Uncertainties regarding the economic viability of this plant remain. ENI said in 2012 that the plant would be closed permanently in 2Q13 and be converted into a biodiesel facility, but recently it announced that the closure was now scheduled to take place in 3Q13. Refinery throughput in Italy should remain below historical levels for the coming months, with ENI's Sannazzaro refinery (200 kb/d) to be closed for a full maintenance turnaround in April and its Gela refinery (105 kb/d) operating at 40% of nameplate capacity since last July for economic reasons.

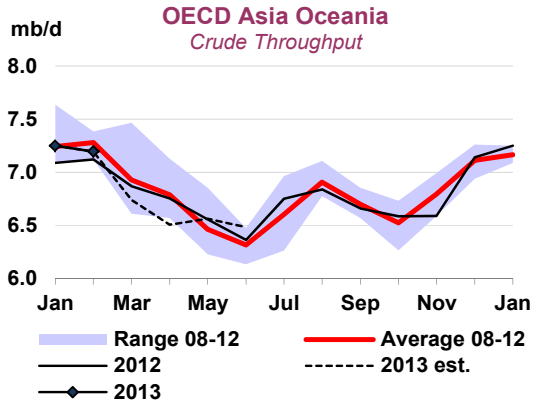
On top of planned maintenance outages, many technical issues in February have contributed to limit refinery production. Unscheduled shutdowns have been reported in Germany at the 268 kb/d Gelsenkirchen refinery, which was operating at half capacity after an unplanned outage at its hydrocracker, at the Schwedt refinery following a fire affecting a crude distillation unit, in UK at the Grangemouth refinery (diesel hydrotreater) and in Greece at the Elefis refinery (flexicoker).

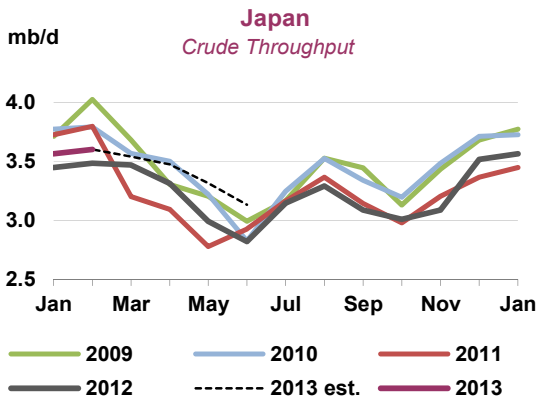
OECD European refinery throughputs are expected to plunge to 11.2 mb/d in March as Shell will close its 110 kb/d Hamburg refinery and many other refiners will start spring maintenance, including ExxonMobil's Port Jerome-Gravenchon (310 kb/d) refinery in France, Shell's Godorf refinery (327 kb/d) in Germany and Grupa Lotos' Gdansk (210 kb/d) refinery in Poland.

In **France**, the fate of Petroplus's Petit Couronne refinery is expected to be announced by mid-April. Recently, two bidders, Libyan group Murzuq Oil and Switzerland-based investors Terrae International, merged their offers, while Egyptian group Arabiyya Lel Istithmaraat withdrew its own. Storage activities at Petroplus' Reichstett refinery, closed in 2011, were taken over in January by Rubis Terminal, a France-based international company specialised in the storage, distribution and sale of petroleum, LPG and chemicals.

Overall, OECD European crude runs for 2Q13 are estimated at 11.5 mb/d, down 3.5% y-o-y, as regional maintenance intensifies and economically-driven, temporary shutdowns further reduce throughput.

OECD Asia Oceania runs were mostly in line with expectations for January, at 7.2 mb/d, up 100 kb/d m-o-m on higher South Korean and Japanese throughputs. Refinery throughput for 2Q13 is estimated at 6.5 mb/d unchanged from last year. Preliminary data from PAJ shows **Japanese** crude runs close to 3.6 mb/d amid strong winds, which disrupted operations in many oil terminals and refineries in February.





Refinery throughputs increased after Japan's largest refiner JX Nippon Oil & Energy progressively resumed normal operation at its Mizushima-B (205 kb/d) plant. The refinery was shut in July 2012, after

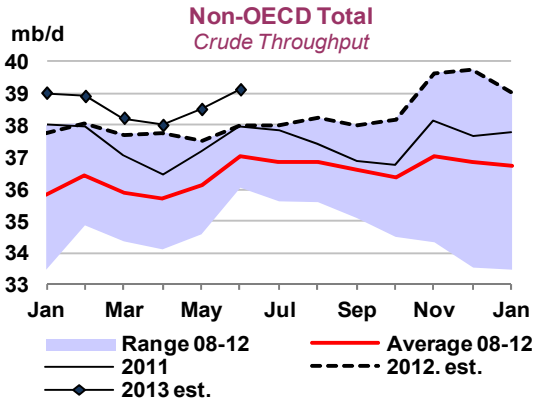
finding the company had violated safety regulations with regard to its LPG tanks and some other units. Spring maintenance in Japan will start in March with Kyokuto Petroleum Industries Chiba refinery (175 kb/d), followed by Idemistsu Kosan Chiba refinery both planning turnaround activities. However, impact of refinery maintenance plans should be mitigated by the restart of the Cosmo Chiba refinery in April, nearly one year after it was shut for maintenance and repair.

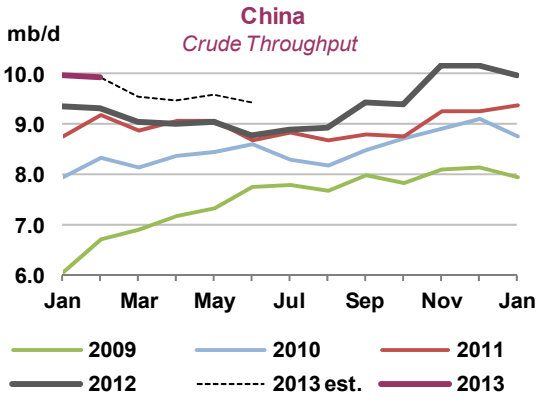
Japanese refiner TonenGeneral has decided to scrap about 16% of its refining capacity closing a 67 kb/d crude distillation unit at its Kawasaki plant and a 38 kb/d CDU at its Wakayama refinery. TonenGeneral's decision come as Japanese refiners are required to raise the residue cracking ratios of their CDUs to around 13% of their total refining capacity, from 10% earlier, under regulations that take effect at the end of March 2014.

In **South Korea**, crude runs reached a historic record high of 2.7 mb/d in January. A prolonged cold spell with temperatures dropping to the lowest level in 27 years pushed refiners to increase their activity to satisfy additional demand. Crude throughputs are expected to be lower in March and April as SK Energy plans to shut part of its major Ulsan refinery (840 kb/d) for maintenance.

Non-OECD Refinery Throughput

Non-OECD refinery crude runs were revised up by 400 kb/d in December to 39.7 mb/d on much higher throughput in Latin America, Other Asian countries and Africa. As a result, annual growth in non-OECD throughputs surged by 4.5% in 4Q12, from an average of 1.2% over the first three quarters. In the first semester of 2013, annual growth is expected to be lower and average 2.2% on higher-than-expected spring refinery maintenance in Asia and the Middle East.

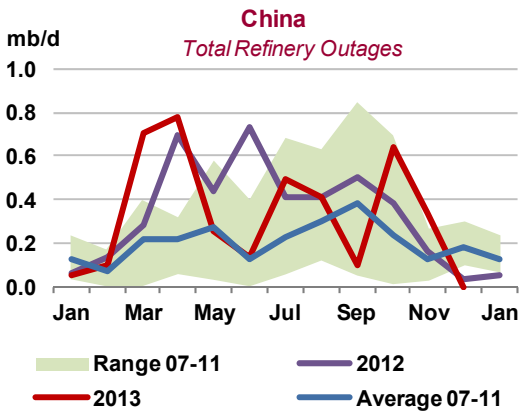




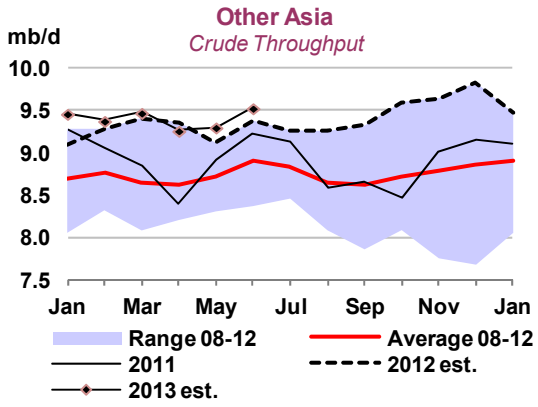
Chinese refinery runs in January dipped slightly below 10 mb/d, as some independent refiners were cutting throughput on low refining margins and suspended production ahead of the Chinese Lunar New Year Holidays. China crude runs for 1Q13 are revised down by 100 kb/d to 9.8 mb/d as some refiners have anticipated their maintenance operations.

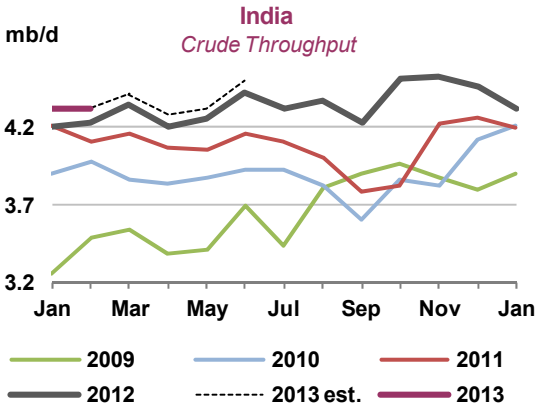
Most Chinese refineries will start early maintenance operations in March with about 700 kb/d of crude capacity offline. Major refineries expected to undergo maintenance include Petrochina's Guangxi, Qinzhou and Dhalian Petrochemical refineries and Sinopec's Shijiazhuang plant. Maintenance operations are slated to peak in China in April when other major refineries like Petrochina's Liaoyang and Sinopec's Guangzhou refineries will start their turnaround schedule. Overall, about 780 kb/d of equivalent crude capacity will be offline, representing about 7% of total crude throughput. Another round of heavy maintenance is scheduled for October and November but its impact on crude throughput could be mitigated by new refining capacity expected to come online in the last quarter of 2013.

For the first time this year, China has raised gasoline and diesel retail prices in February by around 3.0%. Gasoline price at the pump in China is now about $1.25/litre. China is considering revising its petroleum products pricing mechanism in order to better reflect changes on the international market. Under the current system, gasoline and gasoil prices are usually adjusted if the 22-day rolling average of a basket of benchmark crude oil (made of Cinta, Dubai and Brent) rises or falls by more than 4% from the previous price adjustment. In the new price reform, China could change the crude oil basket and shorten the 22-day period to ten working days.



Other Asian refinery throughputs for December were revised up by 125 kb/d on higher crude runs from Taiwan, which reached 975 kb/d, a level not seen since 2010. Overall, 2012 regional crude runs are now estimated at 9.4 mb/d, up 5.5% compared with 2011.





Preliminary data for January in **India** shows a 3.2% reduction in crude runs. Indian refiners are facing difficulties regarding the renewal of their insurance policies for Iranian liftings following more stringent US and EU sanctions against Iran. Insurers will not provide cover to plants running Iranian feedstock. HPCL and Mangalore Refinery & Petrochemicals Ltd. have all declared that they will accordingly reduce substantially their Iranian crude imports in the current fiscal year. After surging 6% in 2012, Indian crude runs should increase again in 2013 with the completion by the end of the year of the Indian Oil Corp.'s 300 kb/d Paradip refinery on the country East coast. India 1Q13 crude runs is estimated at 4.35 mb/d as Reliance Industries' Jamnagar export refinery is partially shut down for a maintenance turnaround, which started in mid February and is expected to last for four weeks.

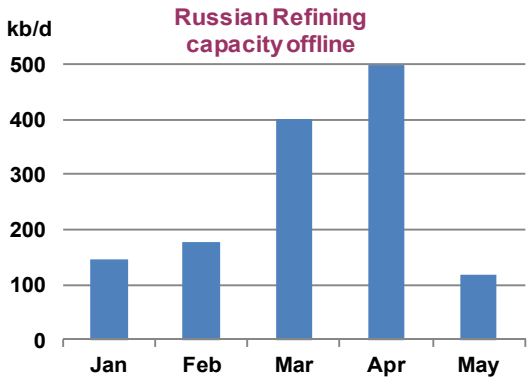
In **Thailand**, crude runs for December were above 1.0 mb/d as throughput at Bangchak refinery surged 14% m-o-m, to 111 kb/d. Since late August, the refinery was operating at a reduced rate after a fire shutdown a major crude distillation unit.

Elsewhere in Asia, unplanned shutdowns have been reported at Pertamina's 125 kb/d Balongan refinery in February and in Singapore, where works on a pipeline connecting Shell's 500 kb/d Pulau Bukom refinery to a single point mooring buoy started in February and should last up to the end of March.

Accordingly, our regional crude runs forecast for 1Q13 is now estimated at 9.4 mb/d in line with our last report. Regional global offline capacity is expected to peak in March and April, as planned maintenance

work is scheduled at Petronas' Malacca, Pertamina's Balikpapan, BPCL's Mumbai and Reliance's Jamnagar refineries. Heavy refinery maintenance work will keep regional crude runs in 2Q13 constrained to last year level at close to 9.4 mb/d.

Russian refinery crude intake was down slightly, by 80 kb/d in January to 5.5 mb/d on average but up by 2.8% y-o-y. From March onwards, Russian throughputs are expected to fall sharply as refineries carry out seasonal maintenance. From very limited work in January and February, offline capacity in March is estimated at 400 kb/d, rising to almost 500 kb/d in April. Gazprom's Omsk, Lukoil's Perm and Volgograd, TNK-BP's Ryazan, Alliance's Khaborovsk, Slavneft's Yaroslav and Rosneft's Syrzan and Novokyibyshev plants, are among the refineries expected to reduce runs over the March-April period due to maintenance work.



In Ukraine, latest data for January show crude runs below 60 kb/d, down 110 kb/d compared with last year. Crude oil supplies to the country's six refineries decreased by 47% in 2012 following the shutdown of the Lysychansk oil refinery but also on declining Russian oil deliveries for economic reasons. Contrary to Belarus and Kazakhstan, which are part of the Customs Union and therefore buy Russian crude oil duty-free, Ukraine does not benefit from any crude oil price advantage from Russia. Lately, Lukoil has signed an agreement with a local company, Vetek Group to sell its Odessa refinery. The refinery has been closed for economic reasons since October 2010.

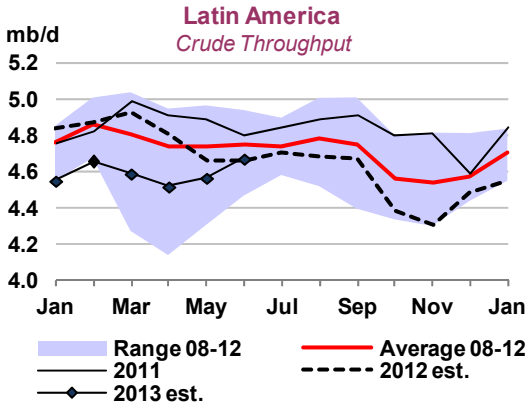
Russia has increased its crude oil export allocation to Kazakhstan's Pavlodar refinery, boosting Kazak refinery runs to a record high of 330 kb/d in December. Overall, in 2012, Kazakhstan crude runs increased by 3.3% y-o-y to 285 kb/d. In January, crude oil processing decreased by 15% to 279 kb/d mostly on reduced throughput from the Shymkent refinery, which is currently undergoing a revamping and modernisation. Kazakhstan is currently increasing the capacity of its three refineries and upgrading them to produce Euro5 fuels by 2016.

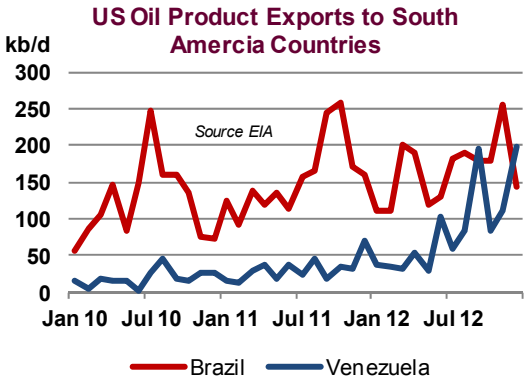
In Latin America, Brazilian crude runs rebounded in January to a record high of 2.1 mb/d, boosting our regional throughput estimate for January by 160 kb/d to 4.6 mb/d. However, the region is still expected to continue experiencing a slump in refinery throughput in 1Q13 with crude runs estimated at 4.7 mb/d, down 3.7% y-o-y. Technical issues with refineries in Venezuela and Trinidad and planned maintenance in Colombia and Ecuador will keep crude runs below last year levels during the first half of the year.

As part of its plan to sell all non-core assets to fund its exploration and expansion plans, Petrobras is in talks to sell a stake in its refineries in Argentina to local company Oil Combustibles. The two refineries concerned are the Ricardo Elicabe refinery in Bahia Blanca (30 kb/d) and the Refinor's Campo Duran refinery (28.5 kb/d) located in the province of Salta. Other refining assets owned by Petrobras and which could be sold include a 100 kb/d refinery in the US (Pasadena) and a 100 kb/d refinery in Japan (Nansei Sekiyu's refinery in Okinawa). After increasing gasoline and diesel prices in January by respectively 6.6% and 5.4%, Petrobras has announced in March a further 5% price increase in diesel. This price hike amid rising inflation was welcomed by financial markets as Petrobras is in the midst of a $237 billion investment plan through 2016.

In Trinidad, the revamping and gasoline optimisation project continues to negatively affect the operations at the Petrotin's Point à Pierre refinery (168 k/d). Latest data for December shows a crude run of only 36 kb/d, down 90 kb/d y-o-y. Technical issues at Trinidad's refinery are impacting oil product supply in the Caribbean as Petrotin supplies about 20% of the regional market.

In **Venezuela**, one of Amuay's refinery biggest crude distillation units, which was damaged by the refinery blast and fire last summer, is set to return to operation by the end of April, according to PDVSA. However, the flexicoker, partially restarted in February, was to stay out of service until April for unplanned maintenance and repairs. Currently, the CRP refining complex, including Amuay, Cardon and Bajo Grande refineries, is currently producing at 62% capacity. Consequently, the country remains dependent on imports to satisfy its domestic market with petroleum product imports from the United States hitting a new record of 197 kb/d in December.





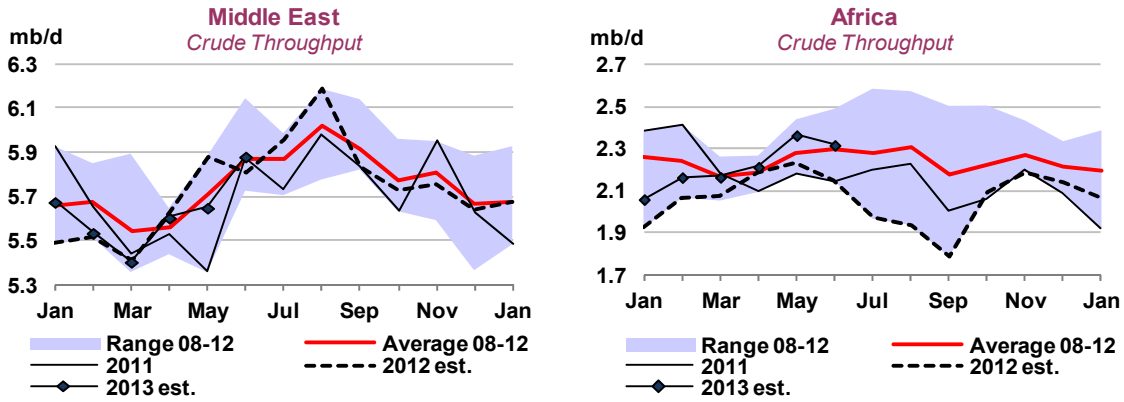
Based on the latest JODI data, **Peruvian** crude throughput in December increased by 32% m-o-m to 190 kb/d, a level not seen since 2005. Last month, the Government announced that it had cancelled expansion and upgrading plans at its Talara refinery (62 kb/d) due to increased costs. A project for a new desulfurization plant to produce 50-ppm petroleum products is under study.

Middle Eastern crude runs for 4Q12 are in line with our last month report at 5.7 mb/d. Based on the most recent available data, 1Q13 runs have been lowered by 75 kb/d to 5.6 mb/d as many refineries in the region are preparing for spring maintenance. Maintenance operations are expected to peak in March and April with on average 800 kb/d of crude distillation capacity idled as refineries in Bahrain, Kuwait, Oman, Saudi Arabia and Abu Dhabi will start shutting down. Total refinery runs in the Middle East region for 2Q13 are estimated at 5.7 mb/d due to reduced runs resulting from heavy maintenance in Saudi Arabia and Oman.

In **Oman**, the Sohar refinery (116 kb/d) shutdown in early March for planned maintenance. The refinery has embarked on an upgrading program in an effort to boost its gasoline and diesel production and enable Oman to produce asphalt for the first time. The project will be completed by 2016, requiring the country to continue importing gasoline and diesel for the next three years.

In **Saudi Arabia**, a turnaround is taking place at all the major refineries of the country in the first half of 2013. The construction of the new 400 kb/d Jubail refinery is almost complete and the shareholders have announced that it should reach full capacity by the end of the year. This refinery will be integrated into a major petrochemicals complex at Jubail Industrial City, estimated to be completed by 4Q15.

Iran and **Pakistan** are studying the feasibility of a new 400 kb/d refinery at Gwadar, in Pakistan southwestern Balochistan province. Under the deal, Iran will lay an oil pipeline to Gwadar to transport crude oil for processing.



African refinery throughputs for 2012 are estimated at 2.1 mb/d, down 5.5% y-o-y as the region suffered from multiple refinery outages mainly in North Africa. In **Algeria**, Sonatrach has indicated that it will resume full operations at its Skikda refinery in the first week of March. The refinery, which has been undergoing maintenance and upgrade work since last summer, has experienced various technical faults and forced the shutdown numerous times of its two crude distillation units. In **Libya**, following the closure of the Ras Lanuf refinery at the end of January due to technical issues and an employee strike, the operator had declared a *force majeure* until early March.

In **Uganda**, the parliament passed a new law on petroleum refining, opening the way for the construction of a new refinery with an initial capacity of 20 kb/d, expandable to 60 kb/d. Following oil discoveries in the Lake Albert Rift Basin, the refinery project is now seen by the government as a means to cut its high import costs as the land-locked country currently imports all its petroleum products from Kenya. At this time, there is only one functioning oil refinery in East Africa, Kenya's Mombasa refinery, owned jointly by the Kenyan government and India's Essar Energy, which is operating only at 50% capacity.

In **Nigeria**, some of the new Lekki refinery investors are stepping back in view of a revision to the proposed Petroleum Industry Bill (PIB). The discussions regarding the new PIB are still ongoing between the government and the oil industry. This bill is expected to redefine the operations of the oil industry in the country but also reshape taxes and royalties as well as restructure NNPC. Major oil firms have argued that the fiscal terms in the PIB are too harsh and would prevent new investment. The 300 kb/d Lekki refinery project was scheduled for operation in 2017 and is supported by the Lagos State government and the NNPC in collaboration with a consortium of Chinese investors.

We now estimate African crude runs for 1Q13 at 2.1 mb/d, up 110 kb/d y-o-y even though Nigeria Port Harcourt refineries will finally be shut for planned maintenance in May. Refinery throughputs for 2Q13 could reach 2.3 mb/d with the return of the Skikda refinery in Algeria and a gradual restoration of Libyan refinery utilisation. This increase in refinery runs in North Africa will compensate refinery shutdowns in South Africa where both Sapref's Durban (170 kb/d) and Caltex's CapeTown (110 kb/d) refineries will undergo maintenance.

Table 1
WORLD OIL SUPPLY AND DEMAND
(million barrels per day)

	2009	2010	1Q11	2Q11	3Q11	4Q11	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
OECD DEMAND																	
Americas[1]	23.7	24.1	24.2	23.7	24.2	24.0	24.0	23.5	23.8	23.8	23.8	23.7	23.6	23.6	23.9	23.8	23.7
Europe[2]	14.7	14.7	14.3	14.2	14.8	14.2	14.4	13.7	13.8	13.8	13.6	13.7	13.2	13.1	13.6	13.7	13.4
Asia Oceania[3]	8.0	8.1	8.6	7.4	8.0	8.6	8.1	9.1	8.0	8.2	8.7	8.5	9.1	7.9	8.0	8.4	8.4
Total OECD	46.3	47.0	47.0	45.4	46.9	46.7	46.5	46.2	45.5	45.8	46.1	45.9	46.0	44.7	45.5	45.9	45.5
NON-OECD DEMAND																	
FSU	4.0	4.2	4.2	4.4	4.6	4.6	4.5	4.5	4.5	4.7	4.7	4.6	4.6	4.7	4.9	4.9	4.8
Europe	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
China	7.9	8.8	9.0	9.3	9.2	9.3	9.2	9.3	9.4	9.6	10.1	9.6	9.9	9.8	9.9	10.4	10.0
Other Asia	10.3	10.9	11.1	11.1	10.8	11.2	11.0	11.3	11.4	11.2	11.6	11.4	11.7	11.7	11.4	11.8	11.6
Latin America	5.7	6.0	6.1	6.3	6.5	6.4	6.3	6.3	6.5	6.6	6.7	6.5	6.4	6.6	6.8	6.8	6.7
Middle East	7.1	7.3	7.0	7.4	7.9	7.4	7.4	7.2	7.8	8.1	7.5	7.6	7.3	7.9	8.3	7.7	7.8
Africa	3.4	3.3	3.3	3.3	3.2	3.3	3.3	3.4	3.4	3.4	3.4	3.4	3.5	3.5	3.6	3.6	3.6
Total Non-OECD	39.1	41.2	41.4	42.4	42.8	42.9	42.4	42.7	43.7	44.4	44.7	43.9	44.0	44.9	45.6	45.9	45.1
Total Demand[4]	85.4	88.1	88.4	87.8	89.8	89.7	88.9	88.9	89.2	90.2	90.8	89.8	90.0	89.6	91.1	91.8	90.6
OECD SUPPLY																	
Americas[1,7]	13.6	14.1	14.3	14.3	14.5	15.3	14.6	15.6	15.5	15.7	16.6	15.8	16.8	16.5	16.9	17.3	16.9
Europe[2]	4.5	4.1	4.0	3.7	3.5	3.7	3.8	3.8	3.6	3.2	3.3	3.5	3.4	3.2	3.1	3.3	3.3
Asia Oceania[3]	0.6	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.6	0.5	0.5	0.5	0.5	0.6	0.5	0.5
Total OECD	18.8	18.9	18.9	18.6	18.6	19.6	18.9	19.9	19.7	19.4	20.4	19.8	20.7	20.3	20.5	21.1	20.7
NON-OECD SUPPLY																	
FSU	13.3	13.5	13.6	13.6	13.5	13.6	13.6	13.7	13.6	13.6	13.8	13.7	13.8	13.7	13.4	13.7	13.6
Europe	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
China	3.8	4.1	4.2	4.2	4.0	4.0	4.1	4.2	4.1	4.2	4.3	4.2	4.2	4.3	4.3	4.2	4.2
Other Asia[5]	3.6	3.7	3.7	3.5	3.6	3.6	3.6	3.6	3.5	3.6	3.6	3.6	3.6	3.5	3.5	3.5	3.5
Latin America[5,7]	3.9	4.1	4.2	4.2	4.2	4.3	4.2	4.3	4.1	4.1	4.2	4.2	4.2	4.2	4.3	4.4	4.2
Middle East	1.7	1.7	1.8	1.7	1.7	1.5	1.6	1.4	1.5	1.5	1.5	1.5	1.4	1.5	1.5	1.5	1.5
Africa[5]	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.4	2.3	2.3	2.3	2.3	2.3	2.3	2.4	2.5	2.4
Total Non-OECD	29.0	29.9	30.2	29.8	29.8	29.7	29.9	29.8	29.2	29.3	29.8	29.5	29.7	29.6	29.4	29.8	29.6
Processing Gains[6]	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.2	2.1	2.1	2.2	2.2	2.2	2.2	2.2
Global Biofuels[7]	1.6	1.8	1.5	1.9	2.2	1.8	1.9	1.6	1.9	2.1	1.9	1.9	1.6	2.0	2.4	2.1	2.0
Total Non-OPEC[5]	51.4	52.7	52.7	52.4	52.7	53.2	52.8	53.4	52.9	53.0	54.3	53.4	54.1	54.0	54.5	55.2	54.5
OPEC																	
Crude[8]	29.1	29.2	29.9	29.4	29.9	30.3	29.9	31.3	31.7	31.5	30.9	31.4					
NGLs	4.9	5.4	5.8	5.7	5.8	5.9	5.8	6.0	6.1	6.2	6.2	6.2	6.2	6.3	6.6	6.6	6.4
Total OPEC[5]	34.0	34.6	35.7	35.1	35.6	36.2	35.7	37.4	37.8	37.8	37.2	37.5					
Total Supply[9]	85.4	87.3	88.4	87.6	88.4	89.4	88.4	90.8	90.7	90.7	91.4	90.9					
STOCK CHANGES AND MISCELLANEOUS																	
Reported OECD																	
Industry	-0.1	0.1	-0.4	0.4	-0.2	-0.7	-0.2	0.6	0.4	0.4	-0.7	0.2					
Government	0.1	0.0	0.0	0.0	-0.4	0.1	-0.1	0.0	0.0	0.0	0.0	0.0					
Total	0.0	0.1	-0.4	0.5	-0.5	-0.6	-0.3	0.6	0.4	0.5	-0.7	0.2					
Floating Storage/Oil in Transit	0.3	-0.2	0.2	-0.2	-0.2	0.0	-0.1	-0.4	0.2	-0.1	0.1	0.0					
Miscellaneous to balance[10]	-0.3	-0.7	0.3	-0.4	-0.6	0.4	-0.1	1.7	0.8	0.2	1.1	1.0					
Total Stock Ch. & Misc	0.0	-0.9	0.0	-0.2	-1.4	-0.2	-0.5	1.9	1.4	0.5	0.6	1.1					
Memo items:																	
Call on OPEC crude + Stock ch.[11]	29.1	30.1	29.9	29.6	31.3	30.6	30.3	29.5	30.3	31.0	30.3	30.3	29.7	29.2	30.0	30.0	29.7
Adjusted Call on OPEC + Stock ch.[12]	28.8	29.4	30.1	29.2	30.7	31.0	30.2	31.1	31.1	31.2	31.4	31.2	30.1	29.6	30.4	30.4	30.1

1 As of August 2012 OMR, OECD Americas includes Chile.
2 As of August 2012 OMR, OECD Europe includes Estonia and Slovenia.
3 As of August 2012 OMR, OECD Asia Oceania includes Israel.
4 Measured as deliveries from refineries and primary stocks, comprises inland deliveries, international marine bunkers, refinery fuel, crude for direct burning, oil from non-conventional sources and other sources of supply.
5 Other Asia includes Indonesia throughout. Latin America excludes Ecuador throughout. Africa excludes Angola throughout.
Total Non-OPEC excludes all countries that were members of OPEC at 1 January 2009.
Total OPEC comprises all countries which were OPEC members at 1 January 2009.
6 Net volumetric gains and losses in the refining process and marine transportation losses.
7 As of the July 2010 OMR, Global Biofuels comprise all world biofuel production including fuel ethanol from the US and Brazil.
8 As of the March 2006 OMR, Venezuelan Orinoco heavy crude production is included within Venezuelan crude estimates. Orimulsion fuel remains within the OPEC NGL and non-conventional category, but Orimulsion production reportedly ceased from January 2007.
9 Comprises crude oil, condensates, NGLs, oil from non-conventional sources and other sources of supply.
10 Includes changes in non-reported stocks in OECD and non-OECD areas.
11 Equals the arithmetic difference between total demand minus total non-OPEC supply minus OPEC NGLs.
12 Equals the "Call on OPEC + Stock Ch." with "Miscellaneous to balance" added for historical periods and with an average of "Miscellaneous to balance" for the most recent 8 quarters added for forecast periods.

Table 1A
WORLD OIL SUPPLY AND DEMAND: CHANGES FROM LAST MONTH'S TABLE 1
(million barrels per day)

	2009	2010	1Q11	2Q11	3Q11	4Q11	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
OECD DEMAND																	
Americas	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	0.1	-0.2	-
Europe	-	-	-	-	0.1	0.1	-	-0.1	-	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-
Total OECD	-	0.1	-	0.1	0.1	0.1	0.1	-0.1	-	-	-0.2	-0.1	-0.1	-0.1	-	-0.2	-0.1
NON-OECD DEMAND																	
FSU	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-
Total Non-OECD	-	-	-	-	-	-	-	0.1	0.1	0.1	-	0.1	0.1	-	-	0.1	-
Total Demand	-	0.1	-	0.1	0.1	0.1	0.1	-	-	-	-0.2	-	-	-	-	-0.1	-0.1
OECD SUPPLY																	
Americas	-	-	-	-	-	-	-	-	-	-	0.1	-	0.1	-	0.1	0.2	0.1
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.2	0.2	0.1
NON-OECD SUPPLY																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	-
Total Non-OECD	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	-0.1	0.1	-
Processing Gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Global Biofuels	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OPEC	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-0.1	0.1	0.3	0.1
OPEC																	
Crude	-	-	-	-	-	-	-	-	-	-	-	-					
NGLs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OPEC	-	-	-	-	-	-	-	-	-	-	-	-					
Total Supply	-	-	-	-	-	-	-	-	-	-	0.1	-					
STOCK CHANGES AND MISCELLANEOUS																	
REPORTED OECD																	
Industry	-	-	0.1	-	-	-	-	0.1	-	-	-0.2	-					
Government	-	-	-	-	-	-	-	-	-	-	-	-					
Total	-	-	0.1	-	-	-	-	0.1	-	-	-0.1	-					
Floating Storage/Oil in Transit	-	-	-	-	-	-	-	-	-	-	-	-					
Miscellaneous to balance	-	-	-	-	-0.1	-0.1	-0.1	-	-	-	0.4	0.1					
Total Stock Ch. & Misc	-	-0.1	-	-0.1	-0.1	-0.1	-0.1	-	-	-	0.3	0.1					
Memo items:																	
Call on OPEC crude + Stock ch.	-	0.1	-	0.1	0.1	0.1	0.1	-	-	-	-0.2	-0.1	-	0.1	-0.1	-0.4	-0.1
Adjusted Call on OPEC + Stock ch.	-	-	-0.1	-	-	-	-	-0.1	-	-	0.1	-	-	0.1	-0.1	-0.4	-0.1

When submitting their monthly oil statistics, OECD Member countries periodically update data for prior periods. Similar updates to non-OECD data can occur.

Table 2

SUMMARY OF GLOBAL OIL DEMAND

	2010	1Q11	2Q11	3Q11	4Q11	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
Demand (mb/d)																
Americas[1]	24.14	24.16	23.74	24.15	23.96	24.00	23.50	23.80	23.85	23.77	23.73	23.64	23.63	23.88	23.84	23.75
Europe[2]	14.70	14.26	14.20	14.77	14.17	14.35	13.66	13.75	13.77	13.63	13.70	13.24	13.14	13.58	13.66	13.41
Asia Oceania[3]	8.12	8.58	7.41	8.00	8.59	8.15	9.08	7.97	8.23	8.70	8.50	9.07	7.89	8.04	8.45	8.36
Total OECD	46.96	47.00	45.35	46.93	46.72	46.50	46.24	45.52	45.85	46.09	45.93	45.95	44.66	45.49	45.95	45.51
Asia	19.70	20.13	20.38	20.01	20.58	20.28	20.60	20.85	20.77	21.68	20.97	21.51	21.49	21.26	22.13	21.60
Middle East	7.32	6.95	7.42	7.86	7.38	7.40	7.20	7.79	8.14	7.47	7.65	7.33	7.86	8.30	7.71	7.80
Latin America	6.04	6.07	6.27	6.48	6.40	6.30	6.27	6.47	6.65	6.71	6.52	6.42	6.61	6.85	6.77	6.66
FSU	4.15	4.24	4.38	4.60	4.59	4.45	4.52	4.51	4.68	4.71	4.61	4.59	4.66	4.86	4.89	4.75
Africa	3.30	3.32	3.29	3.18	3.27	3.26	3.40	3.38	3.39	3.44	3.40	3.52	3.55	3.57	3.65	3.57
Europe	0.68	0.66	0.68	0.71	0.72	0.69	0.68	0.73	0.72	0.72	0.71	0.68	0.72	0.74	0.73	0.72
Total Non-OECD	41.19	41.37	42.42	42.82	42.93	42.39	42.68	43.72	44.36	44.72	43.87	44.05	44.90	45.58	45.89	45.11
World	88.15	88.37	87.77	89.76	89.65	88.90	88.92	89.24	90.21	90.81	89.80	90.00	89.56	91.07	91.83	90.62
of which: US50	19.18	19.07	18.79	19.03	18.91	18.95	18.48	18.71	18.72	18.51	18.61	18.51	18.57	18.71	18.62	18.60
Europe 5*	8.92	8.68	8.52	8.85	8.50	8.64	8.26	8.20	8.20	8.12	8.19	8.00	7.79	8.01	8.10	7.97
China	8.85	9.04	9.31	9.23	9.34	9.23	9.31	9.40	9.60	10.09	9.60	9.86	9.82	9.89	10.35	9.98
Japan	4.46	4.81	3.95	4.34	4.82	4.48	5.28	4.30	4.48	4.85	4.73	5.27	4.19	4.27	4.56	4.57
India	3.37	3.54	3.61	3.31	3.62	3.52	3.67	3.74	3.49	3.71	3.65	3.81	3.81	3.55	3.84	3.75
Russia	2.98	3.02	3.22	3.44	3.41	3.27	3.29	3.34	3.51	3.50	3.41	3.36	3.47	3.69	3.65	3.54
Brazil	2.77	2.78	2.86	2.98	2.95	2.89	2.90	2.96	3.06	3.15	3.02	2.97	3.06	3.18	3.18	3.10
Saudi Arabia	2.76	2.56	2.94	3.18	2.81	2.87	2.66	3.09	3.41	2.88	3.01	2.75	3.19	3.52	3.04	3.13
Canada	2.26	2.32	2.22	2.36	2.25	2.29	2.24	2.32	2.39	2.36	2.33	2.33	2.28	2.39	2.35	2.33
Korea	2.27	2.36	2.05	2.21	2.30	2.23	2.31	2.19	2.23	2.34	2.27	2.31	2.20	2.24	2.34	2.27
Mexico	2.08	2.11	2.12	2.14	2.16	2.13	2.11	2.14	2.11	2.22	2.15	2.14	2.14	2.14	2.21	2.16
Iran	1.84	1.84	1.79	1.78	1.78	1.80	1.83	1.86	1.71	1.71	1.78	1.79	1.76	1.71	1.72	1.74
Total	61.74	62.13	61.38	62.85	62.86	62.31	62.33	62.26	62.91	63.44	62.74	63.08	62.28	63.28	63.96	63.15
% of World	70.0%	70.3%	69.9%	70.0%	70.1%	70.1%	70.1%	69.8%	69.7%	69.9%	69.9%	70.1%	69.5%	69.5%	69.6%	69.7%
Annual Change (% per annum)																
Americas[1]	2.0	1.7	-1.4	-1.3	-1.1	-0.6	-2.7	0.3	-1.3	-0.8	-1.1	0.6	-0.7	0.1	0.3	0.1
Europe[2]	-0.3	-1.2	-1.2	-1.7	-5.1	-2.4	-4.2	-3.2	-6.8	-3.8	-4.5	-3.1	-4.4	-1.4	0.2	-2.2
Asia Oceania[3]	2.2	-0.4	-3.1	1.1	3.2	0.3	5.9	7.5	2.9	1.3	4.3	-0.1	-0.9	-2.4	-2.9	-1.6
Total OECD	1.3	0.4	-1.7	-1.0	-1.6	-1.0	-1.6	0.4	-2.3	-1.3	-1.2	-0.6	-1.9	-0.8	-0.3	-0.9
Asia	8.2	5.4	2.5	2.7	1.4	2.9	2.3	2.3	3.8	5.3	3.4	4.4	3.1	2.3	2.1	3.0
Middle East	2.8	0.9	1.0	0.7	1.9	1.1	3.6	4.9	3.6	1.2	3.3	1.8	1.0	2.0	3.3	2.0
Latin America	6.1	4.8	4.0	4.9	4.1	4.4	3.4	3.2	2.6	4.9	3.5	2.4	2.3	3.0	1.0	2.2
FSU	3.2	3.9	9.1	8.1	7.8	7.3	6.7	3.1	1.8	2.5	3.5	1.4	3.3	3.9	3.9	3.1
Africa	-2.0	1.6	-2.5	-2.8	-0.4	-1.0	2.5	2.7	6.8	5.3	4.3	3.3	5.0	5.2	6.0	4.9
Europe	-1.4	-1.7	0.4	3.8	2.6	1.3	3.0	7.3	2.0	-0.2	3.0	0.5	-1.0	2.7	1.6	1.0
Total Non-OECD	5.4	4.0	2.6	2.8	2.4	2.9	3.2	3.1	3.6	4.2	3.5	3.2	2.7	2.7	2.6	2.8
World	3.2	2.0	0.4	0.8	0.3	0.8	0.6	1.7	0.5	1.3	1.0	1.2	0.4	1.0	1.1	0.9
Annual Change (mb/d)																
Americas[1]	0.48	0.41	-0.35	-0.31	-0.28	-0.13	-0.66	0.06	-0.31	-0.19	-0.27	0.14	-0.17	0.03	0.07	0.02
Europe[2]	-0.04	-0.18	-0.18	-0.26	-0.77	-0.35	-0.60	-0.45	-1.01	-0.54	-0.65	-0.42	-0.61	-0.19	0.03	-0.30
Asia Oceania[3]	0.17	-0.04	-0.24	0.09	0.27	0.02	0.50	0.56	0.23	0.11	0.35	-0.01	-0.07	-0.20	-0.25	-0.14
Total OECD	0.61	0.19	-0.77	-0.48	-0.78	-0.46	-0.76	0.17	-1.08	-0.63	-0.58	-0.29	-0.86	-0.36	-0.15	-0.41
Asia	1.49	1.03	0.49	0.53	0.28	0.58	0.46	0.46	0.77	1.09	0.70	0.91	0.64	0.49	0.46	0.62
Middle East	0.20	0.06	0.07	0.06	0.14	0.08	0.25	0.36	0.28	0.09	0.25	0.13	0.08	0.16	0.24	0.15
Latin America	0.35	0.28	0.24	0.30	0.25	0.27	0.20	0.20	0.17	0.31	0.22	0.15	0.15	0.20	0.06	0.14
FSU	0.13	0.16	0.36	0.35	0.33	0.30	0.29	0.14	0.08	0.12	0.15	0.06	0.15	0.18	0.18	0.14
Africa	-0.07	0.05	-0.08	-0.09	-0.01	-0.03	0.08	0.09	0.22	0.17	0.14	0.11	0.17	0.18	0.21	0.17
Europe	-0.01	-0.01	0.00	0.03	0.02	0.01	0.02	0.05	0.01	0.00	0.02	0.00	-0.01	0.02	0.01	0.01
Total Non-OECD	2.10	1.57	1.09	1.17	1.01	1.21	1.31	1.30	1.53	1.79	1.48	1.37	1.17	1.22	1.17	1.24
World	2.71	1.77	0.32	0.69	0.23	0.75	0.54	1.47	0.45	1.16	0.90	1.08	0.31	0.86	1.02	0.82
Revisions to Oil Demand from Last Month's Report (mb/d)																
Americas[1]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	-0.12	-0.03	0.00	0.05	0.07	-0.18	-0.02
Europe[2]	0.05	-0.01	0.04	0.08	0.06	0.04	-0.09	-0.02	-0.05	-0.14	-0.07	-0.14	-0.12	-0.12	-0.06	-0.11
Asia Oceania[3]	0.03	-0.02	0.04	0.03	0.01	0.02	0.00	0.00	0.00	0.02	0.01	0.00	0.01	0.02	0.07	0.02
Total OECD	0.08	-0.03	0.09	0.10	0.07	0.06	-0.09	-0.03	-0.04	-0.23	-0.10	-0.14	-0.06	-0.03	-0.18	-0.10
Asia	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.01	-0.01	-0.01	0.00	0.03	-0.02	-0.02	-0.02	-0.01
Middle East	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01	-0.02	0.00	-0.01
Latin America	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.00	0.02	0.01	-0.03	0.01	0.00
FSU	0.00	0.02	0.02	0.02	0.02	0.02	0.07	0.04	0.03	0.04	0.05	0.03	0.03	0.03	0.01	0.02
Africa	0.00	-0.01	-0.01	-0.01	-0.01	-0.01	0.01	0.02	0.03	0.02	0.02	0.04	0.04	0.04	0.06	0.04
Europe	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.00	-0.01	-0.01	-0.01	-0.01	-0.01
Total Non-OECD	0.00	0.01	0.02	0.02	0.02	0.02	0.09	0.07	0.05	0.02	0.06	0.10	0.04	-0.01	0.06	0.05
World	0.08	-0.02	0.10	0.12	0.09	0.07	0.00	0.05	0.01	-0.21	-0.04	-0.04	-0.02	-0.04	-0.12	-0.06
Revisions to Oil Demand Growth from Last Month's Report (mb/d)																
World	0.03	-0.12	0.03	0.04	0.04	0.00	0.02	-0.06	-0.11	-0.29	-0.11	-0.04	-0.07	-0.05	0.09	-0.02

1 As of the August 2012 OMR, includes Chile.

2 As of the August 2012 OMR, includes Estonia and Slovenia.

3 As of the August 2012 OMR, includes Israel.

* France, Germany, Italy, Spain and UK

Table 2a

OECD REGIONAL OIL DEMAND[1]

(million barrels per day)

	2011	2012	1Q12	2Q12	3Q12	4Q12	Oct 12	Nov 12	Dec 12 [2]	Latest month vs. Nov 12	Latest month vs. Dec 11
Americas[3]											
LPG&Ethane	3.10	3.07	3.20	2.89	2.94	3.24	3.16	3.18	3.38	0.20	-0.15
Naphtha	0.35	0.35	0.35	0.35	0.33	0.36	0.34	0.36	0.38	0.02	0.02
Motor Gasoline	10.43	10.42	10.17	10.69	10.57	10.27	10.40	10.28	10.12	-0.16	-0.28
Jet/Kerosene	1.66	1.65	1.61	1.66	1.71	1.64	1.60	1.69	1.64	-0.05	0.05
Gasoil/Diesel Oil	5.15	5.02	5.09	5.01	4.93	5.06	5.16	5.25	4.77	-0.48	-0.31
Residual Fuel Oil	0.89	0.75	0.81	0.75	0.75	0.68	0.81	0.70	0.53	-0.17	-0.47
Other Products	2.43	2.47	2.27	2.46	2.63	2.52	2.60	2.45	2.50	0.04	0.47
Total	24.00	23.73	23.49	23.80	23.85	23.77	24.07	23.92	23.32	-0.61	-0.67
Europe[4]											
LPG&Ethane	0.97	0.92	0.99	0.94	0.87	0.89	0.83	0.88	0.98	0.10	-0.01
Naphtha	1.16	1.15	1.24	1.08	1.11	1.15	1.19	1.17	1.10	-0.07	0.00
Motor Gasoline	2.12	1.97	1.91	2.03	2.04	1.91	1.96	1.91	1.85	-0.06	-0.16
Jet/Kerosene	1.24	1.19	1.08	1.22	1.30	1.17	1.23	1.14	1.12	-0.02	-0.01
Gasoil/Diesel Oil	6.10	5.95	5.94	5.86	5.87	6.15	6.40	6.28	5.76	-0.53	-0.31
Residual Fuel Oil	1.26	1.11	1.20	1.10	1.09	1.05	1.06	1.07	1.01	-0.07	-0.23
Other Products	1.51	1.40	1.30	1.52	1.48	1.31	1.43	1.34	1.17	-0.17	-0.10
Total	14.35	13.70	13.66	13.75	13.77	13.63	14.10	13.80	12.98	-0.82	-0.82
Asia Oceania[5]											
LPG&Ethane	0.84	0.86	0.99	0.81	0.82	0.82	0.75	0.79	0.91	0.12	-0.07
Naphtha	1.71	1.75	1.78	1.68	1.76	1.80	1.72	1.85	1.84	-0.01	0.05
Motor Gasoline	1.61	1.62	1.59	1.56	1.68	1.65	1.61	1.62	1.73	0.11	0.00
Jet/Kerosene	0.88	0.88	1.19	0.65	0.65	1.02	0.78	0.98	1.30	0.32	0.07
Gasoil/Diesel Oil	1.70	1.76	1.80	1.68	1.73	1.81	1.74	1.84	1.86	0.02	-0.02
Residual Fuel Oil	0.79	0.92	1.00	0.90	0.90	0.88	0.83	0.85	0.95	0.10	0.01
Other Products	0.60	0.71	0.73	0.70	0.68	0.71	0.69	0.65	0.79	0.14	-0.01
Total	8.15	8.50	9.08	7.97	8.23	8.70	8.11	8.60	9.39	0.79	0.03
OECD											
LPG&Ethane	4.91	4.85	5.19	4.64	4.64	4.96	4.74	4.86	5.27	0.41	-0.23
Naphtha	3.23	3.25	3.37	3.11	3.19	3.31	3.24	3.38	3.32	-0.06	0.08
Motor Gasoline	14.15	14.02	13.67	14.28	14.29	13.83	13.97	13.81	13.69	-0.12	-0.44
Jet/Kerosene	3.78	3.72	3.88	3.53	3.66	3.83	3.61	3.82	4.07	0.24	0.11
Gasoil/Diesel Oil	12.95	12.73	12.83	12.54	12.54	13.02	13.30	13.38	12.39	-0.99	-0.64
Residual Fuel Oil	2.94	2.78	3.01	2.75	2.74	2.61	2.70	2.62	2.49	-0.13	-0.70
Other Products	4.54	4.58	4.30	4.67	4.78	4.54	4.72	4.45	4.46	0.01	0.35
Total	46.50	45.93	46.24	45.52	45.85	46.09	46.28	46.32	45.69	-0.63	-1.46

1 Demand, measured as deliveries from refineries and primary stocks, comprises inland deliveries, international bunkers and refinery fuel. It includes crude for direct burning, oil from non-conventional sources and other sources of supply. Jet/kerosene comprises jet kerosene and non-aviation kerosene. Gasoil comprises diesel, light heating oil and other gasoils. North America comprises US 50 states, US territories, Mexico and Canada.

2 Latest official OECD submissions (MOS).

3 As of the August 2012 OMR, includes Chile.

4 As of the August 2012 OMR, includes Estonia and Slovenia.

5 As of the August 2012 OMR, includes Israel.

Table 2b

OIL DEMAND IN SELECTED OECD COUNTRIES[1]

(million barrels per day)

	2011	2012	1Q12	2Q12	3Q12	4Q12	Oct 12	Nov 12	Dec 12 [2]	Latest month vs. Nov 12	Latest month vs. Dec 11
United States[3]											
LPG	2.27	2.28	2.38	2.11	2.18	2.44	2.40	2.38	2.55	0.17	-0.07
Naphtha	0.25	0.25	0.26	0.25	0.22	0.26	0.26	0.26	0.27	0.01	0.02
Motor Gasoline	8.75	8.71	8.49	8.95	8.85	8.54	8.71	8.55	8.38	-0.17	-0.30
Jet/Kerosene	1.44	1.41	1.36	1.45	1.45	1.38	1.35	1.42	1.38	-0.04	0.01
Gasoil	3.90	3.74	3.83	3.73	3.66	3.75	3.84	3.91	3.52	-0.39	-0.34
Residual Fuel Oil	0.46	0.34	0.42	0.35	0.35	0.25	0.28	0.29	0.18	-0.11	-0.34
Other Products	1.87	1.88	1.74	1.88	2.00	1.88	1.94	1.84	1.87	0.03	0.35
Total	18.95	18.61	18.48	18.71	18.72	18.51	18.77	18.63	18.14	-0.48	-0.66
Japan											
LPG	0.50	0.53	0.63	0.50	0.49	0.52	0.46	0.50	0.60	0.10	-0.01
Naphtha	0.73	0.70	0.73	0.66	0.70	0.72	0.68	0.73	0.76	0.03	0.02
Motor Gasoline	0.98	0.98	0.96	0.93	1.04	0.99	0.97	0.96	1.05	0.08	-0.02
Jet/Kerosene	0.53	0.54	0.83	0.35	0.34	0.65	0.43	0.62	0.90	0.28	0.07
Diesel	0.45	0.45	0.45	0.43	0.46	0.48	0.46	0.47	0.50	0.03	0.02
Other Gasoil	0.37	0.37	0.45	0.32	0.33	0.38	0.33	0.38	0.44	0.06	-0.01
Residual Fuel Oil	0.44	0.56	0.60	0.54	0.57	0.54	0.53	0.51	0.59	0.09	0.01
Other Products	0.48	0.58	0.64	0.57	0.56	0.57	0.57	0.48	0.65	0.17	-0.02
Total	4.48	4.73	5.28	4.30	4.48	4.85	4.42	4.64	5.49	0.85	0.05
Germany											
LPG	0.10	0.10	0.10	0.10	0.11	0.09	0.09	0.09	0.09	0.00	0.00
Naphtha	0.37	0.37	0.39	0.35	0.36	0.39	0.38	0.40	0.37	-0.03	0.04
Motor Gasoline	0.45	0.43	0.42	0.44	0.43	0.41	0.43	0.42	0.39	-0.03	-0.03
Jet/Kerosene	0.18	0.18	0.16	0.18	0.20	0.18	0.20	0.18	0.15	-0.02	-0.01
Diesel	0.67	0.67	0.64	0.67	0.70	0.66	0.71	0.71	0.57	-0.13	-0.06
Other Gasoil	0.38	0.38	0.36	0.36	0.33	0.46	0.48	0.48	0.43	-0.05	0.03
Residual Fuel Oil	0.14	0.13	0.14	0.13	0.12	0.12	0.11	0.13	0.13	0.00	-0.02
Other Products	0.10	0.09	0.06	0.10	0.11	0.08	0.11	0.09	0.05	-0.05	-0.03
Total	2.40	2.34	2.27	2.33	2.35	2.39	2.51	2.50	2.18	-0.32	-0.08
Italy											
LPG	0.10	0.09	0.12	0.08	0.08	0.09	0.07	0.09	0.12	0.03	-0.01
Naphtha	0.08	0.07	0.07	0.08	0.06	0.07	0.07	0.07	0.07	0.00	0.00
Motor Gasoline	0.23	0.20	0.18	0.21	0.21	0.19	0.20	0.19	0.19	0.00	-0.03
Jet/Kerosene	0.09	0.08	0.07	0.08	0.10	0.08	0.08	0.07	0.08	0.01	0.00
Diesel	0.50	0.45	0.43	0.47	0.46	0.44	0.47	0.43	0.42	-0.02	-0.07
Other Gasoil	0.11	0.11	0.11	0.09	0.10	0.12	0.13	0.12	0.12	0.00	-0.01
Residual Fuel Oil	0.13	0.12	0.13	0.11	0.13	0.11	0.12	0.12	0.09	-0.03	-0.03
Other Products	0.22	0.19	0.18	0.20	0.21	0.17	0.22	0.16	0.14	-0.02	-0.05
Total	1.45	1.31	1.30	1.32	1.34	1.28	1.36	1.26	1.23	-0.02	-0.19
France											
LPG	0.10	0.10	0.13	0.09	0.08	0.11	0.10	0.11	0.12	0.01	0.00
Naphtha	0.14	0.13	0.15	0.15	0.14	0.09	0.10	0.08	0.10	0.02	-0.04
Motor Gasoline	0.18	0.17	0.15	0.17	0.18	0.16	0.17	0.16	0.15	-0.02	-0.02
Jet/Kerosene	0.15	0.15	0.14	0.15	0.16	0.14	0.15	0.14	0.14	0.00	0.00
Diesel	0.69	0.69	0.67	0.70	0.69	0.70	0.73	0.71	0.64	-0.07	-0.04
Other Gasoil	0.27	0.28	0.33	0.23	0.26	0.30	0.33	0.29	0.27	-0.03	0.01
Residual Fuel Oil	0.08	0.07	0.09	0.07	0.06	0.06	0.06	0.06	0.06	0.00	-0.02
Other Products	0.17	0.15	0.14	0.16	0.15	0.15	0.16	0.15	0.14	-0.01	-0.01
Total	1.79	1.74	1.80	1.71	1.73	1.71	1.81	1.71	1.61	-0.10	-0.13
United Kingdom											
LPG	0.13	0.11	0.13	0.12	0.09	0.09	0.06	0.08	0.13	0.04	0.01
Naphtha	0.03	0.02	0.03	0.02	0.02	0.03	0.02	0.02	0.04	0.02	0.02
Motor Gasoline	0.34	0.32	0.33	0.33	0.32	0.31	0.30	0.32	0.31	-0.01	-0.01
Jet/Kerosene	0.32	0.31	0.30	0.31	0.31	0.32	0.31	0.32	0.32	0.00	0.00
Diesel	0.45	0.46	0.45	0.46	0.46	0.48	0.45	0.49	0.49	0.00	0.04
Other Gasoil	0.12	0.12	0.11	0.11	0.13	0.11	0.12	0.12	0.10	-0.01	0.00
Residual Fuel Oil	0.06	0.05	0.05	0.05	0.05	0.04	0.05	0.04	0.04	-0.01	-0.03
Other Products	0.15	0.13	0.15	0.14	0.13	0.11	0.10	0.11	0.10	-0.01	-0.03
Total	1.61	1.52	1.54	1.55	1.50	1.49	1.42	1.51	1.53	0.03	0.00
Canada											
LPG	0.37	0.34	0.35	0.34	0.31	0.34	0.31	0.35	0.36	0.01	-0.06
Naphtha	0.08	0.09	0.09	0.10	0.10	0.09	0.07	0.09	0.10	0.01	0.00
Motor Gasoline	0.76	0.80	0.77	0.82	0.82	0.79	0.75	0.81	0.80	-0.01	0.04
Jet/Kerosene	0.12	0.13	0.12	0.10	0.14	0.15	0.13	0.16	0.15	-0.01	0.03
Diesel	0.30	0.30	0.30	0.30	0.30	0.29	0.28	0.31	0.30	-0.01	0.00
Other Gasoil	0.27	0.27	0.26	0.25	0.28	0.29	0.29	0.29	0.27	-0.02	0.03
Residual Fuel Oil	0.09	0.08	0.08	0.08	0.07	0.07	0.06	0.10	0.06	-0.04	-0.05
Other Products	0.31	0.33	0.27	0.33	0.36	0.35	0.38	0.34	0.33	-0.01	0.06
Total	2.29	2.33	2.24	2.32	2.39	2.36	2.29	2.44	2.36	-0.08	0.06

1 Demand, measured as deliveries from refineries and primary stocks, comprises inland deliveries, international bunkers and refinery fuel. It includes crude for direct burning, oil from non-conventional sources and other sources of supply. Jet/kerosene comprises jet kerosene and non-aviation kerosene. Gasoil comprises diesel, light heating oil and other gasoils.

2 Latest official OECD submissions (MOS).

3 US figures exclude US territories.

Table 3
WORLD OIL PRODUCTION
(million barrels per day)

	2011	2012	2013	3Q12	4Q12	1Q13	2Q13	3Q13	Dec 12	Jan 13	Feb 13
OPEC											
Crude Oil											
Saudi Arabia	9.04	9.57		9.60	9.32				8.89	8.99	8.99
Iran	3.62	3.00		2.81	2.71				2.70	2.65	2.72
Iraq	2.67	2.95		3.07	3.12				2.97	2.97	3.14
UAE	2.50	2.65		2.69	2.67				2.68	2.60	2.55
Kuwait	2.24	2.46		2.47	2.51				2.52	2.56	2.53
Neutral Zone	0.59	0.56		0.54	0.52				0.52	0.52	0.52
Qatar	0.74	0.74		0.75	0.72				0.70	0.74	0.74
Angola	1.66	1.78		1.78	1.79				1.79	1.77	1.72
Nigeria	2.18	2.10		2.17	1.99				2.10	2.00	2.02
Libya	0.46	1.39		1.43	1.42				1.40	1.38	1.40
Algeria	1.18	1.17		1.18	1.16				1.18	1.16	1.16
Ecuador	0.50	0.50		0.50	0.50				0.50	0.50	0.50
Venezuela	2.50	2.50		2.52	2.48				2.50	2.50	2.50
Total Crude Oil[5]	29.88	31.37		31.51	30.92				30.45	30.34	30.49
Total NGLs[1,6]	5.78	6.15	6.44	6.24	6.25	6.23	6.32	6.60	6.25	6.23	6.23
Total OPEC[6]	35.65	37.53		37.75	37.17				36.69	36.57	36.72
OPEC: Historical Composition[6]	35.65	37.53		37.75	37.17				36.69	36.57	36.72
NON-OPEC[2]											
OECD											
Americas[7]	14.60	15.85	16.87	15.68	16.59	16.76	16.54	16.86	16.73	16.75	16.76
United States[5]	8.14	9.15	9.99	9.09	9.73	9.85	9.90	9.98	9.72	9.84	9.80
Mexico	2.94	2.92	2.89	2.93	2.90	2.93	2.89	2.88	2.90	2.94	2.95
Canada	3.51	3.77	3.98	3.65	3.95	3.97	3.73	3.99	4.10	3.96	3.99
Chile	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Europe[8]	3.77	3.47	3.26	3.15	3.33	3.42	3.24	3.10	3.49	3.46	3.45
UK	1.11	0.95	0.86	0.82	0.87	0.98	0.87	0.73	0.98	1.01	1.01
Norway	2.04	1.91	1.83	1.75	1.84	1.85	1.79	1.79	1.90	1.86	1.83
Others	0.61	0.60	0.58	0.59	0.61	0.59	0.58	0.57	0.61	0.59	0.60
Asia Oceania[9]	0.57	0.53	0.54	0.56	0.50	0.49	0.54	0.56	0.49	0.48	0.49
Australia	0.48	0.44	0.46	0.47	0.42	0.41	0.46	0.49	0.41	0.40	0.41
Others	0.09	0.08	0.08	0.08	0.08	0.09	0.08	0.08	0.08	0.09	0.08
Total OECD	18.94	19.84	20.67	19.39	20.41	20.67	20.32	20.52	20.71	20.69	20.70
NON-OECD											
Former USSR	13.57	13.69	13.64	13.58	13.84	13.79	13.66	13.45	13.84	13.82	13.81
Russia	10.60	10.73	10.69	10.71	10.83	10.81	10.72	10.56	10.83	10.82	10.83
Others	2.97	2.95	2.95	2.88	3.01	2.98	2.94	2.89	3.00	3.00	2.97
Asia	7.68	7.75	7.78	7.72	7.87	7.83	7.80	7.74	7.91	7.81	7.85
China	4.10	4.18	4.25	4.17	4.27	4.24	4.26	4.25	4.27	4.21	4.25
Malaysia	0.65	0.67	0.70	0.65	0.69	0.70	0.69	0.69	0.70	0.70	0.71
India	0.91	0.90	0.91	0.89	0.90	0.93	0.91	0.90	0.93	0.93	0.93
Indonesia	0.93	0.89	0.82	0.88	0.87	0.85	0.84	0.81	0.87	0.85	0.85
Others	1.09	1.12	1.10	1.13	1.14	1.11	1.10	1.09	1.14	1.13	1.10
Europe	0.14	0.14	0.13	0.14	0.14	0.13	0.13	0.13	0.13	0.13	0.13
Latin America	4.23	4.18	4.24	4.10	4.19	4.18	4.17	4.25	4.26	4.17	4.13
Brazil[5]	2.19	2.15	2.22	2.07	2.14	2.17	2.16	2.22	2.20	2.14	2.14
Argentina	0.69	0.67	0.62	0.68	0.67	0.63	0.62	0.62	0.67	0.63	0.63
Colombia	0.92	0.95	1.01	0.94	0.97	0.99	1.00	1.02	0.98	1.01	0.97
Others	0.43	0.41	0.39	0.41	0.41	0.39	0.39	0.39	0.41	0.39	0.40
Middle East[3]	1.65	1.46	1.45	1.50	1.49	1.43	1.46	1.47	1.46	1.42	1.40
Oman	0.89	0.92	0.96	0.93	0.95	0.93	0.95	0.97	0.95	0.94	0.91
Syria	0.33	0.16	0.12	0.16	0.16	0.13	0.12	0.13	0.15	0.13	0.13
Yemen	0.23	0.18	0.18	0.21	0.19	0.18	0.19	0.18	0.16	0.16	0.18
Others	0.20	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19
Africa	2.60	2.31	2.37	2.25	2.29	2.31	2.34	2.35	2.31	2.33	2.32
Egypt	0.74	0.73	0.72	0.73	0.73	0.73	0.73	0.72	0.73	0.73	0.73
Gabon	0.25	0.25	0.24	0.24	0.25	0.23	0.23	0.24	0.25	0.25	0.25
Others	1.61	1.33	1.41	1.28	1.32	1.35	1.39	1.39	1.33	1.35	1.35
Total Non-OECD	29.87	29.53	29.61	29.30	29.81	29.67	29.56	29.40	29.91	29.69	29.65
Processing Gains[4]	2.11	2.14	2.18	2.16	2.13	2.18	2.16	2.20	2.15	2.21	2.18
Global Biofuels[5]	1.87	1.88	2.01	2.15	1.91	1.58	1.98	2.36	1.68	1.58	1.58
TOTAL NON-OPEC[6]	52.78	53.38	54.46	53.00	54.27	54.11	54.01	54.48	54.45	54.17	54.11
Non-OPEC: Historical Composition[6]	52.78	53.38	54.46	53.00	54.27	54.11	54.01	54.48	54.45	54.17	54.11
TOTAL SUPPLY	88.44	90.91		90.75	91.43				91.14	90.74	90.83

1 Includes condensates reported by OPEC countries, oil from non-conventional sources, e.g. Venezuelan Orimulsion (but not Orinoco extra-heavy oil), and non-oil inputs to Saudi Arabian MTBE. Orimulsion production reportedly ceased from January 2007.
2 Comprises crude oil, condensates, NGLs and oil from non-conventional sources
3 Includes small amounts of production from Jordan and Bahrain.
4 Net volumetric gains and losses in refining and marine transportation losses.
5 As of the July 2010 OMR, Global Biofuels comprise all world biofuel production including fuel ethanol from the US and Brazil.
6 Total OPEC comprises all countries which were OPEC members at 1 January 2009. OPEC Historical Composition comprises countries which were OPEC members at that point in time. Total Non-OPEC excludes all countries that were OPEC members at 1 January 2009. Non-OPEC Historical Composition excludes countries that were OPEC members at that point in time.
7 As of the August 2012 OMR, includes Chile.
8 As of the August 2012 OMR, includes Estonia and Slovenia.
9 As of the August 2012 OMR, includes Israel.

Table 4

OECD INDUSTRY STOCKS[1] AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS[2] in Million Barrels					PRIOR YEARS' STOCKS[2] in Million Barrels			STOCK CHANGES in mb/d			
	Sep2012	Oct2012	Nov2012	Dec2012	Jan2013*	Jan2010	Jan2011	Jan2012	1Q2012	2Q2012	3Q2012	4Q2012
OECD Americas												
Crude	511.0	513.4	519.2	502.6	512.3	465.7	479.4	478.9	0.41	0.23	-0.15	-0.09
Motor Gasoline	236.0	239.6	249.5	265.2	268.1	267.8	271.8	272.7	-0.03	-0.17	-0.05	0.32
Middle Distillate	203.8	195.9	191.2	210.8	211.3	240.0	238.4	228.0	-0.21	-0.21	0.17	0.08
Residual Fuel Oil	45.3	47.2	45.2	42.9	40.8	48.7	48.7	42.0	0.02	0.03	-0.01	-0.03
Total Products[3]	695.0	683.5	680.5	703.0	689.7	692.8	705.8	698.8	-0.27	0.02	0.29	0.09
Total[4]	1383.0	1368.5	1365.9	1364.2	1367.7	1299.3	1333.5	1335.2	0.28	0.30	0.23	-0.20
OECD Europe												
Crude	310.7	312.1	322.4	308.5	311.6	341.6	336.4	295.4	0.30	0.06	-0.12	-0.02
Motor Gasoline	93.1	91.5	91.8	91.6	98.3	112.8	105.1	98.7	-0.02	-0.07	0.06	-0.02
Middle Distillate	262.4	249.3	249.3	257.1	260.9	309.4	300.8	290.6	0.04	-0.28	0.13	-0.06
Residual Fuel Oil	77.1	79.4	77.9	77.8	77.7	87.2	83.1	74.3	0.01	-0.01	0.03	0.01
Total Products[3]	540.8	522.7	523.5	535.0	542.3	610.8	593.3	571.8	0.05	-0.37	0.20	-0.06
Total[4]	920.4	903.2	916.8	905.6	918.4	1024.5	1000.4	935.9	0.41	-0.31	0.05	-0.16
OECD Asia Oceania												
Crude	170.1	165.9	163.3	158.4	160.8	163.0	158.2	154.2	0.00	0.16	0.00	-0.13
Motor Gasoline	28.2	28.3	25.5	24.3	26.4	27.0	25.3	25.2	0.04	0.01	0.02	-0.04
Middle Distillate	69.3	71.1	64.4	60.4	61.9	65.1	60.1	63.3	-0.07	0.08	0.08	-0.10
Residual Fuel Oil	21.4	20.4	18.9	19.7	19.4	18.9	18.6	19.7	0.01	0.00	0.02	-0.02
Total Products[3]	185.3	187.8	176.1	169.8	171.4	168.1	168.6	164.3	-0.12	0.16	0.20	-0.17
Total[4]	427.3	427.3	411.5	396.3	402.5	395.0	400.7	390.7	-0.13	0.38	0.15	-0.34
Total OECD												
Crude	991.9	991.5	1004.8	969.6	984.7	970.3	974.1	928.5	0.71	0.45	-0.28	-0.24
Motor Gasoline	357.3	359.3	366.8	381.1	392.8	407.6	402.1	396.5	-0.01	-0.23	0.03	0.26
Middle Distillate	535.4	516.3	505.0	528.3	534.2	614.4	599.3	581.8	-0.25	-0.41	0.38	-0.08
Residual Fuel Oil	143.9	147.0	141.9	140.5	137.9	154.7	150.4	136.0	0.04	0.01	0.04	-0.04
Total Products[3]	1421.0	1394.0	1380.1	1407.8	1403.4	1471.7	1467.6	1434.9	-0.34	-0.19	0.69	-0.14
Total[4]	2730.7	2699.0	2694.3	2666.1	2688.7	2718.8	2734.6	2661.9	0.56	0.37	0.43	-0.70

OECD GOVERNMENT-CONTROLLED STOCKS[5] AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS[2] in Million Barrels					PRIOR YEARS' STOCKS[2] in Million Barrels			STOCK CHANGES in mb/d			
	Sep2012	Oct2012	Nov2012	Dec2012	Jan2013*	Jan2010	Jan2011	Jan2012	1Q2012	2Q2012	3Q2012	4Q2012
OECD Americas												
Crude	695.0	695.0	695.0	695.3	696.1	726.6	726.5	696.0	0.00	0.00	-0.01	0.00
Products	1.0	1.0	1.0	1.0	1.0	2.0	2.0	0.7	0.00	0.00	0.00	0.00
OECD Europe												
Crude	195.3	195.7	196.1	196.3	196.8	184.4	185.8	187.9	0.03	0.04	0.03	0.01
Products	236.5	235.0	235.9	238.9	239.0	244.9	237.6	235.3	-0.04	0.00	0.02	0.03
OECD Asia Oceania												
Crude	393.5	393.5	393.6	393.6	393.6	389.0	389.7	393.6	0.00	0.00	0.00	0.00
Products	20.0	20.0	20.0	20.5	20.5	20.0	20.0	20.0	0.00	0.00	0.00	0.00
Total OECD												
Crude	1283.8	1284.2	1284.6	1285.2	1286.4	1300.0	1302.0	1277.4	0.03	0.04	0.02	0.02
Products	257.5	256.0	256.9	260.4	260.5	266.9	259.6	255.9	-0.03	0.00	0.02	0.03
Total[4]	1542.5	1541.4	1542.8	1547.0	1548.4	1568.4	1563.0	1534.8	-0.01	0.04	0.04	0.05

* estimated

1 Stocks are primary national territory stocks on land (excluding utility stocks and including pipeline and entrepot stocks where known) and include stocks held by industry to meet IEA, EU and national emergency reserve commitments and are subject to government control in emergencies.

2 Closing stock levels.

3 Total products includes gasoline, middle distillates, fuel oil and other products.

4 Total includes NGLs, refinery feedstocks, additives/oxygenates and other hydrocarbons.

5 Includes government-owned stocks and stock holding organisation stocks held for emergency purposes.

Table 5
TOTAL STOCKS ON LAND IN OECD COUNTRIES[1]

('millions of barrels' and 'days')

	End December 2011		End March 2012		End June 2012		End September 2012		End December 2012 [3]	
	Stock Level	Days Fwd[2] Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand
OECD Americas										
Canada	177.9	79	174.9	76	171.4	72	179.0	75	174.2	-
Chile	9.9	29	10.5	30	10.3	30	9.8	27	8.9	-
Mexico	44.4	21	44.8	21	45.3	21	48.7	22	47.5	-
United States[4]	1750.7	95	1778.8	95	1809.4	97	1819.4	98	1807.8	-
Total[4]	2005.0	86	2031.2	86	2058.4	86	2078.9	88	2060.5	87
OECD Asia Oceania										
Australia	40.1	39	39.5	38	40.5	39	42.4	39	37.5	-
Israel	-	-	-	-	-	-	-	-	-	-
Japan	588.5	111	579.5	135	601.3	134	605.7	125	590.3	-
Korea	166.8	72	164.0	75	176.7	79	183.8	79	175.4	-
New Zealand	8.3	51	9.0	60	8.0	56	8.9	58	7.1	-
Total	803.7	88	792.0	99	826.6	100	840.9	97	810.3	89
OECD Europe[5]										
Austria	22.6	91	22.1	86	21.1	78	21.3	84	22.5	-
Belgium	36.4	56	34.8	57	38.6	63	38.3	58	38.7	-
Czech Republic	20.7	114	20.2	101	18.6	88	18.9	94	20.2	-
Denmark	22.4	142	21.4	133	19.5	120	20.5	134	22.3	-
Estonia	1.4	50	1.3	43	1.2	43	1.1	39	1.3	-
Finland	29.2	149	29.9	159	28.0	148	28.2	141	26.3	-
France	165.0	92	164.7	96	163.7	95	164.0	96	162.3	-
Germany	278.6	123	281.2	121	280.2	119	284.3	119	288.0	-
Greece	27.9	79	29.1	94	28.9	94	30.1	106	30.8	-
Hungary	15.4	125	17.2	143	15.9	117	15.6	116	15.1	-
Ireland	10.7	84	11.7	91	10.5	83	9.5	68	10.3	-
Italy	137.9	107	142.0	107	137.7	103	146.2	114	128.8	-
Luxembourg	0.6	10	0.5	8	0.6	11	0.7	13	0.7	-
Netherlands	103.0	104	121.1	117	112.6	113	113.5	117	121.1	-
Norway	25.9	106	29.1	115	27.4	108	27.0	94	27.9	-
Poland	64.5	126	64.5	118	62.7	114	62.8	116	63.9	-
Portugal	21.9	90	20.9	88	20.4	87	20.8	98	21.3	-
Slovak Republic	8.5	110	9.0	124	9.0	107	8.8	106	8.5	-
Slovenia	4.4	79	4.7	87	4.6	84	5.2	99	5.3	-
Spain	132.8	99	134.3	104	132.8	104	130.8	105	120.1	-
Sweden	31.5	109	29.6	98	29.0	95	30.2	98	27.0	-
Switzerland	35.7	137	35.3	142	35.2	140	36.7	130	36.8	-
Turkey	55.8	96	62.4	89	64.0	89	63.4	93	62.0	-
United Kingdom	80.0	52	82.2	53	82.5	55	75.4	51	81.0	-
Total	1332.8	98	1369.2	100	1344.7	98	1353.4	99	1342.3	101
Total OECD	4141.5	90	4192.4	92	4229.7	92	4273.2	93	4213.1	92
DAYS OF IEA Net Imports[6]	-	142	-	143	-	149	-	150	-	148

1 Total Stocks are industry and government-controlled stocks (see breakdown in table below). Stocks are primary national territory stocks on land (excluding utility stocks and including pipeline and entrepot stocks where known) they include stocks held by industry to meet IEA, EU and national emergency reserves commitments and are subject to government control in emergencies.
2 Note that days of forward demand represent the stock level divided by the forward quarter average daily demand and is very different from the days of net imports used for the calculation of IEA Emergency Reserves.
3 End December 2012 forward demand figures are IEA Secretariat forecasts.
4 US figures exclude US territories. Total includes US territories.
5 Data not available for Iceland.
6 Reflects stock levels and prior calendar year's net imports adjusted according to IEA emergency reserve definitions (see www.iea.org/netimports.asp). Net exporting IEA countries are excluded.

TOTAL OECD STOCKS

CLOSING STOCKS	Total	Government[1] controlled	Industry	Total	Government[1] controlled	Industry
	Millions of Barrels			*Days of Fwd. Demand*[2]		
4Q2009	4230	1568	2662	90	34	57
1Q2010	4253	1571	2682	92	34	58
2Q2010	4329	1566	2763	91	33	58
3Q2010	4305	1553	2751	91	33	58
4Q2010	4242	1565	2677	90	33	57
1Q2011	4206	1562	2644	93	34	58
2Q2011	4248	1565	2683	91	33	57
3Q2011	4199	1530	2669	90	33	57
4Q2011	4141	1536	2605	90	33	56
1Q2012	4192	1536	2657	92	34	58
2Q2012	4230	1539	2691	92	34	59
3Q2012	4273	1542	2731	93	33	59
4Q2012	4213	1547	2666	92	34	58

1 Includes government-owned stocks and stock holding organisation stocks held for emergency purposes.
2 Days of forward demand calculated using actual demand except in 4Q2012 (when latest forecasts are used).

Table 6

IEA MEMBER COUNTRY DESTINATIONS OF SELECTED CRUDE STREAMS[1]

(million barrels per day)

	2010	2011	2012	1Q12	2Q12	3Q12	4Q12	Oct 12	Nov 12	Dec 12	Year Earlier Dec 11	Year Earlier change
Saudi Light & Extra Light												
Americas	0.69	0.69	0.76	0.84	0.88	0.67	0.65	0.56	0.69	0.69	0.93	-0.24
Europe	0.66	0.83	0.85	0.77	0.91	0.97	0.77	0.80	0.74	0.75	0.84	-0.09
Asia Oceania	1.21	1.24	1.26	1.37	1.21	1.21	1.27	1.25	1.25	1.31	1.35	-0.03
Saudi Medium												
Americas	0.36	0.37	0.44	0.47	0.44	0.41	0.43	0.43	0.43	0.44	0.42	0.03
Europe	0.00	0.02	0.05	0.05	0.07	0.05	0.02	0.01	0.06	-	0.00	-
Asia Oceania	0.34	0.40	0.45	0.46	0.42	0.48	0.44	0.42	0.47	0.45	0.42	0.03
Saudi Heavy												
Americas	0.02	0.02	0.05	-	0.15	0.02	0.02	0.02	0.01	0.03	-	-
Europe	0.00	0.01	0.12	0.04	0.12	0.21	0.13	0.18	0.13	0.07	0.03	0.04
Asia Oceania	0.22	0.20	0.20	0.21	0.18	0.19	0.19	0.20	0.22	0.16	0.22	-0.06
Iraqi Basrah Light[2]												
Americas	0.36	0.29	0.49	0.39	0.55	0.46	0.55	0.74	0.42	0.48	0.32	0.16
Europe	0.09	0.11	0.26	0.14	0.18	0.42	0.31	0.37	0.21	0.34	0.08	0.26
Asia Oceania	0.29	0.34	0.33	0.26	0.34	0.39	0.31	0.26	0.38	0.29	0.30	-0.02
Iraqi Kirkuk												
Americas	0.03	0.07	0.05	0.06	0.08	0.04	0.03	0.03	0.07	-	0.11	-
Europe	0.27	0.27	0.22	0.20	0.23	0.21	0.25	0.19	0.27	0.29	0.28	0.01
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Iranian Light												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.24	0.23	0.12	0.25	0.16	0.05	0.05	0.05	0.04	0.07	0.18	-0.11
Asia Oceania	0.04	0.04	0.02	0.03	0.02	0.01	0.01	-	-	0.02	0.05	-0.03
Iranian Heavy[3]												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.49	0.55	0.16	0.33	0.21	0.08	0.04	0.03	0.07	0.01	0.46	-0.44
Asia Oceania	0.52	0.51	0.33	0.48	0.38	0.11	0.36	0.34	0.31	0.44	0.46	-0.03
Venezuelan Light & Medium												
Americas	0.14	0.18	0.13	0.07	0.15	0.14	0.16	0.10	0.16	0.23	-	-
Europe	0.02	0.02	0.02	0.01	-	0.01	0.06	0.06	0.08	0.04	-	-
Asia Oceania	-	-	0.01	0.01	0.01	-	-	-	-	-	-	-
Venezuelan 22 API and heavier												
Americas	0.86	0.76	0.69	0.68	0.58	0.77	0.73	0.79	0.73	0.69	0.64	0.05
Europe	0.06	0.05	0.08	0.08	0.09	0.11	0.04	0.11	0.03	0.00	0.06	-0.06
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Maya												
Americas	0.91	0.82	0.73	0.72	0.69	0.76	0.74	0.82	0.71	0.68	0.78	-0.11
Europe	0.11	0.12	0.14	0.12	0.14	0.13	0.17	0.18	0.18	0.14	0.13	0.01
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Isthmus												
Americas	0.04	0.07	0.04	0.04	0.03	0.05	0.04	0.00	0.12	-	0.07	-
Europe	0.02	0.01	0.03	0.02	0.05	0.03	0.04	0.05	0.03	0.03	0.03	0.00
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Russian Urals												
Americas	0.08	0.01	0.00	-	0.01	0.01	-	-	-	-	-	-
Europe	1.80	1.69	1.86	1.75	1.76	1.97	1.94	2.16	1.98	1.68	1.66	0.02
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Nigerian Light[4]												
Americas	0.60	0.53	0.24	0.25	0.31	0.25	0.14	0.26	0.16	-	0.30	-
Europe	0.34	0.45	0.58	0.51	0.52	0.72	0.58	0.65	0.59	0.51	0.56	-0.05
Asia Oceania	-	0.05	0.04	0.03	0.06	0.03	0.03	0.03	0.06	-	0.04	-
Nigerian Medium												
Americas	0.25	0.18	0.12	0.04	0.07	0.14	0.21	0.24	0.21	0.19	0.19	0.00
Europe	0.09	0.14	0.25	0.26	0.25	0.26	0.23	0.17	0.23	0.28	0.22	0.05
Asia Oceania	-	-	0.00	-	-	-	-	-	-	-	-	-

1 Data based on monthly submissions from IEA countries to the crude oil import register (in '000 bbl), subject to availability. May differ from Table 8 of the Report.
IEA Americas includes United States and Canada.
IEA Europe includes all countries in OECD Europe except Estonia, Hungary and Slovenia.
IEA Asia Oceania includes Australia, New Zealand, Korea and Japan.

2 Iraqi Total minus Kirkuk.

3 Iranian Total minus Iranian Light.

4 33° API and lighter (e.g., Bonny Light, Escravos, Qua Iboe and Oso Condensate).

Table 7
REGIONAL OECD IMPORTS[1,2]
(thousand barrels per day)

	2010	2011	2012	1Q12	2Q12	3Q12	4Q12	Oct 12	Nov 12	Dec 12	Year Earlier Dec 11	% change
Crude Oil												
Americas	7496	6870	6098	6159	6495	6118	5624	5834	5960	5091	6545	-22%
Europe	9072	8985	9349	9119	9176	9794	9302	9653	9516	8743	8728	0%
Asia Oceania	6472	6609	6762	6994	6727	6627	6702	6597	6450	7049	7058	0%
Total OECD	23040	22465	22208	22272	22398	22539	21628	22084	21926	20883	22331	-6%
LPG												
Americas	34	33	26	20	28	34	23	24	34	13	17	-24%
Europe	285	318	290	300	281	271	309	276	316	335	278	20%
Asia Oceania	565	568	619	658	603	598	615	598	604	644	619	4%
Total OECD	884	919	935	978	911	903	947	898	954	991	914	8%
Naphtha												
Americas	36	42	20	15	34	17	15	19	12	13	14	-7%
Europe	399	298	357	399	363	291	375	431	417	278	253	10%
Asia Oceania	908	884	900	839	878	920	961	922	1021	944	862	10%
Total OECD	1344	1224	1277	1253	1275	1228	1351	1371	1449	1235	1129	9%
Gasoline[3]												
Americas	801	762	725	673	775	799	653	759	716	485	607	-20%
Europe	187	222	216	282	181	201	199	205	163	227	174	30%
Asia Oceania	84	95	86	95	92	68	89	94	75	96	121	-21%
Total OECD	1073	1079	1026	1050	1048	1068	940	1058	955	808	902	-10%
Jet & Kerosene												
Americas	76	77	71	41	58	97	86	107	90	61	31	100%
Europe	418	396	395	290	375	458	456	489	469	409	348	18%
Asia Oceania	46	58	63	77	38	55	82	64	97	86	48	79%
Total OECD	539	531	529	408	471	609	624	660	657	557	427	30%
Gasoil/Diesel												
Americas	100	72	59	71	45	50	69	66	75	67	49	37%
Europe	1071	1042	970	1026	859	953	1041	1024	1072	1027	954	8%
Asia Oceania	104	147	186	170	176	194	203	184	237	190	188	1%
Total OECD	1275	1261	1214	1267	1080	1196	1313	1274	1384	1284	1190	8%
Heavy Fuel Oil												
Americas	277	268	206	220	217	208	179	170	228	142	211	-33%
Europe	464	536	520	631	534	483	435	453	358	491	545	-10%
Asia Oceania	120	153	223	221	203	227	241	226	220	276	195	41%
Total OECD	861	958	950	1072	954	918	855	849	806	909	951	-4%
Other Products												
Americas	807	871	825	751	835	874	838	854	779	878	906	-3%
Europe	692	735	667	611	691	668	699	584	741	773	594	30%
Asia Oceania	375	373	359	389	370	359	317	309	278	363	412	-12%
Total OECD	1873	1979	1851	1751	1897	1901	1854	1747	1798	2014	1912	5%
Total Products												
Americas	2132	2124	1932	1791	1992	2079	1864	1999	1934	1660	1835	-10%
Europe	3516	3547	3415	3538	3285	3325	3512	3462	3537	3539	3145	13%
Asia Oceania	2201	2279	2435	2450	2361	2421	2509	2396	2532	2599	2445	6%
Total OECD	7849	7951	7782	7779	7637	7824	7885	7857	8003	7799	7425	5%
Total Oil												
Americas	9627	8995	8030	7950	8487	8197	7488	7833	7894	6751	8379	-19%
Europe	12588	12532	12764	12657	12461	13118	12814	13115	13053	12282	11873	3%
Asia Oceania	8674	8889	9197	9443	9088	9048	9210	8993	8983	9649	9503	2%
Total OECD	30889	30415	29990	30051	30035	30363	29513	29941	29929	28681	29755	-4%

1 Based on Monthly Oil Questionnaire data submitted by OECD countries in tonnes and converted to barrels.
2 Excludes intra-regional trade.
3 Includes additives.

© OECD/IEA 2013. All Rights Reserved

The International Energy Agency (IEA) makes every attempt to ensure, but does not guarantee, the accuracy and completeness of the information or the clarity of content of the *Oil Market Report* (hereafter the *OMR*). The IEA shall not be liable to any party for any inaccuracy, error or omission contained or provided in this *OMR* or for any loss, or damage, whether or not due to reliance placed by that party on information in this *OMR*.

The Executive Director and Secretariat of the IEA are responsible for the publication of the *OMR*. Although some of the data are supplied by IEA Member-country governments, largely on the basis of information they in turn receive from oil companies, neither these governments nor these oil companies necessarily share the Secretariat's views or conclusions as expressed in the *OMR*. The *OMR* is prepared for general circulation and is distributed for general information only. Neither the information nor any opinion expressed in the *OMR* constitutes an offer, or an invitation to make an offer, to buy or sell any securities or any options, futures or other derivatives related to such securities.

This *OMR* is the copyright of the OECD/IEA and is subject to terms and conditions of use. These terms and conditions are available on the IEA website at http://www.iea.org/oilmar/licenceomr.html. In relation to the Subscriber Edition (as defined in the OMR's online terms and conditions), all Argus information is sourced from Copyright © 2013 Argus Media Limited and is published here with the permission of Argus. The spot crude and product price assessments are based on daily Argus prices, converted when appropriate to US$ per barrel according to the Argus specification of products. Argus Media Limited reserves all rights in relation to all Argus information. Any reproduction of Argus information requires the express prior written permission of Argus. Argus shall not be liable to any party for any inaccuracy, error or omission contained or provided in Argus information contained in this OMR or for any loss, or damage, whether or not due to reliance placed by that party on information in this OMR.

OMR Contacts

Editor and Head, Oil Industry and Markets Division

Antoine Halff

Analysts

Michael Cohen (Non-OPEC Supply)

Anselm Eisentraut (Biofuels)

Diane Munro (OPEC Supply and Prices)

Matt Parry (Demand)

Jérôme Sabathier (Refining)

Andrew Wilson (Stocks/Statistics)

Statistics

Valerio Pilia

Editorial assistant

Annette Hardcastle

Contact:

☎ (+33) 0*1 40 57 66 67

✉ **OilMarketReport@iea.org**

* 0 - only within France

Media Enquiries

IEA Press Office

(+33) 0* 1 40 57 65 54

✉ **ieapressoffice@iea.org**

Subscription and Delivery Enquiries

Oil Market Report Subscriptions
International Energy Agency
BP 586-75726 PARIS Cedex 15, France

✉ **OMRSubscriptions@iea.org**

☎ (+33) 0* 1 40 57 67 72

☎ (+33) 0* 1 40 57 66 90

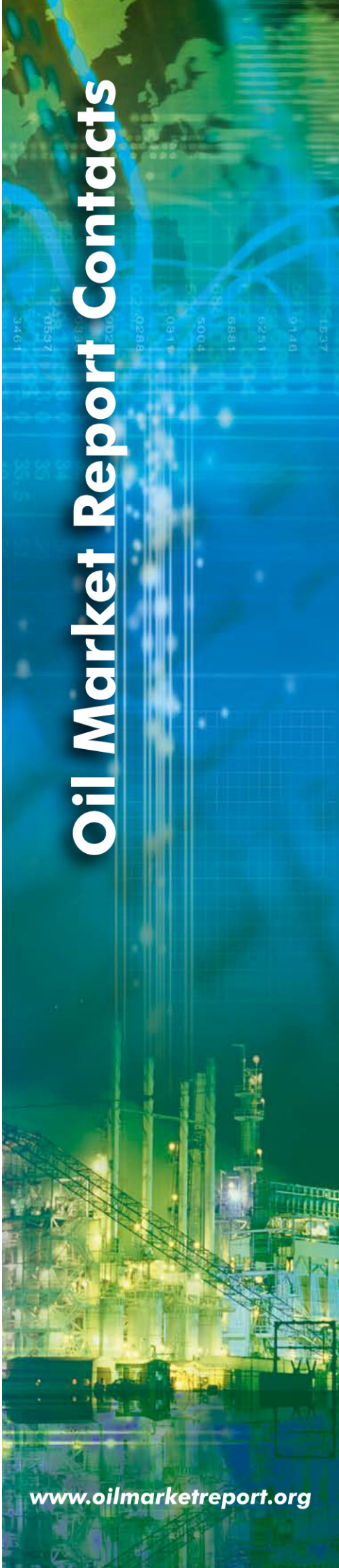
User's Guide and Glossary to the IEA *Oil Market Report*

For information on the data sources, definitions, technical terms and general approach used in preparing the *Oil Market Report (OMR)*, *Medium-Term Oil Market Report (MTOMR)* and *Annual Statistical Supplement* (current issue of the Statistical Supplement dated 10 August 2012), readers are referred to the *Users' Guide* at www.oilmarketreport.org/glossary.asp. It should be noted that the spot crude and product price assessments are based on daily Argus prices, converted when appropriate to US$ per barrel according to the Argus specification of products (Copyright © 2013 Argus Media Limited - all rights reserved).

The *Oil Market Report* is published under the responsibility of the Executive Director and Secretariat of the International Energy Agency. Although some of the data are supplied by Member-country Governments, largely on the basis of information received from oil companies, neither governments nor companies necessarily share the Secretariat's views or conclusions as expressed therein.

© OECD/IEA 2013

Next Issue: 11 April 2013





International Energy Agency

11 April 2013

HIGHLIGHTS

- **Oil futures prices declined in March**, under the weight of renewed pessimism for the global economic outlook. Weaker crude demand, amid exceptionally deep seasonal maintenance at refineries, added to the pressure. Brent was last trading at $106/bbl and WTI around $94/bbl.

- **The forecast of global demand growth for 2013 is little changed at 795 kb/d, to 90.6 mb/d, following slightly lower-than-expected 1Q13 deliveries.** A projected contraction in OECD demand of 480 kb/d, led by a 340 kb/d decline in Europe, partially offsets growth of 1.28 mb/d elsewhere.

- **Global supply fell by 120 kb/d in March on lower OPEC output. Non-OPEC supply is forecast to average 54 mb/d in 1Q13, up 650 kb/d y-o-y but down 240 kb/d from 4Q12 highs.** For 2013 as a whole, non-OPEC supply is expected to grow by 1.1 mb/d to 54.4 mb/d as South Sudan resumes exports and other disruptions abate.

- **OPEC crude oil supply turned lower in March in the wake of disruptions in Nigeria, Libya and Iraq** and against a backdrop of seasonally weaker second-quarter refiner demand. Crude oil output was down 140 kb/d to 30.44 mb/d.

- **Refinery crude throughput will remain subdued in April, when spring maintenance is forecast to keep as much as 6.8 mb/d of capacity offline**, including 5.6 mb/d in Europe, Asia, FSU and the Middle East. February runs exceeded expectations in Europe, however, pushing global throughput estimates to 74.9 mb/d.

- **OECD industry oil stocks decline by a seasonal 32.9 mb to stand at 2 664 mb by end-February.** Stocks have been at a surplus to five-year average levels for six months. Product stocks led the draw, falling by 29 mb on reduced refining output, and by end-February covered 31.1 days of demand, 0.2 day less than a month earlier.

www.oilmarketreport.org

TABLE OF CONTENTS

HIGHLIGHTS 1

OIL MARKETS TAKE A BREATHER 3

DEMAND 4
- Summary 4
- Global Overview 4
- Top-10 Consumers 6
- OECD 11
  - Americas 11
  - Europe 12
  - Asia Oceania 12
- Non-OECD 12

SUPPLY 14
- Summary 14
- OPEC Crude Oil Supply 15
- Non-OPEC Overview 19
- OECD Americas 19
  - North Sea 20
  - OECD Asia 20
- Non-OECD 21
  - Former Soviet Union 21
- A New Supermajor: How the TNK-BP Acquisition Could Affect Trade Flows 22
  - Latin America 24
  - Africa 24

OECD STOCKS 25
- Summary 25
- OECD Inventory Position at End-February and Revisions to Preliminary Data 25
- Analysis of Recent OECD Industry Stock Changes 26
  - OECD Americas 26
  - OECD Europe 27
  - OECD Asia Oceania 28
- Recent Developments in Singapore and China Stocks 29
- Quality Time: The Changing Composition of US Crude Imports 31

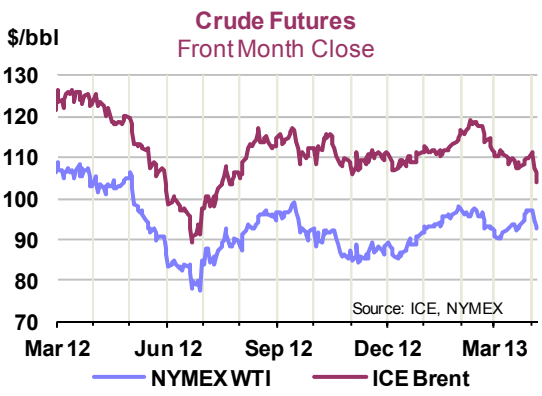
PRICES 33
- Summary 33
- Market Overview 33
- Futures Markets 35
  - Activity Levels 35
  - Financial Regulation 37
- Spot Crude Oil Prices 37
- Spot Product Prices 39
- Freight 41

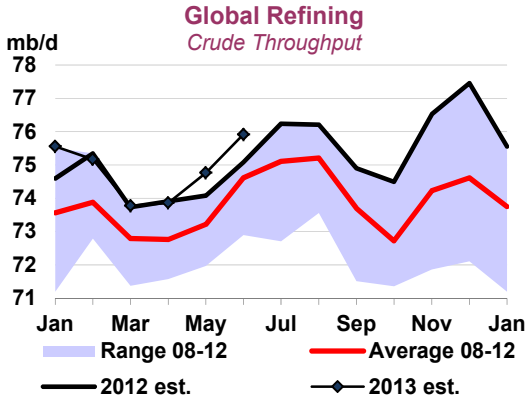
REFINING 43
- Summary 43
- Global Refinery Overview 43
- OECD Refinery Throughput 45
- Non-OECD Refinery Throughput 47

TABLES 51

OIL MARKETS TAKE A BREATHER

The price of Brent, the world's most widely used oil benchmark, has eased since peaking at $118.90/bbl on 8 February. By early April, front-month Brent futures had tumbled to just shy of $104/bbl for the first time since mid-June, and the backwardation on the Brent curve has eased. While some of the reasons for these developments may be Brent-specific, signs that the oil market as a whole may be getting more comfortable have led many forecasters to lower their price target for 2013. But it may be too early to call a bear market, and there are signs that some of the recent easing of upward price pressures could be relatively short-lived.





The recent price drops are consistent with the outlook laid out in our 2012 Medium-Term Oil Market Report (the 2013 edition will be released next month): that of a market enjoying significantly faster growth in oil supply and refining capacity than in demand. Supply growth, after a brief setback, is on the rebound. Saudi supply seems poised to ramp up after dipping in 4Q12 and 1Q13. Outside of OPEC, growth is picking up steam. Many of the disruptions that in aggregate had taken such a toll on last year's supply – from the Sudan-South Sudan tiff to longstanding outages in the North Sea and Brazil – are finally coming to an end.

Demand, meanwhile, remains subdued. It has been exceptionally weak in the OECD, notably in Europe, where consumption in 2013 is expected to be the lowest since the 1980s. While growth elsewhere is more robust, global demand came in below expectations in 1Q13 and our forecast for 2013 has been marginally trimmed. OECD inventories are getting more comfortable. Stocks have remained in surplus versus their five-year average for six months. Even middle-distillate stocks are getting less tight: the February middle-distillate draw was a fraction of the average for that month. Remarkably, gasoil demand growth trailed that for gasoline last year, reversing earlier trends, and may do so again this year.

Yet there are clouds on the horizon. Recent softness in crude prices likely had as much to do with record spring maintenance at refineries as with anything else. Close to 7 mb/d of refining capacity may be offline this month. But US refiners are already getting back online, and global crude runs will likely increase steeply starting next month.

At the same time, crude supply risk remains elevated. After last year's crises, new set backs, from cyclones in Australia to disruptively cold weather in North Dakota, have crept up. For the first time in months, our non-OPEC supply forecast has been revised downwards, albeit marginally. The security situation in Libya is a major worry, as is the recrudescence of attacks on oil personnel and facilities in Nigeria, where security forces face both a rise in Islamist terrorism in the North and a resurgence of violence in the South. Meanwhile, geopolitical threats, from the conflict in Syria to the dispute over Iran's nuclear plans, and now sabre-rattling in North Korea, continue unabated. While fundamentals may be easing, rarely has the market faced such diffuse risks. In a resource-rich but rapidly changing world, this makes market transparency a greater priority than ever.

DEMAND

Summary

- **Revisions to first-quarter demand estimates have reduced the forecast of global oil demand for 2013 by 45 kb/d from last month's *Report*, to 90.6 mb/d**. Annual demand growth is now projected at 795 kb/d (0.9%). A weak macroeconomic environment is expected to keep demand growth relatively subdued for the remainder of the year.

- **Worries about the economy and mild February weather cut the estimate of 1Q13 demand by 115 kb/d from last month's *Report*.** Demand estimates for Russia, Japan, Spain and India account for the bulk of the revisions. Relatively reliable electricity supplies and higher prices dampened gasoil demand in India, reducing our estimate of its consumption.

- **Gasoline demand growth outpaced that for gasoil/diesel in 2012, reversing earlier trends.** Weak industrial activity slowed gasoil demand growth, whereas strength in the non-OECD transport sector supported demand for gasoline in countries where it remains the fuel of choice for personal vehicles.

Global Oil Demand (2011-2013)

(million barrels per day)

	1Q11	2Q11	3Q11	4Q11	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
Africa	3.4	3.4	3.3	3.4	3.4	3.5	3.5	3.5	3.6	3.5	3.7	3.7	3.7	3.8	3.7
Americas	30.2	30.0	30.6	30.4	30.3	29.7	30.2	30.5	30.5	30.3	30.2	30.2	30.7	30.6	30.4
Asia/Pacific	28.7	27.8	28.0	29.2	28.4	29.7	28.8	29.0	30.3	29.4	30.4	29.4	29.3	30.6	29.9
Europe	14.9	14.9	15.4	14.9	15.0	14.3	14.5	14.5	14.3	14.4	13.8	13.8	14.3	14.4	14.1
FSU	4.2	4.3	4.5	4.5	4.4	4.4	4.4	4.6	4.6	4.5	4.4	4.5	4.8	4.8	4.6
Middle East	7.0	7.4	7.9	7.4	7.4	7.2	7.8	8.1	7.5	7.6	7.4	7.9	8.3	7.7	7.8
World	**88.4**	**87.8**	**89.8**	**89.7**	**88.9**	**88.9**	**89.2**	**90.2**	**90.8**	**89.8**	**89.9**	**89.5**	**91.1**	**91.8**	**90.6**
Annual Chg (%)	1.9	0.3	0.6	0.1	0.7	0.5	1.6	0.5	1.2	1.0	1.1	0.3	0.9	1.1	0.9
Annual Chg (mb/d)	1.7	0.2	0.6	0.1	0.6	0.5	1.4	0.4	1.1	0.8	1.0	0.3	0.9	1.0	0.8
Changes from last OMR (mb/d)	0.05	0.07	0.03	0.01	0.04	-0.02	-0.03	0.01	-0.03	-0.02	-0.12	-0.05	0.00	-0.02	-0.04

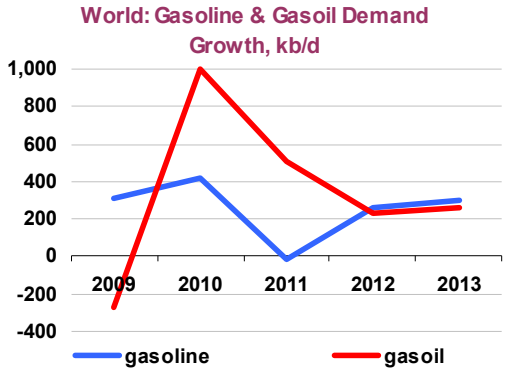
Global Overview

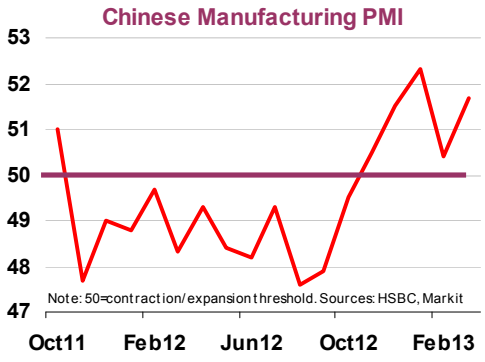
While middle distillates have generally been accounting for a fast-growing share of the global demand barrel in recent years, preliminary data increasingly suggest that trend might have come to a halt in 2012. As oil demand statistics for the year keep coming in, it is becoming apparent that gasoline, rather than middle distillates, may have led global demand growth last year. Gasoline demand grew by an estimated 255 kb/d in 2012, compared to an aggregate gain for all products of 845 kb/d. Demand for gasoil/diesel is estimated to have expanded by 225 kb/d. If confirmed, this switch would likely reflect the dampening effect of slower industrial activity worldwide on distillate demand, whereas robust non-OECD transportation fuel markets supported demand for gasoline in countries where that fuel dominates the automobile fleet.

Saudi Arabia and China, both of which posted strong gasoline demand growth in 2012, were key contributing factors to the global trend. In a recent note, the McKinsey consultancy forecast that sales of larger vehicles would outpace those of smaller cars in China through 2020, a trend expected to continue supporting gasoline demand growth in that country, over diesel. Non-OECD gasoline consumption rose by an estimated 445 kb/d in 2012, led by gains in China (up 130 kb/d) and Saudi Arabia (+35 kb/d). At the same time, the contraction in gasoline demand slowed in the OECD to 190 kb/d in 2012, from a 340 kb/d decline in 2011.

Although global gasoil demand was relatively weak on average in 2012, industrial activity did show signs of picking up momentum over the course of the year. In the OECD, gasoil demand contracted by

240 kb/d, a steeper decline than shown in both 2011 (-65 kb/d) and the five-year average (-95 kb/d). In contrast, gasoil consumption growth in the non-OECD region slowed down from the previous five-year average, to 465 kb/d in 2012 from 535 kb/d. Flat Chinese gasoil demand growth in 2012, echoing clear signs of weakness in the Chinese manufacturing sector, kept non-OECD gasoil consumption at a relatively low level.





For 2013, we are forecasting that gasoline demand growth will once again marginally outpace gasoil, but the difference will be slight with gasoline demand projected to expand by nearly 300 kb/d versus 265 kb/d for gasoil, as the industrial backdrop remains somewhat sluggish. The faster pace of gasoil demand growth, relative to gasoline, is forecast to resume in 2014.

Overall, a slightly weaker demand trend is forecast for 2013 than in last month's *Report*, with annual growth now forecast at 795 kb/d (0.9%), to 90.6 mb/d (45 kb/d below our previous forecast). Our revised 1Q13 consumption estimate averaged out at 89.9 mb/d, 115 kb/d less than forecast in last month's *Report*. A few notable revisions in February account for the bulk of the reduction, including big cuts in the estimates for Japan (-305 kb/d), India (-170 kb/d) and Spain (-140 kb/d). Near-complete January data also reduced the estimates for that month for Russia (-125 kb/d), India (-85 kb/d), Spain (-50 kb/d) and Malaysia (-50 kb/d). These downward adjustments more than offset large upward January revisions for the US (+290 kb/d), Saudi Arabia (+120 kb/d) and Brazil (+110 kb/d).

Top-10 Oil Consumers

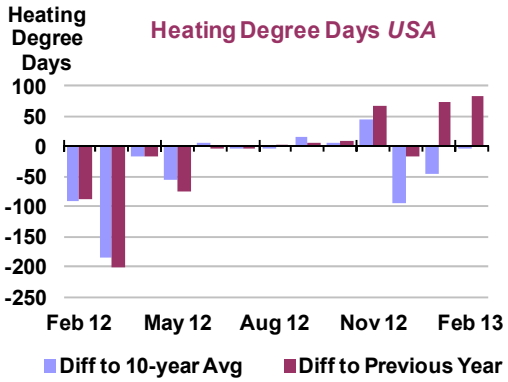
(thousand barrels per day)

	Demand			Annual Chg (kb/d)			Annual Chg (%)		
	Jan-13	2012	2013	Jan-13	2012	2013	Jan-13	2012	2013
US50	18,727	18,606	18,580	368	-343	-27	2.0	-1.8	-0.1
China	9,820	9,597	9,976	766	365	378	8.5	4.0	3.9
Japan	5,198	4,729	4,560	37	248	-169	0.7	5.5	-3.6
India	3,676	3,652	3,737	184	135	84	5.3	3.8	2.3
Russia	3,121	3,318	3,436	43	110	118	1.4	3.4	3.6
Brazil	2,954	3,005	3,103	208	122	98	7.6	4.2	3.3
Saudi Arabia	2,832	3,012	3,134	193	137	122	7.3	4.8	4.0
Korea	2,370	2,268	2,268	5	38	0	0.2	1.7	0.0
Canada	2,225	2,293	2,300	105	4	8	4.9	0.2	0.3
Germany	2,212	2,338	2,301	79	-62	-37	3.7	-2.6	-1.6
% global demand	59%	59%	59%						

Top-10 Consumers

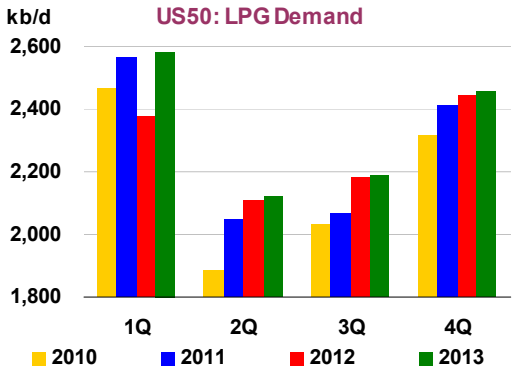
US

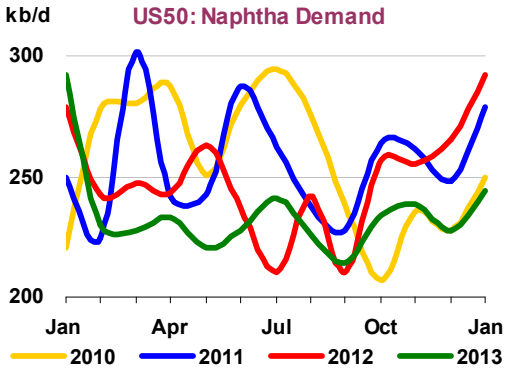
The US Energy Information Administration has adjusted upwards its preliminary weekly estimates of January demand for the **US50.** Based on revised monthly data, January oil consumption is now estimated 2% above last year, compared to an earlier forecast for a 0.3% decline and our projection of 0.4% growth in last month's *Report*. The latest January statistics were thus 290 kb/d above those carried in last month's *Report*. Gasoil/diesel led the revision, with January growth now estimated at 6.1% y-o-y, the strongest uptick since the end of 2011. In contrast, weekly data for the four-weeks to 25 January had suggested an average 6.3% y-o-y contraction. Colder winter weather likely boosted heating oil demand, while an uptick in manufacturing sentiment may also go some way towards explaining stronger distillate deliveries. The Institute for Supply Management's *Manufacturing Report on Business* reported sentiment rising to a ten-month high, of 53.1 in January, with particularly strong gains in 'production' and 'new manufacturing orders'.





Gasoline continues to dominate the US oil demand barrel. Estimated gasoline demand for January came out 235 kb/d below our previous forecast, perhaps in response to a counter-seasonal gasoline price spike. Nevertheless, US50 gasoline consumption remained 0.4% above its year earlier level in January. Weekly EIA statistics suggest a further gain of nearly 1% in gasoline demand for February, continuing with flat growth in March.





China

Chinese apparent demand fell by 110 kb/d month-on-month in February, to 9.7 mb/d, as the Lunar New Year holiday saw many factories closing, restraining the use of industrial fuels such as gasoil and naphtha. Latest Chinese oil data point to exceptionally large gasoil inventory builds in both January and February, when percentage changes reported by *China Oil, Gas and Petrochemicals* suggest stocks built

by 350 kb/d and 455 kb/d, respectively. Such-builds are not unusual prior to the-Lunar New Year holiday, but early-2013 gains have been particularly pronounced and may reflect a steep ramp-up in refinery runs since mid-2012. It is also possible that data for early 2013 reflect unreported upward revisions to 2012 data (see *Stocks* section). The new methodology for estimating Chinese apparent demand implemented by this *Report* since January aims to strip out inventory changes such as the build reported for January and February from demand estimates. Even so, our data suggest an uptick in Chinese annual demand growth, to 745 kb/d in 4Q12, from 365 kb/d in 3Q12 and 90 kb/d in 2Q12.

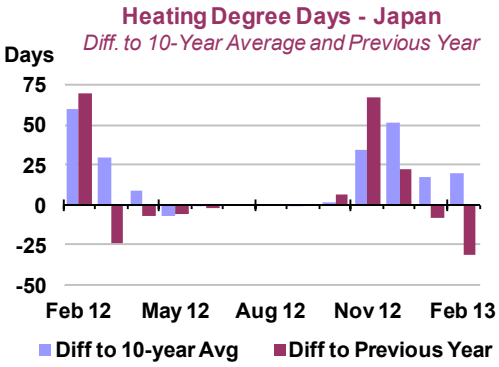
China: Demand by Product
(thousand barrels per day)

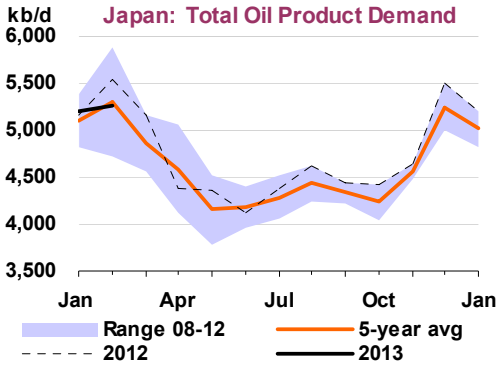
	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2011	2012	2013	2012	2013	2012	2013
LPG & Ethane	720	729	741	10	11	1.4	1.6
Naphtha	1,113	1,116	1,177	3	60	0.3	5.4
Motor Gasoline	1,767	1,898	2,028	132	129	7.5	6.8
Jet Fuel & Kerosene	422	446	465	24	19	5.7	4.2
Gas/Diesel Oil	3,166	3,228	3,329	62	101	2.0	3.1
Residual Fuel Oil	507	524	541	17	17	3.3	3.2
Other Products	1,538	1,656	1,696	117	41	7.6	2.5
Total Products	**9,232**	**9,597**	**9,976**	**365**	**378**	**4.0**	**3.9**

A renewed uptick in manufacturing sentiment in March (see *Global Overview*) looks likely to keep Chinese oil demand supported at around 9.8 mb/d in 1Q13. For the year as a whole consumption is forecast to average roughly 10 mb/d, a gain of 3.9% (or 380 kb/d) on the year earlier. Transportation fuels are forecast to lead the Chinese upside in 2013, with gasoline up by 130 kb/d and gasoil/diesel 100 kb/d higher. The government has amended its domestic product pricing policy, potentially improving refinery margins through the remainder of the year. The National Development and Reform Commission (NDRC) still ultimately decide on domestic prices, but the previous 4% price-trigger (that had to be broached over a 22 working day period) has now been dropped. The new mechanism is more flexible, whereby the NDRC can adjust prices if it deems the previous ten working day price trend to justify it. To date, less clarity is available regarding this process, but the hope for the market is that Chinese domestic product prices will in future better reflect international oil price trends.

Japan

Preliminary data confirmed earlier expectations that the demand trend would turn negative in February due to the diminishing impact from last year's fuel switching out of nuclear power generation in year-on-year comparisons. Yet the magnitude of the contraction, -5.2% y-o-y or 305 kb/d below last month's *Report*, fell far below earlier projections. Warmer February weather, leading to a 10.1% y-o-y contraction in jet/kerosene demand, helps explain the lower-than-expected level of February deliveries. Demand for fuel oil and 'other products', two categories of products also used in power generation, edged lower on the month too.



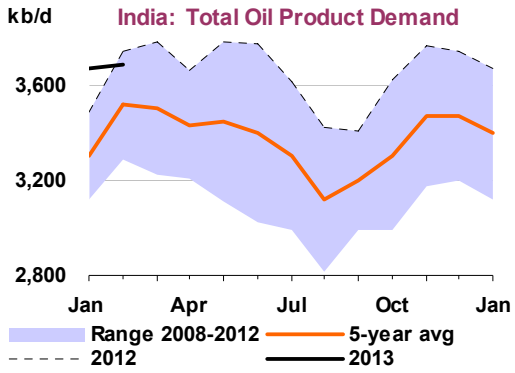


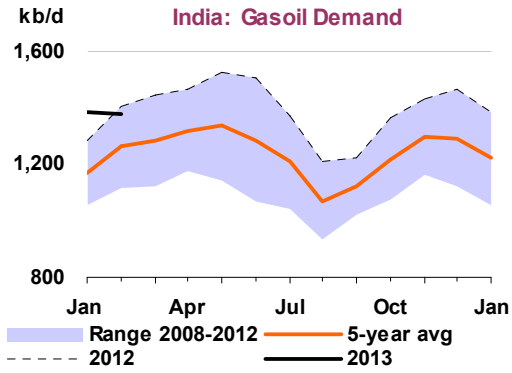
February's contraction was the sharpest y-o-y reversal in nearly two years, and builds on the flat demand trend seen since October. January data revealed a modest total 0.7% gain over the year earlier, but showed drops in LPG and gasoline. LPG demand suffered in January, as Tepco shut its 600 MW number 3 unit at its 3.6 GW Anegasaki thermal power plant at the start of the month, citing technical problems. The plant uses LPG, LNG and crude as feedstocks for power generation. The Japan LPG association reported a 7% y-o-y increase in LPG sales in the first half of the 2012-2013 fiscal year (i.e. April-September). Sales to the residential sector rose by nearly 20%, while power-sector use nearly doubled. The household sector failed to reflect the otherwise rising trend, down modestly on substitution to cheaper natural gas supplies, a trend that should remain entrenched if price discounts (20% in the first half of the fiscal year) persist. In a recent report, the Japanese Institute of Energy Economics forecasts LPG sales falling by 1.1% in fiscal year 2013-2014, as weak industrial and household sector demand take hold.

India

Indian demand contracted in February y-o-y for the first time in three and a half years. The drop spanned all big product categories, bar naphtha and motor gasoline. Deliveries of gasoil – India's mainstay fuel – declined amid signs that a recent price hike may be triggering a demand response. India removed bulk diesel subsidies in January, which together with a series of monthly retail subsidy reductions (equivalent to a price hike of one US cent per litre, per month), has raised gasoil/diesel prices to a level that is seemingly affecting consumption levels. Further dampening demand were reports of more reliable electricity supplies, which curbed emergency generator oil-use. The severity of the price-response has led us to reduce our forecast for demand growth in 2013 to 2.3% (from the 2.8% jump carried in last month's *Report*) with the gasoil forecast in particular suppressed as further retail price hikes are envisaged through to the end of the year.

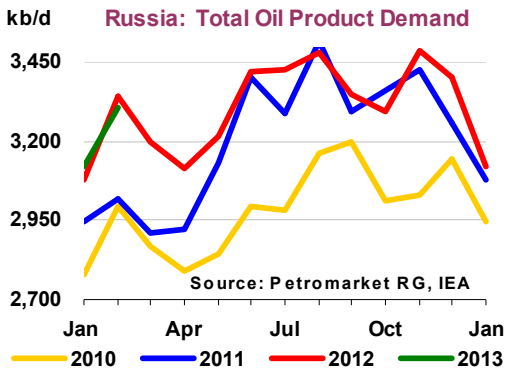
Momentum has gone the other way in LPG, with the cap on the maximum permitted number of subsidised LPG cylinders per household raised by 50%. A subsidised 14.2 kg LPG cylinder in Delhi costs Rs 410.5, versus the unsubsidised price of Rs 895.5. Furthermore, an additional price cut, of Rs 37.5 per cylinder, is applied for purchases over the subsidised quota.

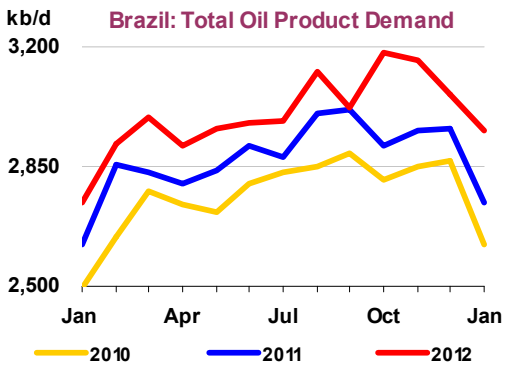




Russia

Historical estimates of Russian demand have been reduced by 65 kb/d for 2011 and 95 kb/d for 2012, since last month's *Report*, led by large cuts in the 'other products' category. Nevertheless, Russian consumption still shows robust growth of 7.6% in 2011 and 3.4% in 2012 (to 3.3 mb/d). More recently, demand growth appears to have slowed, with an increase of 1.4% seen in January and a decline of 1.1% in February, with particular weakness in gasoil and 'other products'. A stronger overall growth trend is forecast to take hold over the remainder of the year, however, as the underlying economic backdrop remains supportive. The Russian demand forecast has been curbed (3.6% versus 3.8%) to reflect the weak 1Q13 data.



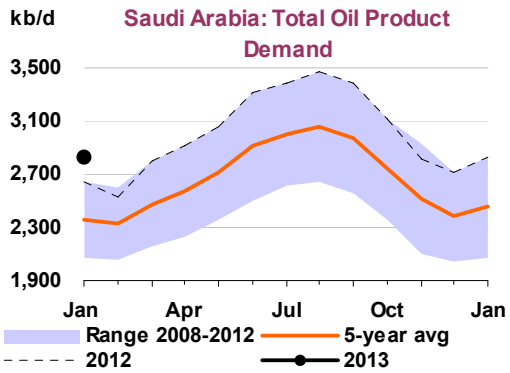


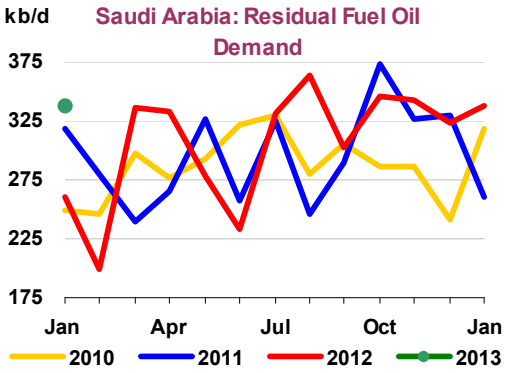
Brazil

Brazilian oil demand continues to rise at a rapid pace, helped in part by drought limitations on hydroelectricity generation. Having risen by around 4.2% in 2012, to an average of 3 mb/d, Brazilian demand growth accelerated sharply in January, up 7.6%, and 110 kb/d more than forecast in last month's Report. The majority of the additional Brazilian consumption was in industrial fuels, as additional power plant usage (to counteract lower hydro output) compounded the effect of improving manufacturing sentiment. After a prolonged period of 'contracting' sentiment, managers' opinions (as reported by HSBC/Markit) rose back into 'expansionary' territory in October 2012, and continued to accelerate into January 2013. This spike in demand growth may prove relatively short-lived. A recent increase of nearly 5% in retail prices may curb gasoline and gasoil demand growth for the remainder of the year, while a likely improvement in hydroelectricity generation would cut power-sector demand. The government recently decided to raise the ratio of anhydrous ethanol in retail gasoline, from 20% currently to 25%, starting in May.

Saudi Arabia

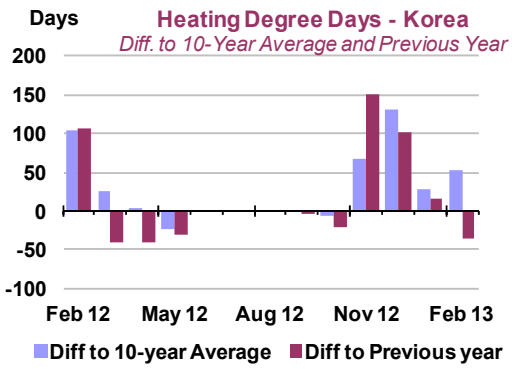
Saudi Arabian oil consumption bounced back strongly in January from its December lows, led by persistently robust residual fuel oil demand. Total product demand jumped by 7.3% y-o-y to 2.8 mb/d. All product categories showed growth except 'other products' (-4.4%). The strong performance of the country's oil-intensive manufacturing sector likely helps explain the surge in oil demand. Fuel oil, heavily used in the power sector, saw demand growth of 29.9%, followed by gasoline (+13.5%) and jet/kerosene (+9.4%). At 58.5 in February and 58.1 in January, the SABB/HSBC manufacturing PMI is well above the 50 mark that separates 'expansion' from 'contraction' in manufacturing. Economic forecasts by the International Monetary Fund suggest that GDP growth will slow to 4.2% in 2013 from 6.0% in 2012, however. Reflecting these expectations of slower macroeconomic momentum, and government efforts to curb oil demand, growth is projected to slow to 4% in 2013 (to 3.1 mb/d) from 4.8% in 2012, when demand averaged an estimated 3 mb/d. Supporting fuel oil demand forecasts, from 2Q13, will be the start-up of a new 1 200 MW fuel oil fired power plant.

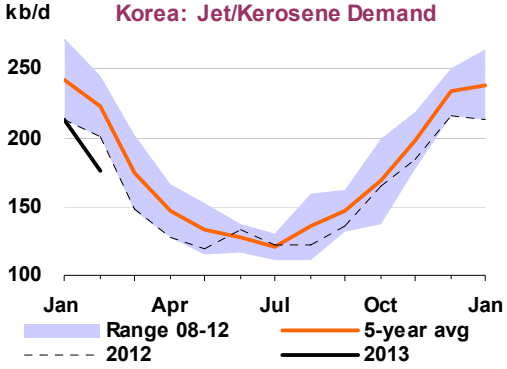




Korea

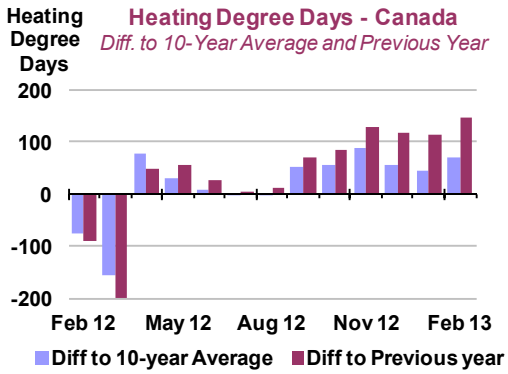
Unexpectedly warm winter weather, reversing the pattern of the previous three months, cut February demand by nearly 25 kb/d from last month's forecast and led to particularly sharp reversals in kerosene and gasoil deliveries. Jet/kerosene demand fell by 12.3% y-o-y, and gasoil/diesel demand by 8.9%. Tracking forward, we maintain our forecast for a flat Korean demand trend in 2013, as government efforts to curtail demand take hold.

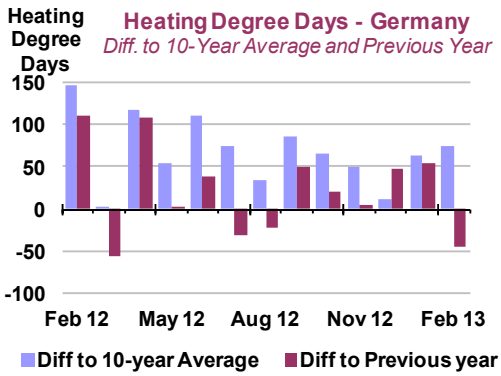




Canada

Following some major amendments from Statistics Canada, roughly 35 kb/d of oil products were stripped from the previous 2012 estimate, to 2.3 mb/d. This leaves the year as a whole roughly unchanged on 2011. Early indicators of 2013 point towards a modest uptick in momentum, as demand garners support from the colder-than-year-earlier winter weather, with all of the major product categories bar heavy fuel oil and gasoline seeing y-o-y growth in January. LPG demand decelerated in January (+1.8%), from its 2012 trend (2.5%), as butane prices rose due to acute storage issues. The Canadian (Sarnia) butane price rose to a premium of 22 US cent/gln over the US (Mont Belvieu, Texas) price in December 2012, roughly double the year earlier premium. Excessive build-ups of brine in the Sarnia region, a chronic issue for Canada, was cited as a key justification for this premium.





Germany

Warmer February weather, coupled with indicators of struggling economic activity, resulted in a lower German gasoil demand number, 110 kb/d below the forecast carried in last month's *Report* and equivalent to a 9.4% less than was consumed a year earlier. Markit's Purchasing Managers' Index for the manufacturing sector barely stood above the key-50 'expansionary' threshold, at 50.3 in February and has since fallen to 49.0 in March, pointing towards further demand weakness in the months ahead.

OECD

A weak macroeconomic background, coupled with unexpectedly warm temperatures in February, resulted in a lower 1Q13 estimate of 45.8 mb/d (125 kb/d below the forecast carried in last month's *Report*). Korea, Japan, France, Germany, Spain and Italy all saw warmer February temperatures than the year earlier, dampening gasoil and kerosene demand in particular. The overriding trend remains one of falling OECD consumption, driven by weak economic growth, persistently high prices and continued efficiency gains.

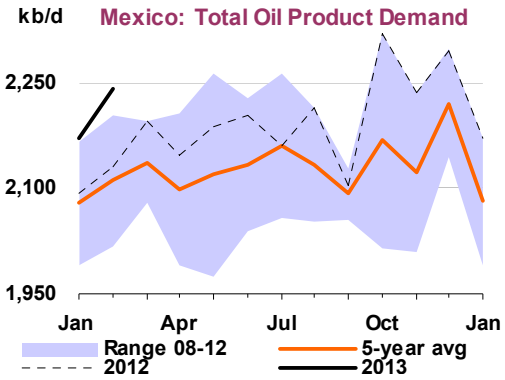
OECD Demand based on Adjusted Preliminary Submissions - February 2013
(million barrels per day)

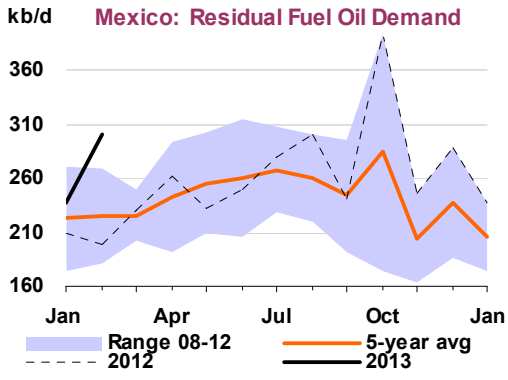
	Gasoline		Jet/Kerosene		Diesel		Other Gasoil		RFO		Other		Total Products	
	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa
OECD Americas*	**10.11**	**-1.5**	**1.60**	**-1.1**	**4.37**	**0.4**	**0.85**	**-3.1**	**0.79**	**0.7**	**6.10**	**3.27**	**23.83**	**0.1**
US50	8.50	-1.5	1.34	-3.0	3.43	-0.1	0.47	-12.7	0.31	-22.2	4.60	3.4	18.66	-1.0
Canada	0.71	-2.7	0.14	15.2	0.31	3.8	0.30	17.2	0.06	-11.6	0.77	5.0	2.29	3.8
Mexico	0.77	-0.7	0.06	5.9	0.42	1.5	0.06	8.0	0.30	51.7	0.63	-0.4	2.24	5.1
OECD Europe	**1.81**	**-4.6**	**1.09**	**-1.0**	**4.11**	**-2.7**	**1.92**	**-13.2**	**1.04**	**-20.2**	**3.55**	**-2.7**	**13.53**	**-6.0**
Germany	0.41	-3.5	0.15	-1.7	0.61	-2.5	0.43	-17.8	0.14	-12.2	0.66	8.5	2.39	-3.7
United Kingdom	0.32	-4.1	0.32	1.7	0.47	0.9	0.13	10.3	0.04	-15.9	0.26	-9.1	1.54	-1.6
France	0.14	-5.5	0.14	-1.4	0.68	0.8	0.35	-19.2	0.09	-23.7	0.40	-8.6	1.80	-7.8
Italy	0.17	7.5	0.06	-0.8	0.43	2.4	0.11	-14.3	0.10	-33.6	0.37	-4.5	1.24	-5.0
Spain	0.10	-12.0	0.09	-16.8	0.40	-10.2	0.18	-24.3	0.14	-21.1	0.27	-18.9	1.17	-16.6
OECD Asia & Oceania	**1.60**	**-2.4**	**1.19**	**-8.7**	**1.28**	**6.7**	**0.59**	**-19.3**	**0.96**	**-7.0**	**3.54**	**-1.7**	**9.16**	**-3.7**
Japan	0.95	-3.4	0.83	-10.1	0.50	2.6	0.45	-9.2	0.60	-5.3	1.93	-4.7	5.26	-5.2
Korea	0.19	-4.7	0.18	-12.3	0.24	-13.4	0.13	0.8	0.27	-11.0	1.35	3.4	2.35	-2.4
Australia	0.35	0.8	0.13	4.9	0.40	3.4	0.00	0.0	0.03	-16.5	0.18	-1.1	1.09	1.4
OECD Total	**13.52**	**-2.0**	**3.88**	**-3.5**	**9.76**	**-0.1**	**3.36**	**-12.0**	**2.79**	**-10.6**	**13.20**	**0.3**	**46.52**	**-2.5**

* Including US territories

Americas

Stronger demand trends have been seen recently in the OECD's Latin American nations. **Mexican** demand rose by 3.7% in January, led by fuel oil, demand for which remained supported by continued power sector requirements. The outlook for Mexican fuel oil consumption eases through the remainder of the year, as competing LNG shipments are forecast to arrive from Peru, whilst a switch in bunker fuel from fuel oil to gasoil also comes into effect. Vessels travelling near the US Gulf coast have to burn fuel with a sulphur content no more than 0.1%, encouraging a switch to gasoil bunkers. LPG demand rose (+1.9%) as relatively subdued import prices (from the US) provided an additional boost. **Chilean** demand posted a strong 4.4% growth rate, boosted by continued economic gains, as depicted in the government compiled IMACEC economic activity indicator showed growth of 6.7% y-o-y in January.





Europe

OECD Europe remains by far the worst affected of all the large oil consumption regions, as the ravages of the bleak macroeconomic backdrop continues to take its toll. Early indicators of 1Q13 demand point toward a further 3.8% decline, although a modest easing in the downside trajectory is forecast towards the end of the year as relative economic momentum improves.

LPG consumption in **Sweden** fell in 2012, reflecting difficulties in its LPG-intensive steel industry, according to the Swedish Gas Association. Further weakness is envisaged in 2013, unless the economic situation improves dramatically, a scenario we are not confident will unfold.

Asia Oceania

Warmer-than-year-earlier winter weather in OECD Asia Oceania reduced the 1Q13 demand estimate by 105 kb/d. Consumption in the region is now down on the year earlier, the first time such a reversal has occurred since 1H11, a trend that we forecast continuing through 2013. As expected, sharp declines in heavy fuel oil and 'other products'– both used in power generation in Japan – led the downward trend. Unseasonably warm temperatures caused the 1Q13 demand contraction to exceed expectations, however. Some additional softness was seen in the gasoline sector, which came out 1.8% below the year earlier led by particularly sharp 1Q13 declines in Japan (-2.9%) and Korea (-1.7%).

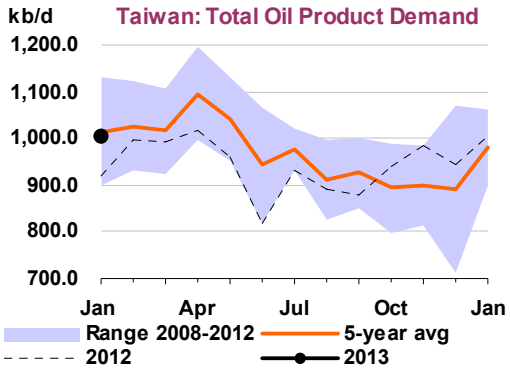
Non-OECD

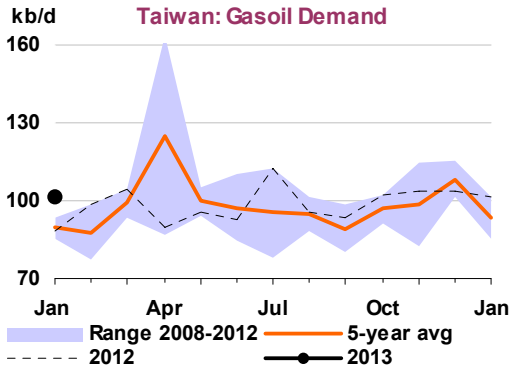
Emerging markets continue to provide the majority of the world's demand growth, with the 1Q13 estimate 1.4 mb/d up on the year earlier. As in 2012, gasoline led the growth. This month's *Report* includes a large number of revisions to the historical African data series. **South African** demand for 2010 has been revised upwards by 130 kb/d. **Nigerian** demand estimates for 2010 were also revised higher, by 55 kb/d, as previous gasoline estimates were shown to miss product privately imported into the country. The Nigerian oil minister, Diezani Alison-Madueke, reported an 8.3% contraction in LPG demand in 2012, as LPG usage lost out to wood, charcoal and still-subsidised kerosene. This situation may change, as the National Refineries Special Task Force argues for the removal of government subsidies on all domestic refined products. Outside the African continent, **Venezuelan** demand continues to rise, supported by social spending and low power generation output at the world's third largest hydroelectric power plant, Guri.

Non-OECD: Demand by Product
(thousand barrels per day)

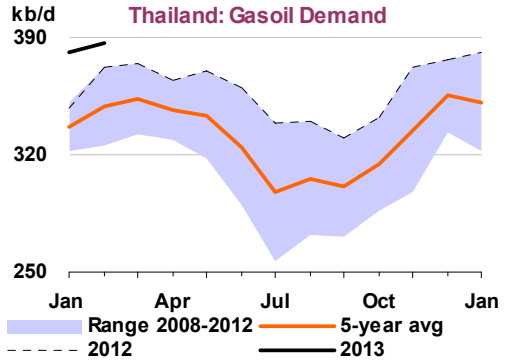
	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	Dec-12	Jan-13	Feb-13	Jan-13	Feb-13	Jan-13	Feb-13
LPG & Ethane	4,713	4,739	4,767	156	85	3.4	1.8
Naphtha	2,987	3,004	2,967	206	34	7.3	1.2
Motor Gasoline	9,202	9,081	9,221	462	450	5.4	5.1
Jet Fuel & Kerosene	2,849	2,859	2,778	135	137	4.9	5.2
Gas/Diesel Oil	13,581	12,988	13,331	596	254	4.8	1.9
Residual Fuel Oil	5,683	5,669	5,504	501	176	9.7	3.3
Other Products	5,815	5,615	5,610	72	117	1.3	2.1
Total Products	**44,830**	**43,955**	**44,178**	**2,127**	**1,253**	**5.1**	**2.9**

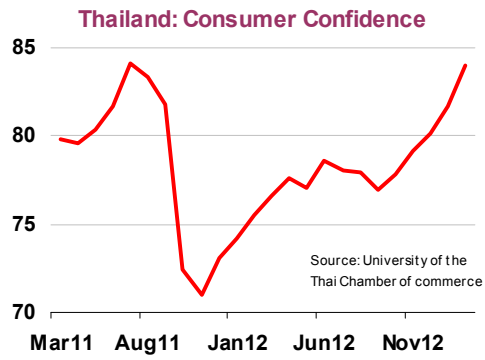
Taiwanese consumption estimates of roughly 1 mb/d for January reflect a 65 kb/d upward (counter seasonal) revision to the assessment in last month's *Report*. Recent data from the Port Authority of **Singapore** show bunker fuel oil demand down 13% month-on-month, to 670 kb/d in February, but up marginally on the year earlier, in line with our forecasts.





The recent strong **Thai** demand data continued in January, at 1.3 mb/d, a gain of nearly 11% y-o-y. This is the fourth consecutive month of plus-7% growth, as transportation fuels rose particularly steeply while consumer confidence jumped to an 18-month high. Supporting demand projections for 1H13, consumer confidence indicators for February rose to a year-and-a-half high. Thai consumption has been on a generally accelerating trend since September, when consumer confidence bottomed-out.





SUPPLY

Summary

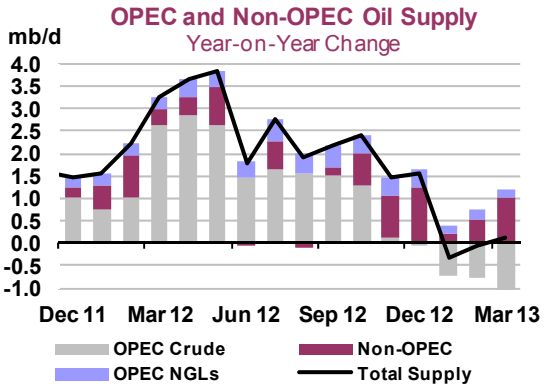
- **Global supplies fell by 120 kb/d in March m-o-m to 90.7 mb/d on lower OPEC output, while non-OPEC supply increased slightly.** Compared to 2012, March production stood 140 kb/d higher, as growth in non-OPEC liquids and OPEC NGLs offset a 1.1 mb/d decline in OPEC crude.

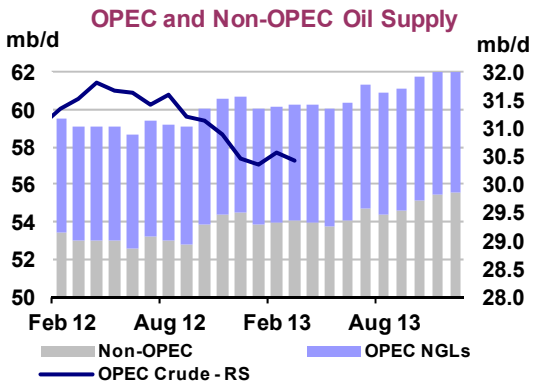
- **Non-OPEC output for 1Q13 is forecast at 54 mb/d, a gain of 650 kb/d y-o-y but a 240 kb/d dip from lofty 4Q12 levels.** Maintenance at Canada's oil sands facilities, cyclones in Australia, and a seasonal decline in global biofuels output are the main factors behind the quarterly decrease. Non-OPEC supplies are forecast to grow by 1.1 mb/d to 54.4 mb/d in 2013 off of a revised 2012 baseline.

- **South Sudan production restarted in early April for export via Sudan, ending a thirteen-month outage.** In addition, the restart of production at the Kearl mining project in Canada, the Elgin/Franklin complex in the UK, and the Peng Lai field in China removes from the non-OPEC supply picture some of the unplanned disruptions which had so prominently featured over the last year.

- **OPEC crude oil supply fell by 140 kb/d in March m-o-m to 30.44 mb/d,** against a backdrop of seasonally weaker second-quarter refiner demand. Reduced output from Iraq, Iran, Nigeria, Libya and Algeria more than offset higher supplies from Saudi Arabia and Kuwait.

- **The 'Call on OPEC crude and stock change' for 2Q13 was revised up by 100 kb/d to 29.3 mb/d on lower than forecast non-OPEC supplies.** The 'Call' for the full-year was unchanged at 29.7 mb/d. OPEC NGL production is forecast to average 6.3 mb/d in 2Q13, a downward revision of 100 kb/d from last month.





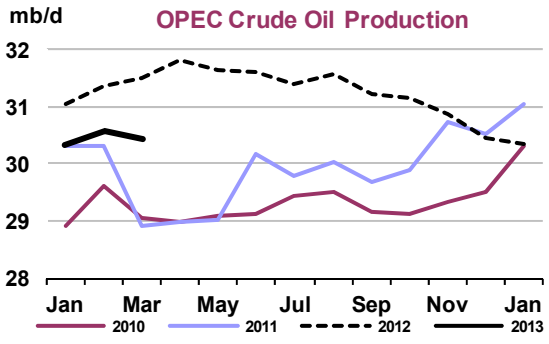
All world oil supply figures for March discussed in this report are IEA estimates. Estimates for OPEC countries, Alaska, and Russia are supported by preliminary March supply data.

Note: Random events present downside risk to the non-OPEC production forecast contained in this report. These events can include accidents, unplanned or unannounced maintenance, technical problems, labour strikes, political unrest, guerrilla activity, wars and weather-related supply losses. Specific allowance has been made in the forecast for scheduled maintenance in all regions and for typical seasonal supply outages (including hurricane-related stoppages) in North America. In addition, from July 2007, a nationally allocated (but not field-specific) reliability adjustment has also been applied for the non-OPEC forecast to reflect a historical tendency for unexpected events to reduce actual supply compared with the initial forecast. This totals –500 kb/d for non-OPEC as a whole, with downward adjustments focused in the OECD.

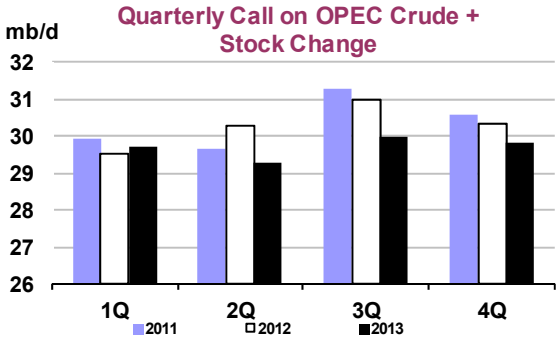
OPEC Crude Oil Supply

OPEC crude oil supply turned lower in March in the wake of supply disruptions in Nigeria, Libya and Iraq and against a backdrop of seasonally weaker second-quarter refiner demand. Crude oil output was down 140 kb/d to 30.44 mb/d, as higher supplies from Saudi Arabia and Kuwait failed to offset reduced output from Iraq, Iran, Nigeria, Libya and Algeria.

The 'call on OPEC crude and stock change' for 2Q13 was revised up by 100 kb/d to 29.3 mb/d on lower forecast non-OPEC supplies and a 100 kb/d downward adjustment to the estimate of OPEC NGL supplies, now projected to average 6.3 mb/d for the quarter. The 'call' for the full-year was unchanged at 29.7 mb/d. OPEC's 'effective' spare capacity rose 130 kb/d to 3.72 mb/d versus 3.59 mb/d in February.



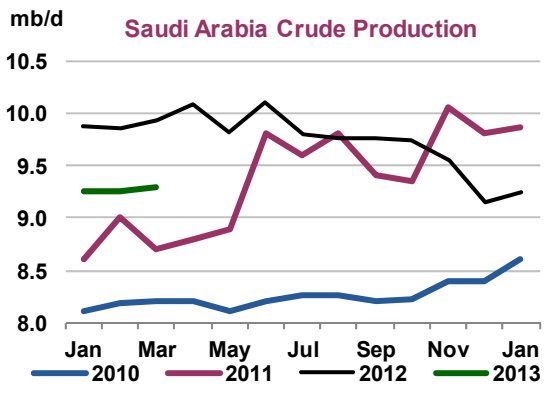
Entire series based on OPEC Composition as of January 2009 onwards (including Angola & Ecuador & excluding Indonesia)

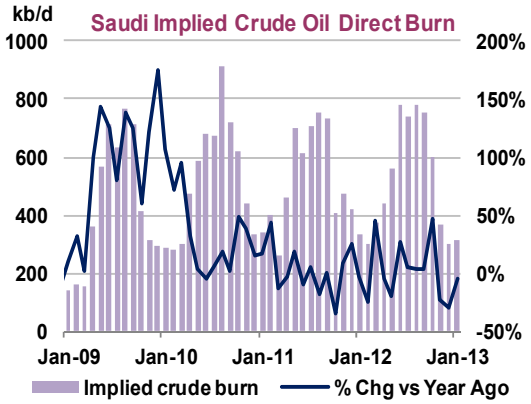


Entire series based on OPEC Composition as of January 2009 onwards (including Angola & Ecuador & excluding Indonesia)

Saudi crude output rose to a four-month high of 9.3 mb/d in March, up 50 kb/d over February levels. Production is expected to rise steadily in coming months as Asian refiners return from scheduled maintenance turnarounds. Higher shipments to Saudi Aramco's expanded Motiva joint-venture refinery on the US Gulf Coast and the mid-year start-up of its new 400 kb/d Jubail refinery at home are also expected to support higher crude production.

Equally, domestic direct crude burn for power generation typically starts ramping up in April in line with air-conditioning demand, reaching peak levels in August. In 2012 Saudi crude burn rose around 300 kb/d to an average 675 kb/d during the seasonally stronger demand period from April to September, compared with 380 kb/d from October to March.





Iraqi production in March tumbled to nine-month lows, down 150 kb/d to 2.96 mb/d, largely due to weather-related disruptions of Basrah supplies in the south of the country. Total exports were down by around 150 kb/d to 2.43 mb/d, with Basrah shipments off 155 kb/d to 2.09 mb/d. Exports of Kirkuk volumes via the Ceyhan terminal on the Mediterranean were largely unchanged at around 330 kb/d. In

addition, another 15 kb/d of Kirkuk crude output was trucked to Jordan. For the third month running, exports from the Kurdistan region remained suspended due to a dispute between Baghdad and Erbil over payment and volume issues.

OPEC Crude Production

(million barrels per day)

	Jan 2013 Supply	Feb 2013 Supply	Mar 2013 Supply	Sustainable Production Capacity[1]	Spare Capacity vs Mar 2013 Supply	1Q13 Average Crude Supply	1Q13 Vs 1Q12 Volume Change
Algeria	1.16	1.16	1.14	1.19	0.05	1.15	-0.01
Angola	1.77	1.73	1.77	1.82	0.05	1.76	-0.01
Ecuador	0.50	0.50	0.50	0.52	0.02	0.50	0.12
Iran	2.65	2.72	2.68	3.01	0.33	2.68	-0.69
Iraq	2.97	3.11	2.96	3.31	0.35	3.01	0.32
Kuwait[2]	2.82	2.77	2.84	2.92	0.08	2.81	0.10
Libya	1.38	1.40	1.36	1.58	0.22	1.38	0.08
Nigeria[3]	2.00	2.00	1.95	2.48	0.53	1.98	-0.08
Qatar	0.74	0.74	0.74	0.75	0.01	0.74	-0.01
Saudi Arabia[2]	9.25	9.25	9.30	12.00	2.70	9.27	-0.62
UAE	2.60	2.70	2.70	3.02	0.32	2.67	0.06
Venezuela[4]	2.50	2.50	2.50	2.65	0.15	2.50	-0.02
Total OPEC	**30.34**	**30.58**	**30.44**	**35.24**	**4.80**	**30.45**	**-0.75**
(excluding Iraq, Nigeria, Libya and Iran)					*3.38*		

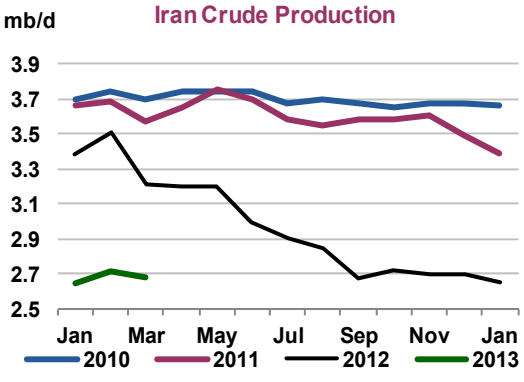
1 Capacity levels can be reached within 30 days and sustained for 90 days.

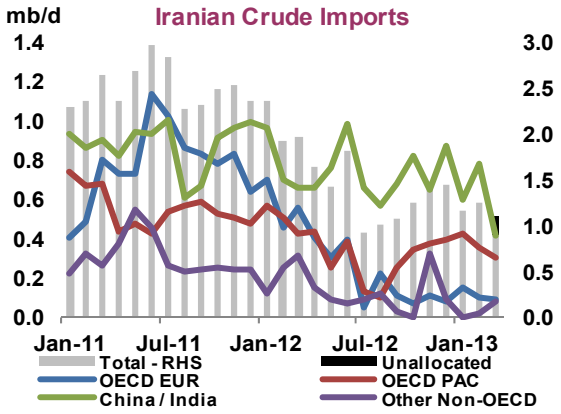
2 Includes half of Neutral Zone production.

3 Nigeria's current capacity estimate excludes some 200 kb/d of shut-in capacity.

4 Includes upgraded Orinoco extra-heavy oil assumed at 400 kb/d in March.

Iranian production was down 40 kb/d to 2.68 mb/d. OECD and non-OECD countries imports of Iranian crude fell to an estimated 1.1 mb/d in March from an upwardly revised 1.26 mb/d for February. February import volumes are based on data submitted by OECD countries and non-OECD data from customs agencies and news reports. Preliminary data for March have been adjusted higher by around 215 kb/d to account for underreporting of tanker movements, the primary source of information for the most current month. Tracking Iranian tankers is fraught with uncertainties, not least because Tehran instructed its tanker fleet to turn off its tracking beacons. We have therefore applied an adjustment based on a three-month rolling average of the difference between preliminary and final import data to the most recent month to provide a more accurate assessment of current levels. To date, most of the tankers that are initially unaccounted for eventually are reported by Chinese and Indian customs data.

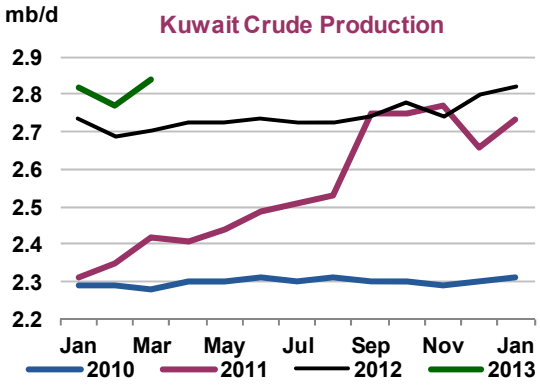


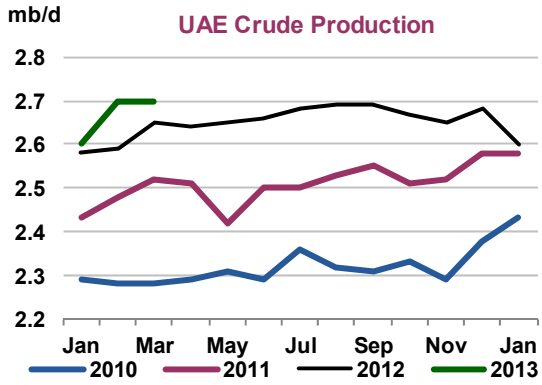


On 13 March the US granted a further 180-day reprieve from sanctions on crude imports to Japan and 10 EU nations after determining they had made significant cuts in import volumes. As part of a wide-ranging sanctions regime against Iran, US regulations adopted last July call for countries that import

Iranian crude oil to make significant reductions in volumes as determined by the US government or face the risk that their country's banks will be cut off from the US financial system.

Meanwhile, the latest round of negotiations on 5-6 April in Kazakhstan between Iran and the UN P5 +1 nations (the US, UK, France, Russia, China plus Germany) over the former's nuclear ambitions ended without visible progress. The P5+1 were reportedly prepared to ease some sanctions on financial transactions and trade in return for Iran agreeing to suspend its most sensitive uranium-enrichment work, which includes halting work to enrich uranium to 20% grade at the Fordo site. Iran was unwilling to accept the terms on offer. European Union foreign policy chief Baroness Catherine Ashton, the lead negotiator for the P5+1, reported "that our positions remain far apart." Currently there are no new talks planned in the decade-long dispute but diplomatic efforts may resume following Iran's presidential elections in June.

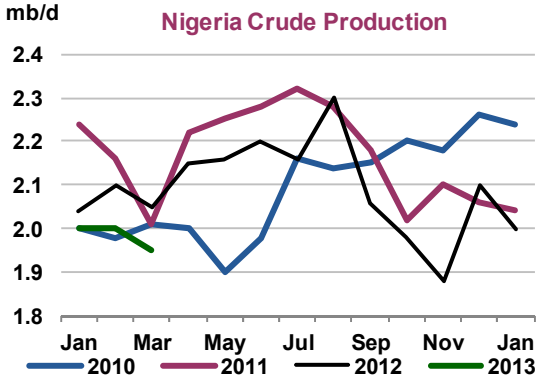




Elsewhere in the Gulf, **Kuwait** increased supplies in March by 70 kb/d, to 2.84 mb/d. **UAE** production was pegged at 2.7 mb/d in March, unchanged from February's upwardly revised estimate. February's preliminary production estimate was raised by 150 kb/d, with a portion of the higher output reportedly coming from new capacity at onshore fields that feed the Murban crude stream, the country's benchmark grade.

Three out of four of OPEC's African producers have seen their production impacted by increased militant activity in recent months. **Algerian** production was estimated at 1.14 mb/d, down 20 kb/d from January and February levels. The deadly attack at the In Amenas complex in January affected only natural gas and gas liquids output but crude oil production appears to have also slowed within the country as a comprehensive review of security arrangements at oil fields and infrastructure takes place.

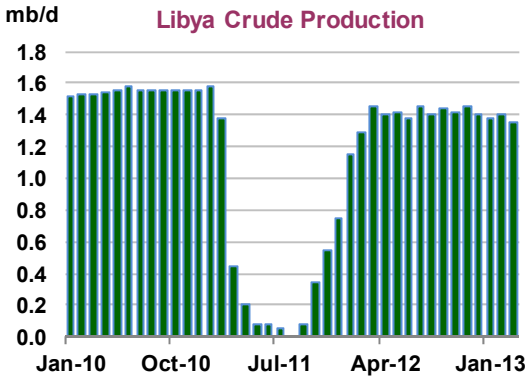
Nigerian crude supplies fell to their lowest level in four months in March, off 50 kb/d to 1.95 mb/d, and output may trend lower following a resurgence of oil theft-related damage to pipelines and renewed threats to the country's oil infrastructure by the Movement for the Emancipation of the Niger Delta (MEND). Shell plans to close the Nembe Creek pipeline this month to conduct repairs, which could affect as much as 150 kb/d of Bonny and Forcados. Sabotage and oil bunkering (theft) is also behind ENI's decision on 23 March to shut in its onshore production in the swamp areas of the Niger Delta. The company declared *force majeure* on an estimated 35 kb/d of output following increased criminal activity on its facilities.



In one of the most serious attacks in recent memory, 15 government security personnel were ambushed and killed on 5 April in the southern oil-producing Bayelsa state. A statement on 8 April reportedly issued by MEND, hitherto inactive since an October 2009 ceasefire agreement, claimed responsibility for the deaths. MEND threatened on 3 April to renew attacks on oil infrastructure after their former leader, Henry Okah, was sentenced to 24 years in prison on terrorism charges in South Africa. A MEND spokesman pledged to carry out a "plague of attacks." Contrary to the public claims by MEND, however, government officials report that the latest attack was related to infighting among militant factions over payments due as part of the 2009 amnesty programme. Renewed militant activity targeting oil companies in the south comes at a time when government security forces are already overstretched trying to contain the Islamist insurgency in the north.

Libyan crude oil supplies fell by 40 kb/d to 1.36 mb/d in March following renewed attacks on oil infrastructure by warring militias, security forces and protests by disgruntled civilians. Critically, the lack of security has led to an increase in kidnappings and killings of government officials. Following the abduction and eventual release of the chief of staff to Libya's prime minister, parliament enacted a new law on 9 April that criminalises torture and kidnapping.

The deterioration in security in Libya is threatening to derail the country's production outlook. Libya set up a 15,000 strong special security force made up of former rebel fighters, the Petroleum Facilities Guard (PFG), to protect oil installations. The lack of professional training and infighting among the various groups, however, has led to fears that the PFG are becoming part of the problem, not the solution. A lack of central government authority to control the militias is a major issue.



- Infighting between militant groups for control of security operations at the 20 kb/d Dahra oil field, operated by Waha Oil Co, a joint venture between Libya's National Oil Corporation (NOC) and Marathon, Hess and ConocoPhillips, broke out on 18 March. Waha's total production capacity is more than 350 kb/d and produces key export grade Es Sider crude.
- Production and drilling were disrupted at the 120 kb/d Gialo field for three weeks in March due to protesters' demand that the Waha group use locally hired companies for transportation services.
- On 2 March shooting between rebel groups, including guards belonging to the PFG, stopped production at the Mellitah gas complex. As a result, ENI and NOC were forced to partially shut-in production at the Elephant and Wafa fields, whose crude is processed at the coastal Mellitah facility.
- Political and security uncertainties are behind PT Medco Energi Internasional's decision in late March to delay by two years development of Area 47, a project originally slated to produce 50 kb/d in 2014.
- An explosion on a key pipeline connected to the Zueitina oil terminal cut flows of crude and condensate in early April. NOC said the crude line was repaired within a few days but the condensate section of the line suffered more damage and remained shut-in. Officials did not specify how much crude and condensate output was affected but roughly 60-70 kb/d are exported through the terminal. One report suggested the blast was likely caused while maintenance work was underway, but officials said sabotage could not be ruled out.

Angolan production, by contrast, was marginally higher in March, up by 40 kb/d to 1.77 mb/d. BP's new PSVM production is slowly ramping up, running at around 90 kb/d on average in March. The 150 kb/d PSVM fields are not expected to reach full capacity until early 2014.

Non-OPEC Overview

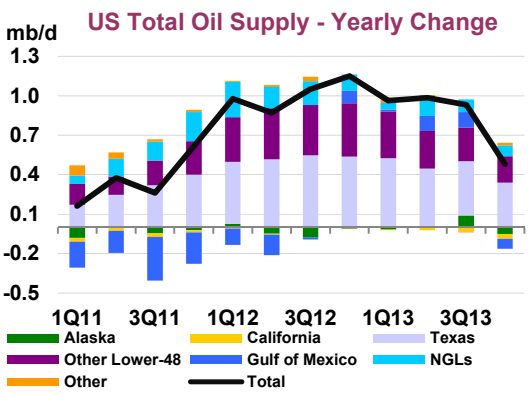
Unplanned outages loomed large in last year's non-OPEC supply picture removing up to 1.1 mb/d from the market. This year's situation looks more promising, as things seem to be getting back to normal in several areas where disruptions had curtailed output. Yet this is not to say that supply risks have evaporated. On the contrary, some storm clouds are gathering which are posing significant downside risk to the forecast.

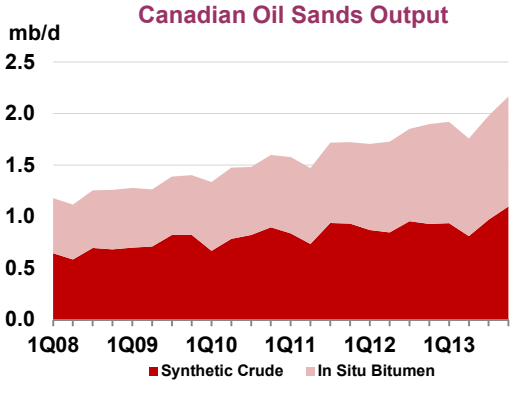
One of this year's bright spots is the reported restart of some of South Sudan's production for export via Sudan. The resumption in flows from South Sudan, as well as the restart of the Elgin/Franklin complex (UK), the Peng Lai field (China), and Frade (Brazil) remove from the non-OPEC supply picture some of the major unplanned disruptions which had reduced output last year. During the remainder of 2013, new production is coming online in Canada, Brazil and the US. Increasing volumes of Russian gas condensate are keeping Russian liquids production afloat at 10.8 mb/d in March in the face of mounting brownfield production declines. These factors are expected to take non-OPEC supply growth to more than 1 mb/d in 2Q13 and 3Q13.

However positive these developments may appear, they should not overshadow the continued presence of downside risk to forecasts. For the first time in several months, non-OPEC supplies for 2013 have been revised downwards -- albeit by a marginal 20 kb/d,-- to 54.4 mb/d, implying forecast growth of 1.1 mb/d y-o-y. Despite the restart of Elgin/Franklin, North Sea production came in about 40 kb/d below expectations in 1Q13. And, with Brazilian output offline for maintenance, production is down by 120 kb/d in 1Q13 on an annual basis. In Australia, cyclones recently dented production. Even North America was not immune to disappointments, as winter storms slowed North Dakota Bakken output and yet another 2012 baseline adjustment trimmed the estimate of Texas production. Turmoil in Syria continues unabated, reducing production and threatening more severe supply disruptions in the future. In total, 1Q13 non-OPEC supplies totalled 54.0 mb/d, more than 0.1 mb/d lower than forecast last month. Other baseline revisions to 2012 data include downward revisions to Canadian NGLs and Azerbaijan production, which led to a 60 kb/d reduction to 53.3 mb/d for 2012.

OECD Americas

US – March preliminary, Alaska actual, other states estimated: US crude oil production is expected to maintain its upward momentum in 1Q13, rising by 80 kb/d from 4Q12 or 870 kb/d y-o-y, though data from the US Energy Information Administration's *Petroleum Supply Monthly* for January show a 60 kb/d dip in US crude production that month, to 7.0 mb/d. North Dakota's Bakken production slipped by 30 kb/d to 670 kb/d, though Eagle Ford volumes continue to race ahead by around 50 kb/d each month. Cold weather and storms caused the slight pause in Bakken production growth, but growth is expected to resume in the spring. US output is expected to increase by 840 kb/d to 9.98 mb/d in 2013, unchanged from last month's estimate.

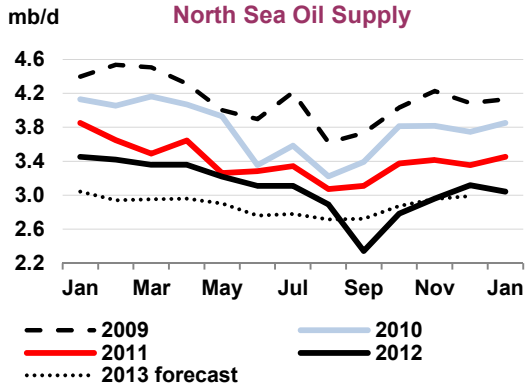


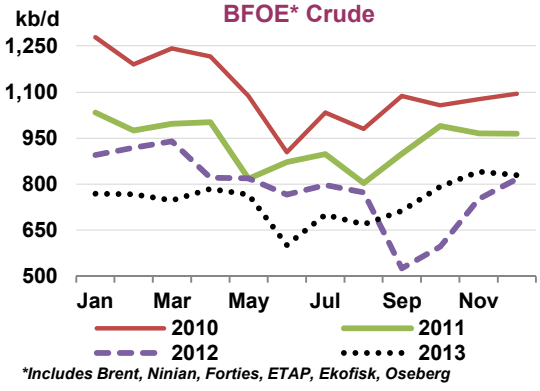


Canada – December preliminary: Canadian oil production growth slowed to 170 kb/d year on year in 1Q13 from 230 kb/d in the prior quarter, in line with forecasts. Output growth continues, albeit at a slower pace, on the back of rebounding output in Eastern Canada at the Terra Nova and Hibernia fields, which had been offline due to maintenance, and at in situ oil sands projects. Planned maintenance is likely to dent output at Canadian surface mining projects by 200 kb/d in 2Q13, to 810 kb/d. Revisions to historical NGL production estimates reduced the assessment of Canadian production levels in 2012 by 35 kb/d from previous estimates, a baseline revision that has been carried through the forecast. On balance, Canadian oil output is expected to grow by 200 kb/d in 2013 to 3.9 mb/d.

North Sea

North Sea production stayed at the prior quarter's levels of 3.0 mb/d in 1Q13, after having risen sharply at the end of 2012. Seasonal maintenance is expected to cut supply to 2.7 mb/d in 3Q13. Production of Brent-Forties-Oseberg-Ekofisk (BFOE) has only fallen slightly to 760 kb/d in March, compared to 780 kb/d in January and February based on preliminary estimates. Loading schedules indicate a rebound to 940 kb/d in April and 890 kb/d in May though wellhead production from these streams in April and May is expected to be lower. Production declines are expected to slow to 6.9% in 2013 from declines of 9% (310 kb/d) in 2012, unchanged from the prior month's assessments.

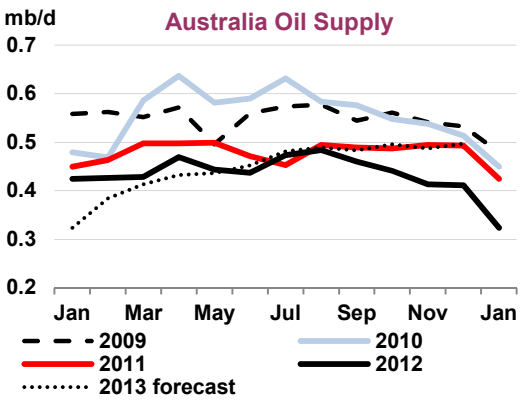




In **Norway**, liquids output fell to 1.75 mb/d in February based on the latest data but is expected to have rebounded to 1.8 mb/d in March. Norway's biggest union struck an agreement with employees on 8 April, averting a strike that would have affected the Mongstad and Vestbase bases, which are key supply points for about 20 major platforms. Last June and July, production fell by 50 kb/d and 60 kb/d, respectively, due to worker strikes.

OECD Asia

Australia – January preliminary: Output fell to a record low of 320 kb/d in January as some production went offline for planned maintenance and precautionary measures ahead of cyclones. Production is expected to rebound to 400 kb/d by 3Q13. Thai company PTTEP noted that the cyclones would also cause yet another delay to the 35 kb/d Skua and Montara project, now expected to start in 2Q13. Due to the severity of the January cyclone-related outage and the field startup delay, Australian oil production estimates have been trimmed by 10 kb/d in 2013. Production should total 450 kb/d in 2013, on par with 2012's levels.

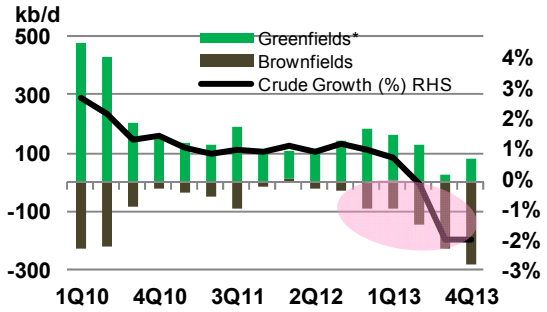


Non-OECD

Former Soviet Union

Production in the Former Soviet Union totalled 13.8 mb/d in March, 70 kb/d lower than February's output level. 1Q13 production is 120 kb/d higher than the prior year and 80 kb/d higher than 4Q12.

Russian Annual Production Growth



*Greenfield production includes Sakhalin, Vankor, Verkhnechonskoye, Uvat, Salym, Caspian, and other major field additions of the last 3 years.

Russia – March preliminary: March liquids output increased by 130 kb/d y-o-y or 20 kb/d m-o-m to 10.8 mb/d. Robust condensate output growth from Gazprom accounted for about half the increase. Brownfield decline rates in 1Q13 approached levels unseen since 2010. For example, though Lukoil's output in March 2013 stayed on par with March 2012, its western Siberian assets declined at an annual rate of 1.5% in March, compared with 0.1% in 2012.

Estimates of supply in **Azerbaijan** have been reduced by 100 kb/d in 4Q12 leading to an overall reduction of 30 kb/d for 2012. Newly released production data for 4Q12 indicate production unexpectedly slipped by 40 kb/d y-o-y to 90 kb/d at the Deepwater Guneshli part of the ACG field complex. Overall, ACG production declined by 7% (50 kb/d) in 2012, dragging down overall liquids output to 890 kb/d. Production is expected to fall 10 kb/d further in 2013 to 880 kb/d.

Azeri Chirag Guneshli (ACG) Production

(thousand barrels per day)

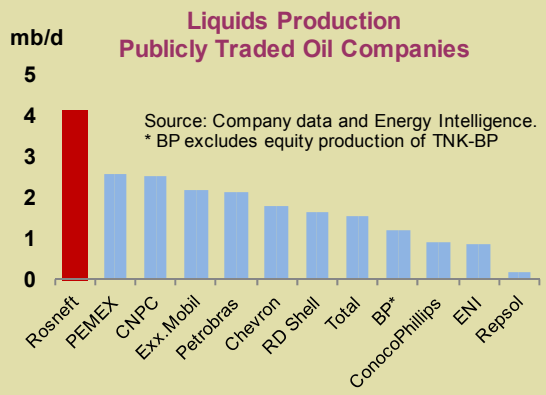
	1Q12	2Q12	3Q12	4Q12	2012	Y-o-Y % chg.
Chirag	80	74	74	70	74	0%
Central Azeri	180	142	167	145	158	-17%
West Azeri	190	182	204	186	191	-4%
East Azeri	142	146	129	119	134	7%
Deepwater Guneshli	119	113	110	86	107	-16%
Total ACG	**712**	**656**	**684**	**604**	**664**	**-7%**
Shah Deniz Condensate	45	33	72	26	44	15%

Source: IEA Analysis of BP Caspian Business Update

In March, **Kazakhstan** announced that it would raise the Customs Exports Duty to $60/tonne (8.20/bbl) from $40/tonne ($5.70/bbl). Kazakhstan introduced crude export duties in 2008 at $109.9 per tonne, cancelled them in 2009 when oil prices fell and reinstated them in 2010 at $20/tonne. The government raised the duty in January 2011 to $40/tonne when prices rose again. Prices for benchmark Brent jumped by $20/bbl to $116/bbl from January 2011 to February 2013, but have since fallen back to $110 in March. This therefore brings into question the notion that the increase in duty is due to rising oil prices. Export duties affect all oil producers (except those with a tax stabilisation clause) regardless of profits, and analysts have noted that Kazakhstan's higher-cost producers would be most vulnerable to these incremental duties. Analysts estimate the range of impacts on producers between $1.40-1.75 per barrel of exported oil, but KMG EP's 120 kb/d of exports will be most affected. The export duty increase will be partially offset by lower excess profit and corporate income taxes. TengizChevroil JV, operator of the 500 kb/d Tengiz field, may pay the duty under duress as they have done in the past, but offsets these payments against its regular royalty payments to the government. The Karachaganak consortium is exempt from the export duty but the consortium pays additional capital gains tax to the government as part of the recently completed settlement that led to an increase in Kazmunaigas's stake. It remains to be seen whether the North Caspian Operating Company, which is developing the Kashagan field, would be subject to the export duty.

A New Supermajor: How the TNK-BP Acquisition Could Affect Trade Flows

Rosneft's acquisition of TNK-BP on 21 March creates the largest publicly-listed oil producer in the world in terms of production volume, with forecast output of around 4.1 mb/d in 2013, or 37% of Russia's total and almost 5% of global oil output. Rosneft also now accounts for around a third of Russia's refining capacity, which is itself the source of around 7% of world refinery throughput. BP retains about a 20% share in the company and CEO Bob Dudley will gain a seat on Rosneft's Board. BP gains the foothold in prospective Russian arctic exploration that was the driver behind its failed deal with Rosneft in May 2011. During Chinese president Xi Jiping's visit to Moscow on 22 March Rosneft and CNPC reportedly signed framework agreements (but not final contracts) to increase Russian oil exports to China, which would make China Russia's top crude buyer and may substantially alter the dynamics of Russian crude exports over the medium- and long-term. Logistical and supply-side challenges raised by this deal would also likely result in a re-allocation of Russian crude flows until 2018.



Show me the money. Hot on the heels of the $55 billion TNK-BP acquisition, Rosneft announced that it had agreed to a deal with CNPC to increase crude exports to China to as high as 620 kb/d over the course of 25 years. Rosneft obtained a $2 billion loan from China Development Bank Corp, reportedly getting advance payment for some of the deliveries. In addition to the Chinese loan, Rosneft's acquisition, the biggest since ExxonMobil's purchase of XTO in 2010, is also being financed by a $10 billion deal with Glencore and Vitol for prepayment of around 270 kb/d of Rosneft's volumes over the course of the next five years. The five-year deals, first reported in December 2012, involve Rosneft supplying 70% of the oil to Glencore and 30% to Vitol. Rosneft is also seeking a $15 billion contract with Polish refiner PKN Orlen for 360 kb/d of crude over three years.

Upstream synergies. Rosneft plans to find synergies with TNK-BP's assets in East Siberia in order to reduce access costs to pipeline infrastructure. At a recent press conference, Rosneft head Igor Sechin valued those synergies at about $4 billion-$5 billion. Sechin noted that TNK-BP's Suzun, Lodochnoye, and Tagul fields would be used to set up a centralized production hub at the existing 450 kb/d-Vankor field. Rosneft now plans to link the Suzun and Tagul fields, expected online after 2016, with the Vankor-Purpe pipeline rather than via Transneft's Zapolyarnoye-Purpe line as TNK-BP had planned. These fields could add an additional 200 kb/d to flows from a Vankor hub. Also, the deal could lead to economies of scale for several undeveloped assets, such as Yurubcheno-Tokhomskoye, that are close to newly acquired TNK-BP licenses.

Shifting flows. The acquisition and the reported China/Russia agreement have sparked much speculation about how they would impact Russian crude export flows. Currently Rosneft supplies China with 300 kb/d via the Eastern Siberian Oil Pipeline's (ESPO) spur from Skovorodino, Russia to Daqing, China, which is running at its design capacity. How it plans to ship the incremental crude volumes it has reportedly pledged to China in exchange for the loan, and from which field they will flow, remain uncertain especially after 2018. Incremental volumes via ESPO are slated to increase slowly over time by 100 kb/d by end-2017 before adding a total of 300 kb/d from 2018-2037 according to the terms of the framework agreement obtained by Bloomberg. With Rosneft crude production projected to increase only modestly over the next few years, existing volumes from TNK-BP field's are likely to be used to make up the difference.

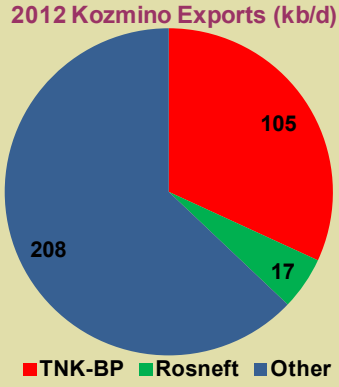
Currently TNK-BP sells around 375 kb/d of crude under long-term contract via western outlets and sells 150 kb/d in spot volumes from Kozmino, at the Pacific end of the ESPO pipeline. It is the latter volumes that would, on the face of it, be the most likely candidate to be shifted by Rosneft to China in fulfillment of its contract. There are four viable export routes through which Rosneft could supply Chinese refiners:

- *Via Kazakhstan on the Atasu-Alashankou pipeline.* Currently running close to its capacity of up to 280 kb/d, this line could be increased to over 300 kb/d using drag reducing agents. According to Bloomberg, 140-200 kb/d of incremental volumes would flow via this route and would require an expansion. So far this prospect looks a likely but potentially complex option given Rosneft's swap arrangement with Kazakhstan's Pavlodar refinery. Following the newly created customs union between Russia, Belarus and Kazakhstan, Rosneft's exports to Pavlodar would remain duty free, but

A New Supermajor: How the TNK-BP Acquisition Could Affect Trade Flows (continued)

Kazakhstan would be required to refund the Russian state for the excise duties collected on the 'swap' exports to China. Judging by past disputes between Russia and other FSU states, such an arrangement could prove problematic. China has long complained that its Western refineries do not receive enough FSU crudes, but this arrangement is unlikely to increase overall Chinese imports and thus might not be the deal which China is looking for in the long term. There would also be quality issues as Urals would be swapped for comparatively waxy, paraffinic crudes which would be of a lower quality. Finally, Transneft would likely be loathe to see significant volumes exported without using its network.

- *The Daqing ESPO spur.* As a short-term option, Rosneft could increase supplies to Daqing using drag reducing agents to increase the spur's capacity, but this would be unlikely to add more than 100 kb/d. To facilitate flows of up to 600 kb/d, new infrastructures such as pumping stations and a twinned line would likely be required. Indeed China has been lobbying for the construction of a second pipeline parallel to the first, which would double capacity. This, together with the previous option, would serve the purpose of supplying China's inland refineries, which frequently face challenges sourcing feedstock.
- *By rail via Mongolia.* Before the start-up of ESPO, Russia railed crude to Western China via Mongolia. This is a viable short-term route, but the high cost of rail versus pipeline shipments could prove uneconomical over the long term.
- *ESPO shipments via Kozmino.* In the short term, Rosneft is likely to divert roughly 100 kb/d in shipments to the Daqing spur. This would shift formerly spot-based crude supplies to long term contractual volumes. This would be a favorable option given CNPC and Rosneft's plan to build a refinery/petrochemical plant at Tianjin. The JV, China-Russia Western Petrochemical Company, would take around 180 kb/d of incremental Russian crude. In the medium term, with increasing East Siberian supplies, shipments via Kozmino could rebound. Although overall ESPO volumes to Asia may not change, this shift may impact ESPO-grade crude volumes marketed on a spot basis and overall Kozmino liftings. Such a shift would also likely reduce ESPO supplies to existing customers in Japan, Korea, and the US west coast.



The TNK-BP Rosneft deal should be seen in the broader context of closer trade ties between Russia and China such that it would result in more contractually supplied volumes to China, as opposed to predominantly spot-based supplies. Over the short term, Rosneft will likely pull incremental volumes for China from TNK-BP fields in East Siberia or even Samotlor in West Siberia. Volumes from Kozmino would thus have to be reduced even if supplies to China were sourced and routed through other channels. This would likely occur until Rosneft unwinds its long-term contracts to European customers out of Baltic and Black Sea ports, which would allow more Western Siberian crudes to head to China to the detriment of European customers.

FSU net exports surged by over 600 kb/d to 9.62 mb/d in February, their highest level since April 2012, after crude shipments rose by 350 kb/d and product outflows by 280 kb/d. Surging flows of Urals, Tengiz and CPC blend crudes via Black Sea terminals helped lift exports, more than offsetting decreases in the Baltic, where pipeline maintenance and cold weather tempered shipments. All refined product categories rose, notably gasoil which increased by 150 kb/d over January, with many cargoes of the 10 ppm specification destined for European markets.

FSU Net Exports of Crude & Petroleum Products

(million barrels per day)

	2011	2012	1Q2012	2Q2012	3Q2012	4Q2012	Dec 12	Jan 13	Feb 13	Latest month vs. Jan 13	Latest month vs. Feb 12
Crude											
Black Sea	1.93	1.81	1.83	1.88	1.74	1.78	1.74	1.57	1.95	0.38	0.06
Baltic	1.50	1.67	1.48	1.75	1.78	1.69	1.50	1.67	1.51	-0.16	0.09
Arctic/FarEast	0.67	0.65	0.62	0.62	0.64	0.72	0.79	0.79	0.78	0.00	0.15
BTC	0.70	0.66	0.73	0.68	0.64	0.59	0.60	0.56	0.61	0.05	-0.13
Crude Seaborne	**4.80**	**4.79**	**4.66**	**4.93**	**4.80**	**4.78**	**4.64**	**4.59**	**4.85**	**0.26**	**0.17**
Druzhba Pipeline	1.17	1.08	1.24	1.11	0.98	0.98	0.97	0.94	1.03	0.09	-0.23
Other Routes	0.53	0.52	0.51	0.49	0.53	0.54	0.54	0.56	0.56	0.00	0.06
Total Crude Exports	**6.50**	**6.39**	**6.42**	**6.53**	**6.31**	**6.30**	**6.15**	**6.09**	**6.44**	**0.35**	**0.00**
Of Which: Transneft[1]	4.18	4.22	4.18	4.35	4.24	4.10	3.94	3.99	4.10	0.11	-0.10
Products											
Fuel oil[2]	1.58	1.72	1.61	1.81	1.83	1.61	1.55	1.62	1.72	0.10	0.21
Gasoil	0.77	0.79	0.88	0.75	0.76	0.79	0.84	0.88	1.03	0.15	0.14
Other Products	0.43	0.44	0.43	0.41	0.45	0.47	0.45	0.49	0.51	0.02	0.05
Total Product	**2.77**	**2.95**	**2.92**	**2.97**	**3.04**	**2.87**	**2.84**	**2.98**	**3.26**	**0.28**	**0.40**
Total Exports	**9.27**	**9.34**	**9.33**	**9.50**	**9.35**	**9.17**	**8.99**	**9.07**	**9.70**	**0.63**	**0.40**
Imports	0.09	0.09	0.12	0.06	0.08	0.09	0.09	0.07	0.08	0.02	-0.05
Net Exports	**9.18**	**9.25**	**9.21**	**9.44**	**9.27**	**9.08**	**8.90**	**9.00**	**9.62**	**0.61**	**0.45**

Sources: Argus Media Ltd, IEA estimates

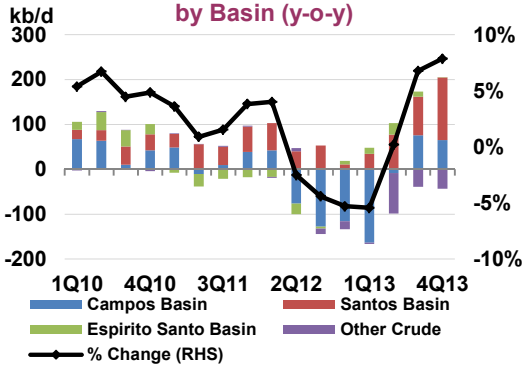
[1]Transneft data exclude Russian CPC volumes.

[2]Includes Vacuum Gas Oil

Latin America

Brazil – February preliminary: Planned maintenance dragged down Brazilian crude output by 40 kb/d m-o-m to 2.02 mb/d in February. Maintenance reduced output by 85 kb/d at the Marlim, Marlim Leste, and Roncador fields in February. But Santos basin production is increasing rapidly with the newly online Sapinhoa, Sapinhoa Norte, and Báuna fields. Petrobras plans four more platforms by year-end at existing fields Roncador, Parque das Baleias, and Lula as well as at the new Papa Terra field. Based on preliminary estimates for March, production in 1Q13 stands 120 kb/d down on the year. Chevron has reportedly received approval from regulator ANP to restart some of the production at the Frade field, which has been shut since March 2012. The field produced around 60 kb/d before it was shut. Once the field is producing again, which could take a couple months, output levels are expected to be about half of that volume.

Brazil Crude Production by Basin (y-o-y)



Africa

Sudan and South Sudan: Production is reported to have restarted at the Thar Jath field in Block 5A in South Sudan in early April, ending a 13-month outage. Media reports indicate that this oil should reach Port Sudan in the north at the end of May and that flows of 150-200 kb/d are expected by 15 April. We expect a slower ramp up to production, with the majority of the increase taking place in 3Q13. The forecast for 2H13 production remains unchanged at a conservative 110 kb/d. Clearly, there is some upside risk to this forecast since pre-shutoff production totalled 340 kb/d, but we expect technical issues with restarting production and non-technical issues related to security to keep production restrained for the remainder of the year.

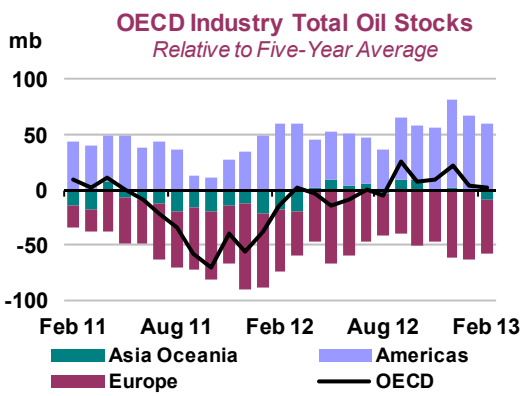
OECD STOCKS

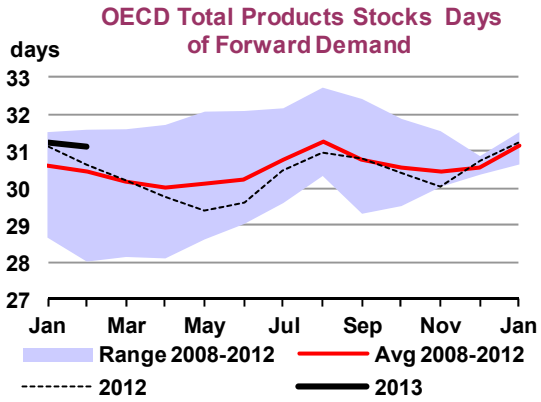
Summary

- OECD commercial total oil stocks drew by a seasonal 32.9 mb to stand at 2 664 mb by end-February, retaining a surplus to five-year average levels for a sixth consecutive month.

- End-January data were revised upwards by 8.5 mb meaning that last month's stock build was steeper than first estimated and that inventories remained in surplus for a fifth consecutive month, rather than in deficit as presented in last month's *Report*.

- After drawing by a seasonal 29 mb, total product inventories covered 31.1 days at end-February, 0.2 days lower than a month earlier. Crude dropped by a seasonally-steep 4.4 mb, driven by an exceptional 13 mb drop in Japan, the steepest monthly fall since 1997 in that country.





OECD Inventory Position at End-February and Revisions to Preliminary Data

OECD commercial total oil stocks drew by a seasonal 32.9 mb to stand at 2 664 mb by end-February. Refined product inventories led the draw, falling by 29 mb over the month. As in recent months, 'other products' accounted for the bulk of the product inventory decline as they fell by a steep 16.3 mb, centred in the US amid surging exports and cold-weather related demand. Seasonal maintenance at many OECD refineries also helped draw down product stocks. A seasonal dip in middle distillate inventories was much shallower than typical for that time of year. Consequently, their deficit to average levels narrowed to 27.9 mb from 44 mb at end-January. All told, total products covered 31.1 days at end-February, 0.2 days lower than a month earlier.

Preliminary Industry Stock Change in February 2013 and Fourth Quarter 2012

	February 2013 (preliminary)								Fourth Quarter 2012			
	(million barrels)				*(million barrels per day)*				*(million barrels per day)*			
	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total
Crude Oil	**10.5**	**1.4**	**-16.3**	**-4.4**	**0.37**	**0.05**	**-0.58**	**-0.16**	**-0.11**	**-0.01**	**-0.13**	**-0.25**
Gasoline	-6.1	-2.5	-0.1	-8.7	-0.22	-0.09	0.00	-0.31	0.32	-0.02	-0.04	0.27
Middle Distillates	-10.0	1.3	1.2	-7.4	-0.36	0.05	0.04	-0.26	0.08	-0.05	-0.09	-0.06
Residual Fuel Oil	1.5	0.1	1.9	3.5	0.05	0.00	0.07	0.12	-0.03	0.01	-0.02	-0.04
Other Products	-12.0	-1.0	-3.4	-16.3	-0.43	-0.04	-0.12	-0.58	-0.28	-0.01	-0.01	-0.30
Total Products	**-26.5**	**-2.1**	**-0.3**	**-29.0**	**-0.95**	**-0.08**	**-0.01**	**-1.04**	**0.09**	**-0.07**	**-0.16**	**-0.14**
Other Oils[1]	-1.3	-0.3	2.1	0.5	-0.05	-0.01	0.08	0.02	-0.19	-0.07	-0.04	-0.31
Total Oil	**-17.4**	**-1.0**	**-14.5**	**-32.9**	**-0.62**	**-0.04**	**-0.52**	**-1.17**	**-0.21**	**-0.15**	**-0.33**	**-0.69**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

Crude oil stocks fell counter-seasonally by 4.4 mb, a surprising dip given that OECD throughputs had been dropping. This resulted from an eye-catching 13 mb draw in Japan, the steepest monthly draw since 1997 in that country, apparently explained by a combination of temporary and structural factors including weather-related import delays and inventory draws by refineries that have been slated to close down in compliance with new Japanese emission rules. Elsewhere, crude oil stocks posted builds, including gains of 10.5 mb in OECD Americas and 1.4 mb in OECD Europe.

All OECD regions reported draws in total oil inventories. Stocks in OECD Americas and OECD Asia Oceania dropped by 17.4 mb and 14.5 mb, respectively, while those in OECD Europe inched down by 1 mb. Although the position of total OECD inventories versus five-year average levels remained relatively unchanged and in surplus for a sixth consecutive month, the regional spread of that overhang changed. The deficit of OECD Europe narrowed by 14 mb to 49 mb, the surplus of OECD Americas dropped by 8 mb to 59 mb, and the steep draw in Japanese crude stocks caused the deficit of OECD Asia Oceania inventories to deepen from 1 mb at end-January to 9 mb one month later.

Revisions versus 13 February 2013 Oil Market Report

(million barrels)

	Americas		*Europe*		*Asia Oceania*		*OECD*	
	Dec-12	Jan-13	Dec-12	Jan-13	Dec-12	Jan-13	Dec-12	Jan-13
Crude Oil	**-2.9**	**-2.4**	**1.1**	**-0.1**	**0.0**	**-1.8**	**-1.8**	**-4.3**
Gasoline	0.4	2.4	-0.1	1.3	0.3	0.5	0.6	4.3
Middle Distillates	0.1	-5.2	0.7	4.2	0.4	0.8	1.2	-0.2
Residual Fuel Oil	0.0	4.0	-0.1	1.0	0.0	0.0	-0.1	5.0
Other Products	-0.2	5.1	-0.8	1.0	0.0	0.0	-1.0	6.1
Total Products	**0.3**	**6.4**	**-0.2**	**7.5**	**0.7**	**1.3**	**0.8**	**15.2**
Other Oils[1]	0.7	-4.8	0.0	2.8	0.0	-0.4	0.7	-2.3
Total Oil	**-1.9**	**-0.9**	**0.9**	**10.3**	**0.7**	**-0.9**	**-0.3**	**8.5**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

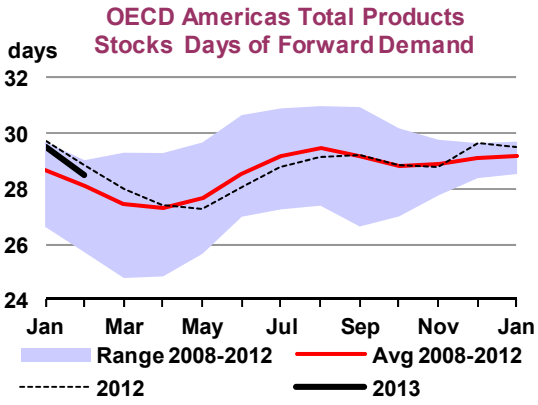
Upon the receipt of more complete data, the January build in OECD industry total oil inventories was revised upwards by 8.5 mb to 31.3 mb. This meant that OECD holdings remained 3.4 mb in surplus to five-year average levels, rather than the 4.4 mb deficit presented in last month's *Report*. A 10.3 mb upward adjustment to the estimate for OECD Europe accounted for the bulk of the revision, offsetting minor 0.9 mb downward adjustments in both OECD Americas and OECD Asia Oceania.

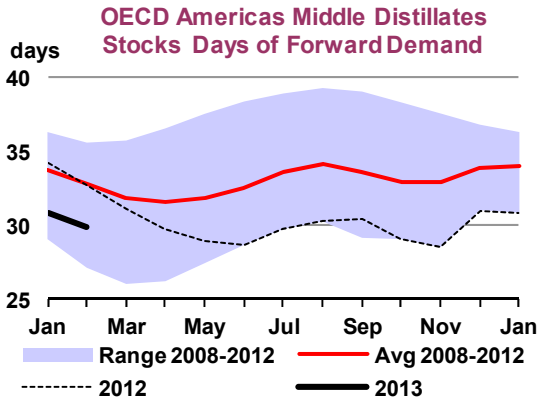
Preliminary data indicate that OECD industry inventories declined by a further 9.7 mb in March, steeper than the 3.2 mb draw for the month. Falling motor gasoline (-7.5 mb) and middle distillate (-7 mb) inventories drove stocks lower, more than offsetting a weaker-than-seasonal 2.9 mb build in crude oil. On a regional basis, total oil inventories in OECD Americas and OECD Europe slipped by 9.1 mb and 3.9 mb, respectively. Meanwhile, holdings in OECD Asia Oceania rose by 3.3 mb.

Analysis of Recent OECD Industry Stock Changes

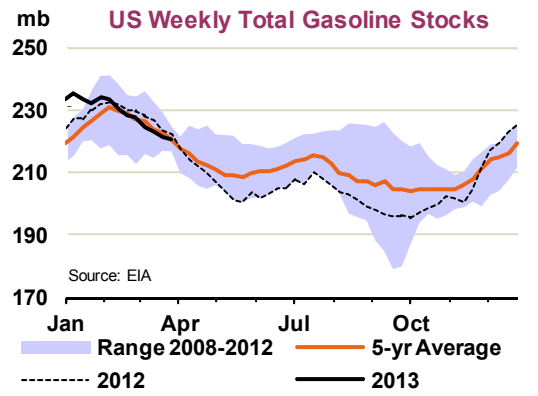
OECD Americas

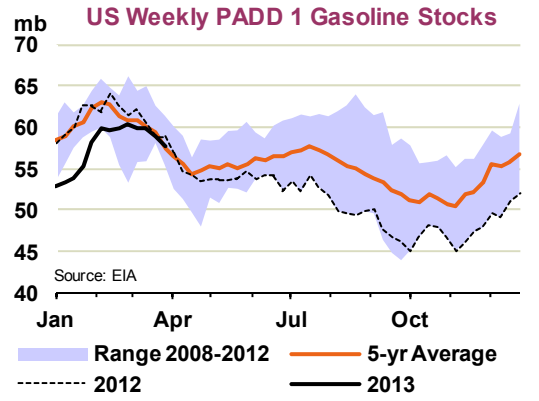
Total industry oil inventories in the OECD Americas region drew by a steep 17.4 mb in February, driven by yet another plunge in 'other product' stocks (mainly propane) of 12 mb. Total product stocks plummeted by 26.5 mb, more than offsetting a seasonal build in crude of 10.5 mb. The aggregate draw was considerably steeper than the 9 mb five-year-average, causing the surplus to average levels to narrow to 59 mb, from 67 mb at end-January. Following their steep draw, total product stocks swung back to a 1 mb deficit to average levels, after two months in surplus. Demand cover inched down seasonally, total products now cover 28.5 days of forward demand, 1 day less than at end-January. Middle distillate inventories decreased seasonally by 10 mb and remained 22 mb in deficit to the average, but comfortably within the five-year range. Gasoline fell by a seasonal 6.6 mb with stocks remaining lower than a year ago on an absolute basis but level based on days of forward cover.





Preliminary US weekly data from the Energy Information Administration indicate that by end-March US stocks had fallen by a further 9.1 mb as a 17 mb draw in products outweighed a 7.3 mb build in crude. The product draw was led by seasonal falls of 7.7 mb and 7.2 mb in middle distillates and gasoline, respectively. In contrast, declines in 'other products' slowed to a 1.9 mb draw. This came as something of a surprise, given that propane exports were expected to rise in March following the expansion of Enterprise Partners' Houston terminal, which nearly doubles export capacity there to 250 kb/d. The shallow March draw in 'other products' may reflect a dip in heating demand in response to warmer temperatures.

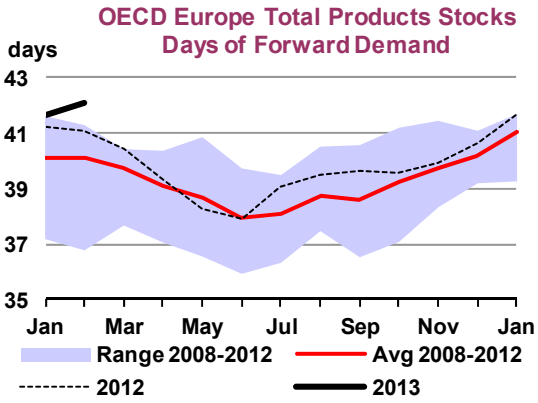


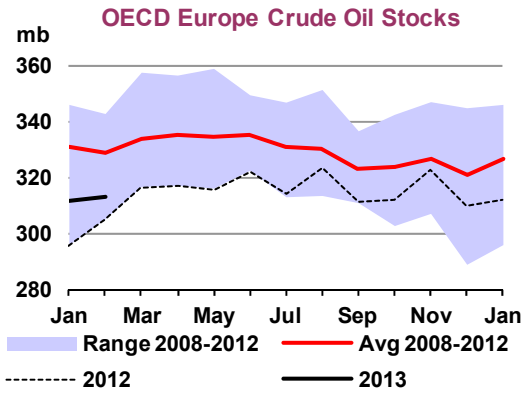


Tightness in the PADD 1 (US East Coast) gasoline market has been very much in focus lately. The latest weekly data show that low inventories in January and early-February drew in supplies from Europe and India which helped stocks to rebuild. PADD 1 gasoline stocks built by 7.5 mb from the turn of the year to early March before receding slightly as the region transitions from winter- to summer-grade gasoline. Nation-wide, US gasoline stocks have fallen steadily so far this year and now stand 12 mb below early-January.

OECD Europe

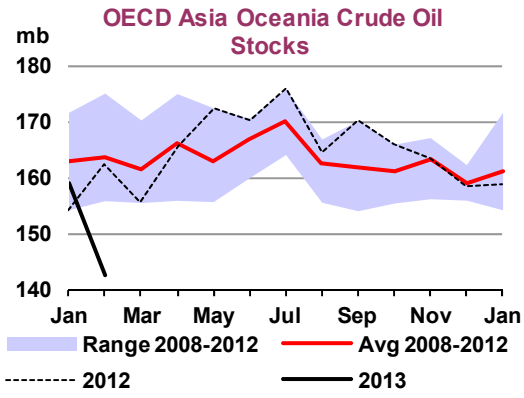
OECD European commercial total oil inventories inched down marginally by 1 mb in February after a 2.1 mb decrease in refined products outweighed a counter-seasonal 1.4 mb build in crude, while NGLs and other feedstocks slipped by 0.3 mb. The product draw was exceptionally shallow for that time of year (compared to a five-year average draw of 11.8 mb for the month) after middle distillates posted a counter-seasonal build of 1.4 mb, versus an average draw of 9.5 mb. Consequently, the deficit of middle distillate stocks to average levels narrowed to 10 mb from 21 mb in January. This continued restocking is surprising given cold weather in the region in February, which drew down German tertiary heating oil tanks to 53% of fill. This was their second consecutive monthly decline, bringing them down by 6% at end-February since end-December. Despite their build, crude oil inventories remained at a 15 mb deficit to seasonal levels at end-February, largely due to refinery rationalisation in the region.

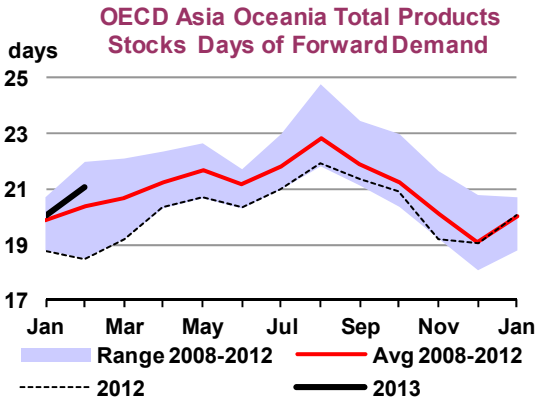




Preliminary data from Euroilstock indicate that EU-16 inventories fell by a counter-seasonal 3.9 mb in March. Holdings of refined products slipped by 1.6 mb while crude dropped by an additional 2.3 mb. All refined product categories fell except fuel oil. Middle distillates inched lower by 0.4 mb, weaker than the 1.4 mb five-year average draw for March. Data pertaining to refined products held in independent storage in Northwest Europe indicate that stocks rose in March with all products posting increases except gasoline which inched down.

OECD Asia Oceania





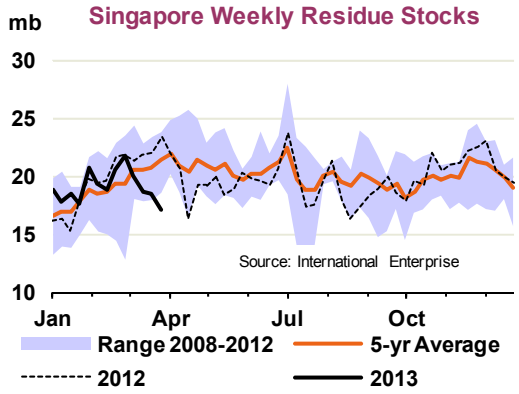
Industry total oil inventories in OECD Asia Oceania plummeted by 14.5 mb in February, led by an exceptionally steep plunge of 16.3 mb in crude oil. Japan accounted for 13 mb of that draw, with preliminary data from the Ministry of Energy, Trade and Industry (METI) indicating that commercial crude oil stocks fell to 97 mb by end-month, their lowest level since the IEA started collecting data in 1984. If confirmed, this plunge would also be the steepest monthly dip since August 1997. According to METI, several factors account for the drop. Firstly, adverse weather disrupted unloading operations at many ports and cut crude imports by about 400 kb/d. Secondly, several simple refineries are being decommissioned in Japan to comply with new legislation on refinery efficiency that takes effect in 2014. Finally, refiners may have sought to reduce their crude inventories ahead of the new Japanese fiscal year in April, as there are tax benefits associated with shifting inventories from crude to products at this time of year.

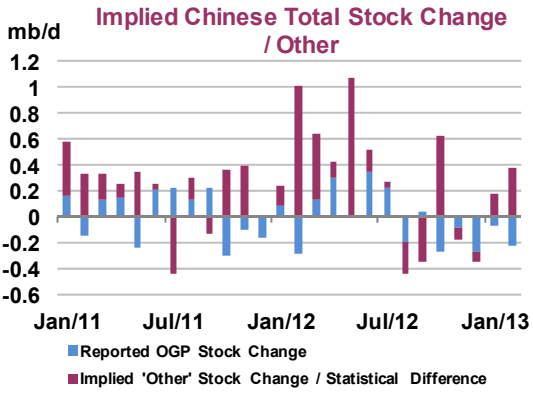
Regional total products stocks inched down by 0.3 mb shallower than the 5.9 mb average draw for February. 'Other products' accounted for the bulk of the drop, falling by a seasonal 3.4 mb over the month. Middle distillates increased by 1.2 mb, in sharp contrast to the 4.7 mb average draw. Total products now cover 21 days of forward demand, a rise of 1 day compared to a month earlier.

Preliminary weekly data for Japan from the Petroleum Association of Japan (PAJ) point to a counter-seasonal 3.3 mb build in total oil inventories in March. Refined product holdings led the increase with a 5.2 mb build spanning all product categories. Crude oil stocks fell by 2.2 mb, in line with seasonal trends, after crude runs picked up and outpaced imports.

Recent Developments in Singapore and China Stocks

Weekly data from *International Enterprise* indicate that onshore refined product stocks in Singapore declined by 5 mb over March. Plummeting residual fuel oil (-5.2 mb) led the decline, falling to their lowest level since July 2009 on weak imports from Middle Eastern refiners undergoing turnarounds and robust demand in China, Malaysia and Australia. In contrast, middle distillates inched marginally lower by 230 kb while light distillates rose by 450 kb. In total, inventories there amount to 38 mb, comfortably above both year-ago and five-year average levels.



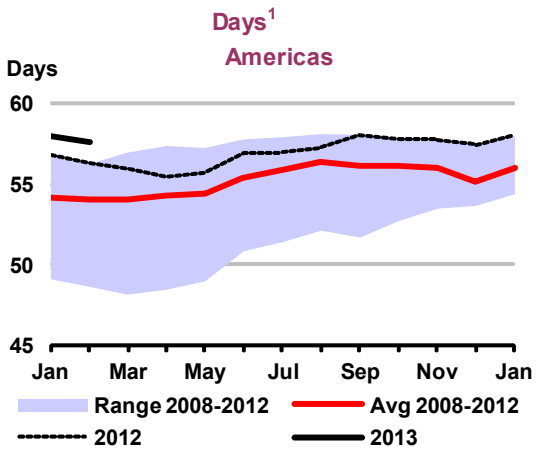


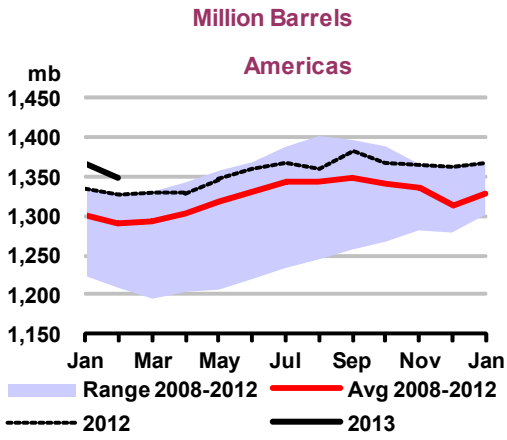
According to data from *China, Oil, Gas and Petrochemicals* (*China OGP*), commercial inventories in China rose by an equivalent 1.7 mb (data are reported in terms of percentage stock change) in February led by a 12.8 mb (18%) surge in gasoil inventories. Meanwhile, gasoline stocks fell by 8% (5.2 mb) while kerosene inched up by 2% (200 kb). It is unclear whether the large gasoil build reported since the beginning of the year, which now reaches 23.7 mb, can be entirely attributed to higher product output following the recent start-up of new refining capacity, or reflects in part unreported upward revisions to 2012 data.

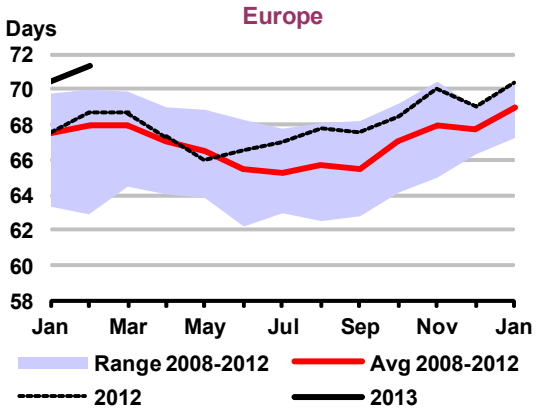
China's commercial crude oil stocks reportedly fell by 6.1 mb, the fifth consecutive monthly decline. Inventories now stand 27 mb lower than at end-September. It is worth noting that the implied crude stock change, calculated as the sum of net crude imports and domestic production minus refinery throughputs, pointed to a build for the second consecutive month in February. Similar implied builds in the past have suggested that China had been building its strategic reserves. This time around, the implied build might reflect in part the building of minimum operating stocks at newly commissioned refineries. In 1Q13 China commissioned 500 kb/d of new refining capacity, but *China OGP* data have not shown any increase in crude oil stocks since 3Q12. Although decreases in commercial crude stocks may have offset recent increases in minimum operating level requirements, new refineries may not be fully captured in the data.

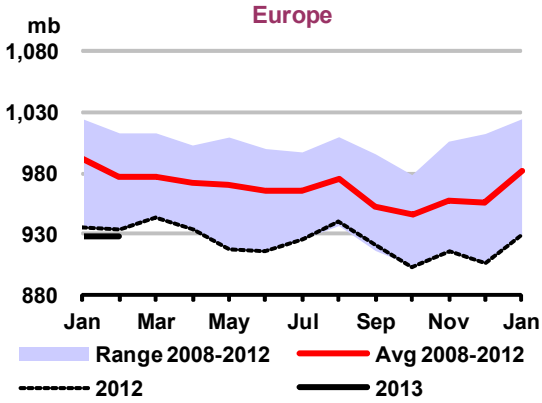
Regional OECD End-of-Month Industry Stocks

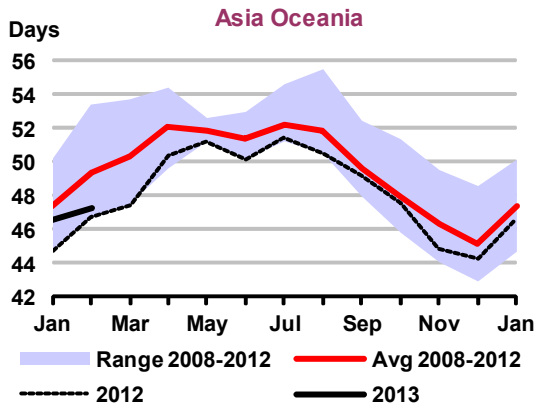
(in days of forward demand and million barrels of total oil)

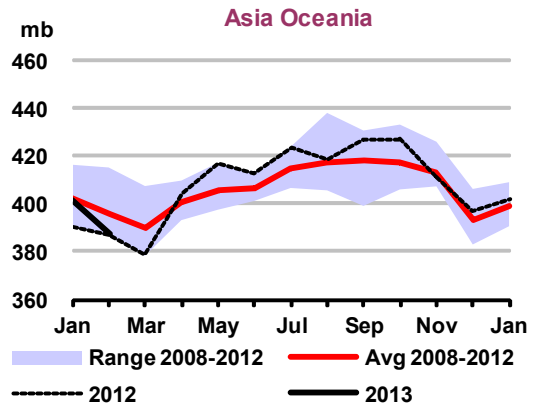


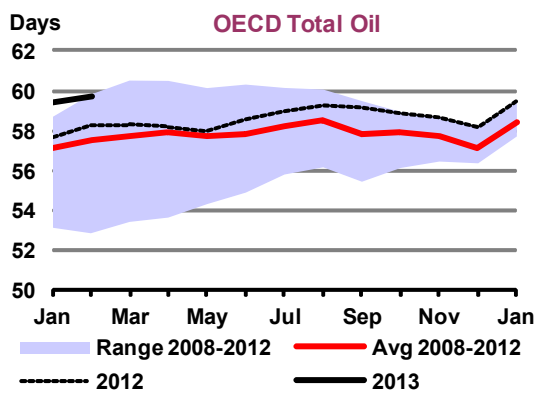


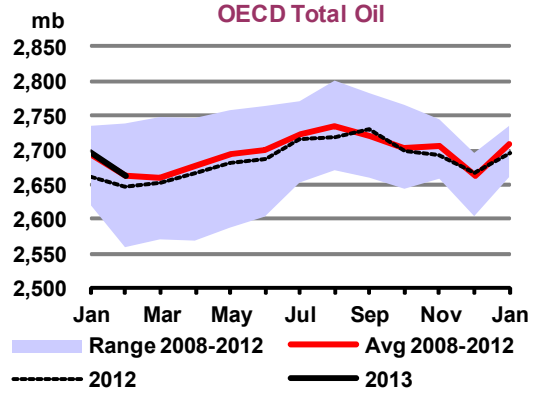










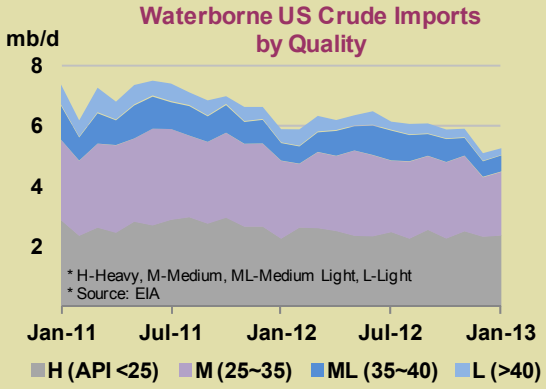


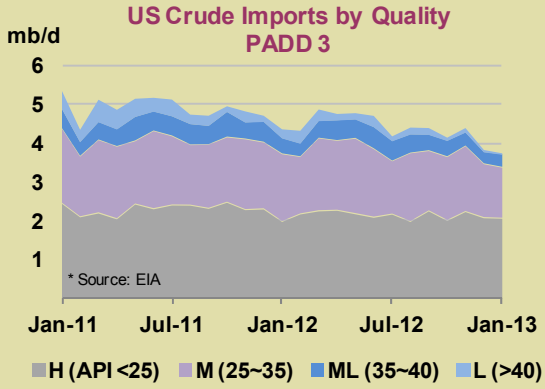
1 Days of forward demand are based on average demand over the next three months

Quality Time: The Changing Composition of US Crude Imports

Surging light tight oil (LTO) production in the US has not only dramatically reduced US crude imports requirements but also altered the quality of the US import barrel. The US has almost halved net crude and product imports from over 12 mb/d in 2005 to 7 mb/d in 2012. Unsurprisingly, given the quality of incremental domestic supply, light and medium sweet crude imports have been the first ones to give. Data from the US Energy Information Administration shed some light on the market response to this new supply and its effecting on crude trade flows.

Light and Medium-light crude imports are declining. While total US crude imports have plummeted by 1.6 mb/d since 2005, to average 8.5 mb/d in 2012, the composition of these imports by country of origin has also changed. In 2012 alone, crude imports from Canada have surged by almost 8%, to 2.4 mb/d, reflecting rapid growth in oil sands production. In contrast, waterborne crude imports have plummeted even faster than the aggregate decline in imports, plunging by 16% (970 kb/d). The largest annual drop in imports centred in PADD 3 (the Gulf Coast), where crude imports last year fell by 440 kb/d to 4.5 mb/d and where Canadian imports accounted for only 2% (around 100 kb/d) of total crude imports.

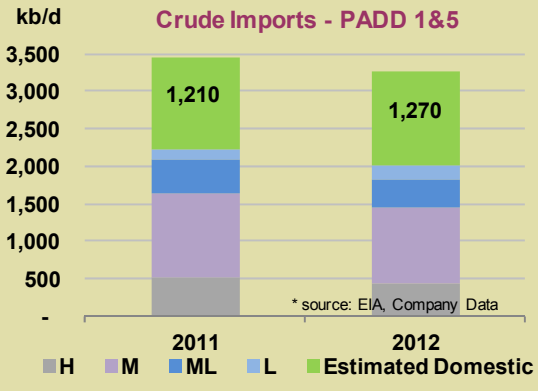




Light and medium-light crudes (defined as having an API gravity above 40 and between 35-40, respectively) account for 40% of the 2.2 mb/d decline in imports since 2005. Half of the 3 mb/d decline in waterborne imports since 2005 has been concentrated in these lighter crudes. But these trends has accelerated in just the last two years. Thus, in 1Q12 light and medium-light imports accounted for 17% of total imports, but by January, that percentage had fallen to 13%. Also, the import decline has been concentrated in PADD 3. Between 1Q12 and this January, US imports of light and medium-light crude fell by 390 kb/d, including 330 kb/d in PADD 3.

In January 2013 imports increased. Contrary to the declining trend in imports seen over the course of 2012, US crude imports slightly increased by 360 kb/d to 7.9 mb/d in January from the previous month, though they remain 390 kb/d lower than a year ago. Recent import data indicates that volumes from Nigeria have increased, especially into PADD 1 (the East Coast). In fact, as crude imports increased by 380 kb/d m-o-m in January, Nigerian imports rose by 210 kb/d and Canadian imports increased by 195 kb/d.

Outlook for 2013. Rising production levels of US light tight oil, Canadian oil sands growth, and shifting demand trends will affect the US crude import composition this year. In January, the US was still importing 1.06 mb/d of light and medium-light crude, centred mostly in PADD 3, followed by PADD 1 and 2 (the Midwest). Over the past year, PADD 3 imports of light and medium-light oil have already been cut in half to 360 kb/d. As a result, light and medium-light imports account for only 10% of the remaining imports in PADD 3 in January. In the coastal areas, PADD 1 and 5 (West Coast), light and medium-light sweet crudes still represent 25% of crude imports and accounted for almost half of total light and medium-light US imports in January.

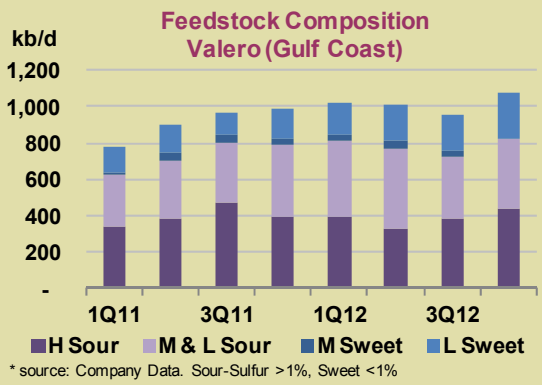


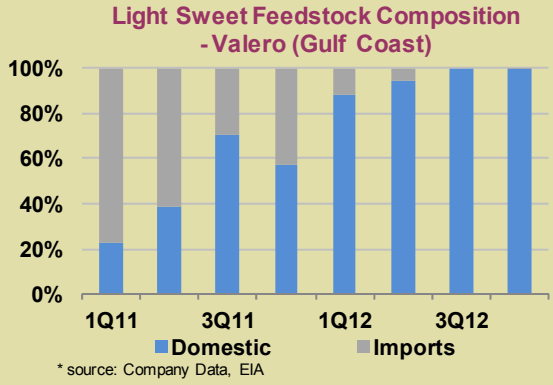
Quality Time: The Changing Composition of US Crude Imports (continued)

With the advantage of new rail links and favourable refinery margins, some coastal refineries are using more domestic crude and are increasing throughput. On the East Coast, the Phillips 66 Bayway refinery started to take US crude in 2012 in a five-year take or pay contract. In the coming year, import data will begin showing more substitution of light imports for light domestic crudes. Yet signs are already emerging that medium-light imports are declining possibly from increased refinery blending. For example, Phillips 66's refineries in PADD 1 decreased medium-light imports by 10% last year. For coastal refineries, net crude oil inputs declined by 170 kb/d in 2012, at the same time that imports declined by 230 kb/d. Therefore, domestically-sourced inputs increased by 60 kb/d.

Though total crude import levels are decreasing, PADD 2 imports of Canadian oil have increased by 160 kb/d over the last year, accounting for 98% of total imports in this area. Nevertheless, some refineries are keeping Canadian imports constant and using increased domestic supplies. For example, Holly Frontier has doubled its throughput during the last three years, without increasing imports.

Company behaviour differs. Looking more closely at the EIA data on crude deliveries to individual companies reveals differing preferences. A refinery's crude slate may depend on a variety of factors, including, but not limited to, its infrastructure and logistical links, fixed-term crude supply contracts, or the upstream portfolio of its parent company. Valero, the largest independent refiner in the US with PADD 3 throughput capacity of 1.2 mb/d, and accounting for 16% of PADD 3 refiner crude input, is a case in point. Its PADD 3 refineries have shown one of the most dramatic changes in purchasing behaviour over the last year. They imported around 80% of their light sweet feedstock in 1Q11, but by 4Q12, all of this had been replaced with domestic supplies. In contrast, CITGO's PADD 3 refineriess continued to import 40% medium-light and light sweet crudes over the course of 2011 and 2012. Only in January did these volumes decline.





As light tight oil production continues to increase in the upcoming months, further changes to the US crude import slate are likely. Rising production levels, the development of oil transportation infrastructure, refinery behaviour, demand and prices will all influence the pace and composition of the decline in imports to the US and North America.

PRICES

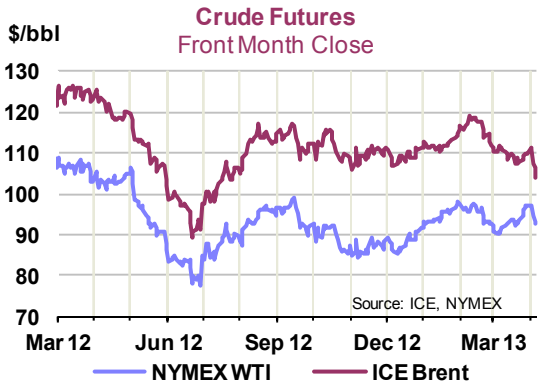
Summary

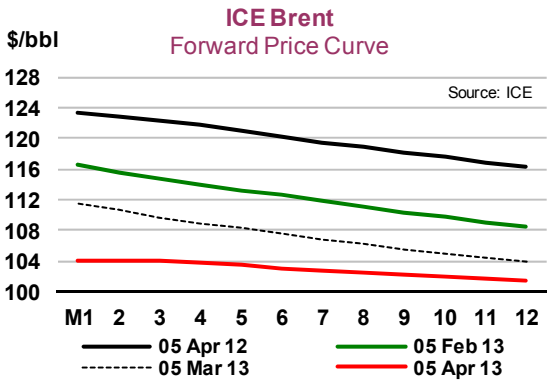
- **Oil futures posted month-on-month losses in March, under the weight of renewed pessimism for the global economy and seasonally weaker crude demand**. Brent was last trading at $106/bbl and WTI around $94/bbl.

- **The forward price spreads and differentials for benchmarks Brent and WTI have shown diverging trading patterns so far this year.** Improved North Sea crude supply and a steady, albeit slow, increase in pipeline and rail flows of Canadian oil and domestic grades from Cushing to the US Gulf Coast refining centre have been the main catalysts for the change. Dated Brent's premium to Dubai crude hit a nine-month low in early April on higher North Sea supplies and relatively stronger demand for fuel oil-rich Middle East grades linked to Dubai.

- **Refined product crack spreads in March weakened for the light end of the barrel while stronger demand and low inventory levels, especially in Asia, supported fuel oil differentials.** Cracks were also under pressure as refineries returned from maintenance in the US and Europe.

- **Despite stronger demand for Middle Eastern crudes from Asian refiners exiting turnarounds, rates on the benchmark VLCC Middle East Gulf – Asia route remained range bound** between $8/mt and $10/mt throughout March as oversupply in the tonnage pool weighed heavy.



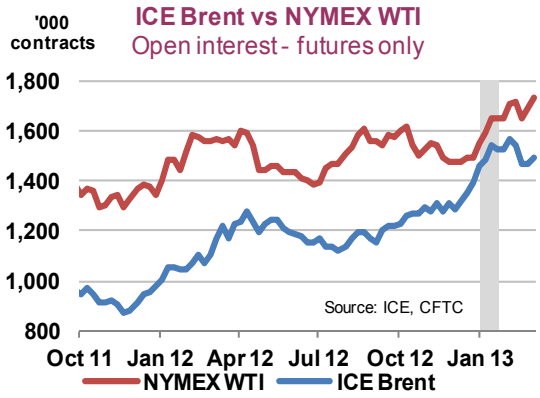


Market Overview

Oil futures posted month-on-month losses in March, under the weight of renewed pessimism for the outlook for the global economy. Seasonally weaker oil demand against a backdrop of peak refinery maintenance turnarounds added to the downward pressure on prices.

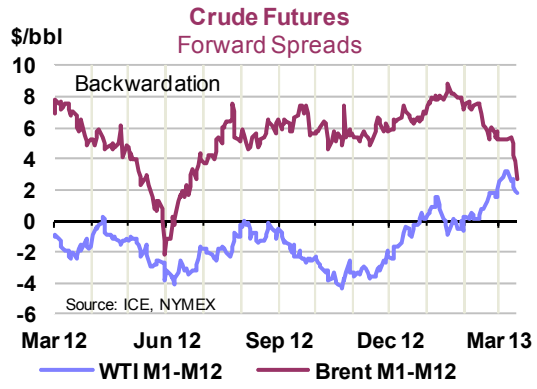
Brent futures saw the sharpest decline, off $6.53/bbl to $109.54/bbl on average in March. WTI prices were down a much smaller $2.36/bbl to average $92.96/bbl. By early April, price trends showed a marked divergence from March levels, with Brent off a steep $3/bbl from March averages while WTI was trading about $1/bbl above the previous month, at $106/bbl and $94/bbl, respectively. Weaker-than-expected global macro-economic data, while tempering oil prices, has so far had minimal impact on robust equity markets. Oil futures prices in March turned lower even as the S&P 500 index soared to record highs. While net long positions on the ICE futures exchange are now lower than the record high contract volumes posted on 5 February, they remain at lofty levels. Market activity measured as open interest in futures contracts saw NYMEX WTI rebound to an all-time record high in March.

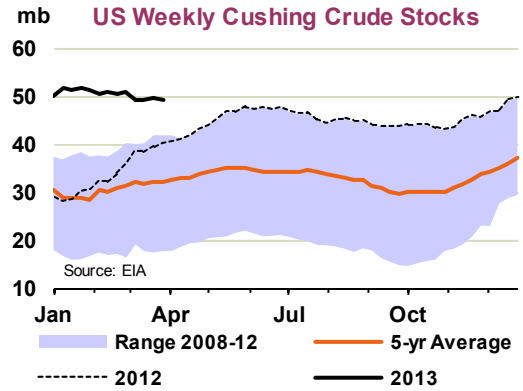




The world's two major oil price benchmark grades have shown diverging trading patterns in recent months. Geopolitical issues and European economic woes are exerting greater pressure on Brent. US WTI continues to reflect regional developments, including very high crude stock levels, transportation bottlenecks at the pivotal midcontinent region and record growth in Canadian and US domestic crude supply.

The structure of forward price spreads and differentials for benchmarks Brent and WTI has shifted, with a marked increase in North Sea crude loadings and a steady, albeit slow, increase in pipeline flows of crude from Cushing to the US Gulf Coast refining centre the catalysts for the change. North Sea supplies are forecast to trend higher following Total's restart of production from its Elgin-Franklin platform complex and higher and more consistent output from the UK's Buzzard field.



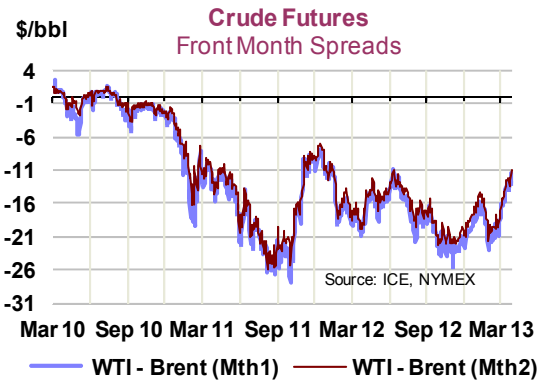


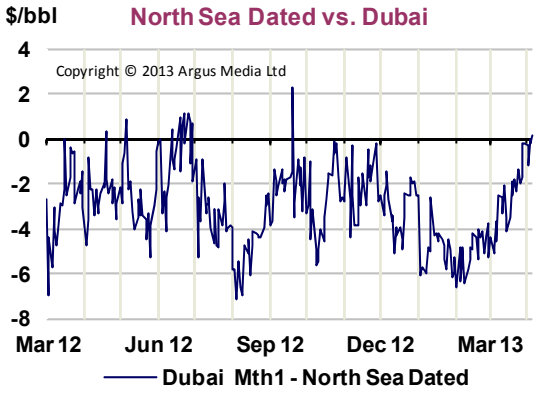
As a result, the price spread between WTI and Brent futures narrowed to the smallest discount since June 2012, closing at -$11.43/bbl on 5 April. That compares with average discounts of $16.58/bbl in March and $20.75/bbl in February.

In the US, the WTI M1-12 forward spread moved into backwardation on expectations that increased pipeline and rail capacity and the end of seasonal maintenance turnarounds would reduce surplus inventories at Cushing, which are currently hovering near record levels of around 50 mb. As a result, the WTI M1-M12 contract spread strengthened, to around $2.25/bbl in early April compared with $1.65/bbl in March and -$0.05/bbl on average in February. That compares with an average WTI M1-M12 contract spread of -$1.84/bbl in 2012.

In contrast, an increase in May loading schedules for the four North Sea crude streams that physically underpin the Brent futures contract was a factor in the narrowing of the backwardation in Brent prices. The Brent M1-12 contract averaged about $4.25/bbl in the first week of April compared with near $6/bbl in March and $7.85/bbl in February. Meanwhile, Dated Brent 's premium to Dubai hit a nine-month low

in early April and was actually traded at a $0.15/bbl premium on 5 April. The dramatic shift reflects higher North Sea supplies and relatively stronger demand for fuel oil rich Mideast grades linked to Dubai.





Despite the current price weakness, demand from refiners is expected to rebound sharply in coming months, from a low of 73.9 mb/d in March to 76 mb/d in June as the summer driving and cooling season gets underway.

Prompt Month Oil Futures Prices

(monthly and weekly averages, $/bbl)

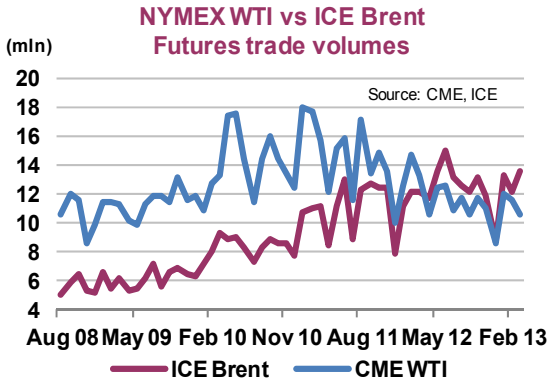
	Jan	Feb	Mar	Mar-Feb Avg Chg	% Chg	Week Commencing: 04 Mar	11 Mar	18 Mar	25 Mar	01 Apr
NYMEX										
Light Sweet Crude Oil	94.83	95.32	92.96	-2.36	-2.5	90.98	92.72	93.00	96.24	94.93
RBOB	118.73	127.48	131.03	3.55	2.7	131.86	132.30	129.56	130.14	124.48
No.2 Heating Oil	128.33	132.36	122.88	-9.48	-7.7	124.51	123.57	121.49	121.69	126.26
No.2 Heating Oil ($/mmbtu)	22.63	23.34	21.67	-1.67	-7.7	21.96	21.79	21.43	21.46	22.27
Henry Hub Natural Gas ($/mmbtu)	3.35	3.31	3.77	0.46	12.2	3.55	3.73	3.94	3.98	3.99
ICE										
Brent	112.32	116.07	109.54	-6.53	-6.0	110.95	109.53	108.16	109.31	107.87
Gasoil	128.71	133.80	122.65	-11.15	-9.1	124.19	123.23	121.03	121.78	121.59
Prompt Month Differentials										
NYMEX WTI - ICE Brent	-17.49	-20.75	-16.58	4.17		-19.97	-16.81	-15.16	-13.07	-12.94
NYMEX No.2 Heating Oil - WTI	33.50	37.04	29.92	-7.12		33.53	30.85	28.49	25.45	31.33
NYMEX RBOB - WTI	23.90	32.16	38.07	5.91		40.88	39.58	36.56	33.90	29.55
NYMEX 3-2-1 Crack (RBOB)	27.10	33.79	35.35	1.57		38.43	36.67	33.87	31.08	30.14
NYMEX No.2 - Natural Gas ($/mmbtu)	19.28	20.03	17.90	-2.13		18.41	18.06	17.49	17.48	18.28
ICE Gasoil - ICE Brent	16.39	17.73	13.11	-4.62		13.24	13.70	12.87	12.47	13.72

Source: ICE, NYMEX

Futures Markets

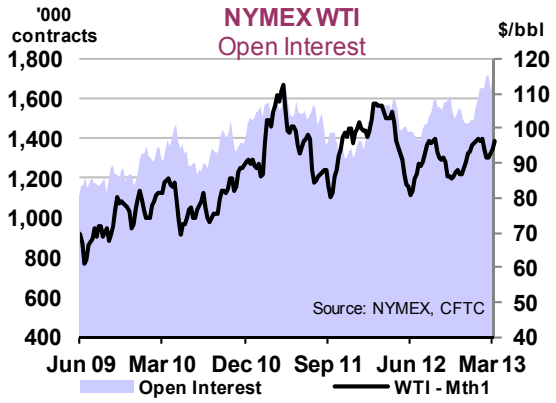
Activity Levels

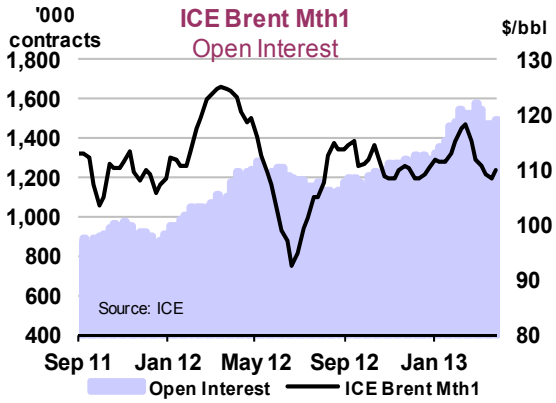
Market activity in NYMEX WTI and ICE Brent futures was up year-on-year on both exchanges between 26 February and 2 April, with open interest for ICE Brent in London posting a 27.4% increase year on year versus a more modest 10.4% rise for NYMEX WTI in New York over the period. On a monthly basis Brent open interest has been gaining on NYMEX volumes but the gains stalled last month, and indeed, the gap between the two benchmark grades widened for the latest period.



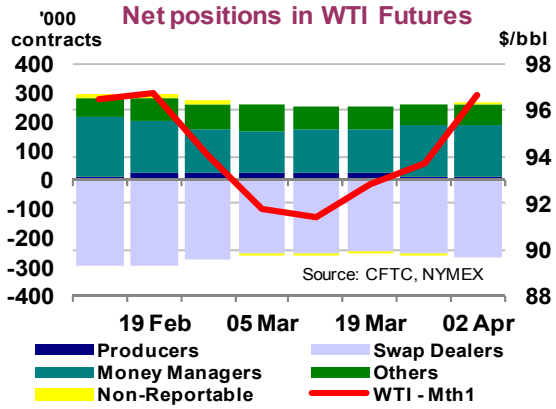
Trading volumes in futures contracts have been in line with previous trends, with NYMEX WTI down 21% y-o-y while ICE Brent posted a 12.4% y-o-y growth.

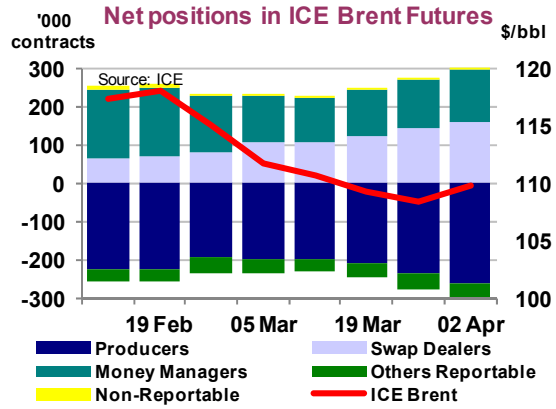
As WTI regained momentum from a 2013 low of around $91.75/bbl to slightly over $97/bbl in the beginning of April, money managers in NYMEX WTI have raised their net long exposure by 20.2%, back to mid-February levels in futures only contracts. Hedgers, which includes producers, merchants, and the processors and end user category, hereinafter labelled 'producers', have instead cut in half their net exposure, still on the net long side.





Conversely, hedge funds in London reduced their net long bets in ICE Brent with respect to 26 February levels over the reported period, following a steep downturn in ICE Brent futures. A modest recovery in weak North Sea Brent prices in the last week of March led hedge funds to mitigate the reduction in their overall net long futures positions. Offsetting swap dealers and money managers, the 'producers' category took a progressively shorter net position, notwithstanding the falling price, suggesting that hedgers had been expecting the price to fall further.





Positions on Light Sweet Crude Oil (WTI) Futures

Thousand Contracts

02 April 2013	Long	Short	Net	Long/Short	Δ Net from Prev. Week		Δ Net Vs Last Month	
Producers' Positions	295.1	286.8	8.2	*Long*	↓	-3.9	↓	-17.4
Swap Dealers' Positions	309.2	573.9	-264.7	*Short*	↓	-8.7	↑	9.2
Money Managers' Positions	572.4	391.6	180.8	*Long*	↑	4.9	↑	30.4
Others' Positions	467.9	399.8	68.1	*Long*	↓	-0.7	↓	-17.6
Non-Reportable Positions	87.3	79.7	7.6	*Long*	↑	8.3	↓	-4.6
Open Interest			**1731.9**		↑	38.2	↑	77.8

Source: CFTC

Positions on ICE Brent Crude Futures

Thousand Contracts

02 April 2013	Long	Short	Net	Long/Short	Δ Net from Prev. Week	Δ Net Vs Last Month
Producers' Positions	569.9	832.2	-262.4	*Short*	↓ -27.3	↓ -69.2
Swap Dealers' Positions	457.6	297.8	159.9	*Long*	↑ 13.6	↑ 78.0
Money Managers' Positions	309.3	172.4	136.9	*Long*	↑ 10.2	↓ -12.6
Others' Positions	114.9	157.3	-42.4	*Short*	↑ 0.0	↑ 1.1
Non-Reportable Positions	40.1	32.1	8.0	*Long*	↑ 3.5	↑ 2.7
Open Interest			**1491.8**		↑ 22.5	↓ -30.6

Source: ICE

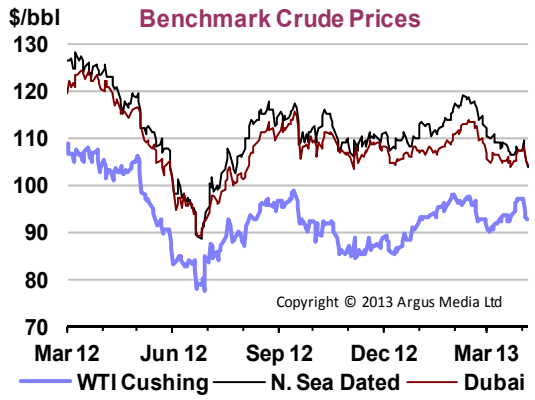
Financial Regulation

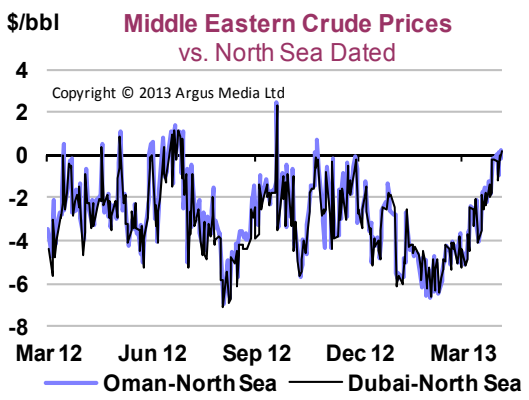
Some relevant financial rules following the financial reforms on both sides of the Atlantic came into force last month. On 11 March, the US Commodity Futures Trading Commission (CFTC) adopted mandatory central clearing for interest rates and credit default swaps. Importantly, such requirement does not apply to non-financial entities hedging their risks. New regulations went into effect 10 April for the US for derivatives end-users, notably including energy companies, that call for users to comply with Dodd-Frank Act regulations for record-keeping and reporting trades to swaps-data repositories.

In the EU, on 15 March the new European Market Infrastructure Regulations (EMIR) came into force. Drafted by the European Securities and Markets Authority (ESMA) the regulations became effective after the European Parliament and European Council adopted the technical specifications. The next step is for the European Commission to endorse the EMIR. The regulations involve central clearing for certain classes of over-the-counter (OTC) derivatives and data reporting to trade repositories. Central clearing counterparties have six months to apply for authorization by ESMA, which will in turn have up to six months to give approval, suggesting that the effective phase-in of EU derivative rules could be completed in 2014. Initial notifications regarding work to prepare for the clearing obligation will be issued on 15 April. Reporting for all asset classes, including energy derivatives, will begin on 1 January 2014.

Spot Crude Oil Prices

Spot oil prices for benchmark crudes cascaded lower in March but the level of decline varied across the different grades. Increased supplies of light crudes in Europe weighed on Brent while stronger demand for heavier Mideast crudes stemmed the decline in Dubai prices. Prices for WTI posted the smallest decline on increased flows out of the landlocked US Midcontinent.

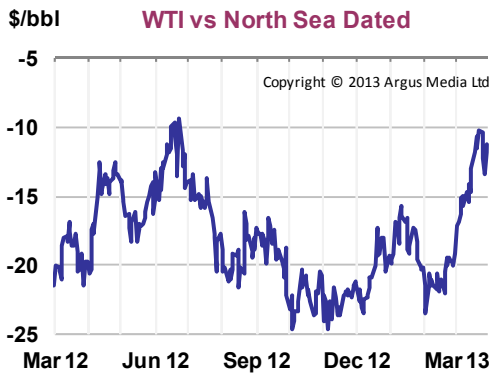


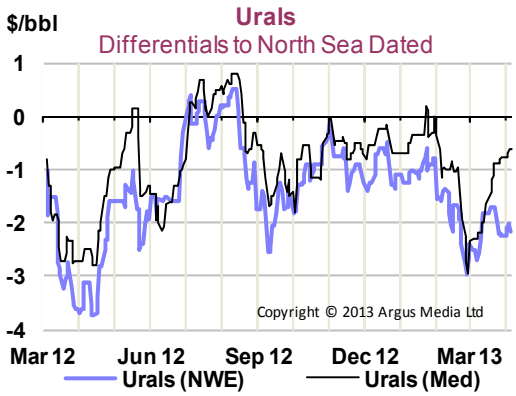


Rising supplies of North Sea crudes weighed on spot prices for Dated Brent, down by $7.86/bbl to $108.45/bbl on average in March. Spot prices for Dubai declined by around $5.60/bbl, to $105.54/bbl

ahead of the peak turnaround period in Asia (April). WTI spot prices posted the smallest decline as increased pipeline and rail capacity eased the transport bottleneck in the landlocked US midcontinent, off by $2.35/bbl to an average $92.91/bbl last month.

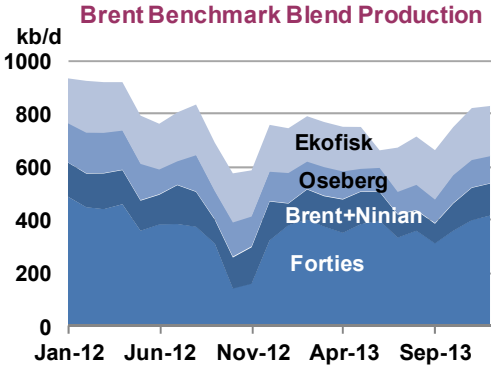
The shift towards more transport capacity in North America is behind the steady increase in WTI over March and into early April as the glut of crude depressing prices in the Midcontinent is reduced. The end of refining maintenance is also supporting prices relative to other benchmark grades. Roughly 1.2 mb/d of pipeline capacity and 600 kb/d of rail capacity is expected to come online this year. Relatively stronger WTI prices to weaker Dated Brent saw the price differential for the two crudes narrow sharply, to around $11.65/bbl in early April compared with $15.55/bbl in March and $21.04/bbl in February.

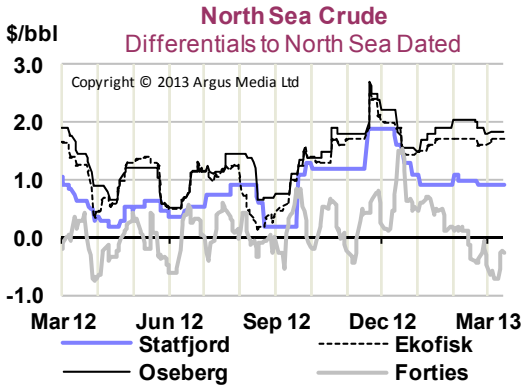




In Europe, increased North Sea output, higher Russian exports and surplus African crudes backed out of the US market all weighed on spot prices in March. However, the price differential between Urals and Brent strengthened in Mediterranean markets on increased demand as refiners prepared to come out of turnaround. Urals was trading at a $0.65/bbl discount to Brent in early April compared with a steeper -$1.64/bbl in March and -$1.37/bbl in February.

After a volatile two years which saw persistent disruptions in North Sea supplies and hence upward price pressure on the benchmark crude, upcoming changes in the Brent contract may provide a more stable foundation. After months of discussion, an agreement was reached on the introduction of quality premiums to the underlying BFOE contract that are aimed at increasing liquidity in the Brent market, arguably the industry's global oil benchmark.

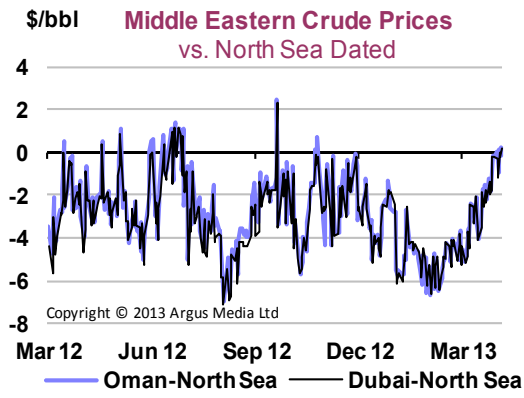




The Brent price is currently based on four different North Sea crudes of varying quality - Brent, Forties, Oseberg and Ekofisk (BFOE). Sellers normally deliver Forties as this is the usually the cheapest of the four crudes. However, production of Forties has been on the decline, leading to speculation that the increasingly shrinking market is subject to manipulation. The introduction of quality premiums aims to

give sellers some price incentive to deliver Oseberg and Ekofisk which it is hoped will increase the overall number of BFOE cargoes in play and reduce price volatility. The introduction of quality premiums will be effective from June 2013.

In Asia, relatively strong fuel oil cracks have increased demand for heavier Middle East crudes, which have supported Dubai prices and helped narrow the differential to relatively weaker Brent. The Dubai-Brent discount narrowed sharply over the past six weeks, to just -$0.15/bbl in early April compared with -$2.90/bbl on average in March and -$5.18/bbl in February.



Spot Crude Oil Prices and Differentials

(monthly and weekly averages, $/bbl)

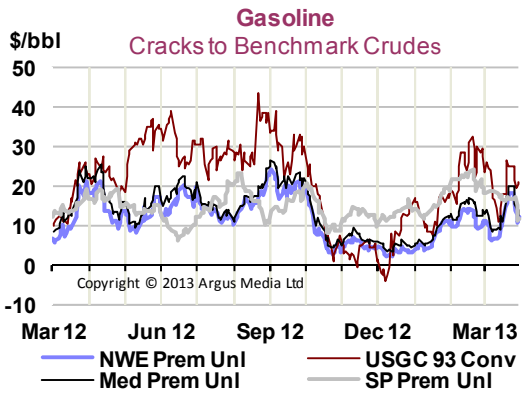
	Jan	Feb	Mar	Mar-Feb Avg Chg	%	Week Commencing: 04 Mar	11 Mar	18 Mar	25 Mar	01 Apr
Crudes										
North Sea Dated	112.97	116.31	108.45	-7.86	-6.8	110.15	108.53	107.29	107.24	106.57
Brent (Asia) Mth 1	112.65	116.54	109.68	-6.86	-5.9	111.07	109.79	108.55	108.72	109.00
WTI (Cushing) Mth 1	94.73	95.26	92.91	-2.35	-2.5	90.98	92.72	92.88	96.18	94.93
Urals (Mediterranean)	112.64	114.94	106.81	-8.12	-7.1	107.87	106.63	106.07	106.40	105.91
Dubai	107.94	111.13	105.54	-5.59	-5.0	106.01	105.40	104.87	105.94	106.42
Tapis (Dated)	118.43	121.86	115.05	-6.81	-5.6	116.90	115.22	113.70	113.76	113.96
Differential to North Sea Dated										
WTI (Cushing)	-18.23	-21.04	-15.53	5.51		-19.17	-15.81	-14.41	-11.06	-11.63
Urals (Mediterranean)	-0.33	-1.37	-1.64	-0.26		-2.28	-1.90	-1.22	-0.84	-0.66
Dubai	-5.03	-5.18	-2.90	2.27		-4.14	-3.13	-2.42	-1.30	-0.15
Tapis (Dated)	5.46	5.55	6.60	1.06		6.75	6.69	6.41	6.53	7.40
Prompt Month Differential										
Forward Cash Brent Mth1-Mth2	0.84	0.71	0.32	-0.39		0.81	0.37	0.09	-0.14	0.05
Forward WTI Cushing Mth1-Mth2	-0.48	-0.49	-0.38	0.11		-0.47	-0.38	-0.38	-0.26	-0.31
Forward Dubai Mth1-Mth2	0.72	-0.11	0.05	0.16		0.11	-0.06	0.07	0.09	0.89

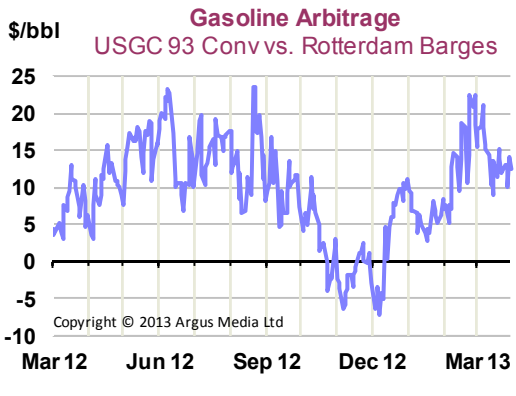
Copyright © 2013 Argus Media Ltd - All rights reserved

Spot Product Prices

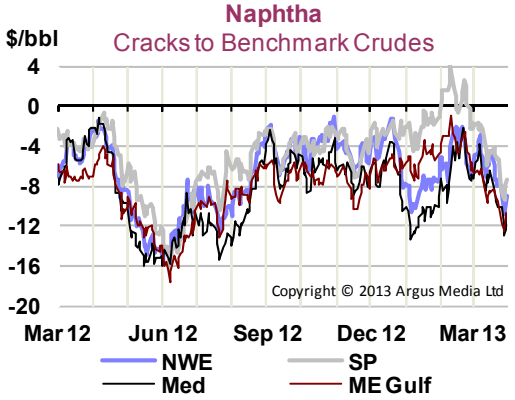
Refined product crack spreads in March weakened for the light end of the barrel while stronger demand and low inventory levels, especially in Asia, supported fuel oil differentials. Cracks were also under pressure as refineries returned from maintenance in the US and product supplies increased.

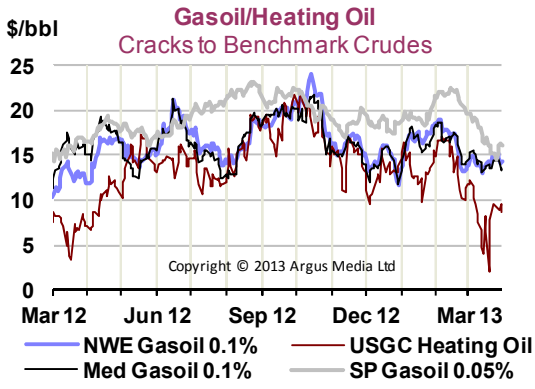
Although **gasoline** crack spreads in March were generally down from the previous month, differentials were still relatively firm compared to the last few months. On the US Gulf Coast, stronger gasoline crack spreads proved to be the exception, rising by almost $2/bbl to near $9/bbl. US refiners are in the middle of switching to summer grade fuel, lending further support to crack spreads. Gasoline cracks in Europe were down about $1.50-$1.75/bbl in March, to $10.35/bbl in Rotterdam and $12.66/bbl in the Mediterranean. Albeit down from February's exceptional levels, Europe's crack spreads were, in part, supported by the open arbitrage to the US. In Asia, unplanned refinery outages and ongoing maintenance stemmed the decline, with gasoline cracks in Singapore down $3.25/bbl but still a robust $18.55/bbl.



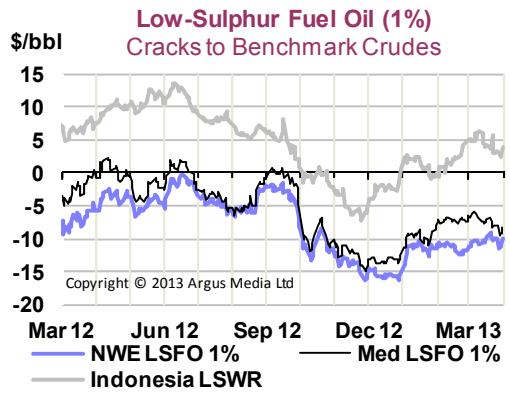


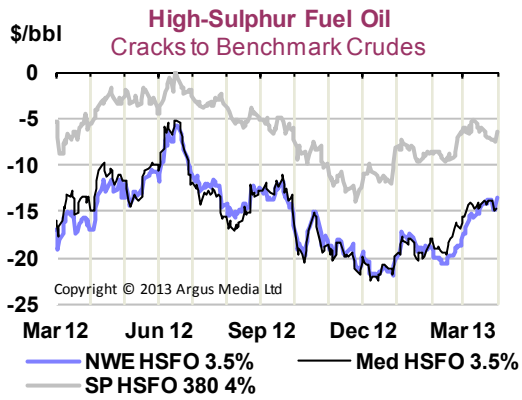
Naphtha crack spreads were down month-on-month in Europe and Asia. In Asia, naphtha cracks fell to their lowest range in several months due to reduced demand from the petrochemical sector as many of the facilities in Asia and the Middle East started spring maintenance. Also, naphtha prices were also partly affected rising volumes of US LPG exports and associated lower cost LPG, a relatively cheaper feedstock substitution at petrochemical plants.





Gasoil crack spreads fell across all regions as seasonal winter demand for heating oil faded in the Northern Hemisphere. The magnitude of the drop in European crack spreads surprised to the downside given much colder-than-normal weather. Weaker Asian gasoil cracks were partly due to heavy flooding in East Asia and Indonesia. Fuel substitution with natural gas also pressured gasoil. However, jet/kerosene crack spreads posted the biggest declines compared to other products in March. Seasonal weakness pressured the spread, though the downward decline eased at the end of March.





Fuel oil crack spreads improved in March but were still largely in negative territory. In Singapore cracks strengthened on reduced fuel oil imports from Middle East due to heavy refinery maintenance in the region and a sharper than expected drawdown in stocks. In addition, China's demand for fuel oil has

reportedly risen. The arbitrage opportunity for fuel oil export from Europe to Asia was mostly open, resulting in firm crack spread in Europe.

Spot Product Prices

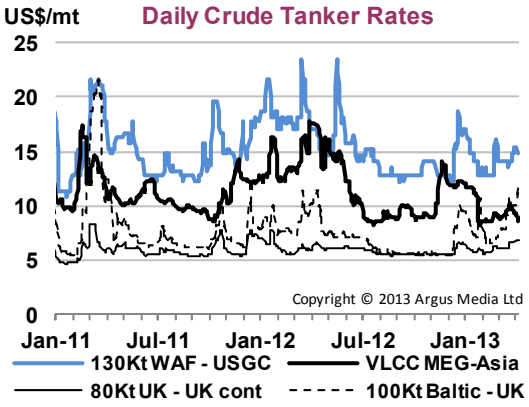
(monthly and weekly averages, $/bbl)

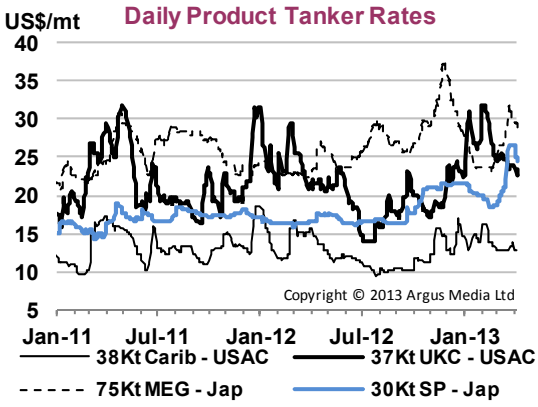
	Jan	Feb	Mar	Mar-Feb Chg	Mar-Feb %	Week Commencing: 04 Mar	11 Mar	18 Mar	25 Mar	01 Apr	Jan	Feb	Mar
Rotterdam, Barges FOB											**Differential to Dated Brent**		
Premium Unl 10 ppm	118.81	128.43	118.80	-9.63	-7.5	120.65	115.95	115.73	123.66	119.19	5.84	12.12	10.35
Naphtha	104.74	111.57	102.67	-8.90	-8.0	103.84	104.27	101.64	100.06	96.62	-8.22	-4.73	-5.77
Jet/Kerosene	130.35	135.23	124.15	-11.08	-8.2	127.17	125.00	121.45	121.92	121.46	17.38	18.92	15.70
ULSD 10ppm	130.82	135.66	126.03	-9.64	-7.1	127.53	126.78	124.09	125.34	124.53	17.85	19.35	17.58
Gasoil 0.1%	128.85	133.64	122.40	-11.23	-8.4	124.04	122.86	120.84	121.51	121.13	15.89	17.33	13.96
LSFO 1%	100.79	104.97	97.93	-7.04	-6.7	98.86	98.16	97.02	97.48	95.67	-12.18	-11.33	-10.52
HSFO 3.5%	94.16	96.64	92.65	-3.99	-4.1	92.46	92.90	92.38	93.23	92.16	-18.80	-19.67	-15.80
Mediterranean, FOB Cargoes											**Differential to Urals**		
Premium Unl 10 ppm	119.56	129.10	119.48	-9.62	-7.5	121.27	116.58	116.40	124.49	120.08	6.93	14.16	12.66
Naphtha	101.67	108.57	99.83	-8.74	-8.1	100.99	101.43	98.79	97.21	93.87	-10.96	-6.37	-6.98
Jet Aviation fuel	128.86	133.85	122.91	-10.94	-8.2	125.97	123.79	120.18	120.62	120.18	16.22	18.91	16.10
ULSD 10ppm	130.24	134.51	125.20	-9.30	-6.9	127.20	126.12	123.35	123.50	122.71	17.60	19.57	18.39
Gasoil 0.1%	128.39	132.01	121.04	-10.97	-8.3	122.37	121.49	119.67	120.33	119.85	15.75	17.08	14.23
LSFO 1%	102.28	107.53	99.78	-7.75	-7.2	101.09	100.15	98.69	98.78	96.83	-10.36	-7.41	-7.03
HSFO 3.5%	93.41	96.55	92.04	-4.50	-4.7	92.04	92.32	91.70	92.36	91.11	-19.23	-18.39	-14.77
US Gulf, FOB Pipeline											**Differential to LLS**		
Super Unleaded	125.75	138.96	134.73	-4.23	-3.0	139.61	133.60	127.83	136.79	133.13	13.26	22.69	21.70
Unleaded	112.22	123.30	122.02	-1.29	-1.0	121.09	123.24	120.31	124.06	118.95	-0.27	7.04	8.99
Jet/Kerosene	129.99	134.97	124.48	-10.49	-7.8	126.22	125.62	122.02	123.49	124.62	17.50	18.70	11.46
ULSD 10ppm	127.94	134.42	126.43	-8.00	-5.9	127.96	126.77	124.67	126.19	126.59	15.45	18.16	13.40
No. 6 3%*	96.55	98.92	95.76	-3.16	-3.2	95.96	96.10	95.39	95.86	94.61	-15.94	-17.34	-17.27
Singapore, FOB Cargoes											**Differential to Dubai**		
Premium Unleaded	122.68	132.92	124.08	-8.84	-6.6	125.88	124.31	122.52	122.94	120.98	14.74	21.78	18.54
Naphtha	105.72	111.82	102.39	-9.42	-8.4	104.35	103.30	99.92	101.04	98.06	-2.21	0.68	-3.15
Jet/Kerosene	128.18	133.72	123.53	-10.19	-7.6	125.84	124.41	121.75	121.01	121.93	20.24	22.59	17.98
Gasoil 0.05%	126.98	132.74	123.61	-9.14	-6.9	125.76	124.25	121.92	121.55	122.06	19.04	21.61	18.06
LSWR Cracked	109.12	112.50	110.37	-2.12	-1.9	110.95	111.12	109.41	109.99	109.45	1.18	1.36	4.83
HSFO 180 CST	99.82	102.68	100.29	-2.39	-2.3	100.35	101.06	99.99	99.92	99.87	-8.12	-8.46	-5.26
HSFO 380 CST 4%	99.24	102.25	99.27	-2.98	-2.9	99.69	99.50	98.86	99.09	99.20	-8.69	-8.88	-6.28

Copyright © 2013 Argus Media Ltd - All rights reserved *Waterborne

Freight

Despite stronger demand for Middle Eastern crudes from Asian refiners exiting turnarounds, rates on the benchmark VLCC Middle East Gulf – Asia route remained range bound between $8/mt and $10/mt throughout March as oversupply in the tonnage pool weighed heavily. Suezmax markets fared little better but sustained fixings ahead of the Easter holidays for cargoes into Europe did lift rates on trades out of West Africa as tonnage tightened. Consequently, the benchmark West Africa – US Gulf Coast trade strengthened to a high of over $15/mt on 28 March. However, as has so often been the case recently, rates were on the slide by early-April.





In Northwest European Aframax markets the picture was mixed. Trades out of Russian ports Ust Luga and Primorsk experienced ice-related firming while rates for trades out of North Sea terminals remained depressed. The benchmark Aframax Baltic – UK trade surged to a high of $12/mt at the time of writing after late-season thick sea ice in the Baltic delayed vessels. Consequently, the pool of suitable and available vessels dwindled which makes further strengthening likely. Conversely, the tonnage pool in the North Sea was swollen by vessels unsuitable to visit Baltic ports competing for North Sea cargoes.

Rates for clean product tankers experienced a mixed bag during March. Trades into Asia continued to strengthen throughout the first half of the month led by increased naphtha demand in Japan and Korea which was largely supplied by Middle Eastern refiners returning from maintenance. However, by mid-month naphtha cracks had weakened and thus demand tapered off. Accordingly, rates on the Middle East Gulf – Japan route breached $32/mt on 21 March before falling back to below $29/mt by early-April. In the Atlantic Basin the picture was more sombre. In response to falling import demand on the US Atlantic Coast, the benchmark transatlantic gasoline trade between the UK and US Atlantic Coast weakened steadily over the month so that by early April rates stood at under $24/mt.

REFINING

Summary

- **Global refinery crude throughput estimates for 1Q13 have been revised slightly higher** since last month's *Report*, mainly on higher-than-expected February crude runs in Europe, supported by stronger than usual gasoline crack spreads in the Atlantic basin for that time of year.

- **European refiners started turnarounds in March in the wake of heavy maintenance in the US in January and February**. Refiners in Asia, FSU and the Middle East were expected to follow suit. Overall off-line capacity is expected to peak in April at around 6.8 mb/d.

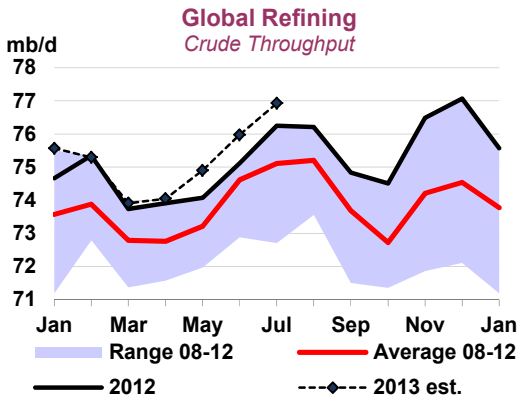
- **The estimate of non-OECD crude runs for 1Q13 has been reduced by 160 kb/d to 38.6 mb/d**, as downwards revisions for Venezuela more than offset upward adjustments across Asia. A heavy maintenance plan in Asia looks set to curtail global crude demand until the end of the first quarter. Crude demand is expected to rebound in June and July, led by increased crude runs in North Africa and Latin America and the commissioning of new capacity in China.

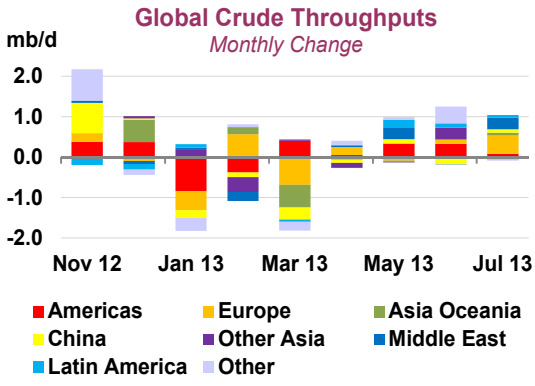
- **Despite seasonal plant maintenance in Europe, FSU and Asia, refining margins dropped in March in the three major regions on the back of weak product demand**. Heavy refinery maintenance peaking in April is expected to restore cracks and margins to more comfortable levels in the coming months, however.

Global Refinery Overview

The assessment of global throughput for 1Q13 has been revised marginally upwards, to an average 74.9 mb/d, on higher-than-expected February crude runs in Europe, when a spike in gasoline cracks led those refineries that were not undergoing maintenance to boost throughputs. As the peak maintenance season unwinds in the US, European refiners will start turnaround operations, followed in turn by refineries in Asia and the FSU.

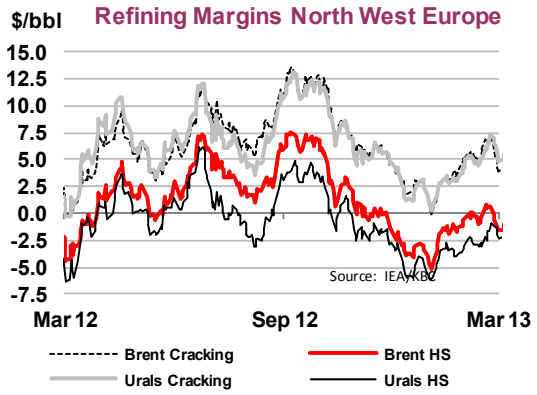
Overall, global refinery maintenance is projected to peak in April, when a total of 6.8 mb/d of capacity is expected to be offline, including about one-third of Asian refining capacity. Crude runs are forecast to increase steadily in the second quarter to reach 76.9 mb/d in July, thanks to rebounding utilisation rates at North African and Latin American refineries and the start-up of new capacity in China.

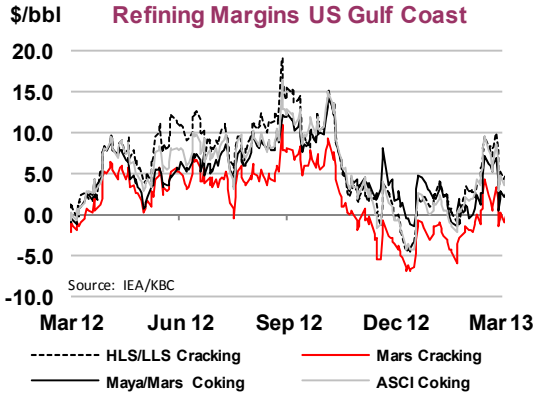




Refining margins weakened across the board in March, with cracking margins down by $1.23/bbl in Europe (on Brent), $1.15-2.12/bbl in the US Gulf Coast and $1.86-2.12/bbl in Singapore (hydro-cracking). A drop in product prices led the decline in margins, while a relative strengthening in US crude prices (particularly LLS) also contributed.

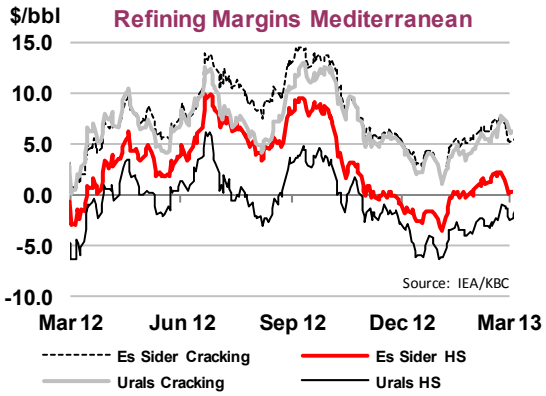
The unwinding of an exceptionally heavy and early refining maintenance program in PADD 1 (the East Coast) and PADD 3 (the Gulf Coast) was a leading factor behind the decline in US margins in March. Gulf Coast margins plummeted on increased refinery operating rates, including the restart of Motiva's Port Arthur refinery. Weak domestic demand and a drop in exports helped keep product crack spreads under downward pressure. Yet refining margins fell even more steeply in PADD 2 (the Midwest), despite the fact that local refineries were still undergoing maintenance. In that case, weaker margins resulted from stronger relative prices for local crude grades, as crude inventories fell at Cushing and more crude moved out of the area. Cracks for unleaded gasoline fared comparatively well, consistent with an improvement in unemployment statistics in February. In contrast, continued weakness in the industrial recovery kept diesel cracks depressed. Jet fuel cracks posted the largest drop while fuel oil cracks remained unchanged.

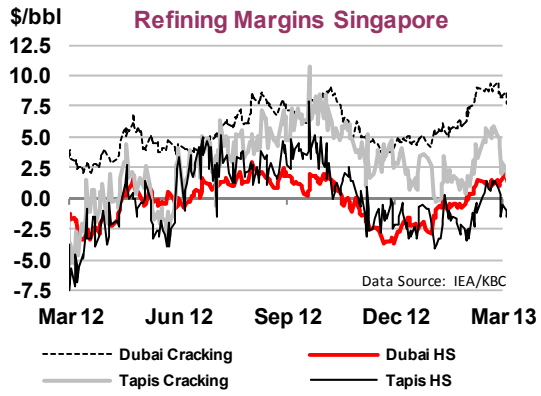




In Europe, despite refineries entering spring maintenance, March margins dropped on weak product prices. Gasoline cracks weakened as a narrowing arbitrage to the US reduced export demand. Despite large amounts of naphtha heading to Asia, cracks narrowed as weak petrochemical margins reduced demand and petrochemical crackers either shut down or switched to cheaper propane.

Despite colder-than-normal weather, 0.1%-sulphur gasoil cracks took a big hit, which could suggest a large pull on tertiary stocks. Diesel cracks also narrowed on the back of weak economic activity. In contrast, fuel oil cracks improved. Complex margins in Europe rebounded by the end of March, however, likely reflecting the impact of heavy refinery maintenance, which was due to peak in April, when 1.3 mb/d of capacity was expected to be off-line.





In Asia, although refineries started maintenance operations, crack spreads for the major products weakened due to warm weather, maintenance at petrochemical crackers and a narrow middle-distillate arbitrage window to the west. As in Europe, fuel cracks bucked the trend, supported by shipping delays and reduced arbitrage opportunities from the West into Singapore.

IEA/KBC Global Indicator Refining Margins[1]

($/bbl)

	Monthly Average				Change	Average for week ending:				
	Dec 12	Jan 13	Feb 13	Mar 13	Mar 13-Feb 13	01 Mar	08 Mar	15 Mar	22 Mar	29 Mar
NW Europe										
Brent (Cracking)	2.73	2.96	5.64	4.41	-1.23	4.93	4.42	3.79	3.48	6.44
Urals (Cracking)	2.52	2.72	5.62	5.39	-0.23	5.94	5.50	4.76	4.43	7.43
Brent (Hydroskimming)	-3.05	-2.12	-0.21	-0.77	-0.56	-0.97	-1.03	-1.03	-1.27	0.71
Urals (Hydroskimming)	-4.68	-3.96	-2.21	-1.10	1.11	-1.62	-1.47	-1.35	-1.55	0.53
Mediterranean										
Es Sider (Cracking)	3.88	4.60	6.66	5.43	-1.23	6.00	5.67	5.38	4.47	6.45
Urals (Cracking)	3.30	3.63	6.22	5.87	-0.34	6.97	6.52	6.21	4.74	6.02
Es Sider (Hydroskimming)	-1.92	-0.57	1.44	0.67	-0.78	0.75	0.70	0.65	-0.02	1.60
Urals (Hydroskimming)	-5.56	-4.73	-2.70	-1.71	0.99	-1.64	-1.63	-1.37	-2.35	-1.32
US Gulf Coast										
50/50 HLS/LLS (Cracking)	-0.89	1.86	5.75	3.64	-2.12	6.39	5.16	3.72	1.42	3.99
Mars (Cracking)	-4.09	-2.62	0.45	-0.91	-1.36	0.74	0.22	-0.59	-3.13	-0.23
ASCI (Cracking)	-4.69	-3.17	-0.03	-1.18	-1.15	0.34	0.17	-0.93	-3.48	-0.59
50/50 HLS/LLS (Coking)	-0.33	2.66	7.28	5.22	-2.06	7.93	6.73	5.38	2.90	5.65
50/50 Maya/Mars (Coking)	1.65	1.41	3.13	1.26	-1.87	3.31	2.64	1.39	-0.54	1.19
ASCI (Coking)	-1.16	0.68	5.14	3.16	-1.97	5.45	4.78	3.38	0.53	3.78
US Midcon										
WTI (Cracking)	18.39	15.11	27.88	26.08	-1.79	27.42	26.01	25.71	27.49	25.52
30/70 WCS/Bakken (Cracking)	25.14	22.79	29.90	25.71	-4.19	29.38	26.92	25.49	26.15	23.96
Bakken (Cracking)	21.41	18.67	29.75	26.19	-3.57	29.03	26.21	25.78	27.12	26.20
WTI (Coking)	19.13	15.75	29.77	28.06	-1.71	29.21	27.77	27.68	29.56	27.77
30/70 WCS/Bakken (Coking)	27.18	24.30	33.18	28.49	-4.69	32.51	29.67	28.13	28.87	27.03
Bakken (Coking)	21.31	18.51	30.21	26.76	-3.45	29.46	26.65	26.35	27.77	26.93
Singapore										
Dubai (Hydroskimming)	-2.31	-0.62	1.12	0.49	-0.63	1.35	1.34	1.08	0.02	-0.99
Tapis (Hydroskimming)	-1.88	-2.37	-0.11	-0.62	-0.52	-0.06	-0.84	-0.16	-0.73	-0.81
Dubai (Hydrocracking)	4.63	5.81	8.60	6.48	-2.12	8.62	7.72	7.14	5.72	4.62
Tapis (Hydrocracking)	2.40	1.17	4.18	2.32	-1.86	3.80	2.37	2.72	2.10	1.88

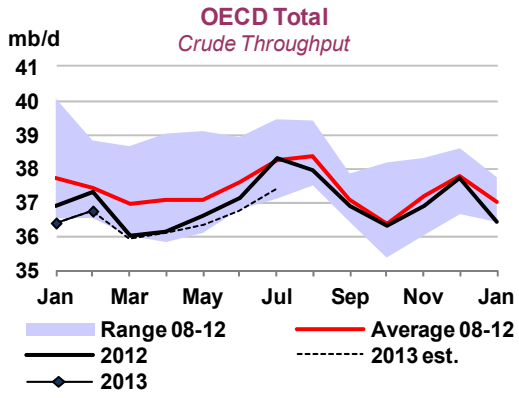
1 Global Indicator Refining Margins are calculated for various complexity configurations, each optimised for processing the specific crude(s) in a specific refining centre. Margins include energy cost, but exclude other variable costs, depreciation and amortisation. Consequently, reported margins should be taken as an indication, or proxy, of changes in profitability for a given refining centre. No attempt is made to model or otherwise comment upon the relative economics of specific refineries running individual crude slates and producing custom product sales, nor are these calculations intended to infer the marginal values of crude for pricing purposes.

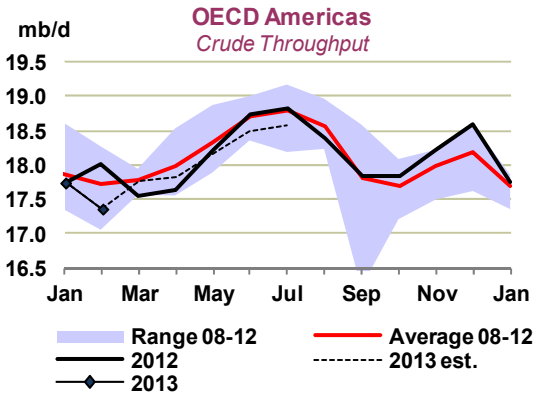
Source: IEA, KBC Advanced Technologies (KBC)

OECD Refinery Throughput

Before they dropped in March, February OECD refinery crude throughputs rose by 350 kb/d, to 36.8 mb/d. Europe led the increase, spurred by relatively strong margins, while OECD Americas runs fell by 380 kb/d on heavy maintenance in the US and Canada. OECD Asia Pacific runs increased by more than 2.3% as Japan refiners keep on maximising production to benefit as much as possible from the shutdown of nuclear capacity.

OECD crude runs are expected to dip by 845 kb/d to 35.9 mb/d in March, when most European maintenance is set to take place. Crude runs are also forecast to decline in OECD Asia Oceania, led by South Korea, which has already started reducing its crude imports in view of a heavy maintenance season peaking in April.





OECD Americas crude runs fell by 380 kb/d in February, as dips in Canada compounded the impact of persistently lower US runs. US throughputs dipped to around 14.3 mb/d in February, cutting plant utilisation rates down to 84%. Maintenance operations peaked in January with more than 2.0 mb/d of capacity offline, but 1.7 mb/d were still reported offline in February. Preliminary data for March show a progressive return of US crude throughput, mainly in PADD 1 and PADD 3. Refinery runs in PADD 5 continue to be constrained by Chevron's Richmond California refinery outage since a fire damaged a crude distillation unit last August. At the time of writing, the refinery has reportedly been cleared to resume full operations in early April.

With the end of the maintenance season, the restart of Motiva's 200 kb/d Port Arthur crude distillation and Richmond refinery, we expect 2Q13 US crude runs to average 15.1 mb/d.

Global Refinery Crude Throughput[1 2]

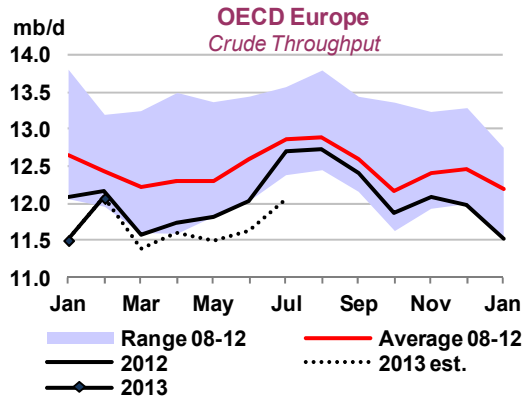
(million barrels per day)

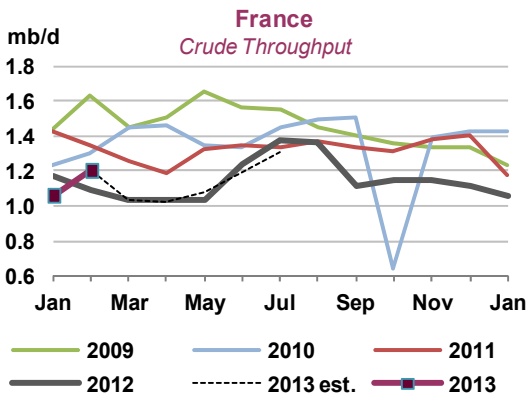
	Dec 12	**4Q2012**	Jan 13	Feb 13	Mar 13	**1Q2013**	Apr 13	May 13	Jun 13	**2Q2013**	Jul 13
Americas	18.6	**18.2**	**17.8**	17.4	17.8	**17.6**	17.8	18.2	18.5	**18.2**	18.6
Europe	12.0	**12.0**	**11.5**	12.1	11.4	**11.6**	11.6	11.5	11.6	**11.6**	12.1
Asia Oceania	7.1	**6.8**	**7.2**	7.3	6.8	**7.1**	6.7	6.7	6.7	**6.7**	6.7
Total OECD	**37.7**	**37.0**	**36.4**	**36.8**	**35.9**	**36.4**	36.1	36.3	36.8	**36.4**	37.4
FSU	6.9	**6.7**	**6.8**	6.8	6.6	**6.7**	6.4	6.6	6.8	**6.6**	6.8
Non-OECD Europe	0.5	**0.5**	**0.5**	0.4	0.4	**0.4**	0.5	0.5	0.5	**0.5**	0.5
China	10.2	**9.9**	**10.0**	9.9	9.6	**9.8**	9.5	9.6	9.4	**9.5**	9.5
Other Asia	9.7	**9.6**	**9.8**	9.5	9.5	**9.6**	9.4	9.4	9.7	**9.5**	9.6
Latin America	4.3	**4.5**	**4.4**	4.4	4.4	**4.4**	4.4	4.6	4.7	**4.5**	4.7
Middle East	5.7	**5.7**	**5.7**	5.5	5.5	**5.6**	5.5	5.8	5.8	**5.7**	6.1
Africa	2.2	**2.2**	**2.0**	2.1	2.1	**2.1**	2.2	2.2	2.4	**2.3**	2.3
Total Non-OECD	39.4	**39.1**	39.1	38.5	38.0	**38.6**	37.9	38.6	39.2	**38.6**	39.6
Total	**77.1**	**76.0**	**75.6**	**75.3**	**73.9**	**74.9**	**74.1**	**74.9**	**76.0**	**75.0**	**76.9**

1 Preliminary and estimated runs based on capacity, know n outages, economic run cuts and global demand forecast

2 From the report dated 10 August, 2012 OECD Americas include Chile and OECD Asia Oceania includes Israel.

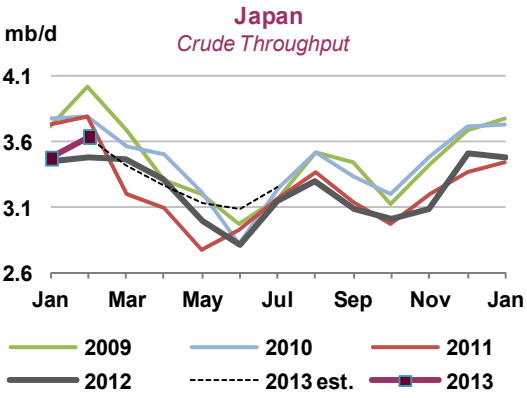
OECD European crude runs surged 5% in February to 12.1 mb/d, as unseasonably high gasoline crack spreads in the Atlantic Basin encouraged higher refining activity. French, Italian and Dutch refineries that were not undergoing maintenance lifted their throughputs. In aggregate, French runs jumped by 13% on the month, while those in Italy gained 12% and 5% in the Netherlands. Crude intake is expected to fall to around 11.5 mb/d in May, following the full closure of Shell's Hamburg refinery and refinery downtime for maintenance.

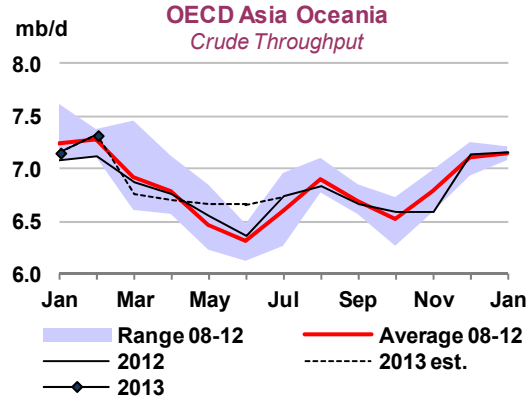




In France, following Egyptian group Arabiyya Lel Istithmaraat's decision to withdraw its bid for Petroplus' Petite Couronne refinery, two new proposals were presented by Dubai-based Netoil and Libyan company Murzuk Oil and deemed valid by the plant's legal administrators.

Crude intake at **OECD Asia Oceania** refineries averaged 7.3 mb/d in February, close to the last record of February 2011. Crude oil processing increased by 5% in Japan and should remain above 3.0 mb/d as few turnarounds have been scheduled in the first half of this year.

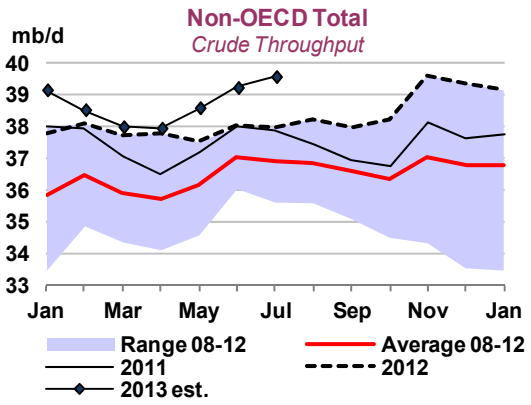


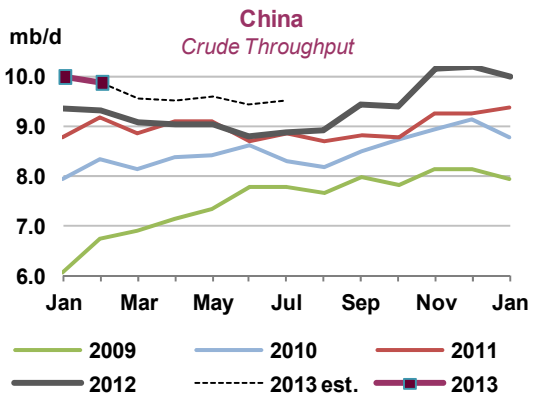


After restructuring its refining industry, Japan is progressively streamlining its petrochemicals industry. Japan's basic chemical and petrochemical industry has embarked on its own set of measures, mainly centred on downsizing and optimising operations for the moment. Recently, Mitsubishi Chemical and Sumitomo Chemical have announced the permanent closure of a steam cracker at the Kashima and Chiba complexes, respectively. Further capacity closures and restructuring are expected in order for the industry to remain competitive. Crude runs in the OECD Asia Oceania region were also boosted by record high levels in Israel, following the completion of the expansion of Paz Oil's Ashod refinery at the end of 2012.

Non-OECD Refinery Throughput

The Non-OECD crude run estimate for 1Q13 has been revised down by 160 kb/d since last month's report, to 38.5 mb/d, as downwards revisions for Venezuela more than offset upward adjustments in Asia. Non-OECD refinery intake in 2Q13 is expected to remain constrained by heavy seasonal maintenance operations from March to May, peaking in most regions in April. Crude runs should recover in June with the restart of Libya's Ras Lanuf refinery, a recovery in Algerian runs and progressive improvement in Venezuela's Amuay refinery. Support will come also from new capacity coming on stream in China.

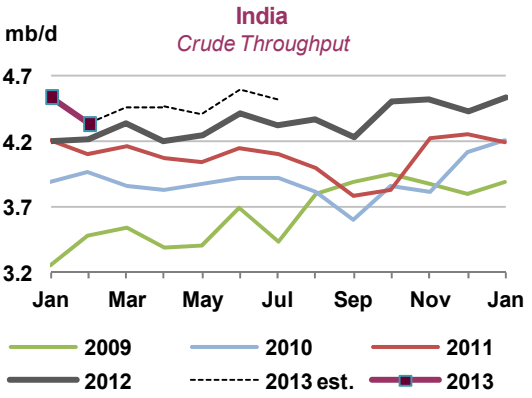


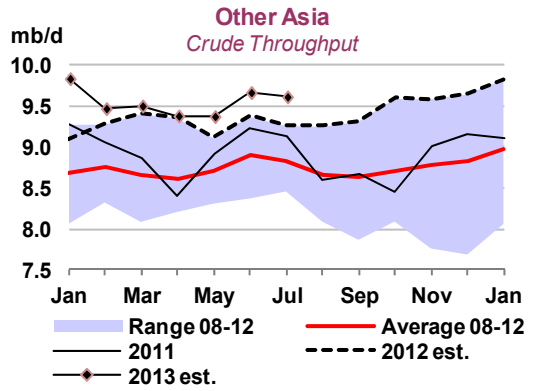


China processed about 9.87 mb/d in February, up 6% from the same period last year, a growth due in part to the commissioning of Sinopec's new Maoming refinery last November. The plant started operating at full rates earlier this year.

The Chinese maintenance season is set to peak in April with about 900 kb/d of refining capacity offline. Petrochina's Guangxi, Qinzhou and Liaoyang refineries and Sinopec's Guangzhou and Qilu refineries are among the major plants scheduled for planned maintenance during this month.

Maintenance shutdowns and weak refining margins should pressure China crude runs in 2Q13 despite new capacity coming online during this period. Petrochina has just completed a crude pipeline to supply its new 200 kb/d Pengzhou refinery, which should start trial runs in April. From 3Q13 onwards, refining activity should rebound with the gradual ramp up of new capacity. Over the third quarter, Sinopec's 240 kb/d Quanzhou refinery is expected to start operating and by the end of the year, Sinopec's 160 kb/d Yanzi refinery expansion and CNOOC's 140 kb/d Zhejiang expansion are projected to come online.

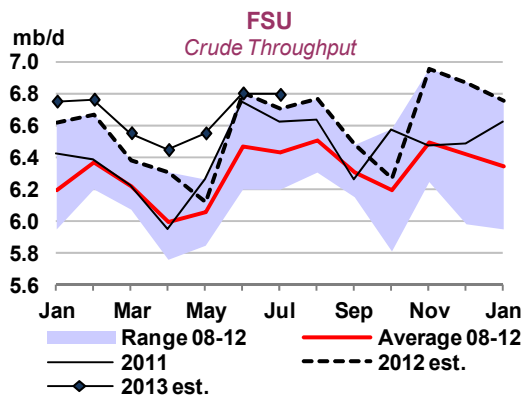


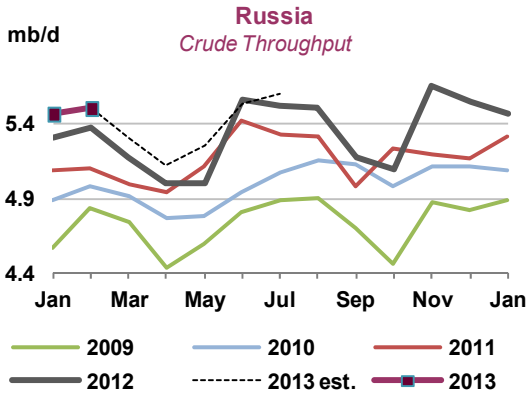


Other Asia crude runs reached 9.8 mb/d in January, on the back of strong data in India, Singapore and Indonesia. Indian crude runs reached a record high of 4.5 mb/d as planned maintenance at Reliance's refinery was postponed. Preliminary data for February show a 5% reduction in crude runs to 4.3 mb/d.

A proposal by India's Ministry of Finance to change the formula used to price petroleum products at the refinery gate is raising concern among India's private refiners. Currently, prices are calculated using a weighted average of the import parity price and export parity price in a 80:20 ratio. In an effort to cut the government's oil subsidy burden, the finance ministry has proposed a 100% export parity pricing mechanism. If adopted, this new formula would cut refining margins and make it less attractive for private refiners to sell products in the domestic market.

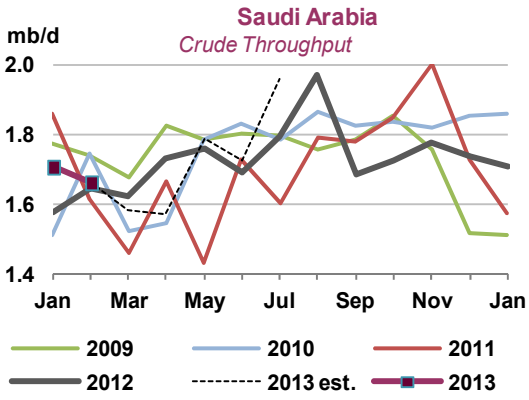
Regional crude runs are forecast to bottom out in April-May to 9.4 mb/d, as Taiwan's 540 kb/d Mailiao refinery, Thailand's 275 kb/d Sriracha plant and Singapore's 460 kb/d Bukom refinery will be all under planned maintenance.

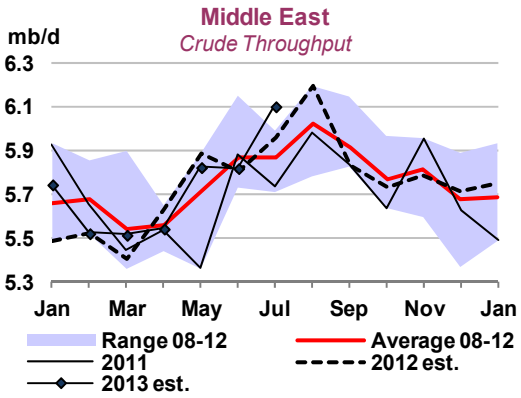




Russian refinery crude intake in March was down 3.6% to 5.3 mb/d. as seasonal maintenance slashed throughputs. Maintenance operations are expected to peak in April, when as much as 800 kb/d of capacity – more than previously expected – is due to come offline. Slavneft's Yanov, Surgutneftegas' Kirishi, TNK-BP's Ryazan and Alliance's Khabarovsk refineries are among the major refineries expected to undergo maintenance this month. FSU crude runs will then recover from May onwards, reaching 6.8 mb/d in July.

Middle Eastern crude runs for January are almost unchanged from December at 5.75 mb/d. Seasonal maintenance work started in February with the Bahrain refinery shut down from mid-February for five weeks. All Gulf countries will perform maintenance work at their refineries with peak maintenance operations expected in April, when more than 800 kb/d of capacity will be offline. Kuwait's Mina Abdullah, Oman's Sohar, and Saudi Arabia's Ras Tanura and Yanbu plants are among the major refineries expected to undergo maintenance in April.

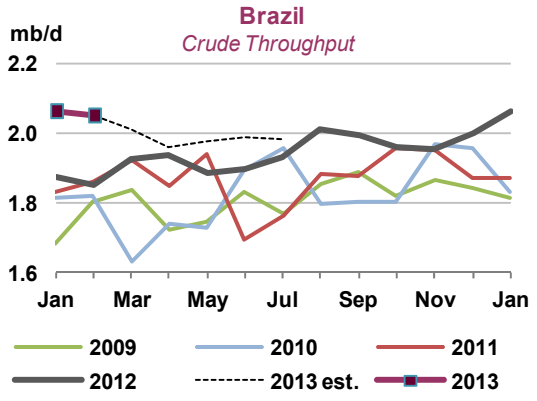


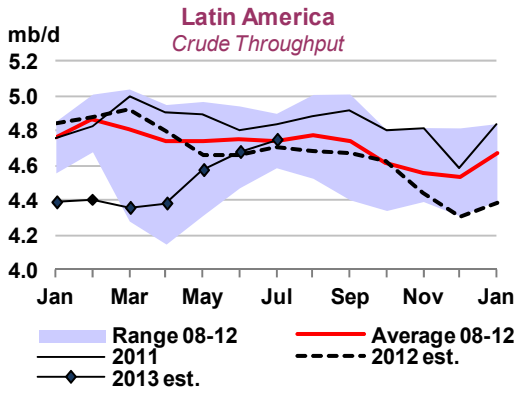


Crude runs should then increase seasonally pushed by the start-up of the first phase (200 kb/d) of the Saudi Aramco-Total joint venture Jubail refinery. The second phase (200 kb/d) is likely to be fully operational by the end of the year.

Latin American refinery throughput in January has increased by 2% m-o-m to 4.5 mb/d on higher crude runs in **Brazil** and **Columbia**. Brazil continues to operate its refineries at a very high rate, processing 2.1 mb/d of crude oil in January, an all-time high that reflects in part a 45% jump m-o-m in throughput at the REFAP refinery. Over the last quarter, bad weather had cut rates at the refinery located in Rio Grande do Sul, causing shortages of petroleum products in the state.

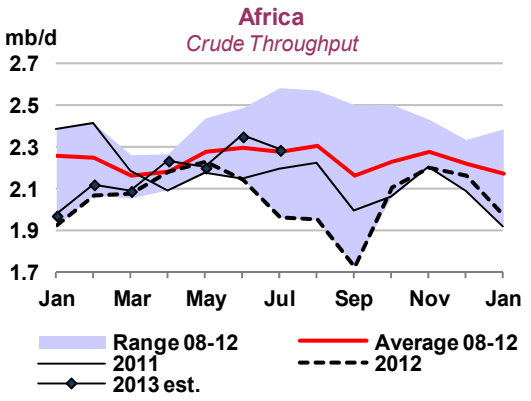
Overall, Latin America crude runs remain below their five-year average, dragged down by low Venezuelan throughputs. Following a major accident at the 955 kb/d Paraguana refinery complex last summer, we estimate Venezuela's January refinery crude throughput at 550 kb/d with a gradual return to prior processing levels by July at the earliest. Recent problems in restarting key units such as the flexicoker could further delay the return to normal operations.

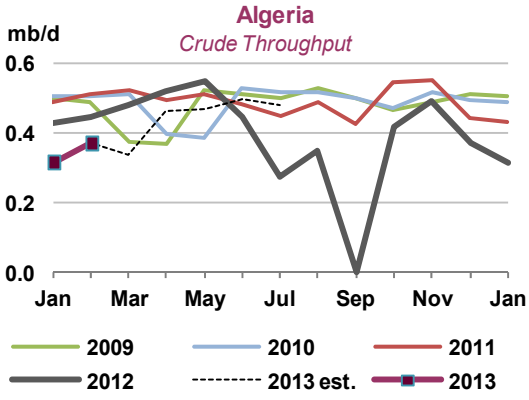




Elsewhere in the region, continued problems at Pointe-à-Pierre refinery in **Trinidad and Tobago** and the shut down of La Plata, **Argentina**'s largest refinery after a fire recently broke out at the plant, should continue to trim regional refinery throughput, impacting oil product supply in South America and the Caribbean.

Crude runs in **Africa** for January fell to 1.97 mb/d mainly on low Algerian and Libyan throughputs. **Algeria** reported a 15% drop in its throughputs as the Skikda refinery remains partially shut-down. The refinery, which has been undergoing maintenance and upgrade work since last summer, had been expected to resume full operations in early March. Based on the most recent information available, there was still one crude distillation unit under maintenance as of end-March.





Following severe disruptions in the first quarter, **Libya**'s Ras Lanuf refinery resumed normal operation in early April. The plant, with capacity of 220 kb/d, is the country's largest. It is jointly operated by the UAE's Trasta Energy and Libya's state-owned NOC, and had been closed under *force majeure* following disruptions in crude supply, power cuts and an employee strike.

With the expected restart of the Skikda and Ras Lanuf refineries and the end of planned maintenance in South Africa, we expect a recovery in African crude runs by the beginning of June to 2.3 mb/d.

Table 1
WORLD OIL SUPPLY AND DEMAND
(million barrels per day)

	2009	2010	1Q11	2Q11	3Q11	4Q11	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
OECD DEMAND																	
Americas[1]	23.7	24.1	24.2	23.8	24.2	24.0	24.0	23.5	23.8	23.9	23.8	23.7	23.7	23.6	23.9	23.8	23.7
Europe[2]	14.7	14.7	14.2	14.2	14.7	14.1	14.3	13.7	13.8	13.8	13.6	13.7	13.1	13.1	13.6	13.6	13.4
Asia Oceania[3]	8.0	8.1	8.6	7.4	8.0	8.6	8.1	9.1	8.0	8.2	8.7	8.5	9.0	7.9	8.0	8.5	8.3
Total OECD	46.3	46.9	47.0	45.4	46.9	46.7	46.5	46.2	45.5	45.9	46.1	45.9	45.8	44.6	45.5	45.9	45.4
NON-OECD DEMAND																	
FSU	4.0	4.2	4.2	4.3	4.5	4.5	4.4	4.4	4.4	4.6	4.6	4.5	4.4	4.5	4.8	4.8	4.6
Europe	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
China	7.9	8.8	9.0	9.3	9.2	9.3	9.2	9.3	9.4	9.6	10.1	9.6	9.8	9.8	9.9	10.4	10.0
Other Asia	10.3	10.9	11.1	11.1	10.8	11.2	11.0	11.3	11.4	11.1	11.5	11.3	11.6	11.7	11.4	11.8	11.6
Latin America	5.7	6.0	6.1	6.3	6.5	6.4	6.3	6.3	6.5	6.6	6.7	6.5	6.5	6.6	6.8	6.8	6.7
Middle East	7.1	7.3	7.0	7.4	7.9	7.4	7.4	7.2	7.8	8.1	7.5	7.6	7.4	7.9	8.3	7.7	7.8
Africa	3.4	3.5	3.4	3.4	3.3	3.4	3.4	3.5	3.5	3.5	3.6	3.5	3.7	3.7	3.7	3.8	3.7
Total Non-OECD	39.1	41.4	41.4	42.5	42.9	43.0	42.4	42.7	43.7	44.3	44.7	43.9	44.1	44.9	45.6	45.9	45.1
Total Demand[4]	85.5	88.3	88.4	87.8	89.8	89.7	88.9	88.9	89.2	90.2	90.8	89.8	89.9	89.5	91.1	91.8	90.6
OECD SUPPLY																	
Americas[1,7]	13.6	14.1	14.4	14.3	14.5	15.3	14.6	15.6	15.5	15.7	16.6	15.8	16.7	16.5	16.9	17.3	16.9
Europe[2]	4.5	4.1	4.0	3.7	3.5	3.7	3.8	3.8	3.6	3.2	3.3	3.5	3.4	3.3	3.1	3.3	3.3
Asia Oceania[3]	0.6	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.6	0.5	0.5	0.4	0.5	0.6	0.6	0.5
Total OECD	18.8	18.9	19.0	18.6	18.7	19.6	18.9	19.9	19.6	19.4	20.4	19.8	20.5	20.3	20.6	21.2	20.7
NON-OECD SUPPLY																	
FSU	13.3	13.5	13.6	13.6	13.5	13.6	13.6	13.7	13.6	13.6	13.8	13.7	13.8	13.7	13.5	13.7	13.7
Europe	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
China	3.8	4.1	4.2	4.2	4.0	4.0	4.1	4.2	4.1	4.2	4.3	4.2	4.2	4.3	4.3	4.3	4.3
Other Asia[5]	3.6	3.7	3.7	3.5	3.6	3.6	3.6	3.6	3.5	3.6	3.6	3.6	3.6	3.5	3.5	3.5	3.5
Latin America[5,7]	3.9	4.1	4.2	4.2	4.2	4.3	4.2	4.3	4.1	4.1	4.2	4.2	4.2	4.1	4.2	4.4	4.2
Middle East	1.7	1.7	1.8	1.7	1.7	1.5	1.6	1.4	1.5	1.5	1.5	1.5	1.4	1.5	1.5	1.4	1.4
Africa[5]	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.4	2.3	2.3	2.3	2.3	2.3	2.3	2.4	2.5	2.4
Total Non-OECD	29.0	29.9	30.2	29.8	29.8	29.7	29.9	29.8	29.2	29.3	29.8	29.5	29.7	29.5	29.4	29.9	29.6
Processing Gains[6]	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.2	2.1	2.1	2.2	2.2	2.2	2.2	2.2
Global Biofuels[7]	1.6	1.8	1.5	1.9	2.2	1.8	1.9	1.6	1.9	2.1	1.9	1.9	1.5	2.0	2.4	2.1	2.0
Total Non-OPEC[5]	51.4	52.7	52.8	52.4	52.8	53.2	52.8	53.4	52.9	53.0	54.2	53.4	53.9	54.0	54.5	55.4	54.5
OPEC																	
Crude[8]	29.1	29.2	29.8	29.4	29.8	30.4	29.9	31.3	31.7	31.4	30.8	31.3	30.4				
NGLs	4.9	5.4	5.8	5.7	5.8	5.9	5.8	6.0	6.1	6.2	6.2	6.2	6.2	6.3	6.6	6.6	6.4
Total OPEC[5]	34.0	34.6	35.6	35.1	35.6	36.2	35.6	37.3	37.8	37.6	37.1	37.5	36.7				
Total Supply[9]	85.4	87.3	88.4	87.5	88.4	89.5	88.4	90.7	90.6	90.6	91.3	90.8	90.6				
STOCK CHANGES AND MISCELLANEOUS																	
Reported OECD																	
Industry	-0.1	0.1	-0.4	0.4	-0.2	-0.7	-0.2	0.5	0.4	0.4	-0.7	0.2					
Government	0.1	0.0	0.0	0.0	-0.4	0.1	-0.1	0.0	0.0	0.0	0.0	0.0					
Total	0.0	0.1	-0.4	0.5	-0.6	-0.6	-0.3	0.5	0.4	0.5	-0.6	0.2					
Floating Storage/Oil in Transit	0.3	-0.2	0.2	-0.2	-0.2	0.0	-0.1	-0.4	0.2	-0.1	0.1	0.0					
Miscellaneous to balance[10]	-0.3	-0.9	0.1	-0.5	-0.6	0.5	-0.1	1.6	0.8	0.1	1.0	0.9					
Total Stock Ch. & Misc	0.0	-1.0	-0.1	-0.3	-1.4	-0.2	-0.5	1.8	1.4	0.4	0.5	1.0	0.7				
Memo items:																	
Call on OPEC crude + Stock ch.[11]	29.1	30.3	29.9	29.7	31.3	30.6	30.4	29.5	30.3	31.0	30.3	30.3	29.7	29.3	30.0	29.8	29.7
Adjusted Call on OPEC + Stock ch.[12]	28.8	29.4	30.0	29.1	30.6	31.0	30.2	31.2	31.1	31.0	31.3	31.2	30.1	29.6	30.3	30.2	30.1

1 As of August 2012 OMR, OECD Americas includes Chile.
2 As of August 2012 OMR, OECD Europe includes Estonia and Slovenia.
3 As of August 2012 OMR, OECD Asia Oceania includes Israel.
4 Measured as deliveries from refineries and primary stocks, comprises inland deliveries, international marine bunkers, refinery fuel, crude for direct burning, oil from non-conventional sources and other sources of supply.
5 Other Asia includes Indonesia throughout. Latin America excludes Ecuador throughout. Africa excludes Angola throughout.
Total Non-OPEC excludes all countries that were members of OPEC at 1 January 2009.
Total OPEC comprises all countries which were OPEC members at 1 January 2009.
6 Net volumetric gains and losses in the refining process and marine transportation losses.
7 As of the July 2010 OMR, Global Biofuels comprise all world biofuel production including fuel ethanol from the US and Brazil.
8 As of the March 2006 OMR, Venezuelan Orinoco heavy crude production is included within Venezuelan crude estimates. Orimulsion fuel remains within the OPEC NGL and non-conventional category, but Orimulsion production reportedly ceased from January 2007.
9 Comprises crude oil, condensates, NGLs, oil from non-conventional sources and other sources of supply.
10 Includes changes in non-reported stocks in OECD and non-OECD areas.
11 Equals the arithmetic difference between total demand minus total non-OPEC supply minus OPEC NGLs.
12 Equals the "Call on OPEC + Stock Ch." with "Miscellaneous to balance" added for historical periods and with an average of "Miscellaneous to balance" for the most recent 8 quarters added for forecast periods.

Table 1A
WORLD OIL SUPPLY AND DEMAND: CHANGES FROM LAST MONTH'S TABLE 1

(million barrels per day)

	2009	2010	1Q11	2Q11	3Q11	4Q11	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
OECD DEMAND																	
Americas	-	-	-	0.1	-	-	-	-	-	-	-	-	0.1	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-	-	-0.1
NON-OECD DEMAND																	
FSU	-	-	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-0.1	-	-0.1	-	-	-	-
Latin America	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-
Africa	-	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Non-OECD	-	0.2	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Demand	-	0.2	0.1	0.1	-	-	-	-	-	-	-	-	-0.1	-	-	-	-
OECD SUPPLY																	
Americas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	0.1	0.1	-
NON-OECD SUPPLY																	
FSU	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-
Processing Gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Global Biofuels	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-
Total Non-OPEC	-	-	-	-	-	-	-	-	-	-	-	-	-0.2	-	0.1	0.1	-
OPEC																	
Crude	-	-	-0.1	-	-	0.1	-	-	-	-0.1	-0.1	-0.1					
NGLs	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-
Total OPEC	-	-	-0.1	-	-	0.1	-	-	-	-0.1	-0.1	-0.1					
Total Supply	-	-	-0.1	-	-	0.1	-	-0.1	-	-0.1	-0.1	-0.1					
STOCK CHANGES AND MISCELLANEOUS REPORTED OECD																	
Industry	-	-	-	-	-	-	-	-	-	-	-	-					
Government	-	-	-	-	-	-	-	-	-	-	-	-					
Total	-	-	-	-	-	-	-	-	-	-	-	-					
Floating Storage/Oil in Transit	-	-	-	-	-	-	-	-	-	-	-	-					
Miscellaneous to balance	-	-0.2	-0.1	-0.1	-	0.1	-	-	-	-0.1	-0.1	-0.1					
Total Stock Ch. & Misc	-	-0.2	-0.1	-0.1	-	0.1	-	-0.1	-	-0.1	-0.1	-0.1					
Memo items:																	
Call on OPEC crude + Stock ch.	-	0.2	-	0.1	-	-	-	-	-	-	-	-	-	0.1	-0.1	-0.2	-
Adjusted Call on OPEC + Stock ch.	-	-	-0.1	-	-	0.1	-	-	-0.1	-0.1	-0.1	-0.1	-	-	-0.1	-0.2	-0.1

When submitting their monthly oil statistics, OECD Member countries periodically update data for prior periods. Similar updates to non-OECD data can occur.

Table 2

SUMMARY OF GLOBAL OIL DEMAND

	2010	1Q11	2Q11	3Q11	4Q11	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
Demand (mb/d)																
Americas[1]	24.14	24.17	23.79	24.18	23.97	24.03	23.48	23.78	23.89	23.80	23.74	23.72	23.61	23.85	23.80	23.75
Europe[2]	14.68	14.24	14.17	14.74	14.13	14.32	13.66	13.75	13.77	13.63	13.70	13.14	13.11	13.57	13.63	13.37
Asia Oceania[3]	8.12	8.58	7.41	8.00	8.59	8.15	9.08	7.97	8.23	8.68	8.49	8.97	7.88	8.05	8.47	8.34
Total OECD	46.94	47.00	45.37	46.92	46.69	46.50	46.23	45.49	45.89	46.11	45.93	45.83	44.60	45.47	45.90	45.45
Asia	19.70	20.14	20.39	20.01	20.58	20.28	20.57	20.83	20.74	21.62	20.94	21.40	21.48	21.29	22.14	21.58
Middle East	7.32	6.95	7.42	7.86	7.38	7.40	7.20	7.79	8.14	7.47	7.65	7.40	7.88	8.30	7.69	7.82
Latin America	6.04	6.06	6.26	6.47	6.39	6.29	6.26	6.46	6.64	6.70	6.51	6.49	6.60	6.83	6.78	6.68
FSU	4.15	4.18	4.31	4.53	4.53	4.39	4.44	4.42	4.59	4.60	4.51	4.44	4.54	4.77	4.82	4.64
Africa	3.48	3.44	3.41	3.30	3.39	3.38	3.51	3.49	3.50	3.58	3.52	3.66	3.68	3.67	3.75	3.69
Europe	0.68	0.66	0.68	0.71	0.72	0.69	0.68	0.73	0.72	0.72	0.71	0.67	0.72	0.74	0.73	0.72
Total Non-OECD	41.37	41.43	42.47	42.87	42.98	42.44	42.67	43.72	44.33	44.68	43.85	44.06	44.91	45.60	45.91	45.13
World	88.31	88.43	87.84	89.79	89.67	88.94	88.90	89.21	90.22	90.79	89.78	89.88	89.51	91.07	91.81	90.58
of which: US50	19.18	19.07	18.79	19.03	18.91	18.95	18.48	18.71	18.72	18.51	18.61	18.56	18.52	18.67	18.57	18.58
Europe 5*	8.92	8.68	8.52	8.85	8.50	8.64	8.26	8.20	8.20	8.12	8.19	7.90	7.77	8.02	8.09	7.94
China	8.85	9.04	9.31	9.23	9.34	9.23	9.30	9.40	9.60	10.09	9.60	9.80	9.81	9.91	10.37	9.98
Japan	4.46	4.81	3.95	4.34	4.82	4.48	5.28	4.30	4.48	4.85	4.73	5.16	4.19	4.29	4.61	4.56
India	3.37	3.54	3.61	3.31	3.62	3.52	3.67	3.74	3.49	3.71	3.65	3.71	3.81	3.57	3.86	3.74
Russia	2.98	2.96	3.15	3.37	3.35	3.21	3.20	3.25	3.42	3.39	3.32	3.21	3.35	3.60	3.57	3.44
Brazil	2.77	2.77	2.85	2.97	2.94	2.88	2.89	2.95	3.05	3.14	3.00	3.03	3.04	3.15	3.18	3.10
Saudi Arabia	2.76	2.56	2.94	3.18	2.81	2.87	2.66	3.09	3.41	2.88	3.01	2.80	3.20	3.51	3.02	3.13
Canada	2.26	2.32	2.22	2.36	2.25	2.29	2.20	2.25	2.38	2.34	2.29	2.27	2.25	2.35	2.33	2.30
Korea	2.27	2.36	2.05	2.21	2.30	2.23	2.31	2.19	2.23	2.34	2.27	2.32	2.20	2.23	2.32	2.27
Mexico	2.08	2.12	2.17	2.17	2.17	2.16	2.14	2.18	2.16	2.28	2.19	2.22	2.20	2.18	2.24	2.21
Iran	1.84	1.84	1.79	1.78	1.78	1.80	1.83	1.86	1.71	1.71	1.78	1.79	1.77	1.71	1.72	1.75
Total	61.74	62.07	61.35	62.79	62.80	62.26	62.22	62.14	62.85	63.36	62.64	62.77	62.11	63.19	63.89	62.99
% of World	69.9%	70.2%	69.8%	69.9%	70.0%	70.0%	70.0%	69.6%	69.7%	69.8%	69.8%	69.8%	69.4%	69.4%	69.6%	69.5%
Annual Change (% per annum)																
Americas[1]	2.0	1.8	-1.2	-1.2	-1.1	-0.4	-2.8	-0.1	-1.2	-0.7	-1.2	1.0	-0.7	-0.2	0.0	0.0
Europe[2]	-0.3	-1.2	-1.3	-1.8	-5.3	-2.4	-4.1	-3.0	-6.6	-3.6	-4.3	-3.8	-4.7	-1.4	0.0	-2.4
Asia Oceania[3]	2.0	-0.4	-3.1	1.1	3.2	0.3	5.9	7.5	2.9	1.0	4.2	-1.3	-1.1	-2.2	-2.4	-1.8
Total OECD	1.3	0.5	-1.6	-1.0	-1.6	-0.9	-1.6	0.3	-2.2	-1.3	-1.2	-0.9	-2.0	-0.9	-0.5	-1.0
Asia	8.2	5.5	2.5	2.8	1.3	3.0	2.1	2.2	3.6	5.1	3.3	4.0	3.1	2.6	2.4	3.0
Middle East	2.8	0.9	1.0	0.7	1.9	1.1	3.6	4.9	3.6	1.2	3.3	2.8	1.3	2.0	3.0	2.3
Latin America	6.1	4.6	3.9	4.7	4.0	4.3	3.4	3.2	2.6	4.9	3.5	3.6	2.3	2.9	1.3	2.5
FSU	3.2	2.5	7.4	6.4	6.4	5.7	6.3	2.6	1.4	1.5	2.9	0.0	2.7	4.0	4.7	2.9
Africa	2.6	-0.4	-4.2	-4.6	-2.3	-2.9	2.1	2.3	6.3	5.7	4.1	4.0	5.5	4.8	4.9	4.8
Europe	-1.4	-1.7	0.4	3.8	2.6	1.3	3.0	7.3	2.0	-0.2	2.9	-1.0	-1.7	2.5	2.0	0.5
Total Non-OECD	5.7	3.6	2.3	2.4	2.1	2.6	3.0	2.9	3.4	4.0	3.3	3.3	2.7	2.9	2.8	2.9
World	3.3	1.9	0.3	0.6	0.1	0.7	0.5	1.6	0.5	1.2	1.0	1.1	0.3	0.9	1.1	0.9
Annual Change (mb/d)																
Americas[1]	0.48	0.42	-0.30	-0.28	-0.26	-0.11	-0.69	-0.01	-0.29	-0.17	-0.29	0.23	-0.17	-0.04	0.00	0.01
Europe[2]	-0.04	-0.17	-0.18	-0.27	-0.79	-0.35	-0.58	-0.42	-0.97	-0.50	-0.62	-0.52	-0.64	-0.19	0.00	-0.34
Asia Oceania[3]	0.16	-0.04	-0.24	0.09	0.27	0.02	0.50	0.56	0.23	0.09	0.35	-0.12	-0.09	-0.18	-0.21	-0.15
Total OECD	0.60	0.21	-0.72	-0.46	-0.78	-0.44	-0.77	0.12	-1.03	-0.58	-0.57	-0.40	-0.90	-0.42	-0.21	-0.48
Asia	1.49	1.04	0.50	0.54	0.27	0.59	0.43	0.44	0.73	1.04	0.66	0.83	0.65	0.55	0.52	0.64
Middle East	0.20	0.06	0.07	0.06	0.14	0.08	0.25	0.36	0.28	0.09	0.25	0.20	0.10	0.16	0.22	0.17
Latin America	0.35	0.26	0.23	0.29	0.24	0.26	0.20	0.20	0.17	0.31	0.22	0.23	0.15	0.19	0.09	0.16
FSU	0.13	0.10	0.30	0.27	0.27	0.24	0.26	0.11	0.06	0.07	0.13	0.00	0.12	0.18	0.22	0.13
Africa	0.09	-0.01	-0.15	-0.16	-0.08	-0.10	0.07	0.08	0.21	0.19	0.14	0.14	0.19	0.17	0.17	0.17
Europe	-0.01	-0.01	0.00	0.03	0.02	0.01	0.02	0.05	0.01	0.00	0.02	-0.01	-0.01	0.02	0.01	0.00
Total Non-OECD	2.25	1.45	0.95	1.02	0.87	1.07	1.24	1.25	1.46	1.70	1.41	1.39	1.20	1.27	1.23	1.28
World	2.85	1.66	0.23	0.56	0.08	0.63	0.47	1.37	0.43	1.12	0.85	0.99	0.30	0.85	1.02	0.79
Revisions to Oil Demand from Last Month's Report (mb/d)																
Americas[1]	0.00	0.01	0.05	0.02	0.01	0.03	-0.01	-0.03	0.04	0.03	0.01	0.08	-0.02	-0.03	-0.04	0.00
Europe[2]	-0.03	-0.02	-0.03	-0.04	-0.04	-0.03	0.00	0.00	0.00	0.00	0.00	-0.10	-0.04	0.00	-0.03	-0.04
Asia Oceania[3]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.02	-0.01	-0.11	-0.01	0.01	0.02	-0.02
Total OECD	-0.03	-0.01	0.02	-0.01	-0.03	-0.01	-0.01	-0.03	0.04	0.01	0.00	-0.13	-0.06	-0.02	-0.05	-0.06
Asia	0.00	0.01	0.00	0.01	0.00	0.00	-0.02	-0.02	-0.03	-0.06	-0.03	-0.11	-0.01	0.03	0.01	-0.02
Middle East	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.07	0.02	0.00	-0.02	0.02
Latin America	0.00	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	0.07	-0.01	-0.02	0.01	0.01
FSU	0.00	-0.06	-0.07	-0.07	-0.06	-0.07	-0.08	-0.09	-0.09	-0.11	-0.09	-0.14	-0.12	-0.09	-0.08	-0.11
Africa	0.19	0.12	0.12	0.12	0.12	0.12	0.11	0.11	0.11	0.14	0.12	0.14	0.13	0.10	0.10	0.12
Europe	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01	0.00	0.00	0.00
Total Non-OECD	0.19	0.06	0.05	0.04	0.04	0.05	-0.01	-0.01	-0.03	-0.04	-0.02	0.01	0.02	0.02	0.02	0.02
World	0.16	0.05	0.07	0.03	0.01	0.04	-0.02	-0.03	0.01	-0.03	-0.02	-0.12	-0.05	0.00	-0.02	-0.04
Revisions to Oil Demand Growth from Last Month's Report (mb/d)																
World	0.14	-0.10	-0.09	-0.13	-0.15	-0.12	-0.07	-0.10	-0.02	-0.04	-0.06	-0.10	-0.01	-0.01	0.00	-0.03

1 As of the August 2012 OMR, includes Chile.

2 As of the August 2012 OMR, includes Estonia and Slovenia.

3 As of the August 2012 OMR, includes Israel.

* France, Germany, Italy, Spain and UK

Table 2a

OECD REGIONAL OIL DEMAND[1]

(million barrels per day)

	2011	2012	1Q12	2Q12	3Q12	4Q12	Nov 12	Dec 12	Jan 13 [2]	Latest month vs. Dec 12	Latest month vs. Jan 12
Americas[3]											
LPG&Ethane	3.10	3.11	3.23	2.91	3.00	3.29	3.25	3.38	3.61	0.23	0.32
Naphtha	0.35	0.34	0.35	0.34	0.32	0.36	0.36	0.37	0.39	0.02	0.03
Motor Gasoline	10.43	10.37	10.13	10.63	10.52	10.21	10.19	10.06	9.82	-0.24	0.02
Jet/Kerosene	1.66	1.66	1.61	1.68	1.71	1.63	1.69	1.61	1.56	-0.05	0.00
Gasoil/Diesel Oil	5.15	5.00	5.08	4.98	4.89	5.05	5.24	4.79	5.31	0.51	0.28
Residual Fuel Oil	0.92	0.79	0.84	0.79	0.81	0.72	0.65	0.63	0.77	0.15	-0.06
Other Products	2.43	2.47	2.25	2.44	2.64	2.55	2.49	2.54	2.28	-0.26	-0.03
Total	24.03	23.74	23.48	23.78	23.89	23.80	23.87	23.39	23.75	0.36	0.57
Europe[4]											
LPG&Ethane	0.97	0.92	0.99	0.94	0.87	0.89	0.88	0.98	0.98	0.01	0.02
Naphtha	1.16	1.15	1.24	1.08	1.11	1.15	1.17	1.10	1.24	0.13	0.03
Motor Gasoline	2.12	1.97	1.91	2.03	2.04	1.91	1.91	1.85	1.69	-0.15	-0.14
Jet/Kerosene	1.24	1.19	1.08	1.22	1.30	1.17	1.14	1.12	1.12	0.00	0.08
Gasoil/Diesel Oil	6.10	5.95	5.94	5.86	5.87	6.15	6.28	5.76	5.60	-0.16	0.02
Residual Fuel Oil	1.26	1.11	1.20	1.10	1.09	1.05	1.07	1.01	1.04	0.03	-0.11
Other Products	1.48	1.40	1.30	1.52	1.48	1.31	1.34	1.17	1.16	-0.01	-0.07
Total	14.32	13.70	13.66	13.75	13.77	13.63	13.80	12.98	12.82	-0.16	-0.16
Asia Oceania[5]											
LPG&Ethane	0.84	0.86	0.99	0.81	0.82	0.82	0.79	0.91	0.93	0.02	-0.10
Naphtha	1.71	1.75	1.78	1.68	1.76	1.80	1.85	1.84	1.86	0.02	0.02
Motor Gasoline	1.61	1.62	1.59	1.56	1.68	1.64	1.62	1.68	1.51	-0.17	-0.02
Jet/Kerosene	0.88	0.88	1.19	0.65	0.65	1.02	0.98	1.30	1.28	-0.02	0.04
Gasoil/Diesel Oil	1.70	1.76	1.80	1.68	1.73	1.81	1.84	1.86	1.72	-0.13	0.06
Residual Fuel Oil	0.79	0.92	1.00	0.90	0.90	0.87	0.85	0.94	0.98	0.03	-0.01
Other Products	0.60	0.71	0.73	0.70	0.68	0.71	0.65	0.79	0.73	-0.06	0.06
Total	8.15	8.49	9.08	7.97	8.23	8.68	8.60	9.32	9.01	-0.32	0.04
OECD											
LPG&Ethane	4.91	4.89	5.22	4.66	4.70	5.01	4.93	5.27	5.52	0.25	0.24
Naphtha	3.23	3.24	3.36	3.11	3.19	3.31	3.38	3.32	3.49	0.17	0.08
Motor Gasoline	14.15	13.96	13.63	14.22	14.25	13.75	13.72	13.59	13.02	-0.57	-0.13
Jet/Kerosene	3.78	3.72	3.88	3.54	3.66	3.82	3.81	4.04	3.96	-0.08	0.12
Gasoil/Diesel Oil	12.95	12.71	12.82	12.52	12.50	13.01	13.37	12.41	12.63	0.22	0.36
Residual Fuel Oil	2.96	2.82	3.04	2.79	2.81	2.64	2.57	2.58	2.79	0.21	-0.19
Other Products	4.51	4.58	4.28	4.65	4.79	4.57	4.48	4.50	4.17	-0.33	-0.04
Total	46.50	45.93	46.23	45.49	45.89	46.11	46.27	45.70	45.58	-0.12	0.44

1 Demand, measured as deliveries from refineries and primary stocks, comprises inland deliveries, international bunkers and refinery fuel. It includes crude for direct burning, oil from non-conventional sources and other sources of supply. Jet/kerosene comprises jet kerosene and non-aviation kerosene. Gasoil comprises diesel, light heating oil and other gasoils. North America comprises US 50 states, US territories, Mexico and Canada.
2 Latest official OECD submissions (MOS).
3 As of the August 2012 OMR, includes Chile.
4 As of the August 2012 OMR, includes Estonia and Slovenia.
5 As of the August 2012 OMR, includes Israel.

Table 2b

OIL DEMAND IN SELECTED OECD COUNTRIES[1]

(million barrels per day)

	2011	2012	1Q12	2Q12	3Q12	4Q12	Nov 12	Dec 12	Jan 13 [2]	Latest month vs. Dec 12	Latest month vs. Jan 12
United States[3]											
LPG	2.27	2.28	2.38	2.11	2.18	2.44	2.38	2.55	2.77	0.22	0.30
Naphtha	0.25	0.25	0.26	0.25	0.22	0.26	0.26	0.27	0.29	0.03	0.01
Motor Gasoline	8.75	8.71	8.49	8.95	8.85	8.54	8.55	8.38	8.22	-0.16	0.03
Jet/Kerosene	1.44	1.41	1.36	1.45	1.45	1.38	1.42	1.38	1.31	-0.07	-0.01
Gasoil	3.90	3.74	3.83	3.73	3.66	3.75	3.91	3.52	4.06	0.54	0.23
Residual Fuel Oil	0.46	0.34	0.42	0.35	0.35	0.25	0.29	0.18	0.37	0.19	-0.07
Other Products	1.87	1.88	1.74	1.88	2.00	1.88	1.84	1.87	1.70	-0.17	-0.13
Total	18.95	18.61	18.48	18.71	18.72	18.51	18.63	18.14	18.73	0.59	0.37
Japan											
LPG	0.50	0.53	0.63	0.50	0.49	0.52	0.50	0.60	0.62	0.02	-0.03
Naphtha	0.73	0.70	0.73	0.66	0.70	0.72	0.73	0.76	0.78	0.02	0.02
Motor Gasoline	0.98	0.98	0.96	0.93	1.04	0.99	0.96	1.05	0.89	-0.16	-0.02
Jet/Kerosene	0.53	0.54	0.83	0.35	0.34	0.65	0.62	0.90	0.88	-0.02	0.04
Diesel	0.45	0.45	0.45	0.43	0.46	0.48	0.47	0.50	0.41	-0.09	0.01
Other Gasoil	0.37	0.37	0.45	0.32	0.33	0.38	0.38	0.44	0.41	-0.03	-0.01
Residual Fuel Oil	0.44	0.56	0.60	0.54	0.57	0.54	0.51	0.59	0.61	0.01	0.03
Other Products	0.48	0.58	0.64	0.57	0.56	0.57	0.48	0.65	0.60	-0.05	0.00
Total	4.48	4.73	5.28	4.30	4.48	4.85	4.64	5.49	5.20	-0.29	0.04
Germany											
LPG	0.10	0.10	0.10	0.10	0.11	0.09	0.09	0.09	0.11	0.01	0.02
Naphtha	0.37	0.37	0.39	0.35	0.36	0.39	0.40	0.37	0.40	0.03	0.02
Motor Gasoline	0.45	0.43	0.42	0.44	0.43	0.41	0.42	0.39	0.37	-0.01	-0.03
Jet/Kerosene	0.18	0.18	0.16	0.18	0.20	0.18	0.18	0.15	0.16	0.00	0.01
Diesel	0.67	0.67	0.64	0.67	0.70	0.66	0.71	0.57	0.59	0.02	-0.01
Other Gasoil	0.38	0.38	0.36	0.36	0.33	0.46	0.48	0.43	0.40	-0.03	0.07
Residual Fuel Oil	0.14	0.13	0.14	0.13	0.12	0.12	0.13	0.13	0.13	0.01	0.01
Other Products	0.10	0.09	0.06	0.10	0.11	0.08	0.09	0.05	0.05	0.01	0.00
Total	2.40	2.34	2.27	2.33	2.35	2.39	2.50	2.18	2.21	0.03	0.08
Italy											
LPG	0.10	0.09	0.12	0.08	0.08	0.09	0.09	0.12	0.11	-0.01	-0.01
Naphtha	0.08	0.07	0.07	0.08	0.06	0.07	0.07	0.07	0.07	0.00	0.01
Motor Gasoline	0.23	0.20	0.18	0.21	0.21	0.19	0.19	0.19	0.15	-0.05	-0.05
Jet/Kerosene	0.09	0.08	0.07	0.08	0.10	0.08	0.07	0.08	0.07	-0.01	0.00
Diesel	0.50	0.45	0.43	0.47	0.46	0.44	0.43	0.42	0.38	-0.04	-0.03
Other Gasoil	0.11	0.11	0.11	0.09	0.10	0.12	0.12	0.12	0.12	-0.01	0.01
Residual Fuel Oil	0.13	0.12	0.13	0.11	0.13	0.11	0.12	0.09	0.08	0.00	-0.03
Other Products	0.22	0.19	0.18	0.20	0.21	0.17	0.16	0.14	0.21	0.06	0.02
Total	1.45	1.31	1.30	1.32	1.34	1.28	1.26	1.23	1.19	-0.05	-0.07
France											
LPG	0.10	0.10	0.13	0.09	0.08	0.11	0.11	0.12	0.13	0.01	0.01
Naphtha	0.14	0.13	0.15	0.15	0.14	0.09	0.08	0.10	0.14	0.04	-0.01
Motor Gasoline	0.18	0.17	0.15	0.17	0.18	0.16	0.16	0.15	0.14	-0.01	-0.01
Jet/Kerosene	0.15	0.15	0.14	0.15	0.16	0.14	0.14	0.14	0.12	-0.02	-0.02
Diesel	0.69	0.69	0.67	0.70	0.69	0.70	0.71	0.64	0.63	-0.01	-0.02
Other Gasoil	0.27	0.28	0.33	0.23	0.26	0.30	0.29	0.27	0.34	0.07	0.04
Residual Fuel Oil	0.08	0.07	0.09	0.07	0.06	0.06	0.06	0.06	0.06	0.00	-0.02
Other Products	0.17	0.15	0.14	0.16	0.15	0.15	0.15	0.14	0.12	-0.02	-0.03
Total	1.79	1.74	1.80	1.71	1.73	1.71	1.71	1.61	1.68	0.07	-0.06
United Kingdom											
LPG	0.13	0.11	0.13	0.12	0.09	0.09	0.08	0.13	0.11	-0.01	-0.02
Naphtha	0.03	0.02	0.03	0.02	0.02	0.03	0.02	0.04	0.04	0.00	0.02
Motor Gasoline	0.34	0.32	0.33	0.33	0.32	0.31	0.32	0.31	0.28	-0.03	-0.03
Jet/Kerosene	0.32	0.31	0.30	0.31	0.31	0.32	0.32	0.32	0.35	0.03	0.08
Diesel	0.45	0.46	0.45	0.46	0.46	0.48	0.49	0.49	0.39	-0.10	-0.01
Other Gasoil	0.12	0.12	0.11	0.11	0.13	0.11	0.12	0.10	0.11	0.01	0.01
Residual Fuel Oil	0.06	0.05	0.05	0.05	0.05	0.04	0.04	0.04	0.05	0.01	0.00
Other Products	0.15	0.13	0.15	0.14	0.13	0.11	0.11	0.10	0.12	0.02	-0.02
Total	1.61	1.52	1.54	1.55	1.50	1.49	1.51	1.53	1.47	-0.06	0.03
Canada											
LPG	0.37	0.37	0.38	0.36	0.37	0.39	0.41	0.36	0.36	0.00	0.01
Naphtha	0.08	0.09	0.09	0.09	0.10	0.08	0.09	0.09	0.10	0.00	0.02
Motor Gasoline	0.76	0.75	0.73	0.76	0.77	0.73	0.72	0.74	0.71	-0.03	-0.01
Jet/Kerosene	0.12	0.13	0.12	0.12	0.14	0.13	0.15	0.12	0.13	0.01	0.00
Diesel	0.30	0.30	0.30	0.31	0.31	0.29	0.31	0.30	0.32	0.02	0.03
Other Gasoil	0.27	0.24	0.24	0.22	0.23	0.28	0.28	0.29	0.24	-0.05	0.01
Residual Fuel Oil	0.09	0.07	0.08	0.08	0.08	0.05	0.00	0.07	0.06	-0.01	-0.02
Other Products	0.31	0.33	0.25	0.30	0.37	0.38	0.38	0.37	0.32	-0.06	0.07
Total	2.29	2.29	2.20	2.25	2.38	2.34	2.34	2.35	2.23	-0.12	0.10

1 Demand, measured as deliveries from refineries and primary stocks, comprises inland deliveries, international bunkers and refinery fuel. It includes crude for direct burning, oil from non-conventional sources and other sources of supply. Jet/kerosene comprises jet kerosene and non-aviation kerosene. Gasoil comprises diesel, light heating oil and other gasoils.
2 Latest official OECD submissions (MOS).
3 US figures exclude US territories.

Table 3
WORLD OIL PRODUCTION
(million barrels per day)

	2011	2012	2013	4Q12	1Q13	2Q13	3Q13	4Q13	Jan 13	Feb 13	Mar 13
OPEC											
Crude Oil											
Saudi Arabia	9.02	9.51		9.23	9.01				8.99	8.99	9.04
Iran	3.62	3.00		2.71	2.68				2.65	2.72	2.68
Iraq	2.67	2.95		3.12	3.01				2.97	3.11	2.96
UAE	2.50	2.65		2.67	2.67				2.60	2.70	2.70
Kuwait	2.24	2.46		2.51	2.55				2.56	2.51	2.58
Neutral Zone	0.59	0.54		0.52	0.52				0.52	0.52	0.52
Qatar	0.74	0.74		0.72	0.74				0.74	0.74	0.74
Angola	1.66	1.78		1.79	1.76				1.77	1.73	1.77
Nigeria	2.18	2.10		1.99	1.98				2.00	2.00	1.95
Libya	0.46	1.39		1.42	1.38				1.38	1.40	1.36
Algeria	1.18	1.17		1.16	1.15				1.16	1.16	1.14
Ecuador	0.50	0.50		0.50	0.50				0.50	0.50	0.50
Venezuela	2.50	2.50		2.48	2.50				2.50	2.50	2.50
Total Crude Oil[6]	29.86	31.31		30.83	30.45				30.34	30.58	30.44
Total NGLs[1,6]	5.78	6.15	6.42	6.25	6.23	6.26	6.57	6.61	6.23	6.23	6.23
Total OPEC[6]	35.64	37.46		37.08	36.68				36.57	36.81	36.67
OPEC: Historical Composition[6]	35.64	37.46		37.08	36.68				36.57	36.81	36.67
NON-OPEC[2]											
OECD											
Americas[7]	14.61	15.83	16.87	16.61	16.72	16.51	16.89	17.35	16.56	16.77	16.81
United States[5]	8.13	9.14	9.98	9.74	9.80	9.89	10.00	10.22	9.65	9.84	9.91
Mexico	2.94	2.92	2.91	2.90	2.94	2.91	2.90	2.89	2.94	2.96	2.93
Canada	3.53	3.76	3.97	3.95	3.96	3.70	3.98	4.23	3.97	3.96	3.96
Chile	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.02
Europe[8]	3.77	3.47	3.28	3.33	3.38	3.27	3.13	3.33	3.45	3.34	3.35
UK	1.11	0.95	0.85	0.88	0.95	0.88	0.73	0.85	0.96	0.98	0.91
Norway	2.04	1.91	1.84	1.84	1.83	1.80	1.82	1.90	1.87	1.76	1.85
Others	0.61	0.60	0.59	0.61	0.61	0.59	0.58	0.58	0.61	0.61	0.60
Asia Oceania[9]	0.57	0.53	0.53	0.50	0.45	0.52	0.56	0.57	0.40	0.47	0.48
Australia	0.48	0.44	0.45	0.42	0.37	0.44	0.48	0.49	0.32	0.38	0.39
Others	0.09	0.08	0.08	0.08	0.08	0.08	0.08	0.07	0.08	0.09	0.08
Total OECD	18.95	19.83	20.67	20.44	20.55	20.30	20.58	21.24	20.41	20.59	20.64
NON-OECD											
Former USSR	13.57	13.67	13.66	13.76	13.84	13.66	13.45	13.70	13.83	13.88	13.81
Russia	10.60	10.73	10.69	10.83	10.83	10.72	10.56	10.65	10.82	10.82	10.84
Others	2.97	2.94	2.97	2.94	3.01	2.94	2.90	3.05	3.01	3.06	2.96
Asia	7.69	7.76	7.78	7.87	7.80	7.81	7.77	7.75	7.82	7.78	7.81
China	4.10	4.18	4.25	4.27	4.21	4.27	4.26	4.26	4.21	4.18	4.24
Malaysia	0.65	0.67	0.70	0.69	0.70	0.69	0.69	0.70	0.70	0.71	0.69
India	0.91	0.91	0.90	0.91	0.92	0.91	0.90	0.89	0.92	0.92	0.91
Indonesia	0.93	0.89	0.82	0.87	0.85	0.84	0.81	0.80	0.85	0.85	0.85
Others	1.09	1.12	1.11	1.14	1.12	1.11	1.10	1.11	1.13	1.11	1.11
Europe	0.14	0.14	0.13	0.14	0.13	0.13	0.13	0.13	0.13	0.13	0.13
Latin America	4.23	4.18	4.23	4.20	4.18	4.13	4.24	4.36	4.22	4.15	4.18
Brazil[5]	2.19	2.15	2.20	2.14	2.14	2.13	2.21	2.31	2.14	2.11	2.17
Argentina	0.69	0.67	0.62	0.67	0.64	0.62	0.62	0.61	0.66	0.63	0.62
Colombia	0.92	0.95	1.01	0.97	0.99	0.98	1.01	1.04	1.01	1.00	0.97
Others	0.43	0.41	0.40	0.42	0.41	0.40	0.40	0.40	0.40	0.41	0.41
Middle East[3]	1.65	1.46	1.45	1.49	1.43	1.46	1.46	1.45	1.42	1.40	1.46
Oman	0.89	0.92	0.96	0.95	0.93	0.95	0.97	0.97	0.94	0.91	0.94
Syria	0.33	0.16	0.12	0.16	0.13	0.12	0.12	0.11	0.13	0.13	0.13
Yemen	0.23	0.18	0.18	0.19	0.18	0.19	0.18	0.18	0.16	0.18	0.19
Others	0.20	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19
Africa	2.60	2.31	2.37	2.29	2.31	2.34	2.36	2.47	2.33	2.32	2.28
Egypt	0.74	0.73	0.72	0.73	0.73	0.73	0.72	0.71	0.73	0.73	0.73
Gabon	0.25	0.25	0.24	0.25	0.23	0.23	0.24	0.24	0.25	0.25	0.20
Others	1.61	1.33	1.41	1.32	1.35	1.38	1.40	1.51	1.35	1.35	1.35
Total Non-OECD	29.88	29.52	29.62	29.76	29.69	29.53	29.41	29.86	29.75	29.67	29.66
Processing Gains[4]	2.11	2.14	2.18	2.13	2.18	2.16	2.20	2.18	2.21	2.18	2.15
Global Biofuels[5]	1.87	1.87	1.99	1.89	1.53	1.98	2.35	2.10	1.47	1.55	1.56
TOTAL NON-OPEC[6]	52.80	53.36	54.46	54.22	53.94	53.97	54.55	55.37	53.84	53.98	54.01
Non-OPEC: Historical Composition[6]	52.80	53.36	54.46	54.22	53.94	53.97	54.55	55.37	53.84	53.98	54.01
TOTAL SUPPLY	88.44	90.82		91.30	90.62				90.41	90.80	90.68

1 Includes condensates reported by OPEC countries, oil from non-conventional sources, e.g. Venezuelan Orimulsion (but not Orinoco extra-heavy oil), and non-oil inputs to Saudi Arabian MTBE. Orimulsion production reportedly ceased from January 2007.
2 Comprises crude oil, condensates, NGLs and oil from non-conventional sources
3 Includes small amounts of production from Jordan and Bahrain.
4 Net volumetric gains and losses in refining and marine transportation losses.
5 As of the July 2010 OMR, Global Biofuels comprise all world biofuel production including fuel ethanol from the US and Brazil.
6 Total OPEC comprises all countries which were OPEC members at 1 January 2009. OPEC Historical Composition comprises countries which were OPEC members at that point in time. Total Non-OPEC excludes all countries that were OPEC members at 1 January 2009. Non-OPEC Historical Composition excludes countries that were OPEC members at that point in time.
7 As of the August 2012 OMR, includes Chile.
8 As of the August 2012 OMR, includes Estonia and Slovenia.
9 As of the August 2012 OMR, includes Israel.

Table 4

OECD INDUSTRY STOCKS[1] AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS[2] in Million Barrels					PRIOR YEARS' STOCKS[2] in Million Barrels			STOCK CHANGES in mb/d			
	Oct2012	Nov2012	Dec2012	Jan2013	Feb2013*	Feb2010	Feb2011	Feb2012	1Q2012	2Q2012	3Q2012	4Q2012
OECD Americas												
Crude	512.4	518.1	499.8	509.9	520.4	478.8	486.4	485.3	0.37	0.22	-0.11	-0.11
Motor Gasoline	239.6	249.5	265.6	270.5	264.4	268.8	265.0	267.5	-0.03	-0.16	-0.06	0.32
Middle Distillate	195.9	191.2	210.9	206.1	196.2	230.6	225.7	216.4	-0.21	-0.19	0.16	0.08
Residual Fuel Oil	47.2	45.2	42.9	44.8	46.3	50.0	43.7	44.1	0.02	0.03	-0.01	-0.03
Total Products[3]	683.5	680.4	703.2	696.0	669.5	682.4	671.4	681.2	-0.27	0.05	0.27	0.09
Total[4]	1367.4	1364.8	1362.4	1366.8	1349.5	1303.2	1303.6	1326.0	0.24	0.32	0.24	-0.21
OECD Europe												
Crude	312.1	322.4	309.6	311.6	313.0	342.3	327.1	304.6	0.31	0.06	-0.12	-0.01
Motor Gasoline	91.5	91.8	91.5	99.7	97.1	110.8	105.4	97.6	-0.02	-0.07	0.06	-0.02
Middle Distillate	249.3	249.3	257.8	265.2	266.5	295.2	288.5	276.1	0.04	-0.28	0.13	-0.05
Residual Fuel Oil	79.4	77.9	77.8	78.7	78.8	87.3	80.6	74.8	0.01	-0.01	0.03	0.01
Total Products[3]	522.7	523.5	534.8	549.8	547.7	594.3	578.7	558.5	0.05	-0.37	0.20	-0.07
Total[4]	903.2	916.8	906.5	928.7	927.7	1008.1	973.0	933.8	0.41	-0.31	0.05	-0.15
OECD Asia Oceania												
Crude	165.9	163.3	158.5	158.9	142.6	160.2	155.8	162.3	0.00	0.16	0.00	-0.13
Motor Gasoline	28.3	25.5	24.6	26.9	26.8	28.4	25.8	23.9	0.04	0.01	0.02	-0.04
Middle Distillate	71.1	64.5	60.8	62.7	63.9	65.1	58.0	54.7	-0.07	0.08	0.08	-0.09
Residual Fuel Oil	20.4	18.9	19.7	19.4	21.3	19.4	18.4	20.1	0.01	0.00	0.02	-0.02
Total Products[3]	187.8	176.2	170.5	172.7	172.4	169.0	162.1	153.1	-0.12	0.16	0.20	-0.16
Total[4]	427.3	411.6	397.0	401.6	387.1	392.3	390.3	386.7	-0.13	0.38	0.15	-0.33
Total OECD												
Crude	990.4	1003.8	967.8	980.4	976.1	981.3	969.4	952.1	0.67	0.45	-0.24	-0.25
Motor Gasoline	359.3	366.7	381.7	397.1	388.3	408.0	396.2	389.0	-0.01	-0.22	0.02	0.27
Middle Distillate	516.3	505.0	529.5	534.0	526.6	590.9	572.2	547.2	-0.25	-0.40	0.37	-0.06
Residual Fuel Oil	147.0	141.9	140.4	142.8	146.3	156.7	142.7	138.9	0.04	0.02	0.03	-0.04
Total Products[3]	1394.0	1380.1	1408.5	1418.6	1389.5	1445.7	1412.2	1392.8	-0.34	-0.16	0.66	-0.14
Total[4]	2697.9	2693.2	2665.9	2697.2	2664.3	2703.6	2666.9	2646.4	0.52	0.40	0.45	-0.69

OECD GOVERNMENT-CONTROLLED STOCKS[5] AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS[2] in Million Barrels					PRIOR YEARS' STOCKS[2] in Million Barrels			STOCK CHANGES in mb/d			
	Oct2012	Nov2012	Dec2012	Jan2013	Feb2013*	Feb2010	Feb2011	Feb2012	1Q2012	2Q2012	3Q2012	4Q2012
OECD Americas												
Crude	695.0	695.0	695.3	695.8	696.0	726.6	726.5	696.0	0.00	0.00	-0.01	0.00
Products	1.0	1.0	1.0	1.0	1.0	2.0	0.0	1.0	0.00	0.00	0.00	0.00
OECD Europe												
Crude	195.7	196.1	196.3	199.1	199.1	184.9	185.9	188.2	0.03	0.04	0.03	0.01
Products	235.0	235.9	239.0	244.4	244.4	244.2	237.4	235.0	-0.04	0.00	0.02	0.03
OECD Asia Oceania												
Crude	393.5	393.6	393.6	392.6	392.6	388.9	390.3	393.6	0.00	0.00	0.00	0.00
Products	20.0	20.0	20.5	20.5	20.4	20.0	20.0	19.7	0.00	0.00	0.00	0.00
Total OECD												
Crude	1284.2	1284.6	1285.2	1287.5	1287.7	1300.4	1302.7	1277.7	0.03	0.04	0.02	0.02
Products	256.0	256.9	260.5	265.9	265.9	266.2	257.4	255.7	-0.03	0.00	0.02	0.03
Total[4]	1541.4	1542.8	1547.0	1554.2	1554.4	1568.0	1561.6	1534.9	-0.01	0.04	0.04	0.05

* estimated

1 Stocks are primary national territory stocks on land (excluding utility stocks and including pipeline and entrepot stocks where known) and include stocks held by industry to meet IEA, EU and national emergency reserve commitments and are subject to government control in emergencies.

2 Closing stock levels.

3 Total products includes gasoline, middle distillates, fuel oil and other products.

4 Total includes NGLs, refinery feedstocks, additives/oxygenates and other hydrocarbons.

5 Includes government-owned stocks and stock holding organisation stocks held for emergency purposes.

Table 5
TOTAL STOCKS ON LAND IN OECD COUNTRIES[1]

('millions of barrels' and 'days')

	End December 2011		End March 2012		End June 2012		End September 2012		End December 2012 [3]	
	Stock Level	Days Fwd[2] Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand
OECD Americas										
Canada	178.0	82	170.7	78	169.3	73	177.9	76	172.3	-
Chile	9.9	29	10.5	30	10.3	30	9.8	27	8.9	-
Mexico	44.4	21	44.8	21	45.3	21	48.7	21	47.5	-
United States[4]	1750.7	95	1778.8	95	1809.4	97	1819.4	98	1807.8	-
Total[4]	2005.1	86	2026.9	86	2056.3	86	2077.8	87	2058.6	87
OECD Asia Oceania										
Australia	40.1	39	39.5	38	40.5	39	42.4	40	37.5	-
Israel	-	-	-	-	-	-	-	-	-	-
Japan	588.5	111	579.5	135	601.3	134	605.7	125	590.3	-
Korea	166.8	72	164.0	75	176.7	79	183.8	79	175.4	-
New Zealand	8.3	51	9.0	60	8.0	56	8.9	58	7.8	-
Total	803.7	88	792.0	99	826.6	100	840.9	97	811.0	90
OECD Europe[5]										
Austria	22.6	91	22.1	86	21.1	78	21.3	84	22.5	-
Belgium	36.4	56	34.8	57	38.6	63	38.3	58	38.7	-
Czech Republic	20.7	114	20.2	101	18.6	88	18.9	94	20.2	-
Denmark	22.2	140	21.4	133	19.5	120	20.5	134	22.3	-
Estonia	1.4	50	1.3	43	1.2	43	1.1	39	1.3	-
Finland	29.2	149	29.9	159	28.0	148	28.2	141	26.3	-
France	165.0	92	164.7	96	163.7	95	164.0	96	162.3	-
Germany	278.6	123	281.2	121	280.2	119	284.3	119	286.8	-
Greece	27.9	79	29.1	94	28.9	94	30.1	106	30.8	-
Hungary	15.4	125	17.2	143	15.9	117	15.6	116	15.1	-
Ireland	10.7	84	11.7	91	10.5	83	9.5	68	10.3	-
Italy	137.9	107	142.0	107	137.7	103	146.2	114	128.8	-
Luxembourg	0.6	10	0.5	8	0.6	11	0.7	13	0.7	-
Netherlands	103.0	104	121.1	117	112.6	113	113.5	117	121.1	-
Norway	25.9	106	29.1	115	27.4	108	27.0	94	27.9	-
Poland	64.5	126	64.5	118	62.7	114	62.8	116	63.9	-
Portugal	21.9	90	20.9	88	20.4	87	20.8	98	22.6	-
Slovak Republic	8.5	110	9.0	124	9.0	107	8.8	106	8.5	-
Slovenia	4.4	79	4.7	87	4.6	84	5.2	99	5.3	-
Spain	132.8	99	134.3	104	132.8	104	130.8	105	120.1	-
Sweden	31.5	109	29.6	98	29.0	95	30.2	98	27.8	-
Switzerland	35.7	138	35.3	143	35.2	140	36.7	130	36.8	-
Turkey	55.8	96	62.4	89	64.0	89	63.4	93	62.0	-
United Kingdom	80.0	52	82.2	53	82.5	55	75.4	51	80.8	-
Total	1332.5	98	1369.2	100	1344.7	98	1353.4	99	1343.2	102
Total OECD	4141.3	90	4188.2	92	4227.5	92	4272.1	93	4212.8	92
DAYS OF IEA Net Imports[6]	-	142	-	143	-	149	-	150	-	148

1 Total Stocks are industry and government-controlled stocks (see breakdown in table below). Stocks are primary national territory stocks on land (excluding utility stocks and including pipeline and entrepot stocks where known) they include stocks held by industry to meet IEA, EU and national emergency reserves commitments and are subject to government control in emergencies.
2 Note that days of forward demand represent the stock level divided by the forward quarter average daily demand and is very different from the days of net imports used for the calculation of IEA Emergency Reserves.
3 End December 2012 forward demand figures are IEA Secretariat forecasts.
4 US figures exclude US territories. Total includes US territories.
5 Data not available for Iceland.
6 Reflects stock levels and prior calendar year's net imports adjusted according to IEA emergency reserve definitions (see www.iea.org/netimports.asp). Net exporting IEA countries are excluded.

TOTAL OECD STOCKS

CLOSING STOCKS	Total	Government[1] controlled	Industry	Total	Government[1] controlled	Industry
	Millions of Barrels			*Days of Fwd. Demand*[2]		
4Q2009	4231	1568	2663	90	34	57
1Q2010	4253	1571	2682	92	34	58
2Q2010	4329	1566	2763	91	33	58
3Q2010	4305	1553	2751	91	33	58
4Q2010	4243	1565	2678	90	33	57
1Q2011	4207	1562	2646	93	34	58
2Q2011	4250	1565	2685	91	33	57
3Q2011	4199	1529	2669	90	33	57
4Q2011	4141	1536	2605	90	33	56
1Q2012	4188	1536	2652	92	34	58
2Q2012	4228	1539	2689	92	34	59
3Q2012	4272	1542	2730	93	33	59
4Q2012	4213	1547	2666	92	34	58

1 Includes government-owned stocks and stock holding organisation stocks held for emergency purposes.
2 Days of forward demand calculated using actual demand except in 4Q2012 (when latest forecasts are used).

Table 6

IEA MEMBER COUNTRY DESTINATIONS OF SELECTED CRUDE STREAMS[1]

(million barrels per day)

	2010	2011	2012	1Q12	2Q12	3Q12	4Q12	Nov 12	Dec 12	Jan 13	Year Earlier Jan 12	Year Earlier change
Saudi Light & Extra Light												
Americas	0.69	0.69	0.76	0.84	0.88	0.67	0.65	0.69	0.69	0.84	0.91	-0.07
Europe	0.66	0.83	0.85	0.77	0.91	0.97	0.77	0.74	0.75	0.69	0.88	-0.19
Asia Oceania	1.21	1.24	1.26	1.37	1.21	1.21	1.27	1.25	1.31	1.32	1.35	-0.03
Saudi Medium												
Americas	0.36	0.37	0.44	0.47	0.44	0.41	0.43	0.43	0.44	0.40	0.42	-0.02
Europe	0.00	0.02	0.05	0.05	0.07	0.05	0.02	0.06	-	-	0.02	-
Asia Oceania	0.34	0.40	0.45	0.46	0.42	0.48	0.44	0.47	0.45	0.50	0.42	0.08
Saudi Heavy												
Americas	0.02	0.02	0.05	-	0.15	0.02	0.02	0.01	0.03	-	-	-
Europe	0.00	0.01	0.12	0.04	0.12	0.21	0.13	0.13	0.07	0.05	0.01	0.04
Asia Oceania	0.22	0.20	0.20	0.21	0.18	0.19	0.19	0.22	0.16	0.22	0.22	0.01
Iraqi Basrah Light[2]												
Americas	0.36	0.29	0.49	0.39	0.55	0.46	0.55	0.42	0.48	0.62	0.55	0.07
Europe	0.09	0.11	0.26	0.14	0.18	0.42	0.31	0.21	0.34	0.14	0.16	-0.02
Asia Oceania	0.29	0.34	0.33	0.26	0.34	0.39	0.31	0.38	0.29	0.28	0.22	0.05
Iraqi Kirkuk												
Americas	0.03	0.07	0.05	0.06	0.08	0.04	0.03	0.07	-	0.03	0.03	0.00
Europe	0.27	0.27	0.22	0.20	0.23	0.21	0.25	0.27	0.29	0.21	0.22	-0.02
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Iranian Light												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.24	0.23	0.12	0.25	0.16	0.05	0.05	0.04	0.07	0.13	0.26	-0.13
Asia Oceania	0.04	0.04	0.02	0.03	0.02	0.01	0.01	-	0.02	0.02	0.02	0.00
Iranian Heavy[3]												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.49	0.55	0.16	0.33	0.21	0.08	0.04	0.07	0.01	0.02	0.44	-0.42
Asia Oceania	0.52	0.51	0.33	0.48	0.38	0.11	0.36	0.31	0.44	0.41	0.52	-0.10
Venezuelan Light & Medium												
Americas	0.14	0.18	0.13	0.07	0.15	0.14	0.16	0.16	0.23	0.20	-	-
Europe	0.02	0.02	0.02	0.01	-	0.01	0.06	0.08	0.04	0.08	0.03	0.04
Asia Oceania	-	-	0.01	0.01	0.01	-	-	-	-	-	0.03	-
Venezuelan 22 API and heavier												
Americas	0.86	0.76	0.69	0.68	0.58	0.77	0.73	0.73	0.69	0.76	0.61	0.15
Europe	0.06	0.05	0.08	0.08	0.09	0.11	0.04	0.03	0.00	0.05	0.06	-0.01
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Maya												
Americas	0.91	0.82	0.73	0.72	0.69	0.76	0.74	0.71	0.68	0.75	0.64	0.11
Europe	0.11	0.12	0.14	0.12	0.14	0.13	0.17	0.18	0.14	0.17	0.09	0.08
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Isthmus												
Americas	0.04	0.07	0.04	0.04	0.03	0.05	0.04	0.12	-	0.07	0.05	0.01
Europe	0.02	0.01	0.03	0.02	0.05	0.03	0.04	0.03	0.03	0.03	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Russian Urals												
Americas	0.08	0.01	0.00	-	0.01	0.01	-	-	-	-	-	-
Europe	1.80	1.69	1.86	1.75	1.76	1.97	1.94	1.98	1.68	1.76	1.88	-0.13
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Nigerian Light[4]												
Americas	0.60	0.53	0.24	0.25	0.31	0.25	0.14	0.16	-	-	0.22	-
Europe	0.34	0.45	0.58	0.51	0.52	0.72	0.58	0.59	0.51	0.73	0.68	0.05
Asia Oceania	-	0.05	0.04	0.03	0.06	0.03	0.03	0.06	-	0.03	0.03	0.00
Nigerian Medium												
Americas	0.25	0.18	0.12	0.04	0.07	0.14	0.21	0.21	0.19	0.15	0.02	0.12
Europe	0.09	0.14	0.25	0.26	0.25	0.26	0.23	0.23	0.28	0.16	0.22	-0.06
Asia Oceania	-	-	0.00	-	-	0.00	-	-	-	-	-	-

1 Data based on monthly submissions from IEA countries to the crude oil import register (in '000 bbl), subject to availability. May differ from Table 8 of the Report.
IEA Americas includes United States and Canada.
IEA Europe includes all countries in OECD Europe except Estonia, Hungary and Slovenia.
IEA Asia Oceania includes Australia, New Zealand, Korea and Japan.

2 Iraqi Total minus Kirkuk.

3 Iranian Total minus Iranian Light.

4 33° API and lighter (e.g., Bonny Light, Escravos, Qua Iboe and Oso Condensate).

Table 7
REGIONAL OECD IMPORTS[1,2]
(thousand barrels per day)

	2010	2011	2012	1Q12	2Q12	3Q12	4Q12	Nov 12	Dec 12	Jan 13	Year Earlier Jan 12	% change
Crude Oil												
Americas	7494	6870	6101	6151	6502	6147	5610	5960	5046	5245	6116	-14%
Europe	9072	8988	9344	9119	9176	9794	9282	9543	8660	8908	9402	-5%
Asia Oceania	6472	6609	6762	6994	6727	6627	6702	6450	7049	7091	6953	2%
Total OECD	23038	22468	22207	22264	22405	22567	21593	21953	20755	21244	22471	-5%
LPG												
Americas	34	33	26	20	28	34	23	34	13	30	11	176%
Europe	285	318	287	300	281	271	296	304	309	283	324	-13%
Asia Oceania	565	568	619	658	603	598	615	604	644	601	583	3%
Total OECD	884	919	932	978	911	903	935	942	966	914	918	0%
Naphtha												
Americas	36	42	20	15	34	17	15	12	13	13	27	-49%
Europe	399	298	350	399	363	291	347	307	303	472	415	14%
Asia Oceania	908	884	900	839	878	920	961	1018	944	981	854	15%
Total OECD	1344	1224	1270	1253	1275	1228	1323	1336	1260	1466	1295	13%
Gasoline[3]												
Americas	801	762	725	673	775	800	652	717	483	547	719	-24%
Europe	187	222	213	282	181	201	187	144	210	157	279	-44%
Asia Oceania	84	95	86	95	92	68	89	75	96	102	79	30%
Total OECD	1073	1079	1023	1050	1048	1068	928	936	790	807	1077	-25%
Jet & Kerosene												
Americas	76	77	73	42	65	99	86	90	61	50	26	92%
Europe	418	397	398	290	375	458	466	469	440	444	317	40%
Asia Oceania	46	58	63	77	38	55	82	97	86	112	55	105%
Total OECD	539	532	534	409	479	611	634	657	587	606	398	52%
Gasoil/Diesel												
Americas	100	72	59	71	45	50	69	75	67	63	86	-27%
Europe	1071	1044	976	1026	859	953	1066	1080	1094	864	1018	-15%
Asia Oceania	104	147	186	170	176	194	203	237	190	181	167	8%
Total OECD	1275	1264	1221	1267	1080	1196	1338	1392	1351	1108	1271	-13%
Heavy Fuel Oil												
Americas	277	268	206	220	217	208	181	228	146	173	239	-28%
Europe	464	537	520	631	534	483	434	344	503	604	759	-20%
Asia Oceania	120	153	223	221	203	227	241	220	276	252	238	6%
Total OECD	861	958	950	1072	954	918	856	792	925	1029	1236	-17%
Other Products												
Americas	807	871	813	753	831	838	829	780	883	732	894	-18%
Europe	692	700	663	611	691	668	681	710	752	871	519	68%
Asia Oceania	375	373	359	389	370	359	317	278	363	423	410	3%
Total OECD	1873	1944	1835	1753	1892	1865	1827	1767	1998	2025	1822	11%
Total Products												
Americas	2132	2124	1923	1794	1995	2045	1855	1935	1668	1609	2000	-20%
Europe	3516	3516	3406	3538	3285	3325	3478	3357	3611	3695	3632	2%
Asia Oceania	2201	2279	2435	2450	2361	2421	2508	2529	2599	2651	2385	11%
Total OECD	7849	7920	7764	7782	7640	7790	7841	7822	7878	7954	8017	-1%
Total Oil												
Americas	9625	8995	8024	7946	8497	8192	7465	7895	6714	6854	8117	-16%
Europe	12588	12504	12750	12657	12461	13118	12760	12900	12271	12603	13034	-3%
Asia Oceania	8674	8889	9197	9443	9088	9048	9210	8980	9649	9742	9338	4%
Total OECD	30887	30388	29971	30046	30045	30358	29435	29775	28633	29199	30488	-4%

1 Based on Monthly Oil Questionnaire data submitted by OECD countries in tonnes and converted to barrels.
2 Excludes intra-regional trade.
3 Includes additives.

© OECD/IEA 2013. All Rights Reserved

The International Energy Agency (IEA) makes every attempt to ensure, but does not guarantee, the accuracy and completeness of the information or the clarity of content of the *Oil Market Report* (hereafter the *OMR*). The IEA shall not be liable to any party for any inaccuracy, error or omission contained or provided in this *OMR* or for any loss, or damage, whether or not due to reliance placed by that party on information in this *OMR*.

The Executive Director and Secretariat of the IEA are responsible for the publication of the *OMR*. Although some of the data are supplied by IEA Member-country governments, largely on the basis of information they in turn receive from oil companies, neither these governments nor these oil companies necessarily share the Secretariat's views or conclusions as expressed in the *OMR*. The *OMR* is prepared for general circulation and is distributed for general information only. Neither the information nor any opinion expressed in the *OMR* constitutes an offer, or an invitation to make an offer, to buy or sell any securities or any options, futures or other derivatives related to such securities.

This *OMR* is the copyright of the OECD/IEA and is subject to terms and conditions of use. These terms and conditions are available on the IEA website at http://www.iea.org/oilmar/licenceomr.html. In relation to the Subscriber Edition (as defined in the OMR's online terms and conditions), all Argus information is sourced from Copyright © 2013 Argus Media Limited and is published here with the permission of Argus. The spot crude and product price assessments are based on daily Argus prices, converted when appropriate to US$ per barrel according to the Argus specification of products. Argus Media Limited reserves all rights in relation to all Argus information. Any reproduction of Argus information requires the express prior written permission of Argus. Argus shall not be liable to any party for any inaccuracy, error or omission contained or provided in Argus information contained in this OMR or for any loss, or damage, whether or not due to reliance placed by that party on information in this OMR.

OMR Contacts

Editor and Head, Oil Industry and Markets Division
Antoine Halff

Analysts
Michael Cohen (Non-OPEC Supply)
Diane Munro (OPEC Supply and Prices)
Matt Parry (Demand)
Jérôme Sabathier (Refining)
Andrew Wilson (Stocks/Statistics)

Statistics
Lenka Laukova
Valerio Pilia

Research assistant
Bong Hee Jang

Editorial assistant
Annette Hardcastle

Contact:
☎ (+33) 0*1 40 57 66 67
✉ **OilMarketReport@iea.org**
* 0 - only within France

Media Enquiries

IEA Press Office
(+33) 0* 1 40 57 65 54
✉ **ieapressoffice@iea.org**

Subscription and Delivery Enquiries

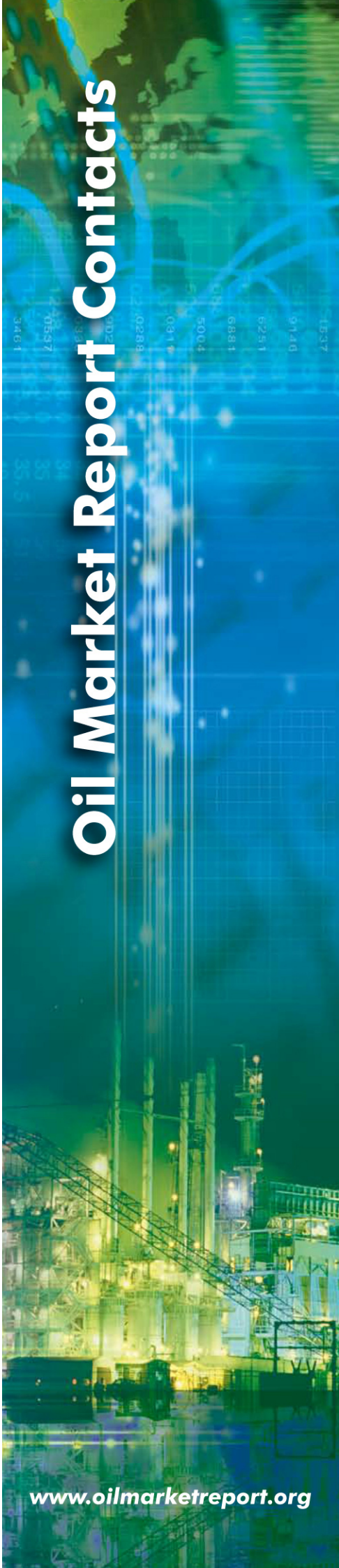
Oil Market Report Subscriptions
International Energy Agency
BP 586-75726 PARIS Cedex 15, France
✉ **OMRSubscriptions@iea.org**
☎ (+33) 0* 1 40 57 67 72
☎ (+33) 0* 1 40 57 66 90

User's Guide and Glossary to the IEA *Oil Market Report*

For information on the data sources, definitions, technical terms and general approach used in preparing the *Oil Market Report (OMR)*, *Medium-Term Oil Market Report (MTOMR)* and *Annual Statistical Supplement* (current issue of the Statistical Supplement dated 10 August 2012), readers are referred to the *Users' Guide* at www.oilmarketreport.org/glossary.asp. It should be noted that the spot crude and product price assessments are based on daily Argus prices, converted when appropriate to US$ per barrel according to the Argus specification of products (Copyright © 2013 Argus Media Limited - all rights reserved).

The *Oil Market Report* is published under the responsibility of the Executive Director and Secretariat of the International Energy Agency. Although some of the data are supplied by Member-country Governments, largely on the basis of information received from oil companies, neither governments nor companies necessarily share the Secretariat's views or conclusions as expressed therein.
© OECD/IEA 2013

Next Issue: 14 May





International Energy Agency

14 May 2013

HIGHLIGHTS

- **Oil futures prices declined in April on seasonally weaker demand.** Brent fell by around $6.10/bbl to $103.40/bbl amid a surplus of light, sweet grades in Europe, and last traded nearly unchanged at $103.10/bbl. In contrast, WTI inched down by just $0.90/bbl to an average $92.05/bbl, and by early May bounced back up to $95.50/bbl.

- **The WTI-Brent futures price spread fell to its narrowest in more than two years,** contracting to about $7.75/bbl in early May from an average $11.35/bbl in April, $16.58/bbl in March and $20.75/bbl in February.

- **The global oil demand forecast was raised by a marginal 65 kb/d for 2013, to 90.6 mb/d,** due mainly to upward revisions to German gasoil data for 2012. The global growth forecast is unchanged at 795 kb/d.

- **The non-OPEC supply forecast was raised by 50 kb/d to 54.5 mb/d for 2013** on rebounding output in South Sudan and strong North American oil sands and tight oil production**.** Annual growth remains projected at 1.1 mb/d after US and Australia data revisions raised the 2012 estimate by 0.1 mb/d.

- **OPEC crude production rose by 200 kb/d to 30.70 mb/d in Apri**l, led by Iraq. The 'call on OPEC crude and stock change' for 2Q13 fell by 400 kb/d to 28.9 mb/d on higher OPEC NGLs and non-OPEC supplies. OPEC ministers gather in Vienna on 31 May to review the market outlook.

- **OECD commercial oil stocks built by a counter-seasonal 14.9 mb in March, to 2 658 mb**, after a steep Japanese build helped lift crude stocks by 32.4 mb. On a forward-cover basis, OECD product stocks fell by 0.6 day, to 31.2 days. Preliminary data suggest total oil stocks built by a further 27.7 mb in April.

- **Global refinery runs will jump by an unusually steep 3.6 mb/d from April** – the likely peak in seasonal maintenance – to August, thanks in part to new Saudi capacity and recovering throughput at Venezuela's Amuay plant after a 2012 fire. March runs exceeded expectations, following strong February margins and a Brent price dip.

www.oilmarketreport.org

International Energy Agency

The IEA is Seeking to Recruit Oil Market Analysts

The International Energy Agency (IEA), an intergovernmental organisation committed to advancing security of energy supply, economic growth and environmental sustainability through energy policy co-operation, is seeking to recruit two Oil Market Analysts, one to focus on price developments and the other on supply analysis. The successful applicants will work under the guidance of the Head of the Oil Industry and Markets Division of the IEA.

Main responsibilities include:

- Monitor, analyse and forecast developments in global oil markets in the short and medium term. Develop and implement appropriate models to aid and support analysis.
- Prepare written, oral and audio visual presentations on the oil market as required and to specified deadlines. Present analysis and findings at IEA meetings.
- Research and write for the IEA's monthly *Oil Market Report (OMR)* and *Medium-Term Oil Market Report MTOMR)*.
- Develop and maintain contacts in the oil industry and relevant private sectors, governments and oil consultancies.
- Provide support, as required, to other areas of the IEA, IEA committees and member governments.

The ideal candidate will possess:

- Knowledge of the economics, structure and operation of the international oil system and/or physical and future crude oil and product markets, price formation, market regulation, refining economics and freight markets.
- Demonstrated experience in quantitative data analysis and in developing analytical methodologies. Proven skills in working with databases, spreadsheets and a strong knowledge of Microsoft Office Suite software.
- Ability to work well under extremely demanding deadlines.
- Excellent level of oral and written communication skills in English is essential.
- Minimum three to seven years' experience on aspects of oil supply or prices.

The IEA operates as an autonomous agency within the Organisation for Economic Co-operation and Development (OECD), a forum within which the governments of 34 market democracies work together to address the economic, social and governance challenges of the globalising world economy, as well as to exploit its opportunities.

The complete vacancy notice and application form can be found by clicking on 'job vacancies' at www.oecd.org (vacancy reference 08687). Applications from nationals of OECD Member countries should include a CV and be sent online by midnight Paris time on 31 May 2013. Please note that only candidates selected for interview will be contacted.

The OECD is an equal opportunity employer and encourages applications from all qualified candidates.

TABLE OF CONTENTS

HIGHLIGHTS 1

A PIVOTAL TIME IN OIL MARKETS 4

DEMAND 5
Tables 5

SUPPLY 6
Tables 6

OECD STOCKS 8
Tables & Charts 8

PRICES 10
Tables 10

REFINING 12
Tables 12

TABLES 13

Note to Subscribers:

This month's ***Oil Market Report*** coincides with the release of ***Medium-Term Oil Market Report***, 2013. This month's report is an abbreviated release of our monthly statistics, plus front page Highlights and a lead article only. The normal *OMR* format with detailed written analysis will resume for the June edition.

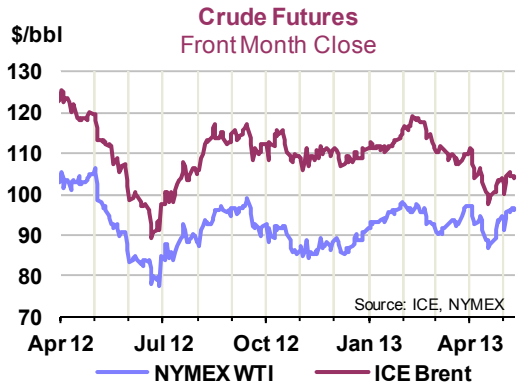
Please note that *MTOMR* data does not include the latest monthly data submissions and forecast as published in the May *OMR* tables due to publication deadlines, and minor discrepancies may therefore exist.

A PIVOTAL TIME IN OIL MARKETS

This month's *OMR* is abbreviated – tables only – due to the simultaneous release of the 2013 *Medium-Term Oil Market Report* (*MTOMR*), the IEA's oil market outlook to 2018. Subscribers can access online a complete set of accompanying MODS statistics. The *OMR* will return to its regular format next month.

Editorial policy, rather than an unexpected shift in oil market conditions, is the main reason the 2012 and 2013 editions of the *MTOMR* are coming out in such close succession. Since the 2012 *MTOMR* was released seven months ago, the IEA has adjusted its publication schedule to make its various medium-term reports more easily comparable. Five-year outlooks on natural gas and renewable energy will soon follow this *MTOMR*, all sharing similar GDP and other assumptions. Later this year, the IEA will for the first time release a medium-term report on energy efficiency, along with the medium-term coal report.

Nevertheless, this month offers a perfect vantage point from which to take a fresh look at the medium-term. Many of the trends flagged last October have since come out in full force. On the supply side, recent shifts in benchmark prices hint at the shockwaves sent by surging North American supply through global oil markets. After stretching to 2012 peaks of around -$25.50/bbl in November, the WTI- Brent futures price spread contracted in early May to its narrowest in more than two years, to around -$7.75/bbl in early May, from a -$11.35/bbl average in April, -$16.58/bbl in March and -$20.75/bbl in February. This return to spread levels unseen since January 2011, when surging US light, tight oil production first started bumping against takeaway limits, comes amid significant infrastructure adjustments. Those include new rail capacity out of the Midwest, adjustments in pipeline capacity to relieve congestion in and around Cushing, Oklahoma, and Midwestern refinery upgrades to run more imported heavy Canadian crude.





Meanwhile, WTI futures remain in backwardation, with prompt prices at a premium to outer months, signalling market expectations of lower prices down the road. This is far from the end of the chain reaction. North American production is expected to continue growing at a record pace. As it keeps expanding its reach, supply-side pressures will spread to coastal grades; backed out US crude imports will be looking for other markets.

Other shifts compound the impact of these shockwaves. For the first time this quarter, oil demand in developing and emerging economies is forecast to exceed that in the OECD. Yet as refining capacity rises even faster than demand in non-OECD economies, excess non-OECD product output is also looking for markets. Net Chinese gasoil exports are on the rise, even as US net product exports hit records. Rising Middle Eastern exports will soon follow suit. As those changes unfold, they are transforming the very way in which products are reaching consumers from the wellhead. This sort of positive crude and product "supply shock" could prove as transformative for the oil industry as was the rise of Chinese demand during the last 15 years.

DEMAND

Tables

Global Oil Demand (2011-2013)

(million barrels per day)

	1Q11	2Q11	3Q11	4Q11	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
Africa	3.4	3.4	3.3	3.4	3.4	3.5	3.5	3.5	3.6	3.5	3.7	3.7	3.7	3.7	3.7
Americas	30.2	30.0	30.6	30.4	30.3	29.7	30.2	30.5	30.5	30.3	30.2	30.1	30.7	30.6	30.4
Asia/Pacific	28.7	27.8	28.0	29.2	28.4	29.7	28.8	29.0	30.3	29.4	30.2	29.3	29.4	30.7	29.9
Europe	14.9	14.9	15.4	14.9	15.0	14.4	14.5	14.5	14.4	14.5	13.9	13.9	14.4	14.5	14.2
FSU	4.2	4.3	4.5	4.5	4.4	4.4	4.4	4.6	4.6	4.5	4.4	4.5	4.8	4.8	4.6
Middle East	7.0	7.4	7.9	7.4	7.4	7.2	7.8	8.1	7.5	7.6	7.4	7.9	8.3	7.7	7.8
World	**88.4**	**87.8**	**89.8**	**89.7**	**88.9**	**88.9**	**89.3**	**90.3**	**90.9**	**89.8**	**89.8**	**89.4**	**91.2**	**92.0**	**90.6**
Annual Chg (%)	1.9	0.3	0.6	0.1	0.7	0.6	1.6	0.5	1.4	1.0	1.0	0.2	1.1	1.2	0.9
Annual Chg (mb/d)	1.7	0.2	0.6	0.1	0.6	0.5	1.4	0.5	1.2	0.9	0.9	0.2	1.0	1.1	0.8
Changes from last OMR (mb/d)	0.00	0.00	-0.01	0.00	0.00	0.04	0.05	0.05	0.12	0.06	-0.06	-0.09	0.18	0.22	0.06

OECD Demand based on Adjusted Preliminary Submissions - March 2013

(million barrels per day)

	Gasoline		Jet/Kerosene		Diesel		Other Gasoil		RFO		Other		Total Products	
	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa
OECD Americas*	**10.16**	**-1.8**	**1.63**	**-0.3**	**4.29**	**-2.2**	**0.74**	**19.2**	**0.74**	**-16.1**	**6.04**	**7.76**	**23.60**	**0.5**
US50	8.54	-1.2	1.37	-1.3	3.38	-0.9	0.38	30.5	0.36	-14.5	4.50	9.5	18.54	1.5
Canada	0.71	-6.3	0.13	7.9	0.29	-9.6	0.27	14.2	0.08	-12.0	0.81	8.6	2.29	0.8
Mexico	0.76	-5.0	0.06	6.3	0.40	-7.6	0.05	4.6	0.17	-26.4	0.60	-3.7	2.05	-6.9
OECD Europe	**1.83**	**-8.1**	**1.11**	**-0.5**	**4.24**	**-3.6**	**1.63**	**11.5**	**0.98**	**-15.7**	**3.35**	**-5.8**	**13.14**	**-4.0**
Germany	0.39	-9.9	0.18	5.4	0.65	-7.8	0.40	56.1	0.14	-5.2	0.58	6.3	2.34	3.5
United Kingdom	0.33	-6.9	0.30	-0.8	0.48	2.9	0.13	8.3	0.03	-47.9	0.27	-12.3	1.55	-4.1
France	0.15	-6.9	0.13	-4.3	0.68	-2.1	0.31	20.7	0.06	-26.2	0.39	-3.0	1.71	-0.7
Italy	0.18	-7.5	0.07	-4.1	0.44	-5.9	0.10	-2.8	0.09	-29.0	0.36	0.4	1.23	-6.2
Spain	0.10	-11.4	0.09	0.3	0.42	-5.7	0.15	-10.3	0.15	-16.4	0.28	-16.6	1.19	-10.5
OECD Asia & Oceania	**1.58**	**-1.9**	**0.90**	**-13.3**	**1.28**	**9.2**	**0.49**	**-23.8**	**0.86**	**-11.8**	**3.22**	**-4.6**	**8.32**	**-5.5**
Japan	0.94	-4.6	0.59	-18.1	0.48	0.0	0.37	-13.0	0.52	-11.8	1.83	-6.8	4.72	-8.4
Korea	0.20	7.5	0.14	-8.7	0.29	9.1	0.11	-5.6	0.25	-9.6	1.14	-1.5	2.13	-1.2
Australia	0.33	-0.4	0.13	4.9	0.39	3.3	0.00	0.0	0.02	-15.4	0.17	-1.9	1.04	0.9
OECD Total	**13.57**	**-2.7**	**3.64**	**-3.9**	**9.81**	**-1.5**	**2.86**	**4.9**	**2.58**	**-14.5**	**12.61**	**0.6**	**45.07**	**-2.0**

* Including US territories

Non-OECD: Demand by Product

(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	Dec-12	Jan-13	Feb-13	Jan-13	Feb-13	Jan-13	Feb-13
LPG & Ethane	4,714	4,737	4,782	154	100	3.4	2.1
Naphtha	2,990	3,004	2,902	206	-32	7.3	-1.1
Motor Gasoline	9,189	9,056	9,154	437	383	5.1	4.4
Jet Fuel & Kerosene	2,831	2,855	2,801	131	160	4.8	6.1
Gas/Diesel Oil	13,659	13,036	13,440	643	363	5.2	2.8
Residual Fuel Oil	5,694	5,683	5,400	515	72	10.0	1.4
Other Products	5,785	5,604	5,809	61	317	1.1	5.8
Total Products	**44,862**	**43,975**	**44,288**	**2,147**	**1,363**	**5.1**	**3.2**

Non-OECD: Demand by Region

(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	Dec-12	Jan-13	Feb-13	Jan-13	Feb-13	Jan-13	Feb-13
Africa	3,639	3,625	3,743	172	206	5.0	5.8
Asia	21,977	21,397	21,370	1,358	674	6.8	3.3
FSU	4,612	4,378	4,526	72	-51	1.7	-1.1
Latin America	6,639	6,374	6,554	265	264	4.3	4.2
Middle East	7,287	7,532	7,407	281	249	3.9	3.5
Non-OECD Europe	708	670	687	-1	20	-0.1	3.1
Total Products	**44,862**	**43,975**	**44,288**	**2,147**	**1,363**	**5.1**	**3.2**

SUPPLY

Tables

OPEC Crude Production

(million barrels per day)

	Feb 2013 Supply	Mar 2013 Supply	Apr 2013 Supply	Sustainable Production Capacity[1]	Spare Capacity vs Apr 2013 Supply	1Q13 Average Crude Supply
Algeria	1.16	1.14	1.16	1.19	0.03	1.15
Angola	1.73	1.77	1.75	1.82	0.07	1.76
Ecuador	0.50	0.50	0.50	0.51	0.01	0.50
Iran	2.72	2.68	2.65	2.98	0.33	2.68
Iraq	3.11	2.96	3.16	3.34	0.18	3.01
Kuwait[2]	2.77	2.84	2.81	2.90	0.09	2.81
Libya	1.40	1.36	1.42	1.55	0.13	1.38
Nigeria[3]	2.00	2.00	1.98	2.44	0.46	2.00
Qatar	0.74	0.74	0.73	0.77	0.05	0.74
Saudi Arabia[2]	9.25	9.30	9.34	12.27	2.93	9.27
UAE	2.70	2.70	2.70	2.90	0.20	2.67
Venezuela[4]	2.50	2.50	2.50	2.60	0.10	2.50
Total OPEC	**30.58**	**30.49**	**30.70**	**35.27**	**4.57**	**30.46**
(excluding Iraq, Nigeria, Libya and Iran)					*3.47*	

1 Capacity levels can be reached within 30 days and sustained for 90 days.
2 Includes half of Neutral Zone production.
3 Nigeria's current capacity estimate excludes some 200 kb/d of shut-in capacity.
4 Includes upgraded Orinoco extra-heavy oil assumed at 400 kb/d in April.

Non-OPEC Supply

(million barrels per day)

	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
Americas	14.6	15.6	15.5	15.7	16.7	15.9	16.8	16.5	16.9	17.4	16.9
Europe	3.8	3.8	3.6	3.2	3.3	3.5	3.4	3.3	3.1	3.3	3.3
Asia Oceania	0.6	0.5	0.6	0.6	0.5	0.6	0.4	0.5	0.6	0.6	0.5
Total OECD	**19.0**	**19.9**	**19.7**	**19.5**	**20.5**	**19.9**	**20.6**	**20.4**	**20.6**	**21.3**	**20.7**
Former USSR	13.6	13.7	13.6	13.6	13.8	13.7	13.9	13.7	13.4	13.6	13.6
Europe	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
China	4.1	4.2	4.1	4.2	4.3	4.2	4.2	4.3	4.3	4.3	4.3
Other Asia	3.6	3.6	3.5	3.6	3.6	3.6	3.6	3.5	3.5	3.5	3.5
Latin America	4.2	4.3	4.2	4.1	4.2	4.2	4.2	4.2	4.3	4.4	4.3
Middle East	1.6	1.4	1.5	1.5	1.5	1.5	1.4	1.4	1.4	1.4	1.4
Africa	2.6	2.4	2.3	2.3	2.3	2.3	2.3	2.4	2.4	2.5	2.4
Total Non-OECD	**29.9**	**29.8**	**29.2**	**29.3**	**29.8**	**29.5**	**29.7**	**29.6**	**29.5**	**29.9**	**29.7**
Processing Gains	2.1	2.1	2.1	2.2	2.1	2.1	2.2	2.2	2.2	2.2	2.2
Global Biofuels	1.9	1.5	1.9	2.1	1.9	1.9	1.5	1.9	2.3	2.0	1.9
Total Non-OPEC	**52.8**	**53.4**	**52.9**	**53.1**	**54.3**	**53.4**	**54.0**	**54.0**	**54.6**	**55.4**	**54.5**
Annual Chg (mb/d)	0.1	0.6	0.5	0.3	1.1	0.6	0.6	1.1	1.5	1.0	1.1
Changes from last OMR (mb/d)	0.0	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0

Note: Random events present downside risk to the non-OPEC production forecast contained in this report. These events can include accidents, unplanned or unannounced maintenance, technical problems, labour strikes, political unrest, guerrilla activity, wars and weather-related supply losses. Specific allowance has been made in the forecast for scheduled maintenance in all regions and for typical seasonal supply outages (including hurricane-related stoppages) in North America. In addition, from July 2007, a nationally allocated (but not field-specific) reliability adjustment has also been applied for the non-OPEC forecast to reflect a historical tendency for unexpected events to reduce actual supply compared with the initial forecast. This totals –500 kb/d for non-OPEC as a whole, with downward adjustments focused in the OECD.

FSU Net Exports of Crude & Petroleum Products

(million barrels per day)

	2011	2012	2Q2012	3Q2012	4Q2012	1Q2013	Jan 13	Feb 13	Mar 13	Latest month vs. Feb 13	Latest month vs. Mar 12
Crude											
Black Sea	1.93	1.81	1.88	1.74	1.78	1.80	1.57	1.95	1.86	-0.09	0.08
Baltic	1.50	1.67	1.75	1.78	1.69	1.60	1.67	1.51	1.63	0.12	0.15
Arctic/FarEast	0.67	0.65	0.62	0.64	0.72	0.78	0.79	0.78	0.78	0.00	0.18
BTC	0.70	0.66	0.68	0.64	0.59	0.58	0.56	0.61	0.57	-0.04	-0.18
Crude Seaborne	**4.80**	**4.79**	**4.93**	**4.80**	**4.78**	**4.76**	**4.59**	**4.85**	**4.85**	**-0.01**	**0.23**
Druzhba Pipeline	1.17	1.08	1.11	0.98	0.98	0.99	0.94	1.03	1.00	-0.02	-0.24
Other Routes	0.53	0.52	0.49	0.53	0.54	0.55	0.56	0.56	0.54	-0.02	0.01
Total Crude Exports	**6.50**	**6.39**	**6.53**	**6.31**	**6.30**	**6.31**	**6.09**	**6.44**	**6.39**	**-0.04**	**0.00**
Of Which: Transneft[1]	4.18	4.22	4.35	4.24	4.10	4.09	3.99	4.10	4.16	0.06	0.04
Products											
Fuel oil[2]	1.58	1.72	1.81	1.83	1.61	1.61	1.62	1.72	1.48	-0.24	-0.19
Gasoil	0.77	0.79	0.75	0.76	0.79	0.97	0.88	1.03	1.01	-0.02	0.08
Other Products	0.43	0.44	0.41	0.45	0.47	0.48	0.49	0.51	0.44	-0.07	0.05
Total Product	**2.77**	**2.95**	**2.97**	**3.04**	**2.87**	**3.06**	**2.98**	**3.26**	**2.93**	**-0.34**	**-0.06**
Total Exports	**9.27**	**9.34**	**9.50**	**9.35**	**9.17**	**9.36**	**9.07**	**9.70**	**9.32**	**-0.38**	**-0.06**
Imports	0.09	0.09	0.06	0.08	0.09	0.07	0.06	0.08	0.08	0.00	-0.02
Net Exports	**9.18**	**9.25**	**9.44**	**9.27**	**9.08**	**9.29**	**9.01**	**9.62**	**9.24**	**-0.38**	**-0.04**

Sources: Argus Media Ltd, IEA estimates

[1]Transneft data exclude Russian CPC volumes.

[2]Includes Vacuum Gas Oil

OECD STOCKS

Tables & Charts

Preliminary Industry Stock Change in March 2013 and First Quarter 2013

	March 2013 (preliminary)								First Quarter 2013			
	(million barrels)				*(million barrels per day)*				*(million barrels per day)*			
	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total
Crude Oil	**11.0**	**-3.9**	**25.4**	**32.5**	**0.35**	**-0.12**	**0.82**	**1.05**	**0.34**	**0.01**	**0.18**	**0.52**
Gasoline	-5.9	-2.3	0.4	-7.8	-0.19	-0.07	0.01	-0.25	-0.10	0.04	0.03	-0.02
Middle Distillates	-6.5	-2.2	-0.4	-9.0	-0.21	-0.07	-0.01	-0.29	-0.25	0.05	0.03	-0.17
Residual Fuel Oil	0.4	-1.2	-1.4	-2.2	0.01	-0.04	-0.04	-0.07	0.03	0.00	0.00	0.04
Other Products	-1.9	-0.9	1.7	-1.1	-0.06	-0.03	0.05	-0.04	-0.21	-0.07	-0.04	-0.32
Total Products	**-13.8**	**-6.6**	**0.3**	**-20.1**	**-0.45**	**-0.21**	**0.01**	**-0.65**	**-0.52**	**0.02**	**0.03**	**-0.47**
Other Oils[1]	1.5	0.5	0.5	2.5	0.05	0.02	0.02	0.08	-0.05	0.07	0.05	0.07
Total Oil	**-1.4**	**-9.9**	**26.2**	**14.9**	**-0.05**	**-0.32**	**0.85**	**0.48**	**-0.24**	**0.10**	**0.26**	**0.12**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

Revisions versus 11 April 2013 Oil Market Report

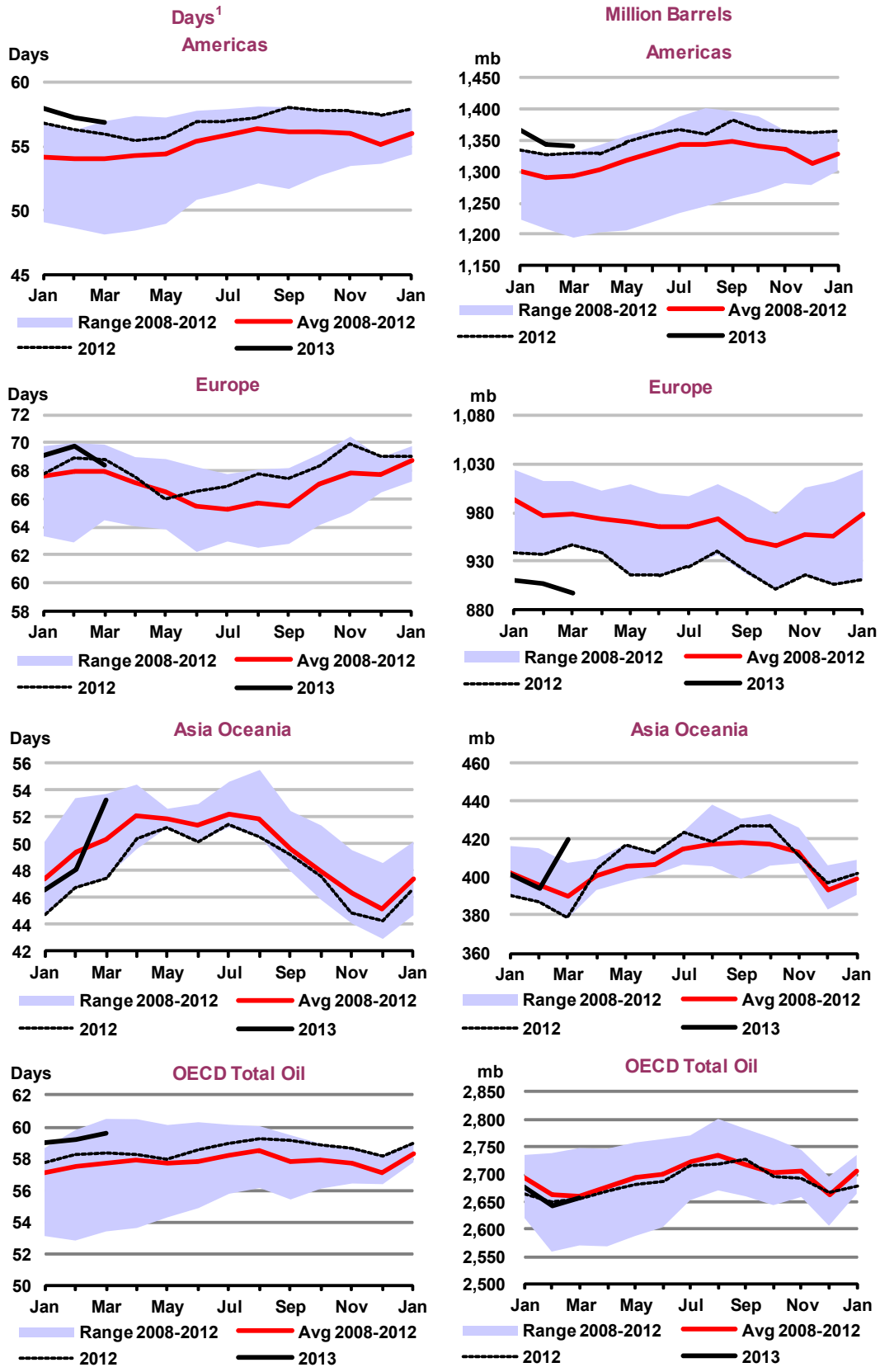
(million barrels)

	Americas		*Europe*		*Asia Oceania*		*OECD*	
	Jan-13	Feb-13	Jan-13	Feb-13	Jan-13	Feb-13	Jan-13	Feb-13
Crude Oil	**2.1**	**0.0**	**-7.7**	**-5.4**	**0.2**	**6.6**	**-5.5**	**1.2**
Gasoline	0.0	-1.6	-3.3	-1.7	0.0	0.3	-3.3	-3.0
Middle Distillates	0.2	-0.6	0.0	-6.2	0.0	-0.1	0.2	-6.9
Residual Fuel Oil	0.0	-0.9	-2.5	-0.4	0.0	0.1	-2.5	-1.2
Other Products	0.0	4.4	-0.5	-3.4	0.0	-0.3	-0.4	0.7
Total Products	**0.2**	**1.4**	**-6.3**	**-11.8**	**0.0**	**0.0**	**-6.1**	**-10.4**
Other Oils[1]	-4.2	-8.5	-3.9	-3.6	0.0	0.0	-8.1	-12.1
Total Oil	**-2.0**	**-7.1**	**-17.9**	**-20.9**	**0.2**	**6.6**	**-19.7**	**-21.3**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

Regional OECD End-of-Month Industry Stocks

(in days of forward demand and million barrels of total oil)



1 Days of forward demand are based on average demand over the next three months

PRICES

Tables

Prompt Month Oil Futures Prices

(monthly and weekly averages, $/bbl)

	Feb	Mar	Apr	Apr-Mar Avg Chg	% Chg	Week Commencing: 08 Apr	15 Apr	22 Apr	29 Apr	06 May
NYMEX										
Light Sweet Crude Oil	95.32	92.96	92.07	-0.89	-1.0	93.40	87.97	91.20	93.72	96.17
RBOB	127.48	131.03	119.27	-11.76	-9.9	120.54	115.89	116.61	117.21	120.11
No.2 Heating Oil	132.36	122.88	121.50	-1.38	-1.1	122.92	117.07	119.83	120.15	122.69
No.2 Heating Oil ($/mmbtu)	23.34	21.67	21.43	-0.24	-1.1	21.68	20.65	21.13	21.19	21.64
Henry Hub Natural Gas ($/mmbtu)	3.31	3.77	4.16	0.39	9.3	4.11	4.26	4.20	4.23	3.96
ICE										
Brent	116.07	109.54	103.42	-6.12	-5.9	104.81	99.35	101.80	102.63	104.52
Gasoil	133.80	122.65	116.09	-6.56	-5.7	117.72	111.92	113.83	113.26	116.13
Prompt Month Differentials										
NYMEX WTI - ICE Brent	-20.75	-16.58	-11.35	5.23		-11.41	-11.38	-10.60	-8.91	-8.35
NYMEX No.2 Heating Oil - WTI	37.04	29.92	29.43	-0.49		29.52	29.10	28.63	26.43	26.52
NYMEX RBOB - WTI	32.16	38.07	27.20	-10.87		27.14	27.92	25.41	23.49	23.94
NYMEX 3-2-1 Crack (RBOB)	33.79	35.35	27.94	-7.41		27.93	28.31	26.48	24.47	24.80
NYMEX No.2 - Natural Gas ($/mmbtu)	20.03	17.90	17.27	-0.63		17.57	16.38	16.94	16.96	17.68
ICE Gasoil - ICE Brent	17.73	13.11	12.67	-0.44		12.91	12.57	12.03	10.63	11.61

Source: ICE, NYMEX

Positions on Light Sweet Crude Oil (WTI) Futures

Thousand Contracts

07 May 2013	Long	Short	Net	Long/Short	Δ Net from Prev. Week	Δ Net Vs Last Month
Producers' Positions	352.9	313.2	39.7	*Long*	↑ 7.7	↑ 31.4
Swap Dealers' Positions	318.4	574.7	-256.2	*Short*	↓ -23.8	↑ 8.5
Money Managers' Positions	589.8	402.4	187.4	*Long*	↑ 15.3	↑ 6.6
Others' Positions	428.9	395.7	33.2	*Long*	↓ -4.6	↓ -34.8
Non-Reportable Positions	80.4	84.5	-4.1	*Short*	↑ 5.4	↓ -11.7
Open Interest			**1770.4**		↓ -0.8	↑ 38.5

Source: CFTC

Positions on Light Sweet Crude Oil (ICE) Futures

Thousand Contracts

07 May 2013	Long	Short	Net	Long/Short	Δ Net from Prev. Week	Δ Net Vs Last Month
Producers' Positions	221.8	126.4	95.4	*Long*	↑ 3.7	↓ -2.4
Swap Dealers' Positions	72.5	241.8	-169.3	*Short*	↓ -3.4	↓ -6.8
Money Managers' Positions	100.0	61.0	38.9	*Long*	↑ 0.8	↑ 8.6
Others' Positions	144.6	108.5	36.1	*Long*	↓ -1.6	↑ 4.0
Non-Reportable Positions	18.0	19.0	-1.1	*Short*	↑ 0.4	↓ -3.5
Open Interest			**556.8**		↓ -6.1	↑ 21.2

Source: CFTC

Spot Crude Oil Prices and Differentials

(monthly and weekly averages, $/bbl)

	Feb	Mar	Apr	Apr-Mar Avg Chg	Apr-Mar %	Week Commencing: 08 Apr	15 Apr	22 Apr	29 Apr	06 May
Crudes										
North Sea Dated	116.31	108.45	101.92	-6.53	-6.0	103.23	98.15	100.59	101.52	103.45
Brent (Asia) Mth 1	116.54	109.68	103.61	-6.08	-5.5	105.13	99.46	100.82	102.64	104.34
WTI (Cushing) Mth 1	95.26	92.91	92.02	-0.90	-1.0	93.40	87.97	90.99	93.72	96.17
Urals (Mediterranean)	114.94	106.81	101.52	-5.29	-5.0	102.77	97.82	100.27	101.43	103.35
Dubai	111.13	105.54	101.70	-3.85	-3.6	102.92	98.02	99.53	100.11	101.62
Tapis (Dated)	121.86	115.05	108.85	-6.20	-5.4	110.19	104.65	106.89	108.26	109.67
Differential to North Sea Dated										
WTI (Cushing)	-21.04	-15.53	-9.90	5.63		-9.83	-10.18	-9.60	-7.80	-7.29
Urals (Mediterranean)	-1.37	-1.64	-0.40	1.24		-0.46	-0.33	-0.32	-0.09	-0.10
Dubai	-5.18	-2.90	-0.22	2.68		-0.30	-0.13	-1.06	-1.41	-1.83
Tapis (Dated)	5.55	6.60	6.93	0.32		6.96	6.50	6.30	6.74	6.22
Prompt Month Differential										
Forward Cash Brent Mth1-Mth2	0.71	0.32	-0.06	-0.38		-0.08	-0.16	-0.10	0.29	0.28
Forward WTI Cushing Mth1-Mth2	-0.49	-0.38	-0.31	0.07		-0.32	-0.29	-0.35	-0.21	-0.24
Forward Dubai Mth1-Mth2	-0.11	0.05	0.69	0.64		0.69	0.63	0.65	0.52	0.57

Copyright © 2013 Argus Media Ltd - All rights reserved

Spot Product Prices

(monthly and weekly averages, $/bbl)

	Feb	Mar	Apr	Apr-Mar *Chg*	Apr-Mar %	Week Commencing: 08 Apr	15 Apr	22 Apr	29 Apr	06 May	Feb	Mar	Apr
Rotterdam, Barges FOB											**Differential to Dated Brent**		
Premium Unl 10 ppm	128.43	118.80	114.02	-4.78	-4.0	114.69	111.02	112.37	111.58	113.02	12.12	10.35	12.10
Naphtha	111.57	102.67	91.66	-11.01	-10.7	93.19	88.30	89.87	90.16	93.96	-4.73	-5.77	-10.26
Jet/Kerosene	135.23	124.15	116.42	-7.72	-6.2	118.45	112.78	114.54	113.89	116.10	18.92	15.70	14.50
ULSD 10ppm	135.66	126.03	119.47	-6.55	-5.2	121.07	115.48	118.27	117.28	119.67	19.35	17.58	17.55
Gasoil 0.1%	133.64	122.40	115.58	-6.82	-5.6	117.57	111.69	113.59	113.19	115.86	17.33	13.96	13.66
LSFO 1%	104.97	97.93	93.26	-4.67	-4.8	94.42	91.26	92.07	93.10	95.90	-11.33	-10.52	-8.66
HSFO 3.5%	96.64	92.65	89.83	-2.82	-3.0	91.01	87.87	88.64	89.70	91.17	-19.67	-15.80	-12.09
Mediterranean, FOB Cargoes											**Differential to Urals**		
Premium Unl 10 ppm	129.10	119.48	115.10	-4.38	-3.7	115.71	112.14	113.58	112.79	114.27	14.16	12.66	13.58
Naphtha	108.57	99.83	89.04	-10.79	-10.8	90.50	85.72	87.33	87.62	91.48	-6.37	-6.98	-12.48
Jet Aviation fuel	133.85	122.91	115.05	-7.86	-6.4	117.06	111.41	113.14	112.47	114.69	18.91	16.10	13.53
ULSD 10ppm	134.51	125.20	117.43	-7.78	-6.2	118.97	113.50	115.95	115.56	118.40	19.57	18.39	15.91
Gasoil 0.1%	132.01	121.04	115.20	-5.84	-4.8	116.38	112.00	113.94	113.23	116.25	17.08	14.23	13.67
LSFO 1%	107.53	99.78	94.39	-5.39	-5.4	95.57	92.30	93.16	94.58	97.40	-7.41	-7.03	-7.13
HSFO 3.5%	96.55	92.04	88.82	-3.22	-3.5	90.03	86.82	87.61	88.92	90.44	-18.39	-14.77	-12.70
US Gulf, FOB Pipeline											**Differential to LLS**		
Super Unleaded	138.96	134.73	130.22	-4.51	-3.3	130.49	128.34	128.99	130.89	132.38	22.69	21.70	24.62
Unleaded	123.30	122.02	116.38	-5.64	-4.6	116.61	114.40	115.33	116.63	118.97	7.04	8.99	10.78
Jet/Kerosene	134.97	124.48	117.68	-6.80	-5.5	120.42	113.05	114.36	112.61	116.03	18.70	11.46	12.08
ULSD 10ppm	134.42	126.43	120.80	-5.63	-4.5	122.70	116.51	118.35	118.08	121.39	18.16	13.40	15.20
No. 6 3%*	98.92	95.76	91.54	-4.22	-4.4	92.88	88.73	89.99	91.45	92.55	-17.34	-17.27	-14.06
Singapore, FOB Cargoes											**Differential to Dubai**		
Premium Unleaded	132.92	124.08	113.92	-10.16	-8.2	113.67	109.63	111.56	111.61	114.01	21.78	18.54	12.22
Naphtha	111.82	102.39	93.50	-8.89	-8.7	95.16	89.77	91.15	91.54	93.85	0.68	-3.15	-8.19
Jet/Kerosene	133.72	123.53	116.22	-7.31	-5.9	118.41	112.12	113.00	113.78	116.04	22.59	17.98	14.52
Gasoil 0.05%	132.74	123.61	116.76	-6.84	-5.5	119.10	112.60	113.88	114.14	116.70	21.61	18.06	15.07
LSWR Cracked	112.50	110.37	105.15	-5.23	-4.7	106.95	103.04	101.65	103.31	105.35	1.36	4.83	3.45
HSFO 180 CST	102.68	100.29	97.12	-3.17	-3.2	98.24	95.03	95.15	97.10	98.34	-8.46	-5.26	-4.58
HSFO 380 CST 4%	102.25	99.27	96.21	-3.06	-3.1	97.53	93.85	94.23	95.75	96.83	-8.88	-6.28	-5.48

Copyright © 2013 Argus Media Ltd - All rights reserved *Waterborne

REFINING

Tables

Global Refinery Crude Throughput[1 2]

(million barrels per day)

	4Q2012	Jan 13	Feb 13	Mar 13	1Q2013	Apr 13	May 13	Jun 13	2Q2013	Jul 13	Aug 13
Americas	**18.2**	17.8	17.4	17.8	**17.7**	17.9	18.2	18.5	**18.2**	18.6	18.5
Europe	**12.0**	11.6	11.7	11.5	**11.6**	11.4	11.5	11.7	**11.5**	12.0	12.1
Asia Oceania	**6.8**	7.2	7.2	6.8	**7.0**	6.7	6.6	6.5	**6.6**	6.6	6.8
Total OECD	**37.0**	36.5	36.3	36.1	**36.3**	36.0	36.3	36.7	**36.4**	37.3	37.5
FSU	**6.7**	6.8	6.8	6.6	**6.7**	6.4	6.6	6.8	**6.6**	6.8	6.9
Non-OECD Europe	**0.5**	0.5	0.5	0.4	**0.4**	0.5	0.5	0.5	**0.5**	0.5	0.5
China	**9.9**	10.0	9.9	9.6	**9.8**	9.4	9.4	9.4	**9.4**	9.5	9.5
Other Asia	**9.6**	9.9	10.2	9.6	**9.9**	9.4	9.5	9.8	**9.6**	9.8	9.7
Latin America	**4.5**	4.4	4.4	4.5	**4.4**	4.4	4.6	4.7	**4.6**	4.8	4.7
Middle East	**5.7**	5.8	5.4	5.5	**5.6**	5.6	5.9	5.7	**5.7**	6.0	6.3
Africa	**2.2**	2.0	1.9	2.1	**2.0**	2.2	2.2	2.3	**2.2**	2.3	2.3
Total Non-OECD	**39.1**	39.2	39.0	38.3	**38.8**	37.9	38.6	39.2	**38.6**	39.7	40.0
Total	**76.0**	75.7	75.3	74.4	**75.1**	73.9	75.0	75.9	**74.9**	77.0	77.5

1 Preliminary and estimated runs based on capacity, known outages, economic run cuts and global demand forecast

2 From the report dated 10 August, 2012 OECD Americas include Chile and OECD Asia Oceania includes Israel.

Refinery Crude Throughput and Utilisation in OECD Countries

(million barrels per day)

							Change from		Utilisation rate[1]	
	Oct 12	Nov 12	Dec 12	Jan 13	Feb 13	Mar 13	*Feb 13*	*Mar 12*	Mar 13	Mar 12
US[2]	14.85	15.05	15.32	14.57	14.25	14.65	0.40	0.10	82.8%	83.8%
US Virgin Islands	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0.0%
Canada	1.73	1.79	1.83	1.78	1.71	1.73	0.02	0.06	90.4%	88.9%
Chile	0.18	0.18	0.18	0.18	0.19	0.17	-0.03	0.01	73.6%	69.3%
Mexico	1.08	1.20	1.26	1.23	1.24	1.29	0.05	0.10	78.0%	71.7%
OECD Americas	**17.85**	**18.22**	**18.59**	**17.75**	**17.39**	**17.83**	**0.44**	**0.27**	**83.0%**	**83.2%**
France	1.15	1.15	1.12	1.06	1.21	1.13	-0.08	0.09	80.9%	66.5%
Germany	2.07	2.07	1.96	1.93	1.96	1.77	-0.19	-0.03	83.1%	84.6%
Italy	1.52	1.43	1.38	1.29	1.27	1.19	-0.08	-0.20	56.7%	63.6%
Netherlands	0.72	0.84	1.00	1.02	1.00	1.02	0.02	-0.01	78.9%	79.4%
Spain	1.33	1.25	1.25	1.18	1.12	1.20	0.08	0.12	79.0%	71.4%
United Kingdom	1.03	1.19	1.30	1.25	1.28	1.25	-0.03	-0.23	62.4%	64.1%
Other OECD Europe	4.05	4.12	3.97	3.83	3.84	3.91	0.07	0.14	79.5%	76.4%
OECD Europe	**11.86**	**12.06**	**11.98**	**11.56**	**11.69**	**11.47**	**-0.22**	**-0.12**	**74.7%**	**72.7%**
Japan	3.01	3.09	3.52	3.48	3.49	3.44	-0.05	-0.04	74.8%	75.6%
South Korea	2.64	2.59	2.67	2.73	2.72	2.43	-0.29	-0.03	88.7%	89.9%
Other Asia Oceania	0.93	0.90	0.95	0.95	0.97	0.94	-0.03	0.00	77.8%	76.7%
OECD Asia Oceania	**6.58**	**6.59**	**7.14**	**7.16**	**7.17**	**6.80**	**-0.37**	**-0.07**	**79.7%**	**80.3%**
OECD Total	**36.29**	**36.87**	**37.71**	**36.47**	**36.25**	**36.10**	**-0.15**	**0.09**	**79.6%**	**79.0%**

1 Expressed as a percentage, based on crude throughput and current operable refining capacity

2 US50

3 OECD Americas includes Chile and OECD Asia Oceania includes Israel. OECD Europe includes Slovenia and Estonia, though neither country has a refinery

Table 1
WORLD OIL SUPPLY AND DEMAND
(million barrels per day)

	2009	2010	1Q11	2Q11	3Q11	4Q11	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
OECD DEMAND																	
Americas[1]	23.7	24.1	24.2	23.8	24.2	24.0	24.0	23.5	23.8	23.9	23.8	23.7	23.7	23.5	23.9	23.8	23.7
Europe[2]	14.7	14.7	14.2	14.2	14.7	14.1	14.3	13.7	13.8	13.8	13.7	13.8	13.2	13.1	13.7	13.7	13.4
Asia Oceania[3]	8.0	8.1	8.6	7.4	8.0	8.6	8.1	9.1	8.0	8.2	8.7	8.5	8.8	7.8	8.1	8.6	8.3
Total OECD	46.3	46.9	47.0	45.4	46.9	46.7	46.5	46.3	45.5	45.9	46.2	46.0	45.7	44.5	45.7	46.1	45.5
NON-OECD DEMAND																	
FSU	4.0	4.2	4.2	4.3	4.5	4.5	4.4	4.4	4.4	4.6	4.6	4.5	4.4	4.5	4.8	4.8	4.6
Europe	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
China	7.9	8.8	9.0	9.3	9.2	9.3	9.2	9.3	9.4	9.6	10.1	9.6	9.8	9.8	9.9	10.4	10.0
Other Asia	10.3	10.9	11.1	11.1	10.8	11.2	11.0	11.3	11.4	11.1	11.6	11.4	11.6	11.7	11.4	11.8	11.6
Latin America	5.7	6.0	6.1	6.3	6.5	6.4	6.3	6.3	6.5	6.6	6.7	6.5	6.5	6.6	6.8	6.8	6.7
Middle East	7.1	7.3	7.0	7.4	7.9	7.4	7.4	7.2	7.8	8.1	7.5	7.6	7.4	7.9	8.3	7.7	7.8
Africa	3.4	3.5	3.4	3.4	3.3	3.4	3.4	3.5	3.5	3.5	3.6	3.5	3.7	3.7	3.7	3.7	3.7
Total Non-OECD	39.1	41.4	41.4	42.5	42.9	43.0	42.4	42.7	43.7	44.3	44.7	43.9	44.1	44.9	45.6	45.9	45.1
Total Demand[4]	85.5	88.3	88.4	87.8	89.8	89.7	88.9	88.9	89.3	90.3	90.9	89.8	89.8	89.4	91.2	92.0	90.6
OECD SUPPLY																	
Americas[1,7]	13.6	14.1	14.4	14.3	14.5	15.3	14.6	15.6	15.5	15.7	16.7	15.9	16.7	16.5	16.9	17.4	16.9
Europe[2]	4.5	4.1	4.0	3.7	3.6	3.8	3.8	3.8	3.6	3.2	3.3	3.5	3.4	3.3	3.1	3.3	3.3
Asia Oceania[3]	0.6	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.6	0.6	0.5	0.5	0.4	0.5	0.6	0.6	0.5
Total OECD	18.8	18.9	19.0	18.6	18.7	19.6	19.0	19.9	19.7	19.5	20.5	19.9	20.5	20.3	20.6	21.3	20.7
NON-OECD SUPPLY																	
FSU	13.3	13.5	13.6	13.6	13.5	13.6	13.6	13.7	13.6	13.6	13.8	13.7	13.9	13.6	13.4	13.6	13.6
Europe	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
China	3.8	4.1	4.2	4.2	4.0	4.0	4.1	4.2	4.1	4.2	4.3	4.2	4.2	4.3	4.3	4.3	4.3
Other Asia[5]	3.6	3.7	3.7	3.5	3.6	3.6	3.6	3.6	3.5	3.6	3.6	3.6	3.6	3.5	3.5	3.5	3.5
Latin America[5,7]	3.9	4.1	4.2	4.2	4.2	4.3	4.2	4.3	4.2	4.1	4.2	4.2	4.2	4.2	4.3	4.4	4.3
Middle East	1.7	1.7	1.8	1.7	1.7	1.5	1.6	1.4	1.5	1.5	1.5	1.5	1.4	1.4	1.4	1.4	1.4
Africa[5]	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.4	2.3	2.3	2.3	2.3	2.3	2.4	2.4	2.5	2.4
Total Non-OECD	29.0	29.9	30.2	29.8	29.8	29.7	29.9	29.8	29.2	29.3	29.8	29.5	29.7	29.6	29.5	29.9	29.7
Processing Gains[6]	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.2	2.1	2.1	2.2	2.2	2.2	2.2	2.2
Global Biofuels[7]	1.6	1.8	1.5	1.9	2.2	1.8	1.9	1.6	1.9	2.1	1.9	1.9	1.5	1.9	2.3	2.0	1.9
Total Non-OPEC[5]	51.4	52.7	52.8	52.4	52.8	53.3	52.8	53.4	52.9	53.1	54.3	53.4	53.9	54.0	54.6	55.4	54.5
OPEC																	
Crude[8]	29.1	29.2	29.8	29.4	29.8	30.4	29.9	31.3	31.7	31.4	30.8	31.3	30.5				
NGLs	5.1	5.6	5.9	5.8	5.9	6.0	5.9	6.2	6.2	6.5	6.5	6.3	6.5	6.5	6.6	6.7	6.6
Total OPEC[5]	34.2	34.8	35.7	35.2	35.8	36.4	35.8	37.5	37.9	37.9	37.3	37.6	36.9				
Total Supply[9]	85.6	87.4	88.5	87.7	88.6	89.7	88.6	90.9	90.8	90.9	91.6	91.1	90.9				
STOCK CHANGES AND MISCELLANEOUS																	
Reported OECD																	
Industry	-0.1	0.1	-0.4	0.4	-0.2	-0.7	-0.2	0.5	0.4	0.4	-0.7	0.2					
Government	0.1	0.0	0.0	0.0	-0.4	0.1	-0.1	0.0	0.0	0.0	0.0	0.0					
Total	0.0	0.1	-0.4	0.5	-0.6	-0.6	-0.3	0.5	0.4	0.5	-0.6	0.2					
Floating Storage/Oil in Transit	0.3	-0.2	0.2	-0.2	-0.2	0.0	-0.1	-0.4	0.2	-0.1	0.1	0.0					
Miscellaneous to balance[10]	-0.1	-0.7	0.2	-0.4	-0.4	0.6	0.0	1.8	1.0	0.3	1.2	1.1	1.0				
Total Stock Ch. & Misc	0.2	-0.9	0.0	-0.2	-1.2	0.0	-0.4	2.0	1.6	0.7	0.7	1.2	1.0				
Memo items:																	
Call on OPEC crude + Stock ch.[11]	28.9	30.1	29.8	29.6	31.1	30.4	30.2	29.4	30.1	30.7	30.1	30.1	29.4	28.9	30.0	30.0	29.6
Adjusted Call on OPEC + Stock ch.[12]	28.8	29.4	30.0	29.1	30.6	31.0	30.2	31.1	31.1	31.1	31.3	31.2	30.5	29.5	30.7	30.6	30.3

1 As of August 2012 OMR, OECD Americas includes Chile.
2 As of August 2012 OMR, OECD Europe includes Estonia and Slovenia.
3 As of August 2012 OMR, OECD Asia Oceania includes Israel.
4 Measured as deliveries from refineries and primary stocks, comprises inland deliveries, international marine bunkers, refinery fuel, crude for direct burning, oil from non-conventional sources and other sources of supply.
5 Other Asia includes Indonesia throughout. Latin America excludes Ecuador throughout. Africa excludes Angola throughout.
Total Non-OPEC excludes all countries that were members of OPEC at 1 January 2009.
Total OPEC comprises all countries which were OPEC members at 1 January 2009.
6 Net volumetric gains and losses in the refining process and marine transportation losses.
7 As of the July 2010 OMR, Global Biofuels comprise all world biofuel production including fuel ethanol from the US and Brazil.
8 As of the March 2006 OMR, Venezuelan Orinoco heavy crude production is included within Venezuelan crude estimates. Orimulsion fuel remains within the OPEC NGL and non-conventional category, but Orimulsion production reportedly ceased from January 2007.
9 Comprises crude oil, condensates, NGLs, oil from non-conventional sources and other sources of supply.
10 Includes changes in non-reported stocks in OECD and non-OECD areas.
11 Equals the arithmetic difference between total demand minus total non-OPEC supply minus OPEC NGLs.
12 Equals the "Call on OPEC + Stock Ch." with "Miscellaneous to balance" added for historical periods and with an average of "Miscellaneous to balance" for the most recent 8 quarters added for forecast periods.

Table 1A
WORLD OIL SUPPLY AND DEMAND: CHANGES FROM LAST MONTH'S TABLE 1

(million barrels per day)

	2009	2010	1Q11	2Q11	3Q11	4Q11	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
OECD DEMAND																	
Americas	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-
Europe	-	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1	-	-	0.1	0.1	0.1
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-0.2	-0.1	0.1	0.1	-
Total OECD	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-0.1	-0.1	0.2	0.2	0.1
NON-OECD DEMAND																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Demand	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	-0.1	-0.1	0.2	0.2	0.1
OECD SUPPLY																	
Americas	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1	0.1	-	-	-	-	-
NON-OECD SUPPLY																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-
Total Non-OECD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-
Processing Gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Global Biofuels	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OPEC	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1	0.1	-	-	-	-	-
OPEC																	
Crude	-	-	-	-	-	-	-	-	-	-	-	-	-				
NGLs	0.2	0.2	0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.3	0.1	0.1	0.2
Total OPEC	0.2	0.2	0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.2	0.2	0.2	0.2				
Total Supply	0.2	0.2	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.2				
STOCK CHANGES AND MISCELLANEOUS REPORTED OECD																	
Industry	-	-	-	-	-	-	-	-	-	-	-	-					
Government	-	-	-	-	-	-	-	-	-	-	-	-					
Total	-	-	-	-	-	-	-	-	-	-	-	-					
Floating Storage/Oil in Transit	-	-	-	-	-	-	-	-	-	-	-	-					
Miscellaneous to balance	0.2	0.2	0.1	0.1	0.2	0.2	0.1	0.1	0.2	0.2	0.2	0.2					
Total Stock Ch. & Misc	0.2	0.2	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3				
Memo items:																	
Call on OPEC crude + Stock ch.	-0.2	-0.2	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.3	-0.4	0.1	0.2	-0.1
Adjusted Call on OPEC + Stock ch.	-	-	-	-	-	-	-	-	-	-	-	-	0.4	-0.1	0.3	0.4	0.3

When submitting their monthly oil statistics, OECD Member countries periodically update data for prior periods. Similar updates to non-OECD data can occur.

Table 2

SUMMARY OF GLOBAL OIL DEMAND

	2010	1Q11	2Q11	3Q11	4Q11	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
Demand (mb/d)																
Americas[1]	24.14	24.17	23.79	24.18	23.97	24.03	23.48	23.77	23.88	23.82	23.74	23.74	23.53	23.90	23.82	23.75
Europe[2]	14.68	14.24	14.17	14.74	14.13	14.32	13.70	13.80	13.82	13.68	13.75	13.17	13.15	13.65	13.74	13.43
Asia Oceania[3]	8.12	8.58	7.41	8.00	8.59	8.15	9.08	7.97	8.23	8.68	8.49	8.82	7.81	8.11	8.58	8.33
Total OECD	46.94	47.00	45.37	46.92	46.69	46.50	46.27	45.54	45.94	46.18	45.98	45.72	44.48	45.66	46.14	45.50
Asia	19.70	20.14	20.39	20.01	20.58	20.28	20.57	20.83	20.75	21.66	20.95	21.41	21.50	21.30	22.15	21.59
Middle East	7.32	6.95	7.42	7.86	7.38	7.40	7.20	7.79	8.14	7.47	7.65	7.41	7.90	8.30	7.66	7.82
Latin America	6.04	6.06	6.26	6.46	6.39	6.29	6.26	6.46	6.64	6.70	6.51	6.49	6.60	6.83	6.78	6.68
FSU	4.15	4.18	4.31	4.53	4.53	4.39	4.44	4.42	4.59	4.60	4.51	4.45	4.55	4.77	4.82	4.65
Africa	3.48	3.44	3.41	3.30	3.39	3.38	3.51	3.49	3.50	3.58	3.52	3.66	3.67	3.66	3.74	3.68
Europe	0.68	0.66	0.68	0.71	0.72	0.69	0.68	0.73	0.72	0.72	0.71	0.69	0.73	0.74	0.73	0.72
Total Non-OECD	41.37	41.43	42.47	42.86	42.98	42.44	42.67	43.72	44.34	44.72	43.86	44.10	44.94	45.59	45.89	45.14
World	88.31	88.43	87.84	89.78	89.67	88.94	88.94	89.26	90.27	90.90	89.85	89.82	89.42	91.25	92.03	90.64
of which: US50	19.18	19.07	18.79	19.03	18.91	18.95	18.48	18.71	18.72	18.51	18.61	18.66	18.46	18.69	18.54	18.59
Europe 5*	8.92	8.68	8.52	8.85	8.50	8.64	8.30	8.26	8.26	8.17	8.24	7.99	7.83	8.07	8.15	8.01
China	8.85	9.04	9.31	9.23	9.34	9.23	9.30	9.40	9.60	10.09	9.60	9.80	9.82	9.90	10.38	9.98
Japan	4.46	4.81	3.95	4.34	4.82	4.48	5.28	4.30	4.48	4.85	4.73	5.07	4.12	4.34	4.69	4.56
India	3.37	3.54	3.61	3.31	3.62	3.52	3.67	3.74	3.49	3.71	3.65	3.74	3.81	3.57	3.86	3.75
Russia	2.98	2.96	3.15	3.37	3.35	3.21	3.20	3.25	3.42	3.39	3.32	3.21	3.35	3.60	3.57	3.44
Brazil	2.77	2.77	2.85	2.97	2.94	2.88	2.89	2.95	3.05	3.14	3.00	3.03	3.04	3.15	3.18	3.10
Saudi Arabia	2.76	2.56	2.94	3.18	2.81	2.87	2.66	3.09	3.41	2.88	3.01	2.81	3.21	3.52	3.01	3.14
Canada	2.26	2.32	2.22	2.36	2.25	2.29	2.20	2.25	2.37	2.36	2.29	2.26	2.25	2.35	2.33	2.30
Korea	2.27	2.36	2.05	2.21	2.30	2.23	2.31	2.19	2.23	2.34	2.27	2.28	2.20	2.24	2.34	2.27
Mexico	2.08	2.12	2.17	2.17	2.17	2.16	2.14	2.18	2.16	2.28	2.19	2.15	2.18	2.20	2.28	2.20
Iran	1.84	1.84	1.79	1.78	1.78	1.80	1.83	1.86	1.71	1.71	1.78	1.79	1.77	1.71	1.72	1.75
Total	61.74	62.07	61.35	62.79	62.80	62.26	62.26	62.18	62.90	63.43	62.69	62.80	62.05	63.35	64.06	63.07
% of World	69.9%	70.2%	69.8%	69.9%	70.0%	70.0%	70.0%	69.7%	69.7%	69.8%	69.8%	69.9%	69.4%	69.4%	69.6%	69.6%
Annual Change (% per annum)																
Americas[1]	2.0	1.8	-1.2	-1.2	-1.1	-0.4	-2.9	-0.1	-1.2	-0.6	-1.2	1.1	-1.0	0.1	0.0	0.0
Europe[2]	-0.3	-1.2	-1.3	-1.8	-5.3	-2.4	-3.8	-2.6	-6.2	-3.2	-4.0	-3.9	-4.8	-1.2	0.4	-2.3
Asia Oceania[3]	2.0	-0.4	-3.1	1.1	3.2	0.3	5.9	7.5	2.9	1.1	4.3	-3.0	-2.0	-1.5	-1.3	-2.0
Total OECD	1.3	0.5	-1.6	-1.0	-1.6	-0.9	-1.6	0.4	-2.1	-1.1	-1.1	-1.2	-2.3	-0.6	-0.1	-1.0
Asia	8.2	5.5	2.5	2.8	1.3	3.0	2.1	2.2	3.7	5.3	3.3	4.1	3.2	2.6	2.3	3.0
Middle East	2.8	0.9	1.0	0.7	1.9	1.1	3.6	4.9	3.6	1.2	3.3	2.9	1.4	2.0	2.7	2.2
Latin America	6.1	4.6	3.9	4.6	4.0	4.3	3.4	3.2	2.7	4.8	3.5	3.6	2.3	2.9	1.3	2.5
FSU	3.2	2.5	7.4	6.4	6.4	5.7	6.3	2.6	1.4	1.5	2.9	0.2	2.8	4.0	4.8	3.0
Africa	2.6	-0.4	-4.2	-4.6	-2.3	-2.9	2.1	2.3	6.3	5.7	4.1	4.2	5.1	4.4	4.5	4.5
Europe	-1.4	-1.7	0.4	3.8	2.6	1.3	3.0	7.3	2.0	-0.2	2.9	0.8	-0.4	2.5	2.0	1.2
Total Non-OECD	5.7	3.6	2.3	2.4	2.1	2.6	3.0	2.9	3.4	4.0	3.4	3.4	2.8	2.8	2.6	2.9
World	3.3	1.9	0.3	0.6	0.1	0.7	0.6	1.6	0.5	1.4	1.0	1.0	0.2	1.1	1.2	0.9
Annual Change (mb/d)																
Americas[1]	0.48	0.42	-0.30	-0.28	-0.26	-0.11	-0.69	-0.02	-0.29	-0.15	-0.29	0.26	-0.24	0.01	0.00	0.01
Europe[2]	-0.04	-0.17	-0.18	-0.27	-0.79	-0.35	-0.54	-0.37	-0.92	-0.45	-0.57	-0.53	-0.66	-0.17	0.06	-0.32
Asia Oceania[3]	0.16	-0.04	-0.24	0.09	0.27	0.02	0.50	0.56	0.23	0.10	0.35	-0.27	-0.16	-0.13	-0.11	-0.17
Total OECD	0.60	0.21	-0.72	-0.46	-0.78	-0.44	-0.73	0.17	-0.98	-0.51	-0.51	-0.54	-1.06	-0.28	-0.04	-0.48
Asia	1.49	1.04	0.50	0.54	0.27	0.59	0.43	0.44	0.73	1.08	0.67	0.84	0.67	0.55	0.49	0.64
Middle East	0.20	0.06	0.07	0.06	0.14	0.08	0.25	0.36	0.28	0.09	0.25	0.21	0.11	0.16	0.20	0.17
Latin America	0.35	0.26	0.23	0.28	0.25	0.26	0.20	0.20	0.17	0.31	0.22	0.23	0.15	0.19	0.09	0.16
FSU	0.13	0.10	0.30	0.27	0.27	0.24	0.26	0.11	0.06	0.07	0.13	0.01	0.12	0.18	0.22	0.13
Africa	0.09	-0.01	-0.15	-0.16	-0.08	-0.10	0.07	0.08	0.21	0.19	0.14	0.15	0.18	0.15	0.16	0.16
Europe	-0.01	-0.01	0.00	0.03	0.02	0.01	0.02	0.05	0.01	0.00	0.02	0.01	0.00	0.02	0.01	0.01
Total Non-OECD	2.25	1.45	0.95	1.02	0.87	1.07	1.24	1.25	1.47	1.74	1.42	1.43	1.23	1.25	1.17	1.27
World	2.85	1.66	0.23	0.55	0.09	0.63	0.51	1.42	0.49	1.23	0.91	0.89	0.17	0.98	1.12	0.79
Revisions to Oil Demand from Last Month's Report (mb/d)																
Americas[1]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01	0.02	0.00	0.02	-0.09	0.05	0.02	0.00
Europe[2]	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.05	0.06	0.05	0.05	0.03	0.04	0.08	0.11	0.06
Asia Oceania[3]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	-0.15	-0.07	0.06	0.11	-0.01
Total OECD	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.05	0.05	0.08	0.05	-0.10	-0.12	0.18	0.24	0.05
Asia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.04	0.01	0.01	0.02	0.01	0.01	0.01
Middle East	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.00	-0.02	0.00
Latin America	0.00	0.00	0.00	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FSU	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00
Africa	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.01
Europe	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.00	0.00	0.01
Total Non-OECD	0.00	0.00	0.00	-0.01	0.00	0.00	0.00	0.00	0.01	0.04	0.01	0.04	0.03	-0.01	-0.02	0.01
World	0.00	0.00	0.00	-0.01	0.00	0.00	0.04	0.05	0.05	0.12	0.07	-0.06	-0.09	0.18	0.22	0.06
Revisions to Oil Demand Growth from Last Month's Report (mb/d)																
World	0.00	0.00	0.00	-0.01	0.00	0.00	0.04	0.05	0.06	0.11	0.07	-0.10	-0.13	0.12	0.10	0.00

1 As of the August 2012 OMR, includes Chile.

2 As of the August 2012 OMR, includes Estonia and Slovenia.

3 As of the August 2012 OMR, includes Israel.

* France, Germany, Italy, Spain and UK

Table 2a

OECD REGIONAL OIL DEMAND[1]

(million barrels per day)

	2011	2012	1Q12	2Q12	3Q12	4Q12	Dec 12	Jan 13	Feb 13 [2]	Latest month vs. Jan 13	Latest month vs. Feb 12
Americas[3]											
LPG&Ethane	3.10	3.11	3.22	2.91	3.00	3.31	3.44	3.65	3.62	-0.04	0.34
Naphtha	0.35	0.34	0.35	0.34	0.32	0.36	0.38	0.39	0.39	0.00	0.05
Motor Gasoline	10.43	10.37	10.13	10.63	10.51	10.20	10.06	9.82	10.08	0.26	-0.18
Jet/Kerosene	1.66	1.66	1.61	1.68	1.71	1.63	1.61	1.56	1.58	0.02	-0.04
Gasoil/Diesel Oil	5.15	5.00	5.08	4.98	4.89	5.05	4.79	5.31	5.26	-0.04	0.03
Residual Fuel Oil	0.92	0.79	0.84	0.79	0.81	0.72	0.63	0.78	0.77	-0.01	-0.01
Other Products	2.43	2.47	2.25	2.44	2.64	2.55	2.54	2.28	2.11	-0.17	-0.17
Total	24.03	23.74	23.48	23.77	23.88	23.82	23.45	23.80	23.81	0.01	0.01
Europe[4]											
LPG&Ethane	0.97	0.92	0.99	0.94	0.87	0.90	0.98	0.97	1.04	0.06	-0.03
Naphtha	1.16	1.15	1.24	1.08	1.11	1.15	1.10	1.24	1.23	-0.01	-0.04
Motor Gasoline	2.12	1.97	1.91	2.03	2.04	1.91	1.85	1.71	1.81	0.10	-0.09
Jet/Kerosene	1.24	1.20	1.09	1.23	1.31	1.17	1.12	1.07	1.13	0.06	0.01
Gasoil/Diesel Oil	6.10	5.99	5.96	5.89	5.91	6.18	5.79	5.62	5.99	0.37	-0.49
Residual Fuel Oil	1.26	1.12	1.21	1.11	1.10	1.05	1.01	1.05	1.03	-0.01	-0.28
Other Products	1.48	1.40	1.30	1.52	1.48	1.31	1.17	1.27	1.23	-0.03	-0.09
Total	14.32	13.75	13.70	13.80	13.82	13.68	13.02	12.93	13.47	0.54	-1.02
Asia Oceania[5]											
LPG&Ethane	0.84	0.86	0.99	0.81	0.82	0.82	0.91	0.93	0.95	0.03	-0.03
Naphtha	1.71	1.75	1.78	1.68	1.76	1.80	1.84	1.86	1.89	0.03	0.06
Motor Gasoline	1.61	1.62	1.59	1.56	1.68	1.64	1.70	1.51	1.59	0.08	-0.05
Jet/Kerosene	0.88	0.88	1.19	0.65	0.65	1.02	1.30	1.28	1.21	-0.07	-0.09
Gasoil/Diesel Oil	1.70	1.76	1.80	1.68	1.73	1.81	1.86	1.72	1.84	0.12	-0.09
Residual Fuel Oil	0.79	0.92	1.00	0.90	0.90	0.87	0.94	0.98	0.94	-0.03	-0.09
Other Products	0.60	0.71	0.73	0.70	0.68	0.71	0.79	0.73	0.73	0.00	-0.06
Total	8.15	8.49	9.08	7.97	8.23	8.68	9.34	9.00	9.16	0.16	-0.35
OECD											
LPG&Ethane	4.91	4.90	5.21	4.65	4.70	5.03	5.33	5.56	5.61	0.05	0.27
Naphtha	3.23	3.24	3.36	3.11	3.19	3.31	3.32	3.50	3.51	0.02	0.07
Motor Gasoline	14.15	13.96	13.63	14.22	14.24	13.76	13.60	13.04	13.48	0.44	-0.32
Jet/Kerosene	3.78	3.73	3.89	3.56	3.67	3.82	4.04	3.91	3.92	0.01	-0.12
Gasoil/Diesel Oil	12.95	12.74	12.84	12.55	12.54	13.05	12.44	12.65	13.09	0.45	-0.55
Residual Fuel Oil	2.96	2.82	3.04	2.80	2.81	2.64	2.59	2.80	2.75	-0.06	-0.38
Other Products	4.51	4.58	4.29	4.65	4.79	4.57	4.50	4.28	4.08	-0.21	-0.32
Total	46.50	45.98	46.27	45.54	45.94	46.18	45.82	45.73	46.44	0.71	-1.36

1 Demand, measured as deliveries from refineries and primary stocks, comprises inland deliveries, international bunkers and refinery fuel. It includes crude for direct burning, oil from non-conventional sources and other sources of supply. Jet/kerosene comprises jet kerosene and non-aviation kerosene. Gasoil comprises diesel, light heating oil and other gasoils. North America comprises US 50 states, US territories, Mexico and Canada.
2 Latest official OECD submissions (MOS).
3 As of the August 2012 OMR, includes Chile.
4 As of the August 2012 OMR, includes Estonia and Slovenia.
5 As of the August 2012 OMR, includes Israel.

Table 2b

OIL DEMAND IN SELECTED OECD COUNTRIES[1]

(million barrels per day)

	2011	2012	1Q12	2Q12	3Q12	4Q12	Dec 12	Jan 13	Feb 13 [2]	Latest month vs. Jan 13	Latest month vs. Feb 12
United States[3]											
LPG	2.27	2.28	2.38	2.11	2.18	2.44	2.55	2.77	2.77	-0.01	0.33
Naphtha	0.25	0.25	0.26	0.25	0.22	0.26	0.27	0.29	0.31	0.02	0.07
Motor Gasoline	8.75	8.71	8.49	8.95	8.85	8.54	8.38	8.22	8.42	0.20	-0.21
Jet/Kerosene	1.44	1.41	1.36	1.45	1.45	1.38	1.38	1.31	1.34	0.03	-0.05
Gasoil	3.90	3.74	3.83	3.73	3.66	3.75	3.52	4.06	3.97	-0.09	-0.01
Residual Fuel Oil	0.46	0.34	0.42	0.35	0.35	0.25	0.18	0.37	0.31	-0.06	-0.09
Other Products	1.87	1.88	1.74	1.88	2.00	1.88	1.87	1.70	1.61	-0.08	-0.16
Total	18.95	18.61	18.48	18.71	18.72	18.51	18.14	18.73	18.73	0.01	-0.11
Japan											
LPG	0.50	0.53	0.63	0.50	0.49	0.52	0.60	0.62	0.63	0.01	0.01
Naphtha	0.73	0.70	0.73	0.66	0.70	0.72	0.76	0.78	0.76	-0.02	0.03
Motor Gasoline	0.98	0.98	0.96	0.93	1.04	0.99	1.05	0.89	0.95	0.06	-0.03
Jet/Kerosene	0.53	0.54	0.83	0.35	0.34	0.65	0.90	0.88	0.85	-0.03	-0.07
Diesel	0.45	0.45	0.45	0.43	0.46	0.48	0.50	0.41	0.49	0.09	0.01
Other Gasoil	0.37	0.37	0.45	0.32	0.33	0.38	0.44	0.41	0.45	0.04	-0.04
Residual Fuel Oil	0.44	0.56	0.60	0.54	0.57	0.54	0.59	0.61	0.60	-0.01	-0.04
Other Products	0.48	0.58	0.64	0.57	0.56	0.57	0.65	0.60	0.59	-0.01	-0.09
Total	4.48	4.73	5.28	4.30	4.48	4.85	5.49	5.19	5.32	0.12	-0.23
Germany											
LPG	0.10	0.10	0.11	0.10	0.12	0.09	0.09	0.11	0.11	0.01	-0.01
Naphtha	0.37	0.37	0.39	0.35	0.36	0.39	0.37	0.40	0.43	0.04	0.00
Motor Gasoline	0.45	0.43	0.42	0.44	0.43	0.42	0.39	0.38	0.40	0.03	-0.02
Jet/Kerosene	0.18	0.19	0.17	0.20	0.21	0.18	0.15	0.16	0.16	0.00	-0.01
Diesel	0.67	0.69	0.65	0.69	0.72	0.68	0.58	0.60	0.65	0.05	0.01
Other Gasoil	0.38	0.39	0.37	0.37	0.34	0.48	0.44	0.41	0.39	-0.02	-0.16
Residual Fuel Oil	0.14	0.13	0.15	0.13	0.13	0.13	0.13	0.13	0.14	0.00	-0.03
Other Products	0.10	0.09	0.07	0.10	0.11	0.08	0.05	0.06	0.05	-0.01	-0.02
Total	2.40	2.39	2.32	2.39	2.41	2.44	2.21	2.23	2.33	0.10	-0.24
Italy											
LPG	0.10	0.09	0.12	0.08	0.08	0.09	0.12	0.11	0.13	0.02	-0.02
Naphtha	0.08	0.07	0.07	0.08	0.06	0.07	0.07	0.07	0.09	0.02	0.03
Motor Gasoline	0.23	0.20	0.18	0.21	0.21	0.19	0.19	0.15	0.19	0.04	0.03
Jet/Kerosene	0.09	0.08	0.07	0.08	0.10	0.08	0.08	0.07	0.08	0.00	0.01
Diesel	0.50	0.45	0.43	0.47	0.46	0.44	0.42	0.38	0.41	0.03	-0.01
Other Gasoil	0.11	0.11	0.11	0.09	0.10	0.12	0.12	0.12	0.12	0.01	-0.01
Residual Fuel Oil	0.13	0.12	0.13	0.11	0.13	0.11	0.09	0.08	0.08	0.00	-0.07
Other Products	0.22	0.19	0.18	0.20	0.21	0.17	0.14	0.21	0.18	-0.03	0.00
Total	1.45	1.31	1.30	1.32	1.34	1.28	1.23	1.19	1.28	0.09	-0.03
France											
LPG	0.10	0.10	0.13	0.09	0.08	0.11	0.12	0.13	0.13	0.01	-0.01
Naphtha	0.14	0.13	0.15	0.15	0.14	0.09	0.10	0.14	0.16	0.02	0.01
Motor Gasoline	0.18	0.17	0.15	0.17	0.18	0.16	0.15	0.14	0.14	0.01	-0.01
Jet/Kerosene	0.15	0.15	0.14	0.15	0.16	0.14	0.14	0.12	0.15	0.03	0.01
Diesel	0.69	0.69	0.67	0.70	0.69	0.70	0.64	0.63	0.68	0.05	0.00
Other Gasoil	0.27	0.28	0.33	0.23	0.26	0.30	0.27	0.34	0.35	0.01	-0.08
Residual Fuel Oil	0.08	0.07	0.09	0.07	0.06	0.06	0.06	0.06	0.07	0.01	-0.04
Other Products	0.17	0.15	0.14	0.16	0.15	0.15	0.14	0.12	0.12	0.00	-0.01
Total	1.79	1.74	1.80	1.71	1.73	1.71	1.61	1.68	1.81	0.13	-0.14
United Kingdom											
LPG	0.13	0.11	0.13	0.12	0.09	0.09	0.13	0.10	0.08	-0.02	-0.03
Naphtha	0.03	0.02	0.03	0.02	0.02	0.03	0.04	0.05	0.04	-0.01	0.02
Motor Gasoline	0.34	0.32	0.33	0.33	0.32	0.31	0.31	0.30	0.32	0.02	-0.02
Jet/Kerosene	0.32	0.31	0.30	0.31	0.31	0.32	0.32	0.30	0.32	0.01	0.00
Diesel	0.45	0.46	0.45	0.46	0.46	0.48	0.49	0.39	0.50	0.10	0.03
Other Gasoil	0.12	0.12	0.11	0.11	0.13	0.11	0.10	0.11	0.12	0.01	0.01
Residual Fuel Oil	0.06	0.05	0.05	0.05	0.05	0.04	0.04	0.06	0.04	-0.02	-0.01
Other Products	0.15	0.13	0.15	0.14	0.13	0.11	0.10	0.21	0.13	-0.08	-0.02
Total	1.61	1.52	1.54	1.55	1.50	1.49	1.53	1.53	1.54	0.01	-0.03
Canada											
LPG	0.37	0.38	0.38	0.36	0.37	0.41	0.42	0.40	0.38	-0.02	0.01
Naphtha	0.08	0.09	0.09	0.09	0.10	0.09	0.10	0.10	0.06	-0.03	-0.03
Motor Gasoline	0.76	0.74	0.73	0.76	0.76	0.72	0.73	0.71	0.75	0.04	0.02
Jet/Kerosene	0.12	0.13	0.12	0.12	0.14	0.13	0.12	0.13	0.12	-0.01	0.00
Diesel	0.30	0.30	0.30	0.31	0.31	0.29	0.30	0.32	0.34	0.03	0.04
Other Gasoil	0.27	0.24	0.24	0.22	0.23	0.28	0.29	0.24	0.24	0.00	-0.01
Residual Fuel Oil	0.09	0.07	0.08	0.08	0.08	0.05	0.07	0.07	0.06	-0.01	-0.01
Other Products	0.31	0.33	0.25	0.30	0.37	0.38	0.37	0.32	0.25	-0.07	-0.01
Total	2.29	2.29	2.20	2.25	2.37	2.36	2.41	2.28	2.21	-0.07	0.01

1 Demand, measured as deliveries from refineries and primary stocks, comprises inland deliveries, international bunkers and refinery fuel. It includes crude for direct burning, oil from non-conventional sources and other sources of supply. Jet/kerosene comprises jet kerosene and non-aviation kerosene. Gasoil comprises diesel, light heating oil and other gasoils.
2 Latest official OECD submissions (MOS).
3 US figures exclude US territories.

Table 3
WORLD OIL PRODUCTION
(million barrels per day)

	2011	2012	2013	4Q12	1Q13	2Q13	3Q13	4Q13	Feb 13	Mar 13	Apr 13
OPEC											
Crude Oil											
Saudi Arabia	9.02	9.51		9.23	9.01				8.99	9.04	9.08
Iran	3.62	3.00		2.71	2.68				2.72	2.68	2.65
Iraq	2.67	2.95		3.12	3.01				3.11	2.96	3.16
UAE	2.50	2.65		2.67	2.67				2.70	2.70	2.70
Kuwait	2.24	2.46		2.51	2.55				2.51	2.58	2.55
Neutral Zone	0.59	0.54		0.52	0.52				0.52	0.52	0.52
Qatar	0.74	0.74		0.72	0.74				0.74	0.74	0.73
Angola	1.66	1.78		1.79	1.76				1.73	1.77	1.75
Nigeria	2.18	2.10		1.99	2.00				2.00	2.00	1.98
Libya	0.46	1.39		1.42	1.38				1.40	1.36	1.42
Algeria	1.18	1.17		1.16	1.15				1.16	1.14	1.16
Ecuador	0.50	0.50		0.50	0.50				0.50	0.50	0.50
Venezuela	2.50	2.50		2.48	2.50				2.50	2.50	2.50
Total Crude Oil[6]	29.86	31.31		30.83	30.46				30.58	30.49	30.70
Total NGLs[1,6]	5.92	6.33	6.58	6.47	6.46	6.53	6.64	6.68	6.46	6.46	6.53
Total OPEC[6]	35.78	37.64		37.30	36.92				37.04	36.95	37.22
OPEC: Historical Composition[6]	35.78	37.64		37.30	36.92				37.04	36.95	37.22
NON-OPEC[2]											
OECD											
Americas[7]	14.61	15.87	16.88	16.66	16.75	16.51	16.89	17.36	16.83	16.80	16.58
United States[5]	8.13	9.18	9.99	9.80	9.81	9.89	10.01	10.23	9.88	9.92	9.88
Mexico	2.94	2.92	2.89	2.90	2.91	2.91	2.89	2.88	2.93	2.88	2.91
Canada	3.53	3.76	3.99	3.95	4.01	3.70	3.99	4.25	4.01	3.98	3.78
Chile	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.02	0.01
Europe[8]	3.77	3.48	3.29	3.35	3.36	3.32	3.13	3.35	3.31	3.30	3.38
UK	1.12	0.96	0.86	0.89	0.94	0.90	0.74	0.86	0.93	0.91	0.93
Norway	2.04	1.91	1.83	1.84	1.81	1.82	1.80	1.90	1.76	1.79	1.84
Others	0.61	0.61	0.60	0.61	0.61	0.60	0.59	0.58	0.62	0.61	0.60
Asia Oceania[9]	0.57	0.55	0.52	0.53	0.43	0.51	0.56	0.57	0.44	0.44	0.49
Australia	0.48	0.47	0.44	0.45	0.35	0.43	0.48	0.49	0.36	0.35	0.41
Others	0.09	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.07	0.08	0.08
Total OECD	18.96	19.90	20.69	20.54	20.54	20.35	20.58	21.28	20.57	20.54	20.45
NON-OECD											
Former USSR	13.57	13.67	13.64	13.76	13.86	13.65	13.43	13.63	13.88	13.88	13.70
Russia	10.60	10.73	10.70	10.83	10.83	10.77	10.56	10.65	10.82	10.84	10.84
Others	2.97	2.94	2.94	2.94	3.03	2.88	2.87	2.98	3.06	3.04	2.86
Asia	7.69	7.76	7.80	7.88	7.80	7.83	7.79	7.77	7.79	7.79	7.84
China	4.10	4.18	4.25	4.27	4.20	4.28	4.27	4.26	4.18	4.21	4.27
Malaysia	0.65	0.67	0.70	0.69	0.70	0.69	0.69	0.70	0.71	0.69	0.69
India	0.91	0.91	0.92	0.91	0.93	0.92	0.91	0.91	0.93	0.92	0.92
Indonesia	0.93	0.89	0.82	0.87	0.85	0.84	0.81	0.80	0.85	0.85	0.84
Others	1.09	1.12	1.11	1.14	1.12	1.11	1.10	1.11	1.11	1.11	1.11
Europe	0.14	0.14	0.13	0.14	0.13	0.13	0.13	0.13	0.13	0.13	0.13
Latin America	4.24	4.19	4.27	4.22	4.21	4.18	4.29	4.40	4.21	4.17	4.13
Brazil[5]	2.20	2.16	2.21	2.15	2.13	2.15	2.25	2.34	2.11	2.11	2.07
Argentina	0.69	0.67	0.63	0.67	0.66	0.63	0.62	0.61	0.66	0.66	0.65
Colombia	0.92	0.95	1.01	0.97	0.99	0.98	1.01	1.04	1.00	0.97	0.98
Others	0.43	0.42	0.42	0.43	0.43	0.42	0.42	0.41	0.44	0.43	0.43
Middle East[3]	1.65	1.46	1.42	1.49	1.43	1.41	1.43	1.42	1.43	1.44	1.45
Oman	0.89	0.92	0.96	0.95	0.94	0.95	0.97	0.97	0.95	0.94	0.94
Syria	0.33	0.16	0.10	0.16	0.12	0.09	0.09	0.09	0.12	0.12	0.12
Yemen	0.23	0.18	0.17	0.19	0.18	0.17	0.18	0.18	0.18	0.19	0.20
Others	0.20	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19
Africa	2.60	2.31	2.41	2.29	2.31	2.36	2.45	2.52	2.32	2.27	2.29
Egypt	0.74	0.73	0.71	0.73	0.73	0.72	0.71	0.70	0.73	0.72	0.72
Gabon	0.25	0.25	0.24	0.25	0.23	0.23	0.24	0.24	0.25	0.20	0.22
Others	1.61	1.33	1.46	1.32	1.35	1.41	1.50	1.57	1.35	1.35	1.35
Total Non-OECD	29.88	29.53	29.67	29.77	29.74	29.55	29.51	29.87	29.76	29.69	29.53
Processing Gains[4]	2.11	2.14	2.18	2.13	2.18	2.16	2.20	2.18	2.18	2.15	2.12
Global Biofuels[5]	1.86	1.86	1.94	1.88	1.49	1.93	2.30	2.05	1.50	1.51	1.93
TOTAL NON-OPEC[6]	52.80	53.43	54.48	54.31	53.95	53.98	54.59	55.37	54.01	53.88	54.03
Non-OPEC: Historical Composition[6]	52.80	53.43	54.48	54.31	53.95	53.98	54.59	55.37	54.01	53.88	54.03
TOTAL SUPPLY	88.59	91.07		91.61	90.87				91.04	90.83	91.26

1 Includes condensates reported by OPEC countries, oil from non-conventional sources, e.g. Venezuelan Orimulsion (but not Orinoco extra-heavy oil), and non-oil inputs to Saudi Arabian MTBE. Orimulsion production reportedly ceased from January 2007.
2 Comprises crude oil, condensates, NGLs and oil from non-conventional sources
3 Includes small amounts of production from Jordan and Bahrain.
4 Net volumetric gains and losses in refining and marine transportation losses.
5 As of the July 2010 OMR, Global Biofuels comprise all world biofuel production including fuel ethanol from the US and Brazil.
6 Total OPEC comprises all countries which were OPEC members at 1 January 2009. OPEC Historical Composition comprises countries which were OPEC members at that point in time. Total Non-OPEC excludes all countries that were OPEC members at 1 January 2009. Non-OPEC Historical Composition excludes countries that were OPEC members at that point in time.
7 As of the August 2012 OMR, includes Chile.
8 As of the August 2012 OMR, includes Estonia and Slovenia.
9 As of the August 2012 OMR, includes Israel.

Table 4

OECD INDUSTRY STOCKS[1] AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS[2] in Million Barrels					PRIOR YEARS' STOCKS[2] in Million Barrels			STOCK CHANGES in mb/d			
	Nov2012	Dec2012	Jan2013	Feb2013	Mar2013*	Mar2010	Mar2011	Mar2012	2Q2012	3Q2012	4Q2012	1Q2013
OECD Americas												
Crude	518.1	501.1	512.0	520.4	531.4	500.1	496.5	500.2	0.22	-0.11	-0.10	0.34
Motor Gasoline	249.5	265.6	270.5	262.8	256.9	261.5	250.9	256.1	-0.16	-0.06	0.32	-0.10
Middle Distillate	191.2	211.2	206.3	195.6	189.1	219.9	220.3	207.1	-0.19	0.16	0.08	-0.25
Residual Fuel Oil	45.2	42.9	44.8	45.4	45.8	49.2	46.3	43.8	0.03	-0.01	-0.03	0.03
Total Products[3]	680.4	703.6	696.2	670.9	657.0	669.2	654.3	666.3	0.05	0.27	0.09	-0.52
Total[4]	1364.8	1362.1	1364.9	1342.4	1341.0	1312.4	1297.8	1330.0	0.32	0.24	-0.21	-0.24
OECD Europe												
Crude	322.2	308.3	303.9	307.6	303.7	332.7	325.7	318.2	0.04	-0.12	-0.02	0.01
Motor Gasoline	91.6	91.6	96.4	95.4	93.1	105.0	101.2	93.8	-0.07	0.06	-0.01	0.04
Middle Distillate	249.4	259.1	265.1	260.3	258.1	287.7	286.2	277.3	-0.29	0.13	-0.03	0.05
Residual Fuel Oil	77.7	77.9	76.2	78.3	77.1	88.6	81.6	75.6	-0.01	0.03	0.01	0.00
Total Products[3]	522.5	536.4	543.5	535.9	529.3	578.9	570.9	556.4	-0.38	0.19	-0.04	0.02
Total[4]	915.6	906.8	910.8	906.8	896.9	985.9	962.1	946.5	-0.34	0.04	-0.13	0.10
OECD Asia Oceania												
Crude	163.3	158.5	159.1	149.2	174.6	164.3	159.5	155.5	0.16	0.00	-0.13	0.18
Motor Gasoline	25.5	24.6	27.0	27.1	27.4	25.1	24.5	25.8	0.01	0.02	-0.04	0.03
Middle Distillate	64.5	60.7	62.7	63.9	63.5	57.7	54.6	54.8	0.08	0.08	-0.09	0.03
Residual Fuel Oil	18.9	19.7	19.4	21.4	20.0	20.3	20.9	19.7	0.00	0.02	-0.02	0.00
Total Products[3]	176.2	170.4	172.7	172.4	172.7	156.7	156.4	153.0	0.16	0.20	-0.16	0.03
Total[4]	411.6	396.9	401.8	393.8	420.0	384.2	385.7	378.5	0.38	0.15	-0.33	0.26
Total OECD												
Crude	1003.6	967.9	975.0	977.3	1009.7	997.1	981.7	973.9	0.42	-0.24	-0.25	0.52
Motor Gasoline	366.6	381.9	393.8	385.3	377.5	391.5	376.6	375.6	-0.22	0.02	0.27	-0.02
Middle Distillate	505.1	531.1	534.2	519.7	510.7	565.3	561.0	539.1	-0.41	0.36	-0.05	-0.17
Residual Fuel Oil	141.7	140.5	140.3	145.1	142.9	158.1	148.8	139.1	0.02	0.03	-0.03	0.04
Total Products[3]	1379.1	1410.4	1412.5	1379.1	1359.0	1404.9	1381.6	1375.7	-0.17	0.65	-0.10	-0.47
Total[4]	2691.9	2665.9	2677.5	2643.0	2657.8	2682.5	2645.5	2655.0	0.36	0.44	-0.68	0.12

OECD GOVERNMENT-CONTROLLED STOCKS[5] AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS[2] in Million Barrels					PRIOR YEARS' STOCKS[2] in Million Barrels			STOCK CHANGES in mb/d			
	Nov2012	Dec2012	Jan2013	Feb2013	Mar2013*	Mar2010	Mar2011	Mar2012	2Q2012	3Q2012	4Q2012	1Q2013
OECD Americas												
Crude	695.0	695.3	695.8	696.0	696.0	726.6	726.5	696.0	0.00	-0.01	0.00	0.01
Products	1.0	1.0	1.0	1.0	1.0	2.0	0.0	1.0	0.00	0.00	0.00	0.00
OECD Europe												
Crude	196.1	196.3	204.1	204.6	204.6	187.8	185.9	189.1	0.04	0.03	0.01	0.02
Products	235.9	238.8	264.5	265.0	265.0	244.3	236.7	235.2	-0.01	0.02	0.03	0.09
OECD Asia Oceania												
Crude	393.6	393.6	392.6	389.6	389.6	388.8	391.2	393.6	0.00	0.00	0.00	-0.04
Products	20.0	20.5	20.5	20.4	20.4	20.0	20.0	20.0	0.00	0.00	0.00	0.00
Total OECD												
Crude	1284.6	1285.2	1292.5	1290.2	1290.2	1303.2	1303.6	1278.6	0.04	0.02	0.02	-0.02
Products	256.9	260.3	286.0	286.4	286.4	266.3	256.7	256.2	-0.01	0.02	0.03	0.09
Total[4]	1542.8	1546.8	1581.3	1580.0	1580.0	1570.7	1561.8	1536.3	0.03	0.04	0.05	0.07

* estimated

1 Stocks are primary national territory stocks on land (excluding utility stocks and including pipeline and entrepot stocks where known) and include stocks held by industry to meet IEA, EU and national emergency reserve commitments and are subject to government control in emergencies.

2 Closing stock levels.

3 Total products includes gasoline, middle distillates, fuel oil and other products.

4 Total includes NGLs, refinery feedstocks, additives/oxygenates and other hydrocarbons.

5 Includes government-owned stocks and stock holding organisation stocks held for emergency purposes.

Table 5
TOTAL STOCKS ON LAND IN OECD COUNTRIES[1]

('millions of barrels' and 'days')

	End March 2012		End June 2012		End September 2012		End December 2012		End March 2013 [3]	
	Stock Level	Days Fwd[2] Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand
OECD Americas										
Canada	170.7	78	169.3	73	177.9	75	172.1	-	-	-
Chile	10.5	30	10.3	30	9.8	27	8.9	-	-	-
Mexico	44.8	21	45.3	21	48.7	21	47.5	-	-	-
United States[4]	1778.8	95	1809.4	97	1819.4	98	1807.8	-	-	-
Total[4]	2026.9	86	2056.3	86	2077.8	87	2058.4	87	2037.9	87
OECD Asia Oceania										
Australia	39.5	38	40.5	39	42.4	40	37.5	-	-	-
Israel	-	-	-	-	-	-	-	-	-	-
Japan	579.5	135	601.3	134	605.7	125	590.2	-	-	-
Korea	164.0	75	176.7	79	183.8	79	175.4	-	-	-
New Zealand	9.0	60	8.0	56	8.9	58	7.8	-	-	-
Total	792.0	99	826.6	100	840.9	97	811.0	92	830.0	106
OECD Europe[5]										
Austria	22.1	86	21.1	78	21.3	84	22.5	-	-	-
Belgium	34.8	57	38.6	63	38.3	58	38.7	-	-	-
Czech Republic	20.2	101	18.6	88	18.9	94	20.2	-	-	-
Denmark	21.4	133	19.5	120	20.5	134	23.4	-	-	-
Estonia	1.3	43	1.2	43	1.1	36	1.5	-	-	-
Finland	29.9	159	28.0	148	28.2	141	26.3	-	-	-
France	164.7	96	163.7	95	164.0	96	162.3	-	-	-
Germany	284.3	119	279.6	116	283.0	116	286.8	-	-	-
Greece	29.1	94	28.9	94	30.1	106	30.8	-	-	-
Hungary	17.2	143	15.9	117	15.6	116	15.1	-	-	-
Ireland	11.7	91	10.5	83	9.5	68	10.3	-	-	-
Italy	142.0	107	137.7	103	146.2	114	128.8	-	-	-
Luxembourg	0.5	8	0.6	11	0.7	13	0.7	-	-	-
Netherlands	121.1	117	112.6	113	113.5	117	121.3	-	-	-
Norway	29.1	115	27.4	108	27.0	94	27.9	-	-	-
Poland	64.5	118	62.7	114	62.8	116	63.9	-	-	-
Portugal	20.9	88	20.4	87	20.8	98	21.3	-	-	-
Slovak Republic	9.0	124	9.0	107	8.8	106	8.5	-	-	-
Slovenia	4.7	87	4.6	84	5.2	99	5.3	-	-	-
Spain	134.3	104	132.8	104	130.8	105	120.1	-	-	-
Sweden	29.6	98	29.0	95	30.2	98	27.7	-	-	-
Switzerland	35.3	143	35.2	140	36.7	130	36.8	-	-	-
Turkey	62.4	89	64.0	89	63.4	93	62.0	-	-	-
United Kingdom	82.2	53	82.5	55	75.4	51	80.9	-	-	-
Total	1372.3	99	1344.1	97	1352.1	99	1343.3	102	1369.8	104
Total OECD	4191.2	92	4227.0	92	4270.8	92	4212.7	92	4237.8	95
DAYS OF IEA Net Imports[6]	-	143	-	149	-	150	-	148	-	-

1 Total Stocks are industry and government-controlled stocks (see breakdown in table below). Stocks are primary national territory stocks on land (excluding utility stocks and including pipeline and entrepot stocks where known) they include stocks held by industry to meet IEA, EU and national emergency reserves commitments and are subject to government control in emergencies.
2 Note that days of forward demand represent the stock level divided by the forward quarter average daily demand and is very different from the days of net imports used for the calculation of IEA Emergency Reserves.
3 End March 2013 forward demand figures are IEA Secretariat forecasts.
4 US figures exclude US territories. Total includes US territories.
5 Data not available for Iceland.
6 Reflects stock levels and prior calendar year's net imports adjusted according to IEA emergency reserve definitions (see www.iea.org/netimports.asp). Net exporting IEA countries are excluded.

TOTAL OECD STOCKS

CLOSING STOCKS	Total	Government[1] controlled	Industry	Total	Government[1] controlled	Industry
	Millions of Barrels			*Days of Fwd. Demand*[2]		
1Q2010	4253	1571	2682	92	34	58
2Q2010	4329	1566	2763	91	33	58
3Q2010	4305	1553	2751	91	33	58
4Q2010	4243	1565	2678	90	33	57
1Q2011	4207	1562	2646	93	34	58
2Q2011	4250	1565	2685	91	33	57
3Q2011	4199	1529	2669	90	33	57
4Q2011	4143	1536	2607	90	33	56
1Q2012	4191	1536	2655	92	34	58
2Q2012	4227	1539	2688	92	34	59
3Q2012	4271	1542	2728	92	33	59
4Q2012	4213	1547	2666	92	34	58
1Q2013	4238	1580	2658	95	36	60

1 Includes government-owned stocks and stock holding organisation stocks held for emergency purposes.
2 Days of forward demand calculated using actual demand except in 1Q2013 (when latest forecasts are used).

Table 6

IEA MEMBER COUNTRY DESTINATIONS OF SELECTED CRUDE STREAMS[1]

(million barrels per day)

	2010	2011	2012	1Q12	2Q12	3Q12	4Q12	Dec 12	Jan 13	Feb 13	Year Earlier Feb 12	Year Earlier change
Saudi Light & Extra Light												
Americas	0.69	0.69	0.76	0.84	0.88	0.67	0.65	0.69	0.84	0.59	0.76	-0.17
Europe	0.66	0.83	0.85	0.77	0.91	0.97	0.77	0.75	0.69	0.68	0.70	-0.02
Asia Oceania	1.21	1.24	1.26	1.37	1.21	1.21	1.27	1.31	1.32	1.07	1.27	-0.20
Saudi Medium												
Americas	0.36	0.37	0.44	0.47	0.44	0.41	0.43	0.44	0.40	0.33	0.56	-0.23
Europe	0.00	0.02	0.05	0.05	0.07	0.05	0.02	-	-	-	0.03	-
Asia Oceania	0.34	0.40	0.45	0.46	0.42	0.48	0.44	0.45	0.50	0.49	0.46	0.03
Saudi Heavy												
Americas	0.02	0.02	0.05	-	0.15	0.02	0.02	0.03	-	-	-	-
Europe	0.00	0.01	0.12	0.04	0.12	0.21	0.13	0.07	0.05	0.09	0.04	0.05
Asia Oceania	0.22	0.20	0.20	0.21	0.18	0.19	0.19	0.16	0.22	0.18	0.19	-0.02
Iraqi Basrah Light[2]												
Americas	0.36	0.29	0.49	0.39	0.55	0.46	0.55	0.48	0.62	0.48	0.22	0.26
Europe	0.09	0.11	0.26	0.14	0.18	0.42	0.31	0.34	0.14	0.10	0.15	-0.05
Asia Oceania	0.29	0.34	0.33	0.26	0.34	0.39	0.31	0.29	0.28	0.38	0.29	0.08
Iraqi Kirkuk												
Americas	0.03	0.07	0.05	0.06	0.08	0.04	0.03	-	0.03	-	0.10	-
Europe	0.27	0.27	0.22	0.20	0.23	0.21	0.25	0.29	0.21	0.18	0.20	-0.02
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Iranian Light												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.24	0.23	0.12	0.25	0.16	0.05	0.05	0.07	0.13	0.08	0.21	-0.13
Asia Oceania	0.04	0.04	0.02	0.03	0.02	0.01	0.01	0.02	0.02	-	0.05	-
Iranian Heavy[3]												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.49	0.55	0.16	0.33	0.21	0.08	0.04	0.01	0.02	0.03	0.24	-0.21
Asia Oceania	0.52	0.51	0.33	0.48	0.38	0.11	0.36	0.44	0.41	0.35	0.54	-0.18
Venezuelan Light & Medium												
Americas	0.14	0.18	0.13	0.07	0.15	0.14	0.16	0.23	0.20	0.13	0.06	0.07
Europe	0.02	0.02	0.02	0.01	-	0.01	0.06	0.04	0.08	0.02	-	-
Asia Oceania	-	-	0.01	0.01	0.01	-	-	-	-	-	-	-
Venezuelan 22 API and heavier												
Americas	0.86	0.76	0.69	0.68	0.58	0.77	0.73	0.69	0.76	0.30	0.68	-0.37
Europe	0.06	0.05	0.08	0.08	0.09	0.11	0.04	0.00	0.05	0.05	0.05	0.00
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Maya												
Americas	0.91	0.82	0.73	0.72	0.69	0.76	0.74	0.68	0.75	0.63	0.83	-0.20
Europe	0.11	0.12	0.14	0.12	0.14	0.13	0.17	0.14	0.17	0.15	0.17	-0.02
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Isthmus												
Americas	0.04	0.07	0.04	0.04	0.03	0.05	0.04	-	0.07	0.07	-	-
Europe	0.02	0.01	0.03	0.02	0.05	0.03	0.04	0.03	0.03	0.04	0.03	0.00
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Russian Urals												
Americas	0.08	0.01	0.00	-	0.01	0.01	-	-	-	-	-	-
Europe	1.80	1.69	1.86	1.75	1.76	1.97	1.94	1.68	1.76	1.72	1.73	-0.01
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Nigerian Light[4]												
Americas	0.60	0.53	0.24	0.25	0.31	0.25	0.14	-	-	0.16	0.19	-0.03
Europe	0.34	0.45	0.58	0.51	0.52	0.72	0.58	0.51	0.73	0.78	0.52	0.26
Asia Oceania	-	0.05	0.04	0.03	0.06	0.03	0.03	-	0.03	0.03	0.01	0.02
Nigerian Medium												
Americas	0.25	0.18	0.12	0.04	0.07	0.14	0.21	0.19	0.15	0.07	-	-
Europe	0.09	0.14	0.25	0.26	0.25	0.26	0.23	0.28	0.16	0.20	0.29	-0.10
Asia Oceania	-	-	0.00	-	-	0.00	-	-	-	-	-	-

1 Data based on monthly submissions from IEA countries to the crude oil import register (in '000 bbl), subject to availability. May differ from Table 8 of the Report.
IEA Americas includes United States and Canada.
IEA Europe includes all countries in OECD Europe except Estonia, Hungary and Slovenia.
IEA Asia Oceania includes Australia, New Zealand, Korea and Japan.

2 Iraqi Total minus Kirkuk.

3 Iranian Total minus Iranian Light.

4 33° API and lighter (e.g., Bonny Light, Escravos, Qua Iboe and Oso Condensate).

Table 7
REGIONAL OECD IMPORTS[1,2]
(thousand barrels per day)

	2010	2011	2012	1Q12	2Q12	3Q12	4Q12	Dec 12	Jan 13	Feb 13	Year Earlier Feb 12	% change
Crude Oil												
Americas	7494	6870	6101	6151	6502	6147	5610	5046	5255	4646	6055	-23%
Europe	9072	8988	9345	9119	9178	9797	9282	8660	8923	9230	9081	2%
Asia Oceania	6472	6609	6762	6994	6727	6627	6702	7049	7091	6885	7396	-7%
Total OECD	23038	22468	22208	22264	22407	22571	21593	20755	21270	20761	22532	-8%
LPG												
Americas	34	33	26	20	28	34	23	13	30	45	18	149%
Europe	285	318	287	300	281	271	297	309	315	379	296	28%
Asia Oceania	565	568	619	658	603	598	615	644	601	583	668	-13%
Total OECD	884	919	932	978	911	903	936	966	946	1007	983	2%
Naphtha												
Americas	36	42	20	15	34	17	15	13	13	22	9	152%
Europe	399	298	350	399	363	291	347	303	422	292	462	-37%
Asia Oceania	908	884	900	839	878	920	961	944	981	866	942	-8%
Total OECD	1344	1224	1270	1253	1275	1228	1324	1260	1416	1181	1413	-16%
Gasoline[3]												
Americas	801	762	725	673	775	800	652	483	547	494	605	-18%
Europe	187	222	213	282	181	201	188	212	125	141	278	-49%
Asia Oceania	84	95	86	95	92	68	89	96	93	109	84	29%
Total OECD	1073	1079	1024	1050	1048	1068	928	792	765	744	967	-23%
Jet & Kerosene												
Americas	76	77	73	42	65	99	86	61	50	73	69	6%
Europe	418	397	398	290	375	458	466	440	419	197	283	-30%
Asia Oceania	46	58	63	77	38	55	82	86	112	137	92	50%
Total OECD	539	532	534	409	479	611	634	587	581	408	444	-8%
Gasoil/Diesel												
Americas	100	72	59	71	45	50	69	67	63	81	32	151%
Europe	1071	1044	983	1021	870	967	1075	1095	1016	1031	929	11%
Asia Oceania	104	147	186	170	176	194	203	190	176	223	130	72%
Total OECD	1275	1264	1228	1262	1091	1210	1347	1353	1255	1336	1092	22%
Heavy Fuel Oil												
Americas	277	268	206	220	217	208	181	146	173	66	169	-61%
Europe	464	537	521	631	534	483	439	517	622	668	579	15%
Asia Oceania	120	153	223	221	203	227	241	276	252	333	237	41%
Total OECD	861	958	951	1072	954	918	860	939	1047	1067	986	8%
Other Products												
Americas	807	871	813	753	831	838	829	883	732	762	688	11%
Europe	692	700	666	617	696	669	682	752	927	855	667	28%
Asia Oceania	375	373	359	389	370	359	317	363	419	298	348	-14%
Total OECD	1873	1944	1838	1759	1897	1866	1828	1998	2078	1915	1702	12%
Total Products												
Americas	2132	2124	1923	1794	1995	2045	1855	1668	1609	1543	1590	-3%
Europe	3516	3516	3418	3539	3300	3339	3493	3628	3846	3564	3495	2%
Asia Oceania	2201	2279	2435	2450	2361	2421	2509	2599	2633	2550	2502	2%
Total OECD	7849	7920	7776	7783	7656	7805	7858	7895	8088	7657	7587	1%
Total Oil												
Americas	9625	8995	8024	7946	8497	8192	7465	6714	6864	6189	7645	-19%
Europe	12588	12504	12763	12658	12478	13136	12776	12288	12770	12794	12576	2%
Asia Oceania	8674	8889	9197	9443	9088	9048	9210	9649	9724	9435	9898	-5%
Total OECD	30887	30388	29984	30047	30063	30376	29451	28650	29358	28419	30119	-6%

1 Based on Monthly Oil Questionnaire data submitted by OECD countries in tonnes and converted to barrels.
2 Excludes intra-regional trade.
3 Includes additives.

© OECD/IEA 2013. All Rights Reserved

The International Energy Agency (IEA) makes every attempt to ensure, but does not guarantee, the accuracy and completeness of the information or the clarity of content of the *Oil Market Report* (hereafter the *OMR*). The IEA shall not be liable to any party for any inaccuracy, error or omission contained or provided in this *OMR* or for any loss, or damage, whether or not due to reliance placed by that party on information in this *OMR*.

The Executive Director and Secretariat of the IEA are responsible for the publication of the *OMR*. Although some of the data are supplied by IEA Member-country governments, largely on the basis of information they in turn receive from oil companies, neither these governments nor these oil companies necessarily share the Secretariat's views or conclusions as expressed in the *OMR*. The *OMR* is prepared for general circulation and is distributed for general information only. Neither the information nor any opinion expressed in the *OMR* constitutes an offer, or an invitation to make an offer, to buy or sell any securities or any options, futures or other derivatives related to such securities.

This *OMR* is the copyright of the OECD/IEA and is subject to terms and conditions of use. These terms and conditions are available on the IEA website at http://www.iea.org/oilmar/licenceomr.html. In relation to the Subscriber Edition (as defined in the OMR's online terms and conditions), all Argus information is sourced from Copyright © 2013 Argus Media Limited and is published here with the permission of Argus. The spot crude and product price assessments are based on daily Argus prices, converted when appropriate to US$ per barrel according to the Argus specification of products. Argus Media Limited reserves all rights in relation to all Argus information. Any reproduction of Argus information requires the express prior written permission of Argus. Argus shall not be liable to any party for any inaccuracy, error or omission contained or provided in Argus information contained in this OMR or for any loss, or damage, whether or not due to reliance placed by that party on information in this OMR.

OMR Contacts

Editor and Head, Oil Industry and Markets Division

Antoine Halff

Analysts

Michael Cohen (Non-OPEC Supply)

Diane Munro (OPEC Supply and Prices)

Matt Parry (Demand)

Jérôme Sabathier (Refining)

Andrew Wilson (Stocks/Statistics)

Statistics

Lenka Laukova

Valerio Pilia

Editorial Assistant

Annette Hardcastle

Contact:

☎ (+33) 0*1 40 57 66 67

✉ **OilMarketReport@iea.org**

* 0 - only within France

Media Enquiries

IEA Press Office

(+33) 0* 1 40 57 65 54

✉ **ieapressoffice@iea.org**

Subscription and Delivery Enquiries

Oil Market Report Subscriptions
International Energy Agency
BP 586-75726 PARIS Cedex 15, France

✉ **OMRSubscriptions@iea.org**

☎ (+33) 0* 1 40 57 67 72

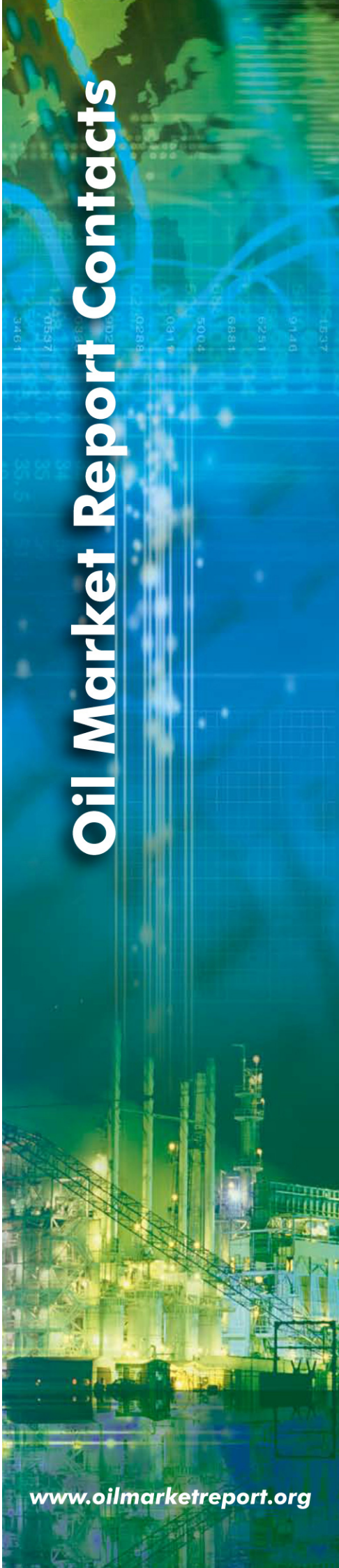
☎ (+33) 0* 1 40 57 66 90

User's Guide and Glossary to the IEA *Oil Market Report*

For information on the data sources, definitions, technical terms and general approach used in preparing the *Oil Market Report (OMR)*, *Medium-Term Oil Market Report (MTOMR)* and *Annual Statistical Supplement* (current issue of the Statistical Supplement dated 10 August 2012), readers are referred to the *Users' Guide* at www.oilmarketreport.org/glossary.asp. It should be noted that the spot crude and product price assessments are based on daily Argus prices, converted when appropriate to US$ per barrel according to the Argus specification of products (Copyright © 2013 Argus Media Limited - all rights reserved).

The *Oil Market Report* is published under the responsibility of the Executive Director and Secretariat of the International Energy Agency. Although some of the data are supplied by Member-country Governments, largely on the basis of information received from oil companies, neither governments nor companies necessarily share the Secretariat's views or conclusions as expressed therein. © OECD/IEA 2013

Next issue: 12 June 2013





International Energy Agency

12 June 2013

HIGHLIGHTS

- **Futures prices for benchmark grades traded in a narrow range in May and edged lower in early June.** Bearish market sentiment prevailed throughout most of May against the backdrop of a more anaemic economic outlook. Brent last traded at $102.15/bbl while WTI was pegged at $94.50/bbl.

- **The forecast of global oil demand growth is little changed at 785 kb/d (0.9%) for 2013.** Absolute demand estimates have been trimmed on account of revised historical data for Russia.

- **Global supplies edged lower by 90 kb/d m-o-m to 91.2 mb/d in May** on Canadian maintenance, but rose by 180 kb/d y-o-y, led by OPEC NGLs and non-OPEC supply. Maintenance will cut North Sea supplies from 3.0 mb/d in 1Q13 to 2.6 mb/d in 3Q13. Non-OPEC supply growth is forecast at 1.1 mb/d for 2013, unchanged since last month.

- **OPEC crude oil supply in May rose by 135 kb/d to 30.89 mb/d, a seven-month high.** Increased output from Saudi Arabia, Iran, the UAE and Kuwait was partially offset by reduced supplies from Iraq, Libya and Nigeria. The 'call on OPEC crude and stock change' for 2H13 was trimmed by 200 kb/d to 29.8 mb/d due to lower demand expectations.

- **The seasonal ramp-up in global crude throughputs is expected to be steeper than normal this year, with runs increasing by 2.2 mb/d from 2Q13 to 3Q13**. That seasonal increase, centred in the non-OECD, is due to new Saudi distillation capacity, increasing Chinese runs after heavy spring maintenance, and recovering throughput at Venezuela's Amuay plant after a 2012 fire

- **OECD commercial oil stocks built by seasonal 16.7 mb in April, to 2 680 mb**, led by crude oil, NGLs and refinery feedstocks. On a forward-cover basis, OECD product stocks fell seasonally by 0.2 days, to 30.6 days. Preliminary data suggest total oil stocks built by a further 11.1 mb in May.

www.oilmarketreport.org

TABLE OF CONTENTS

HIGHLIGHTS 1

PRESSURE POINTS 3

DEMAND 4
- Summary 4
- Global Overview 4
- Top-10 Consumers 5
- Reports of the Demise of the US Driving Season Look Premature 6
- OECD 11
  - Americas 12
  - Europe 12
  - Asia Oceania 13
- Non-OECD 14

SUPPLY 15
- Summary 15
- OPEC Crude Oil Supply 16
- OPEC NGLs 19
- Non-OPEC Overview 20
- OECD Americas 20
  - OECD Asia 21
  - North Sea 21
- Forecasted Impacts of North Sea Maintenance 22
- Non-OECD 24
  - Former Soviet Union 24
  - Latin America 25
  - Africa 25
  - Middle East 26

OECD STOCKS 27
- Summary 27
- OECD Inventory Position at End-April and Revisions to Preliminary Data 27
- Analysis of Recent OECD Industry Stock Changes 28
  - OECD Americas 28
  - OECD Europe 30
  - OECD Asia Oceania 30
- Recent Developments in Singapore and China Stocks 31

PRICES 33
- Summary 33
- Market Overview 33
- Futures Markets 35
  - Activity Levels 35
  - Financial Regulation 36
- Spot Crude Oil Prices 37
- Spot Product Prices 39
- Freight 41

REFINING 42
- Summary 42
- Global Refinery Overview 42
- OECD Refinery Throughput 44
- Non-OECD Refinery Throughput 47

TABLES 51

PRESSURE POINTS

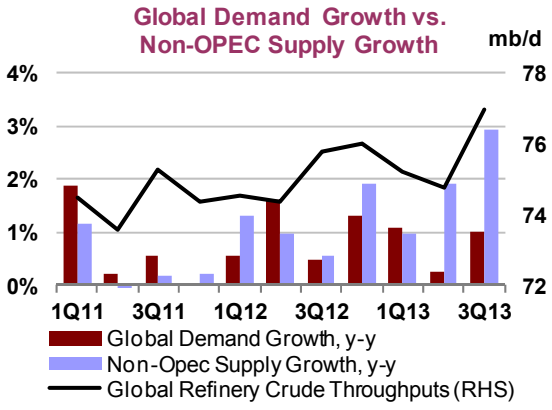
Changes in the oil map are occurring at all levels of the supply chain, not least, as highlighted in the recently released *Medium-Term Oil Market Report* (*MTOMR*) 2013, in the refining industry. A first test of how those changes might affect broader oil markets may be around the corner.

The *MTOMR* expects as much as 9.5 mb/d of new crude distillation capacity to come on stream in 2013-18, substantially more than the forecast increase in crude production capacity, let alone global demand growth. This transformation will not happen overnight. Large-scale expansion of refining capacity, mostly East of Suez, will take years to come through. But neither is it a distant prospect.

Major refining capacity additions have already occurred over the last year, but scheduled maintenance and unplanned outages provided an offset in 2Q13, keeping global throughputs below 75 mb/d. Moving into the third quarter, however, throughputs look set for a step change. With the start-up of new Asian and Middle Eastern capacity, including Saudi Arabia's 400 kb/d Jubail refinery, the end of outages at Venezuela's giant Amuay refinery and other plants, and the unwinding of seasonal maintenance in North America, Europe and Asia, global refinery runs may rise by more than 2 mb/d.

Should it be confirmed, this spike in crude runs from 2Q13 to 3Q13 would exceed both forecast product demand growth of 1.7 mb/d and incremental non-OPEC supply of 0.7 mb/d for the same period. While Europe's economic woes are taking a toll on demand, there are mounting signs that China's oil use, like its economy, may have shifted to a lower gear. Slower growth in demand than in runs could lead to product stock builds.

Increased refining capacity may be offset by lower plant utilisation rates. But if not, crude supply would struggle to keep up with refining demand until price effects helped rebalance the market. Notwithstanding the rise in US light, tight oil output, there is significant downside risk to the summer supply forecast. Seasonal maintenance looks set to shave North Sea production by 330 kb/d from June to September, but the cut could be deeper: ageing North Sea fields have an increasingly hard time coming back from maintenance. In Sudan, a recent deal with South Sudan to keep its oil flows going could be up in the air again, putting at least 200 kb/d of supply at risk. The annual hurricane season is bearing down on the US Gulf Coast. Rising OPEC output may mostly go towards peak air-conditioning demand in the Middle East. Meanwhile, the Syrian civil war shows no sign of abating. As the conflict hardens along sectarian lines, concerns about regional spill-over risks are mounting.



Against such a supply and demand outlook, a step change in refining activity could cause both product stock builds and crude draws, undermining margins. While that would normally prompt refiners to drop their throughputs, market participants may not be equally receptive to such price signals. New refining capacity would likely be the last to cut back on runs if refining economics turned south. On the other hand, older plants in mature markets, saddled with comparatively high costs, might feel the heat. That those plants should find it increasingly tough to compete is a widely anticipated outcome of the current downstream restructuring. But pressure on those plants may be mounting even faster than expected. That in turn would contribute to speeding up the pace of change across the global oil supply chain.

DEMAND

Summary

- **Global oil consumption is forecast to expand by a somewhat muted 785 kb/d in 2013, to 90.6 mb/d,** roughly unchanged since last month's *Report*. Relatively sluggish macroeconomic conditions are expected to keep a lid on growth in 2013, with absolute declines still projected across much of the OECD.

Global Oil Demand (2011-2013)

(million barrels per day)

	1Q11	2Q11	3Q11	4Q11	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
Africa	3.4	3.4	3.3	3.4	3.4	3.5	3.5	3.5	3.6	3.5	3.6	3.7	3.7	3.7	3.7
Americas	30.2	30.0	30.6	30.4	30.3	29.8	30.2	30.5	30.5	30.3	30.2	30.2	30.7	30.7	30.4
Asia/Pacific	28.7	27.8	28.0	29.2	28.4	29.7	28.8	29.0	30.3	29.4	30.4	29.3	29.4	30.7	29.9
Europe	14.9	14.9	15.4	14.9	15.0	14.4	14.5	14.5	14.4	14.5	13.8	14.0	14.4	14.4	14.2
FSU	4.1	4.3	4.5	4.5	4.4	4.4	4.4	4.5	4.5	4.5	4.4	4.4	4.7	4.8	4.6
Middle East	6.9	7.4	7.8	7.4	7.4	7.2	7.8	8.1	7.4	7.6	7.4	7.9	8.3	7.7	7.8
World	**88.4**	**87.8**	**89.7**	**89.6**	**88.9**	**88.9**	**89.2**	**90.2**	**90.8**	**89.8**	**89.8**	**89.4**	**91.1**	**91.9**	**90.6**
Annual Chg (%)	1.9	0.2	0.6	0.0	0.7	0.6	1.6	0.5	1.3	1.0	1.1	0.2	1.0	1.2	0.9
Annual Chg (mb/d)	1.6	0.2	0.5	0.0	0.6	0.5	1.4	0.5	1.2	0.9	0.9	0.2	0.9	1.1	0.8
Changes from last OMR (mb/d)	-0.04	-0.04	-0.05	-0.06	-0.05	-0.06	-0.05	-0.09	-0.10	-0.08	0.00	0.00	-0.16	-0.16	-0.08

- **Baseline data revisions have trimmed the estimates of global demand for 2012 and 2013** by 75 kb/d and 80 kb/d, respectively. Demand for 2012 is now assessed at 89.8 mb/d. Revised estimates of Russian oil consumption account for the bulk of the adjustments.

- **The forecast of Chinese oil demand in 2013 has been slightly trimmed, reflecting lower projections of economic growth.** Chinese oil demand is now forecast to grow by 3.8%, down from 3.9% previously. Following the release of its *World Economic Outlook* in April, in which Chinese GDP was projected to expand by 8.0% in 2013, the International Monetary Fund cut its forecast to 7.75% in May, consistent with a swing back to 'contraction' in HSBC/Markit's latest Chinese manufacturing outlook.

- **Despite our weak 2013 global demand outlook, growth is forecast to pick up momentum in 2H13**, as underlying macroeconomic momentum slowly improves. Global demand growth is expected to reach 1.1 mb/d (or 1.2%) in 4Q13 year-on-year, compared to an average 785 kb/d (0.9%) for the year.

- **Emerging market and developing economies continue to lead demand growth through the forecast.** Thanks to stronger relative economic growth and generally higher energy intensities, non-OECD economies are forecast to outperform the OECD in oil demand growth by +1.3 mb/d to -0.5 mb/d. Total non-OECD oil consumption is projected to exceed OECD in 2Q13, but will not hold this position consistently until 2Q14.

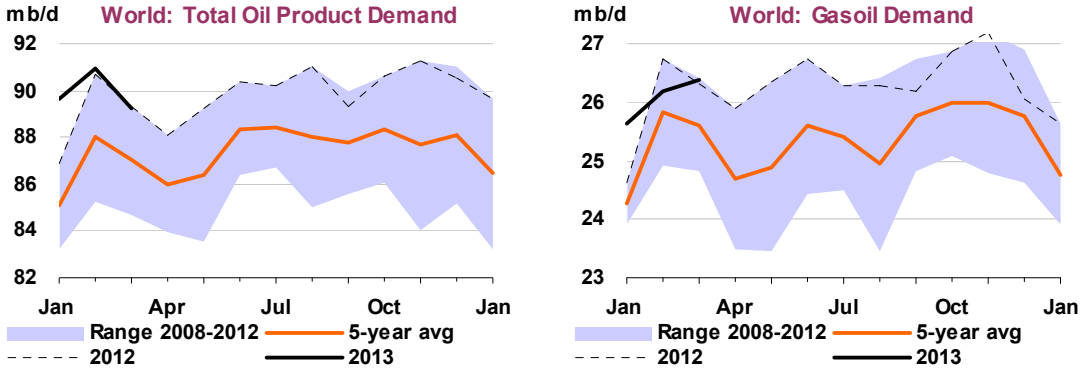
Global Overview

Sluggish global macroeconomic conditions remain the leading factor behind the forecast of oil demand growth for 2013, which in this *Report* is held roughly flat at 785 kb/d. Although the aggregate growth forecast is little changed, the regional distribution of growth has been revised, but the adjustments are mostly small and mutually offsetting.

Since the *Oil Market Report* first unveiled its demand outlook for 2013 last July, the forecast has been adjusted downwards by just 0.3 mb/d, due mostly to reduced expectations of European economic growth. Most reductions to the demand estimate have been applied to both 2012 and 2013 data, leaving the growth forecast for this year relatively flat. This month's net downward revisions to the 2012

demand estimate totals 75 kb/d, while the forecast for 2013 has been reduced by 80 kb/d. Cuts to the Russian demand assessment (caused by historical data revisions) are the main factor in both years and are compounded by downwards adjustments to the macroeconomic forecasts for China and Europe. The IMF reduced its forecast of Chinese GDP growth to 7.75% in May, from 8.0% in its *World Economic Outlook*, released in April. The new forecast is in line with the consensus of Asian economists, and is also supported by the latest Purchasing Managers' Index (PMI) figures, which show the Chinese manufacturing sector flipping back into 'contracting' territory in May, i.e. below 50.

Several European economies have reported 'double-dip' recessions in recent months, including France in 1Q13. Weakening growth conditions in an already ailing Europe further undermine the outlook for European oil demand.



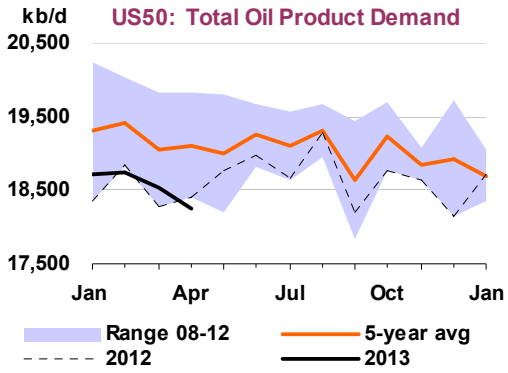
Recent oil data are a 'mixed bag'. Final March data are now available for most countries. On the downside, the largest demand revisions focus on Canada (cut by 135 kb/d), Brazil (-90 kb/d) and Turkey (-85 kb/d). On the upside, adjustments centre on Thailand (+50 kb/d), Japan (+45 kb/d) and Argentina (+40 kb/d). Preliminary data for April have also become available for some countries, with notable upwards revisions for Germany (+230 kb/d), France (+120 kb/d) and Korea (+95 kb/d) more than offsetting cuts in China (-155 kb/d), Russia (-100 kb/d) and Poland (-55 kb/d).

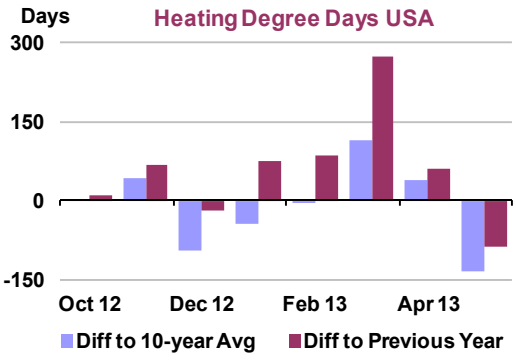
While demand is projected to remain relatively sluggish overall, growth is expected to gain momentum through the end of the year, rising from a low of 215 kb/d y-o-y in 2Q13 to 1.1 mb/d by 4Q13, as the underlying macro-economy strengthens. Both oil demand growth and the underlying economic expansion are expected to see their weakest growth in 2Q13. JPMorgan/Markits' global PMI fell to a six-month low of 51.9 in April (though still 'expanding'), but the consensus of macroeconomic opinion envisages an acceleration of growth into 2014.

Top-10 Consumers

US

The latest data from the US Energy Information Administration (EIA) are in line with expectations. March US50 demand is now estimated at 18.5 mb/d (roughly matching the forecast carried in last month's *Report*). This amounted to a 1.4% expansion on the year-earlier level, as colder weather lifted heating oil consumption, while low prices fuelled petrochemical demand for ethane, a key component of our LPG demand estimate. Preliminary April estimates, based on the latest US EIA data, show a similarly close match to last month's forecast, with roughly 18.2 mb/d of oil products consumed.



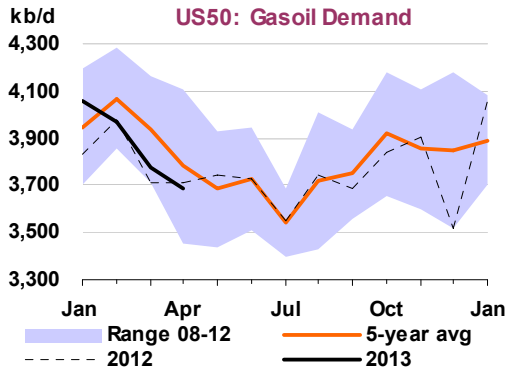


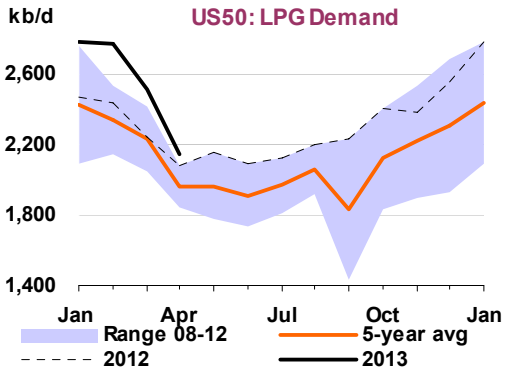
Top-10 Oil Consumers

(thousand barrels per day)

	Demand			Annual Chg (kb/d)			Annual Chg (%)		
	Mar-13	2012	2013	Mar-13	2012	2013	Mar-13	2012	2013
US50	18,532	18,606	18,582	264	-343	-24	1.4	-1.8	-0.1
China	9,802	9,597	9,960	217	365	363	2.3	4.0	3.8
Japan	4,765	4,729	4,558	-391	248	-171	-7.6	5.5	-3.6
India	3,857	3,654	3,756	62	137	102	1.6	3.9	2.8
Russia	3,265	3,267	3,373	137	88	107	4.4	2.8	3.3
Brazil	2,982	3,005	3,102	-12	122	97	-0.4	4.2	3.2
Saudi Arabia	2,846	3,012	3,138	53	137	127	1.9	4.8	4.2
Germany	2,342	2,388	2,372	79	-12	-16	3.5	-0.5	-0.7
Canada	2,155	2,291	2,282	-117	2	-9	-5.1	0.1	-0.4
Korea	2,127	2,268	2,273	-26	38	5	-1.2	1.7	0.2
% global demand	59%	59%	59%						

Despite recent gains, a contraction of around 0.1% in US demand is still forecast for the year as a whole. We remain sceptical as to whether support from the US macroeconomic recovery will be sufficient to offset other factors that have been driving the declining trend in US oil demand. An average of around 18.6 mb/d is forecast to be consumed in the US50 in 2013, 25 kb/d less than in 2012, thanks to a combination of efficiency gains, changing consumer patterns and fuel switching at the margin (see *2013 Medium-Term Oil Market Report*).





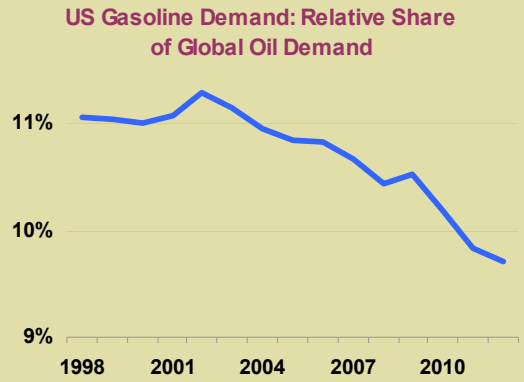
Reports of the Demise of the US Driving Season Look Premature

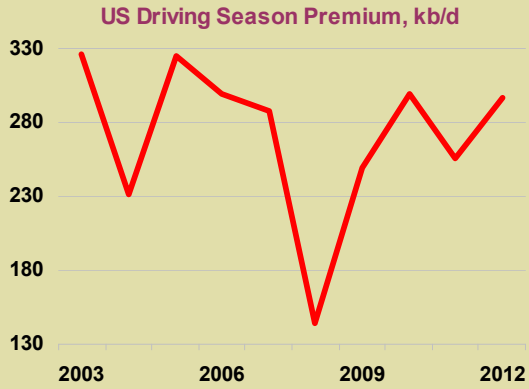
Given gasoline's oversized share of the US and global demand barrels, any assessment of global oil demand hinges in part on getting US gasoline demand right. This is especially true of the summer, when US driving demand ramps up and lifts gasoline's share of the US and global demand barrels to even greater heights than during the rest of the year. Anecdotal reports that the driving season has recently receded in

Reports of the Demise of the US Driving Season Look Premature (continued)

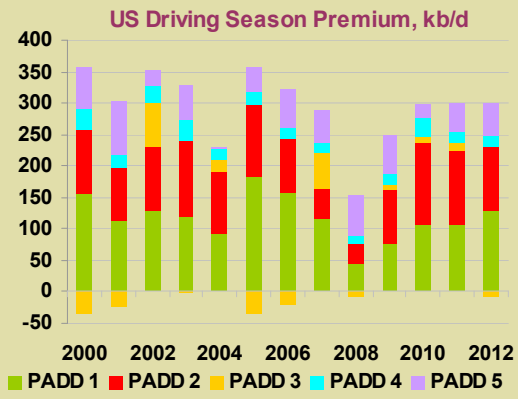
importance appear overdone. While the seasonality of US gasoline demand seemed to fade during the Great Recession of 2008-2009, it has since returned and gasoline demand is forecast to show a seasonal bump of around 0.3 mb/d this summer.

The scale of US gasoline consumption is staggering when compared with total oil demand across the globe. In 2012 gasoline consumption in the 50 US states averaged around 8.7 mb/d. Although below recent peaks of 9.3 mb/d reached in 2007, this was still equivalent to nearly 10% of total world oil demand. Measured in barrels, daily average US gasoline demand is as large as the total oil consumption of Mexico, Canada, Germany, France and New Zealand put together. Although the relative share of global demand attributable to US gasoline has eased from 11.3% in 2002, it remains a vital component of global consumption. Hence, it is essential to have a good understanding of its ebbs and flows.





The US summer driving season traditionally extends from the Memorial Day holiday weekend in late May to the Labour Day holiday in early September. For the sake of simplicity, we will define it as running from June through August. In the last ten years, 2003-2012, incremental gasoline demand for those months versus annual demand levels averaged out at 270 kb/d, with significant variations throughout. In 2008, for example, the summer demand 'premium' slipped to roughly half its ten-year average, as pump prices tested for a first time $4 per gallon, compounding the impact of the early stages of the Great Recession. Cash-strapped consumers sought to economise on journeys during this period, but since then the summer driving premium has re-emerged strongly at an average rate of 285 kb/d, 2010-2012. Given the IMF projection of US economic growth of near 2% for 2013, we assume that this pattern will be extended.

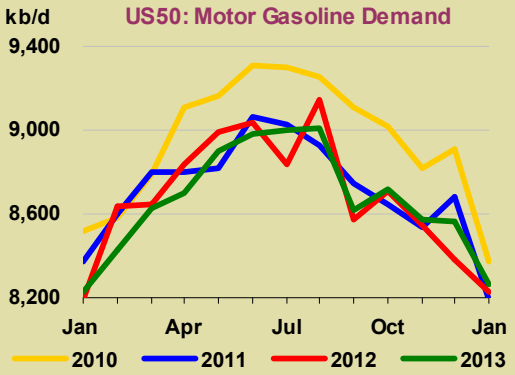


Within the US, clear regional contrasts can be found in summer gasoline demand patterns. Over the last ten years, the Midwest (PADD 2) and East Coast (PADD 1) have shown the most seasonal variation in gasoline demand, with summer 'premiums' averaging 95 kb/d and 115 kb/d, respectively. On a relative basis, the Midwest showed the widest seasonal swings, with a 3.7% increase in summer gasoline demand over the annual average, followed by the East Coast with a 3.5% increase. In the three years since the 2008-09 financial crisis, those increases have reached 4.7% and 3.6%, respectively. The West Coast (PADD 5) and Rocky Mountains (PADD 4) offered the next biggest premiums, at 45 kb/d and 20 kb/d respectively (2003-12). In contrast, the Gulf coast (PADD 3) showed little if any seasonal variation in driving demand. Further analysis suggests PADD 3 demand tends to rise seasonally early in the winter, around November-December, rather than during the summer. The PADD 3 early-winter bump in gasoline demand averages around 40 kb/d, or 3.1%, versus annual levels.

Given recent signs of recovery in US gasoline demand growth, coupled with the comparative strengthening seen in the US macroeconomic backdrop (1Q13 US GDP growth averaged 0.6% quarter-on-quarter, from nearly flat growth in 4Q12), seasonal factors are forecast to boost gasoline demand by 0.3 mb/d this

Reports of the Demise of the US Driving Season Look Premature (continued)

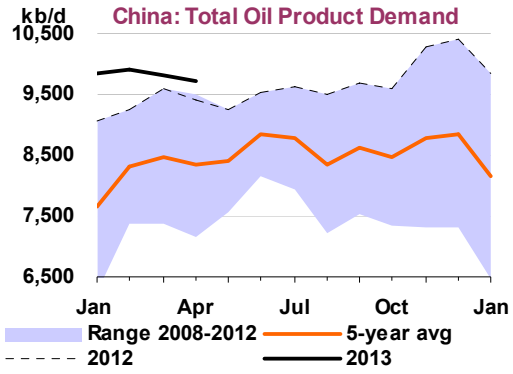
summer. This will not be enough to stop average US gasoline demand from edging down in 2013, however. This *Report* still forecasts a contraction of 0.1% in US gasoline demand for the year as a whole (thus maintaining average demand at around 8.7 mb/d). Although the factors behind this forecast -- such as the vehicle fleet's increasing fuel efficiency -- are still expected to prevail, this downwardly sloping trend in US gasoline demand is nevertheless expected to remain consistent with continued seasonality in demand patterns.

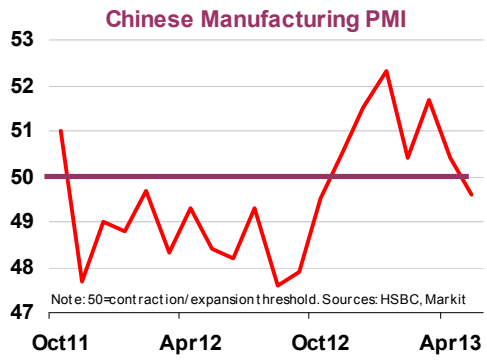


China

A recent spate of relatively subdued Chinese economic indicators supports our long-held view that Chinese oil demand growth has shifted gears. In view of those data, we have trimmed our forecast of the country's oil demand growth for 2013 to 365 kb/d (or 3.8%) from the 380 kb/d (or 3.9%) assessment carried last month.

Two key factors account for the adjustment: weaker economic growth and lower than previously forecast March/April consumption data. The IMF has reduced its estimate of Chinese economic growth for 2013 to 7.75% from 8.0% in its April *WEO*. In addition, the closely watched HSBC/Markit Chinese Manufacturing PMI index flipped back to 'contracting' territory in May. Meanwhile, based on the latest data, the estimates of Chinese apparent oil demand for March and April have been cut by 60 kb/d and 155 kb/d from last month's *Report*, respectively.



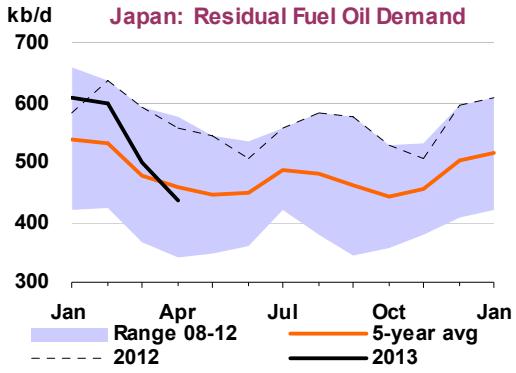


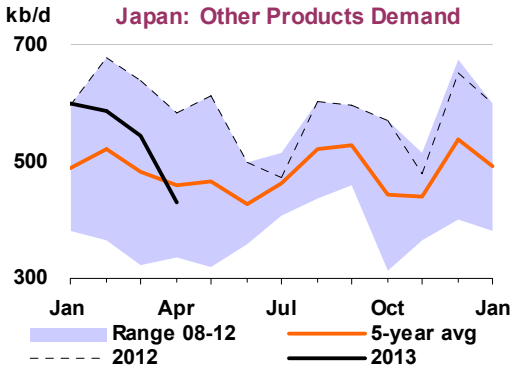
Gasoline consumption, up 11.8% y-o-y in April to 2.0 mb/d, bucks the otherwise relatively lacklustre Chinese demand trend (3.2% for all products), reflecting years of robust Chinese car sales. The latest light-vehicle sales figures, for example, hint at continued strong growth in Chinese gasoline demand, which is forecast to rise by 8.8% in 2013 to 2.1 mb/d. Light vehicles sales in April rose by 13% y-o-y, according to the China Association of Automobile Manufacturers.

Japan

Japanese demand contracted by 3.3% in April, according to Ministry of Economy, Trade and Industry statistics, to 4.2 mb/d, only 15 kb/d above our month-earlier forecast. Leading April's downward momentum were the sharp declines in power sector usage of both fuel oil and 'other products', which includes crude oil for direct burn in electricity generators. Figures confirmed by the Federation of Electric Power Companies show the 10 largest power utilities consuming just 190 kb/d of fuel oil in April, a 21.9%

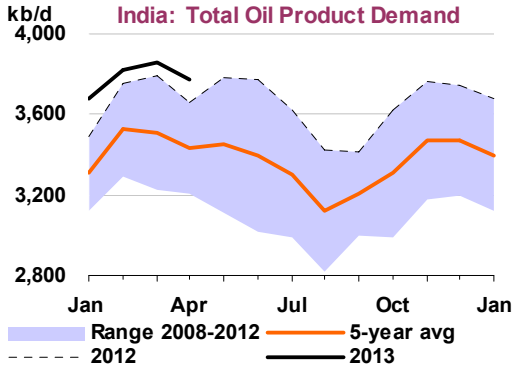
decline y-o-y. The petrochemical sector bucked the generally falling Japanese demand trend, with 13.3% y-o-y more naphtha consumed in April at 725 kb/d.

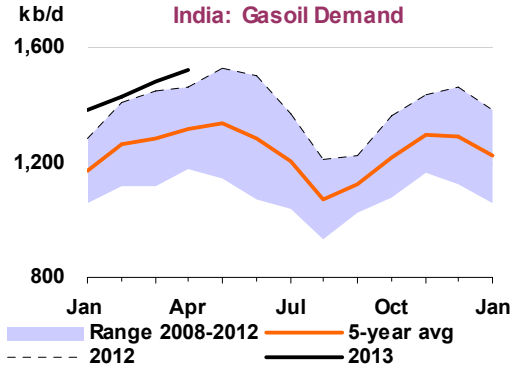




India

Preliminary April consumption data came in roughly as forecast in last month's *Report*, up 3.1% on the year to an average of around 3.8 mb/d, with gasoil and naphtha leading the upside momentum. The Indian growth trend has clearly eased back from its previous near-4% trajectory (2011-12), following steps to reduce long-standing but economically restrictive diesel subsidies. In January, the government commenced a monthly subsidy cutting programme, reducing prices by roughly half a rupee per litre (equivalent to nearly 1 US cent). After a temporary suspension in March-April, the scheme resumed in May and is likely to proceed, at least intermittently, through the remainder of the year.

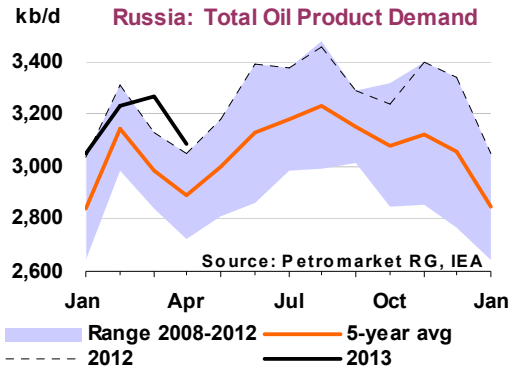


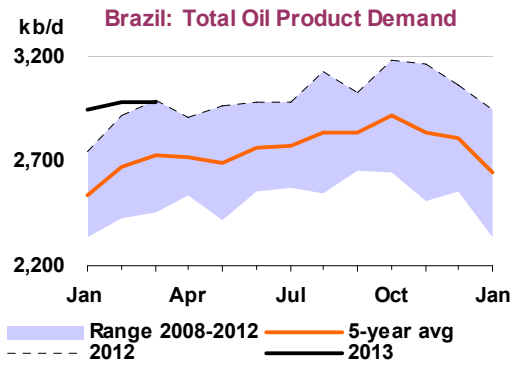


Further curbing the future demand trend, car sales in April fell by 10% y-o-y, to 150 790, according to the Society of Indian Automobile Manufacturers, extending to six months the negative monthly sales trend. Despite the overall bleak Indian car sales data, a modicum of positivity can be gleamed from gains in both the sports utility vehicle and moped markets.

Russia

The Russia demand story has lost some of its allure recently, with preliminary April data showing only 3.1 mb/d of oil products being consumed, equivalent to 1.2% annual growth. That aggregate growth figure obscures contrasted trends, however. On the one hand, weakness in Russia's industrial sector has recently undermined gasoil demand. On the other hand, strong growth has been seen in naphtha and jet/kerosene. Naphtha demand is continuing to rise supported by relatively robust petrochemical demand, while jet/kerosene demand remains supported by the thriving air transport sector. The number of air passengers, for example, rose by 17% in 2012, to 166.8 million.



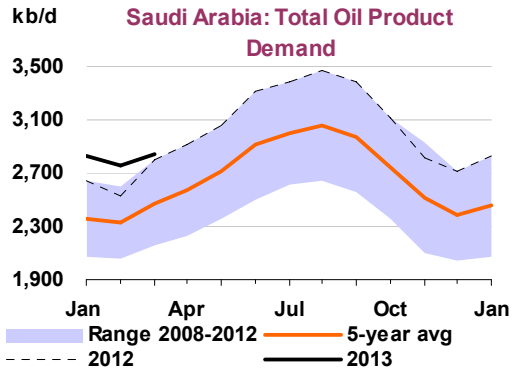


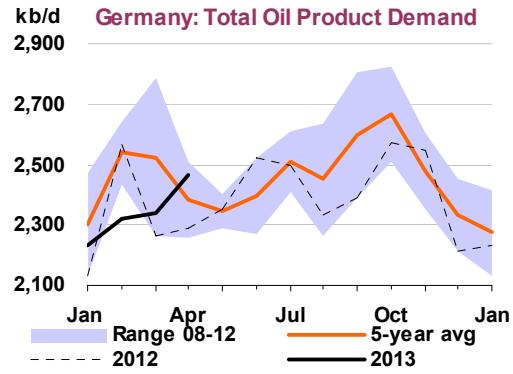
Brazil

Consumption of oil products in Brazil averaged 3.0 mb/d in March, 90 kb/d below our previous forecast, as demand inched down y-o-y for the first time in nearly four years. The drop reflected general macroeconomic concerns that have arisen recently, namely the impact of recent shifts in Chinese economic activity on commodity exporters such as Brazil, whose growth in the past few years had been largely underpinned by Chinese import growth. We have accordingly trimmed our Brazilian growth forecast to 3.2% in 2013, from 3.3% previously.

Saudi Arabia

Saudi Arabia consumed close to 2.8 mb/d of oil products in March, just 0.3% off last month's forecast. We continue to forecast oil demand growth in excess of 4% in the Kingdom for 2013. Although transportation fuels are forecast to continue to lead growth in 2013, with gasoline up by around 5%, this is a sharp curtailment from 2012's 8.4% expansion as consumer confidence has shown signs of easing recently. Nielsen's Global Survey of Consumer Confidence showed a 14% contraction in consumer confidence between 1Q13 and 4Q12, as disposable income has fallen under pressure from high inflation.



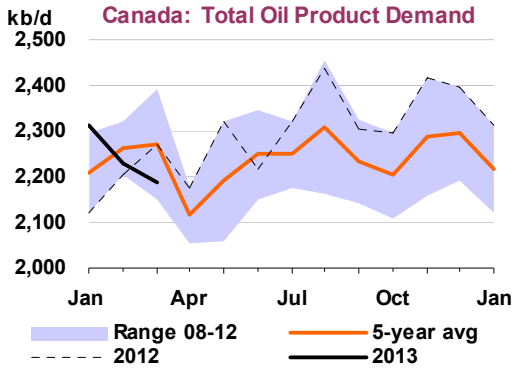


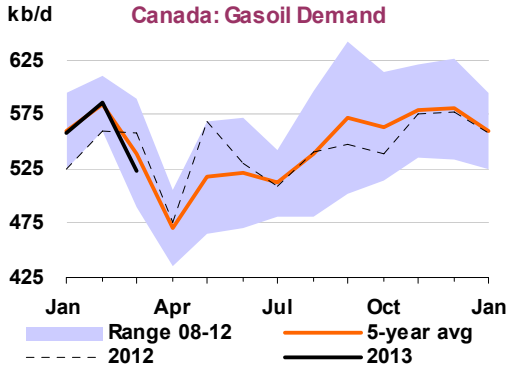
Germany

The latest German demand data came out ahead of expectations, as preliminary April statistics put average consumption up to 2.5 mb/d, its highest level since November 2012. The robust April estimate came about despite the ongoing economic malaise, as manufacturing indicators remain in 'contracting' territory (Markit/BME PMI falling to 48.1 in April, it has since risen to 49.4 in May), with a combination of the relatively cold late-winter weather and the early arrival of the Easter in 2013 supporting demand. Easter closures in 2013 straddled both March and April, whereas in 2012 the holiday was entirely located in April, raising the y-o-y industrial fuel consumption figures for April.

Canada

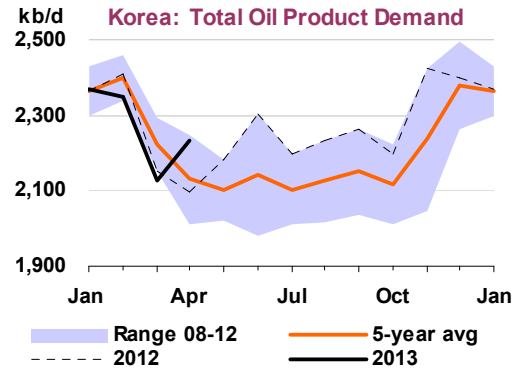
Consumption of oil products in Canada dropped surprisingly steeply in March, down 5.1% on the year to 2.2 mb/d, as a seasonal spring dip in demand seemed to come early. The earlier arrival of the Easter holiday in 2013 compared to 2012 may partly explain the decline. RBC's Canadian Manufacturing PMI also slipped into 'contracting' territory in March, to 49.3, its weakest reading since 2010, with the output and new orders components at all-time lows. Recent weakness in Canadian demand has trimmed the demand forecast for the year by 20 kb/d to 2.3 mb/d, implying a y-o-y contraction of 0.4%.

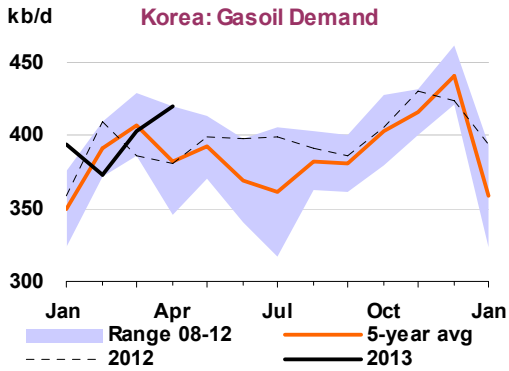




Korea

South Korean oil consumption posted a surprisingly strong 6.5% y-o-y jump in April, to 2.2 mb/d, bucking seasonal trends. Whereas consumption usually falls in April, this year cold weather has raised heating requirements even as industrial sentiment has proved surprisingly robust. HSBC/Markit reported manufacturing sentiment, as tracked by the PMI, rising at its fastest pace in more than two years, to 52.6 in April, implying heightened requirements for industrial fuels, such as gasoil and fuel oil. Accordingly, gasoil demand showed one of the sharpest rises in April, up 10.2% y-o-y to 420 kb/d. Sub-seasonal temperatures raised jet/kerosene demand ahead of our earlier forecast, by 20 kb/d over our earlier forecast to a total jet/kerosene demand of 140 kb/d in April.





OECD

Flat-to-falling macroeconomic conditions, continued efficiency gains and some product switching, notably to natural gas in the power sector, combined to suppress OECD demand. The rate of decline, which currently stands at around 2% on the year earlier, is forecast to moderate somewhat through the second half of the year, as economic conditions improve. Regional differences will exists throughout the OECD, with particularly sharp declines forecast for Europe and Asia Oceania, whereas relatively flat oil demand is forecast for the Americas.

OECD Demand based on Adjusted Preliminary Submissions - March 2013

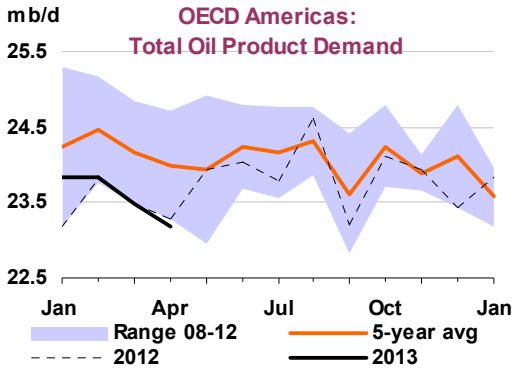
(million barrels per day)

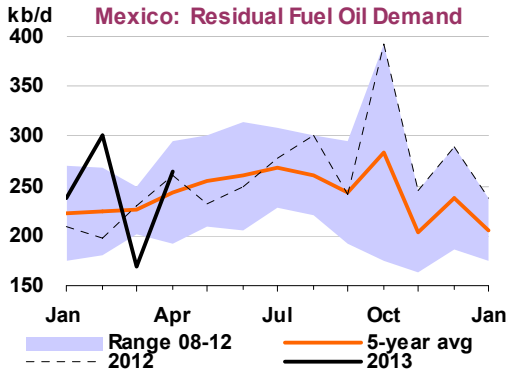
	Gasoline		Jet/Kerosene		Diesel		Other Gasoil		RFO		Other		Total Products	
	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa
OECD Americas*	**10.27**	**-0.7**	**1.63**	**-0.4**	**4.33**	**-1.3**	**0.67**	**8.1**	**0.79**	**-10.7**	**5.78**	**3.09**	**23.47**	**0.0**
US50	8.63	-0.2	1.39	0.0	3.41	-0.2	0.37	24.5	0.43	3.6	4.31	4.9	18.53	1.4
Canada	0.74	-2.5	0.11	-10.3	0.31	-3.1	0.21	-10.2	0.05	-40.8	0.73	-1.9	2.16	-5.1
Mexico	0.76	-5.0	0.06	6.3	0.40	-7.6	0.05	4.6	0.17	-26.4	0.60	-3.7	2.05	-6.9
OECD Europe	**1.81**	**-9.0**	**1.15**	**3.7**	**4.17**	**-5.1**	**1.69**	**15.1**	**1.01**	**-13.0**	**3.40**	**-4.5**	**13.24**	**-3.3**
Germany	0.41	-6.9	0.17	-3.7	0.65	-7.8	0.44	75.2	0.13	-9.7	0.54	-1.1	2.34	3.5
United Kingdom	0.29	-18.4	0.33	8.4	0.47	-1.3	0.11	-8.5	0.04	-20.8	0.26	-15.6	1.50	-7.1
France	0.15	-7.5	0.14	-0.9	0.67	-2.5	0.31	22.3	0.07	-17.2	0.41	1.8	1.74	1.1
Italy	0.19	-5.3	0.08	4.5	0.43	-8.8	0.11	13.9	0.08	-30.9	0.35	-1.5	1.24	-5.8
Spain	0.10	-10.2	0.10	5.8	0.41	-8.2	0.16	-3.7	0.15	-15.3	0.28	-16.4	1.20	-9.8
OECD Asia & Oceania	**1.58**	**-2.0**	**0.91**	**-11.8**	**1.20**	**2.4**	**0.57**	**-11.2**	**0.83**	**-14.8**	**3.24**	**-3.9**	**8.33**	**-5.4**
Japan	0.94	-4.5	0.60	-16.4	0.47	-0.6	0.39	-8.2	0.50	-15.2	1.86	-5.2	4.76	-7.6
Korea	0.20	7.5	0.14	-8.7	0.29	9.1	0.11	-5.6	0.25	-9.6	1.14	-1.5	2.13	-1.2
Australia	0.33	-0.8	0.13	9.2	0.38	2.1	0.00	0.0	0.03	-3.9	0.17	-5.1	1.03	0.6
OECD Total	**13.66**	**-2.0**	**3.69**	**-2.3**	**9.70**	**-2.5**	**2.93**	**7.3**	**2.63**	**-12.9**	**12.41**	**-0.9**	**45.04**	**-2.0**

* Including US territories

Americas

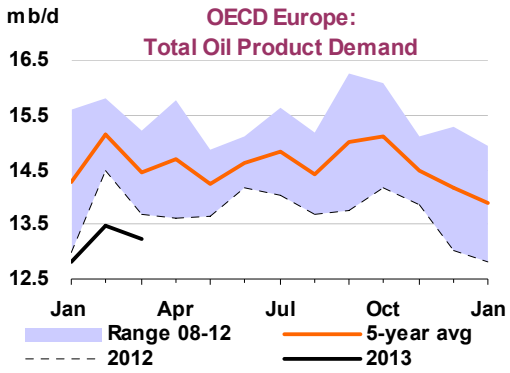
Total demand in the OECD Americas region in March was roughly unchanged on the year, although this headline figure conceals strong regional contrasts. While US demand was well above its earlier reading (+1.4% y-o-y in March), the opposite was true in Canada, Mexico and Chile. **Mexican** oil demand bounced back strongly in April, to 2.2 mb/d (up 2.3% y-o-y), reversing March's dip to a 26-month low of 2.0 mb/d. The 6.9% y-o-y contraction in March was largely due to a dramatic drop in fuel oil demand, which tends to fluctuate widely in Mexico as the power sector attempts to move over to natural gas but occasionally has to deal with shortages.

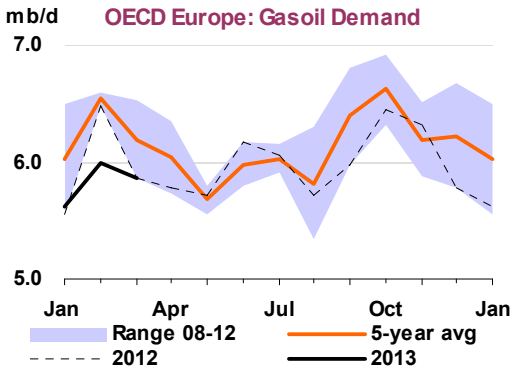




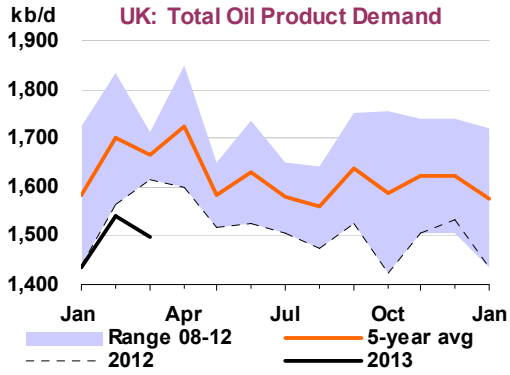
Europe

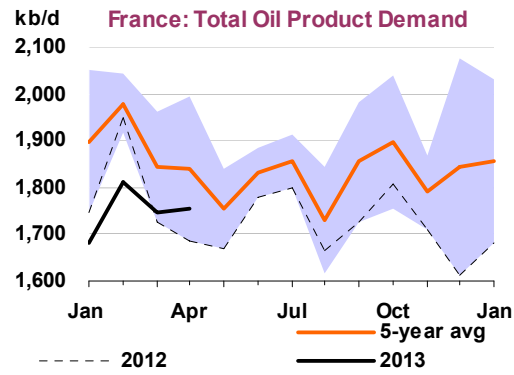
European oil consumption continues to fall sharply against the backdrop of double-dip recession in several of the region's economies. With regional unemployment at an all-time high, manufacturing output is also deteriorating, suppressing consumption of both industrial and transportation fuels. The PMI for the euro zone fell to 46.9 in April, deep in 'contracting' territory. Even Germany, the region's largest manufacturer, posted a five-month low of 49.2. Smaller manufacturing hubs, such as Poland, particularly struggled, with the Polish PMI falling to a 46-month low in April while Spain dipped to its worst level in four months. Nevertheless, European gasoil demand outperformed many other products, garnering support from unseasonably cold weather in March. Temperatures returned to more normal levels in April, only to fall back to unseasonable lows in May. Preliminary estimates for some of the big European countries show additional support for gasoil (y-o-y) in April from the early onset of the Easter holiday this year.





More service-orientated European economies also showed signs of weakness In the **UK**, for example, weak consumer confidence, coupled with an ailing manufacturing sector and year-earlier stockpiling of transportation fuels combined to keep oil consumption suppressed at around 1.5 mb/d in March, 7.1% down on the year earlier. Of special note this month, the British authorities reduced their assessment of January demand by 100 kb/d to 1.4 mb/d, with revised estimates of 'other products' accounting for the majority of the correction.

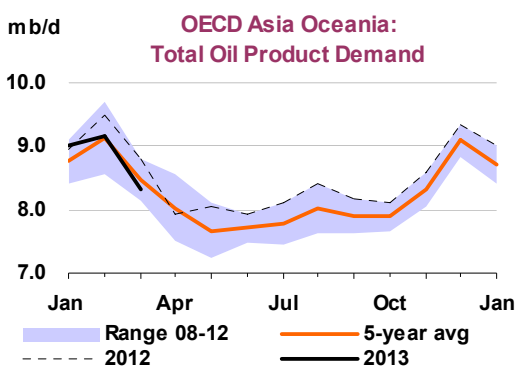


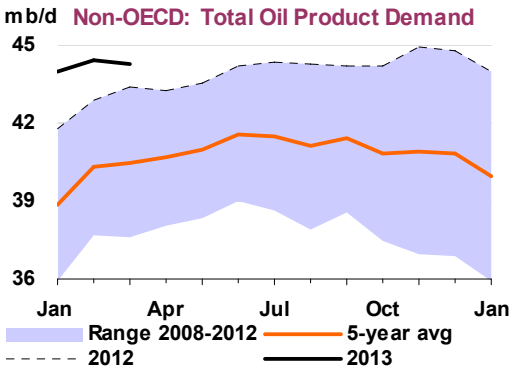


French consumption data surprised on the upside in April, according to preliminary statistics. Demand was roughly 120 kb/d above our forecast, at 1.8 mb/d. Gasoil accounted for the majority of this additional demand, as April industrial use rose y-o-y due to the earlier Easter break in 2013. Nevertheless, the projected trend for the year remains one of heavily falling consumption as the economy entered double-dip recessionary territory in 2013.

Asia Oceania

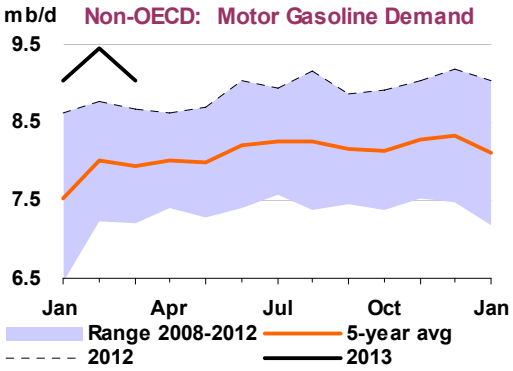
Consumption in OECD Asia Oceania has fallen in recent months, largely due to the return to structurally declining oil demand in Japan. In the period 4Q11-3Q12 this factor reversed, as Japanese consumption rose strongly on the back of additional nuclear replacement demand. Looking forward, such incremental Japanese fuel switching will no longer be a factor. Thus, with all else being held equal, demand in the Asia Oceania region is forecast to contract by 2.0% in 2013. After a period of strong growth, 4Q11-3Q12, demand of fuel oil and 'other products' (which includes crude used for direct burn in the power sector) are forecast to lead the predicted correction of 2013.

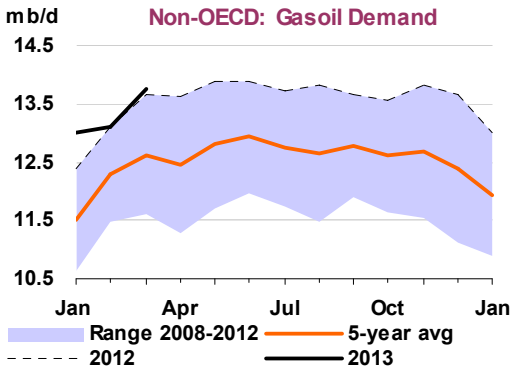




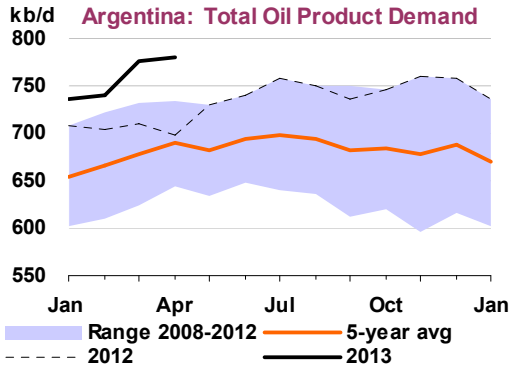
Non-OECD

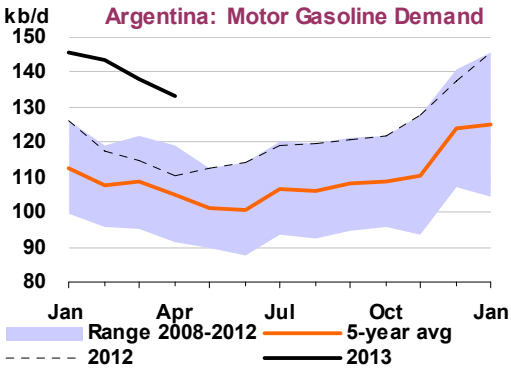
Non-OECD oil consumption is forecast to overtake the OECD in 2Q13. However, we do not expect non-OECD demand to continuously exceed the OECD until 2Q14, as seasonal factors (such as the northern hemisphere winter) come into play. Post-2Q14, non-OECD consumption will have risen sufficiently to allow non-OECD demand to exceed the OECD regardless of the season.





In **Argentina,** oil consumption gained surprising momentum in April, with y-o-y growth escalating to 11.7%, its fourth consecutive rise (from December 2012's recent low of +2.0%). Gasoline demand led the uptick, with double-digit percentage point gains seen throughout 2013 thus far, as persistent subsidies continued to shield drivers from an otherwise high inflation.





SUPPLY

Summary

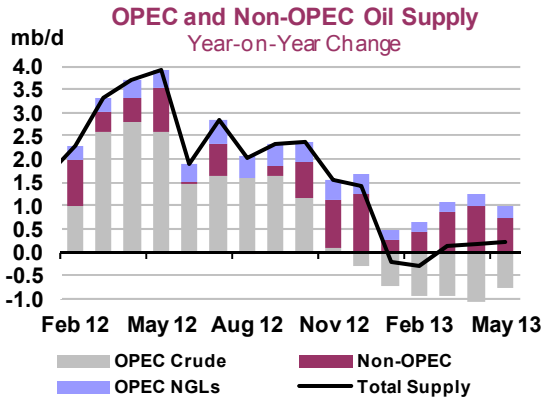
- **Global supplies fell by 90 kb/d m-o-m to 91.2 mb/d in May, as higher OPEC crude production failed to offset a decline in non-OPEC output.** On an annual basis, supplies stood 180 kb/d higher than last year, with rising OPEC NGLs and non-OPEC supply outpacing an 810 kb/d decline in OPEC crude.

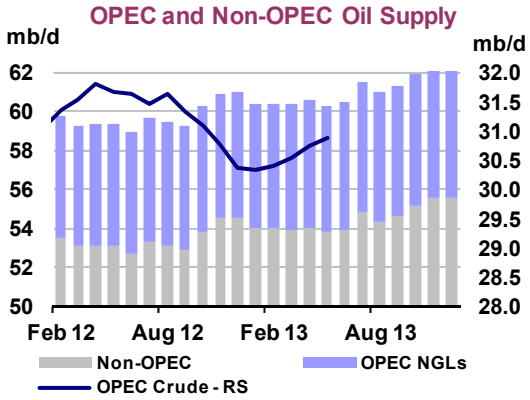
- **Non-OPEC supply fell by 230 kb/d in May to 53.8 mb/d due to maintenance in Canada that offset gains elsewhere.** Annual supply growth is forecast to average 1.1 mb/d in 2013, consistent with last month's estimate.

- **North Sea summer maintenance typically shaves 260 kb/d from output but may be more severe than usual in 2013,** affecting the Brent, Forties, Oseberg and Ekofisk blends as entire oil and gas pipeline systems, gas processing plants, terminals and oil fields enter turnaround mode. Scheduled maintenance stands to reduce BFOE crude production in June to just 550 kb/d, around 60% of 1Q13 levels. Production is expected to rebound in July but to fall back to 640 kb/d in August.

- **OPEC crude oil supply rose by around 135 kb/d to 30.89 mb/d in May, led by Saudi Arabia.** The 'call on OPEC crude and stock change' was adjusted lower due to a downward revision in demand, by an average 200 kb/d to 29.8 mb/d for 2H13 and by 100 kb/d to 29.5 mb/d for the full year. OPEC NGL production is forecast to average 6.5 mb/d in 2Q13 and 6.7 mb/d in 2H13. OPEC's 'effective' spare capacity dipped in May, to 3.23 mb/d versus 3.47 mb/d in April.

- **As expected, OPEC rolled over its 30 mb/d production ceiling at the 31 May ministerial meeting in Vienna**. Several member countries raised concerns about the growing impact of ever-increasing shale oil production on OPEC's market share. In response, ministers agreed to set up a special committee to review the outlook for non-conventional oil. OPEC ministers will next gather to review the market on 4 December 2013.



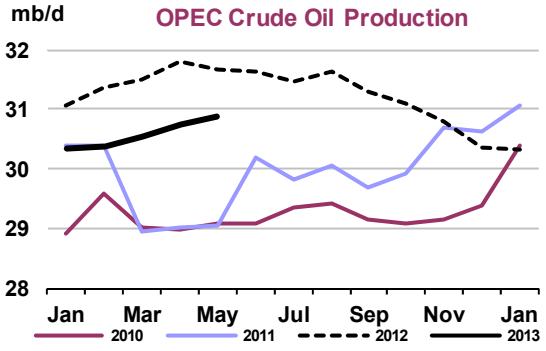


Note: Random events present downside risk to the non-OPEC production forecast contained in this report. These events can include accidents, unplanned or unannounced maintenance, technical problems, labour strikes, political unrest, guerrilla activity, wars and weather-related supply losses. Specific allowance has been made in the forecast for scheduled maintenance in all regions and for typical seasonal supply outages (including hurricane-related stoppages) in North America. In addition, from July 2007, a nationally allocated (but not field-specific) reliability adjustment has also been applied for the non-OPEC forecast to reflect a historical tendency for unexpected events to reduce actual supply compared with the initial forecast. This totals –500 kb/d for non-OPEC as a whole, with downward adjustments focused in the OECD.

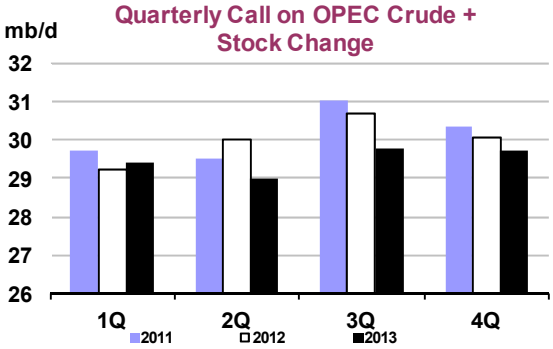
OPEC Crude Oil Supply

OPEC crude oil supply in May rose to its highest level in seven months due to increased output from Saudi Arabia and, to a lesser extent, Iran, the UAE and Kuwait. May OPEC output was up by around 135 kb/d to 30.89 mb/d, with higher output from the Gulf producers only partially offset by reduced supplies from Iraq, Libya and Nigeria, where terrorist and militant activity continued to undermine production levels.

As widely anticipated, OPEC, at its 31 May ministerial meeting in Vienna, rolled over its 30 mb/d production ceiling originally agreed in January 2012. With the decision to maintain the current output ceiling a near-foregone conclusion going into the conference, several producers raised concerns about the growing impact of ever-increasing shale oil production on OPEC's market share. In response, ministers agreed to set up a special committee to review the outlook for non-conventional oil such as light, tight oil and shale production. OPEC ministers will next meet to review the global oil market on 4 December 2013.



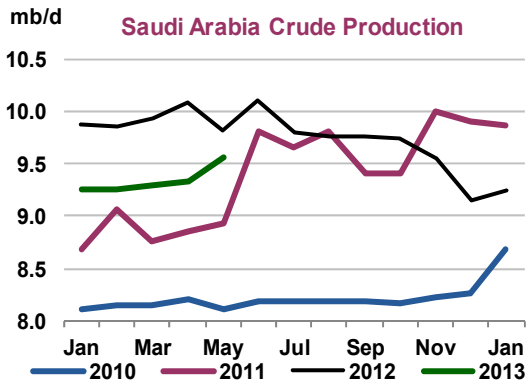
Entire series based on OPEC Composition as of January 2009 onwards (including Angola & Ecuador & excluding Indonesia)

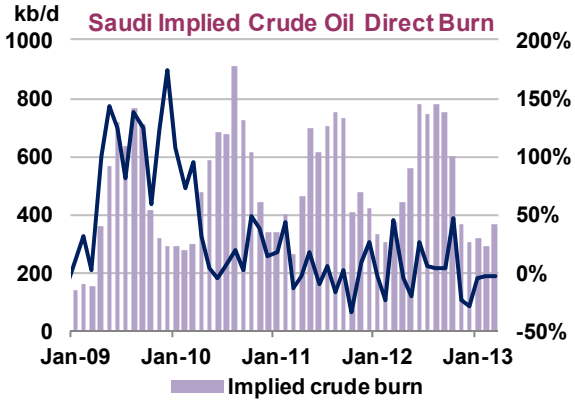


Entire series based on OPEC Composition as of January 2009 onwards (including Angola & Ecuador & excluding Indonesia)

The 'call on OPEC crude and stock change' was adjusted lower due to a downward revision in demand, by an average 200 kb/d to 29.8 mb/d for 2H13 and by 100 kb/d to 29.5 mb/d full year. Increased output reduced OPEC's 'effective' spare capacity in May, to 3.23 mb/d versus 3.47 mb/d in April.

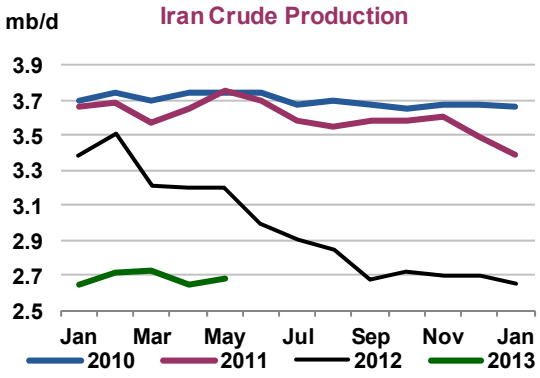
Saudi Arabia's crude oil production rose to six-month highs in May, up a steep 220 kb/d to 9.56 mb/d. The higher production level likely reflects the seasonal uptick in domestic use of crude for burning at power plants during the peak air-conditioning period. Saudi crude burn last year increased by around 300 kb/d during the seasonally stronger demand period from April to September, to an average 675 kb/d, with similar growth expected this year. Aramco continues to ramp-up production from the first 500 kb/d tranche of the 900 kb/d heavy oil offshore Manifa field following its 10 April start-up. Saudi Aramco's newly released 2012 annual report showed crude production, excluding Neutral Zone, averaged 9.51 mb/d, in line with *OMR* estimates.

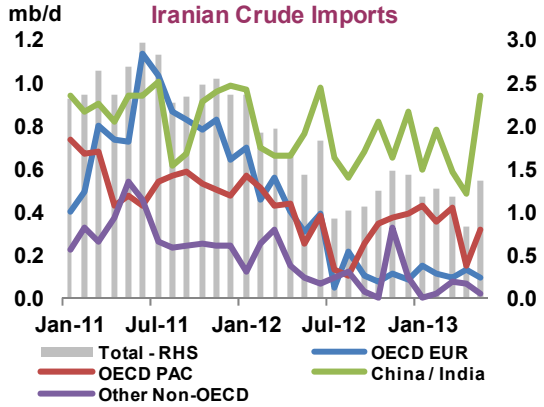




Iranian output was marginally higher at 2.68 mb/d, up 30 kb/d from April. From January to May output has averaged around 2.69 mb/d with exports of around 1 mb/d over the same period despite logistical and shipping challenges poised by international sanctions. Iranian crude held in floating storage was estimated at 30 mb at the end of May, unchanged from April.

Total imports of Iranian crude in May, from both OECD and non-OECD countries, were estimated at a relatively high 1.39 mb/d in May compared with an exceptionally low 835 kb/d in April. Indeed, preliminary data show Iranian supplies to China surged to 715 kb/d in May compared to 370 kb/d in April, according to latest data on discharge data from tanker trackers show. The steep m-o-m change, however, largely reflects congestion at Chinese ports at end-April, with discharge from ships delayed until early May. Around 16 cargoes of Iranian oil were offloaded in China during May compared to just 9 ships in April. Import volumes are based on data submitted by OECD countries, non-OECD data from customs agencies, tanker data and news reports.

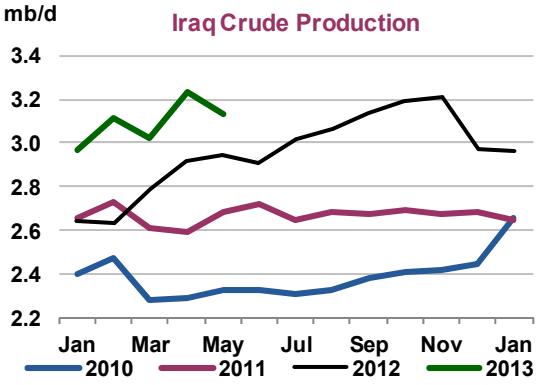




The US State Department on 5 June renewed six-month waivers to Iranian sanctions for nine countries, including major buyers China, India and South Korea. At the same time, the US Congress announced plans to strengthen sanctions against Iran in a bid to choke off Iranian crude oil exports further and deny Tehran funds to develop its nuclear programme. Discussions are also ongoing to tighten the standards for granting exceptions and more clearly define the volumes countries are required to cut rather than using the current vague definition of "significantly reduced" purchases. Waivers were also granted to Malaysia, Singapore, South Africa, Sri Lanka, Turkey and Taiwan. In March, the State Department granted six-month exemptions to Japan and 10 EU countries.

In addition, the Obama Administration on 3 June issued an executive order imposing sanctions on financial institutions that transact trades in the Iranian rial. Lawmakers in Congress also hope to pass legislation this summer that could further limit Iran's access to its foreign currency accounts, which are largely held in Euros. US moves to strengthen sanctions come against the backdrop of Iran's presidential election on 15 June.

Iraqi production fell by 100 kb/d to 3.14 mb/d in May. Exports fell by around 135 kb/d to 2.48 mb/d, with reduced shipments from both the south and the north. Basrah exports were off by around 115 kb/d to 2.2 mb/d while Kirkuk volumes were down by 20 kb/d to 285 kb/d. Kirkuk shipments were curbed by repeated attacks on the northern Ceyhan-Kirkuk pipeline during May as well as the continued suspension of crude exports from the Kurdish region to the Ceyhan-Turkey pipeline due to the ongoing



payment and contract disputes between Irbil and Baghdad. However, exports from the Kurdistan Regional Government (KRG) administered area are steadily rising via truck, much to the chagrin of the central government in Baghdad. Total KRG output rose to 140 kb/d in May compared with 120 kb/d in both March and April and 40 kb/d in the first two months of the year. Reports suggest that roughly 80 kb/d of KRG production is being refined locally as a number of new teapot refineries have been brought online, with growing volumes of products trucked to Turkey.

In an effort to renew negotiations over the long-running dispute over oil revenues and contracts with the Kurdistan Regional Government (KRG), Iraqi Prime Minister Nuri al-Maliki met with KRG President Masoud Barzani on 9 June. While no discernible progress was made on the divisive issues, analysts say the high-level meeting was a positive step towards confidence building.

Kuwaiti output edged up by 30 kb/d in May, to 2.84 mb/d while **UAE** production rose by 25 kb/d to 2.73 m/d. **Qatar's** output was unchanged at 725 kb/d in May.

OPEC Crude Production

(million barrels per day)

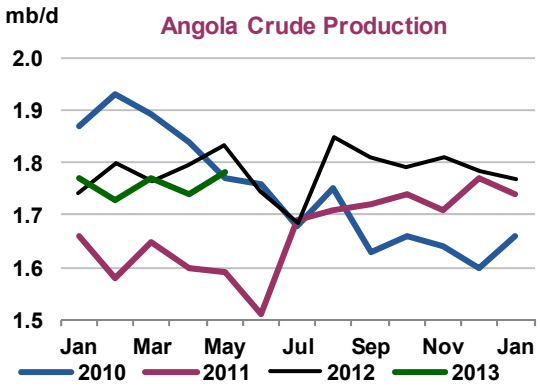
	Mar 2013 Supply	Apr 2013 Supply	May 2013 Supply	Sustainable Production Capacity[1]	Spare Capacity vs May 2013 Supply	1Q13 Average Crude Supply
Algeria	1.14	1.16	1.15	1.19	0.04	1.15
Angola	1.77	1.74	1.78	1.82	0.04	1.76
Ecuador	0.50	0.50	0.50	0.51	0.01	0.50
Iran	2.73	2.65	2.68	2.98	0.30	2.70
Iraq	3.02	3.24	3.14	3.34	0.20	3.03
Kuwait[2]	2.84	2.81	2.84	2.90	0.06	2.81
Libya	1.36	1.42	1.38	1.55	0.17	1.38
Nigeria[3]	2.00	1.98	1.96	2.44	0.48	2.00
Qatar	0.74	0.73	0.73	0.77	0.05	0.74
Saudi Arabia[2]	9.30	9.34	9.56	12.27	2.71	9.27
UAE	2.70	2.70	2.73	2.90	0.17	2.67
Venezuela[4]	2.45	2.49	2.45	2.60	0.15	2.42
Total OPEC	**30.55**	**30.75**	**30.89**	**35.27**	**4.38**	**30.43**
(excluding Iraq, Nigeria, Libya and Iran)					*3.23*	

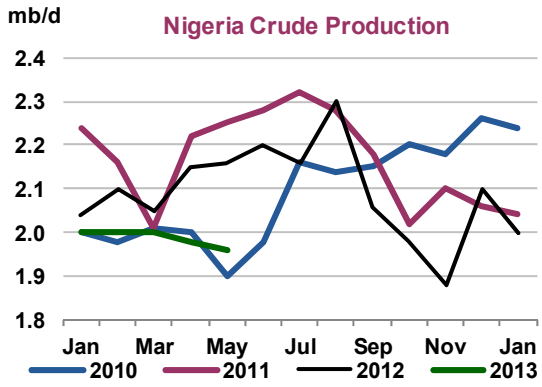
1 Capacity levels can be reached within 30 days and sustained for 90 days.
2 Includes half of Neutral Zone production.
3 Nigeria's current capacity estimate excludes some 200 kb/d of shut-in capacity.
4 Includes upgraded Orinoco extra-heavy oil assumed at 400 kb/d in May.

Angolan crude production rose by 40 kb/d to 1.78 mb/d. 2Q13 output from the Plutão, Saturno, Vénus and Marte (PSVM) complex is hovering between 70 kb/d-90 kb/d and is not expected to reach peak capacity of 150 kb/d until early 2014. Operator BP has reported that the start-up of the Plutão field in January will be followed by output from Saturno and Vénus fields in 2H13 and from Marte in 2014. Crude production from the Kizomba D Satellite Clochas Mavacola fields is also ramping up to full capacity of 140 kb/d in 2Q13.

Nigerian crude output declined to six-month lows, down 20 kb/d to 1.96 mb/d, as oil theft-related damage to pipelines continued to curb production. Lower May volumes are due in part to Shell's 15 April *force majeure* on roughly 150 kb/d Bonny Light and Forcados crudes. The shut-in was expected to be lifted in six weeks but still remains in place as of 10 June. Shell was forced to close the Nembe Creek pipeline for repairs linked to pipeline theft damage. More than 50 break points were discovered along

the near 100 km Nembe Creek Trunkline. Total declared *force majeure* on Usan crude lifting on 30 May. Roughly 125 kb/d of crude was to be lifted in June. Total gave no reason for the shut-down but the 180 kb/d offshore Usan field, which started production in 2012, reportedly has experienced technical issues in the past.

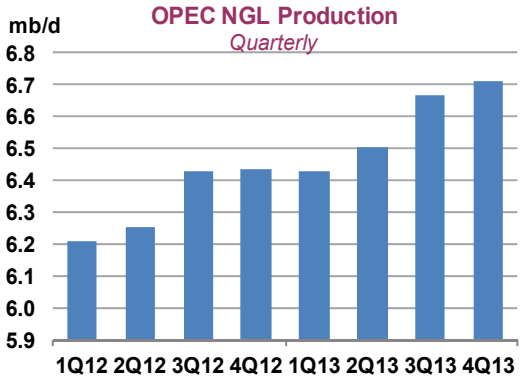




Libyan crude oil production edged lower in May, off by 40 kb/d to 1.38 mb/d, following continued labour-related disruptions to oil flows. The security situation continues to deteriorate as tribal militias further destabilise the country. At end May, protesters demonstrating for jobs, among other issues, forced the shut in of the 130 kb/d El Feel oilfield in the country's southwestern desert, which is part of the Mellitah operation run by a joint venture between Libya's state energy firm, the National Oil Corporation (NOC) and Italy's Eni.

OPEC NGLs

OPEC natural gas liquids, including condensates, are forecast to average 6.5 mb/d in 2Q13, rising by 170 kb/d in 3Q13. **Angola's** long-delayed Soyo LNG plant started test production in early June but full operations are not expected to start-up until mid-August. The new LNG project is expected to produce around 50 kb/d of natural gas liquids and 10 kb/d of condensates when it reaches full capacity. **Algeria's** El Merk project has added 20 kb/d of NGLs and 20 kb/d of condensate production in 2Q13 and is expected to build up to capacity of 30 kb/d each in 3Q13.

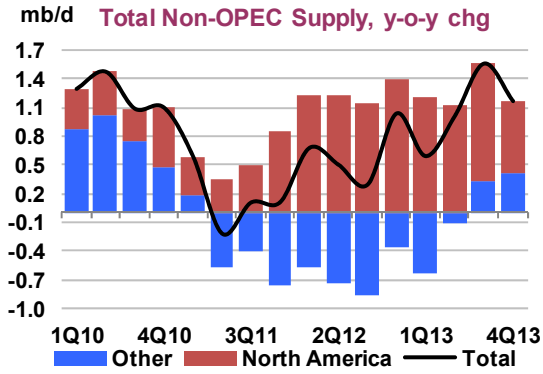


Saudi Arabia, OPEC's largest producer of NGLs, is expected to add around 25 kb/d of condensate supply in 3Q13 following the start-up of the first 500 kb/d phase of the offshore Manifa oil field in early April. Peak condensate flows from Manifa is expected to reach 65 kb/d when the second 400 kb/d tranche of production is brought online in 2015.

Non-OPEC Overview

Seasonal maintenance, in Canada, the US, and the North Sea reduced total non-OPEC supply in May by 0.2 mb/d m-o-m to 53.8 mb/d. Relatively speaking, year-on-year production growth remains strong, estimated at around 0.7 mb/d in May and 1.1 mb/d in 2013 driven primarily by steep increases in North America. US total liquids output, not including biofuels, reached 10.0 mb/d in April and May, while in Canada, maintenance at upgraders kept production in check at 3.6 mb/d. In Russia, high oil prices have kept brownfield production elevated and are driving a strong focus on Gazprom's natural gas condensate assets.

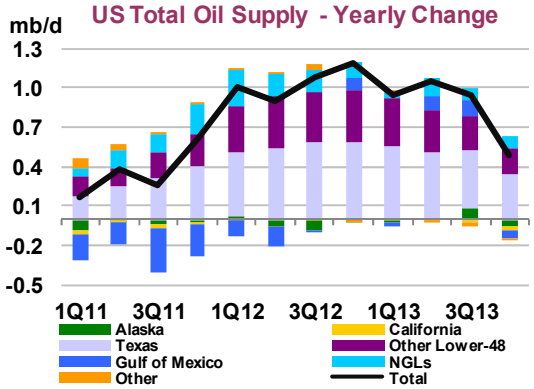
Downside risks to the outlook remain. Sudan threatened to shut down one of the export routes from South Sudan, and tensions could possibly derail April's African Union-brokered agreement. Taking out South Sudan's contribution would reduce the 2H13 forecast of non-OPEC supply by around 200 kb/d. The impact of planned maintenance in the US, Canada, Brazil and the North Sea could be more severe than forecast. If past years are any indicator, seasonal maintenance has the potential to last longer than planned. In the North Sea, supplies are expected to fall by 0.2 mb/d in 2Q13 and a further 0.2 mb/d to 2.6 mb/d in 3Q13 (*see 'Forecasted Impacts of North Sea Maintenance' in this section*).



Overall, the non-OPEC supply forecast has been revised up slightly by 10 kb/d to 54.5 mb/d with downward revisions to the North Sea offsetting upwards revisions to North America and Russia. The continued strong performance of Russian liquids supply has resulted in a 100 kb/d upwards revision to 10.7 mb/d in 2H13. Downward revisions of around -130 kb/d in 2Q and 3Q13 in the North Sea now take into account more widespread planned maintenance. Non-OPEC supplies are seen on average 40 kb/d lower in 2Q13, and 30 kb/d higher in 2H13.

OECD Americas

US – May preliminary, Alaska actual, other states estimated: Total liquids output (not including biofuels) reached 10.0 mb/d in April and May despite planned maintenance in Alaska and the Gulf of Mexico (in May). Growing production in major tight oil plays, primarily the Permian, Eagle Ford, and Bakken, remains behind the rapid annual increase. After a small pause in m-o-m production growth in January in the Bakken (North Dakota) due to severe weather, production reached a record 720 kb/d in March, despite continued weather-related problems. Production in the Bakken is forecast to exceed 800 kb/d in the coming months on the back of operational efficiency improvements and a backlog of around 400 wells awaiting completion. The US forecast is revised slightly upwards by 30 kb/d in 2013 due to strong production growth in Texas, Oklahoma, and Kansas.



Annual maintenance on the Trans-Alaskan Pipeline System reduced Alaskan North Slope supply for a week in mid-May by 100 kb/d to as low as 420 kb/d, but production subsequently rebounded in the remainder of the month and in June to more than 550 kb/d. Maintenance at BP's Na Kika complex and at Thunder Horse reduced Gulf of Mexico crude supplies by about 0.1 mb/d to 1.2 mb/d in May. This

offshore work coincided with maintenance at the BP-operated Pascagoula Gas Processing Plant during May and early June. Maintenance will disrupt processing from several operators in the Eastern Gulf of Mexico including from the Horn Mountain and Marlin Hubs. As the hurricane season commences in the US Gulf of Mexico, it is important to note that the forecast includes a -80 kb/d seasonal adjustment in 2H13 based on a five year rolling average of hurricane impacts.

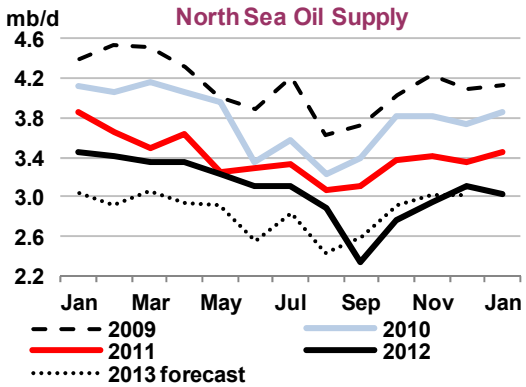
Canada – March estimated: The latest statistics from the Alberta Energy Conservation Resources Board (ERCB) indicate that synthetic crude output (SCO) returned in March to levels of over 1 mb/d, last seen in December 2012. But as indicated several months ago, SCO output is expected to have declined to around 750-kb/d in May as a result of planned maintenance at Suncor's Millennium upgrader and CNRL's Horizon upgrader. Mined and *in situ* bitumen production is also expected to break through the 1 mb/d mark in June on the back of new production from Imperial's Kearl project and rebounding production from Suncor's Firebag project. Canadian production stands to grow by 260 kb/d to 4.0 mb/d in 2013, around 30 kb/d higher than last month's estimate due to stronger-than-forecast 1Q13 SCO production.

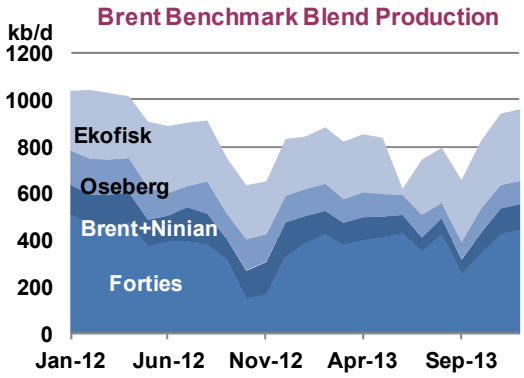
OECD Asia

Australia's production fell sharply in January to 350 kb/d due to cyclone-related shut ins and maintenance at the Mutineer-Exeter and Vincent FPSOs, but rebounded to 390 kb/d in March. Production is expected to average 480 kb/d by 4Q13 as operators complete planned maintenance and as the new Fletcher-Finucane field starts. Australia's 2011 and 2012 production estimates have been revised up slightly with the addition of Blacktip and Kitan to the monthly production survey. Partial adjustments were made last month to take into account the eventual inclusion of these fields in the historical series. This month, the inclusion of the official data for 2011 and 2012 results in upwards revisions of 10 kb/d each for those years.

North Sea

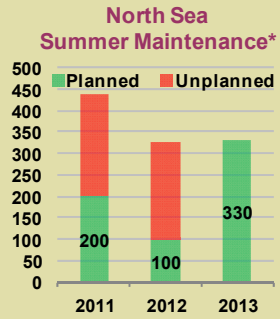
Seasonal maintenance is expected to reduce North Sea output in June, August, and September bringing Q2 and Q3 average to 2.8 and 2.6 mb/d, respectively, from 3.0 mb/d in 1Q13. The beginning of planned maintenance coincides with the Elgin/Franklin fields' return to production and the start or restart of fields in both the UK (Athena, Huntington, Jasmine, Tonto, Gryphon) and Norway (Jette, Vigdis NE). TAQA's Cormorant Alpha remains offline, affecting about 20 kb/d in the Brent system, possibly through 3Q13.





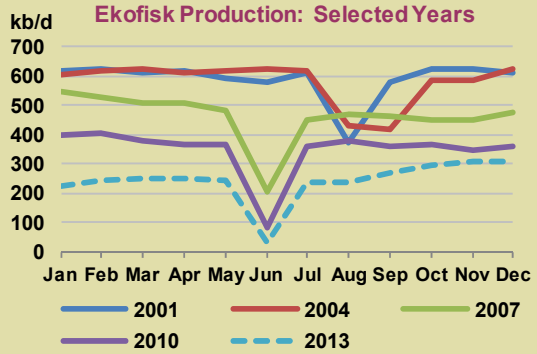
Forecasted Impacts of North Sea Maintenance

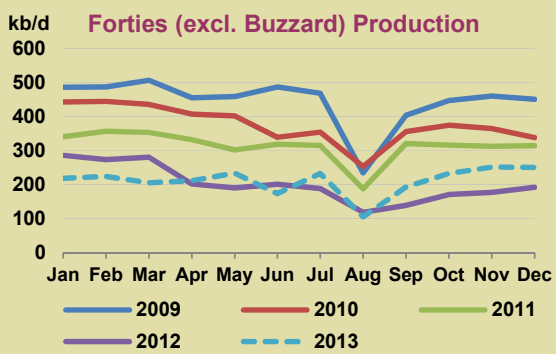
Since 2006, North Sea planned and unplanned maintenance has reduced supplies by 260 kb/d from May through September (compared to Jan through April) on average, net of natural field decline. In 2013, we estimate that planned maintenance will reduce supplies by 330 kb/d on average during these months excluding other unforeseen outages. This year, maintenance is expected to reduce Brent, Forties, Oseberg, and Ekofisk (BFOE) crude production in June to just 550 kb/d, around 60% of 1Q13 levels. Production is expected to rebound briefly in July, but is forecast to fall to 640 kb/d in August. Specifically, Ekofisk stream production could fall by more than 200 kb/d, to less than 50 kb/d, in June from the prior month. Later in the summer, gas-processing plant maintenance has the potential to reduce Norway's liquids output to 1.6 mb/d in August and 1.7 mb/d in September, on average 30 kb/d less than in the same months last year when the country suffered from worker strikes. In sum, maintenance in 2013 could be quite severe and will impact the BFOE blends as entire oil and gas pipeline systems, gas processing plants, terminals and oil fields enter turnaround mode.



*May-Sep only. Planned maintenance excludes unplanned outages, planned maintenance of a duration longer than expected, natural decline, and other field performance issues.

Although the annual onset of seasonal maintenance at North Sea fields is largely anticipated by market participants, its exact scope and duration, and the potential for delayed restart at aging fields, could prove problematic. The impact on production depends on the duration and the nature of the work, but facilities may be unable to return to service as planned; indeed, as fields age, their ability to bounce back from turnarounds is highly uncertain. Moreover, tracking when this maintenance is expected to occur and its impact on oil production is difficult. Gas-related maintenance is made public under the EU's Regulation on Energy Market Integrity and Transparency (REMIT), but no such public disclosure obligation holds for oil facilities, leaving the oil impact more uncertain. In general, maintenance at gas-processing plants will impact oil production since assets cannot produce oil if there is nowhere for their associated gas to go. Based on these public disclosures and other information about periodic oil field turnarounds, one can calculate the estimated impact on oil supply.





Ekofisk maintenance in June. Most of the associated midstream and downstream infrastructure downtime is aligned with a three-year field turnaround cycle as shown in the Ekofisk chart. In June 2013 as in June 2010, the Norpipe gas pipeline that takes gas from ConocoPhillips' Ekofisk system in Norway to Emden, Germany, will shut down. This year the operator will install a bypass around a compressor station. All fields in the Ekofisk system, many of which produce both oil and gas, are tied into the Norpipe gas line, and do not have other export alternatives. Oil is exported via the Norpipe oil pipeline to the Teesside terminal in the UK, where maintenance will also occur. The system brings crude and other NGLs from Norway's Ekofisk area fields, some of BP's Norwegian fields and the Fulmar system and J-Block fields in the UK, and terminates at Teesside. In the same area, the onshore CATS gas processing terminal will also be undergoing maintenance for most of June.

Gas processing plants and gathering platforms offline in August, September. In August, part of the same system will undergo maintenance when the offshore natural gas gathering structure, called the CATS riser platform, will go offline for 25 days likely shutting-in oil fields with associated gas (see table). Other

Forecasted Impacts of North Sea Maintenance (*continued*)

Planned Oil-Related North Sea Maintenance 2013

Maintenance Description	Start	Duration	Fields Affected	Notes
Ekofisk Area/Norpipe[1], Teesside Oil Terminal shutdown	3 June	16-25 days	See footnote 1	
CATS Processing Terminal	3 June	25 days	J-block, Erskine, Armada Hub Area [Drake, Fleming, Hawkins (UK); Rev, Gaupe (Norway)]	Zero availability of CATS Processing Terminal
CATS Riser Platform	1 Aug.	25 days	UK: Everest, Lomond, Armada Hub (see above)	Zero availability of CATS Riser Platform
Forties Pipeline System (FPS) Shutdown. Unity Riser Platform Repairs, Repairs at Cruden Bay.	1 Aug.	5 days	43 fields (see map at BP FPS webpage). Bruce, Scott, Nelson, Brittania, other Graben Area fields	Includes Emergency Shutdown Valve Tests at Unity, Forties C Platforms
Buzzard Maintenance	2013-Q3	14 days		200 kb/d
Kollsnes Gas Processing[2]	10 Aug	12 days	See footnote 2	
Heimdal Riser Platform Maintenance	23 Aug.	4 days	Heimdal, Huldra, Vale, Oseberg	Gassco operated, sends gas via Frigg-Fergus gas line
St. Fergus (Shell) Terminal Maintenance	2 Sep.	21 days	Fields using FLAGS, and Fulmar gas pipelines[3]	reduced rates
Kårstø Gas Processing[3]	7 Sep.	21 days	See footnote 4	

1. UK Teesside loaded fields include Affleck, Auk, Auk North, Blane (UK), Clyde, Fulmar, Gannet A- G, Halley, Jade, James, Janice, Joanne, Judy, Leven, Medwin, Nethan, Orion. Norway's Ekofisk system includes Ekofisik, Eldfisk, Embla, Tambar, Tor, Oselvar, Ula, Valhall

2. Main liquids producers that send gas to Kollsnes inlclude Fram, Kvitbjorn, Troll, and Visund

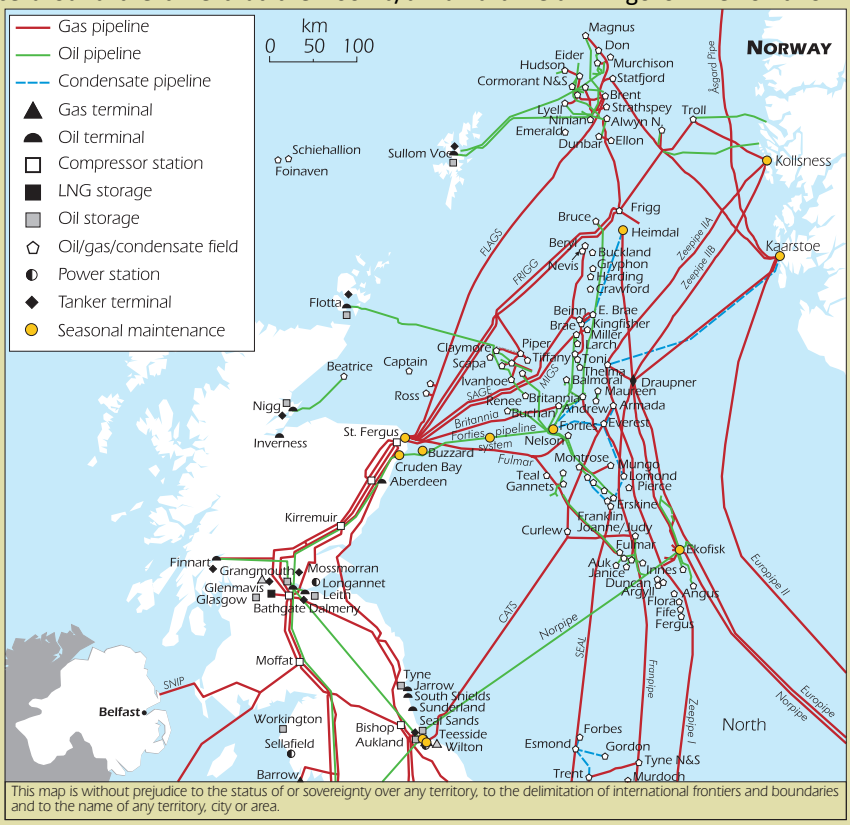
3 Main liquids producers connected to the FLAGS gas pipeline include Tern, Pelican, Heather, Ninian, Thistle, and Magnus in the UK and Gjoa, Vega, and Statfjord in Norway. Fields that use Fulmar gas pipeline include Nelson, Kittiwake & Mallard, Gannett A-F, Bittern, Guillemot, and Teal.

4. Main liquids producers that send gas to Kårstø include 21 fields in the Haltenbanken and Sleipner Frigg systems but main fields are Asgard and Sleipner.

Sources: Pipeline and company websites, Reuters, NPD, DECC.

processing plants and gathering systems in Norway and the UK will undergo maintenance in August and September, denting both NGL and crude output. The Heimdal riser platform, which takes gas from the Oseberg field and others, will go offline in late August. In the UK in August, BP's Forties Pipeline System (FPS) will undergo five days of maintenance around the time that the 200-kb/d Buzzard field will go offline for two weeks. Originally, the FPS was supposed to be offline for two weeks, but BP deferred this to 2014. Finally, both Kårstø (Norway) and St. Fergus (UK) gas terminals will be offline or operating at reduced rates in September. These terminals process gas from fields in the Brent and Fulmar systems as well as some offshore loaded fields.

Seasonal maintenance, compounded with unplanned maintenance in the same systems, can reduce the physical supply of the BFOE price benchmark, causing upward price pressures. The impact of unplanned outages, which now occur frequently in the North Sea, is amplified during the summer maintenance season.



This map is without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

Non-OECD

Former Soviet Union

Production growth in the Former Soviet Union is averaging 130 kb/d in 1H13 y-o-y at 13.8 mb/d. May production is estimated to be 70 kb/d lower than the prior month.

Russia – May preliminary: May liquids output increased by 160 kb/d y-o-y or 40 kb/d m-o-m to 10.9 mb/d, though production estimates for March and April have both been revised downwards by 20 kb/d based on new government data. Gazprom's development of the liquids-rich layers at the Zapolyarnoye and Urengoy gas and gas condensate fields support the annual growth in condensate. Some greenfield projects such as Rosneft's Vankor and Uvat (formerly owned by TNK-BP) are reaching plateau production rates sooner than anticipated. The strong condensate performance and strong production results from greenfields leads to a 100 kb/d upwards revision for 2H13. That said, Eastern Siberian greenfield production growth is not expected to remain as robust in the second half of the year. For example, Vankor's current output of 430 kb/d is only 20 kb/d from Rosneft's forecast peak. TNK-BP (now Rosneft's) Uvat has already reached 165 kb/d but in January TNK-BP forecast production would rise to only 200 kb/d by 2015. In sum, Russian production is expected to grow slightly by 40 kb/d in 2013 to 10.8 mb/d.

In the Caspian, production at the ACG complex in **Azerbaijan** has reportedly rebounded slightly to around 660 kb/d in 2013 compared to 610 kb/d in 4Q12. In **Kazakhstan,** production is up only slightly on an annual basis to 1.6 mb/d in 2Q13 as the market awaits the Kashagan megaproject, forecast to start in October. Maintenance at the Karachaganak field reduced liquids output by around 100 kb/d to 1.5 mb/d in May.

FSU Net Exports of Crude & Petroleum Products

(million barrels per day)

	2011	2012	2Q2012	3Q2012	4Q2012	1Q2013	Feb 13	Mar 13	Apr 13	Latest month vs. Mar 13	Latest month vs. Apr 12
Crude											
Black Sea	1.93	1.81	1.88	1.74	1.78	1.80	1.95	1.86	1.86	0.00	-0.15
Baltic	1.50	1.67	1.75	1.78	1.69	1.60	1.51	1.63	1.99	0.36	0.08
Arctic/FarEast	0.67	0.65	0.62	0.64	0.72	0.78	0.78	0.78	0.81	0.02	0.20
BTC	0.70	0.66	0.68	0.64	0.59	0.58	0.61	0.57	0.68	0.11	-0.06
Crude Seaborne	**4.80**	**4.79**	**4.93**	**4.80**	**4.78**	**4.76**	**4.85**	**4.85**	**5.33**	**0.49**	**0.07**
Druzhba Pipeline	1.17	1.08	1.11	0.98	0.98	0.99	1.03	1.00	0.98	-0.02	-0.12
Other Routes	0.53	0.52	0.49	0.53	0.54	0.55	0.56	0.54	0.56	0.01	0.06
Total Crude Exports	**6.50**	**6.39**	**6.53**	**6.31**	**6.30**	**6.31**	**6.44**	**6.39**	**6.87**	**0.48**	**0.01**
Of Which: Transneft[1]	4.18	4.22	4.35	4.24	4.10	4.09	4.10	4.16	4.43	0.27	-0.09
Products											
Fuel oil[2]	1.58	1.72	1.81	1.83	1.61	1.61	1.72	1.48	1.70	0.22	-0.17
Gasoil	0.77	0.79	0.75	0.76	0.79	0.97	1.03	1.01	0.83	-0.18	0.00
Other Products	0.43	0.44	0.41	0.45	0.47	0.48	0.51	0.44	0.48	0.04	0.03
Total Product	**2.77**	**2.95**	**2.97**	**3.04**	**2.87**	**3.06**	**3.26**	**2.93**	**3.01**	**0.09**	**-0.14**
Total Exports	**9.27**	**9.34**	**9.50**	**9.35**	**9.17**	**9.36**	**9.70**	**9.32**	**9.88**	**0.56**	**-0.13**
Imports	0.09	0.09	0.06	0.08	0.09	0.07	0.08	0.07	0.08	0.00	0.02
Net Exports	**9.18**	**9.25**	**9.44**	**9.27**	**9.08**	**9.29**	**9.62**	**9.25**	**9.81**	**0.56**	**-0.15**

Sources: Argus Media Ltd, IEA estimates

[1]Transneft data exclude Russian CPC volumes.

[2]Includes Vacuum Gas Oil

FSU net exports rebounded by 560 kb/d to 9.8 mb/d in April, their highest level in twelve months, largely after regional refinery maintenance reached a seasonal peak, freeing up more crude for export. Increased crude shipments (+ 480 kb/d) drove the rise as seaborne shipments were hiked by a combined 490 kb/d. Cargoes shipped via Baltic ports posted the largest increase (+ 360 kb/d) to reach a historical high of 1.96 mb/d as volumes shipped via Ust Luga reached a new record of 560 kb/d (+ 70 kb/d m-o-m).

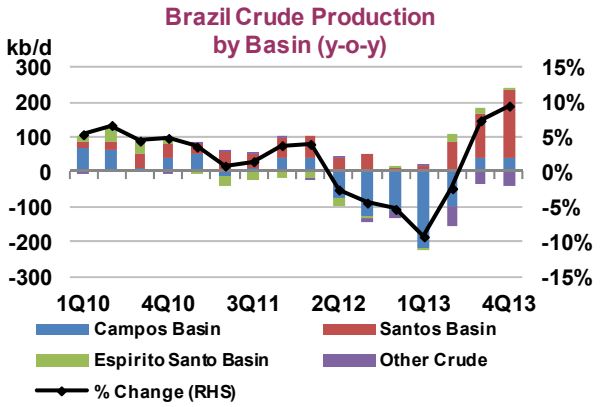
As more oil was diverted to the Baltic, Druzhba flows once again dropped to below 1 mb/d with German and Hungarian customers bearing the brunt of these cuts.

In the Black Sea, volumes remained close to 1.9 mb/d, following increased flows of Kazakhstan's Tengiz crude to the previously underutilised Georgian ports of Supsa and Kulevi. This could be a short-term measure since reports suggest if Tengizchevroil (TCO) can agree on terms with the BTC pipeline consortium, Tengiz crude could be shipped via the line from summer onwards. This would, of course, still require trans-Caspian shipments but directed to Baku. Elsewhere, following increased Azerbaijani production, BTC flows grew by 110 kb/d to 680 kb/d, their highest level in a year. With regional refinery runs projected to rebound by close to 500 kb/d in May, FSU crude exports are expected to decline. Provisional loadings at Russian ports indicate that seaborne exports are likely to fall at Primorsk, Ust Luga and Novorossiysk.

Product shipments inched up by 100 kb/d to 3.0 mb/d after fuel oil shipments (here including vacuum gas oil) were hiked by 220 kb/d, reportedly reflecting the start of river shipments following milder weather. This offsets a 180 kb/d fall in gasoil shipments, likely resulting from product being diverted to domestic markets to offset lower product output as seasonal refinery maintenance peaked. Shipments of 'Other Products' grew by a slight 40 kb/d after an 80 kb/d climb in naphtha loadings offset a 35 kb/d decrease in gasoline exports.

Latin America

Brazil – April preliminary: Brazilian crude production slid by 200 kb/d y-o-y in 1Q13 to 2.0 mb/d. The decline was especially high because the 70 kb/d Frade field was still operating at that time last year. Preliminary data for April show production fell again by 100 kb/d y-o-y to 1.9 mb/d. Part of the monthly decline was not only due to planned maintenance at Petrobras' Roncador P-54 platform, but also due to Shell conducting maintenance at the Peregrino, Ostra, and Argonauta fields. Production is expected to increase from 2.0 mb/d in April to 2.4 mb/d by December after the completion of some of the planned maintenance as well as new production from the Cidade de Paraty FPSO at the Lula field and P-55 at the Roncador field.



Colombian production is set to average more than 1.0 mb/d in 1H13, around 80 kb/d higher than 1H12. Pipeline sabotage remains an acute downside risk to the 2H13 production forecast of around 1.0 mb/d for the remainder of the year, despite media reports that a peace agreement between FARC and the Colombian government may be within reach. Rebels bombed a small pipeline in the southern Putomayo province, resulting in a two-day closure in May. Shippers are awaiting the commissioning of the first phase of the new Bicentennial Pipeline in July, though linefill has already commenced. Initial capacity is expected to range between 40-50 kb/d. The first phase of the pipeline will reduce the reliance of some shippers on more expensive truck routes. Shippers currently employ a 40-kb/d capacity truck offloading facility in Banadia.

Africa

Sudan and South Sudan: On 9 June, Sudanese President Bashir ordered companies to shut down the export of South Sudanese crude, accusing South Sudan of using oil revenues to "buy arms for rebels and mercenaries." Production had restarted at the Thar Jath field in Block 5A in South Sudan in early April

and the Central Processing Facility received its first crude shipment from the southern part of Blocks 1/4 in early May. Wells at the Palogue field in Block 3/7 also restarted. In June, CNPC offered 1.2 mb of its Dar blend crude from Block 3/7, which implies an almost-month-long production rate of around 40 kb/d. Production had been expected to return to 185 kb/d by the end of June. The *Oil Market Report* in recent months has held to a conservative forecast of South Sudan production and has highlighted the challenges associated with restarting facilities and pipelines that have not been used in over a year and the persistent above-ground tension between the two states that could at any time derail the exports. Companies acknowledge that production could take up to a year to reach pre-shut down rates. In light of the fluid situation, the South Sudanese production forecast is mostly unchanged at around 180 kb/d for 2H13.

Middle East

Yemen's state-owned oil exploration and production authority, PEPA, said production had fallen to around 180 kb/d due to repeated attacks against the Marib pipeline. The pipeline, which was reported to be running at 125 kb/d (compared to capacity of 180 kb/d), was attacked again and was offline for several days at the end of May. Yemen's output is projected to average 160 kb/d this year, down 20 kb/d from last year.

OECD STOCKS

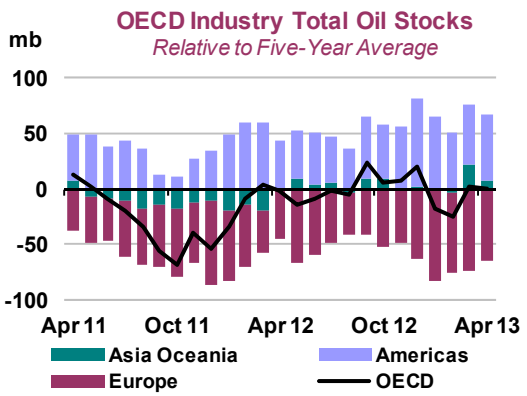
Summary

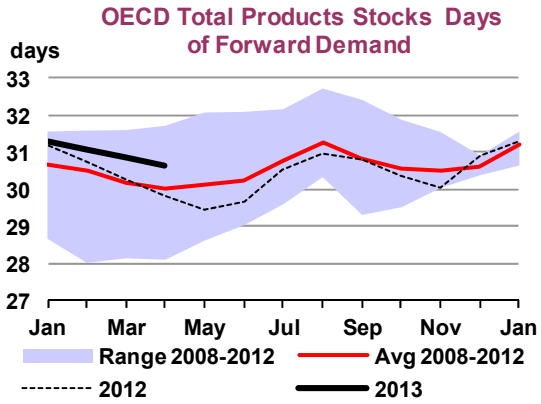
- **OECD commercial total oil inventories built by 16.7 mb in April to stand at 2 680 mb**, led by crude oil, NGLs and refinery feedstocks. Since the increase was in line with the seasonal 17.5 mb average build for the month, holdings retained a marginal 0.8 mb surplus to five-year average levels.

- **OECD product inventories rose by a counter-seasonal 2.8 mb**. Despite this build, total products cover slipped by 0.2 days on the month to 30.6 days. Cover remains 0.8 days above year-ago levels.

- **Preliminary data suggest that OECD inventories posted a third consecutive monthly build in May**, increasing by 11.1 mb on the month after builds in OECD Americas and Europe offset a draw in OECD Asia Oceania.

- **US crude inventories at the key Cushing, Oklahoma storage hub remained historically high, at over 50 mb, throughout May**. Data from the US Energy Information Administration (EIA) show that 1 mb of working capacity was added at Cushing over 4Q12-1Q13, raising total working capacity there to 65.3 mb.





OECD Inventory Position at End-April and Revisions to Preliminary Data

Commercial oil inventories in the OECD built by 16.7 mb in April to stand at 2 680 mb by end-month. Since this rise was in line with the average 17.5 mb build for the month, OECD holdings retained a marginal 0.8 mb surplus to the average. OECD Americas continues to drive this surplus, as it has since late 2011 with this region's overhang versus the five-year average standing at a hefty 60 mb. This partially offsets a 66 mb deficit in OECD Europe where stockholders are still adjusting to lower regional demand. Elsewhere, OECD Asia Oceania stood 7 mb in surplus to the five-year average at end-April.

Preliminary Industry Stock Change in April 2013 and First Quarter 2013

	April 2013 (preliminary) (million barrels)				April 2013 (preliminary) (million barrels per day)				First Quarter 2013 (million barrels per day)			
	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total
Crude Oil	**3.6**	**10.8**	**-6.8**	**7.6**	**0.12**	**0.36**	**-0.23**	**0.25**	**0.33**	**0.04**	**0.09**	**0.46**
Gasoline	-5.3	-2.2	-0.6	-8.0	-0.18	-0.07	-0.02	-0.27	-0.06	0.08	0.04	0.06
Middle Distillates	5.9	-5.2	-1.3	-0.6	0.20	-0.17	-0.04	-0.02	-0.20	0.02	0.04	-0.15
Residual Fuel Oil	2.7	0.1	0.3	3.2	0.09	0.00	0.01	0.11	0.03	0.04	0.00	0.07
Other Products	9.3	-0.3	-0.7	8.2	0.31	-0.01	-0.02	0.27	-0.20	-0.03	-0.04	-0.28
Total Products	**12.6**	**-7.6**	**-2.3**	**2.8**	**0.42**	**-0.25**	**-0.08**	**0.09**	**-0.44**	**0.10**	**0.03**	**-0.30**
Other Oils[1]	1.4	0.1	4.7	6.3	0.05	0.00	0.16	0.21	-0.07	0.04	0.05	0.02
Total Oil	**17.7**	**3.3**	**-4.3**	**16.6**	**0.59**	**0.11**	**-0.14**	**0.55**	**-0.17**	**0.18**	**0.18**	**0.18**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

Based on final March data, it now appears that OECD industry total oil inventories built by 180 kb/d over 1Q13, rebounding from the 700 kb/d draw posted in 4Q12. A 460 kb/d surge in crude oil led the increase on the back of booming OECD American production. This offset a 300 kb/d decrease in refined products as 'other products' and middle distillates inventories extended their winter draws. NGLs and feedstocks accounted for the remaining 20 kb/d.

April builds of 17.7 mb in the OECD Americas and 3.3 mb in OECD Europe more than offset a counter-seasonal 4.3 mb draw in OECD Asia Oceania for the month. Seasonal builds of 7.6 mb and 6.3 mb were recorded in crude oil and aggregate NGL inventories and refinery feedstocks inventories, respectively, while refined products rose by a counter-seasonal 2.8 mb. Despite this build, total products cover fell by 0.2 days on the month, consistent with seasonal patterns, to stand at 30.6 days. Cover remains 0.8 days above year-ago levels.

Revisions versus 14 May 2013 Oil Market Report

(million barrels)

	Americas		*Europe*		*Asia Oceania*		*OECD*	
	Feb-13	Mar-13	Feb-13	Mar-13	Feb-13	Mar-13	Feb-13	Mar-13
Crude Oil	**0.1**	**-0.8**	**-4.2**	**2.7**	**0.0**	**-7.8**	**-4.1**	**-5.9**
Gasoline	0.0	3.8	0.0	3.2	0.0	0.5	0.0	7.5
Middle Distillates	0.0	3.7	0.4	-2.5	0.0	0.4	0.4	1.6
Residual Fuel Oil	0.0	-0.5	0.0	2.8	0.0	0.1	0.0	2.4
Other Products	0.0	0.4	0.0	3.4	0.2	-0.3	0.3	3.5
Total Products	**0.0**	**7.4**	**0.4**	**6.9**	**0.2**	**0.7**	**0.7**	**15.0**
Other Oils[1]	-1.2	-1.0	0.6	-2.9	0.0	-0.1	-0.6	-3.9
Total Oil	**-1.0**	**5.6**	**-3.2**	**6.8**	**0.2**	**-7.2**	**-4.0**	**5.2**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

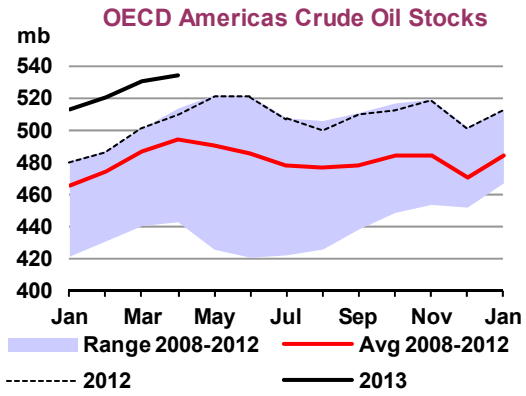
Preliminary data suggest that OECD inventories posted by a third consecutive monthly build in May, increasing by 11.1 mb on the month. Stocks were pushed higher by a stronger-than-seasonal 16.4 mb build in OECD Americas, led by seasonal 'other products' restocking, which more than offset a counter-seasonal 6.5 mb draw in OECD Asia Oceania. Meanwhile, OECD European stocks increased by a slight 1.1 mb.

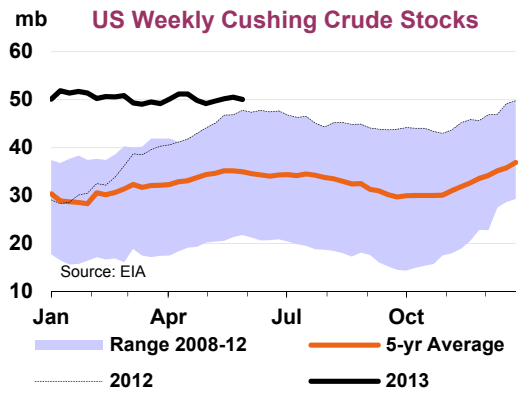
Analysis of Recent OECD Industry Stock Changes

OECD Americas

Industry total oil inventories in OECD Americas rose by 17.7 mb in April, a significantly steeper build than the 11.4 mb five-year average for the month. Total products drove the build, increasing by a strongly counter-seasonal 12.6 mb as 'other products' surged by a seasonal 9.3 mb after propane inventories climbed following a fall in imports and amid still surging supplies. Middle distillates rose counter-seasonally by 5.9 mb/d, compared to a five-year average 1.9 mb draw for April. Motor gasoline, stocks of which fell by 5.3 mb, was the only product to post a draw. All told, by end-April total products covered 28.5 days of forward demand, 0.3 days above a month earlier.

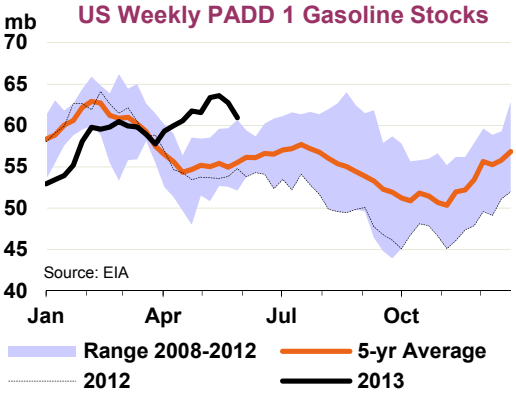
Since the monthly build was steeper than seasonal, the region's overhang compared to average levels climbed to 60.3 mb from 54.0 mb at end-March. Much of the overhang is attributed to surging US light, tight oil (LTO) production. Indeed, at end-April, US crude oil holdings stood 39.4 mb and 21.9 mb above the five-year average and 12 months ago's level, respectively.

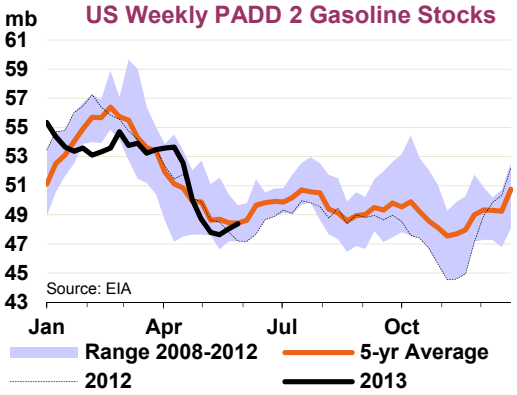




Weekly data from the EIA indicate that US industry stocks built by a further 16.4 mb in May. If confirmed, this would be the country's third consecutive monthly build, bringing its surplus to five-year average levels to 60 mb, roughly 10 mb above the surplus posted at end-February. As with April, the May build was driven by increasing propane stocks, which lifted 'other products' inventories by an exceptionally steep 19.3 mb. That April build in 'other products', fuelled by surging domestic tight gas production, was the steepest monthly build since 1986, and occurred even as propane exports rebounded to hit new heights exceeding 200 kb/d.

A feature of 2013 so far has been localised gasoline supply tightness in the US. In January, it was the US East Coast (PADD 1) that experienced tightness as stocks there dipped below 55 mb before extra supplies could be brought in. With the driving season now underway, the PADD 1 market now looks relatively loose. Gasoline stocks rebounded by 6 mb from early-April to mid-May and, despite a slight downward correction, still exceeded 60 mb at end-May, 5 mb above the seasonal average. In contrast, the US Midwest (PADD 2) has recently been hit by maintenance at several refineries there that combined to cut gasoline supplies. As such, PADD 2 inventories have tumbled by 6 mb since early April, to reach a seasonally low 48 mb by mid-May. That helped strengthen local prices, which were recently reported near four-year highs.

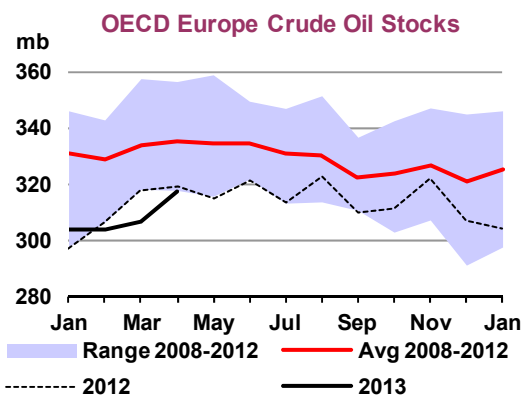


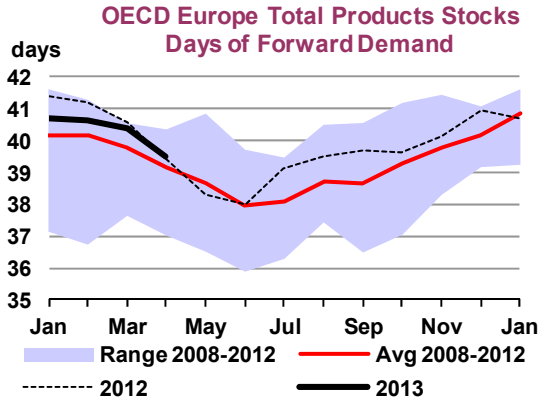


Despite increased takeaway capacity to evacuate crude from PADD 2 to PADD 3, Midwest crude stocks remain stubbornly high with inventories at the key Cushing, Oklahoma storage hub still exceeding 50 mb by late-May. The US EIA recently published the results from its twice-yearly survey of working and net available shell storage capacity. The survey indicates that over 4Q12-1Q13 tank owners added another 1 mb of working capacity at Cushing, which has taken total capacity there to 65.3 mb. Thus, even with recent high inventories, there is still ample spare capacity at the storage hub, which may partially explain why high stock levels have not prevented WTI prices from firming recently.

OECD Europe

Commercial total oil inventories in OECD Europe built counter-seasonally by 3.3 mb in April, compared to a 4.9 mb five-year average draw for the month. Regional total oil inventories now stand at a deficit of 66 mb to the five-year average, of which refined products make up 39 mb, while the remaining 27 mb is accounted for by a combination of crude, NGLs and refinery feedstocks.



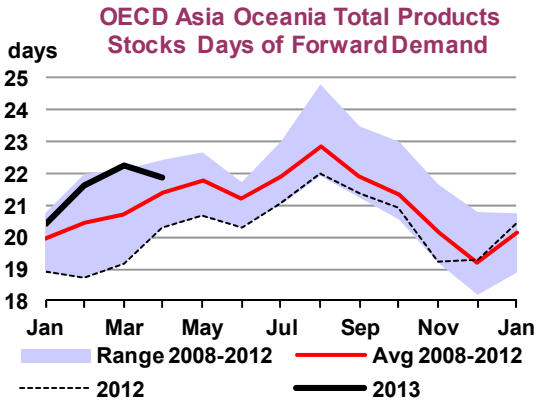


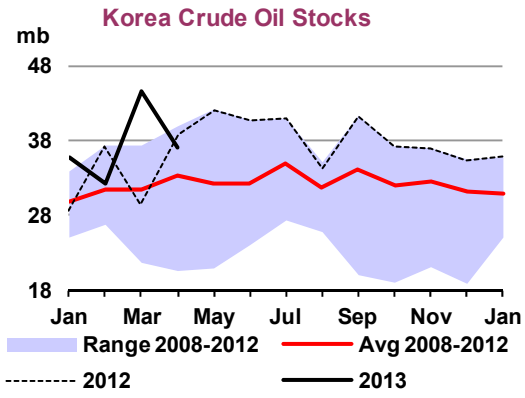
Surging crude inventories (+10.8 mb m-o-m) led stocks higher as import gains outpaced a 200 kb/d m-o-m increase in refinery throughputs. Despite the higher throughputs, total product inventories dropped by 7.6 mb, broadly in line with seasonal trends, after stocks of middle distillates and motor gasoline drew by 5.2 mb and 2.2 mb, respectively. The draw in middle distillates was concentrated in France (-2.8 mb m-o-m). In Germany, information suggests that following the end of cold weather and before the commencement of seasonal restocking, end-consumer heating oil stocks remained at 49% of capacity at end-April, above both the five-year average and last years' levels. Motor gasoline holdings likely drew amid reports of healthy exports to the Americas. Nevertheless, gasoline stock cover now stands at 47.8 days of forward demand, 4.3 days above average. Following the draw, total product inventories covered 39.5 days at end-April, 0.9 days below a month earlier.

Preliminary data from Euroilstock suggest that EU-16 inventories rose by a slight 1.1 mb in May led by a 1.0 mb rise in crude oil. Refined product storage inched up by 0.1 mb after a 1.1 mb draw in motor gasoline offset a 1.1 mb build in middle distillates. Information pertaining to refined products held in independent storage in Northwest Europe indicates that levels posted their sharpest fall since 2009 in May after gasoline, naphtha and gasoil all fell. Gasoline inventories likely fell amid high volumes of transatlantic trade.

OECD Asia Oceania

Industry stocks in OECD Asia Oceania drew counter-seasonally by 4.3 mb, compared with an 11.0 mb five-year average build for the month. Following earlier draws, this has caused the region's overhang in total oil inventories to significantly narrow, falling to a slight 6.5 mb surplus to average levels at end-April from 18.8 mb at end-February. Crude oil stocks led the decline, plunging by a counter-seasonal 6.8 mb after Korea posted an exceptionally steep 7.4 mb draw. Reportedly, crude imports there plunged by 400 kb/d, more than offsetting a 200 kb/d drop in refinery runs. This could however be a market correction following March's exceptionally strong 12.3 mb build. All refined products posted draws bar fuel oil. Middle distillate stocks, in particular, fell by a counter-seasonal 1.3 mb. Total products now cover 21.9 days of forward demand cover, 0.4 days less than at end-March. The monthly draw was unevenly distributed across the region, with Japan reporting a seasonal 6.5 mb build spanning all products, while Korea posted an exceptionally steep 11.3 mb counter-seasonal draw, driven by crude.

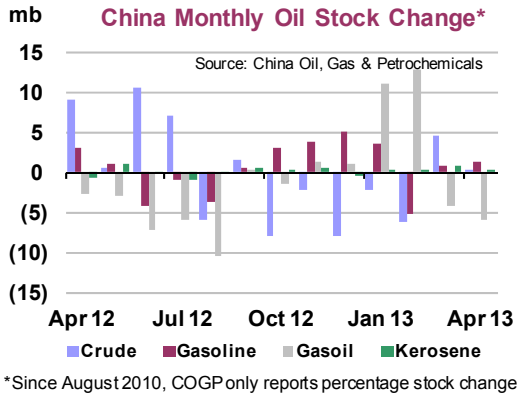


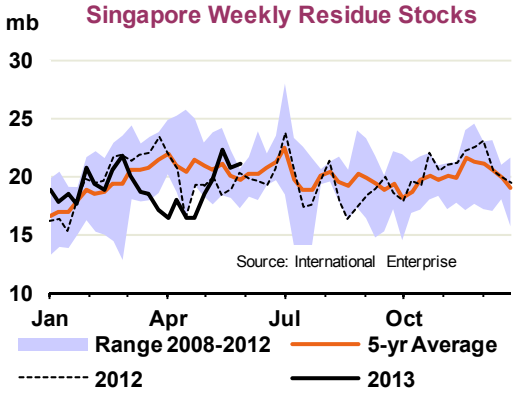


Weekly data from the Petroleum Association of Japan suggest that stocks there fell by a counter-seasonal 6.5 mb in May with all oil categories posting monthly draws. Refined products slipped by a combined 4.4 mb, largely following a 330 kb/d decline in refinery runs on the month. Crude oil inventories inched down by 0.4 mb following a decrease in imports, which offset the lower refinery activity.

Recent Developments in Singapore and China Stocks

Information published by *China Oil, Gas and Petrochemicals (China OGP)* pertaining to the percentage stock change in Chinese commercial inventories suggests that total oil inventories dropped by 4.4 mb in April. Crude stocks inched up by 0.3 mb, after a drop in refinery throughputs, which offset reported slips in both imports and domestic production. Refined product inventories decreased by a combined 4.7 mb after gasoil plunged by 6.1 mb, its largest draw since July 2012. This offset builds in gasoline (+1.3 mb) and kerosene (+0.1 mb).

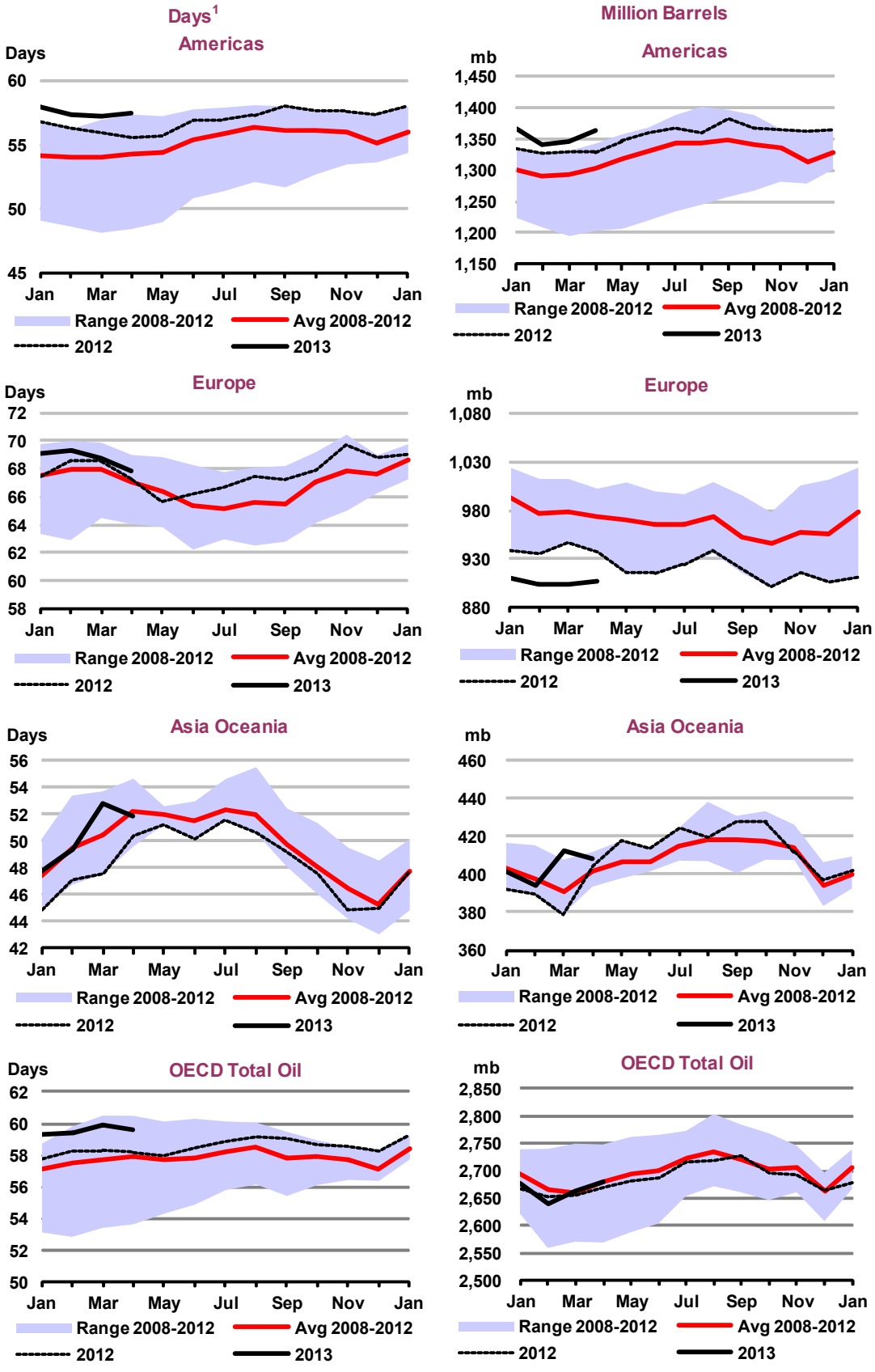




Weekly data reported by *International Enterprise* concerning land-based refined product inventories in Singapore suggest that stocks continued to trend close to their five-year average levels in May. April and May inventories were lifted by the sustained building of fuel oil stocks in the wake of wide arbitrage opportunities to ship product to the region. Accordingly, and despite a slight draw at end-month, fuel oil inventories built by 2.8 mb in May, their largest increment since late 2009. This more than offset a sharp decrease in light distillates (-1.8 mb) over May with middle distillates (-0.7 mb) also posting a slight draw.

Regional OECD End-of-Month Industry Stocks

(in days of forward demand and million barrels of total oil)



1 Days of forward demand are based on average demand over the next three months

PRICES

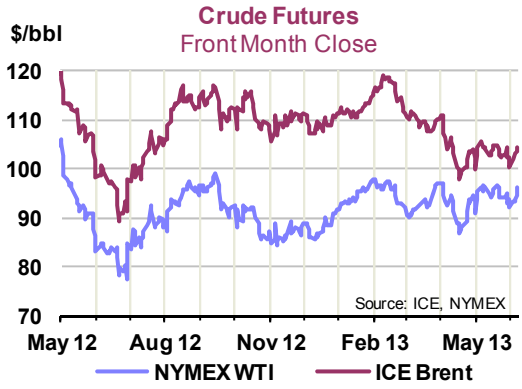
Summary

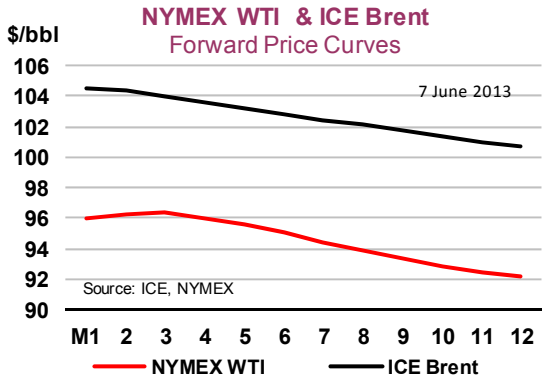
- **Futures prices for benchmark grades traded in a narrow range in May and edged lower in early June.** Bearish market sentiment prevailed throughout most of May against the backdrop of a more anaemic outlook for the global economy. Futures prices for Brent were last trading at $102.15/bbl while WTI was pegged at $94.50/bbl.

- **Spot crude oil prices for benchmark grades were mixed in May, with WTI outstripping North Sea Brent's more modest gains.** WTI prices were propelled higher by improved margins while North Sea Brent steadily declined over the month on surplus supplies in Europe. Middle East marker Dubai crude posted a relatively sharp decline in the wake of plentiful heavier, sour supplies and Asian refinery turnarounds.

- **Spot product markets diverged in May between the Atlantic basin and Asia. Gasoline crack spreads were healthy across all major refining centres**, though slightly lower month-on-month in Europe. The onset of the peak summer driving season is supporting US cracks while refining outages propped up Asian markets.

- **The market for Very Large Crude Carriers (VLCCs) has experienced a slight firming of late amid rising demand for Middle East crudes as Asian and European refiners return from maintenance**. Rates steadily rose throughout April and May and by early June exceeded $13/mt, a level unseen since November 2012.





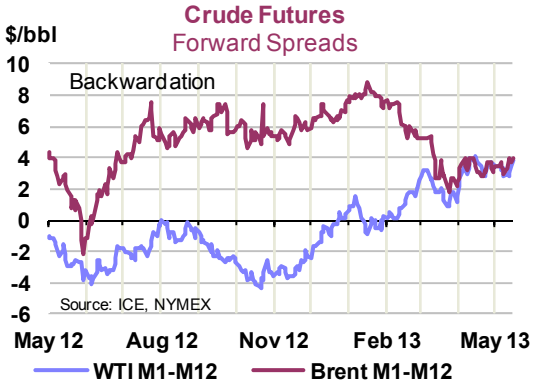
Market Overview

Futures prices for benchmark grades diverged slightly in May but overall traded in a narrow range throughout the month. An overall bearish market sentiment prevailed throughout most of May against a backdrop of anaemic economic growth. Brent futures averaged $103.28/bbl in May, down about $0.15/bbl from April and the lowest monthly average in 9 months. By contrast, WTI futures rebounded, up by around $2.75/bbl to an average $94.80/bbl. At press time Brent futures were last trading at $102.15/bbl while WTI was pegged at $94.50/bbl.

Despite a seasonal uptick in global demand in the second half of the year, relatively sluggish macroeconomic conditions are expected to keep a lid on growth in 2013, with demand forecast to rise just under 800 kb/d, to 90.6 mb/d expected for the full year. Even China's economic outlook became a focus of market concern following new data which showed industrial output down to the lowest level since October 2012, when prices started their latest upswing. The lacklustre economic outlook is in stark

contrast to the rally in financial and equity markets. Earlier signs of correlation between WTI prices and the S&P 500 have weakened this year. After closely tracking the upward momentum of the broader financial markets in 2012, WTI hovered in a fairly narrow trading range, even as the S&P 500 kept breaching new highs, reaching a historical high on 21 May.





Geopolitical turmoil in oil producing countries, including Iraq, Iran, Syria and Libya, may temper downward momentum in the near term. The end of refinery maintenance turnarounds coupled with annual summer North Sea maintenance work may also provide twin pillars of strength in the near term. Moreover, Middle East producers have reduced official selling prices for July and August, which in turn may lead to increased refining margins and run rates.

The structure of forward price spreads showed the two markets moving in opposite directions but converging in May. WTI continued its upward shift into backwardation as increased crude transport capacity from Cushing, Oklahoma to the US Gulf Coast refining centre eased bottlenecks and relieved downward price pressure at Cushing. As a result, the WTI M1-12 forward spread strengthened to around $3.40/bbl in May compared with $2/bbl in April and $1.57/bbl in March. By contrast, increased supplies of African light, sweet crude on offer in Europe was behind the narrowing of Brent's backwardation. The Brent M1-12 contract averaged $3.35/bbl in May, close to the WTI M1-12 spread, versus $3.16/bbl in April and around $6/bbl in March.

Prompt Month Oil Futures Prices

(monthly and weekly averages, $/bbl)

	Mar	Apr	May	May-Apr Avg Chg	% Chg	Week Commencing: 06 May	13 May	20 May	27 May	03 Jun
NYMEX										
Light Sweet Crude Oil	92.96	92.07	94.80	2.73	2.9	96.17	94.97	95.11	93.43	94.26
RBOB	131.03	119.27	119.17	-0.10	-0.1	120.11	120.24	119.60	118.10	118.85
No.2 Heating Oil	122.88	121.50	121.24	-0.26	-0.2	122.69	121.71	121.55	119.82	120.27
No.2 Heating Oil ($/mmbtu)	21.67	21.43	21.38	-0.05	-0.2	21.64	21.47	21.44	21.13	21.21
Henry Hub Natural Gas ($/mmbtu)	3.77	4.16	4.07	-0.09	-2.3	3.96	4.00	4.19	4.08	3.93
ICE										
Brent	109.54	103.42	103.28	-0.14	-0.1	104.52	103.51	103.28	102.37	103.30
Gasoil	122.65	116.09	115.49	-0.59	-0.5	116.13	115.87	116.22	115.52	116.08
Prompt Month Differentials										
NYMEX WTI - ICE Brent	-16.58	-11.35	-8.48	2.87		-8.35	-8.54	-8.17	-8.94	-9.04
NYMEX No.2 Heating Oil - WTI	29.92	29.43	26.44	-2.99		26.52	26.74	26.44	26.39	26.01
NYMEX RBOB - WTI	38.07	27.20	24.37	-2.83		23.94	25.27	24.49	24.67	24.59
NYMEX 3-2-1 Crack (RBOB)	35.35	27.94	25.06	-2.88		24.80	25.76	25.14	25.24	25.06
NYMEX No.2 - Natural Gas ($/mmbtu)	17.90	17.27	17.31	0.05		17.68	17.47	17.24	17.05	17.28
ICE Gasoil - ICE Brent	13.11	12.67	12.21	-0.45		11.61	12.36	12.94	13.15	12.78

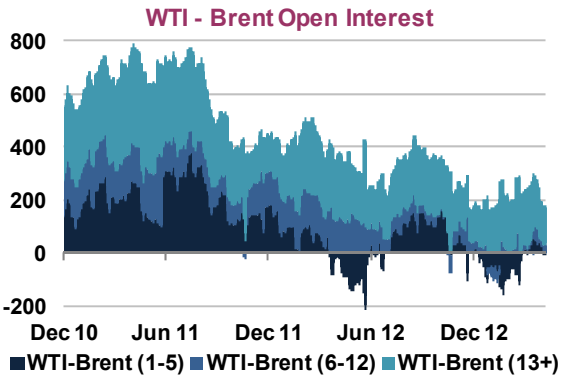
Source: ICE, NYMEX

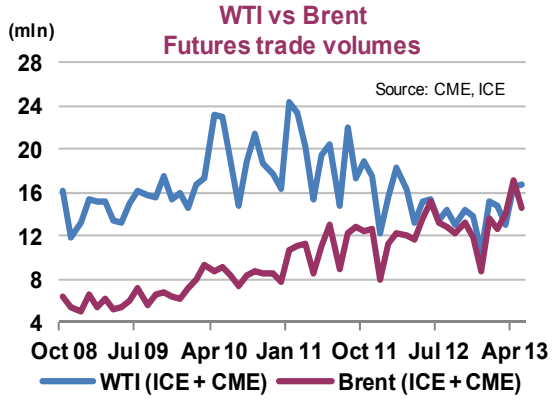
Futures Markets

Activity Levels

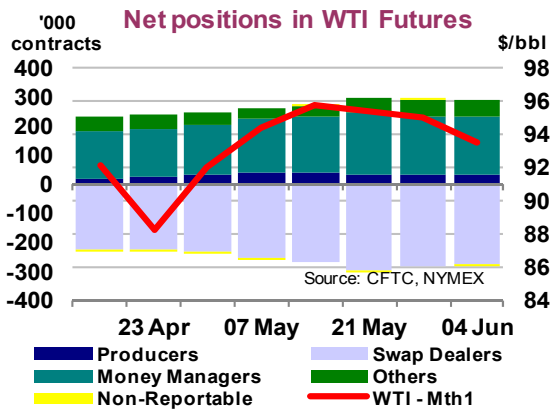
Crude prices traded in a narrow range between 4 June and 30 April, with open interest in futures contracts little changed for both crude benchmarks over the period, each down 2%. Open interest between ICE Brent and NYMEX WTI over the five-week period posted a negligible change in the ratio, of less than 0.5 percentage points. NYMEX WTI still leads in terms of outstanding contracts on the outer part of the curve (delivery over one year forward) but it stands unchanged year-on-year. In contrast, open interest in ICE Brent is up 24% from the same time last year, and has closed the gap on the near part of the curve, in particular for the first six months.

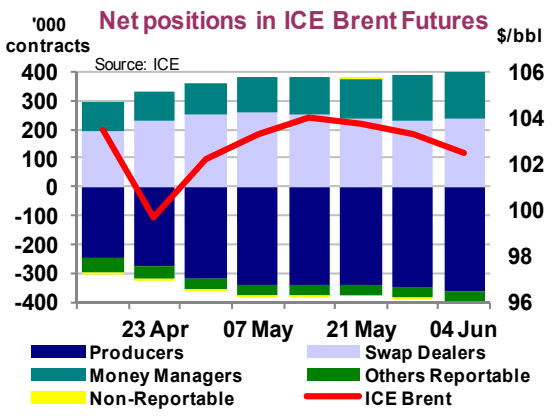
Trading volumes in futures contracts saw ICE Brent dropping 16% month-on-month and still rising a modest 2% y-o-y, whereas NYMEX WTI rebounded 11% y-o-y and 3% m-o-m, almost catching up with ICE Brent volumes. This happened at a time where the cumulative volumes on both sides of the Atlantic (CME and ICE) for Brent surpassed WTI in March and April for the first time historically, though they were slightly lower in May driven by the m-o-m drop in London ICE.





Market participants' positions in crude oil were also little changed, as both benchmarks moved in a $2-$3 per barrel range. An exception were ICE Brent money managers raising their net long bets at their highest since February, notwithstanding Brent inching lower in May. Net long positions of NYMEX WTI hedgers (the "producers" category, including producers, merchants, processors and end-users) reached an all-time high. "Producers" net long positions presents a growing trend over time, confirming the disconnect from its historical inverse relationship with crude price. Such a relationship still holds for ICE Brent and NYMEX products, mirroring producers' locking in the price as it rises, and suggesting a growing presence of processors and users of NYMEX WTI in the financial market.





Hedge funds started short selling NYMEX heating oil and ICE gasoil following the drop in prices at end of April (first time historically since reporting for ICE began). Hedge funds or non-commercials continued to hold a net short position also when prices recovered in mid May, potentially signalling market expectations by some that the price would fall again, as it in fact did in the second half of May and in first week of June. RBOB gasoline followed a similar pattern to that of NYMEX heating oil, but less pronounced, with hedge funds reducing their long exposure as prices inched lower.

Positions on Light Sweet Crude Oil (WTI) Futures

Thousand Contracts

04 June 2013	Long	Short	Net	Long/Short	Δ Net from Prev. Week	Δ Net Vs Last Month
Producers' Positions	335.3	304.8	30.5	*Long*	↑ 2.5	↓ -1.5
Swap Dealers' Positions	317.4	595.4	-277.9	*Short*	↑ 8.6	↓ -45.5
Money Managers' Positions	572.9	373.2	199.7	*Long*	↓ -3.1	↑ 27.6
Others' Positions	432.1	376.0	56.1	*Long*	↑ 1.8	↑ 18.3
Non-Reportable Positions	82.9	91.3	-8.4	*Short*	↓ -9.8	↑ 1.1
Open Interest			**1740.7**		↓ -4.1	↓ -30.5

Source: CFTC

Positions on ICE Brent Crude Futures

Thousand Contracts

04 June 2013	Long	Short	Net	Long/Short	Δ Net from Prev. Week	Δ Net Vs Last Month
Producers' Positions	537.8	903.8	-366.0	*Short*	↓ -20.7	↓ -48.1
Swap Dealers' Positions	524.8	284.2	240.7	*Long*	↑ 12.9	↓ -8.4
Money Managers' Positions	343.7	178.0	165.7	*Long*	↑ 6.1	↑ 57.5
Others' Positions	104.0	142.5	-38.5	*Short*	↑ 3.2	↓ -1.4
Non-Reportable Positions	30.4	32.2	-1.9	*Short*	↓ -1.4	↑ 0.4
Open Interest			**1540.7**		↑ 26.0	↓ -32.1

Source: ICE

Financial Regulation

On 16 May the CFTC approved a number of rules governing swap execution facilities, involving:

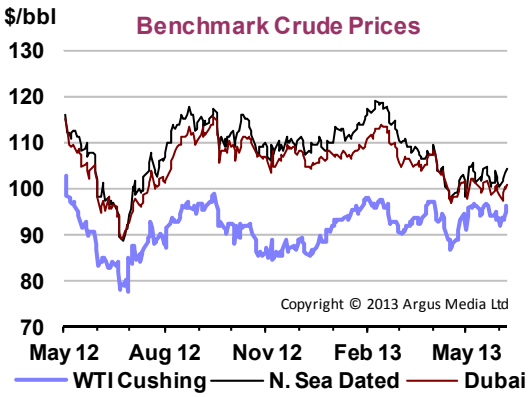
- procedures to establish minimum block size for off-facility swaps and block trades;
- processes for a designed contract market (DCM) or swap execution facilities (SEF) to make a swap "available for trade";
- "core principles" and various requirements for SEFs, covering trading and product requirements, compliance and surveillance obligations, operational capabilities and financial requirements.

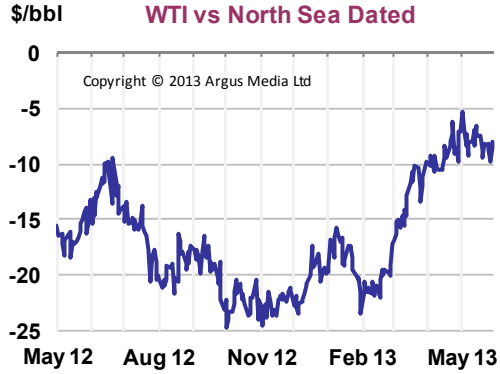
At the same meeting, the CFTC approved interpretive guidance on disruptive trading practices, such as buying a contract at a price higher than the lowest available price offered, or what is commonly known as "spoofing", i.e., bidding or offering with the subsequent intent of cancelling before execution to manipulate the price.

On 17 May, the CFTC approved the quote-request rule, compelling traders to request quotes from two counterparties. The rule requires that transaction prices must be made public after the swap has been cleared. Public criticism came from three CFTC commissioners about the cross-border application of Dodd-Frank rules. With the exemption from cross-border rules set to expire on 12 June, the CFTC can either finalise the current guidance before the deadline or drop it entirely, leaving the issue to be handled by generic phrasing in of the Dodd-Frank Act. The Act generically applies to transactions having a "direct and significant" impact on US markets. Such phrasing would need further clarification. Later in June, regulators may also issue final rules on margin and capital for derivatives.

Spot Crude Oil Prices

Spot crude oil prices for benchmark grades were mixed in May, with WTI outstripping North Sea Brent's more modest gains. WTI spot prices rose on average by around $2.75/bbl to $94.76/bbl on stronger refining margins and despite relatively high stock levels. North Sea Dated rose on average by $0.58/bbl to $102.50/bbl, with prices steadily declining over the month before edging higher again in early June. Middle East market Dubai posted a relatively sharp decline in the wake of plentiful Middle East supplies and Asian refinery turnarounds, with spot prices off $1.35/bbl to $100.35/bbl in May.

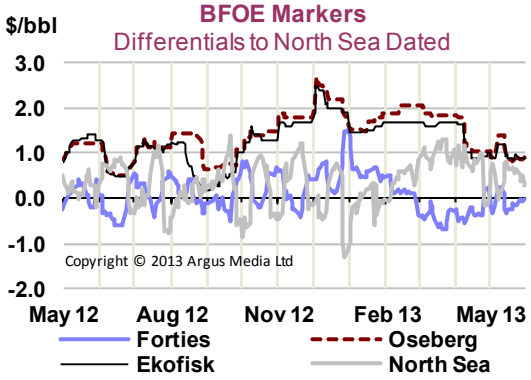




WTI spot prices were also propped up by increased transport routes from the landlocked US Midcontinent and the end of refinery maintenance work. Stronger WTI prices relative to weaker Dated Brent narrowed the price differential for the two grades to around $7.75/bbl in May compared with $9.90/bbl in April, $15.55/bbl in March and $21.04/bbl in February.

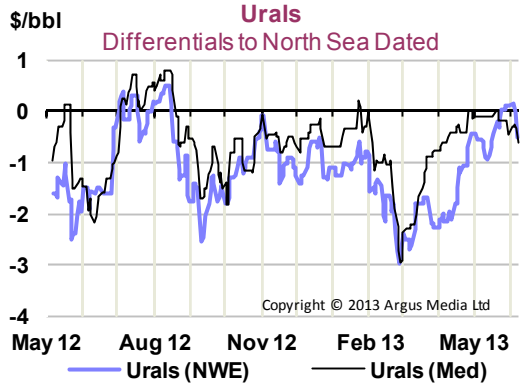
North Sea Brent spot prices traded in a narrow $101-105/bbl range over the month despite upcoming scheduled summer maintenance work. Major work on the Ekofisk system may lead to higher-than-normal supply outages in the coming months. BFOE output is expected to decline to 550 kb/d in June compared with 860 kb/d in May (see Non-OPEC Supply, *'Forecasted Impacts of North Sea Maintenance'*).

North Sea grades were also supported by South Korea's decision to enhance an existing law that provides a freight rebate on crude imports of non-Middle East crude supplies. In a bid to diversify supply away from the Middle East, the Korean government provides a rebate on freight costs for crude oil imports from the Americas, Africa and Europe. Effective 1 June, the government will reimburse 90% of the freight charge difference with Middle East shipments if import volumes reach just 2 mb a year compared to the previous 7 mb threshold.

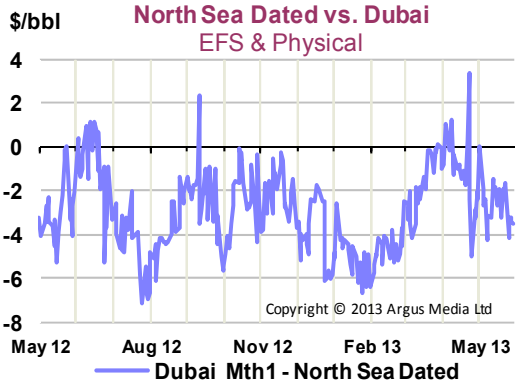


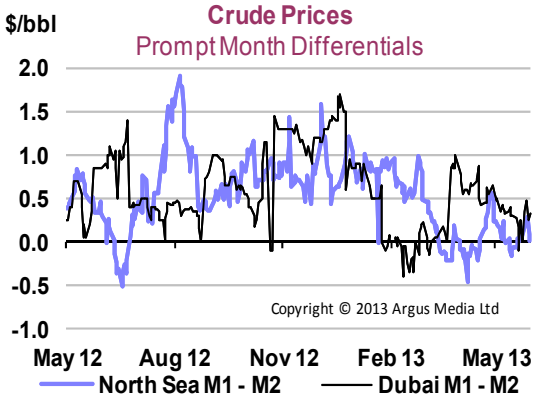
At the same time, new rules aimed at closing a legal loophole that allowed some companies to double dip on a tax break will go into effect on 1 July. Currently crude oil imported from EU countries that South Korea has a free trade agreement with, including the UK, are exempt from a 3% crude import tax. Rules in place since July 2011 allow domestic refiners to buy North Sea crude without paying the 3% import duty. South Korean refiners also benefit from a tax rebate on refined product exports, even if they are processing duty-free crude as part of the free trade agreement. Starting 1 July refiners running tax exempt crude are not entitled to claim a rebate on freight costs. As a result, the economic benefits that fuelled brisk North Sea-Korea trade over the past few years will be reduced.

Elsewhere in Europe, spot prices for Urals crude in the Mediterranean rose by about $0.85/bbl, to an average $102.35/bbl in May, with markets particularly strong early in the month and trading at near parity with Brent. The higher prices stemmed from sharply lower Russian crude exports in May and June as domestic refiners held on to more barrels. Urals was also supported over the month by chronic supply disruptions of Iraqi shipments of Kirkuk from the Ceyhan terminal on the Mediterranean Sea. As a result, the price differential between Urals and Brent narrowed in Mediterranean markets, trading at a much smaller $0.15/bbl discount to Brent in May compared with discounts of $0.40/bbl in April and $1.64/bbl in March.



Heavier Middle East sour grades weakened on plentiful supply with Asian refiners in turnaround. Dubai's discount to Brent widened to around $3.50/bbl in the first week of June compared with $2.16/bbl in May and just $0.22/bbl in April. The Dubai M1-M2 price spread, however, steadily narrowed over the month, on expectations of increased demand for crude as refiners, especially in non-OECD Asia, come out of maintenance in June-July. The Dubai M1-M2 averaged $0.37/bbl in May versus $0.69/bbl in April.





Spot Crude Oil Prices and Differentials

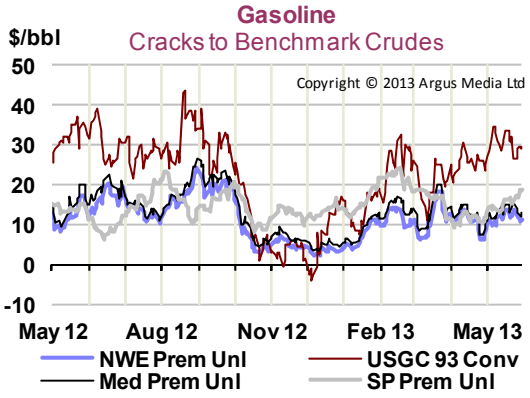
(monthly and weekly averages, $/bbl)

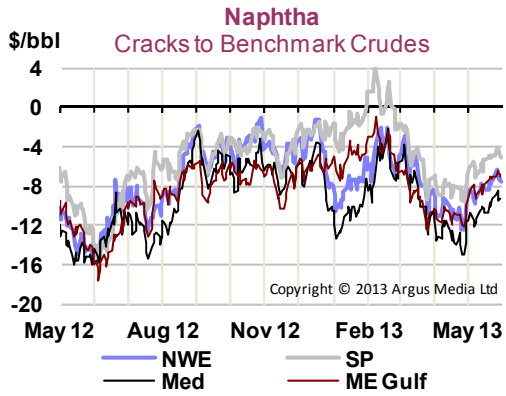
	Mar	Apr	May	May-Apr Avg Chg	May-Apr %	Week Commencing: 06 May	13 May	20 May	27 May	03 Jun
Crudes										
North Sea Dated	108.45	101.92	102.50	0.58	0.6	103.45	102.99	102.39	102.12	102.92
Brent (Asia) Mth 1	109.68	103.61	103.18	-0.43	-0.4	104.34	103.06	103.32	102.63	102.64
WTI (Cushing) Mth 1	92.91	92.02	94.76	2.74	3.0	96.17	94.97	94.95	93.43	94.26
Urals (Mediterranean)	106.81	101.52	102.35	0.83	0.8	103.35	102.89	102.27	101.80	102.56
Dubai	105.54	101.70	100.35	-1.35	-1.3	101.62	100.11	100.57	99.75	99.43
Tapis (Dated)	115.05	108.85	108.76	-0.09	-0.1	109.67	108.99	108.64	107.85	108.52
Differential to North Sea Dated										
WTI (Cushing)	-15.53	-9.90	-7.74	2.16		-7.29	-8.02	-7.44	-8.69	-8.66
Urals (Mediterranean)	-1.64	-0.40	-0.15	0.25		-0.10	-0.10	-0.12	-0.33	-0.36
Dubai	-2.90	-0.22	-2.16	-1.93		-1.83	-2.88	-1.82	-2.37	-3.49
Tapis (Dated)	6.60	6.93	6.26	-0.67		6.22	6.00	6.25	5.73	5.60
Prompt Month Differential										
Forward Cash Brent Mth1-Mth2	0.32	-0.06	0.12	0.18		0.28	0.10	-0.07	0.04	0.16
Forward WTI Cushing Mth1-Mth2	-0.38	-0.31	-0.23	0.08		-0.24	-0.27	-0.21	-0.21	-0.23
Forward Dubai Mth1-Mth2	0.05	0.69	0.37	-0.32		0.57	0.37	0.34	0.12	0.33

Copyright © 2013 Argus Media Ltd - All rights reserved

Spot Product Prices

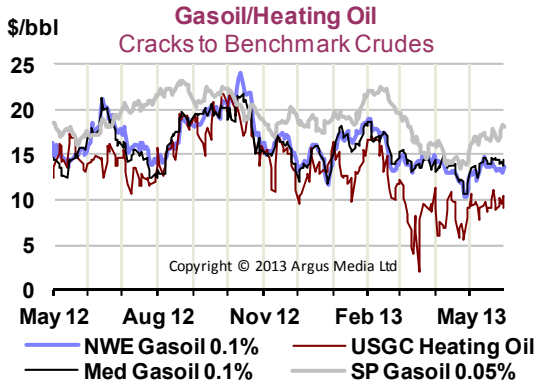
Spot product markets diverged in May between the Atlantic basin and Asia. Gasoline crack spreads were healthy across all major refining centres, though slightly lower month-on-month in Europe. Asian and US gasoline cracks were supported, in part, by refinery problems in both regions curbing supply. With the onset of the peak summer driving season in the US, gasoline demand is forecast to rise an average 300 kb/d during the June-August period (*see Demand section, 'Reports of the Demise of the US Driving Season Look Premature'*).

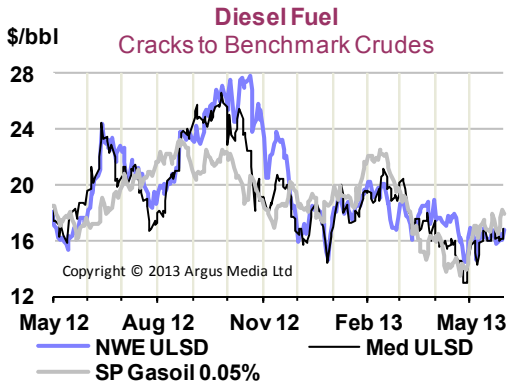




Unplanned outages and/or extended maintenance in parts of North America, notably the US Midwest and Western Canada, tightened **gasoline** supply and supported crack spreads in the US. In Asia, reduced supplies due to planned refinery outages in Taiwan and unplanned maintenance in India helped cracks reverse their downtrend of the previous month. On the other hand, European gasoline crack spreads fell due to weaker-than-expected import demand from the US ahead of the summer driving season.

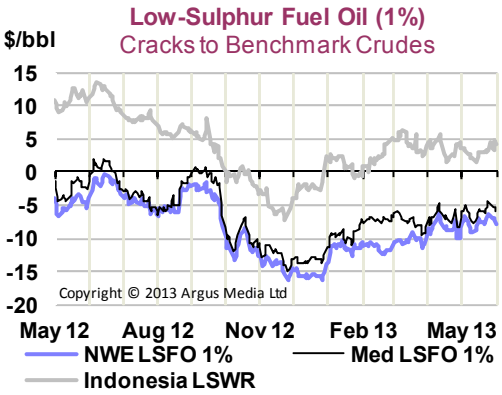
Naphtha crack spreads in May partially recovered from April's sharp decline across major refining regions. Petrochemical producers in Asia were reported active in buying the feedstock, although seasonally cheap propane curtailed naphtha buying interest. Also, arbitrage opportunities for European suppliers to export to Asia helped support naphtha crack spreads.

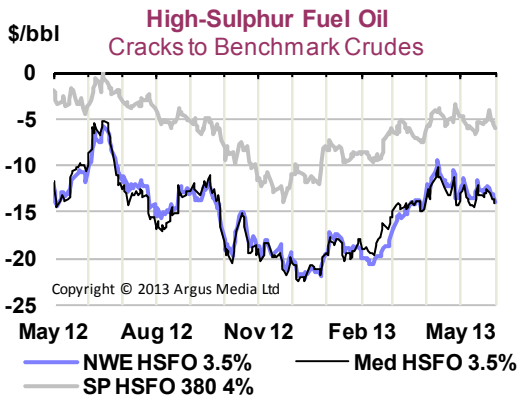




Gasoil crack spreads were lower during May in the Americas and Europe but strengthened in Asia. Relatively weak economic growth in Europe and low demand in the US put downward pressure on spreads for the second consecutive month. By contrast, in Asia, refinery outages in Taiwan and India helped support gasoil cracks. Meanwhile, **diesel** crack spreads in Asia recovered in May as Middle East countries raised imports and build stocks ahead of Muslim Ramadan holiday. Indeed, Saudi Arabia is expected to import exceptionally high volumes of diesel fuel volumes this summer in order to meet peak electricity demand for air-conditioning and increased travel within the region during Ramadan, which this year falls between 9 July and 7 August.

Jet/Kerosene crack spreads fell in May in Europe and the US Gulf. US refiners were maximising jet fuel output as it is not subject to Renewable Identification Number (RIN) rules. On the other side, Asian crack spreads rose due to unexpectedly low temperatures in early May in Japan, as well as increased jet fuel exports to the western US after Tesoro's Ewa Beach refinery in Hawaii shut down permanently in May.





Fuel oil crack spreads in May showed differing trends depending on sulphur content. Crack spreads for low-sulphur fuel oil increased across the board on stronger feedstock demand from complex refineries in Northwest Europe and the US. A dip in Russian exports of straight-run fuel oil after the start-up of new upgrading capacity also helped. On the other hand, high-sulphur fuel oil crack spreads in the US and Singapore weakened in May due to lower bunker fuel demand.

Spot Product Prices

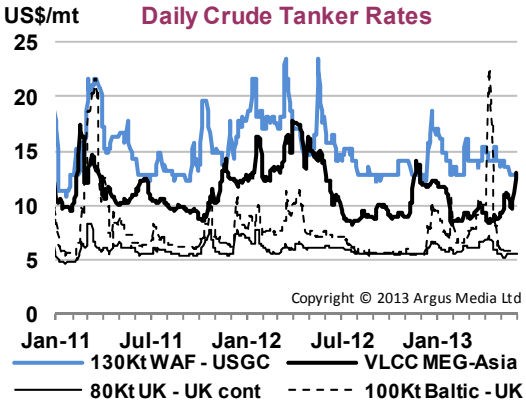
(monthly and weekly averages, $/bbl)

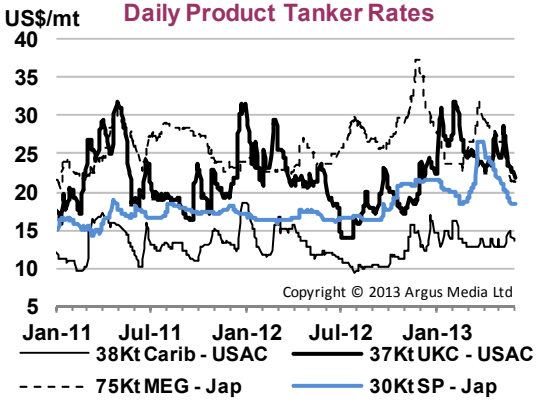
	Mar	Apr	May	May-Apr		Week Commencing:					Mar	Apr	May
				Chg	%	06 May	13 May	20 May	27 May	03 Jun			
Rotterdam, Barges FOB											**Differential to Dated Brent**		
Premium Unl 10 ppm	118.80	114.02	113.62	-0.40	-0.4	113.02	113.63	115.04	114.97	114.57	10.35	12.10	11.12
Naphtha	102.67	91.66	93.51	1.85	2.0	93.96	93.74	94.31	94.62	95.85	-5.77	-10.26	-8.99
Jet/Kerosene	124.15	116.42	115.68	-0.74	-0.6	116.10	115.75	116.51	116.12	116.50	15.70	14.50	13.18
ULSD 10ppm	126.03	119.47	118.57	-0.90	-0.8	119.67	118.74	118.72	118.57	119.13	17.58	17.55	16.07
Gasoil 0.1%	122.40	115.58	115.54	-0.04	0.0	115.86	115.97	116.44	115.85	116.27	13.96	13.66	13.04
LSFO 1%	97.93	93.26	94.69	1.43	1.5	95.90	94.60	94.57	95.14	95.75	-10.52	-8.66	-7.81
HSFO 3.5%	92.65	89.83	89.92	0.09	0.1	91.17	89.69	89.74	89.55	89.66	-15.80	-12.09	-12.58
Mediterranean, FOB Cargoes											**Differential to Urals**		
Premium Unl 10 ppm	119.48	115.10	114.82	-0.28	-0.2	114.27	114.90	116.24	116.01	115.61	12.66	13.58	12.46
Naphtha	99.83	89.04	91.06	2.02	2.3	91.48	91.29	91.90	92.21	93.47	-6.98	-12.48	-11.29
Jet Aviation fuel	122.91	115.05	114.37	-0.68	-0.6	114.69	114.36	115.24	115.03	115.42	16.10	13.53	12.02
ULSD 10ppm	125.20	117.43	117.93	0.51	0.4	118.40	118.13	118.57	118.70	118.78	18.39	15.91	15.58
Gasoil 0.1%	121.04	115.20	115.86	0.66	0.6	116.25	116.30	116.65	116.30	116.75	14.23	13.67	13.50
LSFO 1%	99.78	94.39	96.09	1.70	1.8	97.40	96.04	95.87	96.40	97.13	-7.03	-7.13	-6.26
HSFO 3.5%	92.04	88.82	89.19	0.37	0.4	90.44	88.98	89.00	88.81	89.00	-14.77	-12.70	-13.17
US Gulf, FOB Pipeline											**Differential to LLS**		
Super Unleaded	134.73	130.22	134.11	3.90	3.0	132.38	137.82	135.35	132.10	132.42	21.70	24.62	29.60
Unleaded	122.02	116.38	117.31	0.93	0.8	118.97	119.09	116.30	114.93	117.23	8.99	10.78	12.79
Jet/Kerosene	124.48	117.68	114.80	-2.87	-2.4	116.03	115.05	115.26	114.42	115.73	11.46	12.08	10.29
ULSD 10ppm	126.43	120.80	119.53	-1.27	-1.0	121.39	119.81	119.59	118.06	119.08	13.40	15.20	15.02
No. 6 3%*	95.76	91.54	91.11	-0.42	-0.5	92.55	90.61	90.85	90.01	89.88	-17.27	-14.06	-13.40
Singapore, FOB Cargoes											**Differential to Dubai**		
Premium Unleaded	124.08	113.92	114.38	0.46	0.4	114.01	114.24	115.28	116.03	117.69	18.54	12.22	14.03
Naphtha	102.39	93.50	93.80	0.30	0.3	93.85	93.79	94.56	94.75	94.74	-3.15	-8.19	-6.54
Jet/Kerosene	123.53	116.22	115.39	-0.82	-0.7	116.04	115.22	116.16	115.33	114.96	17.98	14.52	15.05
Gasoil 0.05%	123.61	116.76	116.66	-0.10	-0.1	116.70	116.89	117.71	117.00	116.92	18.06	15.07	16.31
LSWR Cracked	110.37	105.15	103.33	-1.81	-1.7	105.35	102.56	102.69	102.83	103.56	4.83	3.45	2.98
HSFO 180 CST	100.29	97.12	96.49	-0.63	-0.6	98.34	95.27	95.83	96.31	96.86	-5.26	-4.58	-3.86
HSFO 380 CST 4%	99.27	96.21	95.00	-1.21	-1.3	96.83	94.21	94.37	94.39	94.21	-6.28	-5.48	-5.34

Copyright © 2013 Argus Media Ltd - All rights reserved * Waterborne

Freight

The market for Very Large Crude Carriers (VLCCs) has firmed of late amid rising demand for Middle East crudes as Asian and European refiners return from maintenance. Rates rose steadily throughout April and May and by early-June exceeded $13/mt, a level unseen since November 2012. However, it is unlikely that this level will be sustained as the VLCC market still has significantly excess tonnage and a number of new builds are due to enter the market over the coming months.





Suezmax markets are still adjusting to the reduction in US imports as domestic production there surges, with West African suppliers looking towards Europe, China and India as outlets for their crudes. Consequently, the Atlantic Basin Suezmax market has remained relatively subdued so far in 2013 with very few rate spikes resulting from tight tonnage. Indeed, the benchmark West Africa – US Gulf Coast rate weakened over the past couple of months so that by early-June it stood under $13/mt and below rates for VLCCs, a relatively rare occurrence over the past two years.

In contrast, rates for shipments from Baltic ports experienced a short-lived spike in April when levels breached $20/mt following an unexpected surge in Russian Urals exports and a consequent shortage of available ice-class tankers in the region. As Urals exports fell back and ice-class requirements at Baltic ports were relaxed, by early-May rates had retreated to more seasonal levels below $6/mt with these levels being sustained through early-June.

Product tankers have experienced a sustained weakening over the past couple of months, although it should be noted that rates on all benchmark routes currently remain above those posted during the sector's recent lull over 2010-11. Despite reported healthy transatlantic trade in gasoline, rates plunged during May so that by late-month they stood just over $21/mt, their lowest level since 4Q12. In the East, despite many refineries in China and Japan undergoing maintenance over 2Q13, import demand has reportedly remained subdued as refined product inventories, especially in the OECD, have been drawn down from their healthy levels. Consequently, the benchmark Singapore – Japan rate plunged by $8/mt over April – May with rates hovering at just over $18/mt by early-June. A similar trend is evident on the Middle East Gulf – Japan route where rates slipped steadily from $30/mt in early-April to $21/mt by early-June.

REFINING

Summary

- **The seasonal ramp-up in global crude throughputs is expected to be steeper than normal this year, with runs increasing by 2.2 mb/d from 2Q13 to 3Q13**. That seasonal increase, centred in the non-OECD, is due to new Saudi distillation capacity, increasing Chinese runs after heavy spring maintenance, and recovering throughput at Venezuela's Amuay plant after a 2012 fire.

- **Global crude throughputs in 3Q13 are projected to be 1.2 mb/d higher than in 3Q12.** The major drivers of incremental growth include China (+590 kb/d), Africa (+380 kb/d) India (+200 kb/d), and Russia (+100 kb/d).

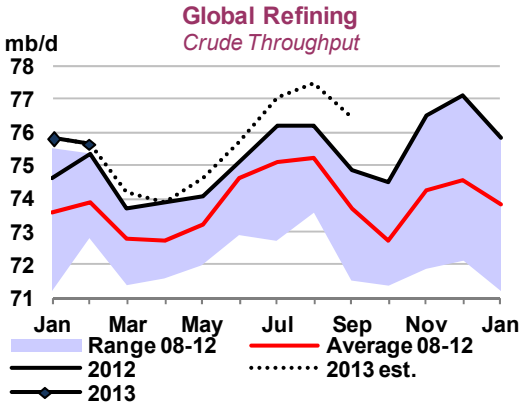
- **Global refinery crude throughput estimates for 2Q13 have been adjusted downwards by 190 kb/d since last month's *Report*, to 74.7 mb/d.** This revision reflects lower expectations of Asian crude runs as margins in the region have remained weak and refinery turnarounds were even heavier than expected.

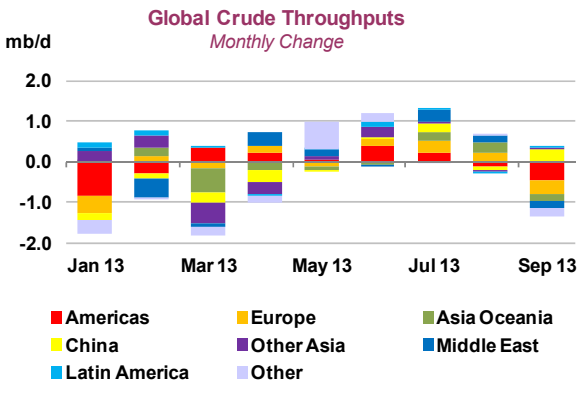
- **In non-OECD countries, estimated runs for 2Q13 have been revised downwards by 200 kb/d, to 38.4 mb/d**. Unplanned outages in India compounded the impact of heavier-than-expected plant maintenance, accounting for the bulk of this revision.

- **The estimate of OECD throughputs for 2Q13 is almost unchanged from last month's *Report*, at 36.4 mb/d,** but the regional spread of refining activity has been revised. The runs estimate was trimmed by 150 kb/d for OECD Asia but raised by roughly 140 kb/d for OECD Europe. Crude runs in OECD Americas are projected to be 20 kb/d higher than previously forecast.

Global Refinery Overview

Global refinery throughputs have been revised downwards by 190 kb/d for 2Q13, due to a heavier than expected maintenance schedule in both the OECD and non-OECD Asia, as well as slightly lower runs in the Middle East. Weak Asian margins in April and May could have encouraged refiners to move up maintenance schedules and reduce runs at the margin. Lower than expected Asian runs in May were partially offset by a relatively healthy Atlantic Basin market. Relatively robust margins in the US (especially in the Midcontinent), and to a lesser extent Europe, supported runs in those markets, as well as in Latin America. Global crude throughputs for 2Q13 are now expected to average 74.7 mb/d, an increase of 400 kb/d from the same quarter in 2012.



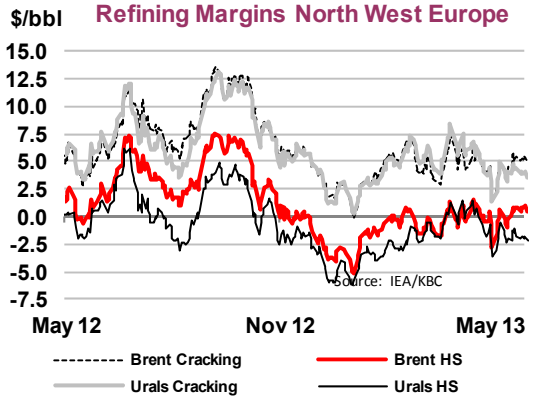


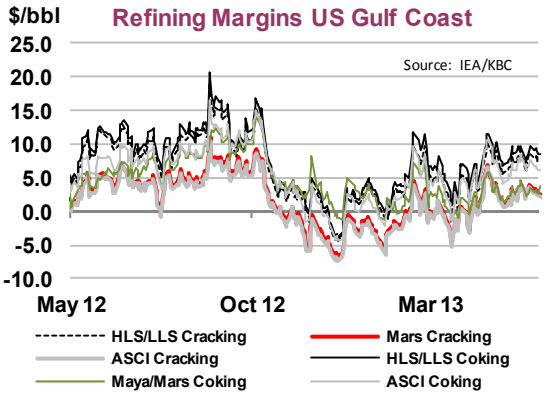
With refinery turnarounds coming off their April peak, crude throughputs are expected to ramp up through the second quarter, with a stronger lift as we head into 3Q13. Throughputs in 3Q13 are forecast

to average 77.0 mb/d, an increase of 1.2 mb/d from the same quarter in 2012 and 2.2 mb/d over 2Q13. If realised, this would represent the highest runs for any single quarter on record. Continuing refinery capacity additions close to centres of oil demand growth in the non-OECD, particularly in China and Saudi Arabia, are helping global runs meet new demand, even as rationalisation continues apace in the OECD.

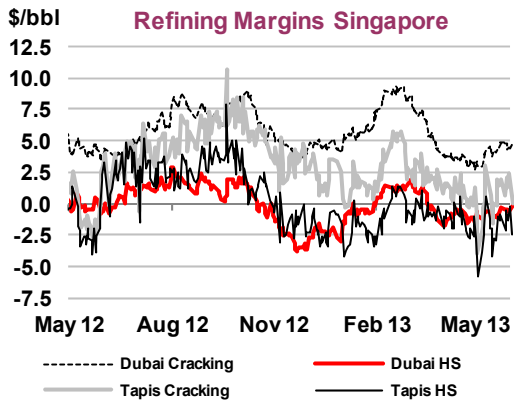
Refinery margins diverged along geographic lines during the first two months of 2Q13, with Atlantic Basin markets holding up relatively well following healthy crack spreads in February and early March, while margins for Asian refiners languished. The brightest spot globally for margins was the US Midcontinent, which, despite relative strength in WTI, saw already healthy margins expand in May following a series of refinery glitches.

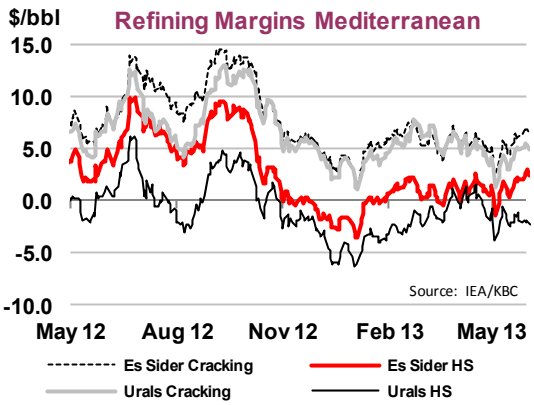
Glitches in refining operations in the US Midcontinent also helped support margins in the US Gulf Coast, as an increasingly rare arbitrage opportunity opened on the back of high physical prices for gasoline in the Chicago market, pulling barrels north from the Gulf. In Europe, margins have been relatively steady in 2Q13, with May levels slightly below those at the end of the prior quarter, after notching up slightly in April. European margins continue to be split along complexity lines, with more sophisticated refineries remaining competitive globally, while margins at hydroskimming facilities stay mired in or near negative territory.





In Asia, margins have remained in the doldrums, except for more complex refiners running Dubai or medium to heavy sour grades. Increasing global naphtha supplies stemming from US LTO growth have weighed on naphtha prices and pushed more naphtha into Asian markets. Moreover, growth in Chinese refining capacity has kept markets amply supplied, with Chinese refiners turning to export markets rather than significantly cutting runs amid seasonally weaker domestic demand.





IEA/KBC Global Indicator Refining Margins[1]

($/bbl)

	Monthly Average				Change	Average for week ending:				
	Feb 13	Mar 13	Apr 13	May 13	May 13-Apr 13	03 May	10 May	17 May	24 May	31 May
NW Europe										
Brent (Cracking)	5.64	4.41	4.96	4.31	-0.65	3.46	3.67	4.00	5.19	5.21
Urals (Cracking)	5.62	5.39	5.75	3.82	-1.93	3.33	3.60	3.82	4.34	4.00
Brent (Hydroskimming)	-0.21	-0.77	0.17	-0.02	-0.18	-0.76	-0.38	-0.37	0.59	0.76
Urals (Hydroskimming)	-2.21	-1.10	0.01	-1.81	-1.82	-1.87	-1.74	-1.91	-1.58	-1.91
Mediterranean										
Es Sider (Cracking)	6.66	5.43	5.51	5.32	-0.19	4.25	4.67	4.88	6.05	6.66
Urals (Cracking)	6.22	5.87	4.85	4.04	-0.81	3.16	3.41	3.52	4.76	5.30
Es Sider (Hydroskimming)	1.44	0.67	1.16	1.35	0.20	0.42	0.94	0.90	1.86	2.56
Urals (Hydroskimming)	-2.70	-1.71	-1.71	-2.40	-0.69	-2.80	-2.77	-2.99	-1.93	-1.46
US Gulf Coast										
50/50 HLS/LLS (Cracking)	5.75	3.64	6.12	7.22	1.10	6.05	6.97	7.93	7.04	7.88
Mars (Cracking)	0.45	-0.91	2.09	2.60	0.51	1.40	2.12	3.18	3.01	3.08
ASCI (Cracking)	-0.03	-1.18	1.89	2.33	0.44	1.11	1.68	3.12	2.86	2.62
50/50 HLS/LLS (Coking)	7.28	5.22	7.46	8.48	1.02	7.29	8.25	9.27	8.30	9.06
50/50 Maya/Mars (Coking)	3.13	1.26	2.74	2.96	0.22	1.78	2.84	3.79	2.93	2.94
ASCI (Coking)	5.14	3.17	6.08	6.42	0.34	4.79	5.78	7.56	6.96	6.59
US Midcon										
WTI (Cracking)	27.88	26.09	26.55	29.67	3.13	33.03	30.60	30.69	27.15	27.97
30/70 WCS/Bakken (Cracking)	29.90	25.71	25.51	31.65	6.14	33.61	33.50	31.52	28.75	30.36
Bakken (Cracking)	29.75	26.19	28.46	35.19	6.72	37.42	36.46	35.45	32.81	34.05
WTI (Coking)	29.77	28.06	28.75	32.42	3.66	36.09	33.49	33.48	29.76	30.45
30/70 WCS/Bakken (Coking)	33.18	28.49	29.04	36.07	7.04	38.51	38.23	36.01	32.87	34.31
Bakken (Coking)	30.21	26.76	29.19	36.17	6.97	38.60	37.53	36.46	33.70	34.87
Singapore										
Dubai (Hydroskimming)	1.12	0.49	-1.09	-0.80	0.29	-1.07	-0.92	-0.91	-0.83	-0.52
Tapis (Hydroskimming)	-0.11	-0.62	-1.40	-2.04	-0.64	-3.01	-1.93	-2.42	-1.51	-1.06
Dubai (Hydrocracking)	8.60	6.48	3.53	4.10	0.57	3.08	3.62	4.20	4.41	4.61
Tapis (Hydrocracking)	4.18	2.32	0.80	0.48	-0.32	-0.92	0.25	0.24	1.29	1.66

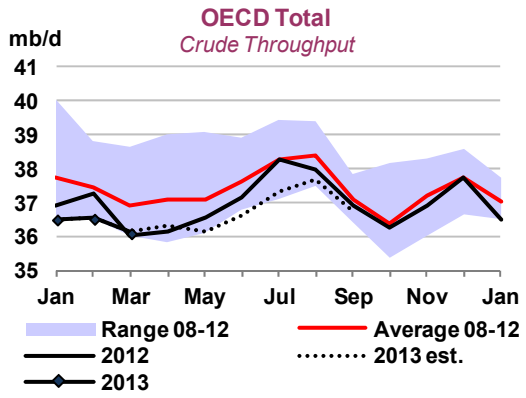
1 Global Indicator Refining Margins are calculated for various complexity configurations, each optimised for processing the specific crude(s) in a specific refining centre. Margins include energy cost, but exclude other variable costs, depreciation and amortisation. Consequently, reported margins should be taken as an indication, or proxy, of changes in profitability for a given refining centre. No attempt is made to model or otherwise comment upon the relative economics of specific refineries running individual crude slates and producing custom product sales, nor are these calculations intended to infer the marginal values of crude for pricing purposes.

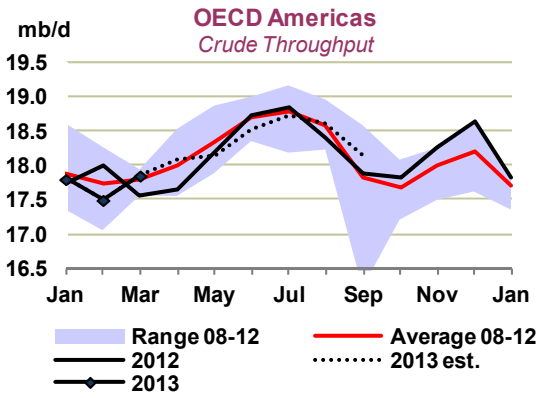
Source: IEA, KBC Advanced Technologies (KBC)

OECD Refinery Throughput

OECD refinery crude throughputs are expected to be largely unchanged in 2Q13 from 1Q13 at 36.4 mb/d. However, that number is 250 kb/d less than runs in 2Q12 as a structural shift in refining activity towards non-OECD economies continues. OECD crude throughputs are expected to increase slightly more than is seasonally typical in 3Q13, but at 37.3 mb/d they are still forecast to be 480 kb/d below last year's level as rationalisation in Europe and Japan leads to y-o-y declines.

Projected 2Q13 OECD runs of 36.4 mb/d are almost unchanged from last month's *Report*. However, the regional distribution of OECD runs has been revised, with Europe now expected to see throughputs 140 kb/d higher than in the May *Report*, while Asia Oceania runs have been revised down by 150 kb/d. The Americas saw a slight upward revision of 20 kb/d.





OECD Americas crude runs are expected to increase by 510 kb/d from 1Q13 to reach 18.2mb/d in 2Q13, in line with seasonal trends. In 3Q13, throughputs are projected to gain an additional 260 kb/d to 18.5 mb/d, an increase of 120 kb/d y-o-y, making the Americas the only OECD region expected to see y-o-y growth in 2Q13 or 3Q13. Growth is being driven by increasing throughputs in both the US and Mexico. Compared to last year, US runs are getting a boost from Motiva's expanded Port Arthur plant, which was hampered with problems shortly after its new crude unit commenced operations in June 2012 but which is now back to normal, and also from the Trainer, Pennsylvania refinery, which restarted in late September 2012 under the ownership of Monroe Energy (a unit of Delta Airlines), after its previous owner idled it in late 2011. These effects have been partially countered by a recent spate of outages in the Midwest. On the US West Coast, the 2Q13 restart of Chevron's Richmond, California refinery after an August 2012 fire has obscured in the data the April closure of Tesoro's 94 kb/d Kapolei refinery in Hawaii. The closure of Kapolei, one of two refineries in Hawaii, will likely leave the state more reliant on imports from Asian markets, particularly for jet fuel, a key product on the islands. Additionally, Mexico's refineries are expected to run 50 kb/d more crude on average in Q2 and Q3 than they did last year. Higher crude runs in Mexico have somewhat stemmed demand for US product exports in the country, compounding the impact of decreased US product export to Venezuela since idled capacity at Venezuela's Amuay refinery resumed production.

Global Refinery Crude Throughput[1 2]

(million barrels per day)

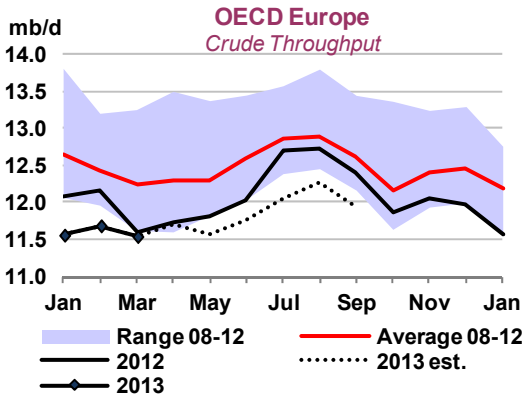
	Feb 13	Mar 13	**1Q2013**	Apr 13	May 13	Jun 13	**2Q2013**	Jul 13	Aug 13	Sep 13	**3Q2013**
Americas	17.5	17.9	**17.7**	18.1	18.1	18.5	**18.2**	18.7	18.6	18.1	**18.5**
Europe	11.7	11.5	**11.6**	11.7	11.6	11.7	**11.7**	12.1	12.3	11.9	**12.1**
Asia Oceania	7.4	6.7	**7.1**	6.5	6.4	6.4	**6.4**	6.6	6.8	6.6	**6.7**
Total OECD	36.5	36.1	**36.4**	36.3	36.2	36.6	**36.4**	37.3	37.7	36.7	**37.3**
FSU	6.8	6.6	**6.7**	6.2	6.7	6.8	**6.6**	6.8	6.9	6.7	**6.8**
Non-OECD Europe	0.5	0.3	**0.4**	0.5	0.5	0.5	**0.5**	0.5	0.5	0.5	**0.5**
China	9.9	9.6	**9.8**	9.4	9.3	9.4	**9.4**	9.6	9.5	9.8	**9.7**
Other Asia	10.2	9.7	**9.9**	9.3	9.4	9.7	**9.5**	9.7	9.7	9.7	**9.7**
Latin America	4.6	4.6	**4.5**	4.5	4.6	4.7	**4.6**	4.8	4.7	4.7	**4.7**
Middle East	5.3	5.2	**5.5**	5.6	5.8	5.7	**5.7**	6.0	6.2	6.0	**6.1**
Africa	1.9	2.0	**1.9**	2.1	2.2	2.3	**2.2**	2.2	2.3	2.3	**2.3**
Total Non-OECD	39.1	38.1	**38.8**	37.6	38.5	39.1	**38.4**	39.7	39.7	39.7	**39.7**
Total	75.6	74.2	**75.2**	73.9	74.6	75.7	**74.7**	77.0	77.4	76.4	**77.0**

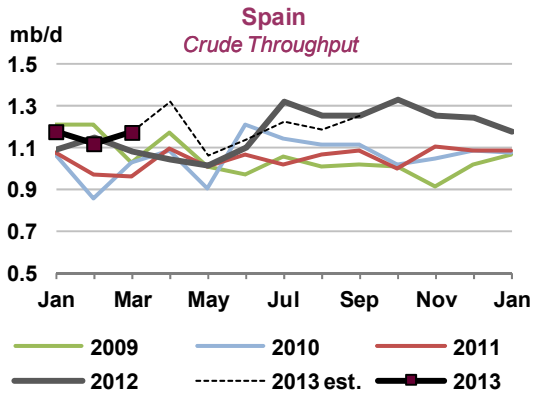
1 Preliminary and estimated runs based on capacity, known outages, economic run cuts and global demand forecast

2 From the report dated 10 August, 2012 OECD Americas include Chile and OECD Asia Oceania includes Israel.

OECD Europe crude throughputs are expected to average 11.7 mb/d in 2Q13 and increase to 12.1 mb/d in 3Q13, equating to y-o-y declines of 180 kb/d and 520 kb/d, respectively. Lower runs in the middle

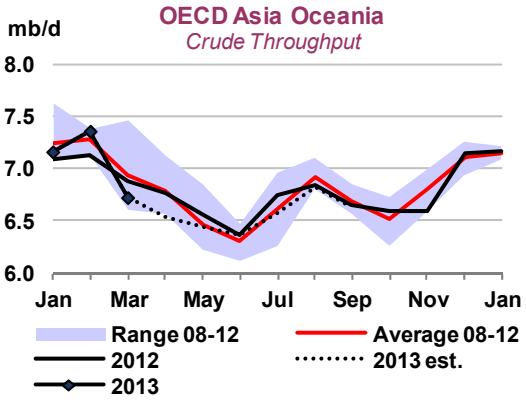
quarters of 2013 are commensurate with rationalisation in the European refining sector. Refinery capacity in 3Q13 is expected to be 500 kb/d lower than 3Q12. The largest among the European closures was the 1Q13 closure of Petroplus's 162 kb/d Petite Couronne refinery in France after it failed to find a buyer. Closures at Shell's 110 kb/d Hamburg refinery and ERG's 89 kb/d Rome plant have contributed to lower European runs in 2013.

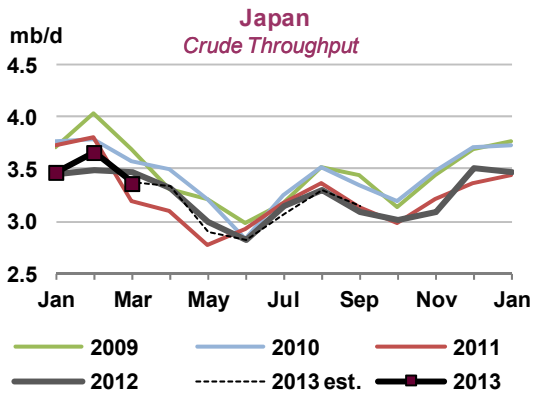




Despite y-o-y declines, which are by now part of a familiar trend, 2Q13 runs are expected to be 140 kb/d higher than in last month's *Report*. Initial data indicate that April throughputs were much higher than expected in Spain, Belgium and France. With second-quarter runs significantly reduced in Algeria and Libya, demand from across the Mediterranean is likely supporting runs in these European countries. Additionally, forecast July and August throughputs were revised upwards, which largely reflects an earlier than expected return to service for API's Falconara 85 kb/d refinery in Italy. After an agreement between management and union workers at the plant, it is now slated to start running crude in mid-July; previous expectations had Falconara down for all of 2013.

Crude intake at **OECD Asia Oceania refineries** is expected to average 6.4 mb/d in 2Q13, a downward revision of 150 kb/d from the previous *Report* and 110 kb/d lower that last year's second quarter reading. OECD Asian refineries have reduced runs this quarter because of weak margins as new Chinese capacity and increased exports from that country have weighed on regional crack spreads. South Korea saw the largest revisions to its forecast with April runs coming in 260 kb/d below last month's *Report* as refineries reduced runs more quickly than expected following fairly robust refinery activity in the first quarter.



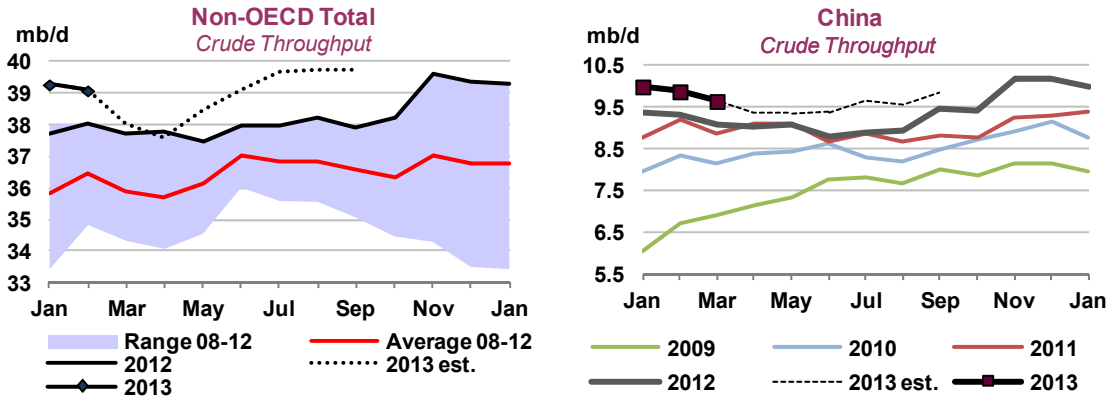


The weak margin environment may have prompted some refiners to move up maintenance schedules. Japan saw its expectation for crude throughputs in May slashed by 180 kb/d as Showa Shell and Fuji Oil proceeded with work on their respective Sodegaura facilities, while repairs at Idemitsu's Chiba refinery lasted longer than anticipated. As maintenance eases in 3Q13, OECD Asia Oceania refineries are

projected to up their crude runs by 220 kb/d from the second quarter, to almost 6.7 mb/d. However, that still represents an 80 kb/d y-o-y decline in runs, as a tough margin environment continues to squeeze the refining sector in Asia's more mature markets.

Non-OECD Refinery Throughput

Non-OECD refinery throughputs are expected to average 38.4 mb/d in 2Q13, a 200 kb/d downward revision from May's *Report*, but this figure is still 640 kb/d higher on a y-o-y basis. The main driver of the reduced 2Q13 outlook is a number of unexpected outages in India. However, outputs are expected to ramp up sharply moving into 3Q13 with non-OECD refiners increasing runs 1.3 mb/d above 2Q levels due to a combination of seasonal demand growth, easing outages, and capacity expansions. Crude throughputs in 3Q13 are expected at 39.7 mb/d, a 1.7 mb/d y-o-y increase.

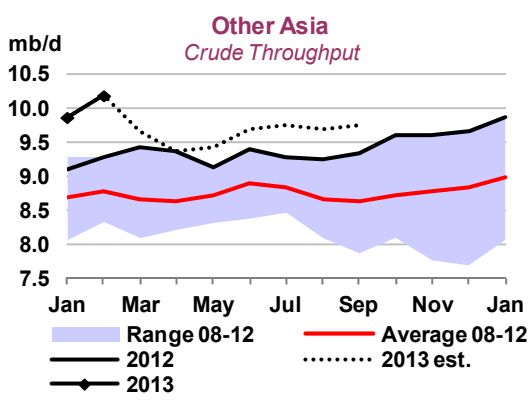


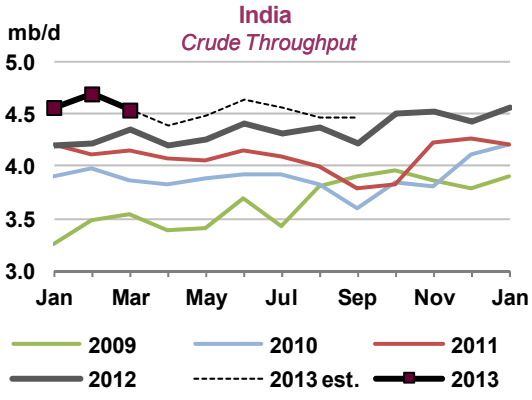
China is projected to process almost 9.4 mb/d of crude in 2Q13, up by 400 kb/d from the same period last year. Higher y-o-y throughputs are being driven partly by the commissioning of Sinopec's new Maoming refinery last November. The plant started operating at full rates earlier this year.

Changes to the outlook for Chinese refinery throughputs from last month's *Report* are modest. May saw slightly heavier maintenance than anticipated, which reduced the 2Q13 forecast by 110 kb/d. Outages at Sinopec's 270 kb/d Guangzhou refinery and 184 kb/d PetroChina's Fushun refinery kept May crude runs muted despite the return of PetroChina's 210 kb/d Dalian plant. Additionally, slowing spring demand kept a lid on runs at smaller refineries in the Shandong province, the location of the highest concentration of the so call "teapots". However, May should be the high mark for Chinese turnarounds giving way to a strong ramp up in runs, which are expected to grow q-o-q by 300 kb/d in 3Q13 to 9.7 mb/d, a 590 mb/d increase from the same quarter in 2012.

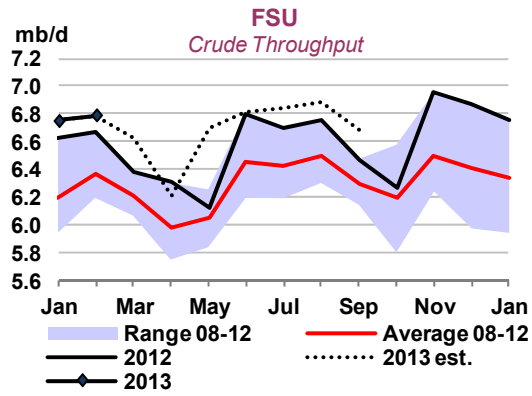
In **'Other Asia',** Indian refinery runs were the main driver of change from the last forecast. India is now expected to see crude throughputs of 4.5 mb/d, 130 kb/d lower that previously thought. May throughput bore the brunt of the outages as unexpected maintenance on a 330 kb/d crude unit at Reliance's Jamnagar facility along with a May 16 fire that took down a 60 kb/d crude unit at HPCL's Visakhapatanum refinery prompted forecast revisions. The Jamnagar unit is believed to have already returned to service. However, initial indications were that HPCL's unit would be down for about four weeks. Indian runs are not expected see an increase moving into 3Q13, with runs for next quarter expected to remain at 4.5 mb/d. Flat runs through the middle quarters are typical for the Indian refining sector. Despite battling unexpected outages, Indian crude runs are expected to be about 200 kb/d higher y-o-y during the middle two quarters of 2013.

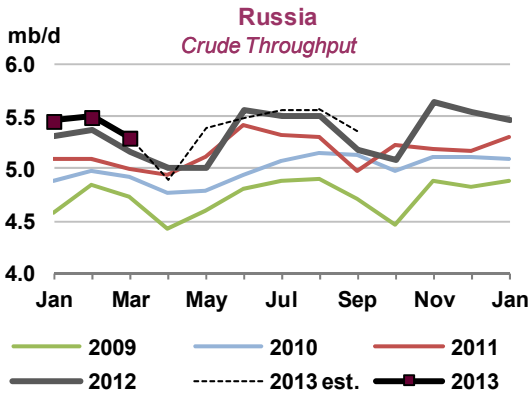
For non-OECD Other Asia as a whole, runs are expected to climb from 9.5 mb/d in 2Q13 to 9.7 mb/d in 3Q13, with much of the seasonal lift coming from Taiwan, as Formosa Petrochemical's Mailiao refinery comes out of relatively heavy 2Q13 turnarounds.



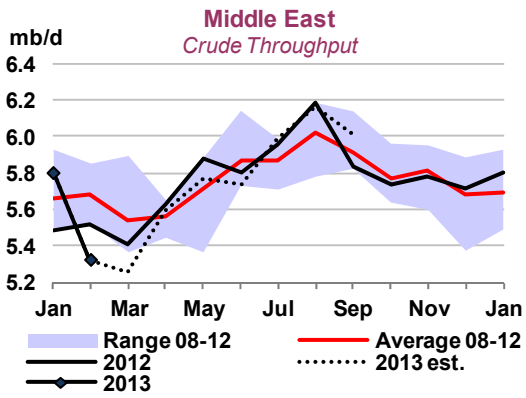


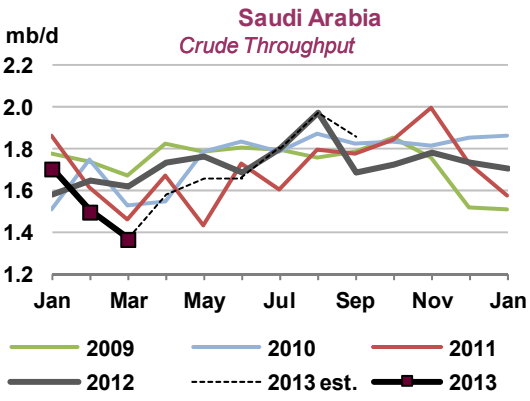
Russian crude runs are projected to average just under 5.3 mb/d in 2Q13, a dip of 150 kb/d from the first quarter which is in line with seasonal norms. Russia saw heavy refinery maintenance in April that caused runs to dip. Following the turnarounds, Russian runs rebounded strongly in May, and are expected to continue to increase through the summer with Q312 runs hitting 5.5 mb/d, which is 100 kb/d higher than the same period in 2012. Russian throughputs in 2013 have been bolstered by increasing exports opportunities to Europe.



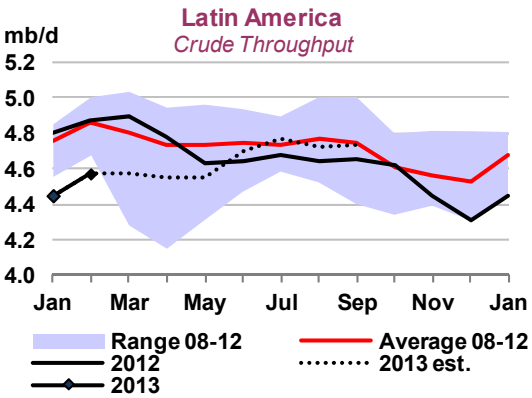


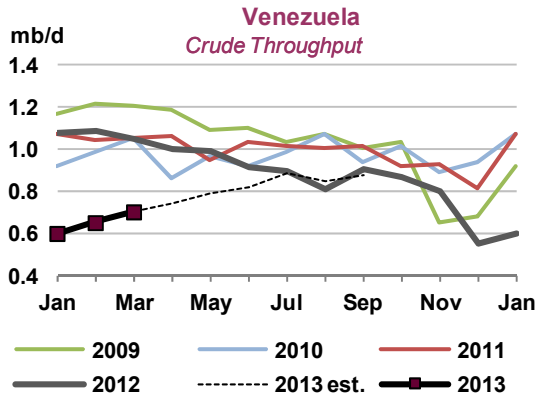
Middle East crude throughputs are forecast at 5.7 mb/d in 2Q13, a 75 kb/d drop from 2Q12. This drop in y-o-y growth is seen as temporary from a region that expects to be a leader in global refining activity in the coming years. Second quarter runs were hampered by a major turnaround in April and May at Kuwait's Mina Abdullah plant as well at a shutdown at Samref's Yanbu, Saudi Arabia refinery from March through late May. Crude throughputs in the Middle East are expected to jump to 6.1 mb/d in 3Q13, a record for the region, and a major reason for the sharp quarter-over-quarter increase in global runs. The return of the large Saudi and Kuwaiti facilities will help drive the seasonal increase. Some additional increase will come as crude processing starts at the first phase of Satorp's new 400 kb/d Jubail refinery, a Saudi Aramco-Total joint venture, which according to the joint venture partners could hit full capacity as phase two comes online by year's end.





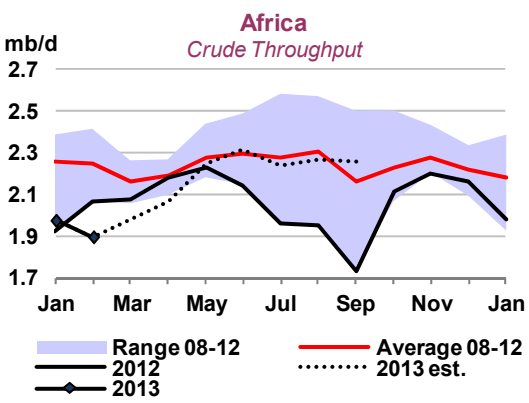
In **Latin America**, a slightly more sanguine outlook for Venezuela and continued strength in Brazilian runs have led to modest forecast upgrades. Latin American runs are expected to average 4.6 mb/d in 2Q13, 35 kb/d higher than expected in May's Report, but still 80 kb/d below same quarter 2012. Based on the most recent information, the recovery in runs at Venezuela's Amuay refinery at the massive Paraguana complex following an August 2012 fire proceeded slightly faster than anticipated in last month's *Report*. Venezuela is expected to have run an average of 790 kb/d in 2Q13 up from 650 kb/d in 1Q13. Venezuela is expected to contribute significantly to the strong third quarter ramp up in global runs. Throughputs are slated to hit 870 kb/d in 3Q13, similar to the level from a year earlier when the fire occurred. However, information on the status of Venezuela's refineries is murky and the possibility for new setbacks at Amuay lingers. Moreover, we do not see Venezuela's runs approaching 2011 levels of more than 1 mb/d in the near term.





Brazilian refineries continue to run at high rates. Reported crude runs came in 90 kb/d higher than expected in April. Brazilian throughputs have remained at record levels of almost 2.1 mb/d during 1H13, and while they are expected to back off slightly to just above 2.0 mb/d in 3Q13, they are still expected to be 50 kb/d higher y-o-y in that quarter. Pulling the Latin American forecast in the opposite direction, PdVSA's Curacao refinery is undergoing maintenance in the second quarter that is temporarily helping keep a lid on run growth in the region. In Argentina, the fire-related outage at the La Plata that began in April has dragged on longer than expected, tempering May runs as well.

Crude throughputs in **Africa** are on pace to average just over 2.2 mb/d in 2Q13, a modest increase over year ago levels. The forecast has been downgraded slightly because of ongoing issues at Libya's Ras Lanuf refinery. Previously, the refinery had been scheduled to restart in April. However, corporate restructuring negotiations among the joint venture's partners have held up that restart. Currently, expectations are that crude processing at Ras Lanuf will begin in June. With increasing runs from Ras Lanuf and a return of Algeria's Skikda refinery, which saw maintenance that was slated to end in March drag on until mid-May, 3Q13 runs in Africa are forecast to reach 2.3 mb/d.


Africa
Crude Throughput
mb/d
2.7
2.5
2.3
2.1
1.9
1.7
Jan
Mar
May
Jul
Sep
Nov
Jan
Range 08-12
Average 08-12
2012
2013 est.
2013

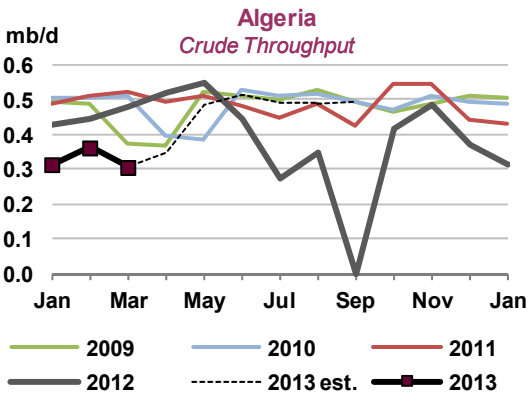

Algeria
Crude Throughput
mb/d
0.6
0.5
0.4
0.3
0.2
0.1
0.0
Jan
Mar
May
Jul
Sep
Nov
Jan
2009
2010
2011
2012
2013 est.
2013

Table 1
WORLD OIL SUPPLY AND DEMAND
(million barrels per day)

	2009	2010	1Q11	2Q11	3Q11	4Q11	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
OECD DEMAND																	
Americas[1]	23.7	24.1	24.2	23.8	24.2	24.0	24.0	23.5	23.8	23.9	23.8	23.7	23.7	23.5	23.8	23.8	23.7
Europe[2]	14.7	14.7	14.2	14.2	14.7	14.1	14.3	13.7	13.8	13.8	13.7	13.8	13.2	13.3	13.6	13.7	13.4
Asia Oceania[3]	8.0	8.1	8.6	7.4	8.0	8.6	8.1	9.1	8.0	8.2	8.7	8.5	8.8	7.8	8.1	8.6	8.3
Total OECD	46.3	46.9	47.0	45.4	46.9	46.7	46.5	46.3	45.5	45.9	46.2	46.0	45.7	44.6	45.6	46.1	45.5
NON-OECD DEMAND																	
FSU	4.0	4.2	4.1	4.3	4.5	4.5	4.4	4.4	4.4	4.5	4.5	4.5	4.4	4.4	4.7	4.8	4.6
Europe	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
China	7.9	8.8	9.0	9.3	9.2	9.3	9.2	9.3	9.4	9.6	10.1	9.6	9.9	9.7	9.9	10.3	10.0
Other Asia	10.3	10.9	11.1	11.1	10.8	11.2	11.0	11.3	11.4	11.1	11.6	11.4	11.7	11.7	11.4	11.8	11.6
Latin America	5.7	6.0	6.1	6.3	6.5	6.4	6.3	6.3	6.5	6.6	6.7	6.5	6.4	6.6	6.8	6.8	6.7
Middle East	7.1	7.3	6.9	7.4	7.8	7.4	7.4	7.2	7.8	8.1	7.4	7.6	7.4	7.9	8.3	7.7	7.8
Africa	3.4	3.5	3.4	3.4	3.3	3.4	3.4	3.5	3.5	3.5	3.6	3.5	3.6	3.7	3.7	3.7	3.7
Total Non-OECD	39.1	41.4	41.4	42.4	42.8	42.9	42.4	42.6	43.7	44.3	44.6	43.8	44.1	44.8	45.5	45.8	45.1
Total Demand[4]	85.5	88.3	88.4	87.8	89.7	89.6	88.9	88.9	89.2	90.2	90.8	89.8	89.8	89.4	91.1	91.9	90.6
OECD SUPPLY																	
Americas[1,7]	13.6	14.1	14.4	14.3	14.5	15.3	14.6	15.6	15.5	15.7	16.6	15.9	16.8	16.7	16.9	17.4	16.9
Europe[2]	4.5	4.1	4.0	3.7	3.5	3.8	3.8	3.8	3.6	3.2	3.3	3.5	3.4	3.2	3.0	3.4	3.2
Asia Oceania[3]	0.6	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.6	0.4	0.5	0.6	0.6	0.5
Total OECD	18.8	18.9	19.0	18.6	18.7	19.6	19.0	19.9	19.7	19.4	20.5	19.9	20.6	20.3	20.4	21.3	20.7
NON-OECD SUPPLY																	
FSU	13.3	13.5	13.6	13.6	13.5	13.6	13.6	13.7	13.6	13.6	13.8	13.7	13.9	13.7	13.6	13.7	13.7
Europe	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
China	3.8	4.1	4.2	4.2	4.0	4.0	4.1	4.2	4.1	4.2	4.3	4.2	4.2	4.3	4.3	4.3	4.2
Other Asia[5]	3.6	3.7	3.7	3.5	3.6	3.6	3.6	3.6	3.5	3.6	3.6	3.6	3.6	3.6	3.5	3.5	3.6
Latin America[5,7]	3.9	4.1	4.2	4.2	4.2	4.3	4.2	4.3	4.2	4.1	4.2	4.2	4.2	4.2	4.3	4.4	4.2
Middle East	1.7	1.7	1.8	1.7	1.7	1.5	1.6	1.4	1.5	1.5	1.5	1.5	1.4	1.4	1.4	1.4	1.4
Africa[5]	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.4	2.3	2.3	2.3	2.3	2.3	2.3	2.4	2.5	2.4
Total Non-OECD	29.0	29.9	30.2	29.8	29.8	29.7	29.9	29.8	29.2	29.3	29.8	29.5	29.7	29.5	29.7	29.9	29.7
Processing Gains[6]	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.2	2.1	2.1	2.2	2.2	2.2	2.2	2.2
Global Biofuels[7]	1.6	1.8	1.5	1.9	2.2	1.8	1.9	1.6	1.9	2.1	1.9	1.9	1.5	1.9	2.3	2.0	1.9
Total Non-OPEC[5]	51.4	52.7	52.8	52.4	52.8	53.3	52.8	53.4	52.9	53.1	54.3	53.4	54.0	53.9	54.6	55.4	54.5
OPEC																	
Crude[8]	29.1	29.2	29.9	29.4	29.9	30.4	29.9	31.3	31.7	31.5	30.7	31.3	30.4				
NGLs	5.1	5.6	5.9	5.9	5.9	6.0	5.9	6.2	6.3	6.4	6.4	6.3	6.4	6.5	6.7	6.7	6.6
Total OPEC[5]	34.2	34.7	35.8	35.3	35.8	36.4	35.8	37.5	37.9	37.9	37.2	37.6	36.9				
Total Supply[9]	85.7	87.4	88.5	87.7	88.5	89.7	88.6	91.0	90.9	91.0	91.5	91.1	90.8				
STOCK CHANGES AND MISCELLANEOUS																	
Reported OECD																	
Industry	-0.1	0.1	-0.4	0.4	-0.2	-0.7	-0.2	0.5	0.4	0.4	-0.7	0.2	0.2				
Government	0.1	0.0	0.0	0.0	-0.4	0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.1				
Total	0.0	0.1	-0.4	0.5	-0.5	-0.6	-0.3	0.5	0.4	0.5	-0.6	0.2	0.3				
Floating Storage/Oil in Transit	0.3	-0.2	0.2	-0.2	-0.2	0.0	-0.1	-0.4	0.2	-0.1	0.1	0.0	0.2				
Miscellaneous to balance[10]	-0.1	-0.8	0.4	-0.3	-0.4	0.7	0.1	1.9	1.1	0.4	1.2	1.2	0.6				
Total Stock Ch. & Misc	0.2	-0.9	0.2	-0.1	-1.2	0.1	-0.3	2.1	1.7	0.8	0.7	1.3	1.0				
Memo items:																	
Call on OPEC crude + Stock ch.[11]	28.9	30.1	29.7	29.5	31.0	30.3	30.2	29.2	30.0	30.7	30.1	30.0	29.4	29.0	29.8	29.7	29.5
Adjusted Call on OPEC + Stock ch.[12]	28.8	29.3	30.1	29.2	30.6	31.0	30.2	31.1	31.1	31.1	31.2	31.2	30.0	29.6	30.5	30.4	30.1

1 As of August 2012 OMR, OECD Americas includes Chile.
2 As of August 2012 OMR, OECD Europe includes Estonia and Slovenia.
3 As of August 2012 OMR, OECD Asia Oceania includes Israel.
4 Measured as deliveries from refineries and primary stocks, comprises inland deliveries, international marine bunkers, refinery fuel, crude for direct burning, oil from non-conventional sources and other sources of supply.
5 Other Asia includes Indonesia throughout. Latin America excludes Ecuador throughout. Africa excludes Angola throughout. Total Non-OPEC excludes all countries that were members of OPEC at 1 January 2009. Total OPEC comprises all countries which were OPEC members at 1 January 2009.
6 Net volumetric gains and losses in the refining process and marine transportation losses.
7 As of the July 2010 OMR, Global Biofuels comprise all world biofuel production including fuel ethanol from the US and Brazil.
8 As of the March 2006 OMR, Venezuelan Orinoco heavy crude production is included within Venezuelan crude estimates. Orimulsion fuel remains within the OPEC NGL and non-conventional category, but Orimulsion production reportedly ceased from January 2007.
9 Comprises crude oil, condensates, NGLs, oil from non-conventional sources and other sources of supply.
10 Includes changes in non-reported stocks in OECD and non-OECD areas.
11 Equals the arithmetic difference between total demand minus total non-OPEC supply minus OPEC NGLs.
12 Equals the "Call on OPEC + Stock Ch." with "Miscellaneous to balance" added for historical periods and with an average of "Miscellaneous to balance" for the most recent 8 quarters added for forecast periods.

Table 1A
WORLD OIL SUPPLY AND DEMAND: CHANGES FROM LAST MONTH'S TABLE 1

(million barrels per day)

	2009	2010	1Q11	2Q11	3Q11	4Q11	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
OECD DEMAND																	
Americas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-0.1	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-0.1	-0.1	-
NON-OECD DEMAND																	
FSU	-	-	-	-	-	-	-	-0.1	-	-	-0.1	-0.1	-	-0.1	-0.1	-0.1	-0.1
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-0.1	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-
Latin America	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-0.1	-	-0.1	-0.1	-0.1	-0.1	-0.1	-	-0.1	-0.1	-0.1	-0.1
Total Demand	-	-	-	-	-	-0.1	-	-0.1	-0.1	-0.1	-0.1	-0.1	-	-	-0.2	-0.2	-0.1
OECD SUPPLY																	
Americas	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-0.1	-	-
NON-OECD SUPPLY																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	0.1
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-	0.2	-	-
Processing Gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Global Biofuels	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OPEC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OPEC																	
Crude	-	-0.1	0.1	-	-	-	-	-	-	0.1	-0.1	-	-				
NGLs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OPEC	-	-0.1	0.1	0.1	-	-	-	-	-	-	-0.1	-	-0.1				
Total Supply	-	-0.1	0.1	-	-	-	-	0.1	0.1	-	-0.1	-	-				
STOCK CHANGES AND MISCELLANEOUS REPORTED OECD																	
Industry	-	-	-	-	-	-	-	-	-	-	-	-					
Government	-	-	-	-	-	-	-	-	-	-	-	-					
Total	-	-	-	-	-	-	-	-	-	-	-	-					
Floating Storage/Oil in Transit	-	-	-	-	-	-	-	-	-	-	-	-					
Miscellaneous to balance	-	-0.1	0.1	0.1	-	0.1	0.1	0.1	0.1	0.1	-	0.1	-0.5				
Total Stock Ch. & Misc	-	-	0.1	0.1	-	0.1	0.1	0.1	0.1	0.1	-	0.1					
Memo items:																	
Call on OPEC crude + Stock ch.	-	-	-0.1	-0.1	-	-0.1	-	-0.1	-0.1	-	-	-0.1	-	0.1	-0.2	-0.2	-0.1
Adjusted Call on OPEC + Stock ch.	-	-0.1	0.1	-	-	-	-	-	-	0.1	-0.1	-	-0.4	0.1	-0.2	-0.2	-0.2

When submitting their monthly oil statistics, OECD Member countries periodically update data for prior periods. Similar updates to non-OECD data can occur.

Table 2

SUMMARY OF GLOBAL OIL DEMAND

	2010	1Q11	2Q11	3Q11	4Q11	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
Demand (mb/d)																
Americas[1]	24.14	24.17	23.79	24.18	23.97	24.03	23.48	23.76	23.87	23.83	23.74	23.71	23.54	23.85	23.84	23.74
Europe[2]	14.68	14.24	14.17	14.74	14.13	14.32	13.70	13.81	13.82	13.68	13.75	13.16	13.28	13.63	13.67	13.44
Asia Oceania[3]	8.12	8.58	7.40	8.00	8.58	8.14	9.08	7.97	8.23	8.68	8.49	8.82	7.79	8.09	8.57	8.32
Total OECD	46.93	47.00	45.37	46.92	46.69	46.49	46.26	45.54	45.92	46.19	45.98	45.70	44.61	45.57	46.09	45.49
Asia	19.70	20.15	20.39	20.02	20.58	20.28	20.58	20.83	20.75	21.66	20.96	21.55	21.46	21.31	22.10	21.61
Middle East	7.32	6.93	7.41	7.84	7.36	7.39	7.18	7.77	8.12	7.45	7.63	7.40	7.89	8.27	7.65	7.81
Latin America	6.03	6.06	6.26	6.46	6.39	6.29	6.27	6.47	6.64	6.69	6.52	6.45	6.63	6.85	6.82	6.69
FSU	4.15	4.15	4.29	4.50	4.49	4.36	4.39	4.38	4.54	4.53	4.46	4.41	4.44	4.70	4.76	4.58
Africa	3.48	3.44	3.41	3.30	3.38	3.38	3.51	3.49	3.50	3.57	3.52	3.64	3.66	3.65	3.73	3.67
Europe	0.68	0.66	0.68	0.71	0.72	0.69	0.68	0.73	0.72	0.72	0.71	0.68	0.72	0.73	0.73	0.71
Total Non-OECD	41.37	41.39	42.43	42.82	42.93	42.40	42.61	43.67	44.26	44.61	43.79	44.13	44.81	45.52	45.78	45.07
World	88.30	88.38	87.80	89.74	89.61	88.89	88.88	89.20	90.19	90.80	89.77	89.83	89.42	91.09	91.87	90.56
of which: US50	19.18	19.07	18.79	19.03	18.91	18.95	18.48	18.71	18.72	18.51	18.61	18.66	18.48	18.65	18.54	18.58
Europe 5*	8.92	8.68	8.52	8.85	8.50	8.64	8.30	8.26	8.26	8.17	8.24	7.95	7.99	8.05	8.10	8.02
China	8.85	9.04	9.31	9.23	9.34	9.23	9.30	9.40	9.60	10.09	9.60	9.86	9.73	9.91	10.35	9.96
Japan	4.46	4.81	3.95	4.34	4.82	4.48	5.28	4.30	4.48	4.85	4.73	5.08	4.11	4.34	4.70	4.56
India	3.37	3.54	3.61	3.31	3.62	3.52	3.68	3.74	3.49	3.71	3.65	3.78	3.84	3.58	3.82	3.76
Russia	2.98	2.93	3.13	3.34	3.31	3.18	3.16	3.21	3.38	3.33	3.27	3.18	3.26	3.53	3.52	3.37
Brazil	2.77	2.77	2.85	2.97	2.94	2.88	2.89	2.95	3.05	3.14	3.00	2.97	3.04	3.17	3.22	3.10
Saudi Arabia	2.76	2.56	2.94	3.18	2.81	2.87	2.66	3.09	3.41	2.88	3.01	2.81	3.21	3.51	3.01	3.14
Canada	2.26	2.32	2.22	2.36	2.25	2.29	2.20	2.24	2.36	2.37	2.29	2.24	2.20	2.34	2.35	2.28
Korea	2.27	2.36	2.05	2.21	2.30	2.23	2.31	2.19	2.23	2.34	2.27	2.28	2.23	2.24	2.34	2.27
Mexico	2.08	2.12	2.17	2.17	2.17	2.16	2.14	2.18	2.16	2.28	2.19	2.15	2.21	2.21	2.29	2.21
Iran	1.84	1.84	1.79	1.78	1.78	1.80	1.83	1.86	1.71	1.71	1.78	1.79	1.77	1.71	1.72	1.75
Total	61.74	62.04	61.33	62.76	62.76	62.23	62.22	62.13	62.84	63.37	62.64	62.77	62.08	63.24	63.95	63.01
% of World	69.9%	70.2%	69.9%	69.9%	70.0%	70.0%	70.0%	69.6%	69.7%	69.8%	69.8%	69.9%	69.4%	69.4%	69.6%	69.6%
Annual Change (% per annum)																
Americas[1]	2.0	1.8	-1.2	-1.2	-1.1	-0.4	-2.9	-0.1	-1.3	-0.6	-1.2	1.0	-0.9	-0.1	0.0	0.0
Europe[2]	-0.3	-1.2	-1.3	-1.8	-5.3	-2.4	-3.8	-2.6	-6.2	-3.2	-4.0	-3.9	-3.8	-1.4	0.0	-2.3
Asia Oceania[3]	2.0	-0.4	-3.2	1.2	3.2	0.3	5.8	7.7	2.8	1.1	4.3	-2.8	-2.3	-1.7	-1.3	-2.0
Total OECD	1.3	0.5	-1.6	-1.0	-1.6	-0.9	-1.6	0.4	-2.1	-1.1	-1.1	-1.2	-2.0	-0.8	-0.2	-1.1
Asia	8.2	5.5	2.5	2.8	1.3	3.0	2.2	2.2	3.7	5.3	3.3	4.7	3.1	2.7	2.0	3.1
Middle East	2.8	0.7	0.7	0.5	1.7	0.9	3.6	4.9	3.6	1.2	3.3	3.1	1.6	1.9	2.8	2.3
Latin America	6.1	4.6	3.9	4.6	4.1	4.3	3.5	3.5	2.7	4.7	3.6	2.9	2.5	3.2	1.8	2.6
FSU	3.2	1.9	6.9	5.7	5.4	5.0	5.7	2.1	1.0	0.8	2.3	0.4	1.3	3.5	5.1	2.6
Africa	2.6	-0.4	-4.2	-4.6	-2.3	-2.9	2.0	2.2	6.1	5.3	3.9	3.6	5.1	4.5	4.6	4.4
Europe	-1.4	-1.7	0.4	3.8	2.6	1.3	3.0	7.3	2.0	-0.2	3.0	-0.3	-1.6	1.3	0.8	0.1
Total Non-OECD	5.7	3.5	2.2	2.3	1.9	2.5	3.0	2.9	3.4	3.9	3.3	3.6	2.6	2.8	2.6	2.9
World	3.3	1.9	0.2	0.6	0.0	0.7	0.6	1.6	0.5	1.3	1.0	1.1	0.2	1.0	1.2	0.9
Annual Change (mb/d)																
Americas[1]	0.48	0.42	-0.30	-0.28	-0.26	-0.11	-0.69	-0.03	-0.31	-0.14	-0.29	0.23	-0.22	-0.02	0.01	0.00
Europe[2]	-0.04	-0.17	-0.18	-0.27	-0.79	-0.35	-0.54	-0.37	-0.92	-0.45	-0.57	-0.54	-0.52	-0.20	0.00	-0.31
Asia Oceania[3]	0.16	-0.03	-0.24	0.09	0.27	0.02	0.50	0.57	0.23	0.10	0.35	-0.26	-0.18	-0.14	-0.11	-0.17
Total OECD	0.60	0.22	-0.72	-0.46	-0.78	-0.44	-0.73	0.17	-1.00	-0.49	-0.51	-0.57	-0.92	-0.36	-0.11	-0.49
Asia	1.49	1.04	0.50	0.54	0.27	0.59	0.44	0.44	0.73	1.08	0.67	0.97	0.64	0.57	0.44	0.65
Middle East	0.20	0.04	0.05	0.04	0.12	0.06	0.25	0.36	0.28	0.09	0.24	0.22	0.12	0.16	0.21	0.18
Latin America	0.35	0.27	0.23	0.28	0.25	0.26	0.21	0.22	0.17	0.30	0.23	0.18	0.16	0.21	0.12	0.17
FSU	0.13	0.08	0.28	0.24	0.23	0.21	0.24	0.09	0.05	0.04	0.10	0.02	0.06	0.16	0.23	0.12
Africa	0.09	-0.01	-0.15	-0.16	-0.08	-0.10	0.07	0.08	0.20	0.18	0.13	0.13	0.18	0.16	0.16	0.16
Europe	-0.01	-0.01	0.00	0.03	0.02	0.01	0.02	0.05	0.01	0.00	0.02	0.00	-0.01	0.01	0.01	0.00
Total Non-OECD	2.25	1.41	0.91	0.97	0.82	1.03	1.23	1.23	1.45	1.69	1.40	1.52	1.14	1.26	1.17	1.27
World	2.85	1.62	0.19	0.51	0.03	0.59	0.49	1.41	0.45	1.19	0.88	0.95	0.22	0.90	1.06	0.79
Revisions to Oil Demand from Last Month's Report (mb/d)																
Americas[1]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01	0.01	0.00	-0.03	0.01	-0.05	0.02	-0.01
Europe[2]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.14	-0.03	-0.07	0.01
Asia Oceania[3]	-0.01	0.00	-0.01	0.00	-0.01	0.00	-0.01	0.01	-0.01	0.00	0.00	0.00	-0.02	-0.02	-0.01	-0.01
Total OECD	-0.01	0.00	-0.01	0.00	-0.01	0.00	0.00	0.00	-0.02	0.01	0.00	-0.02	0.13	-0.09	-0.05	-0.01
Asia	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.14	-0.04	0.02	-0.05	0.02
Middle East	0.00	-0.02	-0.02	-0.02	-0.02	-0.02	-0.02	-0.02	-0.02	-0.02	-0.02	-0.01	-0.01	-0.02	-0.01	-0.01
Latin America	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.02	0.00	0.00	0.01	-0.04	0.03	0.02	0.03	0.01
FSU	0.00	-0.03	-0.02	-0.03	-0.04	-0.03	-0.05	-0.04	-0.05	-0.07	-0.05	-0.04	-0.11	-0.07	-0.06	-0.07
Africa	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01	-0.02	0.00	0.00	-0.01	-0.01
Europe	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.01	-0.01
Total Non-OECD	0.00	-0.04	-0.04	-0.04	-0.05	-0.04	-0.06	-0.05	-0.07	-0.11	-0.07	0.03	-0.14	-0.07	-0.11	-0.07
World	-0.01	-0.04	-0.04	-0.05	-0.06	-0.05	-0.06	-0.05	-0.09	-0.10	-0.08	0.00	0.00	-0.16	-0.16	-0.08
Revisions to Oil Demand Growth from Last Month's Report (mb/d)																
World	-0.01	-0.04	-0.04	-0.04	-0.05	-0.04	-0.02	-0.01	-0.04	-0.04	-0.03	0.06	0.05	-0.07	-0.06	-0.01

1 As of the August 2012 OMR, includes Chile.

2 As of the August 2012 OMR, includes Estonia and Slovenia.

3 As of the August 2012 OMR, includes Israel.

* France, Germany, Italy, Spain and UK

Table 2a

OECD REGIONAL OIL DEMAND[1]

(million barrels per day)

	2011	2012	2Q12	3Q12	4Q12	1Q13	Jan 13	Feb 13	Mar 13 [2]	Latest month vs. Feb 13	Latest month vs. Mar 12
Americas[3]											
LPG&Ethane	3.10	3.11	2.91	3.00	3.32	3.56	3.69	3.63	3.37	-0.27	0.26
Naphtha	0.35	0.34	0.34	0.32	0.36	0.37	0.39	0.39	0.32	-0.07	-0.03
Motor Gasoline	10.43	10.37	10.63	10.51	10.20	10.06	9.82	10.08	10.27	0.19	-0.07
Jet/Kerosene	1.66	1.66	1.68	1.71	1.63	1.59	1.56	1.58	1.63	0.05	-0.01
Gasoil/Diesel Oil	5.15	5.00	4.97	4.88	5.05	5.19	5.31	5.26	5.00	-0.26	-0.01
Residual Fuel Oil	0.92	0.79	0.79	0.81	0.74	0.78	0.78	0.77	0.79	0.02	-0.09
Other Products	2.43	2.47	2.44	2.64	2.55	2.16	2.28	2.11	2.09	-0.03	-0.06
Total	24.03	23.74	23.76	23.87	23.83	23.71	23.84	23.83	23.47	-0.36	-0.01
Europe[4]											
LPG&Ethane	0.97	0.92	0.94	0.87	0.90	1.04	0.97	1.04	1.12	0.08	0.16
Naphtha	1.16	1.15	1.09	1.11	1.15	1.19	1.24	1.23	1.11	-0.12	-0.12
Motor Gasoline	2.12	1.97	2.03	2.04	1.91	1.78	1.71	1.81	1.81	0.00	-0.18
Jet/Kerosene	1.24	1.20	1.23	1.31	1.17	1.12	1.07	1.13	1.15	0.02	0.04
Gasoil/Diesel Oil	6.10	5.99	5.89	5.92	6.18	5.82	5.61	5.99	5.86	-0.13	0.00
Residual Fuel Oil	1.26	1.12	1.11	1.10	1.06	1.03	1.05	1.03	1.01	-0.02	-0.15
Other Products	1.48	1.40	1.52	1.48	1.32	1.19	1.17	1.23	1.17	-0.06	-0.20
Total	14.32	13.75	13.81	13.82	13.68	13.16	12.82	13.47	13.24	-0.23	-0.45
Asia Oceania[5]											
LPG&Ethane	0.84	0.86	0.81	0.82	0.82	0.92	0.93	0.95	0.88	-0.08	-0.09
Naphtha	1.71	1.75	1.68	1.76	1.80	1.81	1.86	1.90	1.68	-0.22	0.02
Motor Gasoline	1.61	1.62	1.56	1.68	1.64	1.56	1.51	1.59	1.58	-0.01	-0.03
Jet/Kerosene	0.88	0.88	0.65	0.65	1.02	1.13	1.28	1.21	0.91	-0.30	-0.12
Gasoil/Diesel Oil	1.70	1.75	1.68	1.73	1.81	1.77	1.72	1.84	1.77	-0.07	-0.04
Residual Fuel Oil	0.79	0.92	0.90	0.90	0.87	0.92	0.98	0.95	0.83	-0.12	-0.14
Other Products	0.61	0.70	0.70	0.68	0.71	0.71	0.73	0.73	0.68	-0.05	-0.07
Total	8.14	8.49	7.97	8.23	8.68	8.82	9.00	9.16	8.33	-0.83	-0.47
OECD											
LPG&Ethane	4.91	4.90	4.66	4.70	5.03	5.52	5.59	5.62	5.36	-0.26	0.34
Naphtha	3.23	3.24	3.11	3.19	3.31	3.37	3.50	3.52	3.11	-0.41	-0.13
Motor Gasoline	14.15	13.96	14.22	14.23	13.75	13.39	13.04	13.48	13.66	0.19	-0.28
Jet/Kerosene	3.78	3.73	3.56	3.67	3.82	3.84	3.91	3.92	3.69	-0.23	-0.09
Gasoil/Diesel Oil	12.95	12.74	12.54	12.53	13.03	12.78	12.64	13.09	12.63	-0.46	-0.05
Residual Fuel Oil	2.96	2.83	2.80	2.81	2.67	2.73	2.81	2.75	2.63	-0.12	-0.39
Other Products	4.51	4.58	4.65	4.79	4.57	4.07	4.18	4.08	3.94	-0.14	-0.32
Total	46.49	45.98	45.54	45.92	46.19	45.70	45.67	46.46	45.04	-1.42	-0.93

1 Demand, measured as deliveries from refineries and primary stocks, comprises inland deliveries, international bunkers and refinery fuel. It includes crude for direct burning, oil from non-conventional sources and other sources of supply. Jet/kerosene comprises jet kerosene and non-aviation kerosene. Gasoil comprises diesel, light heating oil and other gasoils. North America comprises US 50 states, US territories, Mexico and Canada.
2 Latest official OECD submissions (MOS).
3 As of the August 2012 OMR, includes Chile.
4 As of the August 2012 OMR, includes Estonia and Slovenia.
5 As of the August 2012 OMR, includes Israel.

Table 2b

OIL DEMAND IN SELECTED OECD COUNTRIES[1]

(million barrels per day)

	2011	2012	2Q12	3Q12	4Q12	1Q13	Jan 13	Feb 13	Mar 13 [2]	Latest month vs. Feb 13	Latest month vs. Mar 12
United States[3]											
LPG	2.27	2.28	2.11	2.18	2.44	2.68	2.77	2.77	2.51	-0.26	0.27
Naphtha	0.25	0.25	0.25	0.22	0.26	0.28	0.29	0.31	0.24	-0.07	0.00
Motor Gasoline	8.75	8.71	8.95	8.85	8.54	8.42	8.22	8.42	8.63	0.20	-0.02
Jet/Kerosene	1.44	1.41	1.45	1.45	1.38	1.35	1.31	1.34	1.39	0.05	0.00
Gasoil	3.90	3.74	3.73	3.66	3.75	3.93	4.06	3.97	3.77	-0.19	0.07
Residual Fuel Oil	0.46	0.34	0.35	0.35	0.25	0.37	0.37	0.31	0.43	0.12	0.02
Other Products	1.87	1.88	1.88	2.00	1.88	1.62	1.70	1.61	1.56	-0.05	-0.07
Total	18.95	18.61	18.71	18.72	18.51	18.66	18.73	18.73	18.53	-0.20	0.26
Japan											
LPG	0.50	0.53	0.50	0.49	0.52	0.60	0.62	0.63	0.57	-0.05	-0.05
Naphtha	0.73	0.70	0.66	0.70	0.72	0.76	0.78	0.76	0.74	-0.02	0.04
Motor Gasoline	0.98	0.98	0.93	1.04	0.99	0.92	0.89	0.95	0.94	-0.01	-0.04
Jet/Kerosene	0.53	0.54	0.35	0.34	0.65	0.77	0.88	0.85	0.60	-0.25	-0.12
Diesel	0.45	0.45	0.43	0.46	0.48	0.46	0.41	0.49	0.47	-0.02	0.00
Other Gasoil	0.37	0.37	0.32	0.33	0.38	0.42	0.41	0.45	0.39	-0.06	-0.04
Residual Fuel Oil	0.44	0.56	0.54	0.57	0.54	0.57	0.61	0.60	0.50	-0.10	-0.09
Other Products	0.48	0.58	0.57	0.56	0.57	0.58	0.60	0.59	0.54	-0.04	-0.10
Total	4.48	4.73	4.30	4.48	4.85	5.08	5.19	5.32	4.77	-0.55	-0.39
Germany											
LPG	0.10	0.10	0.10	0.12	0.09	0.11	0.11	0.11	0.10	-0.01	-0.01
Naphtha	0.37	0.37	0.35	0.36	0.39	0.41	0.40	0.43	0.39	-0.04	0.03
Motor Gasoline	0.45	0.43	0.44	0.43	0.42	0.39	0.38	0.40	0.41	0.01	-0.03
Jet/Kerosene	0.18	0.19	0.20	0.21	0.18	0.16	0.16	0.16	0.17	0.01	-0.01
Diesel	0.67	0.69	0.69	0.72	0.68	0.63	0.60	0.65	0.65	0.00	-0.05
Other Gasoil	0.38	0.39	0.37	0.34	0.48	0.41	0.41	0.38	0.44	0.06	0.19
Residual Fuel Oil	0.14	0.13	0.13	0.13	0.13	0.13	0.13	0.14	0.13	-0.01	-0.01
Other Products	0.10	0.09	0.10	0.11	0.08	0.05	0.06	0.05	0.05	0.00	-0.03
Total	2.40	2.39	2.39	2.41	2.44	2.30	2.23	2.32	2.34	0.02	0.08
Italy											
LPG	0.10	0.09	0.08	0.08	0.09	0.12	0.11	0.13	0.11	-0.02	0.02
Naphtha	0.08	0.07	0.08	0.06	0.07	0.08	0.07	0.09	0.08	-0.01	-0.02
Motor Gasoline	0.23	0.20	0.21	0.21	0.19	0.17	0.15	0.19	0.19	0.00	-0.01
Jet/Kerosene	0.09	0.08	0.08	0.10	0.08	0.08	0.07	0.08	0.08	0.00	0.00
Diesel	0.50	0.45	0.47	0.46	0.44	0.41	0.38	0.41	0.43	0.02	-0.04
Other Gasoil	0.11	0.11	0.09	0.10	0.12	0.12	0.12	0.12	0.11	-0.01	0.01
Residual Fuel Oil	0.13	0.12	0.11	0.13	0.11	0.08	0.08	0.08	0.08	0.00	-0.04
Other Products	0.22	0.19	0.20	0.21	0.17	0.19	0.21	0.18	0.17	-0.01	-0.01
Total	1.45	1.31	1.32	1.34	1.28	1.23	1.19	1.28	1.24	-0.04	-0.08
France											
LPG	0.10	0.10	0.09	0.08	0.11	0.13	0.13	0.13	0.12	-0.01	0.00
Naphtha	0.14	0.13	0.15	0.14	0.09	0.15	0.14	0.16	0.15	-0.01	0.01
Motor Gasoline	0.18	0.17	0.17	0.18	0.16	0.14	0.14	0.14	0.15	0.00	-0.01
Jet/Kerosene	0.15	0.15	0.15	0.16	0.14	0.14	0.12	0.15	0.14	-0.01	0.00
Diesel	0.69	0.69	0.70	0.69	0.70	0.66	0.63	0.68	0.67	-0.01	-0.02
Other Gasoil	0.27	0.28	0.23	0.26	0.30	0.33	0.34	0.35	0.31	-0.04	0.06
Residual Fuel Oil	0.08	0.07	0.07	0.06	0.06	0.07	0.06	0.07	0.07	0.00	-0.01
Other Products	0.17	0.15	0.16	0.15	0.15	0.13	0.12	0.12	0.13	0.01	0.00
Total	1.79	1.74	1.71	1.73	1.71	1.74	1.68	1.81	1.74	-0.07	0.02
United Kingdom											
LPG	0.13	0.11	0.12	0.09	0.09	0.09	0.10	0.08	0.11	0.03	-0.02
Naphtha	0.03	0.02	0.02	0.02	0.03	0.04	0.05	0.04	0.03	-0.01	0.01
Motor Gasoline	0.34	0.32	0.33	0.32	0.31	0.30	0.30	0.32	0.29	-0.03	-0.07
Jet/Kerosene	0.32	0.31	0.31	0.31	0.32	0.32	0.30	0.32	0.33	0.01	0.03
Diesel	0.45	0.46	0.46	0.46	0.48	0.45	0.39	0.50	0.47	-0.03	-0.01
Other Gasoil	0.12	0.12	0.11	0.13	0.11	0.11	0.11	0.12	0.11	-0.01	-0.01
Residual Fuel Oil	0.06	0.05	0.05	0.05	0.04	0.05	0.06	0.04	0.04	0.00	-0.01
Other Products	0.15	0.13	0.14	0.13	0.11	0.12	0.12	0.13	0.12	-0.01	-0.03
Total	1.61	1.52	1.55	1.50	1.49	1.49	1.44	1.54	1.50	-0.04	-0.11
Canada											
LPG	0.37	0.38	0.36	0.37	0.41	0.42	0.44	0.40	0.42	0.02	0.01
Naphtha	0.08	0.09	0.09	0.10	0.09	0.08	0.10	0.06	0.07	0.00	-0.03
Motor Gasoline	0.76	0.74	0.76	0.75	0.72	0.73	0.71	0.75	0.74	-0.01	-0.02
Jet/Kerosene	0.12	0.13	0.12	0.14	0.13	0.12	0.13	0.12	0.11	-0.02	-0.01
Diesel	0.30	0.30	0.31	0.31	0.29	0.32	0.32	0.34	0.31	-0.03	-0.01
Other Gasoil	0.27	0.24	0.22	0.22	0.27	0.23	0.24	0.24	0.21	-0.03	-0.02
Residual Fuel Oil	0.09	0.08	0.08	0.08	0.07	0.06	0.07	0.06	0.05	-0.01	-0.04
Other Products	0.31	0.33	0.30	0.37	0.38	0.27	0.32	0.25	0.25	0.00	0.00
Total	2.29	2.29	2.24	2.36	2.37	2.24	2.32	2.23	2.16	-0.08	-0.12

1 Demand, measured as deliveries from refineries and primary stocks, comprises inland deliveries, international bunkers and refinery fuel. It includes crude for direct burning, oil from non-conventional sources and other sources of supply. Jet/kerosene comprises jet kerosene and non-aviation kerosene. Gasoil comprises diesel, light heating oil and other gasoils.
2 Latest official OECD submissions (MOS).
3 US figures exclude US territories.

Table 3
WORLD OIL PRODUCTION
(million barrels per day)

	2011	2012	2013	4Q12	1Q13	2Q13	3Q13	4Q13	Mar 13	Apr 13	May 13
OPEC											
Crude Oil											
Saudi Arabia	9.06	9.51		9.23	9.01				9.04	9.08	9.30
Iran	3.62	3.00		2.71	2.70				2.73	2.65	2.68
Iraq	2.67	2.95		3.12	3.03				3.02	3.24	3.14
UAE	2.50	2.65		2.67	2.67				2.70	2.70	2.73
Kuwait	2.24	2.46		2.51	2.55				2.58	2.55	2.58
Neutral Zone	0.59	0.54		0.52	0.52				0.52	0.52	0.52
Qatar	0.74	0.74		0.72	0.74				0.74	0.73	0.73
Angola	1.66	1.78		1.79	1.76				1.77	1.74	1.78
Nigeria	2.18	2.10		1.99	2.00				2.00	1.98	1.96
Libya	0.46	1.39		1.42	1.38				1.36	1.42	1.38
Algeria	1.18	1.17		1.16	1.15				1.14	1.16	1.15
Ecuador	0.50	0.50		0.50	0.50				0.50	0.50	0.50
Venezuela	2.50	2.50		2.40	2.42				2.45	2.49	2.45
Total Crude Oil[6]	29.90	31.30		30.74	30.43				30.55	30.75	30.89
Total NGLs[1,6]	5.92	6.33	6.58	6.44	6.43	6.50	6.67	6.71	6.43	6.50	6.50
Total OPEC[6]	35.82	37.63		37.18	36.85				36.98	37.25	37.39
OPEC: Historical Composition[6]	35.82	37.63		37.18	36.85				36.98	37.25	37.39
NON-OPEC[2]											
OECD											
Americas[7]	14.61	15.87	16.93	16.64	16.79	16.65	16.89	17.38	16.86	16.82	16.49
United States[5]	8.13	9.17	10.01	9.78	9.80	9.97	10.03	10.24	9.88	10.00	9.97
Mexico	2.94	2.92	2.89	2.90	2.91	2.89	2.88	2.87	2.88	2.88	2.90
Canada	3.53	3.76	4.02	3.95	4.06	3.78	3.97	4.26	4.09	3.92	3.60
Chile	0.01	0.01	0.01	0.01	0.02	0.01	0.01	0.01	0.02	0.02	0.01
Europe[8]	3.77	3.47	3.24	3.34	3.41	3.19	3.01	3.37	3.45	3.33	3.30
UK	1.11	0.95	0.85	0.88	0.97	0.82	0.72	0.90	1.04	0.86	0.88
Norway	2.04	1.91	1.80	1.85	1.82	1.77	1.71	1.89	1.80	1.86	1.83
Others	0.61	0.61	0.59	0.61	0.62	0.59	0.58	0.59	0.62	0.60	0.60
Asia Oceania[9]	0.58	0.56	0.51	0.53	0.45	0.49	0.55	0.56	0.47	0.46	0.49
Australia	0.49	0.48	0.44	0.45	0.37	0.41	0.48	0.48	0.39	0.38	0.41
Others	0.09	0.08	0.08	0.08	0.08	0.08	0.08	0.07	0.08	0.08	0.08
Total OECD	18.96	19.90	20.68	20.51	20.64	20.33	20.45	21.30	20.78	20.61	20.28
NON-OECD											
Former USSR	13.57	13.67	13.71	13.76	13.85	13.73	13.58	13.68	13.85	13.75	13.68
Russia	10.60	10.73	10.77	10.83	10.82	10.82	10.71	10.72	10.82	10.82	10.86
Others	2.97	2.94	2.94	2.94	3.03	2.91	2.87	2.96	3.03	2.93	2.82
Asia	7.69	7.76	7.80	7.88	7.79	7.81	7.80	7.79	7.79	7.77	7.82
China	4.10	4.18	4.24	4.27	4.20	4.26	4.26	4.25	4.21	4.21	4.29
Malaysia	0.65	0.67	0.70	0.70	0.71	0.70	0.70	0.71	0.70	0.70	0.69
India	0.91	0.91	0.91	0.90	0.90	0.90	0.92	0.91	0.90	0.90	0.88
Indonesia	0.93	0.89	0.82	0.87	0.85	0.84	0.81	0.80	0.85	0.84	0.84
Others	1.09	1.12	1.12	1.15	1.13	1.12	1.11	1.12	1.13	1.12	1.12
Europe	0.14	0.14	0.13	0.14	0.13	0.13	0.13	0.13	0.13	0.13	0.13
Latin America	4.24	4.19	4.25	4.22	4.17	4.15	4.28	4.39	4.05	4.10	4.15
Brazil[5]	2.20	2.16	2.18	2.15	2.07	2.08	2.23	2.35	1.94	2.02	2.09
Argentina	0.69	0.67	0.63	0.67	0.66	0.63	0.62	0.61	0.66	0.65	0.62
Colombia	0.92	0.95	1.02	0.97	1.01	1.02	1.02	1.02	1.02	1.01	1.02
Others	0.43	0.42	0.42	0.43	0.43	0.42	0.42	0.41	0.43	0.43	0.42
Middle East[3]	1.65	1.46	1.41	1.48	1.43	1.36	1.43	1.43	1.44	1.35	1.34
Oman	0.89	0.92	0.96	0.95	0.94	0.95	0.97	0.97	0.94	0.94	0.96
Syria	0.33	0.16	0.10	0.16	0.12	0.09	0.09	0.09	0.12	0.12	0.09
Yemen	0.23	0.18	0.16	0.19	0.18	0.12	0.18	0.18	0.19	0.10	0.10
Others	0.20	0.20	0.20	0.19	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Africa	2.60	2.31	2.39	2.29	2.31	2.34	2.44	2.48	2.27	2.29	2.34
Egypt	0.74	0.73	0.71	0.73	0.73	0.72	0.71	0.70	0.72	0.72	0.72
Gabon	0.25	0.25	0.24	0.25	0.23	0.23	0.24	0.24	0.20	0.22	0.23
Others	1.61	1.33	1.44	1.32	1.35	1.40	1.49	1.54	1.35	1.35	1.40
Total Non-OECD	29.88	29.53	29.69	29.77	29.68	29.52	29.66	29.90	29.54	29.39	29.47
Processing Gains[4]	2.11	2.14	2.18	2.13	2.18	2.16	2.20	2.18	2.15	2.12	2.15
Global Biofuels[5]	1.86	1.87	1.94	1.88	1.47	1.93	2.30	2.05	1.48	1.93	1.93
TOTAL NON-OPEC[6]	52.80	53.43	54.49	54.30	53.97	53.94	54.61	55.42	53.95	54.05	53.82
Non-OPEC: Historical Composition[6]	52.80	53.43	54.49	54.30	53.97	53.94	54.61	55.42	53.95	54.05	53.82
TOTAL SUPPLY	88.62	91.07		91.47	90.82				90.93	91.30	91.21

1 Includes condensates reported by OPEC countries, oil from non-conventional sources, e.g. Venezuelan Orimulsion (but not Orinoco extra-heavy oil), and non-oil inputs to Saudi Arabian MTBE. Orimulsion production reportedly ceased from January 2007.
2 Comprises crude oil, condensates, NGLs and oil from non-conventional sources
3 Includes small amounts of production from Jordan and Bahrain.
4 Net volumetric gains and losses in refining and marine transportation losses.
5 As of the July 2010 OMR, Global Biofuels comprise all world biofuel production including fuel ethanol from the US and Brazil.
6 Total OPEC comprises all countries which were OPEC members at 1 January 2009. OPEC Historical Composition comprises countries which were OPEC members at that point in time. Total Non-OPEC excludes all countries that were OPEC members at 1 January 2009. Non-OPEC Historical Composition excludes countries that were OPEC members at that point in time.
7 As of the August 2012 OMR, includes Chile.
8 As of the August 2012 OMR, includes Estonia and Slovenia.
9 As of the August 2012 OMR, includes Israel.

Table 4

OECD INDUSTRY STOCKS[1] AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS[2] in Million Barrels					PRIOR YEARS' STOCKS[2] in Million Barrels			STOCK CHANGES in mb/d			
	Dec2012	Jan2013	Feb2013	Mar2013	Apr2013*	Apr2010	Apr2011	Apr2012	2Q2012	3Q2012	4Q2012	1Q2013
OECD Americas												
Crude	501.1	512.0	520.6	530.6	534.2	502.0	512.6	509.4	0.22	-0.11	-0.10	0.33
Motor Gasoline	265.6	270.5	262.8	260.7	255.4	255.5	239.8	246.8	-0.16	-0.06	0.32	-0.06
Middle Distillate	211.2	206.3	195.6	192.9	198.8	219.6	215.1	198.4	-0.19	0.16	0.08	-0.20
Residual Fuel Oil	42.9	44.8	45.4	45.3	48.0	52.1	48.9	42.3	0.03	-0.01	-0.03	0.03
Total Products[3]	703.6	696.2	670.9	664.4	677.1	678.0	648.8	656.8	0.05	0.27	0.09	-0.44
Total[4]	1362.2	1364.9	1341.4	1346.6	1364.3	1332.6	1314.4	1328.2	0.32	0.24	-0.21	-0.17
OECD Europe												
Crude	306.9	303.8	303.4	306.5	317.3	356.1	317.1	319.1	0.04	-0.12	-0.03	0.04
Motor Gasoline	92.3	96.3	95.4	96.4	94.2	97.1	97.1	94.6	-0.07	0.06	-0.01	0.08
Middle Distillate	260.9	265.1	260.7	255.6	250.3	284.5	285.1	272.9	-0.29	0.12	-0.04	0.02
Residual Fuel Oil	78.4	76.2	78.3	79.9	80.0	90.3	82.4	71.2	-0.01	0.03	0.01	0.04
Total Products[3]	538.9	543.4	536.3	536.2	528.6	573.3	566.0	549.5	-0.38	0.19	-0.04	0.10
Total[4]	905.6	910.6	903.6	903.7	907.0	1002.1	949.2	937.6	-0.34	0.04	-0.14	0.18
OECD Asia Oceania												
Crude	158.5	159.1	149.2	166.8	160.0	174.9	168.5	165.8	0.16	0.00	-0.13	0.09
Motor Gasoline	24.6	27.0	27.1	27.9	27.3	27.3	27.2	26.6	0.01	0.02	-0.04	0.04
Middle Distillate	60.7	62.7	63.9	63.9	62.6	56.0	61.4	60.0	0.08	0.08	-0.09	0.04
Residual Fuel Oil	19.7	19.4	21.4	20.1	20.5	20.6	22.0	20.3	0.00	0.02	-0.02	0.00
Total Products[3]	170.4	172.7	172.6	173.4	171.2	156.7	168.9	163.1	0.16	0.20	-0.16	0.03
Total[4]	396.9	401.8	394.0	412.8	408.5	397.2	411.6	404.4	0.38	0.16	-0.33	0.18
Total OECD												
Crude	966.5	974.9	973.2	1003.8	1011.4	1033.0	998.2	994.3	0.42	-0.24	-0.26	0.46
Motor Gasoline	382.5	393.7	385.3	384.9	376.9	379.9	364.1	367.9	-0.22	0.01	0.27	0.06
Middle Distillate	532.9	534.1	520.2	512.3	511.7	560.0	561.5	531.2	-0.41	0.36	-0.05	-0.15
Residual Fuel Oil	141.0	140.3	145.1	145.3	148.5	163.0	153.3	133.7	0.02	0.03	-0.03	0.07
Total Products[3]	1413.0	1412.4	1379.8	1374.0	1376.8	1407.9	1383.8	1369.5	-0.18	0.65	-0.11	-0.30
Total[4]	2664.8	2677.3	2639.0	2663.0	2679.7	2731.8	2675.2	2670.3	0.36	0.44	-0.69	0.18

OECD GOVERNMENT-CONTROLLED STOCKS[5] AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS[2] in Million Barrels					PRIOR YEARS' STOCKS[2] in Million Barrels			STOCK CHANGES in mb/d			
	Dec2012	Jan2013	Feb2013	Mar2013	Apr2013*	Apr2010	Apr2011	Apr2012	2Q2012	3Q2012	4Q2012	1Q2013
OECD Americas												
Crude	695.3	695.8	696.0	696.0	696.0	726.6	726.5	696.0	0.00	-0.01	0.00	0.01
Products	1.0	1.0	1.0	1.0	1.0	2.0	0.0	1.0	0.00	0.00	0.00	0.00
OECD Europe												
Crude	196.3	204.1	204.6	205.7	205.7	184.4	185.6	189.7	0.04	0.03	0.01	0.03
Products	238.8	264.5	262.6	263.3	263.4	241.6	238.3	234.8	-0.01	0.02	0.03	0.07
OECD Asia Oceania												
Crude	393.6	392.6	389.6	389.6	389.6	390.0	391.1	393.5	0.00	0.00	0.00	-0.04
Products	20.5	20.5	20.4	21.0	21.0	20.0	20.0	20.0	0.00	0.00	0.00	0.01
Total OECD												
Crude	1285.2	1292.5	1290.2	1291.3	1291.3	1301.0	1303.3	1279.1	0.04	0.02	0.02	-0.01
Products	260.3	286.0	284.0	285.3	285.4	263.6	258.3	255.8	-0.01	0.02	0.03	0.08
Total[4]	1546.8	1581.3	1577.6	1579.9	1580.1	1566.0	1563.0	1536.1	0.03	0.04	0.05	0.07

* estimated

1 Stocks are primary national territory stocks on land (excluding utility stocks and including pipeline and entrepot stocks where known) and include stocks held by industry to meet IEA, EU and national emergency reserve commitments and are subject to government control in emergencies.

2 Closing stock levels.

3 Total products includes gasoline, middle distillates, fuel oil and other products.

4 Total includes NGLs, refinery feedstocks, additives/oxygenates and other hydrocarbons.

5 Includes government-owned stocks and stock holding organisation stocks held for emergency purposes.

Table 5
TOTAL STOCKS ON LAND IN OECD COUNTRIES[1]
('millions of barrels' and 'days')

	End March 2012		End June 2012		End September 2012		End December 2012		End March 2013 [3]	
	Stock Level	Days Fwd[2] Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand
OECD Americas										
Canada	170.7	78	169.3	73	177.9	75	172.2	78	169.0	-
Chile	10.5	30	10.3	30	9.8	27	8.9	26	9.5	-
Mexico	44.8	21	45.3	21	48.7	21	47.5	22	48.7	-
United States[4]	1778.8	95	1809.4	97	1819.4	98	1807.8	97	1794.2	-
Total[4]	2026.9	86	2056.3	86	2077.8	87	2058.5	87	2043.6	87
OECD Asia Oceania										
Australia	40.0	39	40.8	39	42.8	40	37.5	36	37.6	-
Israel	-	-	-	-	-	-	-	-	-	-
Japan	579.5	135	601.3	134	605.7	125	590.2	116	589.2	-
Korea	164.0	75	176.7	79	183.8	79	175.4	77	187.6	-
New Zealand	9.0	60	8.0	56	8.9	58	7.8	49	9.0	-
Total	792.5	99	826.8	100	841.3	97	811.0	92	823.4	106
OECD Europe[5]										
Austria	21.7	84	20.8	76	21.0	84	22.1	97	23.7	-
Belgium	34.8	57	38.6	63	38.3	58	38.7	56	37.7	-
Czech Republic	20.2	101	18.6	88	18.9	94	20.2	115	20.3	-
Denmark	21.4	133	19.5	120	20.5	134	22.4	155	25.1	-
Estonia	1.3	43	1.2	43	1.1	36	1.5	50	1.6	-
Finland	29.9	159	28.0	148	28.2	141	26.3	138	36.8	-
France	164.7	96	163.7	95	164.0	96	162.3	93	160.9	-
Germany	284.3	119	279.6	116	283.0	116	287.0	125	290.6	-
Greece	29.1	94	28.9	94	30.1	106	30.8	113	32.3	-
Hungary	17.2	143	15.9	117	15.6	116	15.1	126	16.5	-
Ireland	11.7	91	10.5	83	9.5	68	10.3	78	10.0	-
Italy	142.0	107	137.7	103	146.2	114	128.8	104	133.6	-
Luxembourg	0.5	8	0.6	11	0.7	13	0.7	12	0.7	-
Netherlands	121.1	117	112.6	113	113.5	117	121.3	131	131.3	-
Norway	29.1	115	27.4	108	27.0	94	27.9	107	25.6	-
Poland	64.5	118	62.7	114	62.8	116	63.9	134	62.9	-
Portugal	20.9	88	20.4	87	20.8	98	21.3	98	23.1	-
Slovak Republic	9.0	124	9.0	107	8.8	106	8.5	117	8.7	-
Slovenia	4.7	87	4.6	84	5.2	99	5.3	114	5.0	-
Spain	134.3	104	132.8	104	130.8	105	120.1	101	123.8	-
Sweden	29.6	98	29.0	95	30.2	98	27.7	94	28.1	-
Switzerland	35.3	143	35.2	140	36.7	130	36.8	141	36.5	-
Turkey	62.4	89	64.0	89	63.4	93	62.0	104	62.0	-
United Kingdom	82.2	53	82.5	55	75.4	51	80.9	54	79.2	-
Total	1371.9	99	1343.8	97	1351.8	99	1342.1	102	1376.0	104
Total OECD	4191.3	92	4226.9	92	4270.9	92	4211.5	92	4242.9	95
DAYS OF IEA Net Imports[6]	-	143	-	149	-	150	-	148	-	149

1 Total Stocks are industry and government-controlled stocks (see breakdown in table below). Stocks are primary national territory stocks on land (excluding utility stocks and including pipeline and entrepot stocks where known) they include stocks held by industry to meet IEA, EU and national emergency reserves commitments and are subject to government control in emergencies.
2 Note that days of forward demand represent the stock level divided by the forward quarter average daily demand and is very different from the days of net imports used for the calculation of IEA Emergency Reserves.
3 End March 2013 forward demand figures are IEA Secretariat forecasts.
4 US figures exclude US territories. Total includes US territories.
5 Data not available for Iceland.
6 Reflects stock levels and prior calendar year's net imports adjusted according to IEA emergency reserve definitions (see www.iea.org/netimports.asp). Net exporting IEA countries are excluded.

TOTAL OECD STOCKS

CLOSING STOCKS	Total	Government[1] controlled	Industry	Total	Government[1] controlled	Industry
	Millions of Barrels			*Days of Fwd. Demand*[2]		
1Q2010	4255	1571	2684	92	34	58
2Q2010	4330	1566	2765	91	33	58
3Q2010	4306	1553	2753	91	33	58
4Q2010	4244	1565	2679	90	33	57
1Q2011	4210	1562	2648	93	34	58
2Q2011	4251	1565	2686	91	33	57
3Q2011	4201	1529	2671	90	33	57
4Q2011	4145	1536	2608	90	33	56
1Q2012	4191	1536	2655	92	34	58
2Q2012	4227	1539	2688	92	34	59
3Q2012	4271	1542	2728	92	33	59
4Q2012	4212	1547	2665	92	34	58
1Q2013	4243	1580	2663	95	35	60

1 Includes government-owned stocks and stock holding organisation stocks held for emergency purposes.
2 Days of forward demand calculated using actual demand except in 1Q2013 (when latest forecasts are used).

Table 6

IEA MEMBER COUNTRY DESTINATIONS OF SELECTED CRUDE STREAMS[1]

(million barrels per day)

	2010	2011	2012	2Q12	3Q12	4Q12	1Q13	Jan 13	Feb 13	Mar 13	Year Earlier Mar 12	Year Earlier change
Saudi Light & Extra Light												
Americas	0.69	0.69	0.76	0.88	0.67	0.65	0.69	0.84	0.59	0.61	0.84	-0.23
Europe	0.66	0.83	0.85	0.91	0.97	0.77	0.67	0.69	0.71	0.60	0.71	-0.11
Asia Oceania	1.21	1.24	1.26	1.21	1.21	1.27	1.22	1.32	1.07	1.26	1.48	-0.22
Saudi Medium												
Americas	0.36	0.37	0.44	0.44	0.41	0.43	0.44	0.40	0.33	0.58	0.42	0.16
Europe	0.00	0.02	0.05	0.07	0.05	0.02	-	-	-	-	0.09	-
Asia Oceania	0.34	0.40	0.45	0.42	0.48	0.44	0.49	0.50	0.51	0.46	0.52	-0.06
Saudi Heavy												
Americas	0.02	0.02	0.05	0.15	0.02	0.02	-	-	-	-	-	-
Europe	0.00	0.01	0.12	0.12	0.21	0.13	0.08	0.05	0.09	0.10	0.07	0.03
Asia Oceania	0.22	0.20	0.20	0.18	0.19	0.19	0.20	0.22	0.18	0.20	0.23	-0.03
Iraqi Basrah Light[2]												
Americas	0.36	0.29	0.49	0.55	0.46	0.55	0.56	0.62	0.48	0.57	0.40	0.16
Europe	0.09	0.11	0.26	0.18	0.42	0.31	0.18	0.14	0.14	0.27	0.10	0.17
Asia Oceania	0.29	0.34	0.33	0.34	0.39	0.31	0.35	0.28	0.38	0.39	0.27	0.11
Iraqi Kirkuk												
Americas	0.03	0.07	0.05	0.08	0.04	0.03	0.01	0.03	-	-	0.04	-
Europe	0.27	0.27	0.22	0.23	0.21	0.25	0.19	0.21	0.20	0.16	0.18	-0.02
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Iranian Light												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.24	0.23	0.12	0.16	0.05	0.05	0.10	0.13	0.08	0.08	0.27	-0.19
Asia Oceania	0.04	0.04	0.02	0.02	0.01	0.01	0.01	0.02	-	-	0.02	-
Iranian Heavy[3]												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.49	0.55	0.16	0.21	0.08	0.04	0.02	0.02	0.03	0.02	0.29	-0.27
Asia Oceania	0.52	0.51	0.33	0.38	0.11	0.36	0.39	0.41	0.35	0.41	0.38	0.03
Venezuelan Light & Medium												
Americas	0.14	0.18	0.13	0.15	0.14	0.16	0.17	0.20	0.13	0.16	0.16	0.00
Europe	0.02	0.02	0.02	-	0.01	0.06	0.03	0.08	0.02	-	-	-
Asia Oceania	-	-	0.01	0.01	-	-	-	-	-	-	-	-
Venezuelan 22 API and heavier												
Americas	0.86	0.76	0.69	0.58	0.77	0.73	0.60	0.76	0.31	0.71	0.75	-0.04
Europe	0.06	0.05	0.08	0.09	0.11	0.04	0.06	0.05	0.05	0.08	0.11	-0.04
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Maya												
Americas	0.91	0.82	0.73	0.69	0.76	0.74	0.63	0.75	0.63	0.52	0.69	-0.17
Europe	0.11	0.12	0.14	0.14	0.13	0.17	0.15	0.17	0.15	0.14	0.10	0.05
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Isthmus												
Americas	0.04	0.07	0.04	0.03	0.05	0.04	0.05	0.07	0.07	0.01	0.05	-0.05
Europe	0.02	0.01	0.03	0.05	0.03	0.04	0.03	0.03	0.04	0.02	0.03	-0.01
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Russian Urals												
Americas	0.08	0.01	0.00	0.01	0.01	-	-	-	-	-	-	-
Europe	1.80	1.69	1.86	1.76	1.97	1.94	1.85	1.76	1.85	1.96	1.63	0.33
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Nigerian Light[4]												
Americas	0.60	0.53	0.24	0.31	0.25	0.14	0.14	-	0.16	0.28	0.32	-0.05
Europe	0.34	0.45	0.58	0.52	0.72	0.58	0.65	0.73	0.78	0.45	0.32	0.13
Asia Oceania	-	0.05	0.04	0.06	0.03	0.03	0.02	0.03	0.03	-	0.03	-
Nigerian Medium												
Americas	0.25	0.18	0.12	0.07	0.14	0.21	0.07	0.15	0.07	0.00	0.11	-0.11
Europe	0.09	0.14	0.25	0.25	0.26	0.23	0.21	0.16	0.20	0.25	0.26	-0.01
Asia Oceania	-	-	0.00	-	0.00	-	-	-	-	-	-	-

1 Data based on monthly submissions from IEA countries to the crude oil import register (in '000 bbl), subject to availability. May differ from Table 8 of the Report.
IEA Americas includes United States and Canada.
IEA Europe includes all countries in OECD Europe except Estonia, Hungary and Slovenia.
IEA Asia Oceania includes Australia, New Zealand, Korea and Japan.

2 Iraqi Total minus Kirkuk.

3 Iranian Total minus Iranian Light.

4 33° API and lighter (e.g., Bonny Light, Escravos, Qua Iboe and Oso Condensate).

Table 7
REGIONAL OECD IMPORTS[1,2]
(thousand barrels per day)

	2010	2011	2012	2Q12	3Q12	4Q12	1Q13	Jan 13	Feb 13	Mar 13	Year Earlier Mar 12	% change
Crude Oil												
Americas	7494	6870	6101	6502	6147	5610	5092	5258	4649	5327	6276	-15%
Europe	9072	8988	9346	9177	9795	9286	8931	8852	9156	8808	8873	-1%
Asia Oceania	6473	6609	6761	6727	6627	6702	7002	7091	6885	7020	6658	5%
Total OECD	23038	22468	22208	22406	22568	21597	21026	21201	20691	21154	21807	-3%
LPG												
Americas	34	33	26	28	34	23	37	30	45	36	30	20%
Europe	285	318	287	281	271	297	372	315	379	422	278	52%
Asia Oceania	565	568	620	603	598	615	598	601	583	607	724	-16%
Total OECD	884	919	933	911	903	936	1006	946	1007	1066	1032	3%
Naphtha												
Americas	36	42	20	34	17	15	15	13	22	12	9	27%
Europe	399	298	350	363	291	347	358	422	289	356	324	10%
Asia Oceania	908	884	900	878	920	961	954	981	866	1008	729	38%
Total OECD	1344	1224	1270	1275	1228	1324	1328	1416	1178	1375	1061	30%
Gasoline[3]												
Americas	801	762	725	775	800	652	578	547	491	687	692	-1%
Europe	187	222	213	181	201	188	134	125	141	136	288	-53%
Asia Oceania	84	95	86	92	68	89	98	93	109	93	119	-22%
Total OECD	1073	1078	1023	1048	1068	928	810	765	741	916	1099	-17%
Jet & Kerosene												
Americas	76	77	73	65	99	86	50	50	73	30	33	-9%
Europe	418	397	398	375	458	466	321	419	197	335	268	25%
Asia Oceania	45	58	63	38	55	82	107	112	137	75	83	-10%
Total OECD	539	532	534	479	612	635	478	581	408	440	384	14%
Gasoil/Diesel												
Americas	100	72	59	45	50	69	82	63	81	102	92	10%
Europe	1071	1044	984	871	967	1075	1047	1011	1031	1096	1123	-2%
Asia Oceania	103	147	185	176	194	203	175	176	223	132	210	-37%
Total OECD	1275	1263	1228	1091	1211	1348	1304	1249	1335	1330	1426	-7%
Heavy Fuel Oil												
Americas	277	268	206	217	208	181	163	173	66	240	249	-3%
Europe	464	537	521	534	483	439	605	622	668	531	550	-4%
Asia Oceania	123	153	223	203	227	241	260	252	333	203	190	7%
Total OECD	864	958	951	954	918	860	1028	1047	1067	974	989	-1%
Other Products												
Americas	807	871	813	831	838	829	735	732	762	715	674	6%
Europe	692	700	654	680	658	671	839	924	855	740	656	13%
Asia Oceania	367	366	356	370	359	317	381	419	299	416	394	6%
Total OECD	1866	1937	1823	1881	1855	1817	1955	2075	1915	1871	1723	9%
Total Products												
Americas	2132	2124	1923	1995	2045	1855	1661	1608	1541	1822	1779	2%
Europe	3516	3516	3406	3284	3329	3483	3675	3838	3560	3616	3486	4%
Asia Oceania	2197	2271	2432	2361	2421	2509	2573	2633	2550	2534	2449	3%
Total OECD	7845	7911	7761	7640	7795	7847	7909	8079	7652	7971	7714	3%
Total Oil												
Americas	9625	8995	8024	8497	8192	7465	6753	6867	6190	7149	8055	-11%
Europe	12588	12504	12752	12461	13124	12769	12606	12690	12717	12423	12359	1%
Asia Oceania	8670	8880	9194	9088	9048	9210	9575	9724	9435	9553	9107	5%
Total OECD	30883	30379	29969	30046	30363	29444	28935	29280	28342	29125	29521	-1%

1 Based on Monthly Oil Questionnaire data submitted by OECD countries in tonnes and converted to barrels.
2 Excludes intra-regional trade.
3 Includes additives.

© OECD/IEA 2013. All Rights Reserved

The International Energy Agency (IEA) makes every attempt to ensure, but does not guarantee, the accuracy and completeness of the information or the clarity of content of the *Oil Market Report* (hereafter the *OMR*). The IEA shall not be liable to any party for any inaccuracy, error or omission contained or provided in this *OMR* or for any loss, or damage, whether or not due to reliance placed by that party on information in this *OMR*.

The Executive Director and Secretariat of the IEA are responsible for the publication of the *OMR*. Although some of the data are supplied by IEA Member-country governments, largely on the basis of information they in turn receive from oil companies, neither these governments nor these oil companies necessarily share the Secretariat's views or conclusions as expressed in the *OMR*. The *OMR* is prepared for general circulation and is distributed for general information only. Neither the information nor any opinion expressed in the *OMR* constitutes an offer, or an invitation to make an offer, to buy or sell any securities or any options, futures or other derivatives related to such securities.

This *OMR* is the copyright of the OECD/IEA and is subject to terms and conditions of use. These terms and conditions are available on the IEA website at http://www.iea.org/oilmar/licenceomr.html. In relation to the Subscriber Edition (as defined in the OMR's online terms and conditions), all Argus information is sourced from Copyright © 2013 Argus Media Limited and is published here with the permission of Argus. The spot crude and product price assessments are based on daily Argus prices, converted when appropriate to US$ per barrel according to the Argus specification of products. Argus Media Limited reserves all rights in relation to all Argus information. Any reproduction of Argus information requires the express prior written permission of Argus. Argus shall not be liable to any party for any inaccuracy, error or omission contained or provided in Argus information contained in this OMR or for any loss, or damage, whether or not due to reliance placed by that party on information in this OMR.

OMR Contacts

Editor and Head, Oil Industry and Markets Division

Antoine Halff

Analysts

Michael Cohen (Non-OPEC Supply)

Diane Munro (OPEC Supply and Prices)

Matt Parry (Demand)

Timothy Hess (Refining)

Andrew Wilson (Stocks/Statistics)

Statistics

Lenka Laukova

Valerio Pilia

Editorial assistant

Annette Hardcastle

Contact:

☎ (+33) 0*1 40 57 66 67

✉ **OilMarketReport@iea.org**

* 0 - only within France

Media Enquiries

IEA Press Office

(+33) 0* 1 40 57 65 54

✉ **ieapressoffice@iea.org**

Subscription and Delivery Enquiries

Oil Market Report Subscriptions
International Energy Agency
BP 586-75726 PARIS Cedex 15, France

✉ **OMRSubscriptions@iea.org**

☎ (+33) 0* 1 40 57 67 72

☎ (+33) 0* 1 40 57 66 90

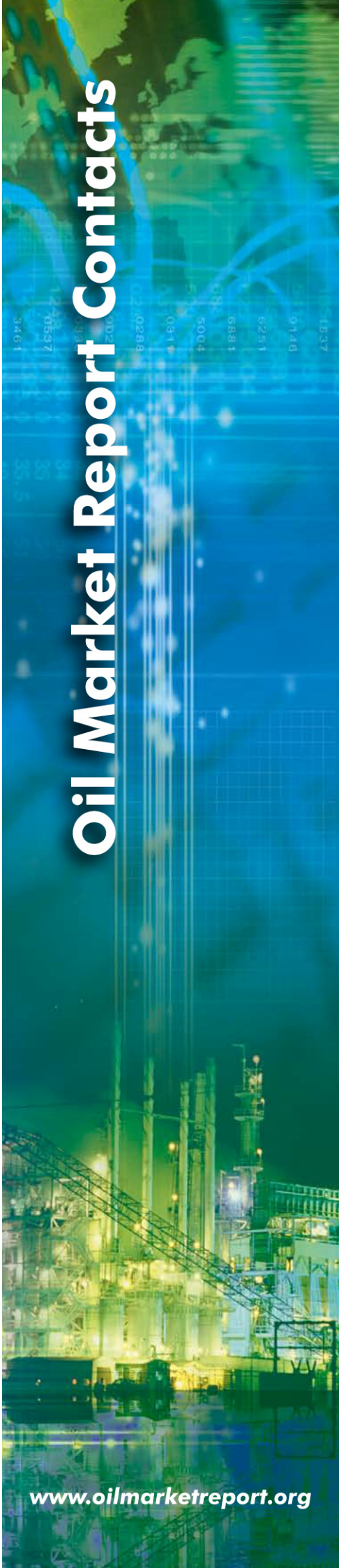
User's Guide and Glossary to the IEA *Oil Market Report*

For information on the data sources, definitions, technical terms and general approach used in preparing the *Oil Market Report (OMR)*, *Medium-Term Oil Market Report (MTOMR)* and *Annual Statistical Supplement* (current issue of the Statistical Supplement dated 10 August 2012), readers are referred to the *Users' Guide* at www.oilmarketreport.org/glossary.asp. It should be noted that the spot crude and product price assessments are based on daily Argus prices, converted when appropriate to US$ per barrel according to the Argus specification of products (Copyright © 2013 Argus Media Limited - all rights reserved).

The *Oil Market Report* is published under the responsibility of the Executive Director and Secretariat of the International Energy Agency. Although some of the data are supplied by Member-country Governments, largely on the basis of information received from oil companies, neither governments nor companies necessarily share the Secretariat's views or conclusions as expressed therein.

© OECD/IEA 2013

Next Issue: 11 July 2013





International Energy Agency

11 July 2013

HIGHLIGHTS

- **Despite a lacklustre economic outlook, futures markets were buoyed by upheaval in Egypt and supply-side issues**. Futures edged mildly higher in June but posted stronger gains in early July, with Brent last trading at $108.30/bbl and WTI at $105.20/bbl.

- **Global demand is forecast to grow by 1.2 mb/d in 2014, following upwardly-revised growth of 930 kb/d in 2013.** Unseasonably cold weather in the OECD helped to raise the estimates for 2Q13 and full-year 2013 by 645 kb/d and 215 kb/d, respectively.

- **Non-OPEC supply is forecast to increase by 1.3 mb/d in 2014, higher than an upwardly revised 1.2 mb/d for 2013**. Global supplies fell by 0.3 mb/d to 91.2 mb/d in June m-o-m, as lower OPEC crude output more than offset an 80 kb/d gain in non-OPEC supply.

- **Disruptions in Libya, Nigeria and Iraq cut OPEC crude oil supplies by 370 kb/d in June, to 30.61 mb/d.** The 'call on OPEC crude and stock change' for 1H13 was raised by 350 kb/d to 29.6 mb/d, as cold weather lifted 2Q13 demand. For 2014, the 'Call' is forecast to decline by 200 kb/d to 29.4 mb/d.

- **OECD commercial total oil inventories built seasonally by a relatively weak 4.8 mb in May, to 2 683mb.** Product stocks rose by 16.8 mb, leaving forward demand cover unchanged at 30.4 days. Preliminary data show that stocks built by a further 23.2 mb in June.

- **North American crude runs surged in May and June ahead of an exceptionally steep seasonal ramp up in global throughputs expected in 3Q13.** Global crude throughputs are expected to ramp up by a steeper-than-normal 2.3 mb/d from 2Q13 to 3Q13, in line with previous forecasts and driven by the non-OECD region.

www.oilmarketreport.org

TABLE OF CONTENTS

HIGHLIGHTS 1

A CONFLICTED OUTLOOK FOR 2014 3

DEMAND 4
- Summary 4
- Global Overview 4
- Demand Forecast Extended to Include 2014 5
- Top-10 Consumers 6
- OECD 10
  - Americas 11
  - Europe 12
  - Asia Oceania 12
- Non-OECD 13

SUPPLY 14
- Summary 14
- OPEC Crude Oil Supply 15
- Non-OPEC Overview 19
  - OECD Americas 19
  - North Sea 20
  - Asia 21
- Non-OECD 21
  - Latin America 21
  - Africa 21
- Americas to dominate Non-OPEC Growth in 2014 22
  - Former Soviet Union 23

OECD STOCKS 26
- Summary 26
- OECD Inventory Position at End-May and Revisions to Preliminary Data 26
- Analysis of Recent OECD Industry Stock Changes 27
  - OECD Americas 27
  - OECD Europe 28
  - OECD Asia Oceania 29
- Recent Developments in Singapore and China Stocks 30

PRICES 32
- Summary 32
- Market Overview 32
- Futures Markets 34
  - Activity Levels 34
  - Financial Regulation 35
- Spot Crude Oil Prices 36
- Choke Points in Egypt Back in Focus 38
- Spot Product Prices 39
- Freight 40

REFINING 42
- Summary 42
- Global Refinery Overview 42
- OECD Refinery Throughput 44
- A Club Med Vacation for Southern Europe's Refiners? 46
- Non-OECD Refinery Throughput 47

TABLES 51

A CONFLICTED OUTLOOK FOR 2014

Whether you are an oil bull or a bear, this market has something to please you – and worry you.

Oil bears were in for a scare last month as prices ramped up from a low of $93.31/bbl in early June to $105.20/bbl at the time of writing for WTI, a $12 swing. While the headlines zeroed in on Egypt as the reason for the rally, it probably was not the only one, nor even the main one. Mass protests in Egypt and the ouster of President Mohamed Morsi on 3 July certainly brought the country's importance as a key oil transit route back into focus, two years after the 'Arab Spring' first swept through it in January 2011. But oil shipments were unimpeded then, and there has again been no interruption or direct threat this time around to either the Suez Canal or the 2.4 mb/d SUMED pipeline.

Rising refinery runs in the US Midwest and flooding in Alberta may have been more immediate -- if less noted -- factors behind recent price gains. Supply disruptions in the oil sands, as Enbridge shut a pipeline as a precaution, may help explain why WTI prices rose faster than Brent, bringing the spread between the two to its narrowest in over two years – even as mounting unrest and attacks in Libya, Nigeria and Iraq slashed OPEC output by 370 kb/d.

Meanwhile, unseasonably cold weather in the OECD sparked a demand surprise, at a time of year – the second quarter – when demand normally hits a low point. The latest OECD data raised our estimate of second-quarter demand by a steep 645 kb/d, lifting the full-year average by 215 kb/d.

While this might sound bullish, the 2014 outlook, which this *Report* lays out in detail for the first time, should also give oil bulls some cause for alarm. Non-OPEC supply growth looks on track to hit a 20-year record next year, surpassing the 1.3 mb/d high reached in 2002. While demand growth is also forecast to pick up momentum, rising to 1.2 mb/d in 2014 from an upwardly revised 930 kb/d in 2013, this will still fall short of forecast non-OPEC supply growth. As a result, the "Call on OPEC plus Stock Changes" is set to edge down in 2014 to 29.4 mb/d, from 29.6 mb/d this year.

But there are many uncertainties to this forecast. Demand projections remain subject to revision. This *Report*'s projections have yet to take into account the latest downgrade in the IMF forecast of global economic growth, as it came too late in our data processing cycle. Nor do they incorporate the forthcoming 'Green Book', the IEA annual collection of detailed non-OECD statistics, to be completed later this summer. Given how the market's centre of gravity has shifted towards the emerging economies, revisions to non-OECD historical data could have a bigger impact on the overall oil market outlook this year than ever before.

On the supply side, upheaval in the Middle East and North Africa remains an overarching concern. As noted in the 2013 *Medium-Term Oil Market Report* (*MTOMR*), the onset of the 'Arab Spring' two years ago was just the beginning of a far-reaching process of political and social transition. Above-ground disruptions in the MENA region already have provided a major offset to rising North American supply, and may continue to do so. The North American supply outlook has its own uncertainties, premised as it is on continued high oil prices.

Oil supply and demand, the focus of our 2014 outlook, are not the only factors that will shape oil markets this year and next. Tectonic shifts in the midstream and downstream industries, described in more detail in the *MTOMR*, will be equally important. Already US refineries have begun ramping up from spring maintenance, leading to an expected steep increase in global refining activity in 3Q13. This *Report* casts a spotlight on how some European refiners have been adjusting to rising international competition. Whether they will get more than temporary reprieve in view of the sector's rapid transformation remains unclear.

DEMAND

Summary

- **Global oil demand is forecast to grow by 1.2 mb/d in 2014** to 92.0 mb/d, from an upwardly revised 930 kb/d in 2013. Momentum is forecast to build in 2014 as the economic backdrop that underpins demand is thought likely to brighten. The International Monetary Fund's April *World Economic Outlook* depicts global GDP growth rising from 3.3% in 2013 to 4.0% in 2014. Given the current state of the world economy, however, particularly heightened risks surround forecasts of both economic progress and oil consumption. Non-OECD demand continues to lead global growth, to such an extent that it is forecast to take a leading share over the contracting OECD from 2Q14.

- **Unseasonably cold late-winter weather in 2Q13, compounding the impact of baseline revisions to 2012 data, has raised the global growth estimate for 2013 by 145 kb/d.** Demand for the year is now assessed at 90.8 mb/d. The recent spike in heating demand was the main driver behind upward revisions of 645 kb/d to preliminary demand estimates for 2Q13, now pegged at 90.1 mb/d.

- **OECD baseline data revisions have added roughly 75 kb/d of additional consumption to the 2012 estimate,** now assessed at 89.8 mb/d. Upward revisions to demand data for Australia (+85 kb/d), Italy (+45 kb/d) and South Korea (+35 kb/d) led the adjustment.

Global Oil Demand (2012-2014)

(million barrels per day)

	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014
Africa	3.5	3.5	3.5	3.6	3.5	3.6	3.7	3.7	3.7	3.7	3.8	3.8	3.8	3.9	3.8
Americas	29.7	30.2	30.5	30.5	30.2	30.2	30.4	30.6	30.5	30.4	30.2	30.5	30.9	30.7	30.6
Asia/Pacific	29.8	28.9	29.1	30.4	29.5	30.5	29.4	29.5	30.8	30.0	31.0	30.1	30.2	31.4	30.7
Europe	14.4	14.5	14.5	14.4	14.5	13.8	14.3	14.4	14.3	14.2	13.9	13.9	14.4	14.3	14.1
FSU	4.4	4.4	4.6	4.6	4.5	4.4	4.5	4.7	4.8	4.6	4.6	4.6	4.8	4.9	4.7
Middle East	7.2	7.8	8.1	7.4	7.6	7.4	7.9	8.3	7.7	7.8	7.6	8.1	8.6	7.9	8.0
World	**89.0**	**89.3**	**90.2**	**90.9**	**89.8**	**90.0**	**90.1**	**91.2**	**91.9**	**90.8**	**91.1**	**91.0**	**92.7**	**93.1**	**92.0**
Annual Chg (%)	0.6	1.7	0.6	1.4	1.1	1.1	0.9	1.0	1.1	1.0	1.2	1.1	1.7	1.3	1.3
Annual Chg (mb/d)	0.5	1.5	0.5	1.3	1.0	1.0	0.8	0.9	1.0	0.9	1.1	0.9	1.6	1.2	1.2
Changes from last OMR (mb/d)	0.08	0.07	0.06	0.08	0.07	0.15	0.65	0.07	0.00	0.22					

Global Overview

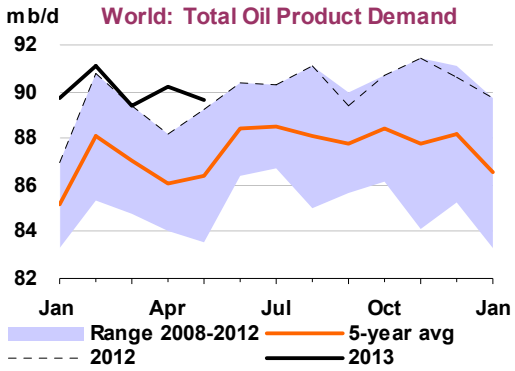
This month's *Report* includes both extended forecast data and revisions to historical figures. Looking forward, detailed monthly estimates for 2014 have been added to the forecast. Aggregate demand growth of 1.2 mb/d (or 1.3%) is now forecast for 2014 (to 92.0 mb/d), up from 930 kb/d in 2013 (to 90.8 mb/d), and is consistent with the trend of the five-year outlook unveiled in the 2013 *Medium-Term Oil Market Report (MTOMR)*, released in May. As in the *MTOMR*, the pick up in demand growth is underpinned by improving macroeconomic conditions. Unlike the *MTOMR*, however, this month's *Report* provides a complete breakdown of the 2014 projection by quarter. Looking backward, baseline revisions have been applied to OECD data following the comprehensive data collection process conducted annually by the IEA's Energy Data Center, our statistical division, which was just completed. The net result of those baseline revisions is to raise the estimate of 2012 global oil demand by roughly 75 kb/d, to 89.8 mb/d.

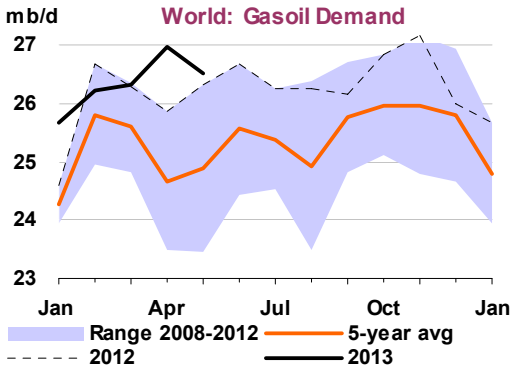
Upward revisions to the baseline estimate of OECD demand for 2012 were led by adjustments to Australia (+85 kb/d), Italy (+45 kb/d), South Korea (+35 kb/d) and the Netherlands (+25 kb/d). Downward revisions to Mexico (-45 kb/d) and Norway (-40 kb/d) provided a partial offset. Net upward adjustments of 75 kb/d lift the aggregate demand estimate of OECD consumption to 46.0 mb/d for 2012.

While notable, those changes to the OECD baseline are outstripped by a 645 kb/d upward adjustment to the estimate of global demand for 2Q13, to 90.1 mb/d. Several large revisions to preliminary April data underpin this increase. Thus, the estimate of German demand for April has been revised higher by 125 kb/d, based on the latest inland delivery statistics. Other big April additions include the US (+370 kb/d), Australia (+125 kb/d), Brazil (+125 kb/d) and Canada (+110 kb/d). On the other hand, a few countries provided offsetting reductions versus earlier forecasts. Those included Saudi Arabia (-50 kb/d) and Taiwan (-40 kb/d), but most of the changes were to the upside.

A number of preliminary releases for May also contributed to the higher 2Q13 estimate, with notable above-forecast preliminary data coming out for the US (+265 kb/d), Russia (+110 kb/d), Germany (+85 kb/d) and France (+80 kb/d). Reductions in China (-215 kb/d) and Mexico (-105 kb/d) were a partial offset.

Despite the higher 2Q13 estimate and underlying OECD baseline, the general structure of this year's demand forecast remains unchanged. Hence, the 2013 consumption outlook has only been raised by 145 kb/d. In the year as a whole, the world is now forecast to consume an average of around 90.8 mb/d, up 930 kb/d from the revised 2012 global demand estimate. Nor did we fundamentally alter the make-up of the 2H13 forecast, as upward revisions to the 2Q13 estimate seem to stem in part from one-off factors such as unseasonably cold late-winter weather in many countries. Indeed, a gasoil demand spike in April accounted for much of the revision, consistent with the notion of a short-lived jump in heating demand.

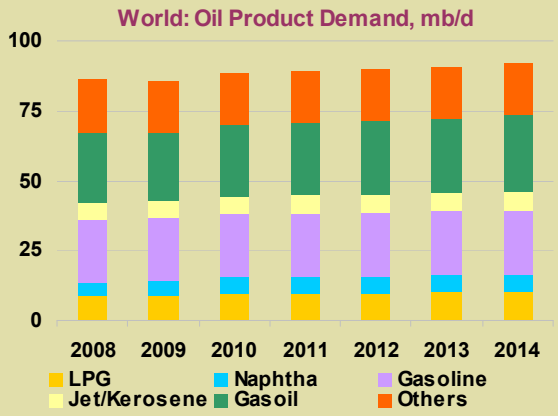




Demand Forecast Extended to Include 2014

This month's demand forecast has been extended to include detailed quarterly projections for 2014. Overall, global demand growth is expected to gain momentum in 2014, rising to 1.2 mb/d from an upwardly-revised growth forecast of 0.9 mb/d for 2013. Accelerating oil demand growth is expected to be supported by a stronger macroeconomic backdrop, in line with the International Monetary Fund's April *World Economic Outlook* forecast of 4% global GDP growth in 2014, up from 3.3% in 2013. As always, efficiency gains will curb the impact of stronger economic activity at the margin.

Demand growth is forecast to be unevenly distributed across the barrel. Extending earlier trends, gasoil (which includes diesel) is expected to lead 2014 growth (with incremental demand of around 0.4 mb/d), followed by gasoline (+0.3 mb/d) and LPG (+0.2 mb/d). Gasoil demand growth had briefly dipped below that for gasoline in 2012-13, but is expected to leap ahead again on the back of stronger industrial and manufacturing growth.



Demand Forecast Extended to Include 2014 (continued)

It will not come as a surprise that emerging markets and developing economies are forecast to lead demand growth in 2014, as they have for some time, more than offsetting the continued OECD contraction. Non-OECD oil consumption is forecast to average out at around 46.5 mb/d in 2014, up by 1.4 mb/d (or 3.1%) on the year and well above the OECD average of 45.5 mb/d. China is forecast to remain the main engine of demand growth in 2014 (+385 kb/d), followed by the rest of non-OECD Asia (+325 kb/d) and the Middle East (+225 kb/d). While demand in the OECD region is expected to contract, it will do so at a much slower pace than has been the case in the last few years since the 2008 financial crisis, edging down by 0.4% in 2014 compared to the 0.8% drop of 2013. This forecast slowdown in OECD demand contraction reflects expectations that OECD economies will on average return to growth in 2014.

Significant risks are associated with this demand forecast, macroeconomic uncertainty foremost among them. The IMF, for example, highlighting, in April, "the absence of strong fiscal consolidation plans in the US and Japan" as a worry, and points to the danger of "high private sector debt, limited policy space, and insufficient institutional progress in the euro area". Given the downside risks to the IMF's 4.0% growth forecast for 2014 estimate, our 1.2 mb/d oil demand growth forecast for that year could also prove optimistic (or pessimistic, depending upon how economic growth unfolds).

Top-10 Consumers

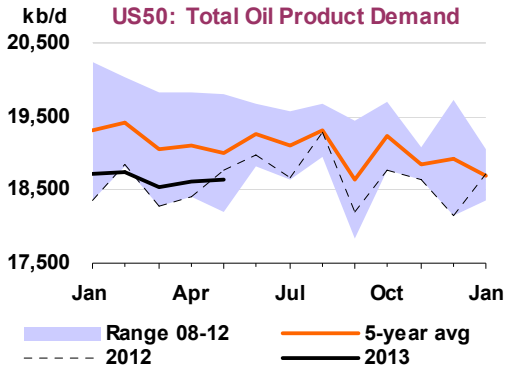
US

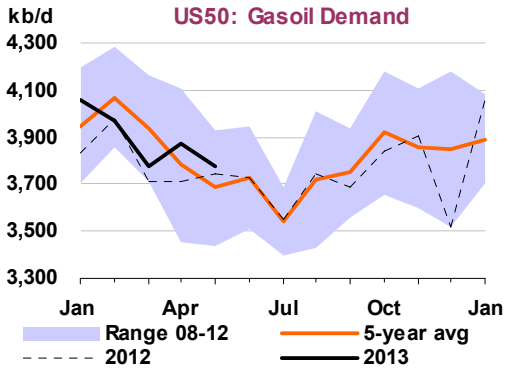
Revised data from the US Energy Information Administration have added roughly 370 kb/d to the estimate of April demand, now pegged at 18.6 mb/d. The majority of the additions applied to industrial fuels, notably gasoil (+190 kb/d, to 3.9 mb/d) and LPG (+105 kb/d, to 2.2 mb/d), although estimates of transportation use were also revised higher. Based on this revision, aggregate US demand now looks to have grown year-on-year (y-o-y) for a second consecutive month. The forecast of US demand for the year has been adjusted upwards to show roughly flat growth, rather than the marginal contraction forecasted earlier.

Top-10 Oil Consumers
(thousand barrels per day)

	Demand			Annual Chg (kb/d)			Annual Chg (%)		
	Apr-13	2012	2013	Apr-13	2012	2013	Apr-13	2012	2013
US50	18,619	18,606	18,609	225	-343	3	1.2	-1.8	0.0
China	9,767	9,597	9,957	357	365	360	3.8	4.0	3.7
Japan	4,319	4,715	4,553	-56	244	-162	-1.3	5.4	-3.4
India	3,785	3,656	3,759	100	139	103	2.7	3.9	2.8
Brazil	3,127	3,005	3,113	215	122	108	7.4	4.2	3.6
Russia	3,109	3,293	3,400	33	88	107	1.1	2.8	3.3
Saudi Arabia	2,941	3,012	3,134	27	137	123	0.9	4.8	4.1
Germany	2,589	2,388	2,386	298	-8	-2	13.0	-0.3	-0.1
Korea	2,267	2,301	2,309	136	43	8	6.4	1.9	0.4
Canada	2,262	2,287	2,302	92	20	16	4.2	0.9	0.7
% global demand	59%	59%	59%						

Preliminary estimates of May demand have also been revised upwards, by around 265 kb/d, with industrial fuels once again leading the upside. Amended May data showing an addition of 160 kb/d for gasoil consumption, to 3.8 mb/d, and 70 kb/d for LPG to 2.2 mb/d. The forecast of annual demand for 2013 has been raised to 18.6 mb/d, roughly on par with 2012, as accelerating US economic recovery offsets the impact of a structural decline in consumption. A modest dip, down by 0.1% to 18.6 mb/d, is then forecast for 2014, as efficiency gains continue to dampen the US demand outlook.



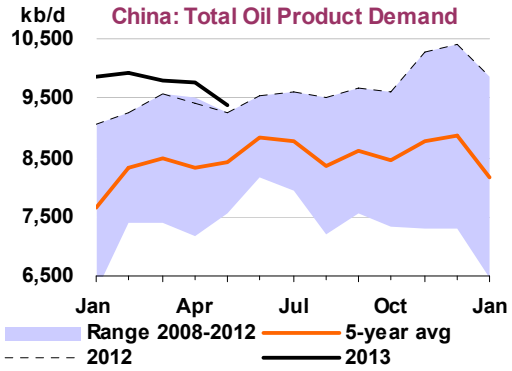


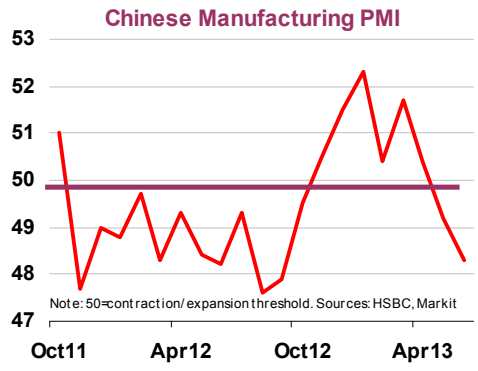
China

Amid signs of a slowdown in the economy and reports of potential banking problems, a dip in Chinese apparent demand (defined as the sum of refinery output and net product imports, minus product inventory builds) to a one-year low of 9.4 mb/d in May might not come as a surprise. Although May demand still shows y-o-y growth it amounts to a reduction of roughly 215 kb/d on our month earlier forecast. Aside from China's slower economic growth, heavy seasonal maintenance, which has slashed product output at refineries, and heavy rains in the south, which have curbed diesel use, appear to have been key factors behind the revisions.

China: Demand by Product
(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2012	2013	2014	2013	2014	2013	2014
LPG & Ethane	729	742	755	13	13	1.7	1.7
Naphtha	1,116	1,174	1,257	58	83	5.2	7.1
Motor Gasoline	1,898	2,057	2,162	159	105	8.4	5.1
Jet Fuel & Kerosene	446	474	494	28	20	6.3	4.1
Gas/Diesel Oil	3,228	3,262	3,367	34	105	1.1	3.2
Residual Fuel Oil	524	537	556	13	19	2.5	3.5
Other Products	1,656	1,711	1,756	55	45	3.3	2.7
Total Products	**9,597**	**9,957**	**10,346**	**360**	**389**	**3.7**	**3.9**



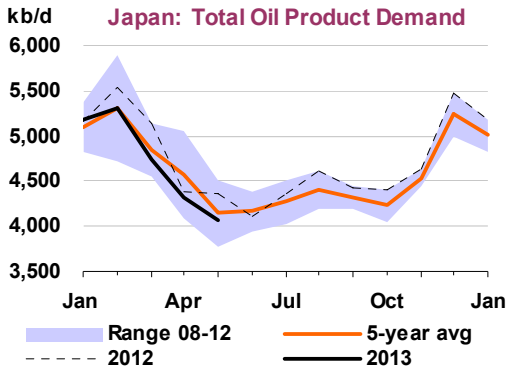


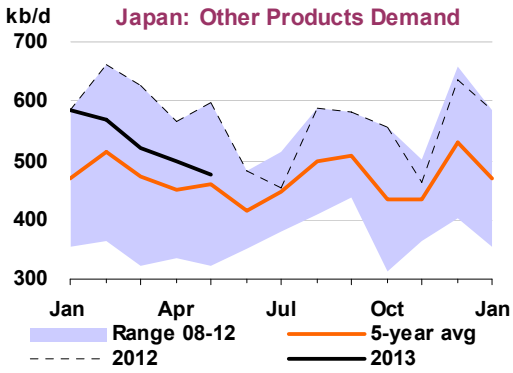
While diesel dominates the Chinese demand barrel, growth has been slower in 2013 than for any other product. Consumption from both the agricultural and industrial sectors is reported weak. The closely-watched HSBC Chinese Manufacturing Purchasing Managers' Index (PMI) fell to a nine-month low in June, its second consecutive month in 'contracting' territory. Although we continue to forecast that oil demand growth will gain momentum in the second half of the year, recent weakness has cut the growth outlook for the year as a whole to 3.7% from 3.8% a month earlier. Average consumption for 2013 as a

whole remains projected at approximately 10.0 mb/d. A modest acceleration, to 3.9%, is forecast for 2014, taking consumption up to around 10.3 mb/d.

Japan

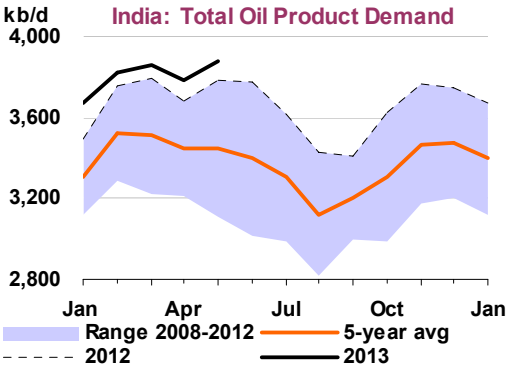
Preliminary assessments of Japanese demand for May have been revised upwards by nearly 60 kb/d, led by 'other products' and gasoil, following a long series of downward revisions to early Japanese demand estimates. Fuel switching in the power-generation industry away from nuclear and towards thermal generation no longer serves as a major driver of annual oil demand growth as most nuclear power plants have been idled for more than a year. Total product demand has been wavering between contractions of 1.3% in April and a dip of 7.8% in March. For 2013 as a whole, demand is forecast to decline by 3.4% to 4.6 mb/d. A further decline, of around 1.8%, is foreseen for 2014 as the use of both fuel oil and crude oil in the power sector are forecast to further unwind.

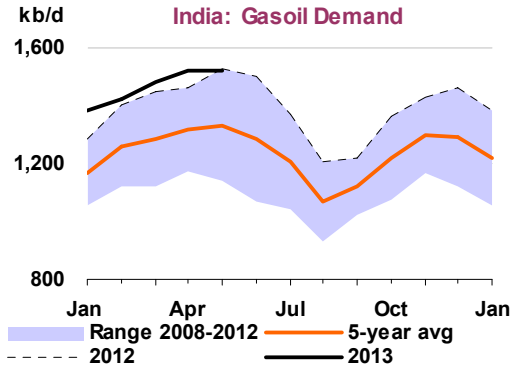




India

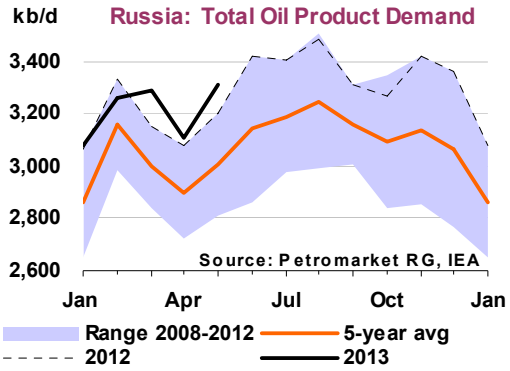
The forecast for Indian demand growth is left roughly unchanged at around 2.8% in 2013. The latest data for April and May were broadly in line with expectations. Preliminary May data pointed towards y-o-y growth of 2.3%, to 3.9 mb/d, only 20 kb/d below last month's forecast. Specifically, diesel use fell after recent subsidy cuts lifted pump prices. Overall, Indian demand growth is forecast to pick up momentum in 2014, to +3.5%, supported by the strengthening economic backdrop.

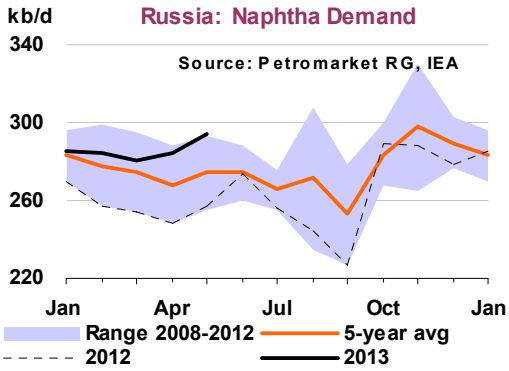




Russia

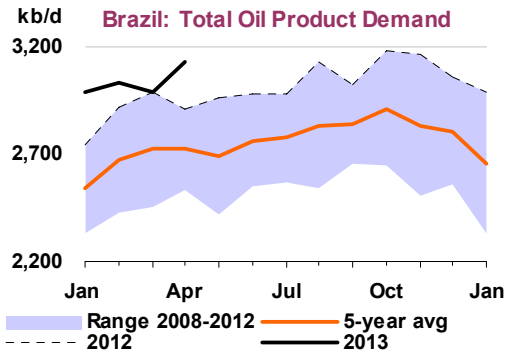
The Russian demand trend reaccelerated in May, taking average Russian consumption up to a five-month high of around 3.3 mb/d. Leading the upside momentum were particularly sharp gains in naphtha, fuel oil and 'other products'. Demand growth in Russia is forecast to stabilise at around 3.3% in 2013-14, supported by relatively robust macroeconomic conditions and associated gains in projected income growth.

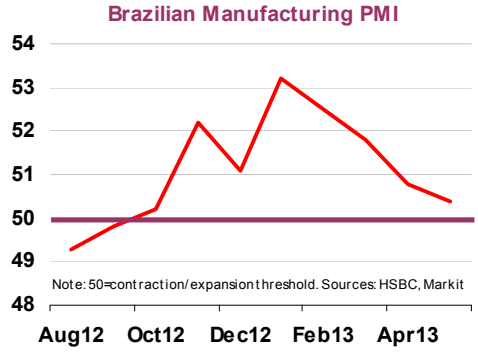




Brazil

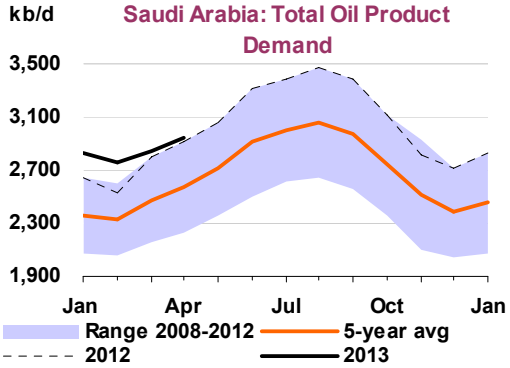
The sharp upturn in Brazilian oil consumption in April came as something of a surprise and belied the recent economic news flow, with demand growth back up to the level unseen since the turn of the year. As in other Christian nations, the earlier arrival of Easter in 2013 may have played a role. The Easter holiday spread over both March and April in 2013, whereas in 2012 it fell in April only. This may have helped raise y-o-y industrial fuel consumption figures for April 2013. This fits the revised Brazilian data, as gasoil and LPG posted the largest revisions.

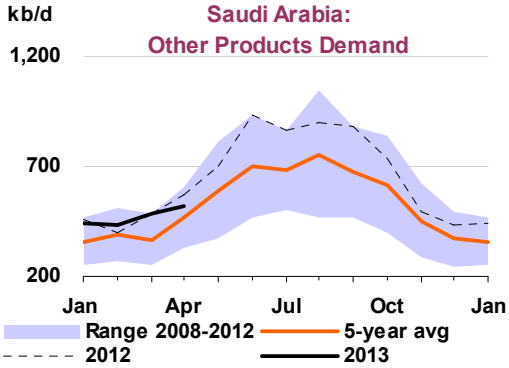




Saudi Arabia

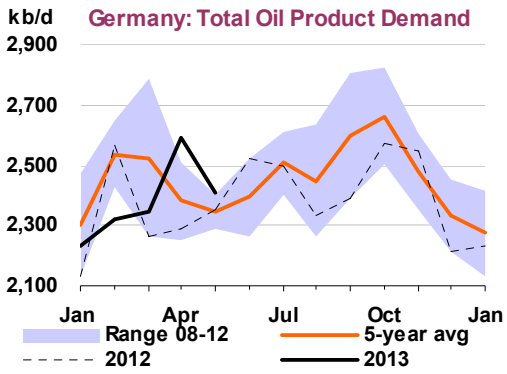
Preliminary April demand data for Saudi Arabia saw a continuation of the recent below-trend growth, with consumption only modestly above year-earlier levels for a second successive month, reversing the previous strongly rising trend. Weak March-April growth reflects a combination of cooler weather and sharply falling consumer confidence, as highlighted in last month's *Report*. Near 4% per annum demand growth is forecast over the next couple of year, as oil usage closely reflects the economic backdrop.

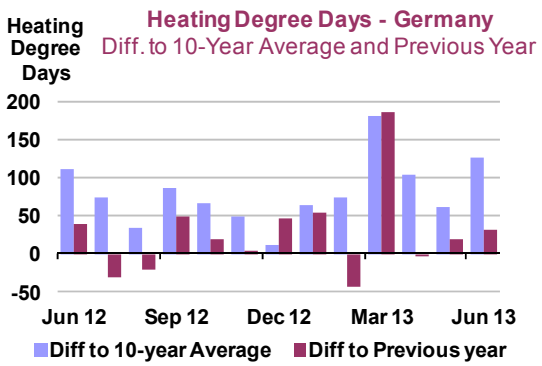




Germany

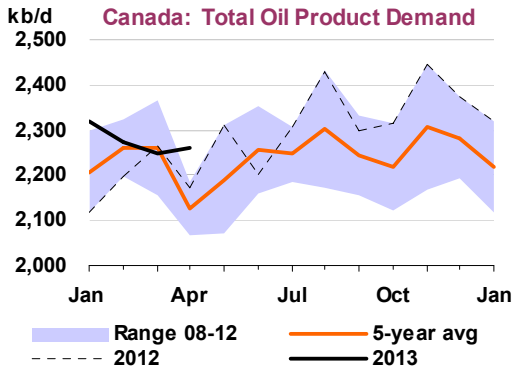
After a period of steep contraction in German oil demand, the three months from March to May have seen something of a trend reversal. Having fallen by a y-o-y average of 2.5% in the previous seven months, demand swung to growth averaging 6.4% in the three months to May. Unseasonably cold late-winter weather was likely a major driver behind the rebound, though there are early signs that the beleaguered German economy may be on the mend. Service sector output, as tracked by Markit's Services Purchasing Managers' Index, re-entered an 'expansionary' environment in June.

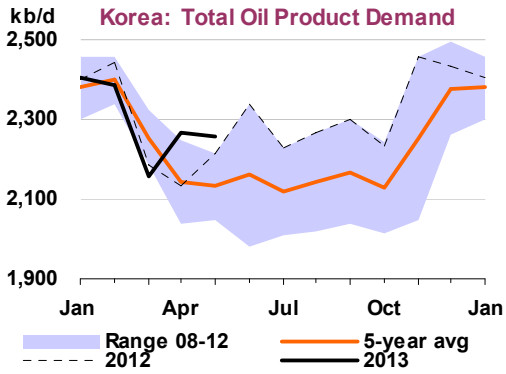




Canada

The latest Canadian demand data were surprisingly robust at roughly 2.3 mb/d for April, a gain of over 4% y-o-y. Three key factors led the growth: the earlier arrival of Easter in 2013 compared to 2012, unseasonably cold late-winter weather, and the early arrival of traditional peak jet/kerosene demand (which rose sharply in April, rather than May as usual).





Korea

South Korean demand edged up in May by 1.9% y-o-y to about 2.3 mb/d, as relatively robust transport fuel demand offset declines for residual fuel oil and 'other products'. Although relatively flat consumption growth remains projected for 2013, there is a chance that fuel switching out of nuclear for power generation may cause upward revisions to that forecast. Due to the unexpected shutdowns of a number of nuclear plants in Korea, the possibility that replacement demand might spread to oil exists, though at present the nuclear closures have mostly benefited demand for natural gas and coal.

OECD

Overall developed world oil demand remains on a declining trend, with monthly demand contracting by 2.0% in May y-o-y. April data have been revised upwards, however, and now show annual growth of 2.1% y-o-y for that month. This appears to reflect the earlier onset of the Easter holiday in 2013 than in

2012, as well as unseasonably cold temperatures in Europe and elsewhere in the OECD region. The role of heating demand is reflected in the fact that middle distillate demand led the April growth. Even in May, when OECD demand flipped back into contraction, unseasonably cold weather boosted Europe's heating oil market.

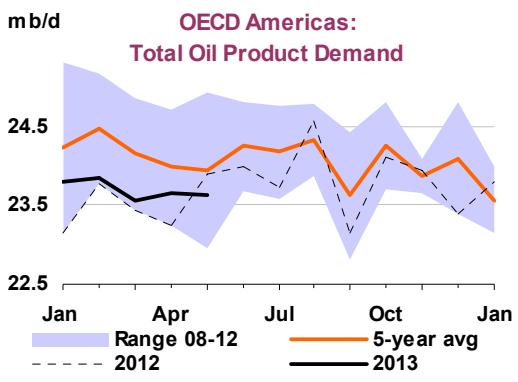
OECD Demand based on Adjusted Preliminary Submissions - May 2013
(million barrels per day)

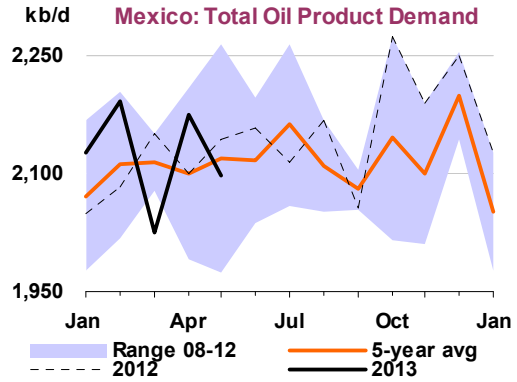
	Gasoline		Jet/Kerosene		Diesel		Other Gasoil		RFO		Other		Total Products	
	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa
OECD Americas*	**10.58**	**-0.8**	**1.68**	**0.8**	**4.46**	**1.2**	**0.57**	**-10.9**	**0.64**	**-5.2**	**5.70**	**-2.53**	**23.62**	**-1.2**
US50	8.90	-1.0	1.45	2.5	3.51	1.7	0.27	-7.7	0.25	-12.5	4.25	-1.7	18.64	-0.7
Canada	0.76	2.5	0.11	-20.6	0.32	-0.4	0.20	-17.2	0.07	2.8	0.74	-7.5	2.20	-4.9
Mexico	0.79	-2.4	0.06	5.1	0.41	-2.4	0.06	11.3	0.21	-0.5	0.57	-4.0	2.10	-2.1
OECD Europe	**1.92**	**-5.0**	**1.20**	**-3.2**	**4.31**	**-1.7**	**1.45**	**12.2**	**0.96**	**-11.8**	**3.44**	**-4.7**	**13.28**	**-2.6**
Germany	0.43	0.4	0.20	-2.6	0.67	-4.9	0.39	24.3	0.13	-5.3	0.59	5.3	2.41	2.6
United Kingdom	0.29	-4.4	0.29	-10.5	0.45	8.2	0.12	-4.2	0.04	-26.5	0.25	-10.1	1.44	-4.0
France	0.16	-1.7	0.15	0.9	0.67	2.0	0.27	33.1	0.06	-18.1	0.38	-8.9	1.70	1.8
Italy	0.21	-6.4	0.09	-5.0	0.45	-3.9	0.09	1.0	0.08	-8.2	0.37	-3.1	1.29	-4.1
Spain	0.10	-7.3	0.11	-7.5	0.42	-3.5	0.13	-2.7	0.15	-15.3	0.26	-10.9	1.17	-7.5
OECD Asia & Oceania	**1.55**	**-0.5**	**0.66**	**10.0**	**1.31**	**2.9**	**0.43**	**-5.5**	**0.66**	**-26.2**	**3.26**	**-3.2**	**7.88**	**-3.4**
Japan	0.94	1.3	0.37	15.2	0.44	2.9	0.32	-2.0	0.38	-30.6	1.64	-9.8	4.08	-6.4
Korea	0.20	1.9	0.12	3.2	0.30	3.5	0.11	0.0	0.23	-16.8	1.29	5.8	2.26	1.9
Australia	0.30	-7.1	0.13	6.3	0.44	2.7	0.00	0.0	0.02	-20.7	0.25	-0.1	1.14	-0.8
OECD Total	**14.05**	**-1.4**	**3.54**	**1.0**	**10.08**	**0.1**	**2.45**	**2.7**	**2.26**	**-15.0**	**12.40**	**-3.3**	**44.78**	**-2.0**

* Including US territories

Americas

Whereas cold weather prevailed in Europe through most of the spring, in the OECD Americas an April cold snap led to more normal temperatures in May, causing heating demand to fall seasonally. Oil use in the region is forecast to rise marginally for the year as a whole, supported by modest gains in Canada and Mexico and stronger growth in Chile. US consumption is projected to stay roughly flat.



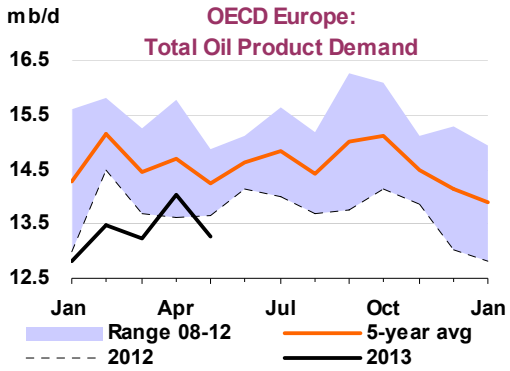


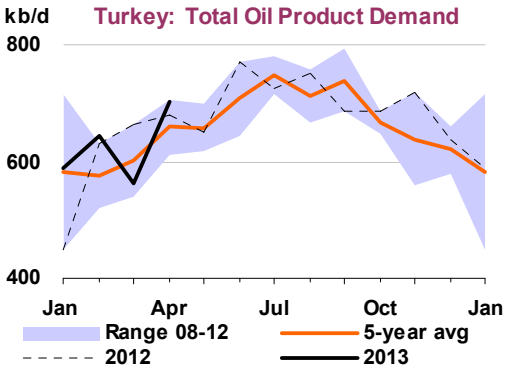
Mexican demand data have been volatile recently, with demand plummeting in May after a sharp uptick in April and an earlier plunge in March. May's 2.1% y-o-y decline, to 2.1 mb/d, marks the fourth successive month that Mexican demand growth switches direction. Wild oscillations in fuel oil demand is the main factor behind this see-saw pattern, as the Mexican power sector increasingly moves towards natural gas for its base-load capacity but still uses fuel oil as its swing resource. Modest demand growth of around 0.6% is forecast for 2013, to 2.2 mb/d, as Mexico's ongoing industrial strength continues to support demand, before reversing, albeit very modestly, down by 0.4% in 2014 as power sector usage increasingly switches out of oil products and into natural gas.

Europe

Multiple revisions have added roughly 0.3 mb/d to the 2Q13 OECD European demand estimate, which now averages 13.6 mb/d in 2Q13. Upward adjustments to April data for Germany (+125 kb/d), the UK (+90 kb/d) and Turkey (+65 kb/d) led the revisions. The earlier arrival of the Easter holiday this year than in 2012 likely provided some April support, as did rebounding UK gasoline sales (which had been artificially depressed in April 2012 by destocking ahead of expected strike action that never occurred). Reports of robust 2Q13 heating oil sales across the continent, triggered by unseasonably cold late-winter weather, also played a role. Despite these revisions, however, overall European demand remains on a declining trend, down by 0.2 mb/d (or 1.6%) in 2Q13 y-o-y. Reports that some of the strength in 2Q13 heating oil demand stemmed from above-trend consumer stockpiling could presage weaker demand later on.

Divergent 2Q13 growth trends are forecast across the European product mix, with growth projected for gasoil and LPG but contraction forecast for gasoline, naphtha and residual fuel oil. Demand for jet/kerosene saw an estimated contraction of 1.6% in 2Q13 y-o-y, matching the regional growth for total product demand. Eurocontrol, the European Organisation for the Safety of Air Navigation, has downgraded its forecast for growth in the total number of European flights in 2014 to 2.6%, from 2.9% previously. This reduction in the forecast of European flights occurred as Eurocontrol reported that it had previously underestimated potential load factors. Whereas previously Eurocontrol set its maximum potential load factor at 85%, recent experience led it to raise it to 90%. Eurocontrol's latest two-year flight forecast now includes a 1.3% decrease in the total number of European flights in 2013, consistent with our forecast of jet fuel demand.

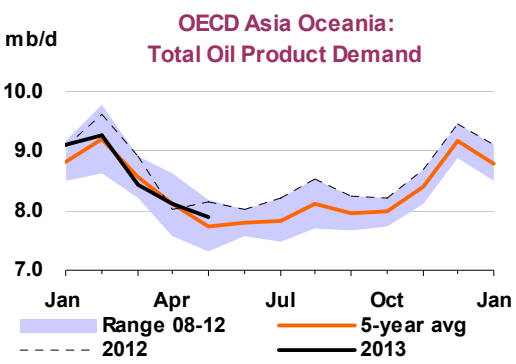


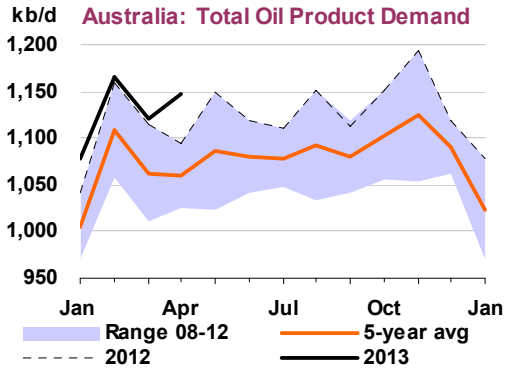


Turkey contributed to the rising European demand trend in April, as oil use rebounded after a brief March dip. When looking at Turkey it is always prudent to focus on the wider timeframe, as the monthly series can be choppy. Thus for 1Q13 as a whole, a gain of around 3% was posted y-o-y, with consumption averaging out at around 595 kb/d. Despite recent political unrest, demand growth is expected to remain positive in 2013, before accelerating into 2014 as the macroeconomic backdrop is forecast to improve.

Asia Oceania

Demand contraction has returned to OECD Asia Oceania after an 18-month hiatus, from mid-2011 to end-2012, when consumption got a boost from nuclear outages in Japan and the resulting replacement oil demand from that country's electrical utilities. Demand in Asia Oceania has remained in contraction since February, with the notable exception of April, when unseasonably cold Korean weather and briefly lifted year-on-year growth. **Australian** consumption growth looked especially strong in April, even though the Australia Industry Group's PMI slumped to a near four-year low, a sign of weakening manufacturing sentiment. The early onset of Easter was likely the main reason for that somewhat counter-intuitive growth reading.





Non-OECD

Non-OECD oil demand averaged around 44.8 mb/d in 2Q13, 2.6% above the year earlier, according to preliminary estimates. While non-OECD demand growth has slowed from the heady pace of recent years, with incremental demand for 2Q13 at roughly two-thirds of the four-year average, it still more than offsets the OECD decline. Such divergent trends should see total non-OECD consumption climb above total OECD demand in 2Q14, a lead it should hold in perpetuity. China, India and the Middle East were among the countries and regions where demand growth slowed the most, with estimated 2Q13 growth down to around 45%, 50% and 40% of their respective four-year averages.

Beside the leading non-OECD economies discussed above, this month's *Report* has seen significant developments in **Qatar,** Africa and Chinese Taipei. Supporting the Qatari demand forecast are reports that its government has unveiled a record budget for fiscal year 2013-14 (April-to-March), up 5.7%. The ambitious construction plans included in the budget will likely support robust gasoil demand, which is forecast to rise by 16.6% – albeit from a low base – in 2013, to 40 kb/d. Although strong growth is foreseen across all products, supported by rising domestic incomes (themselves boosted by the budgeted wage growth), the formal opening of a new airport is forecast to support particularly heightened jet/kerosene growth of around 30% in 2013, to 50 kb/d.

April data have led to numerous but mutually offsetting revisions in **African** demand estimates. South Africa leads the downward adjustments from last month's *Report* with a 35 kb/d cut, followed by Nigeria (-30 kb/d). Both forecasts were reduced on account of lower gasoline use. Offsetting these reductions was a large upward revision to the Egyptian demand estimate now pegged at 820 kb/d, roughly 85 kb/d over the previously forecast. Consumption in Egypt has been rising strongly in recent months, but the outlook remains far from clear-cut given the recent unrest.

The **Chinese Taipei** demand estimate for April was adjusted downwards by 40 kb/d, to 960 kb/d, due to weaker-than-expected naphtha demand. Despite manufacturing activity in Chinese Taipei remaining supported above the key 50 threshold separating contraction from expansion, oil use came out below expectations as manufacturing sentiment deteriorated sharply in April. The official manufacturing PMI fell to 56.8 in April, from 62.4 in March, on account of notably slower growth in new orders and production.

SUPPLY

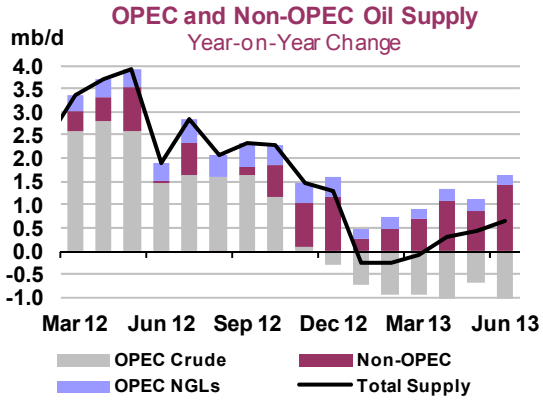
Summary

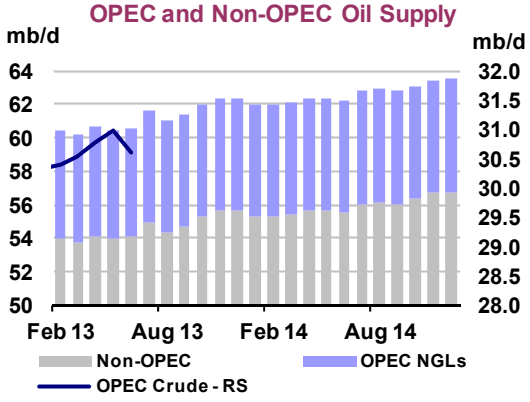
- **Global supplies fell by 290 kb/d month-on-month to 91.2 mb/d in June, as increasing non-OPEC crude production failed to offset a 370 kb/d decline in OPEC output.** On an annual basis, supplies stood 700 kb/d higher than last year, with rising OPEC NGLs and non-OPEC supply outpacing a 1.0 mb/d decline in OPEC crude.

- **Non-OPEC supply rose by 80 kb/d in June to 54.1 mb/d** as rebounding Canadian supplies and rising US tight oil production offset planned maintenance in the North Sea and pipeline sabotage in Colombia. Supply growth averages 1.2 mb/d in 2013, 0.1 mb/d higher than last month's estimate.

- **Non-OPEC supply growth is forecast at 1.3 mb/d in 2014, a level reached only once (2002) on an annual basis in the last twenty years.** In 2014, North American supply is expected to grow by close to 1 mb/d, but other countries including Brazil and Kazakhstan are also poised to contribute.

- **OPEC crude oil production fell by 370 kb/d to 30.61 mb/d last month amid worsening supply disruptions in Libya, Nigeria and Iraq**. The 'call on OPEC crude and stock change' for 1H13 was adjusted higher by an average 350 kb/d to 29.6 mb/d, largely due to a weather-related upward revision in second-quarter demand. For full year, the 'call' was raised by 100 kb/d, to 29.6 mb/d. For 2014, the 'call' is forecast to decline by 200 kb/d to 29.4 mb/d year-on-year, with higher non-OPEC supply meeting the projected 1.2 mb/d rise in demand.





All world oil supply figures for July discussed in this report are IEA estimates. Estimates for OPEC countries, Alaska, Indonesia and Russia are supported by preliminary July supply data.

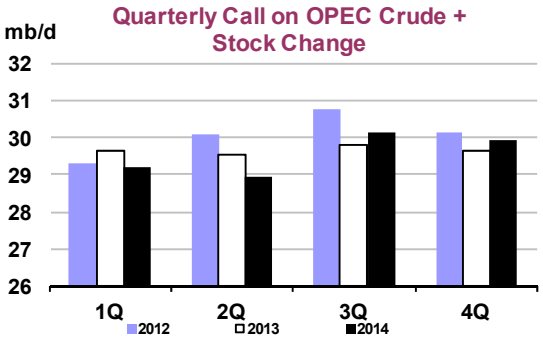
Note: Random events present downside risk to the non-OPEC production forecast contained in this report. These events can include accidents, unplanned or unannounced maintenance, technical problems, labour strikes, political unrest, guerrilla activity, wars and weather-related supply losses. Specific allowance has been made in the forecast for scheduled maintenance in all regions and for typical seasonal supply outages (including hurricane-related stoppages) in North America. In addition, from July 2007, a nationally allocated (but not field-specific) reliability adjustment has also been applied for the non-OPEC forecast to reflect a historical tendency for unexpected events to reduce actual supply compared with the initial forecast. This totals –500 kb/d for non-OPEC as a whole, with downward adjustments focused in the OECD.

The non-OPEC supply overview this month focuses on the roll out of our forecast to 2014, with discussion of key changes in production. However, to avoid duplication, several of the themes underpinning this analysis are elaborated upon in the MTOMR 2013 Edition*, released in May 2013. Readers should consult the MTOMR for more detailed discussion of factors affecting supply in 2014 and beyond.*

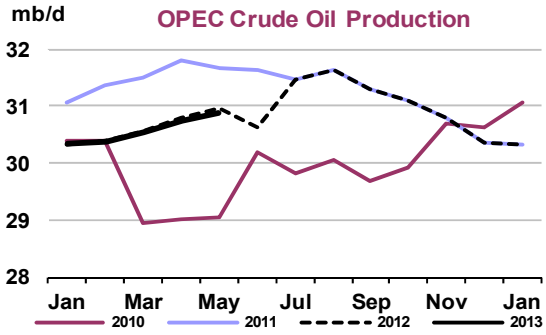
OPEC Crude Oil Supply

OPEC crude oil production in June turned lower amid worsening supply disruptions in Libya, Nigeria and Iraq. OPEC output fell by 370 kb/d to 30.61 mb/d last month. Mounting civil unrest by oil workers in Libya led to shut-ins of oil fields and export terminals while oil theft activity in Nigeria inflicted further damage to oil infrastructure. Iraq output was constrained by pipeline damage in the north and bad weather in the south. Production from Algeria and Kuwait also edged lower in June. Marginally higher output from Saudi Arabia, Iran and Angola partially offset reduced supplies from other members. OPEC's 'effective' spare capacity in June was estimated at 3.13 mb/d compared with 3.23 mb/d in May.

The 'call on OPEC crude and stock change' for 1H13 was adjusted higher by an average 350 kb/d to 29.6 mb/d, largely due to a weather-related upward revision in second-quarter demand. For full year, the 'call' was raised by 100 kb/d, to 29.6 mb/d. For 2014, the 'call' is forecast to decline by 200 kb/d to 29.4 mb/d year on year, with higher non-OPEC supply meeting the projected 1.2 mb/d rise in demand.

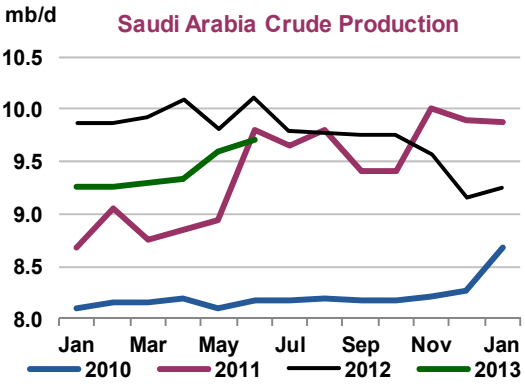


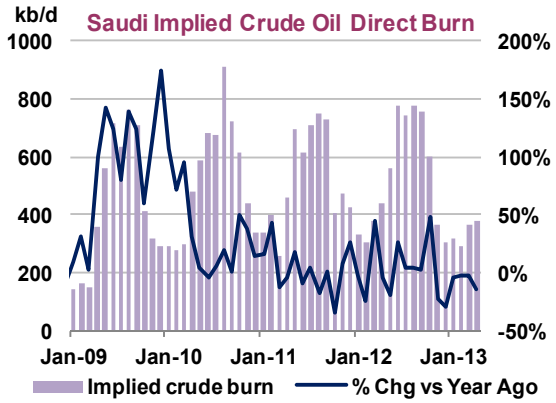
Entire series based on OPEC Composition as of January 2009 onwards (including Angola & Ecuador & excluding Indonesia)



Entire series based on OPEC Composition as of January 2009 onwards (including Angola & Ecuador & excluding Indonesia)

Saudi Arabia's crude oil output edged up by 100 kb/d to 9.7 mb/d, the highest level in seven months. Increased domestic demand for crude during the peak summer cooling season is partly behind the rise in production in recent months. Saudi use of crude for direct burn rose by an average 300 kb/d to 675 kb/d during the seasonally stronger demand period from April to September. Last year Saudi Arabia raised production to an average 9.89 mb/d from June-August, in part to meet higher domestic demand. Increased natural gas supplies, however, appear to be tempering demand for crude in power use this year, with latest data indicting crude for direct burn averaged 380 kb/d in April compared with 440 kb/d for April 2012.

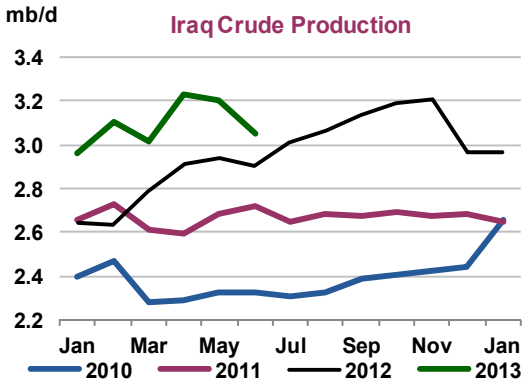




Iraqi crude output hit a three-month low in June, off by 150 kb/d to 3.05 mb/d. June exports fell to the lowest level in 15 months due to a combination of technical problems, militant activity and weather-related export disruptions. Total Iraqi exports were down by around 155 kb/d to 2.33 mb/d, with lower

supplies from both the southern and the northern shipping terminals. Exports of Basrah crude fell by around 65 kb/d to 2.14 mb/d, with high winds reportedly affecting loadings during the month.

Exports of northern Kirkuk crude plunged to the lowest level in more than five years, off 95 kb/d to just 180 kb/d, including 14 kb/d trucked to Jordan. Kirkuk volumes plummeted due in part to pipeline damage along the northern line running to the Mediterranean, following a resurgence of attacks by opposition groups in Iraqi territory. The ongoing suspension of crude flows from Kurdistan to the Ceyhan-Kirkuk crude oil pipeline, which is controlled by the central government in Baghdad, also contributed to the low export volumes.



Kirkuk exports were halted on 21 June due to pipeline leaks and low levels of oil in storage and, at the time of writing, had yet resumed. Persistent attacks on pipeline by insurgents have caused significant damage to the key pipeline in recent months and worsening security issues have delayed repair work. Militants have also stepped up attacks on repair technicians sent out to fix the damage. Baghdad has reinforced vulnerable areas with additional security forces and is reportedly reviewing plans to improve security.

Increased militant activity on the Ceyhan line has also served to amplify the continuing halt in pipeline flows from the Kurdistan region. Discussions over payment and contract disputes, however, remain stalled between Baghdad and the Kurdistan Regional Government (KRG). Crude production in the KRG area was estimated at 140 kb/d in June, with around 60 kb/d of supplies exported via truck and around 80 kb/d refined locally at a growing number of teapot refineries.

Kuwaiti output was slightly lower in June, down 20 kb/d to 2.82 mb/d while preliminary data indicate production was unchanged in the **UAE** and **Qatar**, at 2.73 mb/d and 725 kb/d, respectively.

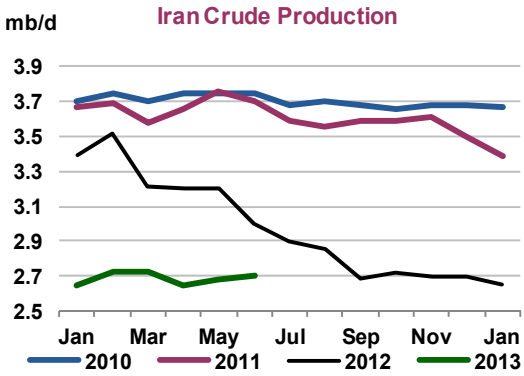
OPEC Crude Production

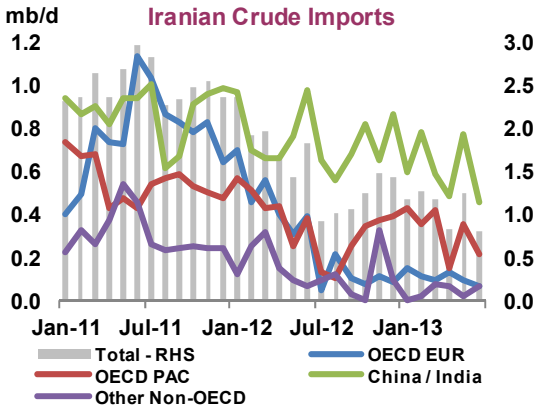
(million barrels per day)

	Apr 2013 Supply	May 2013 Supply	Jun 2013 Supply	Sustainable Production Capacity[1]	Spare Capacity vs Jun 2013 Supply	2Q13 Average Crude Supply	2Q13 Vs 1Q13 Volume Change
Algeria	1.16	1.15	1.10	1.19	0.09	1.14	-0.02
Angola	1.74	1.76	1.78	1.82	0.04	1.76	0.00
Ecuador	0.50	0.50	0.50	0.51	0.01	0.50	0.00
Iran	2.65	2.68	2.70	2.98	0.28	2.68	-0.02
Iraq	3.24	3.20	3.05	3.34	0.29	3.16	0.13
Kuwait[2]	2.81	2.84	2.82	2.90	0.08	2.82	0.01
Libya	1.42	1.35	1.15	1.55	0.40	1.31	-0.07
Nigeria[3]	1.98	1.95	1.88	2.44	0.56	1.94	-0.06
Qatar	0.73	0.73	0.73	0.77	0.05	0.73	-0.02
Saudi Arabia[2]	9.34	9.60	9.70	12.27	2.57	9.55	0.28
UAE	2.70	2.73	2.73	2.90	0.17	2.72	0.05
Venezuela[4]	2.52	2.50	2.48	2.60	0.12	2.50	0.08
Total OPEC	**30.78**	**30.98**	**30.61**	**35.27**	**4.66**	**30.79**	**0.37**
(excluding Iraq, Nigeria, Libya and Iran)					*3.13*		

1 Capacity levels can be reached within 30 days and sustained for 90 days.
2 Includes half of Neutral Zone production.
3 Nigeria's current capacity estimate excludes some 200 kb/d of shut-in capacity.
4 Includes upgraded Orinoco extra-heavy oil assumed at 430 kb/d in June.

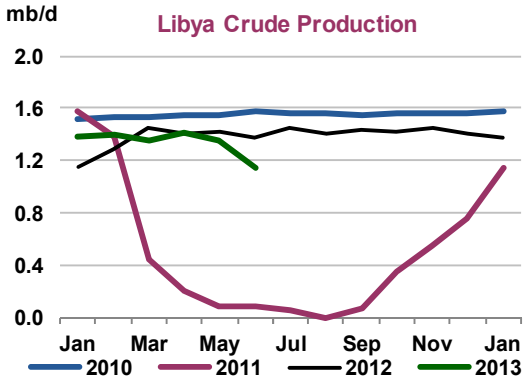
Iranian production was pegged at 2.7 mb/d in June, up 20 kb/d from the previous month. Import data of Iranian crude from OECD and non-OECD countries showed a downturn in June, with lower volumes from Japan, India, Turkey and China. Preliminary data show total imports in June were around 800 kb/d, off 36% from a downwardly revised 1.25 mb/d in May. China's imports from Iran in June fell to 390 kb/d from 550 kb/d in May, according to latest tanker tracking data. Port congestion in China is largely behind the lower import levels. Japanese imports from Iran were also down, to just under 100 kb/d compared with 240 kb/d in May, reportedly due to a delay in negotiations over contract volumes. Import volumes are based on data submitted by OECD countries, non-OECD statistics from customs agencies, tanker movements and news reports





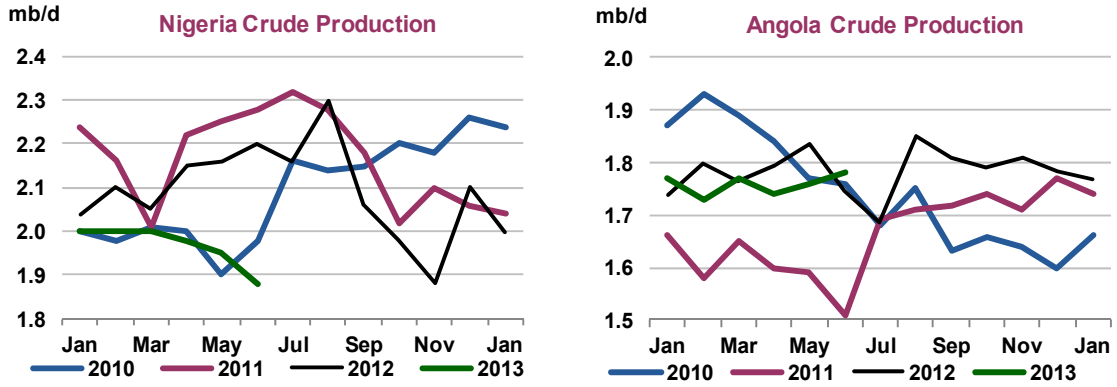
Another round of new US sanctions on Iran went into effect 1 July which are aimed at trade with Iran's shipping and auto industries, gold sales and financial institutions that transact business in the rial. The country's new president Hassan Rouhani, a former nuclear negotiator, has stated he will take a softer approach in foreign relations when he takes office in early August. But analysts are divided on whether Rouhani will be willing to compromise on the country's nuclear programme, including international demands to halt work at the underground Fordow nuclear facility where uranium is enriched, and limit fissile concentration to 20%. Diplomatic efforts to launch a new round of talks are underway following the election of Rouhani but no date has yet been set. Iranian officials and the group of six countries, Russia, China, Britain, France, Germany and the US, last met in Kazakhstan in April.

Growing civil unrest and militia activity in Libya and Nigeria during June continued to undermine production levels, down a combined 270 kb/d last month. **Libyan** crude oil production fell by a steep 200 kb/d to 1.15 mb/d in the wake of escalating labour disputes at oil production facilities and export terminals against a backdrop of worsening security problems with tribal militias. Workers are seeking an array of demands, including improved pay packages and management changes. Power supply to some of the country's oil infrastructure has been unreliable and reportedly affecting field production levels.



Production from a number of major fields has been shut in during June and early July, including output from El Sharara, Elephant, Zueitina, Sarir and Messla, as a result of worker protests at various oil facilities scattered around the country. State-owned National Oil Corporation (NOC) reported in mid-June that there had been a "massive" decline in production at some of Libya's major fields. By early June, Libyan volumes reportedly tumbled to around 1 mb/d before posting a modest recovery by end-month. Reports emerged on 9 July of an imminent restart of some shut-in infrastructure but the timing is unclear. The

government is working to resolve the labour and security issues, but considerable challenges remain. A tentative agreement was reportedly reached between government officials and security guards who had blocked workers in early July from the eastern Libyan Es Sider and Ras Lanuf export terminals. Libyan oil facilities are under the protection of a special force that operates under the Ministry of Defence, but the majority of the members lack military training and infighting among the various units is a problem.



Nigerian crude output trended lower for the third month running in June, down 70 kb/d to 1.88 mb/d. Damage to pipelines and other infrastructure stemming from oil theft is behind the drop in output. Key export crudes like Bonny Light have been under *force majeure* since April, affecting 150 kb/d. Total's 30 May *force majeure* on liftings from the 180 kb/d Usan field also remains in place.

In an effort to reduce oil theft and pipeline damage that has led to an estimated annual loss of 60 kb/d and caused massive environmental problems, Nigeria's largest producer Shell plans to invest $1.5 bn on a new pipeline. Shell was forced to close the Nembe Creek pipeline for repairs after discovering more than 50 break points along the near 100 km trunkline. In 2010, Shell spent $1.1 bn to replace the Nembe Creek pipeline due to damage. The new pipeline, called the TransNiger Pipeline Loop-line, should help reduce oil spills in the Niger Delta because it will circumvent the Ogoniland region of Nigeria, where a large volume of bunkering and pipeline damage takes place.

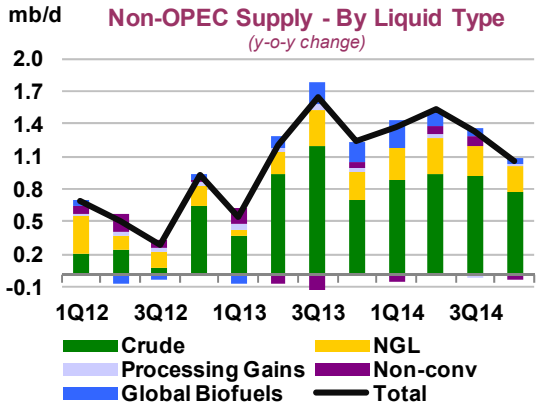
Angolan crude output rose by 20 kb/d to 1.78 mb/d in June. Production at block 15 from the Kizomba D Satellite fields and Clochas Mavacola also increased output near nameplate capacity of 140 kb/d in June.

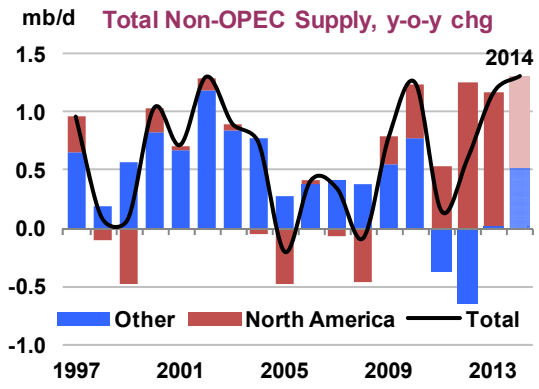
Non-OPEC Overview

The completion of maintenance in Canada and rising supplies of tight oil production in the US raised non-OPEC supplies by 80 kb/d in June to 54.1 mb/d, or 1.5 mb/d higher than last year. Compared to May, supplies fell 300 kb/d in the North Sea due to maintenance and by 40 kb/d in Colombia due to unrest. Non-OPEC supply growth is expected to gain further momentum in 3Q13, when production is projected at 54.7 mb/d, up 1.7 mb/d y-o-y, despite planned maintenance in the North Sea, Brazil, and the US Gulf of Mexico. Rapidly increasing supplies of US LTO as well as upward baseline revisions have led to a 120 kb/d increase in the forecast for 2H13 and an 80 kb/d increase to the 2013 forecast, to average 54.6 mb/d.

The growth forecast in 2014, detailed in this *Report* for the first time, is more of the same: North American supplies are set to grow strongly, outpacing declines elsewhere. New projects in Brazil and Kazakhstan, as well as rebounding supplies from South Sudan, also are expected to contribute to growth in 2014. The outlook has been revised slightly upwards since the May release of the 2013 *MTOMR*, by 90 kb/d to 55.9 mb/d. Upwards adjustments to the forecast of US crude and NGL production, based on a higher 2013 baseline and a closer look at field start-ups, are the main reason for the increase *(see 'Americas to Dominate Non-OPEC Supply Growth' in this section).* There are both strong upside and downside risks to this forecast that are explained below.

Renewed unrest in Egypt, following mass protests against President Mohamed Morsi and his ouster by the military, has emerged as a focus of market concern. Violence erupted between his supporters and the Egyptian military, which has assumed leadership of the country. Though not a top oil producer, Egypt produced 730 kb/d of liquids in 2012, twice the amount of Syria's production in 2011. Perhaps more importantly, Egypt is also a key transit area for both crude and refined products between the Red Sea and the Mediterranean. Observers worry that the political confrontation in Egypt, like the Syrian civil war, could drag on and worsen before it gets better, and the instability could theoretically threaten production and transit through the Suez Canal *(see Prices)*. At this time, we have not adjusted the production outlook for Egypt in either 2013 or 2014, but we are closely monitoring the events and may adjust the outlook accordingly.

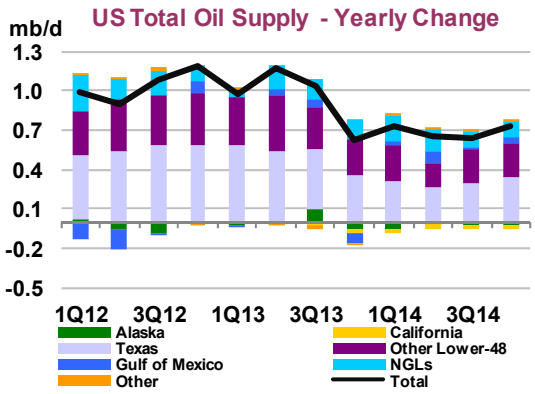




OECD Americas

US – June preliminary, Alaska actual, other states estimated: US crude oil production averaged 7.3 mb/d in 2Q13, 1.0 mb/d higher than 2Q12. Weekly production statistics from the US Energy Information Administration suggest that US crude production fell slightly from April's high of 7.37 mb/d during May and June due to maintenance in the Gulf of Mexico and Alaska. US total liquids production, not including biofuels, grew by 1.0 mb/d in 2012, and is forecast to rise by 1.0 mb/d in 2013 and 0.7 mb/d in 2014.

NGL production also increased in 2Q13 to 2.5 mb/d, 180 kb/d higher than the same period last year. A surge in NGLs from new tight oil plays in Texas and Oklahoma has lifted supplies of propane and butane at storage caverns near Mt. Belvieu, TX, putting downward pressure on prices in June. The commissioning of DCP Midstream Partners Sand Hills and Southern Hills NGL pipelines adds 375 kb/d of new transit capacity, which will allow unprocessed NGLs to flow from the Eagle Ford, Permian, and Woodford tight oil plays to fractionators on the US Gulf Coast. New transit capacity will allow operators to achieve a better netback for their NGL production.

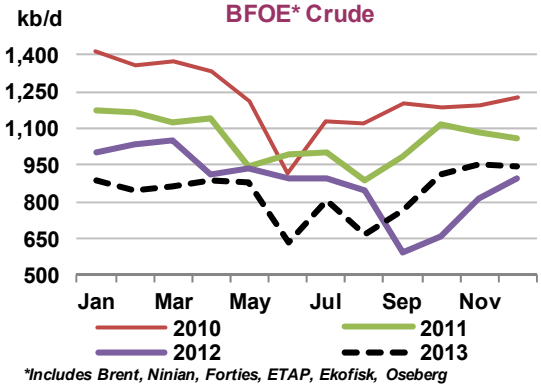


Canada – April estimated: Total oil production fell from 3.8 mb/d to 3.6 mb/d in May as synthetic crude oil producers underwent maintenance. Despite flooding, June preliminary estimates indicate production rebounded to 3.7 mb/d. The latest statistics from the new Alberta Energy Regulator (formerly the Energy Resources Conservation Board) and company data indicate that synthetic crude output (SCO) fell by 300 kb/d to 720 kb/d from March to May. In June, severe flooding in Alberta caused a precautionary shutdown of the Enbridge pipeline system in the Fort McMurray region, which is where most oil sands production is centred. Suncor reported that it would slow down production due to its inability to evacuate oil from the area. By 1 July, Enbridge confirmed that the shut down segments of its pipeline had returned to service. The flood related outage and baseline adjustments to synthetic crude oil output with new historical data result in a 40 kb/d downward revision to Canadian production in 2013 to 4.0 mb/d. Production is still forecast to grow by 230 kb/d in 2013, roughly on par with last year.

Kinder Morgan's planned reversal of the Cochin pipeline will allow more US condensate to flow to Canada to be used as a diluent for bitumen exports. Canada's National Energy Board approved the reversal of the pipeline, which traditionally moves 76 kb/d of propane eastward from Alberta to the US midcontinent and further to Windsor, Ontario. The reversed line, expected in service by July 2014, will transport up to 60 kb/d of light condensate to Fort Saskatchewan, Alberta.

North Sea

Seasonal maintenance reduced Norwegian liquids supply by 200 kb/d m-o-m, reducing North Sea supply to 2.7 mb/d in June, down 300 kb/d m-o-m and 450 kb/d y-o-y. Planned maintenance was centred in the Ekofisk group of fields and associated midstream processing and transport infrastructures, as highlighted in this section of last month's *Report.* Unplanned maintenance at the UK's Buzzard field and a gas leak at Norway's Asgard gas and gas liquids field also lowered output in June. Preliminary estimates indicate that BFOE production fell to around 630 kb/d in June, down 250 kb/d from May. BFOE loadings schedules released in early July indicate that production levels likely rebounded in July by 100 kb/d but then indicate a fall back again in August.



UK offshore crude production is forecast to fall by 110 kb/d to 830 kb/d in 2013, then rebounding to 810 kb/d in 2014 when new fields are added. In Norway, total liquids production is forecast to fall by 110 kb/d kb/d this year to 1.8 mb/d. New fields will keep Norway's output level in 2014, offsetting declines elsewhere. Recent data indicate that production has started at the Stjerne structure at the Oseberg South field, lifting production from around 30 kb/d to 50 kb/d, and at the 10-kb/d Jette field.

Asia

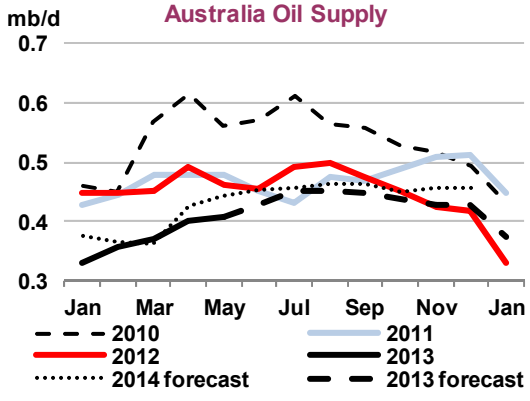
Australia – April preliminary: Production rose above 400 kb/d in April, after cyclones and planned maintenance dented output to 370 kb/d in 1Q13. Production is expected to increase further in coming months with the start of the Fletcher/Finucane and the Montara fields, averaging 460 kb/d in 2H13. The Montara field finally began steady production in June after a major fire and oil leak during development drilling in October 2009. Thai operator PTTEP had to redevelop the field after a platform and jack-up rig were destroyed. The output is expected to reach around 20 kb/d in an initial phase and then reach up to 30-35 kb/d. New field additions barely offset declining production at other fields, raising output by 20 kb/d to 450 kb/d in 2014.

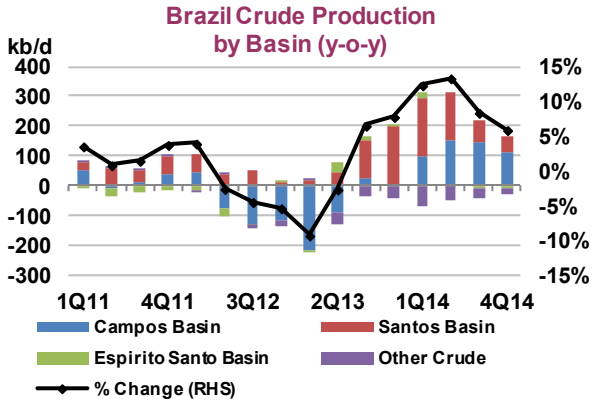
Non-OECD

Latin America

Brazil – May preliminary: Brazilian crude production increased by 70 kb/d from April to 2.0 mb/d in May but remained 2.7% lower than May 2012. Planned maintenance at two platforms in the Albacora field and at an FPSO in the Lula field lowered production levels. Production is expected to increase by only 10 kb/d this year to 2.1 mb/d, with around 150 kb/d of growth concentrated in 2H13. Compared to last month's *Report*, production growth has been ratcheted down by 10 kb/d in 2013 due to lower expectations from OGX-operated fields. Brazilian crude production is expected to rebound strongly by 210 kb/d in 2014, though, to 2.28 mb/d. A list of Brazil's incremental projects is included in the special feature on the 2014 outlook in this section.

Colombia – June preliminary: Production remained above 1.0 mb/d in May, slightly higher than April, but fell by 40 kb/d to 970 kb/d in June. The government said that problems related to "public order" were responsible for the decline. Press reports indicated that militants bombed the Cano Limon Covenas pipeline in two separate locations in early July. The pipeline is expected to remain offline for repairs until 15 July. Ecopetrol indicated that the attacks would not impact oil production. Pipeline sabotage and labour unrest kept production at 950 kb/d in 2012 and just over 1 mb/d in 1H13. New pipelines and more wells at the Castilla, Rubiales, and Quifa fields are forecast to raise production to 1.1 mb/d in 2014.



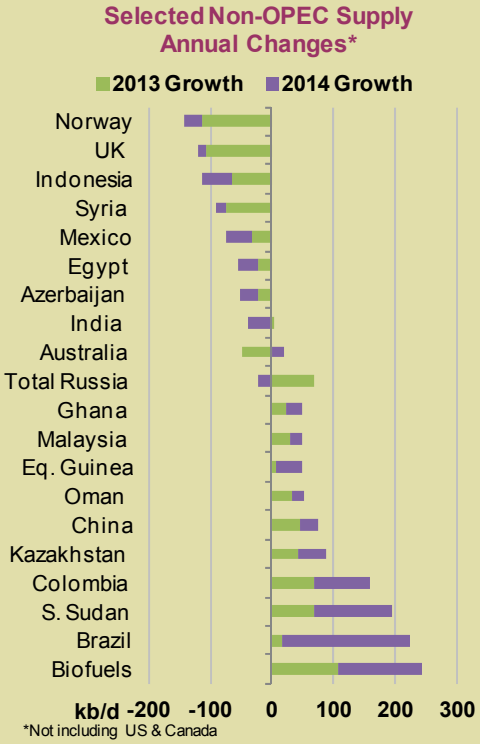


Africa

Sudan and South Sudan: South Sudanese production is steadily increasing, and exports have begun. China imported 60 kb/d of the country's exports in May. The Thar Jath field in Block 5A and the Palogue field in Block 3/7 are both producing. In early June Sudanese President Bashir ordered companies to shut down the export of South Sudanese crude within 60 days, accusing South Sudan of using oil revenues to "buy arms for rebels and mercenaries." The Chinese government sent diplomats to calm the tension, coinciding with statements from Sudan's government that exports would be allowed to continue, contingent upon the fulfilment of the two countries' agreements. South Sudanese production is expected to grow to 190 kb/d by 4Q13 and is forecast to average 230 kb/d in 2014.

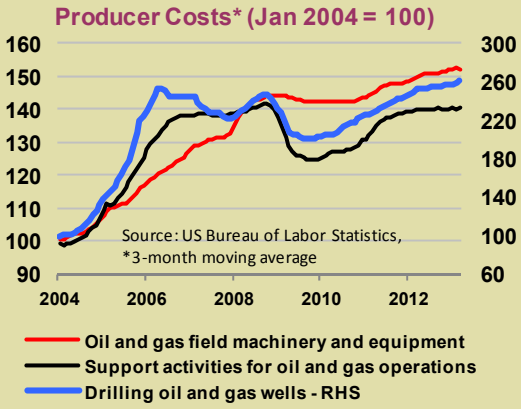
Americas to dominate Non-OPEC Growth in 2014

Non-OPEC supply growth stands to reach record levels of over 1.3 mb/d in 2014, extending an upward trend that goes from growth of 150 kb/d in 2011, 600 kb/d in 2012, and forecast growth of 1.2 mb/d in 2013. As in 2013, North American oil sands and light, tight oil production (LTO) growth account for the largest increments, with also a strong contribution from Brazil in 2014 after a lacklustre 2013. Growth of 1.3 mb/d from countries outside of OPEC is unusual in historical terms and has only been achieved once in the last twenty years on an annual basis.



Since even before the 1990s, the only time that supplies from non-OPEC countries grew at a rate of 1.3 mb/d was in 2002. At that time, NYMEX futures prices had increased on an annual basis by over 50% from a low of $14/bbl in 1998 to average $30/bbl in 2000. Prices fell only slightly on an average basis to $26 in 2001 and 2002. The rapid recovery in prices to above $20/bbl spurred a flurry of investment in non-OPEC countries. Russian production growth benefitted from higher world oil prices and the rouble devaluation in 1998. Output grew by an impressive 700 kb/d between 2001 and 2002, led by LUKoil, Sibneft, and Yukos. Higher prices enabled greater drilling activity and the application of more expensive Western technology.

North America is forecast to be the only source of production growth on a regional net basis in 2013. North American production will remain robust in 2014 with US crude production forecast to add 530 kb/d and oil sands projected to add 140 kb/d. In contrast to 2013, other countries stand to make a contribution. Major pre-salt projects in Brazil, the Kashagan field in Kazakhstan, West Chirag in Azerbaijan, and several new fields in the North Sea are expected to offset declining production elsewhere. We assume that production from South Sudan continues to rebound in 2014 to 220 kb/d, but will still fall short of the 340 kb/d the country produced in 4Q11 before it halted exports.



Downside risks to the outlook include geopolitical-related unrest, mechanical outages, rising costs, and falling prices. Geopolitical risk is most acute in the Middle East and North Africa (MENA) region. Yemen, Sudan/South Sudan, Egypt, and Syria all have the potential to produce less in 2014 than in 2013 because of the heightened threat to energy production and transit infrastructure. Unplanned outages in the North Sea could again dent output as before. We include a -140 kb/d contingency factor for the North Sea, leading to a forecast 1.2% decline to 2.8 mb/d in 2014. This is part of a contingency factor of -500 kb/d maintained in the non-OPEC supply forecast.

Also, rising costs, aggravated by intense demand for oilfield services especially in North America, could cut producer margins and lead to a decline in investment activity and even production levels. Generally, companies with diversified portfolios may be able to more quickly adjust drilling activity and investment levels at LTO assets than in other parts of the world, making these projects most sensitive to cost inflation. A wide range of breakeven costs at tight oil plays in the US makes it possible that a rise in costs (from labour or infrastructure constraints or from transport bottlenecks) in one location may lead companies to shift investment to other plays with different cost structures. Bernstein Research recently calculated that finding and development costs increased by 44% last year.

Americas to dominate Non-OPEC Growth in 2014 (continued)

On the other hand, production could prove even higher than forecast in Russia, the US, Canada, and Brazil, especially if prices remain at or above current levels. Russian producers are benefitting from recent tax changes and high Urals prices and stand to gain even more if the government approves tax breaks for hard-to-recover oil. Some project slippage is assumed in Brazil, but output growth there could increase by another 100 kb/d if FPSOs are delivered on schedule. If US production growth were to average 1 mb/d in 2014, as it did in 2012, and if Russian production were to grow at the 1.2% rate it did in 2012, non-OPEC supplies could increase by 1.8 mb/d, or 0.5 mb/d above the current forecast.

In sum, a combination of these upside and downside possibilities is likely in the cards for 2014. North America looks certain to dominate the 2014 non-OPEC supply landscape, and the geopolitical unrest in non-OPEC MENA countries in 2013 is likely to continue or even worsen in 2014.

Selected Non-OPEC Incremental Projects (2H13, 2014)

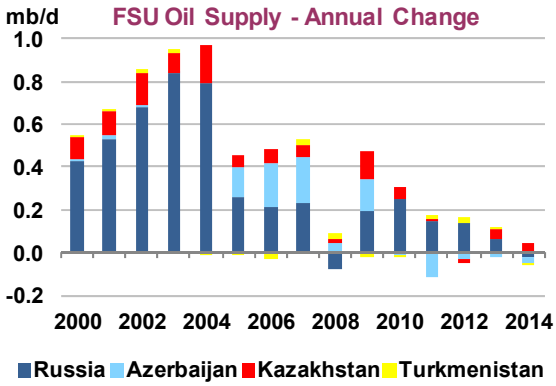
Project	Project Operator	Country	Start Date	Peak Production
Goliat	ENI	Norway	Oct-14	100
Knarr (Jordbaer)	BG Group	Norway	2Q14	20
Valhall	BP	Norway	1Q13	45
Golden Eagle	Nexen	UK	4Q14	60
Laggan	Total	UK	4Q14	15
Perth	Deo Petroleum UK Ltd.	UK	3Q14	30
Solan	Premier Oil	UK	2Q14	20
Sapinhoa - FPSO Cidade de Ilhabela	Petrobras	Brazil	Sep-14	150
Roncador - P-62	Petrobras	Brazil	Mar-14	180
Papa Terra: P-63 then TLWP (P-61)	Petrobras	Brazil	3Q13	140
Cernambi - FPSO Cid. de Mangaratiba	Petrobras	Brazil	Nov-14	150
Jack	Chevron	US GOM	4Q14	45
St. Malo	Chevron	US GOM	4Q14	45
Na Kika - Phase 3	BP	US GOM	4Q13	40
Big Foot	Chevron	US GOM	3Q14	50
Tubular Bells	Hess	US GOM	3Q14	40
Lucius	Anadarko	US GOM	3Q14	70
Atlantis North Expansion	BP	US GOM	2Q13	50
Black Gold	KNOC	Canada	4Q14	30
Hangingstone	Athabasca Oil	Canada	4Q14	12
Kirby South Phase 1	CNRL	Canada	3Q13	45
MacKay River Commercial	Brion Energy (fmr Dover)	Canada	2Q14	100
Sunrise	Husky energy	Canada	4Q14	50
Qinhuangdao 32-6	CNOOC	China	2Q14	30
Lufeng 7-1, Pearl Project	CNOOC	China	2Q14	15
Gumusut	Shell	Malaysia	4Q12	130
Arkutun-Daginskoye	ExxonMobil	Russia	2Q14	90
Novoportovskoye, Suzun	Gazprom	Russia	2Q14	170
Prirazlomnoye	Gazprom	Russia	2Q14	120
North Rankin Redevelopment	Woodside	Australia	4Q13	50
Gorgon LNG (associated liquids)	Chevron	Australia	3Q14	20
Montara	PTTEP	Australia	2Q13	30
Banyu Urip	ExxonMobil, Pertamina	Indonesia	4Q14	165
West Chirag Oil	AIOC (BP)	Azerbaijan	4Q14	150
Kashagan phase 1a	NCOC	Kazakhstan	3Q13	375
Alen (formerly Belinda)	Noble Energy	Eq. Guinea	3Q13	40

** Includes major new fields. Does not include contributions from infill drilling or satellite projets from fields already in production.
Peak production is the rate of production expected in IEA *Medium Term Oil Market Report* projections.

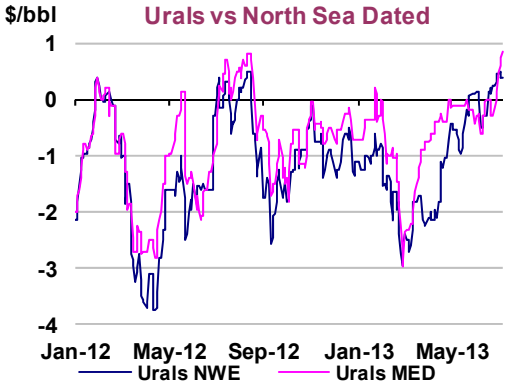
Former Soviet Union

Russia – June preliminary: High oil prices and a reduction in the crude export duty enacted as part of the '60-66-90' tax regime in October 2011 continue to stem the decline at Russia's mature fields. Supply continues to exceed expectations. The forecast for 2013 has been increased by 30 kb/d to average

10.8 mb/d, a growth of 0.6% annually. June liquids output increased to 10.9 mb/d, 2.1% higher y-o-y and 40 kb/d higher m-o-m. Rosneft and Gazprom each increased output by over 50 kb/d in June from prior-year levels. Brownfield production fell by only 0.5%, down from a 1.4% decline over the prior year. Rosneft's Vankor field stayed at 430 kb/d in June, on par with April and May. On the other hand, Lukoil's Western Siberian unit, which produced 890 kb/d in 2012, saw its production decline accelerate to -1.7% in 2Q13, from -0.1% during 2012.



The Russian State Duma accepted a proposal that allows the government to ease export duties and adjust the Mineral Extraction Tax (MET) for hard-to-recover oil, likely leading to incremental output. A new version of the offshore taxation law also includes an extension of the zero-MET period for the frequently delayed offshore Prirazlomnoye field from 2019 to 2022. The extension of the contract was an outstanding issue that Gazpromneft awaited before preparations could begin for a production start. The operator is now expecting production to start in Q4 but because of the field's location offshore and its complexity we expect the start date to slip to 2014.



FSU net exports slumped by over 500 kb/d to 9.4 mb/d in May following the end of seasonal refinery maintenance in the region, as rebounding throughputs reduced the availability of crude for export by as much as 340 kb/d. As expected, shipments of Russian crudes via Baltic ports were hardest hit, plummeting by 350 kb/d, including declines of 280 kb/d via Primorsk and 60 kb/d via Ust Luga. Despite a 300 kb/d monthly fall in total Transneft shipments, eastbound deliveries remained relatively constant. ESPO grade sent via Kozmino even hit a new record of 460 kb/d (+30 kb/d m-o-m), although this may have been at the expense of flows through the pipeline's Chinese spur which inched down by a similar amount.

Looking forward, preliminary loading schedules indicate that producers will cut exports of Russian Urals via Baltic and Black Sea ports in 3Q13. Primorsk is only slated to export 910 kb/d in July, a five-year low. The scarcity of the grade in Europe appears to have been borne out in the markets since its premium to North Sea Dated in the Mediterranean touched a 20-year high of $0.85/bbl in the first week of July.

Outside of Russia, Kazakhstani supplies shipped via Russia's rail network slipped by 90 kb/d while supplies shipped via the Ukrainian ports of Taman and Feodosiya also fell by a combined 90 kb/d. Elsewhere, flows through the CPC pipeline remained relatively stable at 710 kb/d. Meanwhile, despite the end of refinery maintenance, product exports dropped by a considerable 150 kb/d with all product categories falling, notably fuel oil which fell by 90 kb/d.

FSU Net Exports of Crude & Petroleum Products

(million barrels per day)

	2011	2012	2Q2012	3Q2012	4Q2012	1Q2013	Mar 13	Apr 13	May 13	Latest month vs. Apr 13	Latest month vs. May 12
Crude											
Black Sea	1.93	1.81	1.88	1.74	1.78	1.80	1.86	1.86	1.77	-0.09	0.06
Baltic	1.50	1.67	1.75	1.78	1.69	1.60	1.63	1.99	1.64	-0.35	-0.17
Arctic/FarEast	0.67	0.65	0.62	0.64	0.72	0.78	0.78	0.81	0.83	0.03	0.22
BTC	0.70	0.66	0.68	0.64	0.59	0.58	0.57	0.68	0.74	0.06	0.09
Crude Seaborne	**4.80**	**4.79**	**4.93**	**4.80**	**4.78**	**4.76**	**4.85**	**5.33**	**4.98**	**-0.36**	**0.20**
Druzhba Pipeline	1.17	1.08	1.11	0.98	0.98	0.99	1.00	0.98	1.04	0.05	-0.12
Other Routes	0.53	0.52	0.49	0.53	0.54	0.55	0.54	0.56	0.52	-0.03	0.05
Total Crude Exports	**6.50**	**6.39**	**6.53**	**6.31**	**6.30**	**6.31**	**6.39**	**6.87**	**6.54**	**-0.34**	**0.14**
Of Which: Transneft[1]	4.18	4.22	4.35	4.24	4.10	4.09	4.16	4.43	4.13	-0.30	-0.25
Products											
Fuel oil[2]	1.58	1.72	1.81	1.83	1.61	1.61	1.48	1.76	1.68	-0.09	-0.20
Gasoil	0.77	0.79	0.75	0.76	0.79	0.97	1.01	0.86	0.84	-0.02	0.13
Other Products	0.43	0.44	0.41	0.45	0.47	0.48	0.44	0.49	0.44	-0.05	0.03
Total Product	**2.77**	**2.95**	**2.97**	**3.04**	**2.87**	**3.06**	**2.93**	**3.11**	**2.96**	**-0.15**	**-0.03**
Total Exports	**9.27**	**9.34**	**9.50**	**9.35**	**9.17**	**9.36**	**9.32**	**9.98**	**9.49**	**-0.49**	**0.10**
Imports	0.09	0.09	0.06	0.08	0.09	0.07	0.07	0.06	0.08	0.02	0.02
Net Exports	**9.18**	**9.25**	**9.44**	**9.27**	**9.08**	**9.29**	**9.25**	**9.93**	**9.42**	**-0.51**	**0.09**

Sources: Argus Media Ltd, IEA estimates

[1]Transneft data exclude Russian CPC volumes.

[2]Includes Vacuum Gas Oil

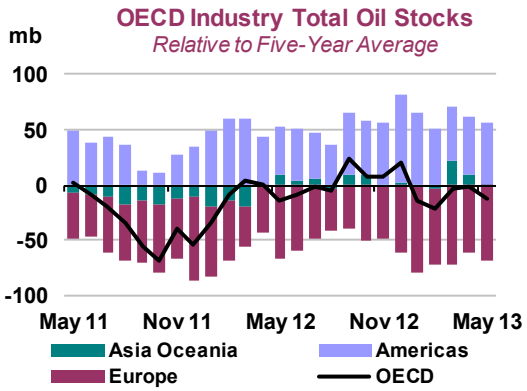
OECD STOCKS

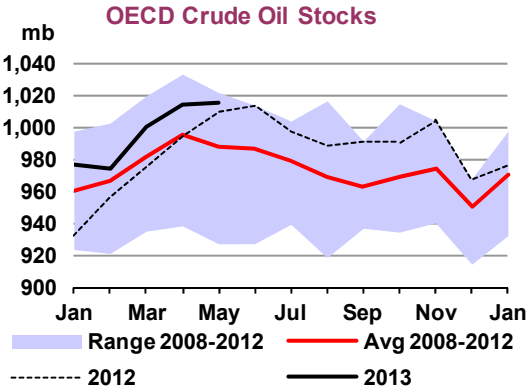
Summary

- OECD commercial total oil inventories built by 4.8 mb in May, to 2 683mb, on seasonal restocking of 'other products' in the US. OECD refined products inventories rebounded by a seasonal 16.8 mb, leaving forward demand cover unchanged from the previous month at 30.4 days.

- Following recent downward revisions, OECD total oil stocks now look to have remained at a small deficit to five-year average levels since January 2013. At end-May this deficit stood at 12.9 mb.

- Preliminary data suggest that OECD industry inventories continued to build for a third consecutive month as they rose by a sharp 23.2 mb in June. This was significantly stronger than the 6.1 mb five-year average build for the month after all regions posted builds.





OECD Inventory Position at End-May and Revisions to Preliminary Data

OECD commercial total oil inventories built by a seasonally weak 4.8 mb in May to stand at 2 683mb by end-month. This rise was driven by the continued seasonal restocking of 'other products' (+17.6 mb m-o-m), notably in the US. Consequently, OECD refined products inventories rebounded by a seasonal 16.8 mb, leaving forward demand cover nominally unchanged from the previous month at 30.4 days. Crude oil holdings edged marginally higher, by 0.3 mb, in contrast to the 8.1 mb five-year average draw for the month. A significant 6.1 mb build in crude in OECD Asia Oceania, after high maintenance and poor margins combined to curtail runs there, offset draws of 3.5 mb and 2.4 mb in OECD Europe and the OECD Americas, respectively. On a region-by-region basis, total oil stocks rose by a stronger-than-seasonal 18.1 mb in OECD Americas, which more than offset draws of 9.9 mb and 3.4 mb in OECD Europe and OECD Asia Oceania, respectively.

Revisions versus 12 June 2013 Oil Market Report

(million barrels)

	Americas		*Europe*		*Asia Oceania*		*OECD*	
	Mar-13	Apr-13	Mar-13	Apr-13	Mar-13	Apr-13	Mar-13	Apr-13
Crude Oil	**-4.1**	**-3.7**	**0.1**	**5.7**	**0.0**	**0.9**	**-3.9**	**2.9**
Gasoline	-0.6	1.6	0.0	0.6	0.0	0.1	-0.6	2.3
Middle Distillates	0.0	-5.3	0.9	0.0	0.0	-0.1	0.9	-5.4
Residual Fuel Oil	-0.2	0.6	-0.1	-0.1	0.0	0.0	-0.3	0.6
Other Products	0.5	-4.5	0.0	-3.7	0.0	0.8	0.5	-7.4
Total Products	**-0.3**	**-7.6**	**0.8**	**-3.2**	**0.0**	**0.8**	**0.5**	**-10.0**
Other Oils[1]	-1.6	3.8	0.6	1.4	0.0	0.2	-1.1	5.4
Total Oil	**-6.0**	**-7.5**	**1.5**	**3.9**	**0.0**	**1.9**	**-4.5**	**-1.7**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

There have been a number of downward revisions made to OECD stock data over the past few months. While some of these are the result of final data submissions, others - notably in OECD Europe - stem from the reclassification of industry stocks as government stocks. The upshot of these revisions is that OECD industry total oil inventories are now assessed to have remained at a small deficit to the five-year average since January 2013. On the flip side, government stocks now look higher than originally reported. Prior to these revisions, data suggested that industry inventories had held a small surplus to average levels since September 2012. The revisions have sharpened regional contrasts. While the OECD Americas holds a significant surplus to the five-year average, OECD Europe now stands in wide deficit and OECD Asia Oceania fluctuates between small surplus and deficit.

Preliminary Industry Stock Change in May 2013 and First Quarter 2013

	May 2013 (preliminary)								First Quarter 2013			
	(million barrels)				*(million barrels per day)*				*(million barrels per day)*			
	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total
Crude Oil	**-2.3**	**-3.5**	**6.1**	**0.3**	**-0.08**	**-0.11**	**0.20**	**0.01**	**0.28**	**0.04**	**0.09**	**0.42**
Gasoline	3.8	-2.2	0.4	1.9	0.12	-0.07	0.01	0.06	-0.06	0.08	0.04	0.05
Middle Distillates	4.1	-0.4	-4.5	-0.8	0.13	-0.01	-0.15	-0.03	-0.20	0.02	0.04	-0.15
Residual Fuel Oil	-2.4	0.2	0.3	-1.9	-0.08	0.01	0.01	-0.06	0.02	0.04	0.00	0.06
Other Products	20.1	-0.4	-2.1	17.6	0.65	-0.01	-0.07	0.57	-0.20	-0.03	-0.04	-0.27
Total Products	**25.6**	**-2.8**	**-6.0**	**16.8**	**0.83**	**-0.09**	**-0.19**	**0.54**	**-0.44**	**0.10**	**0.03**	**-0.30**
Other Oils[1]	-5.1	-3.7	-3.5	-12.3	-0.16	-0.12	-0.11	-0.40	-0.08	0.04	0.05	0.01
Total Oil	**18.1**	**-9.9**	**-3.4**	**4.8**	**0.58**	**-0.32**	**-0.11**	**0.16**	**-0.24**	**0.19**	**0.18**	**0.13**

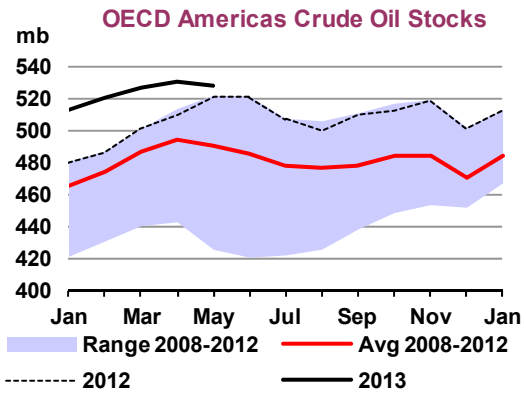
1 Other oils includes NGLs, feedstocks and other hydrocarbons.

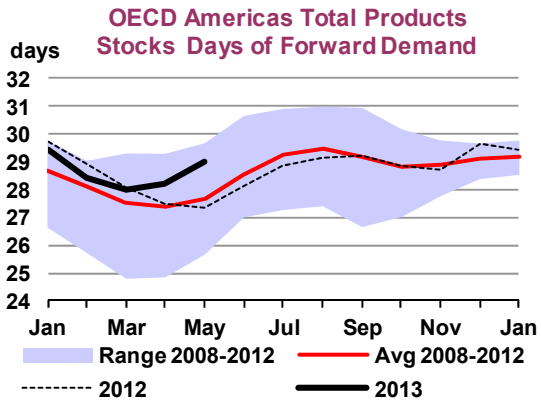
Based on final data, preliminary assessments of OECD commercial oil inventories have been revised downwards by 4.5 mb for March and 1.7 mb for April. As a result, OECD commercial stocks now look to have stood at a 1.0 mb deficit to five-year average levels at end-April, rather than the 0.8 mb surplus reported earlier. Preliminary data for May suggest that the stock build for that month was weaker than the 16.7 mb seasonal average. If confirmed, this would have caused the deficit of total oil stocks to average levels to widen in May to 12.9 mb, its largest since February.

Preliminary data suggest that OECD industry inventories continued to build for a third consecutive month as they rose by a sharp 23.2 mb in June, significantly stronger than the 6.1 mb five-year average build for the month. Holdings in all regions rose with the 14.2 mb and 1.6 mb increases in the OECD Americas and Asia Oceania seasonally strong while the 7.3 mb build in Europe being counter-seasonal. Surging refined products (+29.1 mb) drove stocks higher, after 'other product' restocking in the US continued to overshoot seasonal norms. Meanwhile, motor gasoline built by a strong 4.9 mb while middle distillates posted a surprise counter-seasonal 1.8 mb draw. Following rising OECD refinery throughputs, crude oil drew by a stronger-than-seasonal 6.5 mb.

Analysis of Recent OECD Industry Stock Changes

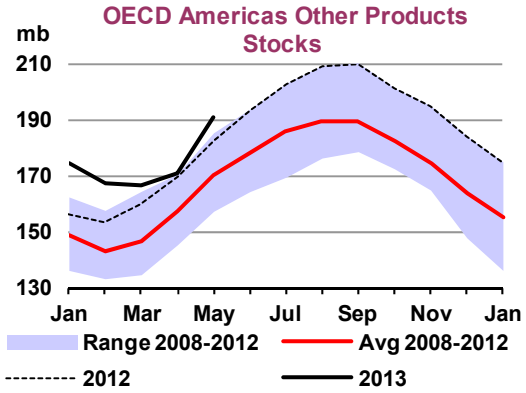
OECD Americas

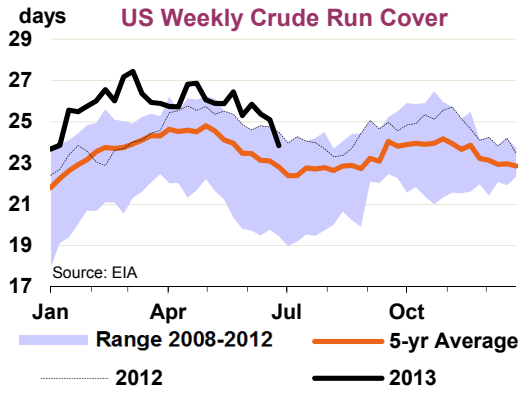




Industry total oil inventories in the OECD Americas built seasonally in May by a relatively steep 18.1 mb, compared to the 15.1 mb five-year average build for the month. A 20.1 mb surge in 'other products' led the increase. While 'other products' do build seasonally at this time of year, the trend has been exacerbated by burgeoning production of natural gas and associated propane in the US. Despite healthy demand from the petrochemical sector and soaring exports, US propane holdings (here included under 'other products') remain in surplus to the five-year average.

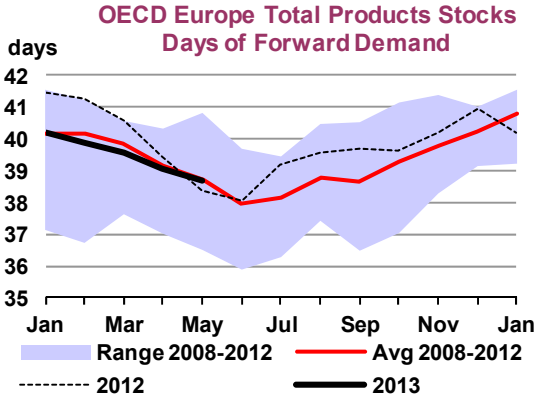
Crude oil stocks drew seasonally by 2.4 mb on the month and NGLs and refinery feedstocks posted a steep, counter-seasonal 5.1 mb decline as regional refinery runs surged by 440 kb/d. The higher refinery activity caused inventory builds in middle distillates (+4.1 mb) and motor gasoline (+3.8 mb). The latter was in sharp contrast to the five-year average 2.5 mb draw for the month and leaves regional gasoline inventories well above seasonal ranges, in terms of volume and days of forward demand. All told, refined products surged by 25.6 mb, nearly twice the five-year average 14.3 mb build, to leave demand cover at 29.0 days, 0.8 days above end-April levels.

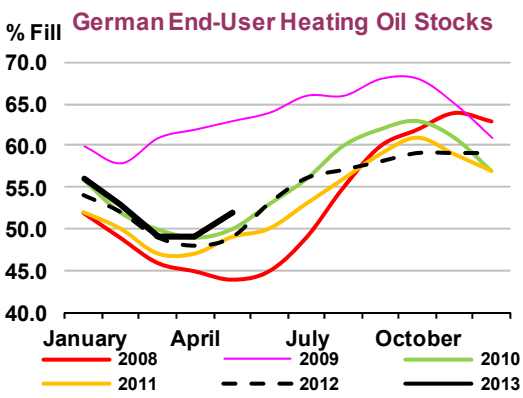




Preliminary weekly data from the US EIA suggest that stocks built by a seasonal 14.2 mb by end-June (data up to 27 June). Refined product stocks built by a further 21.5 mb, extending earlier gains, and led by 'other products' (+17.4 mb) and motor gasoline (+4.9 mb), builds of which were stronger than typical for that time of year. Meanwhile, crude oil stocks dropped by a further 7.5 mb as refinery runs continued to ramp up (+400 kb/d m-o-m) after BP's Whiting refinery came back on-stream. Regardless of higher crude runs, and despite an upward creep in US crude exports to Canada, recently exceeding 140 kb/d, US run cover stands at 24 days, well above the seasonal range.

OECD Europe



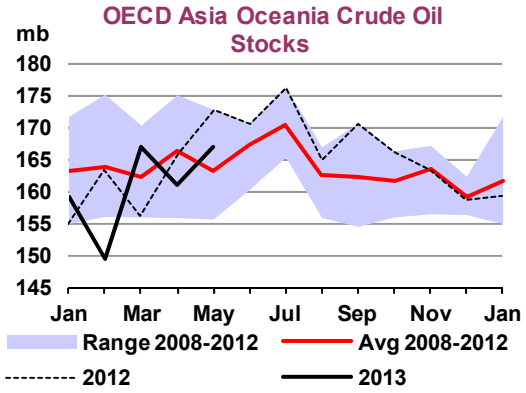


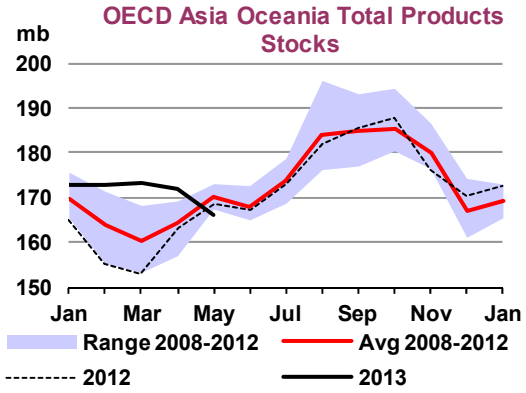
OECD European industrial total oil inventories drew by a steep 9.9 mb in May. All oil categories except fuel oil posted declines. Crude oil and NGLs and other feedstocks dropped by a combined 7.2 mb on

lower imports and despite relatively flat refinery throughputs, which only inched up by 50 kb/d. Refined product inventories also slipped, down by 2.8 mb or 0.3 days of forward demand cover, which fell to 38.7 days. Motor gasoline led the product draws with a seasonal 2.2 mb decline, while middle distillates and 'other products' each drew by 0.4 mb. Indications are that German consumers of heating oil began their seasonal restocking with tertiary stocks reportedly reaching 52% of capacity by end-May. Although May normally marks the beginning of heating oil restocking by German consumers, this three percentage-points increase was steeper than in previous years, leaving residential tanks in May higher than over the previous three years.

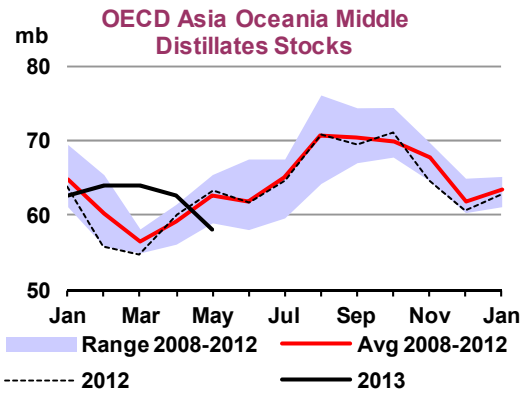
Preliminary data from Euroilstock indicate that following builds in all oil categories, commercial total oil holdings rose by 7.3 mb in June. Following a rise in refinery throughputs, refined product stocks rose by a heady 7.1 mb, counter-seasonal to the 5.0 mb five-year average draw. Motor gasoline and middle distillates accounted for the lion's share of the build, rising by 3.1 mb and 2.6 mb, respectively. Meanwhile, net crude imports appear to have kept pace with the rising throughputs since crude holdings inched up by a seasonal 0.2 mb. Data suggest that inventories of refined products held by independent storage operators in Northwest Europe fell in June after holdings of gasoil and fuel oil and gasoline drew.

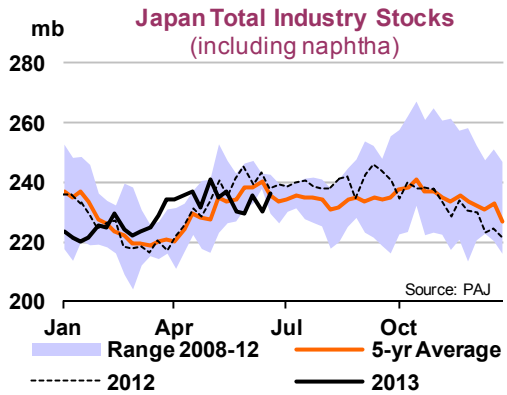
OECD Asia Oceania





Commercial total oil inventories in OECD Asia Oceania fell by 3.4 mb in May, in sharp contrast to the 4.6 mb five-year average build for the month. This resulted in part from a counter-seasonal 6.0 mb draw in refined products, after poor refining margins and plant maintenance slashed regional refinery throughputs by 460 kb/d m-o-m. As refinery intake dropped, crude stocks built by a counter-seasonal 6.1 mb. Stocks of NGLs and other feedstocks drew by a counter-seasonal 3.5 mb, however, likely driven by petrochemical demand.



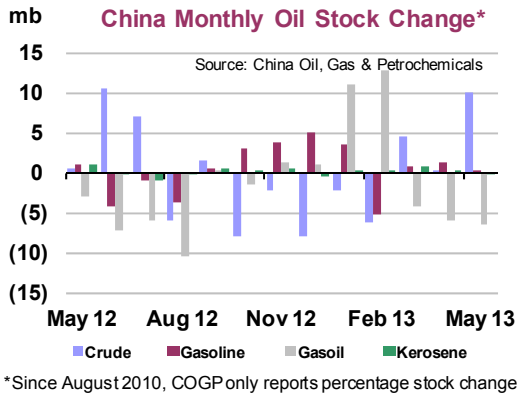


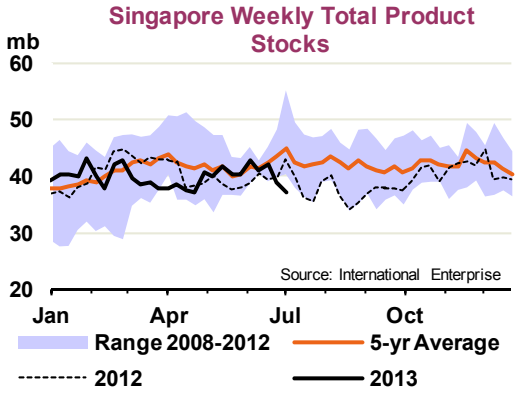
As refiners drew their stocks of refined products, forward demand cover fell by a sharp 1.1 days to 20.6 days. Stocks of middle distillates slumped by 4.5 mb, in sharp contrast to the 3.7 mb average build for May. These inventories have now swung to a 4.7 mb deficit to average levels from the 3.6 mb surplus posted at end-April. Meanwhile, a counter-seasonal draw was reported in 'other products' (-2.1 mb) while motor gasoline and fuel oil posted slight upticks of less than 0.5 mb each.

Preliminary weekly data from the Petroleum association of Japan (PAJ) suggest that total oil stocks there inched up by 1.6 mb in June. Inventories were lifted by seasonal builds in crude oil and NGLs and feedstocks, which rose by a combined 1.1 mb. Despite an increase in regional refinery throughputs, product builds were tempered by seasonal draws in middle distillates (-1.0 mb), fuel oil (- 0.8 mb) and motor gasoline (-0.5 mb) while 'other products' rebounded by a strong 2.9 mb.

Recent Developments in Singapore and China Stocks

Information provided by *China Oil, Gas and Petrochemicals* (*China OGP*) indicates that commercial oil inventories in China built by the equivalent of 3.6 mb in May (stock changes are reported in percentage terms). Crude oil holdings surged by 4.8% (10.0 mb), their largest monthly gain since June 2012, after refinery runs dropped by over 100 kb/d. Following this fall in refinery activity, product stocks drew by a combined 4.5% (6.4 mb). Gasoil (-8.9% or 6.5 mb) posted its third consecutive monthly fall. Gasoil inventories have now declined by an equivalent 16.8 mb since end-February. Kerosene also posted a fall of 1.9% (0.2 mb) while gasoline inched up by 0.6 % (0.4 mb).

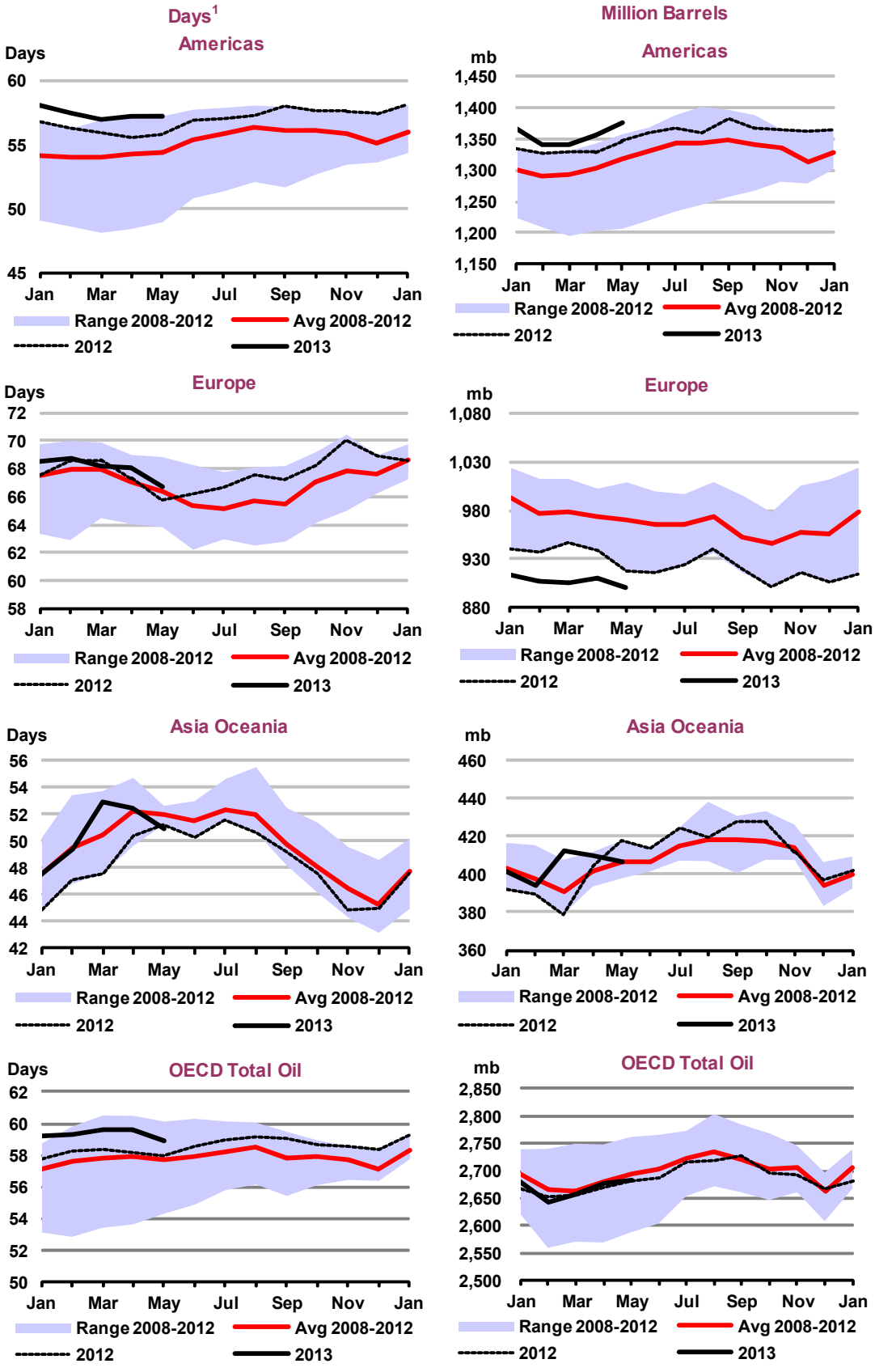




Data from *International Enterprise* pertaining to the land-based storage of refined products in Singapore indicate that following monthly draws for all products, levels declined by 2.7 mb by end-June to sit below both last year and the five-year average. Following a 1.5 mb draw, middle distillates hit an 18-month low by end-month, reportedly after a refinery outage in Malaysia lifted exports to that country. Meanwhile residual fuel oil stocks, which had been building over the previous couple of months, nosedived over the last two weeks of June following high demand in the region as prices fell.

Regional OECD End-of-Month Industry Stocks

(in days of forward demand and million barrels of total oil)



1 Days of forward demand are based on average demand over the next three months

PRICES

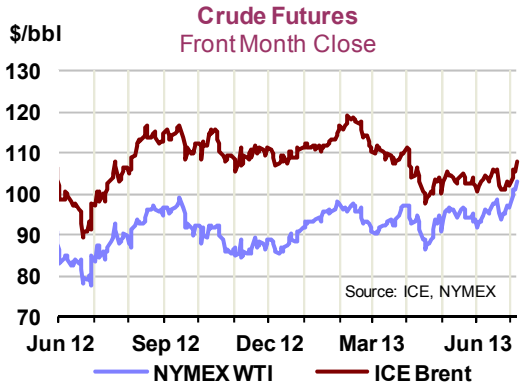
Summary

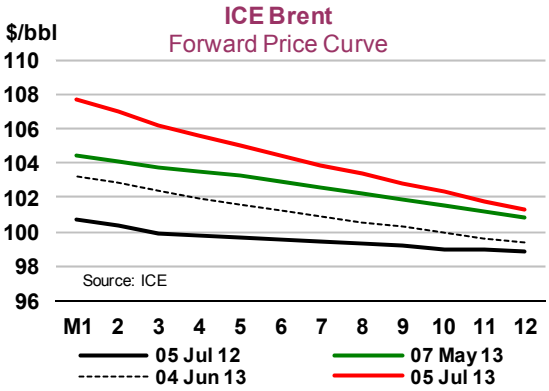
- **Despite a bearish undertone in the market over lacklustre economic growth prospects, futures and spot markets were supported by developments unfolding in Egypt and supply-side issues** going into the seasonally stronger third quarter. Futures markets edged moderately higher in June but posted stronger gains in early July, with Brent last trading at $108.30/bbl and WTI at $105.20/bbl.

- **The political upheaval in Egypt has brought the importance of the country as a key oil transit route back into focus two years after the 'Arab Spring' first swept through the country** in January 2011. Although there has been no direct threat to either the Suez Canal or the 2.4 mb/d SUMED pipeline, global oil prices edged higher following the ousting of President Morsi by the army on 3 July.

- **Spot crude oil markets in June strengthened in the Atlantic basin but were marginally weaker in Asia. The WTI-Brent price spread narrowed to two and a half-year lows in early July,** falling to around $3/bbl at writing compared with a February 2013 peak of $23.18/bbl. The steady attrition in WTI's discount to Brent partly reflects new pipeline capacity moving crude from the landlocked US Midcontinent, which has provided a relief valve for the bottlenecked region.

- **Freight rates on all benchmark routes for crude carriers soften as the bloated fleet again weighed heavy on the market in June** but by early-July rates out of the Middle East had begun to surge following unrest in Egypt and an upsurge in Asian demand that quickly tightened tonnage lists.





Market Overview

Futures markets edged moderately higher in June but posted stronger gains in early July, spurred on by supply outages in several OPEC producing countries as well as political unrest in Egypt. Despite a bearish undertone in the market over lacklustre economic growth prospects, futures and spot markets were supported by geopolitical developments and supply-side issues. Benchmark WTI posted the strongest monthly gains in June, up $1/bbl to an average $95.80/bbl. By contrast, Brent futures were up by just $0.06/bbl to $103.34/bbl in June. By early July, however, futures prices rose a further $5-9/bbl, with Brent last trading at $108.30/bbl and WTI at $105.20/bbl.

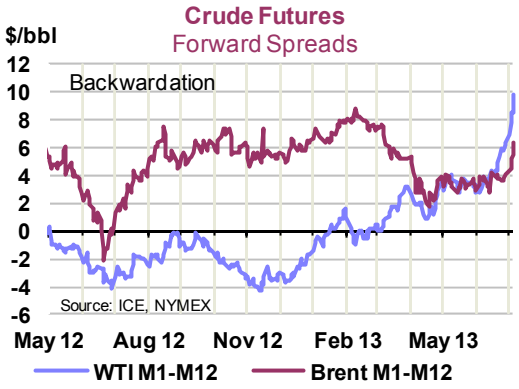
More than two years after the 'Arab Spring' first swept through Egypt, global oil markets were once again focussed on supply flows through the Suez Canal and SUMED pipeline following mass protests against Egyptian President Mohamed Morsi leading to his ouster by the Army on 3 July. To date, there has been no direct threat to either the Suez Canal or the 2.4 mb/d SUMED pipeline, yet oil prices briefly rose on market concern about any potential disruption. Although a hypothetical disruption to one or

both of these routes would undoubtedly unsettle markets, it would not altogether take supply off the market since the oil could presumably be rerouted via the Horn of Africa, adding an extra 15 days to a voyage from the Arabian Gulf to Europe (see '*Choke Points in Egypt Back In Focus*').

While fears of supply disruptions in the wake of the Egypt crisis rattled markets, civil unrest and militia activity in Libya, Nigeria and Iraq, which combined took around 400 kb/d off the market in June, helped prop up North Sea prices. The end of refinery turnarounds in the US and Asia has also led to an increase in demand for crude. Global refinery throughputs are forecast to rise by a steep 2.3 mb/d between 2Q13 and 3Q13, with Chinese refiners expected to step up buying after a heavy maintenance season.

Nettlesome macroeconomic indicators are making headlines but oil and financial markets nonetheless remain buoyant. Even after the IMF cut the global growth forecast to 3.1% on 9 July from its earlier estimate of 3.3%, stock markets continued to show signs of strength, with the S&P 500 in early July breaching the 1 650 resistance found back in mid-June.





In keeping with this cloudy outlook, current geopolitical and supply issues are boosting prompt months relative to outer months. The WTI futures curve moved into steep backwardation as new transport routes relieved downward price pressure in the Midcontinent. The forward M1-M12 prices spread nearly doubled to $8.35/bbl in early July from about $4.40/bbl in June. The Brent M1-12 contract spread widened to $5.20/bl in early July compared with $3.68/bbl in June.

Prompt Month Oil Futures Prices

(monthly and weekly averages, $/bbl)

	Apr	May	Jun	Jun-May Avg Chg	% Chg	Week Commencing: 03 Jun	10 Jun	17 Jun	24 Jun	01 Jul
NYMEX										
Light Sweet Crude Oil	92.07	94.80	95.80	1.00	1.0	94.26	96.31	96.71	95.92	100.51
RBOB	119.27	119.17	118.16	-1.02	-0.9	118.85	119.61	119.09	115.08	118.19
No.2 Heating Oil	121.50	121.24	121.37	0.13	0.1	120.27	122.12	122.65	120.43	123.02
No.2 Heating Oil ($/mmbtu)	21.43	21.38	21.41	0.02	0.1	21.21	21.54	21.63	21.24	21.70
Henry Hub Natural Gas ($/mmbtu)	4.16	4.07	3.81	-0.26	-6.9	3.93	3.77	3.88	3.65	3.64
ICE										
Brent	103.42	103.28	103.34	0.06	0.1	103.30	104.12	104.13	101.81	105.20
Gasoil	116.09	115.49	117.20	1.71	1.5	116.08	117.11	118.62	116.99	120.28
Prompt Month Differentials										
NYMEX WTI - ICE Brent	-11.35	-8.48	-7.54	0.94		-9.04	-7.81	-7.42	-5.89	-4.69
NYMEX No.2 Heating Oil - WTI	29.43	26.44	25.57	-0.87		26.01	25.81	25.94	24.51	22.51
NYMEX RBOB - WTI	27.20	24.37	22.36	-2.02		24.59	23.30	22.38	19.16	17.68
NYMEX 3-2-1 Crack (RBOB)	27.94	25.06	23.43	-1.63		25.06	24.14	23.56	20.94	19.29
NYMEX No.2 - Natural Gas ($/mmbtu)	17.27	17.31	17.60	0.28		17.28	17.77	17.75	17.59	18.06
ICE Gasoil - ICE Brent	12.67	12.21	13.86	1.65		12.78	12.99	14.49	15.18	15.08

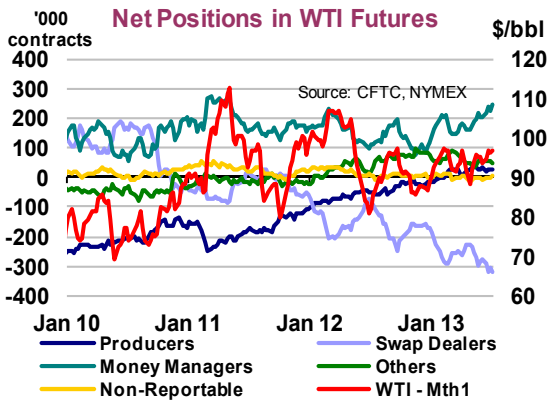
Source: ICE, NYMEX

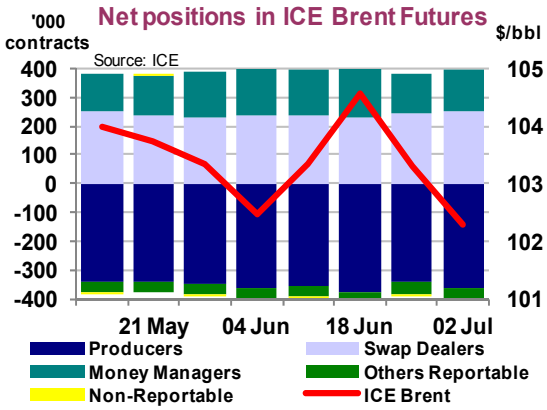
Futures Markets

Activity Levels

NYMEX hedge funds took a longer stance in their net-long positions, up 20% over the period to reach levels unseen since May 2011, on the back of bullish WTI. Other "non-reportable" market participants turned their positions to net long in the past two weeks. Across the Atlantic, there was not much activity on the Brent front, consequent to the North Sea benchmark trading in a narrow $5-$6/bbl range since April, hovering around $103/bbl in June and reaching the $108/bbl mark only in the second week of July, not captured yet by CFTC data.

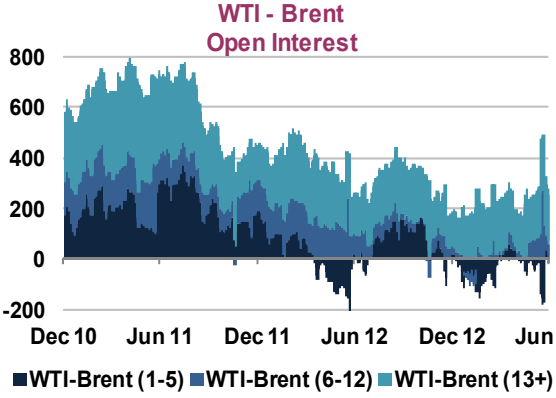
On the products side, as ICE Gasoil futures prices rebounded in June, hedge funds turned bullish, going from net short wagers to net long, while producers cautiously increased their short exposure. Following the drop of RBOB to under $2.75 per gallon, NYMEX hedge funds cut their net-long positions by a staggering 41% week-on-week at end June. The cut more than offset the gains in the first half of the month, resulting in an overall monthly reduction of 25%.

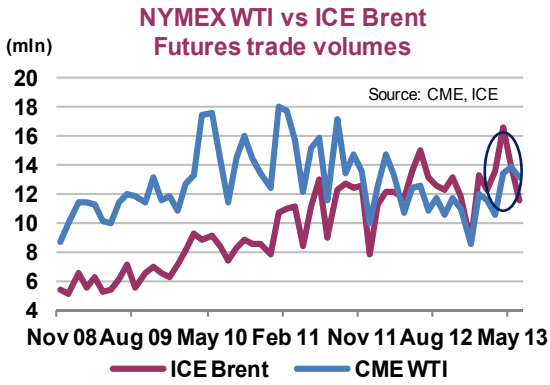




Between 28 May and 2 July, as prices surged and WTI climbed back over $100/bbl, open interest in ICE Brent futures grew slightly more than in NYMEX WTI, posting a 31.7% year-on-year growth versus 23.5%. On a monthly basis, WTI grew faster than Brent but dropped 2.2% in the last week, halting its overall month-on-month growth to 1.4%, versus 2.9% for ICE Brent. As a result, the spread between the two benchmarks slightly narrowed over the period.

Trading volumes in futures contracts saw a trend reversal from previous months. As London ICE Brent volumes plunged by 23% y-o-y and NYMEX WTI volumes gained momentum, the latter overtook the former for the first time since April 2012. This happened only a few months after that Brent had surpassed WTI also in terms of global volumes (i.e., considering both sides of the Atlantic) for the first time historically in April and March 2013, marking the recovery of the Cushing-based benchmark.





Positions on Light Sweet Crude Oil (WTI) Futures

Thousand Contracts

02 July 2013	Long	Short	Net	Long/Short	Δ Net from Prev. Week	Δ Net Vs Last Month
Producers' Positions	365.6	335.9	29.7	*Long*	↑ 2.0	↑ 1.7
Swap Dealers' Positions	314.4	635.8	-321.5	*Short*	↓ -19.2	↓ -34.9
Money Managers' Positions	603.6	359.8	243.9	*Long*	↑ 22.8	↑ 41.1
Others' Positions	393.9	348.2	45.7	*Long*	↓ -7.7	↓ -8.6
Non-Reportable Positions	92.4	90.2	2.2	*Long*	↑ 2.1	↑ 0.8
Open Interest			**1769.8**		↓ -39.6	↑ 25.1

Source: CFTC

Positions on ICE Brent Crude Futures

Thousand Contracts

02 July 2013	Long	Short	Net	Long/Short	Δ Net from Prev. Week	Δ Net Vs Last Month
Producers' Positions	583.2	944.3	-361.1	*Short*	↓ -16.7	↓ -15.8
Swap Dealers' Positions	527.9	272.9	255.0	*Long*	↑ 9.3	↑ 27.2
Money Managers' Positions	333.8	189.7	144.1	*Long*	↑ 6.6	↓ -15.5
Others' Positions	85.2	122.5	-37.3	*Short*	↓ -0.1	↑ 4.4
Non-Reportable Positions	28.9	29.6	-0.8	*Short*	↑ 0.9	↓ -0.3
Open Interest			**1559.0**		↑ 43.2	↑ 44.3

Source: ICE

Financial Regulation

On 4 June, the US Commodities Futures Trading Commission (CFTC) granted no-action exemptions from swaps central clearing obligation to financial entities that hedge on behalf of non-financial firms, in fact extending the so-called “end-user exception” to firms that outsource their commercial hedging.

On 14 June, the European Commission pushed push back its 15 June deadline for the European Securities and Markets Authority (ESMA) to decide whether third-country derivatives rules are to be considered equivalent to the EU ones. The new deadline for Japanese and US regimes is now 1 September and 1 October for other third-countries.

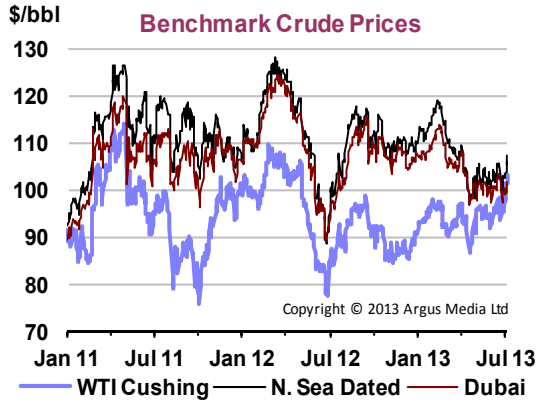
On 19 June, the CFTC released 19 other no-action letters. Those letters provide temporary exemptions on many swaps rules for swap execution facilities (SEF), regarding portfolio reconciliation, annual reporting and the fingerprinting of non-US persons for background checks.

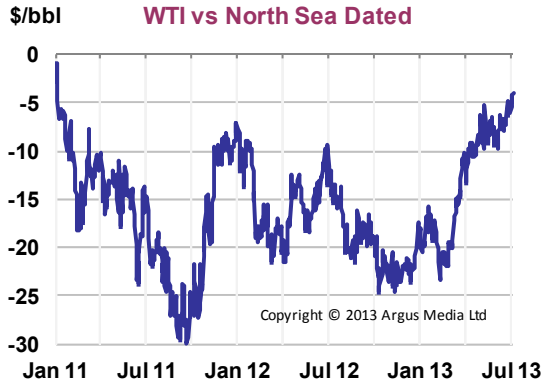
On 12 July, the CFTC will meet to vote on its Cross Border Final Guidance for swaps regulations, determining how its new rules will apply to foreign firms seeking to do business in the US. The same day, an open meeting will be held both on the substance of the rules and the phasing-in of the compliance. The US regulator has been under pressure from the EU and other foreign regulators to extend the 12 July deadline to enforce its cross-border rules, as the exemption for non-US entities will expire.

Federal Reserve Chairman Bernanke said the Volcker rule will likely be completed by the end of the year. The rule aims to restrict US banks from making certain kinds of speculative proprietary trading investments deemed not to be “in the best interest of their clients”.

Spot Crude Oil Prices

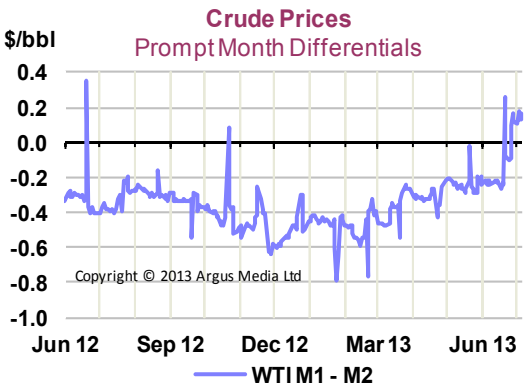
Spot crude oil markets in June strengthened in the Atlantic basin but were marginally weaker for Middle East grades in Asia. WTI was up just over $1/bbl to around $95.80/bbl, outpacing Brent month-on-month as US refiners ramped up throughput rates. North Sea Dated rose by a smaller $0.45/bbl to $102.95/bbl, bolstered by seasonal field maintenance work and lower availabilities of Russian Urals, Libyan grades and Iraqi Kirkuk in European markets. Spot Dubai prices posted a modest decline in line with increased supplies of African and Mideast crudes in Asia, with prices off $0.06/bbl to around $100.30/bbl in June.





The WTI-Brent price spread narrowed to two and a half-year lows in early July, falling to just under $3/bbl at writing compared with a February 2013 peak of $23.18/bbl. The relative strength of WTI to North Sea Dated Brent helped narrow further the price differential between the two benchmarks in June and early July but the trend had already started gaining traction at the start of the year with the inauguration of the Seaway pipeline. The WTI-Brent spread has steadily declined from around $21.05/bbl in February, $15.55/bbl in March, $9.90/bbl in April, $7.75/bbl in May and to around $7.15/bbl on average in June.

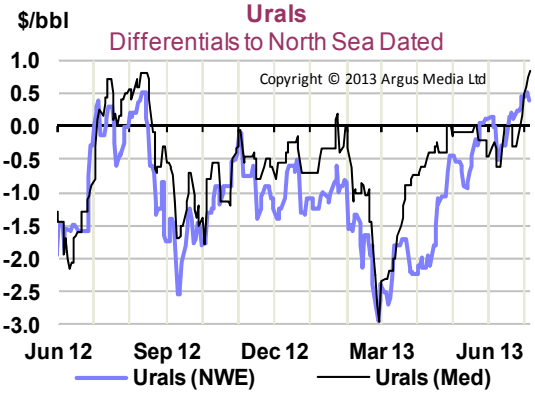
The steady erosion in WTI's discount to Brent partly reflects the ramp up in new pipeline capacity moving crude from the NYMEX's delivery point at Cushing, Oklahoma, which has provided a long-awaited relief valve for the bottlenecked region. Reversal of pipelines in West Texas towards the Gulf Coast region has also alleviated the downward price pressure on WTI. Markets also received a fillip from large crude stock drawdowns as refiners ramped up runs. The WTI M1-M2 price spread narrowed to $0.13/bbl in June compared with $0.23/bbl in May and $0.31/bbl in April. Meanwhile, flooding in Alberta disrupted shipments of Canadian crude to the US Midwest, which helped strengthen prompt spot prices.

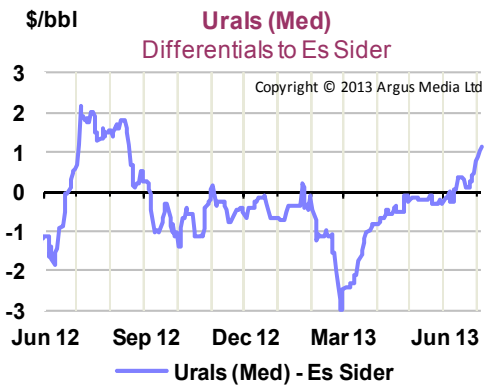


North Sea crudes were also well supported in European markets, particularly in early July in the wake of the turmoil in Egyptian and fears of supply disruptions to Suez oil flows. There has been no direct threat to either the Suez Canal or the 2.4 mb/d SUMED pipeline, however, following the regime change on 3 July (see '*Choke Points in Egypt Back in Focus*'.) Spot prices for Brent were buoyed by scheduled summer maintenance work in the North Sea. North Sea supplies, which underpin the Brent market, are expected to reach seasonal lows in August.

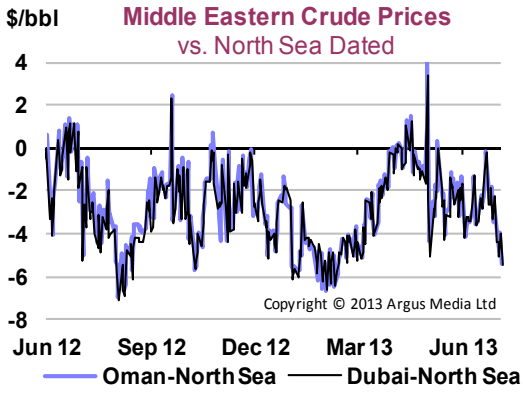
The cutback in supplies of Libyan and Iraqi crudes due to civil unrest and sabotage has had a more pronounced affect on spot markets in Europe. Libyan crude exports have plummeted in recent months due to workers protests shutting in oil fields and port facilities. Production has tumbled from around

1.38 mb/d in April to just 1.15 mb/d in June. The Urals-Es Sider price spread changed tack in early June, with the former trading at a premium in the Mediterranean once a again, at around $1/bbl in early July compared with $0.15/bbl on average in June, -$0.20/bbl in May and $0.50/bbl in April.





Spot prices for Urals crude have reached record highs as refiners paid top dollar against Dated Brent on sharply lower Russian crude exports as domestic refiners ramped up units after maintenance. Urals crude posted a premium to Brent by as much as $0.80/bbl cents per barrel in early July compared to a more normal discount against Dated Brent, which averaged -$0.20/bbl in June and -$0.40/bbl in April. In addition to increased domestic refinery runs, exports to China jumped, which combined, pushed Russia exports to Europe to exceptionally low levels.



Increased supplies of Middle East grades saw Dubai's discount to Brent widen to an exceptionally weak $4.65/bbl in the first week of July compared with $2.66/bbl in June and $2.16/bbl in May. The Dubai M1-M2 price spread, however, hovered in a narrow range on expectations of stronger refiner demand from Asian buyers in the third quarter. The Dubai M1-M2 averaged $0.37/bbl in May versus $0.69/bbl in April.

Spot Crude Oil Prices and Differentials

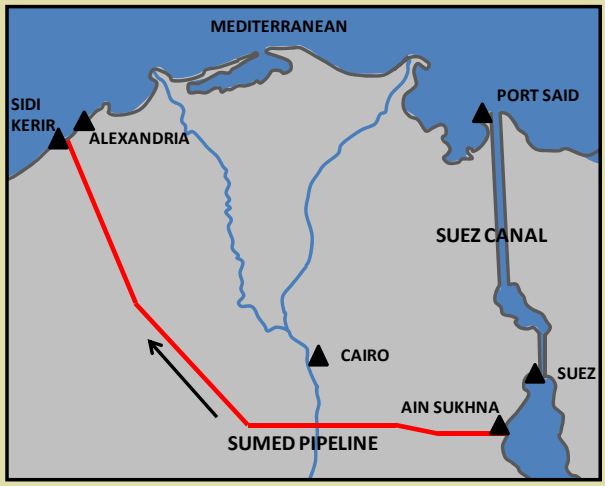
(monthly and weekly averages, $/bbl)

	Apr	May	Jun	Jun-May Avg Chg	%	Week Commencing: 03 Jun	10 Jun	17 Jun	24 Jun	01 Jul
Crudes										
North Sea Dated	101.92	102.50	102.95	0.45	0.4	102.92	103.52	103.85	101.52	105.20
Brent (Asia) Mth 1	103.61	103.18	103.34	0.16	0.2	102.64	103.66	105.17	101.88	104.58
WTI (Cushing) Mth 1	92.02	94.76	95.79	1.02	1.1	94.26	96.31	96.69	95.88	100.51
Urals (Mediterranean)	101.52	102.35	102.76	0.41	0.4	102.56	103.27	103.79	101.43	105.89
Dubai	101.70	100.35	100.29	-0.06	-0.1	99.43	100.67	102.08	98.98	100.54
Tapis (Dated)	108.85	108.76	108.52	-0.24	-0.2	108.52	109.04	109.35	107.18	110.90
Differential to North Sea Dated										
WTI (Cushing)	-9.90	-7.74	-7.16	0.57		-8.66	-7.21	-7.15	-5.64	-4.68
Urals (Mediterranean)	-0.40	-0.15	-0.19	-0.04		-0.36	-0.25	-0.06	-0.09	0.69
Dubai	-0.22	-2.16	-2.66	-0.51		-3.49	-2.86	-1.77	-2.54	-4.66
Tapis (Dated)	6.93	6.26	5.57	-0.69		5.60	5.52	5.50	5.66	5.70
Prompt Month Differential										
Forw ard Cash Brent Mth1-Mth2	-0.06	0.12	0.08	-0.05		0.16	-0.11	0.10	0.15	0.53
Forw ard WTI Cushing Mth1-Mth2	-0.31	-0.23	-0.13	0.10		-0.23	-0.22	-0.11	0.04	0.15
Forw ard Dubai Mth1-Mth2	0.69	0.37	0.33	-0.04		0.33	0.27	0.33	0.39	0.31

Copyright © 2013 Argus Media Ltd - All rights reserved

Choke Points in Egypt Back in Focus

Recent political upheaval in Egypt has brought the country's importance as a key oil transit route back into focus two years after the 'Arab Spring' first swept through the country in January 2011. Although there has been no direct threat to either the Suez Canal or the 2.4 mb/d SUMED pipeline, global oil prices edged higher following the ousting of President Morsi by the army on 3 July, thus underscoring market concern about any potential disruption. Market perception is that the Suez Canal is more susceptible to disruption than the SUMED pipeline due to its proximity to the major cities of Suez and Port Said, whereas for the majority of its length the SUMED runs through sparsely inhabited areas.



Official data for 2011 (the last full year for which final data are available) indicate that on average 3.8 mb/d of crude and products transited Egypt in either direction via the Suez Canal and the SUMED pipeline. The vast majority (80% or 3.1 mb/d) of this oil was shipped northbound, using both routes from the Red Sea to the Mediterranean. However, southbound trade is exclusively via the Suez Canal and amounted to 780 kb/d in 2011. It should also be noted that the 200 mile long SUMED pipeline solely carries crude from Ain Sukhna on the Red Sea to Sidi Kerir on the Mediterranean.

Most northbound crude (1.7 mb/d) flows via the SUMED with only 540 kb/d carried through the Suez Canal. However, data suggest that Middle Eastern crude producers, notably Saudi Arabia and Iraq, send cargoes via the SUMED and Suez Canal depending on the size of vessel transporting them.

According to provisional vessel tracking data for 2012, Saudi Arabia and Iraq accounted for 60% and 34% of flows through the SUMED. Northbound flows through the Suez were far more diverse although the bulk of transiting vessels carried products loaded in India (260 kb/d) or crude loaded in Iraq (120 kb/d). It is notable that Iranian oil was recently barred from the SUMED with deliveries to Turkey (~100 kb/d) now confined to the Suez Canal.

Southbound crude flows in 2012 largely originated from Libya (240 kb/d) and Azerbaijan (110 kb/d), although a small number of cargoes were loaded in Russia, the UK, Syria and Mexico. Meanwhile, the origins of refined products included the Netherlands (130 kb/d) and the FSU (130 kb/d).

Destinations of the crude and products were diverse, with most northbound flows remaining in the Mediterranean Basin while China, India, Singapore and Korea imported a large proportion of southbound flows.

Breakdown of Crude, Dirty and Clean Products Transiting Egypt in 2011 (kb/d)

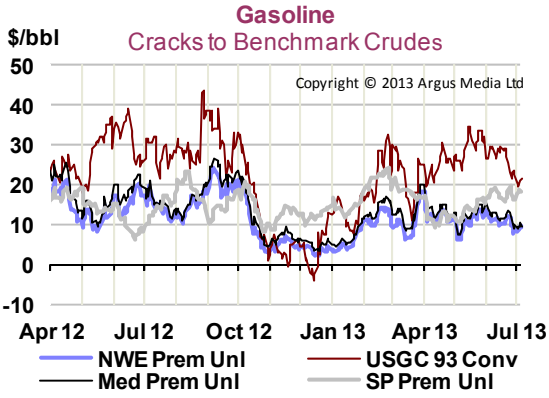
	Northbound	Southbound
Crude	540	210
Fuel oil	10	250
Light products	850	320
Total Suez Canal	***1400***	***780***
SUMED Pipeline **crude only*	*1680*	
Grand Total	***3080***	***780***

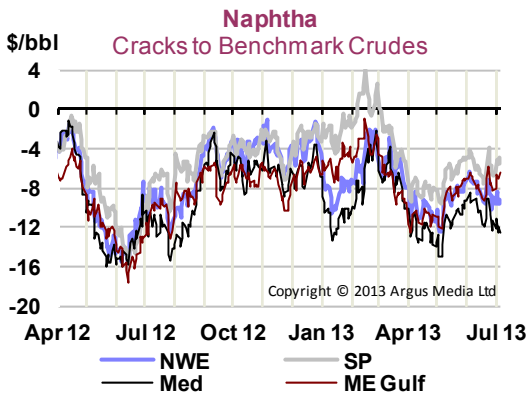
These data highlight the importance of Egypt to the global oil trade. Although a hypothetical disruption to one or both of these routes would undoubtedly unsettle markets, it would not altogether take supply off the market, since the oil could be rerouted via the Horn of Africa, adding an extra 15 days to a voyage from the Arabian Gulf to Europe. Moreover, if only traffic in the Suez Canal were to be disrupted, the SUMED pipeline is estimated to currently have approximately 0.9 mb/d of spare capacity.

Spot Product Prices

Spot product markets diverged in June. Average monthly gasoline crack spreads were lower in the Atlantic basin but surged in Asia. The crack spreads for middle distillates and naphtha as well as low-sulphur fuel oil rose in June in all major markets, unlike that of high-sulphur fuel oil.

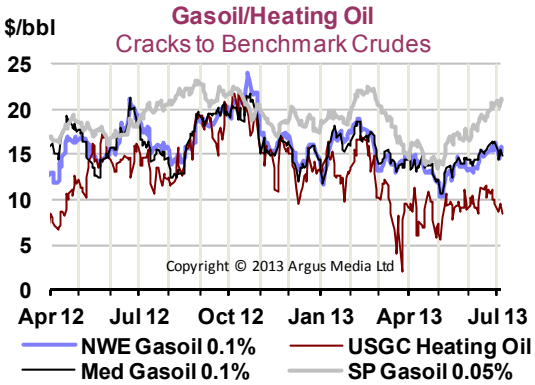
Gasoline crack spreads fell in Europe and the US. The average US gasoline crack spreads in June were down after spiking in May. Supply problems at Chicago area refiners eased, causing gasoline prices to fall back to April levels. ExxonMobil's 240 kb/d Joliet, Illinois refinery restarted in mid-June. In Europe crack spreads decreased due to weak demand for export to the US. In Asia, firm demand for gasoline and reduced stocks resulted in a relatively high rise in the crack spreads.

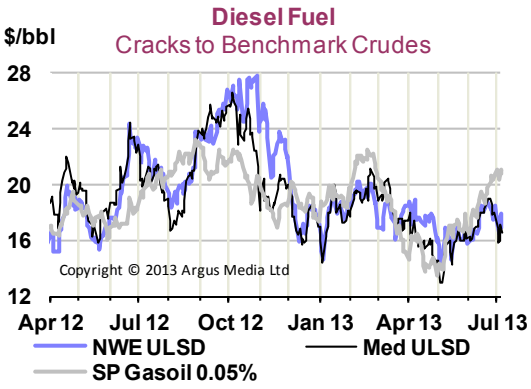




Naphtha crack spreads rose in Europe and Asia. Petrochemical producers continued to prefer feeding naphtha to LPG, because the prices of the latter were relatively high. Normally, European petrochemical producers tend to switch to LPG in the summer time, but this year the LPG price is firm due to low refinery runs.

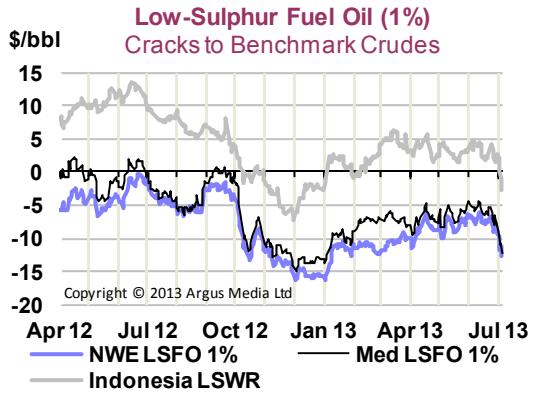
Middle distillates markets were strong across the board. **Gasoil** crack spreads were firm in June. In Europe, supplies were tight due to reduced import from the US and Middle East and flood in the river Rhine area, amid seasonally strong demand. In the Middle East, seasonal **diesel** demand for power generation increased. Also, Chile imported increased volumes of diesel after the drought limited hydropower generation.

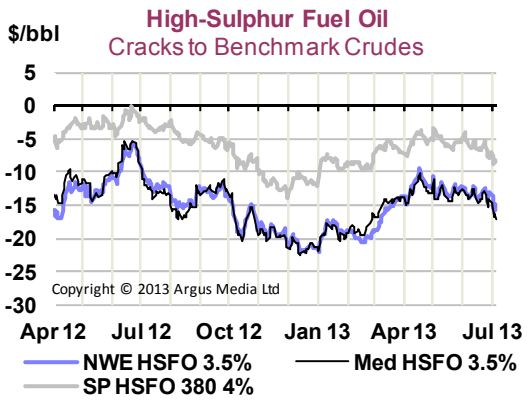




Jet/Kero crack spreads rose in all the regions. In Europe, congestion after the flood in the river Rhine, as well as low refinery runs and decreased imports limited supply. In the US, jet fuel stock decrease in the midcontinent pushed the spreads, though the refiners were maximising jet fuels supply to avoid biofuel mandate cost. In Asia, export demand to the US west coast offset the soft demand from China.

Fuel oil crack spreads were mixed according to the sulphur contents. Low-sulphur fuel oil crack spreads rose in contrast to high-sulphur fuel oil. In Singapore, fuel oil stocks rose, implying low demand for bunker fuels. In anecdotal reports, the demand for the low viscosity high sulphur fuel oil (180 cst) in Singapore was strong as blenders are preparing for the import of high viscosity fuels in the summer.





Spot Product Prices

(monthly and weekly averages, $/bbl)

	Apr	May	Jun	Jun-May Chg	Jun-May %	Week Commencing: 03 Jun	10 Jun	17 Jun	24 Jun	01 Jul	Apr	May	Jun
Rotterdam, Barges FOB											**Differential to Dated Brent**		
Premium Unl 10 ppm	114.02	113.62	113.80	0.18	0.2	114.57	114.31	115.04	111.29	114.41	12.10	11.12	10.85
Naphtha	91.66	93.51	94.80	1.29	1.4	95.85	95.67	94.96	92.74	95.92	-10.26	-8.99	-8.15
Jet/Kerosene	116.42	115.68	118.16	2.48	2.1	116.50	118.84	119.91	117.41	120.15	14.50	13.18	15.21
ULSD 10ppm	119.47	118.57	120.53	1.96	1.7	119.13	120.84	122.41	119.74	122.41	17.55	16.07	17.58
Gasoil 0.1%	115.58	115.54	117.60	2.06	1.8	116.27	117.85	118.98	117.31	120.44	13.66	13.04	14.65
LSFO 1%	93.26	94.69	95.66	0.97	1.0	95.75	96.79	96.42	93.68	94.27	-8.66	-7.81	-7.29
HSFO 3.5%	89.83	89.92	89.75	-0.17	-0.2	89.66	90.68	90.40	88.27	90.58	-12.09	-12.58	-13.20
Mediterranean, FOB Cargoes											**Differential to Urals**		
Premium Unl 10 ppm	115.10	114.82	114.89	0.08	0.1	115.61	115.38	116.15	112.43	115.58	13.58	12.46	12.13
Naphtha	89.04	91.06	92.56	1.50	1.6	93.47	93.38	92.73	90.65	93.85	-12.48	-11.29	-10.20
Jet Aviation fuel	115.05	114.37	117.19	2.82	2.5	115.42	117.85	118.96	116.53	119.29	13.53	12.02	14.43
ULSD 10ppm	117.43	117.93	120.37	2.43	2.1	118.78	120.70	122.25	119.73	122.39	15.91	15.58	17.60
Gasoil 0.1%	115.20	115.86	118.02	2.16	1.9	116.75	118.26	119.32	117.74	120.93	13.67	13.50	15.26
LSFO 1%	94.39	96.09	96.95	0.85	0.9	97.13	98.16	97.65	94.86	95.51	-7.13	-6.26	-5.82
HSFO 3.5%	88.82	89.19	89.06	-0.13	-0.1	89.00	90.02	89.68	87.55	89.94	-12.70	-13.17	-13.70
US Gulf, FOB Pipeline											**Differential to LLS**		
Super Unleaded	130.22	134.11	131.34	-2.78	-2.1	132.42	133.74	132.83	126.36	127.75	24.62	29.60	27.03
Unleaded	116.38	117.31	115.58	-1.73	-1.5	117.23	117.43	116.60	111.05	115.42	10.78	12.79	11.26
Jet/Kerosene	117.68	114.80	116.37	1.57	1.4	115.73	117.23	117.46	115.06	118.30	12.08	10.29	12.06
ULSD 10ppm	120.80	119.53	120.12	0.59	0.5	119.08	120.98	121.51	118.93	121.69	15.20	15.02	15.81
No. 6 3%*	91.54	91.11	89.92	-1.19	-1.3	89.88	90.56	90.61	88.65	90.03	-14.06	-13.40	-14.39
Singapore, FOB Cargoes											**Differential to Dubai**		
Premium Unleaded	113.92	114.38	117.92	3.55	3.1	117.69	118.66	118.97	116.37	118.87	12.22	14.03	17.63
Naphtha	93.50	93.80	94.41	0.61	0.6	94.74	94.48	95.23	93.19	95.04	-8.19	-6.54	-5.88
Jet/Kerosene	116.22	115.39	116.75	1.36	1.2	114.96	116.84	118.92	116.28	118.07	14.52	15.05	16.46
Gasoil 0.05%	116.76	116.66	119.24	2.59	2.2	116.92	119.30	121.29	119.46	121.28	15.07	16.31	18.95
LSWR Cracked	105.15	103.33	103.62	0.29	0.3	103.56	104.46	104.48	101.98	100.79	3.45	2.98	3.33
HSFO 180 CST	97.12	96.49	97.87	1.38	1.4	96.86	98.57	99.64	96.41	94.66	-4.58	-3.86	-2.42
HSFO 380 CST 4%	96.21	95.00	94.20	-0.80	-0.8	94.21	94.80	95.56	92.23	92.47	-5.48	-5.34	-6.09

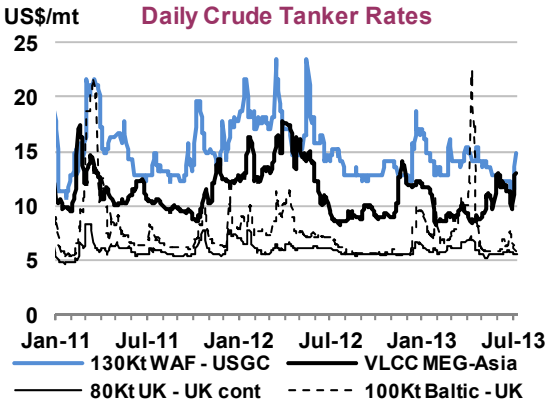
Copyright © 2013 Argus Media Ltd - All rights reserved * Waterborne

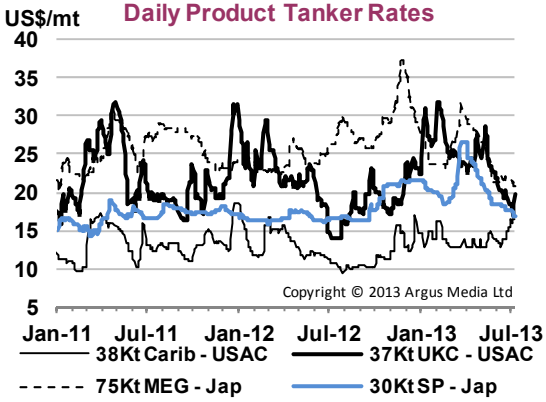
Freight

June saw freight rates on all benchmark routes for crude carriers soften as the bloated fleet again weighed heavy on the market. Notably, rates on the VLCC Middle East Gulf – Asia trade sank steadily from $13/mt at end-May to under $10/mt by end-June. However, by early-July rates for routes out of the

Middle East had begun to surge following unrest in Egypt and an upsurge in Asian demand that quickly tightened tonnage lists.

Suezmax markets similarly suffered in June as demand waned and tonnage built. Rates on the benchmark West Africa – US Gulf coast route have retreated steadily from early-May onwards as the US has continued to decrease its imports of light, sweet grades from the region. By early-June the rate stood below $12/mt, its lowest since early-2011. However, that rate surged in early-July on the back of the Egyptian unrest and uncertainty over the Suez Canal (see '*Choke Points in Egypt Back in Focus*') which also boosted rates for carriers moving FSU crudes from the Black Sea.





A similarly weak picture was evident across product tanker markets as rates softened steadily throughout June. Notably, the transatlantic gasoline trade continues to underwhelm with rates on the UK – US Atlantic route having sunk steadily since early-May to now stand below $18.50/mt, their lowest level this year. These low rates reportedly resulted after volumes traded fell as the arbitrage window narrowed with a ready supply of vessels continuing to weigh heavy. On the other hand, not all trade in the Atlantic Basin has suffered, as rates on the Caribbean – US Atlantic Coast trade firmed gradually so that by end-June exceeded $16.50/mt, their highest this year. This pattern has followed healthy US product exports to Latin America. Meanwhile, in the east, all benchmark rates have been pressured lower by a lack of tanker demand and lengthy tonnage lists.

REFINING

Summary

- **Global crude throughputs are expected to ramp up seasonally by a steeper-than-normal 2.3 mb/d from 2Q13 to 3Q13, in line with previous forecasts**. Non-OECD growth drives the increase, including new Saudi distillation capacity, increasing Chinese runs after heavy spring maintenance, and recovering throughput at Venezuela's Amuay plant after a 2012 fire.

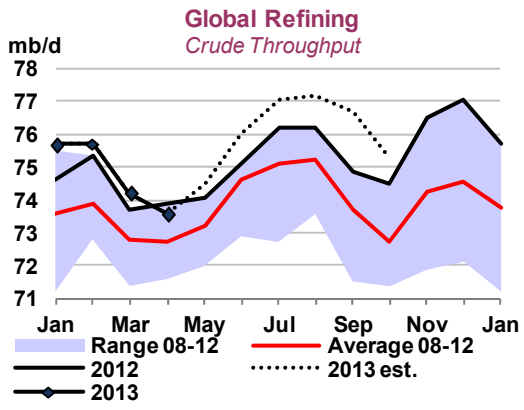
- **Global crude throughputs in 3Q13 are projected to be 1.2 mb/d higher y-o-y**. The major drivers of incremental growth include China (+480 kb/d), Africa (+430 kb/d), India (+150 kb/d), Russia (+110 kb/d), and Saudi Arabia (+90 kb/d). Growth for 3Q13 is partially offset by declining OECD runs, which are expected to be 510 kb/d lower y-o-y.

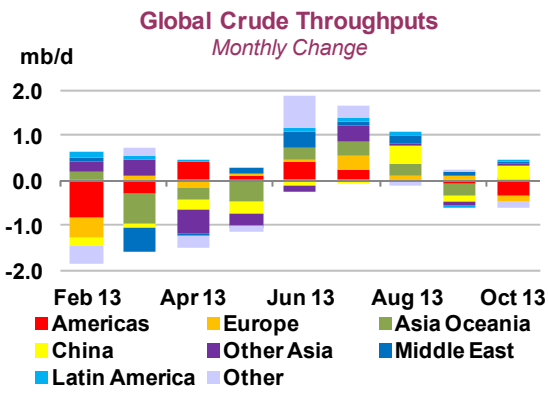
- **The estimate of OECD throughputs for 2Q13 is almost unchanged from last month's *Report*, at 36.3 mb/d**, despite large but mutually offsetting regional revisions. Throughputs in OECD Asia were estimated to be 220 kb/d lower than previously expected, while new data raised OECD Americas estimates by 150 kb/d. OECD Europe saw a more modest 40 kb/d upward revision.

- **The estimate of non-OECD throughputs for 2Q13 is also roughly unchanged at 38.4 mb/d**. Minor upward revisions to the FSU, Latin America and Africa provided a counterweight to an Asian market that struggled with outages in May and June.

Global Refinery Overview

Global crude oil throughputs are estimated to have averaged 74.7 mb/d during 2Q13, unchanged from last month's *Report* but down by 1.3 mb/d from 4Q12 throughputs. Although the aggregate quarterly figure is broadly unadjusted, there were sizeable but mutually offsetting regional revisions centred mostly in OECD economies. In OECD Asia, heavy refinery maintenance in Japan and South Korea dragged on into May after peaking in April and delayed the expected seasonal increase in crude runs, slashing regional estimates. South Korea was hit particularly hard by turnarounds. On the other hand, estimates for North America were revised upwards, as May and June data for Canada and the United States came in above preliminary assessments. On the non-OECD front, changes were more subdued. Chinese plant maintenance kept a lid on runs in June, adding to the list of downward Asian revisions, but offsetting stronger-than-expected data from Russia.

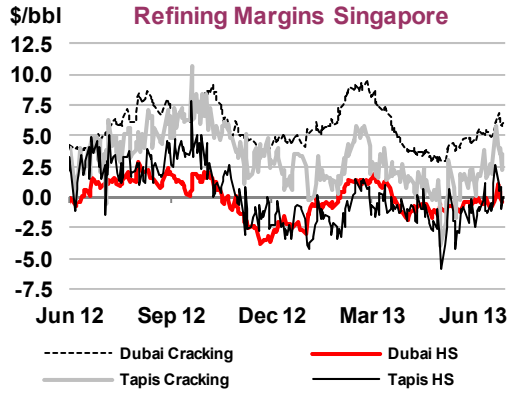


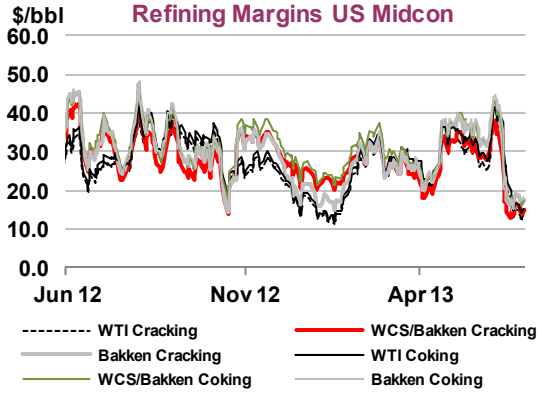


All told, sluggish 2Q13 throughputs continued to set the stage for a steep 3Q13 seasonal ramp-up, consistent with earlier projections. Forecast global throughputs for 3Q13 were also unchanged from our June *Report* at 77.0 mb/d, leaving the q-o-q increase at 2.3 mb/d – an unusually steep jump that reflects both continued

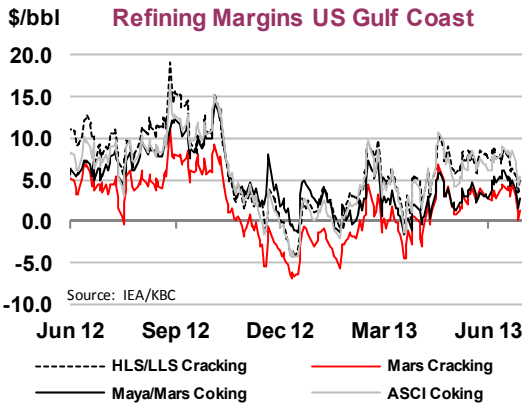
expansion in non-OCED refining capacity to keep up with emerging market demand, and a low Q2 base. While the latter caused OECD Asia Oceania product stocks to post steep, counter-seasonal draws in April and May, significantly higher crude throughputs are expected to help rebuild product stocks in 3Q13.

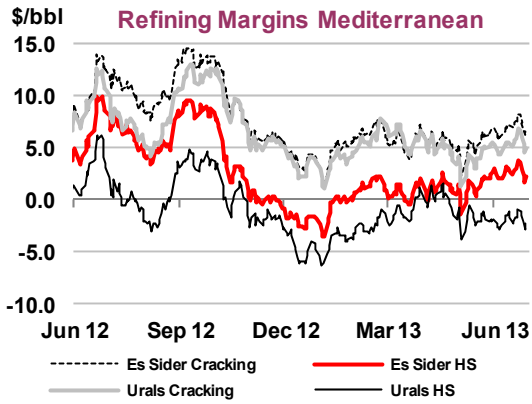
Refinery outages in Asia in 2Q13, both OECD and non-OECD, lifted Singapore margins somewhat in June after they had failed to respond to lower production in April and May. In June, margins at complex Asian refineries registered the biggest increase among the set of margins tracked by IEA/KBC. Despite downward revisions to our Chinese throughput forecast, relatively subdued domestic demand led Chinese refiners to export more products into Asian markets recently, partly offsetting the margin lift from major outages in South Korea, Japan and India in 2Q13. Additionally, margins at less complex refineries remain weak, as Atlantic Basin naphtha supplies continue to make their way to Asian markets.





North American margins were a mixed bag in June. The biggest change was in the US Midcontinent where rising crude oil prices and falling gasoline markets slashed margins. WTI's discount to Brent narrowed to its lowest level in more than two years. At the same time, an earlier spate of refinery outages in the Midwest market eased. Large facilities such as BP's Whiting refinery and ExxonMobil's Joliet plant began to ramp up, which helped raise runs in PADD 2 by nearly 400 kb/d from late May through late June.





In Europe, margins in the Mediterranean continue to outpace those in the Northern refining hubs. Whereas the latter have been hard hit by declining domestic demand, Mediterranean refiners have been able to rely on export markets, notably in North Africa. Turkish diesel demand also has supported the market in the Eastern Mediterranean. Urals margins were the weakest in Europe for June, as higher Russian refinery runs and more Russian crude exports to Asia kept a lid on Urals shipments to Europe, lifting Urals prices versus Brent.

IEA/KBC Global Indicator Refining Margins[1]

($/bbl)

	Monthly Average				Change	Average for week ending:				
	Mar 13	Apr 13	May 13	Jun 13	Jun 13-May 13	31 May	07 Jun	14 Jun	21 Jun	28 Jun
NW Europe										
Brent (Cracking)	4.41	4.96	4.31	5.11	0.79	5.21	4.46	5.01	5.71	5.25
Urals (Cracking)	5.39	5.75	3.82	4.03	0.21	4.00	3.35	4.29	4.46	4.02
Brent (Hydroskimming)	-0.77	0.17	-0.02	0.65	0.67	0.76	0.12	0.68	1.08	0.74
Urals (Hydroskimming)	-1.10	0.01	-1.81	-1.93	-0.11	-1.91	-2.53	-1.56	-1.71	-1.90
Mediterranean										
Es Sider (Cracking)	5.43	5.51	5.32	6.90	1.58	6.66	6.13	6.96	7.51	6.98
Urals (Cracking)	5.87	4.85	4.04	5.32	1.28	5.30	4.61	5.36	5.82	5.48
Es Sider (Hydroskimming)	0.67	1.16	1.35	2.64	1.28	2.56	2.17	2.83	3.01	2.53
Urals (Hydroskimming)	-1.71	-1.71	-2.40	-1.71	0.69	-1.46	-2.13	-1.55	-1.50	-1.65
US Gulf Coast										
50/50 HLS/LLS (Cracking)	3.64	6.12	7.22	6.95	-0.27	7.89	8.04	7.83	7.24	4.67
Mars (Cracking)	-0.91	2.09	2.60	3.11	0.51	3.09	3.11	3.97	3.77	1.60
ASCI (Cracking)	-1.18	1.89	2.33	2.83	0.50	2.63	2.90	3.60	3.56	1.26
50/50 HLS/LLS (Coking)	5.22	7.46	8.48	8.34	-0.14	9.06	9.34	9.27	8.69	6.05
50/50 Maya/Mars (Coking)	1.26	2.74	2.96	4.44	1.49	2.95	4.65	5.58	4.89	2.65
ASCI (Coking)	3.17	6.08	6.42	7.35	0.93	6.60	7.31	8.34	8.16	5.57
US Midcon										
WTI (Cracking)	26.09	26.55	29.67	22.86	-6.82	27.98	36.83	26.16	15.02	13.42
30/70 WCS/Bakken (Cracking)	25.71	25.51	31.65	21.48	-10.18	30.37	36.17	20.25	14.54	14.96
Bakken (Cracking)	26.19	28.46	35.19	24.92	-10.26	34.06	41.68	24.10	16.53	17.38
WTI (Coking)	28.06	28.75	32.42	25.12	-7.29	30.46	40.02	28.68	16.68	15.12
30/70 WCS/Bakken (Coking)	28.49	29.04	36.07	25.07	-11.00	34.31	41.00	24.43	17.27	17.59
Bakken (Coking)	26.76	29.19	36.17	25.63	-10.53	34.87	42.86	24.94	16.92	17.81
Singapore										
Dubai (Hydroskimming)	0.49	-1.09	-0.80	-0.24	0.56	-0.52	-0.21	-0.34	-0.52	0.11
Tapis (Hydroskimming)	-0.62	-1.40	-2.04	-0.32	1.71	-1.06	-1.38	-0.55	0.35	0.29
Dubai (Hydrocracking)	6.48	3.53	4.10	5.46	1.37	4.61	5.12	5.26	5.27	6.21
Tapis (Hydrocracking)	2.32	0.80	0.48	2.63	2.15	1.66	1.33	2.29	3.45	3.45

1 Global Indicator Refining Margins are calculated for various complexity configurations, each optimised for processing the specific crude(s) in a specific refining centre. Margins include energy cost, but exclude other variable costs, depreciation and amortisation. Consequently, reported margins should be taken as an indication, or proxy, of changes in profitability for a given refining centre. No attempt is made to model or otherwise comment upon the relative economics of specific refineries running individual crude slates and producing custom product sales, nor are these calculations intended to infer the marginal values of crude for pricing purposes.

Source: IEA, KBC Advanced Technologies (KBC)

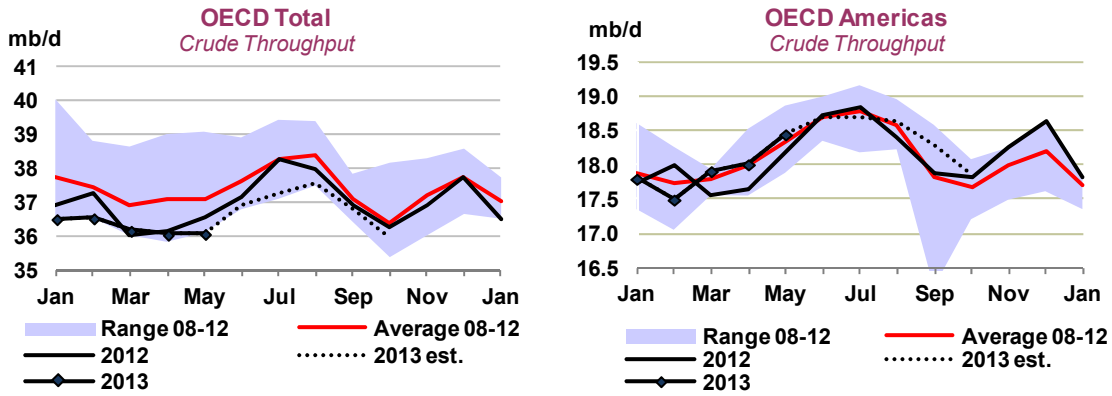
OECD Refinery Throughput

OECD refinery crude throughputs averaged 36.3 mb/d for 2Q13, with a projected 0.9 mb/d increase to 37.2 mb/d for 3Q13, all unchanged from the June *Report*. Despite the seasonal increase, y-o-y declines in throughputs remain a hallmark of the OECD forecast with 2Q13 and 3Q13 throughputs running 270 kb/d and 510 kb/d below same quarter 2012 levels, respectively.

Crude runs in the **OECD Americas** region are estimated at 18.4 mb/d for 2Q13, 150 kb/d higher than last *Report's* number. Bucking the general trend of declining OECD runs, 2Q13 runs in the Americas increased by 200 kb/d on the year as discounted Midcontinent crude prices lifted US and Canadian utilisation rates. Runs are expected to increase further by 140 kb/d to 18.5 mb/d in 3Q13, in step with seasonal trends.

Both US and Canadian estimates for 2Q13 were revised upwards. The ramp-up in crude throughputs in the June US weekly data was much sharper than expected, driven by a relatively quick normalisation of market dislocations in the Midwest following the return of ExxonMobil Joliet and BP's Whiting facilities. Whiting had been running at low rates for more than two years during the installation of a new coker to

increase the plant's ability to process heavy Canadian crudes. With that plant now fully back online at a distillation capacity of 405 kb/d, it should further reduce the need to move product north from the US Gulf Coast. In the short term, it should also help drain Cushing barrels somewhat; the plant will run light sweet crude until the coker is fully up and running, likely later this year, at which point it will significantly increase its processing of heavy crude from Canada. Meanwhile, US Gulf Coast runs have surged with the winding down of the maintenance season. With the US Gulf Coast refining complex now in full swing, the impact of Motiva's Port Arthur expansion is evident, as Gulf Coast refiners ran a record high 8.5 mb/d of crude oil for the week ending 28 June.



In Canada, monthly throughput data for May came in significantly higher than the weekly estimates, driving a 300 kb/d upward revision for the month. As Canadian refiners source more discounted landlocked crudes, both domestic and from the US, they have pushed runs in 1H2013 about 90 kb/d above 1H12 levels. However, Atlantic Basin market pressures are still evident, as Imperial Oil announced it would be closing its 88 kb/d Dartmouth, Nova Scotia refinery by year's end.

Global Refinery Crude Throughput[1 2]

(million barrels per day)

	Mar 13	**1Q2013**	Apr 13	May 13	Jun 13	**2Q2013**	Jul 13	Aug 13	Sep 13	**3Q2013**	Oct 13
Americas	17.9	**17.7**	18.0	18.5	18.7	**18.4**	18.7	18.6	18.3	**18.5**	17.8
Europe	11.5	**11.6**	11.6	11.6	11.9	**11.7**	12.1	12.2	12.0	**12.1**	11.6
Asia Oceania	6.7	**7.1**	6.5	6.0	6.2	**6.2**	6.5	6.8	6.5	**6.6**	6.5
Total OECD	36.2	**36.4**	36.1	36.1	36.9	**36.3**	37.3	37.6	36.8	**37.2**	36.0
FSU	6.6	**6.7**	6.2	6.7	7.0	**6.6**	6.9	6.9	6.7	**6.8**	6.7
Non-OECD Europe	0.3	**0.4**	0.5	0.5	0.5	**0.5**	0.5	0.5	0.5	**0.5**	0.5
China	9.6	**9.8**	9.3	9.2	9.1	**9.2**	9.5	9.4	9.7	**9.6**	9.3
Other Asia	9.7	**9.9**	9.4	9.3	9.6	**9.5**	9.7	9.6	9.7	**9.7**	9.9
Latin America	4.6	**4.5**	4.5	4.7	4.7	**4.6**	4.8	4.8	4.8	**4.8**	4.6
Middle East	5.2	**5.4**	5.4	5.8	5.8	**5.7**	6.0	6.1	6.2	**6.1**	6.1
Africa	2.0	**1.9**	2.1	2.3	2.3	**2.3**	2.3	2.3	2.3	**2.3**	2.3
Total Non-OECD	38.0	**38.8**	37.5	38.4	39.1	**38.4**	39.7	39.6	39.9	**39.7**	39.3
Total	74.2	**75.2**	73.6	74.5	76.0	**74.7**	77.0	77.2	76.7	**77.0**	75.3

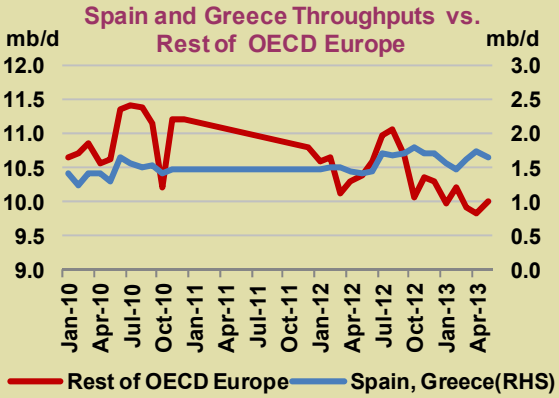
1 Preliminary and estimated runs based on capacity, know n outages, economic run cuts and global demand forecast

2 From the report dated 10 August, 2012 OECD Americas include Chile and OECD Asia Oceania includes Israel.

In **OECD Europe**, crude throughputs are expected to have averaged 11.7 mb/d in 2Q13 and are forecast to increase to 12.1 mb/d in 3Q13, equating to y-o-y declines of 140 kb/d and 510 kb/d, respectively. Throughput expectations for both 2Q13 and 3Q13 are unchanged from the June *Report*. Notwithstanding the steady rationalisation of the European refining industry, there have been bright spots. Most notable among these have been Spain and Greece, which have seen throughputs sustained by demand in the southern and eastern Mediterranean.

A Club Med Vacation for Southern Europe's Refiners?

Refining operations throughout Europe have felt the pinch of market forces in recent years. Declining demand and competition from abroad have prompted 1.7 mb/d of capacity rationalisation since 2008. On the back of this shuttered capacity, OECD Europe refining throughputs have fallen to historical lows, averaging 11.6 mb/d from January-May 2013, the lowest for that time of year since 1989. Increasing oil efficiency combined with sluggish economic growth in major Eurozone markets has cut demand for oil products to a two decade low. While economic growth has been missing recently in most of Europe, contraction has been particularly acute in southern European countries, such as Greece, Spain and Italy.



Yet not all is doom and gloom in the European refining sector. Some of the hardest hit economies have seen their refining sectors hold up relatively well. In the last three years, major European refiners in the Mediterranean basin, particularly in Spain and Greece, have seen a surprising revival in refining throughputs, bucking the trend in domestic oil demand. From 1Q10 to 1Q13, total throughputs for Europe fell by 4% (510 kb/d) while Spanish runs grew by 18% (180 kb/d) and Greek throughputs increased by 6% (20 kb/d).

In Greece, the rebound in production has largely gone to satisfy demand from its eastern Mediterranean neighbour Turkey, where refining capacity has been unable to meet rising gasoil demand. Unlike its southern European counterparts, Turkish GDP has been growing by 3-4% y-o-y since 2011; this robust economic growth has in turn spurred gasoil demand, which grew 16% (40 kb/d) from 1Q10 through 1Q13. Turkey has not seen any refinery expansions during that period, significantly upping its gasoil import requirements. Turkish gasoil imports have increased from a 1Q10 average of 170 kb/d to 200 kb/d in 1Q13. Most of this incremental supply has come from Greece.

Spain's story is more complex and reflects an internal restructuring of the European refining market. Unlike other refiners that responded to falling margins by closing down their simple refineries in recent years, Repsol has invested in upgrading capacity to increase competitiveness. For example, in 2011 it added upgrading capacity at its Cartagena and Bilbao refineries. As a result, in recent years Spanish exporters have begun to supply other European markets beset by refinery rationalisation. Chief among Spain's new export markets are France and Italy, where overcapacity and flagging competitiveness have led to some of the largest cuts in refining capacity in Europe. Spanish exports of gasoil to France and Italy have risen in the last two years by 20 kb/d and 40 kb/d, respectively, representing 10% of total gasoil imports in France and 71% in Italy. That Spanish refiners like Repsol have been able to weather the downturn by adding heavier crude processing capacity shows investment can still make a difference in Europe's refining sector.

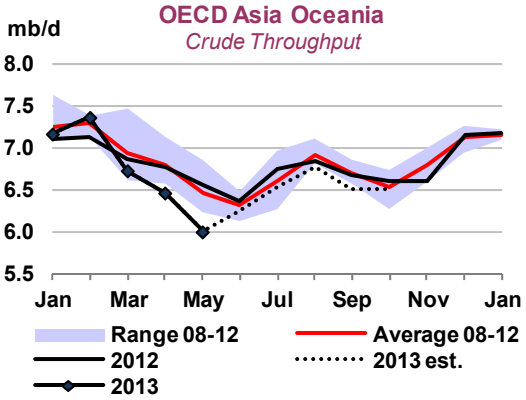
Even as Spain has been increasing gasoil exports to Italy, Italian refiners have been sending more gasoline to North Africa. While Italian capacity and domestic demand have been one of the hardest hit in Europe, refiners in the country have been partly supported by demand across the Mediterranean. Persistent refinery outages and insufficient capacity in North Africa have combined with growing consumption to increase import demand, especially for gasoline. During the 2008-10 period, Libyan refineries ran an average of about 350 kb/d of crude oil. Since the onset of the Libyan Civil War, runs have been averaging about 110 kb/d, and the country has ramped up gasoline imports from Italy by an average of more than 30 kb/d (50 kb/d in some months) to help make up for the supply gap. Algeria has also suffered a major temporary cutback in refining capacity due to upgrades at the country's largest refinery. The country's demand for gasoline has grown by 50% between 1Q10 and 1Q13, while refining throughput has fallen by 35% over the same period. Like Italy, albeit to a lesser extent, Spain has also sent gasoline across the Mediterranean to meet Algerian demand. The extent to which export demand will continue to buoy runs varies by country. The increase in North African import demand that has been supporting Italy's refiners may not be sustainable. The return to full operation of Sonatrach's 335 kb/d Skikda refinery in Algeria during 2Q13 will significantly reduce Algeria's import needs, much of which had been supplied by Italy. Likewise, after a bumpy road to

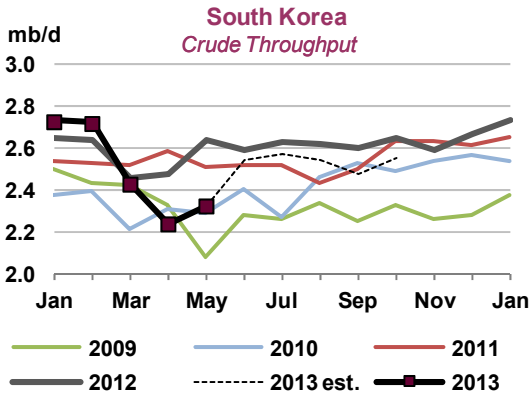
A Club Med Vacation for Southern Europe's Refiners? *(continued)*

restart, Libya's Ras Lanuf refinery could begin running crude oil again in 3Q13. The political and security situation in Libya remains a major question mark, however, and a return to service free of setbacks is far from guaranteed. Moreover, the return of North African refineries must be considered along with domestic demand in these countries, which has been robust of late. Greece will likely see firm demand from Turkey at least until Turkey's planned 200 kb/d SOCAR Turkey Aegean Refinery project comes on line in 2017. The picture for Spain is more complex. Spain has not been as reliant on North Africa as a market. Thus, Spanish refiners could see their future more closely tied to the supply-demand balances in neighbouring European markets.



OECD Asia Oceania refinery throughputs are estimated at 6.2 mb/d for 2Q13, a 330 kb/d y-o-y decline and 220 kb/d lower than in the previous *Report*. The downgrade to the forecast reflects May data from South Korea and Japan that pegged actual runs well below projections. May runs in Asia sagged, as refinery maintenance projects dragged on longer than expected. South Korea, the source of the largest revision in May, saw almost 20% of its distillation capacity in turnaround during April, and much of this maintenance appears to have spilled over into May. Outages at plants including Hyundai Oilbank Daesan, S-Oil Ulsan, and SK Ulsan, contributed to the lower South Korean throughput numbers. In Japan, additional to a sizable list of May closures expected in the previous *Report*, Tonen General took down their Sakai refinery from May until late June.





The heavy maintenance appeared to be clearing up as 2Q13 wound to a close, and OECD Asia crude throughputs are slated to rebound in 3Q13 to 6.6 mb/d. That number is 150 kb/d less than in 3Q12, highlighting the challenging environment these refiners face from expanding non-OECD Asian capacity.

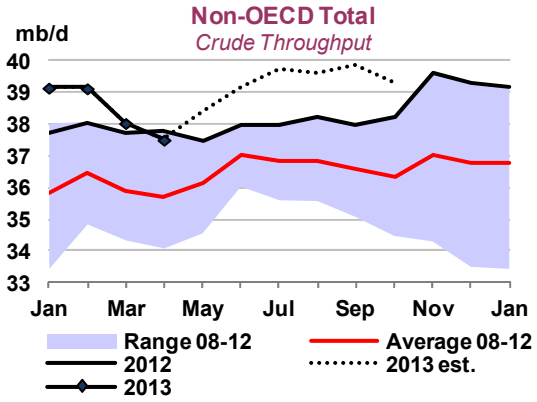
Non-OECD Refinery Throughput

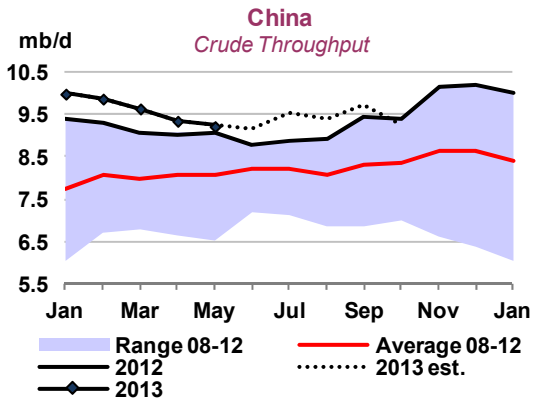
The non-OECD crude throughput estimates for 2Q13 and 3Q13 are mostly unchanged from the June *Report*, at 38.4 mb/d and 39.7 mb/d, respectively. Changes to the non-OECD forecast for 2Q13 were largely offsetting, with downward revisions for China, where maintenance kept a lid on runs in June, balancing stronger-than-expected Russian readings for that month. In terms of growth, 2Q13 runs represent an increase of 630 kb/d y-o-y, and 3Q13 a hefty 1.7 mb/d gain, supported by expansions in Saudi Arabia and China and a return to service of Algeria's large Skikda plant.

China saw its 2Q13 forecast cut by 120 kb/d, with runs now averaging an anticipated 9.2 mb/d. Despite the downgrade, y-o-y growth is still robust, at 290 kb/d. Increased maintenance expectations for June account for most of the cut. Notably, WEPEC's 200 kb/d Dalian refinery went into turnaround in mid-June and is not expected back online until mid-to-late July. Additionally, last month's *Report* assumed work on units at

Sinopec's 270 kb/d Guangzhou refinery would wrap up in early June, but portions of the plant remained down most of the month. Domestic demand in China has hit a relative soft patch in 1H13, but refiners only responded with modest run cuts, lifting product exports to neighbouring Asian markets instead.

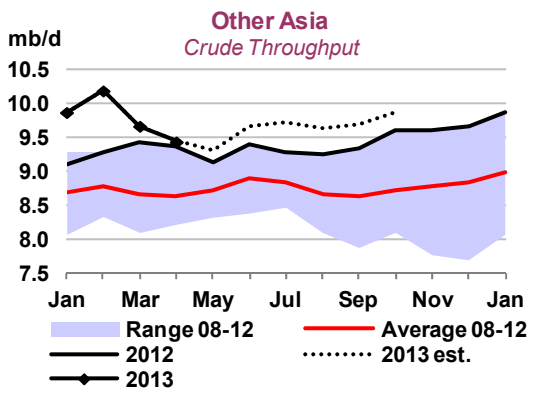
Moving into 3Q13, Chinese refiners are projected to push runs to almost 9.6 mb/d, representing y-o-y growth of 490 kb/d. Growth versus last year continues to be driven by the commissioning of Sinopec's Maoming refinery last November.

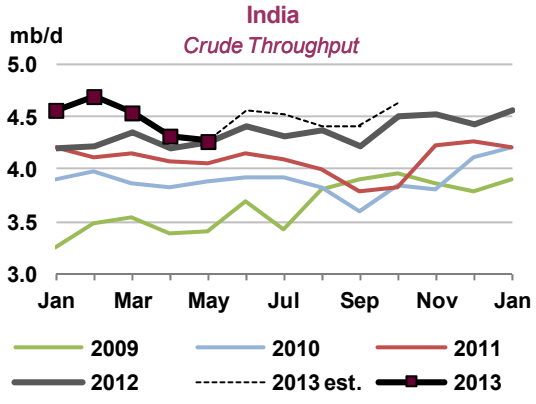




India, the biggest piece of the **'Other Asia'** group, has seen fairly sluggish throughputs during 2Q13. Final May data from the Indian government came in 210 kb/d under forecast. An increase to the outage forecast chopped another 80 kb/d off June estimates bringing the total 2Q13 number to 4.4 mb/d. Indian runs for 3Q13 are forecast at 4.5 mb/d, 50 kb/d lower than in the June *Report*. Growth in runs at India's refineries has slowed somewhat from late 2012 and early 2013 and is now pegged at 90 kb/d y-o-y for 2Q13 and 150 kb/d for 3Q13. India was hit with fairly widespread outages in 2Q13, including a fire at HPCL's Visakhapatnum plant that kept the facility down from late May through much of June. Further, a planned outage at Indian Oil Corporation Limited's Mathura plant running from late August through mid October is helping temper the 3Q13 forecast.

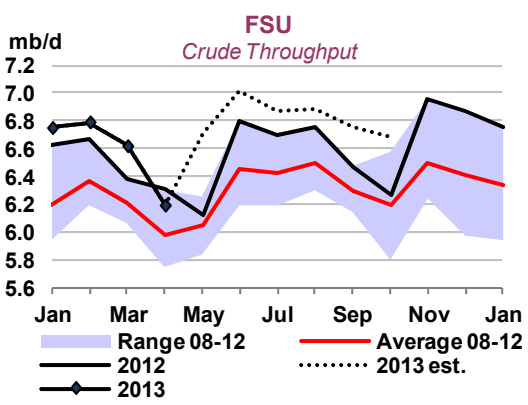
Downgrades to India's forecast were countered by stronger throughputs data coming out Singapore and Thailand. Singapore saw 2Q13 estimates raised by 100 kb/d, as work slated for April and May at Shell's Bukom refinery did not dent runs to the extent expected. Meanwhile, Thailand saw an upward revision of 70 kb/d for April, as incoming government data beat estimates from last month's *Report*. In total, non-OECD Other Asia refineries are expected to have run 9.5 mb/d of crude in 2Q13, stepping up to 9.7 mb/d in 3Q13. These represent y-o-y increases of 170 kb/d and 390 kb/d, respectively.

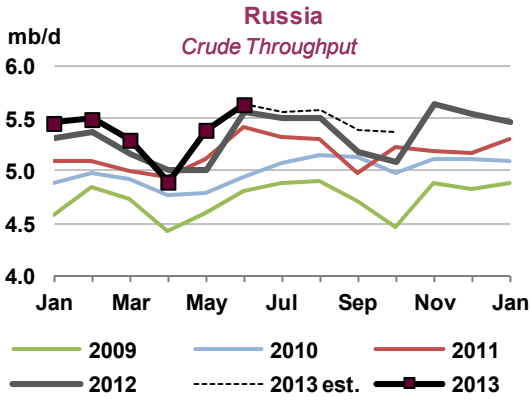




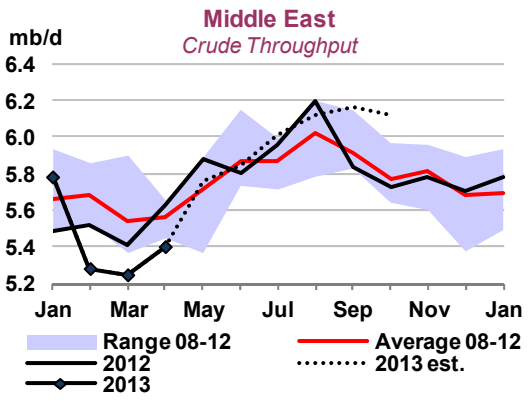
Crude throughputs in **Russia** surprised to the upside in June, with government data coming in above 5.6 mb/d, just under the post-Soviet high set in November 2012. The June reading was 150 kb/d above expectations. Russian refiners have been running at historically high levels in 1H13, averaging 130 kb/d above year-ago levels. These runs have been supported by investment at Russian refineries to maximise

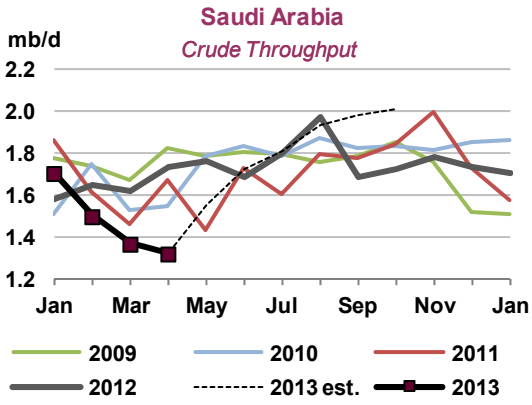
distillate production, following changes to the export tax regime that incentivised diesel exports at the expense of other products. Indeed, Russian exports of distillate fuel to OECD Europe were up 37% y-o-y through April. Overall, higher Russian data is driving robust growth in the total **FSU** forecast. Throughputs in the FSU are expected to increase to 6.8 mb/d in 3Q13 from 6.6 mb/d in 2Q13, y-o-y growth of 240 kb/d and 190 kb/d, respectively.



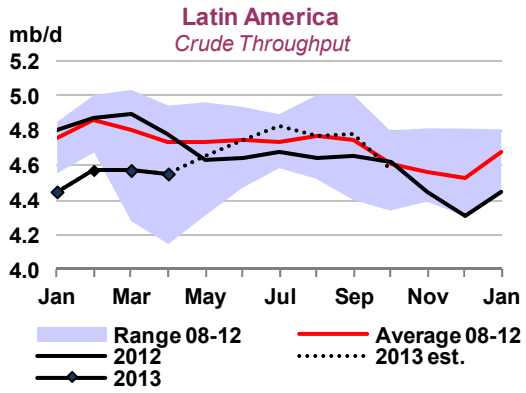


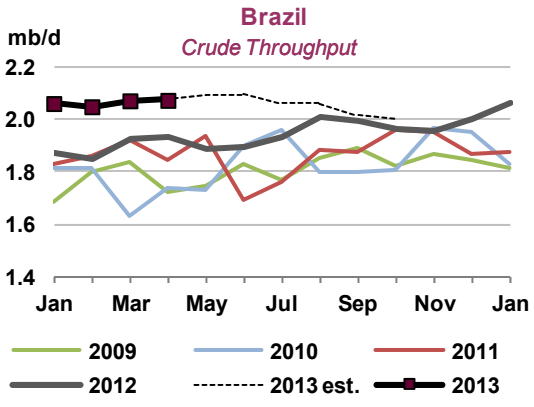
The **Middle East** is one of the main drivers of the 3Q13 surge in throughputs. There were no major changes to the Middle East forecast this month. Runs during 2Q13 were lacklustre, setting the stage for strong growth through the summer. A heavy maintenance schedule in Saudi Arabia was the main factor behind slowing runs in the region. Work in April at Aramco's Yanbu refinery on the Red Sea took longer than anticipated, leaving April's JODI estimate for Saudi Arabia below expectations. However, lighter than expected turnarounds in Kuwait left the 2Q13 throughput number unchanged from the June *Report* at 5.7 mb/d, 110 kb/d below 2Q12 levels. Runs are slated to ramp up to 6.1 mb/d in Q313, returning the region to y-o-y growth. Almost all of that lift comes from Saudi Arabia, as Satorp, the Aramco-Total joint venture, commences operations at the first phase of its 400 kb/d Jubail refinery. The refinery is expected to hit full capacity as phase two comes online by the end of 2013.



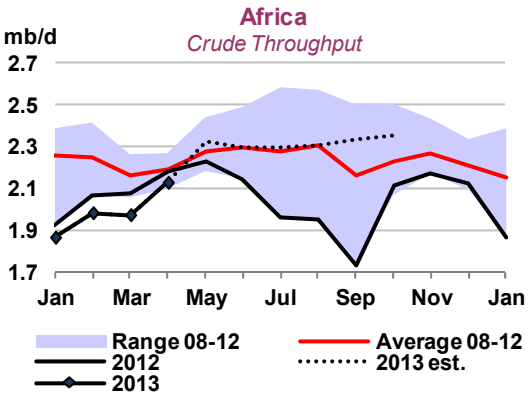


Latin America's forecast saw very modest upward revisions of 50 kb/d for both 2Q13 and 3Q13. The region's refineries are estimated to have run 4.6 mb/d of crude oil in 2Q13, and that number is expected to increase to 4.8 mb/d in 3Q13. The modest revisions come as there have been no setbacks to date in the progress of Venezuela's Amuay plant following the major fire in August 2012. As noted in previous *Reports*, however, information on the status of Venezuela's refineries is murky, and the potential for setbacks in a sector that has suffered from chronic underinvestment remains. Brazilian runs have also provided support to Latin America's throughputs, as incoming May data beat previous estimates. In addition to Venezuela and Brazil, Latin American crude runs will get a boost moving into 3Q13 from YPF's La Plata refinery in Argentina and PdVSA's Curacao plant, both of which returned to service in June after being down for much of 2Q13.





Crude oil throughputs in **Africa** during 2Q13 are expected to have averaged just under 2.3 mb/d and are expected to ramp up by 60 kb/d to just over 2.3 mb/d in 3Q13. These represent slight upward revisions from the previous *Report*. Y-o-y growth in African crude runs was flat during the first half of the year. However, throughputs in 3Q13 are expected to be 430 kb/d higher than 3Q12. This owes mostly to Algeria, where work at the country's largest refinery, 335 kb/d Sonatrach Skikda, has depressed throughputs for much of the last year. With the gradual return of Skikda during 2Q13, Algerian crude runs are set for a large y-o-y increase.



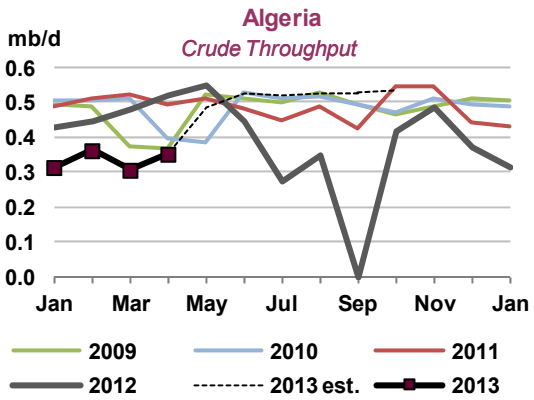


Table 1
WORLD OIL SUPPLY AND DEMAND

(million barrels per day)

	2010	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014
OECD DEMAND																	
Americas[1]	24.1	24.0	23.4	23.7	23.8	23.8	23.7	23.7	23.7	23.8	23.7	23.7	23.6	23.6	23.8	23.7	23.7
Europe[2]	14.7	14.3	13.7	13.8	13.8	13.7	13.7	13.2	13.6	13.6	13.6	13.5	13.2	13.1	13.7	13.6	13.4
Asia Oceania[3]	8.2	8.2	9.2	8.1	8.3	8.8	8.6	8.9	8.0	8.2	8.6	8.4	8.9	7.9	8.1	8.6	8.4
Total OECD	47.0	46.5	46.3	45.6	46.0	46.2	46.0	45.8	45.2	45.6	46.0	45.7	45.6	44.6	45.6	45.9	45.5
NON-OECD DEMAND																	
FSU	4.2	4.4	4.4	4.4	4.6	4.6	4.5	4.4	4.5	4.7	4.8	4.6	4.6	4.6	4.8	4.9	4.7
Europe	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
China	8.8	9.2	9.3	9.4	9.6	10.1	9.6	9.9	9.7	9.9	10.4	10.0	10.2	10.2	10.3	10.7	10.3
Other Asia	10.9	11.0	11.3	11.4	11.1	11.6	11.4	11.7	11.7	11.4	11.8	11.7	12.0	12.1	11.8	12.1	12.0
Latin America	6.0	6.3	6.3	6.5	6.6	6.7	6.5	6.5	6.7	6.8	6.8	6.7	6.6	6.9	7.1	7.0	6.9
Middle East	7.3	7.4	7.2	7.8	8.1	7.4	7.6	7.4	7.9	8.3	7.7	7.8	7.6	8.1	8.6	7.9	8.0
Africa	3.5	3.4	3.5	3.5	3.5	3.6	3.5	3.6	3.7	3.7	3.7	3.7	3.8	3.8	3.8	3.9	3.8
Total Non-OECD	41.4	42.4	42.6	43.7	44.3	44.6	43.8	44.2	44.8	45.6	45.9	45.1	45.4	46.4	47.1	47.2	46.5
Total Demand[4]	88.4	88.9	89.0	89.3	90.2	90.9	89.8	90.0	90.1	91.2	91.9	90.8	91.1	91.0	92.7	93.1	92.0
OECD SUPPLY																	
Americas[1,7]	14.1	14.6	15.6	15.5	15.7	16.6	15.9	16.8	16.7	17.0	17.5	17.0	17.7	17.6	17.7	18.2	17.8
Europe[2]	4.1	3.8	3.8	3.6	3.2	3.3	3.5	3.4	3.2	3.0	3.3	3.2	3.3	3.2	3.0	3.2	3.2
Asia Oceania[3]	0.7	0.6	0.6	0.6	0.6	0.5	0.6	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.5	0.5
Total OECD	18.9	19.0	19.9	19.7	19.4	20.5	19.9	20.6	20.5	20.5	21.4	20.7	21.4	21.3	21.2	21.9	21.5
NON-OECD SUPPLY																	
FSU	13.5	13.6	13.7	13.6	13.6	13.8	13.7	13.8	13.8	13.6	13.8	13.8	13.7	13.7	13.8	13.8	13.7
Europe	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
China	4.1	4.1	4.2	4.1	4.2	4.3	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.3	4.3	4.2	4.2
Other Asia[5]	3.7	3.6	3.6	3.5	3.6	3.6	3.6	3.6	3.6	3.5	3.5	3.6	3.5	3.5	3.5	3.5	3.5
Latin America[5,7]	4.1	4.2	4.3	4.1	4.1	4.2	4.2	4.2	4.1	4.2	4.4	4.2	4.4	4.4	4.5	4.5	4.5
Middle East	1.7	1.7	1.4	1.5	1.5	1.5	1.5	1.4	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Africa[5]	2.5	2.6	2.4	2.3	2.2	2.3	2.3	2.3	2.3	2.4	2.5	2.4	2.5	2.5	2.6	2.6	2.5
Total Non-OECD	29.9	29.9	29.8	29.2	29.3	29.8	29.5	29.7	29.5	29.6	29.9	29.7	30.0	30.0	30.1	30.2	30.1
Processing Gains[6]	2.1	2.1	2.1	2.1	2.2	2.1	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Global Biofuels[7]	1.8	1.9	1.5	1.9	2.1	1.9	1.9	1.5	2.0	2.3	2.1	2.0	1.7	2.1	2.4	2.1	2.1
Total Non-OPEC[5]	52.7	52.8	53.4	52.9	53.1	54.3	53.4	54.0	54.1	54.7	55.6	54.6	55.3	55.6	56.0	56.5	55.9
OPEC																	
Crude[8]	29.2	29.9	31.3	31.7	31.5	30.7	31.3	30.4	30.8								
NGLs	5.6	5.9	6.2	6.3	6.4	6.4	6.3	6.4	6.5	6.7	6.7	6.6	6.7	6.7	6.8	6.8	6.7
Total OPEC[5]	34.7	35.8	37.5	37.9	37.9	37.2	37.6	36.9	37.3								
Total Supply[9]	87.4	88.6	90.9	90.9	90.9	91.5	91.1	90.8	91.4								
STOCK CHANGES AND MISCELLANEOUS																	
Reported OECD																	
Industry	0.1	-0.2	0.5	0.4	0.4	-0.7	0.2	0.1									
Government	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0									
Total	0.1	-0.3	0.5	0.4	0.5	-0.6	0.2	0.2									
Floating Storage/Oil in Transit	-0.2	-0.1	-0.4	0.2	-0.1	0.1	0.0	0.2									
Miscellaneous to balance[10]	-0.9	0.1	1.8	1.0	0.3	1.1	1.1	0.5									
Total Stock Ch. & Misc	-1.0	-0.3	2.0	1.6	0.7	0.6	1.2	0.8	1.3								
Memo items:																	
Call on OPEC crude + Stock ch.[11]	30.2	30.2	29.3	30.1	30.8	30.2	30.1	29.6	29.5	29.8	29.6	29.6	29.0	28.7	29.9	29.8	29.4
Adjusted Call on OPEC + Stock ch.[12]	29.3	30.2	31.1	31.1	31.1	31.2	31.2	30.1	30.1	30.4	30.2	30.2	29.7	29.3	30.5	30.4	30.0

1 As of August 2012 OMR, OECD Americas includes Chile.
2 As of August 2012 OMR, OECD Europe includes Estonia and Slovenia.
3 As of August 2012 OMR, OECD Asia Oceania includes Israel.
4 Measured as deliveries from refineries and primary stocks, comprises inland deliveries, international marine bunkers, refinery fuel, crude for direct burning, oil from non-conventional sources and other sources of supply.
5 Other Asia includes Indonesia throughout. Latin America excludes Ecuador throughout. Africa excludes Angola throughout. Total Non-OPEC excludes all countries that were members of OPEC at 1 January 2009. Total OPEC comprises all countries which were OPEC members at 1 January 2009.
6 Net volumetric gains and losses in the refining process and marine transportation losses.
7 As of the July 2010 OMR, Global Biofuels comprise all world biofuel production including fuel ethanol from the US and Brazil.
8 As of the March 2006 OMR, Venezuelan Orinoco heavy crude production is included within Venezuelan crude estimates. Orimulsion fuel remains within the OPEC NGL and non-conventional category, but Orimulsion production reportedly ceased from January 2007.
9 Comprises crude oil, condensates, NGLs, oil from non-conventional sources and other sources of supply.
10 Includes changes in non-reported stocks in OECD and non-OECD areas.
11 Equals the arithmetic difference between total demand minus total non-OPEC supply minus OPEC NGLs.
12 Equals the "Call on OPEC + Stock Ch." with "Miscellaneous to balance" added for historical periods and with an average of "Miscellaneous to balance" for the most recent 8 quarters added for forecast periods.

Table 1A
WORLD OIL SUPPLY AND DEMAND: CHANGES FROM LAST MONTH'S TABLE 1

(million barrels per day)

	2010	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014
OECD DEMAND																	
Americas	-	-0.1	-	-	-	-	-	-	0.2	-0.1	-0.1	-					
Europe	-	-	-	-	-	-	-	-	0.3	-	-0.1	0.1					
Asia Oceania	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1					
Total OECD	0.1	-	-	-	-	0.1	-	0.1	0.6	-	-0.1	0.2					
NON-OECD DEMAND																	
FSU	-	-	-	-	-	-	-	-	0.1	-	-	-					
Europe	-	-	-	-	-	-	-	-	-	-	-	-					
China	-	-	-	-	-	-	-	-	-	-	-	-					
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-					
Latin America	-	-	-	-	-	-	-	-	0.1	-	-	-					
Middle East	-	-	-	-	-	-	-	-	-	-	-	-					
Africa	-	-	-	-	-	-	-	-	-	-	-	-					
Total Non-OECD	-	-	-	-	-	-	-	-	-	-	0.1	-					
Total Demand	0.1	-	0.1	0.1	0.1	0.1	0.1	0.1	0.6	0.1	-	0.2					
OECD SUPPLY																	
Americas	-	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1					
Europe	-	-	-	-	-	-	-	-0.1	-	-	-	-					
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-					
Total OECD	-	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1					
NON-OECD SUPPLY																	
FSU	-	-	-	-	-	-	-	-	0.1	0.1	0.1	-					
Europe	-	-	-	-	-	-	-	-	-	-	-	-					
China	-	-	-	-	-	-	-	-	-	-	-	-					
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-					
Latin America	-	-	-	-	-	-	-	-	-	-	-	-					
Middle East	-	-	-	-	-	-	-	-	-	-	-	-					
Africa	-	-	-	-	-	-	-	-	-	-	-	-					
Total Non-OECD	-	-	-	-	-	-	-	-	-	-	-	-					
Processing Gains	-	-	-	-	-	-	-	-	-	-	-	-					
Global Biofuels	-	-	-	-	-	-	-	-	-	-	-	-					
Total Non-OPEC	-	-	-	-	-	-	-	-	0.2	0.1	0.1	0.1					
OPEC																	
Crude	-	-	-	-	-	-	-	-									
NGLs	-	-	-	-	-	-	-	-	-	-	-	-					
Total OPEC	-	-	-	-	-	-	-	-									
Total Supply	-	-	-	-	-	-	-	-									
STOCK CHANGES AND MISCELLANEOUS REPORTED OECD																	
Industry	-	-	-	-	-	-	-	-0.1									
Government	-	-	-	-	-	-	-	-									
Total	-	-	-	-	-	-	-	-0.1									
Floating Storage/Oil in Transit	-	-	-	-	-	-	-	-									
Miscellaneous to balance	-0.1	-	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1									
Total Stock Ch. & Misc	-0.1	-	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2									
Memo items:																	
Call on OPEC crude + Stock ch.	0.1	-	0.1	0.1	0.1	0.1	0.1	0.2	0.5	-	-0.1	0.1					
Adjusted Call on OPEC + Stock ch.	-	-	-	-	-	-	-	0.1	0.4	-0.1	-0.2	0.1					

When submitting their monthly oil statistics, OECD Member countries periodically update data for prior periods. Similar updates to non-OECD data can occur.

Table 2

SUMMARY OF GLOBAL OIL DEMAND

	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014
Demand (mb/d)																
Americas[1]	23.96	23.44	23.71	23.82	23.80	23.70	23.73	23.69	23.78	23.74	23.74	23.61	23.62	23.83	23.73	23.70
Europe[2]	14.28	13.69	13.79	13.81	13.66	13.74	13.16	13.58	13.64	13.62	13.50	13.17	13.13	13.70	13.62	13.41
Asia Oceania[3]	8.23	9.18	8.07	8.33	8.78	8.59	8.92	7.96	8.17	8.64	8.42	8.86	7.88	8.11	8.59	8.36
Total OECD	46.47	46.31	45.58	45.96	46.25	46.02	45.81	45.23	45.59	46.01	45.66	45.64	44.63	45.64	45.95	45.46
Asia	20.28	20.58	20.84	20.75	21.66	20.96	21.55	21.41	21.35	22.14	21.62	22.16	22.27	22.09	22.77	22.32
Middle East	7.39	7.18	7.77	8.12	7.45	7.63	7.41	7.87	8.27	7.68	7.81	7.58	8.12	8.56	7.87	8.04
Latin America	6.29	6.27	6.47	6.64	6.69	6.52	6.48	6.69	6.84	6.79	6.70	6.60	6.86	7.05	7.00	6.88
FSU	4.38	4.41	4.41	4.57	4.55	4.49	4.43	4.49	4.71	4.77	4.60	4.62	4.58	4.81	4.88	4.73
Africa	3.38	3.51	3.49	3.50	3.57	3.52	3.64	3.65	3.66	3.75	3.67	3.77	3.84	3.83	3.90	3.84
Europe	0.69	0.68	0.73	0.72	0.71	0.71	0.66	0.72	0.74	0.73	0.71	0.70	0.73	0.73	0.73	0.72
Total Non-OECD	42.42	42.64	43.70	44.29	44.64	43.82	44.16	44.84	45.57	45.86	45.11	45.43	46.39	47.08	47.16	46.52
World	88.89	88.95	89.28	90.25	90.88	89.85	89.97	90.07	91.16	91.87	90.77	91.07	91.02	92.72	93.10	91.98
of which: US50	18.95	18.48	18.71	18.72	18.51	18.61	18.66	18.67	18.62	18.48	18.61	18.52	18.60	18.68	18.53	18.58
Europe 5*	8.65	8.33	8.28	8.28	8.20	8.27	7.98	8.18	8.07	8.08	8.08	8.01	7.78	8.07	8.07	7.98
China	9.23	9.30	9.40	9.60	10.09	9.60	9.86	9.70	9.91	10.35	9.96	10.17	10.16	10.32	10.71	10.34
Japan	4.47	5.27	4.28	4.47	4.84	4.71	5.07	4.15	4.32	4.68	4.55	4.92	4.11	4.28	4.59	4.47
India	3.52	3.68	3.75	3.49	3.71	3.66	3.78	3.83	3.59	3.84	3.76	3.93	3.98	3.71	3.94	3.89
Russia	3.20	3.18	3.23	3.40	3.35	3.29	3.21	3.31	3.55	3.53	3.40	3.39	3.39	3.64	3.63	3.51
Brazil	2.88	2.89	2.95	3.05	3.14	3.00	3.00	3.09	3.17	3.19	3.11	3.06	3.18	3.29	3.31	3.21
Saudi Arabia	2.87	2.66	3.09	3.41	2.88	3.01	2.81	3.19	3.50	3.03	3.13	2.92	3.37	3.66	3.10	3.26
Canada	2.27	2.19	2.23	2.34	2.38	2.29	2.28	2.24	2.34	2.35	2.30	2.29	2.22	2.34	2.33	2.30
Korea	2.26	2.34	2.23	2.26	2.37	2.30	2.31	2.27	2.28	2.37	2.31	2.39	2.22	2.24	2.40	2.31
Mexico	2.11	2.09	2.13	2.11	2.24	2.15	2.11	2.13	2.16	2.23	2.16	2.11	2.13	2.15	2.20	2.15
Iran	1.80	1.83	1.86	1.71	1.71	1.78	1.79	1.77	1.71	1.72	1.75	1.80	1.77	1.75	1.76	1.77
Total	62.22	62.24	62.15	62.86	63.40	62.67	62.87	62.54	63.21	63.86	63.12	63.52	62.90	64.12	64.55	63.78
% of World	70.0%	70.0%	69.6%	69.6%	69.8%	69.7%	69.9%	69.4%	69.3%	69.5%	69.5%	69.7%	69.1%	69.2%	69.3%	69.3%
Annual Change (% per annum)																
Americas[1]	-0.8	-2.8	0.0	-1.2	-0.4	-1.1	1.2	-0.1	-0.2	-0.3	0.2	-0.5	-0.3	0.2	-0.1	-0.2
Europe[2]	-2.8	-3.7	-2.3	-6.0	-3.0	-3.8	-3.9	-1.6	-1.3	-0.3	-1.7	0.1	-3.3	0.5	0.0	-0.7
Asia Oceania[3]	0.6	5.8	7.8	2.9	1.2	4.3	-2.8	-1.4	-1.9	-1.5	-2.0	-0.7	-1.0	-0.7	-0.6	-0.8
Total OECD	-1.2	-1.5	0.5	-2.0	-0.9	-1.0	-1.1	-0.8	-0.8	-0.5	-0.8	-0.4	-1.3	0.1	-0.1	-0.4
Asia	3.0	2.2	2.2	3.7	5.3	3.3	4.7	2.8	2.9	2.2	3.1	2.8	4.0	3.4	2.9	3.3
Middle East	0.9	3.6	4.9	3.6	1.2	3.3	3.1	1.3	1.9	3.2	2.4	2.4	3.2	3.6	2.4	2.9
Latin America	4.3	3.5	3.5	2.7	4.7	3.6	3.3	3.4	3.1	1.5	2.8	1.9	2.5	3.0	3.1	2.7
FSU	5.6	5.7	2.1	1.0	0.8	2.3	0.4	1.9	3.2	4.7	2.6	4.3	1.9	2.1	2.4	2.6
Africa	-2.9	2.0	2.2	6.1	5.6	4.0	3.6	4.8	4.5	4.9	4.5	3.6	5.2	4.7	4.1	4.4
Europe	1.3	3.0	7.3	2.0	-1.5	2.6	-3.5	-1.3	1.7	2.1	-0.2	6.0	0.4	-0.5	0.4	1.4
Total Non-OECD	2.5	3.0	2.9	3.4	3.9	3.3	3.6	2.6	2.9	2.7	3.0	2.9	3.5	3.3	2.8	3.1
World	0.6	0.6	1.7	0.6	1.4	1.1	1.1	0.9	1.0	1.1	1.0	1.2	1.1	1.7	1.3	1.3
Annual Change (mb/d)																
Americas[1]	-0.18	-0.66	-0.01	-0.29	-0.10	-0.27	0.29	-0.02	-0.04	-0.06	0.04	-0.12	-0.08	0.05	-0.01	-0.04
Europe[2]	-0.41	-0.52	-0.33	-0.88	-0.42	-0.54	-0.53	-0.22	-0.17	-0.04	-0.24	0.01	-0.44	0.06	0.00	-0.09
Asia Oceania[3]	0.05	0.50	0.58	0.24	0.11	0.36	-0.26	-0.12	-0.16	-0.14	-0.17	-0.06	-0.08	-0.06	-0.05	-0.06
Total OECD	-0.55	-0.69	0.24	-0.93	-0.41	-0.45	-0.50	-0.35	-0.37	-0.24	-0.37	-0.17	-0.60	0.06	-0.06	-0.19
Asia	0.59	0.44	0.45	0.73	1.08	0.68	0.97	0.58	0.60	0.48	0.66	0.61	0.85	0.73	0.63	0.71
Middle East	0.06	0.25	0.36	0.28	0.09	0.24	0.22	0.10	0.15	0.24	0.18	0.18	0.25	0.29	0.18	0.23
Latin America	0.26	0.21	0.22	0.17	0.30	0.23	0.21	0.22	0.21	0.10	0.18	0.12	0.17	0.21	0.21	0.18
FSU	0.23	0.24	0.09	0.05	0.04	0.10	0.02	0.09	0.14	0.22	0.12	0.19	0.09	0.10	0.11	0.12
Africa	-0.10	0.07	0.08	0.20	0.19	0.13	0.13	0.17	0.16	0.18	0.16	0.13	0.19	0.17	0.15	0.16
Europe	0.01	0.02	0.05	0.01	-0.01	0.02	-0.02	-0.01	0.01	0.02	0.00	0.04	0.00	0.00	0.00	0.01
Total Non-OECD	1.05	1.23	1.24	1.45	1.68	1.40	1.52	1.14	1.28	1.22	1.29	1.26	1.55	1.51	1.30	1.41
World	0.50	0.54	1.48	0.51	1.27	0.95	1.02	0.79	0.91	0.98	0.93	1.10	0.95	1.56	1.23	1.21
Revisions to Oil Demand from Last Month's Report (mb/d)																
Americas[1]	-0.07	-0.04	-0.05	-0.05	-0.03	-0.04	0.02	0.16	-0.07	-0.10	0.00					
Europe[2]	-0.04	-0.01	-0.01	-0.01	-0.01	-0.01	0.00	0.29	0.01	-0.05	0.06					
Asia Oceania[3]	0.09	0.10	0.10	0.10	0.10	0.10	0.10	0.16	0.08	0.08	0.11					
Total OECD	-0.02	0.05	0.04	0.04	0.06	0.05	0.11	0.61	0.02	-0.08	0.17					
Asia	0.00	0.00	0.01	0.00	0.00	0.00	0.00	-0.05	0.04	0.04	0.01					
Middle East	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.02	-0.01	0.03	0.00					
Latin America	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.06	0.00	-0.02	0.01					
FSU	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.05	0.01	0.01	0.03					
Africa	0.00	0.00	0.00	0.00	0.01	0.00	0.00	-0.01	0.00	0.02	0.00					
Europe	0.00	0.00	0.00	0.00	-0.01	0.00	-0.02	0.00	0.00	0.00	0.00					
Total Non-OECD	0.03	0.03	0.03	0.03	0.02	0.03	0.04	0.03	0.05	0.08	0.05					
World	0.01	0.08	0.07	0.06	0.08	0.07	0.15	0.65	0.07	0.00	0.22					
Revisions to Oil Demand Growth from Last Month's Report (mb/d)																
World	-0.08	0.04	0.08	0.06	0.08	0.07	0.07	0.57	0.01	-0.08	0.14					

1 As of the August 2012 OMR, includes Chile.

2 As of the August 2012 OMR, includes Estonia and Slovenia.

3 As of the August 2012 OMR, includes Israel.

* France, Germany, Italy, Spain and UK

Table 2a

OECD REGIONAL OIL DEMAND[1]

(million barrels per day)

	2011	2012	2Q12	3Q12	4Q12	1Q13	Feb 13	Mar 13	Apr 13 [2]	Latest month vs. Mar 13	Latest month vs. Apr 12
Americas[3]											
LPG&Ethane	3.13	3.16	2.95	3.04	3.37	3.63	3.72	3.45	3.08	-0.37	0.14
Naphtha	0.35	0.34	0.34	0.32	0.36	0.37	0.39	0.33	0.37	0.04	0.04
Motor Gasoline	10.42	10.36	10.62	10.49	10.19	10.05	10.07	10.25	10.45	0.20	-0.03
Jet/Kerosene	1.64	1.65	1.67	1.70	1.62	1.58	1.57	1.62	1.65	0.02	0.08
Gasoil/Diesel Oil	5.13	4.97	4.95	4.86	5.01	5.16	5.24	4.96	5.10	0.14	0.25
Residual Fuel Oil	0.87	0.75	0.75	0.77	0.70	0.75	0.73	0.78	0.70	-0.08	-0.10
Other Products	2.42	2.47	2.43	2.64	2.55	2.18	2.11	2.15	2.30	0.15	0.03
Total	23.96	23.70	23.71	23.82	23.80	23.73	23.83	23.55	23.65	0.09	0.40
Europe[4]											
LPG&Ethane	0.97	0.94	0.95	0.88	0.91	1.05	1.05	1.12	1.15	0.03	0.20
Naphtha	1.15	1.17	1.11	1.13	1.17	1.22	1.26	1.13	1.10	-0.03	-0.12
Motor Gasoline	2.13	1.99	2.05	2.06	1.93	1.79	1.83	1.83	1.95	0.12	-0.07
Jet/Kerosene	1.24	1.21	1.24	1.32	1.18	1.13	1.14	1.16	1.21	0.05	0.01
Gasoil/Diesel Oil	6.06	5.95	5.85	5.88	6.14	5.79	5.96	5.82	6.26	0.44	0.51
Residual Fuel Oil	1.23	1.09	1.08	1.07	1.03	1.01	1.00	0.99	1.01	0.02	-0.07
Other Products	1.49	1.40	1.52	1.48	1.31	1.19	1.23	1.17	1.35	0.18	-0.03
Total	14.28	13.74	13.79	13.81	13.66	13.16	13.47	13.22	14.04	0.81	0.43
Asia Oceania[5]											
LPG&Ethane	0.87	0.89	0.84	0.85	0.84	0.94	0.98	0.90	0.85	-0.06	0.01
Naphtha	1.73	1.78	1.70	1.78	1.83	1.83	1.92	1.70	1.75	0.05	0.17
Motor Gasoline	1.60	1.61	1.55	1.67	1.63	1.54	1.57	1.57	1.55	-0.02	0.02
Jet/Kerosene	0.88	0.88	0.65	0.65	1.02	1.13	1.21	0.91	0.78	-0.13	0.06
Gasoil/Diesel Oil	1.71	1.78	1.70	1.75	1.83	1.80	1.86	1.79	1.74	-0.05	0.09
Residual Fuel Oil	0.78	0.91	0.89	0.89	0.86	0.91	0.94	0.82	0.71	-0.11	-0.20
Other Products	0.67	0.76	0.75	0.73	0.76	0.77	0.79	0.73	0.74	0.01	-0.06
Total	8.23	8.59	8.07	8.33	8.78	8.92	9.27	8.42	8.12	-0.31	0.09
OECD											
LPG&Ethane	4.97	4.98	4.73	4.77	5.12	5.63	5.75	5.48	5.08	-0.39	0.35
Naphtha	3.23	3.29	3.15	3.23	3.35	3.42	3.57	3.16	3.22	0.06	0.09
Motor Gasoline	14.14	13.95	14.22	14.22	13.75	13.38	13.47	13.65	13.95	0.31	-0.08
Jet/Kerosene	3.76	3.73	3.56	3.67	3.82	3.84	3.92	3.70	3.64	-0.06	0.14
Gasoil/Diesel Oil	12.90	12.69	12.50	12.49	12.98	12.74	13.06	12.57	13.10	0.53	0.85
Residual Fuel Oil	2.89	2.75	2.72	2.73	2.60	2.66	2.67	2.59	2.42	-0.17	-0.37
Other Products	4.59	4.63	4.70	4.84	4.63	4.14	4.13	4.05	4.39	0.33	-0.06
Total	46.47	46.02	45.58	45.96	46.25	45.81	46.58	45.20	45.80	0.60	0.92

1 Demand, measured as deliveries from refineries and primary stocks, comprises inland deliveries, international bunkers and refinery fuel. It includes crude for direct burning, oil from non-conventional sources and other sources of supply. Jet/kerosene comprises jet kerosene and non-aviation kerosene. Gasoil comprises diesel, light heating oil and other gasoils. North America comprises US 50 states, US territories, Mexico and Canada.
2 Latest official OECD submissions (MOS).
3 As of the August 2012 OMR, includes Chile.
4 As of the August 2012 OMR, includes Estonia and Slovenia.
5 As of the August 2012 OMR, includes Israel.

Table 2b

OIL DEMAND IN SELECTED OECD COUNTRIES[1]

(million barrels per day)

	2011	2012	2Q12	3Q12	4Q12	1Q13	Feb 13	Mar 13	Apr 13 [2]	Latest month vs. Mar 13	Latest month vs. Apr 12
United States[3]											
LPG	2.27	2.28	2.11	2.18	2.44	2.68	2.77	2.51	2.25	-0.26	0.18
Naphtha	0.25	0.25	0.25	0.22	0.26	0.28	0.31	0.24	0.25	0.01	0.01
Motor Gasoline	8.75	8.71	8.95	8.85	8.54	8.42	8.42	8.63	8.78	0.16	-0.05
Jet/Kerosene	1.44	1.41	1.45	1.45	1.38	1.35	1.34	1.39	1.42	0.04	0.06
Gasoil	3.90	3.74	3.73	3.66	3.75	3.93	3.97	3.77	3.88	0.10	0.17
Residual Fuel Oil	0.46	0.34	0.35	0.35	0.25	0.37	0.31	0.43	0.28	-0.15	-0.12
Other Products	1.87	1.88	1.88	2.00	1.88	1.62	1.61	1.56	1.75	0.19	-0.01
Total	18.95	18.61	18.71	18.72	18.51	18.66	18.73	18.53	18.62	0.09	0.23
Japan											
LPG	0.49	0.52	0.49	0.48	0.51	0.59	0.61	0.56	0.51	-0.06	0.02
Naphtha	0.74	0.72	0.68	0.71	0.74	0.77	0.77	0.75	0.74	-0.01	0.09
Motor Gasoline	0.98	0.98	0.93	1.03	0.99	0.92	0.95	0.94	0.94	0.00	0.00
Jet/Kerosene	0.53	0.54	0.35	0.34	0.65	0.77	0.85	0.60	0.46	-0.14	0.04
Diesel	0.44	0.45	0.43	0.45	0.47	0.45	0.49	0.47	0.44	-0.03	0.02
Other Gasoil	0.38	0.38	0.33	0.33	0.39	0.42	0.46	0.40	0.34	-0.06	0.01
Residual Fuel Oil	0.44	0.56	0.53	0.57	0.54	0.57	0.60	0.50	0.40	-0.10	-0.16
Other Products	0.47	0.57	0.55	0.54	0.55	0.56	0.57	0.52	0.50	-0.02	-0.07
Total	4.47	4.71	4.28	4.47	4.84	5.07	5.30	4.74	4.32	-0.43	-0.06
Germany											
LPG	0.10	0.10	0.10	0.12	0.09	0.11	0.11	0.10	0.13	0.03	0.02
Naphtha	0.38	0.38	0.36	0.37	0.40	0.42	0.45	0.40	0.39	-0.02	0.01
Motor Gasoline	0.45	0.43	0.44	0.43	0.42	0.39	0.40	0.41	0.45	0.04	0.01
Jet/Kerosene	0.18	0.19	0.20	0.21	0.18	0.16	0.16	0.17	0.18	0.01	-0.01
Diesel	0.66	0.70	0.70	0.73	0.69	0.64	0.66	0.66	0.75	0.08	0.05
Other Gasoil	0.39	0.38	0.36	0.33	0.47	0.40	0.37	0.43	0.51	0.07	0.23
Residual Fuel Oil	0.14	0.13	0.13	0.13	0.13	0.13	0.14	0.13	0.12	-0.01	-0.01
Other Products	0.09	0.08	0.09	0.09	0.07	0.04	0.04	0.04	0.07	0.04	0.01
Total	2.40	2.39	2.39	2.41	2.44	2.30	2.32	2.34	2.59	0.25	0.30
Italy											
LPG	0.10	0.11	0.10	0.10	0.11	0.13	0.15	0.12	0.11	-0.01	0.00
Naphtha	0.08	0.09	0.09	0.08	0.09	0.09	0.11	0.09	0.11	0.02	0.02
Motor Gasoline	0.24	0.22	0.22	0.23	0.21	0.19	0.21	0.20	0.20	-0.01	-0.01
Jet/Kerosene	0.10	0.09	0.09	0.11	0.08	0.08	0.09	0.08	0.09	0.00	0.00
Diesel	0.49	0.45	0.47	0.45	0.44	0.40	0.40	0.42	0.42	0.00	-0.02
Other Gasoil	0.11	0.11	0.09	0.10	0.12	0.12	0.12	0.11	0.11	0.00	0.03
Residual Fuel Oil	0.12	0.10	0.10	0.11	0.09	0.07	0.07	0.07	0.08	0.01	-0.03
Other Products	0.24	0.20	0.21	0.21	0.18	0.19	0.19	0.18	0.19	0.01	-0.03
Total	1.49	1.35	1.36	1.38	1.33	1.28	1.32	1.28	1.30	0.02	-0.03
France											
LPG	0.11	0.11	0.09	0.09	0.11	0.14	0.14	0.13	0.12	-0.01	0.01
Naphtha	0.14	0.13	0.15	0.14	0.09	0.15	0.16	0.15	0.15	-0.01	0.00
Motor Gasoline	0.18	0.16	0.17	0.17	0.15	0.14	0.14	0.14	0.16	0.02	0.00
Jet/Kerosene	0.16	0.15	0.15	0.17	0.15	0.14	0.15	0.14	0.15	0.01	0.00
Diesel	0.69	0.68	0.69	0.69	0.69	0.65	0.67	0.67	0.72	0.05	0.03
Other Gasoil	0.28	0.28	0.23	0.26	0.30	0.34	0.36	0.32	0.31	-0.01	0.08
Residual Fuel Oil	0.08	0.07	0.07	0.06	0.06	0.07	0.07	0.07	0.07	0.00	-0.01
Other Products	0.17	0.15	0.16	0.15	0.15	0.13	0.12	0.13	0.13	0.00	0.00
Total	1.79	1.74	1.71	1.73	1.71	1.75	1.81	1.75	1.81	0.06	0.12
United Kingdom											
LPG	0.13	0.11	0.12	0.09	0.09	0.09	0.08	0.11	0.12	0.01	0.00
Naphtha	0.03	0.02	0.02	0.02	0.03	0.04	0.04	0.03	0.04	0.00	0.01
Motor Gasoline	0.33	0.32	0.33	0.31	0.31	0.30	0.31	0.29	0.31	0.03	-0.03
Jet/Kerosene	0.32	0.31	0.31	0.31	0.32	0.32	0.32	0.33	0.32	-0.01	0.00
Diesel	0.45	0.45	0.45	0.45	0.47	0.44	0.49	0.46	0.48	0.03	0.00
Other Gasoil	0.12	0.12	0.12	0.13	0.12	0.12	0.13	0.12	0.13	0.01	0.01
Residual Fuel Oil	0.06	0.05	0.05	0.05	0.04	0.05	0.04	0.04	0.05	0.01	0.00
Other Products	0.14	0.12	0.13	0.12	0.10	0.11	0.12	0.11	0.14	0.03	0.01
Total	1.58	1.50	1.53	1.49	1.47	1.47	1.52	1.48	1.60	0.11	0.01
Canada											
LPG	0.40	0.42	0.39	0.40	0.46	0.48	0.48	0.50	0.39	-0.10	-0.03
Naphtha	0.08	0.09	0.09	0.10	0.09	0.08	0.06	0.08	0.09	0.02	0.01
Motor Gasoline	0.76	0.74	0.76	0.75	0.72	0.73	0.75	0.72	0.78	0.06	0.01
Jet/Kerosene	0.09	0.12	0.11	0.14	0.13	0.12	0.12	0.10	0.11	0.01	0.01
Diesel	0.30	0.30	0.31	0.31	0.29	0.32	0.34	0.30	0.30	-0.01	0.02
Other Gasoil	0.26	0.23	0.21	0.21	0.25	0.22	0.24	0.19	0.22	0.03	0.03
Residual Fuel Oil	0.06	0.06	0.06	0.06	0.05	0.04	0.04	0.04	0.06	0.02	0.00
Other Products	0.31	0.32	0.30	0.37	0.38	0.29	0.24	0.31	0.30	-0.01	0.04
Total	2.27	2.29	2.23	2.34	2.38	2.28	2.27	2.25	2.26	0.01	0.09

1 Demand, measured as deliveries from refineries and primary stocks, comprises inland deliveries, international bunkers and refinery fuel. It includes crude for direct burning, oil from non-conventional sources and other sources of supply. Jet/kerosene comprises jet kerosene and non-aviation kerosene. Gasoil comprises diesel, light heating oil and other gasoils.
2 Latest official OECD submissions (MOS).
3 US figures exclude US territories.

Table 3
WORLD OIL PRODUCTION
(million barrels per day)

	2012	2013	2014	1Q13	2Q13	3Q13	4Q13	1Q14	Apr 13	May 13	Jun 13
OPEC											
Crude Oil											
Saudi Arabia	9.51			9.01	9.29				9.08	9.34	9.44
Iran	3.00			2.70	2.68				2.65	2.68	2.70
Iraq	2.95			3.03	3.16				3.24	3.20	3.05
UAE	2.65			2.67	2.72				2.70	2.73	2.73
Kuwait	2.46			2.55	2.56				2.55	2.58	2.56
Neutral Zone	0.54			0.52	0.52				0.52	0.52	0.52
Qatar	0.74			0.74	0.73				0.73	0.73	0.73
Angola	1.78			1.76	1.76				1.74	1.76	1.78
Nigeria	2.10			2.00	1.94				1.98	1.95	1.88
Libya	1.39			1.38	1.31				1.42	1.35	1.15
Algeria	1.17			1.15	1.14				1.16	1.15	1.10
Ecuador	0.50			0.50	0.50				0.50	0.50	0.50
Venezuela	2.50			2.42	2.50				2.52	2.50	2.48
Total Crude Oil[6]	31.30			30.43	30.79				30.78	30.98	30.61
Total NGLs[1,6]	6.33	6.58	6.74	6.43	6.50	6.67	6.71	6.70	6.50	6.50	6.50
Total OPEC[6]	37.63			36.85	37.29				37.28	37.48	37.11
OPEC: Historical Composition[6]	37.63			36.85	37.29				37.28	37.48	37.11
NON-OPEC[2]											
OECD											
Americas[7]	15.86	17.01	17.79	16.83	16.72	16.96	17.51	17.65	16.85	16.65	16.68
United States[5]	9.17	10.12	10.81	9.84	10.11	10.15	10.39	10.56	10.10	10.15	10.07
Mexico	2.92	2.89	2.84	2.91	2.89	2.88	2.87	2.87	2.88	2.89	2.90
Canada	3.76	3.99	4.12	4.07	3.71	3.93	4.24	4.21	3.85	3.59	3.70
Chile	0.01	0.01	0.01	0.02	0.01	0.01	0.01	0.01	0.02	0.01	0.01
Europe[8]	3.47	3.23	3.17	3.35	3.23	3.01	3.34	3.32	3.31	3.34	3.04
UK	0.95	0.85	0.84	0.92	0.84	0.73	0.90	0.90	0.85	0.87	0.79
Norway	1.91	1.80	1.78	1.82	1.81	1.71	1.86	1.84	1.87	1.88	1.68
Others	0.61	0.59	0.55	0.61	0.58	0.57	0.58	0.57	0.59	0.59	0.57
Asia Oceania[9]	0.56	0.51	0.52	0.45	0.51	0.55	0.53	0.46	0.50	0.51	0.53
Australia	0.48	0.43	0.45	0.37	0.43	0.47	0.45	0.39	0.42	0.43	0.45
Others	0.08	0.08	0.07	0.08	0.08	0.08	0.07	0.07	0.08	0.08	0.08
Total OECD	19.90	20.75	21.48	20.63	20.46	20.52	21.37	21.43	20.66	20.49	20.25
NON-OECD											
Former USSR	13.67	13.76	13.74	13.85	13.79	13.64	13.75	13.72	13.75	13.72	13.89
Russia	10.73	10.80	10.78	10.82	10.86	10.76	10.75	10.78	10.82	10.87	10.90
Others	2.94	2.96	2.96	3.03	2.92	2.87	3.00	2.94	2.93	2.86	2.98
Asia	7.77	7.78	7.78	7.79	7.79	7.77	7.78	7.78	7.80	7.77	7.79
China	4.18	4.22	4.25	4.20	4.21	4.23	4.23	4.24	4.21	4.21	4.21
Malaysia	0.67	0.70	0.72	0.69	0.69	0.70	0.72	0.72	0.69	0.69	0.69
India	0.91	0.91	0.87	0.90	0.90	0.92	0.91	0.88	0.90	0.88	0.93
Indonesia	0.89	0.82	0.78	0.85	0.84	0.81	0.80	0.80	0.84	0.84	0.82
Others	1.12	1.13	1.17	1.15	1.15	1.11	1.12	1.15	1.16	1.15	1.14
Europe	0.14	0.14	0.13	0.14	0.14	0.13	0.13	0.13	0.14	0.14	0.14
Latin America	4.18	4.22	4.47	4.16	4.13	4.24	4.37	4.40	4.10	4.14	4.14
Brazil[5]	2.16	2.17	2.38	2.07	2.08	2.21	2.31	2.32	2.02	2.09	2.13
Argentina	0.66	0.62	0.60	0.65	0.62	0.60	0.60	0.60	0.64	0.61	0.61
Colombia	0.95	1.01	1.08	1.01	1.00	1.01	1.04	1.06	1.01	1.02	0.98
Others	0.42	0.42	0.41	0.43	0.43	0.42	0.41	0.42	0.43	0.43	0.42
Middle East[3]	1.47	1.41	1.42	1.43	1.35	1.43	1.42	1.42	1.33	1.34	1.38
Oman	0.92	0.95	0.97	0.94	0.94	0.97	0.97	0.97	0.92	0.96	0.95
Syria	0.17	0.10	0.08	0.12	0.09	0.09	0.09	0.08	0.12	0.09	0.09
Yemen	0.18	0.16	0.17	0.18	0.12	0.18	0.18	0.18	0.10	0.10	0.15
Others	0.20	0.20	0.19	0.20	0.20	0.20	0.20	0.19	0.20	0.20	0.20
Africa	2.30	2.38	2.55	2.30	2.33	2.41	2.48	2.52	2.28	2.34	2.38
Egypt	0.73	0.71	0.68	0.73	0.72	0.71	0.70	0.69	0.72	0.72	0.71
Gabon	0.25	0.24	0.24	0.23	0.23	0.24	0.24	0.24	0.22	0.23	0.25
Others	1.32	1.43	1.63	1.34	1.39	1.46	1.54	1.58	1.35	1.39	1.42
Total Non-OECD	29.53	29.69	30.08	29.67	29.52	29.62	29.93	29.96	29.42	29.44	29.71
Processing Gains[4]	2.14	2.18	2.21	2.18	2.16	2.20	2.18	2.21	2.12	2.15	2.20
Global Biofuels[5]	1.86	1.97	2.10	1.48	1.96	2.34	2.07	1.72	1.98	1.95	1.95
TOTAL NON-OPEC[6]	53.42	54.58	55.87	53.96	54.11	54.69	55.55	55.33	54.17	54.04	54.12
Non-OPEC: Historical Composition[6]	53.42	54.58	55.87	53.96	54.11	54.69	55.55	55.33	54.17	54.04	54.12
TOTAL SUPPLY	91.05			90.81	91.40				91.45	91.52	91.23

1 Includes condensates reported by OPEC countries, oil from non-conventional sources, e.g. Venezuelan Orimulsion (but not Orinoco extra-heavy oil), and non-oil inputs to Saudi Arabian MTBE. Orimulsion production reportedly ceased from January 2007.
2 Comprises crude oil, condensates, NGLs and oil from non-conventional sources
3 Includes small amounts of production from Jordan and Bahrain.
4 Net volumetric gains and losses in refining and marine transportation losses.
5 As of the July 2010 OMR, Global Biofuels comprise all world biofuel production including fuel ethanol from the US and Brazil.
6 Total OPEC comprises all countries which were OPEC members at 1 January 2009. OPEC Historical Composition comprises countries which were OPEC members at that point in time. Total Non-OPEC excludes all countries that were OPEC members at 1 January 2009. Non-OPEC Historical Composition excludes countries that were OPEC members at that point in time.
7 As of the August 2012 OMR, includes Chile.
8 As of the August 2012 OMR, includes Estonia and Slovenia.
9 As of the August 2012 OMR, includes Israel.

Table 4

OECD INDUSTRY STOCKS[1] AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS[2] in Million Barrels					PRIOR YEARS' STOCKS[2] in Million Barrels			STOCK CHANGES in mb/d			
	Jan2013	Feb2013	Mar2013	Apr2013	May2013*	May2010	May2011	May2012	2Q2012	3Q2012	4Q2012	1Q2013
OECD Americas												
Crude	512.0	520.3	526.5	530.5	528.1	496.7	513.1	520.8	0.22	-0.11	-0.10	0.28
Motor Gasoline	270.5	262.8	260.0	257.1	260.8	251.0	248.7	241.0	-0.16	-0.06	0.32	-0.06
Middle Distillate	206.3	195.6	192.9	193.4	197.5	224.4	217.3	193.3	-0.19	0.16	0.08	-0.20
Residual Fuel Oil	44.8	45.4	45.1	48.7	46.3	54.0	45.8	42.8	0.03	-0.01	-0.03	0.02
Total Products[3]	696.2	670.9	664.1	669.5	695.1	694.5	668.7	659.2	0.05	0.27	0.09	-0.44
Total[4]	1364.9	1341.1	1340.6	1356.8	1374.9	1347.9	1338.5	1346.3	0.32	0.24	-0.21	-0.24
OECD Europe												
Crude	305.0	304.6	306.6	322.9	319.5	358.5	321.4	315.5	0.04	-0.12	-0.03	0.04
Motor Gasoline	96.7	95.1	96.4	94.7	92.5	95.6	93.0	91.1	-0.07	0.06	-0.01	0.08
Middle Distillate	266.8	263.0	256.4	250.4	250.0	292.2	282.9	261.4	-0.29	0.12	-0.04	0.02
Residual Fuel Oil	76.7	78.8	79.8	80.0	80.2	89.4	82.1	73.0	-0.01	0.03	0.01	0.04
Total Products[3]	546.0	538.8	536.9	525.4	522.7	579.8	560.4	535.0	-0.38	0.19	-0.04	0.10
Total[4]	914.4	907.3	905.2	910.9	901.0	1009.5	948.7	917.1	-0.34	0.04	-0.14	0.19
OECD Asia Oceania												
Crude	159.1	149.2	166.8	160.9	167.0	166.3	161.9	172.6	0.16	0.00	-0.13	0.09
Motor Gasoline	27.0	27.1	27.9	27.4	27.8	27.9	25.2	27.2	0.01	0.02	-0.04	0.04
Middle Distillate	62.7	63.9	63.9	62.6	58.1	61.2	64.8	63.3	0.08	0.08	-0.09	0.04
Residual Fuel Oil	19.4	21.4	20.1	20.5	20.7	21.3	21.5	20.4	0.00	0.02	-0.02	0.00
Total Products[3]	172.7	172.6	173.4	172.0	166.0	167.2	171.0	168.5	0.16	0.20	-0.16	0.03
Total[4]	401.8	394.0	412.8	410.3	407.0	404.2	407.7	417.5	0.38	0.16	-0.33	0.18
Total OECD												
Crude	976.1	974.1	999.9	1014.3	1014.6	1021.4	996.4	1008.9	0.42	-0.24	-0.26	0.42
Motor Gasoline	394.1	385.0	384.3	379.2	381.1	374.5	366.9	359.2	-0.22	0.01	0.27	0.05
Middle Distillate	535.8	522.4	513.2	506.3	505.5	577.9	564.9	518.0	-0.41	0.36	-0.05	-0.15
Residual Fuel Oil	140.8	145.6	145.0	149.1	147.2	164.7	149.4	136.2	0.02	0.03	-0.03	0.06
Total Products[3]	1414.9	1382.3	1374.5	1366.8	1383.7	1441.5	1400.2	1362.7	-0.18	0.65	-0.10	-0.30
Total[4]	2681.1	2642.4	2658.5	2678.0	2682.9	2761.5	2694.9	2680.8	0.36	0.44	-0.69	0.13

OECD GOVERNMENT-CONTROLLED STOCKS[5] AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS[2] in Million Barrels					PRIOR YEARS' STOCKS[2] in Million Barrels			STOCK CHANGES in mb/d			
	Jan2013	Feb2013	Mar2013	Apr2013	May2013*	May2010	May2011	May2012	2Q2012	3Q2012	4Q2012	1Q2013
OECD Americas												
Crude	695.8	696.0	696.0	696.0	696.0	726.6	726.5	696.0	0.00	-0.01	0.00	0.01
Products	1.0	1.0	1.0	1.0	1.0	2.0	0.0	1.0	0.00	0.00	0.00	0.00
OECD Europe												
Crude	204.1	204.9	204.7	204.6	204.6	185.2	185.6	188.7	0.04	0.03	0.01	0.01
Products	264.2	262.0	262.7	258.8	258.8	241.0	238.5	235.6	-0.01	0.02	0.03	0.07
OECD Asia Oceania												
Crude	392.6	389.6	389.6	389.6	389.6	390.2	391.1	393.5	0.00	0.00	0.00	-0.04
Products	20.5	20.4	21.0	21.0	21.0	20.0	20.0	20.0	0.00	0.00	0.00	0.01
Total OECD												
Crude	1292.5	1290.5	1290.2	1290.1	1290.1	1302.0	1303.3	1278.1	0.04	0.02	0.02	-0.03
Products	285.7	283.5	284.7	280.8	280.8	263.0	258.5	256.6	-0.01	0.02	0.03	0.07
Total[4]	1581.0	1577.3	1578.2	1574.0	1574.0	1566.4	1563.2	1536.0	0.03	0.04	0.05	0.05

* estimated

1 Stocks are primary national territory stocks on land (excluding utility stocks and including pipeline and entrepot stocks where known) and include stocks held by industry to meet IEA, EU and national emergency reserve commitments and are subject to government control in emergencies.

2 Closing stock levels.

3 Total products includes gasoline, middle distillates, fuel oil and other products.

4 Total includes NGLs, refinery feedstocks, additives/oxygenates and other hydrocarbons.

5 Includes government-owned stocks and stock holding organisation stocks held for emergency purposes.

Table 5
TOTAL STOCKS ON LAND IN OECD COUNTRIES[1]

('millions of barrels' and 'days')

	End March 2012		End June 2012		End September 2012		End December 2012		End March 2013 [3]	
	Stock Level	Days Fwd[2] Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand
OECD Americas										
Canada	170.7	78	169.3	73	177.9	75	172.2	75	163.0	-
Chile	10.5	29	10.3	29	9.8	27	8.9	25	9.5	-
Mexico	44.8	21	45.3	21	48.7	22	47.5	22	48.7	-
United States[4]	1778.8	95	1809.4	97	1819.4	98	1807.8	97	1794.2	-
Total[4]	2026.9	86	2056.3	87	2077.8	87	2058.5	87	2037.5	86
OECD Asia Oceania										
Australia	40.0	36	40.8	36	42.8	37	37.5	34	37.6	-
Israel	-	-	-	-	-	-	-	-	-	-
Japan	579.5	135	601.3	135	605.7	125	590.2	116	589.2	-
Korea	164.0	74	176.7	78	183.8	78	175.4	76	187.6	-
New Zealand	9.0	60	8.0	56	8.9	58	7.8	49	9.0	-
Total	792.5	98	826.8	99	841.3	96	811.0	91	823.4	103
OECD Europe[5]										
Austria	22.3	86	21.5	79	21.6	86	22.9	96	22.5	-
Belgium	34.8	58	38.6	65	38.3	60	38.7	57	37.7	-
Czech Republic	20.2	103	18.6	89	18.9	96	20.2	118	20.3	-
Denmark	21.4	133	19.5	120	20.5	134	22.4	154	25.0	-
Estonia	1.3	48	1.2	49	1.1	39	1.5	55	1.6	-
Finland	29.9	156	28.0	145	28.2	139	26.3	136	36.6	-
France	164.7	96	163.7	95	164.0	96	162.3	93	160.9	-
Germany	284.3	119	279.6	116	283.0	116	287.3	125	290.5	-
Greece	29.1	92	28.9	93	30.1	104	30.8	112	32.0	-
Hungary	17.2	140	15.9	115	15.6	113	15.1	123	16.5	-
Ireland	11.7	89	10.5	82	9.5	67	10.3	77	10.0	-
Italy	142.0	104	137.7	100	146.2	110	128.8	101	133.6	-
Luxembourg	0.5	8	0.6	11	0.7	13	0.7	12	0.7	-
Netherlands	121.1	114	112.6	111	113.5	115	121.3	128	132.5	-
Norway	29.1	136	27.4	127	27.0	108	27.9	126	25.6	-
Poland	64.5	121	62.7	118	62.8	119	63.9	139	63.3	-
Portugal	20.9	87	20.4	86	20.8	97	21.3	97	23.1	-
Slovak Republic	9.0	127	9.0	109	8.8	108	8.5	119	8.7	-
Slovenia	4.7	85	4.6	83	5.2	97	5.3	111	5.0	-
Spain	134.3	104	132.8	104	130.8	105	120.1	101	123.8	-
Sweden	29.6	95	29.0	92	30.2	95	27.7	91	28.1	-
Switzerland	35.3	149	35.2	146	36.7	135	36.8	147	36.5	-
Turkey	62.4	89	64.0	89	63.4	93	62.0	104	62.0	-
United Kingdom	82.2	54	82.5	55	75.4	51	80.9	55	79.2	-
Total	1372.5	100	1344.5	97	1352.4	99	1343.2	102	1375.8	101
Total OECD	4191.9	92	4227.6	92	4271.5	92	4212.6	92	4236.7	94
DAYS OF IEA Net Imports[6]	-	143	-	149	-	150	-	148	-	149

1 Total Stocks are industry and government-controlled stocks (see breakdown in table below). Stocks are primary national territory stocks on land (excluding utility stocks and including pipeline and entrepot stocks where known) they include stocks held by industry to meet IEA, EU and national emergency reserves commitments and are subject to government control in emergencies.
2 Note that days of forward demand represent the stock level divided by the forward quarter average daily demand and is very different from the days of net imports used for the calculation of IEA Emergency Reserves.
3 End March 2013 forward demand figures are IEA Secretariat forecasts.
4 US figures exclude US territories. Total includes US territories.
5 Data not available for Iceland.
6 Reflects stock levels and prior calendar year's net imports adjusted according to IEA emergency reserve definitions (see www.iea.org/netimports.asp). Net exporting IEA countries are excluded.

TOTAL OECD STOCKS

CLOSING STOCKS	Total	Government[1] controlled	Industry	Total	Government[1] controlled	Industry
	Millions of Barrels			*Days of Fwd. Demand*[2]		
1Q2010	4255	1571	2684	92	34	58
2Q2010	4330	1566	2765	91	33	58
3Q2010	4306	1553	2753	90	33	58
4Q2010	4244	1565	2679	90	33	57
1Q2011	4210	1562	2648	93	34	58
2Q2011	4251	1565	2686	91	33	57
3Q2011	4201	1529	2671	90	33	57
4Q2011	4145	1536	2608	90	33	56
1Q2012	4192	1536	2656	92	34	58
2Q2012	4228	1539	2689	92	34	59
3Q2012	4271	1542	2729	92	33	59
4Q2012	4213	1547	2666	92	34	58
1Q2013	4237	1578	2659	94	35	59

1 Includes government-owned stocks and stock holding organisation stocks held for emergency purposes.
2 Days of forward demand calculated using actual demand except in 1Q2013 (when latest forecasts are used).

Table 6

IEA MEMBER COUNTRY DESTINATIONS OF SELECTED CRUDE STREAMS[1]

(million barrels per day)

	2010	2011	2012	2Q12	3Q12	4Q12	1Q13	Feb 13	Mar 13	Apr 13	Year Earlier Apr 12	Year Earlier change
Saudi Light & Extra Light												
Americas	0.69	0.69	0.76	0.88	0.67	0.65	0.69	0.59	0.61	0.81	0.83	-0.02
Europe	0.66	0.83	0.85	0.91	0.97	0.77	0.67	0.71	0.60	0.65	0.84	-0.19
Asia Oceania	1.21	1.24	1.26	1.21	1.21	1.27	1.22	1.07	1.26	1.25	1.26	-0.01
Saudi Medium												
Americas	0.36	0.37	0.44	0.44	0.41	0.43	0.44	0.33	0.58	0.42	0.49	-0.07
Europe	0.00	0.02	0.05	0.07	0.05	0.02	-	-	-	0.02	0.08	-0.06
Asia Oceania	0.34	0.40	0.45	0.42	0.48	0.44	0.49	0.51	0.46	0.32	0.47	-0.15
Saudi Heavy												
Americas	0.02	0.02	0.05	0.15	0.02	0.02	-	-	-	0.02	0.30	-0.28
Europe	0.00	0.01	0.12	0.12	0.21	0.13	0.08	0.09	0.10	0.20	0.12	0.07
Asia Oceania	0.22	0.20	0.20	0.18	0.19	0.19	0.20	0.18	0.20	0.21	0.16	0.04
Iraqi Basrah Light[2]												
Americas	0.36	0.29	0.49	0.55	0.46	0.55	0.56	0.48	0.57	0.26	0.33	-0.07
Europe	0.09	0.11	0.26	0.18	0.42	0.31	0.18	0.14	0.27	0.23	0.06	0.16
Asia Oceania	0.29	0.34	0.33	0.34	0.39	0.31	0.35	0.38	0.39	0.41	0.28	0.13
Iraqi Kirkuk												
Americas	0.03	0.07	0.05	0.08	0.04	0.03	0.01	-	-	0.03	0.07	-0.03
Europe	0.27	0.27	0.22	0.23	0.21	0.25	0.19	0.20	0.16	0.23	0.29	-0.06
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Iranian Light												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.24	0.23	0.12	0.16	0.05	0.05	0.10	0.08	0.08	0.09	0.19	-0.10
Asia Oceania	0.04	0.04	0.02	0.02	0.01	0.01	0.01	-	-	-	0.04	-
Iranian Heavy[3]												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.49	0.55	0.16	0.21	0.08	0.04	0.02	0.03	0.02	0.03	0.22	-0.19
Asia Oceania	0.52	0.51	0.33	0.38	0.11	0.36	0.39	0.35	0.41	0.07	0.40	-0.33
Venezuelan Light & Medium												
Americas	0.14	0.18	0.13	0.15	0.14	0.16	0.17	0.13	0.16	-	0.19	-
Europe	0.02	0.02	0.02	-	0.01	0.06	0.03	0.02	-	-	-	-
Asia Oceania	-	-	0.01	0.01	-	-	-	-	-	0.03	-	-
Venezuelan 22 API and heavier												
Americas	0.86	0.76	0.69	0.58	0.77	0.73	0.60	0.31	0.71	0.59	0.68	-0.08
Europe	0.06	0.05	0.08	0.09	0.11	0.04	0.06	0.05	0.08	0.07	0.08	-0.01
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Maya												
Americas	0.91	0.82	0.73	0.69	0.76	0.74	0.63	0.63	0.52	0.64	0.68	-0.05
Europe	0.11	0.12	0.14	0.14	0.13	0.17	0.15	0.15	0.14	0.14	0.15	-0.01
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Isthmus												
Americas	0.04	0.07	0.04	0.03	0.05	0.04	0.05	0.07	0.01	0.08	0.07	0.00
Europe	0.02	0.01	0.03	0.05	0.03	0.04	0.03	0.04	0.02	0.03	0.05	-0.02
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Russian Urals												
Americas	0.08	0.01	0.00	0.01	0.01	-	-	-	-	-	-	-
Europe	1.80	1.69	1.86	1.76	1.97	1.94	1.85	1.85	1.96	2.03	1.72	0.31
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Nigerian Light[4]												
Americas	0.60	0.53	0.24	0.31	0.25	0.14	0.14	0.16	0.28	-	0.31	-
Europe	0.34	0.45	0.58	0.52	0.72	0.58	0.65	0.78	0.45	0.47	0.56	-0.09
Asia Oceania	-	0.05	0.04	0.06	0.03	0.03	0.02	0.03	-	0.03	0.06	-0.03
Nigerian Medium												
Americas	0.25	0.18	0.12	0.07	0.14	0.21	0.07	0.07	0.00	0.13	0.07	0.06
Europe	0.09	0.14	0.25	0.25	0.26	0.23	0.21	0.20	0.25	0.30	0.26	0.04
Asia Oceania	-	-	0.00	-	0.00	-	-	-	-	-	-	-

1 Data based on monthly submissions from IEA countries to the crude oil import register (in '000 bbl), subject to availability. May differ from Table 8 of the Report.
IEA Americas includes United States and Canada.
IEA Europe includes all countries in OECD Europe except Estonia, Hungary and Slovenia.
IEA Asia Oceania includes Australia, New Zealand, Korea and Japan.

2 Iraqi Total minus Kirkuk.

3 Iranian Total minus Iranian Light.

4 33° API and lighter (e.g., Bonny Light, Escravos, Qua Iboe and Oso Condensate).

Table 7
REGIONAL OECD IMPORTS[1,2]
(thousand barrels per day)

	2010	2011	2012	2Q12	3Q12	4Q12	1Q13	Feb 13	Mar 13	Apr 13	Year Earlier Apr 12	% change
Crude Oil												
Americas	7494	6870	6101	6502	6147	5610	5039	4649	5172	5108	6146	-17%
Europe	9072	8988	9346	9177	9795	9286	8931	9156	8808	9482	8934	6%
Asia Oceania	6473	6609	6761	6727	6627	6702	6999	6885	7011	6291	7025	-10%
Total OECD	23038	22468	22208	22406	22568	21597	20970	20691	20991	20881	22105	-6%
LPG												
Americas	34	33	26	28	34	23	37	45	36	25	18	38%
Europe	285	318	287	281	271	297	372	379	422	412	264	56%
Asia Oceania	565	568	620	603	598	615	598	583	607	569	678	-16%
Total OECD	884	919	933	911	903	936	1006	1007	1066	1006	961	5%
Naphtha												
Americas	36	42	20	34	17	15	15	22	12	19	33	-44%
Europe	399	298	350	363	291	347	358	289	356	244	434	-44%
Asia Oceania	908	884	900	878	920	961	954	866	1008	929	839	11%
Total OECD	1344	1224	1270	1275	1228	1324	1328	1178	1375	1192	1306	-9%
Gasoline[3]												
Americas	801	762	725	775	800	652	578	492	688	823	780	5%
Europe	187	222	213	181	201	188	134	141	136	96	127	-24%
Asia Oceania	84	95	86	92	68	89	96	109	88	109	128	-14%
Total OECD	1073	1078	1023	1048	1068	928	808	741	912	1028	1035	-1%
Jet & Kerosene												
Americas	76	77	73	65	99	86	51	74	30	84	56	52%
Europe	418	397	398	375	458	466	321	197	335	387	386	0%
Asia Oceania	45	58	63	38	55	82	107	137	74	61	27	127%
Total OECD	539	532	534	479	612	635	478	408	439	532	468	14%
Gasoil/Diesel												
Americas	100	72	59	45	50	69	83	81	105	95	35	168%
Europe	1071	1044	984	871	967	1075	1047	1031	1097	880	877	0%
Asia Oceania	103	147	185	176	194	203	177	223	136	201	167	21%
Total OECD	1275	1263	1228	1091	1211	1348	1307	1335	1339	1176	1079	9%
Heavy Fuel Oil												
Americas	277	268	206	217	208	181	163	66	240	190	180	5%
Europe	464	537	521	534	483	439	605	668	531	456	457	0%
Asia Oceania	123	153	223	203	227	241	260	333	203	208	173	20%
Total OECD	864	958	951	954	918	860	1028	1067	974	854	811	5%
Other Products												
Americas	807	871	813	831	838	829	735	762	715	830	742	12%
Europe	692	700	654	680	658	671	839	855	740	616	706	-13%
Asia Oceania	367	366	356	370	359	317	381	299	416	356	369	-4%
Total OECD	1866	1937	1823	1881	1855	1817	1955	1916	1871	1802	1817	-1%
Total Products												
Americas	2132	2124	1923	1995	2045	1855	1663	1542	1827	2066	1845	12%
Europe	3516	3516	3406	3284	3329	3483	3675	3560	3616	3090	3251	-5%
Asia Oceania	2197	2271	2432	2361	2421	2509	2572	2550	2532	2435	2380	2%
Total OECD	7845	7911	7761	7640	7795	7847	7911	7652	7975	7590	7477	2%
Total Oil												
Americas	9625	8995	8024	8497	8192	7465	6702	6191	6999	7174	7991	-10%
Europe	12588	12504	12752	12461	13124	12769	12607	12716	12423	12571	12185	3%
Asia Oceania	8670	8880	9194	9088	9048	9210	9572	9435	9543	8726	9406	-7%
Total OECD	30883	30379	29969	30046	30363	29444	28881	28343	28966	28471	29581	-4%

1 Based on Monthly Oil Questionnaire data submitted by OECD countries in tonnes and converted to barrels.
2 Excludes intra-regional trade.
3 Includes additives.

© OECD/IEA 2013. All Rights Reserved

The International Energy Agency (IEA) makes every attempt to ensure, but does not guarantee, the accuracy and completeness of the information or the clarity of content of the *Oil Market Report* (hereafter the *OMR*). The IEA shall not be liable to any party for any inaccuracy, error or omission contained or provided in this *OMR* or for any loss, or damage, whether or not due to reliance placed by that party on information in this *OMR*.

The Executive Director and Secretariat of the IEA are responsible for the publication of the *OMR*. Although some of the data are supplied by IEA Member-country governments, largely on the basis of information they in turn receive from oil companies, neither these governments nor these oil companies necessarily share the Secretariat's views or conclusions as expressed in the *OMR*. The *OMR* is prepared for general circulation and is distributed for general information only. Neither the information nor any opinion expressed in the *OMR* constitutes an offer, or an invitation to make an offer, to buy or sell any securities or any options, futures or other derivatives related to such securities.

This *OMR* is the copyright of the OECD/IEA and is subject to terms and conditions of use. These terms and conditions are available on the IEA website at http://www.iea.org/oilmar/licenceomr.html. In relation to the Subscriber Edition (as defined in the OMR's online terms and conditions), all Argus information is sourced from Copyright © 2013 Argus Media Limited and is published here with the permission of Argus. The spot crude and product price assessments are based on daily Argus prices, converted when appropriate to US$ per barrel according to the Argus specification of products. Argus Media Limited reserves all rights in relation to all Argus information. Any reproduction of Argus information requires the express prior written permission of Argus. Argus shall not be liable to any party for any inaccuracy, error or omission contained or provided in Argus information contained in this OMR or for any loss, or damage, whether or not due to reliance placed by that party on information in this OMR.

OMR Contacts

Editor and Head, Oil Industry and Markets Division

Antoine Halff

Analysts

Michael Cohen (Non-OPEC Supply)

Diane Munro (OPEC Supply and Prices)

Matt Parry (Demand)

Timothy Hess (Refining)

Andrew Wilson (Stocks/Statistics)

Statistics

Lenka Laukova

Valerio Pilia

Editorial assistant

Annette Hardcastle

Contact:

☎ (+33) 0*1 40 57 66 67

✉ **OilMarketReport@iea.org**

* 0 - only within France

Media Enquiries

IEA Press Office

(+33) 0* 1 40 57 65 54

✉ **ieapressoffice@iea.org**

Subscription and Delivery Enquiries

Oil Market Report Subscriptions
International Energy Agency
BP 586-75726 PARIS Cedex 15, France

✉ **OMRSubscriptions@iea.org**

☎ (+33) 0* 1 40 57 67 72

☎ (+33) 0* 1 40 57 66 90

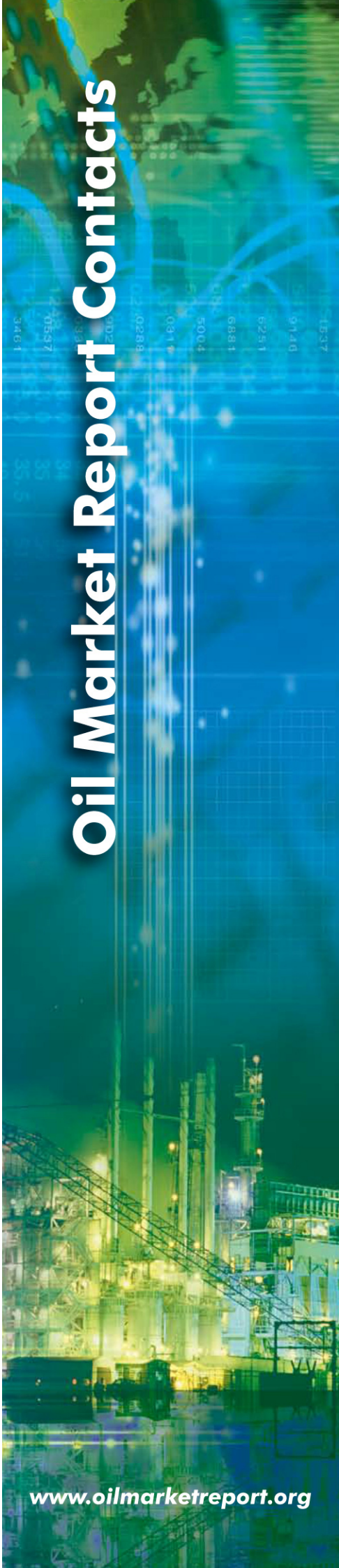
User's Guide and Glossary to the IEA *Oil Market Report*

For information on the data sources, definitions, technical terms and general approach used in preparing the *Oil Market Report (OMR)*, *Medium-Term Oil Market Report (MTOMR)* and *Annual Statistical Supplement* (current issue of the Statistical Supplement dated 10 August 2012), readers are referred to the *Users' Guide* at www.oilmarketreport.org/glossary.asp. It should be noted that the spot crude and product price assessments are based on daily Argus prices, converted when appropriate to US$ per barrel according to the Argus specification of products (Copyright © 2013 Argus Media Limited - all rights reserved).

The *Oil Market Report* is published under the responsibility of the Executive Director and Secretariat of the International Energy Agency. Although some of the data are supplied by Member-country Governments, largely on the basis of information received from oil companies, neither governments nor companies necessarily share the Secretariat's views or conclusions as expressed therein.

© OECD/IEA 2013

Next Issue: 9 August 2013





International Energy Agency

9 August 2013

HIGHLIGHTS

- **WTI futures hit 16-month highs in July**, narrowing the gap with Brent, amid surging US refining runs and crude draws. The benchmark gained $8.90/bbl m-o-m, to $104.70/bbl. Brent rose $4.09/bbl to $107.43/bbl, a four-month high, on supply outages in Libya and Iraq. WTI was last trading around $103.50/bbl and Brent at $106.70/bbl.

- **Global oil demand growth is expected to accelerate in 2014 to 1.1 mb/d, compared with 0.9 mb/d in 2013.** The forecast of demand growth for 2014 has been trimmed by 0.1 mb/d on reduced GDP expectations from the IMF, while that for 2013 is largely unchanged.

- **Global supply is estimated to have increased by 575 kb/d m-o-m in July, to 91.85 mb/d,** led by higher non-OPEC production. Strong growth in North America is expected to lift 2H13 total non-OPEC supply by an average 1.4 mb/d y-o-y, to reach 55.4 mb/d in 4Q13.

- **OPEC crude oil supplies edged down by 165 kb/d m-o-m in July, to 30.41 mb/d,** on supply disruptions in Libya and Iraq and despite higher Saudi output. The 'call on OPEC crude and stock change' for 3Q13 was revised upwards by 200 kb/d, to 30 mb/d, on higher demand projections for the quarter.

- **Global refinery crude demand surged by 3.1 mb/d in June,** its highest monthly increase on record, and likely rose further in July, ahead of autumn maintenance. At 77.2 mb/d, June runs were almost 2.0 mb/d above year-earlier levels. Global runs were pegged at 74.8 mb/d for 2Q13, rising to 77.3 mb/d in 3Q13.

- **OECD industry inventories built seasonally by 11.9 mb in June**, to 2 663 mb. Steep gains of 33.6 mb in product inventories led the increase, offsetting large crude draws. Refined product stocks covered 30.5 days of forward demand at end-June, up 0.8 day on the month.

www.oilmarketreport.org

TABLE OF CONTENTS

HIGHLIGHTS 1

MUGGED BY REALITY 3

DEMAND 4
- Summary 4
- Global Overview 4
- Top 10 Consumers 5
- OECD 10
  - Americas 10
  - Europe 10
  - Asia Oceania 11
- Non-OECD 11

SUPPLY 13
- Summary 13
- OPEC Crude Oil Supply 14
- *Iraqi Output Forecast to Tumble Near-Term on Temporary Export Constraints* 16
- Non-OPEC Overview 18
  - OECD Americas 19
- Non-OECD 21
  - Latin America 21
  - Africa 22
  - Middle East 22
  - Former Soviet Union 22

OECD STOCKS 25
- Summary 25
- OECD Inventory Position at End-June and Revisions to Preliminary Data 25
- Analysis of Recent OECD Industry Stock Changes 26
  - OECD Americas 26
  - OECD Europe 27
  - OECD Asia Oceania 28
- Recent Developments in Singapore and China Stocks 29

PRICES 31
- Summary 31
- Market Overview 31
- Futures Markets 33
  - Activity Levels 33
  - Financial Regulation 34
- Spot Crude Oil Prices 35
- Spot Product Prices 37
- Freight 39

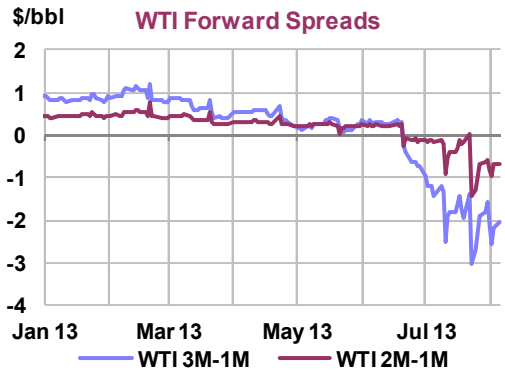
REFINING 40
- Summary 40
- Global Refinery Overview 40
- *Global Crude Demand Surges at Record Pace* 41
  - Refining Margins 42
- OECD Refinery Throughput 43
- *RINs Rally Casts Spotlight on Renewable Policy* 46
- Non-OECD Refinery Throughput 48

TABLES 50

MUGGED BY REALITY

Widespread expectations of loosening oil market fundamentals in the medium term stand in contrast with today's tighter but potentially transient conditions. Many commentators, recognising in the new North American supply a defining feature of tomorrow's market, are questioning its implications for the future of OPEC. The producer group, they argue, ineluctably faces the test of having to rein in supply and accommodate rising volumes of shale oil – unless falling prices curb shale oil production first. Right now, though, OPEC's main challenge seems to be less future demand softness than practical difficulties in bringing production to market. OPEC output last month was down 1.1 mb/d on the year for reasons that had very little to do with lack of demand or competition from North American supply, and everything to do with domestic developments in some member countries.

In Libya, civil unrest cut exports to their lowest since the 2011 civil war. In Iraq, pipeline attacks helped push output below 3 mb/d for the first time in six months, and planned infrastructure work in September may slash exports by 300-500 kb/d for months. Security issues cloud supply prospects in Algeria and Nigeria. Nor are problems in the Middle East and North Africa confined to OPEC. In Egypt, a standoff between supporters and opponents of deposed President Mohamed Morsi gave no sign of abating at the time of writing, while the civil war continued to rage in Syria. Meanwhile, Yemeni security forces foiled an attack on the country's oil fields and infrastructure. Those developments likely go a long way towards explaining a run-up in oil prices which saw US benchmark West Texas Intermediate hit 16-month highs in July, despite an apparent easing of market concern relating to Iran.



On the demand front too, there are signs of strength. Global refinery runs jumped by 3.1 mb/d in June, the highest monthly increase on record, extending those gains into July. From April to July, global throughputs soared by an estimated 5.1 mb/d, more than twice the five-year average. Meanwhile in the US, end-user demand swung back to growth in four of the last six months, compounding the impact of recent gains in product exports.

Current market conditions are not necessarily a precursor of future trends. Recent shifts in the futures curve seem to reflect market expectations of short-lived firmness. WTI crude futures at the NYMEX, long in contango, have slipped into deepening backwardation. On the ICE market, backwardation in Brent, having narrowed earlier to near-contango levels, has widened again. No one can predict how long MENA unrest may last. But refinery runs are likely to ratchet back down after this month: runs have risen faster than end-user demand, leading to exceptionally large and early builds in product inventories and reduced refining margins. A heavy maintenance schedule looms in the fall.

Recent developments nevertheless look set to overshadow the impact of revised non-OECD demand estimates for 2011 and prior years. This is the time of year when this *Report* takes in the IEA's annual *Energy Statistics of Non-OECD Countries*, better known as the 'Green Book', highlights of which are presented in the accompanying *Annual Statistical Supplement*. Despite significant adjustments in demand estimates for some countries, incorporating those data has only a marginal impact on *OMR* aggregate balances: a cut of just 0.1 mb/d to demand estimates for 2010 and no change at all for 2011.

DEMAND

Summary

- **Projections of global oil demand growth for 2013 and 2014 have been trimmed slightly following lower macroeconomic forecasts** released by the International Monetary Fund (IMF) in July. The 2013 growth forecast has been marginally reduced by 30 kb/d to 895 kb/d, as the assumed pace of global GDP growth eases back to 3.1% from the IMF's April 3.3% forecast. Although oil demand growth remains forecast to pick up pace in 2014, the growth projection for that year has been cut to 1.1 mb/d, from 1.2 mb/d. The underlying economic growth trend in 2014, while still accelerating, is now two-tenths of a percentage point lower at 3.8%.

- **Signs of recovery in the US economy have been associated with rising oil consumption in recent months.** US demand has grown y-o-y in four of the first six months of the year, raising the US growth forecast for 2013 as a whole to +0.3% (0.0% previously). US oil demand nonetheless is expected to edge down over the longer term.

- **The Japanese demand forecast for 2014 has been trimmed to reflect the increased likelihood the government will adopt a slightly more accommodative stance with regard to nuclear power.** Demand for residual fuel oil and 'other products' (including crude oil used in the power sector) lead the revision.

Global Oil Demand (2012-2014)

(million barrels per day)

	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014
Africa	3.6	3.5	3.5	3.6	3.6	3.7	3.7	3.7	3.8	3.7	3.8	3.9	3.9	4.0	3.9
Americas	29.6	30.1	30.4	30.4	30.1	30.1	30.4	30.5	30.4	30.4	30.1	30.5	30.7	30.5	30.5
Asia/Pacific	29.9	29.0	29.2	30.6	29.7	30.6	29.5	29.6	30.9	30.1	31.1	30.1	30.3	31.4	30.7
Europe	14.3	14.5	14.5	14.3	14.4	13.8	14.4	14.3	14.2	14.2	13.9	14.0	14.3	14.2	14.1
FSU	4.3	4.4	4.6	4.6	4.5	4.3	4.6	4.8	4.8	4.6	4.4	4.6	4.9	4.9	4.7
Middle East	7.3	7.8	8.1	7.5	7.6	7.4	7.8	8.3	7.7	7.8	7.6	8.1	8.6	7.9	8.1
World	**89.0**	**89.3**	**90.4**	**91.0**	**89.9**	**89.9**	**90.4**	**91.2**	**91.8**	**90.8**	**91.0**	**91.2**	**92.6**	**93.0**	**92.0**
Annual Chg (%)	0.7	1.8	0.7	1.6	1.2	1.1	1.2	0.9	0.8	1.0	1.2	0.9	1.6	1.3	1.2
Annual Chg (mb/d)	0.6	1.6	0.6	1.4	1.1	0.9	1.1	0.8	0.7	0.9	1.1	0.8	1.4	1.2	1.1
Changes from last OMR (mb/d)	0.04	0.04	0.14	0.16	0.10	-0.04	0.31	0.07	-0.07	0.07	-0.05	0.14	-0.08	-0.13	-0.03

- **The divergence in oil demand trends between the OECD and non-OECD regions has shown signs of abating** recently, as growth in emerging-market and developing economies and contraction in mature economies have both slowed somewhat. Nevertheless, non-OECD economies continue to drive global oil demand growth throughout the forecast period, while OECD consumption trends downward. Non-OECD oil demand is now forecast to overtake that in the OECD in 3Q13.

Global Overview

New demand data from the 2013 edition of the IEA's annual *Energy Statistics of Non-OECD Countries* (the 'Green Book') have been incorporated, resulting in a net reduction of 0.1 mb/d to the 2010 estimate, to 88.3 mb/d. Demand estimates were revised upwards for a number of countries, including Qatar (+90 kb/d), China (+85 kb/d), Venezuela (+85 kb/d) and Singapore (+80 kb/d). In the case of India, however, adjustments to the Green Book data for the purpose of this *Report* resulted in a net downward revision of 255 kb/d, offsetting upward adjustments elsewhere and skewing the overall global demand adjustment to the downside. There were also other small-scale downward revisions, such as Saudi Arabia (-70 kb/d) and Syria (-45 kb/d). Although most of these changes simply reflect the detailed historical work undertaken by the IEA's Energy Data Centre, the large Indian reduction arose due to a reassessment of inputs/outputs from Reliance's Jamnagar facility. Green Book adjustments to historical

Chinese demand were also handled conservatively, in a bid to better capture potential product stock builds and minimise prospective discontinuities arising from changes in methodology.

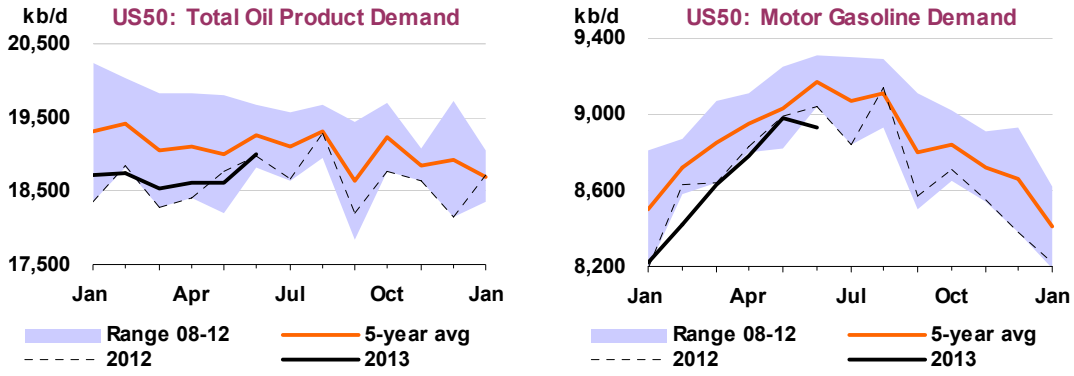
Estimates for 2011 were left unchanged on balance, as Green Book revisions offset each other, but this flat headline figure conceals a regional redistribution of demand growth which, when carried forward, led to upward adjustments to 2012 estimates of about 0.1 mb/d, to 89.9 mb/d. Broadly speaking, revisions to historical data have raised the baseline for the demand forecast by about 0.1 mb/d moving forward. On the other hand, the forecast of annual demand growth has been curtailed since last month's *Report* on the back of reduced expectations of macroeconomic growth. The International Monetary Fund (IMF) in July cut its global economic growth projections by 0.2 percentage point for both 2013 and 2014. Projections for 2013 now sit at 3.1% (3.3% in April's *World Economic Outlook*), and at 3.8% in 2014 (previously 4.0%). Accordingly the global oil consumption growth estimates have been reduced to 895 kb/d for 2013 (930 kb/d previously) and 1.1 mb/d in 2014 (1.2 mb/d before).

The now long-established bifurcated pattern of demand growth – up for emerging market and developing economies, down for OECD member countries – remains, but the split appears to have narrowed in recent quarters. Not only has non-OECD demand growth recently slowed, with 2Q13 estimates up just 2.7% y-o-y (well down on the previous five-year average of 3.6%), but so has the pace of OECD declines. OECD consumption inched down by a marginal 0.2% in 2Q13, versus the five-year average decline of 1.6%.

Top 10 Consumers

US

Delivery data for May closely tracked last month's forecast, with an average 18.6 mb/d of oil products delivered in the US50. This is down 0.8% on the year, broadly in line with the 12-month average. A contrast has emerged in recent months between products that closely track industrial activity, such as gasoil and LPG, which have shown rising demand, and others like fuel oil and gasoline, demand for which has been eroding.



Based upon the latest weekly releases from the US Energy Information Administration we have revised up our forecast of June demand by 235 kb/d, to 19.0 mb/d. With a y-o-y gain now demonstrated in June, this leaves four of the first six months of 2013 above their year earlier reading, marking the strongest sequence in US consumption data since 1Q11.

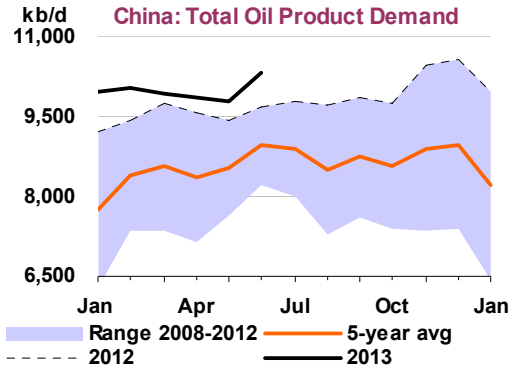
The latest weeklies suggest even stronger growth in July, but, if experience is any guide, that could stem at least in part from an understatement of exports. From January to May, for example, the discrepancy between the weekly demand numbers and the revised monthly data series varied between -0.7 mb/d and +0.5 mb/d. Weekly gasoline demand estimates for July look particularly robust. Although US gasoline

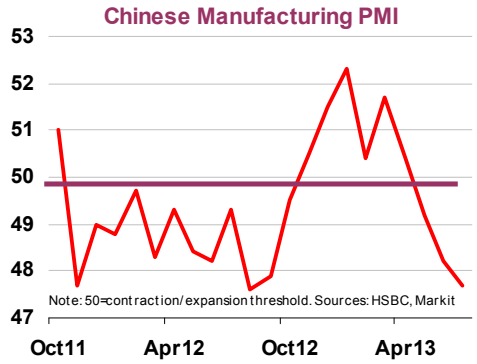
demand traditionally increases during the US driving season (see '*Reports of the Demise of the US Driving Season Look Premature*', *OMR* June 2013), the upward swing reported in the US weekly series exceeds expectations.

Feeding off the recent data flow, the IEA has raised its forecast of US demand growth for 2013 as a whole to 0.3% (0.0% previously). Despite this revision, which takes stock of the latest uptick in delivery patterns US demand remains projected to edge down over the medium term. Remarkably, while the US demand outlook for 2013 looks more upbeat, the IMF in its July *World Economic Outlook* has reduced its forecast of US GDP growth for 2014, to 2.7% from 3.0% in the April *WEO.* That adjustment, coupled with our own assessment of relatively high efficiency gains in 2014, bolsters the forecast of a 0.2% demand decline.

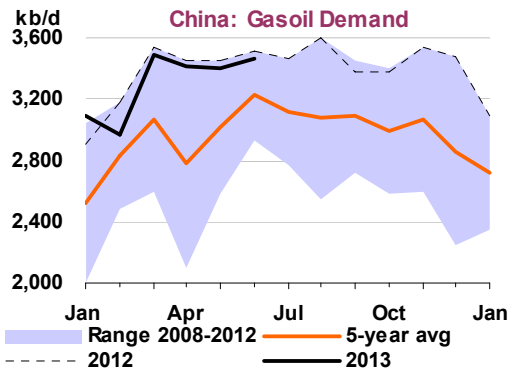
China

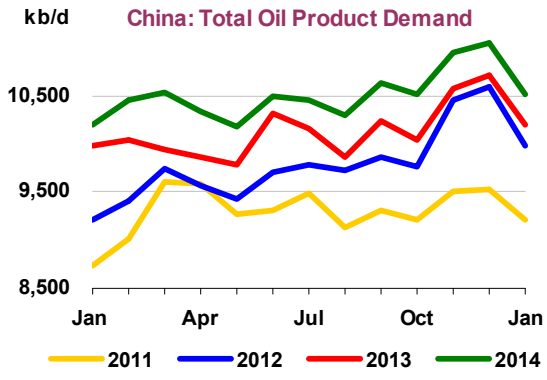
Despite recent signs of slowdown in the Chinese economy, last month's forecast of domestic demand growth for 2013 is roughly unchanged, at 3.7%. The baseline estimate has, however, been raised to reflect revisions to the historical timeline. Additionally the short-dated consumption trend has been surprisingly strong. In June, for example, apparent demand (defined as the sum of refinery output and net product imports, minus product inventory builds) rose to a six-month high of 10.3 mb/d. June's rising refinery runs appear to have more than offset the effect of slower economic growth. Manufacturing sentiment fell to an eleven-month low, according to HSBC/Markit's Manufacturing Purchasing Managers' Index, while the government cut its GDP growth target to 7.0% from 7.5% earlier.





Naphtha and jet/kerosene led June's upside momentum with y-o-y demand growth of 19.9% and 22.9%, respectively, although absolute growth spanned all main product categories bar LPG and gasoil. After growth of 3.7% in 2013, demand is projected to expand at more or less the same pace in 2014, to 10.5 mb/d, but the forecast is subject to significant downside risk.



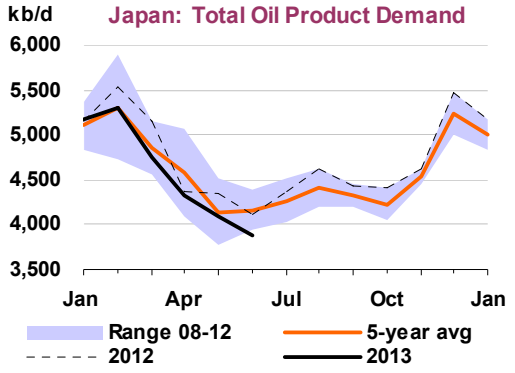


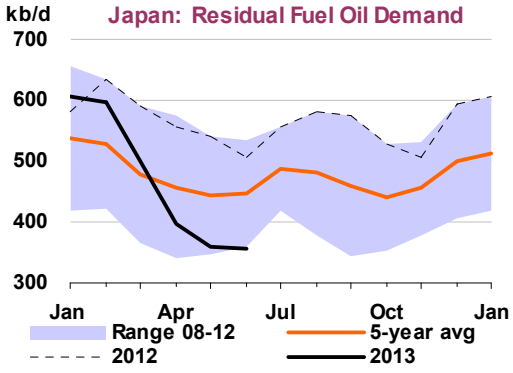
China: Demand by Product
(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2012	2013	2014	2013	2014	2013	2014
LPG & Ethane	753	766	788	13	22	1.7	2.8
Naphtha	985	1,080	1,151	95	71	9.6	6.6
Motor Gasoline	1,953	2,098	2,207	145	108	7.4	5.2
Jet Fuel & Kerosene	438	475	503	37	28	8.4	5.9
Gas/Diesel Oil	3,406	3,433	3,529	27	96	0.8	2.8
Residual Fuel Oil	496	509	521	13	12	2.6	2.4
Other Products	1,736	1,764	1,805	27	42	1.6	2.4
Total Products	**9,768**	**10,124**	**10,504**	**357**	**379**	**3.7**	**3.7**

Japan

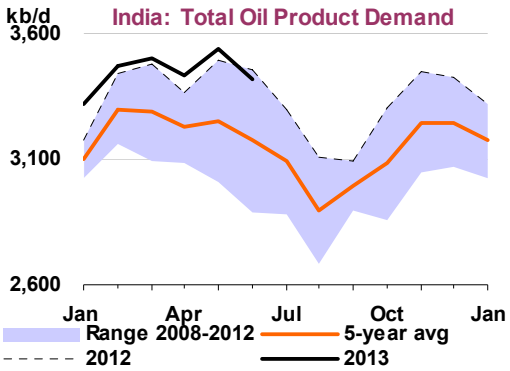
Despite a recent uptick in economic activity, the Japanese demand forecast has been curtailed since last month's *Report*, reflecting surprisingly weak June data and expectations of a more accommodative stance on nuclear power. Figures for June showed product deliveries of 3.9 mb/d, nearly 0.2 mb/d less than in the previous edition of this *Report.* Although reports of very hot weather in July may offer some offset to the low June numbers, demand has generally been on a declining track. After a forecast drop of 3.8% in 2013, a further 2.6% contraction is projected for 2014 (to 4.4 mb/d), led by rapidly declining power sector demand. With the government now thought to be taking an increasingly supportive approach to returning nuclear capacities in 2014, the oil demand forecast has been reduced (-1.8% previously). The sharpest declines forecast in fuel oil and 'other product' demand.

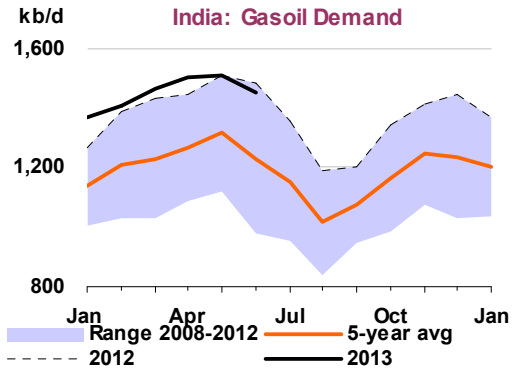




India

India's transition from a slowdown in demand growth to actual declines has come as something of a surprise. As recently as 3Q12, consumption was still rising by about 6% y-o-y, but growth has since slowed to 2.9% in 4Q12 and 2.0% in 1Q13. Changes in the pace of demand growth for gasoil, the mainstay of Indian consumption, have driven the overall market shift, with gasoil demand contracting in June after growing by 10.8% in 3Q12. A combination of weak agricultural use, as abundant rainfall has curtailed the need for energy-intensive irrigation, and steadily declining price subsidies helps explain the downside trend. As already alluded to in the *Global Overview*, a downward adjustment of 255 kb/d was applied to baseline 2010 series, due to a reassessment of inputs/outputs from Reliance's Jamnagar facility. The forecast remains roughly unchanged, with growth of around 2.8% projected for 2013, accelerating to 3.4% in 2014 as the underlying economics are forecast to improve.





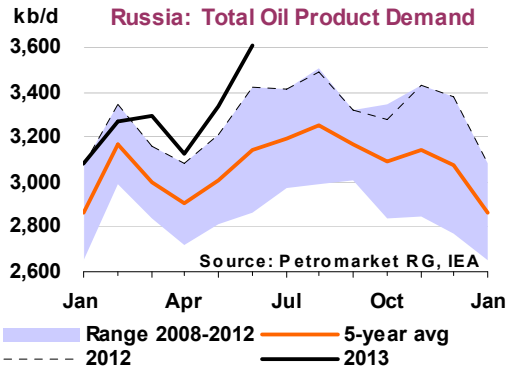
Top-10 Oil Consumers

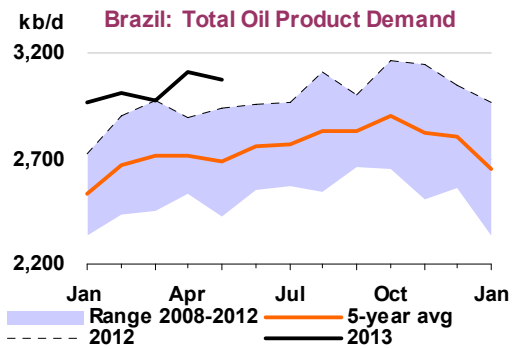
(thousand barrels per day)

	Demand			Annual Chg (kb/d)			Annual Chg (%)		
	May-13	2012	2013	May-13	2012	2013	May-13	2012	2013
US50	18,605	18,606	18,655	-158	-343	49	-0.8	-1.8	0.3
China	9,788	9,768	10,124	366	460	357	3.9	4.9	3.7
Japan	4,102	4,715	4,536	-251	244	-179	-5.8	5.4	-3.8
India	3,536	3,340	3,432	41	144	93	1.2	4.5	2.8
Russia	3,335	3,299	3,403	124	94	104	3.9	2.9	3.2
Brazil	3,071	2,986	3,093	128	117	108	4.3	4.1	3.6
Saudi Arabia	3,026	2,922	3,035	66	132	113	2.2	4.7	3.9
Germany	2,462	2,388	2,394	111	-8	5	4.7	-0.3	0.2
Canada	2,304	2,287	2,306	-7	20	19	-0.3	0.9	0.8
Korea	2,256	2,301	2,311	43	43	10	1.9	1.9	0.4
% global demand	59%	59%	59%						

Russia

A sharp uptick in Russian consumption recently is chiefly attributable to robust gains in the fuel oil and 'other products' categories, both of which are closely linked to industrial and power-sector usage. With relatively supportive macroeconomic fundamentals expected to persist for Russia (the IMF predicting GDP growth of 3.3% in 2014), average annual demand growth of around 3.2% is forecast for 2013-2014. Transportation fuels, notably gasoline and jet/kerosene, likely providing the key upside support.





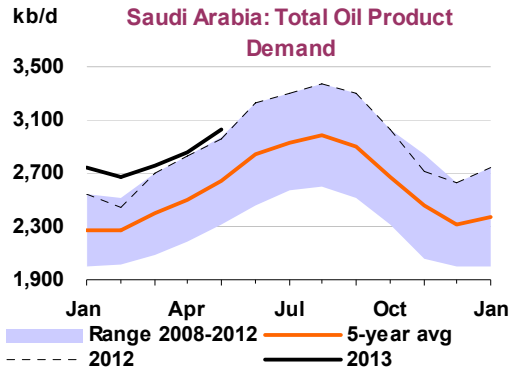
Brazil

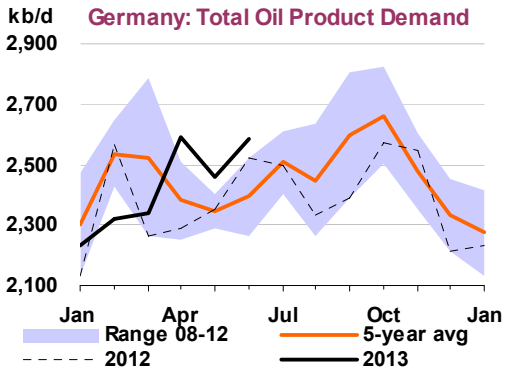
At roughly 3.1 mb/d in May, Brazilian oil demand came in just above the previous six-month trend and up by around 4.3% on the year earlier. Such a robust growth consumption pattern, which has emerged despite macroeconomic concerns, is largely attributable to vigorous domestic transport fuel demand, with gasoil/diesel up 5.9% and gasoline 4.4% higher. The estimate of baseline demand was marginally

reduced, by 15 kb/d, to reflect the latest 'Green Book' data, with 'other products' accounting for most of the revision. Growth for 2013 as a whole is forecast to average around 3.6% before decelerating slightly in 2014 to 3.1% on increasingly efficient oil use.

Saudi Arabia

Following a recent slowdown in the pace of demand growth to just 2.2% y-o-y in May (3 mb/d), the forecast of Saudi demand expansion has been trimmed to an average of around 3.9%, 2013-2014, from the previous projection of 4.1% growth. Movements in the power sector towards natural gas, dampening oil use. Slowing government spending targets also act as a key restraining influence, with growth of just 2% forecast for 2013 according to the *Middle East Economic Digest*, possibly even falling in 2014. Such weak spending growth was almost inevitable following a prolonged period of double-digit gains.



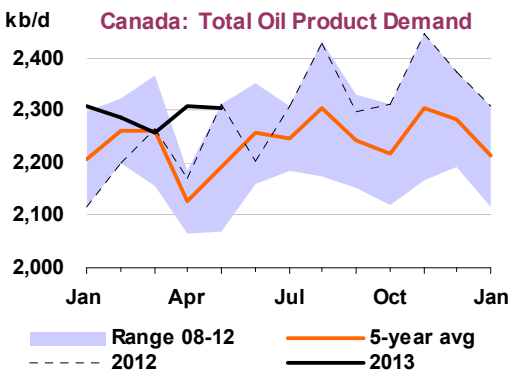


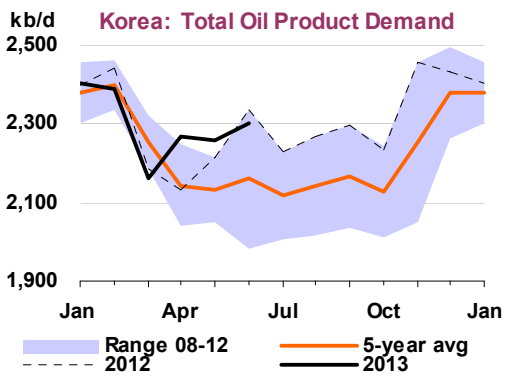
Germany

Roughly 2.5 mb/d of oil products were delivered in Germany in May, which, when coupled with preliminary estimates of 2.6 mb/d for June (based on inland deliveries data), marks four consecutive months of annual demand growth – the longest uninterrupted growth period in two and a half years. Forecast momentum for the year as a whole has been raised, to 0.2% in 2013 (-0.1% previously), a revision attributable the higher May-June data.

Canada

Canadian consumption averaged 2.3 mb/d in May, down marginally on the year, as strong gasoline and jet/kerosene demand offset declines elsewhere. A recent cold spell also required more gasoil to be used for home heating. The overall growth profile has been amended slightly to reflect revised IMF economic projections, with oil demand now being forecast to rise by around 0.8% in 2013 (versus 0.7% in last month's *Report*) as the projected GDP profile has been raised (1.7% versus previous 1.4%).





Korea

Consumption slipped back into demand contraction in June, although this largely reflected an unusual spike in demand the year earlier, itself a consequence of escalating naphtha use in the petrochemical sector. Despite a spike in April, a relatively flat demand trend is projected for the next couple of years, inline with the government's explicit target.

OECD

Despite signs of slower contraction in 2Q13, the average trend in OECD demand remains very much a declining one. Indeed, preliminary data for June suggest a return to a steeper downtrend, with aggregate demand contracting by an average 1.8% y-o-y, as faster contraction in Japanese demand offset any stronger-than-expected demand in the OECD Americas.

OECD Demand based on Adjusted Preliminary Submissions - June 2013
(million barrels per day)

	Gasoline		Jet/Kerosene		Diesel		Other Gasoil		RFO		Other		Total Products	
	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa
OECD Americas*	**10.62**	**-0.9**	**1.74**	**-1.6**	**4.73**	**6.1**	**0.45**	**-9.2**	**0.74**	**-4.3**	**5.83**	**0.87**	**24.11**	**0.5**
US50	8.93	-1.2	1.51	-3.2	3.82	8.7	0.13	-40.0	0.30	-18.8	4.31	0.7	19.00	0.1
Canada	0.81	7.1	0.11	18.1	0.31	-5.1	0.24	26.8	0.03	-47.7	0.78	0.5	2.28	3.5
Mexico	0.76	-6.0	0.06	6.3	0.40	-5.1	0.06	1.7	0.30	29.7	0.59	0.1	2.16	0.1
OECD Europe	**1.99**	**-5.8**	**1.26**	**-1.5**	**4.46**	**-2.6**	**1.43**	**-7.2**	**0.96**	**-10.5**	**3.45**	**-2.7**	**13.56**	**-4.1**
Germany	0.45	1.8	0.21	3.9	0.72	2.1	0.46	-6.7	0.14	2.9	0.61	11.2	2.58	2.5
United Kingdom	0.30	-7.1	0.29	-0.9	0.46	-1.5	0.12	-0.2	0.04	-27.4	0.26	0.6	1.46	-3.0
France	0.16	-8.8	0.16	-2.0	0.68	-5.4	0.23	-6.9	0.06	-13.0	0.39	-3.8	1.68	-5.6
Italy	0.21	-12.7	0.09	1.1	0.45	-8.5	0.09	-2.5	0.07	-25.9	0.36	-9.7	1.27	-9.8
Spain	0.11	-13.7	0.12	-0.8	0.41	-11.6	0.12	-5.0	0.14	-25.3	0.24	-16.2	1.14	-13.1
OECD Asia & Oceania	**1.55**	**0.8**	**0.62**	**-0.5**	**1.27**	**1.4**	**0.43**	**-7.6**	**0.65**	**-23.5**	**3.12**	**-5.1**	**7.65**	**-4.7**
Japan	0.94	1.4	0.32	1.6	0.44	0.5	0.31	-6.5	0.35	-29.7	1.51	-5.7	3.87	-5.9
Korea	0.20	3.0	0.13	-4.5	0.31	8.7	0.12	7.3	0.24	-9.5	1.30	-3.2	2.30	-1.5
Australia	0.30	-1.7	0.13	-0.4	0.40	1.0	0.00	0.0	0.02	-7.7	0.24	-9.8	1.09	-2.6
OECD Total	**14.16**	**-1.4**	**3.62**	**-1.4**	**10.47**	**1.7**	**2.32**	**-7.7**	**2.36**	**-12.8**	**12.40**	**-1.7**	**45.33**	**-1.8**

* Including US territories

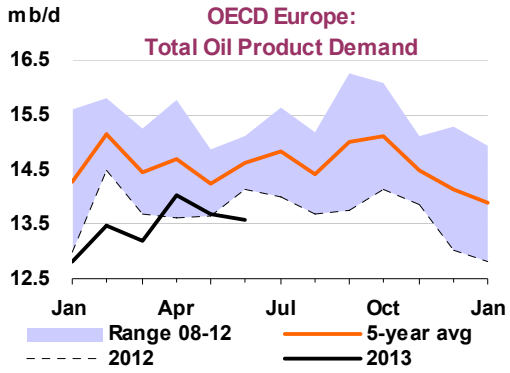
Americas

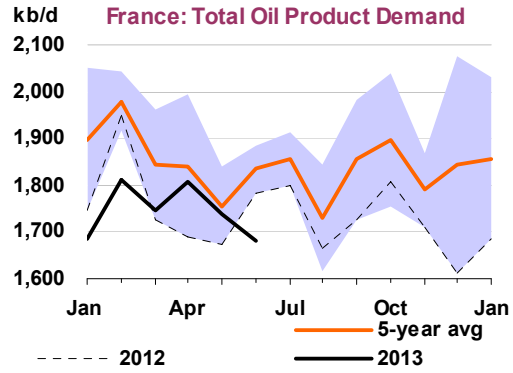
Demand growth has shown signs of gaining momentum in the OECD Americas. Preliminary data for June show growth of around 0.5% y-o-y, continuing the generally rising trend seen earlier in 1H13. Momentum is forecast to weaken in 2H13, however, reflecting stronger demand in the reference period. Demand in 1H13 also got a boost from exceptionally cold winter weather, a factor unlikely to be repeated in 2H13.

Europe

Contraction in European demand has slowed, with preliminary 2Q13 statistics showing a decline of just 0.2% y-o-y, versus drops of 3.8% in 2012 and 2.8% in 2011. Exceptionally cold late-winter weather helps explain the more robust demand patterns in 2Q13. Yet the forecast for the year as a whole remains subdued, down by 1.7% to 13.5 mb/d, as economic momentum remains weak. The IMF expects euro-area GDP to swing back into growth of 0.9% in 2014, after a decline of 0.6% in 2013. Yet caution is advised, as the debt problems that undermined the euro zone economy in the first place have yet to be resolved. The latest Eurostat figures, for example, depict EU27 government debt, as a ratio to GDP, rising to 85.9% in 1Q13, compared to 83.3% in 1Q12.

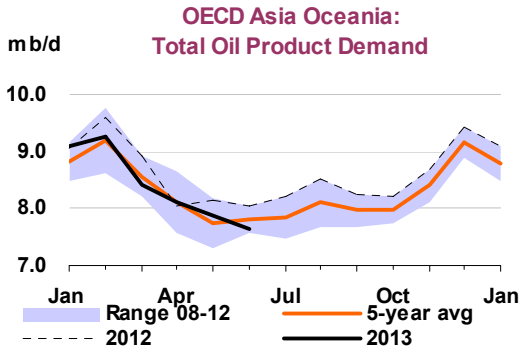
Consistent with our somewhat conservative European demand outlook, **French** consumption data for June were very weak, with demand contracting by around 5.6% y-o-y to 1.7 mb/d. Preliminary estimates for **Spain** also show demand falling heavily in June, with a double-digit percentage point drop taking consumption back to around 1.1 mb/d on the month.

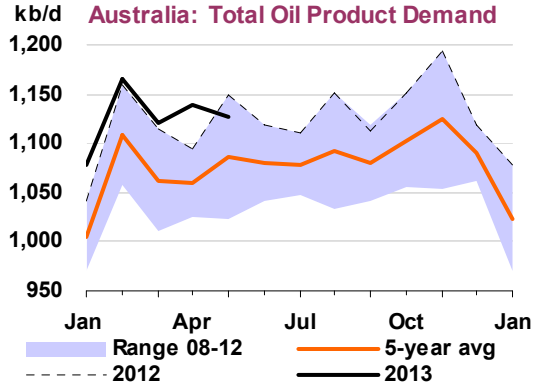




Asia Oceania

The previously strong growth trend, supported by large-scale fuel switching from nuclear to thermal power generation in Japan, appears to have passed an inflection point. Preliminary June data show a particularly steep contraction on the year. The forecast remains muted moving forward, with Japanese power sector demand likely to ease back. Meanwhile in Korea, the Government embarked on a policy to curb oil use, while in Australia weakening commodity markets may undermine economic growth and put the brakes on oil consumption.





Non-OECD

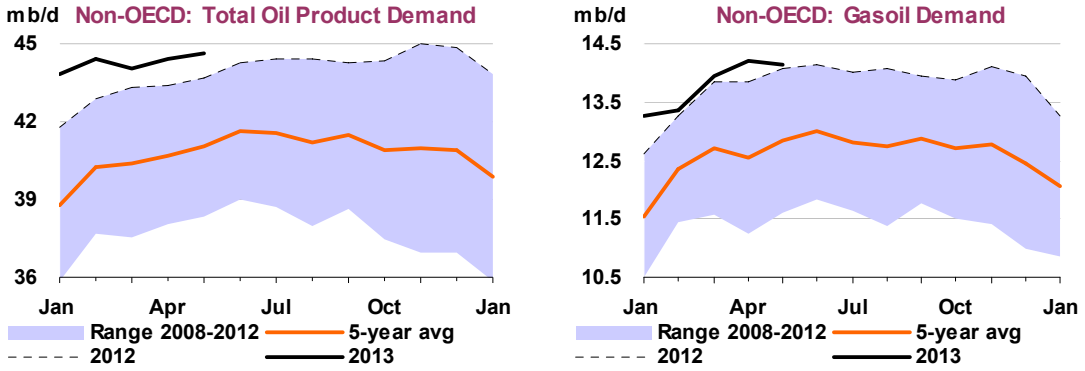
Emerging market oil demand continues to dominate global growth, rising in 2Q13 by 1.2 mb/d (or 2.7%) to 44.9 mb/d, and more than offsetting an OECD decline of 110 kb/d. The pace at which non-OECD oil use expands has, however, slowed from the heights seen at the turn of the year (+1.8 mb/d or 4.2% in 4Q12), with notable slowdowns experienced in China, India, Thailand, Chinese Taipei and South Africa. Weaker emerging market growth reflects the somewhat more subdued economic outlook in those countries.

Non-OECD: Demand by Region

(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	Mar-13	Apr-13	May-13	Apr-13	May-13	Apr-13	May-13
Africa	3,716	3,683	3,587	74	26	2.0	0.7
Asia	21,475	21,528	21,457	416	481	2.0	2.3
FSU	4,382	4,284	4,514	1	248	0.0	5.8
Latin America	6,375	6,593	6,541	338	268	5.4	4.3
Middle East	7,483	7,645	7,829	285	231	3.9	3.0
Non-OECD Europe	650	688	709	8	21	1.1	3.1
Total Products	**44,081**	**44,421**	**44,636**	**1,121**	**1,275**	**2.6**	**2.9**

Within the non-OECD, the **Middle East** looks likely to remain one of the main engines of growth, with gains of 2.4% and 3.0% forecast for 2013 and 2014, respectively. The expected delivery of additional oil-fired power generation capacity in **Lebanon** continues to provide support to a sector that has disappeared almost everywhere else. Two plants are planned near Beirut in 2014, according to a contract drawn up with Danish company Burmeister & Wain, adding nearly 200 megawatts of oil-fired capacity at the Zouk power plant and 80 megawatts at Jiyyeh. The plants will initially run on gasoil, but can switch to natural gas later on. Historical data revisions from the IEA Green Book added roughly 35 kb/d to the **Jordanian** demand estimate for 2011, a steep 26.8% increase on 2010 data as additional oil products were needed in the power sector to stem losses resulting from natural gas import disruptions due to pipeline attacks in Egypt.



Dampening the non-OECD demand picture were reports of weak residual fuel oil sales in **Singapore**. The Maritime and Port Authority of Singapore reported bunker fuel sales of 745 kb/d in June, 35 kb/d below the year-earlier level. Green Book data revisions, however, added 80 kb/d to the 2010 Singapore consumption estimate, with naphtha, gasoline and fuel oil the key contributors. Talking of Asian naphtha demand, in 3Q13 it could ease somewhat, following the unexpected taking of maintenance at the Formosa naphtha cracker in **Chinese Taipei**.

SUPPLY

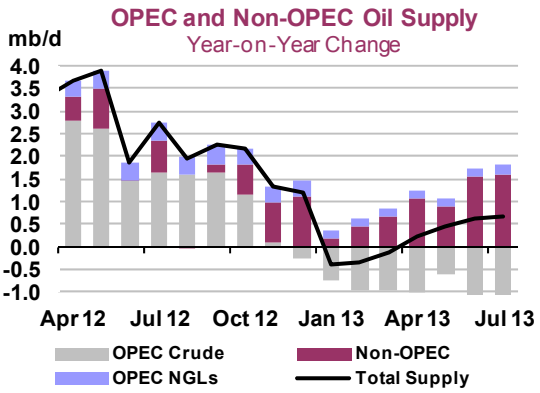
Summary

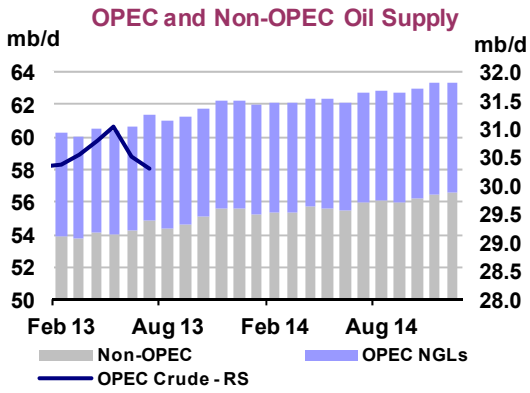
- **Global supplies in July rose by 575 kb/d month-on-month, to 91.8 mb/d, with increased non-OPEC output only partially offset by reduced OPEC crude production**. Supplies were up 785 kb/d from year ago levels, with a rise in non-OPEC output and OPEC NGLs of 1.84 mb/d eclipsing a decline of just over 1.1 mb/d in OPEC crude production.

- **Non-OPEC supplies rose by 570 kb/d in July to 54.9 mb/d, with North America providing around 40% of the growth. Canada, rather than the US, was responsible for most of this increase.** OECD Europe also rose strongly in July, by nearly 170 kb/d, though this was mostly the result of a lull in North Sea maintenance, where a sharp decline is forecast for August as work resumes. Smaller gains in the OECD Pacific region and non-OPEC Africa contributed most of the balance of growth while some large producers experienced declines, including Russia.

- **OPEC crude oil supplies edged lower in July, down 165 kb/d to 30.41 mb/d due to supply disruptions in Libya where civil unrest continues to derail exports and despite higher Saudi output.** The 'call on OPEC crude and stock change' was revised up by 200 kb/d on higher demand numbers for 3Q13 and full year, to 30 mb/d and 29.8 mb/d, respectively. OPEC NGLs are forecast to rise by around 175 kb/d, to 6.57 mb/d on increased supplies from Algeria, Angola and the UAE.

- **Iraqi crude oil production fell below the 3 mb/d mark for the first time in five months and exports are forecast to plummet by around 500 kb/d starting in September** following the announcement of planned infrastructure work at southern shipping terminals. Increased attacks on the key northern pipeline to the Mediterranean port of Ceyhan continue to disrupt flows, with sharply reduced exports of Kirkuk crude behind the reduced July supplies.





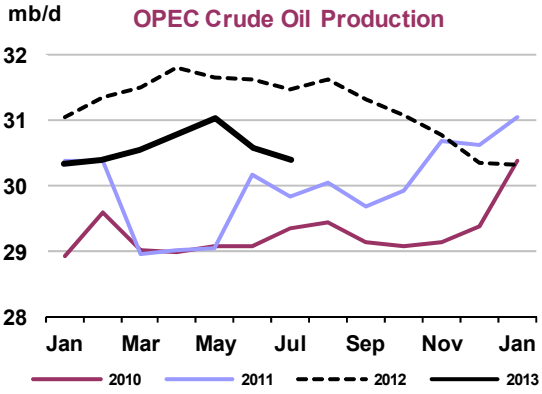
All world oil supply figures for July discussed in this report are IEA estimates. Estimates for OPEC countries, Alaska and Russia are supported by preliminary July supply data.

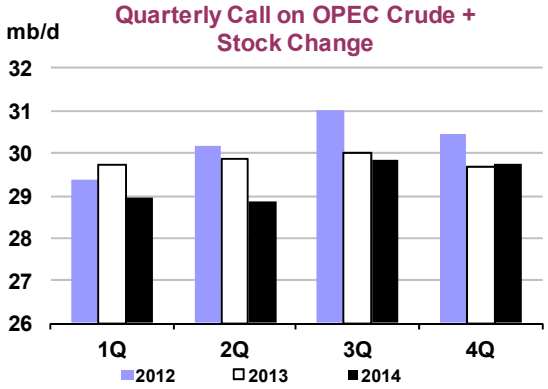
Note: Random events present downside risk to the non-OPEC production forecast contained in this report. These events can include accidents, unplanned or unannounced maintenance, technical problems, labour strikes, political unrest, guerrilla activity, wars and weather-related supply losses. Specific allowance has been made in the forecast for scheduled maintenance in all regions and for typical seasonal supply outages (including hurricane-related stoppages) in North America. In addition, from May 2011, a nationally allocated (but not field-specific) reliability adjustment has also been applied for the non-OPEC forecast to reflect a historical tendency for unexpected events to reduce actual supply compared with the initial forecast. This totals –200 kb/d for non-OPEC as a whole, with downward adjustments focused in the OECD.

OPEC Crude Oil Supply

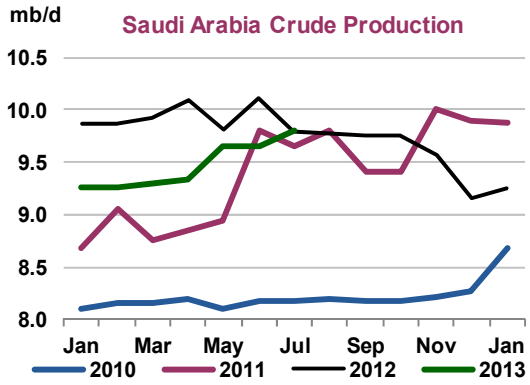
OPEC crude oil supplies edged lower in July, down 165 kb/d to 30.41 mb/d due to continued supply disruptions in Libya and despite higher Saudi output. Iraqi production fell below the 3 mb/d mark for the first time in five months and volumes are now forecast to plummet by around 500 kb/d starting in September following the announcement of planned infrastructure work at southern export terminals *(see 'Iraqi Output Forecast to Tumble Near Term on Temporary Export Constraints')*.

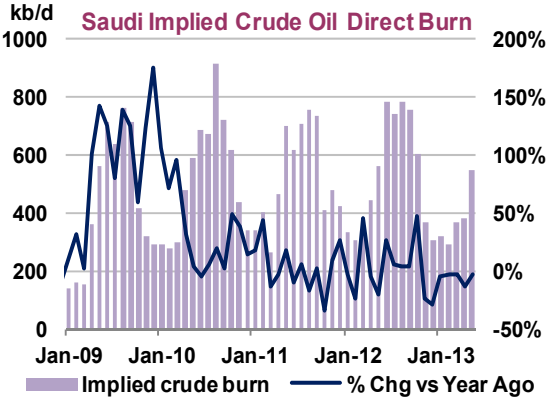
The 'call on OPEC crude and stock change' was revised up on higher demand by 200 kb/d for both 3Q13 and full year, to 30 mb/d and 29.8 mb/d, respectively. The upward revision brings the 'call' more closely in line with OPEC crude production year to date, at 30.6 mb/d, but is still about 600 kb/d above the group's 30 mb/d target. Continued supply outages in Iraq and Libya, however, may reduce the group's output in coming months. OPEC's 'effective' spare capacity in July was estimated at 3.08 mb/d compared with 3.13 mb/d in June, with Saudi Arabia holding near 80% of the surplus.





Saudi Arabia's crude oil production in July rose to a 12-month high of 9.8 mb/d, up 150 kb/d. Saudi Arabia typically increases production during the seasonally stronger demand in April-September to meet increased domestic use of crude for power generation in the peak summer air-conditioning season. This year the uptick in demand for crude burn at power plants has been moderated by increased supplies of domestic natural gas. In 2012, crude for direct burn increased by an average 300 kb/d to 675 kb/d during the seasonally stronger demand period from April to September. Latest data from JODI for April-May show crude for direct burn was down about 8% to an average 465 kb/d this year compared with the same period in 2012.

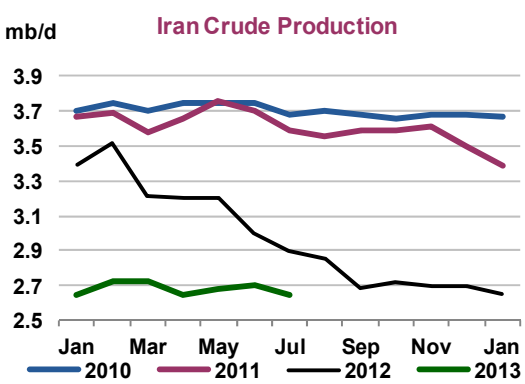


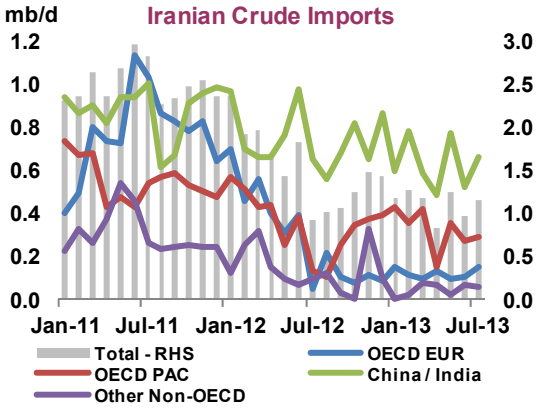


Iranian crude oil supplies were estimated at 2.65 mb/d in July, down 50 kb/d from June levels. Just five countries reported importing crude from Iran in July—China, Japan, South Korea, Turkey and the UAE. That compares with liftings from 16 countries in January 2012. Import volumes are based on data submitted by OECD countries, non-OECD statistics from customs agencies, tanker movements and news

reports. Preliminary data show total crude imports from Iran averaged 1.16 mb/d July from a relatively low 960 kb/d in June, largely due to a rebound in Chinese imports last month. Chinese imports from Iran rose to 660 kb/d in July versus 385 kb/d in June, when port congestion in China reduced volumes. Japanese imports from Iran rose to 160 kb/d last month compared with 130 kb/d in June. Preliminary data indicate there were no liftings from India in July, reportedly due to companies' inability to secure insurance for shipping and refining operations. India imported 200 kb/d on average this year from Iran compared with around 310 kb/d in 2012.

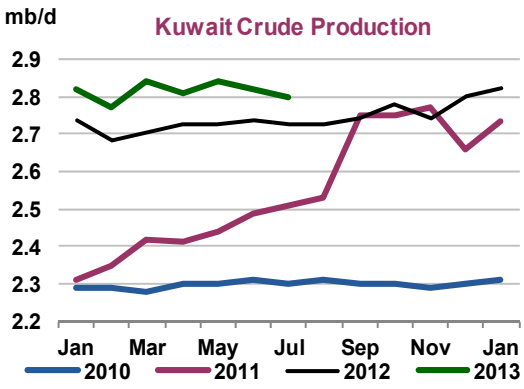
Iran continues to expand its shipping fleet in a bid to sustain crude sales in the wake of increasingly stringent international sanctions. The National Iranian Tanker Co (NITC) took delivery of a further four VLCCs since May, in addition to the three that were brought into operation earlier this year, as part of a $1.2 bn deal for 12 vessels from China, which was inked in 2009. NITC's fleet now stands at 37 VLCCs with a combined capacity of 64 mbs and 14 smaller crude tankers with capacity 12.5 mb. The expanding shipping fleet should provide the state oil company more flexibility in marketing its crude and for use in floating storage, which stood at 30 mb at end-July, unchanged from June.





The US House of Representatives moved to tighten sanctions on Iran further in July specifying a cut of an additional 1 mb/d—though the language in the bill did not say from what level the cut would take place from. Previous legislation simply called for a 'significant reduction' in imports from Iran. The bill, however, still has to be passed by the Senate in September, which observers say is unlikely in its present form. In addition, any final bill passed by both houses of Congress would have to be signed off by President Barack Obama before becoming law.

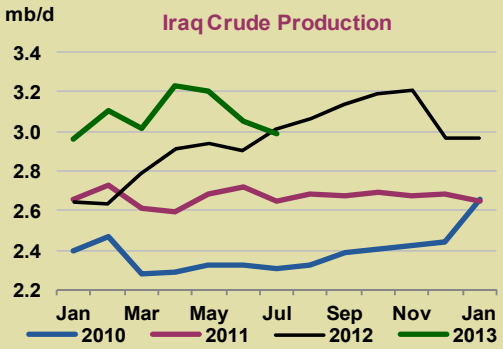
Iran's new president, Hassan Rouhani, took office in early August, sparking speculation that diplomatic efforts over the country's nuclear programme would soon resume. In his first press conference President Rouhani struck a conciliatory note, saying he was "seriously determined" to find a solution to the standoff with the international community. While the US responded that it would be a "willing partner" if Tehran were serious, analysts remained sceptical. Nonetheless, markets seemed assuaged by the change in tone. The international negotiating group of six countries - Russia, China, Britain, France, Germany and the US - is reportedly laying the groundwork for a fresh round of talks. A meeting between officials from the group of six and Iran last April in Kazakhstan had failed to move negotiations forward.



Supplies from **Kuwait** and the **UAE** were off marginally in July, down 20 kb/d to 2.8 mb/d and 25 kb/d to 2.7 mb/d, respectively.

Iraqi Output Forecast to Tumble Near-Term on Temporary Export Constraints

Iraqi production fell below the 3 mb/d mark for the first time in six months and exports are now forecast to plummet by around 500 kb/d in September following reports from State Oil Marketing Co (SOMO) of planned infrastructure work at southern export terminals. Officially, volumes will be curtailed only in September but the fear is the shut-in could drag on for months given the scope of the work as well as the country's poor record of delivering projects on time. The plans call for one of the two floating Single Point Moorings (SPM) to be shut for between 30 and 45 days so that work can proceed on connecting a newly installed metering and manifold platform. There are reports that the South Oil Co then plans to shut down the second SPM for infrastructure work as well as complete repair work at jetties at the Basrah and Khor Al-Amaya shipping terminals. If the back-to-back work plan is implemented, export flows could be reduced for anywhere from 4-6 months.

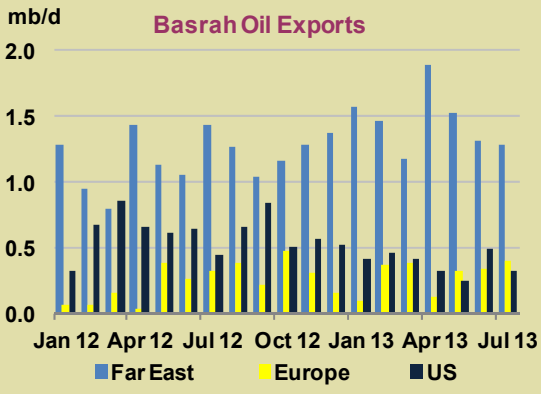


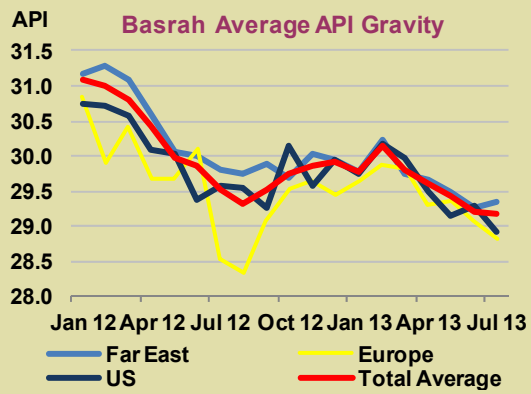
The two SPMs each have a nameplate capacity of 900 kb/d, or a total 1.8 mb/d, but average around 600 kb/d given that only one mooring can be operational at a time. Once the work is completed, Baghdad expects exports to rise to at least 3.5 mb/d. Accordingly, the shut-in export capacity is expected to constrain production levels by a similar amount and may be behind a delay in the planned mid-July start-up of the Majnoon field until later in 4Q13.

The lack of clarity on the programme of work has injected a high level of uncertainty on availability of supplies and helped push price differentials for alternative crudes such as Urals in Europe to record levels. On a regional basis, July Basrah exports to Europe averaged 400 kb/d and the US (including small volumes to South America) were just under 400 kb/d. Asian refiners were the largest buyers at 1.29 mb/d. Refiners have been complaining of the vacillating and declining quality of the crude since early 2012.

Iraqi output in July was off by 60 kb/d, to 2.99 mb/d, with marginally higher exports from the southern shipping terminal of al-Basrah offset by exceptionally low exports of Kirkuk crude from the northern pipeline to the Mediterranean port of Ceyhan amid increased militant attacks.

Total Iraqi exports were down by around 60 kb/d to 2.27 mb/d in July. Exports of Basrah crude fell by 55 kb/d to 2.08 mb/d. Kirkuk exports from the north continued to hover at five-year lows again in July, off 5 kb/d to 190 kb/d, including 14 kb/d trucked to Jordan. Persistent militant attacks on the Kirkuk-pipeline running to the Mediterranean port of Ceyhan have undermined export flows since a 2013 high of 345 kb/d in March. The suspension of exports from the Kurdistan region to the Kirkuk-Ceyhan crude pipeline, which is controlled by the central government in Baghdad, accounts for around 100 kb/d of the export shortfall.





Northern exports are expected to remain constrained indefinitely given the lack of progress between Baghdad and the Kurdistan Regional Government (KRG) over payment and contract terms. Crude production in the KRG area was estimated at 140 kb/d in July, with around 60 kb/d of supplies exported via truck and around 80 kb/d refined. KRG plans for a new pipeline running from the region to the Mediterranean port have also angered Baghdad, which considers the exports illegal.

OPEC Crude Production

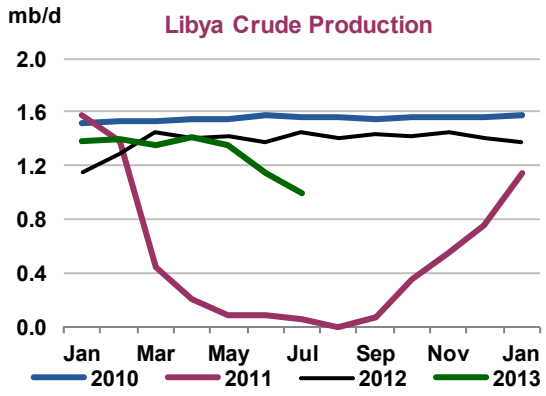
(million barrels per day)

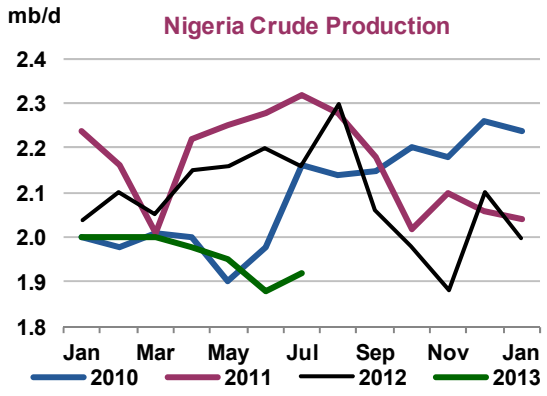
	May 2013 Supply	Jun 2013 Supply	Jul 2013 Supply	Sustainable Production Capacity[1]	Spare Capacity vs Jul 2013 Supply	1H13 Average Crude Supply
Algeria	1.15	1.12	1.15	1.18	0.03	1.15
Angola	1.76	1.78	1.73	1.89	0.17	1.76
Ecuador	0.50	0.50	0.50	0.51	0.01	0.50
Iran	2.68	2.70	2.65	2.97	0.32	2.69
Iraq	3.20	3.05	2.99	3.13	0.14	3.10
Kuwait[2]	2.84	2.82	2.80	2.90	0.10	2.82
Libya	1.35	1.15	1.00	1.40	0.40	1.34
Nigeria[3]	1.95	1.88	1.92	2.29	0.37	1.97
Qatar	0.73	0.73	0.73	0.75	0.03	0.73
Saudi Arabia[2]	9.65	9.65	9.80	12.20	2.40	9.41
UAE	2.73	2.73	2.70	2.90	0.20	2.69
Venezuela[4]	2.50	2.48	2.45	2.60	0.15	2.46
Total OPEC	**31.03**	**30.58**	**30.41**	**34.72**	**4.31**	30.61
(excluding Iraq, Nigeria, Libya and Iran)					*3.08*	

1 Capacity levels can be reached within 30 days and sustained for 90 days.
2 Includes half of Neutral Zone production.
3 Nigeria's current capacity estimate excludes some 200 kb/d of shut-in capacity.
4 Includes upgraded Orinoco extra-heavy oil assumed at 400 kb/d in July.

Libya has seen oil supplies plummet amid worsening labour disputes and civil unrest, with exports plunging by one-third in early August. The burgeoning crisis, the worst since the onset of the civil war in early 2011, is weakening already fragile government institutions and choking off vital revenues. Workers striking for better pay and management changes at the country's main shipping terminals and oil fields have halted exports and forced the closure of oil producing fields off and on since the end of May. After reaching a 2013 high of 1.42 mb/d in April, production fell to an average 1 mb/d in July, down 150 kb/d on the month, and slipped further in early August to around 400 kb/d.

On 8 August, workers at the country's Arabian Gulf Oil Company (AGOCO) agreed to progressively reduce production by 90% to protest changes to the company's management and organisational structure. AGOCO produces 425 kb/d from the Sarir, Mesla, Nafoora, and Hamadi fields. Workers plan to slash output to just 40 kb/d. The fields output is exported from the Marsa el Hariga port as well as feed the Ras Lanuf refinery, which has been closed since end-July due to yet another strike action by workers. Strike action has also closed the Es Sider and Ras Lanuf oil terminals. As a result, the Es Sider, Amna and Sirtica oil fields, which produce light sweet oil, have been shut-in due to full storage tanks at the terminals.

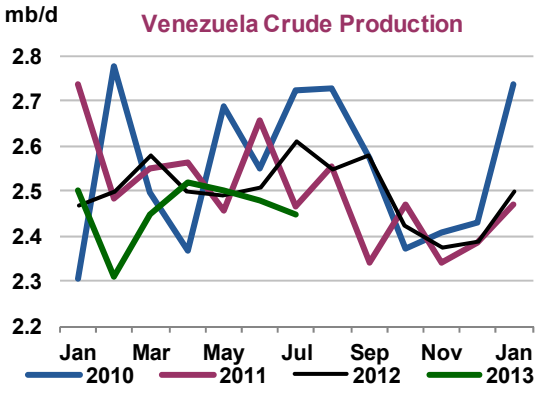




Nigerian crude supplies recovered somewhat in July but remained below the 2012 average of 2.1 mb/d. Output rose 60 kb/d to 1.92 mb/d in July with pipeline damage from oil thefts constraining exports. Nigerian benchmark Bonny Light remains under *force majeure* since April, affecting about 150 kb/d. The Trans-Niger pipeline resumed operations briefly in early July but was closed again a week later after further attacks. There is currently no date for restart.

Angolan crude output edged lower in July, down to 1.73 mb/d from 1.78 mb/d in June, while **Algerian** output recovered last month, reaching 1.15 mb/d from 1.12 mb/d in June.

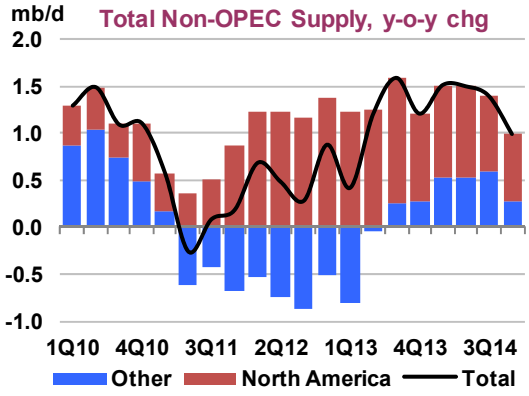
Venezuelan production fell 30 kb/d to 2.45 mb/d in July. Despite the partial start-up of several heavy oil projects in the Orinoco belt, the country is struggling to maintain production levels. Signalling a shift from the Chavez era, the new Venezuelan president, Nicolas Maduro, has announced a quasi-privatisation programme aimed at increasing production from the country's Lake Maracaibo region. PDVSA is hoping a hybrid production-for-profits contract will lead to the reactivation of more than 1 000 shut-in oil wells in the area. PDVSA reportedly has floated the plan to private service firms whereby the companies would bid on single wells, which they would reactivate and manage. The state oil company would be responsible for selling the crude with the earnings then placed into an account that would pay a percentage to the new operators. Most of the wells identified for restart were closed some 10 years ago due to relatively low flow rates, in the hundreds to low-thousands of barrels a day. The proposed model is reportedly similar to previous 'service contracts' that were cancelled by former president Hugo Chavez.

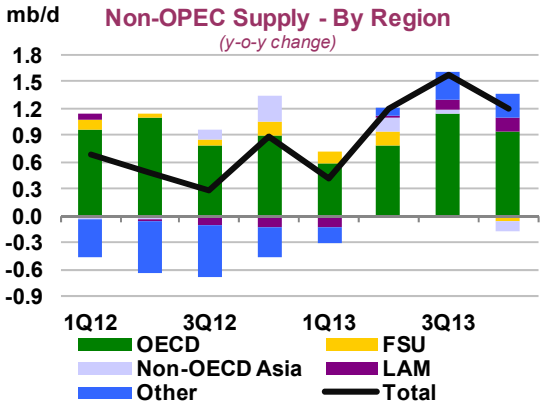


Non-OPEC Overview

Non-OPEC supplies rose by 570 kb/d m-o-m in July, to 54.9 mb/d, with North America accounting for roughly half of the increase (280 kb/d). Unlike in some previous months, Canada rather than the US accounted for most of this gain. Its mined synthetic output and NGLs each rose by 100 kb/d. OECD Europe supplies also grew strongly in July, by nearly 170 kb/d, though this was mostly the result of a lull in North Sea maintenance, and a sharp decline is forecast for August as maintenance resumes. Smaller gains in the OECD Pacific region and non-OPEC Africa contributed most of the balance of growth but some large producers experienced declines, including Russia and China. The decline in China was slight, however, at 40 kb/d, and the trend for the next few months is for very little change m-o-m.

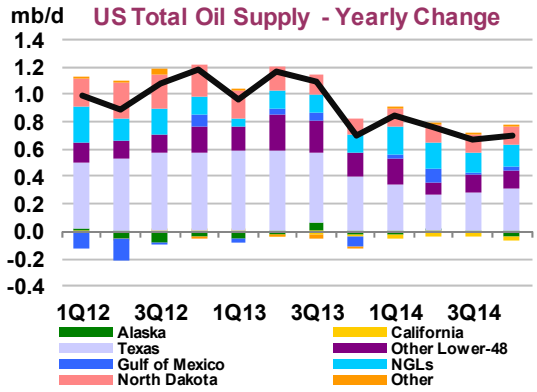
We expect non-OPEC total supply to continue growing for the remainder of this year, to average 54.6 mb/d in 3Q13 and 55.4 mb/d in 4Q13. In 1Q14, production is forecast to post the first quarterly decline (albeit a small one) since 1Q13. As noted in previous reports, non-OPEC supply growth to the end of 2014 is strongly predicated on North American growth. Non-OPEC Africa and Latin America are also forecast to make contributions, though political risk in places such as Colombia and Sudan/South Sudan remains. The situation in Egypt was discussed in last month's *Report*, and recent thwarted energy infrastructure attacks in Yemen highlight the volatile situation in that country.





OECD Americas

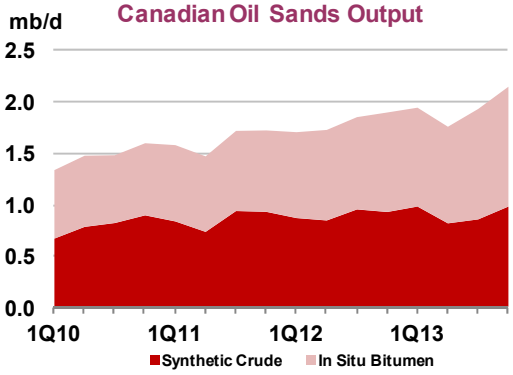
US – July preliminary; Alaska actual, other states estimated: US crude oil production averaged 7.3 mb/d in 2Q13, 1.1 mb/d higher than in 2Q12. For 3Q13, crude oil production is forecast to rise to 7.4 mb/d and to 7.6 mb/d by 4Q13. Recent weekly US Energy Information Administration figures for July show crude oil production at about 7.5 mb/d. This level of production is supported by continued strong growth in tight oil, particularly in Texas and North Dakota. Total tight oil production is forecast to rise from about 2.2 mb/d in 1H13 to just under 2.6 mb/d in 2H13. North Dakota's crude oil production exceeded 800 kb/d for the first time ever in 2Q13, and we expect it to reach 900 kb/d by the end of the year. Not all areas of the country are experiencing as large a boom: some latecomer companies to acquisitions of tight oil properties in other regions of the US have found that production curves are below expectations. In addition, conventional crude production in Alaska continues its decline, although at an expected much-reduced rate in 2013 y-o-y compared to 2012 y-o-y (when it was down 6% on 2011). The declines have raised questions about the minimum throughput required to keep the Trans-Alaska Pipeline flowing long-term, and encouraged the State government to change the tax regime in the spring of this year to foster exploration and production. Since then, there has been an effort in Alaska to hold a referendum on repealing those tax changes.



Although revised May data now indicate that US NGL production was only 60 kb/d higher in 2Q13 than in 1Q13, the increase for 4Q13 y-o-y will be higher, at 120 kb/d. Large-scale investment in increased NGL export capacity on the US Gulf coast by a number of companies indicates market confidence in continued production growth in the next few years. It also represents a potential outlet for the Bluegrass NGL pipeline, which would bring 200 kb/d of NGLs to the Gulf Coast from the Utica and Marcellus shale plays by 4Q15. Phase one of the $1 billion Utica East Ohio NGL project came onstream in July, with the second phase to be completed in December. The project, when complete, will be able to process 135 kb/d of NGLs.

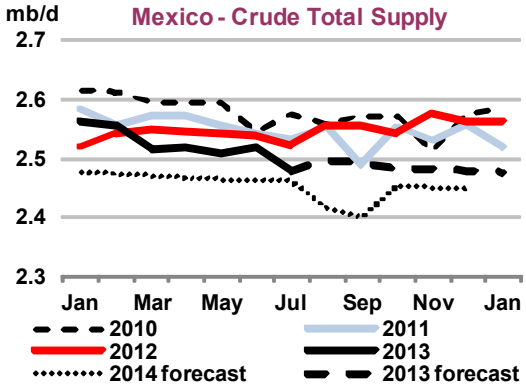
Canada – May preliminary: Total oil production increased from 3.7 mb/d in May to 3.8 mb/d in June despite flooding in Alberta, as total mined synthetics jumped from 700 kb/d to 870 kb/d, mostly on the increased production at Suncor's projects after May maintenance events. Even with this June increase, 2Q13 production of Canadian mined synthetic output, at 820 kb/d, was the lowest quarterly figure since 2Q11. Production at CNRL Horizon's oil sands project fell by 90 kb/d in May due to maintenance, with full restoration of production not achieved until sometime in June.

Total liquids output for July is estimated at 4 mb/d, thanks in part to a 100 kb/d increase in Suncor's production, despite restrictions on Enbridge's regional oil sands pipeline in the first half of the month. A ramp-up in production at Imperial's new Kearl 1 mined-bitumen project, from levels of just 5 kb/d in May, its first full month, also helped lift supplies in both June and July. On the other hand, Syncrude's July output has been affected by the Coker 8-1 and LC finer turnarounds, taking off about 100 kb/d. Offshore in the east of the country, the 50 kb/d Terra Nova FPSO will have extended maintenance from four to 11 weeks, starting in September.



Additional planned investment in transport infrastructure in order to avoid potential constraints on production growth include two new crude oil rail terminals in Alberta (both planned to be online in 1H14) and a proposed 1.1 mb/d "Energy East" crude oil pipeline to refineries and ports in eastern Canada. This 4 400 km pipeline project also includes the construction of new tank terminals and marine facilities, and will make use of an existing natural gas pipeline on part of the route. Seaborne imports into eastern Canada would be greatly reduced if the project is completed as planned. Growth in Canadian total liquids production for 2013 is expected to be 250 kb/d, to 4 mb/d for the year, with an additional 150 kb/d of growth forecast for 2014.

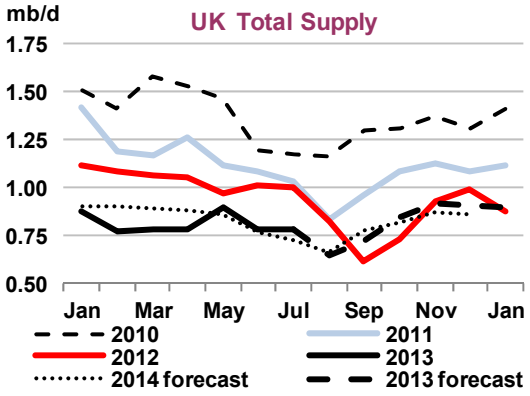
Mexico – June actual: Crude oil production fell by 1% in 2Q13 to 2.52 mb/d compared to the same quarter the previous year, although there was a slight uptick in June compared to May. Since the first quarter of 2010, crude oil production has declined by 3.5%, a marked contrast to growth in the rest of North America (31%). However, Pemex has succeeded in slowing the overall rate of decline compared to the previous decade, and we forecast that crude oil production will decline only slightly to 2.48 mb/d for 4Q13. Cantarell continues to decline but Pemex brought online two new small fields earlier this year that are at 30 kb/d (combined) and now there is an additional 65 kb/d (combined) from the new Kuil and Onel fields that reportedly came online in June. Maintenance on the KMZ fields has led to increased production on what is one of Pemex's largest production complexes. Other important investments include: a new platform in the shallow-water Bay of Campeche; four new jack-up drilling rigs (for a total of 40 in service); 18 unconventional (horizontal) wells; and four semi-submersible rigs in the deepwater Gulf.

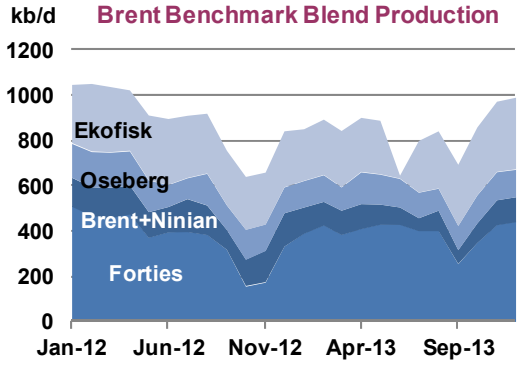


Large investment expenditures, combined with Pemex's large obligatory payments to the Mexican treasury are difficult to reconcile without the company adding to its already considerable debt. In addition, net exports are declining at a faster rate than production, given increasing domestic consumption (and increased domestic crude demand from the reconfigured and expanded Minatitlán refinery). Hence, policies and efforts to stem the decline and increase oil production in a financially viable way are high on the national agenda. Multi-party talks on the issues are ongoing, and the governing PRI is now scheduled to announce its proposal next week. However, in the near term (through the end of 2014) any new reforms are unlikely to be implemented in time to make a substantial difference in the production outlook.

North Sea

A reduction in seasonal maintenance increased Norwegian liquids supply by about 150 kb/d in July, as production returned to normal at the Ekofisk and Eldfisk fields. Production of both crude and total liquids was down only 20 kb/d for the second quarter of 2013, to 1.44 mb/d and 1.8 mb/d, respectively. On an annual basis, total liquids output in 2Q13 was down 175 kb/d. Maintenance at the Ekofisk system also impacted the UK sector, as fields in the Ekofisk-Teesside pipeline system were affected. The UK's largest field, Buzzard, has been operating at 25 kb/d or more below capacity of 210 kb/d due to scheduled maintenance at the Kinneil processing terminal and experienced some equipment failures in late July that temporarily further reduced output. For most of June, the CATS terminal and pipeline were shut for maintenance, affecting NGLs and associated fields such as Huntington. Given maintenance on smaller fields as well as a cut to Forties pumping rates in late July, UK total liquids production fell by 110 kb/d in June and was flat in July. Total UK production in 2Q13 was 820 kb/d, down nearly 200 kb/d year-on-year. BFOE crude production for July is estimated to have increased on June's lowest-month-for-2013 average of 620 kb/d by 180 kb/d. Additional maintenance in August will bring down expected output to 690 kb/d for the benchmark blend crude.



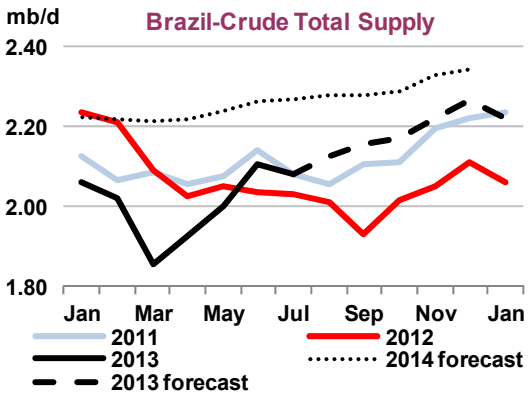


As highlighted in June's *Report*, heavier maintenance has resumed this month, and will continue into September. The Forties Pipeline System closed for the first five days of August, and Buzzard is expected to go offline for two weeks this month. In the Norwegian sector, maintenance on the Heimdal Riser Platform will affect Oseberg and three other fields for four days. UK total oil production is expected to fall to the second-lowest monthly level seen in several decades this August, at 650 kb/d, before rebounding to 720 kb/d for September. In Norway, maintenance is more evenly spaced over the next two months, leaving expected total liquids production at 1.67 mb/d for both months.

Non-OECD

Latin America

Brazil – June preliminary: Brazilian crude production increased by 110 kb/d in June from May levels, to 2.1 mb/d, thanks in part to a reduction in maintenance outages. Pre-salt fields reached 310 kb/d as one FPSO on the Lula field was restarted and another, Cidade de Paraty, was launched in June. The country's three largest fields – Marlim Sul, Roncador, and Marlim – contributed 720 kb/d. The restarted and new FPSOs on the Lula field indicate continued monthly growth of this field's production to 160 kb/d in 1Q14. ANP announced in July that Chevron's Frade field (60 kb/d) will not be returning to production until a study of production leaks is completed. Another setback for the sector was OGX's declaration that the Tuburão Azul field is not



commercially viable with current technology, although state regulator ANP announced in July that it is investigating whether that is indeed the case. Onshore, crude oil production continued its slow decline of about 10 kb/d per year, at 180 kb/d for June, despite the start of production in the state of Maranhão (albeit at very low rates). Brazil total liquids production is expected to increase by 20 kb/d this year to 2.2 mb/d, but 4Q13 will be about 190 kb/d higher than 2Q13, at 2.3 mb/d.

Africa

Sudan and South Sudan: South Sudan steadily ramped up production (to 200 kb/d by early July) since April's restart, following a dispute with Sudan over transit terms that led to the shut down of the export pipeline to the Red Sea and subsequent shut in of production for over a year in 2012-2013. However, political disputes with Sudan have again affected the production outlook. In early June, Sudanese President Omar Bashir ordered companies to shut down the export of South Sudanese crude within 60 days, accusing South Sudan of using oil revenues to "buy arms for rebels and mercenaries." This created the expectation that the transit pipeline would be shut down by 7 August, and the Juba government in South Sudan ordered oil fields to begin shutting down 18 July in anticipation of the pipeline's imminent closure. More recently, African Union (AU) mediation has obtained an extension of the pipeline shut-down date to 22 August as Khartoum has apparently given the AU time to investigate its claims of Juba's involvement with armed groups operating in Sudan.

Although there have been press reports that production in South Sudan had been cut to as little as 75 kb/d, South Sudan's Ministry of Petroleum has said that production will continue in a 100-180 kb/d range until any further political decisions are taken post 22 August. This seems to reflect confidence that a political solution will be found and the pipeline will not close again. It should be noted that a shut-down is costly for Khartoum as well as Juba, as transit fees are important to the Sudanese economy. However, there is a significant political risk that the pipeline could close again Even if the transit route remains open, production is expected to remain below capacity, at 170 kb/d for 4Q13.

Middle East

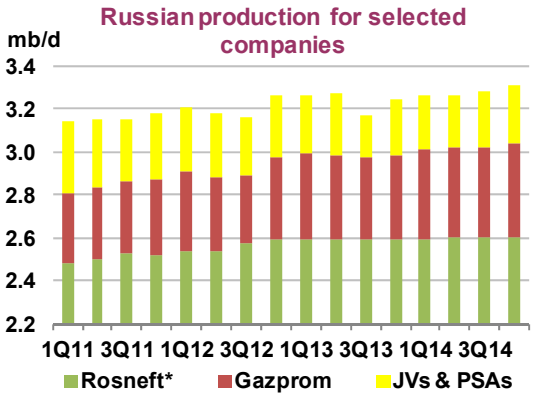
Syria: Current crude oil production is assessed to have gradually declined from about 100 kb/d at the beginning of 2013 to 50 kb/d by July, down from 350 kb/d prior to the civil conflict that began in March 2011. In the early months of the conflict, the government was able to maintain production levels, with significant output cuts beginning at the end of 3Q11 as the EU imposed oil sanctions and the conflict intensified. Since then, the quality of data for Syrian oil production has suffered, but it seems clear that production continued to decline. By 4Q12, output was estimated to have fallen to less than 160 kb/d. It was reported last month that Iran is supplying Syrian with a $3.6 billion line of credit, so that government-controlled areas of the country can obtain oil and oil products. Press reports of attacks on pipelines and power stations; of fighting at north-eastern oil fields; and of wells under rebel control being used for small-scale, primitive refining and occasional tanker truck exports, provide further evidence of setbacks. There are also reports that some oil is being pumped to the Syrian coast via neutral middlemen. If the conflict continues in its current state, production is expected to hover around current levels at approximately 15% of pre-war level.

Former Soviet Union

Russia – July preliminary: Russian total liquids production fell by 250 kb/d in July, a 2% decline, to 10.6 mb/d from 10.9 mb/d. In terms of crude oil, output from PSA operating companies fell by 110 kb/d. Much of the decline shown in Gazprom's production was condensate and NGLs, as these declined by about 90 kb/d. Gazprom's Surgut gas condensate stabilisation plant was under maintenance in July, and summer declines in associated natural gas output (due to weak natural gas demand) can lead to declines in NGLs. Nevertheless, Russia maintained its status as the world's largest oil producer. Total production for 2Q13 was 10.85 mb/d. For 3Q13, output is forecast to decline to 10.69 mb/d, reflecting both the July

dip and reported September maintenance at Sakhalin 1 and 2 that will reduce these projects' production for that month by about one third.

Although output is projected to rebound in 4Q13 to 10.7 mb/d, the general expectation is of flat production for the remainder of the forecast period (i.e. 2014). One reason for this is that Rosneft's giant Vankor field, a strong driver of annual production growth over the last year, is now forecast to plateau at a level some 70 kb/d lower than previously estimated. Rosneft has announced that the Suzunskoye, Tagulskoye and Russkoye fields acquired through its purchase of TNK-BP will be brought online much earlier than the previous TNK-BP management had planned. As specific start-up dates prior to the end of 2014 have not (yet) been indicated, however, the forecast has not been changed to adjust for this. It remains to be seen whether recently-announced tax breaks on tight oil production will spur investment in the production of this crude that has revolutionised the US oil sector.



* Does not include production from recently-acquired TNK-BP

Azerbaijan – June preliminary: Although 1Q13 crude oil production for the country rebounded by 8% to 840 kb/d, reversing 4Q12 declines of 50 kb/d, the average for the first half of 2013 is still 30 kb/d lower than that of 1H12. Output from the country's mainstay offshore ACG fields fell by 50 kb/d to 670 kb/d in 2012, prompting government criticism of BP, the fields' operator. Given that BP has announced that production averaged 666 kb/d for the first half of 2013, and that the company has put in place various drilling and completion investments, we expect that production will not experience another such sharp annual decline for 2013. However, August maintenance is expected to cut into the 3Q13 average. Operator BP has acknowledged that the complex is in decline, but believes that production can be stabilised at between 650 kb/d and 700 kb/d through 2017. A lack of available rigs for drilling wells has hastened the declines of the past few years.

FSU Net Exports of Crude & Petroleum Products

(million barrels per day)

	2011	2012	3Q2012	4Q2012	1Q2013	2Q2013	Apr 13	May 13	Jun 13	Latest month vs. May 13	Latest month vs. Jun 12
Crude											
Black Sea	1.93	1.81	1.74	1.78	1.80	1.80	1.86	1.77	1.78	0.02	-0.14
Baltic	1.50	1.67	1.78	1.69	1.60	1.68	1.99	1.64	1.40	-0.24	-0.14
Arctic/FarEast	0.67	0.65	0.64	0.72	0.78	0.80	0.81	0.83	0.77	-0.06	0.13
BTC	0.70	0.66	0.64	0.59	0.58	0.71	0.68	0.74	0.73	-0.01	0.07
Crude Seaborne	**4.80**	**4.79**	**4.80**	**4.78**	**4.76**	**5.00**	**5.33**	**4.98**	**4.68**	**-0.29**	**-0.08**
Druzhba Pipeline	1.17	1.08	0.98	0.98	0.99	1.02	0.98	1.04	1.04	0.01	-0.03
Other Routes	0.53	0.52	0.53	0.54	0.55	0.54	0.56	0.52	0.52	0.00	0.02
Total Crude Exports	**6.50**	**6.39**	**6.31**	**6.30**	**6.31**	**6.55**	**6.87**	**6.54**	**6.25**	**-0.29**	**-0.08**
Of Which: Transneft[1]	4.18	4.22	4.24	4.10	4.09	4.15	4.43	4.13	3.90	-0.23	-0.27
Products											
Fuel oil[2]	1.58	1.72	1.83	1.61	1.61	1.83	1.76	1.68	2.04	0.36	0.35
Gasoil	0.77	0.79	0.76	0.79	0.97	0.87	0.86	0.84	0.92	0.08	0.22
Other Products	0.43	0.44	0.45	0.47	0.48	0.48	0.49	0.44	0.49	0.05	0.13
Total Product	**2.77**	**2.95**	**3.04**	**2.87**	**3.06**	**3.17**	**3.11**	**2.96**	**3.45**	**0.49**	**0.70**
Total Exports	**9.27**	**9.34**	**9.35**	**9.17**	**9.36**	**9.73**	**9.98**	**9.49**	**9.70**	**0.21**	**0.61**
Imports	0.09	0.09	0.08	0.09	0.07	0.06	0.05	0.06	0.07	0.02	0.01
Net Exports	**9.18**	**9.25**	**9.27**	**9.08**	**9.29**	**9.67**	**9.93**	**9.44**	**9.63**	**0.19**	**0.60**

Sources: Argus Media Ltd, IEA estimates

[1]Transneft data exclude Russian CPC volumes.

[2]Includes Vacuum Gas Oil

FSU net exports rebounded by 190 kb/d to 9.6 mb/d in June. Product shipments surged by 490 kb/d, their largest monthly increment since November 2012, as refinery output rose after the completion of seasonal maintenance. Crude exports slumped by 290 kb/d compared to May as increased refinery runs constrained the supply of crude available for export. Much of this decrease was accounted for by lower volumes of largely Russian crudes shipped via the Transneft network, which dipped by 230 kb/d. Baltic terminals, bore the brunt of this cut as exports sent via Ust Luga and Primorsk plunged to a combined 1.4 mb/d, the lowest level since August 2011. Indeed, these low volumes pushed Urals in Northwest Europe to trade at a rare premium to Urals in the Mediterranean in June.

Elsewhere, volumes exported via Russian pipelines remained relatively constant on a year-on-year basis. However, this masks the fact that more oil is heading East through the ESPO system at the expense of the Druzhba pipeline where volumes remain at close to 1 mb/d, well below the line's 2 mb/d capacity. Data indicate that the Czech and Slovak Republics have maintained their Druzhba deliveries at year-ago levels of 70 kb/d and 120 kb/d, respectively. Poland and Germany, on the other hand, have cut their imports through the Druzhba line significantly and turned instead to seaborne Urals imported via their Baltic terminals.

In the Black Sea, reports indicate that the start-up of a new crude unit at Rosneft's Tuapse plant will constrain exports of the Siberian light grade but likely lead to an increase in product exports from the region. Outside of Russia, shipments of Azeri crudes through the BTC pipeline remained flat in June at 730 kb/d while flows through the CPC pipeline stood at 700 kb/d.

Shipments of fuel oil, gasoil and 'other products' (kerosene, gasoline and naphtha) were all hiked on the month. On a year-on-year basis, and amid the 60:66 tax regime designed to stimulate investment in secondary oil processing at the expense of primary oil processing, total refined product shipments are a significant 700 kb/d greater with fuel oil, gasoil and 'other products' shipments rising by 350 kb/d, 220 kb/d and 130 kb/d, respectively.

OECD STOCKS

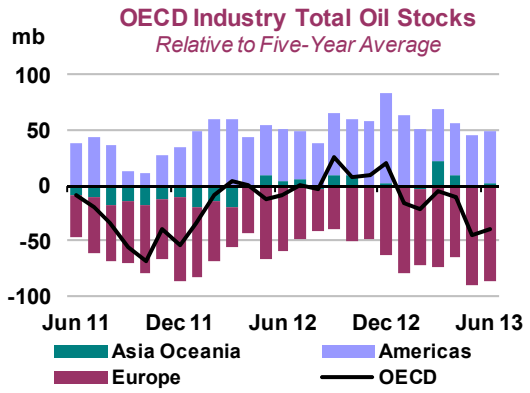
Summary

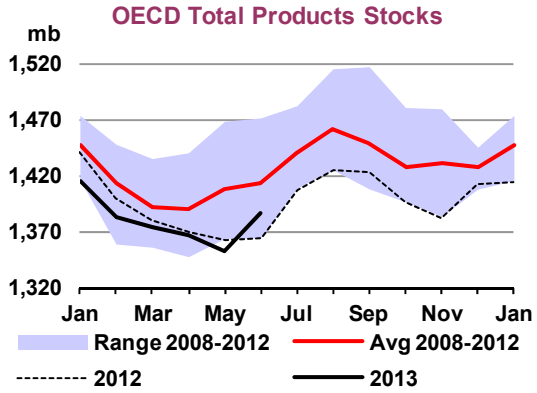
- **OECD industry inventories built seasonally by 11.9 mb in June, to 2 663 mb**. Stocks of refined products led the build, rising by 33.6 mb on a combination of surging US propane holdings and increasing OECD-wide refinery activity. Refined product inventories covered 30.5 days of forward demand, a rise of 0.8 day on end-May.

- **The estimate of OECD industry total oil inventories for May was adjusted downwards by 32.0 mb**. Europe and the Americas account for the bulk of the revisions. End-May inventories are now estimated at a 45 mb deficit to five-year average levels, narrowing to 39 mb at end-June.

- **Preliminary data point to a strong counter-seasonal 13.6 mb draw in OECD commercial inventories** in July as a combined 29.4 mb draw in crude, NGLS and feedstocks outweighed a 15.8 mb build in refined products. These estimates do not include European data which were unavailable at time of writing.

- **US crude stocks drew by a steep 20.3 mb in July**. The draw centred in PADD 2 with inventories at the Cushing storage hub falling by 9.5 mb to 40.2 mb, their lowest level since April 2012.





OECD Inventory Position at End-June and Revisions to Preliminary Data

Commercial total oil inventories in the OECD rose seasonally by 11.9 mb to 2 663 mb by end-June. As in previous months, surging stocks of propane in the US, here counted under 'other products', led refined product builds, estimated at 33.6 mb. Rebounding refinery activity across the OECD was a major contributing factor behind the build. Stripping out 'other products', refined product stocks rose counter-seasonally by 12.8 mb, compared to a five-year average draw for the month of 1.6 mb. Middle distillates and motor gasoline accounted for the bulk of that build, rising over the month by 6.3 mb and 5.5 mb, respectively, while stocks of residual fuel oil inched up by 1.1 mb. At end-June, refined product inventories covered 30.5 days of forward demand, up by 0.8 day on the previous month. On the flip side, rising refinery throughputs drew crude stocks by a steep 20.9 mb.

Based on more complete official data, the estimate of total OECD stocks for May was revised downwards by 32.0 mb. Instead of building by 4.8 mb, as suggested in last month's Report, and taking into consideration April's 9.3 mb downward adjustment, stocks are now estimated to have drawn steeply by 17.8 mb in May, in stark contrast with a 17.2 mb five-year average build for that month. The revision centred in Europe, where total oil stocks were 20.3 mb lower than previously estimated, with refined product holdings accounting for the bulk of the adjustments. Inventories in the Netherlands and Italy

were assessed 10.2 mb and 9.4 mb lower, respectively, with the Italian adjustment reportedly resulting from a refinery outage not captured in preliminary data. In addition, stocks in the OECD Americas were revised lower by 10.7 mb with 'other products' and motor gasoline seen 6.7 mb and 4.4 mb below levels reported last month.

The result of these revisions is that OECD total oil inventories at end-May are now assessed at a 45 mb deficit to five-year average levels, their widest since December 2011. In June this narrowed to 39 mb. European stocks look particularly low by historical standards, at 87 mb below average levels. Meanwhile, OECD Americas and Asia Oceania stand 46 mb and 2 mb in surplus to the average, respectively. For 2Q13 as a whole, end-June data suggest OECD commercial inventories remained relatively flat, building marginally by 60 kb/d.

Revisions versus 11 July 2013 Oil Market Report

(million barrels)

	Americas		*Europe*		*Asia Oceania*		*OECD*	
	Apr-13	May-13	Apr-13	May-13	Apr-13	May-13	Apr-13	May-13
Crude Oil	**-4.1**	**-0.4**	**-2.5**	**-3.7**	**0.2**	**0.0**	**-6.4**	**-4.1**
Gasoline	0.0	-4.4	-1.0	-7.3	0.0	0.0	-1.0	-11.8
Middle Distillates	0.0	-1.5	-1.5	-6.2	-0.4	-0.3	-1.9	-7.9
Residual Fuel Oil	0.0	0.6	1.9	-3.4	-0.1	0.0	1.9	-2.9
Other Products	0.0	-6.7	0.0	-1.1	0.1	-0.9	0.1	-8.7
Total Products	**0.0**	**-12.0**	**-0.6**	**-18.1**	**-0.3**	**-1.2**	**-0.9**	**-31.3**
Other Oils[1]	-1.8	1.7	-0.3	1.5	0.0	0.2	-2.0	3.4
Total Oil	**-5.8**	**-10.7**	**-3.4**	**-20.3**	**-0.1**	**-1.0**	**-9.3**	**-32.0**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

Preliminary data point to an unseasonal 13.6 mb decline in OECD commercial inventories in July following OECD Americas and OECD Asia Oceania drawing by a steep 7.5 mb and 6.1 mb, respectively. However, Euroilstock data were unavailable at the time of writing. In the absence of updated data, European inventories have been kept flat. Excluding Europe, on a product-by-product basis, a combined 29.4 mb draw in crude oil, NGLs and feedstocks, centred in OECD Americas, more than offset a 15.8 mb build in refined products.

Preliminary Industry Stock Change in June 2013 and Second Quarter 2013

	June 2013 (preliminary) *(million barrels)*				June 2013 (preliminary) *(million barrels per day)*				Second Quarter 2013 *(million barrels per day)*			
	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total
Crude Oil	**-10.3**	**-11.6**	**1.0**	**-20.9**	**-0.34**	**-0.39**	**0.03**	**-0.70**	**-0.09**	**-0.03**	**0.01**	**-0.11**
Gasoline	2.8	3.6	-1.0	5.4	0.09	0.12	-0.03	0.18	-0.01	-0.08	-0.01	-0.10
Middle Distillates	-0.8	4.6	2.4	6.2	-0.03	0.15	0.08	0.21	0.03	-0.08	-0.04	-0.09
Residual Fuel Oil	1.4	1.1	-1.4	1.1	0.05	0.04	-0.05	0.04	0.03	-0.02	-0.01	0.00
Other Products	18.8	0.3	1.7	20.8	0.63	0.01	0.06	0.69	0.40	-0.06	-0.01	0.33
Total Products	**22.2**	**9.6**	**1.7**	**33.6**	**0.74**	**0.32**	**0.06**	**1.12**	**0.45**	**-0.24**	**-0.08**	**0.13**
Other Oils[1]	0.0	-0.6	-0.2	-0.8	0.00	-0.02	-0.01	-0.03	0.04	-0.02	0.02	0.03
Total Oil	**12.0**	**-2.6**	**2.6**	**11.9**	**0.40**	**-0.09**	**0.09**	**0.40**	**0.40**	**-0.29**	**-0.05**	**0.06**

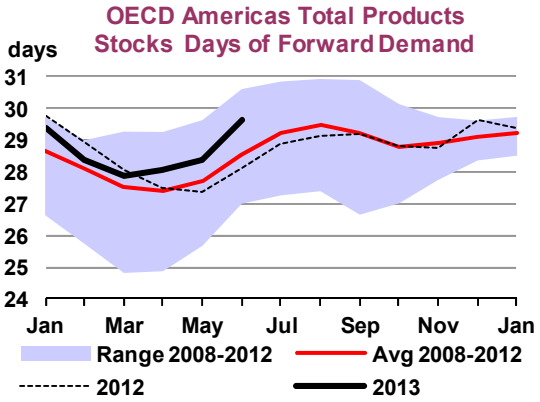
1 Other oils includes NGLs, feedstocks and other hydrocarbons.

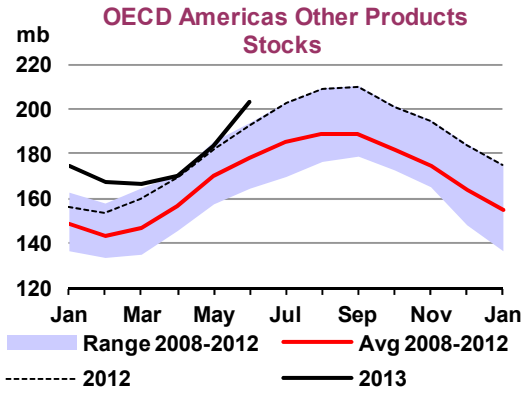
Analysis of Recent OECD Industry Stock Changes

OECD Americas

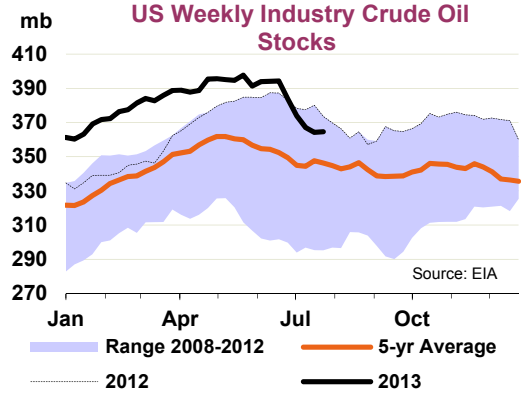
Commercial total oil inventories in the OECD Americas rose by 12.0 mb in June, led by refined products, whose steep 22.2 mb build offset a seasonal draw of 10.3 mb in crude oil. As in previous months, 'other products' accounted for the lion's share of the upside, rising by 18.8 mb on the month as propane in the US continued to surge above seasonal levels. Stripping out 'other products', regional refined products stocks rose seasonally by 3.4 mb, thanks to a 700 kb/d hike in throughputs. Builds in motor gasoline (+2.8 mb) and residual fuel oil (+1.4 mb) offset a counter-seasonal 0.8 mb draw in middle distillates.

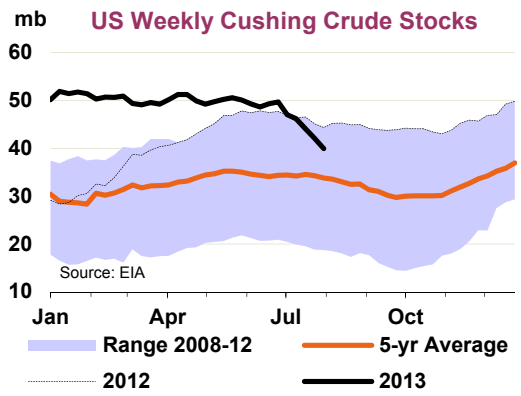
By end-June, regional refined products inventories stood 20.0 mb above the five-year average, with surpluses in 'other products' (24.9 mb), motor gasoline (14.2 mb) and residual fuel oil (+0.7 mb), offsetting a 19.8 mb deficit in middle distillates. In aggregate, refined products covered 29.6 days of demand at end-June, a rise of 1.3 days compared to a month earlier.





According to preliminary data from the US Energy Information Administration, US crude oil stocks plunged by 20.3 mb in July, roughly three times the 6.5 mb five-year average draw for the month. This draw was centred in PADD 2 where inventories dropped by 12.1 mb as BP's Whiting refinery returned to service following extended maintenance (see *Refining*). As PADD 2 throughputs rose and new pipeline links helped evacuate crude towards the Gulf Coast, stocks at the Cushing, Oklahoma, storage hub dropped by 9.5 mb to 40.2 mb at end-month, their lowest level since March 2012. PADD 3 crude stocks also drew steeply, falling by 6.9 mb, as record refinery runs outpaced crude movements into the region from elsewhere in the US and abroad. US total oil stocks drew counter-seasonally by 7.5 mb as a seasonal 16.0 mb build in refined products failed to offset the crude draw. Despite high throughputs, refined product builds were reportedly tempered by healthy product exports.



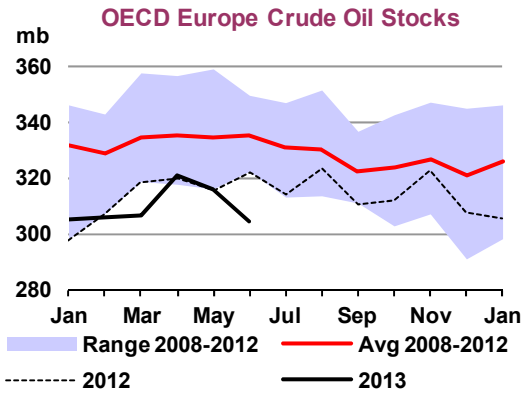


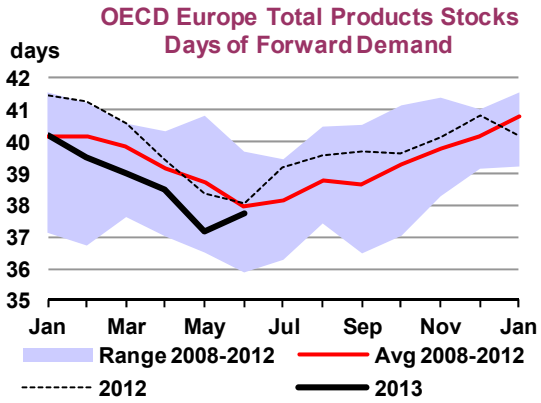
OECD Europe

OECD European industry total oil inventories drew by 2.6 mb in June. Although the headline draw broadly followed seasonal trends, the factors behind it were more unusual. Crude oil inventories plunged counter-seasonally by 11.6 mb following an unexpectedly steep hike of 600 kb/d in refinery throughputs. On the flip side, higher refinery activity set refined products on their restocking course one month earlier than usual, with a steep June build of 9.7 mb. Contrary to seasonal patterns, the build spanned all product categories, with middle distillates (+4.6 mb) and motor gasoline (+3.7 mb) posting the steepest gains. All told, refined products covered 37.7 days of forward demand at end-June, 0.5 day above end-May. Regional total oil inventories remained at a steep 87 mb deficit to five-year average levels, unchanged from end-May. All oil

categories remain in deficit to the average with crude, NGLs and refinery feedstocks posting a combined 41 mb shortfall and refined products accounting for the remaining 46 mb.

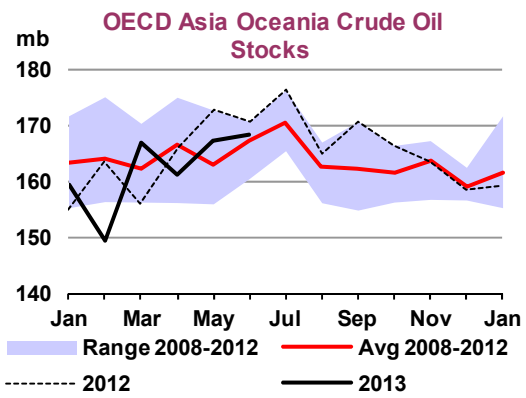
Trade reports suggest that German tertiary heating oil stocks continued to rebuild in June, reaching 55% of capacity by early-July. This represents a rise of two percentage points on the previous year and five percentage points above early-July 2011. Information pertaining to refined products held in independent storage in Northwest Europe suggest that stocks increased over July as builds in gasoil, residual fuel oil and jet kerosene offset draws in gasoline and naphtha amid reportedly healthy gasoline exports to the US where the driving season ramped up.

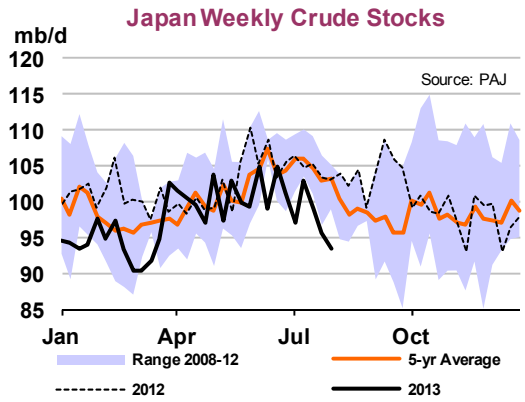




OECD Asia Oceania

Commercial total oil holdings in OECD Asia Oceania (for now still excluding Israel) rose seasonally by 2.6 mb in June. Inventories moved to a 1.7 mb surplus to average levels from the slight 0.5 mb deficit posted at end-May. Despite a 600 kb/d surge in regional refinery throughputs, crude stocks inched up by 1.0 mb on the back of a steep 3.6 mb build in Korea, offsetting a counter-seasonal 1.9 mb draw in Japan, where imports failed to keep pace with high runs. High regional refinery runs lifted product inventories counter-seasonally by 1.8 mb, in contrast to the 2.5 mb five-year average draw for the month. Middle distillates and 'other products' drove this rise, increasing by 2.4 mb and 1.7 mb, respectively, and offsetting seasonal draws in residual fuel oil (1.4 mb) and motor gasoline (1.0 mb). At end-June, refined products covered 20.6 days of forward demand, 0.2 day less than in the previous month.

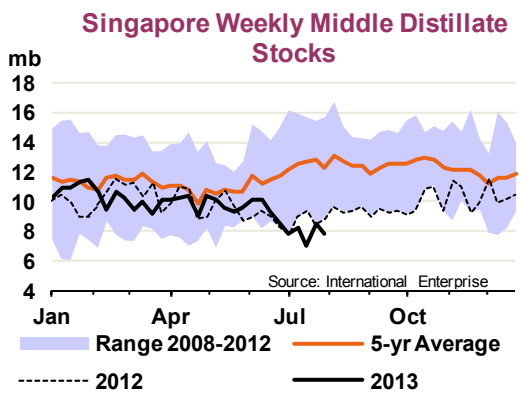


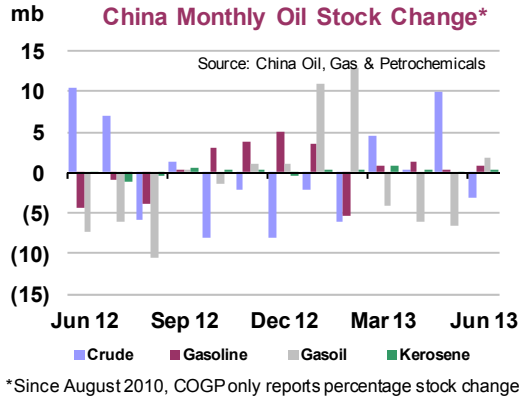


Preliminary weekly data from the Petroleum Association of Japan (PAJ) point to a strong 6.1 mb draw in Japanese total oil inventories in July. A steep, counter-seasonal draw of 4.1 mb in crude led stocks lower as refinery throughputs remained high. If confirmed, this would be the second consecutive sharp draw and leave crude holdings well below the seasonal range. Refined products slipped by 0.2 mb after a 3.0 mb increase in middle distillates failed to offset draws in 'other products' (2.0 mb), motor gasoline (1.0 mb) and fuel oil (0.3 mb).

Recent Developments in Singapore and China Stocks

Weekly data from *International Enterprise* indicate that land-based stocks of refined products in Singapore slipped by a combined 0.9 mb in July, with the draw spanning all product categories. Residual fuel oil inventories fell by 0.6 mb but remained on par with both last year and the five-year average. In contrast, stocks of both light distillates (-0.1 mb m-o-m) and middle distillates (-0.2 mb m-o-m) drew for the third consecutive month and slipped below the five-year seasonal minimum as refinery outages kept Taiwanese imports on the low side. Total products stocks also slipped below their seasonal range.

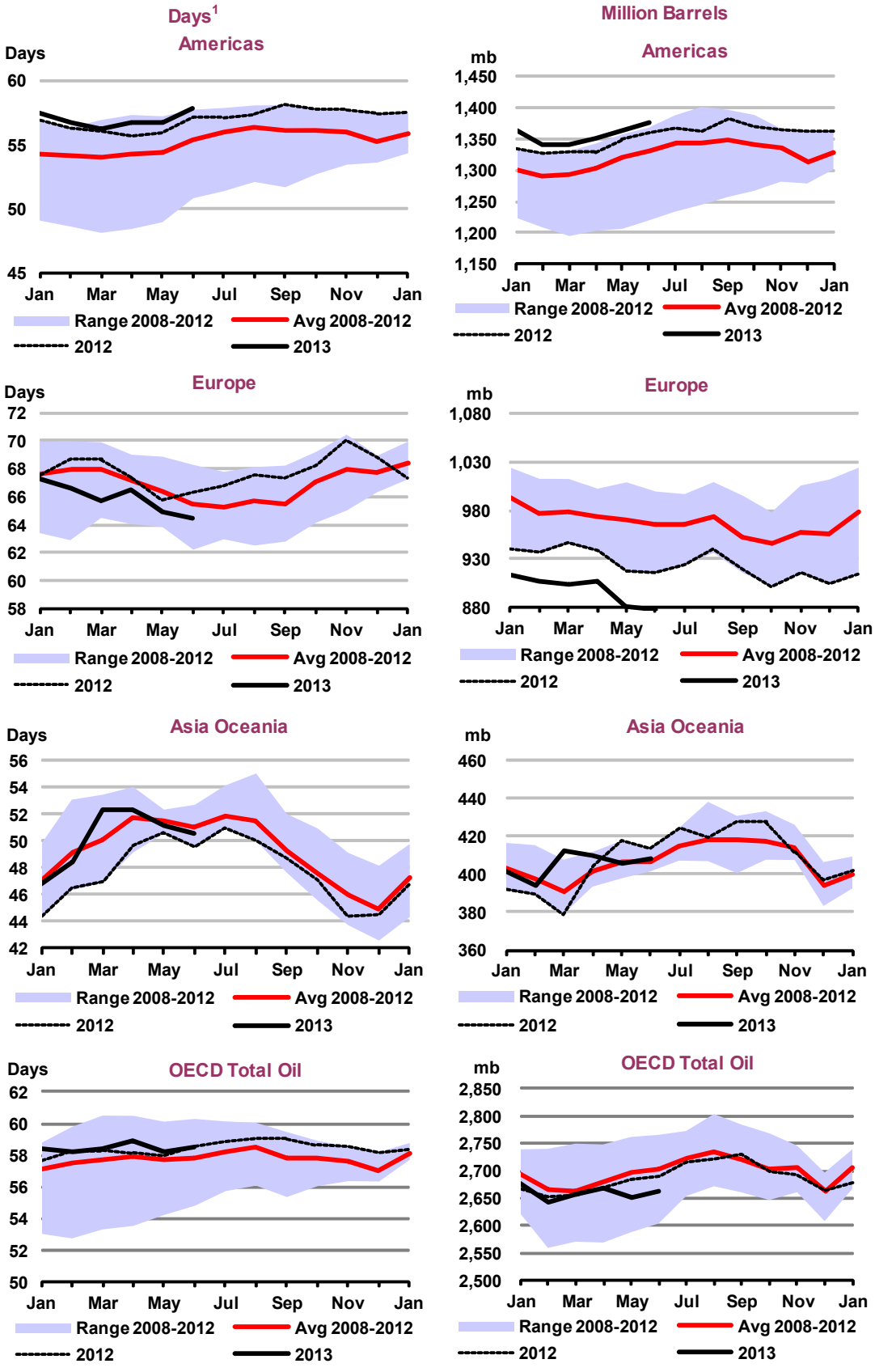




According to data provided by *China Oil, Gas and Petrochemicals* (*China OGP*), Chinese commercial oil inventories declined by an equivalent 0.2 mb in June (data are reported in terms of percentage stock change) as a 3.1 mb draw in crude outweighed a 2.9 mb build in refined products. Commercial crude stock changes do not account for changes in China's strategic petroleum reserve. Moreover, there have been no recent trade reports of Chinese SPR building, a point data appear to confirm since the implied crude stock change (calculated as the sum of net crude imports and domestic production minus refinery throughputs) does not suggest a large unexplained build over the previous quarter. Gasoil inventories built by 1.9 mb, reversing three consecutive monthly declines. Gasoline and kerosene stocks also built by 0.9 mb and 0.2 mb, respectively, as refinery runs rebounded following seasonal maintenance.

Regional OECD End-of-Month Industry Stocks

(in days of forward demand and million barrels of total oil)



1 Days of forward demand are based on average demand over the next three months

PRICES

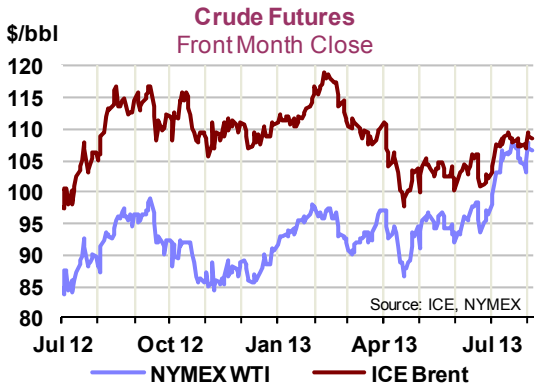
Summary

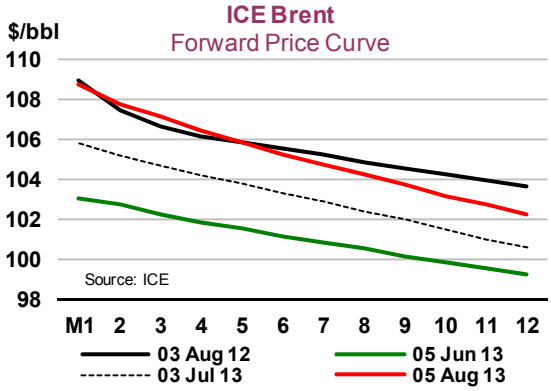
- **Futures prices for West Texas Intermediate (WTI) traded at 16-month highs in July, with WTI posting steep increases relative to Brent for much of the month.** A sharp increase in US refining runs and a steady draw in crude stocks, especially in the Midwest, were catalysts for the surge in WTI NYMEX futures, up almost $9/bbl to $104.70/bbl. Brent crude posted a more modest month-on-month increase of $4.09/bbl to a four-month high of $107.43/bbl, supported by supply outages from Libya and Iraq. The upward price momentum stalled in early August, with WTI last trading around $103.50/bbl and Brent at $106.70/bbl.

- **An array of significant supply outages from Libya, Iraq, Yemen and Sudan helped underpin futures prices and prop up prompt month contracts**. The forward M1-M12 price spread blew out to almost $12/bbl in early August, after more than doubling to $10.60/bbl in July from $4.42/bbl in June.

- **Refined product crack spreads largely declined in July on the back of stronger benchmarks crudes and product stock builds.** Middle distillate cracks in Asia and gasoline cracks in the US were the exceptions. The bottom of the barrel was weak in July and, in particular, low-sulphur fuel oil cracks fell steeply in all regions.

- **Freight rates for VLCCs and Suezmax tankers rose to unseasonal highs in early July on strong demand** but, after briefly exceeding $13/mt, rates on the benchmark route between the Middle East Gulf and Asia eased back to under $9.50/mt by early-August under the weight of surplus tonnage. In contrast, rates on the benchmark West Africa–US Gulf Coast Suezmax trade surged throughout July and early August as the supply and demand of tankers remained more balanced.



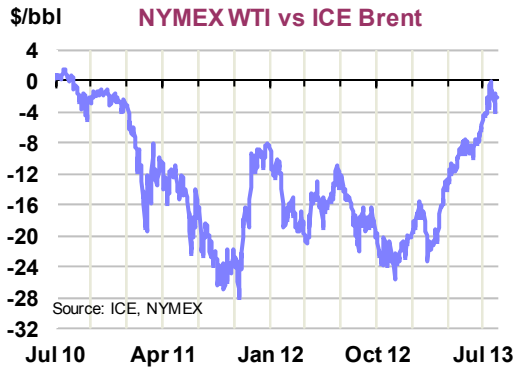


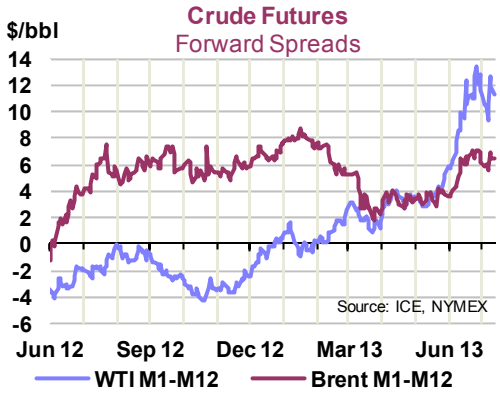
Market Overview

Futures prices for West Texas Intermediate (WTI) traded at the highest level in 16 months in July, with WTI posting steep increases relative to Brent for much of the month. A sharp increase in US refining runs and a steady draw in crude stocks, especially in the Midwest, were catalysts for the surge in WTI NYMEX futures. WTI rose by $8.90/bbl to an average $104.70/bbl. By contrast, Brent crude posted a more modest month-on-month increase of $4.09/bbl to a four-month high of $107.43/bbl, supported by supply outages from Libya and Iraq. Futures prices turned lower in early August, however, with WTI last trading around $103.50/bbl and Brent at $106.70/bbl.

The upward price momentum in July was in large part fuelled by an exceptional increase in global refinery runs as seasonal maintenance work came to an end, with throughput rates climbing a steep 5.1 mb/d from a low of 73.2 mb/d in April to a record 78.3 mb/d in July.

The sharply narrowing WTI-Brent price spread made headlines last month when WTI eclipsed Brent briefly during intraday trading in early July. At closing, the WTI discount posted a three and a half year low of $0.02/bbl on 19 July, and by early August was running just under $2/bbl. On average in July the WTI-Brent spread narrowed to -$2.88/bbl in July versus -$7.54/bbl in June. That compares with a 2013 peak of -$23.20/bbl on 8 February. The relatively sharper rise in WTI prices was fuelled by an increase in US refining throughput rates of more than 1 mb/d between May and July and a steep drawdown in crude oil inventories at the Cushing, Oklahoma storage terminal following the much anticipated expansion of the region's pipeline network.

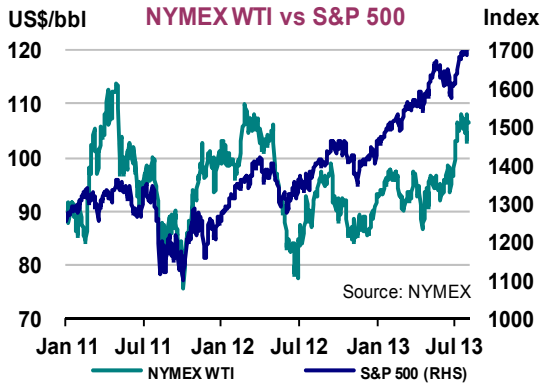


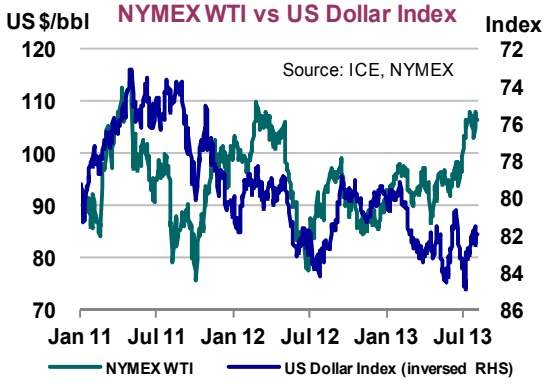


An array of significant supply outages, from Libya, Iraq, Yemen, Sudan, also underpinned futures prices for most of July and propped up prompt month contracts. The forward M1-M12 WTI price spread blew out to $12/bbl in early August, after rising more than 50% in July to $10.60/bbl from $4.42/bbl in June. The Brent M1-12 contract spread widened to $6.60/bbl in early August compared with $6.16/bbl in July and $3.68/bbl in June.

The oil markets' more bullish sentiment was assuaged when Iran's new president, Hassan Rouhani, struck a conciliatory note during his first press conference in early August, saying he was "seriously determined" to find a solution to the standoff with the international community. While analysts remained sceptical, markets warmed to the tone.

Traders were also fretting that the US Federal Reserve will end quantitative easing as early as September, taking the wind out of asset prices in general. On 1 August, the S&P 500 Index broke the 1700 level for the first time after central banks stated they would maintain stimulus and global manufacturing data came out higher than forecasts. On the same day, Brent crude oil futures jumped by $2.85/bbl to $109.54/bbl.





Prompt Month Oil Futures Prices

(monthly and weekly averages, $/bbl)

	May	Jun	Jul	Jul-Jun Avg Chg	% Chg	Week Commencing: 01 Jul	08 Jul	15 Jul	22 Jul	29 Jul
NYMEX										
Light Sweet Crude Oil	94.80	95.80	104.70	8.90	8.5	100.51	104.81	106.98	105.94	105.50
RBOB	119.17	118.16	126.20	8.05	6.4	118.19	125.69	130.88	127.94	126.83
No.2 Heating Oil	121.24	121.37	126.64	5.27	4.2	123.02	125.93	128.81	127.91	127.97
No.2 Heating Oil ($/mmbtu)	21.38	21.41	22.34	0.93	4.2	21.70	22.21	22.72	22.56	22.57
Henry Hub Natural Gas ($/mmbtu)	4.07	3.81	3.64	-0.17	-4.5	3.64	3.67	3.72	3.66	3.41
ICE										
Brent	103.28	103.34	107.43	4.09	3.8	105.20	108.06	108.77	107.72	108.11
Gasoil	115.49	117.20	122.37	5.17	4.2	120.28	122.52	123.88	122.87	123.03
Prompt Month Differentials										
NYMEX WTI - ICE Brent	-8.48	-7.54	-2.73	4.81		-4.69	-3.25	-1.79	-1.78	-2.61
NYMEX No.2 Heating Oil - WTI	26.44	25.57	21.94	-3.63		22.51	21.12	21.83	21.97	22.47
NYMEX RBOB - WTI	24.37	22.36	21.50	-0.85		17.68	20.88	23.90	22.00	21.33
NYMEX 3-2-1 Crack (RBOB)	25.06	23.43	21.65	-1.78		19.29	20.96	23.21	21.99	21.71
NYMEX No.2 - Natural Gas ($/mmbtu)	17.31	17.60	18.69	1.10		18.06	18.54	19.00	18.90	19.15
ICE Gasoil - ICE Brent	12.21	13.86	14.94	1.08		15.08	14.46	15.11	15.15	14.92

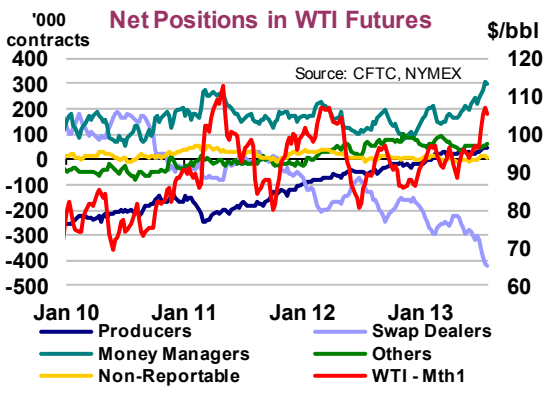
Source: ICE, NYMEX

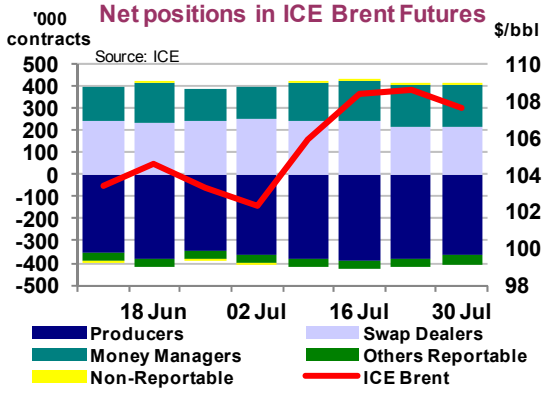
Futures Markets

Activity Levels

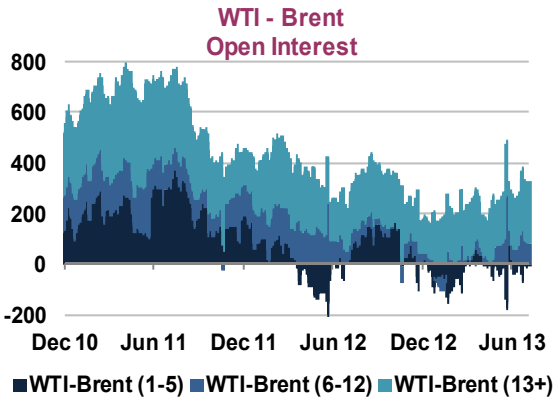
Between 25 June and 30 July, NYMEX hedge funds steadily increased their net-long positions in WTI futures, surpassing the previous peak during the 2011 Libyan civil war. Over the same period, rapidly shifting market sentiment saw ICE hedge funds net-long positions post their largest drop on record, before recovering to record highs, with the largest week-on-week gain historically in early July.

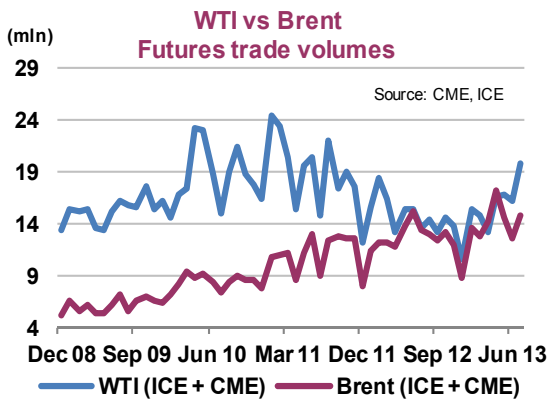
The product side mirrored crude activity, with hedge funds increasing their bullish positions, peaking in the third week of July, before easing again at the end of the month. Money managers turned net-long on both NYMEX Heating Oil and ICE Gasoil after being short since end-April, closing the month on net-long wagers comparable to the end of the winter season. Hedge funds took a longer stance in RBOB as well, following a $3/bbl increase over the period.





In terms of outstanding contracts, the two crude benchmarks have been growing in lockstep following a price surge on both sides of the Atlantic. Trading volumes in futures contracts went up m-o-m for both crude contracts, 18% for ICE Brent and 17% for NYMEX WTI. Looking at the gains on a year-on-year basis, WTI volumes posted a strong 42% growth while Brent grew by a more modest 4%. This highlights the comeback in trading volumes of the US benchmark, which now appears to be consolidating its recovery.





Positions on Light Sweet Crude Oil (WTI) Futures

Thousand Contracts

30 July 2013	Long	Short	Net	Long/Short	Δ Net from Prev. Week	Δ Net Vs Last Month
Producers' Positions	356.4	307.0	49.3	*Long*	↑ 6.9	↑ 21.6
Swap Dealers' Positions	314.4	735.7	-421.2	*Short*	↓ -6.4	↓ -118.9
Money Managers' Positions	652.1	351.1	301.0	*Long*	↓ -4.9	↑ 79.9
Others' Positions	423.0	361.0	61.9	*Long*	↑ 6.7	↑ 8.6
Non-Reportable Positions	92.0	83.0	9.0	*Long*	↓ -2.4	↑ 8.9
Open Interest			**1837.8**		↓ -27.9	↑ 28.5

Source: CFTC

Positions on ICE Brent Crude Futures

Thousand Contracts

30 July 2013	Long	Short	Net	Long/Short	Δ Net from Prev. Week	Δ Net Vs Last Month
Producers' Positions	549.9	916.0	-366.0	*Short*	↑ 13.4	↓ -21.7
Swap Dealers' Positions	497.8	281.4	216.5	*Long*	↓ -1.0	↓ -29.2
Money Managers' Positions	354.4	169.7	184.7	*Long*	↓ -7.3	↑ 47.2
Others' Positions	85.3	131.6	-46.2	*Short*	↓ -8.2	↓ -9.1
Non-Reportable Positions	33.2	22.2	11.1	*Long*	↑ 3.0	↑ 12.8
Open Interest			**1520.7**		↓ -19.0	↑ 4.9

Source: ICE

Financial Regulation

On 12 July, the US Commodities Futures Trading Commission (CFTC) approved its final guidance on the cross-border reach of swaps rules that followed the Dodd-Frank reform. The approval process of the guidance was closely watched by the industry as it potentially affected all entities doing business with US firms. In the final provision the CFTC granted exemption letters up to 21 December 2013 for EU member countries. The same exemption was granted to Switzerland, Canada, Hong Kong, Japan and Australia.

On 25 July, the CFTC signalled its intention to keep margin rules that prohibit brokers from using deposits from one customer account to cover temporary shortfalls in another. The rule has met with opposition from the industry, which argued that it would entail disproportionate costs. A final draft of the rule is expected by the end of August.

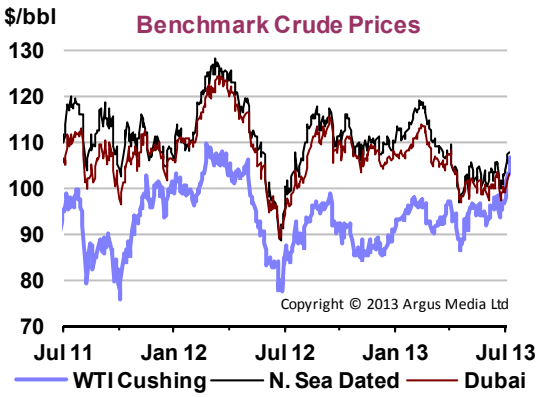
Looking beyond August, the Volcker rule is expected to be finalised by the end of the year, as stated by Federal Reserve Chairman Ben Bernanke. Such a rule would restrict US banks from making certain kinds

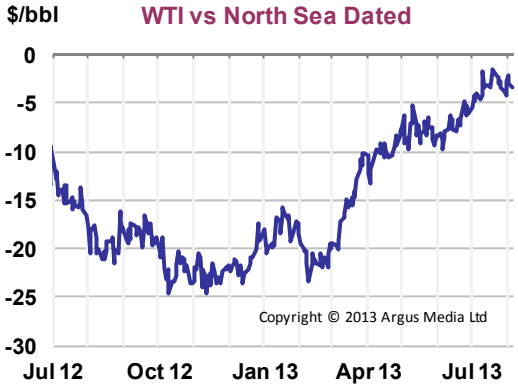
of speculative investments deemed not to benefit their customers, effectively banning proprietary trading.

Spot Crude Oil Prices

Crude oil markets rallied across the board in July, propelled by increased refinery runs in the US, Europe, Asia and the Middle East and supply outages in Libya, Iraq and Yemen. US WTI posted the largest increase on the back of a drawdown in Midcontinent crude stocks and a steep rise in refinery throughput rates. WTI breached 16-month highs in July, up nearly $9/bbl to $104.69/bbl on average.

North Sea Brent was up by almost $5/bbl in July, to $107.91/bbl, supported by reduced crude supplies heading to the Mediterranean in the wake of sharply lower exports of Libyan crude due to a strike-related shutdown of shipping terminals and a shift in Russian crude exports to Asian markets. Spot Dubai prices rose a more modest $3.17/bbl to around $103.46/bbl in July but demand for medium to heavy sour crudes was strengthening in early August.





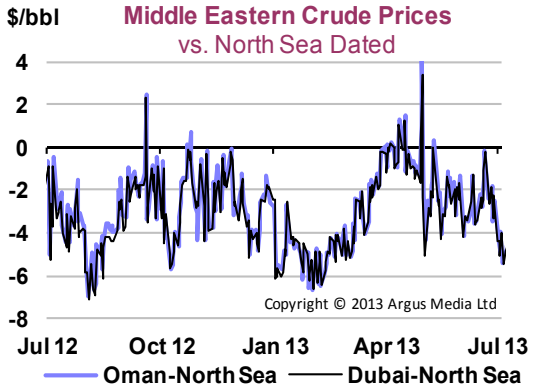
The US spot crude market was exceptionally strong in July against a backdrop of surging US refinery throughputs, up 1 mb/d between May and July. Increased runs partly reflect stronger domestic demand as well as a growing market for refined products exports to neighbouring Latin America. US product exports also have benefitted from low US natural gas prices, which confer a strong competitive advantage on US refiners in international product markets.

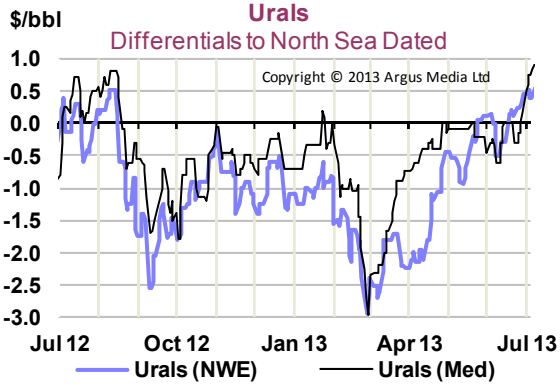
As a result, the relative strength of WTI to Brent saw the former trading at a premium to the North Sea benchmark during intra-day trade at times in July. WTI, however, continued to close at a discount to Brent. The discount has narrowed to $3.36/bbl in July from $7.16/bbl in June, compared with a 2013 peak of $23.44/bbl on 8 February. Long expected, new pipeline capacity is breaking the logjam of crude stocks stored at the NYMEX delivery point at landlocked Cushing, Oklahoma. High throughput rates have also drained supplies there, which declined for five straight weeks, down a total 9.5 mb, and are now at the lowest level since March 2012 at 40.2 mb for July.

Increased runs have also underpinned stronger prompt spot barrels, with the WTI M1-M2 price spread widening to $0.75/bbl in early August compared with an average $0.30/bbl in July and -$0.13/bbl in June.

European spot crude markets were strengthened by supply disruptions in Libya as mounting civil unrest among workers angry over salary and management issues forced the closures the country's three major export terminals in recent weeks. Expectations for reduced Iraqi Basrah supplies to Europe, which averaged 400 kb/d in July, also supported spot prices. A seasonal low in North Sea production in August due to scheduled maintenance work, combined with Russia higher domestic consumption and increased shipments to Asia away from Europe, have also tightened the market in the Mediterranean.

Spot prices for Urals crude versus Brent were off the charts again in July on sharply lower Russian crude exports to the Mediterranean, bolstered by reduced Iraqi and Libyan supplies. Urals crude traded at a $0.83/bbl premium to Brent on average in July compared to a more typical discount against Dated Brent, which averaged -$0.20/bbl in June.





An unexpected loss of Iraqi crude exports in September is having a ripple effect across European, Middle Eastern and Asian spot crude markets. Iraq's state oil marketing arm, SOMO, told customers in recent weeks that exports would be cut in September by around 25% due to planned infrastructure work at southern export terminals. Officially, volumes will be curtailed by 500 kb/d in September but traders fear the shut-in could take 4-6 months given the scope of the project (see OPEC Supply, *'Iraqi Output Forecast to Tumble Near Term on Temporary Export Constraints'*).

The lack of clarity on the programme of work has injected a high level of uncertainty on availability of supplies and pushed price differentials for alternative crudes such as Urals in Europe to record levels while Dubai and Oman grades are in demand in Asia. However, the relative strength of Brent over Dubai increased the discount between the two grades. Dubai was trading a $4.75/bbl discount in early August compared with an average $4.44/bbl in July and $2.66/bbl in June. A rush to replace Iraqi barrels was also behind a rise in prompt month spot prices with the Dubai M1-M2 price spread increasing to $0.57/bbl in July compared with $0.33/bbl in June.

Spot Crude Oil Prices and Differentials

(monthly and weekly averages, $/bbl)

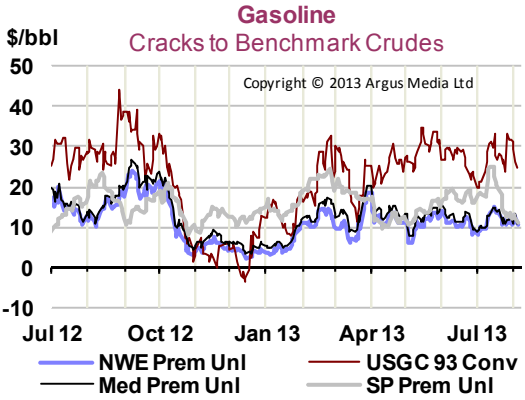
	May	Jun	Jul	Jul-Jun Avg Chg	%	Week Commencing: 01 Jul	08 Jul	15 Jul	22 Jul	29 Jul
Crudes										
North Sea Dated	102.50	102.95	107.91	4.95	4.8	105.20	108.20	109.60	108.66	108.69
Brent (Asia) Mth 1	103.18	103.34	107.53	4.20	4.1	104.58	107.79	108.99	108.61	108.42
WTI (Cushing) Mth 1	94.76	95.79	104.69	8.91	9.3	100.51	104.81	106.98	105.92	105.50
Urals (Mediterranean)	102.35	102.76	108.74	5.97	5.8	105.89	109.15	110.54	109.41	109.54
Dubai	100.35	100.29	103.46	3.17	3.2	100.54	103.41	104.48	104.80	104.77
Tapis (Dated)	108.76	108.52	113.81	5.29	4.9	110.90	113.90	115.34	114.78	115.19
Differential to North Sea Dated										
WTI (Cushing)	-7.74	-7.16	-3.21	3.95		-4.68	-3.39	-2.63	-2.74	-3.20
Urals (Mediterranean)	-0.15	-0.19	0.83	1.02		0.69	0.95	0.94	0.75	0.85
Dubai	-2.16	-2.66	-4.44	-1.78		-4.66	-4.79	-5.12	-3.86	-3.93
Tapis (Dated)	6.26	5.57	5.90	0.33		5.70	5.70	5.74	6.12	6.50
Prompt Month Differential										
Forward Cash Brent Mth1-Mth2	0.12	0.08	0.72	0.64		0.53	0.73	0.77	0.82	0.78
Forward WTI Cushing Mth1-Mth2	-0.23	-0.13	0.30	0.43		0.15	0.43	0.25	0.11	0.74
Forward Dubai Mth1-Mth2	0.37	0.33	0.57	0.24		0.31	0.32	0.44	0.92	0.95

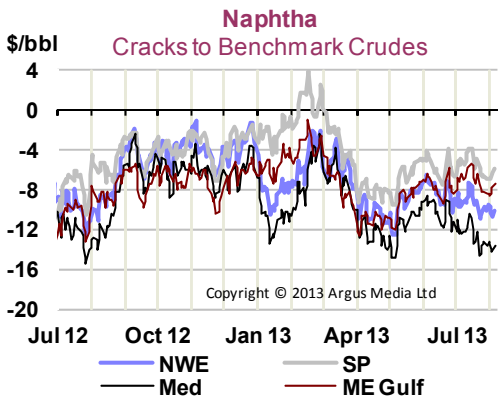
Copyright © 2013 Argus Media Ltd - All rights reserved

Spot Product Prices

Refined product crack spreads largely declined in July on the back of stronger benchmarks crudes and rising product inventories. Seasonal demand for middle distillates in Asia and gasoline in the US, supported by high RIN prices, were the exceptions. The bottom of the barrel was weak in July and, in particular, low-sulphur fuel oil cracks fell sharply across all regions.

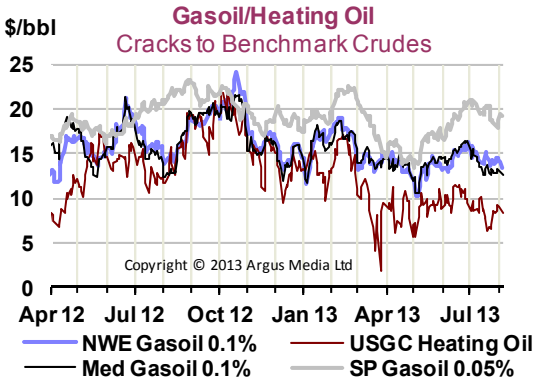
Gasoline crack spreads inched up in most regions bar Northwest Europe, peaking in mid-July before easing towards the end of the month. Notably, Singapore cracks peaked at over $25/bbl and then plummeted to $12.25/bbl by the end of July. US prices seesawed throughout the month on speculation over potential new rulings over the controversial Renewable Identification Numbers (RINs), with prices ramping up as high as $1.48/gal in mid-July (See *Refining, 'US Biofuel Certificates Surge on Uncertainty over Mandates and Blend-Wall Hit'*). Meanwhile, many US refiners are reportedly choosing to export gasoline rather than bearing the additional RIN cost. Prices were also supported by a decline in US gasoline stocks in mid-July, implying stronger-than-expected demand. Strong exports of gasoline to Africa from Europe as well as firmer demand within Asian region kept the crack spreads strong.

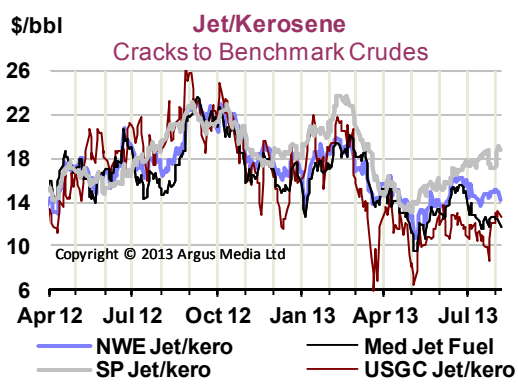




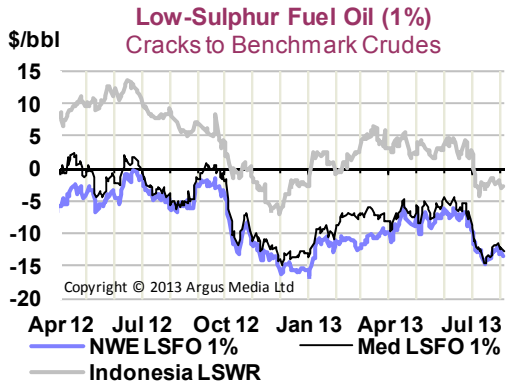
Naphtha crack spreads closed the month weaker in Europe and slightly firmer in Asia. In Europe, demand from refiners to reform naphtha into gasoline eased, pressuring cracks. In contrast, petrochemical producers in Asian continued to favour naphtha as a feedstock over LPG, given the latter's higher price.

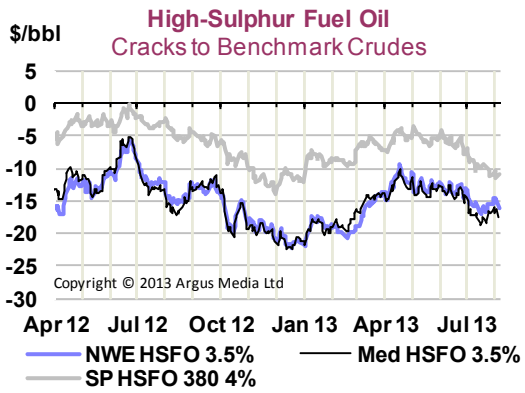
Gasoil crack spreads were weaker in Atlantic basin markets but strengthened in Asia ahead of seasonally stronger demand for middle distillates. Reduced supplies of Russian diesel tempered the decline in European crack spreads. In Asia, firm demand from Indonesia, the Philippines and Africa amid refinery disruptions in northeast Asian and Middle Eastern countries put a floor under markets, although cracks eased over the month.





Jet/kero crack spreads initially fell as the peak demand season neared the end in Europe and the US but by the second half of July differentials showed signs of recovery in Europe. In contrast, Singapore crack spreads ebbed and flowed over the month but largely continued their positive trend in July, supported by refinery maintenance in some Asia countries.





Fuel oil crack spreads fell sharply in all regions. Bunker fuel buying from shippers was reportedly weak during July. However, demand from Asian and Middle Eastern utilities for summer power generation was reportedly relatively strong. Crack spreads for LSFO abruptly fell in early July compared with the steady downward trend seen in HSFO, although they showed some modest signs of recovery later on.

Spot Product Prices

(monthly and weekly averages, $/bbl)

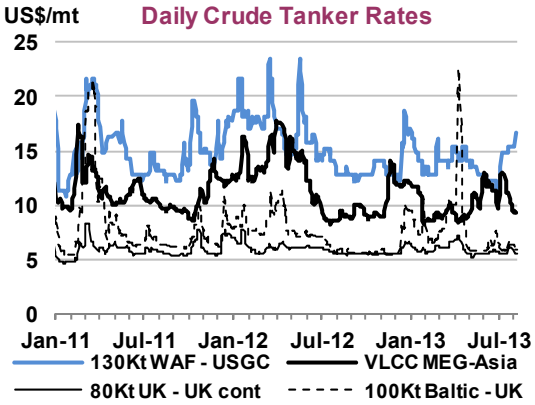
	May	Jun	Jul	Jul-Jun Chg	Jul-Jun %	Week Commencing: 01 Jul	08 Jul	15 Jul	22 Jul	29 Jul	May	Jun	Jul
Rotterdam, Barges FOB											**Differential to Dated Brent**		
Premium Unl 10 ppm	113.62	113.80	119.45	5.64	5.0	114.41	119.85	123.77	119.95	120.26	11.12	10.85	11.54
Naphtha	93.51	94.80	98.55	3.75	4.0	95.92	99.54	100.72	98.36	98.61	-8.99	-8.15	-9.35
Jet/Kerosene	115.68	118.16	122.52	4.36	3.7	120.15	122.52	123.87	123.34	123.65	13.18	15.21	14.62
ULSD 10ppm	118.57	120.53	124.88	4.35	3.6	122.41	124.75	126.83	125.46	125.87	16.07	17.58	16.97
Gasoil 0.1%	115.54	117.60	122.43	4.83	4.1	120.44	122.63	124.03	122.74	123.03	13.04	14.65	14.53
LSFO 1%	94.69	95.66	95.16	-0.51	-0.5	94.27	95.27	95.32	95.53	96.13	-7.81	-7.29	-12.75
HSFO 3.5%	89.92	89.75	92.34	2.58	2.9	90.58	92.56	93.12	92.79	93.66	-12.58	-13.20	-15.57
Mediterranean, FOB Cargoes											**Differential to Urals**		
Premium Unl 10 ppm	114.82	114.89	120.63	5.74	5.0	115.58	121.04	124.97	121.14	121.44	12.46	12.13	11.90
Naphtha	91.06	92.56	96.14	3.58	3.9	93.85	97.47	98.20	95.58	95.84	-11.29	-10.20	-12.60
Jet Aviation fuel	114.37	117.19	121.28	4.09	3.5	119.29	121.67	122.51	121.69	122.04	12.02	14.43	12.55
ULSD 10ppm	117.93	120.37	124.57	4.21	3.5	122.39	124.85	126.15	124.95	125.30	15.58	17.60	15.84
Gasoil 0.1%	115.86	118.02	122.39	4.38	3.7	120.93	123.13	123.60	122.35	122.57	13.50	15.26	13.66
LSFO 1%	96.09	96.95	96.44	-0.51	-0.5	95.51	96.55	96.50	96.83	97.62	-6.26	-5.82	-12.30
HSFO 3.5%	89.19	89.06	91.67	2.61	2.9	89.94	91.93	92.39	92.10	93.08	-13.17	-13.70	-17.06
US Gulf, FOB Pipeline											**Differential to LLS**		
Super Unleaded	134.11	131.34	137.97	6.63	5.0	127.75	138.11	142.28	139.37	141.12	29.60	27.03	27.31
Unleaded	117.31	115.58	124.08	8.51	7.4	115.42	124.91	128.66	126.58	122.72	12.79	11.26	13.43
Jet/Kerosene	114.80	116.37	121.65	5.28	4.5	118.30	121.26	123.59	122.19	123.66	10.29	12.06	10.99
ULSD 10ppm	119.53	120.12	125.20	5.08	4.2	121.69	124.44	127.41	126.25	126.61	15.02	15.81	14.55
No. 6 3%*	91.11	89.92	91.25	1.33	1.5	90.03	91.25	91.72	91.55	91.75	-13.40	-14.39	-19.40
Singapore, FOB Cargoes											**Differential to Dubai**		
Premium Unleaded	114.38	117.92	121.70	3.78	3.2	118.87	124.85	126.22	119.41	117.69	14.03	17.63	18.24
Naphtha	93.80	94.41	97.91	3.50	3.7	95.04	98.84	99.65	98.29	97.97	-6.54	-5.88	-5.56
Jet/Kerosene	115.39	116.75	121.17	4.42	3.8	118.01	121.07	122.78	122.49	122.64	15.05	16.46	17.71
Gasoil 0.05%	116.66	119.24	123.07	3.83	3.2	121.28	123.22	124.39	123.73	123.22	16.31	18.95	19.61
LSWR Cracked	103.33	103.62	101.68	-1.94	-1.9	100.79	100.54	101.83	103.13	102.46	2.98	3.33	-1.78
HSFO 180 CST	96.49	97.87	95.38	-2.49	-2.5	94.66	95.33	95.63	95.87	95.09	-3.86	-2.42	-8.09
HSFO 380 CST 4%	95.00	94.20	93.93	-0.27	-0.3	92.47	93.89	94.78	94.64	93.98	-5.34	-6.09	-9.53

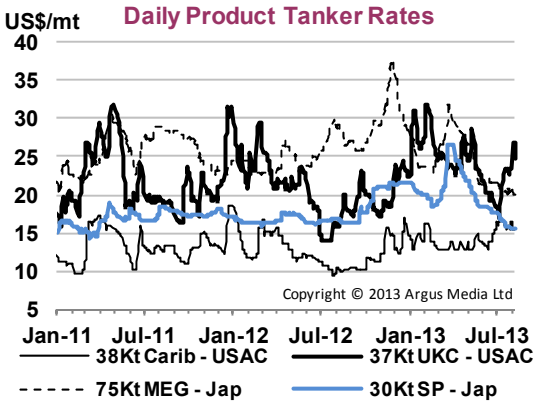
Copyright © 2013 Argus Media Ltd - All rights reserved *Waterborne

Freight

Following brisk demand, rates for VLCCs and Suezmax tankers were pushed to unseasonal highs in early July. Thereafter these carriers experienced mixed fortunes with Suezmax vessels outperforming larger tankers. Indeed, after briefly exceeding $13/mt in early-July, rates on the benchmark VLCC route between the Middle East Gulf and Asia plummeted back to under $9.50/mt by early-August, as the bloated tonnage pool, despite reportedly healthy demand, drove rates lower.

In contrast, rates on the benchmark West Africa–US Gulf Coast Suezmax trade surged throughout July and early August as the supply and demand of tankers remained more balanced than elsewhere. Rates extended their gains despite a severe drop-off in transatlantic trade as fixings to Europe remained steady. At the time of writing, rates stood at $16.70/mt, their highest level since late 2012, although the upward momentum might not be sustained as reports are circulating of vessels amassing in the region.





Northwest European crude tanker markets have followed seasonal patterns where maintenance in the North Sea and seasonally low Russian exports have limited tanker demand. Indeed, although rates for Aframax tankers on trades out of the Baltic and North Sea firmed slightly in mid-July as charters scrambled to cover date-specific cargoes, rates soon fell back to previous levels of approximately $5.50/mt.

It was also a story of contrasts in product tanker markets as the Atlantic Basin outperformed East of Suez markets. In the Atlantic Basin, the benchmark UK – US Atlantic Coast gasoline trade rebounded from a 2013 low of $16.80/mt in early-July to a high of $25.80/mt at the time of writing. This surge reflected both higher demand, as the US driving season ramped up, and an initial lack of available vessels in Northwest Europe, where many owners were reportedly unwilling to ballast back across the Atlantic while rates remained low. With rates now at a higher level, this will likely attract ballasters, which is liable to put downward pressure on rates as these vessels arrive in Europe. In the East, rates on the Singapore–Japan trade have remained in decline since early-April as despite recent healthy refinery activity, regional trade has remained weak leaving tonnage slack.

REFINING

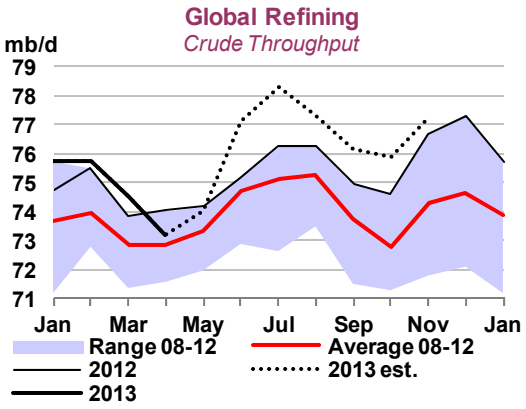
Summary

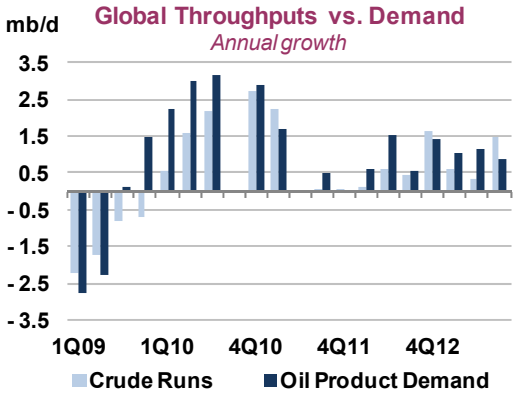
- **Global refinery crude demand surged by 3.1 mb/d in June,** its highest monthly increase on record. At 77.2 mb/d, global throughputs stood 2.0 mb/d above year-earlier levels. Refinery activity is expected to have risen further to reach a seasonal peak in July, before autumn maintenance curbs runs from August onwards.

- **Global throughput estimates for 2Q13 have been revised upwards by 0.1 mb/d since last month's *Report*** on higher baseline data and exceptionally strong June and July refinery activity, partly offset by higher-than-expected outages in the Middle East and Africa. The incorporation of annual 'Green Book' data for non-OECD countries lifted the 2011 baseline by 190 kb/d. Global runs are now assessed at 74.8 mb/d for 2Q13, rising to 77.3 mb/d in 3Q13.

- **Refinery margins fell in all regions in July**, as benchmark crude prices rose faster than product prices. Strong global crude demand, and reduced supplies of North Sea grades and Urals in Europe, underpinned European declines in margins, while a stronger WTI slashed US Midwest margins. At the same time, high refinery activity led to product stock builds in key consuming countries, limiting product price increases.

- **OECD crude runs rose steeply in June,** with increases of around 0.6 mb/d in each of the three OECD regions. Aggregate OECD throughputs averaged 37.7 mb/d, up 1.9 mb/d m-o-m and 0.6 mb/d above a year earlier. While a steep seasonal increase had already been factored into last month's *Report*, the actual ramp-up in refining activity exceeded expectations, leading to an upward revision of 0.8 mb/d for the OECD as a whole.





Global Refinery Overview

Global refinery crude throughput estimates have been raised by 100 kb/d for 2Q13 and 340 kb/d for 3Q13 on a combination of higher baseline data and surging refinery activity. Preliminary data for the OECD show significant increases in refinery runs spanning all regions in June. In aggregate, OECD runs rose by 570 kb/d y-o-y, which if confirmed by official data submissions would be the highest annual increase since February 2012. From May, OECD runs surged by 1.9 mb/d, with gains equally distributed across the three regions. In the non-OECD, Chinese refinery runs rebounded by an unexpectedly steep 440 kb/d in June, to 9.7 mb/d, from relatively modest levels earlier in 2013. US and Russian runs at near-record highs in July provided further upside to 3Q estimates.

Global Refinery Crude Throughput[1 2]

(million barrels per day)

	1Q2013	Apr 13	May 13	Jun 13	2Q2013	Jul 13	Aug 13	Sep 13	3Q2013	Oct 13	Nov 13
Americas	**17.7**	17.8	18.2	18.9	**18.3**	19.2	18.7	18.1	**18.7**	17.9	18.1
Europe	**11.6**	11.6	11.5	12.1	**11.7**	12.3	12.3	12.0	**12.2**	11.5	11.7
Asia Oceania	**7.1**	6.5	6.1	6.7	**6.4**	6.8	6.8	6.5	**6.7**	6.6	7.0
Total OECD	**36.4**	35.8	35.8	37.7	**36.4**	38.2	37.8	36.6	**37.6**	36.1	36.8
FSU	**6.8**	6.2	6.7	7.0	**6.6**	7.0	7.1	6.6	**6.9**	6.7	7.1
Non-OECD Europe	**0.4**	0.5	0.4	0.4	**0.4**	0.5	0.5	0.5	**0.5**	0.5	0.5
China	**9.8**	9.3	9.2	9.7	**9.4**	9.7	9.2	9.6	**9.5**	9.7	10.2
Other Asia	**10.0**	9.6	9.6	9.5	**9.6**	9.7	9.7	9.7	**9.7**	9.9	9.9
Latin America	**4.5**	4.5	4.6	4.7	**4.6**	4.8	4.8	4.8	**4.8**	4.6	4.6
Middle East	**5.5**	5.2	5.6	5.9	**5.5**	6.1	6.2	6.2	**6.2**	6.2	6.2
Africa	**1.9**	2.1	2.1	2.3	**2.1**	2.2	2.2	2.2	**2.2**	2.2	2.0
Total Non-OECD	**38.9**	37.4	38.3	39.5	**38.4**	40.1	39.6	39.5	**39.7**	39.8	40.5
Total	**75.3**	73.2	74.0	77.2	**74.8**	78.3	77.4	76.2	**77.3**	75.9	77.3

1 Preliminary and estimated runs based on capacity, know n outages, economic run cuts and global demand forecast

2 From the report dated 10 August, 2012 OECD Americas include Chile and OECD Asia Oceania includes Israel.

Baseline adjustments to several non-OECD countries have been made for the years up until 2011. Non-OECD crude runs have been revised upwards by 80 kb/d for 2010 and 190 kb/d for 2011, based on the incorporation of annual data from the IEA's *Energy Statistics of Non-OECD countries (2013 edition).* The 'Green Book', as the statistical publication is better known, is being released by the IEA Energy Data Centre simultaneously with this *Report*. Most of the revisions focus on FSU and Middle East countries for which little information is available on a monthly basis.

Notwithstanding strong runs in the OECD in June and continued high runs in the US into July, annual growth in crude throughputs continues to be dominated by non-OECD countries. In 2Q13, non-OECD Asia and the FSU accounted for most of the increase. Growth is expected to be more broadly dispersed in 3Q13, with annual increases also coming from the Middle East, Latin America and Africa, due to new refinery capacity and lower outages expected. In all, global crude throughputs are forecast to rise from 74.8 mb/d in 2Q13 to 77.3 mb/d in 3Q13.

Global Crude Demand Surges at Record Pace

The seasonal uptick in refinery crude demand has been stronger than normal this time of year, as the start-up of new capacity compounded the impact of significant refinery outages over April and May. Since its seasonal low-point in April, when global crude throughputs were assessed at 73.2 mb/d, refinery intake has risen to an estimated 78.3 mb/d in July, a remarkable 5.1 mb/d increase over the three months. By comparison, over the past five years, the increase in the same period has averaged 2.3 mb/d.

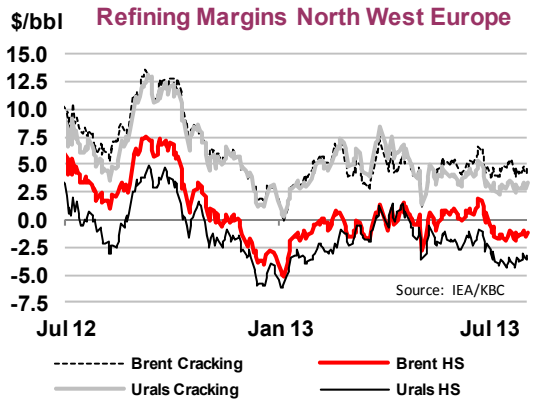
While the increase has to be seen in the context of an exceptionally weak April, when significant planned and unplanned outages curbed refinery activity to its lowest level since October 2011, this is the first time we see such a three-month surge since the IEA started gathering monthly global refinery activity levels in 2004.

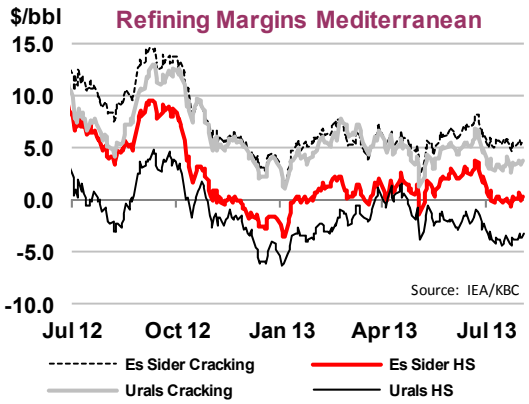
The largest monthly increase came in June, at 3.1 mb/d, with strong gains in both the OECD and the non-OECD region. OECD runs were up by 1.9 mb/d m-o-m, spread across the three regions. Non-OECD runs were boosted by a recovery in Chinese runs and the expected return of Middle Eastern and African refineries from heavy maintenance. Seasonal increases in Russian throughputs, to near record highs, also lifted runs.

The exceptional seasonal increase in crude demand is coming at a time of lower crude supplies both from planned and unplanned outages and goes a long way towards explaining recent increases in Brent and WTI crude oil prices to four and 16-month highs, respectively.

Refining Margins

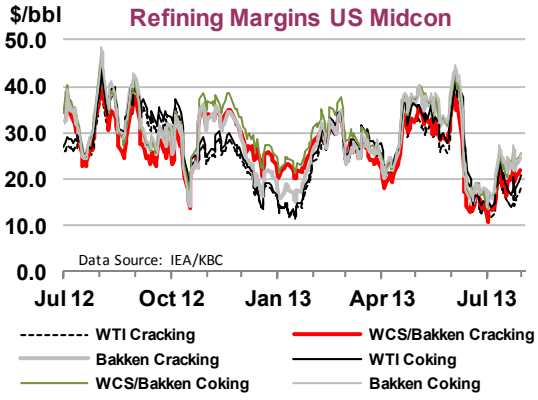
Refinery margins fell in all regions in July, as benchmark crude prices rose faster than product prices. Strong crude demand and reduced supplies of North Sea and Urals grades in Europe underpinned European declines, while a stronger WTI caused margins in the US Midwest to nosedive. At the same time, high refinery activity led to product stock builds in key consuming countries, limiting product price increases.

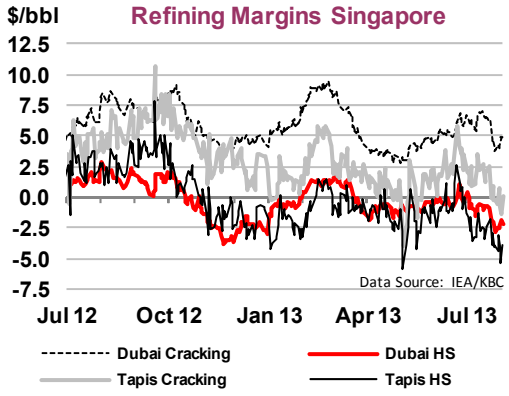




European refinery margins declined by an average $1.40/bbl in Northwest Europe and a steeper $2.06/bbl in the Mediterranean in July. Simple refineries moved firmly into the red. Urals margins were particularly weak due to the grade's recent strength. Reduced exports of Russian crude, due to both field maintenance and strong Russian refinery demand, coupled with lower Iraqi Kirkuk supplies, has provided strong support to Urals prices compared to other benchmarks, reversing the traditional Urals discount to Brent into a premium.

In the US, Midcontinent margins plummeted for a second consecutive month, due mostly to strong gains in WTI. The WTI discount to Brent narrowed to only $3.21/bbl in July, from $7.16/bbl in June and $14.80/bbl a year earlier. The start-up of BP's expanded Whiting refinery caused regional crude demand to soar. As the plant's new secondary units have yet to be commissioned, the plant is running light sweet crudes instead of the heavy Canadian feedstock for which it is desgined. Midcontinent WTI cracking margins fell from a high of $38/bbl in early June, to $12/bbl in early July, but had recovered to over $18/bbl by end month. Regional margins remain high compared to other benchmarks, however, ranging from $15–$22/bbl in July, excluding fixed and most variable costs. Declines on the US Gulf Coast were more muted, and held up for Maya/Mars coking configurations.





Singapore refining margins generally declined in July, except for Dubai hydrocracking margins, which held up due to more muted increases in Dubai crude compared to other benchmarks, and on improved product cracks for light and middle distillates.

IEA/KBC Global Indicator Refining Margins[1]

($/bbl)

	Monthly Average				Change	Average for week ending:				
	Apr 13	May 13	Jun 13	Jul 13	Jul 13-Jun 13	05 Jul	12 Jul	19 Jul	26 Jul	02 Aug
NW Europe										
Brent (Cracking)	4.96	4.31	5.11	4.45	-0.66	4.11	4.32	5.06	4.28	4.51
Urals (Cracking)	5.75	3.82	4.03	2.93	-1.10	2.82	2.77	3.26	2.79	3.05
Brent (Hydroskimming)	0.17	-0.02	0.65	-1.34	-1.99	-0.94	-1.51	-1.41	-1.57	-1.26
Urals (Hydroskimming)	0.01	-1.81	-1.93	-3.68	-1.75	-3.25	-3.84	-3.91	-3.86	-3.43
Mediterranean										
Es Sider (Cracking)	5.51	5.32	6.90	5.46	-1.43	5.46	5.46	5.69	5.17	5.57
Urals (Cracking)	4.85	4.04	5.32	3.35	-1.97	3.45	3.13	3.42	3.22	3.62
Es Sider (Hydroskimming)	1.16	1.35	2.64	0.19	-2.44	0.62	0.17	-0.01	-0.14	0.31
Urals (Hydroskimming)	-1.71	-2.40	-1.71	-4.11	-2.41	-3.71	-4.32	-4.38	-4.28	-3.75
US Gulf Coast										
50/50 HLS/LLS (Cracking)	6.12	7.22	6.95	5.77	-1.18	4.08	6.50	5.96	5.40	6.87
Mars (Cracking)	2.09	2.60	3.11	0.80	-2.31	0.26	1.82	0.97	-0.27	0.97
ASCI (Cracking)	1.89	2.33	2.83	0.42	-2.41	-0.10	1.49	0.56	-0.62	0.45
50/50 HLS/LLS (Coking)	7.46	8.48	8.34	7.87	-0.47	5.83	8.56	8.38	7.50	8.91
50/50 Maya/Mars (Coking)	2.74	2.96	4.44	4.55	0.11	2.97	5.05	5.34	4.10	5.43
ASCI (Coking)	6.08	6.42	7.35	6.03	-1.32	4.62	6.98	6.73	5.19	6.31
US Midcon										
WTI (Cracking)	26.55	29.67	22.86	15.62	-7.24	12.27	17.04	16.32	15.36	15.36
30/70 WCS/Bakken (Cracking)	25.51	31.65	21.48	18.45	-3.03	12.71	17.97	18.63	20.70	19.03
Bakken (Cracking)	28.46	35.19	24.92	21.42	-3.50	15.85	21.45	22.42	23.52	21.56
WTI (Coking)	28.75	32.42	25.13	18.21	-6.92	14.37	19.72	19.24	17.93	17.81
30/70 WCS/Bakken (Coking)	29.04	36.07	25.07	22.06	-3.01	15.79	21.65	22.46	24.33	22.66
Bakken (Coking)	29.19	36.17	25.63	22.28	-3.36	16.48	22.37	23.42	24.37	22.35
Singapore										
Dubai (Hydroskimming)	-1.09	-0.80	-0.24	-1.21	-0.97	-0.38	-1.04	-0.77	-1.92	-2.25
Tapis (Hydroskimming)	-1.40	-2.04	-0.32	-2.85	-2.53	-2.21	-2.63	-2.67	-3.30	-4.19
Dubai (Hydrocracking)	3.53	4.10	5.46	5.69	0.23	6.23	6.16	6.59	4.75	4.41
Tapis (Hydrocracking)	0.80	0.48	2.63	1.39	-1.24	1.69	2.13	2.11	0.56	-0.34

1 Global Indicator Refining Margins are calculated for various complexity configurations, each optimised for processing the specific crude(s) in a specific refining centre. Margins include energy cost, but exclude other variable costs, depreciation and amortisation. Consequently, reported margins should be taken as an indication, or proxy, of changes in profitability for a given refining centre. No attempt is made to model or otherwise comment upon the relative economics of specific refineries running individual crude slates and producing custom product sales, nor are these calculations intended to infer the marginal values of crude for pricing purposes.

Source: IEA, KBC Advanced Technologies (KBC)

OECD Refinery Throughput

Preliminary data show OECD crude throughputs surged 1.9 mb/d in June, the sharpest monthly increase since November 2002, apart from November 2010 when French refineries returned from strike action a month earlier. If confirmed by official statistics, this would be the steepest increase for this time of year since at least 1996. The surge in refinery activity spanned all regions, with roughly equal gains in Europe, Asia Oceania and the Americas. OECD Americas throughputs were 680 kb/d higher, led by the US, although Canada also reported growth as refineries returned from maintenance. European runs were higher across the board, in part supported by improved economics. For the first time since September 2012, regional runs rose above year-earlier levels, albeit by a modest 80 kb/d. The largest surprise came in the Pacific, however, with Japan and South Korea reporting monthly increases of close to 0.3 mb/d each. Japanese turnarounds seem to have been completed earlier than normal this year, with crude throughputs running some 320 kb/d above last year's levels.

Refinery Crude Throughput and Utilisation in OECD Countries

(million barrels per day)

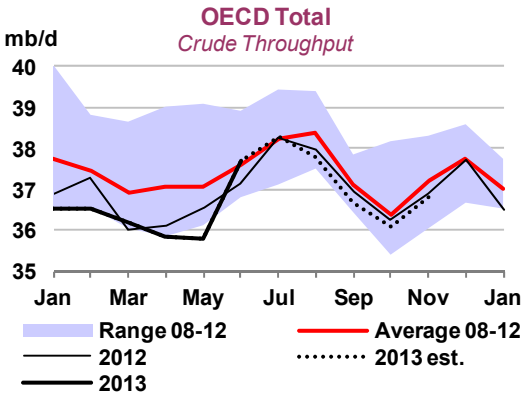
	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13	Change from May 13	Change from Jun 12	Utilisation rate[1] Jun 13	Utilisation rate[1] Jun 12
US[2]	14.57	14.25	14.70	14.86	15.30	15.70	0.40	0.07	88.5%	88.4%
US Virgin Islands	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0.0%
Canada	1.83	1.82	1.77	1.52	1.46	1.74	0.27	0.06	90.6%	89.1%
Chile	0.18	0.19	0.16	0.14	0.18	0.17	-0.01	0.00	73.7%	73.5%
Mexico	1.23	1.24	1.29	1.28	1.28	1.30	0.02	0.04	78.5%	76.0%
OECD Americas	**17.80**	**17.50**	**17.92**	**17.81**	**18.22**	**18.90**	**0.68**	**0.17**	**87.8%**	**87.4%**
France	1.06	1.21	1.12	1.20	1.22	1.28	0.06	0.04	91.3%	79.5%
Germany	1.93	1.96	1.84	1.70	1.87	1.96	0.09	0.16	96.9%	84.6%
Italy	1.29	1.27	1.19	1.21	1.19	1.27	0.08	-0.17	60.7%	66.1%
Netherlands	1.02	1.00	0.94	1.03	0.99	1.00	0.01	-0.05	77.8%	82.0%
Spain	1.18	1.12	1.18	1.32	1.21	1.21	0.00	0.11	79.9%	72.8%
United Kingdom	1.25	1.28	1.26	1.36	1.26	1.32	0.05	-0.11	65.7%	62.0%
Other OECD Europe	3.83	3.84	4.02	3.77	3.76	4.07	0.31	0.12	82.2%	80.2%
OECD Europe	**11.55**	**11.69**	**11.54**	**11.58**	**11.49**	**12.11**	**0.61**	**0.08**	**79.3%**	**75.6%**
Japan	3.48	3.67	3.37	3.30	2.85	3.14	0.29	0.32	68.4%	61.4%
South Korea	2.73	2.72	2.43	2.24	2.33	2.59	0.27	0.00	94.6%	94.6%
Other Asia Oceania	0.95	0.97	0.92	0.92	0.91	0.94	0.04	-0.01	78.5%	77.8%
OECD Asia Oceania	**7.16**	**7.35**	**6.72**	**6.46**	**6.08**	**6.68**	**0.59**	**0.32**	**78.2%**	**74.4%**
OECD Total	**36.52**	**36.54**	**36.17**	**35.85**	**35.79**	**37.69**	**1.89**	**0.57**	**83.1%**	**80.9%**

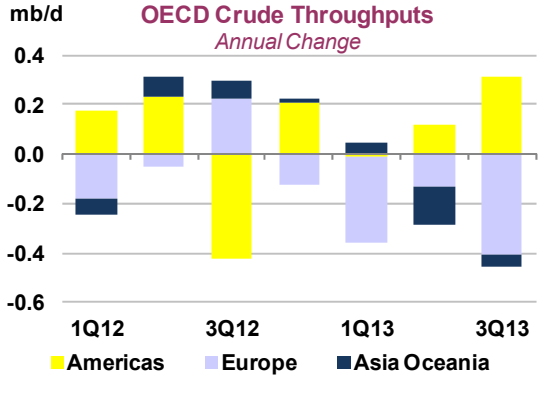
1 Expressed as a percentage, based on crude throughput and current operable refining capacity

2 US50

3 OECD Americas includes Chile and OECD Asia Oceania includes Israel. OECD Europe includes Slovenia and Estonia, though neither country has a refinery

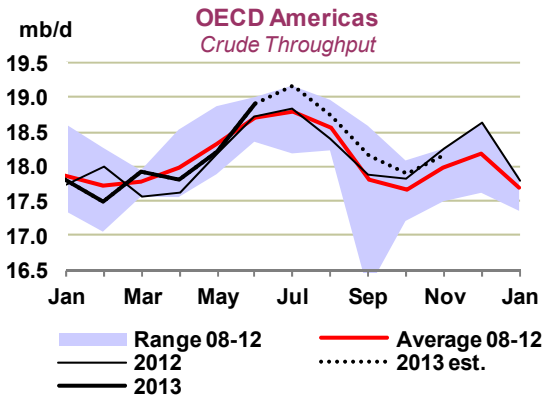
The estimate of 2Q13 OECD crude runs has been lifted by 100 kb/d since last month's *Report*, to 36.4 mb/d. Only American runs surpassed year-earlier levels for the quarter, up 120 kb/d year-on-year. Estimates for 3Q13 have been revised upwards by an even steeper 365 kb/d, to average 37.6 mb/d. Surging US refinery runs in July and stronger-than-expected Japanese runs underpin the upgrade. European runs, estimates of which have also been revised upwards for 3Q13, are expected to continue to contract on an annual basis. Indeed, we forecast that the annual reduction in European runs will gain momentum, widening to 400 kb/d in 3Q13, from just 130 kb/d in 2Q13. Underlying regional demand remains weak, and refinery margins have come down from June's improved levels. Furthermore, as refinery runs in North Africa increase with the return to full rates of Algeria's 335 kb/d Skikda plant after prolonged maintenance and upgrades, some export demand will also vanish.

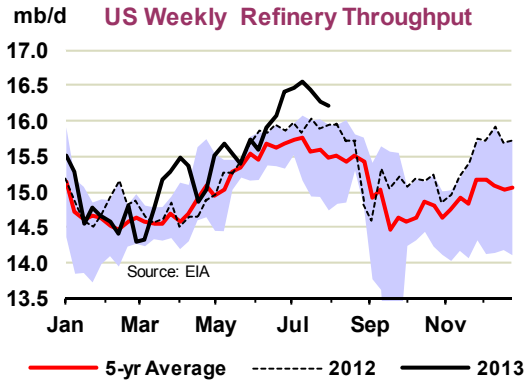




Crude throughputs in the **OECD Americas** in June were lifted by gains in both the **US** and **Canada.** Canadian crude runs rebounded by 270 kb/d from a month earlier, after maintenance at Valero's 265 kb/d Quebec and Suncor's 140 kb/d Edmonton plants reduced rates over April and May. Crude oil processed by US refiners rose by 400 kb/d, with month-on-month increases mostly accounted for by the US Gulf Coast and the Midcontinent. Despite recent gains in WTI prices, US crude runs continue to be supported by healthy margins due to discounted feedstock as well as rising export demand.

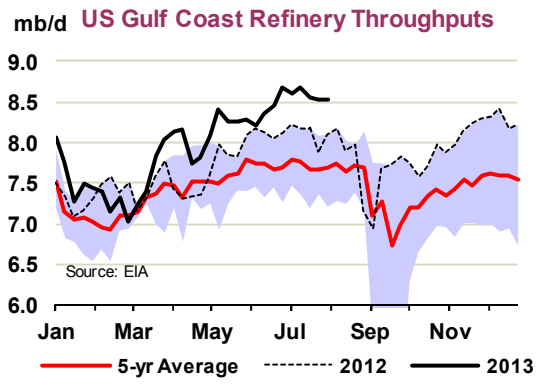
Compared with a year earlier, the US Gulf Coast and East Coast posted particularly steep gains. Increases on the Gulf Coast followed the start up of Motiva's Port Arthur refinery expansion earlier this year, while on the East Coast, the restart of the Trainer refinery near Philadelphia under new ownership in September 2012 underpinned growth. Delta Air Lines Inc. bought the 185 kb/d plant from ConocoPhillips earlier last year, after the latter shut it in September 2011 due to poor returns.

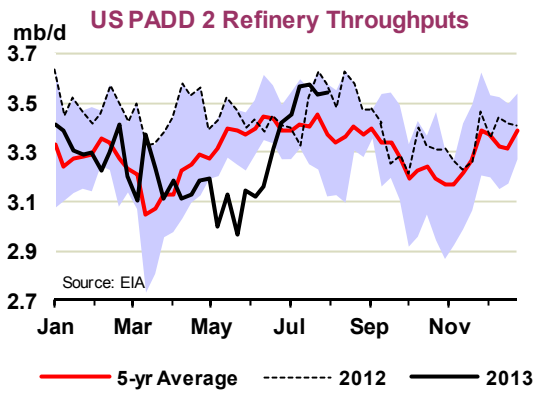




Weekly data from the US Energy Information Administration (EIA) show US refinery activity ramping up further into July, to its highest level since 2005. Total crude intake surpassed 16.2 mb/d in the week ending 12 July, before falling back slightly towards month-end. For the month as a whole, crude intake was 345 kb/d higher than June, and 395 kb/d above year-earlier levels, at 16.0 mb/d.

The sharpest increases came, not surprisingly, from the Midwest and the Gulf Coast. Gross inputs into Midwest plants have surged 0.6 mb/d from May's low-point. The start-up of a new 260 kb/d crude unit at BP's Whiting refinery in Illinois and the completion of regional refinery maintenance underpinned the increase. BP is in the process of upgrading the refinery to process more heavy Canadian crude, with the installation of a 102 kb/d coking unit and a 105 kb/d hydrotreater. The coking unit, which will be the largest of its kind in the US, is scheduled to start up later this year. In the mean time, the plant is processing light crudes. Providing a partial offset, a 105 kb/d crude unit at the same plant has reportedly been taken offline for maintenance from mid–July.



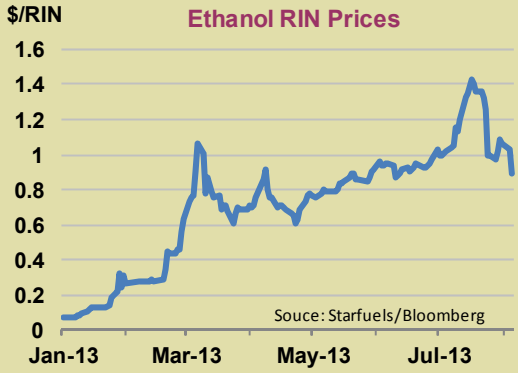


Even more noteworthy, US Gulf Coast crude runs reached a massive 8.4 mb/d on average in July, almost 0.5 mb/d above the same time last year. The year-on-year increase stems largely from Motiva's new 325 kb/d crude unit at its Port Arthur plant. The unit only came on line at the end of January this year after experiencing problems at start-up last year. The entire 600 kb/d refinery was shut for about three weeks from mid April for maintenance work.

RINs Rally Casts Spotlight on Renewable Policy

On 6 August, the US Environmental Protection Agency (EPA) released its final rule governing the volumes of biofuels to be blended in the nation's transportation fuels this year. The Agency maintained its overall target for biofuel use in 2013, requiring that a total of 16.55 billion gallons (or 1.1 mb/d) of biofuels be blended into US gasoline and diesel supplies this year, up from last year's target of 15.2 billion gallons. Uncertainty over the EPA's decision, which was more than eight months overdue, and concern about the US motor fuel market's limited capacity to absorb more ethanol in years to come, have sent the price of so-called Renewable Identification Numbers, or RINs, soaring this year.

RINs are certificates used by obligated parties, such as refiners, to demonstrate compliance with EPA blending requirements. Each gallon of biofuel blended into gasoline generates a RIN. Suppliers can obtain the RINs by blending themselves or buying the certificates from those that do. 2013 Ethanol RIN prices (D6) dipped by around 13% after the EPA announcement, trading just below $0.90/RIN. Although down from a record of $1.43/RIN last month, they are still more than 10 times the price last December, before concerns about the 'blend wall' intensified earlier this year.

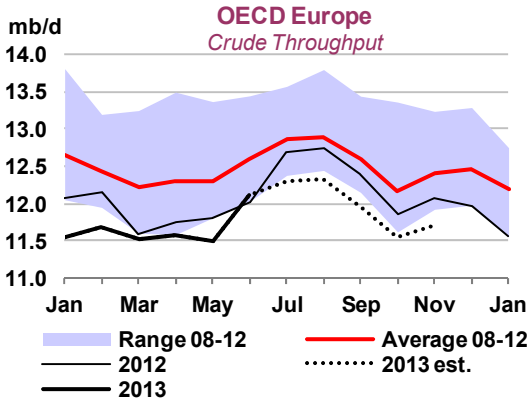


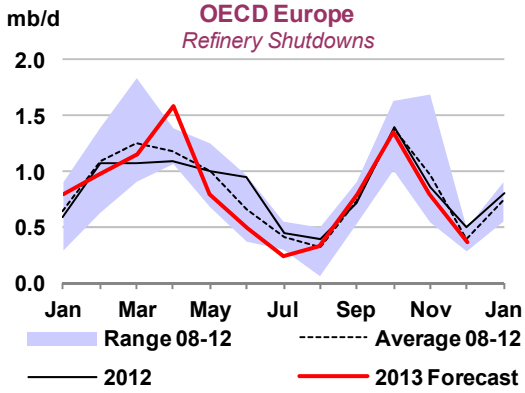
The 'blend wall' represents the maximum volume of ethanol that can practically be blended into the gasoline pool. While E15, a gasoline blend with 15% ethanol content, has been approved for use by the EPA in 2001 or newer model-year vehicles, it is still widely accepted that ethanol use in gasoline should not exceed 10%. Retail stations have been hestitant to propose E15 gasoline. Since they will need to continue to provide regular fuel for older cars and power equipment, they are required to install a new underground storage tank and pump to offer E15 at significant expense. Even if E15 was offered, consumers have been reluctant to switch due to concerns over damage to engines and warranty issues. BMW, Chrysler, Nissan, Toyota and VW have said their warranties will not cover fuel-related claims caused by E15. Ford, Honda, Kia, Mercedes-Benz and Volvo have said E15 use will void warranties, citing potential corrosive damage to key components.

Because of falling US gasoline demand, oil markets are expected to hit the E10 blend wall in 2014. EPA noted in its latest statement that it would consider reducing the mandate for both advanced biofuel and total renewable volumes in its forthcoming 2014 proposal, which will be published in September. Industry still fears that there will be a shortage of RINs for next year, and market participants have been hoarding RINs because of the uncertainty over how much blending will have to be done this year and in 2014. Some industry participants warn that a shortage of RINs will force firms to reduce the gasoline volumes offered in the US market in 2014 and after. Instead, gasoline production could be exported as only fuel supplied to the US market require a RIN certificate.

The impact of the biofuel blending requirements and the increasing cost of RINs have an uneven impact for US refiners. Those refiners who do more of their own ethanol blending into refined fuels, rather than leave it to pipeline companies or other third parties, can help mitigate the cost. Blenders generate a credit, while those who sell unblended fuels must buy RINs in the open market to meet the mandate. Valero, which is hardest hit by the soaring RIN prices, is having to spend up to $800 million this year on RIN certificates according market estimates. Independent refiner PBF Energy, which runs three refineries on the US East Coast, spent $69 million on biofuel credits in the first half of 2013, and expects to spend more than $200 million for the year as a whole. Others, such as Exxon, say they have enough blending capacity to keep RIN costs at a minimum. With winners and losers in the US fuel production and marketing space, concerns are that in the end the cost is being passed on to consumers in the form of higher retail gasoline prices.

Refinery activity in **OECD Europe** also rose sharply in June, by 610 kb/d, to 12.1 mb/d, its highest level since September. The increase was widespread, as refiners in most countries completed spring maintenance and margins generally improved. In all, average 2Q12 European crude runs were unchanged from last month's report, at 11.7 mb/d.

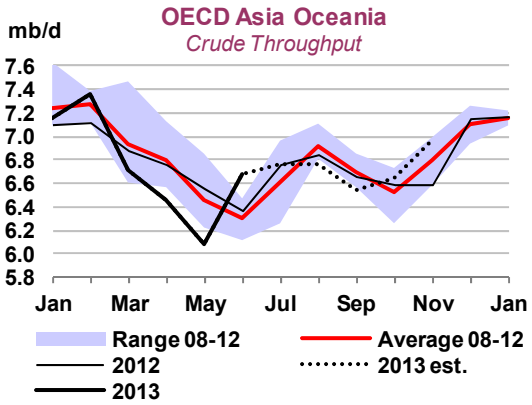


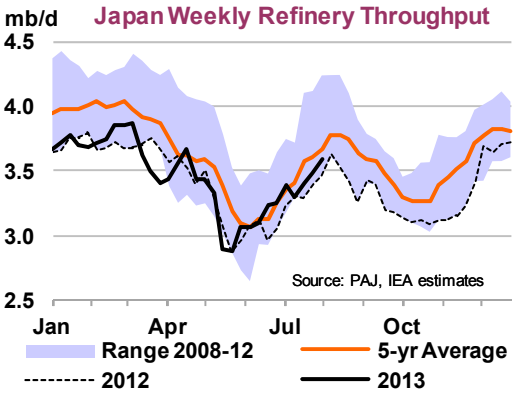


In July, Italy's API restarted the idled Falconara refinery. The 85 kb/d plant had been shut for the last six months in order to upgrade the power station. The company had said earlier that the plant could be closed for up to one year. Meanwhile, ENI resumed normal operations at its 100 kb/d Gela refinery which had been running at reduced rates and its 120 kb/d Taranto plant, which had mostly been shut since last year due to poor margins.

High European runs are unlikely to continue beyond the peak-summer-demand months, however, given continued poor economics and the onset of autumn maintenance. Exxon's 246 kb/d Antwerp refinery, BP's 400 kb/d Rotterdam refinery, UK's 200 kb/d Lindsey refinery and Repsol's 220 kb/d Bilbao plant are all scheduled to undertake maintenance in September and October. Cepsa's Tenerife refinery however has moved forward its planned autumn shutdown to July due to weak profits. While 3Q13 estimates have been raised by 100 kb/d on average since last month's report, regional runs are still seen declining 400 kb/d annually, to 12.2 mb/d.

Refinery throughputs in **OECD Asia Oceania** rebounded sharply in June, despite reports of continued high offline capacity. The region as a whole rose almost 600 kb/d from a month earlier, with gains of 290 kb/d and 270 kb/d in Japan and South Korea, respectively. Weekly data from the Petroleum Association of Japan show Japanese crude runs continuing to rise in July, in line with seasonal trends. Japanese crude runs will likely peak in August before maintenance again picks up from September onwards. Cosmo Oil permanently shut its 140 kb/d Sakaide refinery in July, to comply with government mandates to reach certain upgrading ratios.

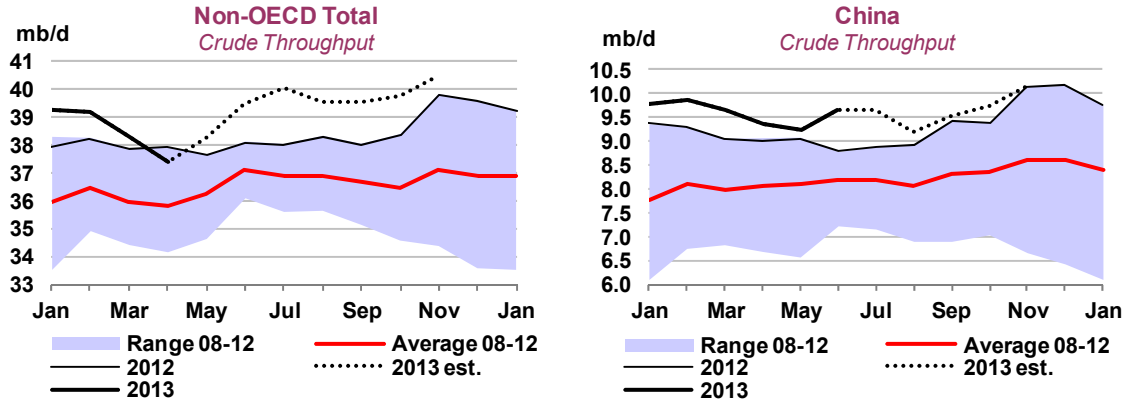




Non-OECD Refinery Throughput

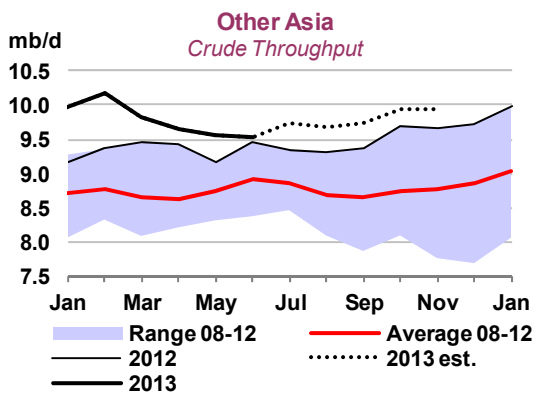
Non-OECD refinery throughputs for 2Q13 are unchanged since last month's report, though that aggregate figure masks mutually offsetting regional changes. Higher-than-expected Asian crude runs, in particular in China in June, were offset by downward revisions to Middle Eastern and African throughputs. Maintenance cuts in Kuwait in April and Saudi Arabia in May exceeded expectations, taking regional runs an estimated 330 kb/d below year-earlier levels. On the other hand, Chinese refiners processed the most crude since February, after several months of sluggish activity. At 38.4 mb/d, 2Q13 non-OECD throughputs were 0.5 kb/d above a year earlier, with growth mostly accounted for by non-OECD Asia and the FSU.

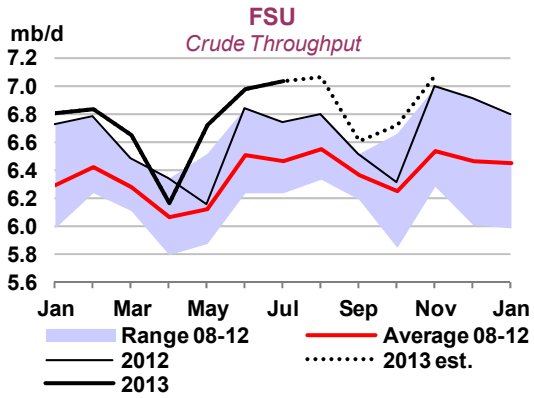
Annual growth is forecast to accelerate to 1.6 mb/d in 3Q13 and span virtually all regions. Latin American and African throughputs are expected to rebound from depressed levels a year earlier, when planned and unplanned outages reduced runs. Refinery runs in the Middle East will also rebound as maintenance was completed in 2Q13 and Saudi Arabia's 400 kb/d Jubail refinery ramps up towards full production, while growth in the FSU and non-OECD Asia is expected to continue at current rates. The incorporation of historical 'Green Book' annual data lifted the non-OECD baseline by 80 kb/d for 2010 and 190 kb/d for 2011.



Chinese refinery throughputs rose sharply in June, averaging 9.7 mb/d, due both to lower plant maintenance and better margins. According to data from the National Bureau of Statistics, June refinery runs surged 10.0% y-o-y and 4.8% on a monthly basis. The increase comes despite demand concerns amid signs of a slowing economy. Offline capacity due to maintenance was about 250 kb/d lower than in May, at only around 350 kb/d. On the other hand, refinery margins rose throughout the month of June, to the highest level so far this year by the end of the month after the government raised product prices. Lower crude import costs in June also helped margins. Industry surveys of planned refinery output in July show production steady from June, though runs are expected to fall in August as maintenance picks up again. PetroChina's 200 kb/d Pengzhou refinery is now scheduled to start up in October. The company had stalled the start-up since late last year because of a shortage of crude and an earthquake. The company has now agreed a supply deal of 140 kb/d Russian crude from January next year.

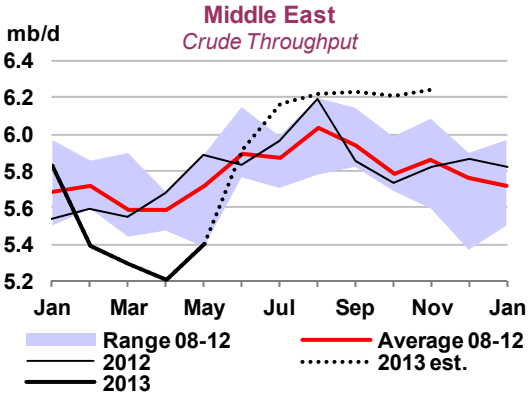
In Other Asia, **Indian** crude runs were relatively unchanged in June at 4.3 mb/d, but 220 kb/d lower than expected. Reliance's export refinery increased its intake by 65 kb/d from reduced rates in May due to an unexpected shutdown. A full shutdown of Numaligarh Refinery Ltd's 60 kb/d plant in the Indian state of Assam, due to a fire at the end of May, and lower runs at IOC's Panipat plant provided an offset, however. A fire at the Malacca refinery in **Malaysia** forced it to shut in mid-June. While the 100 kb/d CDU has reportedly restarted, technical issues forced the shutdown to last longer than expected and the refinery is still running at a reduced rate.

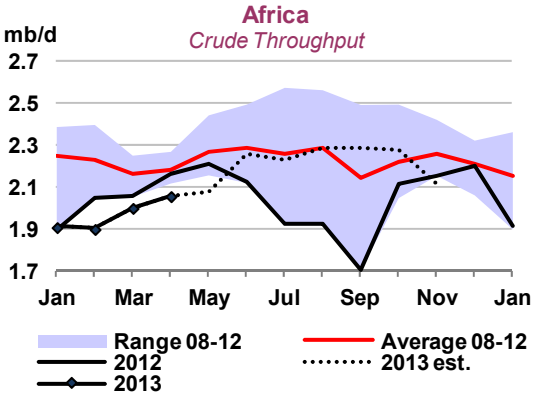




Russian refiners set yet another record in July, processing 5.7 mb/d of crude according to preliminary data. While throughputs were only 70 kb/d higher than a month earlier, the ramp up since April's low point now totals more than 800 kb/d. The recent high Russian crude demand has restricted crude exports and provided strong support to Urals prices, which recently have been showing a premium to Brent. Regional runs are expected to fall steeply in September and October after seasonal maintenance peaks. Almost 0.9 mb/d of Russian capacity is forecast to be offline in September and 600 kb/d in October, up from around 300 kb/d over the June–August period. Since last month's *Report*, some historical data for Belarus, Turkmenistan and Uzbekistan has been included, lifting the 2011 baseline by some 120 kb/d from previous estimates.

Refinery crude runs in the **Middle East** rose by 435 kb/d in May, from a seasonal low-point in April. Throughputs are assessed rising sharply in both Kuwait (+175 kb/d) and Saudi Arabia (+100 kb/d) as maintenance started to wind down. Saudi runs likely rose further in June when the 400 kb/d Yanbu refinery resumed full rates, after a near two-month maintenance shutdown from mid-March to mid-May. The ramping up of runs at the newly commissioned Jubail refinery should also support runs towards year-end, when the plant is expected to be fully operational.





In **Africa,** Libya's Ras Lanuf refinery reportedly halted operations in late July due to worker's protests and civil unrest. Workers at the 220 kb/d plant reportedly went on strike at the end of July following similar protests at the major crude oil terminals Ras Lanuf and Es Sider earlier in the month. In South Africa, refinery runs have been revised lower for May and June due to a shutdown of Sapref's 180 kb/d Durban refinery since April. The plant was scheduled to resume operations in early July. Algerian throughputs rose by 50 kb/d in May, to 400 kb/d, as the country's largest refinery, the 335 kb/d Skikda plant, completed prolonged maintenance. Runs were assessed higher yet for June as the refinery reached full output levels.

Table 1
WORLD OIL SUPPLY AND DEMAND
(million barrels per day)

	2010	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014
OECD DEMAND																	
Americas[1]	24.1	24.0	23.4	23.7	23.8	23.8	23.7	23.7	23.8	23.8	23.8	23.8	23.7	23.7	23.8	23.7	23.7
Europe[2]	14.7	14.3	13.7	13.8	13.8	13.7	13.7	13.2	13.8	13.6	13.5	13.5	13.2	13.3	13.6	13.5	13.4
Asia Oceania[3]	8.2	8.2	9.2	8.1	8.3	8.8	8.6	8.9	7.9	8.1	8.6	8.4	8.8	7.7	8.1	8.5	8.3
Total OECD	47.0	46.5	46.3	45.6	46.0	46.2	46.0	45.8	45.5	45.5	45.9	45.7	45.6	44.8	45.5	45.7	45.4
NON-OECD DEMAND																	
FSU	4.1	4.4	4.3	4.4	4.6	4.6	4.5	4.3	4.6	4.8	4.8	4.6	4.4	4.6	4.9	4.9	4.7
Europe	0.7	0.7	0.6	0.7	0.7	0.7	0.7	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
China	8.9	9.3	9.5	9.6	9.8	10.3	9.8	10.0	10.0	10.1	10.4	10.1	10.4	10.3	10.5	10.8	10.5
Other Asia	10.7	11.0	11.3	11.4	11.1	11.6	11.3	11.7	11.6	11.4	11.8	11.6	11.9	12.0	11.8	12.1	12.0
Latin America	6.1	6.2	6.2	6.4	6.5	6.6	6.4	6.4	6.6	6.7	6.6	6.6	6.5	6.7	6.9	6.8	6.7
Middle East	7.3	7.4	7.3	7.8	8.1	7.5	7.6	7.4	7.8	8.3	7.7	7.8	7.6	8.1	8.6	7.9	8.1
Africa	3.5	3.4	3.6	3.5	3.5	3.6	3.6	3.7	3.7	3.7	3.8	3.7	3.8	3.9	3.9	4.0	3.9
Total Non-OECD	41.3	42.4	42.7	43.7	44.4	44.8	43.9	44.1	44.9	45.7	45.9	45.2	45.4	46.4	47.2	47.3	46.6
Total Demand[4]	88.3	88.9	89.0	89.3	90.4	91.0	89.9	89.9	90.4	91.2	91.8	90.8	91.0	91.2	92.6	93.0	92.0
OECD SUPPLY																	
Americas[1,7]	14.1	14.6	15.6	15.5	15.7	16.6	15.9	16.8	16.8	17.0	17.6	17.0	17.8	17.7	17.8	18.3	17.9
Europe[2]	4.1	3.8	3.8	3.6	3.2	3.3	3.5	3.3	3.2	3.0	3.4	3.2	3.3	3.2	3.0	3.2	3.2
Asia Oceania[3]	0.7	0.6	0.6	0.6	0.6	0.5	0.6	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total OECD	18.9	19.0	19.9	19.7	19.4	20.5	19.9	20.5	20.5	20.6	21.5	20.8	21.6	21.4	21.3	22.0	21.6
NON-OECD SUPPLY																	
FSU	13.5	13.6	13.7	13.6	13.6	13.7	13.7	13.8	13.8	13.6	13.7	13.7	13.7	13.6	13.7	13.7	13.7
Europe	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
China	4.1	4.1	4.2	4.1	4.2	4.3	4.2	4.2	4.2	4.3	4.3	4.2	4.3	4.3	4.3	4.3	4.3
Other Asia[5]	3.7	3.6	3.6	3.5	3.6	3.6	3.6	3.6	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Latin America[5,7]	4.1	4.2	4.3	4.1	4.1	4.2	4.2	4.2	4.2	4.2	4.3	4.2	4.4	4.4	4.5	4.5	4.5
Middle East	1.7	1.7	1.4	1.5	1.5	1.5	1.5	1.4	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Africa[5]	2.5	2.6	2.4	2.3	2.2	2.3	2.3	2.3	2.3	2.4	2.4	2.4	2.5	2.5	2.6	2.6	2.5
Total Non-OECD	29.9	29.9	29.8	29.2	29.3	29.7	29.5	29.7	29.5	29.5	29.8	29.6	29.9	29.9	30.0	30.1	30.0
Processing Gains[6]	2.1	2.1	2.1	2.1	2.2	2.1	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Global Biofuels[7]	1.8	1.9	1.5	1.9	2.1	1.9	1.9	1.5	2.0	2.4	2.1	2.0	1.7	2.1	2.4	2.1	2.1
Total Non-OPEC[5]	52.7	52.8	53.4	52.9	53.0	54.2	53.4	53.8	54.1	54.6	55.4	54.5	55.3	55.6	56.0	56.4	55.9
OPEC																	
Crude[8]	29.2	29.9	31.3	31.7	31.5	30.7	31.3	30.4	30.8								
NGLs	5.6	5.9	6.2	6.2	6.3	6.4	6.3	6.4	6.4	6.6	6.7	6.5	6.7	6.7	6.8	6.8	6.7
Total OPEC[5]	34.7	35.8	37.5	37.9	37.8	37.1	37.6	36.8	37.2								
Total Supply[9]	87.4	88.6	90.9	90.8	90.9	91.3	91.0	90.6	91.3								
STOCK CHANGES AND MISCELLANEOUS																	
Reported OECD																	
Industry	0.1	-0.2	0.5	0.4	0.4	-0.7	0.2	0.1	0.1								
Government	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0								
Total	0.1	-0.3	0.5	0.4	0.5	-0.7	0.2	0.2	0.0								
Floating Storage/Oil in Transit	-0.2	-0.1	-0.4	0.2	-0.1	0.1	0.0	0.2	0.0								
Miscellaneous to balance[10]	-0.8	0.1	1.7	0.9	0.1	0.8	0.9	0.4	0.9								
Total Stock Ch. & Misc	-0.9	-0.2	1.9	1.5	0.5	0.3	1.0	0.7	0.9								
Memo items:																	
Call on OPEC crude + Stock ch.[11]	30.1	30.1	29.4	30.2	31.0	30.5	30.3	29.7	29.9	30.0	29.7	29.8	29.0	28.9	29.8	29.7	29.4
Adjusted Call on OPEC + Stock ch.[12]	29.3	30.2	31.1	31.1	31.1	31.3	31.2	30.1	30.8	30.7	30.3	30.5	29.6	29.5	30.5	30.4	30.0

1 As of August 2012 OMR, OECD Americas includes Chile.
2 As of August 2012 OMR, OECD Europe includes Estonia and Slovenia.
3 As of August 2012 OMR, OECD Asia Oceania includes Israel.
4 Measured as deliveries from refineries and primary stocks, comprises inland deliveries, international marine bunkers, refinery fuel, crude for direct burning, oil from non-conventional sources and other sources of supply.
5 Other Asia includes Indonesia throughout. Latin America excludes Ecuador throughout. Africa excludes Angola throughout. Total Non-OPEC excludes all countries that were members of OPEC at 1 January 2009. Total OPEC comprises all countries which were OPEC members at 1 January 2009.
6 Net volumetric gains and losses in the refining process and marine transportation losses.
7 As of the July 2010 OMR, Global Biofuels comprise all world biofuel production including fuel ethanol from the US and Brazil.
8 As of the March 2006 OMR, Venezuelan Orinoco heavy crude production is included within Venezuelan crude estimates. Orimulsion fuel remains within the OPEC NGL and non-conventional category, but Orimulsion production reportedly ceased from January 2007.
9 Comprises crude oil, condensates, NGLs, oil from non-conventional sources and other sources of supply.
10 Includes changes in non-reported stocks in OECD and non-OECD areas.
11 Equals the arithmetic difference between total demand minus total non-OPEC supply minus OPEC NGLs.
12 Equals the "Call on OPEC + Stock Ch." with "Miscellaneous to balance" added for historical periods and with an average of "Miscellaneous to balance" for the most recent 8 quarters added for forecast periods.

Table 1a
WORLD OIL SUPPLY AND DEMAND: CHANGES FROM LAST MONTH'S TABLE 1

(million barrels per day)

	2010	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014
OECD DEMAND																	
Americas	-	-	-	-	-	-	-	-	0.1	-	-	-	0.1	0.1	-	-	-
Europe	-	-	-	-	-	-	-	-	0.2	-	-0.1	-	-	0.2	-0.1	-0.2	-
Asia Oceania	-	-	-	-	-	-	-	-	-0.1	-0.1	-	-	-0.1	-0.1	-0.1	-0.1	-0.1
Total OECD	-	-	-	-	-	-	-	-	0.2	-0.1	-0.1	-	-	0.1	-0.2	-0.3	-0.1
NON-OECD DEMAND																	
FSU	-	-	-0.1	-	0.1	0.1	-	-0.1	0.1	0.1	-	-	-0.2	0.1	0.1	0.1	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.1	0.3	0.2	0.1	0.2	0.2	0.2	0.1	0.1	0.2
Other Asia	-0.1	-	-	-	-	-	-	-	-0.1	-	-	-	-0.1	-0.1	-	-	-
Latin America	-	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2
Middle East	-0.1	-	0.1	-	-	-	-	-	-	-	0.1	-	-	-	-	0.1	-
Africa	-	0.1	-	-	-	0.1	-	0.1	-	-	0.1	-	0.1	0.1	-	0.1	0.1
Total Non-OECD	-0.1	-	-	-	0.1	0.2	0.1	-	0.1	0.1	0.1	0.1	-0.1	-	0.1	0.2	-
Total Demand	-0.1	-	-	-	0.1	0.2	0.1	-	0.3	0.1	-0.1	0.1	-0.1	0.1	-0.1	-0.1	-
OECD SUPPLY																	
Americas	-	-	-	-	-	-	-	-	-	0.1	0.1	-	0.1	0.1	0.1	0.1	0.1
Europe	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-	-	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-0.1	-	0.1	0.1	-	0.1	0.1	0.1	0.1	0.1
NON-OECD SUPPLY																	
FSU	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-	-0.1	-0.1	-0.1	-0.1	-0.1
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	-	-	-	-0.1	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Processing Gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Global Biofuels	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OPEC	-	-	-	-	-	-	-	-0.1	-	-0.1	-0.1	-0.1	-	-	-	-0.1	-
OPEC																	
Crude	-	-	-	-	-	-	-	-	-								
NGLs	-	-	-	-	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-	-	-	-	-
Total OPEC	-	-	-	-	-0.1	-0.1	-0.1	-0.1	-0.1								
Total Supply	-	-	-	-	-0.1	-0.1	-0.1	-0.2	-0.1								
STOCK CHANGES AND MISCELLANEOUS																	
REPORTED OECD																	
Industry	-	-	-	-	-	-	-	-									
Government	-	-	-	-	-	-	-	-									
Total	-	-	-	-	-	-	-	-									
Floating Storage/Oil in Transit	-	-	-	-	-	-	-	-									
Miscellaneous to balance	0.1	-	-0.1	-0.1	-0.2	-0.3	-0.2	-0.1									
Total Stock Ch. & Misc	0.1	-	-0.1	-0.1	-0.2	-0.3	-0.2	-0.1	-0.4								
Memo items:																	
Call on OPEC crude + Stock ch.	-0.1	-	0.1	0.1	0.2	0.3	0.2	0.1	0.4	0.2	0.1	0.2	-0.1	0.1	-0.1	-	-
Adjusted Call on OPEC + Stock ch.	-	-	-	-	-	-	-	-	0.8	0.3	0.1	0.3	-	0.2	-	-	-

When submitting their monthly oil statistics, OECD Member countries periodically update data for prior periods. Similar updates to non-OECD data can occur.

Table 2

SUMMARY OF GLOBAL OIL DEMAND

	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014
Demand (mb/d)																
Americas[1]	23.96	23.44	23.71	23.82	23.80	23.70	23.73	23.83	23.79	23.77	23.78	23.67	23.75	23.81	23.68	23.73
Europe[2]	14.28	13.69	13.79	13.81	13.66	13.74	13.16	13.76	13.63	13.48	13.51	13.20	13.28	13.61	13.45	13.39
Asia Oceania[3]	8.23	9.18	8.07	8.33	8.78	8.59	8.92	7.88	8.09	8.62	8.37	8.79	7.74	8.05	8.52	8.28
Total OECD	46.47	46.31	45.58	45.96	46.25	46.02	45.81	45.47	45.50	45.86	45.66	45.65	44.77	45.47	45.66	45.39
Asia	20.33	20.74	20.95	20.92	21.82	21.11	21.65	21.59	21.53	22.24	21.75	22.33	22.33	22.24	22.92	22.45
Middle East	7.42	7.25	7.76	8.11	7.46	7.65	7.44	7.82	8.30	7.74	7.83	7.62	8.12	8.57	7.92	8.06
Latin America	6.17	6.17	6.37	6.53	6.59	6.42	6.38	6.59	6.70	6.64	6.58	6.46	6.70	6.90	6.84	6.73
FSU	4.39	4.31	4.43	4.63	4.63	4.50	4.33	4.55	4.78	4.79	4.62	4.45	4.65	4.88	4.94	4.73
Africa	3.44	3.55	3.53	3.54	3.62	3.56	3.69	3.67	3.70	3.81	3.72	3.84	3.89	3.87	3.98	3.90
Europe	0.66	0.65	0.70	0.69	0.68	0.68	0.63	0.69	0.71	0.71	0.68	0.67	0.69	0.71	0.71	0.70
Total Non-OECD	42.41	42.68	43.74	44.43	44.80	43.92	44.12	44.91	45.72	45.93	45.18	45.36	46.38	47.17	47.31	46.56
World	88.88	88.99	89.32	90.39	91.05	89.94	89.93	90.38	91.22	91.79	90.84	91.01	91.16	92.64	92.97	91.95
of which: US50	18.95	18.48	18.71	18.72	18.51	18.61	18.66	18.74	18.64	18.58	18.66	18.59	18.72	18.65	18.49	18.61
Europe 5*	8.65	8.33	8.28	8.28	8.20	8.27	7.99	8.28	8.05	7.99	8.08	8.00	7.90	8.00	7.94	7.96
China	9.31	9.46	9.56	9.78	10.26	9.77	9.98	9.99	10.09	10.44	10.12	10.39	10.33	10.46	10.83	10.50
Japan	4.47	5.27	4.28	4.47	4.84	4.71	5.07	4.10	4.29	4.70	4.54	4.87	4.03	4.24	4.54	4.42
India	3.20	3.36	3.44	3.17	3.39	3.34	3.43	3.45	3.29	3.56	3.43	3.58	3.60	3.39	3.62	3.55
Russia	3.21	3.19	3.24	3.41	3.36	3.30	3.21	3.36	3.55	3.49	3.40	3.33	3.44	3.65	3.62	3.51
Brazil	2.87	2.87	2.93	3.03	3.12	2.99	2.98	3.09	3.15	3.15	3.09	3.05	3.16	3.27	3.28	3.19
Saudi Arabia	2.79	2.57	3.00	3.32	2.79	2.92	2.72	3.06	3.40	2.95	3.04	2.79	3.23	3.55	3.02	3.15
Canada	2.27	2.19	2.23	2.34	2.38	2.29	2.28	2.30	2.33	2.31	2.31	2.30	2.24	2.35	2.32	2.30
Korea	2.26	2.34	2.23	2.26	2.37	2.30	2.31	2.27	2.28	2.37	2.31	2.39	2.21	2.25	2.40	2.31
Mexico	2.11	2.09	2.13	2.11	2.24	2.15	2.11	2.14	2.15	2.21	2.15	2.09	2.14	2.14	2.19	2.14
Iran	1.77	1.80	1.82	1.69	1.68	1.75	1.73	1.74	1.72	1.70	1.72	1.76	1.75	1.73	1.72	1.74
Total	61.84	61.95	61.86	62.60	63.13	62.39	62.49	62.51	62.94	63.44	62.85	63.16	62.73	63.68	63.99	63.39
% of World	69.6%	69.6%	69.3%	69.3%	69.3%	69.4%	69.5%	69.2%	69.0%	69.1%	69.2%	69.4%	68.8%	68.7%	68.8%	68.9%
Annual Change (% per annum)																
Americas[1]	-0.8	-2.8	0.0	-1.2	-0.4	-1.1	1.2	0.5	-0.1	-0.1	0.4	-0.3	-0.4	0.1	-0.4	-0.2
Europe[2]	-2.8	-3.7	-2.3	-6.0	-3.0	-3.8	-3.9	-0.2	-1.3	-1.4	-1.7	0.3	-3.4	-0.1	-0.2	-0.9
Asia Oceania[3]	0.6	5.8	7.8	2.9	1.2	4.3	-2.8	-2.4	-2.9	-1.9	-2.5	-1.5	-1.7	-0.4	-1.1	-1.2
Total OECD	-1.2	-1.5	0.5	-2.0	-0.9	-1.0	-1.1	-0.2	-1.0	-0.8	-0.8	-0.3	-1.5	-0.1	-0.4	-0.6
Asia	3.4	2.6	2.8	4.2	5.7	3.8	4.4	3.1	2.9	1.9	3.1	3.1	3.4	3.3	3.1	3.2
Middle East	2.2	3.6	4.5	3.4	1.1	3.1	2.5	0.8	2.3	3.8	2.4	2.4	3.8	3.2	2.4	3.0
Latin America	1.5	3.9	3.8	3.0	5.1	3.9	3.3	3.4	2.6	0.9	2.5	1.3	1.7	3.0	3.0	2.3
FSU	6.3	6.1	2.3	1.2	1.1	2.6	0.3	2.7	3.2	3.6	2.5	2.8	2.1	2.1	3.0	2.5
Africa	-2.4	1.5	1.6	5.4	6.0	3.6	4.0	3.8	4.5	5.1	4.3	4.0	6.2	4.6	4.4	4.8
Europe	-0.2	4.0	8.5	2.8	-0.9	3.4	-2.7	-1.5	2.1	3.7	0.5	6.2	1.1	0.1	0.6	1.9
Total Non-OECD	2.6	3.2	3.2	3.6	4.2	3.6	3.4	2.7	2.9	2.5	2.9	2.8	3.3	3.2	3.0	3.1
World	0.6	0.7	1.8	0.7	1.6	1.2	1.1	1.2	0.9	0.8	1.0	1.2	0.9	1.6	1.3	1.2
Annual Change (mb/d)																
Americas[1]	-0.18	-0.66	-0.01	-0.29	-0.10	-0.27	0.29	0.12	-0.03	-0.03	0.09	-0.06	-0.09	0.02	-0.09	-0.06
Europe[2]	-0.41	-0.52	-0.33	-0.88	-0.42	-0.54	-0.53	-0.03	-0.18	-0.19	-0.23	0.04	-0.47	-0.01	-0.02	-0.12
Asia Oceania[3]	0.05	0.50	0.58	0.24	0.11	0.36	-0.26	-0.19	-0.24	-0.16	-0.22	-0.13	-0.14	-0.03	-0.09	-0.10
Total OECD	-0.55	-0.69	0.24	-0.93	-0.41	-0.45	-0.50	-0.11	-0.46	-0.38	-0.36	-0.16	-0.70	-0.03	-0.20	-0.27
Asia	0.67	0.53	0.56	0.84	1.18	0.78	0.91	0.65	0.61	0.42	0.65	0.67	0.73	0.71	0.68	0.70
Middle East	0.16	0.25	0.33	0.26	0.08	0.23	0.18	0.06	0.19	0.28	0.18	0.18	0.30	0.27	0.18	0.23
Latin America	0.09	0.23	0.23	0.19	0.32	0.24	0.21	0.22	0.17	0.06	0.16	0.08	0.11	0.20	0.20	0.15
FSU	0.26	0.25	0.10	0.06	0.05	0.11	0.01	0.12	0.15	0.17	0.11	0.12	0.09	0.10	0.15	0.12
Africa	-0.08	0.05	0.06	0.18	0.20	0.12	0.14	0.14	0.16	0.18	0.15	0.15	0.23	0.17	0.17	0.18
Europe	0.00	0.02	0.05	0.02	-0.01	0.02	-0.02	-0.01	0.01	0.03	0.00	0.04	0.01	0.00	0.00	0.01
Total Non-OECD	1.09	1.33	1.34	1.55	1.82	1.51	1.44	1.17	1.29	1.13	1.26	1.24	1.47	1.45	1.38	1.39
World	0.55	0.65	1.59	0.62	1.41	1.06	0.94	1.06	0.83	0.75	0.90	1.08	0.77	1.41	1.18	1.11
Revisions to Oil Demand from Last Month's Report (mb/d)																
Americas[1]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.14	0.01	0.03	0.04	0.05	0.13	-0.03	-0.05	0.03
Europe[2]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.18	-0.01	-0.15	0.01	0.02	0.15	-0.09	-0.17	-0.02
Asia Oceania[3]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.08	-0.08	-0.03	-0.05	-0.07	-0.13	-0.06	-0.07	-0.08
Total OECD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.24	-0.08	-0.15	0.00	0.01	0.15	-0.17	-0.29	-0.08
Asia	0.05	0.16	0.11	0.17	0.16	0.15	0.10	0.18	0.17	0.10	0.14	0.17	0.06	0.15	0.15	0.13
Middle East	0.03	0.07	-0.01	0.00	0.01	0.02	0.03	-0.04	0.03	0.06	0.02	0.03	0.00	0.01	0.05	0.02
Latin America	-0.12	-0.10	-0.10	-0.10	-0.11	-0.10	-0.10	-0.10	-0.14	-0.15	-0.12	-0.14	-0.16	-0.15	-0.16	-0.15
FSU	0.00	-0.10	0.02	0.07	0.07	0.02	-0.11	0.06	0.07	0.02	0.01	-0.17	0.07	0.07	0.06	0.00
Africa	0.06	0.04	0.04	0.05	0.05	0.05	0.06	0.01	0.05	0.06	0.04	0.07	0.05	0.04	0.07	0.06
Europe	-0.04	-0.03	-0.03	-0.03	-0.03	-0.03	-0.03	-0.04	-0.03	-0.02	-0.03	-0.03	-0.03	-0.02	-0.02	-0.02
Total Non-OECD	-0.02	0.04	0.04	0.14	0.16	0.10	-0.04	0.07	0.15	0.07	0.06	-0.06	-0.01	0.09	0.15	0.04
World	-0.02	0.04	0.04	0.14	0.16	0.10	-0.04	0.31	0.07	-0.07	0.07	-0.05	0.14	-0.08	-0.13	-0.03
Revisions to Oil Demand Growth from Last Month's Report (mb/d)																
World	0.04	0.11	0.10	0.11	0.14	0.11	-0.09	0.28	-0.08	-0.24	-0.03	-0.01	-0.18	-0.15	-0.06	-0.10

1 As of the August 2012 OMR, includes Chile.

2 As of the August 2012 OMR, includes Estonia and Slovenia.

3 As of the August 2012 OMR, includes Israel.

* France, Germany, Italy, Spain and UK

Table 2a
OECD REGIONAL OIL DEMAND[1]
(million barrels per day)

	2011	2012	2Q12	3Q12	4Q12	1Q13	Mar 13	Apr 13	May 13 [2]	Latest month vs. Apr 13	Latest month vs. May 12
Americas[3]											
LPG&Ethane	3.13	3.16	2.95	3.04	3.37	3.64	3.46	3.08	2.84	-0.25	-0.18
Naphtha	0.35	0.34	0.34	0.32	0.36	0.37	0.33	0.37	0.40	0.04	0.03
Motor Gasoline	10.42	10.36	10.62	10.49	10.19	10.05	10.25	10.47	10.68	0.22	0.02
Jet/Kerosene	1.64	1.65	1.67	1.70	1.62	1.58	1.62	1.66	1.69	0.03	0.02
Gasoil/Diesel Oil	5.13	4.97	4.95	4.86	5.01	5.16	4.96	5.11	5.06	-0.06	0.01
Residual Fuel Oil	0.87	0.75	0.75	0.77	0.70	0.75	0.78	0.70	0.56	-0.14	-0.11
Other Products	2.42	2.47	2.43	2.64	2.55	2.18	2.15	2.30	2.46	0.16	0.01
Total	23.96	23.70	23.71	23.82	23.80	23.73	23.56	23.69	23.70	0.01	-0.20
Europe[4]											
LPG&Ethane	0.97	0.94	0.95	0.88	0.91	1.05	1.12	1.16	1.16	-0.01	0.21
Naphtha	1.15	1.17	1.11	1.13	1.17	1.22	1.13	1.10	1.08	-0.02	0.01
Motor Gasoline	2.13	1.99	2.05	2.06	1.93	1.79	1.83	1.95	1.94	-0.01	-0.09
Jet/Kerosene	1.24	1.21	1.24	1.32	1.18	1.13	1.16	1.24	1.23	0.00	0.00
Gasoil/Diesel Oil	6.06	5.95	5.85	5.88	6.14	5.78	5.81	6.20	5.91	-0.29	0.23
Residual Fuel Oil	1.23	1.09	1.08	1.07	1.03	1.00	0.99	1.02	1.02	0.00	-0.07
Other Products	1.49	1.40	1.52	1.48	1.31	1.19	1.16	1.37	1.34	-0.03	-0.25
Total	14.28	13.74	13.79	13.81	13.66	13.16	13.21	14.04	13.68	-0.36	0.05
Asia Oceania[5]											
LPG&Ethane	0.87	0.89	0.84	0.85	0.84	0.94	0.90	0.84	0.83	-0.01	-0.03
Naphtha	1.73	1.78	1.70	1.78	1.83	1.83	1.70	1.75	1.69	-0.06	-0.03
Motor Gasoline	1.60	1.61	1.55	1.67	1.63	1.54	1.57	1.55	1.56	0.01	0.00
Jet/Kerosene	0.88	0.88	0.65	0.65	1.02	1.13	0.91	0.78	0.66	-0.12	0.06
Gasoil/Diesel Oil	1.71	1.78	1.70	1.75	1.83	1.80	1.79	1.74	1.73	-0.01	0.00
Residual Fuel Oil	0.78	0.91	0.89	0.89	0.86	0.91	0.82	0.71	0.64	-0.07	-0.26
Other Products	0.67	0.76	0.75	0.73	0.76	0.77	0.73	0.73	0.76	0.02	-0.03
Total	8.23	8.59	8.07	8.33	8.78	8.92	8.42	8.11	7.88	-0.23	-0.28
OECD											
LPG&Ethane	4.97	4.98	4.73	4.77	5.12	5.63	5.49	5.09	4.83	-0.26	0.00
Naphtha	3.23	3.29	3.15	3.23	3.35	3.42	3.16	3.22	3.18	-0.04	0.01
Motor Gasoline	14.14	13.95	14.22	14.22	13.75	13.38	13.65	13.97	14.18	0.21	-0.07
Jet/Kerosene	3.76	3.73	3.56	3.67	3.82	3.84	3.70	3.68	3.59	-0.09	0.08
Gasoil/Diesel Oil	12.90	12.69	12.50	12.49	12.98	12.74	12.57	13.06	12.69	-0.36	0.25
Residual Fuel Oil	2.89	2.75	2.72	2.73	2.60	2.66	2.59	2.43	2.23	-0.20	-0.44
Other Products	4.59	4.63	4.70	4.84	4.63	4.14	4.05	4.40	4.55	0.15	-0.28
Total	46.47	46.02	45.58	45.96	46.25	45.81	45.19	45.84	45.25	-0.58	-0.44

1 Demand, measured as deliveries from refineries and primary stocks, comprises inland deliveries, international bunkers and refinery fuel. It includes crude for direct burning, oil from non-conventional sources and other sources of supply. Jet/kerosene comprises jet kerosene and non-aviation kerosene. Gasoil comprises diesel, light heating oil and other gasoils. North America comprises US 50 states, US territories, Mexico and Canada.
2 Latest official OECD submissions (MOS).
3 As of the August 2012 OMR, includes Chile.
4 As of the August 2012 OMR, includes Estonia and Slovenia.
5 As of the August 2012 OMR, includes Israel.

Table 2b
OIL DEMAND IN SELECTED OECD COUNTRIES[1]
(million barrels per day)

	2011	2012	2Q12	3Q12	4Q12	1Q13	Mar 13	Apr 13	May 13 [2]	Latest month vs. Apr 13	Latest month vs. May 12
United States[3]											
LPG	2.27	2.28	2.11	2.18	2.44	2.68	2.51	2.25	2.04	-0.21	-0.11
Naphtha	0.25	0.25	0.25	0.22	0.26	0.28	0.24	0.25	0.29	0.04	0.03
Motor Gasoline	8.75	8.71	8.95	8.85	8.54	8.42	8.63	8.78	8.98	0.20	-0.01
Jet/Kerosene	1.44	1.41	1.45	1.45	1.38	1.35	1.39	1.42	1.43	0.00	0.01
Gasoil	3.90	3.74	3.73	3.66	3.75	3.93	3.77	3.88	3.77	-0.11	0.03
Residual Fuel Oil	0.46	0.34	0.35	0.35	0.25	0.37	0.43	0.28	0.20	-0.08	-0.08
Other Products	1.87	1.88	1.88	2.00	1.88	1.62	1.56	1.75	1.89	0.13	-0.02
Total	18.95	18.61	18.71	18.72	18.51	18.66	18.53	18.62	18.60	-0.01	-0.16
Japan											
LPG	0.49	0.52	0.49	0.48	0.51	0.59	0.56	0.51	0.48	-0.03	-0.03
Naphtha	0.74	0.72	0.68	0.71	0.74	0.77	0.75	0.74	0.68	-0.07	-0.04
Motor Gasoline	0.98	0.98	0.93	1.03	0.99	0.92	0.94	0.94	0.94	0.00	0.01
Jet/Kerosene	0.53	0.54	0.35	0.34	0.65	0.77	0.60	0.46	0.37	-0.09	0.05
Diesel	0.44	0.45	0.43	0.45	0.47	0.45	0.47	0.44	0.44	0.00	0.01
Other Gasoil	0.38	0.38	0.33	0.33	0.39	0.42	0.40	0.34	0.32	-0.02	0.00
Residual Fuel Oil	0.44	0.56	0.53	0.57	0.54	0.57	0.50	0.40	0.36	-0.04	-0.18
Other Products	0.47	0.57	0.55	0.54	0.55	0.56	0.52	0.50	0.53	0.03	-0.07
Total	4.47	4.71	4.28	4.47	4.84	5.07	4.74	4.32	4.10	-0.22	-0.25
Germany											
LPG	0.10	0.10	0.10	0.12	0.09	0.11	0.10	0.13	0.12	-0.01	0.02
Naphtha	0.38	0.38	0.36	0.37	0.40	0.42	0.40	0.39	0.40	0.02	0.03
Motor Gasoline	0.45	0.43	0.44	0.43	0.42	0.39	0.41	0.45	0.44	-0.01	0.00
Jet/Kerosene	0.18	0.19	0.20	0.21	0.18	0.16	0.17	0.18	0.19	0.02	-0.01
Diesel	0.66	0.70	0.70	0.73	0.69	0.64	0.66	0.74	0.69	-0.06	-0.02
Other Gasoil	0.39	0.38	0.36	0.33	0.47	0.40	0.43	0.51	0.42	-0.09	0.10
Residual Fuel Oil	0.14	0.13	0.13	0.13	0.13	0.13	0.13	0.12	0.13	0.01	0.00
Other Products	0.09	0.08	0.09	0.09	0.07	0.04	0.04	0.07	0.07	0.00	-0.02
Total	2.40	2.39	2.39	2.41	2.44	2.30	2.34	2.59	2.46	-0.13	0.11
Italy											
LPG	0.10	0.11	0.10	0.10	0.11	0.13	0.12	0.11	0.11	0.00	0.01
Naphtha	0.08	0.09	0.09	0.08	0.09	0.09	0.09	0.11	0.09	-0.02	0.01
Motor Gasoline	0.24	0.22	0.22	0.23	0.21	0.19	0.20	0.20	0.19	-0.01	-0.03
Jet/Kerosene	0.10	0.09	0.09	0.11	0.08	0.08	0.08	0.09	0.09	0.01	0.00
Diesel	0.49	0.45	0.47	0.45	0.44	0.40	0.42	0.42	0.43	0.01	-0.04
Other Gasoil	0.11	0.11	0.09	0.10	0.12	0.12	0.11	0.11	0.11	0.00	0.02
Residual Fuel Oil	0.12	0.10	0.10	0.11	0.09	0.07	0.07	0.08	0.08	0.01	0.00
Other Products	0.24	0.20	0.21	0.21	0.18	0.19	0.18	0.19	0.17	-0.02	-0.04
Total	1.49	1.35	1.36	1.38	1.33	1.28	1.28	1.30	1.27	-0.03	-0.08
France											
LPG	0.11	0.11	0.09	0.09	0.11	0.14	0.13	0.12	0.10	-0.02	0.00
Naphtha	0.14	0.13	0.15	0.14	0.09	0.15	0.15	0.15	0.15	0.00	0.00
Motor Gasoline	0.18	0.16	0.17	0.17	0.15	0.14	0.14	0.16	0.16	0.00	0.00
Jet/Kerosene	0.16	0.15	0.15	0.17	0.15	0.14	0.14	0.15	0.16	0.00	0.01
Diesel	0.69	0.68	0.69	0.69	0.69	0.65	0.67	0.72	0.67	-0.05	0.01
Other Gasoil	0.28	0.28	0.23	0.26	0.30	0.34	0.32	0.31	0.27	-0.04	0.07
Residual Fuel Oil	0.08	0.07	0.07	0.06	0.06	0.07	0.07	0.07	0.06	-0.01	-0.01
Other Products	0.17	0.15	0.16	0.15	0.15	0.13	0.13	0.13	0.17	0.04	-0.01
Total	1.79	1.74	1.71	1.73	1.71	1.75	1.75	1.81	1.74	-0.07	0.06
United Kingdom											
LPG	0.13	0.11	0.12	0.09	0.09	0.09	0.11	0.12	0.14	0.02	0.01
Naphtha	0.03	0.02	0.02	0.02	0.03	0.04	0.03	0.03	0.02	-0.01	0.01
Motor Gasoline	0.33	0.32	0.33	0.31	0.31	0.30	0.29	0.30	0.29	-0.01	-0.02
Jet/Kerosene	0.32	0.31	0.31	0.31	0.32	0.32	0.33	0.35	0.31	-0.04	-0.02
Diesel	0.45	0.45	0.45	0.45	0.47	0.44	0.46	0.47	0.44	-0.02	0.03
Other Gasoil	0.12	0.12	0.12	0.13	0.12	0.12	0.11	0.13	0.12	-0.01	0.00
Residual Fuel Oil	0.06	0.05	0.05	0.05	0.04	0.05	0.04	0.05	0.05	0.00	-0.01
Other Products	0.14	0.12	0.13	0.12	0.10	0.12	0.12	0.15	0.13	-0.03	-0.01
Total	1.58	1.50	1.53	1.49	1.47	1.48	1.49	1.60	1.50	-0.10	-0.01
Canada											
LPG	0.40	0.42	0.39	0.40	0.46	0.49	0.51	0.40	0.36	-0.04	-0.06
Naphtha	0.08	0.09	0.09	0.10	0.09	0.08	0.08	0.09	0.10	0.01	0.00
Motor Gasoline	0.76	0.74	0.76	0.75	0.72	0.73	0.72	0.80	0.79	-0.01	0.05
Jet/Kerosene	0.09	0.12	0.11	0.14	0.13	0.12	0.10	0.12	0.15	0.02	0.01
Diesel	0.30	0.30	0.31	0.31	0.29	0.32	0.30	0.30	0.30	0.00	-0.01
Other Gasoil	0.26	0.23	0.21	0.21	0.25	0.22	0.19	0.23	0.26	0.02	0.01
Residual Fuel Oil	0.06	0.06	0.06	0.06	0.05	0.04	0.04	0.06	0.03	-0.03	-0.03
Other Products	0.31	0.32	0.30	0.37	0.38	0.29	0.31	0.30	0.31	0.02	0.03
Total	2.27	2.29	2.23	2.34	2.38	2.28	2.26	2.31	2.30	-0.01	-0.01

1 Demand, measured as deliveries from refineries and primary stocks, comprises inland deliveries, international bunkers and refinery fuel. It includes crude for direct burning, oil from non-conventional sources and other sources of supply. Jet/kerosene comprises jet kerosene and non-aviation kerosene. Gasoil comprises diesel, light heating oil and other gasoils.
2 Latest official OECD submissions (MOS).
3 US figures exclude US territories.

Table 3
WORLD OIL PRODUCTION
(million barrels per day)

	2012	2013	2014	1Q13	2Q13	3Q13	4Q13	1Q14	May 13	Jun 13	Jul 13
OPEC											
Crude Oil											
Saudi Arabia	9.51			9.01	9.29				9.39	9.39	9.54
Iran	3.00			2.70	2.68				2.68	2.70	2.65
Iraq	2.95			3.03	3.16				3.20	3.05	2.99
UAE	2.65			2.67	2.72				2.73	2.73	2.70
Kuwait	2.46			2.55	2.56				2.58	2.56	2.54
Neutral Zone	0.54			0.52	0.52				0.52	0.52	0.52
Qatar	0.74			0.74	0.73				0.73	0.73	0.73
Angola	1.78			1.76	1.76				1.76	1.78	1.73
Nigeria	2.10			2.00	1.94				1.95	1.88	1.92
Libya	1.39			1.38	1.31				1.35	1.15	1.00
Algeria	1.17			1.15	1.14				1.15	1.12	1.15
Ecuador	0.50			0.50	0.50				0.50	0.50	0.50
Venezuela	2.50			2.42	2.50				2.50	2.48	2.45
Total Crude Oil[6]	31.30			30.43	30.80				31.03	30.58	30.41
Total NGLs[1,6]	6.28	6.50	6.74	6.35	6.40	6.57	6.66	6.70	6.40	6.40	6.57
Total OPEC[6]	37.58			36.78	37.19				37.43	36.97	36.98
OPEC: Historical Composition[6]	37.58			36.78	37.19				37.43	36.97	36.98
NON-OPEC[2]											
OECD											
Americas[7]	15.86	17.05	17.90	16.82	16.77	17.03	17.58	17.78	16.58	16.81	17.09
United States[5]	9.17	10.15	10.89	9.82	10.10	10.20	10.48	10.66	10.06	10.14	10.22
Mexico	2.92	2.87	2.84	2.91	2.88	2.86	2.85	2.86	2.86	2.89	2.85
Canada	3.76	4.01	4.16	4.07	3.78	3.96	4.24	4.24	3.66	3.78	4.02
Chile	0.01	0.01	0.01	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Europe[8]	3.47	3.21	3.16	3.25	3.21	3.01	3.35	3.32	3.35	3.03	3.20
UK	0.95	0.81	0.83	0.81	0.82	0.72	0.90	0.90	0.90	0.79	0.79
Norway	1.91	1.81	1.79	1.82	1.81	1.72	1.88	1.86	1.88	1.68	1.83
Others	0.61	0.58	0.54	0.62	0.58	0.57	0.57	0.57	0.58	0.56	0.58
Asia Oceania[9]	0.56	0.51	0.52	0.45	0.51	0.54	0.52	0.46	0.50	0.52	0.54
Australia	0.48	0.43	0.45	0.37	0.43	0.47	0.45	0.38	0.42	0.44	0.47
Others	0.08	0.08	0.07	0.08	0.08	0.08	0.07	0.07	0.08	0.08	0.08
Total OECD	19.89	20.76	21.58	20.52	20.48	20.58	21.45	21.57	20.43	20.37	20.83
NON-OECD											
Former USSR	13.66	13.71	13.67	13.85	13.77	13.56	13.67	13.66	13.72	13.84	13.52
Russia	10.73	10.77	10.73	10.82	10.85	10.68	10.70	10.73	10.87	10.87	10.62
Others	2.93	2.94	2.94	3.02	2.92	2.88	2.96	2.93	2.85	2.97	2.90
Asia	7.77	7.78	7.79	7.80	7.78	7.77	7.78	7.79	7.74	7.85	7.77
China	4.18	4.24	4.28	4.20	4.24	4.25	4.26	4.27	4.21	4.28	4.25
Malaysia	0.67	0.67	0.69	0.69	0.65	0.67	0.68	0.69	0.65	0.66	0.65
India	0.91	0.91	0.87	0.90	0.90	0.92	0.91	0.88	0.88	0.93	0.92
Indonesia	0.89	0.85	0.80	0.87	0.86	0.84	0.82	0.82	0.86	0.85	0.84
Others	1.12	1.12	1.15	1.14	1.13	1.10	1.11	1.13	1.14	1.13	1.10
Europe	0.14	0.14	0.13	0.14	0.14	0.13	0.13	0.13	0.14	0.14	0.14
Latin America	4.18	4.23	4.45	4.16	4.17	4.23	4.35	4.38	4.19	4.22	4.19
Brazil[5]	2.16	2.18	2.36	2.07	2.10	2.21	2.31	2.31	2.09	2.20	2.18
Argentina	0.66	0.62	0.59	0.65	0.64	0.59	0.59	0.59	0.65	0.61	0.60
Colombia	0.95	1.01	1.09	1.01	1.00	1.00	1.03	1.06	1.02	0.98	0.99
Others	0.42	0.42	0.41	0.43	0.43	0.42	0.41	0.42	0.43	0.42	0.42
Middle East[3]	1.47	1.38	1.38	1.42	1.32	1.38	1.38	1.38	1.30	1.35	1.39
Oman	0.92	0.95	0.97	0.94	0.93	0.97	0.97	0.97	0.93	0.95	0.97
Syria	0.17	0.07	0.04	0.11	0.07	0.05	0.05	0.05	0.07	0.06	0.05
Yemen	0.18	0.16	0.17	0.18	0.12	0.17	0.18	0.18	0.10	0.15	0.17
Others	0.20	0.20	0.19	0.20	0.20	0.20	0.20	0.19	0.20	0.20	0.20
Africa	2.30	2.37	2.55	2.30	2.33	2.40	2.45	2.51	2.34	2.38	2.44
Egypt	0.73	0.71	0.68	0.73	0.72	0.71	0.70	0.69	0.72	0.71	0.71
Gabon	0.25	0.24	0.24	0.23	0.23	0.24	0.24	0.24	0.23	0.25	0.25
Others	1.32	1.42	1.63	1.34	1.39	1.44	1.51	1.58	1.39	1.42	1.49
Total Non-OECD	29.52	29.60	29.96	29.67	29.51	29.48	29.76	29.85	29.43	29.77	29.45
Processing Gains[4]	2.14	2.18	2.21	2.18	2.16	2.20	2.18	2.21	2.15	2.20	2.22
Global Biofuels[5]	1.86	1.97	2.10	1.48	1.97	2.37	2.06	1.72	1.95	1.96	2.37
TOTAL NON-OPEC[6]	53.40	54.51	55.85	53.84	54.11	54.63	55.44	55.35	53.96	54.30	54.87
Non-OPEC: Historical Composition[6]	53.40	54.51	55.85	53.84	54.11	54.63	55.44	55.35	53.96	54.30	54.87
TOTAL SUPPLY	90.98			90.62	91.31				91.39	91.27	91.85

1 Includes condensates reported by OPEC countries, oil from non-conventional sources, e.g. Venezuelan Orimulsion (but not Orinoco extra-heavy oil), and non-oil inputs to Saudi Arabian MTBE. Orimulsion production reportedly ceased from January 2007.
2 Comprises crude oil, condensates, NGLs and oil from non-conventional sources
3 Includes small amounts of production from Jordan and Bahrain.
4 Net volumetric gains and losses in refining and marine transportation losses.
5 As of the July 2010 OMR, Global Biofuels comprise all world biofuel production including fuel ethanol from the US and Brazil.
6 Total OPEC comprises all countries which were OPEC members at 1 January 2009. OPEC Historical Composition comprises countries which were OPEC members at that point in time. Total Non-OPEC excludes all countries that were OPEC members at 1 January 2009. Non-OPEC Historical Composition excludes countries that were OPEC members at that point in time.
7 As of the August 2012 OMR, includes Chile.
8 As of the August 2012 OMR, includes Estonia and Slovenia.
9 As of the August 2012 OMR, includes Israel.

Table 4

OECD INDUSTRY STOCKS[1] AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS[2] in Million Barrels					PRIOR YEARS' STOCKS[2] in Million Barrels			STOCK CHANGES in mb/d			
	Feb2013	Mar2013	Apr2013	May2013	Jun2013*	Jun2010	Jun2011	Jun2012	3Q2012	4Q2012	1Q2013	2Q2013
OECD Americas												
Crude	520.0	525.8	526.4	527.7	517.4	504.2	499.8	521.1	-0.11	-0.10	0.26	-0.09
Motor Gasoline	262.8	260.0	257.1	256.4	259.2	248.7	249.5	241.7	-0.06	0.32	-0.06	-0.01
Middle Distillate	195.6	192.9	193.4	196.0	195.2	234.6	216.3	189.4	0.16	0.08	-0.20	0.03
Residual Fuel Oil	45.4	45.1	48.7	46.8	48.2	51.7	44.9	46.3	-0.01	-0.03	0.02	0.03
Total Products[3]	670.9	664.1	669.5	683.1	705.3	707.3	676.8	670.5	0.27	0.09	-0.44	0.45
Total[4]	1340.8	1339.8	1351.0	1364.2	1376.2	1367.2	1338.1	1360.2	0.25	-0.21	-0.26	0.40
OECD Europe												
Crude	305.5	306.7	320.4	315.8	304.2	343.4	322.0	321.8	-0.12	-0.03	0.05	-0.03
Motor Gasoline	95.6	96.3	93.7	85.2	88.8	97.6	93.2	88.4	0.06	-0.01	0.08	-0.08
Middle Distillate	261.9	255.5	248.9	243.8	248.4	291.7	274.2	253.4	0.12	-0.05	0.03	-0.08
Residual Fuel Oil	79.0	80.0	81.9	76.7	77.8	92.3	78.7	74.9	0.03	0.01	0.04	-0.02
Total Products[3]	538.7	536.2	524.8	504.6	514.2	580.9	550.8	525.4	0.19	-0.05	0.12	-0.24
Total[4]	907.6	904.5	907.5	880.7	878.1	993.6	941.5	915.9	0.04	-0.16	0.20	-0.29
OECD Asia Oceania												
Crude	149.2	166.8	161.1	167.0	168.0	165.9	160.3	170.6	0.00	-0.13	0.09	0.01
Motor Gasoline	27.1	27.9	27.4	27.7	26.8	26.3	25.4	26.4	0.02	-0.04	0.04	-0.01
Middle Distillate	63.9	63.9	62.2	57.8	60.2	57.9	67.4	61.7	0.08	-0.09	0.04	-0.04
Residual Fuel Oil	21.4	20.1	20.4	20.7	19.4	21.0	21.4	19.7	0.02	-0.02	0.00	-0.01
Total Products[3]	172.6	173.4	171.7	164.7	166.5	167.2	172.4	167.3	0.20	-0.16	0.03	-0.08
Total[4]	394.0	412.7	410.2	406.0	408.6	404.0	406.7	413.3	0.16	-0.33	0.18	-0.05
Total OECD												
Crude	974.7	999.2	1007.9	1010.5	989.6	1013.5	982.1	1013.5	-0.23	-0.26	0.40	-0.11
Motor Gasoline	385.5	384.3	378.2	369.3	374.8	372.6	368.1	356.4	0.01	0.27	0.05	-0.10
Middle Distillate	521.4	512.3	504.4	497.6	503.8	584.3	557.9	504.5	0.36	-0.07	-0.14	-0.09
Residual Fuel Oil	145.8	145.2	150.9	144.3	145.4	164.9	145.0	140.9	0.03	-0.03	0.07	0.00
Total Products[3]	1382.2	1373.7	1366.0	1352.4	1386.0	1455.4	1400.0	1363.2	0.65	-0.12	-0.29	0.13
Total[4]	2642.5	2657.0	2668.7	2650.9	2662.8	2764.8	2686.3	2689.4	0.44	-0.70	0.12	0.06

OECD GOVERNMENT-CONTROLLED STOCKS[5] AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS[2] in Million Barrels					PRIOR YEARS' STOCKS[2] in Million Barrels			STOCK CHANGES in mb/d			
	Feb2013	Mar2013	Apr2013	May2013	Jun2013*	Jun2010	Jun2011	Jun2012	3Q2012	4Q2012	1Q2013	2Q2013
OECD Americas												
Crude	696.0	696.0	696.0	696.0	696.0	726.6	726.5	696.0	-0.01	0.00	0.01	0.00
Products	1.0	1.0	1.0	1.0	1.0	2.0	0.0	1.0	0.00	0.00	0.00	0.00
OECD Europe												
Crude	204.9	204.7	204.6	204.8	206.7	185.4	184.9	192.6	0.03	0.01	0.01	0.02
Products	262.1	262.7	258.9	257.2	256.9	239.5	240.9	234.6	0.02	0.03	0.06	-0.06
OECD Asia Oceania												
Crude	389.6	389.6	389.6	389.5	389.5	390.9	391.1	393.5	0.00	0.00	-0.04	0.00
Products	20.4	21.0	21.0	21.0	21.0	20.0	20.0	20.0	0.00	0.00	0.01	0.00
Total OECD												
Crude	1290.5	1290.2	1290.1	1290.3	1292.1	1302.9	1302.5	1282.1	0.02	0.02	-0.03	0.02
Products	283.5	284.7	280.9	279.2	278.9	261.5	261.0	255.7	0.02	0.03	0.07	-0.06
Total[4]	1577.4	1578.3	1574.1	1573.7	1575.2	1565.7	1564.8	1539.0	0.04	0.05	0.04	-0.03

* estimated

1 Stocks are primary national territory stocks on land (excluding utility stocks and including pipeline and entrepot stocks where known) and include stocks held by industry to meet IEA, EU and national emergency reserve commitments and are subject to government control in emergencies.

2 Closing stock levels.

3 Total products includes gasoline, middle distillates, fuel oil and other products.

4 Total includes NGLs, refinery feedstocks, additives/oxygenates and other hydrocarbons.

5 Includes government-owned stocks and stock holding organisation stocks held for emergency purposes.

Table 5
TOTAL STOCKS ON LAND IN OECD COUNTRIES[1]

('millions of barrels' and 'days')

	End June 2012		End September 2012		End December 2012		End March 2013		End June 2013 [3]	
	Stock Level	Days Fwd[2] Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand
OECD Americas										
Canada	170.1	73	178.9	75	173.2	76	162.3	-	-	-
Chile	10.3	29	9.8	27	8.9	25	9.5	-	-	-
Mexico	45.3	21	48.7	22	47.5	23	48.7	-	-	-
United States[4]	1809.4	97	1819.4	98	1807.8	97	1794.2	-	-	-
Total[4]	2057.1	87	2078.8	87	2059.5	87	2036.8	85	2073.1	87
OECD Asia Oceania										
Australia	40.8	36	42.8	37	37.5	34	37.5	-	-	-
Israel	-	-	-	-	-	-	-	-	-	-
Japan	601.3	135	605.7	125	590.2	116	589.2	-	-	-
Korea	176.7	78	183.8	78	175.4	76	187.6	-	-	-
New Zealand	8.0	56	8.9	58	7.8	49	9.0	-	-	-
Total	826.8	99	841.3	96	811.0	91	823.3	104	819.0	101
OECD Europe[5]										
Austria	21.5	79	21.6	86	22.9	97	22.5	-	-	-
Belgium	38.6	65	38.3	60	38.7	57	37.7	-	-	-
Czech Republic	18.6	89	18.9	96	20.2	118	20.3	-	-	-
Denmark	19.5	120	20.5	134	21.3	147	23.7	-	-	-
Estonia	1.2	49	1.1	39	1.5	55	1.6	-	-	-
Finland	28.0	145	28.2	139	26.3	136	36.6	-	-	-
France	163.7	95	164.0	96	162.3	93	160.9	-	-	-
Germany	279.6	116	283.0	116	287.1	125	290.5	-	-	-
Greece	28.9	93	30.1	104	30.8	112	32.0	-	-	-
Hungary	15.9	115	15.6	113	15.1	123	16.6	-	-	-
Ireland	10.5	82	9.5	67	10.3	77	10.0	-	-	-
Italy	137.7	100	146.2	110	128.8	101	133.6	-	-	-
Luxembourg	0.6	11	0.7	13	0.7	12	0.7	-	-	-
Netherlands	112.6	111	113.5	115	121.3	128	132.5	-	-	-
Norway	27.4	127	27.0	108	27.9	126	25.6	-	-	-
Poland	62.7	118	62.8	119	63.9	139	63.3	-	-	-
Portugal	20.4	86	20.8	97	21.3	97	23.1	-	-	-
Slovak Republic	9.0	109	8.8	108	8.5	119	8.7	-	-	-
Slovenia	4.6	83	5.2	97	5.3	111	5.0	-	-	-
Spain	132.8	104	130.8	105	120.1	101	123.8	-	-	-
Sweden	29.0	92	30.2	95	27.6	91	28.7	-	-	-
Switzerland	35.2	146	36.7	135	36.8	147	36.5	-	-	-
Turkey	64.0	89	63.4	93	62.0	104	62.0	-	-	-
United Kingdom	82.5	55	75.4	51	80.9	55	79.2	-	-	-
Total	1344.5	97	1352.4	99	1341.8	102	1375.2	100	1345.9	99
Total OECD	4228.4	92	4272.5	92	4212.2	92	4235.3	93	4238.0	93
DAYS OF IEA Net Imports[6]	-	149	-	150	-	148	-	149	-	-

1 Total Stocks are industry and government-controlled stocks (see breakdown in table below). Stocks are primary national territory stocks on land (excluding utility stocks and including pipeline and entrepot stocks where known) they include stocks held by industry to meet IEA, EU and national emergency reserves commitments and are subject to government control in emergencies.
2 Note that days of forward demand represent the stock level divided by the forward quarter average daily demand and is very different from the days of net imports used for the calculation of IEA Emergency Reserves.
3 End June 2013 forward demand figures are IEA Secretariat forecasts.
4 US figures exclude US territories. Total includes US territories.
5 Data not available for Iceland.
6 Reflects stock levels and prior calendar year's net imports adjusted according to IEA emergency reserve definitions (see www.iea.org/netimports.asp). Net exporting IEA countries are excluded.

TOTAL OECD STOCKS

CLOSING STOCKS	Total	Government[1] controlled	Industry	Total	Government[1] controlled	Industry
	Millions of Barrels			*Days of Fwd. Demand*[2]		
2Q2010	4330	1566	2765	91	33	58
3Q2010	4306	1553	2753	90	33	58
4Q2010	4244	1565	2679	90	33	57
1Q2011	4210	1562	2648	93	34	58
2Q2011	4251	1565	2686	91	33	57
3Q2011	4201	1529	2671	90	33	57
4Q2011	4145	1536	2608	90	33	56
1Q2012	4192	1536	2656	92	34	58
2Q2012	4228	1539	2689	92	34	59
3Q2012	4272	1542	2730	92	33	59
4Q2012	4212	1547	2665	92	34	58
1Q2013	4235	1578	2657	93	35	58
2Q2013	4238	1575	2663	93	35	59

1 Includes government-owned stocks and stock holding organisation stocks held for emergency purposes.
2 Days of forward demand calculated using actual demand except in 2Q2013 (when latest forecasts are used).

Table 6

IEA MEMBER COUNTRY DESTINATIONS OF SELECTED CRUDE STREAMS[1]

(million barrels per day)

	2010	2011	2012	2Q12	3Q12	4Q12	1Q13	Mar 13	Apr 13	May 13	Year Earlier May 12	Year Earlier change
Saudi Light & Extra Light												
Americas	0.69	0.69	0.76	0.88	0.67	0.65	0.69	0.61	0.81	0.55	0.87	-0.32
Europe	0.66	0.83	0.85	0.91	0.97	0.77	0.67	0.60	0.65	0.94	0.79	0.15
Asia Oceania	1.21	1.24	1.26	1.21	1.21	1.27	1.22	1.26	1.25	1.23	1.21	0.02
Saudi Medium												
Americas	0.36	0.37	0.44	0.44	0.41	0.43	0.44	0.58	0.42	0.48	0.46	0.02
Europe	0.00	0.02	0.05	0.07	0.05	0.02	-	-	0.02	0.01	0.08	-0.07
Asia Oceania	0.34	0.40	0.45	0.42	0.48	0.44	0.49	0.46	0.32	0.27	0.43	-0.16
Saudi Heavy												
Americas	0.02	0.02	0.05	0.15	0.02	0.02	-	-	0.02	0.15	0.03	0.12
Europe	0.00	0.01	0.12	0.12	0.21	0.13	0.08	0.10	0.20	0.19	0.10	0.09
Asia Oceania	0.22	0.20	0.20	0.18	0.19	0.19	0.20	0.20	0.21	0.18	0.20	-0.02
Iraqi Basrah Light[2]												
Americas	0.36	0.29	0.49	0.55	0.46	0.55	0.56	0.57	0.29	0.23	0.71	-0.48
Europe	0.09	0.11	0.26	0.18	0.42	0.31	0.18	0.27	0.23	0.29	0.08	0.21
Asia Oceania	0.29	0.34	0.33	0.34	0.39	0.31	0.35	0.39	0.41	0.31	0.28	0.02
Iraqi Kirkuk												
Americas	0.03	0.07	0.05	0.08	0.04	0.03	0.01	-	0.03	-	0.05	-
Europe	0.27	0.27	0.22	0.23	0.21	0.25	0.19	0.16	0.23	0.19	0.18	0.01
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Iranian Light												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.24	0.23	0.12	0.16	0.05	0.05	0.10	0.08	0.09	0.09	0.08	0.01
Asia Oceania	0.04	0.04	0.02	0.02	0.01	0.01	0.01	-	-	-	0.01	-
Iranian Heavy[3]												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.49	0.55	0.16	0.21	0.08	0.04	0.02	0.02	0.03	0.01	0.23	-0.22
Asia Oceania	0.52	0.51	0.33	0.38	0.11	0.36	0.39	0.41	0.07	0.42	0.25	0.17
Venezuelan Light & Medium												
Americas	0.14	0.18	0.13	0.15	0.14	0.16	0.17	0.16	-	0.09	0.26	-0.17
Europe	0.02	0.02	0.02	-	0.01	0.06	0.03	-	-	-	-	-
Asia Oceania	-	-	0.01	0.01	-	-	-	-	0.03	-	0.02	-
Venezuelan 22 API and heavier												
Americas	0.86	0.76	0.69	0.58	0.77	0.73	0.60	0.71	0.62	0.57	0.55	0.02
Europe	0.06	0.05	0.08	0.09	0.11	0.04	0.06	0.08	0.07	0.11	0.08	0.03
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Maya												
Americas	0.91	0.82	0.73	0.69	0.76	0.74	0.63	0.52	0.64	0.67	0.75	-0.08
Europe	0.11	0.12	0.14	0.14	0.13	0.17	0.15	0.14	0.14	0.13	0.13	0.00
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Isthmus												
Americas	0.04	0.07	0.04	0.03	0.05	0.04	0.05	0.01	0.08	0.00	0.01	0.00
Europe	0.02	0.01	0.03	0.05	0.03	0.04	0.03	0.02	0.03	0.02	0.06	-0.05
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Russian Urals												
Americas	0.08	0.01	0.00	0.01	0.01	-	-	-	-	0.02	0.02	0.00
Europe	1.80	1.69	1.86	1.76	1.97	1.94	1.85	1.96	2.03	2.07	1.86	0.21
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Nigerian Light[4]												
Americas	0.60	0.53	0.24	0.31	0.25	0.14	0.14	0.28	-	0.23	0.22	0.01
Europe	0.34	0.45	0.58	0.52	0.72	0.58	0.65	0.45	0.47	0.46	0.44	0.02
Asia Oceania	-	0.05	0.04	0.06	0.03	0.03	0.02	-	0.03	0.03	0.12	-0.08
Nigerian Medium												
Americas	0.25	0.18	0.12	0.07	0.14	0.21	0.07	0.00	0.13	0.11	0.15	-0.04
Europe	0.09	0.14	0.25	0.25	0.26	0.23	0.21	0.25	0.30	0.18	0.27	-0.08
Asia Oceania	-	-	0.00	-	0.00	-	-	-	-	-	-	-

1 Data based on monthly submissions from IEA countries to the crude oil import register (in '000 bbl), subject to availability. May differ from Table 8 of the Report.
IEA Americas includes United States and Canada.
IEA Europe includes all countries in OECD Europe except Estonia, Hungary and Slovenia.
IEA Asia Oceania includes Australia, New Zealand, Korea and Japan.

2 Iraqi Total minus Kirkuk.

3 Iranian Total minus Iranian Light.

4 33° API and lighter (e.g., Bonny Light, Escravos, Qua Iboe and Oso Condensate).

Table 7
REGIONAL OECD IMPORTS[1,2]
(thousand barrels per day)

	2010	2011	2012	2Q12	3Q12	4Q12	1Q13	Mar 13	Apr 13	May 13	Year Earlier May 12	% change
Crude Oil												
Americas	7494	6870	6101	6502	6147	5610	5039	5172	5051	5389	6646	-19%
Europe	9072	8988	9346	9177	9795	9286	8947	8848	9292	9407	9134	3%
Asia Oceania	6473	6609	6761	6727	6627	6702	6999	7011	6299	6236	6837	-9%
Total OECD	23038	22468	22208	22406	22568	21597	20985	21031	20642	21032	22617	-7%
LPG												
Americas	34	33	26	28	34	23	37	36	25	45	32	38%
Europe	285	318	287	281	271	297	352	393	411	433	293	48%
Asia Oceania	565	568	620	603	598	615	598	607	576	494	553	-11%
Total OECD	884	919	933	911	903	936	987	1036	1012	971	878	11%
Naphtha												
Americas	36	42	20	34	17	15	21	29	19	26	27	-5%
Europe	399	298	350	363	291	347	348	320	244	258	312	-17%
Asia Oceania	908	884	900	878	920	961	954	1008	929	927	806	15%
Total OECD	1344	1224	1270	1275	1228	1324	1324	1356	1192	1210	1145	6%
Gasoline[3]												
Americas	801	762	725	775	800	652	610	735	867	809	730	11%
Europe	187	222	213	181	201	188	121	74	94	85	211	-60%
Asia Oceania	84	95	86	92	68	89	96	88	109	93	89	4%
Total OECD	1073	1078	1023	1048	1068	928	828	897	1070	986	1030	-4%
Jet & Kerosene												
Americas	76	77	73	65	99	86	51	30	84	96	90	7%
Europe	418	397	398	375	458	466	327	338	408	428	291	47%
Asia Oceania	45	58	63	38	55	82	107	74	61	46	48	-4%
Total OECD	539	532	534	479	612	635	484	442	553	570	429	33%
Gasoil/Diesel												
Americas	100	72	59	45	50	69	83	105	95	78	40	96%
Europe	1071	1044	984	871	966	1074	1031	1101	862	1016	675	51%
Asia Oceania	103	147	185	176	194	203	177	136	193	136	171	-20%
Total OECD	1275	1263	1227	1091	1210	1347	1291	1343	1150	1229	885	39%
Heavy Fuel Oil												
Americas	277	268	206	217	208	181	163	240	190	130	216	-40%
Europe	464	537	521	534	483	439	539	434	450	531	562	-5%
Asia Oceania	123	153	223	203	227	241	260	203	208	186	213	-13%
Total OECD	864	958	951	954	918	860	963	877	848	847	990	-14%
Other Products												
Americas	807	871	813	831	838	829	735	715	830	950	875	9%
Europe	692	700	654	680	658	671	833	724	628	899	733	23%
Asia Oceania	367	366	356	370	359	317	381	416	357	425	367	16%
Total OECD	1866	1937	1823	1881	1855	1817	1949	1855	1814	2275	1974	15%
Total Products												
Americas	2132	2124	1923	1995	2045	1855	1701	1890	2110	2133	2010	6%
Europe	3516	3516	3406	3284	3328	3482	3552	3384	3097	3650	3077	19%
Asia Oceania	2197	2271	2432	2361	2421	2509	2572	2532	2433	2306	2245	3%
Total OECD	7845	7911	7761	7640	7794	7847	7825	7807	7640	8088	7332	10%
Total Oil												
Americas	9625	8995	8024	8497	8192	7465	6740	7063	7161	7522	8656	-13%
Europe	12588	12504	12751	12461	13123	12768	12499	12232	12388	13056	12210	7%
Asia Oceania	8670	8880	9194	9088	9048	9210	9572	9543	8733	8542	9082	-6%
Total OECD	30883	30379	29969	30046	30362	29444	28811	28838	28282	29120	29949	-3%

1 Based on Monthly Oil Questionnaire data submitted by OECD countries in tonnes and converted to barrels.
2 Excludes intra-regional trade.
3 Includes additives.

© OECD/IEA 2013. All Rights Reserved

The International Energy Agency (IEA) makes every attempt to ensure, but does not guarantee, the accuracy and completeness of the information or the clarity of content of the *Oil Market Report* (hereafter the *OMR*). The IEA shall not be liable to any party for any inaccuracy, error or omission contained or provided in this *OMR* or for any loss, or damage, whether or not due to reliance placed by that party on information in this *OMR*.

The Executive Director and Secretariat of the IEA are responsible for the publication of the *OMR*. Although some of the data are supplied by IEA Member-country governments, largely on the basis of information they in turn receive from oil companies, neither these governments nor these oil companies necessarily share the Secretariat's views or conclusions as expressed in the *OMR*. The *OMR* is prepared for general circulation and is distributed for general information only. Neither the information nor any opinion expressed in the *OMR* constitutes an offer, or an invitation to make an offer, to buy or sell any securities or any options, futures or other derivatives related to such securities.

This *OMR* is the copyright of the OECD/IEA and is subject to terms and conditions of use. These terms and conditions are available on the IEA website at http://www.iea.org/oilmar/licenceomr.html. In relation to the Subscriber Edition (as defined in the OMR's online terms and conditions), all Argus information is sourced from Copyright © 2013 Argus Media Limited and is published here with the permission of Argus. The spot crude and product price assessments are based on daily Argus prices, converted when appropriate to US$ per barrel according to the Argus specification of products. Argus Media Limited reserves all rights in relation to all Argus information. Any reproduction of Argus information requires the express prior written permission of Argus. Argus shall not be liable to any party for any inaccuracy, error or omission contained or provided in Argus information contained in this OMR or for any loss, or damage, whether or not due to reliance placed by that party on information in this OMR.

OMR Contacts

Editor and Head, Oil Industry and Markets Division

Antoine Halff

Analysts

Toril Bosoni (Refining)

Charles Esser (Non-OPEC Supply)

Diane Munro (OPEC Supply and Prices)

Matt Parry (Demand)

Andrew Wilson (Stocks/Statistics)

Statistics

Lenka Laukova

Valerio Pilia

Editorial Assistant

Annette Hardcastle

Contact:

☎ (+33) 0*1 40 57 66 67

✉ **OilMarketReport@iea.org**

* 0 - only within France

Media Enquiries

IEA Press Office

(+33) 0* 1 40 57 65 54

✉ **ieapressoffice@iea.org**

Subscription and Delivery Enquiries

Oil Market Report Subscriptions
International Energy Agency
BP 586-75726 PARIS Cedex 15, France

✉ **OMRSubscriptions@iea.org**

☎ (+33) 0* 1 40 57 67 72

☎ (+33) 0* 1 40 57 66 90

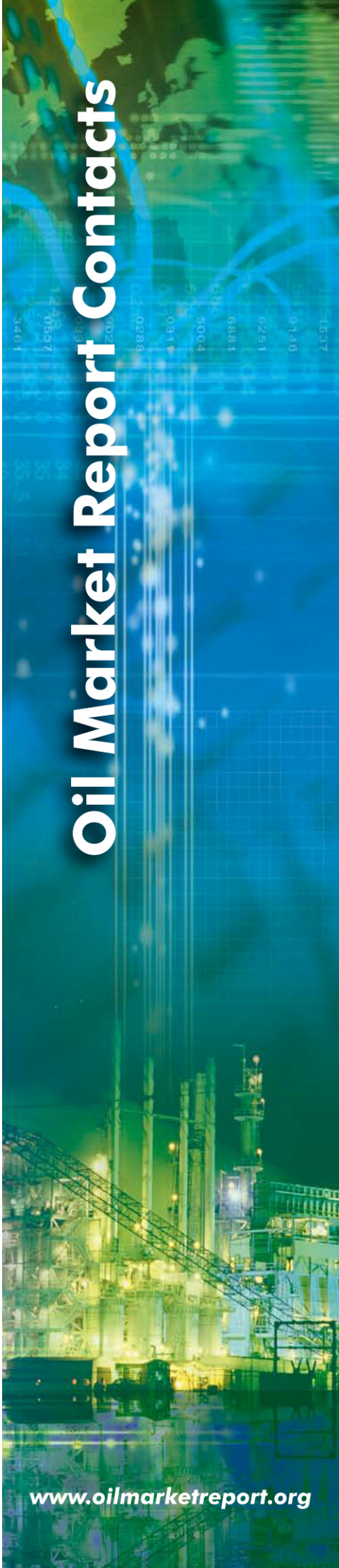
User's Guide and Glossary to the IEA *Oil Market Report*

For information on the data sources, definitions, technical terms and general approach used in preparing the *Oil Market Report (OMR)*, *Medium-Term Oil Market Report (MTOMR)* and *Annual Statistical Supplement* (current issue of the Statistical Supplement dated 9 August 2013), readers are referred to the *Users' Guide* at www.oilmarketreport.org/glossary.asp. It should be noted that the spot crude and product price assessments are based on daily Argus prices, converted when appropriate to US$ per barrel according to the Argus specification of products (Copyright © 2013 Argus Media Limited - all rights reserved).

The *Oil Market Report* is published under the responsibility of the Executive Director and Secretariat of the International Energy Agency. Although some of the data are supplied by Member-country Governments, largely on the basis of information received from oil companies, neither governments nor companies necessarily share the Secretariat's views or conclusions as expressed therein.

© OECD/IEA 2013

Next Issue: 12 September 2013





International Energy Agency

12 September 2013

HIGHLIGHTS

- **Oil futures escalated in August** on rising geopolitical tensions over Syria's suspected use of chemical weapons and the near total shut-in of Libyan production. Prices turned lower in early-September as a Russian proposal for Syria to surrender its chemical weapons gained traction. Brent was last trading at $111.60/bbl, WTI at $107.50/bbl.

- **The forecast of global demand growth remains flat at 895 kb/d for 2013**, as stronger–than-expected deliveries in July offset concerns about the demand impact of currency fluctuations in emerging market economies. Demand growth is forecast to rise to 1.1 mb/d in 2014, as the underlying macroeconomic backdrop solidifies.

- **Global supply is estimated to have fallen by 770 kb/d in August to 91.59 mb/d**, with both non-OPEC and OPEC registering monthly declines. In 3Q13 non-OPEC production is expected to rise by 520 kb/d q-o-q as a seasonal decline in the North Sea is more than made up for by North American growth and steady production elsewhere.

- **OPEC crude supplies fell by 260 kb/d to 30.51 mb/d in August as near-record Saudi output only partly offset a collapse in Libyan production**. The 'call on OPEC crude and stock change' was raised by 200 kb/d on higher demand for 3Q13 but lowered by 100 kb/d for 4Q13, to 30.3 mb/d and 29.6 mb/d, respectively.

- **OECD commercial total oil stocks built by a weak 8.0 mb to 2 659 mb in July,** bringing their deficit to the five-year average to 65 mb, its widest in two years. Refined products covered 30.7 days of forward demand, a rise of 0.6 day on end-June. Preliminary data indicate OECD inventories drew counter-seasonally by 14.2 mb in August.

- **Global refinery crude runs reached a seasonal peak in July, at an estimated 78.2 mb/d, up 1 mb/d from June and 1.8 mb/d above a year earlier.** Throughputs are set to fall steeply from August on weaker margins and heavy maintenance. Global runs average 77.2 mb/d in 3Q13, up 1.1 mb/d y-o-y, and 76.8 mb/d in 4Q13.

www.oilmarketreport.org

TABLE OF CONTENTS

HIGHLIGHTS 1

HEATING UP AND COOLING DOWN 3

DEMAND 4
- Summary 4
- Global Overview 4
  - *Emerging Market Currency Depreciation Set to Impact Demand* 5
- Top 10 Consumers 6
- OECD 12
  - Americas 12
  - Europe 13
  - Asia Oceania 14
- Non-OECD 14

SUPPLY 16
- Summary 16
- OPEC Crude Oil Supply 17
  - *Libyan Oil Supplies Cascade Lower* 20
- Non-OPEC Overview 22
- OECD 23
  - North America 23
  - *Mexico's Proposed Energy Sector Reforms – A Watershed for the Energy Industry?* 24
  - North Sea 27
- Non-OECD 27
  - Latin America 27
  - Asia 28
  - Africa 28
  - Former Soviet Union 29

OECD STOCKS 31
- Summary 31
- OECD Inventory Position at End-July and Revisions to Preliminary Data 31
- Analysis of Recent OECD Industry Stock Changes 32
  - OECD Americas 32
  - *European Industry Stock Draws in Perspective* 33
  - OECD Europe 34
  - OECD Asia Oceania 35
- Recent Developments in Singapore and China Stocks 36

PRICES 38
- Summary 38
- Market Overview 38
- Futures Markets 40
  - Financial Regulation 42
- Spot Crude Oil Prices 42
- Spot Product Prices 44
- Freight 46

REFINING 48
- Summary 48
- Global Refinery Overview 48
  - Refining Margins 49
- OECD Refinery Throughput 51
- Non-OECD Refinery Throughput 54

TABLES 57

HEATING UP AND COOLING DOWN

After rallying to six-month highs amid expectations of western military strikes in Syria, benchmark Brent oil prices ratcheted down again as support seemed to build for an alternative plan to withhold strikes and neutralise Syrian chemical weapon stocks instead. Whether a crisis has been permanently averted or merely postponed remains unclear, however. Oil markets may be taking a breather, but prices remain elevated. The Syrian conflict continues to rage. Across the Mediterranean, a collapse in Libyan exports, which played a large supporting role in the recent run-up in prices, shows no sign of abating.

While there are still plenty of causes for concern, there is some good news, too. Despite continued tensions, the recent tightening of oil market fundamentals – the broad bullish backdrop that has arguably heightened the oil market's sensitivity to the Syrian threat – looks set to give way to somewhat easier conditions in the fourth quarter. After hitting an all-time high in July, refinery demand for crude is receding. Nowhere is this truer than in Russia, where a refining boom slashed crude exports in summer, but where heavy seasonal plant maintenance now looks set to reopen the export floodgates. In Europe and Asia, some refiners may decide to extend maintenance shutdowns due to poor margins.

Global crude supply – notwithstanding the Libyan problems – looks set for an upward jump in 4Q13, thanks to a heady mix of seasonal, cyclical, political and structural factors. The winding down of seasonal field maintenance in the North Sea and the US Gulf of Mexico will bolster 4Q13 supply – even as a political accord between Sudan and South Sudan sets the stage for a ramp-up in Sudanese crude exports. New North American production – including US light tight oil and Canadian synthetic crude – continues to surge. Saudi production is hovering near record highs, even as a seasonal dip in domestic air-conditioning demand looks set to free up more barrels for export.

OECD oil inventories have tightened in recent months but may be on the verge of a rebound. The latest data suggest that total industry oil stocks built by just a fraction of the five-year average in July, bringing the OECD oil stock deficit to the five-year average to 65 mb, its widest in two years. Our supply/demand forecast suggests however that, even in the absence of an increase in OPEC production (i.e., holding OPEC crude output flat at August levels), rebounding OECD stocks could match or even exceed their five-year average by December. Assuming zero Libyan production from September through December, stocks could still top their five-year average by end-year. Measured in days of forward demand, OECD product stocks under both scenarios would exceed their five-year range by the end of this month.

These projections must be taken with a grain of salt, as reality rarely unfolds according to plan. Our balances also predicted seasonal growth in OECD oil stocks for the last six months, whereas in fact stocks held about flat. That discrepancy shows up as a hefty "Miscellaneous to Balance" time item of 1 mb/d for 2Q13 – reflecting either non-OECD stock builds, unreported OECD builds, overstated supply, understated demand, or any combination of the above. To correct for such a factor, we have tried carrying forward a large "Miscellaneous to Balance" line item in our 4Q13 balance scenarios. Even so, OECD demand cover is still likely to rise to the top of the range through the remainder of the year if OPEC output is held steady, or hover near average levels in a low OPEC supply scenario.

Global balances are of course a rather coarse way of looking at the market, especially in the absence of good non-OECD stock data. The big picture also masks regional imbalances that can be a challenge for market participants on the ground. Surging US LTO or Canadian synthetic production might be good news for US refiners but not as much of a help to Mediterranean refiners looking for a substitute for disrupted Libyan barrels. Any shift in market conditions will yield winners and losers, until the markets rebalance. But, while the geopolitical storms in the Middle East and North Africa have yet to pass, easing fundamentals look set to lessen the pressure somewhat on market participants – at least for the next few months.

DEMAND

Summary

- **Global oil demand growth is forecast to pick up to 1.1 mb/d in 2014 from 895 kb/d in 2013 as the underlying macroeconomic situation improves.** Global oil demand is projected to average 90.9 mb/d in 2013 and 92.0 mb/d in 2014.

- **High cooling use in July and August raised the estimate of demand for 3Q13,** compounding the impact of modest improvements in the economy. Roughly 260 kb/d has been added to the total 3Q13 global consumption estimate, to 91.5 mb/d, since last month's *Report.* Upward adjustments to the July demand estimates for the US (+190 kb/d), China (+175 kb/d) and Russia (+90 kb/d) led the revision.

Global Oil Demand (2012-2014)

(million barrels per day)

	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014
Africa	3.6	3.6	3.6	3.7	3.7	3.8	3.8	3.8	3.9	3.8	3.9	4.0	4.0	4.1	4.0
Americas	29.6	30.1	30.3	30.4	30.1	30.1	30.3	30.5	30.4	30.3	30.1	30.4	30.7	30.5	30.4
Asia/Pacific	29.9	29.1	29.2	30.5	29.7	30.5	29.6	29.6	30.8	30.1	31.1	30.1	30.3	31.4	30.7
Europe	14.3	14.5	14.5	14.3	14.4	13.8	14.5	14.4	14.1	14.2	13.8	14.0	14.4	14.2	14.1
FSU	4.3	4.4	4.6	4.6	4.5	4.3	4.5	4.8	4.8	4.6	4.4	4.6	4.9	4.9	4.7
Middle East	7.3	7.8	8.2	7.5	7.7	7.5	7.8	8.4	7.7	7.8	7.6	8.1	8.6	8.0	8.1
World	**89.0**	**89.5**	**90.5**	**91.1**	**90.0**	**89.9**	**90.5**	**91.5**	**91.7**	**90.9**	**91.0**	**91.3**	**92.7**	**93.0**	**92.0**
Annual Chg (%)	0.7	1.9	0.7	1.5	1.2	1.0	1.1	1.1	0.7	1.0	1.2	0.9	1.3	1.4	1.2
Annual Chg (mb/d)	0.7	1.7	0.6	1.3	1.1	0.9	1.0	1.0	0.6	0.9	1.1	0.8	1.2	1.3	1.1
Changes from last OMR (mb/d)	0.04	0.15	0.06	0.04	0.07	0.02	0.08	0.26	-0.08	0.07	0.03	0.13	0.07	0.06	0.07

- **Currency depreciation in a number of emerging markets, adding to the impact of already high oil prices, has raised the possibility of further associated price effects on demand.** Several countries – including India, Indonesia, Malaysia, Peru, the Philippines and Thailand – have faced dramatic currency depreciation versus the US dollar in recent weeks. If sustained, this may ultimately curb their demand trend or, in countries where oil subsidies are in place, raise pressure on their governments to reduce those subsidy programmes.

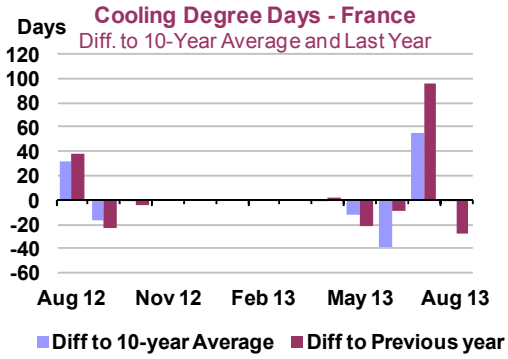
- **The divergence in demand trends between emerging markets and developed economies has been easing somewhat lately.** Data for 2Q13 show the OECD demand contraction slowing to 0.3% y-o-y and non-OECD demand growth easing to 2.6%, a much narrower gap in the growth pattern than the average of the last five years.

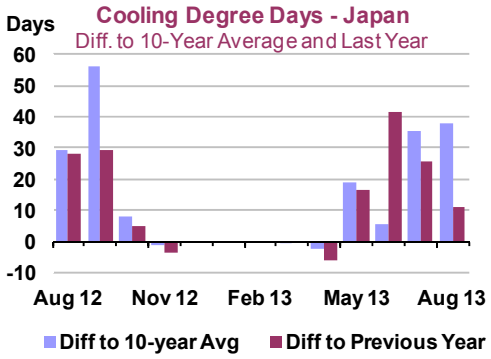
Global Overview

The possibility of slowing oil demand in emerging markets has dominated the headlines recently, with reports of sharp currency depreciation in several non-OECD countries compounding the effect of already high oil prices in US dollar terms. Higher prices, with all else being held equal, have a negative influence on demand, although in many countries subsidies can cushion their effect for some time. Countering such concerns are the latest demand numbers, which on balance came in stronger than expected for July.

Overall, global oil demand is forecast to average roughly 90.9 mb/d in 2013, up by 895 kb/d (or 1.0%) y-o-y, essentially unchanged on last month's growth estimate. Growth is expected to accelerate in 2014 to around 1.1 mb/d (or 1.2%), lifting demand to 92.0 mb/d, as the macroeconomic backdrop continues to improve. The International Monetary Fund's July *World Economic Outlook* forecast a rise in global GDP growth to 3.8% in 2014, from 3.1% in 2013; predictions that underpin our oil forecasts. Heightened

uncertainty surrounds this demand outlook, particularly in the wake of the recent sharp depreciations of several emerging-market currencies (see *Emerging Market Currency Depreciation Set to Impact Demand*) and escalating geopolitical tensions.



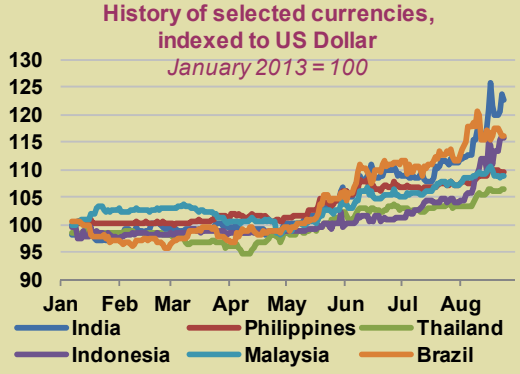


The estimate of global demand for 3Q13 was revised higher by around 260 kb/d since last month's *Report*. Several countries account for the bulk of the adjustments for July, including the US (+190 kb/d), China (+175 kb/d), Russia (+90 kb/d), France (+75 kb/d), Germany (+70 kb/d) and Japan (+45 kb/d), as warmer-than-normal temperatures lifted air conditioning use and compounded the effect of fledgling economic recovery. Although the electricity sector is increasingly less reliant on oil for its power needs (see *Medium Term Oil Market Report 2013*) some countries still use oil, while vehicle engine efficiencies deteriorate when air conditioning is in use. A downward adjustment of 130 kb/d to the estimate of Indian demand for July provided a partial offset, as did a number of smaller reductions such as that seen in Mexico (-25 kb/d). Revised June estimates have also been collated, with the upside roughly balancing the downside. Upward demand adjustments for June include the UK (+130 kb/d), Chinese Taipei (+85 kb/d), the Netherlands (+45 kb/d), France (+35 kb/d) and Australia (+30 kb/d), offsetting curtailments in the US (-220 kb/d), Germany (-90 kb/d) and China (-85 kb/d).

In the last few months, the divergence in growth patterns between the OECD region and the emerging market and developing economies has eased somewhat. As of 2Q13, OECD oil demand remains on a falling trend, but the pace at which it declines has fallen back to a relatively muted -0.3% over the year earlier, versus a previous five-year average annual decline of 1.7%. For non-OECD economies, growth slowed to 2.6% in 2Q13 from a five-year average of 3.6%.

Emerging Market Currency Depreciation Set to Impact Demand

The rapid depreciation of many emerging market currencies since 1Q13, if sustained, may adversely affect oil demand. As oil is priced in US dollars, when an oil-importing country's currency falls versus the US dollar, its oil import bill in domestic currency rises. Given the scope of recent currency depreciation, coming on top of already high oil prices in dollar terms, the latest currency movements may translate into lower oil consumption over time.



Certain currencies in non-OECD Asia and Latin America have been hit hardest by speculation that the US Federal Reserve will soon begin tapering its asset-purchasing programme. The Indian rupee lost nearly one-third of its value against the US dollar in the four months through to the end of August.

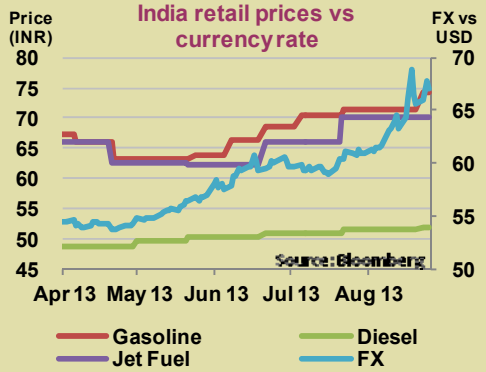
In many emerging market economies the presence of subsidies plays an important role in cushioning the impact of oil price increases. Domestic oil price subsidies,

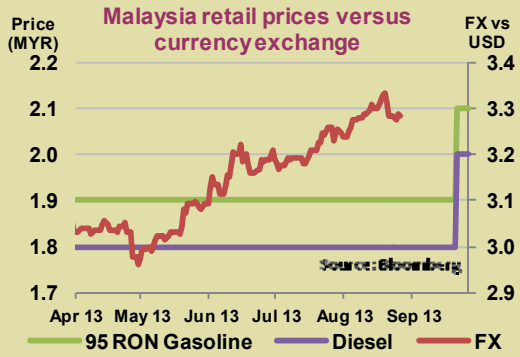
Emerging Market Currency Depreciation Set to Impact Demand (continued)

such as those that effectively exist for Indian diesel, shield the consumer from the direct impact of price pressures. The price increases do not simply vanish, however, as they instead filter through indirectly to the economy as the government takes the hit in terms of sharply higher import bills.

Over the longer term, governments will likely become less capable of protecting oil consumers from price effects, as currency depreciation makes subsidies increasingly burdensome and ultimately unaffordable. Oil subsidies can themselves feed into currency depreciation. Many of the countries that have recently faced steep contractions in the value of their domestic currency experienced it due to their unsustainable current account balances.

Pressures will accordingly mount to curb subsidies in such cash-strapped economies, dimming long-term demand prospects. Malaysia is a case in point: on 3 September, it slapped price increases of 10.5% and 11% on 95 RON gasoline and diesel, respectively. Indonesia hiked low-octane gasoline prices by 44% in June, and 22% for diesel. Financial pressures are also mounting on India to speed up its own de-subsidisation program. Since 17 January 2013, the Indian government has effectively cut diesel subsidies by roughly half a rupee per litre per month. Further subsidy cuts are likely, coupled with the possible application of additional methods to curb demand (see *India* section in *Top 10 Consumers).* The more subsidies are curtailed, the greater the degree of price exposure in demand.



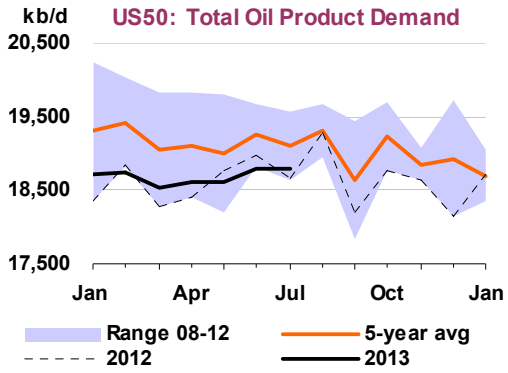


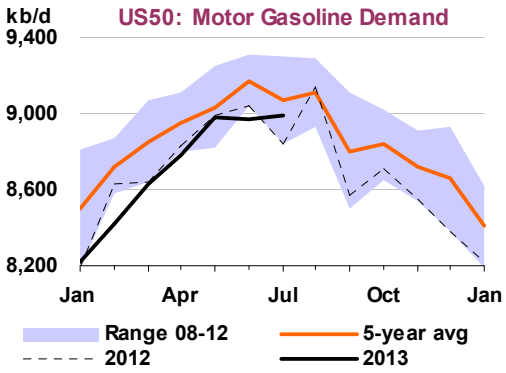
It is too early to predict the full impact from these currency swings, as we have yet to see the final scope of depreciation, let alone assess its macroeconomic impact and feed-through into oil consumption, or the resultant degree to which subsidy programmes change. We have, however, assumed marginally lower oil demand across a selection of the hardest-hit countries: India, Indonesia, Malaysia, Peru, the Philippines and Thailand. In aggregate, these revisions dampen the 2H13 forecast at the margin. Despite this pressure, emerging market oil demand is still expected to rise at a relatively brisk pace in 2H13, particularly compared with OECD countries, but at around 2.6% y-o-y the trend is well down on the previous five-year average of roughly 3.6%. Should currency depreciation continue/widen, the adverse demand effect will be more significant.

Top 10 Consumers

US

The latest US official consumption figures assessed monthly demand at around 18.8 mb/d in June, a decline of 1.0% on the year earlier. Based on those data and preliminary demand estimates for July and August, which are based on weekly data from the US Energy Information Administration, just half of the first eight months of 2013 show y-o-y demand growth. Our US demand outlook thus remains somewhat restrained: roughly flat growth for 2013 and a slight decline in 2014. Not only does the IEA foresee further strong efficiency gains capping consumption, but also the possibility that the US economy, despite accelerating, will lack sufficient momentum to support any greater upside in demand. The IMF's July outlook forecasts US GDP growth at 2.7% for 2014, which, when combined with the relatively high oil price environment and ongoing efficiency gains, will likely curb US oil demand.





Despite reports of recent strength in the US demand, the underlying macroeconomics remain somewhat subdued. Economic growth in 2Q13 amounted to just 0.4% over 1Q13 (but 1.7% when annualised). In essence, the 2Q13 US GDP growth trend was actually below that experienced by the UK, Korea, Germany, France and Japan, and slower than the US pace of growth as recently as 3Q12.

Top-10 Oil Consumers

(thousand barrels per day)

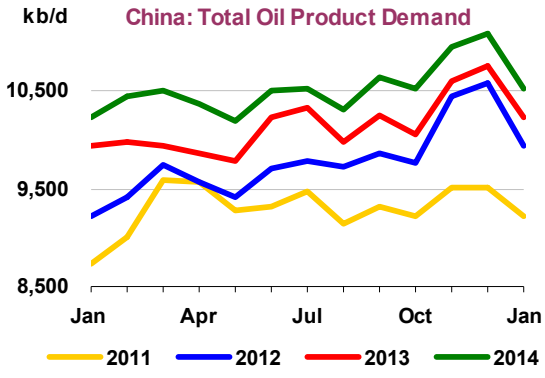
	Demand			Annual Chg (kb/d)			Annual Chg (%)		
	Jun-13	2013	2014	Jun-13	2013	2014	Jun-13	2013	2014
US50	18,786	18,661	18,618	-193	55	-43	-1.0	0.3	-0.2
China	10,221	10,140	10,520	526	373	380	5.4	3.8	3.7
Japan	3,877	4,542	4,422	-237	-172	-120	-5.8	-3.7	-2.6
Russia	3,575	3,404	3,512	146	104	108	4.2	3.2	3.2
India	3,415	3,427	3,543	-67	85	116	-1.9	2.6	3.4
Saudi Arabia	3,281	3,026	3,138	53	104	111	1.6	3.6	3.7
Brazil	3,043	3,088	3,185	83	102	97	2.8	3.4	3.1
Germany	2,492	2,382	2,372	-28	-6	-10	-1.1	-0.3	-0.4
Korea	2,301	2,311	2,315	-36	10	4	-1.5	0.4	0.2
Canada	2,233	2,295	2,297	30	8	2	1.3	0.4	0.1
% global demand	59%	59%	59%						

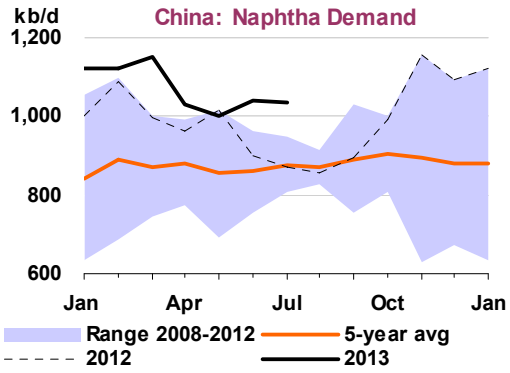
Looming US 'sequester' cuts and arguments about the debt ceiling are likely to dampen consumer sentiment in 2H13, with a particular strong impact on gasoline demand as high retail gasoline prices and declining consumer confidence compound the impact of vehicle efficiency gains. The US Energy Information Administration estimates that the efficiency of the US light-vehicle pool improved by around 1.9% y-o-y in 1H13.

China

This has been a mixed month for Chinese demand data, with offsetting adjustments to the June (-85 kb/d) and July (+175 kb/d) series. This net addition meant that despite the maintenance of our forecast for significantly slower growth in 2H13, the forecast for the year as a whole has been raised modestly, to 3.8% versus last month's 3.7% projection.

Revised estimates of Chinese apparent demand (defined as the sum of refinery output and net product imports, minus product inventory builds) depict roughly 10.2 mb/d of oil products being consumed in June, a gain of 5.4% on the year earlier, supported by particularly sharp gains in transport fuels and naphtha. Preliminary July estimates imply a similar rate of growth, to 10.3 mb/d, despite reports of product destocking which have the effect of inflating apparent demand estimates (see '*Chinese Demand Forecast Upgraded*', *OMR* January 2013). Early indications point towards a significant deceleration in August, in line with the forecast carried in last month's *Report*, as refiners reduced runs by 155 kb/d over July.





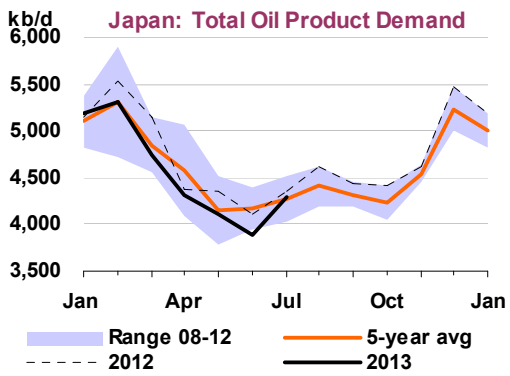
Supporting the Chinese growth forecast of nearly 4%, in a year of exceptionally choppy demand, is the IMF assumption of 7.8% rise in GDP in 2013 (decelerating to 7.7% in 2014). The latest economic indicators – such as industrial output rising 9.7% y-o-y in July and 10.4% in August – add credibility to these forecasts.

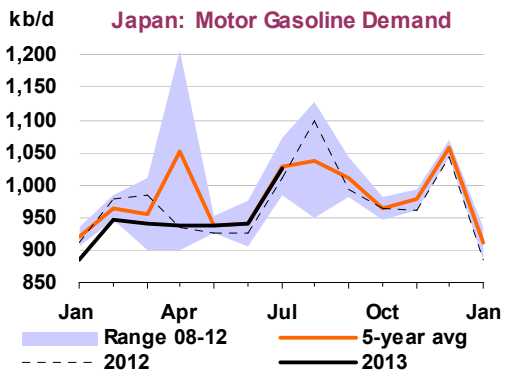
China: Demand by Product
(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2012	2013	2014	2013	2014	2013	2014
LPG & Ethane	753	766	788	13	21	1.7	2.8
Naphtha	985	1,079	1,150	94	72	9.5	6.6
Motor Gasoline	1,953	2,100	2,209	147	109	7.6	5.2
Jet Fuel & Kerosene	438	481	510	43	28	9.9	5.9
Gas/Diesel Oil	3,406	3,427	3,525	21	97	0.6	2.8
Residual Fuel Oil	496	519	529	23	10	4.6	1.9
Other Products	1,736	1,768	1,810	31	42	1.8	2.4
Total Products	**9,768**	**10,140**	**10,520**	**373**	**380**	**3.8**	**3.7**

Japan

The unusually warm early summer temperatures have raised the estimate of 2013 Japanese oil consumption as power sector needs (driven by air conditioning demand) are likely to exceed earlier expectations. Fuel oil and 'other product' demand (which includes crude oil for direct burn) notably support power sector needs. For the year as a whole, an overall decline rate of 3.7% is now assumed (previously the forecast decline rate was 3.8%), taking total Japanese demand to an average of around 4.5 mb/d. Consumption contracted by a steep 4.3% y-o-y in 2Q13 but is expected to show slower declines from then on. Having fallen sharply in 1Q13, gasoline demand will lead the reversal in fortunes in 2H13, supported by likely gains in consumer confidence.

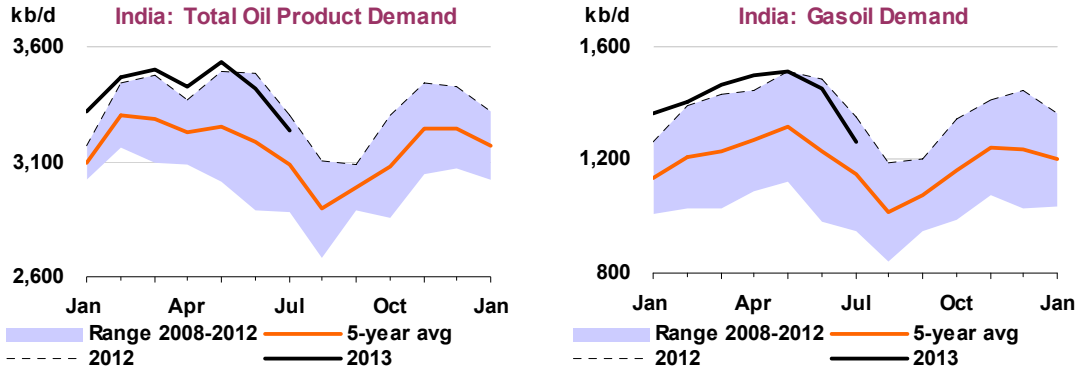




India

In July, for the second consecutive month, Indian demand contracted y-o-y as the country's effective de-subsidisation programme continues to cut into diesel consumption. Since January, the government has been undergoing a programme of cutting the effective diesel price subsidy by roughly half a rupee per litre per month, whereby half a rupee is equal to roughly one US cent as of 11 September. Reduced agricultural demand and signs of slowing economic growth also contributed. Agricultural consumption has been particularly curbed as of late, with relatively plentiful rains reducing irrigation needs (a big gasoil/diesel user), while the recent economic slowdown has dampened consumption, a pressure compounded as prices have risen.

Although consumer purchasing decisions have, to date, largely avoided the most dire consequences from the rupee's depreciation, with effective subsidies continuing to protect domestic diesel demand, the already cash-strapped government is under pressure to reduce these subsidies still further, or find alternative methods to curb use. The oil ministry, in an open letter to the Prime Minister, has outlined some potential measures, such as requesting that refiners reduce imports, encouraging people to consume less, or restricting retailers' opening hours (an option since discarded).



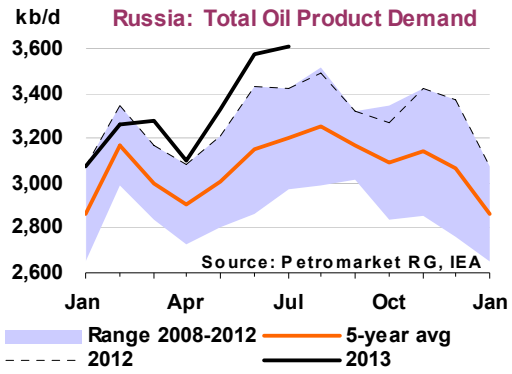
Even if governments have many ways to discourage consumption, economists widely believe that the pricing mechanism is the most efficient method of distributing limited supplies. Indeed, the smaller gasoline sector – which accounted for just 11.1% of Indian demand in 2012, versus 41.1% for gasoil – has already experienced some sharp price gains, with six hikes seen since May (gasoline prices having risen by 17.5% between the end of May of the beginning of September, whereas diesel prices have inched up a mere 3.4%).

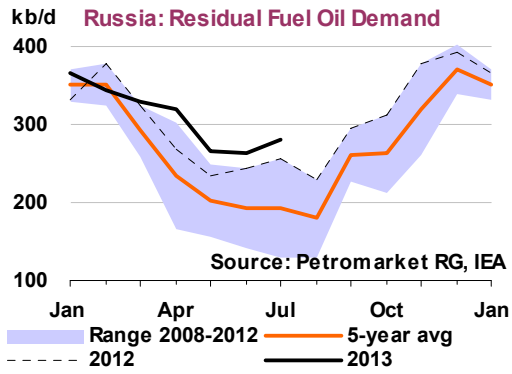
The price effect is far from perfect, however, as demonstrated by the continued strong gains seen in gasoline demand. Also the current programme of curbing the effective diesel subsidy is not simply a commitment to raise the price by the stated amount each month, but instead a pledge to do so until the so-called under-recoveries have disappeared. The term under-recoveries refers to the situation where the actual selling price is lower than the price retailers/distributors pay to refiners. This policy of small but steady steps showed significant progress with the under-recoveries going down, from about 9 rupees per litre in January to 3.73 rupees per litre for the fortnight of 16 May. Due to a combination of a declining rupee and increases in the Indian crude oil price basket, the under-recoveries shot up to 12.12 rupees per litre for the fortnight of 1 September. Since January, diesel prices have been raised seven times, for a total of 4.25 rupees per litre.

Local media speculation is rife that a one-off Rupee 5 per litre hike is in the offing. Although this could be a step in the right direction, such a move looks unlikely with elections less than a year away. Whatever method is adopted, we have trimmed our own demand forecast, to 2.6% in 2013, from 2.8% before.

Russia

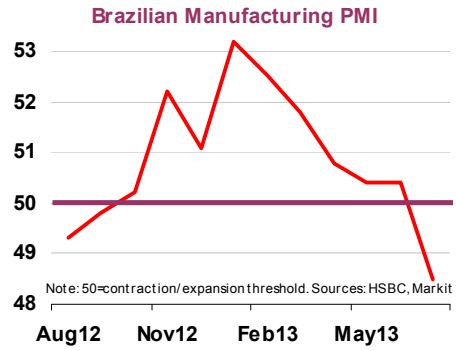
The strong recent Russian demand trend continues, with roughly 3.6 mb/d consumed in July, a gain of 5.5% on the year earlier and marking the fifth month in a row that growth has exceeded the previous six-month average. Once again, manufacturing continues to provide the majority of the demand support, with particularly sharp gains seen in gasoil, fuel oil and 'other products'. Consumption of jet/kerosene and LPG has lagged as concerns regarding the pace of GDP growth have spread following the somewhat subdued 2Q13 number (+1.2% y-o-y).





Regardless of the relatively strong 2Q13 demand showing – with a near 3% gain in Russian oil use seen over the corresponding period for 2012 – the forecast for the year as a whole remains largely unchanged, reflecting nagging concerns about the pace of macroeconomic momentum in the second half of the year. Although the majority of 2013, thus far, saw 'expansionary' manufacturing sentiment depicted in its confidence statistics, the perspective clearly darkened in July/August. Filtering from these forces, overall oil consumption growth is forecast to average out at 3.2% in both 2013 and 2014.



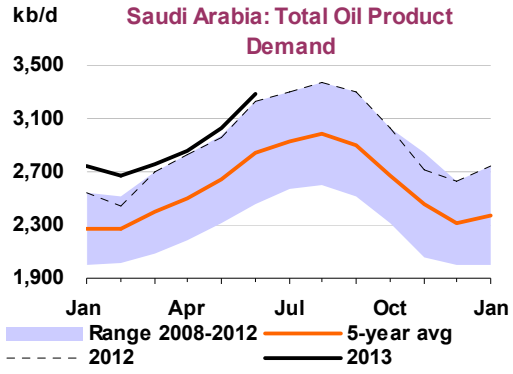


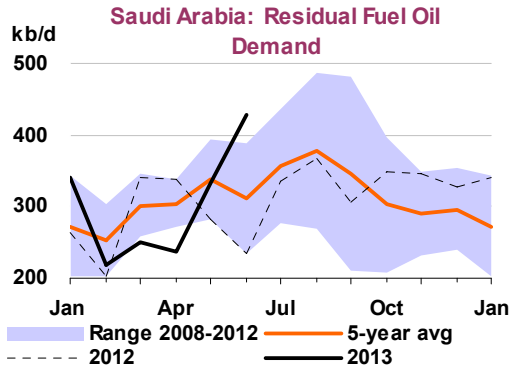
Brazil

Brazilian consumption in June averaged 3.0 mb/d, 45 kb/d less than our month earlier prediction. Slowing gasoil demand growth, itself a consequence of the Latin American nation's recent industrial woes, underpinned the lower number. Industrial sentiment has been on a declining trend since the beginning of the year, although HSBC's Manufacturing Purchasing Managers' Index (PMI) remained within 'expansionary' territory until July, requiring a less rampant growth in gasoil use, up 2.8% y-o-y in June versus previous a 12-month average gain of 6.5%. This mid-year weakness, which is likely to continue through 3Q13 if the PMI is any guide, resulted in a modest curtailment in our 2013 growth forecast, to 3.4% – down by two-tenths of a percentage point on that carried in last month's *Report*.

Saudi Arabia

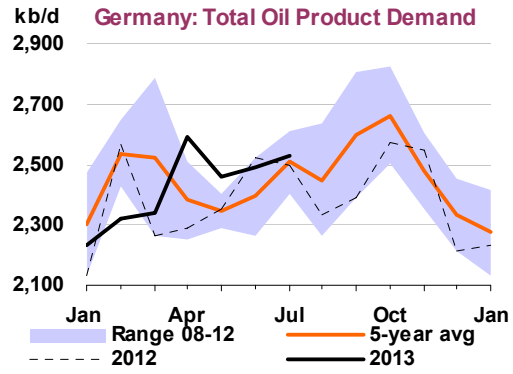
The consumption data for June came out roughly in-line with last month's forecast, up 1.6% on the year earlier to 3.3 mb/d. By far the greatest upside was seen in fuel oil, as demand surged to a near-five-year high supported by additional power sector usage. Absolute declines in 'other products' and gasoil provided a partial offset, suggesting some switching of direct crude burn and gasoil to fuel oil in power generation. With the underlying macroeconomic environment likely to deteriorate in 2013 – the International Monetary Fund (IMF) forecasting GDP growth of 4.0% in 2013 after a gain of 5.1% in 2012 – then so, too, will oil demand growth, to 3.6% in 2013 from 4.7% in 2012. Similar growth (+3.7%) is foreseen in 2014 as this rough trend continues.

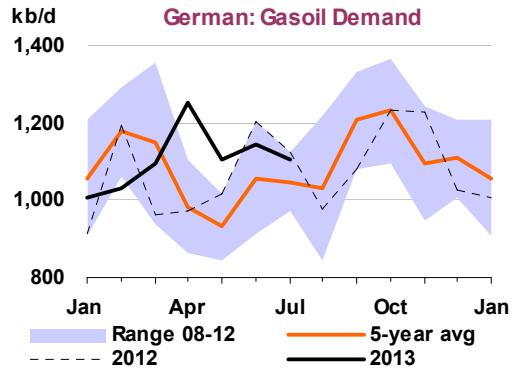




Germany

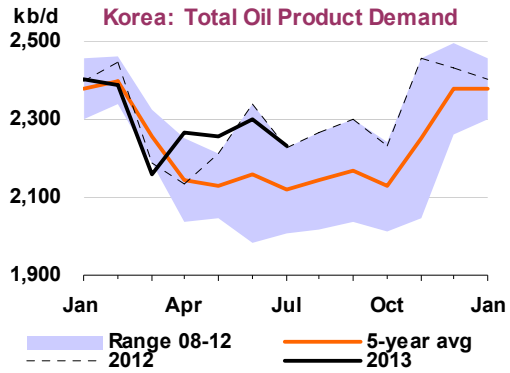
Despite reports of an uptick in recent German economic activity, the demand forecast for the year as a whole remains essentially flat, as the underlying macroeconomic growth trend remains subdued. The greatest upside, in the forecast, is provided by industrially important gasoil and LPG, while downside momentum is provided by heavier fuel oil and the transportation markets of gasoline and jet/kerosene. Predictions of continued efficiency gains will likely keep the demand forecast restrained in 2014.

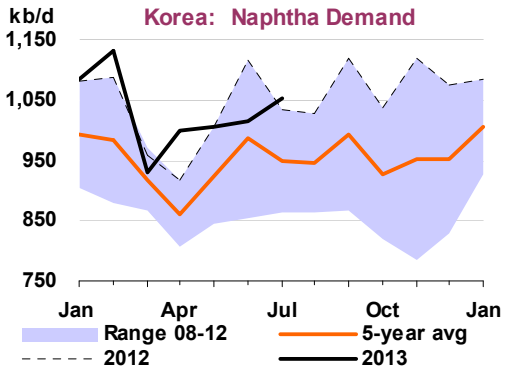




Korea

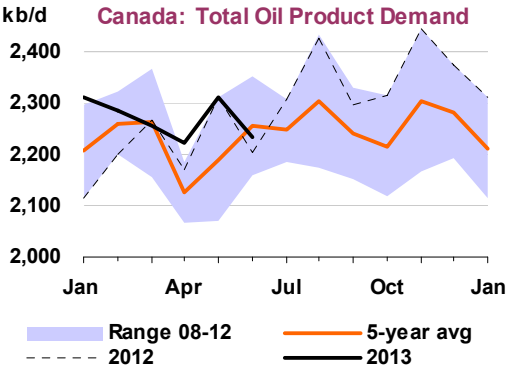
At an average of 2.2 mb/d in July, South Korean demand was in line with the forecast carried in last month's *Report*. There has, however been something of a redistribution of product across the barrel, as the previously overestimated 'other product' category was seemingly 'too high' at the expense of a combination of 'too little' fuel oil, LPG, naphtha and gasoil. Particularly strong naphtha demand likely re-emerged as the earlier spate of heavy cracker maintenance drew to a close. The overall consumption trend, for the year as a whole, is forecast to remain relatively flat, in line with government policy, little changed from last month's *Report*.

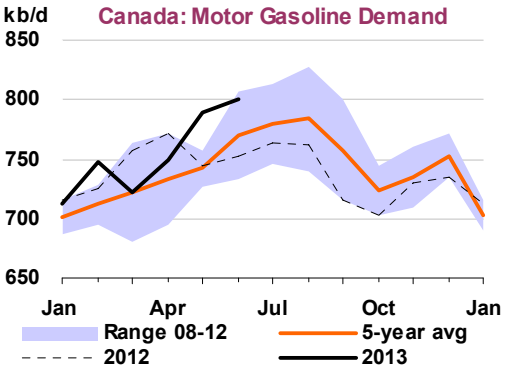




Canada

Roughly 2.2 mb/d of oil products were consumed in June, according to the latest official data, an increase of 1.3% on the year earlier. Robust gains were seen in the transport fuels – *i.e*. gasoline and jet – and petrochemical industry – supporting naphtha and LPG demand. Notable weaknesses were seen in the fuel oil sector, as tougher environmental regulations continue to see some switching out of heavier products. The forecast for 2013 has accordingly been downgraded modestly – to a gain of 0.4% (previously 0.8%) – as final June demand came out below our previous expectation alongside additional downside revisions to the baseline data.



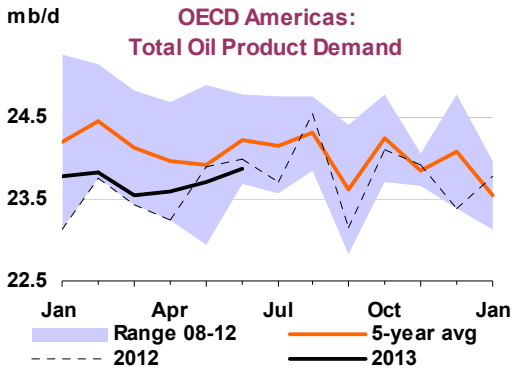


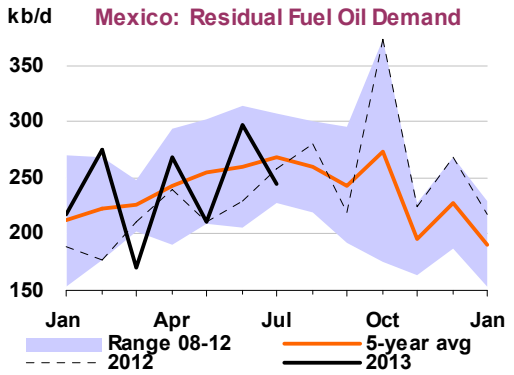
OECD

Contraction in OECD demand continued to slow in 2Q13, easing to -0.3% y-o-y, its narrowest decline rate in a year. This relative improvement emerged due to a combination of late-winter weather heating demand in April (boosting gasoil/diesel use and to a lesser degree jet/kerosene) and budding signs of economic recovery in a few countries (notably Germany) towards the end of the quarter. Although the decline is forecast to regain momentum in 2H13, reaching 0.8% for the period and 0.6% in 2014 as a whole, this remains well down on the previous five-year average.

Americas

Within the overwhelmingly weak OECD demand region, the Americas is likely to show the least feeble demand trend in 2013, which in itself amounts to a relatively flat 0.3% gain. This somewhat stagnant growth trend is forecast, as only Chile shows stronger oil demand growth (+2.3%) consequential on it possessing by far the most robust macroeconomic underpinnings (+4.6% according to the IMF's July *World Economic Outlook, versus +2.9% for Mexico, +1.7% for the US and +1.7% for Canada)*. Ongoing weakness in **Mexican** fuel oil demand, a consequence of the power sector's growing preference for natural gas, dampened the overall demand trend with roughly 2.1 mb/d consumed in July. For the year as a whole, growth in Mexican oil use is forecast to remain essentially flat (up 0.1%), maintaining a 2.1 mb/d average.





OECD Demand based on Adjusted Preliminary Submissions - July 2013

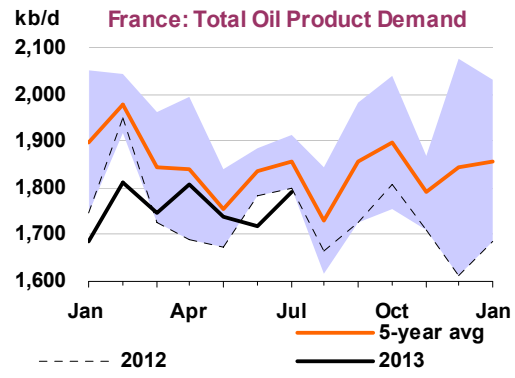
(million barrels per day)

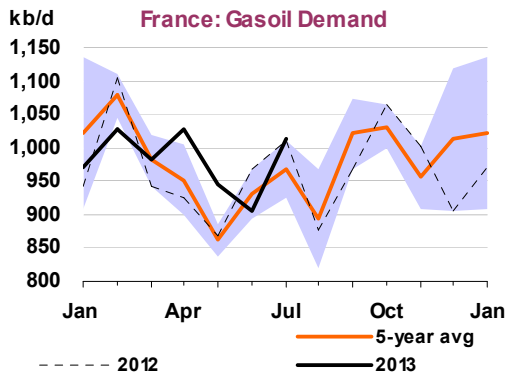
	Gasoline		Jet/Kerosene		Diesel		Other Gasoil		RFO		Other		Total Products	
	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa
OECD Americas*	**10.70**	**2.0**	**1.75**	**2.1**	**4.47**	**4.9**	**0.42**	**-11.0**	**0.68**	**-21.3**	**5.85**	**-1.22**	**23.87**	**0.6**
US50	8.99	1.8	1.50	1.9	3.57	6.0	0.11	-38.7	0.30	-26.7	4.31	-1.4	18.79	0.8
Canada	0.81	5.9	0.13	3.6	0.30	-4.6	0.22	15.4	0.03	-66.7	0.80	-2.6	2.29	-0.9
Mexico	0.78	1.4	0.06	3.7	0.39	0.5	0.05	0.9	0.24	-5.4	0.59	2.7	2.13	0.8
OECD Europe	**2.07**	**-0.6**	**1.33**	**0.0**	**4.64**	**2.4**	**1.36**	**-9.1**	**0.99**	**-8.3**	**3.51**	**0.1**	**13.88**	**-0.9**
Germany	0.44	2.6	0.22	7.3	0.75	3.7	0.36	-11.0	0.13	-3.1	0.62	4.2	2.53	1.2
United Kingdom	0.30	-2.2	0.29	-2.7	0.44	0.7	0.12	-5.7	0.04	-11.4	0.25	-5.6	1.45	-2.7
France	0.19	2.6	0.17	0.0	0.76	5.5	0.25	-13.3	0.06	-5.4	0.37	-2.9	1.79	-0.5
Italy	0.23	-3.2	0.10	-4.9	0.48	-2.3	0.10	0.3	0.09	-13.7	0.40	2.1	1.39	-2.1
Spain	0.12	0.2	0.13	-4.4	0.46	3.2	0.12	1.8	0.13	-30.1	0.24	-16.0	1.22	-7.0
OECD Asia & Oceania	**1.66**	**0.2**	**0.65**	**3.6**	**1.31**	**1.3**	**0.44**	**-9.2**	**0.74**	**-17.9**	**3.26**	**0.7**	**8.06**	**-1.7**
Japan	1.03	1.6	0.35	7.6	0.47	4.5	0.33	-2.9	0.44	-21.3	1.68	0.2	4.30	-1.4
Korea	0.20	-3.1	0.12	-4.9	0.30	1.9	0.11	-4.8	0.25	-5.9	1.26	2.5	2.23	0.1
Australia	0.31	-1.2	0.13	3.1	0.38	-0.4	0.00	0.0	0.02	-7.3	0.24	-4.3	1.10	-1.3
OECD Total	**14.43**	**1.4**	**3.73**	**1.6**	**10.41**	**3.3**	**2.21**	**-9.4**	**2.41**	**-15.3**	**12.63**	**-0.4**	**45.82**	**-0.2**

* Including US territories

Europe

The European demand picture remains somewhat subdued, despite reports of very warm July/August trimming 3Q13 vehicle efficiency rates (as additional vehicle air conditioning usage raises the average fuel requirement) and tentative signs of an economic bottoming-out in the region, with 110 kb/d (or 0.8%) less oil products likely to be consumed in 3Q13 over the year earlier. Warmer climes also triggered relatively high levels of summer vacation travel. The 3Q13 momentum is, however, an improvement on the past five years, when the average decline rate was closer to 0.4 mb/d.



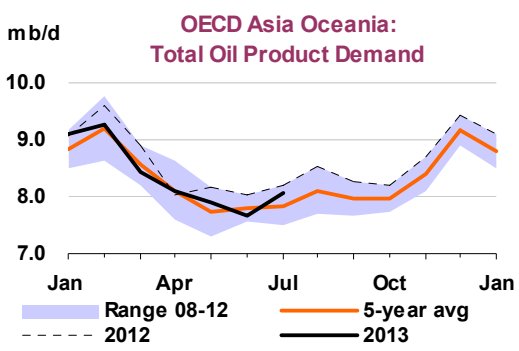


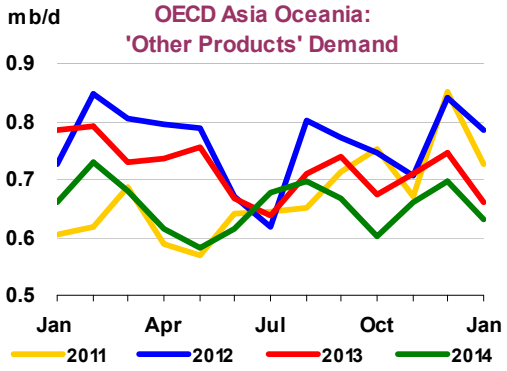
Following a steep contraction in 2012, the **French** demand sector, according to preliminary July data, showed modest signs of life. July demand of 1.8 mb/d was 0.5% down on the corresponding period a year earlier, a much slower decline than the 2.2% average drop of the previous 12 months. Domestic

transport fuels led the upside, with total gasoil demand up 0.1% in July, to 1.0 mb/d, and gasoline use up 2.6% to 185 kb/d. The forecast for the year as a whole has been revised, to a decline rate of 1.4% versus the previous -2.1% estimate, consequential on roughly 75 kb/d being added to the July estimate and 35 kb/d to June.

Asia Oceania

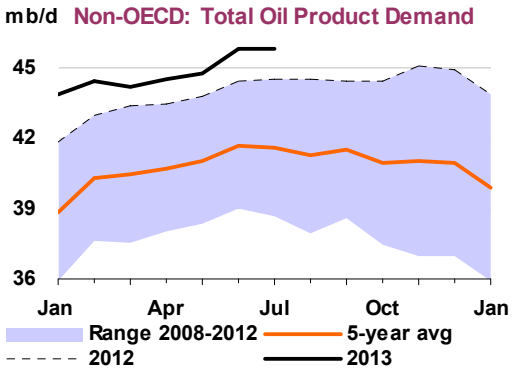
The demand picture for OECD Asia Oceania continues to deteriorate, with preliminary July data pointing towards a 1.7% fall over the year-earlier period, although very warm temperatures in Japan and Korea caused the contraction to ease somewhat compared to its recent trend. The demand forecast for 2013 is now assessed at 8.4 mb/d, down by 2.3% on the year earlier. Looking ahead, a moderation of this trend is envisaged for 2014, with a decline rate of 1.2% forecast. Consumption in the region falls to an average of around 8.3 mb/d in 2014, well below 2012 highs of 8.6 mb/d when the temporary addition of extra nuclear replacement fuel oil and 'other products' in Japan propped up demand.

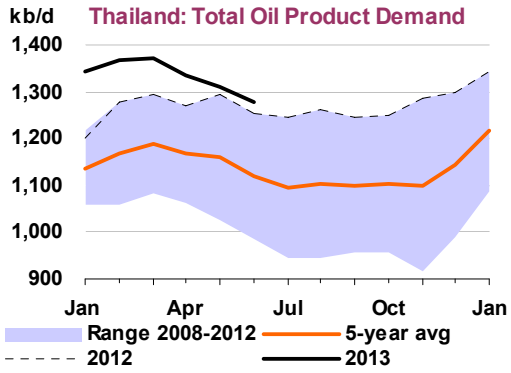




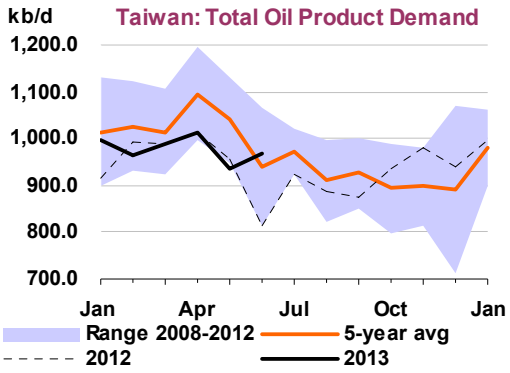
Non-OECD

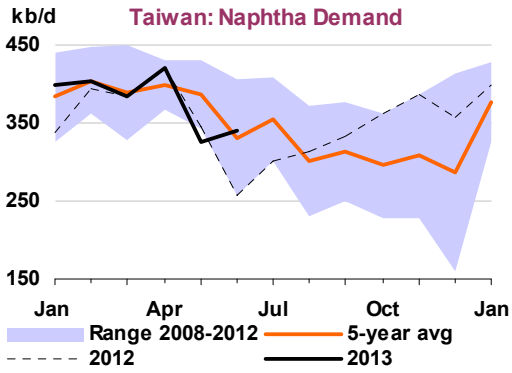
The pace of non-OECD demand growth has fallen back somewhat, reflecting macroeconomic headwinds recently compounded by currency depreciation in many countries. Nevertheless, emerging market oil demand continues to grow relatively rapidly, and is forecast to continue expanding at a fairly fast clip through the forecast period – growth averaging out at around 2.6% in 2H13 and 3.0% for 2014 as a whole.





June demand for **Thailand** came in below month earlier expectations, at roughly 1.3 mb/d, a modest gain of 2.0% on the year earlier versus the previous 4.2% projection that fell more closely into line with the previous 18-month trend. Gasoil demand fell to its lowest level since October 2012, reflecting recent economic concerns. The Thai Industries Sentiment Index (TISI) fell in June, to 93.1 from 94.3 in May (any reading below 100 signals "low confidence"), as manufacturers expressed concern regarding falling exports. In contrast, naphtha consumption in **Chinese Taipei** surged in June, reflecting increased usage ahead of reports of additional maintenance being taken in 3Q13 (see *OMR* August 2013).





Further comprehensive analysis of **Yemeni** oil demand added roughly 30 kb/d to our 2010 estimate. This additional consumption reflects a reworking of our demand model to incorporate the latest data from the IEA's *Energy Statistics of non-OECD Countries*. Our projection of future trends here has been modestly curtailed since last month's Report to incorporate the news that a new 400 megawatt gas-power power plant, in the country's eastern Marib province, should be open by mid-2014. Fuel oil dominates the power mix in Yemen, but the opening of the new gas facility in 2014 should bring about a more rapid switch from oil to gas. The new plant should be sufficient to cover the total power sector needs of the capital Sana, which the ministry estimates at 320-420 megawatts.

Non-OECD: Demand by Region

(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	May-13	Jun-13	Jul-13	Jun-13	Jul-13	Jun-13	Jul-13
Africa	3,691	3,815	3,763	238	79	6.7	2.2
Asia	21,487	21,915	21,628	997	573	4.8	2.7
FSU	4,510	4,793	4,791	412	170	9.4	3.7
Latin America	6,537	6,534	6,605	171	175	2.7	2.7
Middle East	7,830	8,061	8,382	253	414	3.2	5.2
Non-OECD Europe	718	686	687	-58	5	-7.8	0.7
Total Products	**44,773**	**45,804**	**45,856**	**2,014**	**1,416**	**4.6**	**3.2**

SUPPLY

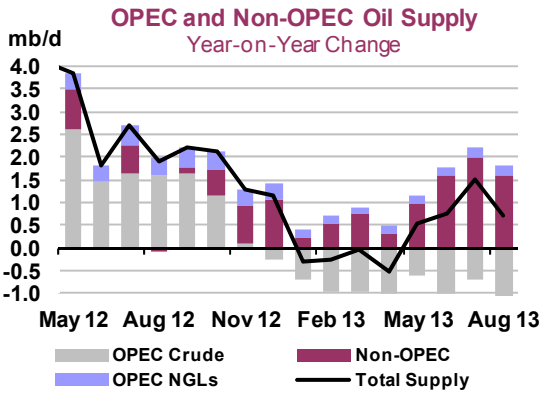
Summary

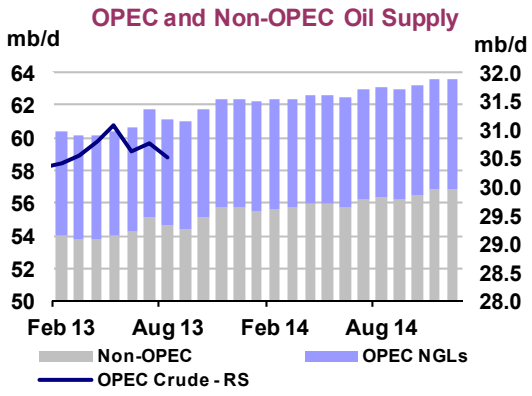
- **Global supplies in August fell by 775 kb/d to 91.59 mb/d, with both non-OPEC and OPEC registering monthly declines.** Supplies were up around 620 kb/d from year ago levels, with a sharp rise in non-OPEC output and OPEC NGLs of 1.74 mb/d more than offsetting a decline of just over 1.12 mb/d in OPEC crude production.

- **Non-OPEC supplies fell by 510 kb/d in August to 54.51 mb/d as continued expansion of output in the US and Canada failed to counter seasonal declines in the North Sea,** shut-in production in China due to flooding, and offshore maintenance in Kazakhstan and Ghana. August production was still up 1.51 mb/d year-on-year, in line with strong annual growth of 1.2 mb/d forecast for 2013.

- **OPEC crude oil supplies turned lower again in August with a sharp downturn in Libyan production only partially offset by near-record output from Saudi Arabia.** August OPEC output was pegged at 30.51 mb/d, down by 260 kb/d. The 'call on OPEC crude and stock change' was adjusted up by 200 kb/d on higher demand for 3Q13 but down by 100 kb/d on rising non-OPEC supplies for 4Q13, to 30.3 mb/d and 29.6 mb/d, respectively. The 'call' for 2013 is unchanged at 29.9 mb/d.

- **Libyan oil production plunged to a post-war low of 150 kb/d at one point in early September compared with 550 kb/d on average in August** and 1 mb/d in July amid crippling labour disputes, civil unrest and political discord among government officials and tribal militias. The government has set up a crisis committee tasked with negotiating a settlement among the various striking workers and tribal militias in a bid to get the oil sector functioning again but to date there has been little visible progress.





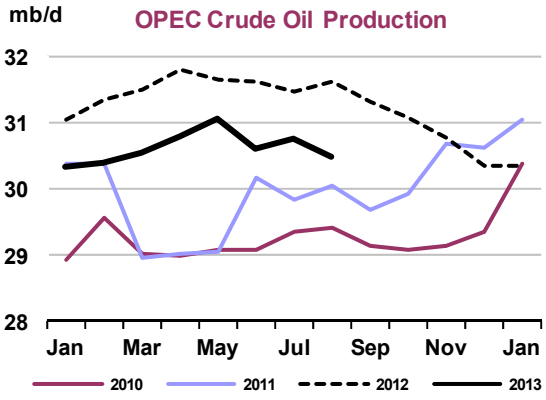
All world oil supply figures for August discussed in this report are IEA estimates. Estimates for OPEC countries, Alaska and Russia are supported by preliminary August supply data.

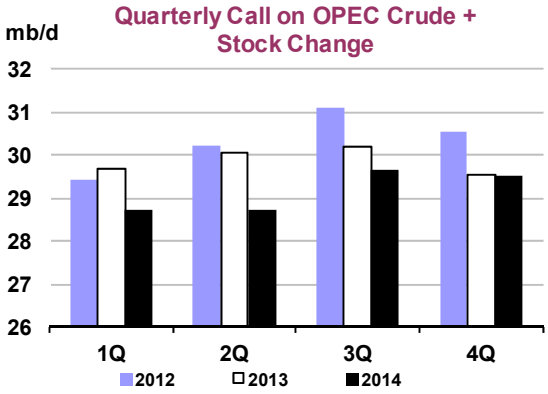
Note: Random events present downside risk to the non-OPEC production forecast contained in this report. These events can include accidents, unplanned or unannounced maintenance, technical problems, labour strikes, political unrest, guerrilla activity, wars and weather-related supply losses. Specific allowance has been made in the forecast for scheduled maintenance in all regions and for typical seasonal supply outages (including hurricane-related stoppages) in North America. In addition, from May 2011, a nationally allocated (but not field-specific) reliability adjustment has also been applied for the non-OPEC forecast to reflect a historical tendency for unexpected events to reduce actual supply compared with the initial forecast. This totals –200 kb/d for non-OPEC as a whole, with downward adjustments focused in the OECD.

OPEC Crude Oil Supply

OPEC crude oil supplies turned lower again in August with a sharp downturn in Libyan production only partially offset by near-record output from Saudi Arabia (see *'Libyan Oil Supplies Cascade Lower'*). August OPEC output is pegged at 30.51 mb/d, down 260 kb/d to from an upwardly revised July estimate. July output was adjusted higher by 355 kb/d to 30.77 mb/d, largely due to more complete data for Saudi Arabia and Iraq.

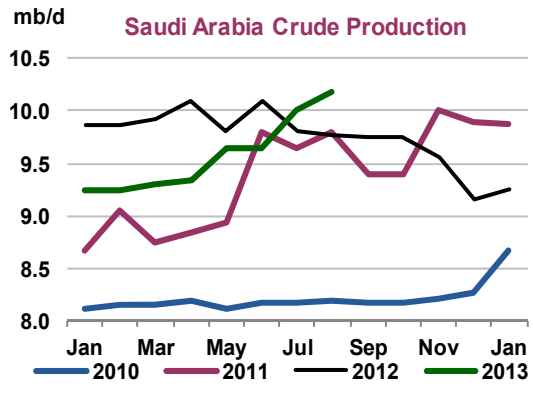
The 'call on OPEC crude and stock change' was increased by 200 kb/d on higher demand for 3Q13 but down by 100 kb/d on rising non-OPEC supplies for 4Q13, to 30.3 mb/d and 29.6 mb/d, respectively. The 'call' for full-year is unchanged at 29.9 mb/d. OPEC's 'effective' spare capacity was estimated at 2.94 mb/d in August compared with 3.08 mb/d in July. Spare capacity from Saudi Arabia was assessed lower at 2.23 mb/d versus 2.4 mb/d last month but still accounts for the lion's share of the surplus at just over 75%. OPEC is scheduled to meet next on 4 December in Vienna.

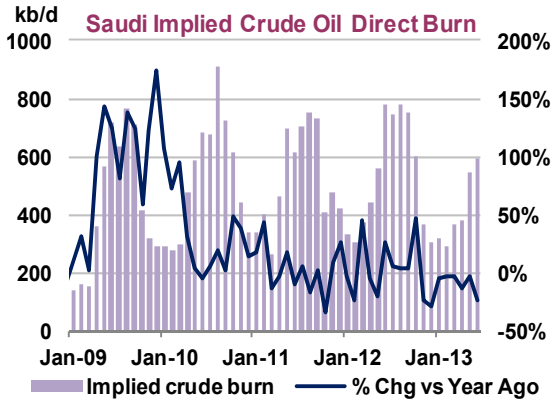




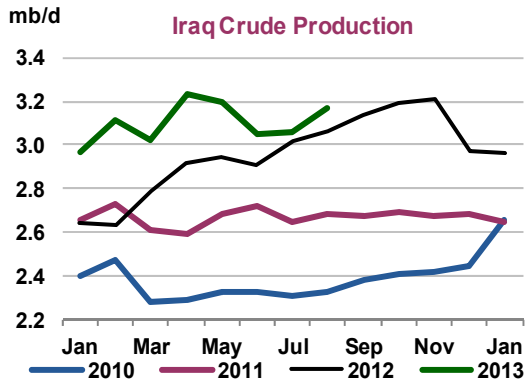
Saudi Arabia increased production to 10.19 mb/d in August, the highest level in 32 years. July production was revised up by 200 kb/d, to 10 mb/d. Increased shipments are reportedly going to Asia, partly to replace reduced supplies from the FSU stemming from record refining runs curtailing exports and oil field maintenance work as well as lower output in China in recent months due to flooding. Saudi officials reported actual supplies to the markets were slightly lower, at 10.07 mb/d, with the remaining 120 kb/d either going into storage or being fed into the new Jubail refinery network. Production from the new heavy oil offshore Manifa field is reportedly moving into storage at the Jubail refinery, which is currently processing lighter Saudis grades until the coker is brought online in 4Q13.

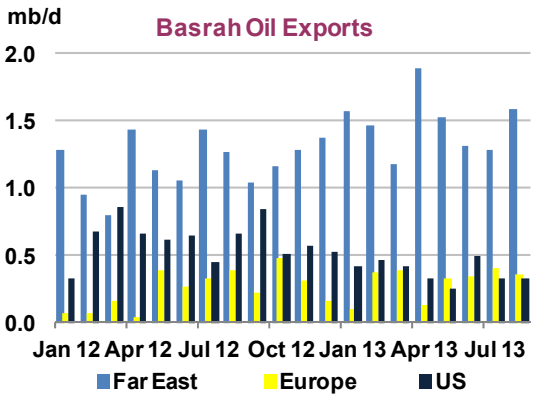
Saudi crude for direct burn averaged around 595 kb/d in June, down about 185 kb/d from year ago levels, latest JODI data show. Demand for crude for power use this year has been reduced by an increase in use of natural gas and fuel oil. Crude for direct burn at power plants for 1H13 is down 50 kb/d to an average 415 kb/d compared with the same period in 2012.





Iraqi crude oil output edged higher in August, up by just over 100 kb/d to 3.17 mb/d. July output was revised up by 70 kb/d to 3.06 mb/d, largely due to higher-than-forecast crude burn at power stations. Total exports rose about 165 kb/d to 2.47 mb/d in August, with southern shipments exceptionally robust while northern volumes remained constrained. Exports of Basrah crude rose by 140 kb/d to 2.29 mb/d as State Oil Marketing Co (SOMO) ramped up volumes ahead of planned maintenance work at the southern Basrah and Khor Al-Amaya shipping terminals in September.

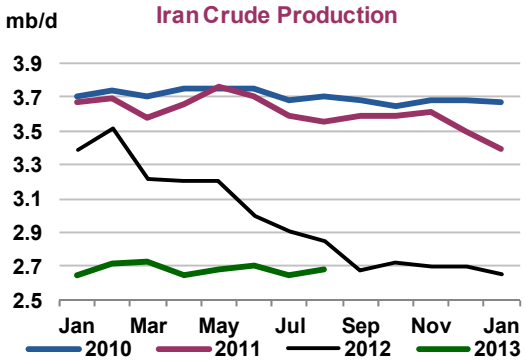


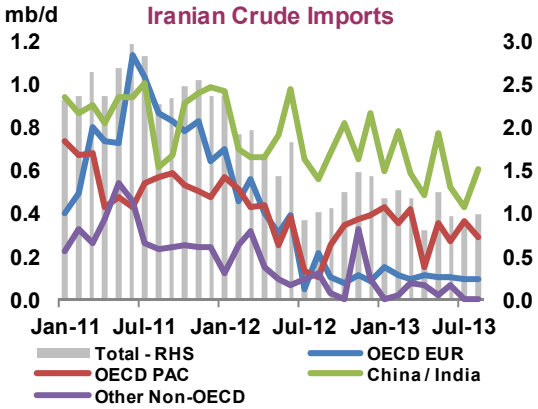


Conflicting reports for the outlook for southern exports in September and through the end of the year have forced traders and refiners to seek replacement barrels, especially in Asia where 70% of Basrah crude is normally processed. Officials initially told regular buyers that planned infrastructure work at the Gulf export terminals would cut shipments by as much as 500 kb/d in September but reversed course in mid-August and said the project would be postponed. However, contractors said in September it was not possible to scale back and alter plans for the terminal work. That said, the 8 September work start date has been delayed 4-5 days due to unexpected technical issues. SOMO nominations were cut to 1.8 mb/d from 2.3 mb/d, or about 500 kb/d. Amid all the confusion regular buyers of Iraqi crude are lining up alternative supplies, which in turn has elevated price differentials for competing crudes such as Urals, Azeri and other sour grades in Europe as well as Middle East grades such as Abu Dhabi's Murban.

Northern exports of Kirkuk crude were only marginally higher in August, up around 25 kb/d to 180 kb/d. Militant attacks on the key pipeline running to the Mediterranean port of Ceyhan continue to disrupt export flows, with volumes nearly halved from a 2013 peak of 330 kb/d in March. In addition, shipments from the Kurdistan region to the Kirkuk-Ceyhan crude pipeline remain shut-off. The ongoing dispute over payment and contract terms between Baghdad and the Kurdistan Regional Government (KRG) has been complicated by the KRG's decision to go ahead with new pipeline projects to let exports bypass the Kirkuk-Ceyhan line controlled by the central government. A further 40-50 kb/d of crude and condensates is moving via trucks through Turkey. Crude production in the KRG area was estimated at 140 kb/d in August.

Iran's crude oil production rose to 2.68 mb/d in August, up 30 kb/d from July levels. Preliminary data show total crude imports from Iran averaged 985 kb/d in August, up just under 100 kb/d from July levels. Data for July imports were revised down to 900 kb/d compared with 1.16 mb/d reported last month. In August China, Japan, South Korea, Turkey, the UAE and Syria imported Iranian crude, tanker data show. Import volumes are based on data submitted by OECD countries, non-OECD statistics from customs agencies, tanker movements and news reports. After payment problems stalled liftings in July, preliminary data show India posted the largest month-on-month increase in August, up 125 kb/d to around 165 kb/d. Japanese imports from Iran rose by about 50 kb/d to 225 kb/d in August while China increased volumes to 440 kb/d from around 400 kb/d in July. Last month, Syria imported crude for the third time this year, at around 30 kb/d.





Washington extended six-month waivers of US sanctions in early September to Japan and the ten European Union nations also already operating under the EU's July 2012 embargo. The State Department will review waivers to China, India, South Korea, Turkey, and five other countries in December.

Production from **Kuwait** and the **UAE** each declined by 30 kb/d in August, to 2.77 mb/d and 2.72 mb/d, respectively. **Qatari** output was unchanged at 725 kb/d.

OPEC Crude Production

(million barrels per day)

	Jun 2013 Supply	Jul 2013 Supply	Aug 2013 Supply	Sustainable Production Capacity[1]	Spare Capacity vs Aug 2013 Supply	1H13 Average Crude Supply
Algeria	1.12	1.15	1.12	1.18	0.06	1.15
Angola	1.78	1.73	1.70	1.89	0.19	1.76
Ecuador	0.52	0.52	0.52	0.53	0.01	0.51
Iran	2.70	2.65	2.68	2.97	0.29	2.69
Iraq	3.05	3.06	3.17	3.33	0.17	3.10
Kuwait[2]	2.82	2.80	2.77	2.90	0.13	2.82
Libya	1.15	1.00	0.55	1.40	0.85	1.34
Nigeria[3]	1.88	1.92	1.90	2.25	0.35	1.97
Qatar	0.73	0.73	0.73	0.75	0.03	0.73
Saudi Arabia[2]	9.65	10.00	10.19	12.40	2.21	9.41
UAE	2.73	2.75	2.72	2.90	0.18	2.69
Venezuela[4]	2.50	2.47	2.47	2.60	0.14	2.48
Total OPEC	**30.62**	**30.77**	**30.51**	**35.10**	***4.59***	*30.63*
(excluding Iraq, Nigeria, Libya and Iran)					***2.94***	

1 Capacity levels can be reached within 30 days and sustained for 90 days.
2 Includes half of Neutral Zone production.
3 Nigeria's current capacity estimate excludes some 200 kb/d of shut-in capacity.
4 Includes upgraded Orinoco extra-heavy oil assumed at 435 kb/d in August.

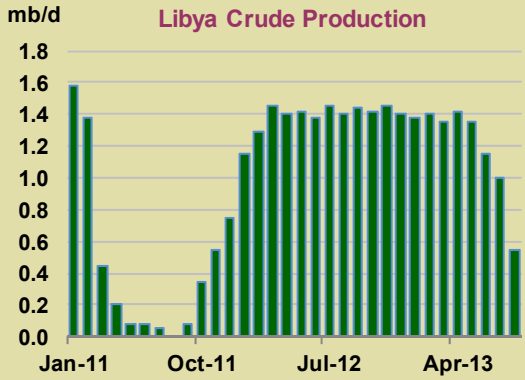
Ecuador's production averaged 520 kb/d in August. Increased output is due to reconditioning of wells and increased drilling of horizontal wells, which has led to an upward baseline revision of 20 kb/d from May to July. **Venezuelan** production in August was unchanged at 2.47 mb/d.

Nigerian output edged lower in August, off 20 kb/d to 1.9 mb/d. Production has stayed below 2 mb/d for the fifth consecutive month due to escalating oil thefts damaging pipeline infrastructure. In early September ENI lifted the *force majeure* on its Brass River crude oil production that had been in place since last March. Bonny Light exports remain under *force majeure* since April, affecting about 150 kb/d. Export loading schedules indicate volumes should start to recover in October and November.

Angolan crude output declined by 25 kb/d to 1.7 mb/d in August. The lower output stemmed from outages at the Saturno field, part of the 150 kb/d PSVM project. As a result, BP declared *force majeure* on its Saturno exports on 21 August due to technical problems.

Libyan Oil Supplies Cascade Lower

Oil production in Libya plunged to a post-war low of 150 kb/d at one point in early September compared with 550 kb/d on average in August and 1 mb/d in July amid crippling labour disputes, civil unrest and political infighting among tribal militias. Exports have tumbled to just 80 kb/d versus 1.2 mb/d previously, with shipments operating only from the country's two offshore fields, Bouri and al Jurf. The burgeoning crisis, the worst since the onset of the civil war in early 2011, is weakening already-fragile government institutions and choking off vital revenues. Striking workers have halted exports and forced the closure of the eastern region's oil-producing fields off and on since the end of May. Tribal groups are now pushing for federalism whereby regions control export flows and revenues.



In late August, Libya's largest western oilfields were closed after militants shut down the pipeline linking the fields to the ports. The two major fields affected were Elephant and El Sharara, which have a combined capacity of around 500 kb/d. After reaching a 2013 high of 1.42 mb/d in April, production has steadily was averaging 250 kb/d in the first week of September. This compares to an average of 1.4 mb/d in 2012, 460 kb/d in 2011 and 1.55 mb/d in 2010, pre-civil war.

The government has set up a crisis committee tasked with negotiating a settlement among the various striking workers and tribal militias in a bid to get the oil sector functioning again. The head of the government energy committee, however, said little headway had been made between government and tribal mediators as well as with an array of protest groups. The striking workers and disgruntled civilians are demanding a multitude of changes, ranging from improved pay packages and management changes to a share of the revenues and greater regional autonomy, which have combined to complicate the already challenging negotiations.

Libyan Crude and NGL Production (kb/d)

	2010	2011	2012	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13
Crude Oil	1550	458	1387	1380	1400	1360	1420	1350	1150	1000	550
NGLs	111	27	89	99	99	99	90	90	90	80	80
Total	1661	485	1476	1479	1499	1459	1510	1440	1240	1080	630

Aside from the offshore exports, Libyan terminals have been shut by port worker strikes or following occupation by members of the Petroleum Facilities Guard. Newswire reports in late August indicated that the Marsa al Brega and Marsa al Hariga terminals would return to normal by early September proved overly optimistic, and recent tanker tracking data do not support these claims. Indeed, according to tracking data, the last crude cargo to leave Libya was a 700 kb Aframax tanker which left the offshore Bouri terminal on 20 August, bound for Italy. Previous to this, the land-based Zaiwa terminal was exporting regular cargos until 19 August. The country's main crude export terminal at Es Sider last exported a cargo on 26 July when an Aframax left for Spain.

The country's five domestic refineries with a combined capacity of 378 kb/d have only operated sporadically since the civil war, with prolonged shutdowns reported. The largest refinery, the 220 kb/d Ras Lanuf plant, has also been closed due to worker protests and the lack of crude, as did the 120 kb/d Zawiya refinery. Latest estimates of Libyan refinery crude throughputs were around 120 kb/d in July, with the remainder of the crude exported.

Recent import data indicate that the bulk of Libya's crude exports head to OECD member countries, with OECD Europe taking just under 900 kb/d so far in 2013 (June is the latest month for which OECD import data are available). To date, Italy has been Libya's largest customer. A large proportion of Libya's exports are used by refiners in the Mediterranean basin or in other European countries with pipeline access to Mediterranean import terminals. Australia is the only OECD member taking significant long-haul Libyan volumes, although it has cut imports steadily since February.

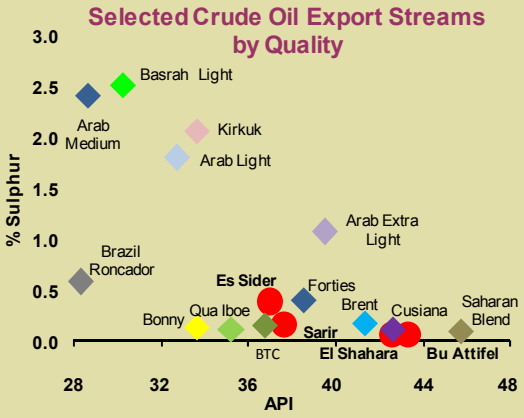
Libyan Oil Supplies Cascade Lower (continued)

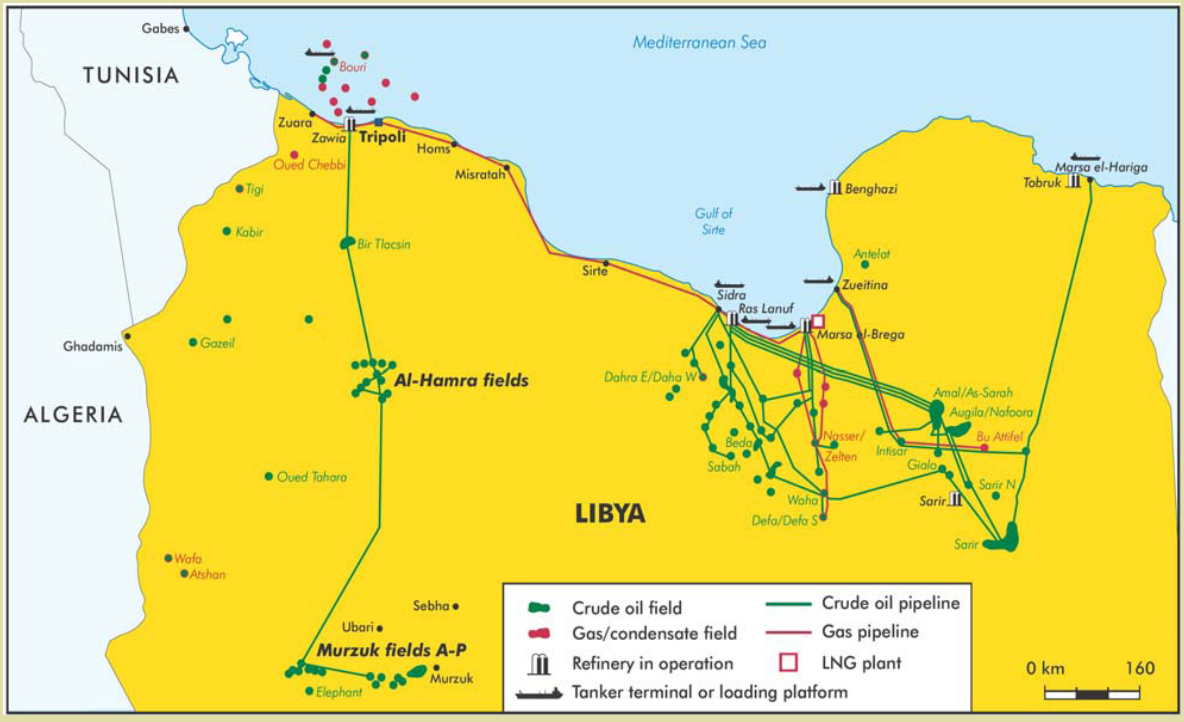
Outside of the OECD, recent tanker tracking data indicate that so far in 2013, sporadic cargoes of Libyan crude have been occasionally heading to Asia, notably China, Indonesia and Thailand.

OECD Crude Imports from Libya (kb/d)

	2009	2010	2011	2012	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	*% of total crude imports (2012)*
France	131	210	64	128	134	147	114	92	127	135	*11.2%*
Germany	167	147	56	173	170	190	195	197	183	203	*9.2%*
Italy	413	368	96	288	273	219	218	223	302	216	*20.9%*
Spain	102	138	23	98	92	109	57	57	96	67	*8.3%*
United Kingdom	37	55	15	59	0	86	97	96	79	59	*5.5%*
Other OECD Europe	135	168	38	167	243	206	121	110	144	130	*3.7%*
Total OECD Europe	986	1086	293	914	912	956	803	775	930	811	*8.2%*
Total OECD	**1049**	**1140**	**312**	**1018**	**970**	**1026**	**929**	**858**	**1043**	**948**	***3.7%***

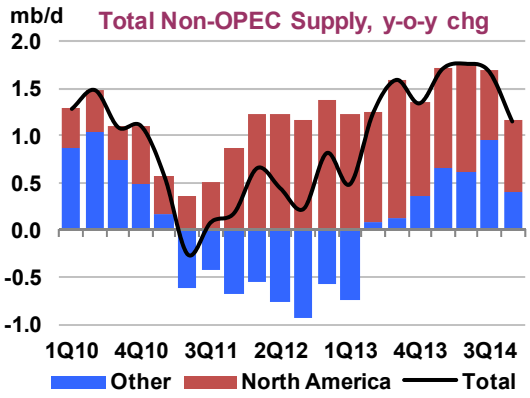
Since Libyan crudes are light and sweet in nature, they have high yields of gasoline, low-sulphur diesel and jet fuel, which make them highly sought-after by European refiners. They are also difficult to replace since there are few crudes of similar quality. The closest quality replacement crudes for the lost Libyan streams of Es Sider, Sarir, El Shahara and Bu Attifel are Ekofisk and Brent crudes from the North Sea, BTC Blend from the FSU, Bonny and Qua Iboe from Nigeria and Algerian Saharan Blend. In the last few month, due to seasonal maintenance in the North Sea, the output of Ekofisk and Brent has been constrained, helping to propel North Sea Dated prices to their recent highs. It is also worth noting that during the 2011 Libyan civil war European refiners were forced to turn to incremental sour supplies made available by OPEC members, notably Saudi Arabia, which were not a like-for-like replacement for lost Libyan crudes. Additionally, the increasing sweet-sour differentials over 2011 also drew in limited supplies to Europe of light, sweet Latin American and West African crudes, which would otherwise have been used by US Gulf Coast refiners.





Non-OPEC Overview

Total non-OPEC supply fell by an estimated 510 kb/d in August, mostly on declines in the North Sea and in China, but at 54.5 mb/d it remained 1.5 mb/d higher than a year earlier. Despite extensive maintenance and outages in the North Sea and, to a lesser extent, offshore Brazil, as well as floods in China, non-OPEC supply is projected to have increased by about 520 kb/d in 3Q13 on the previous quarter. While the increase partly reflects seasonal gains in biofuel supply, other non-OPEC supply still managed an increase of nearly 190 kb/d for the quarter. Non-OPEC supply growth is forecast to pick up momentum in 4Q13. As in previous editions of this *Report*, North America has been at the centre of recent quarterly non-OPEC supply gains, with Canada and the US having a combined total liquids growth of 510 kb/d in 3Q13. Strong increases in these two countries –in both US LTO and Canadian synthetic crude oil – are expected to continue through 4Q13.



Political turmoil in the Middle East and North Africa remains a focus of concern for the supply outlook. Although Syria's oil production has been reduced to only a small fraction of that country's pre-civil war output for some time, concerns that the conflict could spill over into other countries of the region have affected the oil market. Yemen, another non-OPEC producer in the Middle East, experienced several attacks on pipelines that temporarily curtailed the country's already-reduced output in the last few weeks. The political turmoil in Egypt has so far not affected the country's approximately 700 kb/d of production but concerns remain, especially given a recent failed attack on a container ship in the Suez Canal (see Prices section).

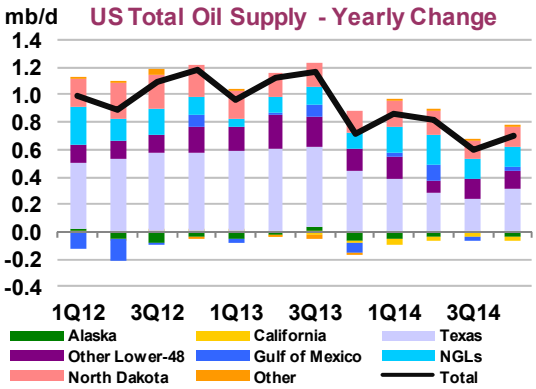
Legitimate as they may be, however, those concerns are somewhat offset by the outlook for generous non-OPEC output growth for the remainder of 2013. That outlook reflects a variety of factors, including the end of the North Sea and North American maintenance season, improved export certainty for South Sudan and, broadly speaking, the results of massive investment in non-OPEC supply not just in North America but also in places ranging from offshore Brazil to Kazakhstan.

Furthermore, sustained high prices look set to keep this investment wave going. Global E&P spending is poised to reach $678 billion in 2013 according to Barclays Capital, a fourth consecutive record high (though it must be mentioned that costs are also rising, particularly on complex projects). Continued high prices are perhaps even beginning to crack open traditional strongholds of resource nationalism to foreign investment. It is conventional wisdom that high oil prices give oil exporter governments increased leverage with IOCs. In recent years, this has discouraged investment in host countries and pushed it to higher-cost, open-market economies such as the US. But, as noted by some industry observers, we may now be witnessing the beginning of a reverse effect: as high-cost production in non-conventional, deep-water and extreme environments becomes more economically viable, leverage swings back to companies which now have alternatives to conventional plays wherein governments grant low rates of return. As discussed below (see "*Mexico's Proposed Energy Sector Reforms – a Watershed for the Energy Industry?*"), this forces some host countries to compete to maintain or regain market share and attract investments. In any case, we continue to foresee non-OPEC supply growth in the forecast period as past investment comes to fruition, and we have adjusted our outlook for non-OPEC supply upward by 60 kb/d for 2013 and by 260 kb/d for 2014.

OECD

North America

US – July preliminary; Alaska actual, other states estimated: US crude oil production averaged 1.1 mb/d higher in July 2013 than in July 2012, at 7.5 mb/d. Preliminary weekly figures for August show production holding steady, with declines in Alaska compensated by continued growth in tight oil at the Eagle Ford (where over 5,700 oil and gas wells have been drilled since 2008) and Permian basins in Texas. Likewise, 3Q13 crude oil production is forecast at 7.5 mb/d. Disruption risks in the US Gulf of Mexico at the peak of the hurricane season make for a forecast of a slight decline in September. On the other hand, the development of new shale plays, such as the Mississippian-Woodford Trend in Oklahoma and Kansas, augurs continued production growth into the medium term, when some existing shale oil plays may begin to decline.



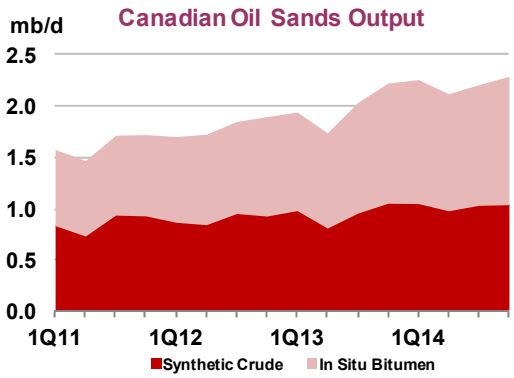
Pipeline and rail transport capacity continues to expand and thereby accommodate production growth, with about 500 kb/d of crude oil pipeline capacity added in the US in 2013. The 700 kb/d-capacity Gulf Coast pipeline from the Cushing hub to Houston is targeted for completion by the end of the year. Alaska crude production fell below 500 kb/d in June and is forecast to remain below that level through 2014. Additional US West Coast refineries, such as the Puget Sound plant in Washington state, are exploring the possibility of rail transport of North Dakota crude to make up for declining Alaska tanker shipments. Tesoro already has a 120 kb/d rail offloading facility at its Anacortes refinery, also in Washington state.

Including biofuels (ethanol and biodiesel), the US is set to become the leading non-OPEC liquids producer as of 3Q13. Stripping out biofuels and refinery gains, however, puts the US 3Q13 total liquids production forecast at 10.3 mb/d, second only to that of Russia, which it trails by just 0.5 mb/d. Strong growth of US natural gas liquids production, estimated at 140 kb/d y-o-y for 3Q13, looms large in these gains. NGL production is forecast to show quarterly growth through 4Q14, when it is expected to reach about 2.75 mb/d. Five gas processing plants have come online this year drawing on the Marcellus/Utica play, and seven more are scheduled to come online by the end of 2013, increasing processing capacity by 110 million cubic metres per day. While there is currently adequate demand to absorb additional propane and butane supply, finding an outlet for the additional ethane coming from liquids-rich Marcellus Shales has proved a challenge, as ethane rejection into dry gas now exceeds pipeline capacity to handle it. Two new infrastructure projects are designed to address this constraint: the 50 kb/d-capacity Mariner West (I and II) ethane pipeline to petrochemical facilities in Sarnia, Ontario (Canada), which began being filled in August, and the 190 kb/d-capacity Atex ethane pipeline to the Texas Gulf Coast, which is expected to come online in 1Q14.

Canada – Newfoundland July actual, others June actual: Despite a slight decline in conventional crude oil production in June due to maintenance at Hibernia offshore (down 50 kb/d for the month) and slight declines in Alberta and Saskatchewan, total liquids production increased by about 70 kb/d for the month on strength of expanded bitumen and synthetics production. With maintenance at White Rose only knocking off 10 kb/d in July and forecast growth in bitumen of 60 kb/d, liquids production is expected to have increased by nearly 300 kb/d m-o-m as most synthetics operators boosted output. Even with maintenance, Syncrude Mildred Lake still achieved 180 kb/d for the month. We are forecasting that Canadian oil production will have surged to a new record of 4.1 mb/d in August, slightly above the previous record output of December 2012. Production of synthetic crude oil led the gains and, at

1.05 mb/d, also reached a new record, as several plants returned from June and July maintenance and work on Suncor's upgrader 2 unit was delayed until September. Crude oil production (excluding synthetics but including mined bitumen) is forecast at 2.4 mb/d for 3Q13, up by more than 300 kb/d y-o-y. Maintenance offshore Newfoundland began in June, cutting production of Hibernia by 50 kb/d for that month, and White Rose output by 10 kb/d in July. Extensive maintenance on the Terra Nova FPSO (which produced 60 kb/d in July) began this month.

Given the record output of synthetic crude oil, including Suncor's projects exceeding 400 kb/d for the first time ever in August, our forecast for Canadian total liquids production has been increased by over 80 kb/d for 2014 compared with last month's *Report*. Total Canadian supply is now expected to reach an average of 4.2 mb/d for 2014 (a 200 kb/d y-o-y rise). In anticipation of this and other output increases, one investment bank has calculated that total planned capital spending on rail terminals, tanker cars, and associated infrastructure in Western Canada in the years 2014-2015 will reach about $5.7 billion.



Mexico – July actual: Pemex data shows that crude oil production in July was 2.48 mb/d, a decline of about 40 kb/d m-o-m. Weekly numbers show the mainstay offshore KMZ complex 30 kb/d lower for the month. Our expectation is of continued gradual decline in crude oil production until the end of the forecast period, with 2013 down 40 kb/d y-o-y and 2014 50 kb/d lower. The decline is expected to be halted only in the last quarter of 2014, as Pemex plans to have a record 47 jack-up rigs in place in the shallow water GOM by mid-2014. Pemex has had some success drilling in the deepwater Perdido fold-belt play, where it has discovered an estimated 480 million barrels of oil, but last month the government announced a program of reforms in the energy sector designed to increase oil production in the medium term that would, if successfully implemented, bring other companies to the Mexican deepwater.

Mexico's Proposed Energy Sector Reforms – A Watershed for the Energy Industry?

On 12 August 2013, Mexican President Enrique Peña Nieto announced plans to change the country's constitution (which greatly restricts foreign and private-sector participation in the energy sector) so as to allow a number of proposed reforms to the oil and gas, as well as electricity, sectors. Mexico's oil sector has been famously closed off to non-Pemex ownership participation since 1938, when foreign oil companies were expropriated by the state and the 100%-state-owned oil company Petróleos Mexicanos (Pemex) was created. Pemex became the country's largest company, and has since then single-handedly developed Mexico's large oil and gas industry.

These reforms, in terms of the oil sector, do have the potential to change the production outlook for the country if things go according to the government's plans. While we will not release another Medium-term Oil Market Outlook until next year, the successful implementation of the main reforms below would be a key factor in lifting our oil production outlook for the latter half of this decade. In terms of the reforms delivering economic benefits for Mexico, any reduction in revenues in the short run from Pemex has to be balanced with the need to maintain, if not expand, oil-derived revenues in the long run.

Although Mexico became a net importer in the 1950s, new discoveries in the 1970s and their successful exploitation, including the giant Cantarell field, subsequently made the country a major world producer and exporter. Pemex is also one of the most important contributors to the budget of the federal government, providing about 40% of receipts in recent years. However, since 2004, oil production has declined while domestic consumption continues to grow, eating into net exports. Deprived of much of its oil revenues, Pemex has been forced to take on large amounts of debt. The company also maintains a monopoly in the downstream sector extending to retail sales.

Mexico's Proposed Energy Sector Reforms (continued)

There has been concern in Mexico for some time about the implications of declining production and revenues (particularly if prices were to return to the average of the last decade), as well as cross-subsidies for the downstream sector and the need to import natural gas and gasoline from the US. Likewise, the fact that Pemex has been unable to develop the country's deepwater offshore as has been done in Brazil and the US Gulf of Mexico has also been noticed by the government. Figure 1 shows the enormous development of the US GOM, including deepwater, whereas the Mexican GOM has only a few (though large) shallow-water developments.

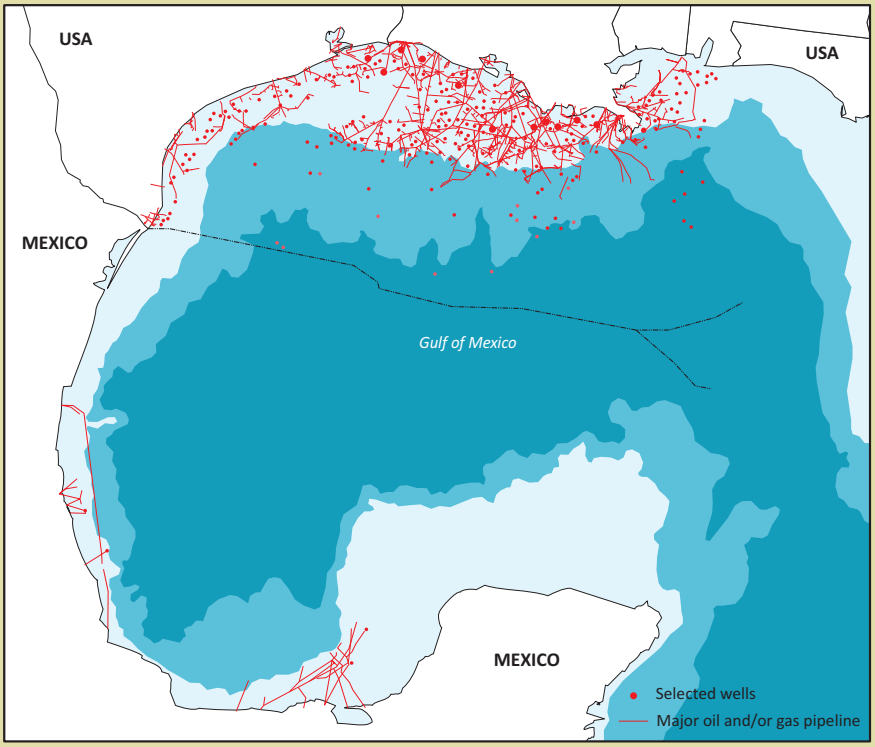


Figure 1 Source: IEA

Geology, of course, does not observe national borders, and the shale boom that has transformed the US oil and gas industry has so far passed Mexico by. Formations such as Eagle Ford in Texas, which produces some 1 mb/d of light tight oil and large amounts of gas, extend into Mexico (the Boquillas formation in the Burgos Basin), yet only a small amount of gas has been developed for production by Pemex on the Mexican side of the border (see Figure 2), with most wells still in the exploratory stage.

Given the need for expertise and investment to develop deepwater and shale resources, as well as more generally to enhance the sector (including the downstream), the government has proposed a number of concrete reforms aiming to:

- Achieve replacement rates for proven reserves of oil and gas in excess of 100%
- Obtain crude oil production of 3 mb/d by 2018 and 3.5 mb/d by 2025
- Obtain natural gas production of 226 million cubic metres per day (mcm/d) in 2018 and 295 mcm/d in 2025 (2012 production was 130 mcm/d)

The following are the main reform proposals affecting the oil sector:

- Companies other than Pemex would be allowed to participate in the sector through the use of profit-sharing contracts [*contratos de utilidad compartida*] that would not give companies explicit ownership of reserves but rather a revenue share from the government. Such contracts are expected to give a better rate of return than service contracts that are currently available and allow companies to report them in their financial statements as assets with expected cash flows.

Mexico's Proposed Energy Sector Reforms (continued)

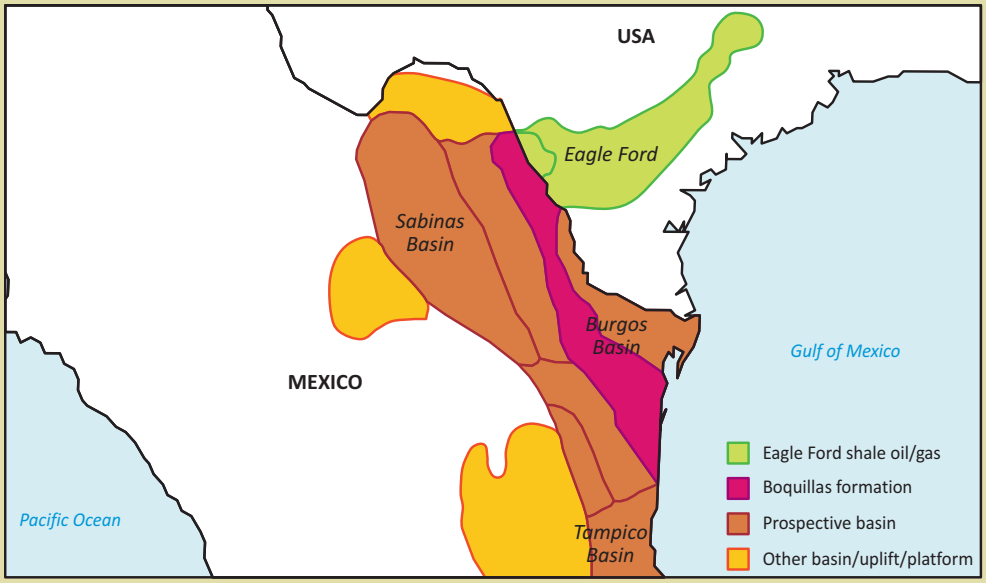


Figure 2: Map based in part on US EIA/Advanced Resources International Inc. assessment

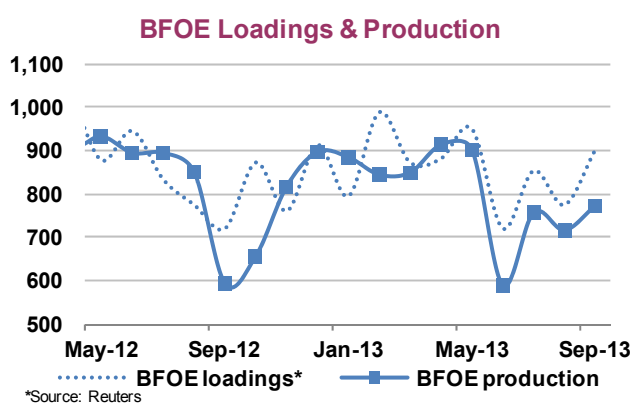
- Pemex would be restructured from four divisions into two: Exploration and Production, and Industrial Transformation, which correspond to the upstream and downstream sectors. A relatively small overarching corporate executive office would remain. Exploration and Production will compete with other companies for contracts on projects, but would remain 100% state-owned. All subsoil assets would also remain state-owned, even with other companies participating in and operating upstream projects. Industrial Transformation would see its sector opened up to private-sector companies in all areas, and these companies will be able to own assets in the sector, from pipelines to retail gasoline stations. How this will work in the context of regulated petroleum product prices has yet to be specified.
- Pemex would have a new fiscal regime that involves a lower government take (*e.g.* lower royalty rates) and a more flexible scheme so that Pemex can reinvest adequately. Any surplus that remains (because of the lower initial payment) could be used for reinvestment in the company or be used for social spending, with the government, and probably the Congress, making a cost-benefit assessment. The fiscal regime for other upstream companies would depend on their contract.
- Regarding Exploration and Production, Pemex's role would be redefined to focus on its own operations rather than the management of the entire sector. Some functions would likely be transferred to the Ministry of Energy and the National Hydrocarbons Commission.
- The proposal also discusses increasing the transparency of the sector in general, and of Pemex in particular.
- The creation of two additional functional departments for the overarching Pemex executive, Procurement and Logistics. These two areas would use synergies and eliminate duplication in order to improve purchasing and relations with suppliers. Logistics for the company will be integrated and there will be increased transparency in transport and storage costs.

It is clear that, if the necessary constitutional changes are approved, there is a great deal of secondary legislation and regulations that would need to be put into effect in order to enable these reforms to be implemented. The details of such legislation can have an important effect on how the reform would actually be implemented and whether it not only expands production, but also delivers economic benefits. There are also a number of political hurdles, with the government needing the support of at least one of the two other major political parties in order to pass the necessary legislation (and opposition parties have put forward their own proposals). There are still many issues to be resolved, then, before the government's $10 billion target in additional annual investment in the oil sector through 2025 can be achieved.

North Sea

Preliminary production figures indicate that **Norwegian** total liquids production exceeded expectations in July, rising by about 270 kb/d to nearly 2 mb/d as Teeside fields came back online and NGL production reached its highest level since December 2012, at over 310 kb/d. Maintenance – both planned and unplanned – is expected to take August total liquids production back down to 1.5 mb/d, however, including crude oil production of 1.2 mb/d. On the Sleipner-Frigg system, Marathon shut the Alvheim field for nine days of maintenance, as well as the Vilje and Volund fields feeding into the Alvheim FPSO. Statoil has announced that equipment problems at Troll have not been resolved, affecting mostly gas output, but also NGL and condensate output on Norway's largest gas field. The Kvitebjorn gas field, another significant producer of NGLs and condensate, remained offline for most of August because of equipment problems when returning from scheduled maintenance that had begun in July. Visund in the Statfjord-Gullfaks area also had an unplanned outage in August. Hence, 3Q13 total liquids production is forecast at 1.7 mb/d, about 50 kb/d lower than 3Q12, and production for the year is expected to be over 100 kb/d lower y-o-y.

The **UK sector**, on the other hand, looks set to decline even faster in percentage terms in 2013. As noted in a recent report by industry association Oil & Gas UK, platforms in the UK offshore oil and gas sector have only been producing about 60% of the time in recent years, compared to 80% of the time in 2004, due to the need for greater maintenance and the increased incidence of unplanned outages. Another important factor affecting output is that when mature fields come back from maintenance or other outages, they take longer on average to ramp up production again. Although new fields are being developed or redeveloped, such as Balloch and Gryphon that came online in May, and Alma now expected for 1Q14, these are comparatively small (10 kb/d, 20 kb/d and 20 kb/d, respectively) and fail to offset steep declines at many mature fields. Alma has been delayed by a quarter. July crude oil production is expected to be about 800 kb/d, a 3% increase on June. However, outages such as a five-day shutdown of the Forties pipeline at the beginning of August and technical problems that halted production at Huntington, as well as other planned maintenance, indicate lower production for 3Q13, such that total liquids will fall by about 100 kb/d compared with 2Q13, and 20 kb/d below 3Q12, to just under 800 kb/d.



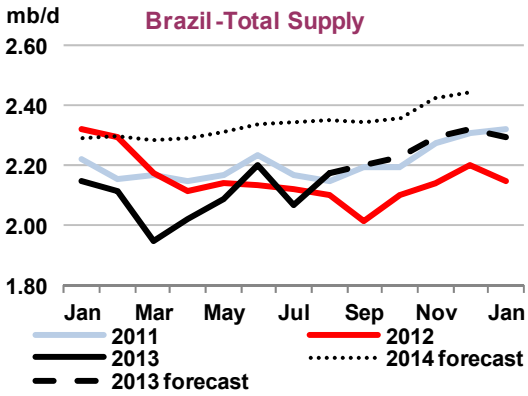
BFOE production is estimated at 720 kb/d for August and 770 kb/d for September. Although loadings in the past have often lagged production levels by a month, lately loadings have more closely matched the same month's production. However, a number of delays to loading programmes for August and September, and already-announced revisions to the October schedule, show that initial loading plans are still not always indicative of actual production figures for the month. Scheduled September BFOE loadings have already been revised downward by 60 kb/d. BFOE has remained well below 900 kb/d since June, putting price pressure on the Brent marker.

Non-OECD

Latin America

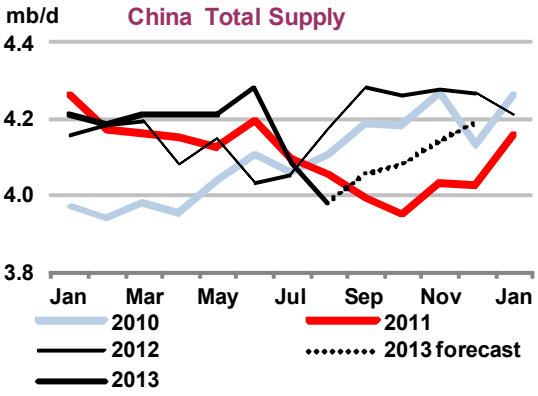
Brazil – July preliminary: Brazilian crude oil production fell by over 100 kb/d in July, to 1.97 mb/d, falling short of expectations for continued monthly growth. Supplies posted strong growth in June, and Petrobras had indicated that, with a reduction of the maintenance experienced in 1H13 and new units coming online in 4Q13, production remained on track to meet its objective of 2 mb/d total liquids for

2013. (About 93% of Brazilian oil production is operated by Petrobras.) Production declines in July stemmed in part from Marlim Sul, Brazil's largest oilfield, which declined by 40 kb/d m-o-m, as the P-40 platform had 15 days of scheduled maintenance. A number of other offshore fields had smaller drops. Despite steady output of total liquids in 3Q13 compared with 2Q13's 2.1 mb/d, we still expect 4Q13 to show strong growth of nearly 150 kb/d. The Cidade de Paraty FPSO in operation on the Lula field is expected to add another 40 kb/d by 4Q13. Other projects to add production include the Papa Terra P-63 FPSO expected to come online in October and the P-55 platform on the Roncador field in December. In August, a Canadian company began the first test drills of a shale oil play in Brazil at the onshore Recôncavo basin.



Asia

China – July preliminary: After y-o-y 1H13 growth of nearly 90 kb/d, Chinese oil production slumped by 200 kb/d m-o-m in July to 4.1 mb/d as a massive flood in Shaanxi affected PetroChina's (CNPC) Changqing field as well as production from China's fourth-largest oil company, Shaanxi Yanchang Petroleum, which has its base of operations in the province. A major CNPC oil pipeline ruptured as well because of the floods. It is expected that production will show a further drop in August, as major floods in Heilongjiang province affected China's largest oilfield, Daqing. About 1 300 wells were shut down on the field, and 680 new wells will have their production start delayed. August production is forecast to fall to just under 4.0 mb/d, marking the first time since October 2011 that production has fallen below this level. CNOOC continues to invest in smaller offshore fields such as Weizhou 12-8W and Wenchang 19-1N in the Western South China Sea, and the Suizhong 36-1 Phase II and Qikou 18-1 projects in Bohai Bay. These developments, which are expected to come online in 4Q13, will compensate in part for continued declines at mature onshore fields.



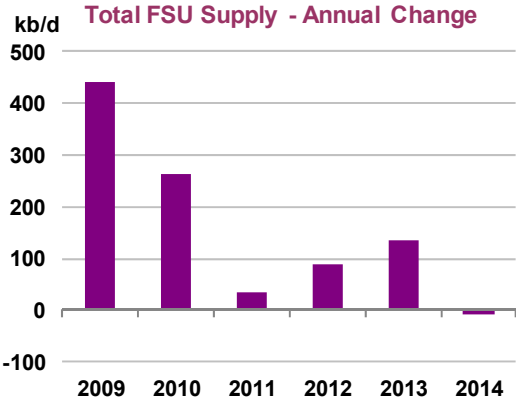
Africa

South Sudan: Since last month's Report, economic and political agreements have been reached between the governments of South Sudan and Sudan (3 September) such that the export pipeline to the Sudanese oil terminal at Port Sudan is expected to remain open and unimpeded. Crude oil production in South Sudan had been cut to about 140 kb/d prior to 3 September agreement in order to protect equipment and reservoirs in anticipation of a possible pipeline closure. South Sudan government ministers have announced that production will quickly ramp up – to 200 kb/d by October and eventually 350 kb/d by the end of 2013. However, given the various rapid shut-ins for political reasons and other less-than-optimal treatment of field reservoirs historically, this target may be overly optimistic in the absence of additional investment. Hence, we are forecasting a more gradual ramp-up in the coming months. Another positive development for greater oil flows is that the two governments seem to have resolved payment issues, and South Sudan has reported that it has received $300 million from Sudan for crude sales since April. South Sudan, however, continues to explore potential alternative new pipeline export routes through neighbouring countries to the south.

Former Soviet Union

Russia – August preliminary: Total liquids production increased by over 100 kb/d m-o-m in August, with much of that increase coming from condensates and NGLs. Crude oil production rose slightly, to about 10.1mb/d, though with the increase in Saudi production in August, Russia has dropped to being the world's second-largest crude oil producer for the month. Notable developments in August include a return from maintenance on Sakhalin 1; a return to normal levels of condensate production by Gazprom; the launch of the Trebs field by Bashneft; and a 60 kb/d increase in NGL production as natural gas production increased. Gazprom's oil unit, Gazprom Neft, has managed to increase production 10 kb/d y-o-y despite some mature fields in its portfolio, as fields in the Orenburg region have boosted output. Most large Russian producers are managing to maintain production at remarkably even levels month-to-month, and our forecast is for total liquids production to remain at 10.8 mb/d for every quarter of the forecast period.

September crude oil production is forecast to dip slightly as Sakhalin 2 undergoes maintenance taking at least 50 kb/d offline. Gazprom is expected to further boost condensate/NGL production next month, and subsidiary Gazprom Neft brought online the Novy Port oil field in the gas-rich Yamal Peninsula in July.



Looking further ahead, given stagnant production expected for 2014, two projects are underway to attempt to exploit Russia's very large but nearly untouched shale oil reserves. According to a US government study, Russia's estimated recoverable shale oil resources of 75 billion barrels are the largest in the world. Russian producers have teamed with foreign companies to bring expertise on shale oil development. Gazprom Neft recently announced first crude flows from a pilot project in its Krasnoleninsky deposit in West Siberia and is studying the shale oil potential of the Verkhne-Salymskoye field with Royal Dutch Shell. Rosneft is working with ExxonMobil and Norway's Statoil on another deposit. The Russian government has announced sizable reductions in the Mineral Extraction Tax on unconventional fields to stimulate production, starting this month, though challenges remain, such as a lack of small risk-taking companies, geology that is potentially more difficult than North American plays, and a lack of infrastructure and equipment.

Kazakhstan – July preliminary: Kazkahstan's production achieved 1.7 mb/d in July, a 30 kb/d increase over June led by a 45 kb/d rise at Tengiz. Some maintenance is believed to have taken place in August on the Chevron-operated project, which will lower the country's output for the month. Hence, 3Q13 production is forecast at 1.6 mb/d. The development of the Kashagan field, one of the world's largest (13 billion barrels of reserves) but most complex, has long been at the centre of the country's oil industry. Initially targeted for 2005 but having experienced numerous delays and cost overruns, political and economic pressure to start production is enormous. It is generally considered to be the most expensive oil project ever, with costs over $100 billion. ENI, a shareholder in the operating consortium, announced that production will finally begin this month. As the consortium will lose the right to certain compensation under its agreement with the government if production is not started by 1 October, it will likely achieve at least a low level of production by the deadline, even if at non-commercial levels initially. An additional indication that production is imminent is that the operating consortium reportedly had reached an agreement to use the Atyrau-Samara pipeline to export the crude, starting this month. We are forecasting a lower level of production for the first full month, October, than the 75 kb/d indicated by ENI. The consortium plans for Phase 1 to reach design capacity of 370 kb/d by the end of 2014. Given past experience with Kashagan, our forecast remains conservative, at only 10 kb/d for the first month, but may be adjusted depending on production developments. Successful development of Kashagan will be key to the FSU achieving net production growth in 2014, instead of a flat level as is currently forecast.

FSU Net Exports of Crude & Petroleum Products

(million barrels per day)

	2011	2012	3Q2012	4Q2012	1Q2013	2Q2013	May 13	Jun 13	Jul 13	Latest month vs. Jun 13	Latest month vs. Jul 12
Crude											
Black Sea	1.93	1.81	1.74	1.78	1.80	1.80	1.77	1.78	1.80	0.02	0.06
Baltic	1.50	1.67	1.78	1.69	1.60	1.68	1.64	1.40	1.35	-0.05	-0.29
Arctic/FarEast	0.67	0.65	0.64	0.72	0.78	0.80	0.83	0.77	0.81	0.04	0.19
BTC	0.70	0.66	0.64	0.59	0.58	0.71	0.74	0.73	0.70	-0.03	0.02
Crude Seaborne	**4.80**	**4.79**	**4.80**	**4.78**	**4.76**	**5.00**	**4.98**	**4.68**	**4.65**	**-0.03**	**-0.02**
Druzhba Pipeline	1.17	1.08	0.98	0.98	0.99	1.02	1.04	1.04	1.08	0.04	0.14
Other Routes	0.53	0.52	0.53	0.54	0.55	0.54	0.52	0.52	0.56	0.03	0.04
Total Crude Exports	**6.50**	**6.39**	**6.31**	**6.30**	**6.31**	**6.55**	**6.54**	**6.25**	**6.29**	**0.04**	**0.16**
Of Which: Transneft[1]	4.18	4.22	4.24	4.10	4.09	4.15	4.13	3.90	3.91	0.01	-0.13
Products											
Fuel oil[2]	1.58	1.72	1.83	1.61	1.61	1.83	1.68	2.04	1.98	-0.06	0.22
Gasoil	0.77	0.79	0.76	0.79	0.97	0.87	0.84	0.92	0.88	-0.04	0.18
Other Products	0.43	0.44	0.45	0.47	0.48	0.48	0.44	0.49	0.56	0.07	0.18
Total Product	**2.77**	**2.95**	**3.04**	**2.87**	**3.06**	**3.17**	**2.96**	**3.45**	**3.42**	**-0.03**	**0.58**
Total Exports	**9.27**	**9.34**	**9.35**	**9.17**	**9.36**	**9.73**	**9.49**	**9.70**	**9.71**	**0.01**	**0.74**
Imports	0.09	0.09	0.08	0.09	0.07	0.06	0.06	0.06	0.07	0.01	0.00
Net Exports	**9.18**	**9.25**	**9.27**	**9.08**	**9.29**	**9.67**	**9.44**	**9.64**	**9.64**	**0.00**	**0.74**

Sources: Argus Media Ltd, IEA estimates

[1]Transneft data exclude Russian CPC volumes.

[2]Includes Vacuum Gas Oil

FSU net exports remained flat with the previous month's low level at 9.64 mb/d in July but are set to rebound steeply in September and October as Russian refineries embark on heavy maintenance. Crude exports in July edged up marginally by only 40 kb/d to 6.3 mb/d as domestic refinery throughputs remained strong, reducing the availability of crude for export. Accordingly, most major export routes experienced little or no monthly growth. One bright spot was the Druzhba pipeline where flows hit 1.1 mb/d, their highest since May 2012. On the other hand, deliveries of Urals via Russia's Baltic ports remained depressed at 1.1 mb/d (-50 kb/d m-o-m), their lowest since August 2011. Recent port loading schedules indicate that volumes were similarly constrained during August with a rebound not expected until September, when volumes are set to surge to 1.6 mb/d as Russian refineries enter turnarounds.

In the East, Rosneft has begun to ship extra crude to China under the terms of its recently inked supply deal (see '*A New Supermajor: How the TNK-BP Acquisition Could Affect Trade Flows*,' in OMR 11 April 2013). ESPO shipments (Chinese spur plus Kozmino) reached a record 800 kb/d in July with approximately 500 kb/d destined for China. The ESPO spur accounted for a record 340 kb/d of this with tanker tracking data indicating an additional 160 kb/d left Kozmino for Chinese ports. This represented 35% of total crude exports via the port.



source: ArgusMedia Ltd, Lloyds Marine intelligence

Refined product exports dropped by 30 kb/d compared to June led by falls in gasoil (40 kb/d) and fuel oil (60 kb/d) after domestic demand rose. Nonetheless, product exports remain a healthy 600 kb/d above July 2012 as a number of refinery expansion projects have been completed in the intervening period with Russian refinery throughputs remaining at close to record levels. Shipments of 'other products' including gasoline and naphtha increased by 70 kb/d to 560 kb/d, their highest since May 2011. This prompted the Russian administration, mindful of a return to the light product shortages which blighted the country in summer 2011, to ask domestic oil companies to build stock of light products and to consider the needs to domestic markets ahead of export markets. Although there has been no export ban, this development could curb shipments of light products over coming months.

OECD STOCKS

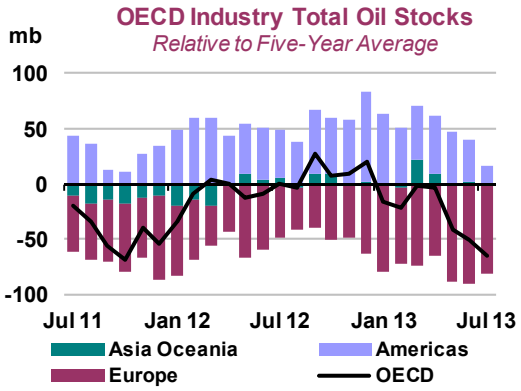
Summary

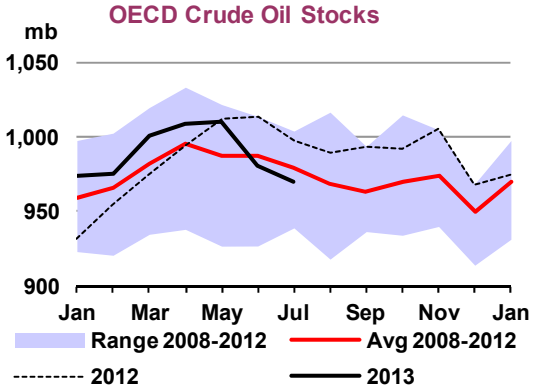
- **OECD commercial total oil inventories built by 8.0 mb to stand at 2 659 mb by end-July**. Since this rise was weaker than the five-year average build for the month, the deficit of OECD holdings to five-year average levels widened to 65.0 mb, marking the largest deficit since October 2011.

- **Refined product inventories built seasonally by 23.4 mb to cover 30.7 days of forward demand** at end-July, a rise of 0.6 days on end-June and 0.2 days above twelve months previous.

- **Preliminary data suggest that OECD inventories drew by a counter-seasonal 14.2 mb in August** as a stronger-than-seasonal 19.3 mb fall in crude oil stocks outweighed a weaker-than-seasonal 5.1 mb build in refined products.

- **Crude stocks at the Cushing, Oklahoma storage hub plunged by a further 5.4 mb** in August. Stocks at the terminal now stand at 34.8 mb, their lowest level since February 2012.





OECD Inventory Position at End-July and Revisions to Preliminary Data

OECD commercial total oil inventories built by 8.0 mb to stand at 2 659 mb by end-July. Since this rise was weaker than the 21.6 mb five-year average build for the month, the deficit of OECD holdings to five-year average levels widened to 65.0 mb, from 51.4 mb at end-June. The deficit now stands at its widest since October 2011. Total oil stocks rose by 9.8 mb and 5.0 mb in OECD Europe and OECD Asia Oceania, respectively, led by seasonal builds in refined products. Meanwhile in OECD Americas, following six-year-high refinery runs, stock builds were tempered by a steep 19.0 mb draw in crude oil and a counter-seasonal 3.0 mb draw in NGLs and feedstocks holdings. Despite elevated refinery activity, strong seasonal demand and lofty exports tempered regional refined product builds.

Preliminary Industry Stock Change in July 2013 and Second Quarter 2013

	July 2013 (preliminary) (million barrels)				July 2013 (preliminary) (million barrels per day)				Second Quarter 2013 (million barrels per day)			
	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total
Crude Oil	**-18.9**	**8.8**	**-0.7**	**-10.9**	**-0.61**	**0.28**	**-0.02**	**-0.35**	**-0.20**	**-0.04**	**0.01**	**-0.23**
Gasoline	1.4	-3.1	-0.1	-1.8	0.05	-0.10	0.00	-0.06	0.00	-0.08	0.00	-0.09
Middle Distillates	4.1	4.9	5.4	14.4	0.13	0.16	0.18	0.47	0.03	-0.10	-0.03	-0.10
Residual Fuel Oil	-0.4	-1.7	1.3	-0.7	-0.01	-0.05	0.04	-0.02	0.00	-0.03	-0.01	-0.03
Other Products	10.1	1.1	0.3	11.5	0.33	0.03	0.01	0.37	0.34	-0.05	-0.02	0.27
Total Products	**15.2**	**1.3**	**6.9**	**23.4**	**0.49**	**0.04**	**0.22**	**0.75**	**0.37**	**-0.26**	**-0.06**	**0.04**
Other Oils[1]	-3.0	-0.3	-1.3	-4.6	-0.10	-0.01	-0.04	-0.15	0.10	-0.02	0.02	0.10
Total Oil	**-6.8**	**9.8**	**5.0**	**8.0**	**-0.22**	**0.32**	**0.16**	**0.26**	**0.28**	**-0.33**	**-0.04**	**-0.09**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

Total OECD refined product inventories built by a seasonal 23.4 mb led by increases in middle distillates (+14.5 mb) and 'other products' (+11.5 mb), which offset dips in motor gasoline (-1.8 mb) and residual fuel oil (-0.7 mb). All told, refined products covered 30.7 days of forward demand at end-July, a rise of 0.6 days on end-June and 0.2 days above a year earlier.

Revisions versus 9 August 2013 Oil Market Report

(million barrels)

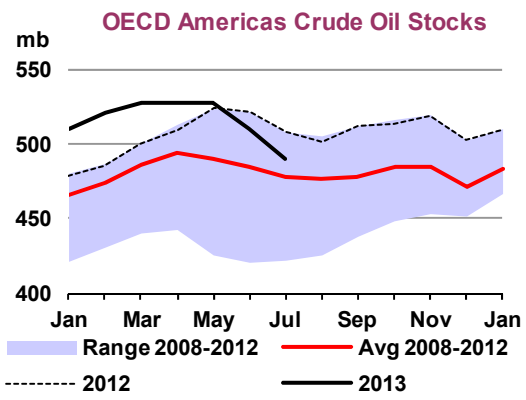
	Americas		*Europe*		*Asia Oceania*		*OECD*	
	May-13	Jun-13	May-13	Jun-13	May-13	Jun-13	May-13	Jun-13
Crude Oil	**-0.1**	**-8.2**	**0.0**	**-1.5**	**0.0**	**0.0**	**-0.1**	**-9.7**
Gasoline	0.0	1.0	0.1	-0.2	0.0	0.7	0.1	1.5
Middle Distillates	0.0	0.0	0.5	-1.6	0.0	0.8	0.5	-0.8
Residual Fuel Oil	0.2	-2.3	0.0	-0.9	0.0	0.3	0.1	-2.9
Other Products	0.2	-5.8	0.6	0.7	0.0	-0.8	0.9	-5.8
Total Products	**0.4**	**-7.0**	**1.3**	**-2.0**	**0.0**	**1.0**	**1.6**	**-8.0**
Other Oils[1]	1.8	5.9	0.3	-0.2	0.0	0.0	2.1	5.6
Total Oil	**2.2**	**-9.4**	**1.5**	**-3.7**	**-0.1**	**0.9**	**3.6**	**-12.2**

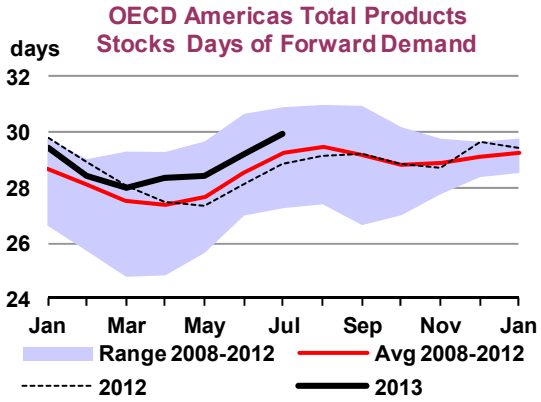
1 Other oils includes NGLs, feedstocks and other hydrocarbons.

End-June OECD inventories were revised down by 12.2 mb compared to data presented in last month's *Report*. The revision was concentrated in US crude oil inventories where final monthly data came in 8.2 mb lower than preliminary data suggested. Elsewhere, OECD European inventories were adjusted downwards by 3.6 mb/d while Asia Oceania was revised 0.9 mb higher.

Preliminary data suggest that OECD inventories drew by a counter-seasonal 14.2 mb in August as a stronger-than-seasonal 19.3 mb fall in crude oil stocks outweighed a weaker-than-seasonal 5.1 mb build in refined products. Indeed, if this slight build in products is confirmed by final data, it would be far weaker than the 21.2 five-year average build for the month. Product holdings rose following the continued restocking of middle distillates, although the 3.7 mb rise was weaker than the 18.1 mb average build for the month. Meanwhile, 'other products' rose by a seasonal 7.4 mb and motor gasoline drew by a seasonal 5.6 mb. On a geographic basis, OECD Asia Oceania posted a slight 0.9 mb rise while OECD Europe and OECD Americas posted counter-seasonal draws of 14.4 mb and 0.6 mb, respectively.

Analysis of Recent OECD Industry Stock Changes



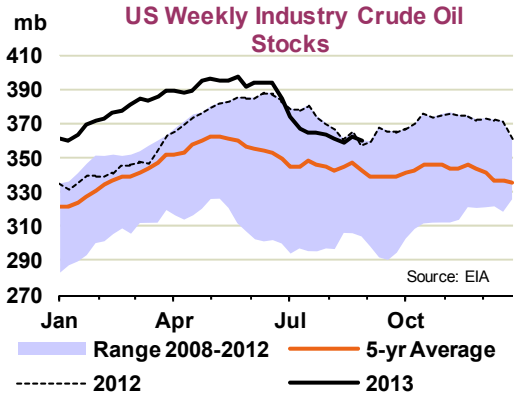


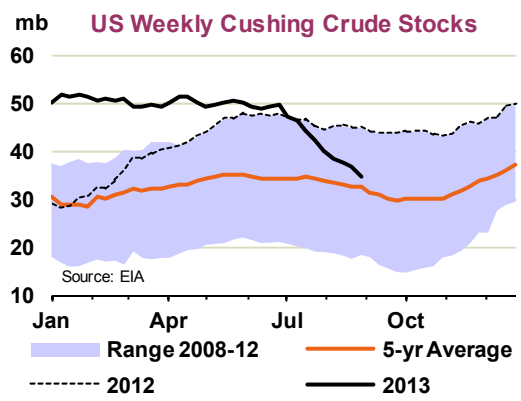
OECD Americas

Industry inventories in OECD Americas drew by 6.8 mb in July in sharp contrast to the 13.1 mb five-year average build for the month. Stocks were led lower after crude oil holdings plummeted by 19.0 mb as regional refiners, notably in the US, responded to healthy margins by raising runs. Regional throughputs were also augmented by the return to service of a number of refineries, notably BP's Whiting refinery in the midcontinent. In all, regional holdings of crude, NGLs and feedstocks plunged by a combined

22.0 mb, far stronger than the 3.8 mb five-year average draw for the month. Despite the stock draw, regional holdings of primary feedstocks remain 6.0 mb above five-year average levels.

Higher refinery throughputs did not translate into a commensurate build in refined products, stocks of which increased seasonally by 15.2 mb. In addition to seasonally higher demand, it is likely that product builds were tempered by continued high exports from the US which, according to preliminary data, remained close to 3 mb/d during July. Nonetheless, the build in products was driven by the continued seasonal restocking of propane (+10.1 mb) here included under 'other products', inventories of which now stand 21.6 mb above average levels. Excluding 'other products', inventories of other refined products stand 10.2 mb in deficit to average levels. Other builds were posted in middle distillates (+4.1 mb) and motor gasoline (+1.4 mb) while fuel oil holdings inched down by 0.4 mb. At end-July, regional refined products stocks covered 29.9 days of forward demand, 0.7 day above end-June.



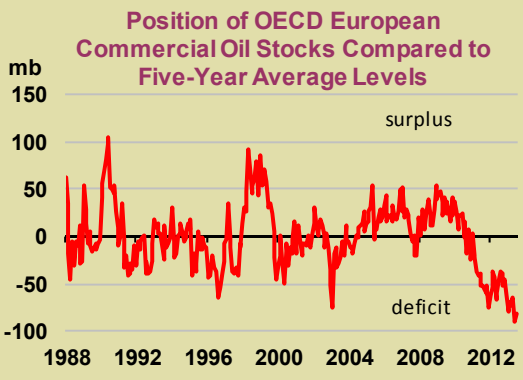


Preliminary weekly data from the US Energy Information Administration indicate that US industry total oil inventories slipped by a further 0.6 mb over August. The same pattern of high refinery throughputs drawing down crude stocks while strong seasonal demand and exports kept product builds in check was evident over the month. As such, inventories of crude oil, NGLs and other refinery feedstocks declined by a combined 5.1 mb, in contrast to a 0.2 mb five-year average build. Crude oil declined by a stronger-than-seasonal 3.3 mb with the build concentrated in PADD 2 as stocks at the Cushing, Oklahoma storage hub plunged by 5.4 mb. Cushing stocks now stand at 34.8 mb, their lowest level since February 2012, thanks to high regional refinery throughputs and increasing transfers to PADD 3. Refined product holdings rose by 4.4 mb led by increasing 'other products' which surged by a stronger-than-seasonal 8.8 mb. Elsewhere, middle distillates built by a seasonal 4.4 mb while motor gasoline drew by a stronger-than-seasonal 7.6 mb.

European Industry Stock Draws in Perspective

Supply outages in the North Sea and Libya and recent low exports of Russian Urals via Baltic ports have cast a spotlight on the tightness of oil inventories in OECD Europe. At end-July, European commercial inventories stood at 884 mb, 41 mb below 12 months previous and 81 mb in deficit to the five-year average for the month. A 91 mb deficit posted at end-June was the widest since IEA monthly records began in 1988.

Looking at the data in more detail, however, part of the deficit can be pinned on the reclassification of 20 mb of Austrian stocks by the national administration. These



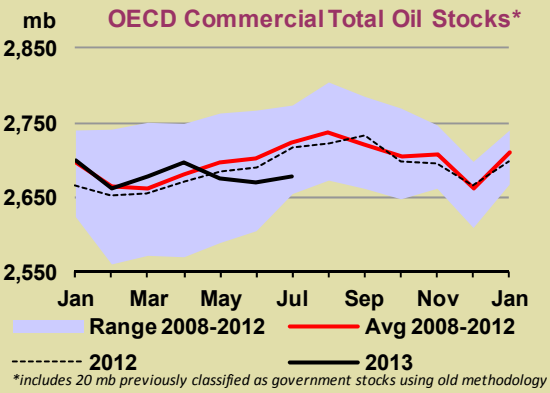
European Industry Stock Draws in Perspective (continued)

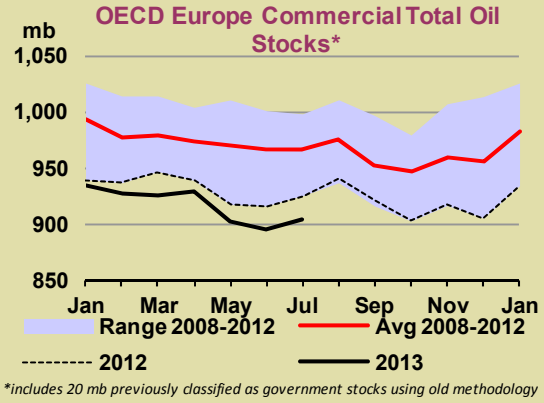
stocks were previously counted as industry stocks but as of January 2013 are now classified as government stocks. The new methodology was applied following the 1 January 2013 implementation of the European Union Oil Stockholding Directive (2009/19/EC), resulting in the reclassification of a combined 7 mb of crude oil NGLs and feedstocks and 13 mb of refined products. According to the Austrian administration, most importing companies prefer to hold their inventories at the private, non-profit stockholding company ELG. Under the terms of the Directive, ELG has been designated as Austria's Compulsory Stockholding Entity (CSE) that means that its stocks are now classified as public or stockholding agency stocks and correspondingly reported as government stocks here. The relabelled stocks have not physically changed hands, nor have they been 'lost' to the market. Rather, the change is due to new accounting procedures.

As a result of the new classification, Austrian industry crude stocks are now reported as zero. It would be wrong however to conclude that OMV's Schwechat refinery manages to operate without maintaining any crude oil stocks at all. In reality, OMV uses stocks in excess to its emergency obligation (despite their being declared as ELG stocks) as operating stocks.

Since the reclassification only began with January 2013 data, direct comparisons of 2013 total OECD and OECD European data with the previous year and the five-year average are somewhat misleading. The Austrian administration is unable to provide revisions previous to 2013 since the portion of stocks held by ELG was collected under a different methodology.

For the purpose of comparing 2013 commercial inventories with the historical dataset, the two graphs below show 2013 stocks as calculated according to the previous methodology. In other words, 20 mb has been taken out of government stocks and returned to commercial inventories across 2013 (data presented elsewhere in the *Report* and in the accompanying *Monthly Oil Data Service* remain unadjusted and follow the new methodology for 2013). This has the net effect of lifting end-July commercial inventories to 905 mb in OECD Europe and 2 678 mb in the OECD as a whole. In addition, the deficit to five-year average levels has narrowed to 62 mb and 46 mb for OECD Europe and the total OECD, respectively. In OECD Europe, this leaves the deficit at levels similar to those posted in 4Q12. For the OECD as a whole, although stocks stand below last year's level and the five-year average, they remain comfortably within the seasonal range.

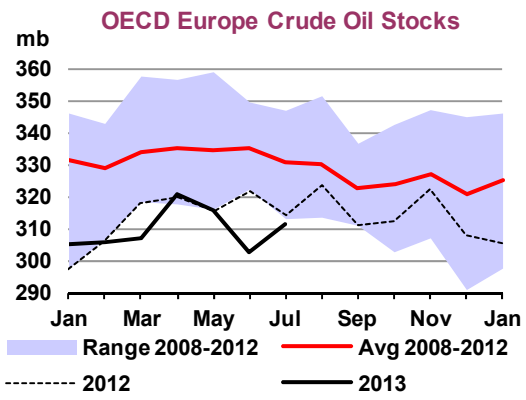


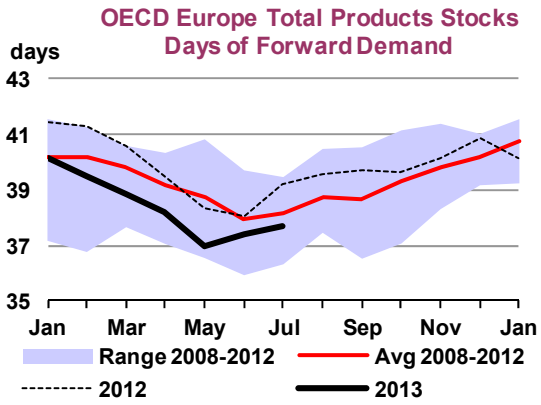


OECD Europe

Commercial total oil stocks in OECD Europe increased by 9.8 mb in July to 884 mb. This was much steeper than the 0.1 mb five-year average build, narrowing the region's deficit to the average levels to 81mb from a record 91 mb at end-June. An 8.8 mb counter-seasonal rise in crude oil holdings drove the monthly rise, surprisingly given higher regional refinery throughputs, supply disruptions in Libya and Iraq and seasonally lower FSU exports. Regional crude oil holdings now amount to 311 mb, 2.6 mb below July 2012 levels and 19 mb below average. However, due to lower refinery throughputs compared to one year ago, forward cover increased y-o-y: crude stocks covered 26 days at end-July, 1 day more than in July 2012.

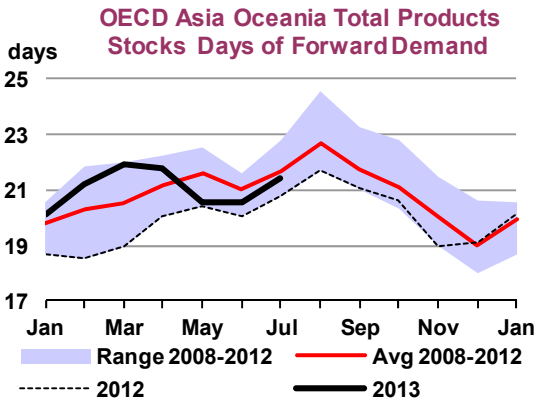
Refined product holdings built by 1.3 mb on the month, in line with seasonal trends but significantly less than the 4.0 mb five-year average rise. Due to falling end-user demand, product inventories now cover 37.7 days, 0.3 day above end-June and comfortably within the seasonal range. Product builds were tempered by a 3.1 mb dip in motor gasoline holdings, stronger then the 0.4 mb average draw for the month, after transatlantic trade remained healthy, according to anecdotal reports. Despite this monthly draw, at end-July gasoline inventories covered 43.8 days of forward demand, 1.5 days above the five-year average. Middle distillates inventories rose by a seasonal 4.9 mb, while in Germany consumers continued their summer refilling of heating oil residential tanks, lifting fill rates by two percentage points to 57% by early July.

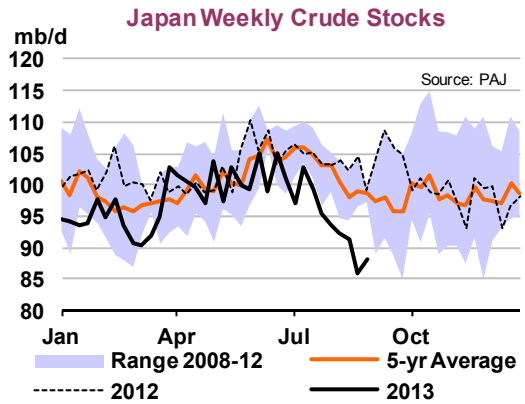




Preliminary data from Euroilstock indicate that stocks dropped by a counter-seasonal 14.4 mb in August with all oil categories except motor gasoline posting draws. Crude oil fell by 7.0 mb, far stronger than the 0.6 mb average draw for the month while refined products fell by a combined 7.4 mb, in sharp contrast to the five-year average 10.7 mb build for August. Middle distillates holdings plummeted by 7.1 mb compared to the 9.1 mb five-year average build. Meanwhile, stocks of fuel oil and 'other products' slipped by 0.3 mb and 1.3 mb, respectively. Data pertaining to refined products held in independent storage in Northwest Europe suggest that stocks built during August with all product categories rising except naphtha.

OECD Asia Oceania





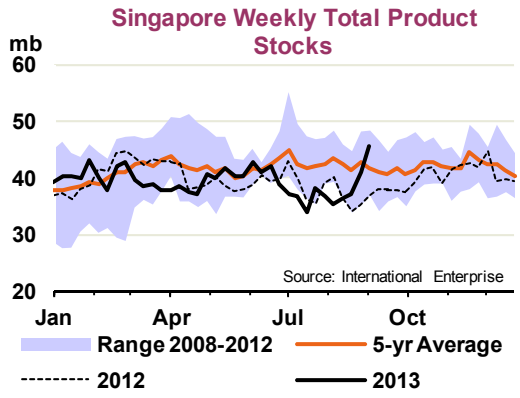
Commercial inventories in OECD Asia Oceania (excluding Israel) followed a similar pattern to Europe as their seasonal restocking began in July. Total oil stocks built by 5.0 mb, leaving the region at a slight 0.8 mb deficit to the five-year average. A 6.9 mb build in refined products pushed total stocks upwards as middle distillates, residual fuel oil and 'other products' rose by 5.4 mb, 1.3 mb and 0.3 mb, respectively, while motor gasoline retreated by 0.1 mb. Indeed, this underlying trend was evident across Japan and

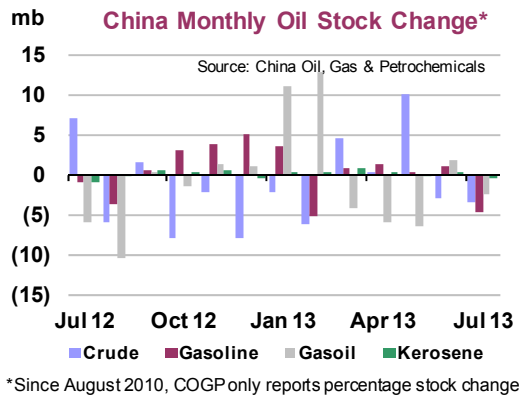
South Korea where all product categories increased except motor gasoline. All told, regional refined products now cover 21.4 days of forward demand, 0.9 days above end-June and comfortably inside the seasonal range. Meanwhile, crude oil slipped by an unseasonal 0.7 mb with the draw concentrated in Japan (-3.1 mb). Despite a monthly rise in crude imports, it is likely that these were outpaced by a 280 kb/d surge in refinery runs. However, it is also probable that crude stocks were run down at the 140 kb/d Sakaide refinery ahead of its permanent early-August closure.

Preliminary weekly data from the Petroleum Association of Japan (PAJ) indicate that total oil inventories there inched up by 0.9 mb by end-August. However, this obscured the fact that crude stocks drew steadily over the month so that by end-month they were 9 mb lower compared with end-June. If confirmed by final data this would be the steepest draw since monthly reporting began in 1988. As in July, it is likely that this draw can be partly explained by the shuttering of the Sakaide refinery as its final stocks were likely drawn. Despite this closure, Japanese refinery runs remain high, increasing by 140 kb/d m-o-m in August. The increased refinery activity translated into a seasonal 8.1 mb build in refined products. All categories rose bar 'other products' (-0.1 mb). Notable increases were posted for middle distillates (+6.4 mb) and residual fuel oil (+1.2 mb).

Recent Developments in Singapore and China Stocks

According to weekly data from *International Enterprise*, land-based refined product inventories in Singapore increased by 6.1 mb in August, their largest monthly build in four years. A 2.8 mb hike in residual fuel oil stocks led the gains as demand for bunker fuels reportedly remained weak while arbitrage brought product into the region from the Atlantic Basin. By end-month stocks remained 3.6 mb and 5.0 mb above the five-year average and last year's level, respectively. After starting the month below the seasonal range, light distillates surged by 1.6 mb over the month to stand comfortably above average levels by month-end as cargoes were drawn in from Taiwan, India and the UAE while Southeast Asian demand remained relatively weak.

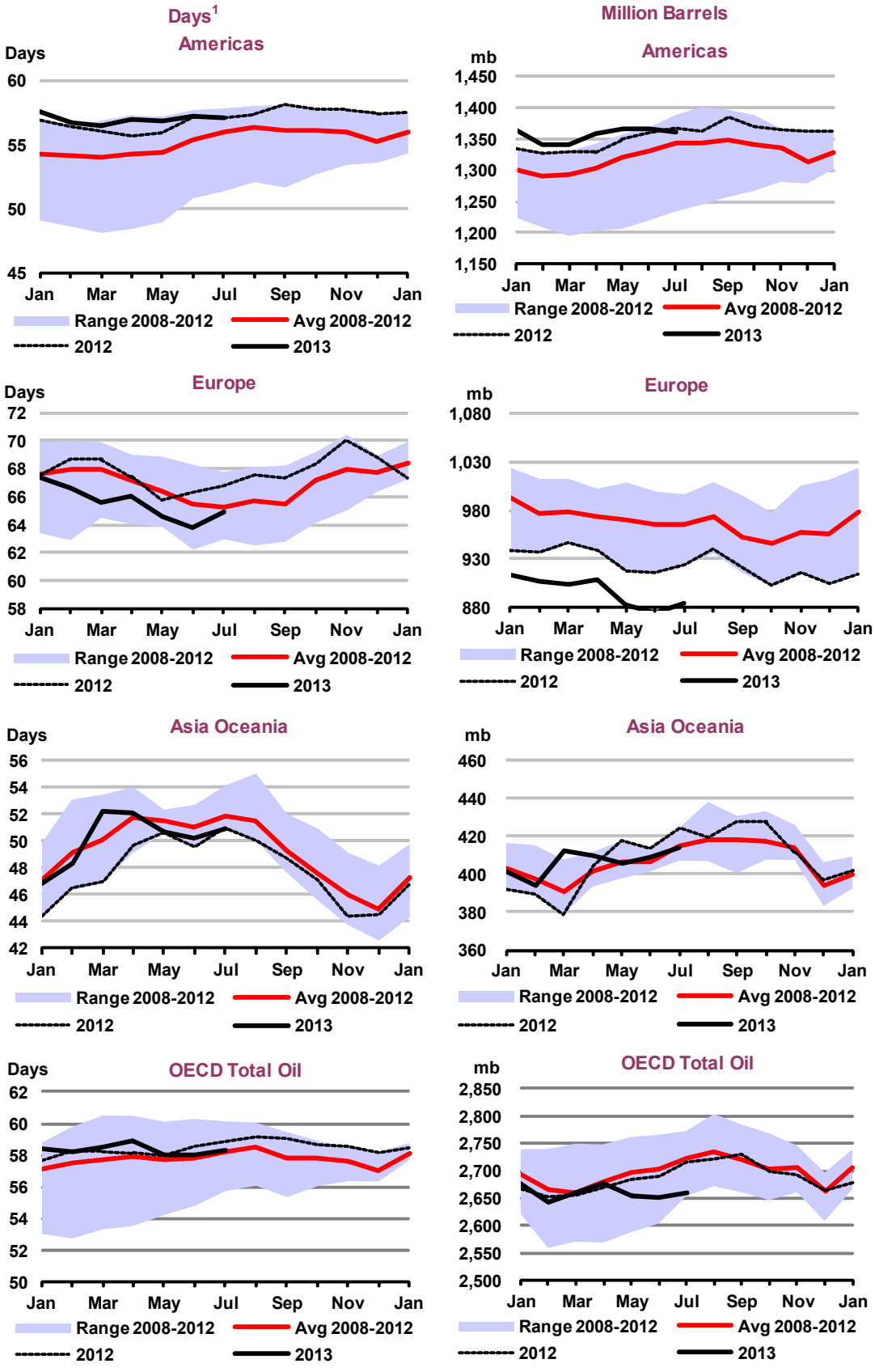




Data from *China Oil Gas and Petrochemicals (China OGP)* point to an 11.0 mb decrease in Chinese industry inventories in July (data are reported in terms of percentage stock change). Crude oil inventories declined by 1.6 % (3.5 mb) after refinery throughputs outpaced record crude oil imports (5.97 mb/d) while crude production was hit by flooding at the Changqing field (see *Supply*). Stocks of refined products fell by a combined 7.5 mb as motor gasoline, diesel and kerosene holdings drew by an equivalent 4.7 mb, 2.4 mb and 0.5 mb, respectively.

Regional OECD End-of-Month Industry Stocks

(in days of forward demand and million barrels of total oil)



1 Days of forward demand are based on average demand over the next three months

PRICES

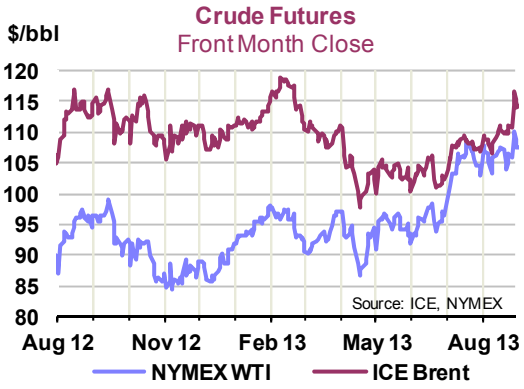
Summary

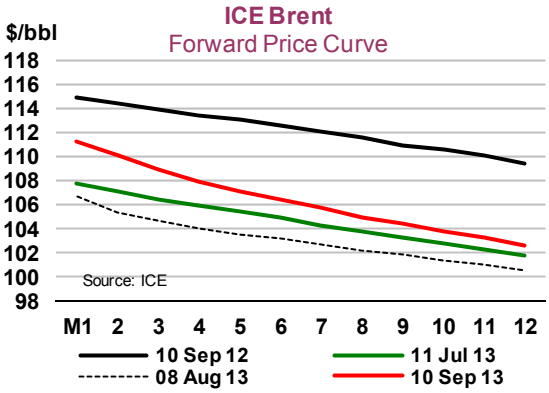
- **Oil futures escalated in tandem with rising geopolitical tensions over Syria's suspected use of chemical weapons on civilians at end August.** Markets were further supported by the near total shut-in of Libyan crude oil fields, terminals and refineries by striking industry workers, security guards and tribal militias. By 9 September crude oil prices reversed course after Russia's proposal for Syria to surrender its chemical weapons gained traction in western capitals, with Brent last trading at around $111.60/bbl and WTI at $107.50/bbl.

- **Refiners looking for replacement barrels in the wake of supply shortfalls from Libya, the North Sea and Russia, among other countries, bid prompt prices to relatively lofty levels.** The Brent M1-M2 futures contract widened to $1.65/bbl in early September compared with around $1.20/bbl in August and just $0.80/bbl in July.

- **Spot product crack spreads posted diverging trends in August, with the US partially insulated from the recent surge in crude prices**, which compressed crack spreads in Asia and Europe. Gasoline crack spreads fell in all major regions as summer peak demand ended, particularly in Asia and in the US.

- **Freight rates for very large crude carriers (VLCCs) experienced another lacklustre month in August** as ample tonnage weighed heavily on markets. Furthermore, vessel earnings fell into negative territory as bunker costs surged in line with soaring benchmark crude prices.



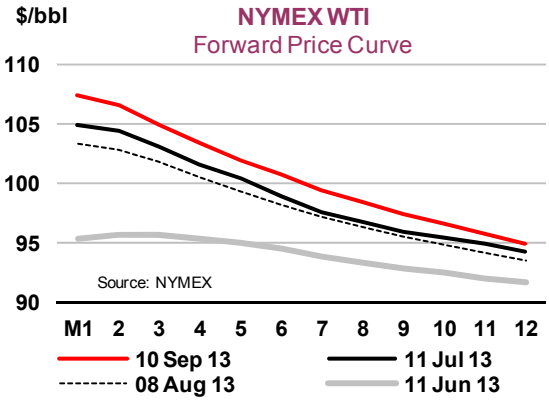


Market Overview

Oil futures escalated in tandem with rising geopolitical tensions over Syria's suspected use of chemical weapons on civilians at end August. Markets were further supported by the near total shut-in of Libyan crude oil production by striking industry workers, facility guards and warring militias. Brent futures peaked at a six-month high of around $117/bbl on 28 August, while WTI rose just over $110.50/bbl the same day. Prices turned lower on 9 September after Russia's proposal for Syria to surrender its chemical weapons gained traction in western capitals, with Brent last trading at around $111.60/bbl, or down about $5/bbl from its August peak. WTI posted similar declines, and was last quoted at $107.50/bbl.

A western military strike against Syria, if it were to occur, would have no direct impact on physical crude oil supplies but the threat of an action has sparked market fears that the conflict will spread in the region. While Syrian crude production has fallen to around 50 kb/d for some time, market attention is focussed on the potential for the Syrian conflict to spread to neighbouring producing countries, such as Iraq, or to disrupt oil flows to the Mediterranean via key transit country Turkey.

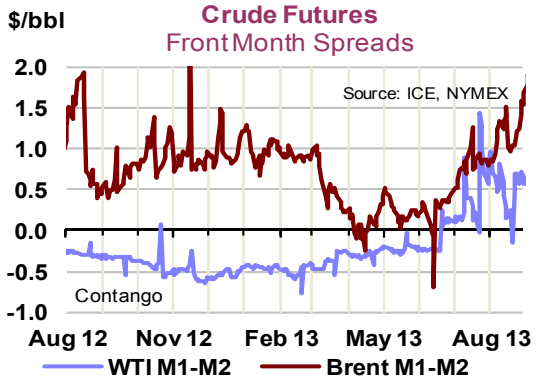
The conflict in Syria has already had a knock-on effect in Iraq, where violence has escalated to the highest level in five years as sectarian fault lines deepen. Prime Minister Nuri al-Maliki's government is largely viewed as aligned with President Assad's regime while Sunni opposition leaders in Iraq are widely assumed to sympathise with Syrian rebels. Echoing the fears of many, the outgoing UN envoy to Iraq told the Security Council that Syria's civil war has already spilled over into Iraq, saying that "the battlefields are merging" into one conflict, which could destabilize the broader Middle East. Iraqi insurgents have repeatedly attacked the northern Kirkuk-Ceyhan pipeline, which runs to the Mediterranean port of Ceyhan, Turkey. This has caused exports from Northern Iraq to fall to five-year lows of under 200 kb/d in July and August, compared with previous levels of close to 400 kb/d.

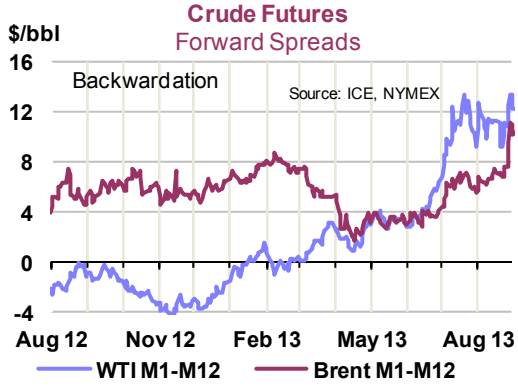




Markets were also on edge at the end of August after a failed attack on a container ship in the Suez Canal, a key transit corridor for crude oil and products between the Mediterranean and the Red Sea. The ongoing political and civil unrest in Egypt has rattled markets but there have been no direct threats to the Suez Canal or SUMED pipeline oil flows, which carry a combined 3.9 mb/d of crude and products. The Egyptian army said it will guarantee the safety of the canal and pipeline.

While the focus of the mainstream news has been on Syria, actual, severe disruptions have curtailed Libyan supplies. Libya's production hit a post-war low of 150 kb/d in early September compared with 550 kb/d on average in August and 1 mb/d in July amid crippling labour disputes, civil unrest and political turmoil. The government has set up a crisis committee tasked with negotiating a settlement among the various striking workers and tribal militias in a bid to get the oil sector functioning again but to date there has been little progress (see OPEC Supply, '*Libyan Oil Supplies Cascade Lower*').





Despite supply disruptions and heightened tensions in the Middle East and North Africa, from a supply perspective oil markets nonetheless still appear adequately supplied. Saudi Arabia ramped up production to a 32-year high of 10.19 mb/d in August. Despite a m-o-m decline of 510 kb/d in non-OPEC supply in August, 3Q13 non-OPEC supply is expected to be up by 1.65 mb/d y-o-y. OECD stocks are currently above

year ago levels and refinery activity is trending lower due to seasonal maintenance, tempering refiner demand for crude. After hitting a seasonal peak in July, global refinery crude demand is set to fall sharply through October with the onset of scheduled maintenance.

The supply outages and the threat Western strikes on Syria propelled prompt prices higher. The Brent M1-M2 futures contract widened to $1.65/bbl in early September compared with around $1.20/bbl in August, $0.80/bbl in July and just $0.25/bbl in June. Signalling market expectations of looser markets further out, the Brent M1-M12 also widened further in early September, to near $11/bbl compared with $7.55/bbl in August and $6.15/bbl in July. As expected, the loss of Libya's light, low-sulphur crude has also had a significant impact on spot prices for competing grades.

Prompt Month Oil Futures Prices

(monthly and weekly averages, $/bbl)

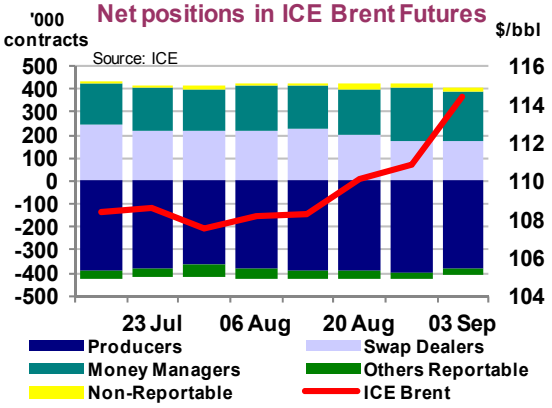
	Jun	Jul	Aug	Aug-Jul Avg Chg	% Chg	Week Commencing: 12 Aug	19 Aug	26 Aug	02 Sep	09 Sep**
NYMEX										
Light Sweet Crude Oil	95.80	104.70	106.54	1.84	1.7	106.92	105.47	108.30	108.67	108.70
RBOB	118.16	126.20	124.55	-1.65	-1.3	124.17	124.07	127.39	119.90	117.40
No.2 Heating Oil	121.37	126.64	129.01	2.37	1.8	128.28	129.29	132.49	132.18	130.86
No.2 Heating Oil ($/mmbtu)	21.41	22.34	22.75	0.42	1.8	22.62	22.80	23.37	23.31	23.08
Henry Hub Natural Gas ($/mmbtu)	3.81	3.64	3.41	-0.23	-6.7	3.35	3.48	3.56	3.61	3.57
ICE										
Brent	103.34	107.43	110.45	3.02	2.7	110.10	110.16	114.17	115.26	113.69
Gasoil	117.20	122.37	125.32	2.95	2.4	124.46	126.11	129.40	129.24	128.29
Prompt Month Differentials										
NYMEX WTI - ICE Brent	-7.54	-2.73	-3.91	-1.18		-3.18	-4.69	-5.87	-6.59	-4.99
NYMEX No.2 Heating Oil - WTI	25.57	21.94	22.47	0.53		21.36	23.82	24.19	23.51	22.16
NYMEX RBOB - WTI	22.36	21.50	18.01	-3.49		17.25	18.60	19.09	11.23	8.70
NYMEX 3-2-1 Crack (RBOB)	23.43	21.65	19.50	-2.15		18.62	20.34	20.79	15.32	13.19
NYMEX No.2 - Natural Gas ($/mmbtu)	17.60	18.69	19.34	0.65		19.28	19.32	19.80	19.70	19.51
ICE Gasoil - ICE Brent	13.86	14.94	14.87	-0.07		14.36	15.95	15.23	13.98	14.60

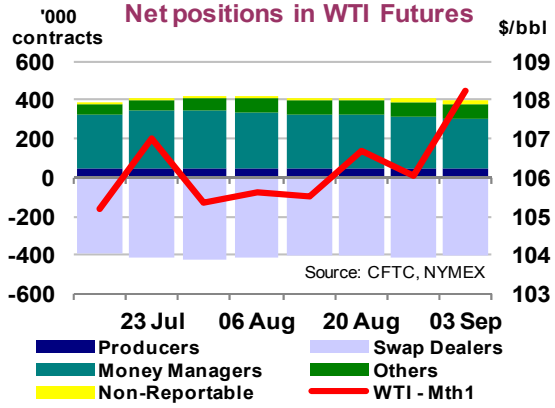
Source: ICE, NYMEX

**Includes prices through 10 September

Futures Markets

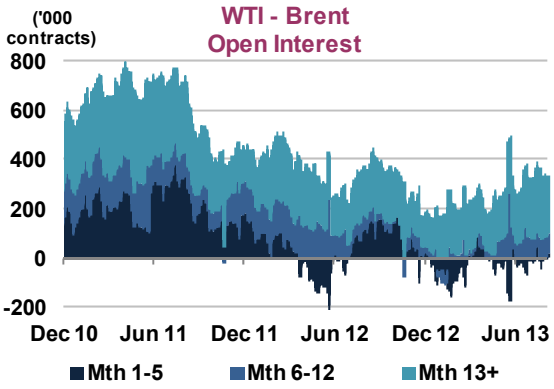
ICE Brent hedge funds posted record net-long positions between 30 July and 3 September as prices surged to 117/bbl in intra-day trade, in line with rising tensions surrounding Syria. By contrast, NYMEX WTI money managers net-long positions were down 13% on the month as the Cushing benchmark traded in a narrower range, albeit showing some signals of strength in early September.

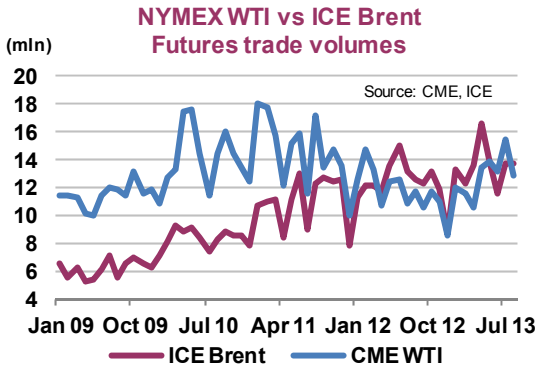




On the products side, New York hedge funds cautiously reduced their long exposures in RBOB gasoline while they increased Heating Oil by 17%, as prices steadily inched up during the month. Money managers

on the other side of the Atlantic similarly increased their net-long position as ICE Gasoil grew stronger throughout August, posting a 36% growth month-on-month.





In terms of open interest both contracts were up significantly on a y-o-y basis, 21% for WTI and 31% for Brent. On a monthly basis they were both relatively stable, Brent inching down just under 1% and WTI growing less than 3%. NYMEX WTI still outnumbers ICE Brent in terms of outstanding contracts, although the difference is mostly due to the medium and far part of the forward curve, especially for contracts expiring in more than a year.

As ICE Brent volumes were substantially unchanged and NYMEX WTI dropped 16.5% m-o-m, the North Sea benchmark was the most traded during August, although the US contract still prevails in the global picture (i.e., when accounting London-traded WTI). On a year-on-year basis, both contracts grew within single digits, 8.4% for ICE Brent and 9.9% for NYMEX WTI.

Positions on Light Sweet Crude Oil (WTI) Futures

Thousand Contracts

03 September 2013	Long	Short	Net	Long/Short	Δ Net from Prev. Week	Δ Net Vs Last Month
Producers' Positions	343.3	301.0	42.3	*Long*	↓ -2.4	↓ -7.0
Swap Dealers' Positions	314.7	719.4	-404.7	*Short*	↑ 6.0	↑ 16.5
Money Managers' Positions	688.9	426.9	262.0	*Long*	↓ -11.9	↓ -39.0
Others' Positions	408.3	330.9	77.3	*Long*	↑ 6.1	↑ 15.4
Non-Reportable Positions	101.5	78.5	23.0	*Long*	↑ 2.2	↑ 14.1
Open Interest			**1856.7**		↑ 1.4	↑ 18.9

Source: CFTC

Positions on ICE Brent Crude Futures

Thousand Contracts

03 September 2013	Long	Short	Net	Long/Short	Δ Net from Prev. Week	Δ Net Vs Last Month
Producers' Positions	549.4	933.1	-383.7	*Short*	↑ 12.4	↓ -17.7
Swap Dealers' Positions	469.0	293.7	175.2	*Long*	↓ -2.8	↓ -41.3
Money Managers' Positions	375.7	161.4	214.2	*Long*	↓ -10.1	↑ 29.5
Others' Positions	91.5	116.2	-24.7	*Short*	↑ 6.6	↑ 21.5
Non-Reportable Positions	47.3	28.3	19.0	*Long*	↓ -6.0	↑ 7.9
Open Interest			**1532.8**		↑ 4.2	↑ 12.1

Source: ICE

Financial Regulation

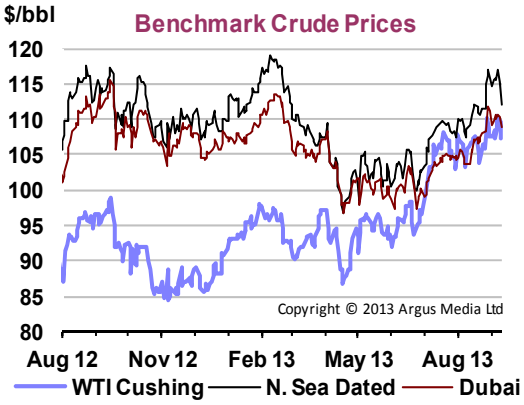
The US Commodity Futures Trading Commission (CFTC) began registering swap execution facilities (SEFs) under the Dodd-Frank reform on 1 August. The CFTC also issued a final rule setting capital requirements for systemically important derivatives clearing organizations (SIDCOs) on 12 August. The rule increases financial requirements for SIDCOs, in addition to granting special enforcement authority to the CFTC.

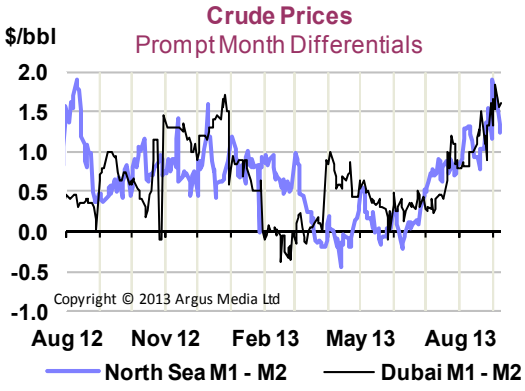
The Basel Committee of regulators published on 2 September the final rules for initial margin requirements, requiring financial entities to post an initial margin for their swaps trades when those are not centrally cleared through a clearing house. Such margins are aimed at providing a safety net if no clearing house is involved and will be posted in addition to the variation margin that provides for daily fluctuations of the contract value. The new rules will be phased in over four years starting in 2015. Foreign exchange swaps and forwards will be exempt from initial margin requirements.

Meanwhile, on 3 September the European Securities and Markets Authority (ESMA) published its advice to the European Commission on recognising the equivalent of the regulatory regimes of Australia, Hong Kong, Japan, Singapore, Switzerland and the US. Ruling areas covered involve over-the-counter (OTC) derivatives clearing, clearing houses and trade repositories. More advice on other areas not yet covered is expected by 1 October. Central counterparties (CCPs) from non-EU member countries will have to apply by 15 September for ESMA recognition.

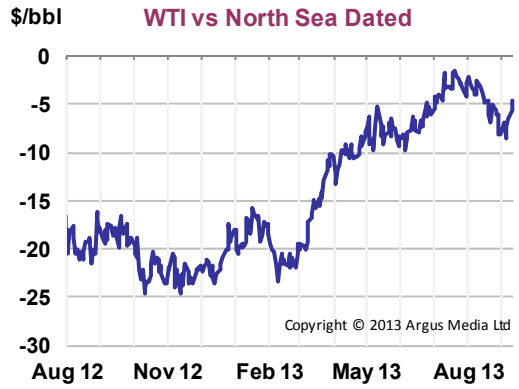
Spot Crude Oil Prices

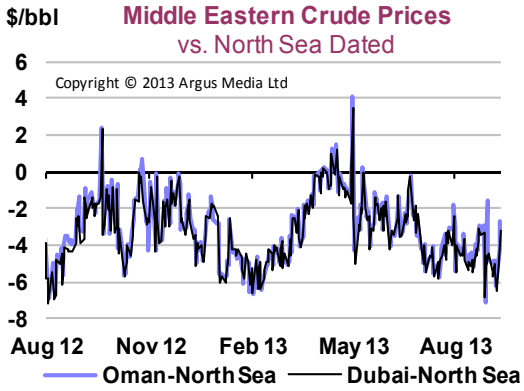
Spot crude oil markets were supported by geopolitical woes in the MENA region and supply disruptions in Libya, Iraq, the North Sea and China. Dubai posted the strongest gains, up by around $3.60/bbl to around $107.05/bbl in August. Demand for medium to heavy sour grades also strengthened relative to crudes linked to pricier North Sea Brent. The absence of Libyan crude from the market and planned North Sea field maintenance work lent considerable support to Brent, up by $3.40/bbl on the month, to $111.30/bbl. US WTI posted a smaller $1.85/bbl increase, $106.55/bbl, despite a sharp draw down in US crude inventories and continued high throughput rates in August.





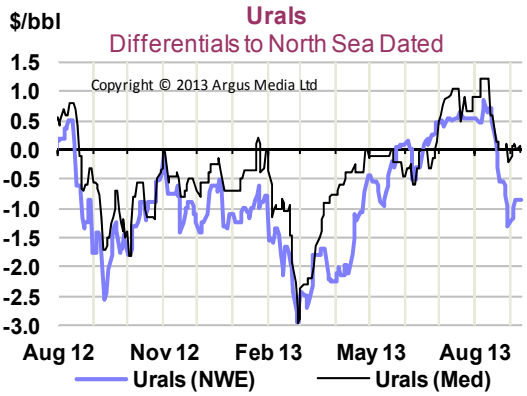
The steady erosion in Libyan supplies over the month and uncertainty surrounding Iraq's September export program, among other supply disruptions, saw prices surge for prompt barrels and differentials strengthen for alternative grades in August. Prompt prices for Brent and Dubai crudes rose a further $0.50/bbl in early September on top of already robust increases in August. The Brent M1-M2 futures contract widened to $1.65/bbl in early September compared with around $1.10/bbl in August, $0.70/bbl in July and just $0.25/bbl in June. The Dubai M1-M2 also widened further in early September, to near $1.60/bbl compared with around $1.05/bbl in August and $0.55/bbl in July.





The Brent premium over other benchmark grades WTI and Dubai widened again due to the relative strength for competing crudes with Libyan crudes in European markets. The Brent-WTI price spread averaged -$7/bbl in early September compared to -$4.80/bbl in August, -$3.21/bbl in July. Dubai's discount to Brent increased to around $5.50/bbl in early September compared with around $4.30/bbl in August, $4.45/bbl in July and $2.65/bbl in June.

As expected, the loss of Libya's light, low-sulphur crude has had a significant impact on competing grades. In Europe, the premium for replacement barrels of Libyan and Iraqi grades rose steadily over the month, with Azeri Light fetching top prices (see OPEC Supply, '*Libyan Oil Supplies Cascade Lower*'). By mid-August and early September, prices for some grades were deemed too expensive. Under the weight of eroding margins, some European refiners cutback planned runs.





After trading at a premium to Brent in recent months on lower Russian export volumes and reduced Iraqi Kirkuk and Libyan supplies to Europe, the differential for Urals in the Mediterranean turned negative briefly in early September. By contrast, the Brent Urals price differential in Northwest Europe consolidated its downward trend in early September at -$1/bbl compared with a premium of +$0.05/bbl on average in July and +$0.55/bbl in July. Russian exports are forecast to rebound sharply in September. In August however, Urals crude traded at a premium of around $0.55/bbl compared to about $0.85/bbl in July and a more typical discount against Dated Brent of -$0.20/bbl in June.

Meanwhile, Saudi Arabia raised official selling prices (OSPs) of its Arab Light grades and Arab Medium to Asia for October after supply disruptions elevated premiums for most Middle Eastern crudes ahead of peak winter demand. The relative strength of Brent against Dubai also supported Middle East and Russian crudes linked to cheaper Dubai. Asian buyers stepped up purchases of sour Russian ESPO crudes, despite the $6/barrel premium over Dubai in early September. Asia saw significant increases in Iraqi Basrah Light crude imports in August at a steep 1.59 mb/d compared with 1.29 mb/d in July but volumes are expected to ease in the next several months on maintenance work at Iraq's southern terminals.

Spot Crude Oil Prices and Differentials

(monthly and weekly averages, $/bbl)

	Jun	Jul	Aug	Aug-Jul Avg Chg	%	Week Commencing: 12 Aug	19 Aug	26 Aug	02 Sep	09 Sep**
Crudes										
North Sea Dated	102.95	107.91	111.32	3.41	3.2	110.91	111.13	116.02	115.67	113.64
Brent (Asia) Mth 1	103.34	107.53	111.10	3.56	3.3	109.83	110.79	114.92	115.37	114.56
WTI (Cushing) Mth 1	95.79	104.69	106.54	1.85	1.8	106.92	105.49	108.30	108.67	108.46
Urals (Mediterranean)	102.76	108.74	111.89	3.15	2.9	111.75	111.22	116.00	115.69	113.64
Dubai	100.29	103.46	107.04	3.58	3.5	105.79	107.28	110.29	110.05	109.57
Tapis (Dated)	108.52	113.81	118.46	4.65	4.1	117.41	118.03	122.45	122.97	120.94
Differential to North Sea Dated										
WTI (Cushing)	-7.16	-3.21	-4.78	-1.56		-3.99	-5.64	-7.72	-7.01	-5.19
Urals (Mediterranean)	-0.19	0.83	0.57	-0.26		0.84	0.09	-0.02	0.02	0.00
Dubai	-2.66	-4.44	-4.28	0.17		-5.12	-3.85	-5.73	-5.63	-4.08
Tapis (Dated)	5.57	5.90	7.14	1.24		6.50	6.90	6.43	7.30	7.30
Prompt Month Differential										
Forward Cash Brent Mth1-Mth2	0.08	0.72	1.11	0.40		1.18	0.92	1.38	1.63	1.29
Forward WTI Cushing Mth1-Mth2	-0.13	0.30	0.44	0.14		0.32	0.03	0.65	0.76	0.97
Forward Dubai Mth1-Mth2	0.33	0.57	1.06	0.49		0.96	1.25	1.18	1.59	1.58

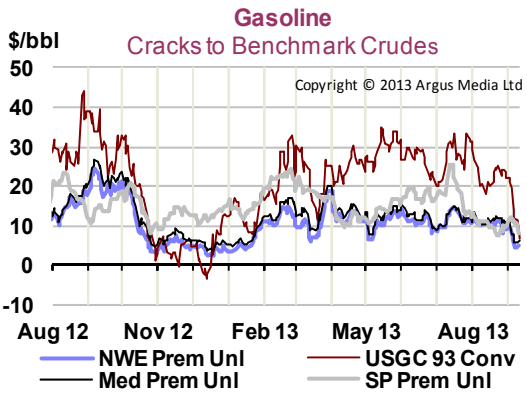
Copyright © 2013 Argus Media Ltd - All rights reserved

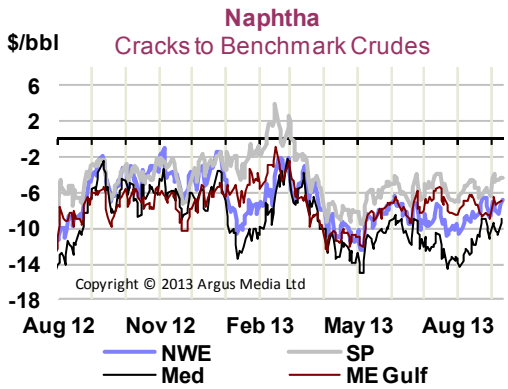
**Includes prices through 10 September

Spot Product Prices

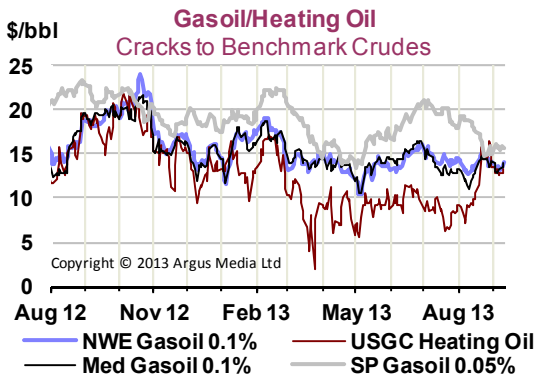
Spot product crack spreads posted diverging trends in August, with the US partially insulated from the recent surge in crude prices, which pressured crack spreads in Asia and Europe. Gasoline crack spreads fell across the board, suffering from both strong crude prices and lower US and Singapore spot prices as the driving season came to a close.

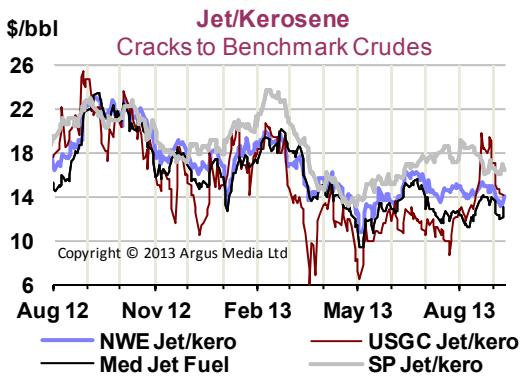
Gasoline crack spreads fell in all major regions as summer peak demand ended, particularly in Asia and in the US. Notably, Singapore crack spreads fell by about $8.25/bbl to around $10/bbl due to the combined effect of stronger crude and lower gasoline prices. Lower Indonesian gasoline imports pressured prices as the country is suffering currency weakness (*See Demand, 'Emerging Market Currency Depreciation Set to Impact Demand')*. US crack spreads fell more than $4.65/bbl in August but still averaged a healthy $22.70/bbl. Gasoline crack spreads in Northwest Europe were down just over $1/bbl, to $10.50/bbl as rising crude prices outpaced increased gasoline prices.



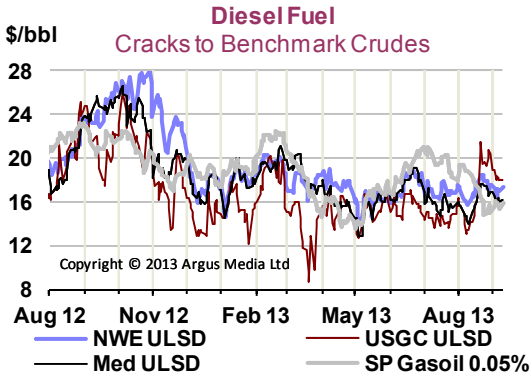


Naphtha crack spreads were relatively stable month-on-month in both Europe and Asia. However, in the Mediterranean crack spreads posted wide price swings throughout August, climbing by more than $5/bbl during the month on the back of stronger naphtha demand. Singapore naphtha crack spreads moved further into negative territory, down $0.15/bbl to -$5.70/bbl.

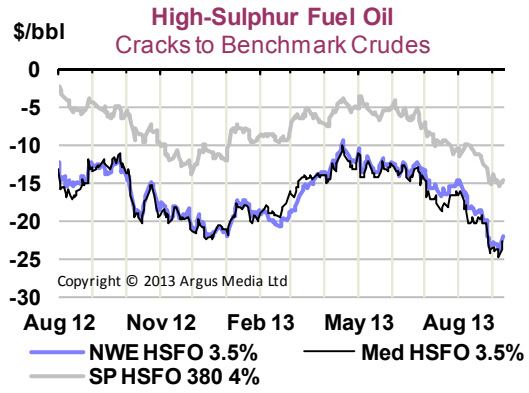


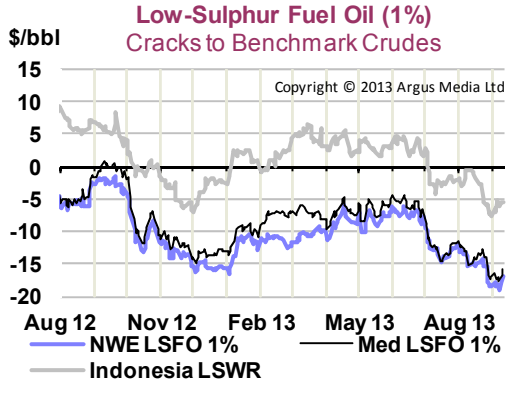


Gasoil crack spreads showed diverging trends among the regions. Asian crack spreads monthly average fell by $2.51/bbl to $17.10/bbl as stronger crude prices eclipsed spot gasoil gains. Lower than expected Indian diesel consumption also pressured cracks as end-user prices continued to rise and general economic malaise subdued demand. European crack spreads inched down $0.50-$0.70/bbl, to $13.85/bbl in Northwest Europe and $13.15/bbl in the Mediterranean. Weighing on prices, heavy monsoon rains in India subdued domestic demand and pushed additional exports to Asia and Europe. However, US cracks on both gasoil and ultra-low-sulphur Diesel bucked the trend, going up around $2-3/bbl on a monthly basis to $11.55/bbl and $16.90/bbl respectively.



Jet/Kerosene crack spreads were relatively stable in all regions bar the US, where the crack spreads touched $20/bbl in mid-August and finally settled at $15/bbl in early September. US Gulf crack spreads drew support from a series of unplanned shut downs, including Motiva's Port Arthur refinery in Texas and the Convent refinery in Louisiana. In contrast to the US, European and Asian crack spreads were largely unchanged on a monthly average basis though trended lower by the end of August as summer travel season faded out.





Fuel oil crack spreads fell steadily throughout August in Europe and Asia but inched higher in the US Gulf ahead of the winter season. Asian cracks consolidated their negative trend, further dipping to levels unseen in more than two years, on the back of lower bunker consumption, below-average Japanese power sector demand and Chinese imports at a year-to-date low.

Spot Product Prices

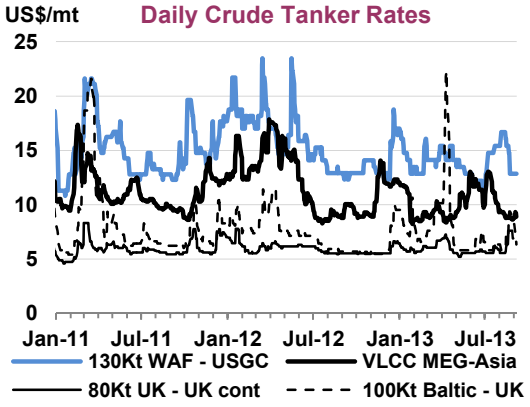
(monthly and weekly averages, $/bbl)

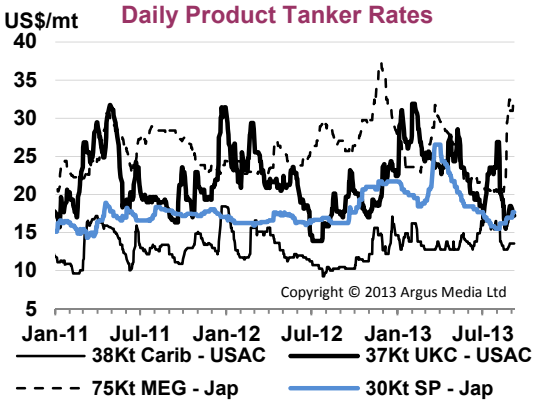
	Jun	Jul	Aug	Aug-Jul Chg	Aug-Jul %	Week Commencing: 12 Aug	19 Aug	26 Aug	02 Sep	09 Sep**	Jun	Jul	Aug
Rotterdam, Barges FOB											**Differential to Dated Brent**		
Premium Unl 10 ppm	113.80	119.45	121.80	2.36	2.0	121.56	121.86	125.17	122.93	118.34	10.85	11.54	10.48
Naphtha	94.80	98.55	102.68	4.12	4.2	102.13	103.44	107.84	107.87	106.63	-8.15	-9.35	-8.64
Jet/Kerosene	118.16	122.52	125.91	3.38	2.8	125.29	126.29	130.74	129.39	127.40	15.21	14.62	14.59
ULSD 10ppm	120.53	124.88	128.40	3.52	2.8	127.69	129.35	133.41	132.46	131.28	17.58	16.97	17.08
Gasoil 0.1%	117.60	122.43	125.17	2.74	2.2	124.41	125.87	129.97	129.05	127.38	14.65	14.53	13.85
LSFO 1%	95.66	95.16	96.21	1.05	1.1	95.84	96.39	97.74	97.33	96.39	-7.29	-12.75	-15.11
HSFO 3.5%	89.75	92.34	92.58	0.25	0.3	92.27	92.12	93.26	92.47	91.20	-13.20	-15.57	-18.74
Mediterranean, FOB Cargoes											**Differential to Urals**		
Premium Unl 10 ppm	114.89	120.63	122.99	2.36	2.0	122.75	123.05	126.37	124.18	119.59	12.13	11.90	11.10
Naphtha	92.56	96.14	100.21	4.07	4.2	99.66	101.08	105.53	105.61	104.42	-10.20	-12.60	-11.68
Jet Aviation fuel	117.19	121.28	124.62	3.33	2.7	123.98	125.12	129.63	128.29	126.32	14.43	12.55	12.72
ULSD 10ppm	120.37	124.57	127.82	3.25	2.6	127.04	128.57	132.80	131.83	130.16	17.60	15.84	15.93
Gasoil 0.1%	118.02	122.39	125.05	2.65	2.2	124.28	125.75	129.88	128.97	127.41	15.26	13.66	13.15
LSFO 1%	96.95	96.44	97.68	1.24	1.3	97.33	97.90	99.18	98.52	97.45	-5.82	-12.30	-14.21
HSFO 3.5%	89.06	91.67	91.93	0.26	0.3	91.62	91.47	92.60	91.74	90.44	-13.70	-17.06	-19.96
US Gulf, FOB Pipeline											**Differential to LLS**		
Super Unleaded	131.34	137.97	133.56	-4.41	-3.2	131.70	132.53	134.95	129.07	119.14	27.03	27.31	22.69
Unleaded	115.58	124.08	122.07	-2.01	-1.6	121.70	123.38	123.66	116.19	109.55	11.26	13.43	11.20
Jet/Kerosene	116.37	121.65	126.22	4.57	3.8	125.51	126.97	129.96	127.15	124.26	12.06	10.99	15.35
ULSD 10ppm	120.12	125.20	127.77	2.57	2.1	126.97	128.38	131.42	130.57	128.35	15.81	14.55	16.90
Heating Oil	114.55	119.01	122.43	3.42	2.9	121.90	122.87	126.66	125.29	123.15	10.24	8.36	11.56
No. 6 3%*	89.92	91.25	93.04	1.80	2.0	92.91	92.93	95.21	96.03	95.08	-14.39	-19.40	-17.83
Singapore, FOB Cargoes											**Differential to Dubai**		
Premium Unleaded	117.92	121.70	117.06	-4.65	-3.8	116.44	115.73	119.70	121.39	118.93	17.63	18.24	10.01
Naphtha	94.41	97.91	101.33	3.42	3.5	100.95	101.14	104.39	105.61	105.23	-5.88	-5.56	-5.71
Jet/Kerosene	116.75	121.17	124.78	3.61	3.0	124.15	124.43	127.02	126.33	126.23	16.46	17.71	17.73
Gasoil 0.05%	119.24	123.07	124.14	1.07	0.9	123.74	123.52	125.48	125.79	125.35	18.95	19.61	17.10
LSWR Cracked	103.62	101.68	103.58	1.89	1.9	104.52	103.54	103.48	104.02	104.04	3.33	-1.78	-3.47
HSFO 180 CST	97.87	95.38	95.62	0.24	0.3	95.42	95.73	96.69	96.27	95.62	-2.42	-8.09	-11.42
HSFO 380 CST 4%	94.20	93.93	95.25	1.32	1.4	95.06	95.59	96.15	95.35	94.83	-6.09	-9.53	-11.79

Copyright © 2013 Argus Media Ltd - All rights reserved *Waterborne **Includes prices through 10 September

Freight

Rates for very large crude carriers (VLCCs) experienced another lacklustre month in August as ample tonnage weighed heavily on markets. Furthermore, vessel earnings fell into negative territory as bunker costs surged to over $600/t and $660/t for HFO and LSFO, respectively, in line with soaring benchmark crude prices. Despite healthy demand for Middle Eastern crudes, rates on the benchmark VLCC Middle East Gulf – Asia trade languished at below $10/mt throughout August and early-September.





A similar picture was evident in Atlantic Basin Suezmax markets where, despite disruption in Libya and reports of extra light, sweet crude leaving West Africa bound for Europe, rates weakened month-on-

month. Indeed, despite, some early August strengthening to over $16.50/mt, rates on the benchmark West Africa – US Gulf Coast route retreated sharply so that by early-September they sat below $13/mt as supply heavily outweighed demand.

The only bright spot in crude tanker markets was Northwest Europe where rates uncharacteristically firmed during a period where they historically tend to trend sideways. Following a raft of cargos coming out of the Baltic terminals of Ust-Luga and Primorsk, reportedly bound for long-haul transatlantic destinations, regional Aframax tonnage tightened considerably. This pushed rates for the Baltic – UK trades to over $9/mt in mid-August. However, as extra vessels entered the market in early-September, rates slipped back to their normal levels of approximately $6/mt.

Product tanker markets experienced a mixed month, generally weakening over the first half of August before rebounding from late month onwards after demand picked up. In the East, after languishing at year-lows of $20/mt in early August, the benchmark Middle East Gulf – Japan trade surged to a year-high of close to $32/mt by early September spurred on by tight fundamentals. However, these levels are unlikely to be sustained for long with current reports of vessels ballasting towards the Middle East Gulf from elsewhere. In the Atlantic basin, rates weakened over the first half of August to stand at year-to-date lows as transatlantic trade remained below par. However, after multiple gasoline cargoes entered the market in mid-month, rates began to firm so that by early-September rates on the benchmark UK – US Atlantic coast trade once again exceeded $17/mt.

REFINING

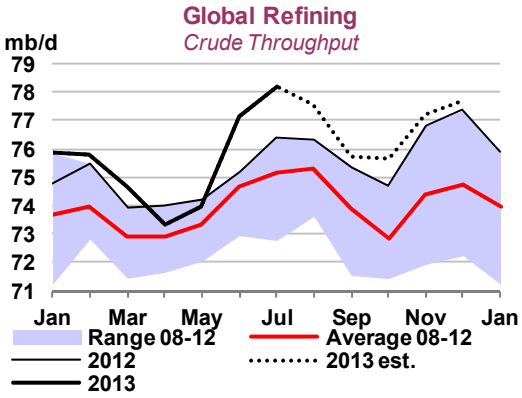
Summary

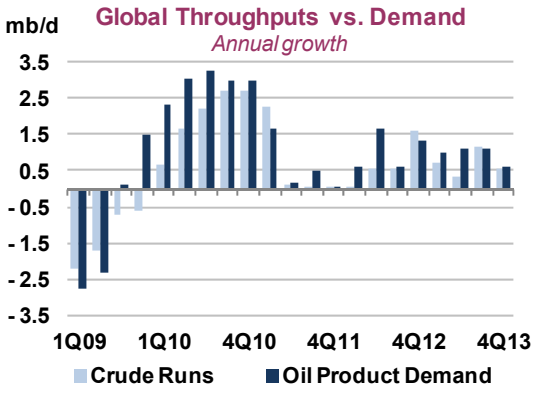
- **Global refinery crude throughputs reached a seasonal peak in July,** at an estimated 78.2 mb/d, up 1 mb/d from June and 1.8 mb/d above a year earlier. Monthly gains spanned all regions, bar China. Global throughputs are expected to fall steeply from August onwards, due to weaker refinery margins and the onset of seasonal maintenance. Scheduled turnarounds are especially heavy in Europe and the FSU, mitigating the effect of current feedstock supply disruptions.

- **The estimate of global throughputs for 3Q13 has been revised downwards by 180 kb/d since last month's *Report*,** largely on lower expectations of European refinery runs. Weak margins have revived talk of economic run cuts, on top of heavy planned maintenance. Global crude runs are forecast to reach 77.2 mb/d in 3Q13, up 1.1 mb/d above year-earlier levels, before declining to 76.8 mb/d in 4Q13.

- **OECD crude runs rose another 450 kb/d in July, to average 38 mb/d.** While all OECD regions moved higher, Japan, the US and Italy accounted for the bulk of the increase. Annual gains were reported only for the US and Japan. After a temporary respite in June, European crude intake resumed its structural decline, sliding by some 510 kb/d y-o-y. Margins generally deteriorated in August, prompting talk of further run cuts in both Europe and Asia.

- **Refinery margins fell in all regions surveyed bar the US Gulf Coast in August,** as crude prices rose faster than product prices. European margins fell by nearly $1/bbl on average. Simple refiners were particularly hard-hit and are now firmly in the red. Even steeper falls came in the US Midcontinent, as crude stock draws at Cushing supported WTI prices, and in Singapore, where only Dubai hydrocracking margins remained positive. US Gulf Coast margins rose on average in August, propped up by refinery problems in the second half of the month.





Global Refinery Overview

Global refinery crude throughputs reached a seasonal peak in July, at an estimated 78.2 mb/d, and a sharp 1.8 mb/d above year earlier levels. Runs are set to fall from August onwards, as refiners scale back throughputs due both to planned maintenance and a weakening margin environment. Recent crude price increases have largely outpaced gains in refined product prices, curbing refinery margins and spurring talk of economic run cuts in Europe and Asia. At the same time, refinery maintenance in Europe and Russia is expected to slash crude demand in those regions by a combined 2 mb/d in both September and October. The scheduled shutdowns, at a time when regional crude supply faces shortfalls from Libya, Iraq and the North Sea, eases somewhat the strain of sourcing alternative feedstocks.

As a result of slightly weaker reported OECD and Chinese refinery runs for July, and a somewhat more pessimistic outlook for runs in September, 3Q13 global crude run estimates have been trimmed by 180 kb/d since last month's report. At 77.2 mb/d, global runs are still assessed an impressive 1.1 mb/d above the same quarter last year, with gains almost entirely accounted for by non-OECD countries. The largest contributors to growth remain China (+400 kb/d), Russia (+155 kb/d), Algeria (180 kb/d), India (+145 kb/d), Venezuela (+125 kb/d), Saudi Arabia (+85 kb/d) and Brazil (+80 kb/d). In the OECD, only US refiners continue to surge ahead on the back of "advantaged" regional crude supplies, comparatively low energy costs (cheap natural gas) and robust export demand for refined products. Preliminary weekly data show US crude intake running 390 kb/d and 535 kb/d above year-earlier levels in July and August, respectively.

Global Refinery Crude Throughput[1] [2]

(million barrels per day)

	May 13	Jun 13	**2Q2013**	Jul 13	Aug 13	Sep 13	**3Q2013**	Oct 13	Nov 13	Dec 13	**4Q2013**
Americas	18.2	19.0	**18.4**	19.1	18.9	18.2	**18.8**	17.9	18.2	18.5	**18.2**
Europe	11.5	12.0	**11.7**	12.2	12.1	11.7	**12.0**	11.6	11.6	11.7	**11.7**
Asia Oceania	6.1	6.5	**6.3**	6.6	6.8	6.4	**6.6**	6.5	6.8	7.0	**6.8**
Total OECD	35.8	37.5	**36.4**	38.0	37.8	36.2	**37.4**	36.0	36.7	37.2	**36.6**
FSU	6.7	7.0	**6.6**	7.1	7.1	6.5	**6.9**	6.6	6.9	6.8	**6.8**
Non-OECD Europe	0.4	0.4	**0.4**	0.5	0.5	0.5	**0.5**	0.5	0.5	0.5	**0.5**
China	9.2	9.7	**9.4**	9.5	9.4	9.5	**9.5**	9.7	10.2	10.3	**10.1**
Other Asia	9.7	9.6	**9.7**	9.8	9.7	9.7	**9.8**	9.9	9.9	10.0	**9.9**
Latin America	4.6	4.8	**4.7**	4.9	4.8	4.8	**4.8**	4.6	4.7	4.5	**4.6**
Middle East	5.4	5.9	**5.5**	6.1	6.2	6.2	**6.2**	6.2	6.2	6.2	**6.2**
Africa	2.1	2.2	**2.1**	2.2	2.2	2.2	**2.2**	2.2	2.2	2.2	**2.2**
Total Non-OECD	38.2	39.6	**38.4**	40.2	39.7	39.5	**39.8**	39.6	40.5	40.5	**40.2**
Total	74.0	77.2	**74.8**	78.2	77.6	75.7	**77.2**	75.7	77.2	77.7	**76.8**

1 Preliminary and estimated runs based on capacity, know n outages, economic run cuts and global demand forecast

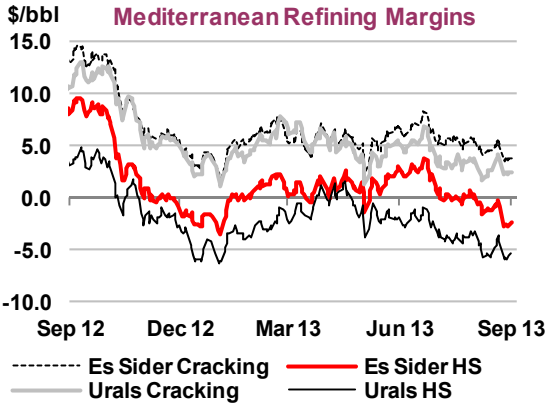
2 From the report dated 10 August, 2012 OECD Americas include Chile and OECD Asia Oceania includes Israel.

Annual growth is expected to slow somewhat in 4Q13, to around 540 kb/d globally. OECD runs are set to continue to contract structurally, on lower end-user demand and reduced capacity compared with a year earlier. In the Pacific and Europe refinery consolidation continues, with plants shutting permanently in both regions during the summer (Cosmo's 140 kb/d Sakaide refinery shut in early August and ENI's 80 kb/d Venice refinery halted operations in July before being converted into a bio-refinery). In the non-OECD region, runs continue to be supported by more robust demand growth than in the OECD, as well as by new refining capacity. In Saudi Arabia, the 400 kb/d Satorp plant in Jubail is ramping up runs as new units are commissioned. The plant is expected to reach full rates in early 2014. While some uncertainty surrounds the start-up of PetroChina's 200 kb/d grassroot Pengzhou refinery in Sichuan province (due to potential flood damage to pipelines feeding the refinery), company officials announced on 5 September, that after several delays, the plant will start up in late October. By end-year, Sinochem's new 240 kb/d Quanzhou refinery is also set to start trial runs. In all, 4Q13 global crude runs are estimated to average 76.8 mb/d.

Refining Margins

Refining margins fell in all regions bar the US Gulf Coast in August, as increases in product prices generally failed to keep up with gains recorded for feedstock prices. Crude oil grades, in particular North Sea and Middle Eastern grades, were supported by severe supply disruptions while product price increases were capped by the end of the summer driving season and high gasoline inventories on both sides of the Atlantic. Simple refinery margins moved more firmly into the 'red' in both Northwest Europe

and the Mediterranean, sinking to their lowest levels since January. Whereas Northwest European margins will likely be supported by heavy maintenance scheduled for September and October, on the Mediterranean economic run cuts are starting to look inevitable. CEPSA reportedly decided to start maintenance work at its Tenerife refinery early due to poor economics and will keep the refinery shut for longer than initially planned. Several other refineries scheduled to shut for maintenance may delay their restart until margins improve.



IEA/KBC Global Indicator Refining Margins[1]

($/bbl)

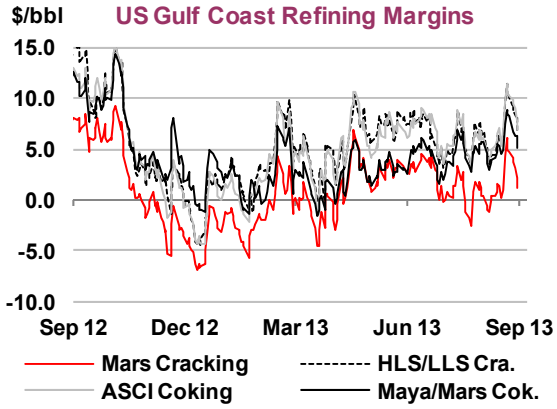
	Monthly Average					Change	Average for week ending:				
	May 13	Jun 13	Jul 13	Aug 13		Aug 13-Jul 13	02 Aug	09 Aug	16 Aug	23 Aug	30 Aug
NW Europe											
Brent (Cracking)	4.31	5.11	4.45	3.56	↓	-0.88	4.51	3.54	3.45	3.99	2.68
Urals (Cracking)	3.82	4.03	2.93	2.31	↓	-0.61	3.05	1.91	1.59	3.14	2.29
Brent (Hydroskimming)	-0.02	0.65	-1.34	-2.58	↓	-1.24	-1.26	-2.24	-2.66	-2.16	-4.03
Urals (Hydroskimming)	-1.81	-1.93	-3.68	-4.86	↓	-1.18	-3.43	-4.73	-5.52	-4.23	-5.71
Mediterranean											
Es Sider (Cracking)	5.32	6.90	5.46	4.63	↓	-0.83	5.57	4.58	4.51	5.19	3.68
Urals (Cracking)	4.04	5.32	3.35	2.79	↓	-0.55	3.62	2.29	2.38	3.76	2.33
Es Sider (Hydroskimming)	1.35	2.64	0.19	-1.08	↓	-1.27	0.31	-0.78	-1.13	-0.56	-2.64
Urals (Hydroskimming)	-2.40	-1.71	-4.11	-5.43	↓	-1.32	-3.75	-5.35	-5.77	-4.70	-6.86
US Gulf Coast											
50/50 HLS/LLS (Cracking)	7.22	6.95	5.77	6.88	↑	1.11	6.87	4.25	5.53	9.61	8.31
Mars (Cracking)	2.60	3.11	0.80	1.76	↑	0.95	0.97	-0.45	0.86	4.24	2.92
ASCI (Cracking)	2.33	2.83	0.42	1.44	↑	1.02	0.45	-0.74	0.52	3.90	2.73
50/50 HLS/LLS (Coking)	8.48	8.34	7.87	8.94	↑	1.07	8.91	6.26	7.56	11.67	10.43
50/50 Maya/Mars (Coking)	2.96	4.44	4.55	5.55	↑	1.00	5.43	3.74	4.83	7.57	6.11
ASCI (Coking)	6.42	7.35	6.03	7.06	↑	1.03	6.31	4.40	6.02	9.74	8.53
US Midcon											
WTI (Cracking)	29.67	22.86	15.62	10.82	↓	-4.80	15.36	9.29	8.67	11.36	13.15
30/70 WCS/Bakken (Cracking)	31.65	21.48	18.45	16.15	↓	-2.30	19.03	14.32	13.23	17.53	19.15
Bakken (Cracking)	35.19	24.92	21.42	17.26	↓	-4.16	21.56	15.03	14.09	18.69	20.76
WTI (Coking)	32.42	25.13	18.21	13.00	↓	-5.21	17.81	11.42	10.68	13.46	15.56
30/70 WCS/Bakken (Coking)	36.07	25.07	22.06	19.30	↓	-2.76	22.66	17.03	16.07	20.75	22.70
Bakken (Coking)	36.17	25.63	22.28	17.92	↓	-4.35	22.35	15.68	14.66	19.32	21.54
Singapore											
Dubai (Hydroskimming)	-0.80	-0.24	-1.21	-3.06	↓	-1.85	-2.25	-1.86	-2.23	-3.49	-4.98
Tapis (Hydroskimming)	-2.04	-0.32	-2.85	-6.20	↓	-3.35	-4.19	-4.58	-5.42	-6.24	-9.10
Dubai (Hydrocracking)	4.10	5.46	5.69	3.45	↓	-2.24	4.41	4.61	4.17	2.74	1.86
Tapis (Hydrocracking)	0.48	2.63	1.39	-2.46	↓	-3.85	-0.34	-0.97	-1.98	-2.64	-4.87

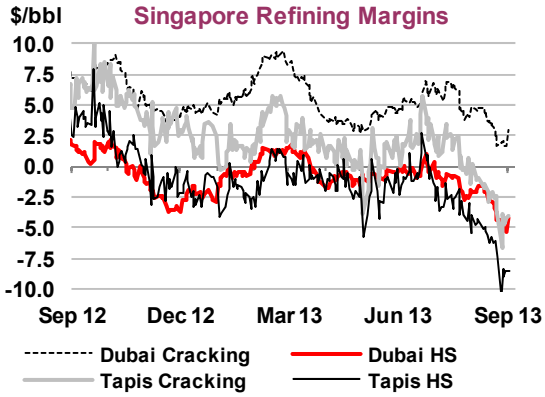
1 Global Indicator Refining Margins are calculated for various complexity configurations, each optimised for processing the specific crude(s) in a specific refining centre. Margins include energy cost, but exclude other variable costs, depreciation and amortisation. Consequently, reported margins should be taken as an indication, or proxy, of changes in profitability for a given refining centre. No attempt is made to model or otherwise comment upon the relative economics of specific refineries running individual crude slates and producing custom product sales, nor are these calculations intended to infer the marginal values of crude for pricing purposes.

Source: IEA, KBC Advanced Technologies (KBC)

US refinery margins diverged in August. Those on the Gulf Coast improved by just over $1.00/bbl on average. LLS and HLS crudes saw their discount to Brent widen in August, as the threat of military action in Syria and supply outages in the North Sea, Iraq and Libya supported Brent. Gulf Coast margins also

benefited from renewed problems at Motiva's 600 kb/d Port Arthur refinery. Gasoline cracks plummeted in early September, however, as the Labour Day weekend marked the end of the driving season amid ample gasoline inventories. In contrast, refining margins in the US Midcontinent fell by $2.30-5.21/bbl on average. Continued US crude stock draws, particularly at Cushing, where inventories hit their lowest level since March 2011, propped up WTI-linked grades, cutting into profits.

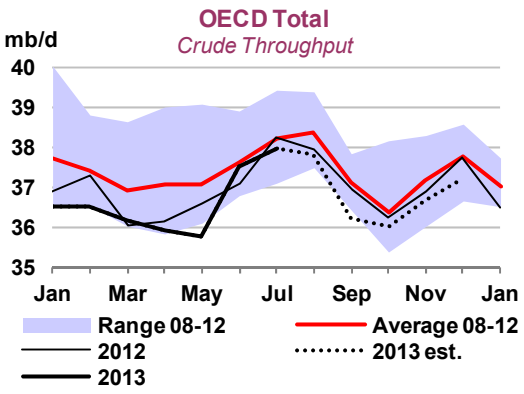


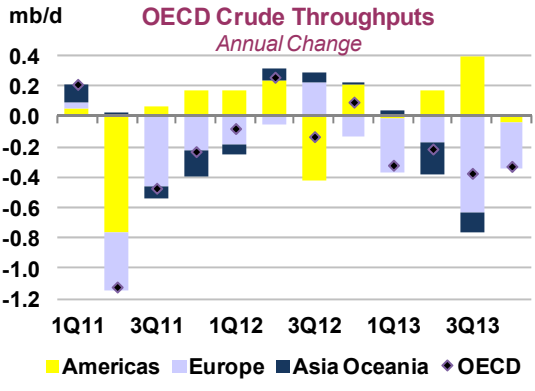


In Singapore, margins continued their steep declines in August, and only Dubai cracking margins remained positive. On average, regional margins fell by $1.85-3.85/bbl, with the heaviest losses seen for simple plants. High inflows of residual fuel oil from Europe and the FSU, subdued regional demand and reduced buying from Chinese 'teapot' refiners have taken the Singapore fuel oil crack to a five-year low of -$11.42/bbl on average in August. Gasoline cracks to Dubai fell by a hefty $8.23/bbl in the month, to average $10.01/bbl.

OECD Refinery Throughput

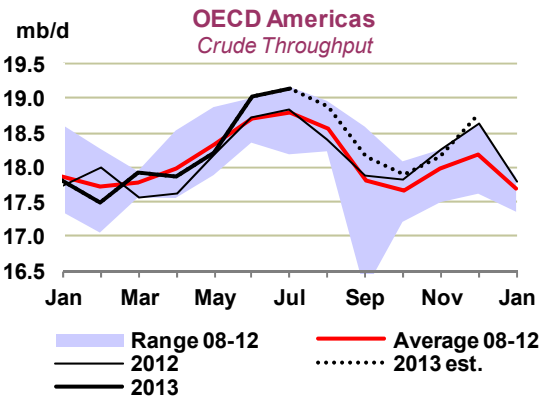
OECD refinery crude runs rose 450 kb/d in July, to a seasonal high of 38 mb/d. Throughputs rose in all regions, though the largest increases were accounted for by the US, Japan and Italy. After briefly surging ahead of year earlier levels in June, total OECD refinery runs, led by Europe, resumed their structural decline in July. In all, OECD crude throughputs stood some 290 kb/d below 2012 levels, with European throughput declines in excess of 500 kb/d year-on-year.

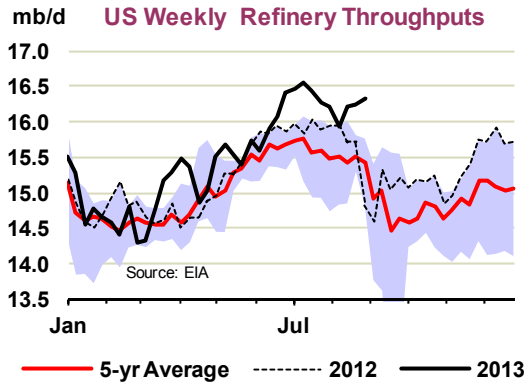




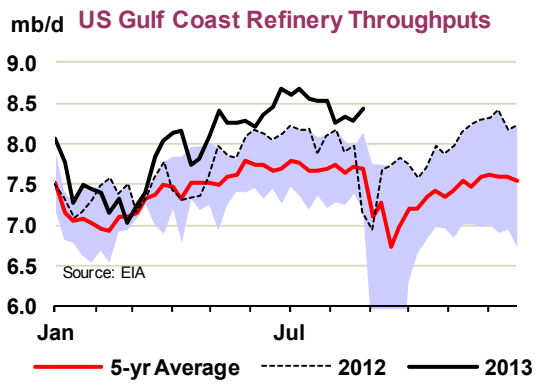
Monthly June data for a number of OECD countries were weaker than expected, leading to a 165 kb/d downward revision overall. Final data showed Japanese crude intake 165 kb/d lower than preliminary data had suggested. Smaller downward revisions also came for a number of European countries, taking the regional total down 110 kb/d from last month's *Report*. Providing a partial offset, US refinery crude intake was revised upwards by 130 kb/d.

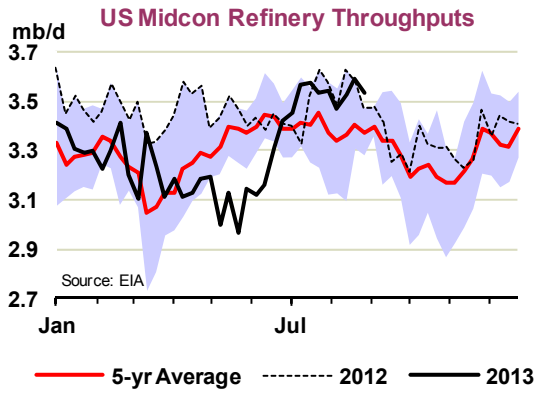
North American refinery crude intake rose by 130 kb/d in July, to 19.1 mb/d, or 320 kb/d above the previous year. US crude runs continue to trend well above year-earlier levels, thanks in part to new or restarted capacity. Annual gains of 390 kb/d and 535 kb/d for July and August, respectively, came mostly from the US Gulf Coast, but also from the East Coast where the Trainer refinery now owned by a Delta Air Lines subsidiary was shut last year due to poor returns. Delta has said it lost $22 million in 1Q13 and $51 million in 2Q13 on the refinery, but that the plant had nevertheless helped lower fuel costs and turn a record-setting profit for the airline.





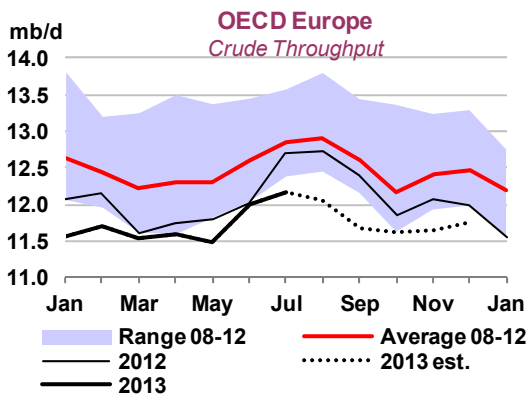
Despite relatively poor margins, US Gulf Coast refiners processed an average 450 kb/d more crude in July and August than in the same period in 2012. Towards the end of August, and for the month as a whole, refinery margins for US crudes improved, however. Renewed problems at Motiva's Port Arthur likely helped lift margins in the second half of August. A fire at the plant on 17 August knocked out more than half the 600 kb/d plant's output for at least two weeks. The fire, the second in a week, broke out in a hydrocracking unit located next to the largest of the refinery's three crude distillation units, forcing a shutdown of that 325 kb/d unit. It has been reported that the refinery could be forced to shut the CDU for up to three months in 2014 to complete repairs on a pipe that feeds it. US refinery maintenance is expected to be less heavy this year compared to last year.

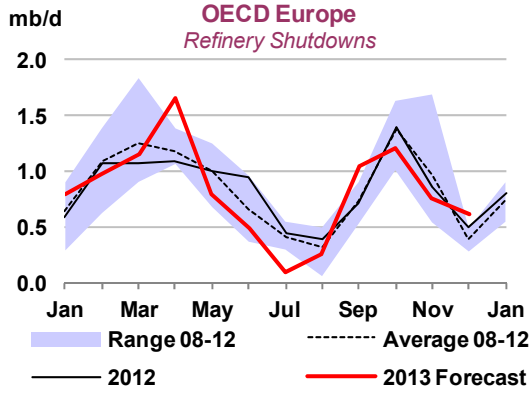




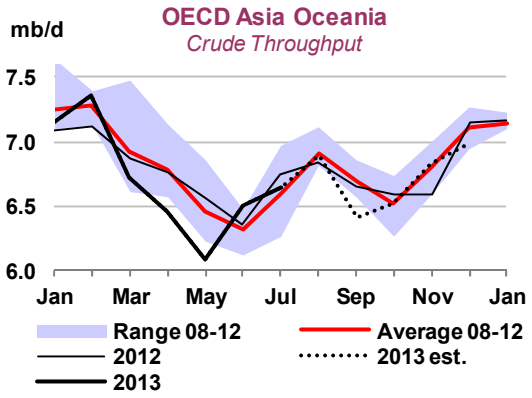
After a temporary respite in June, **European** refining activity resumed its steep structural contraction in July. Downward revisions to June European refinery runs, totalling some 110 kb/d since last month's *Report*, took regional runs just below year-earlier levels, as opposed to the annual gains showed last month. Preliminary data for July were also slightly weaker than expected (135 kb/d below forecast), taking regional runs up 180 kb/d from June, to 12.2 mb/d. Compared with the relatively elevated runs recorded in July last year, regional throughputs resumed annual declines of more than 500 kb/d. Year-to-date (through July), European runs have contracted by an average 300 kb/d, with particularly steep contractions in Italy and the United Kingdom. French and German refiners have held up surprisingly well compared to year-earlier levels while Spanish refinery runs have increased due to expanded capacity.

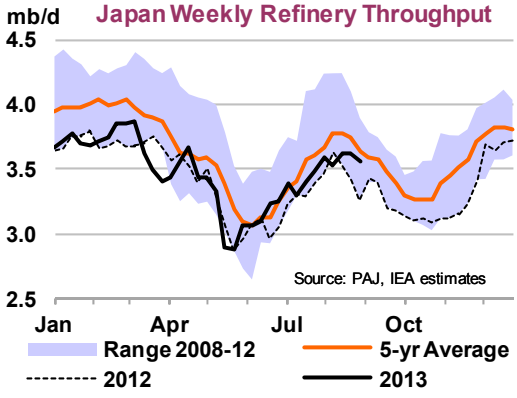
European refinery runs were likely weak in August and will remain so through October. Preliminary data from Euroilstocks released on 10 September show European runs falling 125 kb/d in August, when refinery margins in both Northwest Europe and the Mediterranean continued to slide and in the case of simple plants remained firmly negative. From September onwards, refiners both in the North and on the Mediterranean embark on a heavy turnarounds schedule, taking just over 1 mb/d capacity offline in September and 1.2 mb/d in October. Key plants undergoing maintenance include Shell's Pernis refinery which started work on 2 September, BP's Rotterdam refinery, Exxon's Antwerp plant, Preem's Gothenborg and Lysekil refineries in Sweden, Cepsa's Tenerife refinery and the Stanlow and Lindsey refineries in the UK. Most of these shutdowns are expected to extend into October.





Refinery crude throughputs in **OECD Asia Oceania** rose by 140 kb/d in July, to 6.65 mb/d, as sharply higher Japanese crude runs were partly offset by slightly lower South Korean rates. Both June and July preliminary estimates for the region were revised lower since last month's *Report*. Final monthly data for Japan for June were 170 kb/d lower than preliminary data had suggested, while South Korean throughputs in July were 170 kb/d less than our previous estimate. South Korea's SK Energy started work on expanding a 74 kb/d RFCC unit at its massive 1.1 mb/d Ulsan refinery in July, resulting in lower throughputs. The work, which will raise capacity of the RFCC by 10-20%, is expected to be completed in mid-September. The company is also conducting maintenance at a 240 kb/d CDU from 25 August to 18 September, according to news reports.





Preliminary weekly data from the Petroleum Association of Japan (PAJ) show that Japanese refiners increased runs in August, to 3.58 mb/d (including NGLs processed, normally averaging 180 kb/d). The increase came despite the permanent closure of Cosmo Oil's 140 kb/d Sakaide refinery in early August. The shutdown had been announced last year, and is part of the government's measures to restructure the country's ailing refinery industry amid falling domestic demand. The Ministry of Economy, Trade and Industry set rules in 2010 requiring refiners to increase their residual cracking ratio by March 2014, in essence forcing refiners to upgrade plants or reduce crude distillation capacity.

Japan has already reduced crude distillation capacity by 420 kb/d since 2009, through the shutdown of Showa Shell's 120 kb/d Ogimachi refinery in 2011 and several smaller capacity reductions over 2009 and 2010. Idemitsu Kosan plans to permantly shut a 120 kb/d CDU at its Tokuyama refinery in March 2014, while JX Nippon Oil & Energy Corp, Japan's largest refiner, has announced it will permanently shut 200 kb/d of CDU capacity by the March 2014 deadline. It is still not clear which facility JX will shut. Tonen General is also expected to reduce capacity by around 100 kb/d next year, taking total Japanese capacity reductions to almost 1 mb/d over the 2009-2014 period.

Refinery Crude Throughput and Utilisation in OECD Countries
(million barrels per day)

							Change from		Utilisation rate[1]	
	Feb 13	Mar 13	Apr 13	May 13	Jun 13	Jul 13	*Jun 13*	*Jul 12*	Jul 13	Jul 12
US[2]	14.25	14.70	14.86	15.30	15.83	16.05	0.21	0.39	90.5%	88.5%
Canada	1.82	1.77	1.57	1.46	1.71	1.68	-0.02	-0.11	87.8%	94.9%
Chile	0.19	0.16	0.14	0.18	0.19	0.15	-0.04	-0.01	66.2%	70.8%
Mexico	1.24	1.29	1.28	1.28	1.30	1.27	-0.03	0.04	76.9%	74.3%
OECD Americas	**17.50**	**17.92**	**17.86**	**18.21**	**19.02**	**19.15**	**0.13**	**0.32**	**89.0%**	**87.8%**
France	1.21	1.12	1.20	1.22	1.28	1.28	0.00	-0.10	91.3%	88.2%
Germany	1.96	1.84	1.70	1.87	1.96	1.90	-0.05	-0.05	94.2%	91.7%
Italy	1.27	1.19	1.21	1.19	1.27	1.41	0.14	-0.19	70.0%	73.4%
Netherlands	1.00	0.94	1.03	0.99	0.99	1.03	0.04	-0.01	79.8%	80.9%
Spain	1.12	1.18	1.32	1.21	1.21	1.27	0.06	-0.05	83.8%	87.2%
United Kingdom	1.28	1.26	1.36	1.26	1.32	1.30	-0.02	-0.14	75.2%	79.5%
Other OECD Europe	3.84	4.02	3.77	3.76	3.97	3.99	0.02	0.03	80.2%	80.0%
OECD Europe	**11.69**	**11.54**	**11.58**	**11.49**	**11.99**	**12.18**	**0.18**	**-0.51**	**81.5%**	**82.2%**
Japan	3.67	3.37	3.30	2.85	2.97	3.26	0.28	0.11	72.9%	68.8%
South Korea	2.72	2.43	2.24	2.33	2.59	2.47	-0.13	-0.16	90.0%	96.2%
Other Asia Oceania	0.97	0.92	0.92	0.91	0.94	0.93	-0.01	-0.04	29.0%	79.2%
OECD Asia Oceania	**7.35**	**6.72**	**6.46**	**6.08**	**6.50**	**6.65**	**0.14**	**-0.10**	**79.1%**	**79.1%**
OECD Total	**36.54**	**36.17**	**35.90**	**35.79**	**37.52**	**37.97**	**0.45**	**-0.29**	**84.6%**	**84.3%**

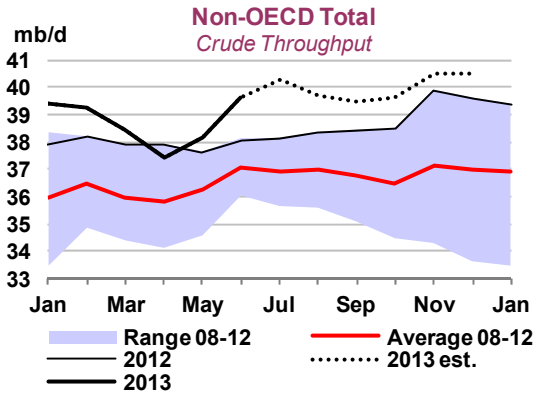
1 Expressed as a percentage, based on crude throughput and current operable refining capacity

2 US50

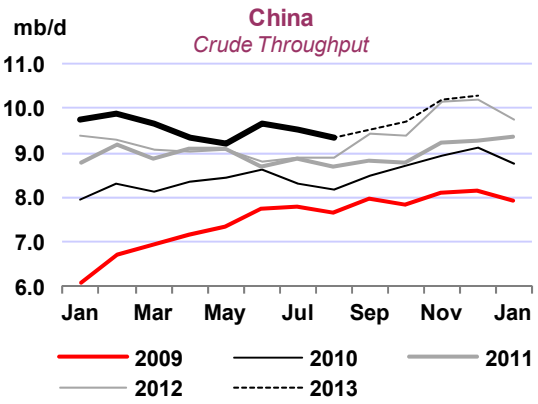
3 OECD Americas includes Chile and OECD Asia Oceania includes Israel. OECD Europe includes Slovenia and Estonia, though neither country has a refinery

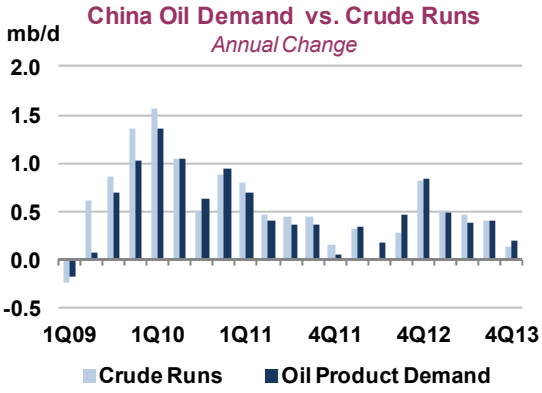
Non-OECD Refinery Throughput

Non-OECD refinery crude runs rose sharply over June and July after maintenance was completed in the Middle East and ahead of peak summer demand. Chinese crude intake surged 440 kb/d in June, before falling back slightly in July and August. Russian refiners processed record levels in July and sustained high runs through August ahead of heavy scheduled maintenance. Brazilian refiners also touched record highs in July. Towards year-end, the commissioning of new capacity in China and the ramp up of Satorp's 400 kb/d Jubail refinery will underpin growth. A rebound is also expected in Venezuela and Algeria, both of which had significant capacity offline in 2012.



Chinese refinery runs fell by 150 kb/d in July compared with June, to 9.5 mb/d, but were some 600 kb/d above year earlier levels. Throughputs declined another 155 kb/d in August as major refineries scaled back runs due to refinery maintenance. Around 0.8 mb/d of capacity is assessed as being offline in August, compared with less than 0.4 mb/d in July. The latest official customs data also shows Chinese crude purchases fell to a six-month low in August, though remained 16.5% above year earlier levels. Chinese throughputs are expected to rebound from September onwards as work is completed and new capacity is commissioned.



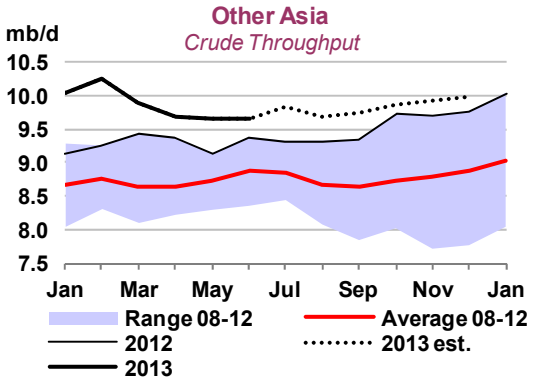


Chinese crude runs continue to track domestic demand. New capacity starting up this year could put pressure on some refiners to curtail throughputs or to delay full start-up of new plants. Sinopec reportedly brought online Anqing refinery's new 70 kb/d CDU was reportedly brought on line at the end of August, raising capacity to 180 kb/d. The expansion also included a new 40 kb/d FCC, a 45 kb/d diesel hydrocracker and a 20 kb/d reformer. In all, Chinese net refinery expansions amount to just over 700 kb/d this year, with the bulk of the additions at the end of the year.

PetroChina announced in early September that it plans to start up its new 200 kb/d Pengzhou refinery in Sichuan province in late October. The plant, which was scheduled to start up in April of this year, has already been delayed several times. Concerns have arisen that the severe floods currently plaguing the region could further delay the start-up. The plant will process crude from the remote Xinjiang region as well as neighbouring Kazakhstan. The complex also includes an ethylene facility/petrochemical plant. Sinochem's 240 kb/d Quanzhou refinery is also scheduled to start trial runs by the end of this year. The company had reportedly bought its first crude cargo, of Angolan medium sweet Cabinda, scheduled to load in the second half of September.

Indian crude runs rose 70 kb/d in July, to 4.5 mb/d, mainly on higher runs from NRL's Numaligarh refinery and HPCL's Visakh plant. Both plants had been shut due to fires in May. HPCL's 170 kb/d Visakh refinery was hit by a second fire in August that killed eight workers. On an annual basis, Indian refinery crude intake stood some 220 kb/d above year earlier levels.

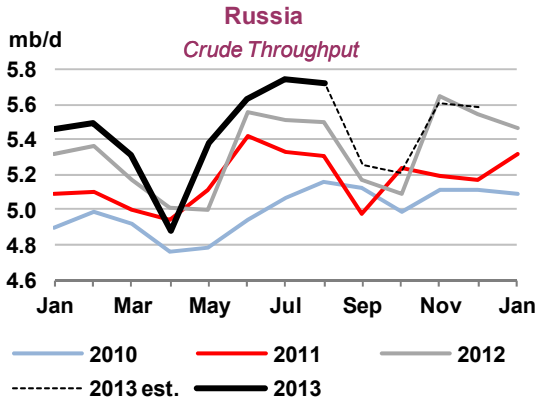
India's widening current account deficit and the rupee's steep depreciation (see *Demand*) are not only forcing the country's government to consider demand-reducing measures, but also to limit imports of crude oil by refiners and to look for alternative crude supplies. The Indian government has announced it is considering increasing its purchases of Iranian crude oil, despite mounting pressures from the US to continue reductions to comply with international sanctions. The Indian rupee has depreciated by 20% against the US dollar so far this year, hitting record

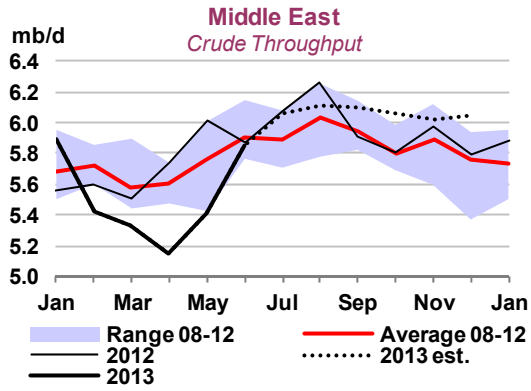


lows in early September, sharply raising the cost of dollar-denominated crude imports (all crude imports except those from Iran are paid in dollars). The Reserve Bank of India has opened a foreign exchange swap window to meet the entire US dollar requirement of the three state-owned refiners and marketing companies who need to pay for crude oil purchases in an effort to control volatility in the currency market. India currently imports around 3.8 mb/d of crude. Latest official import statistics show that India purchased only 36 kb/d of Iranian oil in July however, as refiners continued to diversify away from Iranian oil, though tanker data suggest volumes were higher in August. Year-to-date Indian oil imports from Iran (Jan-July) have been cut by almost by half from the same period last year, to 175 kb/d. India has since July 2011 paid for its purchases of Iranian oil in euros and rupees and was in mid-July of this year allowed to pay for its oil imports from Iran entirely in rupees. Notwithstanding international sanctions on Iranian crude purchases, issues of insurance, reinsurance, vessel availability and banking facilities have to be resolved for India to significantly increase its purchases of Iranian oil.

Russian crude runs in July and August were slightly higher than expected and have been revised up by 40 kb/d and 50 kb/d respectively. Refinery throughputs in July were up by 110 kb/d over the month, to 5.7 mb/d. A 50 kb/d increase came from Rosneft's Tuapse plant, which launched a new 140 kb/d crude unit in July. Other increases came from the company's Achinsk plant which had been running at reduced rates in May and June. Preliminary data for August indicate that runs held steady in that month, at over 5.7 mb/d. If confirmed by official data next month, Russian refinery runs were more than 200 kb/d above year-earlier levels in both July and August. Looking ahead, Russian throughputs are set to fall sharply over September and October due to a heavy turnaround season. More than 900 kb/d of capacity is scheduled to be offline in September, falling back to 765 kb/d in October.

Elsewhere in the **FSU**, **Kazakhstan**'s refinery runs fell by 60 kb/d to 250 kb/d in July due to maintenance and upgrading work at the 150 kb/d Pavlodar refinery. In August, the country's second largest refinery, the 100 kb/d Atyrau plant, shut completely to fit an integrated gasoline and diesel hydrotreating unit.





In the **Middle East**, refinery crude throughputs surged by 465 kb/d in June, as operators in Saudi Arabia and Kuwait completed extensive maintenance work. Saudi Aramco's 400 kb/d Yanbu refinery was completely shut in April and most of May for scheduled turnarounds. Kuwait's Mina Al-Ahmadi and Mina Abdullah refineries were equally completing extensive turnarounds in April and May with a combined 240 kb/d offline in those two months. The former plant, KNPC's 270 kb/d Mina Abdullah refinery was forced to shut an 80 kb/d CDU on 21 August following a fire. The unit is expected to remain offline for repairs until mid-September. Saudi Aramco and Total's 400 kb/d JV refinery in Jubail was reportedly processing around 120 kb/d of Arabian Light crude in the first of two crude distillation units online. The plant will take another 120 kb/d of light crude once the second unit starts up this fall, and will switch to a 28 API, 3% sulphur Arabian Heavy blend once the coker unit is commissioned. The start-up of Jubail will have a particularly steep impact on year-on-year growth in global runs in the first half of 2014, exacerbated by the heavy maintenance and low runs seen in 1H2013.

Table 1
WORLD OIL SUPPLY AND DEMAND
(million barrels per day)

	2010	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014
OECD DEMAND																	
Americas[1]	24.1	24.0	23.4	23.7	23.8	23.8	23.7	23.7	23.7	23.9	23.8	23.8	23.7	23.7	23.8	23.7	23.7
Europe[2]	14.7	14.3	13.7	13.8	13.8	13.7	13.7	13.2	13.8	13.7	13.4	13.5	13.2	13.3	13.6	13.5	13.4
Asia Oceania[3]	8.2	8.2	9.2	8.1	8.3	8.8	8.6	8.9	7.9	8.2	8.6	8.4	8.8	7.8	8.1	8.5	8.3
Total OECD	47.0	46.5	46.3	45.6	46.0	46.2	46.0	45.8	45.4	45.7	45.8	45.7	45.6	44.8	45.5	45.7	45.4
NON-OECD DEMAND																	
FSU	4.1	4.4	4.3	4.4	4.6	4.6	4.5	4.3	4.5	4.8	4.8	4.6	4.4	4.6	4.9	4.9	4.7
Europe	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
China	8.9	9.3	9.5	9.6	9.8	10.3	9.8	9.9	10.0	10.2	10.5	10.1	10.4	10.4	10.5	10.9	10.5
Other Asia	10.7	11.0	11.2	11.4	11.1	11.5	11.3	11.6	11.7	11.3	11.7	11.6	11.9	12.0	11.7	12.0	11.9
Latin America	6.1	6.2	6.2	6.4	6.5	6.6	6.4	6.4	6.6	6.7	6.6	6.6	6.4	6.7	6.9	6.8	6.7
Middle East	7.3	7.4	7.3	7.8	8.2	7.5	7.7	7.5	7.8	8.4	7.7	7.8	7.6	8.1	8.6	8.0	8.1
Africa	3.5	3.5	3.6	3.6	3.6	3.7	3.7	3.8	3.8	3.8	3.9	3.8	3.9	4.0	4.0	4.1	4.0
Total Non-OECD	41.4	42.5	42.7	43.9	44.5	44.8	44.0	44.1	45.0	45.8	45.9	45.2	45.4	46.5	47.2	47.3	46.6
Total Demand[4]	88.4	88.9	89.0	89.5	90.5	91.1	90.0	89.9	90.5	91.5	91.7	90.9	91.0	91.3	92.7	93.0	92.0
OECD SUPPLY																	
Americas[1,7]	14.1	14.6	15.6	15.5	15.7	16.6	15.9	16.8	16.7	17.2	17.6	17.1	17.9	17.8	17.9	18.4	18.0
Europe[2]	4.1	3.8	3.8	3.6	3.1	3.3	3.5	3.3	3.3	3.0	3.4	3.2	3.3	3.2	3.0	3.2	3.2
Asia Oceania[3]	0.7	0.6	0.6	0.6	0.6	0.5	0.6	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total OECD	18.9	19.0	19.9	19.7	19.4	20.5	19.9	20.6	20.5	20.7	21.5	20.8	21.7	21.5	21.4	22.1	21.7
NON-OECD SUPPLY																	
FSU	13.5	13.6	13.7	13.6	13.6	13.7	13.7	13.8	13.8	13.7	13.8	13.8	13.8	13.7	13.8	13.8	13.8
Europe	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
China	4.1	4.1	4.2	4.1	4.2	4.3	4.2	4.2	4.2	4.0	4.1	4.2	4.2	4.3	4.3	4.3	4.2
Other Asia[5]	3.7	3.6	3.6	3.5	3.6	3.6	3.6	3.6	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Latin America[5,7]	4.1	4.2	4.3	4.1	4.1	4.2	4.2	4.2	4.2	4.2	4.4	4.2	4.4	4.4	4.5	4.6	4.5
Middle East	1.7	1.7	1.4	1.4	1.5	1.5	1.5	1.4	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Africa[5]	2.6	2.6	2.4	2.2	2.2	2.3	2.3	2.3	2.3	2.4	2.5	2.4	2.6	2.6	2.6	2.6	2.6
Total Non-OECD	29.9	29.9	29.8	29.2	29.3	29.7	29.5	29.6	29.5	29.4	29.8	29.6	30.0	30.0	30.2	30.2	30.1
Processing Gains[6]	2.1	2.1	2.1	2.1	2.2	2.1	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Global Biofuels[7]	1.8	1.9	1.5	1.9	2.1	1.9	1.9	1.5	2.0	2.3	2.1	2.0	1.7	2.1	2.4	2.1	2.1
Total Non-OPEC[5]	52.7	52.8	53.4	52.9	53.0	54.2	53.4	53.9	54.1	54.6	55.5	54.5	55.6	55.9	56.3	56.7	56.1
OPEC																	
Crude[8]	29.2	29.9	31.3	31.7	31.5	30.7	31.3	30.4	30.8								
NGLs	5.6	5.9	6.2	6.2	6.3	6.4	6.3	6.4	6.4	6.6	6.6	6.5	6.7	6.7	6.8	6.8	6.7
Total OPEC[5]	34.7	35.8	37.5	37.9	37.8	37.1	37.6	36.8	37.2								
Total Supply[9]	87.4	88.6	90.9	90.8	90.8	91.3	90.9	90.7	91.3								
STOCK CHANGES AND MISCELLANEOUS																	
Reported OECD																	
Industry	0.1	-0.2	0.5	0.4	0.5	-0.7	0.2	0.1	-0.1								
Government	0.0	-0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0								
Total	0.1	-0.3	0.5	0.4	0.5	-0.7	0.2	0.2	-0.1								
Floating Storage/Oil in Transit	-0.2	-0.1	-0.4	0.2	-0.1	0.1	0.0	0.2	0.0								
Miscellaneous to balance[10]	-0.8	0.0	1.7	0.7	0.0	0.7	0.8	0.4	1.0								
Total Stock Ch. & Misc	-1.0	-0.3	1.9	1.3	0.4	0.2	0.9	0.7	0.9								
Memo items:																	
Call on OPEC crude + Stock ch.[11]	30.1	30.2	29.5	30.4	31.1	30.5	30.4	29.7	30.0	30.3	29.6	29.9	28.8	28.7	29.7	29.6	29.2
Adjusted Call on OPEC + Stock ch.[12]	29.3	30.2	31.1	31.1	31.1	31.3	31.2	30.1	31.0	30.9	30.1	30.5	29.3	29.3	30.2	30.1	29.8

1 As of August 2012 OMR, OECD Americas includes Chile.
2 As of August 2012 OMR, OECD Europe includes Estonia and Slovenia.
3 As of August 2012 OMR, OECD Asia Oceania includes Israel.
4 Measured as deliveries from refineries and primary stocks, comprises inland deliveries, international marine bunkers, refinery fuel, crude for direct burning, oil from non-conventional sources and other sources of supply.
5 Other Asia includes Indonesia throughout. Latin America excludes Ecuador throughout. Africa excludes Angola throughout.
Total Non-OPEC excludes all countries that were members of OPEC at 1 January 2009.
Total OPEC comprises all countries which were OPEC members at 1 January 2009.
6 Net volumetric gains and losses in the refining process and marine transportation losses.
7 As of the July 2010 OMR, Global Biofuels comprise all world biofuel production including fuel ethanol from the US and Brazil.
8 As of the March 2006 OMR, Venezuelan Orinoco heavy crude production is included within Venezuelan crude estimates. Orimulsion fuel remains within the OPEC NGL and non-conventional category, but Orimulsion production reportedly ceased from January 2007.
9 Comprises crude oil, condensates, NGLs, oil from non-conventional sources and other sources of supply.
10 Includes changes in non-reported stocks in OECD and non-OECD areas.
11 Equals the arithmetic difference between total demand minus total non-OPEC supply minus OPEC NGLs.
12 Equals the "Call on OPEC + Stock Ch." with "Miscellaneous to balance" added for historical periods and with an average of "Miscellaneous to balance" for the most recent 8 quarters added for forecast periods.

Table 1a
WORLD OIL SUPPLY AND DEMAND: CHANGES FROM LAST MONTH'S TABLE 1
(million barrels per day)

	2010	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014
OECD DEMAND																	
Americas	-	-	-	-	-	-	-	-	-0.1	0.1	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	0.1	-0.1	-	-	-	-	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	0.2	-0.1	-	-	0.1	0.1	-	-
NON-OECD DEMAND																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-0.1	-0.1	-	-0.1	0.1	-0.1	-0.1	-	-	-	-0.1	-0.1	-
Latin America	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Non-OECD	-	0.1	-	0.2	0.1	-	0.1	-	0.1	-	-	-	0.1	0.1	-	-	-
Total Demand	-	0.1	-	0.2	0.1	-	0.1	-	0.1	0.3	-0.1	0.1	-	0.1	0.1	0.1	0.1
OECD SUPPLY																	
Americas	-	-	-	-	-	-	-	-	-0.1	0.1	-	-	0.1	0.1	0.1	0.1	0.1
Europe	-	-	-	-	-	-	-	0.1	0.1	-	-	-	-	-	-	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	0.1	-	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1
NON-OECD SUPPLY																	
FSU	-	-	-	-	-	-	-	-	-	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-0.2	-0.1	-0.1	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	-	0.1
Total Non-OECD	-	-	-	-	-	-	-	-	-	-0.1	-	-	0.1	0.2	0.1	0.1	0.1
Processing Gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Global Biofuels	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-	-
Total Non-OPEC	-	-	-	-	-0.1	-0.1	-	-	-	-	0.1	-	0.3	0.3	0.3	0.3	0.3
OPEC																	
Crude	-	-	-	-	-	-	-	-	-								
NGLs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OPEC	-	-	-	-	-	-	-	-	-								
Total Supply	-	-	-	-	-0.1	-0.1	-	0.1	-								
STOCK CHANGES AND MISCELLANEOUS																	
REPORTED OECD																	
Industry	-	-	-	-	-	-	-	-	-0.2								
Government	-	-	-	-	-	-	-	-	-								
Total	-	-	-	-	-	-	-	-	-0.2								
Floating Storage/Oil in Transit	-	-	-	-	-	-	-	-	-								
Miscellaneous to balance	-	-0.1	-0.1	-0.2	-0.1	-0.1	-0.1	-	0.1								
Total Stock Ch. & Misc	-	-0.1	-0.1	-0.2	-0.1	-0.1	-0.1	-	-0.1								
Memo items:																	
Call on OPEC crude + Stock ch.	-	0.1	0.1	0.2	0.1	0.1	0.1	-	0.1	0.2	-0.1	-	-0.2	-0.1	-0.2	-0.2	-0.2
Adjusted Call on OPEC + Stock ch.	-	-	-	-	-	-	-	-	0.2	0.2	-0.2	-	-0.3	-0.2	-0.2	-0.3	-0.2

When submitting their monthly oil statistics, OECD Member countries periodically update data for prior periods. Similar updates to non-OECD data can occur.

Table 2

SUMMARY OF GLOBAL OIL DEMAND

	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014
Demand (mb/d)																
Americas[1]	23.96	23.44	23.71	23.82	23.80	23.69	23.73	23.73	23.87	23.76	23.77	23.66	23.74	23.82	23.68	23.72
Europe[2]	14.28	13.69	13.79	13.81	13.66	13.74	13.16	13.80	13.70	13.42	13.52	13.17	13.33	13.64	13.49	13.41
Asia Oceania[3]	8.23	9.18	8.07	8.33	8.78	8.59	8.92	7.90	8.15	8.59	8.39	8.80	7.76	8.07	8.53	8.29
Total OECD	46.47	46.31	45.58	45.95	46.25	46.02	45.81	45.43	45.72	45.77	45.68	45.63	44.83	45.53	45.69	45.42
Asia	20.33	20.70	20.98	20.86	21.75	21.07	21.57	21.66	21.49	22.21	21.73	22.28	22.37	22.19	22.87	22.43
Middle East	7.43	7.27	7.79	8.16	7.48	7.68	7.46	7.85	8.35	7.73	7.85	7.64	8.10	8.57	7.96	8.07
Latin America	6.17	6.16	6.36	6.52	6.57	6.40	6.36	6.56	6.65	6.65	6.56	6.44	6.68	6.87	6.81	6.70
FSU	4.39	4.30	4.42	4.63	4.61	4.49	4.31	4.52	4.80	4.78	4.60	4.44	4.63	4.87	4.93	4.72
Africa	3.48	3.65	3.63	3.65	3.74	3.67	3.81	3.76	3.76	3.87	3.80	3.94	3.97	3.96	4.05	3.98
Europe	0.66	0.65	0.71	0.70	0.68	0.69	0.63	0.70	0.71	0.71	0.69	0.67	0.70	0.71	0.71	0.70
Total Non-OECD	42.47	42.73	43.89	44.50	44.84	43.99	44.14	45.04	45.76	45.94	45.23	45.42	46.46	47.17	47.34	46.60
World	88.94	89.03	89.47	90.46	91.08	90.01	89.95	90.46	91.48	91.71	90.91	91.05	91.29	92.70	93.03	92.02
of which: US50	18.95	18.48	18.71	18.72	18.51	18.61	18.66	18.67	18.74	18.57	18.66	18.60	18.72	18.66	18.50	18.62
Europe 5*	8.65	8.33	8.28	8.28	8.20	8.27	7.99	8.31	8.13	7.95	8.09	7.98	7.94	8.03	7.98	7.98
China	9.31	9.46	9.56	9.78	10.26	9.77	9.95	9.96	10.18	10.47	10.14	10.39	10.35	10.49	10.85	10.52
Japan	4.47	5.27	4.28	4.47	4.84	4.71	5.07	4.10	4.34	4.67	4.54	4.88	4.03	4.25	4.54	4.42
India	3.20	3.36	3.45	3.17	3.39	3.34	3.43	3.46	3.24	3.57	3.43	3.58	3.59	3.38	3.62	3.54
Russia	3.21	3.19	3.24	3.41	3.35	3.30	3.20	3.34	3.58	3.49	3.40	3.33	3.44	3.65	3.62	3.51
Brazil	2.87	2.87	2.93	3.03	3.12	2.99	2.98	3.08	3.12	3.17	3.09	3.04	3.16	3.26	3.27	3.18
Saudi Arabia	2.79	2.57	3.00	3.32	2.79	2.92	2.72	3.05	3.40	2.92	3.03	2.80	3.19	3.52	3.03	3.14
Canada	2.27	2.19	2.23	2.34	2.38	2.29	2.28	2.26	2.33	2.31	2.29	2.29	2.23	2.35	2.32	2.30
Korea	2.26	2.34	2.23	2.26	2.37	2.30	2.31	2.27	2.28	2.37	2.31	2.39	2.21	2.25	2.40	2.32
Mexico	2.11	2.09	2.13	2.11	2.24	2.14	2.11	2.14	2.13	2.20	2.15	2.09	2.13	2.14	2.19	2.14
Iran	1.77	1.80	1.82	1.69	1.68	1.75	1.73	1.74	1.72	1.70	1.72	1.76	1.75	1.73	1.72	1.74
Total	61.85	61.95	61.87	62.60	63.13	62.39	62.44	62.38	63.21	63.39	62.86	63.14	62.74	63.70	64.04	63.41
% of World	69.5%	69.6%	69.2%	69.2%	69.3%	69.3%	69.4%	69.0%	69.1%	69.1%	69.1%	69.3%	68.7%	68.7%	68.8%	68.9%
Annual Change (% per annum)																
Americas[1]	-0.8	-2.8	0.0	-1.2	-0.4	-1.1	1.2	0.1	0.2	-0.2	0.3	-0.3	0.0	-0.2	-0.3	-0.2
Europe[2]	-2.8	-3.7	-2.4	-6.0	-3.0	-3.8	-3.9	0.1	-0.8	-1.8	-1.6	0.1	-3.4	-0.4	0.5	-0.8
Asia Oceania[3]	0.6	5.8	7.8	2.9	1.2	4.3	-2.8	-2.2	-2.1	-2.1	-2.3	-1.3	-1.7	-1.0	-0.8	-1.2
Total OECD	-1.2	-1.5	0.5	-2.0	-0.9	-1.0	-1.1	-0.3	-0.5	-1.0	-0.7	-0.4	-1.3	-0.4	-0.2	-0.6
Asia	3.4	2.4	2.9	3.9	5.4	3.7	4.2	3.2	3.0	2.1	3.1	3.3	3.3	3.3	3.0	3.2
Middle East	2.0	3.5	4.7	3.7	1.1	3.2	2.6	0.7	2.4	3.3	2.3	2.5	3.2	2.7	3.0	2.8
Latin America	1.5	3.6	3.5	2.7	4.8	3.7	3.4	3.2	2.1	1.1	2.4	1.2	1.9	3.2	2.5	2.2
FSU	6.3	5.9	2.1	1.0	0.8	2.3	0.0	2.2	3.7	3.6	2.5	3.0	2.4	1.5	3.1	2.5
Africa	-1.2	4.1	3.7	7.5	6.0	5.3	4.4	3.5	3.1	3.7	3.7	3.4	5.6	5.3	4.6	4.7
Europe	-0.2	3.4	8.6	3.0	-1.3	3.3	-2.7	-1.5	2.2	3.7	0.5	6.2	1.1	0.2	0.6	1.9
Total Non-OECD	2.7	3.3	3.4	3.7	4.0	3.6	3.3	2.6	2.8	2.5	2.8	2.9	3.2	3.1	3.0	3.0
World	0.7	0.7	1.9	0.7	1.5	1.2	1.0	1.1	1.1	0.7	1.0	1.2	0.9	1.3	1.4	1.2
Annual Change (mb/d)																
Americas[1]	-0.18	-0.67	-0.01	-0.29	-0.10	-0.27	0.29	0.02	0.05	-0.05	0.08	-0.07	0.01	-0.05	-0.08	-0.05
Europe[2]	-0.41	-0.53	-0.33	-0.88	-0.42	-0.54	-0.53	0.01	-0.11	-0.24	-0.22	0.01	-0.47	-0.06	0.06	-0.11
Asia Oceania[3]	0.05	0.50	0.58	0.24	0.11	0.36	-0.26	-0.18	-0.17	-0.19	-0.20	-0.12	-0.13	-0.09	-0.07	-0.10
Total OECD	-0.55	-0.69	0.24	-0.94	-0.41	-0.45	-0.50	-0.15	-0.23	-0.47	-0.34	-0.18	-0.59	-0.19	-0.08	-0.26
Asia	0.67	0.48	0.60	0.78	1.11	0.74	0.87	0.68	0.62	0.45	0.66	0.72	0.71	0.70	0.67	0.70
Middle East	0.14	0.25	0.35	0.29	0.08	0.24	0.19	0.06	0.20	0.25	0.17	0.18	0.25	0.22	0.23	0.22
Latin America	0.09	0.21	0.22	0.17	0.30	0.23	0.21	0.20	0.14	0.07	0.16	0.08	0.13	0.21	0.17	0.15
FSU	0.26	0.24	0.09	0.05	0.03	0.10	0.00	0.10	0.17	0.17	0.11	0.13	0.11	0.07	0.15	0.12
Africa	-0.04	0.14	0.13	0.26	0.21	0.19	0.16	0.13	0.11	0.14	0.13	0.13	0.21	0.20	0.18	0.18
Europe	0.00	0.02	0.06	0.02	-0.01	0.02	-0.02	-0.01	0.02	0.03	0.00	0.04	0.01	0.00	0.00	0.01
Total Non-OECD	1.12	1.35	1.44	1.57	1.74	1.52	1.41	1.15	1.26	1.10	1.23	1.28	1.42	1.41	1.40	1.38
World	0.58	0.65	1.68	0.63	1.32	1.07	0.92	1.00	1.02	0.63	0.89	1.10	0.83	1.22	1.32	1.12
Revisions to Oil Demand from Last Month's Report (mb/d)																
Americas[1]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.10	0.08	-0.01	-0.01	0.00	-0.01	0.01	-0.01	0.00
Europe[2]	0.00	-0.01	0.00	0.00	0.00	0.00	0.00	0.04	0.07	-0.05	0.01	-0.03	0.05	0.03	0.03	0.02
Asia Oceania[3]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.07	-0.02	0.02	0.01	0.02	0.02	0.01	0.01
Total OECD	0.00	-0.01	0.00	-0.01	0.00	0.00	0.00	-0.04	0.22	-0.09	0.02	-0.02	0.06	0.06	0.03	0.03
Asia	0.00	-0.05	0.04	-0.06	-0.07	-0.03	-0.09	0.06	-0.04	-0.03	-0.02	-0.04	0.04	-0.05	-0.05	-0.02
Middle East	0.02	0.02	0.03	0.04	0.03	0.03	0.02	0.03	0.05	-0.01	0.02	0.03	-0.01	0.01	0.04	0.01
Latin America	0.00	-0.02	-0.02	-0.02	-0.02	-0.02	-0.02	-0.03	-0.05	0.00	-0.02	-0.02	-0.02	-0.03	-0.03	-0.03
FSU	0.00	-0.01	-0.01	-0.01	-0.02	-0.01	-0.02	-0.03	0.02	-0.02	-0.01	-0.01	-0.02	-0.01	-0.01	-0.01
Africa	0.04	0.10	0.10	0.10	0.11	0.10	0.11	0.09	0.06	0.07	0.08	0.09	0.07	0.08	0.08	0.08
Europe	0.01	0.00	0.01	0.01	0.00	0.01	0.00	0.01	0.01	0.00	0.01	0.00	0.01	0.01	0.00	0.01
Total Non-OECD	0.07	0.04	0.15	0.07	0.04	0.08	0.02	0.13	0.04	0.01	0.05	0.05	0.08	0.01	0.03	0.04
World	0.07	0.04	0.15	0.06	0.04	0.07	0.02	0.08	0.26	-0.08	0.07	0.03	0.14	0.07	0.06	0.07
Revisions to Oil Demand Growth from Last Month's Report (mb/d)																
World	0.03	0.01	0.10	0.01	-0.09	0.01	-0.02	-0.07	0.19	-0.12	0.00	0.01	0.05	-0.19	0.14	0.00

1 As of the August 2012 OMR, includes Chile.

2 As of the August 2012 OMR, includes Estonia and Slovenia.

3 As of the August 2012 OMR, includes Israel.

* France, Germany, Italy, Spain and UK

Table 2a
OECD REGIONAL OIL DEMAND[1]
(million barrels per day)

	2011	2012	3Q12	4Q12	1Q13	2Q13	Apr 13	May 13	Jun 13 [2]	Latest month vs. May 13	Latest month vs. Jun 12
Americas[3]											
LPG&Ethane	3.13	3.16	3.04	3.37	3.64	2.91	3.08	2.85	2.82	-0.03	-0.06
Naphtha	0.35	0.34	0.32	0.36	0.37	0.40	0.36	0.40	0.42	0.01	0.09
Motor Gasoline	10.42	10.36	10.49	10.19	10.05	10.58	10.42	10.68	10.65	-0.03	-0.07
Jet/Kerosene	1.64	1.65	1.70	1.62	1.58	1.68	1.66	1.69	1.69	0.00	-0.08
Gasoil/Diesel Oil	5.12	4.97	4.86	5.01	5.16	5.02	5.09	5.06	4.91	-0.15	-0.05
Residual Fuel Oil	0.87	0.75	0.77	0.70	0.75	0.67	0.70	0.57	0.75	0.19	-0.02
Other Products	2.42	2.47	2.64	2.55	2.18	2.47	2.30	2.46	2.65	0.19	0.08
Total	23.96	23.69	23.82	23.80	23.73	23.73	23.61	23.71	23.88	0.17	-0.11
Europe[4]											
LPG&Ethane	0.97	0.94	0.88	0.91	1.05	1.13	1.16	1.15	1.08	-0.08	0.13
Naphtha	1.15	1.17	1.13	1.17	1.22	1.11	1.10	1.08	1.14	0.06	0.11
Motor Gasoline	2.13	1.99	2.06	1.93	1.79	1.96	1.95	1.94	2.00	0.06	-0.11
Jet/Kerosene	1.24	1.21	1.32	1.18	1.13	1.25	1.24	1.24	1.27	0.03	-0.02
Gasoil/Diesel Oil	6.06	5.95	5.88	6.14	5.78	5.99	6.20	5.90	5.86	-0.05	-0.27
Residual Fuel Oil	1.23	1.09	1.07	1.03	1.00	0.99	1.02	1.02	0.94	-0.08	-0.13
Other Products	1.49	1.40	1.48	1.31	1.19	1.37	1.37	1.34	1.41	0.08	-0.16
Total	14.28	13.74	13.81	13.66	13.16	13.80	14.03	13.67	13.70	0.02	-0.44
Asia Oceania[5]											
LPG&Ethane	0.87	0.89	0.85	0.84	0.94	0.82	0.84	0.85	0.76	-0.08	-0.06
Naphtha	1.73	1.78	1.78	1.83	1.83	1.72	1.75	1.69	1.71	0.01	-0.08
Motor Gasoline	1.60	1.61	1.67	1.63	1.54	1.56	1.55	1.56	1.56	0.00	0.02
Jet/Kerosene	0.88	0.88	0.65	1.02	1.13	0.69	0.78	0.67	0.61	-0.06	-0.01
Gasoil/Diesel Oil	1.71	1.78	1.75	1.83	1.80	1.72	1.74	1.73	1.70	-0.03	-0.03
Residual Fuel Oil	0.78	0.91	0.89	0.86	0.91	0.67	0.71	0.64	0.67	0.03	-0.18
Other Products	0.67	0.76	0.73	0.76	0.77	0.72	0.73	0.76	0.67	-0.09	0.00
Total	8.23	8.59	8.33	8.78	8.92	7.90	8.11	7.89	7.68	-0.21	-0.35
OECD											
LPG&Ethane	4.97	4.98	4.77	5.12	5.63	4.86	5.08	4.84	4.66	-0.19	0.02
Naphtha	3.23	3.29	3.23	3.35	3.42	3.22	3.21	3.18	3.27	0.09	0.12
Motor Gasoline	14.14	13.95	14.22	13.75	13.38	14.10	13.92	14.18	14.21	0.02	-0.16
Jet/Kerosene	3.76	3.73	3.67	3.82	3.84	3.61	3.67	3.59	3.57	-0.03	-0.10
Gasoil/Diesel Oil	12.90	12.69	12.49	12.98	12.74	12.73	13.03	12.69	12.46	-0.23	-0.35
Residual Fuel Oil	2.89	2.75	2.73	2.60	2.66	2.34	2.43	2.23	2.37	0.14	-0.34
Other Products	4.59	4.63	4.84	4.63	4.14	4.56	4.40	4.55	4.73	0.17	-0.09
Total	46.47	46.02	45.95	46.25	45.81	45.43	45.75	45.27	45.26	-0.01	-0.90

1 Demand, measured as deliveries from refineries and primary stocks, comprises inland deliveries, international bunkers and refinery fuel. It includes crude for direct burning, oil from non-conventional sources and other sources of supply. Jet/kerosene comprises jet kerosene and non-aviation kerosene. Gasoil comprises diesel, light heating oil and other gasoils. North America comprises US 50 states, US territories, Mexico and Canada.
2 Latest official OECD submissions (MOS).
3 As of the August 2012 OMR, includes Chile.
4 As of the August 2012 OMR, includes Estonia and Slovenia.
5 As of the August 2012 OMR, includes Israel.

Table 2b
OIL DEMAND IN SELECTED OECD COUNTRIES[1]
(million barrels per day)

	2011	2012	3Q12	4Q12	1Q13	2Q13	Apr 13	May 13	Jun 13 [2]	Latest month vs. May 13	Latest month vs. Jun 12
United States[3]											
LPG	2.27	2.28	2.18	2.44	2.68	2.11	2.25	2.04	2.04	0.00	-0.05
Naphtha	0.25	0.25	0.22	0.26	0.28	0.28	0.25	0.29	0.29	0.00	0.05
Motor Gasoline	8.75	8.71	8.85	8.54	8.42	8.91	8.78	8.98	8.97	-0.01	-0.07
Jet/Kerosene	1.44	1.41	1.45	1.38	1.35	1.43	1.42	1.43	1.44	0.01	-0.11
Gasoil	3.90	3.74	3.66	3.75	3.93	3.77	3.88	3.77	3.67	-0.10	-0.06
Residual Fuel Oil	0.46	0.34	0.35	0.25	0.37	0.26	0.28	0.20	0.30	0.10	-0.07
Other Products	1.87	1.88	2.00	1.88	1.62	1.90	1.75	1.89	2.07	0.18	0.12
Total	18.95	18.61	18.72	18.51	18.66	18.67	18.62	18.60	18.79	0.18	-0.19
Japan											
LPG	0.49	0.52	0.48	0.51	0.59	0.46	0.51	0.48	0.40	-0.08	-0.06
Naphtha	0.74	0.72	0.71	0.74	0.77	0.70	0.74	0.68	0.68	0.00	0.02
Motor Gasoline	0.98	0.98	1.03	0.99	0.92	0.94	0.94	0.94	0.94	0.00	0.01
Jet/Kerosene	0.53	0.54	0.34	0.65	0.77	0.38	0.46	0.37	0.30	-0.06	-0.01
Diesel	0.44	0.45	0.45	0.47	0.45	0.44	0.44	0.44	0.44	0.01	0.00
Other Gasoil	0.38	0.38	0.33	0.39	0.42	0.32	0.34	0.32	0.31	-0.02	-0.02
Residual Fuel Oil	0.44	0.56	0.57	0.54	0.57	0.38	0.40	0.36	0.38	0.02	-0.13
Other Products	0.47	0.57	0.54	0.55	0.56	0.48	0.50	0.53	0.43	-0.10	-0.05
Total	4.47	4.71	4.47	4.84	5.07	4.10	4.32	4.10	3.88	-0.22	-0.24
Germany											
LPG	0.10	0.10	0.12	0.09	0.11	0.12	0.13	0.12	0.11	0.00	0.01
Naphtha	0.38	0.38	0.37	0.40	0.42	0.39	0.39	0.40	0.38	-0.02	0.04
Motor Gasoline	0.45	0.43	0.43	0.42	0.39	0.44	0.45	0.44	0.44	0.01	0.00
Jet/Kerosene	0.18	0.19	0.21	0.18	0.16	0.19	0.18	0.19	0.20	0.01	0.00
Diesel	0.66	0.70	0.73	0.69	0.64	0.72	0.74	0.69	0.72	0.03	0.01
Other Gasoil	0.39	0.38	0.33	0.47	0.40	0.45	0.51	0.42	0.42	0.01	-0.07
Residual Fuel Oil	0.14	0.13	0.13	0.13	0.13	0.12	0.12	0.13	0.11	-0.02	-0.02
Other Products	0.09	0.08	0.09	0.07	0.04	0.08	0.07	0.07	0.09	0.02	0.00
Total	2.40	2.39	2.41	2.44	2.30	2.51	2.59	2.46	2.49	0.03	-0.03
Italy											
LPG	0.10	0.11	0.10	0.11	0.13	0.10	0.11	0.11	0.09	-0.01	0.00
Naphtha	0.08	0.09	0.08	0.09	0.09	0.10	0.11	0.09	0.10	0.01	-0.01
Motor Gasoline	0.24	0.22	0.23	0.21	0.19	0.19	0.20	0.19	0.20	0.01	-0.05
Jet/Kerosene	0.10	0.09	0.11	0.08	0.08	0.09	0.09	0.09	0.10	0.00	0.01
Diesel	0.49	0.45	0.45	0.44	0.40	0.42	0.42	0.43	0.42	0.00	-0.07
Other Gasoil	0.11	0.11	0.10	0.12	0.12	0.11	0.11	0.11	0.12	0.01	0.03
Residual Fuel Oil	0.12	0.10	0.11	0.09	0.07	0.08	0.08	0.08	0.07	-0.02	-0.03
Other Products	0.24	0.20	0.21	0.18	0.19	0.18	0.19	0.17	0.17	0.01	-0.02
Total	1.49	1.35	1.38	1.33	1.28	1.28	1.30	1.27	1.27	0.00	-0.14
France											
LPG	0.11	0.11	0.09	0.11	0.14	0.10	0.12	0.10	0.09	-0.01	0.00
Naphtha	0.14	0.13	0.14	0.09	0.15	0.15	0.15	0.15	0.16	0.01	0.01
Motor Gasoline	0.18	0.16	0.17	0.15	0.14	0.16	0.16	0.16	0.16	0.00	-0.02
Jet/Kerosene	0.16	0.15	0.17	0.15	0.14	0.16	0.15	0.16	0.16	0.01	0.00
Diesel	0.69	0.68	0.69	0.69	0.65	0.69	0.72	0.67	0.68	0.01	-0.04
Other Gasoil	0.28	0.28	0.26	0.30	0.34	0.27	0.31	0.27	0.22	-0.05	-0.02
Residual Fuel Oil	0.08	0.07	0.06	0.06	0.07	0.06	0.07	0.06	0.06	0.01	-0.01
Other Products	0.17	0.15	0.15	0.15	0.13	0.16	0.13	0.17	0.18	0.01	0.01
Total	1.79	1.74	1.73	1.71	1.75	1.75	1.81	1.74	1.72	-0.02	-0.07
United Kingdom											
LPG	0.13	0.11	0.09	0.09	0.09	0.14	0.12	0.14	0.16	0.02	0.05
Naphtha	0.03	0.02	0.02	0.03	0.04	0.03	0.03	0.02	0.02	0.00	-0.01
Motor Gasoline	0.33	0.32	0.31	0.31	0.30	0.31	0.30	0.29	0.33	0.04	0.01
Jet/Kerosene	0.32	0.31	0.31	0.32	0.32	0.31	0.35	0.31	0.29	-0.02	0.00
Diesel	0.45	0.45	0.45	0.47	0.44	0.47	0.47	0.44	0.49	0.05	0.03
Other Gasoil	0.12	0.12	0.13	0.12	0.12	0.13	0.13	0.12	0.12	0.00	0.01
Residual Fuel Oil	0.06	0.05	0.05	0.04	0.05	0.05	0.05	0.05	0.04	0.00	0.00
Other Products	0.14	0.12	0.12	0.10	0.12	0.14	0.15	0.13	0.14	0.01	0.01
Total	1.58	1.50	1.49	1.47	1.48	1.56	1.60	1.50	1.60	0.10	0.09
Canada											
LPG	0.40	0.42	0.40	0.46	0.49	0.36	0.39	0.36	0.33	-0.03	0.00
Naphtha	0.08	0.09	0.10	0.09	0.08	0.10	0.09	0.10	0.10	0.00	0.01
Motor Gasoline	0.76	0.74	0.75	0.72	0.73	0.78	0.75	0.79	0.80	0.01	0.05
Jet/Kerosene	0.09	0.12	0.14	0.13	0.12	0.13	0.12	0.15	0.12	-0.02	0.03
Diesel	0.30	0.30	0.31	0.29	0.32	0.31	0.31	0.30	0.32	0.01	-0.01
Other Gasoil	0.26	0.23	0.21	0.25	0.22	0.22	0.20	0.26	0.22	-0.04	0.03
Residual Fuel Oil	0.06	0.06	0.06	0.05	0.04	0.04	0.06	0.03	0.04	0.00	-0.03
Other Products	0.31	0.32	0.37	0.38	0.29	0.30	0.30	0.31	0.31	-0.01	-0.05
Total	2.27	2.29	2.34	2.38	2.28	2.26	2.22	2.31	2.23	-0.08	0.03

1 Demand, measured as deliveries from refineries and primary stocks, comprises inland deliveries, international bunkers and refinery fuel. It includes crude for direct burning, oil from non-conventional sources and other sources of supply. Jet/kerosene comprises jet kerosene and non-aviation kerosene. Gasoil comprises diesel, light heating oil and other gasoils.
2 Latest official OECD submissions (MOS).
3 US figures exclude US territories.

Table 3
WORLD OIL PRODUCTION
(million barrels per day)

	2012	2013	2014	1Q13	2Q13	3Q13	4Q13	1Q14	Jun 13	Jul 13	Aug 13
OPEC											
Crude Oil											
Saudi Arabia	9.51			9.01	9.29				9.39	9.74	9.93
Iran	3.00			2.70	2.68				2.70	2.65	2.68
Iraq	2.95			3.03	3.16				3.05	3.06	3.17
UAE	2.65			2.67	2.72				2.73	2.75	2.72
Kuwait	2.46			2.55	2.56				2.56	2.54	2.51
Neutral Zone	0.54			0.52	0.52				0.52	0.52	0.52
Qatar	0.74			0.74	0.73				0.73	0.73	0.73
Angola	1.78			1.76	1.76				1.78	1.73	1.70
Nigeria	2.10			2.00	1.94				1.88	1.92	1.90
Libya	1.39			1.38	1.31				1.15	1.00	0.55
Algeria	1.17			1.15	1.14				1.12	1.15	1.12
Ecuador	0.50			0.50	0.51				0.52	0.52	0.52
Venezuela	2.50			2.44	2.52				2.50	2.47	2.47
Total Crude Oil	31.30			30.44	30.83				30.62	30.77	30.51
Total NGLs[1]	6.28	6.49	6.74	6.35	6.40	6.57	6.63	6.70	6.40	6.57	6.57
Total OPEC	37.58			36.79	37.22				37.01	37.34	37.08
NON-OPEC[2]											
OECD											
Americas[6]	15.86	17.07	18.00	16.81	16.68	17.17	17.62	17.88	16.61	17.16	17.37
United States[5]	9.17	10.16	10.91	9.81	10.05	10.28	10.49	10.67	10.01	10.31	10.34
Mexico	2.92	2.87	2.84	2.91	2.88	2.86	2.85	2.86	2.89	2.85	2.88
Canada	3.76	4.03	4.24	4.07	3.74	4.02	4.27	4.33	3.70	3.99	4.14
Chile	0.01	0.01	0.01	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Europe[7]	3.46	3.25	3.18	3.33	3.27	3.03	3.36	3.34	3.11	3.37	2.84
UK	0.94	0.86	0.85	0.89	0.88	0.78	0.91	0.91	0.83	0.84	0.77
Norway	1.91	1.81	1.79	1.83	1.82	1.70	1.88	1.86	1.69	1.96	1.52
Others	0.60	0.58	0.54	0.61	0.58	0.56	0.57	0.56	0.58	0.57	0.55
Asia Oceania[8]	0.56	0.50	0.51	0.45	0.49	0.54	0.52	0.46	0.51	0.53	0.54
Australia	0.48	0.42	0.44	0.37	0.42	0.46	0.45	0.38	0.43	0.46	0.46
Others	0.08	0.08	0.07	0.08	0.08	0.08	0.08	0.07	0.08	0.08	0.08
Total OECD	19.88	20.82	21.69	20.59	20.45	20.74	21.51	21.68	20.23	21.06	20.75
NON-OECD											
Former USSR	13.66	13.79	13.78	13.84	13.79	13.74	13.78	13.77	13.86	13.79	13.66
Russia	10.73	10.82	10.81	10.82	10.86	10.81	10.80	10.82	10.88	10.77	10.89
Others	2.92	2.97	2.97	3.02	2.94	2.93	2.99	2.96	2.98	3.02	2.77
Asia	7.77	7.68	7.76	7.80	7.76	7.52	7.64	7.75	7.80	7.56	7.43
China	4.18	4.15	4.25	4.20	4.24	4.04	4.14	4.23	4.28	4.08	3.98
Malaysia	0.67	0.67	0.69	0.69	0.65	0.65	0.68	0.69	0.67	0.66	0.63
India	0.91	0.91	0.88	0.90	0.89	0.92	0.91	0.89	0.90	0.92	0.93
Indonesia	0.89	0.84	0.80	0.87	0.87	0.83	0.82	0.82	0.85	0.83	0.83
Others	1.12	1.11	1.13	1.14	1.12	1.08	1.09	1.11	1.11	1.08	1.08
Europe	0.14	0.14	0.13	0.14	0.14	0.13	0.13	0.13	0.14	0.14	0.13
Latin America	4.18	4.23	4.47	4.15	4.17	4.22	4.36	4.40	4.24	4.16	4.25
Brazil[5]	2.16	2.15	2.34	2.07	2.10	2.15	2.28	2.29	2.20	2.07	2.17
Argentina	0.66	0.63	0.61	0.64	0.64	0.63	0.62	0.62	0.64	0.65	0.62
Colombia	0.95	1.02	1.10	1.01	1.00	1.02	1.04	1.07	0.97	1.02	1.03
Others	0.42	0.42	0.41	0.43	0.43	0.42	0.41	0.42	0.43	0.42	0.42
Middle East[3]	1.46	1.39	1.37	1.43	1.34	1.40	1.38	1.37	1.39	1.42	1.41
Oman	0.92	0.95	0.96	0.94	0.94	0.97	0.96	0.95	0.97	0.98	0.98
Syria	0.17	0.07	0.04	0.11	0.07	0.06	0.05	0.05	0.06	0.06	0.06
Yemen	0.18	0.16	0.16	0.18	0.12	0.16	0.17	0.17	0.15	0.17	0.17
Others	0.18	0.21	0.20	0.21	0.21	0.21	0.21	0.21	0.21	0.21	0.21
Africa	2.29	2.37	2.60	2.28	2.33	2.39	2.49	2.57	2.40	2.44	2.33
Egypt	0.73	0.71	0.66	0.73	0.72	0.70	0.68	0.67	0.72	0.71	0.71
Gabon	0.25	0.24	0.24	0.23	0.23	0.24	0.24	0.24	0.25	0.25	0.24
Others	1.31	1.43	1.70	1.32	1.38	1.44	1.57	1.65	1.44	1.48	1.38
Total Non-OECD	29.49	29.59	30.10	29.65	29.54	29.40	29.78	29.99	29.84	29.51	29.23
Processing Gains[4]	2.14	2.18	2.21	2.18	2.16	2.20	2.18	2.21	2.20	2.22	2.22
Global Biofuels[5]	1.86	1.95	2.10	1.48	1.97	2.30	2.06	1.72	1.96	2.23	2.32
TOTAL NON-OPEC	53.36	54.55	56.11	53.89	54.11	54.64	55.53	55.60	54.23	55.02	54.51
TOTAL SUPPLY	90.94			90.69	91.33				91.24	92.36	91.59

1 Includes condensates reported by OPEC countries, oil from non-conventional sources, e.g. Venezuelan Orimulsion (but not Orinoco extra-heavy oil), and non-oil inputs to Saudi Arabian MTBE. Orimulsion production reportedly ceased from January 2007.

2 Comprises crude oil, condensates, NGLs and oil from non-conventional sources

3 Includes small amounts of production from Jordan and Bahrain.

4 Net volumetric gains and losses in refining and marine transportation losses.

5 As of the July 2010 OMR, Global Biofuels comprise all world biofuel production including fuel ethanol from the US and Brazil.

6 As of the August 2012 OMR, includes Chile.

7 As of the August 2012 OMR, includes Estonia and Slovenia.

8 As of the August 2012 OMR, includes Israel.

Table 4

OECD INDUSTRY STOCKS[1] AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS[2] in Million Barrels					PRIOR YEARS' STOCKS[2] in Million Barrels			STOCK CHANGES in mb/d			
	Mar2013	Apr2013	May2013	Jun2013	Jul2013*	Jul2010	Jul2011	Jul2012	3Q2012	4Q2012	1Q2013	2Q2013
OECD Americas												
Crude	527.0	527.7	527.6	509.2	490.3	498.2	488.5	507.5	-0.10	-0.10	0.28	-0.20
Motor Gasoline	260.0	258.4	256.4	260.2	261.6	253.9	249.1	244.4	-0.06	0.32	-0.06	0.00
Middle Distillate	192.9	195.8	196.0	195.3	199.3	247.3	230.9	199.0	0.16	0.08	-0.20	0.03
Residual Fuel Oil	45.5	49.0	47.0	45.9	45.4	50.1	46.4	45.5	-0.01	-0.03	0.03	0.00
Total Products[3]	664.7	675.2	683.4	698.2	713.4	730.3	703.7	691.4	0.27	0.09	-0.43	0.37
Total[4]	1341.6	1358.0	1366.4	1366.8	1360.0	1386.9	1356.0	1368.1	0.26	-0.22	-0.24	0.28
OECD Europe												
Crude	306.7	320.4	315.8	302.6	311.4	336.2	312.5	314.0	-0.12	-0.04	0.05	-0.04
Motor Gasoline	96.3	93.9	85.3	88.6	85.5	95.8	93.2	92.7	0.06	-0.01	0.08	-0.08
Middle Distillate	255.5	249.2	244.3	246.8	251.8	289.7	273.0	261.0	0.13	-0.06	0.03	-0.10
Residual Fuel Oil	80.0	81.9	76.7	77.0	75.3	87.4	77.8	78.0	0.03	0.01	0.04	-0.03
Total Products[3]	536.2	525.4	505.8	512.3	513.5	573.3	552.0	543.2	0.19	-0.06	0.12	-0.26
Total[4]	904.5	908.0	882.2	874.3	884.1	977.9	931.9	924.9	0.05	-0.16	0.20	-0.33
OECD Asia Oceania												
Crude	166.8	161.1	167.0	168.0	167.4	169.3	165.3	176.2	0.00	-0.13	0.09	0.01
Motor Gasoline	27.9	27.4	27.7	27.5	27.3	24.4	25.4	27.3	0.02	-0.04	0.04	0.00
Middle Distillate	63.9	62.2	57.8	60.9	66.4	59.5	67.2	64.6	0.08	-0.09	0.04	-0.03
Residual Fuel Oil	20.1	20.4	20.7	19.7	21.0	20.0	21.2	20.9	0.02	-0.02	0.00	-0.01
Total Products[3]	173.4	171.7	164.7	167.5	174.4	168.4	177.6	173.1	0.20	-0.16	0.03	-0.06
Total[4]	412.7	410.2	405.9	409.5	414.5	407.5	414.3	424.3	0.16	-0.33	0.18	-0.04
Total OECD												
Crude	1000.5	1009.2	1010.4	979.9	969.0	1003.6	966.3	997.7	-0.22	-0.27	0.41	-0.23
Motor Gasoline	384.3	379.7	369.4	376.3	374.5	374.1	367.7	364.3	0.01	0.27	0.05	-0.09
Middle Distillate	512.4	507.2	498.1	503.0	517.5	596.5	571.2	524.7	0.36	-0.07	-0.14	-0.10
Residual Fuel Oil	145.6	151.3	144.4	142.4	141.7	157.5	145.5	144.4	0.03	-0.03	0.07	-0.03
Total Products[3]	1374.2	1372.3	1354.0	1378.0	1401.4	1472.0	1433.3	1407.6	0.65	-0.12	-0.28	0.04
Total[4]	2658.8	2676.2	2654.5	2650.6	2658.6	2772.3	2702.3	2717.3	0.46	-0.72	0.14	-0.09

OECD GOVERNMENT-CONTROLLED STOCKS[5] AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS[2] in Million Barrels					PRIOR YEARS' STOCKS[2] in Million Barrels			STOCK CHANGES in mb/d			
	Mar2013	Apr2013	May2013	Jun2013	Jul2013*	Jul2010	Jul2011	Jul2012	3Q2012	4Q2012	1Q2013	2Q2013
OECD Americas												
Crude	696.0	696.0	696.0	696.0	696.0	726.6	718.2	696.0	-0.01	0.00	0.01	0.00
Products	1.0	1.0	1.0	1.0	1.0	2.0	0.0	1.0	0.00	0.00	0.00	0.00
OECD Europe												
Crude	204.7	204.6	204.2	207.0	206.9	185.3	183.4	194.2	0.03	0.01	0.01	0.03
Products	262.7	258.9	258.9	259.1	259.6	238.5	240.9	233.7	0.02	0.03	0.06	-0.04
OECD Asia Oceania												
Crude	389.6	389.6	389.5	386.1	386.1	388.9	389.1	393.4	0.00	0.00	-0.04	-0.04
Products	21.0	21.0	21.0	21.0	21.0	20.0	18.5	20.0	0.00	0.00	0.01	0.00
Total OECD												
Crude	1290.2	1290.1	1289.7	1289.1	1289.0	1300.7	1290.8	1283.6	0.02	0.02	-0.03	-0.01
Products	284.7	280.9	280.9	281.1	281.6	260.5	259.4	254.7	0.02	0.03	0.07	-0.04
Total[4]	1578.3	1574.1	1574.8	1574.5	1574.8	1562.6	1551.6	1539.5	0.04	0.05	0.04	-0.04

* estimated

1 Stocks are primary national territory stocks on land (excluding utility stocks and including pipeline and entrepot stocks where known) and include stocks held by industry to meet IEA, EU and national emergency reserve commitments and are subject to government control in emergencies.

2 Closing stock levels.

3 Total products includes gasoline, middle distillates, fuel oil and other products.

4 Total includes NGLs, refinery feedstocks, additives/oxygenates and other hydrocarbons.

5 Includes government-owned stocks and stock holding organisation stocks held for emergency purposes.

Table 5
TOTAL STOCKS ON LAND IN OECD COUNTRIES[1]

('millions of barrels' and 'days')

	End June 2012		End September 2012		End December 2012		End March 2013		End June 2013 [3]	
	Stock Level	Days Fwd[2] Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand
OECD Americas										
Canada	170.1	73	179.6	76	173.2	76	164.1	72	163.7	-
Chile	10.3	29	9.8	27	8.9	25	9.5	25	9.3	-
Mexico	45.3	21	48.8	22	47.5	23	48.7	23	50.0	-
United States[4]	1809.4	97	1819.4	98	1807.8	97	1794.2	96	1818.7	-
Total[4]	2057.1	87	2079.6	87	2059.5	87	2038.6	86	2063.8	86
OECD Asia Oceania										
Australia	40.8	36	42.8	37	37.5	34	37.5	33	39.7	-
Israel	-	-	-	-	-	-	-	-	-	-
Japan	601.3	135	605.7	125	590.2	116	589.2	144	585.8	-
Korea	176.7	78	183.8	78	175.4	76	187.6	82	182.3	-
New Zealand	8.0	56	8.9	58	7.8	49	9.0	60	8.8	-
Total	826.8	99	841.3	96	811.0	91	823.3	104	816.6	100
OECD Europe[5]										
Austria	21.5	79	21.6	86	22.9	97	22.5	85	22.0	-
Belgium	38.6	65	38.3	60	38.7	57	37.7	60	39.4	-
Czech Republic	18.6	89	18.9	96	20.2	118	20.3	107	18.5	-
Denmark	19.5	122	21.2	138	21.3	147	23.7	152	22.0	-
Estonia	1.2	49	1.1	39	1.5	55	1.6	72	2.3	-
Finland	28.0	145	28.2	139	26.3	136	36.6	188	38.2	-
France	163.7	95	164.0	96	162.3	93	160.9	92	165.5	-
Germany	279.6	116	283.0	116	287.1	125	290.5	116	288.0	-
Greece	28.9	93	30.1	104	30.8	112	32.0	109	26.4	-
Hungary	15.9	115	15.6	113	15.1	123	16.6	123	15.4	-
Ireland	10.5	82	9.5	67	10.3	77	10.0	82	10.5	-
Italy	137.7	100	146.2	110	128.8	101	133.6	104	127.0	-
Luxembourg	0.6	11	0.7	13	0.7	12	0.7	11	0.6	-
Netherlands	112.6	111	113.5	115	121.3	128	132.5	129	123.1	-
Norway	27.4	127	27.0	108	27.9	126	25.6	104	23.3	-
Poland	62.7	118	62.8	119	63.9	139	63.3	132	61.0	-
Portugal	20.4	86	20.8	97	21.3	97	23.1	93	21.7	-
Slovak Republic	9.0	109	8.8	108	8.5	119	8.7	120	8.6	-
Slovenia	4.6	83	5.2	97	5.3	111	5.0	97	5.2	-
Spain	132.8	104	130.8	105	120.1	101	123.8	104	117.1	-
Sweden	29.0	92	30.2	95	27.6	91	28.7	88	27.6	-
Switzerland	35.2	146	36.7	135	36.8	147	36.5	142	36.7	-
Turkey	64.0	89	63.4	93	62.0	104	62.0	86	63.9	-
United Kingdom	82.5	55	75.4	51	80.9	55	79.2	51	80.5	-
Total	1344.5	97	1353.1	99	1341.8	102	1375.2	99	1344.8	98
Total OECD	4228.4	92	4274.0	92	4212.2	92	4237.1	93	4225.1	92
DAYS OF IEA Net Imports[6]	-	149	-	150	-	148	-	149	-	159

1 Total Stocks are industry and government-controlled stocks (see breakdown in table below). Stocks are primary national territory stocks on land (excluding utility stocks and including pipeline and entrepot stocks where known) they include stocks held by industry to meet IEA, EU and national emergency reserves commitments and are subject to government control in emergencies.
2 Note that days of forward demand represent the stock level divided by the forward quarter average daily demand and is very different from the days of net imports used for the calculation of IEA Emergency Reserves.
3 End June 2013 forward demand figures are IEA Secretariat forecasts.
4 US figures exclude US territories. Total includes US territories.
5 Data not available for Iceland.
6 Reflects stock levels and prior calendar year's net imports adjusted according to IEA emergency reserve definitions (see www.iea.org/netimports.asp). Net exporting IEA countries are excluded.

TOTAL OECD STOCKS

CLOSING STOCKS	Total	Government[1] controlled	Industry	Total	Government[1] controlled	Industry
	Millions of Barrels			*Days of Fwd. Demand*[2]		
2Q2010	4330	1566	2765	91	33	58
3Q2010	4306	1553	2753	90	33	58
4Q2010	4244	1565	2679	90	33	57
1Q2011	4210	1562	2648	93	34	58
2Q2011	4251	1565	2686	91	33	57
3Q2011	4201	1529	2671	90	33	57
4Q2011	4145	1536	2608	90	33	56
1Q2012	4191	1536	2655	92	34	58
2Q2012	4228	1539	2689	92	34	59
3Q2012	4274	1542	2732	92	33	59
4Q2012	4212	1547	2665	92	34	58
1Q2013	4237	1578	2659	93	35	59
2Q2013	4225	1574	2651	92	34	58

1 Includes government-owned stocks and stock holding organisation stocks held for emergency purposes.
2 Days of forward demand calculated using actual demand except in 2Q2013 (when latest forecasts are used).

Table 6

IEA MEMBER COUNTRY DESTINATIONS OF SELECTED CRUDE STREAMS[1]

(million barrels per day)

	2010	2011	2012	3Q12	4Q12	1Q13	2Q13	Apr 13	May 13	Jun 13	Year Earlier Jun 12	Year Earlier change
Saudi Light & Extra Light												
Americas	0.69	0.69	0.76	0.67	0.65	0.69	0.66	0.81	0.55	0.62	0.93	-0.32
Europe	0.66	0.83	0.85	0.97	0.77	0.67	0.88	0.65	0.94	1.05	1.11	-0.06
Asia Oceania	1.21	1.24	1.26	1.21	1.27	1.22	1.20	1.25	1.23	1.11	1.15	-0.04
Saudi Medium												
Americas	0.36	0.37	0.44	0.41	0.43	0.44	0.44	0.42	0.48	0.42	0.37	0.05
Europe	0.00	0.02	0.05	0.05	0.02	-	0.02	0.02	0.01	0.01	0.05	-0.04
Asia Oceania	0.34	0.40	0.45	0.48	0.44	0.49	0.34	0.32	0.27	0.43	0.37	0.06
Saudi Heavy												
Americas	0.02	0.02	0.05	0.02	0.02	-	0.06	0.02	0.15	0.01	0.11	-0.09
Europe	0.00	0.01	0.12	0.21	0.13	0.08	0.20	0.20	0.19	0.20	0.13	0.07
Asia Oceania	0.22	0.20	0.20	0.19	0.19	0.20	0.20	0.21	0.18	0.20	0.17	0.02
Iraqi Basrah Light[2]												
Americas	0.36	0.29	0.49	0.46	0.55	0.56	0.26	0.29	0.21	0.27	0.61	-0.34
Europe	0.09	0.11	0.26	0.42	0.31	0.18	0.26	0.23	0.29	0.26	0.41	-0.16
Asia Oceania	0.29	0.34	0.33	0.39	0.31	0.35	0.35	0.41	0.31	0.33	0.46	-0.13
Iraqi Kirkuk												
Americas	0.03	0.07	0.05	0.04	0.03	0.01	0.01	0.03	-	-	0.12	-
Europe	0.27	0.27	0.22	0.21	0.25	0.19	0.21	0.23	0.19	0.21	0.24	-0.02
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Iranian Light												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.24	0.23	0.12	0.05	0.05	0.10	0.10	0.09	0.09	0.11	0.21	-0.10
Asia Oceania	0.04	0.04	0.02	0.01	0.01	0.01	-	-	-	-	0.01	-
Iranian Heavy[3]												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.49	0.55	0.16	0.08	0.04	0.02	0.01	0.03	0.01	-	0.19	-
Asia Oceania	0.52	0.51	0.33	0.11	0.36	0.39	0.25	0.07	0.42	0.27	0.50	-0.23
Venezuelan Light & Medium												
Americas	0.14	0.18	0.13	0.14	0.16	0.17	0.09	-	0.09	0.18	-	-
Europe	0.02	0.02	0.02	0.01	0.06	0.03	-	-	-	-	-	-
Asia Oceania	-	-	0.01	-	-	-	0.01	0.03	-	-	0.02	-
Venezuelan 22 API and heavier												
Americas	0.86	0.76	0.69	0.77	0.73	0.60	0.62	0.62	0.57	0.68	0.50	0.17
Europe	0.06	0.05	0.08	0.11	0.04	0.06	0.08	0.07	0.11	0.05	0.10	-0.05
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Maya												
Americas	0.91	0.82	0.73	0.76	0.74	0.63	0.67	0.64	0.67	0.70	0.63	0.07
Europe	0.11	0.12	0.14	0.13	0.17	0.15	0.16	0.14	0.13	0.19	0.14	0.05
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Isthmus												
Americas	0.04	0.07	0.04	0.05	0.04	0.05	0.03	0.08	0.00	0.01	0.01	0.00
Europe	0.02	0.01	0.03	0.03	0.04	0.03	0.02	0.03	0.02	0.02	0.02	0.00
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Russian Urals												
Americas	0.08	0.01	0.00	0.01	-	-	0.02	-	0.02	0.02	-	-
Europe	1.80	1.69	1.86	1.97	1.94	1.85	1.93	2.03	2.07	1.68	1.69	-0.02
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Nigerian Light[4]												
Americas	0.60	0.53	0.24	0.25	0.14	0.14	0.15	-	0.23	0.21	0.41	-0.20
Europe	0.34	0.45	0.58	0.72	0.58	0.65	0.46	0.47	0.46	0.45	0.56	-0.11
Asia Oceania	-	0.05	0.04	0.03	0.03	0.02	0.05	0.03	0.08	0.04	0.00	0.03
Nigerian Medium												
Americas	0.25	0.18	0.12	0.14	0.21	0.07	0.12	0.13	0.11	0.13	-	-
Europe	0.09	0.14	0.25	0.26	0.23	0.21	0.21	0.30	0.18	0.15	0.21	-0.06
Asia Oceania	-	-	0.00	0.00	-	-	-	-	-	-	-	-

1 Data based on monthly submissions from IEA countries to the crude oil import register (in '000 bbl), subject to availability. May differ from Table 8 of the Report.
IEA Americas includes United States and Canada.
IEA Europe includes all countries in OECD Europe except Estonia, Hungary and Slovenia.
IEA Asia Oceania includes Australia, New Zealand, Korea and Japan.

2 Iraqi Total minus Kirkuk.

3 Iranian Total minus Iranian Light.

4 33° API and lighter (e.g., Bonny Light, Escravos, Qua Iboe and Oso Condensate).

Table 7
REGIONAL OECD IMPORTS[1,2]
(thousand barrels per day)

	2010	2011	2012	3Q12	4Q12	1Q13	2Q13	Apr 13	May 13	Jun 13	Year Earlier Jun 12	% change
Crude Oil												
Americas	7494	6870	6101	6147	5610	5039	5329	5051	5457	5476	6709	-18%
Europe	9072	8988	9346	9795	9286	8947	9278	9292	9407	9132	9465	-4%
Asia Oceania	6473	6609	6761	6627	6702	6999	6249	6299	6241	6206	6315	-2%
Total OECD	23038	22468	22208	22568	21597	20985	20856	20642	21104	20814	22489	-7%
LPG												
Americas	34	33	26	34	23	37	31	25	45	21	33	-36%
Europe	285	318	287	271	297	352	404	411	433	369	284	30%
Asia Oceania	565	568	620	598	615	598	547	576	494	572	580	-1%
Total OECD	884	919	933	903	936	987	982	1012	971	963	897	7%
Naphtha												
Americas	36	42	20	17	15	21	20	19	26	16	42	-61%
Europe	399	298	350	291	347	348	266	244	258	296	344	-14%
Asia Oceania	908	884	900	920	961	954	939	929	927	962	993	-3%
Total OECD	1344	1224	1270	1228	1324	1324	1226	1192	1210	1275	1379	-8%
Gasoline[3]												
Americas	801	762	730	802	652	610	803	867	809	731	822	-11%
Europe	187	222	212	201	188	121	85	94	85	76	204	-63%
Asia Oceania	84	95	86	68	89	96	91	109	94	69	59	17%
Total OECD	1073	1079	1028	1071	928	828	978	1070	987	876	1084	-19%
Jet & Kerosene												
Americas	76	77	73	99	86	51	84	83	95	73	49	48%
Europe	418	397	398	456	465	327	421	408	428	427	453	-6%
Asia Oceania	45	58	63	55	82	107	57	61	44	65	41	59%
Total OECD	539	532	534	609	634	484	561	552	567	564	543	4%
Gasoil/Diesel												
Americas	100	72	59	50	69	83	81	95	78	71	59	20%
Europe	1071	1044	984	966	1074	1031	906	862	902	952	1067	-11%
Asia Oceania	103	147	185	194	203	177	167	193	131	177	190	-7%
Total OECD	1275	1263	1227	1210	1347	1291	1153	1150	1111	1200	1316	-9%
Heavy Fuel Oil												
Americas	277	268	206	208	181	163	150	190	130	130	254	-49%
Europe	464	537	521	483	439	539	494	450	531	501	583	-14%
Asia Oceania	123	153	223	227	241	260	197	208	186	198	223	-11%
Total OECD	864	958	951	918	860	963	841	848	847	829	1061	-22%
Other Products												
Americas	807	871	813	838	829	735	865	830	951	811	874	-7%
Europe	692	700	654	658	671	833	766	628	899	765	600	28%
Asia Oceania	367	366	356	359	317	381	372	357	425	333	375	-11%
Total OECD	1866	1937	1823	1855	1817	1949	2003	1814	2276	1910	1848	3%
Total Products												
Americas	2132	2125	1927	2048	1855	1701	2033	2109	2132	1854	2133	-13%
Europe	3516	3516	3405	3326	3481	3552	3342	3097	3536	3386	3535	-4%
Asia Oceania	2197	2271	2432	2421	2509	2572	2369	2433	2301	2376	2460	-3%
Total OECD	7845	7912	7765	7795	7846	7825	7744	7639	7969	7616	8129	-6%
Total Oil												
Americas	9625	8995	8028	8195	7465	6740	7362	7160	7589	7330	8842	-17%
Europe	12588	12504	12751	13121	12767	12499	12620	12388	12943	12519	13000	-4%
Asia Oceania	8670	8880	9194	9048	9210	9572	8618	8733	8542	8582	8776	-2%
Total OECD	30883	30380	29973	30363	29443	28811	28600	28281	29074	28430	30617	-7%

1 Based on Monthly Oil Questionnaire data submitted by OECD countries in tonnes and converted to barrels.
2 Excludes intra-regional trade.
3 Includes additives.

© OECD/IEA 2013. All Rights Reserved

The International Energy Agency (IEA) makes every attempt to ensure, but does not guarantee, the accuracy and completeness of the information or the clarity of content of the *Oil Market Report* (hereafter the *OMR*). The IEA shall not be liable to any party for any inaccuracy, error or omission contained or provided in this *OMR* or for any loss, or damage, whether or not due to reliance placed by that party on information in this *OMR*.

The Executive Director and Secretariat of the IEA are responsible for the publication of the *OMR*. Although some of the data are supplied by IEA Member-country governments, largely on the basis of information they in turn receive from oil companies, neither these governments nor these oil companies necessarily share the Secretariat's views or conclusions as expressed in the *OMR*. The *OMR* is prepared for general circulation and is distributed for general information only. Neither the information nor any opinion expressed in the *OMR* constitutes an offer, or an invitation to make an offer, to buy or sell any securities or any options, futures or other derivatives related to such securities.

This *OMR* is the copyright of the OECD/IEA and is subject to terms and conditions of use. These terms and conditions are available on the IEA website at http://www.iea.org/oilmar/licenceomr.html. In relation to the Subscriber Edition (as defined in the OMR's online terms and conditions), all Argus information is sourced from Copyright © 2013 Argus Media Limited and is published here with the permission of Argus. The spot crude and product price assessments are based on daily Argus prices, converted when appropriate to US$ per barrel according to the Argus specification of products. Argus Media Limited reserves all rights in relation to all Argus information. Any reproduction of Argus information requires the express prior written permission of Argus. Argus shall not be liable to any party for any inaccuracy, error or omission contained or provided in Argus information contained in this OMR or for any loss, or damage, whether or not due to reliance placed by that party on information in this OMR.

OMR Contacts

Editor and Head, Oil Industry and Markets Division

Antoine Halff

Analysts

Toril Bosoni (Refining)

Charles Esser (Non-OPEC Supply)

Diane Munro (OPEC Supply and Prices)

Matt Parry (Demand)

Andrew Wilson (Stocks/Statistics)

Statistics

Valerio Pilia

Editorial Assistant

Annette Hardcastle

Contact:

☎ (+33) 0*1 40 57 66 67

✉ **OilMarketReport@iea.org**

* 0 - only within France

Media Enquiries

IEA Press Office

(+33) 0* 1 40 57 65 54

✉ **ieapressoffice@iea.org**

Subscription and Delivery Enquiries

Oil Market Report Subscriptions
International Energy Agency
BP 586-75726 PARIS Cedex 15, France

✉ **OMRSubscriptions@iea.org**

☎ (+33) 0* 1 40 57 67 72

☎ (+33) 0* 1 40 57 66 90

User's Guide and Glossary to the IEA *Oil Market Report*

For information on the data sources, definitions, technical terms and general approach used in preparing the *Oil Market Report (OMR)*, *Medium-Term Oil Market Report (MTOMR)* and *Annual Statistical Supplement* (current issue of the Statistical Supplement dated 9 August 2013), readers are referred to the *Users' Guide* at www.oilmarketreport.org/glossary.asp. It should be noted that the spot crude and product price assessments are based on daily Argus prices, converted when appropriate to US$ per barrel according to the Argus specification of products (Copyright © 2013 Argus Media Limited - all rights reserved).

The *Oil Market Report* is published under the responsibility of the Executive Director and Secretariat of the International Energy Agency. Although some of the data are supplied by Member-country Governments, largely on the basis of information received from oil companies, neither governments nor companies necessarily share the Secretariat's views or conclusions as expressed therein.

© OECD/IEA 2013

Next Issue: 11 October 2013

Oil Market Report Contacts

www.oilmarketreport.org



International Energy Agency

11 October 2013

HIGHLIGHTS

- **Benchmark Brent and WTI oil futures eased in September and early October** following plans for Syria to dispose of its chemical weapons and direct talks between Iran and the US at the UN General Assembly. The US government shutdown added downward pressure on prices. Brent was last trading at $110/bbl and WTI at $101.25/bbl.

- **Global oil supplies declined by 625 kb/d to 91.12 mb/d in September** on steeply lower OPEC output. Non-OPEC supply growth for 2013 is forecast to average 1.1 mb/d, to 54.7 mb/d, rising to a near-record 1.7 mb/d next year.

- **OPEC crude supplies slipped below 30 mb/d for the first time in almost two years,** led by steep drops in Libya and Iraq. Output fell by 645 kb/d to 29.99 mb/d despite Saudi output topping 10 mb/d for a third month running. The 'call on OPEC crude and stock change' was raised by 100 kb/d to 29.6 mb/d for 4Q13.

- **Recent demand strength has raised the 2013 oil demand forecast by 90 kb/d, to 91.0 mb/d.** Demand growth is projected at 1.0 mb/d (or 1.1%) for 2013, ramping up to 1.1 mb/d in 2014 as the macroeconomic backdrop improves.

- **Exceptionally high US refinery crude runs in September lift the global throughput estimate for 3Q13** by 100 kb/d, to 77.3 mb/d. Despite steep contractions in Europe of 0.7 mb/d, 3Q13 throughputs jumped by 1.2 mb/d year-on-year, led by non-OECD Asia and the US. Growth is set to slow somewhat in 4Q13, to 0.9 mb/d.

- **August OECD industry oil inventories drew counter-seasonally by 7.8 mb to 2 660 mb.** Stocks of refined products posted a small build and now cover 31.1 days of forward OECD demand, 0.4 day above end-July. Preliminary data for September point to a small counter-seasonal build in total OECD inventories of 1.7 mb.

www.oilmarketreport.org

TABLE OF CONTENTS

HIGHLIGHTS 1

THE NEW MATH ON SUPPLY 3

DEMAND 4
- Summary 4
- Global Overview 4
- Top 10 Consumers 6
  - *US Furlough – Impending Feed-through to Demand* 7
  - *Uncertainty over Nuclear Restarts Clouds Japanese Oil Outlook* 9
- OECD 12
  - Americas 13
  - Europe 13
  - Asia Oceania 14
- Non-OECD 14

SUPPLY 16
- Summary 16
- OPEC Crude Oil Supply 17
  - *Iraqi Crude Exports Turn South in September* 19
- Non-OPEC Overview 21
- OECD 21
  - North America 21
  - North Sea 23
  - *Looking at 2014 Non-OPEC Supply Growth* 24
- Non-OECD 25
  - Latin America 25
  - Asia 26
  - Former Soviet Union (FSU) 26
  - *Kashagan Start-up Poses Questions* 28

OECD STOCKS 29
- Summary 29
- OECD Inventory Position at End-August and Revisions to Preliminary Data 29
- Recent OECD Industry Stock Changes 30
  - OECD Americas 30
  - OECD Europe 31
  - OECD Asia Oceania 32
- Recent Developments in Singapore and China Stocks 33

PRICES 35
- Summary 35
- Market Overview 35
- Futures Markets 37
  - Financial Regulation 38
- Spot Crude Oil Prices 39
- Spot Product Prices 40
- Freight 42

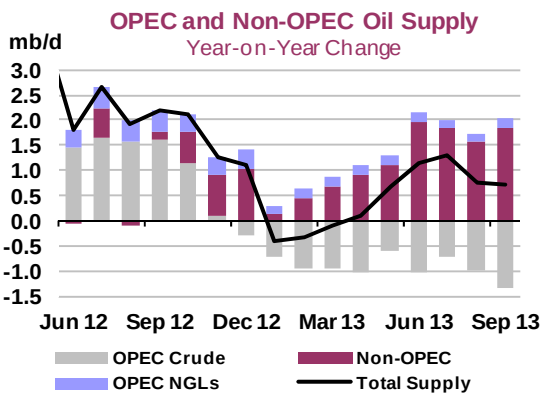
REFINING 44
- Summary 44
- Global Refinery Overview 44
  - Refinery Margins 46
- OECD Refinery Throughput 47
  - *Here We Go Again – European Refiners Cut Capacity Further* 50
- Non-OECD Refinery Throughput 52
  - *New Saudi Refinery Ships First Fuel Cargo in September* 53

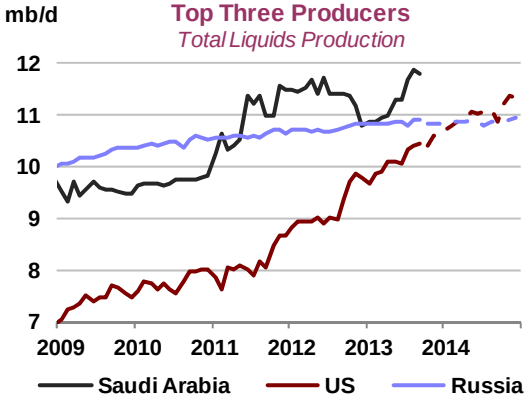
TABLES 54

THE NEW MATH ON SUPPLY

Non-OPEC crude and other liquid supply scaled new heights lately, but you would not know it from world oil prices. Total crude and other liquids supply from non-OPEC countries, including biofuel and processing gains, surged by 1.7 mb/d in 3Q13 y-o-y, the steepest annual growth for any quarter in over 10 years. Throw in OPEC NGL and the figure tops 1.85 mb/d. Amid exceptional outages in Libya and Iraq, this gusher didn't do much to douse oil markets, though. A crude futures rally during the same quarter took Brent prices to highs of around $117/bbl at the peak. Prices have since receded but remain elevated.

Non-OPEC growth may take something of a breather for the remainder of the year, but the summer's surge looks less like a one-off than a preview. If anything, the non-OPEC supply outlook has brightened in recent months, with Sudan and South Sudan coming to terms and the chronically delayed super-giant Kashagan field finally coming on line. Non-OPEC supply growth is now projected at an average 1.7 mb/d for 2014, peaking at 1.9 mb/d in the second quarter. This would be the highest annual growth since the 1970s. The US's place in the driver's seat of growth is also a throwback to decades past. With output of more than 10 mb/d for the last two quarters, its highest in decades, the nation is set to become the largest non-OPEC liquids producer by 2Q14, overtaking Russia. And that's not even counting biofuels and refinery gains.





Non-OPEC growth, however, needs to be seen in perspective. The IEA has often noted that the market impact of supply disruptions depended on the context in which they occurred, as much as on the outages themselves. The same is true of supply additions. Non-OPEC supply growth in 3Q13 was partly offset by a 1 mb/d plunge in OPEC crude, driven by a collapse in Libyan supply and Iraqi rehabilitation and maintenance work at key southern export terminals. Although Tripoli has since announced a partial restart of production, tribal unrest and political instability continue to throw formidable hurdles for the return of Libyan oil to market. With OPEC losses partly cancelling out North American gains, crude prices have remained well supported by geopolitical turmoil in the MENA region. It also helps that non-OECD demand for storage has surged, effectively preventing any seasonal build in aggregate OECD stocks ahead of winter.

Mutually offsetting supply developments do not amount to a zero-sum game. The replacement of OPEC barrels with non-OPEC oil is sending all kinds of ripples through the market. Benchmark Brent and WTI prices, after converging, are once again moving apart, with coastal US grades like Light Louisiana Sweet at a deepening discount to Brent. Importers of Libyan oil have come under pressure. Yet another European refinery closure was announced this month, the 16th since the financial crisis, even as 'advantaged' US refiners have kept throughputs at near-record highs. Further changes to the global refining scene are ongoing, with the commissioning of new capacity in the Middle East and Asia. What seems certain is that surging non-OPEC production does not necessarily equate to a supply glut. Against the backdrop of recent developments in the Middle East and North Africa, the link between oil prices and non-OPEC supply growth is undergoing a new twist.

DEMAND

Summary

- **The forecast of global oil demand for 2013 has been adjusted upwards by 90 kb/d following stronger-than-expected data for July and August**. Estimates of July demand were raised by 215 kb/d for the US, 110 kb/d for Egypt, 85 kb/d for Chinese Taipei and 65 kb/d for France. Partial offsets were provided by Germany (-70 kb/d), Nigeria (-45 kb/d) and the Netherlands (-45 kb/d). For August, estimates were raised by 110 kb/d for Russia, 95 kb/d for Germany and 60 kb/d for China, declines in India (-125 kb/d) and Japan (-60 kb/d) provided a partial offset. Average growth of around 1.0 mb/d (or 1.1%) is forecast for 2013, to 91.0 mb/d.

- **Signs of improvement in the European economy support the upward revision to the demand forecast, while reports of higher-than-anticipated power sector usage in other regions also contributed.** Problems with natural gas supplies lifted oil demand for electricity generation in Mexico, much of northern Africa and the Middle East. Nuclear outages, coupled with unusually warm temperatures, also raised Japanese oil use. Meanwhile, European demand data have surprised on the upside recently amid reports that the euro zone's recession ended in 2Q13 and signs of improvement in business confidence.

Global Oil Demand (2012-2014)

(million barrels per day)

	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014
Africa	3.6	3.6	3.6	3.7	3.7	3.8	3.8	3.8	3.9	3.8	3.9	4.0	4.0	4.1	4.0
Americas	29.5	30.0	30.3	30.3	30.0	30.1	30.3	30.6	30.3	30.3	30.1	30.5	30.7	30.5	30.5
Asia/Pacific	29.9	29.1	29.2	30.6	29.7	30.6	29.6	29.6	30.9	30.2	31.1	30.2	30.3	31.4	30.8
Europe	14.3	14.5	14.5	14.3	14.4	13.8	14.5	14.5	14.1	14.2	13.8	14.1	14.4	14.2	14.1
FSU	4.3	4.4	4.6	4.6	4.5	4.3	4.5	4.8	4.8	4.6	4.4	4.6	4.9	4.9	4.7
Middle East	7.3	7.8	8.2	7.5	7.7	7.5	7.8	8.4	7.7	7.9	7.7	8.1	8.6	8.0	8.1
World	**89.0**	**89.4**	**90.4**	**91.1**	**90.0**	**90.0**	**90.6**	**91.7**	**91.7**	**91.0**	**91.1**	**91.4**	**92.8**	**93.1**	**92.1**
Annual Chg (%)	0.7	1.8	0.6	1.5	1.2	1.1	1.3	1.4	0.7	1.1	1.2	1.0	1.3	1.5	1.2
Annual Chg (mb/d)	0.6	1.6	0.6	1.3	1.0	1.0	1.2	1.2	0.6	1.0	1.1	0.9	1.2	1.4	1.1
Changes from last OMR (mb/d)	0.00	-0.05	-0.03	0.01	-0.02	0.06	0.10	0.19	0.00	0.09	0.02	0.16	0.12	0.07	0.09

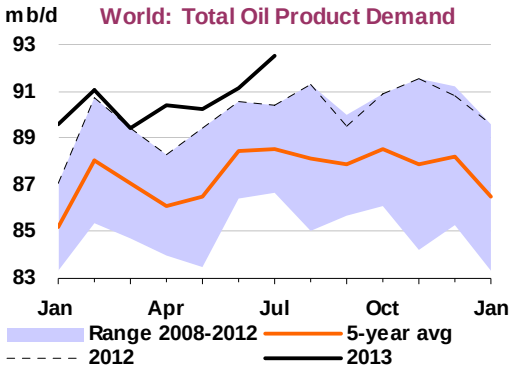
- **Improved economic signals were partly offset by the US Government shutdown.** US government funding issues in October raised macroeconomic fears, as "non-essential" services were closed on 1 October and as many as 800 000 workers put on unpaid leave. The looming 17 October deadline for addressing the debt ceiling is also weighing on consumer sentiment. Such issues contributed to the IMF reducing its global GDP projections for both 2013 and 2014.

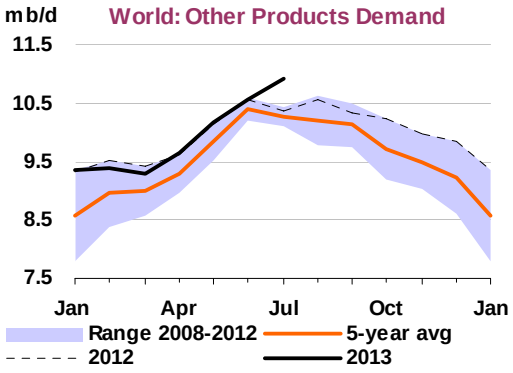
Global Overview

The global economy continues to show signs of recovery, albeit still on a modest scale, which when coupled with higher-than-anticipated power sector use in some regions raised the overall global oil demand forecast by around 90 kb/d compared to last month's *Report*. Demand is now projected to average roughly 91.0 mb/d for 2013, up 1.0 mb/d on the year (or 1.1%).

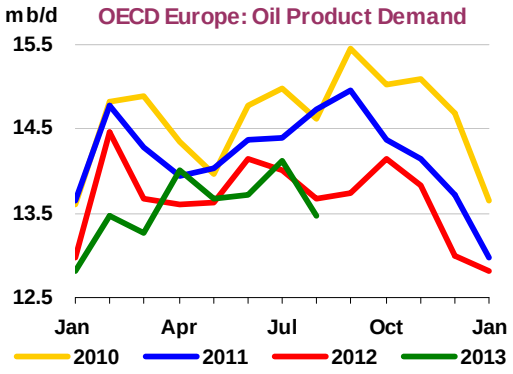
The 3Q13 global demand estimate was adjusted upwards by 195 kb/d since last month's *Report*, to 91.7 mb/d, based on revised demand data for July and August. Several countries accounted for the bulk of the adjustments for July, led by the US (+215 kb/d). Other large July upward adjustments include Egypt (+110 kb/d), Chinese Taipei (+85 kb/d), Japan (+80 kb/d) and France (+65 kb/d). Germany provided a partial offset with a downward adjustment of 70 kb/d in July, as did Nigeria (-45 kb/d) and the Netherlands (-45 kb/d). Partial preliminary data for August also lead to a net upward adjustment. Notable August additions include Russia (+110 kb/d), Germany (+95 kb/d), China (+60 kb/d) and Italy

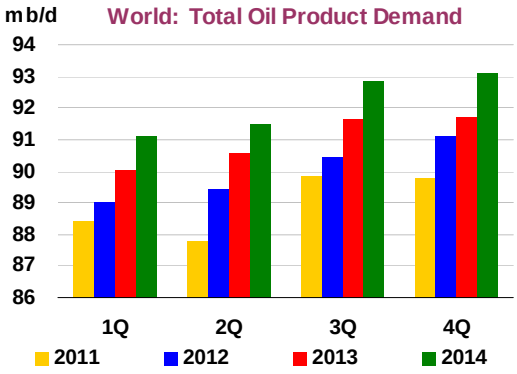
(+55 kb/d), partly offset by downward adjustments for India (-125 kb/d), Japan (-60 kb/d) and the US (down by 35 kb/d).





Delivery data for fuel oil and 'other products' (which includes the crude oil burned in the power sector) came in particularly strong in July. Unusually warm Asian weather called for additional oil use for cooling, particularly in Japan, where high temperatures compounded the impact of nuclear shutdowns. Natural gas supply issues also triggered higher consumption of oil for power generation in several regions ranging from Mexico to North Africa and the Middle East. Extra weather-related demand is unlikely to continue into 4Q13, however, as power-sector needs typically drop in most of these markets in 4Q.





Signs of improvement in the European economy also supported mid-2013 oil demand. Although structural contraction in European oil demand continues y-o-y, the pace of decline seems to be slowing, with demand occasionally swinging from annual contraction to growth. Following six consecutive quarters of diminishing GDP, its longest post-war contraction, the 17-country euro zone returned to growth in 2Q13, the most recent period for which comprehensive economic data are available. The two largest economies in the euro zone, France and Germany, led the rebound, respectively rising by an annualised 2.0% and 2.8%. Forward-looking indicators for 2H13 add a further modest sheen to the picture, with the closely watched business confidence indicators pointing towards very slight positive GDP growth through to the end of the year. Notably Markit's euro zone Composite Purchasing Managers' Index (PMI), which provides one of the best insights into general economic conditions six months ahead, has risen in each month since March, and remained above the key 50 tipping point, signalling expansion, throughout 3Q13. Accordingly, the forecast decline in European oil demand is expected to slow down.

Overall, global demand momentum is forecast to accelerate marginally in 2014, with growth predicted to come in around 1.1 mb/d (or 1.2%) on the back of a firming macroeconomic picture. There is significant downside risk to this forecast, however, in view of the recent political standoff in the US and the sharp

currency depreciation seen in many emerging market economies (see *OMR* dated 12 September). A significant deterioration in business and/or consumer confidence could potentially undermine the macroeconomic momentum required to drive the additional oil demand growth in 2014. The IMF also released slightly weaker GDP numbers in it's October *World Economic Outlook*.

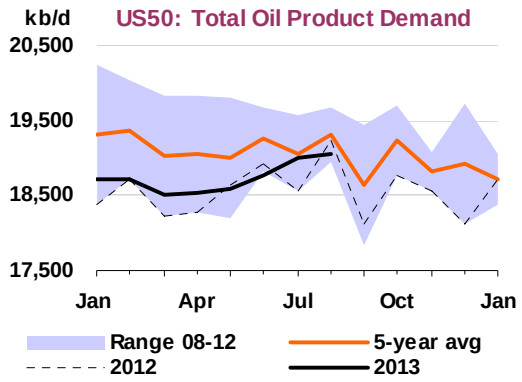
Top-10 Oil Consumers
(thousand barrels per day)

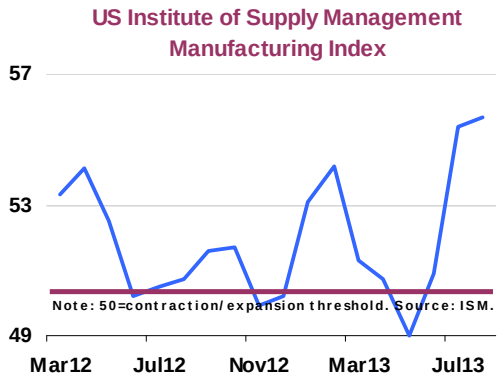
	Demand			Annual Chg (kb/d)			Annual Chg (%)		
	Jul-13	2013	2014	Jul-13	2013	2014	Jul-13	2013	2014
US50	19,009	18,647	18,620	439	105	-27	2.4	0.6	-0.1
China	10,357	10,204	10,598	535	394	394	5.4	4.0	3.9
Japan	4,375	4,547	4,393	17	-168	-154	0.4	-3.6	-3.4
Russia	3,576	3,407	3,514	156	107	107	4.6	3.2	3.2
Saudi Arabia	3,465	3,029	3,140	169	107	111	5.1	3.7	3.7
India	3,241	3,392	3,506	-59	50	115	-1.8	1.5	3.4
Brazil	3,106	3,091	3,186	142	106	95	4.8	3.5	3.1
Germany	2,454	2,395	2,385	-42	7	-10	-1.7	0.3	-0.4
Canada	2,278	2,298	2,304	-30	12	5	-1.3	0.5	0.2
Korea	2,245	2,309	2,315	17	8	7	0.8	0.3	0.3
% global demand	60%	59%	59%						

Top 10 Consumers

US

Revised July data reveal that US oil deliveries for that month rose to 19.0 mb/d, an 11-month high and 215 kb/d more than the preliminary estimate carried in last month's *Report*. The lighter end of the barrel led the upside revisions, with the final LPG (including ethane), naphtha and gasoline demand numbers significantly above expectations.

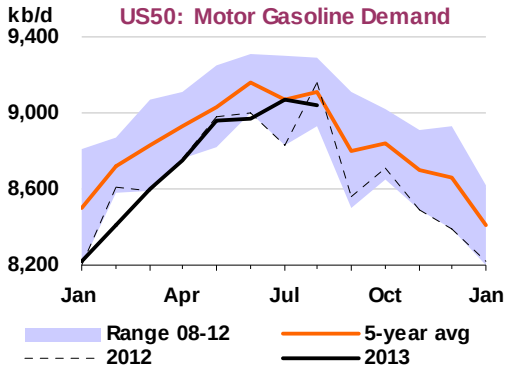


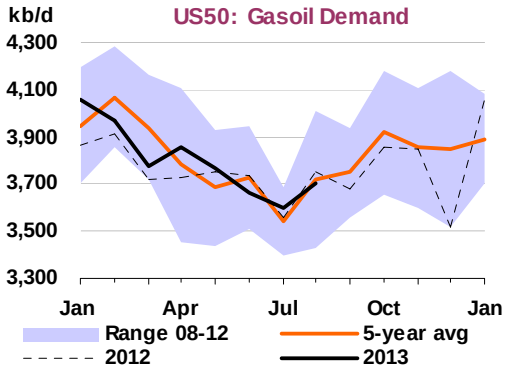


Supported by a sharp uptick in manufacturing activity (the US Institute of Supply Management's manufacturing index hit a two-year high in July), oil demand growth clambered to a near three-year high of 2.4% in July. Even gasoil/diesel demand, long in contraction, turned recently positive, as trucking activity (tracked by the American Trucking Association) improved.

Annual growth in US demand slowed in August, however, with deliveries about flat on the month at roughly 19.0 mb/d, about 0.9% below last year's level (and roughly on a par with the estimate carried in last month's *Report*). This slowdown in US demand growth bucked the seasonal trend, which typically sees US consumption rise from July to August. Weak month-on-month demand growth coincided with a lack of improvement in employment statistics for August, while growth in manufacturing sentiment flattened out alongside uncertainty surrounding the US budget process. A relatively marginal gain of

around 0.6% is forecast for the year as a whole, with US50 consumption forecast to average out at around 18.6 mb/d in 2013.





US Furlough – Impending Feed-through to Demand

The *Oxford English Dictionary* describes the word "furlough" as a "leave of absence, especially that granted to a member of the armed services", and it stems from the 17th century, originating from the Dutch word "verlof" which literally means "permission". Furlough has become something of a buzzword since escalating concerns about US government funding resulted in roughly 800 000 US government employees – though notably not the armed services – being put on unpaid leave on 1 October. "Non-essential" services, such as park rangers, Federal museum staff and 95% of Department of Education employees, have been forced to take an extended leave of absence. The concern being that absent workers dent consumer confidence patterns and in-turn consumption, while closures of national parks and monuments curb tourism.

The International Monetary Fund in its October 2013 *World Economic Outlook* broadly concludes that the "damage to the US economy from a short shutdown is likely to be limited … (but that) a longer shutdown could be quite harmful." More detailed work by Moody's Analytics estimates that a three-to-four week continuation of the so-called "furloughing" could strip 4Q13 US economic growth by as much as 1.4 points. Moody's foresees 4Q13 annualised growth of 2.5% without the "furlough", so a three-to-four week shutdown would accordingly equate to 4Q13 US GDP growth of 1.1%. When factored through to the year as a whole, this reduces the annual US GDP growth estimate to 1.4%, from the previous 1.7% forecast for 2013. Filtering such a slowdown into our own demand model in isolation, i.e. without factoring in any ripple effects in other countries or any potential impact on oil prices, curbs projected US oil consumption by approximately 60 kb/d in 4Q13 or 15 kb/d for the year as whole, thus equating to a relatively muted feed-through. The key here, however, is a relatively short duration of any US government shutdown.

Macroeconomic Advisors LLC, a consultancy, estimated that a two-week shutdown would equate to a 0.3 percentage point reduction in 4Q13 US GDP growth, which according to our model would have only a very negligible impact upon oil demand. Goldman Sachs estimated that a three-week layoff would curtail US GDP by 0.9 percentage points for the quarter. The wide discrepancy in forecasts may be seen as a reflection of how unclear the issue is but while the range of opinions on the economic toll is relatively wide, it seems safe to expect that the "furlough" will have a negative impact on US oil consumption, and that the longer it lasts the deeper its effect on demand. Overall, however, in a 91 mb/d oil market, the total impact of a relatively short "furlough" will be negligible.

Concerns regarding the impending US debt ceiling could end up having a greater detrimental impact upon oil demand, particularly if financial markets push up interest rates in response to a heightened-risk environment. Under such a scenario, the global GDP forecasts would likely be curtailed, significantly impacting demand. As the IMF notes, "a failure to promptly raise the debt ceiling, leading to a US selective default, could seriously damage the global economy." Given the uncertainties surrounding budget negotiations, however, it is too early to adjust our forecast of global oil demand growth, which is left unchanged at 1.1 mb/d for 2014.

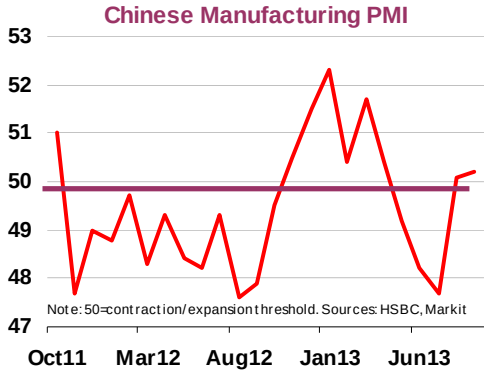
China

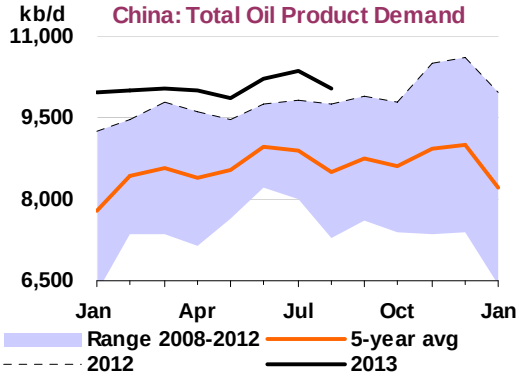
Relatively strong Chinese economic data, coupled with a few months of above-trend oil demand growth, have combined to raise the forecast of Chinese demand growth for 2013 to 4.0%, up from 3.8% previously. Chief among the upside contributing factors were upward revisions of roughly 25 kb/d to July apparent demand (defined as the sum of refinery output and net product imports, minus product inventory builds) and 60 kb/d for August.

China: Demand by Product
(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2012	2013	2014	2013	2014	2013	2014
LPG & Ethane	763	792	818	28	26	3.7	3.3
Naphtha	1,000	1,096	1,169	96	73	9.6	6.7
Motor Gasoline	1,965	2,118	2,237	153	119	7.8	5.6
Jet Fuel & Kerosene	438	479	506	41	28	9.3	5.8
Gas/Diesel Oil	3,406	3,432	3,530	25	98	0.7	2.9
Residual Fuel Oil	501	513	522	12	9	2.5	1.7
Other Products	1,736	1,775	1,816	38	41	2.2	2.3
Total Products	**9,810**	**10,204**	**10,598**	**394**	**394**	**4.0**	**3.9**

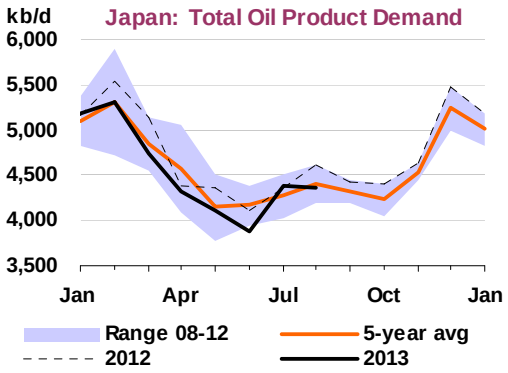
In addition, the Chinese macroeconomic backdrop has shown some improvement recently. Electricity demand, a proxy for economic activity, showed the strongest y-o-y growth in August in a year, while HSBC's Manufacturing PMI rose to a five-month high of 50.2 in September, extending the previous month's recovery from a July dip. The industrially important gasoil, LPG and naphtha sectors will contribute in the main to the revised 2013 estimate, which along with relatively strong gasoline consumption are forecast to underpin the overall growth trend. Robust road transport demand being supported by total vehicle sales up 10.3% y-o-y in August, having risen 9.9% in July, according to the China Association of Automobile Manufacturers.

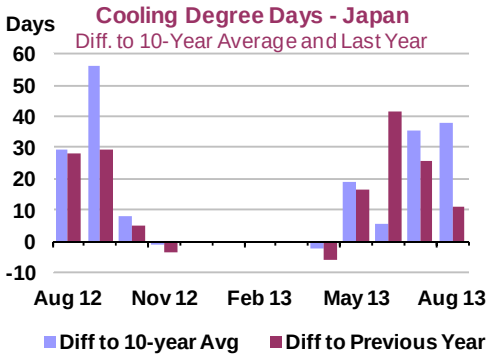




Japan

Unusually warm summer weather, coupled with ongoing nuclear capacity constraints, combined to fuel stronger-than-expected Japanese oil demand in July. Official government data pointed to a rare y-o-y gain, with consumption up 0.4% y-o-y to 4.4 mb/d. Preliminary data for August show a return to the declining trend seen earlier, however. A surprise dip in industrial output in August seemed consistent with a 5.5% drop in gasoil consumption to 750 kb/d that month.

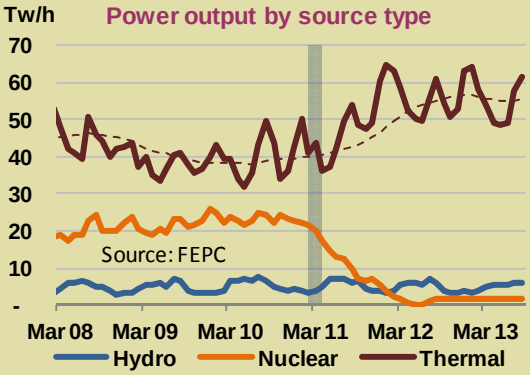




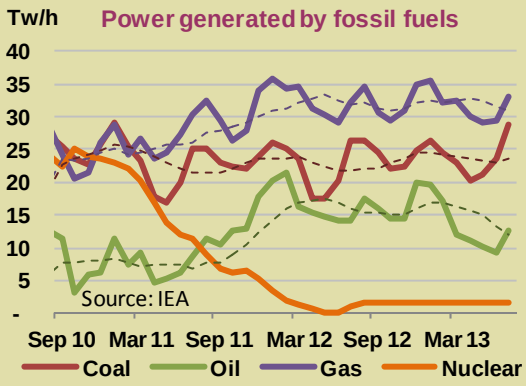
Uncertainty over Nuclear Restarts Clouds Japanese Oil Outlook

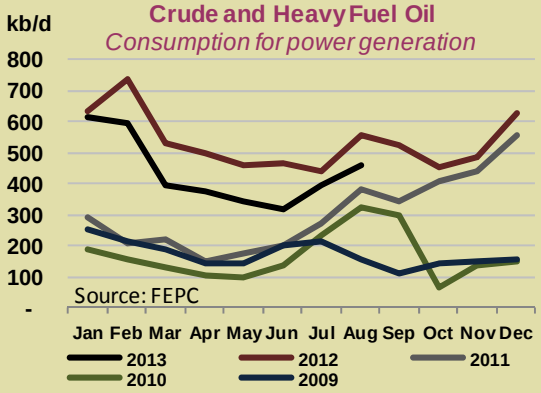
The shutdown of Japan's entire nuclear power park in early September is expected to affect Japanese oil demand this winter and in 2014 in a big way. Uncertainty surrounding the restart schedules of the plants taken off for maintenance clouds the outlook, however, as do recent shifts in the fuel mix of thermal power generation, characterised by markedly increased coal use.

Following the devastating earthquake and tsunami of March 2011, the Fukushima Daiichi reactor meltdown left a profound impact on the Japanese energy sector, shutting about 95% of Japan's total nuclear generating capacity. In the wake of the disaster, the country's remaining nuclear units were progressively shut down for maintenance, leaving the country nuclear-free in June 2012. Since then, only a few plants have been allowed to operate to prevent power outages.



In early September, Kansai Electric Power Ohi shut the remaining two nuclear reactors for maintenance, leaving the country nuclear-free for the second time since the 2011 earthquake. This time, however, the restart will be conditional on compliance with the new security standards drafted by the Japanese Nuclear Regulation Authority (NRA), which came into force on 8 July 2013. By the end of July, nuclear plants operators had already applied for the restart of 12 units and NRA inspection teams are currently reviewing those applications. Given the complex review process, no units are expected to be brought online before early 2014.





In the aftermath of the Fukushima disaster, oil and natural gas-fired units largely replaced lost nuclear capacity in power generation. According to data from the Federation of Electric Power Companies (FEPC), which is comprised of the 10 largest Japanese utilities, fuel oil and crude burn used for power generation doubled in 2011. In 2012, crude and fuel oil burn were almost triple pre-Fukushima levels, providing more than half of what used to be supplied by the nuclear industry, according to IEA data. After having reached a staggering 735 kb/d in February 2012, however, oil used in power generation in 2013 has eased due to

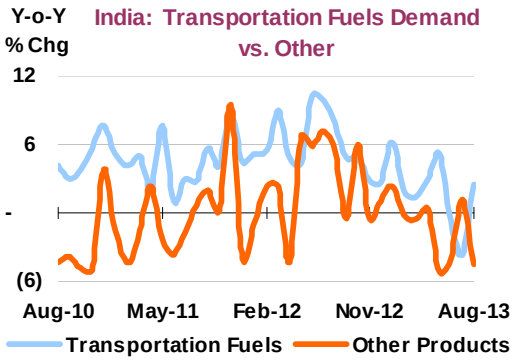
Uncertainty over Nuclear Restarts Clouds Japanese Oil Outlook (continued)

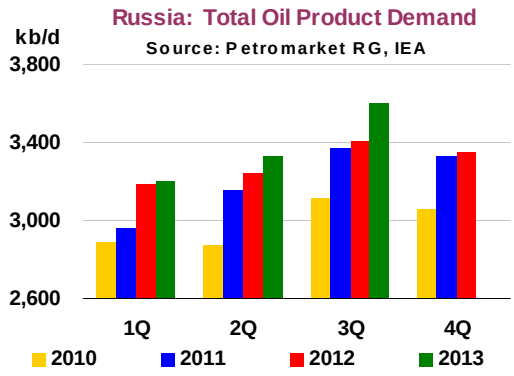
higher coal use. So far in 2013, oil demand by utilities has edged 100 kb/d lower year-on-year on the back of more economically attractive coal making its way into the mix and due to milder weather. Power generation from coal was capacity-constrained in the aftermath of the Fukushima earthquake, but since several coal power plants damaged in the earthquake have been repaired and resumed operations.

While demand for fossil fuels in power generations will remain high for the remainder of this year, the projected return of nuclear capacity in early 2014 is expected to translate into roughly 150 kb/d of heavy fuel oil and crude being displaced. This could bring total petroleum consumption for power generation significantly closer to pre-Fukushima levels of 170 kb/d in 2009 and 2010. The Japan Institute of Energy Economics (IEEJ) similary expects fuel oil consumption in fiscal year 2014 (March 2014 - April 2015) to be 230 kb/d, 110 kb/d lower than in 2013-2014. Should more nuclear capacity come back online in 2015, further reductions in fuel oil and crude burn could occur. Of course, questions over the actual timeline of any nuclear restart and the unpredictable nature of winter weather continue to inject uncertainty over Japanese oil demand for power generation.

India

Continued economic problems saw Indian demand hover below year-earlier levels for a third successive month, according to preliminary data for August which showed a 0.4% contraction in demand to 3.1 mb/d. Total vehicle sales, April-through-August, fell by 5.8% compared to the year earlier period, consistent with relatively weak demand for transportation fuels.



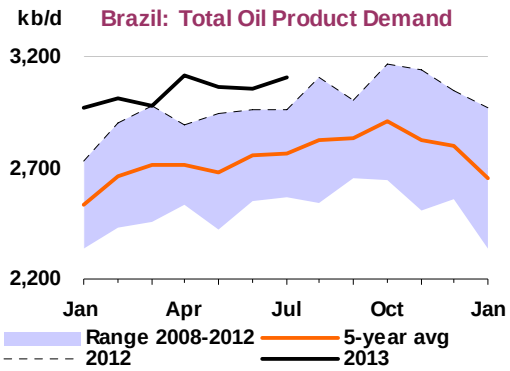


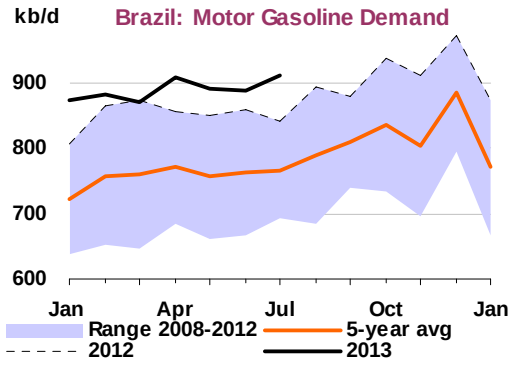
Russia

Having eased back at the end of 2012, Russian oil consumption has since remained relatively strong, with demand averaging out at 3.4 mb/d in the first eight months of the year, nearly 3% up on the corresponding period in 2012. The outlook for the second half of the year is for a deterioration in momentum, as sentiment indicators point towards a slowdown. Falling Russian new car sales in recent months add to the overall downside momentum, with the Association of European Businesses reporting a 5% y-o-y decline in September vehicle sales, their seventh consecutive decline.

Brazil

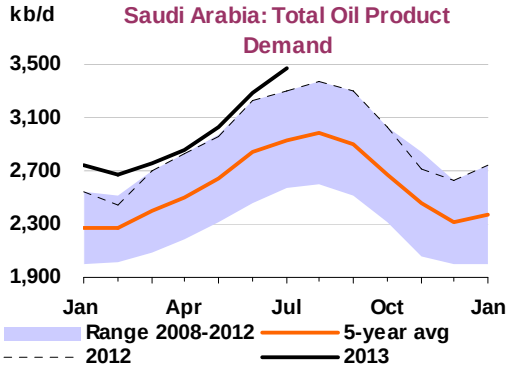
Stronger than anticipated Brazilian demand for July (45 kb/d above the forecast carried in last month's Report) has resulted in a modest upgrade to the 2013 growth forecast as oil consumption has thus far largely avoided the pitfalls of slower economic growth. Transportation fuels lead the recent upside, as consumer confidence (as tracked by Confederacao Nacional da Industria) holds up relatively well (increasing in August after a mid-year lull). A planned hike in the gasoline price, up 8% from 21 October, is expected to curb momentum.

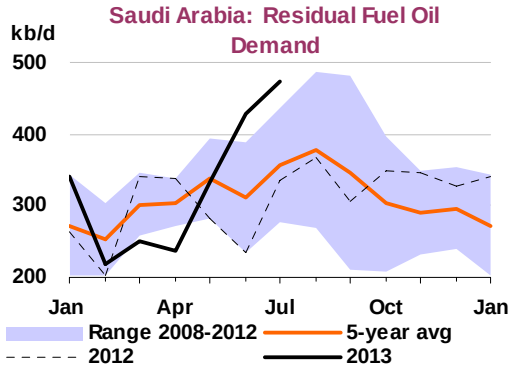




Saudi Arabia

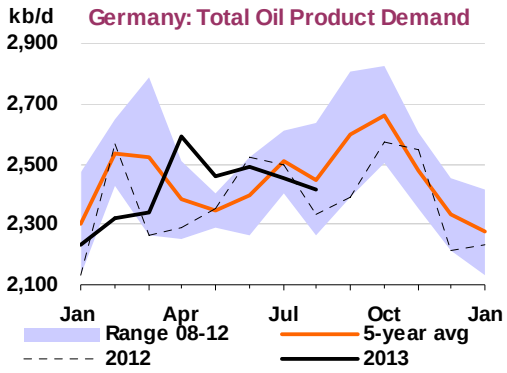
Supported by a still 'expansionary' industrial sector and peak-summer power sector fuel oil demand, Saudi Arabian oil consumption scaled a fresh high of 3.5 mb/d in July, up 5% on the year earlier and also 55 kb/d more than forecast in last month's *Report*. Heightened fuel oil demand (+40.8% y-o-y) led the increase, driven by additional power-sector usage. As anticipated, crude oil burn in the power sector has been more subdued this year than in previous summers, while residual fuel oil use has risen. Also supportive has been the relatively robust state of domestic business activity, as tracked by the Saudi British Bank/HSBC PMI, which came in at a strongly 'expansionary' 56.6 in July. The earlier arrival of Ramadan, starting in July in 2013, also provided some incremental support to oil use. Demand growth in 2013 should average out at around 3.7% on the year as a whole, a growth momentum that is forecast to continue in 2014.

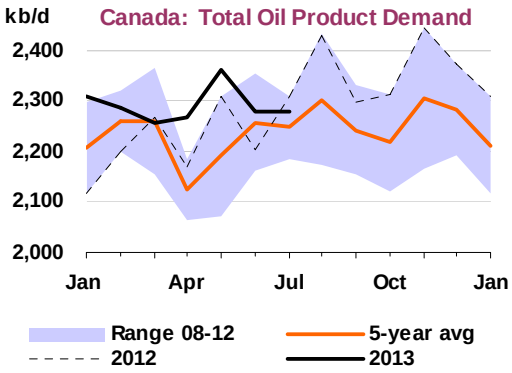




Germany

German demand data remain volatile, with preliminary statistics for August pointing towards average consumption of around 2.4 mb/d, or 3.4% up on the year earlier and 95 kb/d more than the estimate carried in last month's *Report*. Despite a surprise dip in industrial output in July, manufacturing PMI data are expected to remain 'expansionary' for 2H13, i.e. above 50. Markit's Construction PMI rose to a 17-month high of 55.1 in August, while the services PMI rose to a seven-month high of 52.8. Confirmed July demand data revealed that roughly 2.5 mb/d of oil products were consumed in the month, 1.7% down on the year earlier as LPG and gasoil, in particular, slid on contracting need from industry in the month. German car sales remain under pressure, with new vehicle registrations falling in August by 5% y-o-y and down roughly 7% on the year-to-date.



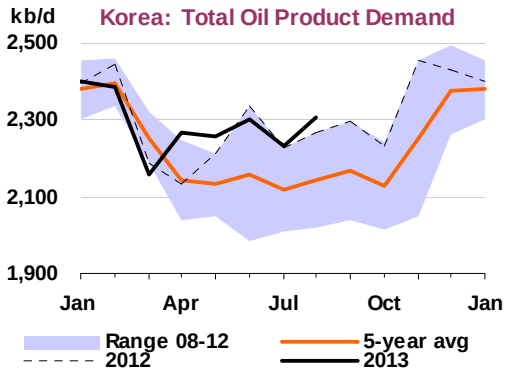


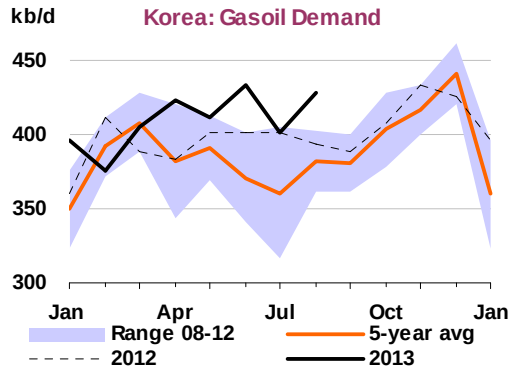
Canada

The Canadian demand forecast has been modestly upgraded since last month's Report, reflecting upward revisions to 2Q13 LPG estimates (+45 kb/d). Concerns regarding the sustainability of the economic recovery, however, restrain the scale of this upgrading. Roughly 2.3 mb/d of oil products were consumed in July, 1.3% below year-earlier levels. The RBC Manufacturing PMI fell to a three-month low in July, as output and new orders showed signs of weakening, while the Conference Board of Canada's consumer confidence index slipped in July (to 82.6, versus a 2002 starting point of 100), with the majority of Canadians citizens reportedly becoming more negative about their financial situation.

Korea

At roughly 2.3 mb/d in August, South Korean consumption fell in line with our month-earlier forecast of 1.7% annual demand growth. Demand for road transportation fuels was particularly robust – with gasoline use up 12.3% on the year earlier and gasoil/diesel demand 9.0% higher – as consumer confidence lifted vehicle usage. The consumer confidence index, as tracked by the Bank of Korea, rose to 105 in July (any indicator above 100 implies optimism). Consumer spending plans related to "transportation and communication" particularly thrived, rising to 109 in July, as did "medical care" at 110.





OECD

Preliminary estimates of August demand imply a return to the falling trend prevalent in recent years, following an uptick in July. Absolute declines span all main OECD regions, with the steepest contraction in OECD Asia Oceania, followed by Europe. Japan, Italy and Spain led the downside in August demand, partly offset by growth in Korea, Germany and Mexico.

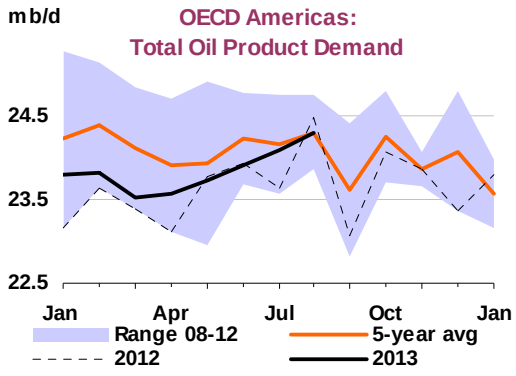
OECD Demand based on Adjusted Preliminary Submissions - August 2013
(million barrels per day)

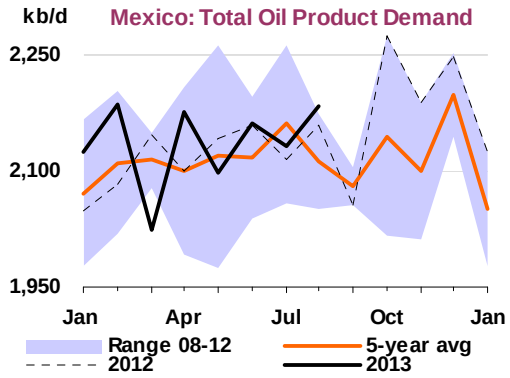
	Gasoline		Jet/Kerosene		Diesel		Other Gasoil		RFO		Other		Total Products	
	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa
OECD Americas*	**10.76**	**-0.7**	**1.76**	**-0.3**	**4.55**	**2.1**	**0.39**	**-25.0**	**0.76**	**-9.3**	**6.08**	**0.19**	**24.31**	**-0.8**
US50	9.04	-1.3	1.50	1.4	3.64	2.1	0.06	-64.7	0.29	-26.6	4.50	1.8	19.04	-0.9
Canada	0.82	7.1	0.13	-20.1	0.30	-0.2	0.24	4.6	0.04	-12.6	0.84	-8.6	2.37	-2.2
Mexico	0.78	-1.2	0.06	7.2	0.39	0.5	0.05	-17.8	0.31	9.9	0.60	2.1	2.19	1.2
OECD Europe	**2.01**	**-4.3**	**1.33**	**2.8**	**4.37**	**-1.0**	**1.25**	**-0.7**	**0.93**	**-13.4**	**3.57**	**1.5**	**13.47**	**-1.4**
Germany	0.44	-0.8	0.22	10.6	0.74	-1.4	0.27	17.7	0.12	-11.4	0.63	7.8	2.41	3.4
United Kingdom	0.30	-4.8	0.30	2.7	0.45	0.5	0.13	-6.0	0.04	-19.7	0.24	5.7	1.45	-0.6
France	0.17	-3.5	0.17	-0.7	0.66	-1.2	0.24	15.7	0.05	-28.7	0.36	-4.6	1.65	-1.1
Italy	0.21	-5.9	0.11	-3.7	0.41	-3.2	0.09	0.8	0.09	-27.2	0.39	-0.3	1.30	-4.8
Spain	0.12	-6.8	0.13	1.6	0.42	-5.7	0.13	-8.5	0.15	-11.9	0.26	-11.9	1.20	-7.6
OECD Asia & Oceania	**1.76**	**0.7**	**0.67**	**2.4**	**1.34**	**2.4**	**0.40**	**-15.5**	**0.76**	**-15.7**	**3.30**	**-4.0**	**8.23**	**-3.4**
Japan	1.10	-0.4	0.35	0.5	0.45	-1.5	0.30	-10.9	0.46	-21.5	1.72	-4.3	4.37	-5.4
Korea	0.23	12.3	0.13	6.9	0.33	16.1	0.10	-9.3	0.25	0.9	1.27	-2.5	2.31	1.7
Australia	0.32	-2.3	0.14	3.9	0.42	1.8	0.00	0.0	0.02	-2.5	0.25	-4.6	1.14	-0.6
OECD Total	**14.53**	**-1.1**	**3.76**	**1.2**	**10.27**	**0.8**	**2.04**	**-9.4**	**2.46**	**-12.9**	**12.96**	**-0.5**	**46.01**	**-1.4**

* Including US territories

Americas

A dip in US demand brought down the OECD Americas average for August, despite continued growth in **Mexican** oil use as anticipated in last month's *Report*. Mexican demand growth of 1.2% slightly exceeded expectations, driven by extra fuel oil use in the power sector.

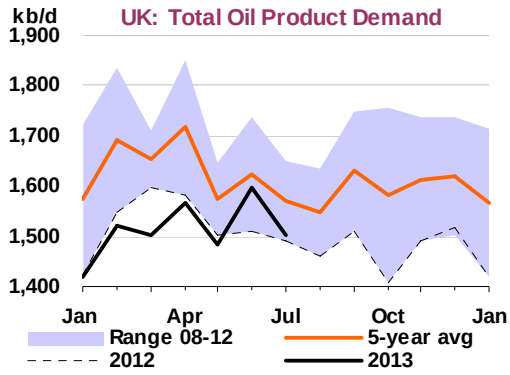


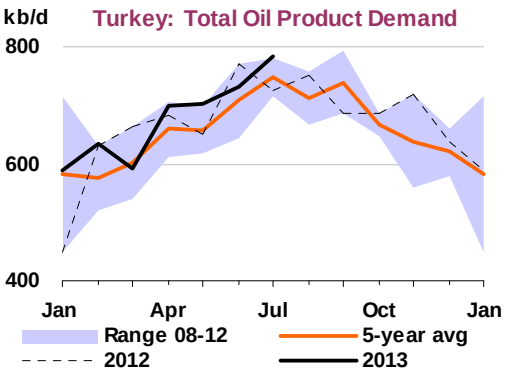


Europe

Following two years of steep contraction, the decline rate of European demand has moderated in recent months, reflecting the region's fledging macroeconomic recovery. The euro zone recession ended in 2Q13, and the outlook for the remainder of the year has brightened as HSBC's composite PMI rose to a 27-month high (of 52.1) in September. Even the **Greek** consumption trend has surprised on the upside, posting in July its first positive y-o-y growth number in four years. Supporting this rare gain was a 43-month high in the manufacturing PMI for Greece.

UK demand posted its second consecutive y-o-y rise in July, the first time such a sequence has been seen since the end of 2010. Particularly strong gains registered for gasoil and LPG. Road diesel demand rose on trucking use, alongside the continued dieselisation of the UK fleet. UK car sales as a whole remain strong and are expected to remain robust over the next couple of years, projected as likely to rise by around 7.6% in 2013, according to the credit ratings agency Moody's. A further expansion, of around 2%, is assumed in 2014, projections that tally with those of the UK Society of Motor Manufacturers and Traders.





Notable additions to the July European demand estimate included **Turkey**, with consumption up by nearly 8% on the year, to 785 kb/d. Strong Turkish growth reflects both a reported resurgence in consumer confidence (which according to the Turkish Statistical Institute rose to a 16-month high in July) but also the lows seen a year earlier. Resurgent growth took hold as the Turkish economy appeared to put the worst of its year-long economic slowdown behind it. Indeed industrial activity, as tracked by HSBC's manufacturing PMI, returned to 'expansionary' territory in August, supporting the forecast for a relatively robust second half of the year and 2014. Robust new car sales will underpin the strong demand numbers, with the Turkish Automotive Distributor Association reporting 20.9% y-o-y growth over the first eight months of the year.

Asia Oceania

According to partial, preliminary data, OECD Asia Oceania demand is estimated to have dropped by a steep 3.4% y-o-y in August, to 8.2 mb/d. July deliveries, for which more complete statistics are available, revealed a stronger (i.e. less sharp decline) pattern. **Australia** consumed roughly 1.1 mb/d of oil products in July, a gain of 2.7% on the year earlier (and 45 kb/d above the forecast carried in last month's *Report*) as relatively robust consumer confidence data suggests the economy may be getting back on track following its mid-year weakness. Consumer confidence, as tracked by the Westpac Banking Corporation, stood at 102.1 in July (readings above 100 denote optimism) and escalated to a near three-year high of 110.6 in September, well up on May's 97.6 low. The demand forecast for the year as a whole has been upgraded to reflect not just the higher July consumption data, but also the continued support likely to be provided by more upbeat consumer confidence.

Non-OECD

Strong non-OECD gains continue to underpin global oil demand, with transportation fuels contributing the lion's share of growth. Non-OECD petrochemical demand is also on the rise, supporting both naphtha and LPG use. Asia once again dominates. Naphtha consumption in **Chinese Taipei** has been particularly robust recently, as usage has risen ahead of an expected 2H13 uptick in petrochemical plant maintenance.

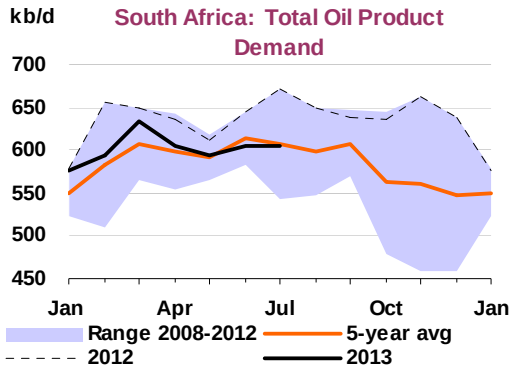
Non-OECD: Demand by Region

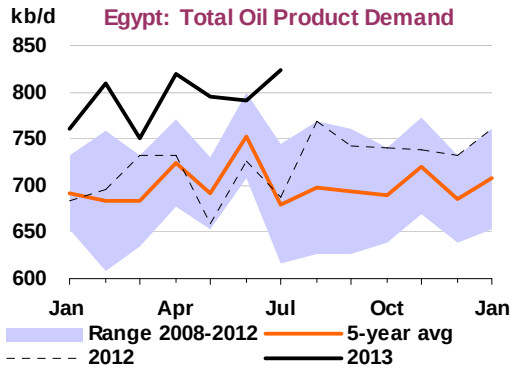
(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	May-13	Jun-13	Jul-13	Jun-13	Jul-13	Jun-13	Jul-13
Africa	3,788	3,841	3,768	265	84	7.4	2.3
Asia	21,572	21,901	21,737	938	636	4.5	3.0
FSU	4,513	4,776	4,756	394	134	9.0	2.9
Latin America	6,556	6,545	6,684	182	254	2.9	3.9
Middle East	7,830	8,061	8,492	253	524	3.2	6.6
Non-OECD Europe	679	650	666	-94	-16	-12.7	-2.3
Total Products	**44,938**	**45,775**	**46,103**	**1,937**	**1,616**	**4.4**	**3.6**

Other areas of non-OECD demand that have shown strong growth in recent months include the Middle East, Latin America and Africa. African data for July were surprisingly weak, however. Both the **Nigerian** and South African July numbers came out roughly 45 kb/d below those forecast in last month's *Report*. According to the Central Bank of Nigeria, consumer confidence fell in 2Q13. The overall Nigerian demand trend is expected to accelerate once again in 2014, supported by a widely anticipated uptick in macroeconomic activity.

South African demand, in July, maintained the falling trend that has encompassed consumption there since April, including dips in demand for transportation fuels – gasoline, jet fuel and gasoil – as consumer confidence (as reported by the South African Bureau for Economic Research) and employment conditions remained subdued. Downward revisions were partly offset by reports that manufacturing activity has since gained momentum (with the PMI rising to a six-year high of 56.5 in August).





Despite recent political turmoil in **Egypt**, consumption estimates for May, June and July have risen, according to the latest JODI reports. It seems from these figures that total Egyptian oil demand has received a fillip from the power sector, as power generation facilities were switched over to oil from natural gas to alleviate shortages. One LNG train is reportedly closed, with another operating at limited volumes. In the short-term oil consumption prospects are also likely to remain supported by the reduced likelihood of subsidy cuts. Following the ousting of former President Mohamed Morsi, Saudi Arabia, Kuwait and the UAE have pledged to donate a combined $12 billion, reducing the need for the previously cited $4.8 billion IMF package, with its associated subsidy reduction requirements.

SUPPLY

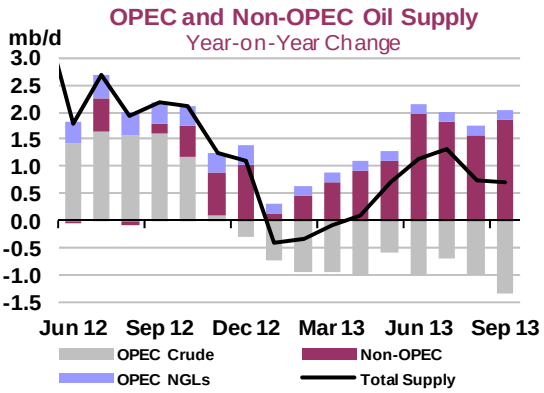
Summary

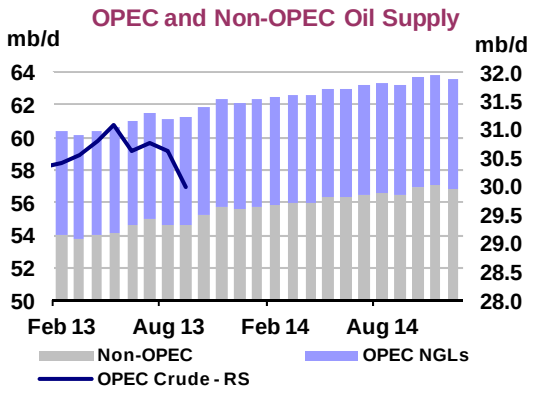
- **Global supplies declined by around 625 kb/d to 91.12 mb/d in September from August levels, with a steep fall in OPEC crude oil production only partially offset by a marginal increase in non-OPEC supplies.** Supplies were up about 630 kb/d from year-ago levels, however, with a staggering rise in non-OPEC output and OPEC NGLs of 1.96 mb/d far eclipsing a decline of 1.33 mb/d in OPEC crude production.

- **Non-OPEC supplies inched up month-on-month by 20 kb/d in September, to 54.61 mb/d, as a gain in the FSU offset a seasonal drop in Norway, but grew by a steep 1.79 mb/d year-on-year.** US production continued to expand in September, albeit at a somewhat slower pace. Total non-OPEC production growth is forecast at a robust 1.1 mb/d for 2013, and at an even stronger 1.7 mb/d for 2014, the fastest rate since the highest rate since the 1970s.

- **OPEC crude oil supplies slipped below 30 mb/d for the first time in almost two years, led by steep declines in Iraq and Libya.** September output fell by 645 kb/d to 29.99 mb/d – the lowest level since October 2011 -- despite Saudi production breaching the 10 mb/d mark for the third consecutive month. Planned upgrading work at southern ports slashed Iraqi crude oil output by 400 kb/d to 2.82 mb/d, the lowest level in 18 months, while Libyan supplies averaged just 300 kb/d in the wake of labour disputes, tribal violence and political turmoil.

- **The 'call on OPEC crude and stock change' was raised by 100 kb/d for 4Q13 and full-year 2013, to 29.6 mb/d and 29.9 mb/d respectively.** For 2014 the 'call' was lowered by an average 100 kb/d to 29 mb/d due to an upward revision in non-OPEC supply growth. OPEC's 'effective' spare capacity was estimated at 2.90 mb/d in September compared with 2.94 mb/d in August.





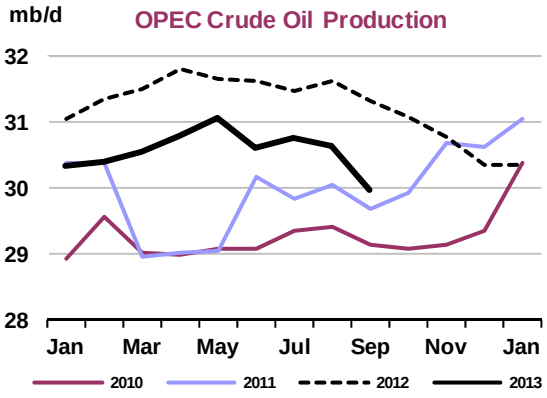
All world oil supply figures for September discussed in this report are IEA estimates. Estimates for OPEC countries, Alaska, Mexico and Russia are supported by preliminary September supply data.

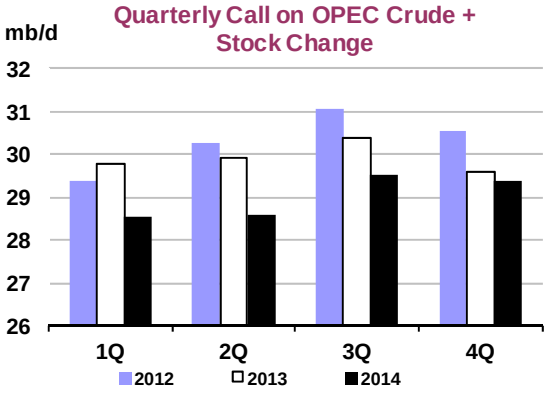
Note: Random events present downside risk to the non-OPEC production forecast contained in this report. These events can include accidents, unplanned or unannounced maintenance, technical problems, labour strikes, political unrest, guerrilla activity, wars and weather-related supply losses. Specific allowance has been made in the forecast for scheduled maintenance in all regions and for typical seasonal supply outages (including hurricane-related stoppages) in North America. In addition, from May 2011, a nationally allocated (but not field-specific) reliability adjustment has also been applied for the non-OPEC forecast to reflect a historical tendency for unexpected events to reduce actual supply compared with the initial forecast. This totals –200 kb/d for non-OPEC as a whole, with downward adjustments focused in the OECD.

OPEC Crude Oil Supply

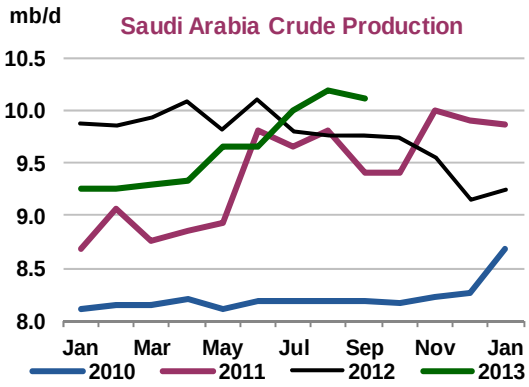
OPEC crude oil supplies fell below the 30 mb/d threshold for the first time in almost two years, with sharply lower output from Iraq and Libya accounting for the bulk of the decline. September output fell by a steep 645 kb/d to 29.99 mb/d – the lowest level since October 2011 – despite Saudi production breaching the 10 mb/d mark for the third consecutive month. As previously flagged, output from Iraq plummeted to 18-month lows in September due to scheduled rehabilitation work at the southern export terminals. The effect of this work was compounded by pipeline ruptures affecting oil flows from the giant Rumaila field (*see 'Iraqi Crude Exports Turn South in September')*. Libyan crude output remained curtailed in September by ongoing labour disputes, civil unrest and political turmoil.

The 'call on OPEC crude and stock change' was raised by 100 kb/d for 4Q13 and full-year 2013, to 29.6 mb/d and 29.9 mb/d respectively. For 2014, the 'call' was lowered by an average 100 kb/d to 29 mb/d on increased non-OPEC supplies. OPEC NGLs were pegged at 6.5 mb/d in September. OPEC's 'effective' spare capacity was estimated at 2.90 mb/d in September compared with 2.94 mb/d in August. Saudi Arabia's spare capacity was assessed at 2.28 mb/d and accounts for the lion's share of the surplus at around 80%.





Saudi Arabia's crude oil production topped 10 mb/d in September for the third month running, though output was down marginally from August levels. Crude oil production averaged 10.12 mb/d in September, off 70 kb/d from the previous month. Saudi officials said supply to the market was 10.05 mb/d, indicating around 70 kb/d was moved into storage.



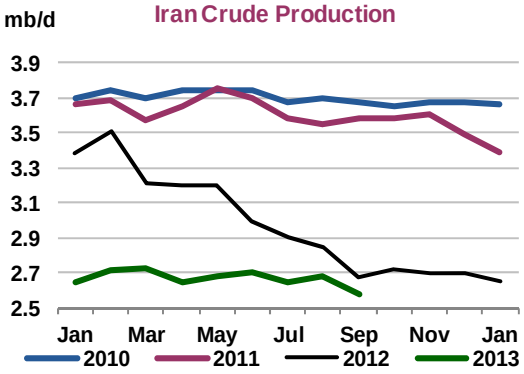
Higher Saudi production is partly aimed at supplying the new 400 kb/d refinery at Jubail, operated by the Saudi Aramco Total Refining and Petrochemical Company (SATORP). The refinery is designed to process heavy crude from the offshore Manifa field. Higher output is also helping to offset the loss from Libya and Iraq, which totalled 650 kb/d in September.

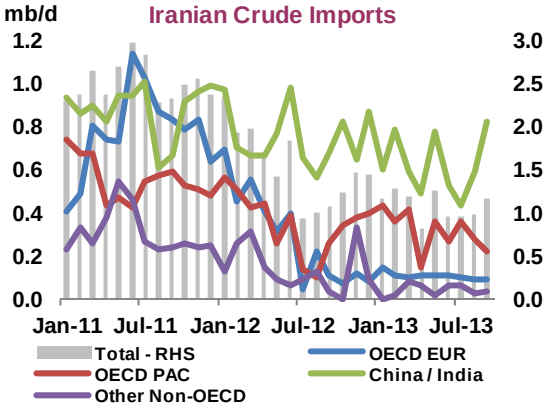
Iran's crude oil production edged lower by 100 kb/d in September to 2.58 mb/d. As expected, preliminary data indicate crude imports from Iran rose by 180 kb/d in September to 1.17 mb/d, with China and India leading the upward movement. Import estimates are based on data submitted by OECD countries, non-OECD statistics from customs agencies, tanker movements and news reports. Preliminary data indicate China lifted imports from Iran to a four-month high of 555 kb/d in September, up by around 120 kb/d. India increased imports by 115 kb/d to 265 kb/d, the highest level since January 2013. Exports to India, however, are expected to decline in October, after a three-month waiver, approved by

India, which allowed Iran's Kish P&I and Moallem Insurance Co to cover tanker vessels calling at the country's ports, expired on 27 September. It is unclear when Indian government officials will extend approval for underwriters from Iran to provide insurance.

Tanker tracking data indicate Pakistan imported 30 kb/d, the country's first imports of Iranian oil since January 2011. By contrast, Japan reduced imports by about 60 kb/d to 155 kb/d while volumes into South Korea remained unchanged at about 65 kb/d last month.

A change of tone in discussions between Iran and the international community following President Hassan Rouhani's address to the United Nations in late September received a vote of confidence from the oil market, with prices initially easing somewhat on the news. Few expect sanctions on the country's oil and finance sector to be eased anytime soon, however. Rather, most expect that turning the clock back on sanctions will be a drawn-out process based on tangible diplomatic progress with regard to the issues at hand, which many still view as a remote prospect.





Kuwait and the **UAE** both boosted output by around 20 kb/d in September, to 2.79 mb/d and 2.77 mb/d, respectively. **Qatar** production was steady month-on-month at around 730 kb/d.

OPEC Crude Production

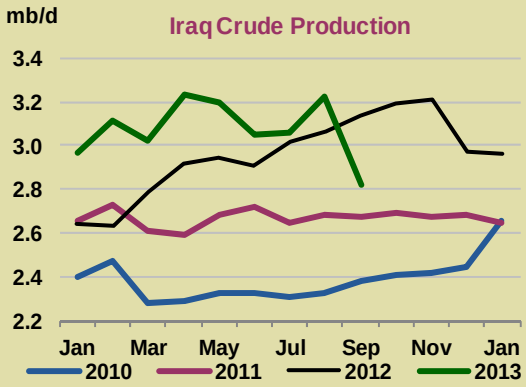
(million barrels per day)

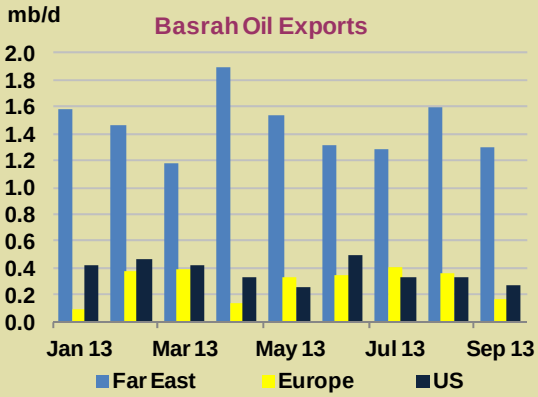
	Jul 2013 Supply	Aug 2013 Supply	Sep 2013 Supply	Sustainable Production Capacity[1]	Spare Capacity vs Sep 2013 Supply	Jan-Sept Average Crude Supply
Algeria	1.15	1.12	1.15	1.18	0.03	1.15
Angola	1.73	1.70	1.72	1.89	0.17	1.74
Ecuador	0.52	0.52	0.52	0.53	0.01	0.51
Iran	2.65	2.68	2.58	2.90	0.32	2.67
Iraq	3.06	3.22	2.82	3.32	0.50	3.08
Kuwait[2]	2.80	2.77	2.79	2.90	0.11	2.81
Libya	1.00	0.55	0.30	1.40	1.10	1.10
Nigeria[3]	1.92	1.94	2.04	2.25	0.21	1.97
Qatar	0.73	0.73	0.73	0.75	0.03	0.73
Saudi Arabia[2]	10.00	10.19	10.12	12.40	2.28	9.64
UAE	2.75	2.75	2.77	2.90	0.13	2.71
Venezuela[4]	2.47	2.47	2.45	2.60	0.15	2.47
Total OPEC	**30.77**	**30.63**	**29.99**	**35.02**	***5.03***	***30.58***
(excluding Iraq, Nigeria, Libya and Iran)					***2.90***	

1 Capacity levels can be reached within 30 days and sustained for 90 days.
2 Includes half of Neutral Zone production.
3 Nigeria's current capacity estimate excludes some 200 kb/d of shut-in capacity.
4 Includes upgraded Orinoco extra-heavy oil assumed at 420 kb/d in September.

Iraqi Crude Exports Turn South in September

As expected, Iraqi crude oil output tumbled in September in line with planned upgrading work at southern ports. Indeed, one unintended consequence of the planned work was damage to old underground pipeline connections that burst due to the pressure from work at the terminal, which forced the shut-in of 450 kb/d. Insurgent attacks along the northern pipeline route and the ongoing dispute over payments between Baghdad and the Kurdistan Regional Government (KRG) also capped exports of Kirkuk crude via the Turkish Mediterranean port of Ceyhan. September production fell 400 kb/d to 2.82 mb/d, the lowest level since March 2012. Total exports were down by a similar amount, to 2.07 mb/d, with sharply lower volumes from the south only partially offset by increased northern shipments. Basrah exports fell by 470 kb/d to 1.82 mb/d. The loss of Basrah crude oil exports affected all major regions. Shipments to Asia declined to 1.3 mb/d in September versus 1.6 mb/d in August, Europe at around 170 kb/d compared with 365 kb/d the previous month and volumes to the US at 270 kb/d against 326 mb/d, tanker data indicate.





Iraqi officials report that export volumes from the Basrah and Khor Al-Amaya terminals are expected to rebound in mid-October but contractors undertaking the extensive rehabilitation and expansion work suggest shipments will continue to be curtailed in the weeks and months ahead. Iraq shut two of the four crude-loading berths at the Basrah terminal in mid-September in order to undertake expansion work at the port, which calls for the installation of a jacket for a new platform in the Gulf to feed the four single-point moorings (SPMs) in place. The first two SPMs, numbers 2 and 3, have been in operation since the spring, but have only been operating at less than half their 1.8 mb/d capacity, due to pressure problems related to the delayed installation of gas-fuelled turbine pumps. The new Central Metering-Manifold Platform will connect the other two completed SPMs, numbers 1 and 5, to the pipeline system.

Meanwhile, after missing several planned start-up dates, production from the 12 billion barrel Shell-operated Majnoon oil field started up in early October, with output forecast to rise to 175 kb/d by the end of the year. Shell's service contract stipulates Majnoon production increase to 1.8 mb/d by 2017 but the company is in negotiations to lower the target to around 1-1.2 mb/d and extend the life of the contract. The Gharaf oilfield was also inaugurated in early October, with first oil at 35 kb/d. Output from Gharaf, which is operated by Petronas and Japan Petroleum Exploration Co, is expected to increase to 70 kb/d by the end of the year. Given current constraints on export infrastructure at the southern terminals, it is unclear how state oil marketing company SOMO will handle the additional supply from the two fields in the near-term.

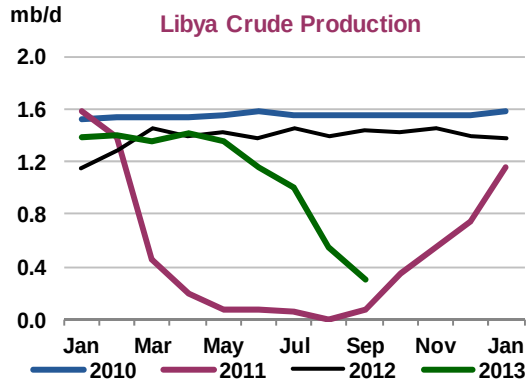
Northern exports of Kirkuk crude rose by around 70 kb/d to 250 kb/d in September, the highest level since May. Militant activity nonetheless has kept production of Kirkuk constrained to below its 300 kb/d capacity and reservoir problems threaten to curtail volumes further. Baghdad signed a letter of intent with BP for an 18-month reservoir management report of the field but progress has been stalled by the stalemate between Baghdad and the KRG over control of the northern region, including the Kirkuk oil field.

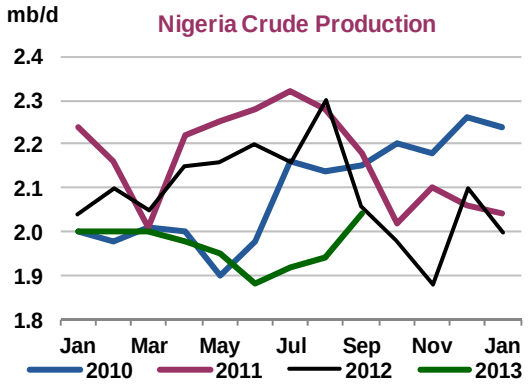
Crude oil production from the KRG region in September was estimated at 140 kb/d, with an estimated 40-50 kb/d being exported via trucks and 90-100 kb/d refined locally. A new 300 kb/d pipeline is expected to be completed by end-October, which could lead to higher exports from the KRG region in 4Q13. However, the central government in Baghdad has requested that the KRG connect the new pipeline to the Kirkuk-Ceyhan pipeline running through Turkey in order to meter exactly how much crude oil is flowing as part of its revenue-sharing participation. Discussions between Baghdad and the KRG are underway.

Libyan oil production averaged just 300 kb/d in September in the wake of militant activity, labour disputes and political turmoil, but output rebounded to 600-700 kb/d in early October according to officials. Underscoring the challenging security environment in the country Libyan Prime Minister Ali Zeidan was kidnapped in the early morning hours of 10 October but freed later in the day after armed locals surrounded the compound where he was being held and forced the kidnappers to let him go.

The increase in production follows the restart of the 130 kb/d Elephant field and the 200 kb/d El-Shahara field in the Western region of the country, in addition to around 90 kb/d from the offshore Al-Jurf and Bouri fields, which have remained online during the latest crisis. Latest export data show volumes running well below levels reported by officials for October, however. Traders report that the worsening security issues have made it extremely difficult to secure insurance for tankers calling at Libyan ports. Unsold crude may go to fill storage tanks at terminals.

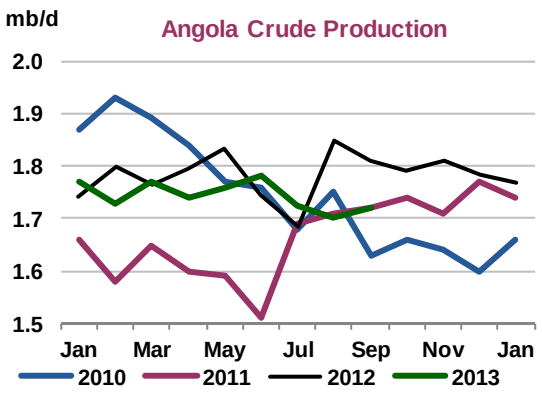
Five months on since the onset of the latest turmoil, Libyan officials and the various tribal factions controlling oil facilities have made little progress in resolving the disputes, not least the federalist agenda put forward in the eastern region of the country. Near-term, output is expected to remain stagnant below 700 kb/d given the significant security issues.

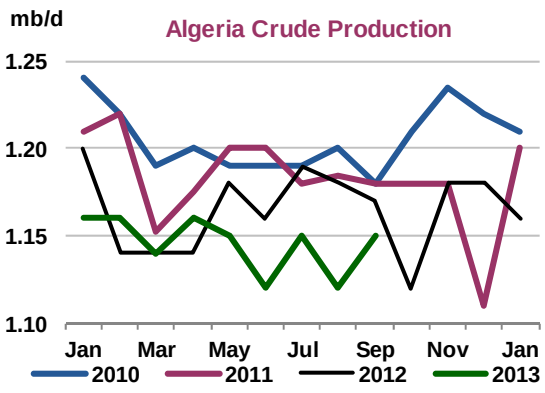




Nigeria output partially recovered in October, up 100 kb/d to 2.04 mb/d—the highest level so far in 2013. In early September ENI lifted *force majeure* on Brass River crude exports which had been in place since March. Shell lifted *force majeure* on Bonny Light crude sales following completion of repairs on the 150 kb/d Trans Niger Pipeline, but work on the Nembe Creek Trunkline is still ongoing. Shell announced plans to sell the troublesome Nembe Creek Trunkline amid worsening oil theft and security problems. Export schedules indicate production could falter again in November as scheduled field-maintenance work at the Shell-operated offshore Bonga field oil reduces output by around 190 kb/d.

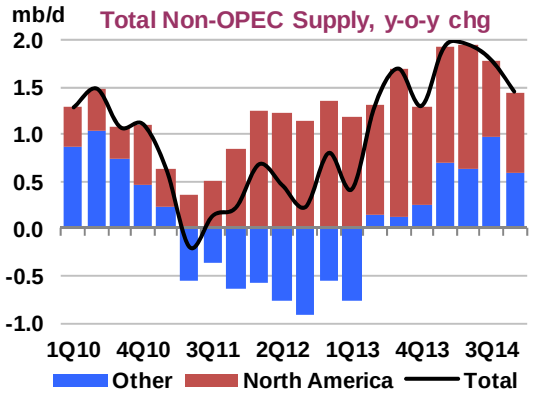
Angolan production rose 20 kb/d to 1.72 mb/d while **Algerian** output inched up 30 kb/d, to 1.15 mb/d as production from the El Merk field continued to ramp up. New output from the field started in 1Q13 and is expected to reach 125 kb/d by year-end before reaching peak capacity of 135 kb/d in early 2015.

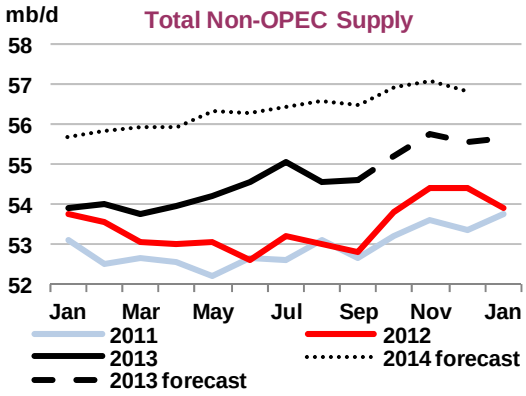




Non-OPEC Overview

Non-OPEC production inched up m-o-m in September by 20 kb/d to 54.61 mb/d after falling in August by 450 kb/d to 54.59 mb/d, when stronger-than-expected production from Norway failed to offset declines elsewhere. Despite the small gain, September production thus remained significantly below July levels. Excluding refinery gain and biofuels, however, non-OPEC supply managed a more healthy gain of 140 kb/d in September m-o-m, partly reversing a decline of nearly 500 kb/d in August.





The production patterns of August and September highlight the central role of North America in the broader non-OPEC supply picture: absent incremental North American supply of 210 kb/d, the non-OPEC fall in August would have been quite dramatic, while a turn to weaker North American growth in September has led to a flat month for all of non-OPEC. Nevertheless, non-OPEC continues solid gains on a quarterly basis: 3Q13 production of 54.72 mb/d is up 480 kb/d q-o-q and 1.69 mb/d y-o-y.

Even with South Sudan production continuing to increase m-o-m (albeit by less than what the government initially indicated), political developments are taking a toll on non-OPEC supply, particularly in Yemen and Syria. Combined 3Q13 liquids production for these three countries was about 340 kb/d; two years ago it was nearly 940 kb/d.

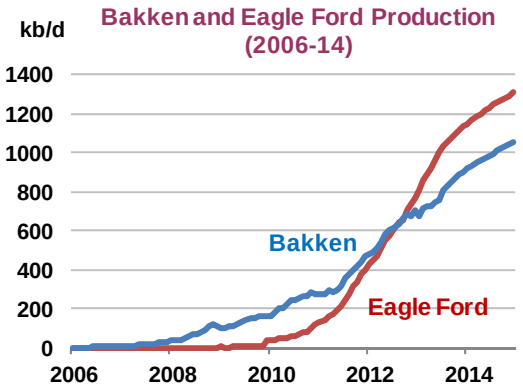
As the CEO of oil major Shell recently pointed out, global annual decline rates of 4%-6% per year means that the industry must "build another Saudi Arabia every 30 months" to stay even. The industry, at least in the short-term, continues to invest such that growth has been strong this year and is expected to remain so in 2014. We are into the fourth quarter of 2013, and non-OPEC looks set to manage a net y-o-y increase of 1.1 mb/d for 2013. For 2014, our growth forecast is revised upwards to 1.7 mb/d, an increase of about 350 kb/d since the *Medium-Term Oil Market Report* (please see "Looking at 2014 Non-OPEC Supply Growth" for a closer look at this).

OECD

North America

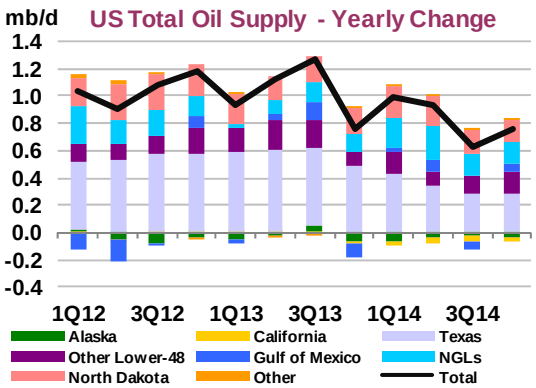
US – August crude oil preliminary; Alaska actual, other states estimated: Preliminary data indicate that crude oil production in the US continued to grow m-o-m, reaching 7.56 mb/d in August, up 1.24 mb/d y-o-y. Despite Alaska crude oil supply remaining below 500 kb/d since June, production of Bakken light tight oil (LTO) in North Dakota continues to impress, surpassing 800 kb/d for the first time in July, and likely ramping up further to above 830 kb/d in August. We project that Bakken LTO (North Dakota) will reach 900 kb/d by the end of 2013, and 1.0 mb/d during 3Q14. Bakken, and Eagle Ford LTO in Texas, the two largest sources of growth in the US of the last few years, are forecast to average about 2.2 mb/d for 2014 (see chart). That would mean that over a period of five years, production on these two formations will have increased by more than 2 mb/d. One of the reasons that we remain optimistic for further

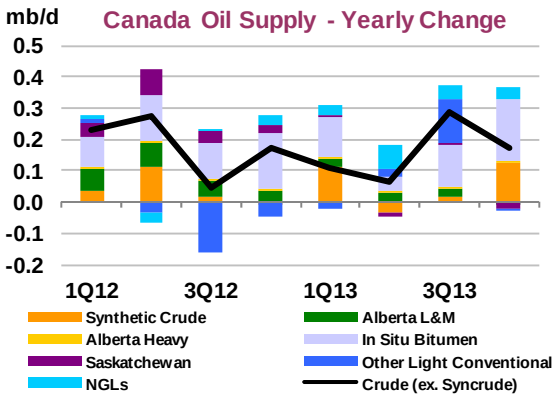
expansion is the increase in drilling efficiency, particularly across the Eagle Ford, where drilling times have been reduced by as much as 30% by some companies in the past year. Plains All American and Enterprise Product Partners have announced that they will be adding 120 kb/d of capacity to their Eagle Ford JV Pipeline to accommodate the expanding volumes on the formation. On the Bakken, rail has proved critical in taking out the liquids, but the lack of infrastructure for handling the associated gas has resulted in about 8.5 mcm/d of flared gas in recent months according to North Dakota state authorities. Regulatory changes to reduce flaring remain a possibility.



We expect a further increase in overall US production in September, particularly as there were no storm-related outages in the US Gulf of Mexico (GOM). Our estimate does take into account some loss of production in Colorado due to the flooding that affected the Denver-Julesburg Basin, however. Some of this loss will carry over into October, which had the first significant storm of the season in the GOM, when tropical storm Karen prompted outages of about 62% of production for a couple of days in early October. Production came back quickly afterwards as the infrastructure emerged unscathed from the storm. Hence, we expect October to show a m-o-m decline of about 120 kb/d. Nevertheless, 4Q13, forecast at 7.64 mb/d, will still be an increase on 3Q13 production levels of 7.56 mb/d.

US total liquids output (excluding biofuels and refinery processing gain), which exceeded 10 mb/d for the first time in decades in 2Q13, is estimated at 10.37 mb/d in 3Q13. The US is poised to become the largest non-OPEC liquids producer by 2Q14 even if biofuels and refinery gain are not taken into account (but including additives and oxygenates). NGL production is assessed at 2.53 mb/d for 3Q13, and is expected to grow further for the next three quarters. Despite the surfeit of ethane production discussed in last month's *Report*, some analysts now question whether there will be enough propane to utilise all of the planned augmentation in LPG export capacity (some 900 kb/d has been announced for the short and medium term).





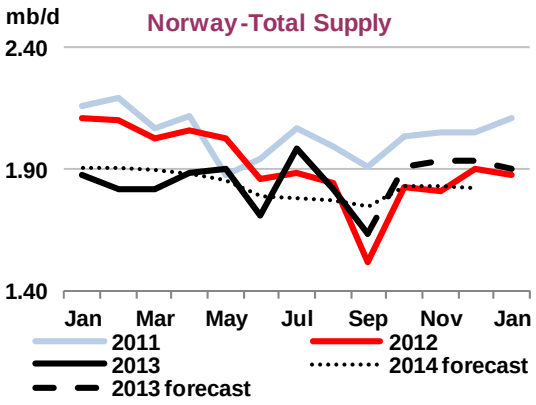
Canada – July actual: July extended June's strong m-o-m rise in total liquids (including synthetics) production, to 3.93 mb/d. Mined bitumen increased by less than expected, mostly because Imperial's Kearl project was not able to ramp up production in July. Substantial increases were achieved in August and September according to the company, however. Crude oil and condensate production, which includes bitumen but not synthetics, is estimated at 2.39 mb/d in 3Q13, a 290 kb/d y-o-y gain. After a 2Q13 that included heavy maintenance and a significant decline for synthetics from 1Q13's record production of 980 kb/d, we expect that 4Q13 will achieve a new quarterly record of 1.05 mb/d, building on 3Q13's 970 kb/d. Maintenance on Suncor's U2 upgrader was completed in early October, but

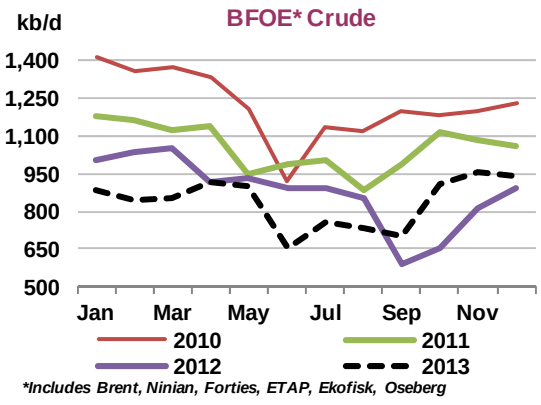
increasing need for maintenance on older projects and staffing shortages could negatively affect Canadian synthetics growth in the medium term. In the long run, in situ production of bitumen that is blended for transport, rather than mining/upgrading synthetic projects, will likely have a much greater share of production because much of the resource is only recoverable in situ, and unit costs are lower.
In September, the Kirby South thermal in situ project came online two months ahead of schedule, which will add 40 kb/d of production by the end of 2014. However, offshore Newfoundland, the Terra Nova platform will have its maintenance that started in September extended from four to 11 weeks, during which production, which was at 60 kb/d in July, will be completely shut in. Also offshore, Statoil made a find of 300 million-600 million barrels in deepwater at Bay du Nord in the Flemish Pass Basin, the company's largest-ever discovery outside of Norwegian waters, and one of the largest conventional oil finds ever in Canada.

Mexico – August actual, September preliminary: Pemex data show that crude oil production in August was 2.51 mb/d, a 35 kb/d increase on July, as the Zaap and Maloob fields returned to trend after July's lows. Despite two hurricanes in September that temporarily closed two oil ports and air and sea operations at Pemex rigs, oil production seems to have been unaffected. Preliminary figures from the company show that crude oil production remained basically unchanged from August, at 2.52 mb/d. Total liquids production for 3Q13 was 2.88 mb/d, down 45 kb/d y-o-y, as gradual quarterly declines continue.

North Sea

Norway – July actual, August provisional: Final data from NDP confirm as July to have been an outstanding month on the Norwegian shelf. Total liquids production of 1.98 mb/d was the highest of 2013, despite occurring during the summer maintenance season. Preliminary figures indicate that August, although lower in output than July, was still significantly higher than we had expected, at 1.82 mb/d (total liquids). This is the same level of production as February and March of this year, and therefore, a high level to achieve during the summer maintenance season. Maintenance at the Alvheim, Gaupe, Hyme, Njord, Troll, Vilje, and Volund fields brought crude oil production down to 1.48 mb/d in August, a m-o-m drop of 100 kb/d. Looking at September, the last month of the maintenance season, we forecast a decline, though given the better-than-expected output of the Norwegian sector this year, we have raised our forecast for estimated total liquids by 30 kb/d to 1.64 kb/d, despite the partial shut-down at the 240-kb/d Ekofisk J platform for repairs. Delays in October loadings at Ekofisk have been announced. Some of the expected decline for September is also in reduced NGL output, as the Troll gas fields had an outage in the first half of the month. Statoil also announced that Njord, which had been shut-in at the end of July, will not start up again until mid-2014 due to extended maintenance. Nevertheless, we expect that 4Q13 total liquids production will finish strongly for the year, at 1.93 mb/d, of which crude oil is estimated to be 1.58 mb/d. Looking further ahead, the newly-elected government announced at the end of September that the Lofoten Islands offshore area will not be opened to hydrocarbons exploration.





UK – June actual, July provisional: June production, as preliminary data had indicated, fell compared to May, with total liquids declining by about 100 kb/d, to 835 kb/d. July preliminary data shows similar maintenance levels as for June, with production up slightly to 855 kb/d. Our expectation is that August data will show that this was the peak maintenance month of the year, lowering offshore crude production to 590 kb/d, and total liquids to 650 kb/d for the month. If so, then this will be only the second time that UK offshore crude oil production will have dropped below 600 kb/d for a month in recent decades. The Forties pipeline was shut down at the beginning of August, lowering cargoes for the month. Forties loadings were again delayed in September, indicating possible production outages on the system, although overall we expect that production will increase in September by 60 kb/d. In September, the UK government announced a $31-billion tax relief programme on decommissioning costs that is designed to spur greater investment in the upstream sector.

The 115 kb/d q-o-q increase in UK 4Q13 offshore production combined with the 90 kb/d q-o-q rise in Norwegian production indicate a weakening of support for the Brent marker compared to August and September. BFOE crude supply, having declined to 700 kb/d in September, is expected to increase by about 200 kb/d in October, with scheduled BFOE loadings recently revised upward to 871 kb/d for that month.

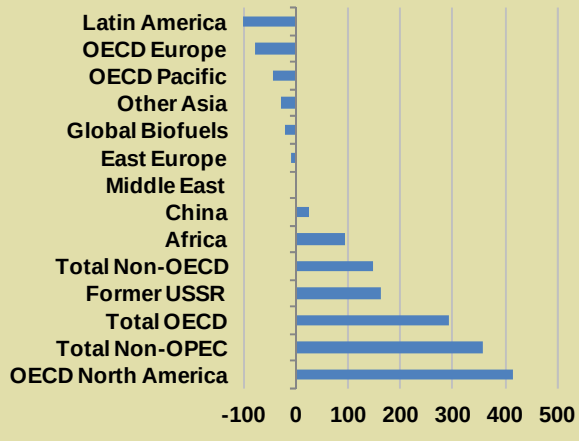
Looking at 2014 Non-OPEC Supply Growth

Since the publication of the *Medium-Term Oil Market Report* last May, the amount of total non-OPEC production growth forecast for 2014 has increased by 360 kb/d, to 1.72 mb/d. Non-OPEC growth of such magnitude looks high by historical standards, particularly in absolute terms, where it is the highest y-o-y growth in decades. Yet, outside of the well-known revolution in non-conventional oil in North America that continues to surpass expectations, such a large annual gain was mostly expected, and other recent changes to the forecast are in response to new developments.

As one can see from the chart below, 'Changes in forecast non-OPEC annual growth for 2014 since the MTOMR', the increase comes from three sources: North America, the FSU and Africa.

Changes in the forecast for North America span both the US and Canada. Forecast total liquids growth for the US has been increased by 245 kb/d, taking the annual growth rate up from 5.9% to 8.1%, and total growth to 830 kb/d (but still lower than 2013's increase of 1.02 mb/d). In light of the continued strength of light tight oil production, particularly at Eagle Ford and the Bakken, our latest forecast increases projected crude-oil growth by 165 kb/d. The boom in liquids coming from increases in wet gas production in places such as the Marcellus and Utica will continue into 2014, we believe, and the total NGL production forecast for 2014 has been increased by 75 kb/d. Investments in transport seen in the US, both in pipeline and rail, will help unlock this source of incremental supply.

Changes in forecast non-OPEC annual growth for 2014 since the MTOMR, in kb/d



Forecast total liquids growth for Canada has been adjusted upwards by 180 kb/d, to 255 kb/d, taking the annual growth rate from 2.0% to 6.4%. We now believe that the number of bitumen projects either already ramping up or to come online before the end of 2014 will add about 180 kb/d of net growth, up from our assessment of 75 kb/d of annual growth in May, when some projects' start-up dates or their ability to ramp up were less clear. Much the same thing can be said for synthetics projects, where we now see growth of 70 kb/d for 2014, up from 10 kb/d projected earlier. As in the US, commensurate investments are being made in transport.

Looking at 2014 Non-OPEC Supply Growth (continued)

Kazakhstan accounts for the bulk of the reassessment of FSU production growth. An important change since the MTOMR is that the Kashagan field has come online (please see 'Kashagan start-up poses questions.') We had previously taken a conservative approach to substantial production coming from the field in 2014, but we now have added about 140 kb/d to production from Kashagan for that year. Changes to the Russian forecast are relatively minor in comparison: Instead of a slight decline of 10 kb/d forecast earlier for Russia, we now have a small gain of 35 kb/d for 2014. This, in part, is based on an assessment of the level of investments done by Russian companies on their fields. However, the growth rate has only marginally risen to 0.3% from -0.1%, leaving our basic forecast of steady production for Russia in 2014 vs. 2013 essentially unchanged.

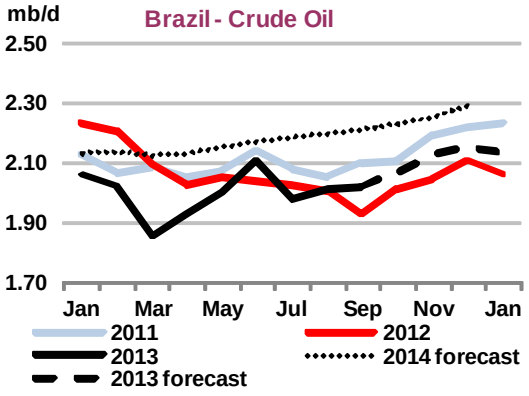
For Africa, a 95 kb/d increase in the growth forecast is in large part explained by recent improvements in the political outlook for South Sudan, and evidence that production has been able to ramp up in that country. There are also small increases in growth from places such as Ghana and Gabon.

That being said, our forecast does see some places declining more than previously, or having growth that is not as strong as previously forecast. Given project delays, we have lowered the growth in crude oil production for Brazil by 10 kb/d. We no longer expect that the UK will be able to sustain a production increase next year of 50 kb/d, but rather project yet another annual decline – down 15 kb/d in the forecast. Meanwhile, a lower-than-expected 2013 production level for China due to flooding increases the 2014 growth rate without an increase in expected production for that year.

Non-OECD

Latin America

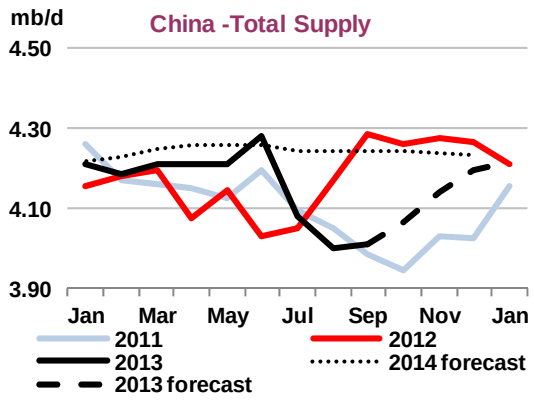
Brazil – August preliminary: August crude oil production bounced back by 35 kb/d from July's 125 kb/d drop, to 2.02 mb/d, on the completion of maintenance on the Marlim Sul field. Total liquids for August (not including ethanol) achieved 2.11 mb/d. The remainder of 2013 is expected to show m-o-m increases, despite some possible maintenance in the Campos Basin in October. Several projects are coming online in 4Q13. Production from the second phase of the Parque das Conchas commenced in early October, adding 10 kb/d within two months, and 35 kb/d by the end of 2014. The 140-kb/d Papa Terra FPSO will start up before the end of October, achieving 10 kb/d in 4Q13 and 40 kb/d by mid-2014. Most importantly, the P-55 platform on the giant Roncador field will come online in December, as work on the platform was completed in mid-September and testing has begun. Together with the P-62 platform scheduled to come online before the end of 2H14, Roncador's production is expected to be some 150 kb/d higher by the end of 2014 than August's production of 260 kb/d.

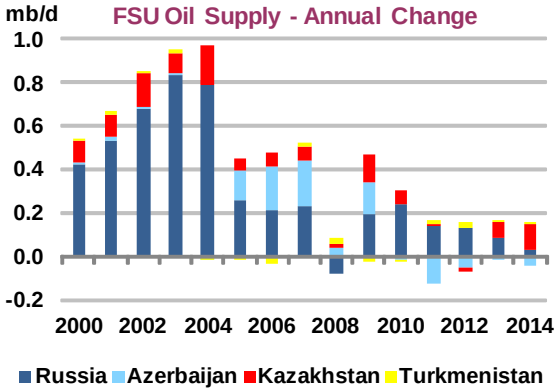


In other developments, in September, Chevron reached a settlement with the government for the March 2012 oil spill at the Frade field. Production was shut down until May 2013, but the company has been unable to return to pre-shutdown levels (which peaked at 80 kb/d in July 2011). Production declined in August for the second consecutive month, to 12 kb/d. The financially-troubled OGX, whose Tubarão Azul field halted production in August, may lose its licenses on additional fields if it refuses to develop them, despite the company declaring the fields uneconomic with current technology. Petrobras, which is still the dominant producer in Brazil by far, has a $237-billion capital expenditure program for the next five years, including $147 billion for upstream oil and gas E&P. We estimate that Brazilian crude oil production will increase by about 160 kb/d in 2014 y-o-y, much of it on the base of this investment, though it has come at the price of Petrobras acquiring a very-high debt of $64 000 per boe/d, prompting a downgrading of the company's debt by one of the rating agencies.

Asia

China – August preliminary: August data shows Chinese production fell by 80 kb/d to 4.0 mb/d, a second-consecutive monthly decline. Following floods at Daqing in August, as well as from the lingering effects of July's floods in other areas, Chinese production reached its lowest level since October 2011. Chinese production is expected to grow by about 95 kb/d in 2014. Sources of that growth include the increasing use of horizontal wells on the Tarim field and investment in offshore fields in the Bohai Bay. In addition, the flood impact of 2013 has led to a forecast decline in production vs. 2012, of -25 kb/d.





Former Soviet Union (FSU)

Russia – August actual, September provisional: Russian output was essentially unchanged overall for September compared to August, at 10.12 mb/d of crude and 10.89 mb/d of total liquids. For 4Q13, the respective figures are estimated at 10.03 mb/d and 10.82 mb/d.

Against the relentless declines of mature fields, Russian producers have managed to bring on just enough new projects and investments in ongoing projects to counter these declines. Hence, 2013 crude oil production is expected to be 50 kb/d higher y-o-y than 2012, and 2014 to be 15 kb/d lower than 2013 y-o-y (which are basically flat in percentage terms). A few highlights of such efforts in 2013/2014 include:

- Lukoil invested about $3.9 billion in 1H13 on domestic E&P, much of which was spent on development drilling in Siberia and the Komi Republic.
- Bashneft has made investments to increase the usage of horizontal drilling and modern technology, as well as brought on the Trebs/Titov fields.
- After 30 exploration wells drilled by Gazprom in the Arctic Sea in the past 15 years, two sizable projects are going forward, Prirazlomnoye and Kirinskii. The Prirazlomnoye platform is expected to begin drilling for production in October, with initial output before the end of the year. Kirinskii will bring on condensate production in 2014.
- Gazprom Neft has increased production on the giant Priobsk field to a record 275 kb/d in August, as in the first seven months of the year, 194 new wells were drilled and 86 hydrofracturing operations were carried out. The company is also investing in multi-stage hydrofracturing on low permeability reservoirs on the Sutorminsk, Umseisk, Severo-yangtinsk, and Yety-Purovsk fields that are expected to yield new production in 2014.
- Rosneft will commence associated gas reinjection on the 1.4-billion barrel Verkhnechonsk field by the end of 2014.

Note that Rosneft monthly production numbers in IEA data series from September 2013 onward include all former TNK-BP assets acquired by Rosneft. Hence, Rosneft's production appears to increase from 2.51 mb/d in August to 3.77 mb/d in September, but, in fact, taking into account all of those assets over the reference period, production declined slightly from 3.79 mb/d in August.

Kazakhstan – August preliminary: As forecast, Kazakhstan's total liquids production declined in August by 120 kb/d, to 1.59 kb/d, as maintenance on Tengiz reduced production to 450 kb/d, a 115 kb/d m-o-m decline. The headline news of September is that the long-delayed, giant Kashagan field finally started up (please see "*Kashagan Start-up Poses Questions*"). We estimate the field's contribution to 4Q13 output at a relatively modest 55 kb/d, taking 4Q13 Kazakhstan total liquids production up to 1.76 mb/d (of which 1.4 mb/d crude). In September, state oil company KMG announced that a $23-billion plan to expand output at Tengiz to 825 kb/d by 2H18 had been approved by the government. Kazakhstan's President Nazerbayev declared that same month that the country should take a conservative approach to its crude oil production in future years, and not attempt to produce more than 2 mb/d.

FSU Net Exports of Crude & Petroleum Products

(million barrels per day)

	2011	2012	3Q2012	4Q2012	1Q2013	2Q2013	Jun 13	Jul 13	Aug 13	Latest month vs. Jul 13	Latest month vs. Aug 12
Crude											
Black Sea	1.93	1.81	1.74	1.78	1.80	1.80	1.78	1.80	1.71	-0.10	-0.08
Baltic	1.50	1.67	1.78	1.69	1.60	1.68	1.40	1.35	1.32	-0.03	-0.43
Arctic/FarEast	0.67	0.65	0.64	0.72	0.78	0.80	0.77	0.81	0.79	-0.02	0.17
BTC	0.70	0.66	0.64	0.59	0.58	0.71	0.73	0.70	0.69	-0.01	0.06
Crude Seaborne	**4.80**	**4.79**	**4.80**	**4.78**	**4.76**	**5.00**	**4.68**	**4.65**	**4.50**	**-0.15**	**-0.27**
Druzhba Pipeline	1.17	1.08	0.98	0.98	0.99	1.02	1.04	1.08	1.04	-0.04	0.03
Other Routes	0.53	0.52	0.53	0.54	0.55	0.54	0.52	0.55	0.54	-0.01	0.02
Total Crude Exports	**6.50**	**6.39**	**6.31**	**6.30**	**6.31**	**6.55**	**6.25**	**6.29**	**6.09**	**-0.20**	**-0.22**
Of Which: Transneft[1]	4.18	4.22	4.24	4.10	4.09	4.15	3.90	3.91	3.78	-0.14	-0.54
Products											
Fuel oil[2]	1.58	1.72	1.83	1.61	1.61	1.69	1.63	1.61	1.43	-0.18	-0.52
Gasoil	0.77	0.79	0.76	0.79	0.97	0.84	0.84	0.81	0.76	-0.05	-0.05
Other Products	0.43	0.44	0.45	0.47	0.48	0.48	0.49	0.56	0.54	-0.02	0.03
Total Product	**2.77**	**2.95**	**3.04**	**2.87**	**3.06**	**3.01**	**2.96**	**2.99**	**2.73**	**-0.26**	**-0.53**
Total Exports	**9.27**	**9.34**	**9.35**	**9.17**	**9.36**	**9.57**	**9.22**	**9.28**	**8.82**	**-0.46**	**-0.75**
Imports	0.09	0.09	0.08	0.09	0.07	0.06	0.07	0.08	0.08	-0.01	-0.02
Net Exports	**9.18**	**9.25**	**9.27**	**9.08**	**9.29**	**9.50**	**9.14**	**9.20**	**8.74**	**-0.45**	**-0.74**

Sources: Argus Media Ltd, IEA estimates

[1]Transneft data exclude Russian CPC volumes.

[2]Includes Vacuum Gas Oil

FSU net exports plunged by 450 kb/d to 8.74 mb/d in August, their lowest level since November 2008. The drop was split between crude (-200 kb/d) and products (-260 kb/d) after high refinery throughputs and healthy domestic demand curtailed shipments. Crude exported via Black Sea ports experienced the largest monthly drop, falling by 100 kb/d after volumes of Russian and Kazakh crude shipped outside the Transneft network fell away. In the Baltic, shipments inched down by 30 kb/d to 1.3 mb/d, as exports from Primorsk fell to 870 kb/d, their lowest since summer 2004. The scarcity of Urals pushed prices for the grade in both Northwest Europe and the Mediterranean to rare premiums over North Sea dated in July and early-August. Urals dropped in relation to Brent over late-August and September as supply rebounded, notably in the Baltic. Preliminary loading schedules indicate Urals exports should further edge higher in October, as Russian refineries curb runs due to maintenance. In the east, flows through the ESPO pipeline dropped by 60 kb/d with Kozmino volumes declining by 50 kb/d and Rosneft shipments through the Chinese spur sliding by 10 kb/d. Meanwhile, Sakhalin exports rose by 30 kb/d as a rise in Sokol grade out of De Kastri offset a fall in Vityaz from Sakhalin Energy. It is anticipated that combined Sakhalin volumes will fall further in September due to scheduled maintenance.

Total product exports now stand at 2.7 mb/d, 530 kb/d below a year ago, due to apparently robust domestic demand. The drop spanned all product categories, notably fuel oil and gasoil which decreased by 180 kb/d and 50 kb/d, respectively. Furthermore, despite the recent start up of Rosneft's upgraded

Tuapse refinery expected to produce increased light products at the expense of fuel oil, 'other products' (here including naphtha and gasoline) fell by 20 kb/d as, for the moment at least, the refinery appears geared towards the Russian market.

Kashagan Start-up Poses Questions

On 11 September, the North Caspian Operating Consortium (NCOC), announced that production had started on the super giant Kashagan field offshore Kazakhstan. NCOC is the group of companies with stakes in the field, including several super majors. With some 35 billion barrels in place, and estimated recoverable reserves of 9 billion barrels, Kashagan ranks as the world's fourth-largest known offshore oil field. The project has been notorious for its difficulties, from associated poisonous hydrogen sulphide gas to winter sea ice, as well as for underestimates of costs and development times. Total cost estimates for development of the field have risen to $136 billion from an initial $57 billion, and for the first phase alone, the development budget was increased in 2012 by $8 billion to $46 billion. The first phase, the only phase whose production outlook appears clear at this time, is expected to eventually ramp up to 370 kb/d, with 180 kb/d achieved in 2014. Further increases in phase-one production to 450 kb/d may be possible with gas injection. As mentioned in last month's *Report*, NCOC was under pressure to produce by 1 October, or the consortium risked losing government compensation of certain development costs under the terms of the PSA.

NCOC claims that output in September reached a daily high of 48 kb before a (non-poisonous) gas leak on 25 September shut down production. Production restarted on 7 October, and the Kazakhstan Oil Ministry has stated that approximate commercial levels of 75 kb/d will still be achieved for the month. Given that the field has already experienced an outage, as well as the possible need for maintenance in order to sustain higher production levels in 2014, we estimate that commercial production levels will not be achieved until sometime in November, and production levels of 180 kb/d may not be achieved until 3Q14.

Kashagan Crude Export Options



This map is without prejudice the status and sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

The field's start-up has prompted much debate as to how its crude will reach markets. In the short-term, and independent of the recent problems at the field, the CPC pipeline is likely to be used as the main export conduit. However, preliminary loading schedules for both September and October do not indicate an uptick in CPC volumes with flows expected to remain below May's 2013 peak of 740 kb/d.

In the longer term, an expanded CPC pipeline is unlikely to be sufficient to handle all future volumes. A number of other options have been mooted, including moving the oil north through the Transneft network, railing shipments to Black Sea ports and using Kazakhstan's pipeline network to send volumes to China. It may not be a coincidence that this month the Kazakhstani government announced that the expansion of the Atashu-Alashankou pipeline to China was likely to be completed by end-2013, well ahead of schedule. With CNPC due to finalise their acquisition of an 8.33% stake in Kashagan, this route may be used to export their share of production. A further tranche of the expanded capacity is also likely to be used to export Kazakh crude to China under a swap agreement with Rosneft, whereby the latter will supply Kazakhstan's Pavlodar refinery with 140 kb/d of Urals in return for, initially at least, Kazakh Kumkol crude flowing to China.

OECD STOCKS

Summary

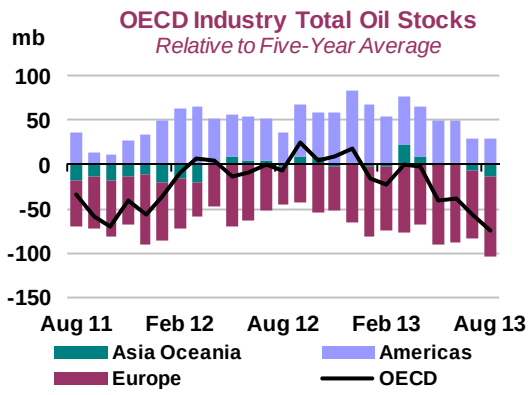
- **OECD industry stocks drew counter-seasonally by 7.8 mb in August, to 2 660 mb**. Total oil stocks covered 58.6 days of OECD forward demand at end-month, 0.1 day above the five-year average and 0.5 day lower than twelve months ago.

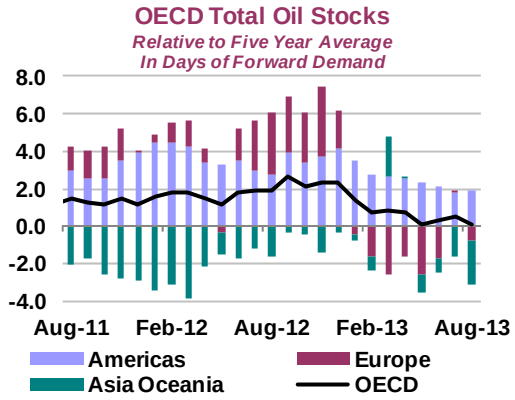
- **A steep 23.9 mb draw in crude oil inventories led the August stock decline**. Refined products built by a muted 16.6 mb to cover 31.1 days of forward OECD demand at end-August, 0.4 day above end-July.

- **The OECD industry stock build for July was revised downwards to 4.6 mb**, less than one fourth the 21.9 mb average build for the month.

- **Preliminary data point to a 1.7 mb counter-seasonal build in OECD total oil inventories in September** following a build in OECD Americas more than offsetting draws in Asia Oceania and Europe.

- **Reported changes in Chinese oil inventories point to a record 20.6 mb crude stock build in August** after a tranche of newly built commercial storage capacity was filled.





OECD Inventory Position at End-August and Revisions to Preliminary Data

OECD industry inventory drew counter-seasonally by 7.8 mb in August, to 2 660 mb. Since this draw was in contrast to the 11.5 mb five-year average build for that month, the deficit of OECD stocks to five-year average levels increased to 74.9 mb, its widest since May 2004. Measured in days of forward OECD demand, however, OECD stocks tell another story and look somewhat looser than they otherwise appear, covering 58.6 days at end-August, 0.1 day above the five-year average, but 0.5 day lower than 12 months ago.

The August stock draw was driven by a steep 23.9 mb slide in crude oil, more than twice the 10.9 mb five-year average draw for that month. Japan alone accounts for much of the drop with a 11.6 mb crude draw, largely after stocks were run down at the 140 kb/d Sakaide refinery in preparation for its closure. Despite high global refinery runs, refined products built by only 16.6 mb, weaker than the 21.1 mb five-year average rise. Mirroring August 2012, 'other products' pushed stocks upwards, building by a sharp 13.0 mb, with middle distillates posting a further 11.2 mb increase. However, product builds were tempered by a broadly seasonal 6.2 mb decrease in motor gasoline, after refiners in North America wound down stocks in preparation for the switch to winter-grade fuel. Regardless, OECD refined products covered 31.1 days of forward demand at end-August, 0.4 day above end-July and 0.2 day above twelve months ago.

Revisions versus 12 September 2013 Oil Market Report

(million barrels)

	Americas		*Europe*		*Asia Oceania*		*OECD*	
	Jun-13	Jul-13	Jun-13	Jul-13	Jun-13	Jul-13	Jun-13	Jul-13
Crude Oil	**9.4**	**13.9**	**0.9**	**1.9**	**0.0**	**-6.8**	**10.3**	**8.9**
Gasoline	0.0	-3.3	0.0	2.3	0.0	0.3	0.0	-0.7
Middle Distillates	0.0	-0.1	1.8	3.5	0.0	-0.5	1.8	2.9
Residual Fuel Oil	0.0	0.5	0.1	2.4	0.0	0.1	0.1	3.1
Other Products	0.0	-3.1	-0.8	-8.3	0.0	0.3	-0.8	-11.2
Total Products	**0.0**	**-5.9**	**1.2**	**-0.1**	**0.0**	**0.1**	**1.2**	**-5.9**
Other Oils[1]	1.1	4.1	0.0	1.9	0.0	0.1	1.1	6.1
Total Oil	**10.4**	**12.1**	**2.1**	**3.6**	**0.0**	**-6.6**	**12.5**	**9.1**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

Upon the receipt of more complete data, the estimate of end-July OECD commercial oil stocks was revised upwards by 9.1 mb. However, since June data were also adjusted upwards, by 12.5 mb, the 8.0 mb stock build for July reported last month was cut to 4.6 mb, far weaker than the 21.9 mb average build for the month. Revisions were concentrated in OECD Americas as crude holdings there were raised by 9.4 mb and 13.9 mb for June and July, respectively. Additionally, the estimate of Italian inventories of ´other products' has been revised lower from January 2011 onwards.

Preliminary Industry Stock Change in August 2013 and Second Quarter 2013

	August 2013 (preliminary) *(million barrels)*				August 2013 (preliminary) *(million barrels per day)*				Second Quarter 2013 *(million barrels per day)*			
	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total
Crude Oil	**-3.0**	**-8.1**	**-12.9**	**-23.9**	**-0.10**	**-0.26**	**-0.41**	**-0.77**	**-0.17**	**-0.03**	**0.01**	**-0.19**
Gasoline	-6.5	0.7	-0.5	-6.2	-0.21	0.02	-0.02	-0.20	0.00	-0.08	0.00	-0.09
Middle Distillates	5.4	1.5	4.3	11.2	0.17	0.05	0.14	0.36	0.03	-0.08	-0.03	-0.08
Residual Fuel Oil	-2.6	0.0	1.2	-1.4	-0.09	0.00	0.04	-0.05	0.00	-0.03	-0.01	-0.03
Other Products	9.4	0.5	3.1	13.0	0.30	0.01	0.10	0.42	0.34	-0.02	-0.02	0.29
Total Products	**5.7**	**2.7**	**8.2**	**16.6**	**0.18**	**0.09**	**0.26**	**0.53**	**0.37**	**-0.21**	**-0.06**	**0.09**
Other Oils[1]	-1.5	0.7	0.4	-0.4	-0.05	0.02	0.01	-0.01	0.12	-0.02	0.02	0.11
Total Oil	**1.2**	**-4.7**	**-4.3**	**-7.8**	**0.04**	**-0.15**	**-0.14**	**-0.25**	**0.32**	**-0.27**	**-0.04**	**0.01**

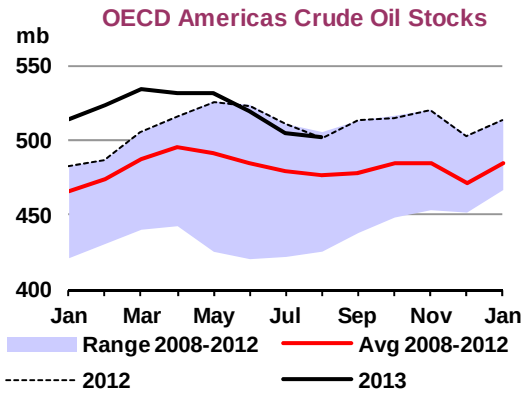
1 Other oils includes NGLs, feedstocks and other hydrocarbons.

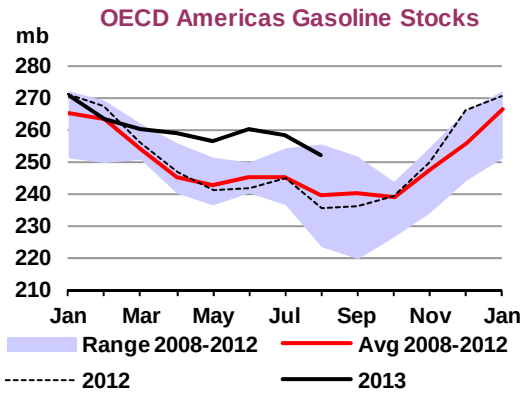
Preliminary data point to a slight 1.7 mb counter-seasonal build in OECD total oil inventories in September following a 5.5 mb build in OECD Americas more than offsetting draws in Asia Oceania (-3.4 mb) and Europe (-0.5 mb). Crude stocks built by a strong 8.8 mb, in contrast to the 6.0 mb five-year average draw for the month after builds in the Americas (7.4 mb) and Europe (3.7 mb) offset a further 2.2 mb decrease in OECD Asia Oceania. Refined products were led 5.4 mb lower following draws in middle distillates (-6.1 mb) and fuel oil (4.0 mb). If preliminary data were to be confirmed by final data, this would suggest that OECD inventories drew by a slight 1.5 mb in 3Q13, equating to a slender 16 kb/d stock draw spread over the quarter.

Recent OECD Industry Stock Changes

OECD Americas

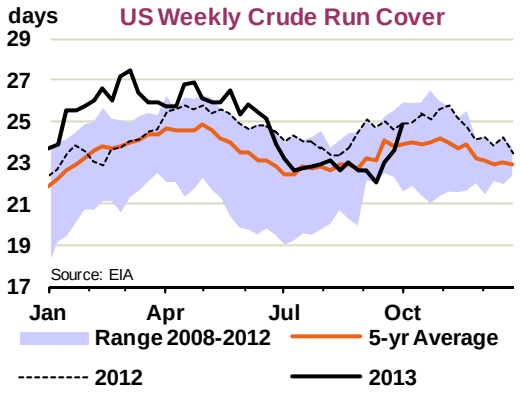
Commercial total oil inventories in OECD Americas edged up by 1.2 mb in August as a 5.7 mb build in refined products offset draws in crude oil and NGLs and other feedstocks. Despite continued high US refinery runs, crude stocks only drew by a seasonal 3.0 mb as domestic production also remained high. 'Other products' stocks surged by 9.4 mb amid lofty US propane production while those of middle distillates increased by a seasonal 5.4 mb. Meanwhile, motor gasoline inventories dropped by a seasonal 6.5 mb as refiners destocked in preparation for the switch to winter grade. Despite this, gasoline inventories remain high: 12.4 mb and 16.4 mb above the five-year average and last year, respectively. All told, regional refined products holdings covered 30.2 days of forward demand, 0.5 day above end-July.

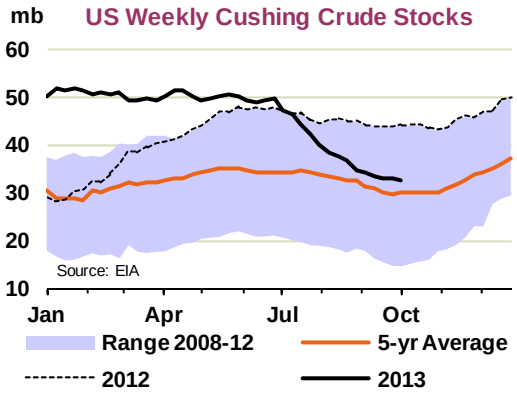




Preliminary weekly data from the US Energy Information Administration (EIA) indicate that US total industry stocks rose by 5.5 mb in September, in line with seasonal trends. Stocks were boosted by a 7.4 mb build in crude oil on the back of robust domestic production and imports from Canada, offsetting exceptionally high refinery runs of near 16 mb/d. Despite runs were close to 900 kb/d above a year ago, crude stocks remained in line with five-year average levels when measured in days of refinery runs, covering 25 days.

The regional distribution of crude has dramatically shifted in recent months. Following the start-up of several new pipeline projects and the restart of the Whiting refinery, inventories have shifted from the midcontinent to the Gulf Coast region. PADD 2 stocks fell by approximately 20 mb in 3Q13 while stocks in Cushing, Oklahoma plunged to 32.6 mb at end-September, their lowest level since February 2012. Meanwhile, despite exceptionally strong runs, PADD 3 inventories have remained steady at close to 190 mb, thanks to higher crude transfers from PADD 2.

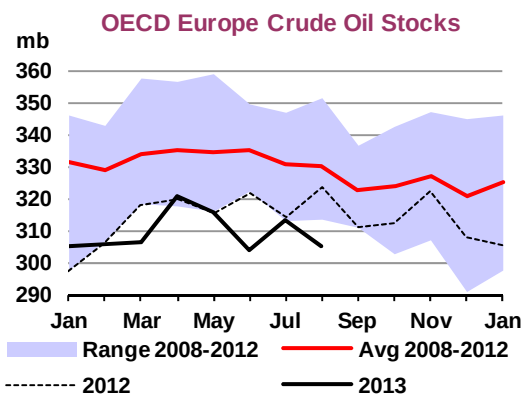


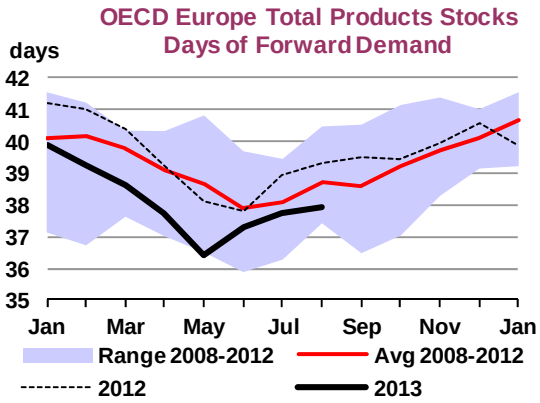


US refined product stocks built by a slight 0.1 mb in September. However, given exceptionally high runs, it appears that, as in previous months, product builds were tempered by booming product exports that, according to EIA estimates, reached a record 3.3 mb/d in September. Nevertheless, motor gasoline built by 3.8 mb as refiners likely built stocks of winter-grade product while holdings of middle distillates and fuel oil fell by 1.4 mb and 1.9 mb, respectively.

OECD Europe

OECD European industry inventories edged down counter-seasonally by 4.7 mb in August. Crude oil holdings plunged by 8.1 mb, in sharp contrast to the 0.6 mb five-year average draw for the month, following the collapse of Libyan exports. On an absolute basis, total oil stocks now stand at a record 90.5 mb deficit to the five-year average. However, due to declining regional consumption, total oil inventories now cover 64.9 days of demand, only 0.7 day below the five-year average.

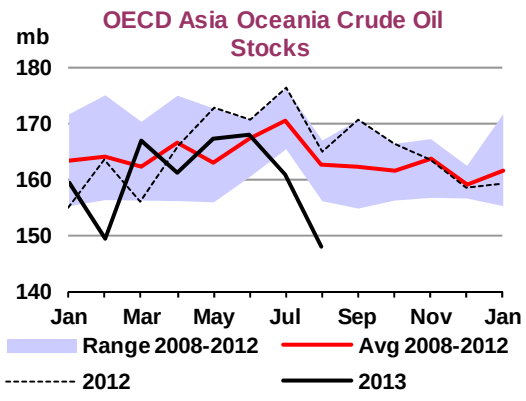


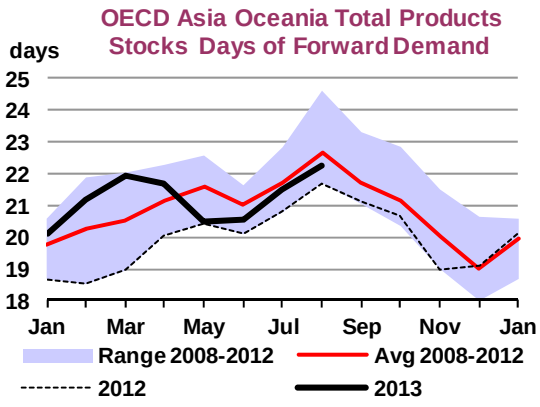


Seasonally-low refinery runs following poor margins weighed heavy on European refined product inventories as they rose by a muted 2.7 mb, far weaker than the 10.7 average build for August. Middle distillates led the build with a gain of 1.5 mb, but this was far weaker than the 9.1 mb five-year average build for the month for that product. Motor gasoline, fuel oil and 'other products' edged up seasonally by less than 1 mb each. Refined products covered 37.9 days of forward demand at end-August, 0.2 day above end-July. Reports indicate that German homeowners continued to refill their heating-oil tanks ahead of winter, lifting levels to 60.5 % of capacity in early September, up 3.5 percentage points from a month earlier and 3 percentage points above September 2012.

Preliminary data from Euroilstock for EU-15 countries plus Norway indicate that stocks edged down by a slender 0.5 mb in September, far weaker than the 22 mb average draw for the month. Refined product stocks fell by 4.1 mb after middle distillates and fuel oil inched down by 4.1 mb and 1.9 mb, respectively, while motor gasoline built by a counter-seasonal 1.9 mb. Crude oil holdings built by 3.7 mb, in contrast to the 7.6 mb average draw for the month. Meanwhile, information pertaining to inventories of refined products held in independent storage in Northwest Europe indicate that total stocks rose driven by builds in fuel oil, gasoline and naphtha.

OECD Asia Oceania





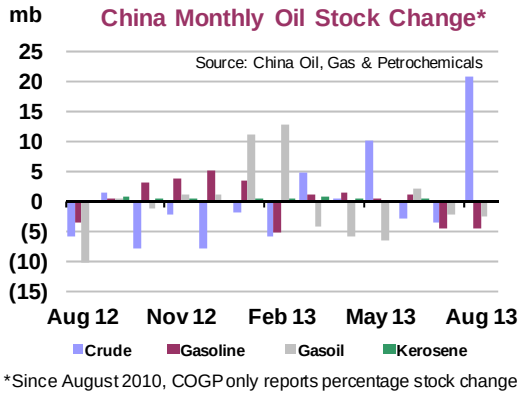
Commercial inventories in OECD Asia Oceania drew counter-seasonally by 4.3 mb in August largely after crude stocks at Japan's Sakaide refinery were run down in preparation for its shuttering. Confirming preliminary data presented in last month's *Report*, Japanese crude stocks plunged by 11.6 mb with regional holdings declining by 12.9 mb, faster than the 7.7 mb five-year average draw for August. Since the draw was counter-seasonal, the region's deficit versus five-year average levels increased to 14.4 mb, its widest since February 2012. Refined products built by 8.2 mb with all categories except motor gasoline (-0.5 mb) posting seasonal builds. Middle distillates and fuel oil built by 4.3 mb and 1.2 mb,

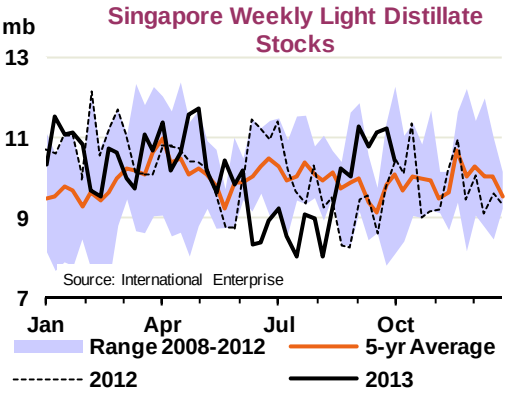
respectively. All told, at end-August refined products covered 22.2 days of forward demand, 0.7 day and 0.5 day above end-July and 12 months ago, respectively.

Preliminary weekly data from the Petroleum Association of Japan point to a counter-seasonal 3.4 mb decrease in Japanese industry inventories. Crude oil holdings edged down seasonally by a further 2.2 mb, although NGLs and refinery feedstocks posted a combined 0.2 mb rise. Refined products slipped by an unseasonal 1.3 mb after draws in motor gasoline, middle distillates and fuel oil more than offset a 0.6 mb rise in 'other products'.

Recent Developments in Singapore and China Stocks

According to *China Oil, Gas and* Petrochemicals (*China OGP*), Chinese commercial crude oil inventories surged by 9.7 % in August. Expressed in volume terms, that would correspond to a 20.6 mb build, a record since IEA started tracking Chinese reported stock data in 2008. Since *OGP* data do not include stock changes in China's Strategic Petroleum Reserve, the build points to the filling of a tranche of recently completed commercial storage capacity. Indeed, recent reports indicate that approximately 75 mb of commercial storage capacity is likely to be commissioned by end-2013. Refined product holdings dropped by an equivalent 7.5 mb after draws in gasoline (4.7 mb, 7.9 %), gasoil (2.6 mb, 3.9 %) and kerosene (0.2 mb, 1.4 %).

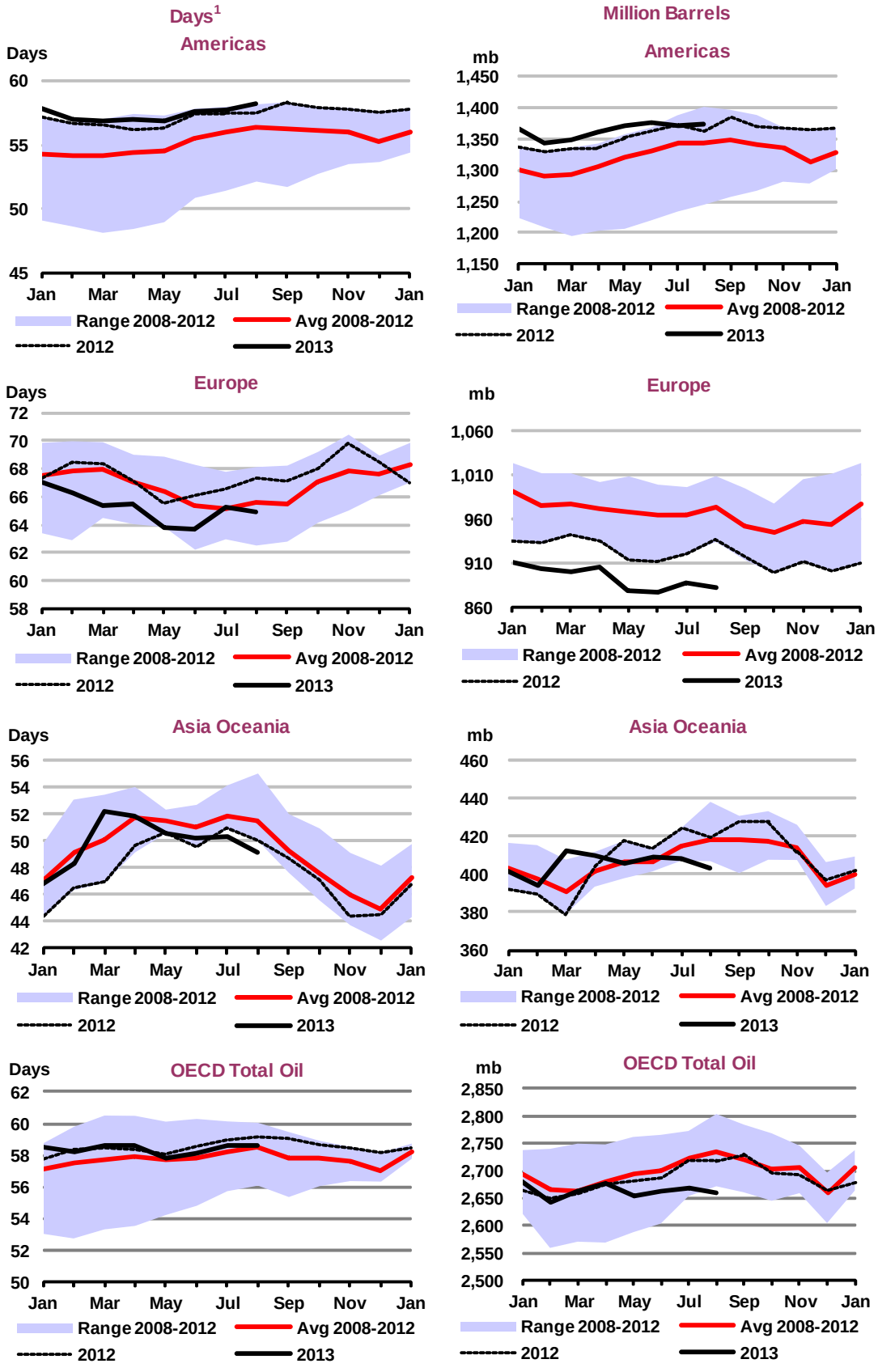




Weekly data from *International Enterprise* pertaining to the land-based storage of refined products in Singapore indicate that inventories there broadly held steady in September (-0.3 mb m-o-m) after August's record build. All told, total product levels now stand at approximately 43 mb, 2 mb and 5 mb above the five-year average and last year, respectively. Despite climbing over the first part of the month, light-distillate stocks drew steeply in the final week of September as imports from Southeast Asia dried up, so that levels finished slightly below end-August. Middle distillates were the only product category to post a build (0.6 mb), due largely to a build of over 1 mb in early-September as arrivals from Korea surged while Indonesian demand waned.

Regional OECD End-of-Month Industry Stocks

(in days of forward demand and million barrels of total oil)



1 Days of forward demand are based on average demand over the next three months

PRICES

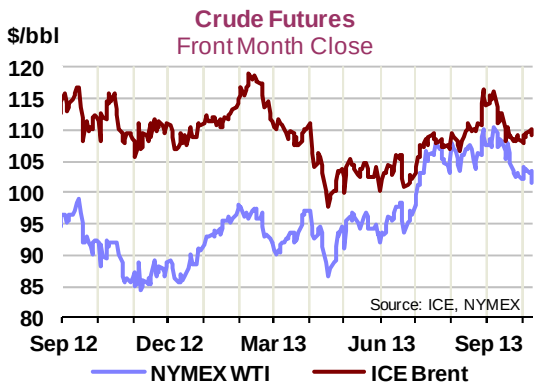
Summary

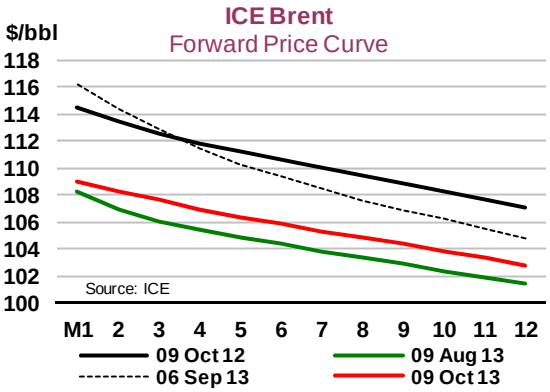
- **Brent and WTI oil futures gradually eased between 6%-7% over September and into early October.** Futures prices for Brent flirted near six-month highs and WTI hovered at a near 30-month peak in the first week of September against a backdrop of supply outages and international alarm over Syria's use of chemical weapons before turning lower on moderating geopolitical concerns.

- **The risk premium in oil futures tapered off following agreed plans for Syria to dispose of its chemical weapons under the auspices of the UN Security Council,** combined with the nascent rapprochement between the presidents of Iran and the US during the UN General Assembly in late September. The shutdown of the US government also added downward pressure on oil prices, with worries that the impact on the economy will undermine oil demand growth. Prices for benchmark Brent and WTI were last trading at $110/bbl and $101.25/bbl, respectively.

- **Refined product crack spreads were mixed depending on the products and regions, with gasoil and diesel posting modest strength while gasoline was weak in all major markets**, particularly the Atlantic basin. Gasoil crack spreads rose in the US and Europe, but fell in Asia. Market participants focused on low US stocks ahead of winter.

- **Rates for crude tankers experienced a mixed month in September with VLCCs and Aframax carriers outperforming Suezmaxes**. Meanwhile, benchmark product tanker rates had a poor month.



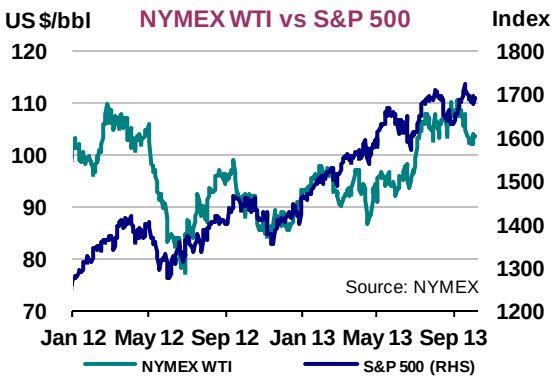


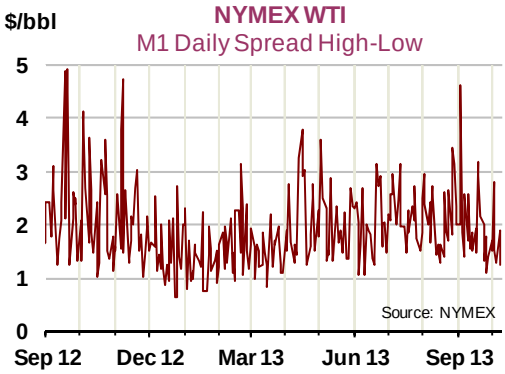
Market Overview

Brent and WTI oil futures gradually eased by 6%-7% over September and into early October. Futures prices for Brent flirted near six-month highs and WTI traded near a 30-month peak in the first week of September against a backdrop of supply outages and international alarm over Syria's use of chemical weapons. Oil futures retreated following plans for Syria to dispose of its chemical weapons under the auspices of the UN Security Council and signals from the presidents of Iran and the US during the UN General Assembly reviving hopes that confrontation over Tehran's nuclear program could be avoided.

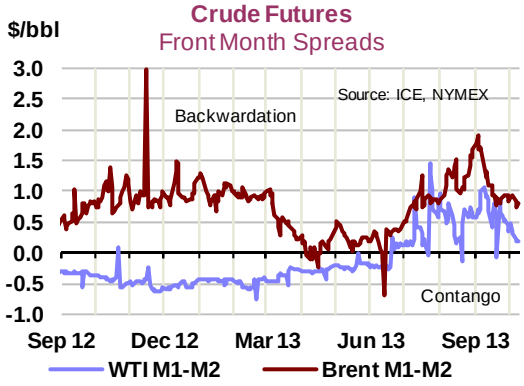
ICE Brent futures fell by around $8/bbl over September, from a high of just over $116/bbl on 6 September to below $108/bbl on 1 October, but for the month averaged $112/bbl, up $0.80/bbl from August levels. WTI posted similar swings over the same period, from a high of around $110.50/bbl in early September to just a few cents above $102/bbl by 1 October. On the month, WTI gained a modest $0.31/bbl to average $106.23/bbl. Benchmark Brent and WTI were last trading at $110/bbl and $101.25/bbl, respectively.

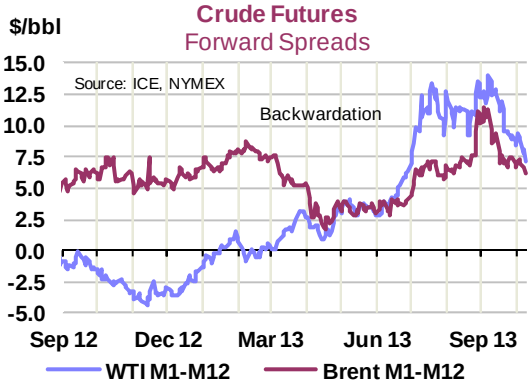
Iranian President Hassam Rouhani's so-called 'charm offensive' at the UN in late September, coupled with an historic phone call with US President Barak Obama, injected an unexpected level of equanimity into the oil market. The high-level talks were the first to take place in more than 34 years. There have been no formal diplomatic relations between Iran and the US since the 1979 Iranian revolution and seizure of American embassy personnel. President Rouhani's offer to engage in negotiations aimed at removing any "reasonable concerns" over the country's nuclear programme and President Obama's pledge to spend the last three years of his term focussing on Middle East foreign policy, and, in particular, efforts to reach a diplomatic solution with Iran, provided a respite from the sabre-rattling of the past 11 years. Nonetheless, few expect that the nascent rapprochement will lead to an easing of wide-ranging sanctions on the country's oil and finance sector in the near to medium term.





The shutdown of the US government further added downward pressure on oil prices, with worries that the impact on economic growth will undermine oil demand growth. A surge in equity markets mid-month was not tracked by oil futures. The S&P 500 hit a record 1 725 after the Federal Reserve refrained from tapering its $85-billion-per-month bond-buying programme on 18 September but the gains proved fleeting under the weight of the US fiscal crisis.





Markets were supported by the loss of near 80% of Libyan crude oil production in September but restoration of some of the country's western production in early October tempered prices. Refinery maintenance in Europe, Asia, Russia and the US is forecast to reduce runs to a seasonal low of 75.9 mb/d in October, a reduction of 1.4 mb/d from the 3Q13 average of 77.3 mb/d. Global refinery throughputs had surged to an all-time high in July before easing slightly in August, compounding the impact of crude supply disruptions. Brent markets are expected to loosen with the supply of North Sea grades set to reach a 2013 high in November.

As supply/demand balances looked set to ease, the backwardation for prompt contracts narrowed in September and into October. The Brent M1-M2 spread contract contracted to $0.85/bbl in early October

from $1.20/bbl in September and compared with just $0.25/bbl in June. Further out, the Brent M1-M12 also narrowed in early October, to $6.85/bbl compared with $8.60/bbl in September.

Prompt Month Oil Futures Prices

(monthly and weekly averages, $/bbl)

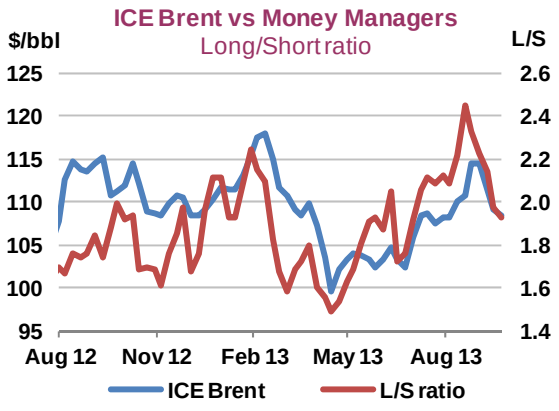
	Jul	Aug	Sep	Sep-Aug Avg Chg	% Chg	Week Commencing: 09 Sep	16 Sep	23 Sep	30 Sep	07 Oct**
NYMEX										
Light Sweet Crude Oil	104.70	106.54	106.23	-0.31	-0.3	108.26	106.23	103.06	103.12	102.71
RBOB	126.20	124.55	114.81	-9.74	-8.5	115.77	113.41	112.02	110.22	110.31
No.2 Heating Oil	126.64	129.01	128.19	-0.83	-0.6	130.09	126.93	125.03	125.34	126.71
No.2 Heating Oil ($/mmbtu)	22.34	22.75	22.61	-0.15	-0.6	22.94	22.39	22.05	22.11	22.35
Henry Hub Natural Gas ($/mmbtu)	3.64	3.41	3.62	0.21	5.7	3.61	3.72	3.54	3.54	3.66
ICE										
Brent	107.43	110.45	111.25	0.80	0.7	112.38	109.37	108.59	108.79	109.61
Gasoil	122.37	125.32	125.93	0.61	0.5	127.13	124.94	123.11	123.21	124.66
Prompt Month Differentials										
NYMEX WTI - ICE Brent	-2.73	-3.91	-5.02	-1.11		-4.12	-3.14	-5.53	-5.67	-6.90
NYMEX No.2 Heating Oil - WTI	21.94	22.47	21.96	-0.52		21.83	20.70	21.97	22.22	24.00
NYMEX RBOB - WTI	21.50	18.01	8.58	-9.43		7.51	7.18	8.96	7.10	7.60
NYMEX 3-2-1 Crack (RBOB)	21.65	19.50	13.04	-6.46		12.29	11.69	13.30	12.14	13.07
NYMEX No.2 - Natural Gas ($/mmbtu)	18.69	19.34	18.99	-0.35		19.33	18.67	18.52	18.56	18.69
ICE Gasoil - ICE Brent	14.94	14.87	14.68	-0.19		14.75	15.57	14.52	14.42	15.05

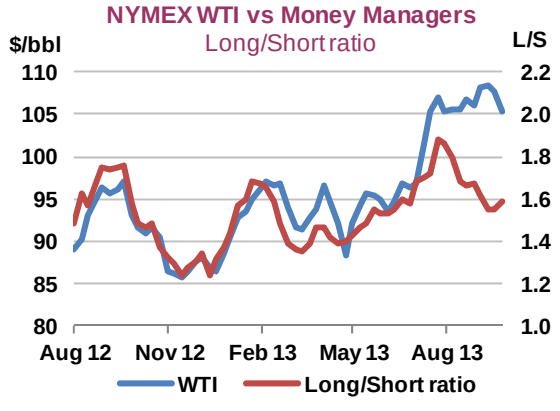
Source: ICE, NYMEX. ** Includes prices through 9 October

Futures Markets

ICE Brent hedge funds liquidated their record net-long positions between 27 August and 1 October as tensions surrounding Syria eased in mid-September, prompting prices to plummet from $117/bbl to under $110/bbl. Money managers' long-to-short ratio peaked by end-August to 2.45 and steadily decreased throughout the month.

NYMEX WTI money managers behaved similarly although they started liquidating their assets earlier, consistently reducing their long exposure since end-July. Due to the US government shutdown, the CFTC's last "Commitments of Traders Report" available is for 24 September.

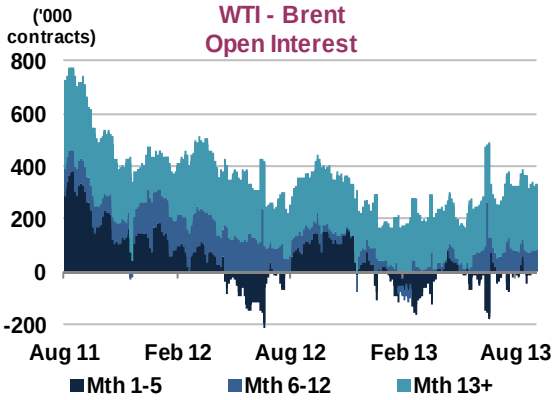


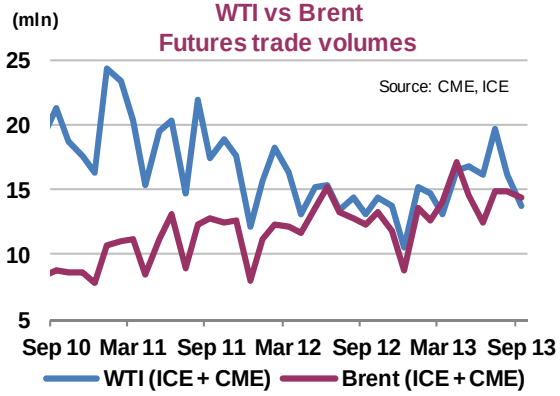


On the products side, New York hedge funds reduced their long positions in RBOB gasoline as prices fell more than $0.30/gallon at the end of the driving season. Gasoil and heating oil prices also tracked the decline in crude prices throughout September, with ICE and CME money managers accordingly reducing their net-long stance.

In terms of open interest, while both contracts were relatively stable on a monthly basis moving within the 1% range, they posted a year-on-year growth of 18.5% and 30.8% for NYMEX WTI and ICE Brent,

respectively. Brent global volumes surpassed WTI for the second time historically after March-April this year, on the back of the Cushing-based benchmark losing momentum, posting two consecutive monthly declines in its number of trades.





Positions on Light Sweet Crude Oil (WTI) Futures

Thousand Contracts

24 September 2013	Long	Short	Net	Long/Short	Δ Net from Prev. Week	Δ Net Vs Last Month
Producers' Positions	373.5	337.7	35.9	*Long*	↓ -6.0	↓ -14.8
Swap Dealers' Positions	344.7	720.7	-376.0	*Short*	↑ 9.9	↑ 30.9
Money Managers' Positions	659.4	415.7	243.7	*Long*	↓ -1.7	↓ -25.6
Others' Positions	408.5	331.4	77.0	*Long*	↓ -4.4	↑ 1.0
Non-Reportable Positions	95.0	75.6	19.4	*Long*	↑ 2.2	↑ 8.5
Open Interest			**1881.1**		↓ -45.3	↑ 45.7

Source: CFTC

Positions on ICE Brent Crude Futures

Thousand Contracts

01 October 2013	Long	Short	Net	Long/Short	Δ Net from Prev. Week	Δ Net Vs Last Month
Producers' Positions	582.1	888.4	-306.3	*Short*	↑ 15.8	↑ 89.8
Swap Dealers' Positions	470.9	306.2	164.6	*Long*	↓ -3.6	↓ -13.4
Money Managers' Positions	334.5	173.9	160.7	*Long*	↓ -7.2	↓ -63.7
Others' Positions	83.4	116.3	-32.9	*Short*	↓ -4.9	↓ -1.6
Non-Reportable Positions	43.4	29.5	13.9	*Long*	↓ -0.1	↓ -11.1
Open Interest			**1514.3**		↑ 28.3	↓ -14.3

Source: ICE

Financial Regulation

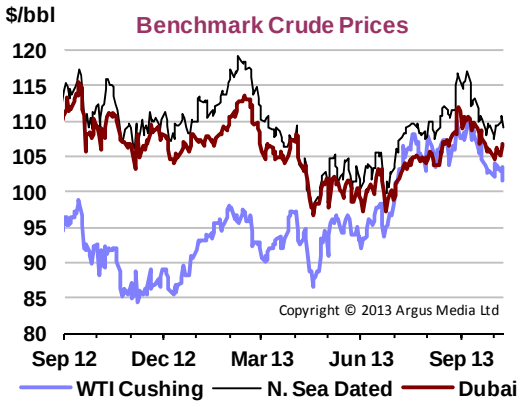
- Italy became the first country worldwide to tax high frequency trading (HFT) on stock markets on 4 September. This will be a closely-watched test-drive, as a draft EU proposal is being examined by the European Parliament and EU governments.

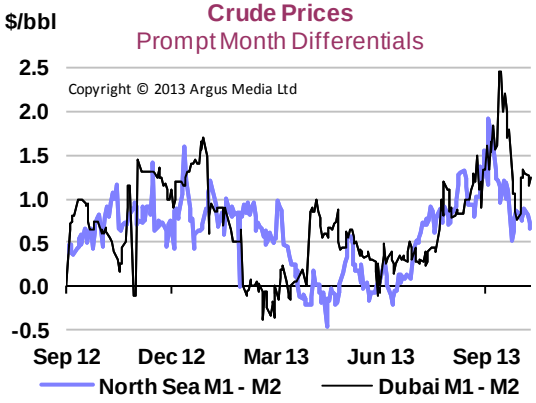
- The EU Commission published its benchmark regulation draft on 18 September, regulating commodities among other financial indicators. Firms would be compelled to use ESMA-complying benchmarks. National authorities would enforce the regulation except for 'critical benchmarks', for which colleges of national supervisors would be formed. Oil price reporting agencies (PRAs) would be required to make their sources sign a code of conduct. Fines for transgressors could be as high as 10% of yearly sales or €1m, whichever is higher.

- Trading on the new swap-exchange platforms began on October 2, though the CFTC is effectively closed due to the government shutdown.

Spot Crude Oil Prices

Spot oil prices for benchmark crudes trended lower throughout September as tensions eased over the standoff with Syria, with Dubai and Brent posting a month-on-month average increase while WTI edged marginally lower. Seasonally declining refining runs curbed demand for prompt barrels despite the continued loss of Libyan and Iraqi supplies to the market. Stronger demand for heavier Mideast crudes pushed prices for Dubai up $1.20/bbl to a monthly average of $108.25/bbl but by end of the month prices were too rich. As refiners looked for alternatives, prices then settled $3/bbl lower.

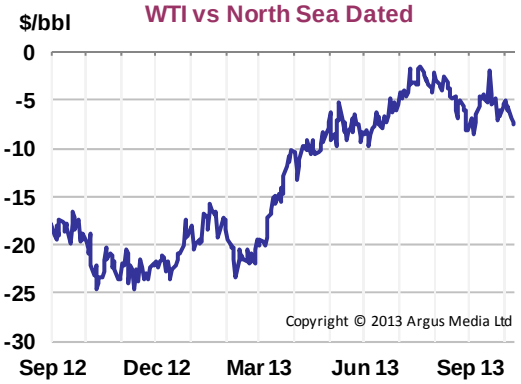


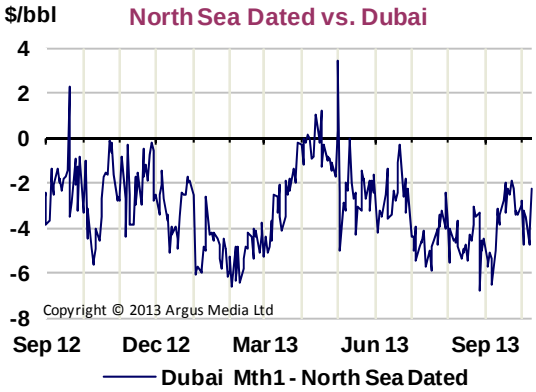


Underscoring the easing the prompt price premium, Brent M1-M2 differentials narrowed in early October to $0.80/bbl compared with $1.15/bbl in September while Dubai M1-M2 was trading at $1.25/bbl compared with around $1.60/bbl in September.

The price spread between Brent and Dubai crudes narrowed in September as the geopolitical risks eased. The Brent/Dubai spread contracted by around $0.60/bbl to an average $3.65/bbl from $4.28/bbl in August. An expected increase in North Sea supply, which underpin the Brent market, are expected to reach a 2013 high in November. In September spot prices for Brent rose by a relatively smaller $0.59/bbl, to $111.91/bbl, compared with Dubai.

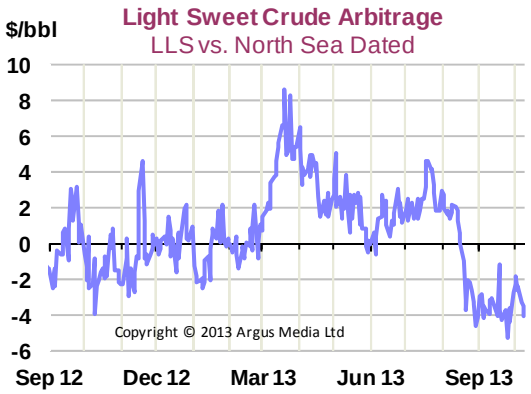
In contrast to the rise seen in the other major benchmarks, WTI spot prices declined by around $0.30/bbl, to an average $106.25/bbl in September. WTI prices have been under pressure from rising supplies of light tight oil and increased access to pipeline routes. The diverging market trends for the Atlantic basin markets is reflected in the widening spread between WTI and Brent in September, to an average $5.66/bbl compared with $4.80/bbl in August and $3.20/bbl in July.

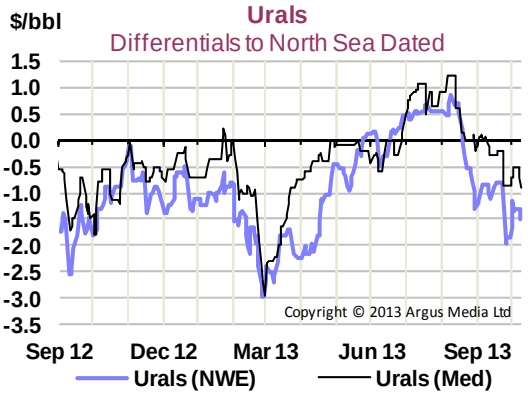




Indeed, relatively weaker spot prices for US grades has seen the Light, Louisiana Sweet (LLS) crude trade at an atypical discount to Brent, in recent months. The LLS/Brent discount averaged -$3.50/bbl in

September compared with -$0.45/bbl in August and a more typical premium of $2.60/bbl in July. Urals crude also lost its lustre compared with Brent in September, in part due to increased supplies of Russian exports in September, with the price spread between the two crudes widening further in early October. The Urals/Brent discount increased to $0.60/bbl in early October versus -$0.30/bbl on average in September and a more normal premium of $0.55/bbl in August.





Spot Crude Oil Prices and Differentials

(monthly and weekly averages, $/bbl)

	Jul	Aug	Sep	Sep-Aug Avg Chg	%	Week Commencing: 09 Sep	16 Sep	23 Sep	30 Sep	07 Oct**
Crudes										
North Sea Dated	107.91	111.32	111.91	0.59	0.5	113.18	110.58	108.97	108.70	109.93
Brent (Asia) Mth 1	107.53	111.10	112.14	1.04	0.9	113.19	111.05	109.63	109.08	109.57
WTI (Cushing) Mth 1	104.69	106.54	106.25	-0.30	-0.3	108.26	106.23	103.10	103.12	102.71
Urals (Mediterranean)	108.74	111.89	111.61	-0.29	-0.3	113.03	110.32	108.25	108.05	109.23
Dubai	103.46	107.04	108.25	1.20	1.1	109.43	108.00	106.14	105.27	106.42
Tapis (Dated)	113.81	118.46	119.91	1.44	1.2	120.50	118.14	118.47	118.20	119.40
Differential to North Sea Dated										
WTI (Cushing)	-3.21	-4.78	-5.66	-0.89		-4.93	-4.35	-5.87	-5.58	-7.22
Urals (Mediterranean)	0.83	0.57	-0.30	-0.88		-0.15	-0.26	-0.72	-0.65	-0.70
Dubai	-4.44	-4.28	-3.66	0.61		-3.75	-2.58	-2.83	-3.43	-3.52
Tapis (Dated)	5.90	7.14	8.00	0.85		7.32	7.56	9.50	9.50	9.47
Prompt Month Differential										
Forward Cash Brent Mth1-Mth2	0.72	1.11	1.15	0.03		1.17	1.12	0.73	0.82	0.74
Forward WTI Cushing Mth1-Mth2	0.30	0.44	0.57	0.13		0.88	0.45	0.25	0.38	0.19
Forward Dubai Mth1-Mth2	0.57	1.06	1.61	0.55		2.08	1.94	0.98	1.18	1.22

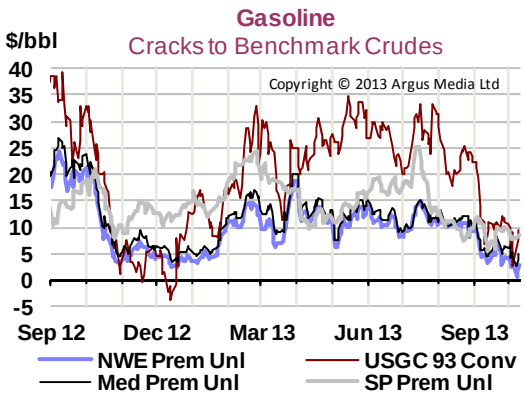
Copyright © 2013 Argus Media Ltd - All rights reserved

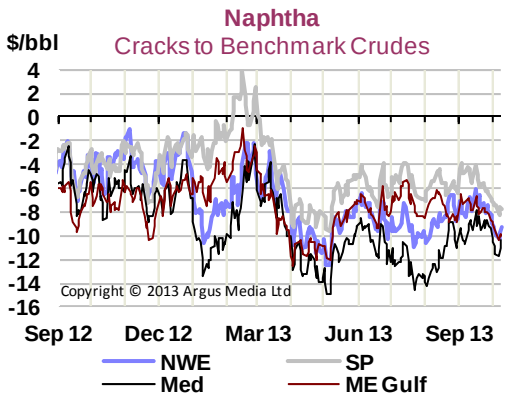
** Includes prices through 9 October

Spot Product Prices

Spot product crack spreads were mixed in September, with gasoil and diesel posting modest strength in most regions ahead of the winter season. As expected, gasoline was weak in all major markets and particularly in the Atlantic basin where the peak driving season drew to a close.

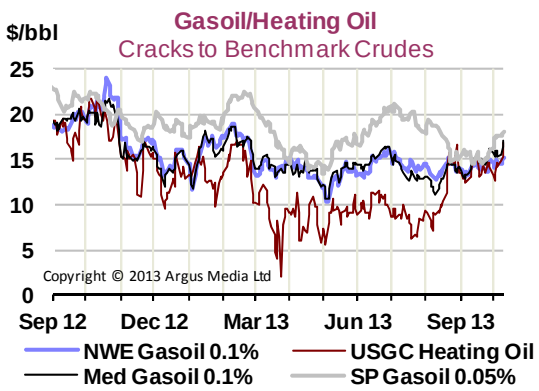
The US Gulf Coast crack spreads for super unleaded gasoline and regular unleaded gasoline fell by $11/bbl and $9.80/bbl, respectively. Northwest Europe and Mediterranean crack spreads followed the downtrend in the US Gulf Coast, but less severely, off by $5.40/bbl and $4.50/bbl, respectively. While prices were pressured lower by ample supplies and seasonally lower demand the decline also reflected the switch to winter-grade gasoline, which is cheaper to produce. US producers switched fuel specs in early September while European refiners started to produce winter-grade in the second half of the month. High refinery runs in the US led to a counter-seasonal rise in gasoline stocks. In Asia, gasoline crack spreads fell marginally due to higher crude costs and amid subdued deman. Elsewhere, Latin American demand for gasoline imports is reportedly high, in part due to continued problems in Venezuelan refining sector.

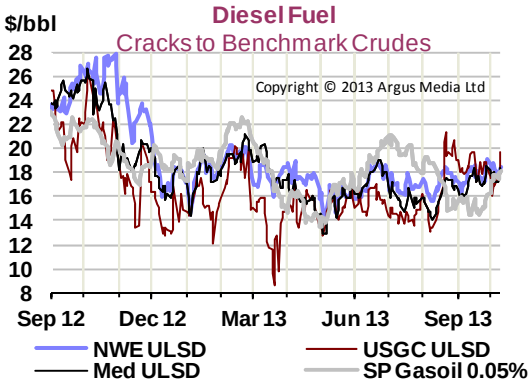




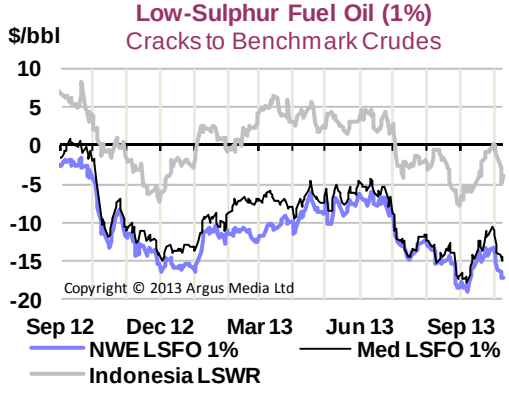
Naphtha crack spreads strengthened in September in Europe and Asia. Naphtha cracks were supported by reduced supplies in Northwest Europe as many of the region's refiners cut runs on poor margins. In Asia naphtha cracks were buoyed by stronger demand from the petrochemical industry due to relatively higher LPG cost through most of September but by end month increased imports from Europe, India and the Middle East pressured the differentials.

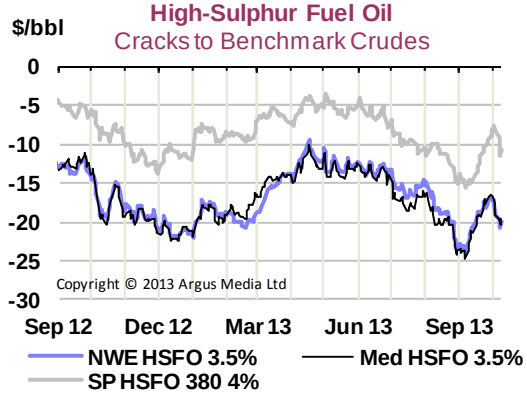
Gasoil crack spreads diverged along geographic lines but outright levels were still healthy heading into the winder demand season. Crack spreads rose in the Atlantic basin while falling in Asia. Market participants focused on low US heating oil stocks ahead of the winter season. Diesel stocks were also running below the five-year average. In Europe, diesel crack spreads strengthened on reduced supplies in tandem with seasonal refinery maintenance.





Fuel oil crack spreads were marginally lower in September bar at the US Gulf Coast. Fuel oil demand in Asia was weaker as ship owners and power utilities reduced buying. Exceptionally, US fuel oil exports are going as far afield as Asia. As a result, bunker fuel oil supply in Houston area was tight in mid-September, while Singapore stocks rose during the month.





Spot Product Prices

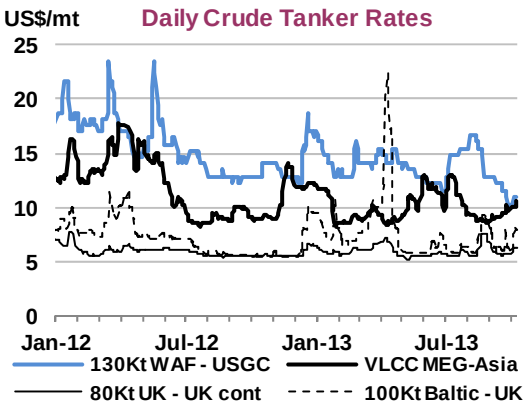
(monthly and weekly averages, $/bbl)

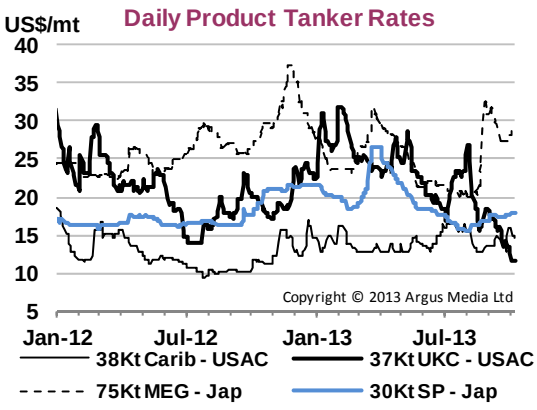
	Jul	Aug	Sep	Sep-Aug Chg	Sep-Aug %	Week Commencing: 09 Sep	16 Sep	23 Sep	30 Sep	07 Oct**	Jul	Aug	Sep
Rotterdam, Barges FOB											**Differential to Dated Brent**		
Premium Unl 10 ppm	119.45	121.80	116.95	-4.85	-4.0	117.04	115.85	112.94	112.10	111.61	11.54	10.48	5.04
Naphtha	98.55	102.68	104.49	1.82	1.8	106.01	103.69	101.33	99.57	100.17	-9.35	-8.64	-7.42
Jet/Kerosene	122.52	125.91	125.94	0.03	0.0	127.15	124.53	123.31	123.46	125.35	14.62	14.59	14.03
ULSD 10ppm	124.88	128.40	129.59	1.19	0.9	131.20	128.47	126.82	127.17	128.10	16.97	17.08	17.68
Gasoil 0.1%	122.43	125.17	125.88	0.71	0.6	127.26	124.79	123.08	123.31	124.81	14.53	13.85	13.97
LSFO 1%	95.16	96.21	96.31	0.10	0.1	96.79	96.21	95.20	94.30	93.01	-12.75	-15.11	-15.60
HSFO 3.5%	92.34	92.58	91.71	-0.87	-0.9	91.60	91.55	91.32	91.14	89.82	-15.57	-18.74	-20.20
Mediterranean, FOB Cargoes											**Differential to Urals**		
Premium Unl 10 ppm	120.63	122.99	118.20	-4.79	-3.9	118.28	117.11	114.20	113.40	112.91	11.90	11.10	6.60
Naphtha	96.14	100.21	102.37	2.16	2.2	103.89	101.63	99.28	97.53	98.15	-12.60	-11.68	-9.23
Jet Aviation fuel	121.28	124.62	124.95	0.34	0.3	126.16	123.62	122.38	122.49	124.40	12.55	12.72	13.35
ULSD 10ppm	124.57	127.82	128.73	0.91	0.7	130.17	127.84	125.75	125.86	127.02	15.84	15.93	17.13
Gasoil 0.1%	122.39	125.05	126.18	1.13	0.9	127.50	125.34	123.54	123.72	125.49	13.66	13.15	14.57
LSFO 1%	96.44	97.68	97.55	-0.13	-0.1	97.84	97.37	96.66	96.09	94.72	-12.30	-14.21	-14.05
HSFO 3.5%	91.67	91.93	91.03	-0.89	-1.0	90.84	90.84	90.77	90.77	89.46	-17.06	-19.96	-20.57
US Gulf, FOB Pipeline											**Differential to LLS**		
Super Unleaded	137.97	133.56	119.83	-13.73	-10.3	119.01	117.77	116.10	113.93	113.97	27.31	22.69	11.59
Unleaded	124.08	122.07	109.66	-12.42	-10.2	110.54	107.94	106.05	104.66	105.43	13.43	11.20	1.42
Jet/Kerosene	121.65	126.22	123.03	-3.19	-2.5	124.90	122.48	119.45	120.28	122.05	10.99	15.35	14.79
ULSD 10ppm	125.20	127.77	126.66	-1.11	-0.9	128.68	125.50	123.41	123.28	124.71	14.55	16.90	18.43
Heating Oil	119.01	122.43	122.01	-0.42	-0.3	123.80	121.19	119.09	120.07	122.07	8.36	11.56	13.77
No. 6 3%*	91.25	93.07	94.56	1.50	1.6	94.34	94.46	93.78	93.00	91.85	-19.40	-17.80	-13.68
Singapore, FOB Cargoes											**Differential to Dubai**		
Premium Unleaded	121.70	117.06	117.34	0.28	0.2	116.93	115.89	115.71	113.68	114.50	18.24	10.01	9.09
Naphtha	97.91	101.33	103.04	1.71	1.7	104.56	102.83	100.15	98.05	98.39	-5.56	-5.71	-5.21
Jet/Kerosene	121.17	124.78	123.91	-0.87	-0.7	125.15	123.25	121.50	121.69	122.85	17.71	17.73	15.66
Gasoil 0.05%	123.07	124.14	123.61	-0.53	-0.4	124.50	123.01	121.57	122.57	124.08	19.61	17.10	15.36
LSWR Cracked	101.68	103.58	104.40	0.82	0.8	103.78	104.45	105.19	104.79	102.28	-1.78	-3.47	-3.85
HSFO 180 CST	95.38	95.62	96.15	0.54	0.6	95.42	96.12	96.64	97.22	96.03	-8.09	-11.42	-12.09
HSFO 380 CST 4%	93.93	95.25	95.31	0.06	0.1	94.57	95.16	95.98	97.05	95.78	-9.53	-11.79	-12.93

Copyright © 2013 Argus Media Ltd - All rights reserved * Waterborne ** Includes prices through 9 October

Freight

Rates for crude tankers experienced a mixed month in September with VLCCs and Aframax carriers outperforming Suezmaxes. In the Middle East, rates for VLCCs firmed steadily over the month as cargoes were gradually drip fed into the market, slowly tightening fundamentals. By mid-month the fixture count had already surpassed the summer peak reached in July.





Accordingly, rates on the benchmark VLCC Middle East Gulf – Asia route rose from $8.80/mt in early September to a high of $10.60/mt at the time of writing. Aframax vessels on trades in Northwest Europe and the Baltic experienced a rise in rates mid-month after the release of a number of date-specific

cargoes out of Russia that tightened tonnage and pushed rates on the Baltic – UK route up by $2/mt to a high of over $8/mt in the first week of October.

Suezmax rates on trades out of West Africa tumbled during September as demand remained low. A further millstone was the arrival of a number of vessels in the region ballasting from the Mediterranean where the loss of Libyan supply had reduced tanker demand. Consequently, by early-October rates on the benchmark Suezmax West Africa – US Gulf trade coast sank below $11/mt. With bunker costs remaining high, this puts Suezmax vessel owners firmly in negative territory.

Benchmark product tanker rates had a poor month in September with any rises being muted at best. The worst performing route was the UK – US Atlantic trade which softened steadily over the month to stand below $12/mt by early October. Interestingly, shipbrokers report that rates on backhaul US – European routes surged over September as European distillate demand remained high with refineries there entering maintenance. If US exports to Europe remain strong and US gasoline import demand remains weak it will likely see the US – Europe leg switch to become the more profitable front haul trade and the traditional Europe – US trade becoming the less important back haul trade.

REFINING

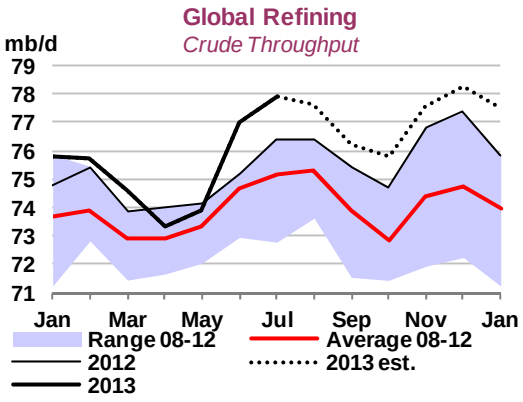
Summary

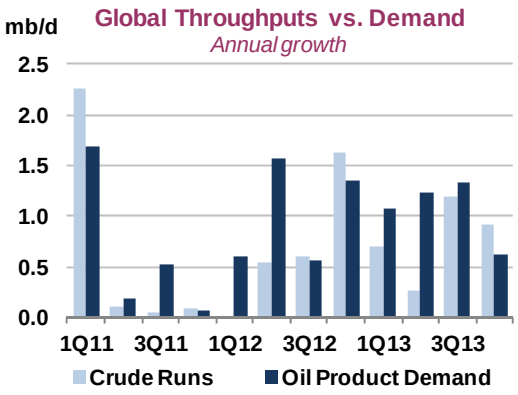
- **Global refinery crude throughputs came off their seasonal peak in August** but remained 1.2 mb/d above year-earlier levels, at an estimated 77.6 mb/d. Non-OECD Asia, the US, Russia and Africa led the annual growth. In contrast, OECD European runs contracted by 0.8 mb/d year-on-year. Refinery crude demand likely fell steeply from September onwards on the back of seasonal maintenance and lower margins, though US throughputs remained exceptionally robust.

- **The estimate of global refinery crude runs for 3Q13 was revised upwards by 100 kb/d since last month's *Report,* to 77.3 mb/d.** Higher US runs in September and slightly stronger-than-expected Indian runs in August lifted 3Q annual growth to an impressive 1.2 mb/d. Non-OECD Asia and the US accounted for the bulk of the gains, though Russia and Africa also contributed. Growth is set to moderate in 4Q13, to 0.9 mb/d.

- **OECD crude runs fell 270 kb/d in August, to 37.7 mb/d, as higher Japanese runs failed to offset lower North American and European throughputs.** Overall, OECD runs contracted by 320 kb/d y-o-y. The disparity in regional trends became more entrenched: US runs stood 480 kb/d above year earlier levels while those in Europe contracted by 790 kb/d. Despite unseasonably strong US crude runs in September, total OECD runs likely fell sharply, as the onset of maintenance in Europe and Asia, compounded by weak margins, curbed runs.

- **Refinery margins deteriorated in September on sharply lower gasoline cracks.** European margins fell by $0.85/bbl on average and were firmly negative for simple plants. Urals cracking margins on the Mediterranean were at their lowest since 2009. In Singapore, all margins surveyed in this *Report* extended earlier losses. US Gulf Coast refiners recorded the steepest monthly declines, of $3.65/bbl on average, as gasoline cracks plummeted amid very high utilisation rates. US Midcontinent margins were mixed, but outperformed all other margins in absolute terms.





Global Refinery Overview

Global refinery crude runs came off their seasonal peak in August but remained elevated. At 77.6 mb/d, global throughputs were more than 1.2 mb/d higher than a year earlier. Steeply contracting European runs, down by 0.8 mb/d year-on-year in August, caused growth to slow down from the higher rates seen in the previous two months. August gains stemmed mostly from non-OECD Asia, the US, Russia and Africa, the latter due to recovering refinery operations in Algeria after significant outages last year.

Despite unseasonably strong US utilisation rates, global crude runs are seen sharply lower in September compared with August. Heavy maintenance in Europe, the FSU and in OECD Asia Oceania cut rates sharply in those regions, while deteriorating margins likely added further downward momentum. Refiners in Europe were particularly hard-hit by lower Libyan and Iraqi supplies in September, on top of seasonal, maintenance-related cuts in North Sea production.

US refiners, on the other hand, processed an impressive 725 kb/d crude oil more than a year earlier in September. A particularly light start to the maintenance season and no hurricane disruptions until early October help explain that strong performance. Increased supplies of US light tight oil and Western Canadian oil sands furthermore caused these grades' price discount to widen, making rail economics to all US regions attractive, and significantly improving refinery profitability relative to the benchmark crudes margins surveyed.

Global Refinery Crude Throughput[1 2]

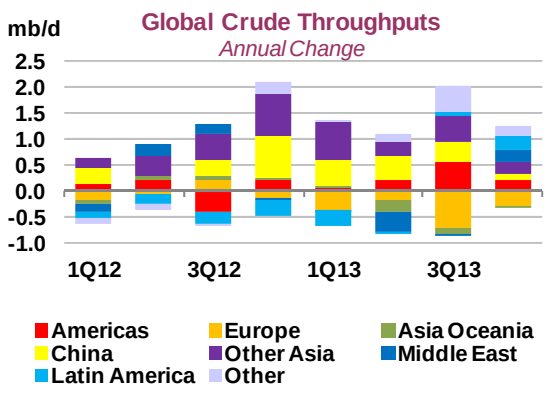
(million barrels per day)

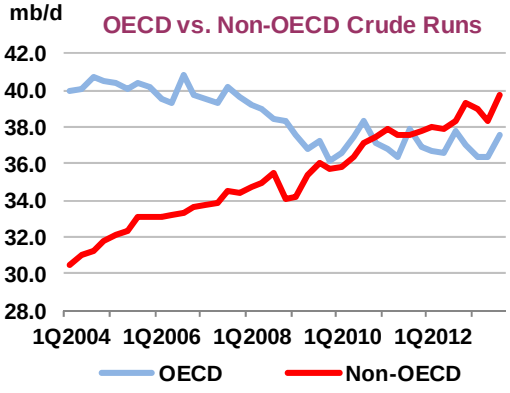
	Jun 13	**2Q2013**	Jul 13	Aug 13	Sep 13	**3Q2013**	Oct 13	Nov 13	Dec 13	**4Q2013**	Jan 14
Americas	19.0	**18.4**	19.2	18.9	18.7	**19.0**	18.2	18.4	18.8	**18.5**	18.2
Europe	12.0	**11.7**	12.1	11.9	11.6	**11.9**	11.5	11.7	11.8	**11.7**	11.6
Asia Oceania	6.5	**6.3**	6.6	6.8	6.5	**6.6**	6.5	6.8	6.9	**6.7**	7.1
Total OECD	37.5	**36.4**	38.0	37.7	36.8	**37.5**	36.1	36.9	37.5	**36.8**	36.9
FSU	7.0	**6.6**	7.0	7.1	6.6	**6.9**	6.6	7.0	6.9	**6.8**	6.9
Non-OECD Europe	0.5	**0.5**	0.5	0.5	0.5	**0.5**	0.5	0.5	0.5	**0.5**	0.5
China	9.7	**9.4**	9.5	9.4	9.5	**9.5**	9.7	10.2	10.3	**10.1**	10.0
Other Asia	9.5	**9.6**	9.8	9.9	9.7	**9.8**	9.9	9.9	10.0	**9.9**	10.1
Latin America	4.7	**4.7**	4.8	4.7	4.7	**4.8**	4.7	4.8	4.7	**4.7**	4.9
Middle East	5.9	**5.5**	6.0	6.1	6.1	**6.1**	6.1	6.1	6.1	**6.1**	6.1
Africa	2.2	**2.1**	2.3	2.3	2.2	**2.2**	2.2	2.2	2.2	**2.2**	2.1
Total Non-OECD	39.5	**38.3**	40.0	39.9	39.4	**39.8**	39.7	40.7	40.8	**40.4**	40.6
Total	77.0	**74.7**	77.9	77.6	76.2	**77.3**	75.8	77.6	78.2	**77.2**	77.5

1 Preliminary and estimated runs based on capacity, know n outages, economic run cuts and global demand forecast

2 From the report dated 10 August, 2012 OECD Americas include Chile and OECD Asia Oceania includes Israel.

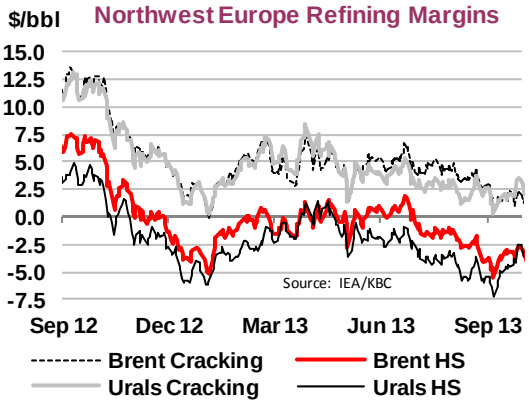
Global runs are forecast to average 77.2 mb/d in 4Q13, 385 kb/d higher than in last month's *Report*, and only slightly lower than in 3Q13. Growth continues to stem from non-OECD Asia and the US, but is also supported by increased capacity in the Middle East and rebounding runs in Africa and Latin America, after last year's outages. In contrast, European throughputs will likely contract further as weak regional demand and increased competition undermine refinery profitability.

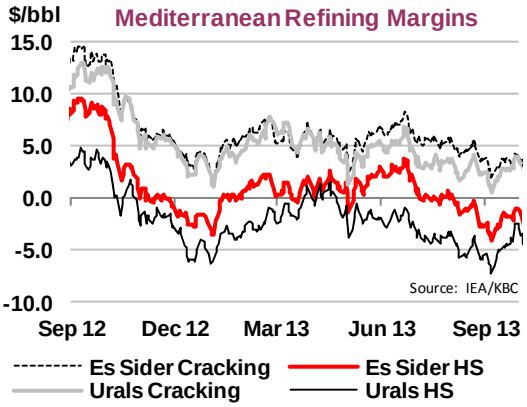




Refinery Margins

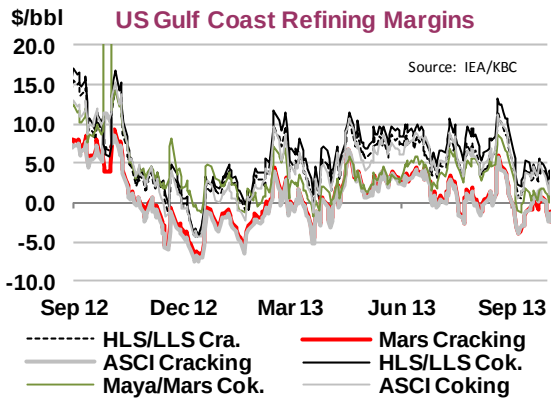
Refinery margins continued to fall in September as gasoline cracks plummeted while crude oil markets remained firm. Supply outages in Libya and Iraq and maintenance in the North Sea in September supported crude prices in both Europe and Asia. In the US, Bakken and Western Canadian Select (WCS) prices fell sharply on increased supplies and heightened competition for pipeline space. In contrast, gasoline cracks plummeted by more than $11/bbl on the US Gulf Coast and around $5/bbl in Europe, on ample supplies and high inventories. While middle distillate cracks remained healthy in all regions, that was not enough to support the entire refining complex.

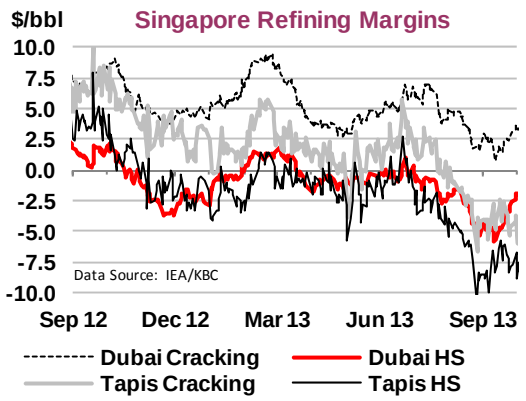




European refinery margins extended earlier declines, and remained firmly negative for simple refinery configurations in both Northwest Europe and on the Mediterranean. Lower output, due to heavy refinery maintenance in September supported ULSD diesel cracks above $17/bbl. That was not enough to prevent gasoline cracks from plummeting, as supplies remained plentiful and refiners switched to winter grades. European margins fell by $0.85/bbl on average, though they generally improved in the second half of the month on lower crude prices and reduced refinery output.

US refinery margins saw diverging trends in September. Margins on the Gulf Coast plunged by $3.65/bbl on average due to unseasonably high refinery throughputs and plummeting gasoline cracks. Refinery margins in the Midcontinent improved, however, on the widening discount of Bakken and Canadian crudes to WTI. Bakken's discount to WTI reached $14.50/bbl in early October, compared to $6.50/bbl at the end of August, while that of WCS was at $34.60/bbl, its highest since January. Increased production of both Canadian oil sands and US light tight oil and competition for pipeline space are keeping a lid on prices. Given the current discount, both the East and West Coast markets provided attractive options for Bakken producers, with the rail netback to New York Harbour reaching $96/bbl in late September, while that to the West Coast (vs. ANS) was $94/bbl, $10-15/bbl less than the reference crude price.





Singapore refinery margins lost on average another $1.35/bbl in September and were negative for all configurations surveyed except for Dubai Hydrocracking. Singapore product stocks surged to the top of their historical range, with fuel oil holdings particularly ample. Amid weaker Asian margins, Saudi Aramco cut its official selling price (OSP) for Arab Light in the region for November.

IEA/KBC Global Indicator Refining Margins[1]

($/bbl)

	Monthly Average				Change	Average for week ending:				
	Jun 13	Jul 13	Aug 13	Sep 13	Sep 13-Aug 13	06 Sep	13 Sep	20 Sep	27 Sep	04 Oct
NW Europe										
Brent (Cracking)	5.11	4.45	3.56	1.75	-1.82	1.81	1.48	1.99	1.64	1.64
Urals (Cracking)	4.03	2.93	2.31	1.89	-0.42	1.47	1.45	1.90	2.47	2.59
Brent (Hydroskimming)	0.65	-1.34	-2.58	-3.67	-1.10	-4.55	-3.96	-3.15	-3.22	-3.33
Urals (Hydroskimming)	-1.93	-3.68	-4.86	-4.85	0.01	-6.28	-5.51	-4.57	-3.49	-3.34
Mediterranean										
Es Sider (Cracking)	6.90	5.46	4.63	3.30	-1.33	2.90	2.87	3.73	3.53	3.62
Urals (Cracking)	5.32	3.35	2.79	2.37	-0.42	1.44	1.75	2.76	3.22	3.34
Es Sider (Hydroskimming)	2.64	0.19	-1.08	-2.28	-1.21	-3.27	-2.86	-1.65	-1.61	-1.63
Urals (Hydroskimming)	-1.71	-4.11	-5.43	-5.93	-0.50	-7.63	-6.87	-5.31	-4.38	-4.25
US Gulf Coast										
50/50 HLS/LLS (Cracking)	6.95	5.77	6.89	3.15	-3.73	2.79	2.42	3.30	3.93	2.37
Mars (Cracking)	3.11	0.80	1.76	-1.11	-2.88	-2.27	-2.46	-0.34	0.14	-1.34
ASCI (Cracking)	2.83	0.42	1.45	-0.79	-2.24	-2.27	-2.23	-0.01	0.87	-1.41
50/50 HLS/LLS (Coking)	8.34	7.87	8.94	4.33	-4.61	4.53	3.76	4.35	4.74	3.16
50/50 Maya/Mars (Coking)	4.44	4.55	5.55	1.00	-4.55	1.26	0.38	0.99	1.37	1.09
ASCI (Coking)	7.35	6.03	7.06	3.26	-3.80	2.50	2.34	3.74	4.31	2.21
US Midcon										
WTI (Cracking)	22.86	15.62	10.83	9.27	-1.56	12.50	10.02	8.38	7.33	5.47
30/70 WCS/Bakken (Cracking)	21.48	18.45	16.16	17.65	1.49	18.89	16.94	17.64	17.33	18.91
Bakken (Cracking)	24.92	21.42	17.26	17.36	0.10	19.60	17.58	17.05	15.88	17.98
WTI (Coking)	25.13	18.21	13.00	10.99	-2.01	14.88	12.03	10.01	8.52	6.45
30/70 WCS/Bakken (Coking)	25.07	22.06	19.30	20.39	1.09	22.18	20.14	20.28	19.48	20.75
Bakken (Coking)	25.63	22.28	17.92	17.81	-0.12	20.38	18.17	17.46	16.06	18.04
Singapore										
Dubai (Hydroskimming)	-0.24	-1.21	-3.06	-4.32	-1.26	-4.67	-5.36	-4.50	-3.13	-2.04
Tapis (Hydroskimming)	-0.32	-2.85	-6.20	-7.58	-1.38	-8.73	-7.76	-6.36	-7.55	-7.62
Dubai (Hydrocracking)	5.46	5.69	3.45	2.18	-1.27	2.55	1.44	1.81	2.70	3.39
Tapis (Hydrocracking)	2.63	1.39	-2.46	-3.95	-1.49	-4.42	-3.93	-2.94	-4.47	-4.63

1 Global Indicator Refining Margins are calculated for various complexity configurations, each optimised for processing the specific crude(s) in a specific refining centre. Margins include energy cost, but exclude other variable costs, depreciation and amortisation. Consequently, reported margins should be taken as an indication, or proxy, of changes in profitability for a given refining centre. No attempt is made to model or otherwise comment upon the relative economics of specific refineries running individual crude slates and producing custom product sales, nor are these calculations intended to infer the marginal values of crude for pricing purposes.

Source: IEA, KBC Advanced Technologies (KBC)

OECD Refinery Throughput

OECD refinery crude throughputs fell 270 kb/d in August, to average 37.7 mb/d, in line with expectations. Both US and European refinery runs came down from their seasonal July peak, while Japanese refinery runs rose by 210 kb/d m-o-m. North American runs fell 270 kb/d m-o-m and European runs were down by 200 kb/d. Overall OECD runs averaged 320 kb/d less than a year earlier, as robust US crude runs failed to offset contracting European throughputs.

Refinery Crude Throughput and Utilisation in OECD Countries

(million barrels per day)

	Mar 13	Apr 13	May 13	Jun 13	Jul 13	Aug 13	Change from Jul 13	Change from Aug 12	Utilisation rate[1] Aug 13	Utilisation rate[1] Aug 12
US[2]	14.70	14.86	15.30	15.83	16.04	15.80	-0.24	0.48	89.1%	86.7%
Canada	1.77	1.57	1.46	1.71	1.72	1.73	0.01	-0.08	90.3%	96.1%
Chile	0.16	0.14	0.18	0.19	0.18	0.17	-0.01	0.05	74.7%	54.0%
Mexico	1.29	1.28	1.28	1.30	1.27	1.25	-0.02	0.04	75.5%	73.3%
OECD Americas	**17.92**	**17.86**	**18.21**	**19.02**	**19.21**	**18.95**	**-0.27**	**0.48**	**88.0%**	**86.1%**
France	1.12	1.20	1.22	1.28	1.28	1.21	-0.07	-0.15	86.5%	87.4%
Germany	1.84	1.70	1.87	1.96	1.92	1.88	-0.05	-0.10	92.8%	92.6%
Italy	1.19	1.21	1.19	1.27	1.41	1.28	-0.13	-0.34	63.7%	74.5%
Netherlands	0.94	1.03	0.99	0.99	0.99	1.01	0.02	-0.02	78.2%	79.8%
Spain	1.18	1.32	1.21	1.21	1.21	1.22	0.01	-0.03	80.7%	82.5%
United Kingdom	1.26	1.36	1.26	1.32	1.30	1.32	0.03	-0.08	76.7%	77.9%
Other OECD Europe	4.02	3.77	3.76	3.96	4.03	4.01	-0.02	-0.06	80.6%	82.4%
OECD Europe	**11.54**	**11.58**	**11.49**	**11.99**	**12.14**	**11.94**	**-0.20**	**-0.79**	**79.9%**	**82.4%**
Japan	3.37	3.30	2.85	2.97	3.22	3.43	0.21	0.14	76.7%	71.4%
South Korea	2.43	2.24	2.33	2.59	2.47	2.47	0.00	-0.15	90.1%	95.6%
Other Asia Oceania	0.92	0.92	0.91	0.94	0.94	0.92	-0.02	-0.01	29.6%	75.7%
OECD Asia Oceania	**6.72**	**6.46**	**6.08**	**6.50**	**6.62**	**6.82**	**0.20**	**-0.02**	**81.0%**	**79.7%**
OECD Total	**36.17**	**35.90**	**35.79**	**37.51**	**37.97**	**37.71**	**-0.27**	**-0.32**	**84.0%**	**83.7%**

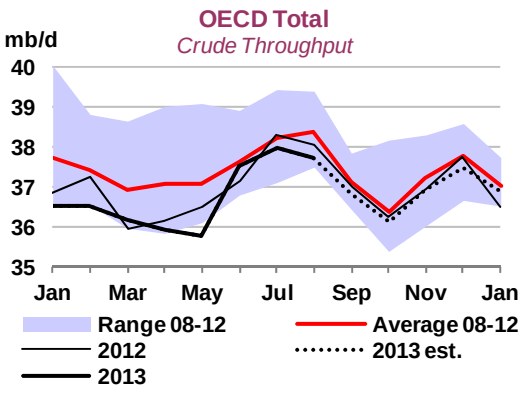
1 Expressed as a percentage, based on crude throughput and current operable refining capacity

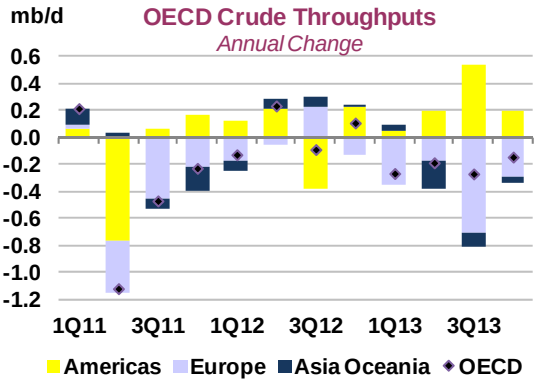
2 US50

3 OECD Americas includes Chile and OECD Asia Oceania includes Israel. OECD Europe includes Slovenia and Estonia, though neither country has a refinery

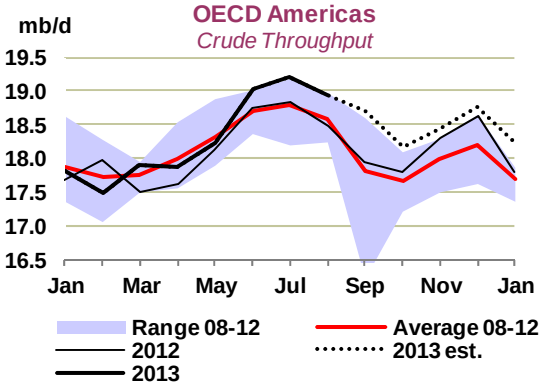
Despite remarkably strong US utilisation rates, in September overall OECD runs are assessed sharply lower. Refiners in both Europe and in Asia Oceania embarked on seasonal maintenance in September and weak margins in Europe and Singapore probably curbed runs further. While US refiners also normally reduce runs in September, this year lower-than-normal maintenance and the absence of any hurricane disruptions helped keep runs above the seasonal norm. Furthermore, US refiners continue to benefit from access to discounted feedstock and cheap natural gas used as refinery fuel, increasing their competitive advantage over Europe beyond that already conferred by economies of scale and a lighter regulatory and tax burden.

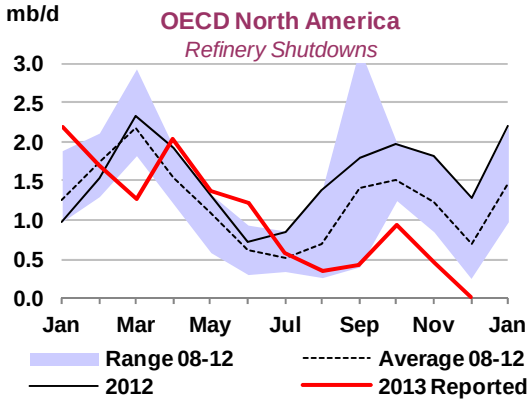
September US runs stood 725 kb/d above year earlier levels, when compared with revised 2012 data. European runs on the other hand faced supply disruptions from Libya and Iraq, in addition to a heavier-than-normal maintenance schedule and poor margins. In all, OECD runs are forecast to average 36.8 mb/d in 4Q13, down from 37.5 mb/d in 3Q13 and 135 kb/d below 4Q12.



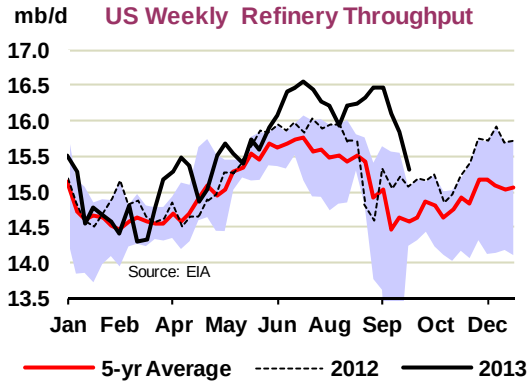


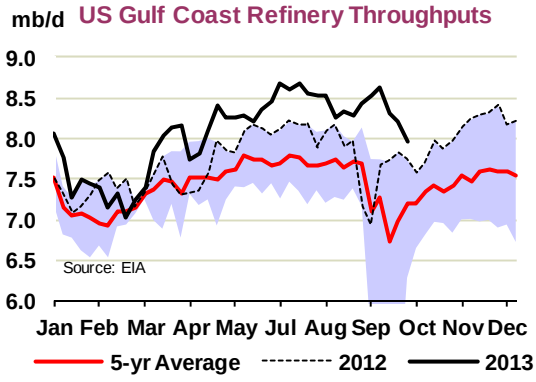
North American refinery runs declined by 270 kb/d in August to average 18.9 mb/d. Regional runs remained well above year-earlier levels, up some 480 kb/d on August 2012. While benchmark US refining margins are less attractive than they were a year ago, US refiners, as discussed above, continues to enjoy better margins than their international competitors. As North American crude production continue to rise and infrastructure is adapted, a greater share of discounted US and Canadian crudes is making its way to refineries outside of the Midwest. Philadelphia Energy Solution's 350 kb/d Pennsylvania refinery is a case in point: it recently reported that it was now processing 20% Bakken crude and that this share is set to increase.





The strength in US refinery runs was even more remarkable in September. Weekly data from the US EIA show crude oil processed by US refiners rose by 940 kb/d compared with a year earlier (725 kb/d when compared with final monthly data for 2012). Of this, more than 70% stemmed from the US Gulf Coast, while another 14% was accounted for by the East Coast and 8% from the Midcontinent. The US Gulf Coast, which accounts for 45% of total US crude distillation capacity, normally sees reduced runs in September due to the hurricane season. This year, however, the season's first significant tropical storm, Karen, only hit the US Gulf Coast in early October. The storm, which briefly shut 62% of US Gulf Coast output, had minimal impact on refinery operations. Only one refinery, Motiva's 233 kb/d Norco plant in Louisiana, reported it had reduced runs due to lack of crude supplies. The plant was already scheduled to start routine maintenance of several units in October. From its September peak of 16.1 mb/d, total US crude intake fell by 1.2 mb/d over the three weeks through 4 October, to a more normal seasonal level.

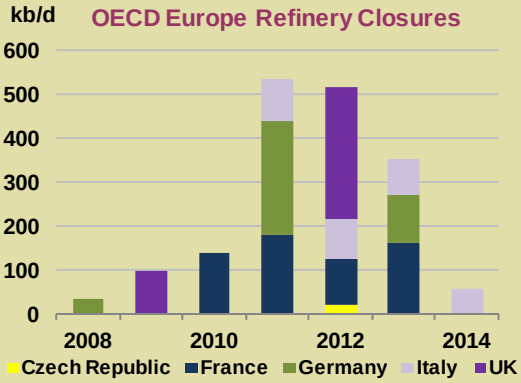




Refinery throughputs in **Europe** fell slightly more than expected in August, to average 11.9 mb/d. The declines were wide spread, though Italian refiners recorded the steepest declines due to Libyan supply disruptions. Italian refinery runs fell 130 kb/d to average 1.28 mb/d. In the first half of this year, just over 20% of Italy's crude imports were sourced from Libya (240 kb/d on average). As discussed in the Supply Section, Libyan crude production plummeted to only 550 kb/d in August and 300 kb/d in September forcing Italian refiners to pay a premium for alternative supplies. Runs in France and Germany slipped by 70 kb/d and 50 kb/d, respectively, while throughputs in the Netherlands, UK and Spain were largely unchanged from a month earlier.

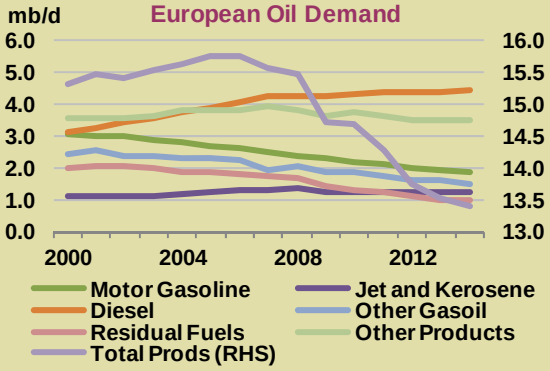
Here We Go Again – European Refiners Cut Capacity Further

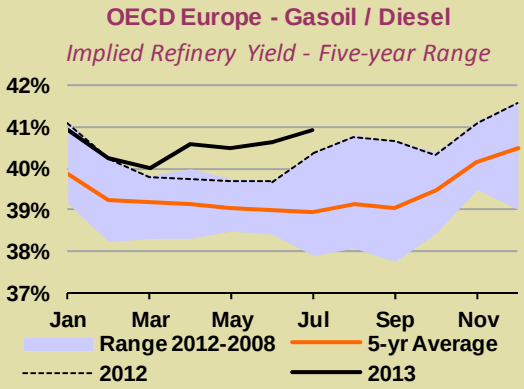
The announcement on 4 October that MOL will close its 55 kb/d Mantova refinery in northern Italy in January 2014 did not come as a surprise. MOL cited an "unfavorable economic environment" for refining in Italy as the reason for the closure and will convert the site into an oil-product storage and terminal facility. Despite a large number of refinery closures since 2008 (1.7 mb/d of capacity in total), Italy and Europe continue to grapple with declining regional demand and over-capacity. Recent supply declines in Libya and Iraq just added fuel to the fire.



Italian refiners are currently the largest importers of Libyan crude, sourcing more than 20% of their total crude oil imports from the country in 2012. So far in 2013 (January-July), Italy imported 240 kb/d of Libyan crude, making the complete halt to Libyan exports in parts of August and September especially challenging. Italian refiners also had to replace Iranian barrels since EU sanctions were put in place in July 2012. In 2008, 10% of Italy's crude oil imports came from Iran, but this has now been entirely replaced by increased volumes of Saudi and Azeri crude.

The crude-supply sourcing issues are of course not the root of the woes of European refiners. Regional demand continues to contract and 2013 OECD Europe demand is forecast to average 13.5 mb/d, almost 2 mb/d less than in 2008. The contraction spans all products but particularly affects residual fuel oil and gasoline. Only diesel demand has held up, and even that just barely.

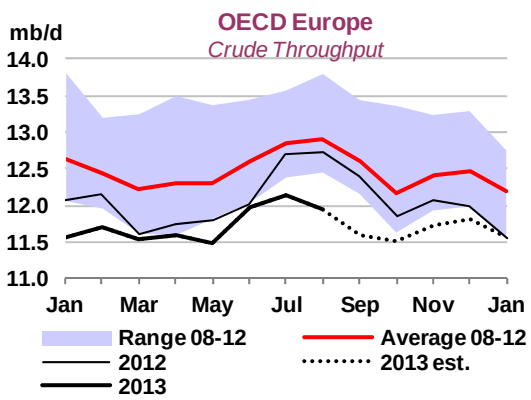


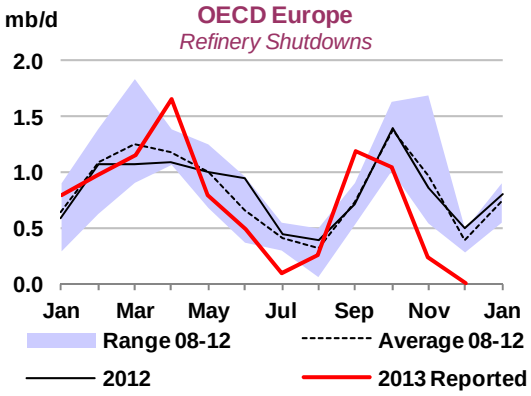


While OECD European refiners have managed to lift gasoil/diesel yields significantly in recent years, output, especially of Ultra Low Sulphur Diesel, continues to lag regional demand. In 2012, gasoil/diesel accounted for 44% of total demand, while refinery output of these products averaged 40.4%.

Sourcing this extra diesel has not seemed to be a problem of late, quite to the contrary. Concerns now seem to be that Europe will be flooded by surplus distillates from US, India, Russia and soon Saudi Arabia, further undermining refining profitability and forcing more closures. US refinery runs and product exports have surged along with rising North American crude oil supplies. It was estimated that the US diesel exports to reached 2 million tons in September (520 kb/d) (and that total US product exports reached an all time high of 3.3 mb/d). An additional 1.5 mt of diesel was reportedly coming from Russia and Asia (largely India).

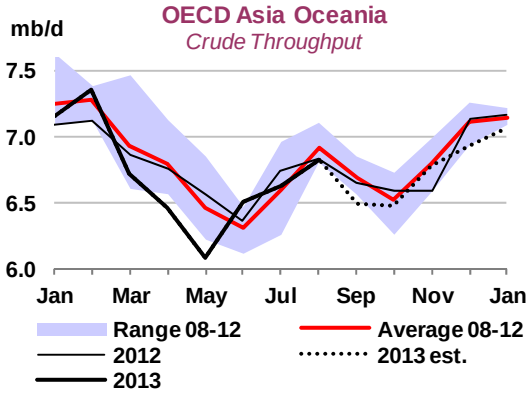
New supplies are also coming to market from new refineries. While the start-up of the SATORP's new Jubail refinery in Saudi Arabia will probably not ship product directly to Europe on a large scale, the increased production will still free up additional volumes previously imported by Saudi Arabia (see "*New Saudi Refinery Ships First Fuel Cargo in September*"). New supplies are also coming from India's 300 kb/d Paradeep refinery, now expecterd to start up in December. India's net oil product exports already totaled 925 kb/d in 2012, of which gasoline and diesel accounted for 370 kb/d and 400 kb/d, respectively. Once fully operational, likely in 2H14, the plant could add another 160 kb/d of gasoline and diesel exports.

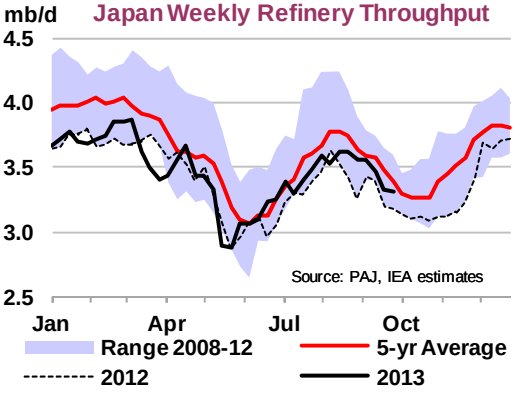




Preliminary data released by Euroilstock show European runs plummeting in September. Overall, 'EU-15 plus Norway' runs fell by 340 kb/d according to the data released 9 October. Our maintenance data suggest 1.2 mb/d of capacity was offline for turnarounds that month, up from only 300 kb/d in August. More than 1 mb/d of capacity is expected to remain shut in October. Seasonal maintenance, largely concentrated in Northwest Europe, is heavier than normal this year, as refiners reportedly delayed routine maintenance where possible last year due to relatively good margins. (Brent cracking margins in Northwest Europe were $12.30/bbl in September last year, compared to $1.75/bbl last month). Regional runs are expected to remain weak for the coming months, pressured by weak margins and high distillate imports.

In **OECD Asia Oceania**, refinery crude intake rose seasonally in August, to 6.8 mb/d, in line with expectations. Regional runs were on par with levels of the previous year, as higher year-on-year Japanese runs offset lower throughputs in South Korea. Japanese throughputs held up despite primary capacity being shut this summer. The 140 kb/d Sakaide plant halted crude processing in early August. Despite the closure, there still seems to be spare capacity in Japan. In the latest month, utilisation rates averaged only 76.7%. Ahead of the March 2014 deadline set by the government to improve the country's upgrading ratio, another 500 kb/d of primary crude distillation capacity is expected to shut in Japan.



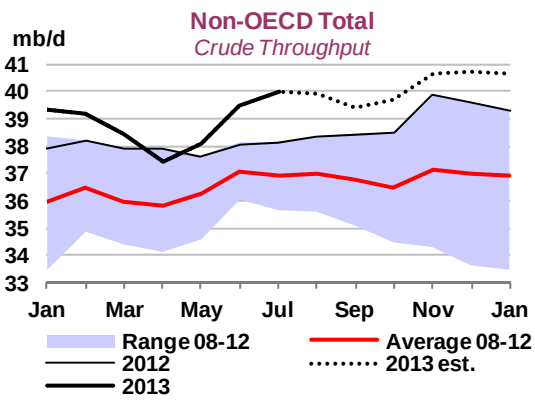


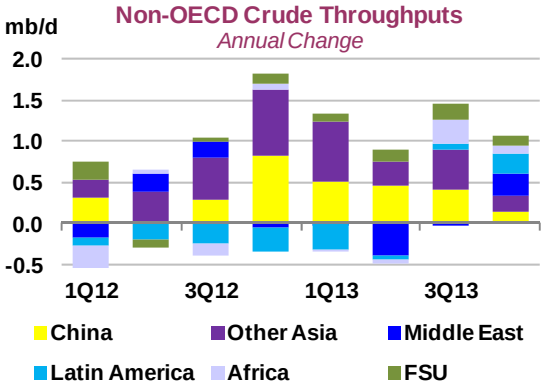
In contrast, while South Korean runs were 150 kb/d below year-earlier levels in August, averaging 2.47mb/d, utilisation rates remained above 90%. Lower throughputs in July and August were primarily due to maintenance at SK's Ulsan refinery from July through September.

Regional runs are expected to have fallen sharply from September onwards in line with seasonal trends. Preliminary weekly data from the Petroleum Association of Japan seem to confirm this trend. Japanese runs declined by 200 kb/d in September to 3 mb/d. Extended maintenance in October will likely curb runs further, before operators ramp up runs from November to produce winter heating fuels.

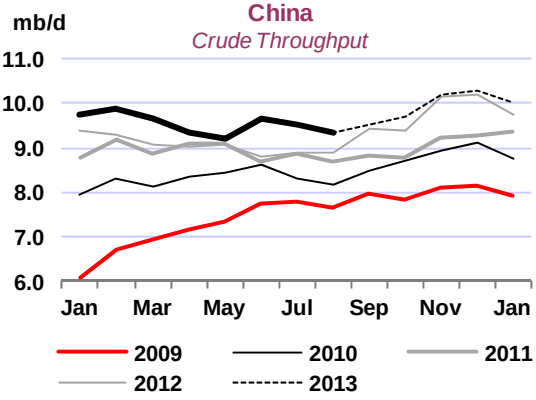
Non-OECD Refinery Throughput

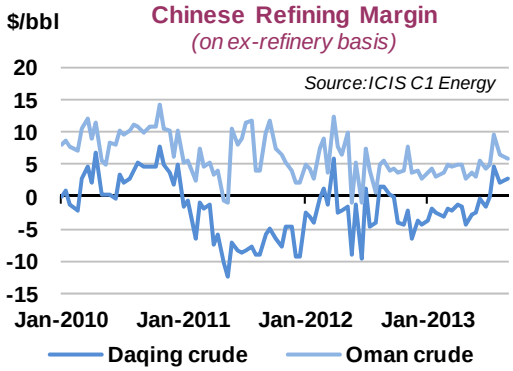
Non-OECD refinery run estimates have been revised up by 185 kb/d for 4Q13 since last month's *Report*, due to an upward adjustment to Latin America throughputs and higher-than-expected Russian throughputs towards the end of the year. Our 3Q13 forecast is largely unchanged since last month's report, at 39.8 mb/d. Annual growth in non-OECD throughputs is expected to slow from 1.5 mb/d in 3Q13 to 1.1 mb/d in 4Q13. Increases are almost entirely accounted for by non-OECD Asia in 3Q13, while Middle East, Africa and Latin America will contribute to growth in the fourth quarter.





Chinese refinery crude runs fell to 9.35 mb/d in August, from 9.5 mb/d in July, but are expected to have picked up slightly in September based on reported maintenance and company throughput plans. Refinery margins, as calculated by ICIS C1 energy consultants, show slightly better refinery profitability in July and August, supporting increased runs from September onwards. Activity is likely to pick up further towards year-end with the start up of new capacity, compounding the effect of historical trends. Sinopec's new 200 kb/d Pengzhou refinery in the Sichuan province started operations in October. Petrochina's expansion of its Urumchi petchem refinery from 120 kb/d to 190 kb/d is also scheduled to be commissioned this month. Another 500 kb/d of capacity is scheduled to be commissioned in China before year-end, including Sinochem's 240 kb/d Quanzhou refinery.



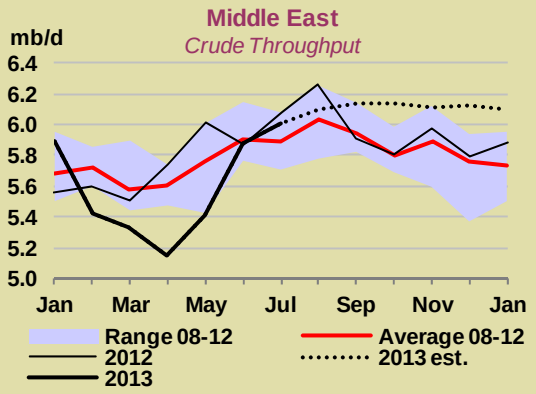


Indian throughputs rose to six-month highs in August, of 4.56 mb/d. Unscheduled outages in September likely curbed runs again. HPCL's 160 kb/d Vizag refinery ran at reduced rates for most of the month, as a fire at the end of August damaged a cooling tower. Other Asian refinery run rates have been revised slightly lower for the first half of 2013 based on a reassessment of Pakistani refinery runs. While monthly data are not readily available for that country, our forecast had incorporated the start-up of Byco's new 120 kb/d refinery for early 2013. The new project, which lifted total capacity to 155 kb/d was only commissioned mid-year, however, and reports indicate that the plant is still operating at low rates. We now forecast throughputs to ramp up to capacity by early 2014.

New Saudi Refinery Ships First Fuel Cargo in September

Saudi Arabia's new 400 kb/d SATORP refinery at Jubail, on the Middle East Gulf, started operations in September and by end-month shipped its first cargo of oil products. An 80 kt cargo of straight fuel oil left Jubail in late September, and was expected to arrive in Singapore on 11 October. A further two cargoes of fuel oil are expected to be shipped in October with two more following in November.

The refinery, a joint venture between Saudi Aramco and Total, has so far commissioned one of its two crude distillation units, and is currently processing light crude. The second crude tower, as well as the coker and other secondary units, are expected to come on line over the next few months. Once fully operational, the plant will become one of the most complex in the world, and will switch to process Arab Heavy crude from the nearby Safaniyah and Manifa fields. The plant will become Saudi Arabia's first producer of petroleum coke and paraxylene.

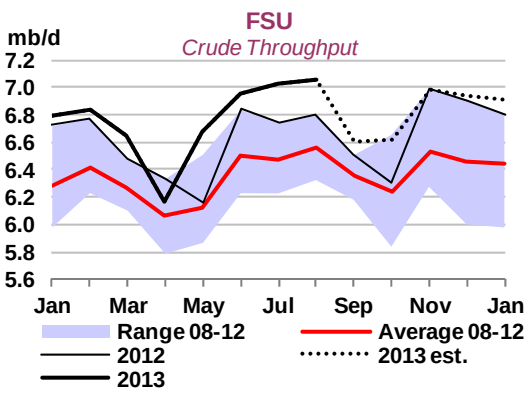


Once the secondary units come onstream, the plant is expected to halt fuel oil shipments and instead export more light-end products such as gasoline and diesel. It is expected to yield some 260 kb/d of Ultra-Low Sulphur Diesel (ULSD) and 90 kb/d of gasoline. The JV is expected to export its first ULSD cargo later in October.

While the Jubail refinery will first and foremost meet rapidly growing Saudi and regional demand, initially a significant share of the products is expected to be earmarked for export. This is at least the case for Total's 37.5% share of product output. According to JODI data, Saudi Arabia's net imports of gasoline averaged 110 kb/d so far in 2013 (Jan-Jul), while net diesel imports were almost 150 kb/d.

Saudi refined product balances will ease further as other projects are brought on stream. The next project to be commissioned is the 400 kb/d refinery Saudi Aramco is building with China's Sinopec near Yanbu on the Red Sea, north of Jeddah. The project will likely be commissioned in late 2014 or 2015. Aramco has another large-scale refinery planned in Jizan also on the Red Sea but closer to the Yemen border. That refinery will likely not start up until 2017 or 2018.

In August, Russian refinery runs averaged 5.76 mb/d, up 260 kb/d y-o-y. Preliminary data show that Russian refinery runs fell by almost 400 kb/d in September to 5.36 mb/d, or 200 kb/d above year-earlier. The monthly decline was slightly less than anticipated, based on announced turnarounds. Announced maintenance schedules show almost 1 mb/d of capacity offline in September, compared with 430 kb/d in August. Maintenance is expected to remain high in October, further curbing runs. Elsewhere in the region, Ukraine's Odessa refinery reportedly resumed operations in September, three years after having shut due to poor economics. The 60 kb/d plant was sold by Lukoil earlier this year to Ukrainian energy trader Ventek. Kazakh refinery operations also improved as maintenance at the country's Pavlodar plant wound down.



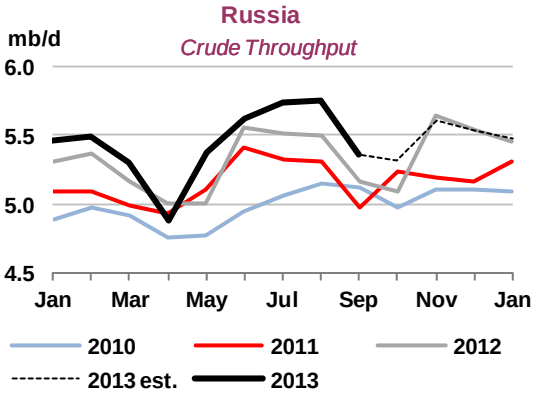


Table 1
WORLD OIL SUPPLY AND DEMAND
(million barrels per day)

	2010	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014
OECD DEMAND																	
Americas[1]	24.1	24.0	23.4	23.6	23.7	23.8	23.6	23.7	23.7	23.9	23.7	23.8	23.7	23.8	23.8	23.7	23.7
Europe[2]	14.7	14.3	13.7	13.8	13.8	13.7	13.7	13.2	13.8	13.8	13.4	13.5	13.1	13.4	13.7	13.5	13.4
Asia Oceania[3]	8.2	8.2	9.2	8.1	8.3	8.8	8.6	8.9	7.9	8.2	8.6	8.4	8.8	7.7	8.0	8.5	8.3
Total OECD	47.0	46.5	46.3	45.5	45.9	46.2	46.0	45.8	45.4	45.8	45.7	45.7	45.6	44.9	45.6	45.6	45.4
NON-OECD DEMAND																	
FSU	4.1	4.4	4.3	4.4	4.6	4.6	4.5	4.3	4.5	4.8	4.8	4.6	4.4	4.6	4.9	4.9	4.7
Europe	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
China	8.9	9.3	9.5	9.6	9.8	10.3	9.8	10.0	10.0	10.2	10.6	10.2	10.4	10.4	10.6	11.0	10.6
Other Asia	10.7	11.0	11.2	11.4	11.1	11.5	11.3	11.6	11.7	11.3	11.7	11.6	11.9	12.0	11.7	12.0	11.9
Latin America	6.1	6.2	6.2	6.4	6.5	6.6	6.4	6.4	6.6	6.7	6.6	6.6	6.5	6.7	6.9	6.8	6.7
Middle East	7.3	7.4	7.3	7.8	8.2	7.5	7.7	7.5	7.8	8.4	7.7	7.9	7.7	8.1	8.6	8.0	8.1
Africa	3.5	3.5	3.6	3.6	3.6	3.7	3.7	3.8	3.8	3.8	3.9	3.8	3.9	4.0	4.0	4.1	4.0
Total Non-OECD	41.4	42.5	42.8	43.9	44.6	44.9	44.0	44.2	45.1	45.8	46.0	45.3	45.5	46.6	47.3	47.5	46.7
Total Demand[4]	88.4	89.0	89.0	89.4	90.4	91.1	90.0	90.0	90.6	91.7	91.7	91.0	91.1	91.4	92.8	93.1	92.1
OECD SUPPLY																	
Americas[1,7]	14.1	14.6	15.6	15.5	15.7	16.6	15.9	16.8	16.7	17.3	17.7	17.1	18.0	18.0	18.1	18.5	18.2
Europe[2]	4.1	3.8	3.8	3.6	3.1	3.3	3.5	3.3	3.3	3.1	3.4	3.3	3.4	3.2	3.0	3.2	3.2
Asia Oceania[3]	0.7	0.6	0.6	0.6	0.6	0.5	0.6	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total OECD	18.9	19.0	19.9	19.7	19.4	20.5	19.9	20.6	20.5	20.9	21.5	20.9	21.8	21.8	21.6	22.3	21.9
NON-OECD SUPPLY																	
FSU	13.5	13.6	13.7	13.6	13.6	13.7	13.6	13.8	13.8	13.8	13.8	13.8	13.9	13.9	13.9	14.0	13.9
Europe	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
China	4.1	4.1	4.2	4.1	4.2	4.3	4.2	4.2	4.2	4.0	4.1	4.2	4.2	4.3	4.2	4.2	4.2
Other Asia[5]	3.7	3.6	3.7	3.6	3.6	3.7	3.6	3.7	3.6	3.5	3.5	3.6	3.6	3.5	3.5	3.6	3.5
Latin America[5,7]	4.1	4.2	4.3	4.1	4.1	4.2	4.2	4.2	4.2	4.2	4.3	4.2	4.3	4.4	4.4	4.5	4.4
Middle East	1.7	1.7	1.4	1.4	1.5	1.5	1.5	1.4	1.3	1.4	1.3	1.4	1.3	1.3	1.3	1.3	1.3
Africa[5]	2.6	2.6	2.4	2.2	2.2	2.3	2.3	2.3	2.3	2.4	2.5	2.4	2.6	2.6	2.6	2.6	2.6
Total Non-OECD	29.9	29.9	29.8	29.2	29.3	29.7	29.5	29.7	29.6	29.3	29.7	29.6	30.0	30.1	30.2	30.3	30.2
Processing Gains[6]	2.1	2.1	2.1	2.1	2.2	2.1	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Global Biofuels[7]	1.8	1.9	1.5	1.9	2.1	1.9	1.9	1.5	2.0	2.3	2.1	2.0	1.7	2.1	2.4	2.1	2.1
Total Non-OPEC[5]	52.7	52.9	53.5	52.9	53.0	54.2	53.4	53.9	54.2	54.7	55.5	54.6	55.8	56.2	56.5	56.9	56.4
OPEC																	
Crude[8]	29.2	29.9	31.3	31.7	31.5	30.7	31.3	30.4	30.8	30.5							
NGLs	5.6	5.9	6.2	6.2	6.3	6.4	6.3	6.4	6.4	6.5	6.6	6.5	6.7	6.7	6.7	6.8	6.7
Total OPEC[5]	34.7	35.8	37.5	37.9	37.8	37.1	37.6	36.8	37.2	37.0							
Total Supply[9]	87.4	88.7	90.9	90.8	90.8	91.3	91.0	90.7	91.5	91.7							
STOCK CHANGES AND MISCELLANEOUS																	
Reported OECD																	
Industry	0.1	-0.2	0.6	0.3	0.5	-0.7	0.2	0.2	0.0								
Government	0.0	-0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0								
Total	0.1	-0.3	0.6	0.4	0.5	-0.7	0.2	0.3	0.0								
Floating Storage/Oil in Transit	-0.2	-0.1	-0.4	0.2	-0.1	0.1	0.0	0.2	-0.1								
Miscellaneous to balance[10]	-0.9	0.1	1.7	0.9	0.0	0.7	0.8	0.3	1.0								
Total Stock Ch. & Misc	-1.0	-0.3	1.9	1.4	0.4	0.2	1.0	0.7	0.9	0.1							
Memo items:																	
Call on OPEC crude + Stock ch.[11]	30.2	30.2	29.4	30.3	31.1	30.5	30.3	29.8	29.9	30.4	29.6	29.9	28.6	28.6	29.6	29.4	29.0
Adjusted Call on OPEC + Stock ch.[12]	29.3	30.3	31.1	31.2	31.1	31.3	31.2	30.0	31.0	31.0	30.3	30.6	29.2	29.2	30.2	30.0	29.7

1 As of August 2012 OMR, OECD Americas includes Chile.
2 As of August 2012 OMR, OECD Europe includes Estonia and Slovenia.
3 As of August 2012 OMR, OECD Asia Oceania includes Israel.
4 Measured as deliveries from refineries and primary stocks, comprises inland deliveries, international marine bunkers, refinery fuel, crude for direct burning, oil from non-conventional sources and other sources of supply.
5 Other Asia includes Indonesia throughout. Latin America excludes Ecuador throughout. Africa excludes Angola throughout.
Total Non-OPEC excludes all countries that were members of OPEC at 1 January 2009.
Total OPEC comprises all countries which were OPEC members at 1 January 2009.
6 Net volumetric gains and losses in the refining process and marine transportation losses.
7 As of the July 2010 OMR, Global Biofuels comprise all world biofuel production including fuel ethanol from the US and Brazil.
8 As of the March 2006 OMR, Venezuelan Orinoco heavy crude production is included within Venezuelan crude estimates. Orimulsion fuel remains within the OPEC NGL and non-conventional category, but Orimulsion production reportedly ceased from January 2007.
9 Comprises crude oil, condensates, NGLs, oil from non-conventional sources and other sources of supply.
10 Includes changes in non-reported stocks in OECD and non-OECD areas.
11 Equals the arithmetic difference between total demand minus total non-OPEC supply minus OPEC NGLs.
12 Equals the "Call on OPEC + Stock Ch." with "Miscellaneous to balance" added for historical periods and with an average of "Miscellaneous to balance" for the most recent 8 quarters added for forecast periods.

Table 1a
WORLD OIL SUPPLY AND DEMAND: CHANGES FROM LAST MONTH'S TABLE 1

(million barrels per day)

	2010	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014
OECD DEMAND																	
Americas	-	-	-	-0.1	-0.1	-	-0.1	-	-	-	-0.1	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	0.1	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-
Total OECD	-	-	-	-0.1	-0.1	-	-0.1	-	-	0.1	-0.1	-	-	0.1	-	-	-
NON-OECD DEMAND																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	0.1	-	0.1	0.1	-	0.1	0.1	0.1	0.1
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1	0.1	-	0.1	0.1	0.1	0.1
Total Demand	-	-	-	-0.1	-	-	-	0.1	0.1	0.2	-	0.1	-	0.2	0.1	0.1	0.1
OECD SUPPLY																	
Americas	-	-	-	-	-	-	-	-	-	0.1	-	-	0.1	0.2	0.2	0.1	0.2
Europe	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	0.2	-	0.1	0.2	0.2	0.2	0.2	0.2
NON-OECD SUPPLY																	
FSU	-	-	-	-	-	-	-	-	-	0.1	0.1	-	0.1	0.2	0.1	0.2	0.1
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	0.1	0.1	-	-	0.1	0.1	0.1	0.1	-	-	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-	-0.1	-0.1	-0.1	-0.1	-0.1
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-	0.1	0.1	0.1	0.1	0.1
Processing Gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Global Biofuels	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-	-	-
Total Non-OPEC	-	-	0.1	0.1	-	-	-	-	0.1	0.1	-	0.1	0.2	0.3	0.2	0.3	0.3
OPEC																	
Crude	-	-	-	-	-	-	-	-	-								
NGLs	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-	-	-	-	-	-
Total OPEC	-	-	-	-	-	-	-	-	-								
Total Supply	-	-	0.1	0.1	-	-	-	-	0.1								
STOCK CHANGES AND MISCELLANEOUS																	
REPORTED OECD																	
Industry	-	-	0.1	-	-	-	-	0.1	0.1								
Government	-	-	-	-	-	-	-	-	-								
Total	-	-	0.1	-	-	-	-	0.1	0.1								
Floating Storage/Oil in Transit	-	-	-	-	-	-	-	-	-0.1								
Miscellaneous to balance	-	-	-	0.1	0.1	-	0.1	-0.1	-								
Total Stock Ch. & Misc	-	-	0.1	0.1	0.1	-	0.1	-0.1	-	0.1							
Memo items:																	
Call on OPEC crude + Stock ch.	-	-	-0.1	-0.1	-0.1	-	-0.1	0.1	-	0.1	0.1	0.1	-0.2	-0.1	-0.1	-0.2	-0.1
Adjusted Call on OPEC + Stock ch.	-	-	-0.1	-	-	-	-	-0.1	-	0.1	0.1	-	-0.1	-0.1	-0.1	-0.1	-0.1

When submitting their monthly oil statistics, OECD Member countries periodically update data for prior periods. Similar updates to non-OECD data can occur.

Table 2

SUMMARY OF GLOBAL OIL DEMAND

	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014
Demand (mb/d)																
Americas[1]	23.96	23.39	23.61	23.74	23.77	23.63	23.71	23.74	23.92	23.69	23.76	23.66	23.77	23.84	23.67	23.74
Europe[2]	14.28	13.69	13.79	13.81	13.66	13.74	13.17	13.79	13.77	13.42	13.54	13.13	13.38	13.70	13.50	13.43
Asia Oceania[3]	8.23	9.18	8.07	8.33	8.78	8.59	8.92	7.90	8.15	8.62	8.40	8.82	7.74	8.03	8.47	8.26
Total OECD	46.47	46.26	45.48	45.87	46.21	45.96	45.81	45.44	45.83	45.72	45.70	45.61	44.89	45.56	45.65	45.43
Asia	20.35	20.74	21.03	20.91	21.80	21.12	21.64	21.72	21.49	22.27	21.78	22.32	22.42	22.26	22.97	22.50
Middle East	7.43	7.27	7.79	8.16	7.48	7.68	7.46	7.85	8.38	7.73	7.86	7.66	8.10	8.57	7.97	8.08
Latin America	6.17	6.16	6.36	6.52	6.57	6.40	6.36	6.57	6.69	6.65	6.57	6.46	6.71	6.87	6.81	6.71
FSU	4.39	4.31	4.42	4.63	4.61	4.49	4.31	4.52	4.82	4.78	4.61	4.43	4.65	4.88	4.93	4.72
Africa	3.48	3.65	3.63	3.65	3.74	3.67	3.80	3.81	3.78	3.86	3.81	3.93	3.99	3.97	4.06	3.99
Europe	0.66	0.65	0.71	0.70	0.68	0.69	0.63	0.67	0.69	0.72	0.68	0.66	0.69	0.70	0.71	0.69
Total Non-OECD	42.49	42.77	43.94	44.55	44.88	44.04	44.20	45.13	45.84	45.99	45.30	45.46	46.56	47.26	47.46	46.69
World	88.96	89.03	89.42	90.43	91.10	90.00	90.00	90.57	91.67	91.71	91.00	91.07	91.45	92.82	93.10	92.12
of which: US50	18.95	18.43	18.61	18.64	18.48	18.54	18.64	18.63	18.80	18.51	18.65	18.59	18.74	18.68	18.48	18.62
Europe 5*	8.65	8.33	8.28	8.28	8.20	8.27	7.99	8.29	8.21	7.97	8.11	7.96	7.96	8.08	8.00	8.00
China	9.32	9.50	9.60	9.83	10.30	9.81	9.99	10.02	10.22	10.57	10.20	10.44	10.41	10.59	10.95	10.60
Japan	4.47	5.27	4.28	4.47	4.84	4.71	5.07	4.10	4.33	4.70	4.55	4.90	4.00	4.19	4.49	4.39
India	3.20	3.36	3.45	3.17	3.39	3.34	3.43	3.46	3.17	3.50	3.39	3.55	3.56	3.33	3.59	3.51
Russia	3.21	3.19	3.24	3.41	3.35	3.30	3.20	3.33	3.61	3.48	3.41	3.33	3.45	3.66	3.62	3.51
Brazil	2.87	2.87	2.93	3.03	3.12	2.99	2.99	3.08	3.13	3.17	3.09	3.05	3.17	3.26	3.26	3.19
Saudi Arabia	2.79	2.57	3.00	3.32	2.79	2.92	2.72	3.05	3.41	2.92	3.03	2.81	3.18	3.52	3.04	3.14
Canada	2.27	2.19	2.23	2.34	2.38	2.29	2.28	2.30	2.31	2.30	2.30	2.30	2.24	2.35	2.33	2.30
Korea	2.26	2.34	2.23	2.26	2.37	2.30	2.31	2.27	2.28	2.36	2.31	2.38	2.22	2.26	2.40	2.32
Mexico	2.11	2.09	2.13	2.11	2.24	2.14	2.11	2.14	2.14	2.20	2.15	2.09	2.13	2.14	2.19	2.14
Iran	1.77	1.80	1.82	1.69	1.68	1.75	1.73	1.74	1.72	1.70	1.72	1.76	1.75	1.73	1.72	1.74
Total	61.86	61.95	61.82	62.56	63.14	62.37	62.47	62.43	63.33	63.38	62.91	63.16	62.80	63.77	64.07	63.45
% of World	69.5%	69.6%	69.1%	69.2%	69.3%	69.3%	69.4%	68.9%	69.1%	69.1%	69.1%	69.3%	68.7%	68.7%	68.8%	68.9%
Annual Change (% per annum)																
Americas[1]	-0.8	-3.0	-0.5	-1.5	-0.6	-1.4	1.4	0.5	0.7	-0.4	0.6	-0.2	0.1	-0.3	-0.1	-0.1
Europe[2]	-2.8	-3.7	-2.4	-6.0	-3.0	-3.8	-3.7	0.0	-0.3	-1.8	-1.4	-0.4	-3.0	-0.5	0.6	-0.8
Asia Oceania[3]	0.6	5.8	7.8	2.9	1.2	4.3	-2.8	-2.1	-2.1	-1.8	-2.3	-1.1	-2.0	-1.5	-1.7	-1.6
Total OECD	-1.2	-1.6	0.3	-2.2	-1.0	-1.1	-1.0	-0.1	-0.1	-1.1	-0.6	-0.4	-1.2	-0.6	-0.2	-0.6
Asia	3.5	2.5	3.1	4.1	5.5	3.8	4.3	3.3	2.8	2.1	3.1	3.2	3.2	3.6	3.2	3.3
Middle East	2.0	3.5	4.7	3.7	1.1	3.2	2.6	0.7	2.7	3.3	2.3	2.7	3.2	2.3	3.2	2.8
Latin America	1.5	3.6	3.5	2.7	4.8	3.7	3.3	3.3	2.7	1.1	2.6	1.6	2.2	2.7	2.5	2.3
FSU	6.3	6.0	2.2	1.1	0.8	2.4	0.0	2.1	4.2	3.5	2.5	2.8	2.9	1.3	3.2	2.5
Africa	-1.2	4.1	3.7	7.5	6.0	5.3	4.2	4.9	3.6	3.3	4.0	3.2	4.7	5.1	5.3	4.6
Europe	-0.2	3.4	8.6	3.0	-1.3	3.3	-2.7	-5.6	-0.7	4.8	-1.0	4.3	3.3	1.5	-1.2	1.9
Total Non-OECD	2.7	3.3	3.5	3.7	4.1	3.7	3.3	2.7	2.9	2.5	2.9	2.8	3.2	3.1	3.2	3.1
World	0.7	0.7	1.8	0.6	1.5	1.2	1.1	1.3	1.4	0.7	1.1	1.2	1.0	1.3	1.5	1.2
Annual Change (mb/d)																
Americas[1]	-0.18	-0.71	-0.11	-0.37	-0.14	-0.33	0.32	0.13	0.18	-0.08	0.13	-0.05	0.03	-0.08	-0.01	-0.03
Europe[2]	-0.41	-0.53	-0.33	-0.88	-0.42	-0.54	-0.51	0.01	-0.04	-0.25	-0.20	-0.05	-0.42	-0.07	0.09	-0.11
Asia Oceania[3]	0.05	0.50	0.58	0.24	0.11	0.36	-0.26	-0.17	-0.18	-0.16	-0.19	-0.10	-0.16	-0.13	-0.14	-0.13
Total OECD	-0.55	-0.74	0.14	-1.02	-0.45	-0.52	-0.45	-0.04	-0.04	-0.49	-0.26	-0.19	-0.55	-0.27	-0.07	-0.27
Asia	0.69	0.51	0.63	0.81	1.14	0.78	0.90	0.69	0.58	0.47	0.66	0.69	0.70	0.78	0.70	0.72
Middle East	0.14	0.25	0.35	0.29	0.08	0.24	0.19	0.06	0.22	0.25	0.18	0.20	0.25	0.20	0.25	0.22
Latin America	0.09	0.21	0.22	0.17	0.30	0.23	0.20	0.21	0.17	0.07	0.17	0.10	0.14	0.18	0.17	0.15
FSU	0.26	0.24	0.09	0.05	0.04	0.10	0.00	0.09	0.19	0.16	0.11	0.12	0.13	0.06	0.15	0.12
Africa	-0.04	0.14	0.13	0.26	0.21	0.19	0.15	0.18	0.13	0.12	0.15	0.12	0.18	0.19	0.20	0.18
Europe	0.00	0.02	0.06	0.02	-0.01	0.02	-0.02	-0.04	-0.01	0.03	-0.01	0.03	0.02	0.01	-0.01	0.01
Total Non-OECD	1.14	1.38	1.47	1.60	1.77	1.55	1.43	1.19	1.29	1.11	1.26	1.26	1.43	1.42	1.46	1.39
World	0.59	0.64	1.61	0.58	1.32	1.04	0.97	1.15	1.25	0.61	1.00	1.06	0.88	1.15	1.39	1.12
Revisions to Oil Demand from Last Month's Report (mb/d)																
Americas[1]	0.00	-0.05	-0.10	-0.08	-0.03	-0.06	-0.02	0.01	0.05	-0.07	-0.01	0.00	0.03	0.02	-0.01	0.01
Europe[2]	0.00	0.00	0.00	0.00	0.00	0.00	0.02	-0.01	0.07	-0.01	0.02	-0.04	0.04	0.05	0.02	0.02
Asia Oceania[3]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.03	0.01	0.02	-0.02	-0.04	-0.05	-0.02
Total OECD	0.00	-0.05	-0.10	-0.08	-0.03	-0.06	0.00	0.01	0.11	-0.05	0.02	-0.02	0.06	0.03	-0.04	0.01
Asia	0.02	0.05	0.05	0.05	0.05	0.05	0.07	0.06	0.00	0.06	0.05	0.04	0.05	0.07	0.10	0.07
Middle East	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.00	0.01	0.01	0.00	0.00	0.01	0.01
Latin America	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.01	0.04	0.00	0.01	0.02	0.03	0.00	0.00	0.01
FSU	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.00	0.00	-0.01	0.02	0.01	0.00	0.01
Africa	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.05	0.02	-0.02	0.01	-0.01	0.02	0.01	0.01	0.01
Europe	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.03	-0.02	0.01	-0.01	-0.01	-0.02	-0.01	-0.01	-0.01
Total Non-OECD	0.02	0.05	0.05	0.05	0.05	0.05	0.06	0.09	0.08	0.05	0.07	0.04	0.10	0.09	0.12	0.09
World	0.02	0.00	-0.05	-0.03	0.01	-0.02	0.06	0.10	0.19	0.00	0.09	0.02	0.16	0.12	0.07	0.09
Revisions to Oil Demand Growth from Last Month's Report (mb/d)																
World	0.02	-0.01	-0.07	-0.05	0.00	-0.03	0.05	0.16	0.23	-0.01	0.11	-0.03	0.05	-0.07	0.08	0.01

1 As of the August 2012 OMR, includes Chile.

2 As of the August 2012 OMR, includes Estonia and Slovenia.

3 As of the August 2012 OMR, includes Israel.

* France, Germany, Italy, Spain and UK

Table 2a
OECD REGIONAL OIL DEMAND[1]

(million barrels per day)

	2011	2012	3Q12	4Q12	1Q13	2Q13	May 13	Jun 13	Jul 13 [2]	Latest month vs. Jun 13	Latest month vs. Jul 12
Americas[3]											
LPG&Ethane	3.13	3.14	2.98	3.36	3.64	2.96	2.89	2.86	2.98	0.12	0.09
Naphtha	0.35	0.34	0.32	0.35	0.36	0.40	0.40	0.42	0.40	-0.02	0.09
Motor Gasoline	10.42	10.34	10.49	10.18	10.03	10.57	10.67	10.65	10.79	0.14	0.31
Jet/Kerosene	1.64	1.65	1.70	1.62	1.58	1.68	1.69	1.69	1.77	0.08	0.06
Gasoil/Diesel Oil	5.12	4.97	4.86	5.00	5.16	5.01	5.06	4.91	4.81	-0.10	0.08
Residual Fuel Oil	0.87	0.78	0.82	0.72	0.75	0.67	0.57	0.75	0.73	-0.02	-0.17
Other Products	2.42	2.42	2.57	2.53	2.18	2.46	2.46	2.65	2.63	-0.02	0.02
Total	23.96	23.63	23.74	23.77	23.71	23.74	23.73	23.92	24.10	0.18	0.46
Europe[4]											
LPG&Ethane	0.97	0.94	0.88	0.91	1.05	1.13	1.15	1.08	1.04	-0.03	0.11
Naphtha	1.15	1.17	1.13	1.17	1.22	1.11	1.08	1.14	1.25	0.11	0.19
Motor Gasoline	2.13	1.99	2.06	1.93	1.79	1.96	1.94	2.00	2.08	0.08	0.00
Jet/Kerosene	1.24	1.21	1.32	1.18	1.13	1.23	1.23	1.25	1.32	0.07	-0.01
Gasoil/Diesel Oil	6.06	5.95	5.88	6.14	5.79	6.00	5.92	5.87	6.01	0.13	-0.01
Residual Fuel Oil	1.23	1.09	1.07	1.03	1.01	0.99	1.01	0.94	0.95	0.01	-0.13
Other Products	1.49	1.40	1.48	1.31	1.19	1.37	1.33	1.42	1.48	0.06	-0.03
Total	14.28	13.74	13.81	13.66	13.17	13.79	13.66	13.71	14.13	0.42	0.12
Asia Oceania[5]											
LPG&Ethane	0.87	0.89	0.85	0.84	0.94	0.82	0.85	0.77	0.83	0.06	-0.05
Naphtha	1.73	1.78	1.78	1.83	1.83	1.72	1.69	1.71	1.81	0.10	0.07
Motor Gasoline	1.60	1.61	1.67	1.63	1.54	1.56	1.56	1.56	1.66	0.10	0.01
Jet/Kerosene	0.88	0.88	0.65	1.02	1.13	0.69	0.67	0.61	0.66	0.05	0.03
Gasoil/Diesel Oil	1.71	1.78	1.75	1.83	1.80	1.72	1.73	1.70	1.75	0.05	-0.02
Residual Fuel Oil	0.78	0.91	0.89	0.86	0.91	0.67	0.64	0.67	0.76	0.09	-0.14
Other Products	0.67	0.76	0.73	0.76	0.77	0.72	0.76	0.68	0.69	0.01	0.07
Total	8.23	8.59	8.33	8.78	8.92	7.90	7.89	7.70	8.15	0.45	-0.05
OECD											
LPG&Ethane	4.97	4.96	4.71	5.11	5.64	4.91	4.89	4.70	4.85	0.14	0.14
Naphtha	3.23	3.29	3.23	3.35	3.41	3.22	3.18	3.27	3.46	0.19	0.34
Motor Gasoline	14.14	13.93	14.22	13.74	13.37	14.09	14.17	14.21	14.53	0.32	0.31
Jet/Kerosene	3.76	3.73	3.67	3.82	3.84	3.60	3.59	3.55	3.74	0.19	0.08
Gasoil/Diesel Oil	12.90	12.69	12.49	12.97	12.74	12.73	12.71	12.48	12.57	0.09	0.04
Residual Fuel Oil	2.89	2.77	2.78	2.62	2.66	2.33	2.22	2.36	2.44	0.08	-0.44
Other Products	4.59	4.58	4.77	4.61	4.14	4.56	4.54	4.74	4.80	0.05	0.06
Total	46.47	45.96	45.87	46.21	45.81	45.44	45.29	45.32	46.38	1.06	0.54

1 Demand, measured as deliveries from refineries and primary stocks, comprises inland deliveries, international bunkers and refinery fuel. It includes crude for direct burning, oil from non-conventional sources and other sources of supply. Jet/kerosene comprises jet kerosene and non-aviation kerosene. Gasoil comprises diesel, light heating oil and other gasoils. North America comprises US 50 states, US territories, Mexico and Canada.
2 Latest official OECD submissions (MOS).
3 As of the August 2012 OMR, includes Chile.
4 As of the August 2012 OMR, includes Estonia and Slovenia.
5 As of the August 2012 OMR, includes Israel.

Table 2b
OIL DEMAND IN SELECTED OECD COUNTRIES[1]

(million barrels per day)

										Latest month vs.	
	2011	2012	3Q12	4Q12	1Q13	2Q13	May 13	Jun 13	Jul 13 [2]	Jun 13	Jul 12
United States[3]											
LPG	2.27	2.26	2.12	2.44	2.68	2.11	2.04	2.04	2.18	0.14	0.11
Naphtha	0.25	0.24	0.22	0.26	0.28	0.28	0.29	0.29	0.27	-0.02	0.06
Motor Gasoline	8.75	8.69	8.85	8.53	8.41	8.89	8.96	8.97	9.07	0.10	0.24
Jet/Kerosene	1.44	1.41	1.45	1.38	1.35	1.43	1.43	1.44	1.51	0.07	0.04
Gasoil	3.90	3.74	3.66	3.74	3.93	3.76	3.77	3.67	3.59	-0.07	0.04
Residual Fuel Oil	0.46	0.37	0.41	0.27	0.37	0.26	0.20	0.30	0.34	0.04	-0.12
Other Products	1.87	1.83	1.93	1.86	1.62	1.90	1.88	2.07	2.05	-0.02	0.07
Total	18.95	18.54	18.64	18.48	18.64	18.63	18.58	18.77	19.01	0.23	0.44
Japan											
LPG	0.49	0.52	0.48	0.51	0.59	0.46	0.48	0.40	0.47	0.07	-0.05
Naphtha	0.74	0.72	0.71	0.74	0.77	0.70	0.68	0.68	0.75	0.07	0.05
Motor Gasoline	0.98	0.98	1.03	0.99	0.92	0.94	0.94	0.94	1.03	0.09	0.02
Jet/Kerosene	0.53	0.54	0.34	0.65	0.77	0.38	0.37	0.30	0.34	0.04	0.02
Diesel	0.44	0.45	0.45	0.47	0.45	0.44	0.44	0.44	0.48	0.04	0.03
Other Gasoil	0.38	0.38	0.33	0.39	0.42	0.32	0.32	0.31	0.34	0.03	0.00
Residual Fuel Oil	0.44	0.56	0.57	0.54	0.57	0.38	0.36	0.38	0.46	0.08	-0.10
Other Products	0.47	0.57	0.54	0.55	0.56	0.48	0.53	0.43	0.50	0.07	0.04
Total	4.47	4.71	4.47	4.84	5.07	4.10	4.10	3.88	4.37	0.50	0.02
Germany											
LPG	0.10	0.10	0.12	0.09	0.11	0.12	0.12	0.11	0.11	0.00	-0.01
Naphtha	0.38	0.38	0.37	0.40	0.42	0.39	0.40	0.38	0.39	0.00	0.01
Motor Gasoline	0.45	0.43	0.43	0.42	0.39	0.44	0.44	0.44	0.45	0.01	0.02
Jet/Kerosene	0.18	0.19	0.21	0.18	0.16	0.19	0.19	0.20	0.19	-0.01	-0.01
Diesel	0.66	0.70	0.73	0.69	0.64	0.72	0.69	0.72	0.76	0.04	0.03
Other Gasoil	0.39	0.38	0.33	0.47	0.40	0.45	0.42	0.42	0.33	-0.09	-0.07
Residual Fuel Oil	0.14	0.13	0.13	0.13	0.13	0.12	0.13	0.11	0.12	0.01	-0.01
Other Products	0.09	0.08	0.09	0.07	0.04	0.08	0.07	0.09	0.11	0.01	0.01
Total	2.40	2.39	2.41	2.44	2.30	2.51	2.46	2.49	2.45	-0.04	-0.04
Italy											
LPG	0.10	0.11	0.10	0.11	0.13	0.10	0.11	0.09	0.10	0.01	0.00
Naphtha	0.08	0.09	0.08	0.09	0.09	0.10	0.09	0.10	0.10	-0.01	0.01
Motor Gasoline	0.24	0.22	0.23	0.21	0.19	0.19	0.19	0.20	0.24	0.04	0.00
Jet/Kerosene	0.10	0.09	0.11	0.08	0.08	0.09	0.09	0.10	0.11	0.01	0.01
Diesel	0.49	0.45	0.45	0.44	0.40	0.42	0.43	0.42	0.46	0.03	-0.03
Other Gasoil	0.11	0.11	0.10	0.12	0.12	0.11	0.11	0.12	0.11	-0.01	0.02
Residual Fuel Oil	0.12	0.10	0.11	0.09	0.07	0.08	0.08	0.07	0.08	0.01	-0.03
Other Products	0.24	0.20	0.21	0.18	0.19	0.18	0.17	0.17	0.21	0.04	0.01
Total	1.49	1.35	1.38	1.33	1.28	1.28	1.27	1.27	1.41	0.14	-0.01
France											
LPG	0.11	0.11	0.09	0.11	0.14	0.10	0.10	0.09	0.09	0.00	0.00
Naphtha	0.14	0.13	0.14	0.09	0.15	0.15	0.15	0.16	0.16	0.00	0.02
Motor Gasoline	0.18	0.16	0.17	0.15	0.14	0.16	0.16	0.16	0.19	0.02	0.00
Jet/Kerosene	0.16	0.15	0.17	0.15	0.14	0.16	0.16	0.16	0.17	0.01	0.00
Diesel	0.69	0.68	0.69	0.69	0.65	0.69	0.67	0.68	0.76	0.08	0.04
Other Gasoil	0.28	0.28	0.26	0.30	0.34	0.27	0.27	0.22	0.25	0.03	-0.04
Residual Fuel Oil	0.08	0.07	0.06	0.06	0.07	0.06	0.06	0.06	0.06	-0.01	-0.01
Other Products	0.17	0.15	0.15	0.15	0.13	0.16	0.17	0.18	0.18	0.00	0.04
Total	1.79	1.74	1.73	1.71	1.75	1.75	1.74	1.72	1.86	0.14	0.06
United Kingdom											
LPG	0.13	0.11	0.09	0.09	0.09	0.14	0.14	0.16	0.13	-0.03	0.01
Naphtha	0.03	0.02	0.02	0.03	0.04	0.03	0.02	0.02	0.03	0.01	0.00
Motor Gasoline	0.33	0.32	0.31	0.31	0.30	0.31	0.29	0.33	0.30	-0.04	-0.01
Jet/Kerosene	0.32	0.31	0.31	0.32	0.32	0.31	0.30	0.29	0.30	0.01	-0.01
Diesel	0.45	0.45	0.45	0.47	0.44	0.47	0.44	0.49	0.45	-0.04	0.01
Other Gasoil	0.12	0.12	0.13	0.12	0.12	0.13	0.12	0.12	0.12	0.00	0.00
Residual Fuel Oil	0.06	0.05	0.05	0.04	0.05	0.04	0.04	0.04	0.04	0.00	-0.01
Other Products	0.14	0.12	0.12	0.10	0.12	0.14	0.13	0.14	0.14	0.00	0.01
Total	1.58	1.50	1.49	1.47	1.48	1.55	1.48	1.60	1.50	-0.09	0.01
Canada											
LPG	0.40	0.42	0.40	0.46	0.49	0.41	0.41	0.38	0.35	-0.03	-0.03
Naphtha	0.08	0.09	0.10	0.09	0.08	0.10	0.10	0.10	0.10	0.00	0.00
Motor Gasoline	0.76	0.74	0.75	0.72	0.73	0.78	0.79	0.80	0.82	0.02	0.06
Jet/Kerosene	0.09	0.12	0.14	0.13	0.12	0.13	0.15	0.12	0.13	0.01	0.01
Diesel	0.30	0.30	0.31	0.29	0.32	0.31	0.30	0.32	0.30	-0.02	-0.01
Other Gasoil	0.26	0.23	0.21	0.25	0.22	0.22	0.26	0.22	0.22	0.01	0.03
Residual Fuel Oil	0.06	0.06	0.06	0.05	0.04	0.04	0.03	0.04	0.04	0.00	-0.06
Other Products	0.31	0.32	0.37	0.38	0.29	0.30	0.31	0.31	0.33	0.02	-0.02
Total	2.27	2.29	2.34	2.38	2.28	2.30	2.36	2.28	2.28	0.00	-0.03

1 Demand, measured as deliveries from refineries and primary stocks, comprises inland deliveries, international bunkers and refinery fuel. It includes crude for direct burning, oil from non-conventional sources and other sources of supply. Jet/kerosene comprises jet kerosene and non-aviation kerosene. Gasoil comprises diesel, light heating oil and other gasoils.
2 Latest official OECD submissions (MOS).
3 US figures exclude US territories.

Table 3
WORLD OIL PRODUCTION
(million barrels per day)

	2012	2013	2014	2Q13	3Q13	4Q13	1Q14	2Q14	Jul 13	Aug 13	Sep 13
OPEC											
Crude Oil											
Saudi Arabia	9.51			9.29	9.84				9.74	9.93	9.86
Iran	3.00			2.68	2.64				2.65	2.68	2.58
Iraq	2.95			3.16	3.04				3.06	3.22	2.82
UAE	2.65			2.72	2.76				2.75	2.75	2.77
Kuwait	2.46			2.56	2.53				2.54	2.51	2.53
Neutral Zone	0.54			0.52	0.52				0.52	0.52	0.52
Qatar	0.74			0.73	0.73				0.73	0.73	0.73
Angola	1.78			1.76	1.71				1.73	1.70	1.72
Nigeria	2.10			1.94	1.97				1.92	1.94	2.04
Libya	1.39			1.31	0.62				1.00	0.55	0.30
Algeria	1.17			1.14	1.14				1.15	1.12	1.15
Ecuador	0.50			0.51	0.52				0.52	0.52	0.52
Venezuela	2.50			2.52	2.46				2.47	2.47	2.45
Total Crude Oil	31.30			30.83	30.47				30.77	30.63	29.99
Total NGLs[1]	6.28	6.46	6.70	6.40	6.52	6.57	6.66	6.66	6.52	6.52	6.52
Total OPEC	37.58			37.22	36.99				37.29	37.15	36.51
NON-OPEC[2]											
OECD											
Americas[6]	15.86	17.10	18.16	16.70	17.25	17.66	18.02	18.02	17.11	17.32	17.34
United States[5]	9.18	10.20	11.03	10.06	10.37	10.53	10.80	11.00	10.32	10.38	10.42
Mexico	2.92	2.88	2.85	2.88	2.88	2.86	2.87	2.86	2.85	2.89	2.90
Canada	3.75	4.01	4.27	3.75	3.99	4.27	4.34	4.15	3.93	4.04	4.01
Chile	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Europe[7]	3.46	3.28	3.21	3.30	3.11	3.37	3.36	3.22	3.41	3.03	2.89
UK	0.94	0.85	0.83	0.89	0.74	0.87	0.89	0.84	0.85	0.65	0.71
Norway	1.91	1.85	1.83	1.84	1.82	1.93	1.90	1.84	1.98	1.82	1.64
Others	0.60	0.58	0.54	0.58	0.56	0.57	0.56	0.54	0.57	0.57	0.55
Asia Oceania[8]	0.56	0.49	0.52	0.49	0.52	0.50	0.46	0.52	0.52	0.52	0.51
Australia	0.48	0.42	0.44	0.42	0.45	0.45	0.38	0.44	0.44	0.46	0.46
Others	0.08	0.07	0.08	0.08	0.06	0.05	0.08	0.08	0.08	0.06	0.05
Total OECD	19.88	20.88	21.88	20.50	20.89	21.53	21.85	21.76	21.04	20.87	20.75
NON-OECD											
Former USSR	13.65	13.82	13.93	13.78	13.79	13.85	13.89	13.91	13.80	13.69	13.90
Russia	10.73	10.83	10.86	10.84	10.85	10.82	10.85	10.86	10.78	10.89	10.89
Others	2.92	2.98	3.07	2.94	2.94	3.03	3.04	3.05	3.02	2.80	3.01
Asia	7.82	7.71	7.79	7.82	7.51	7.64	7.79	7.80	7.58	7.46	7.50
China	4.18	4.15	4.24	4.24	4.03	4.14	4.23	4.26	4.08	4.00	4.01
Malaysia	0.67	0.67	0.69	0.65	0.65	0.68	0.69	0.69	0.66	0.63	0.68
India	0.91	0.89	0.88	0.90	0.89	0.88	0.89	0.88	0.89	0.89	0.88
Indonesia	0.89	0.84	0.79	0.87	0.82	0.81	0.81	0.80	0.83	0.82	0.81
Others	1.17	1.15	1.18	1.17	1.12	1.13	1.16	1.17	1.12	1.13	1.12
Europe	0.14	0.14	0.13	0.14	0.14	0.13	0.13	0.13	0.14	0.14	0.14
Latin America	4.18	4.19	4.41	4.17	4.17	4.28	4.33	4.37	4.17	4.18	4.15
Brazil[5]	2.16	2.12	2.28	2.10	2.10	2.21	2.22	2.25	2.07	2.10	2.11
Argentina	0.66	0.63	0.61	0.64	0.63	0.62	0.62	0.62	0.65	0.62	0.62
Colombia	0.95	1.02	1.10	1.00	1.02	1.04	1.07	1.10	1.02	1.03	1.01
Others	0.42	0.42	0.41	0.43	0.42	0.41	0.42	0.41	0.43	0.42	0.41
Middle East[3]	1.46	1.36	1.33	1.33	1.36	1.34	1.34	1.33	1.36	1.37	1.34
Oman	0.92	0.95	0.96	0.94	0.96	0.96	0.95	0.95	0.96	0.96	0.95
Syria	0.17	0.06	0.04	0.06	0.05	0.04	0.05	0.04	0.06	0.06	0.05
Yemen	0.18	0.14	0.13	0.12	0.14	0.14	0.14	0.13	0.14	0.14	0.13
Others	0.18	0.21	0.20	0.21	0.21	0.21	0.21	0.20	0.21	0.21	0.21
Africa	2.28	2.36	2.59	2.32	2.37	2.48	2.56	2.59	2.42	2.31	2.39
Egypt	0.72	0.70	0.66	0.70	0.69	0.68	0.67	0.67	0.70	0.70	0.69
Gabon	0.25	0.24	0.24	0.23	0.24	0.24	0.24	0.24	0.25	0.24	0.24
Others	1.31	1.42	1.69	1.39	1.43	1.55	1.65	1.69	1.48	1.37	1.46
Total Non-OECD	29.52	29.57	30.18	29.56	29.34	29.73	30.04	30.13	29.47	29.15	29.41
Processing Gains[4]	2.14	2.18	2.21	2.16	2.20	2.18	2.21	2.19	2.22	2.22	2.17
Global Biofuels[5]	1.86	1.97	2.10	2.02	2.32	2.06	1.72	2.11	2.31	2.35	2.28
TOTAL NON-OPEC	53.40	54.60	56.37	54.24	54.75	55.50	55.82	56.19	55.04	54.59	54.61
TOTAL SUPPLY	90.98			91.46	91.73				92.32	91.74	91.12

1 Includes condensates reported by OPEC countries, oil from non-conventional sources, e.g. Venezuelan Orimulsion (but not Orinoco extra-heavy oil), and non-oil inputs to Saudi Arabian MTBE. Orimulsion production reportedly ceased from January 2007.
2 Comprises crude oil, condensates, NGLs and oil from non-conventional sources
3 Includes small amounts of production from Jordan and Bahrain.
4 Net volumetric gains and losses in refining and marine transportation losses.
5 As of the July 2010 OMR, Global Biofuels comprise all world biofuel production including fuel ethanol from the US and Brazil.
6 As of the August 2012 OMR, includes Chile.
7 As of the August 2012 OMR, includes Estonia and Slovenia.
8 As of the August 2012 OMR, includes Israel.

Table 4

OECD INDUSTRY STOCKS[1] AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS[2] in Million Barrels					PRIOR YEARS' STOCKS[2] in Million Barrels			STOCK CHANGES in mb/d			
	Apr2013	May2013	Jun2013	Jul2013	Aug2013*	Aug2010	Aug2011	Aug2012	3Q2012	4Q2012	1Q2013	2Q2013
OECD Americas												
Crude	531.5	531.2	518.6	504.2	501.2	505.0	485.2	500.7	-0.11	-0.11	0.35	-0.17
Motor Gasoline	258.4	256.4	260.2	258.3	251.9	255.1	245.4	235.5	-0.06	0.32	-0.06	0.00
Middle Distillate	195.8	196.0	195.3	199.2	204.6	251.6	230.3	203.8	0.16	0.08	-0.20	0.03
Residual Fuel Oil	49.0	47.0	45.9	46.0	43.4	47.2	46.7	43.3	-0.01	-0.03	0.03	0.00
Total Products[3]	675.2	683.4	698.2	707.5	713.2	734.6	701.3	691.5	0.27	0.09	-0.43	0.37
Total[4]	1361.8	1369.9	1377.2	1372.1	1373.3	1400.3	1353.3	1360.9	0.25	-0.22	-0.16	0.32
OECD Europe												
Crude	320.3	315.8	303.6	313.3	305.2	351.0	313.0	323.2	-0.12	-0.04	0.04	-0.03
Motor Gasoline	93.9	85.3	88.7	87.9	88.6	95.7	91.6	90.6	0.06	-0.01	0.08	-0.08
Middle Distillate	249.2	244.2	248.7	255.3	256.8	292.3	272.8	274.4	0.13	-0.06	0.03	-0.08
Residual Fuel Oil	81.8	76.7	77.0	77.7	77.8	87.7	82.3	76.8	0.03	0.01	0.04	-0.03
Total Products[3]	522.6	502.0	513.4	513.5	516.2	575.9	555.8	547.1	0.19	-0.06	0.12	-0.21
Total[4]	905.2	878.3	876.4	887.8	883.1	996.1	935.1	937.3	0.05	-0.16	0.20	-0.27
OECD Asia Oceania												
Crude	161.1	167.0	168.0	160.5	147.7	160.4	155.9	164.9	0.00	-0.13	0.09	0.01
Motor Gasoline	27.4	27.7	27.5	27.6	27.1	23.8	25.8	28.1	0.02	-0.04	0.04	0.00
Middle Distillate	62.2	57.8	61.0	65.9	70.2	64.1	70.9	70.8	0.08	-0.09	0.04	-0.03
Residual Fuel Oil	20.4	20.7	19.7	21.1	22.3	20.7	19.4	21.7	0.02	-0.02	0.00	-0.01
Total Products[3]	171.7	164.7	167.5	174.6	182.7	176.0	182.4	182.0	0.20	-0.16	0.03	-0.06
Total[4]	410.2	405.9	409.5	407.9	403.6	406.8	412.3	419.3	0.16	-0.33	0.18	-0.04
Total OECD												
Crude	1012.9	1013.9	990.2	978.0	954.1	1016.3	954.0	988.8	-0.23	-0.28	0.49	-0.19
Motor Gasoline	379.7	369.4	376.3	373.7	367.5	374.6	362.8	354.2	0.02	0.27	0.05	-0.09
Middle Distillate	507.2	498.0	504.9	520.4	531.6	608.0	574.0	549.0	0.37	-0.07	-0.14	-0.08
Residual Fuel Oil	151.2	144.4	142.5	144.8	143.4	155.6	148.3	141.7	0.03	-0.03	0.07	-0.03
Total Products[3]	1369.5	1350.1	1379.1	1395.5	1412.1	1486.5	1439.4	1420.6	0.66	-0.13	-0.28	0.09
Total[4]	2677.2	2654.1	2663.2	2667.8	2660.0	2803.2	2700.6	2717.6	0.45	-0.72	0.21	0.01

OECD GOVERNMENT-CONTROLLED STOCKS[5] AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS[2] in Million Barrels					PRIOR YEARS' STOCKS[2] in Million Barrels			STOCK CHANGES in mb/d			
	Apr2013	May2013	Jun2013	Jul2013	Aug2013*	Aug2010	Aug2011	Aug2012	3Q2012	4Q2012	1Q2013	2Q2013
OECD Americas												
Crude	696.0	696.0	696.0	696.0	696.0	726.6	696.5	696.0	-0.01	0.00	0.01	0.00
Products	1.0	1.0	1.0	1.0	1.0	2.0	0.0	1.0	0.00	0.00	0.00	0.00
OECD Europe												
Crude	204.5	204.2	207.0	205.9	205.9	182.9	183.1	194.8	0.03	0.01	0.01	0.03
Products	258.9	258.8	259.1	260.7	260.7	239.3	240.2	234.4	0.02	0.03	0.06	-0.04
OECD Asia Oceania												
Crude	389.6	389.5	386.1	384.9	384.9	387.0	390.6	393.4	0.00	0.00	-0.04	-0.04
Products	21.0	21.0	21.0	21.0	21.0	20.0	18.7	20.0	0.00	0.00	0.01	0.00
Total OECD												
Crude	1290.1	1289.7	1289.1	1286.8	1286.8	1296.4	1270.2	1284.2	0.02	0.02	-0.03	-0.01
Products	280.9	280.8	281.1	282.7	282.7	261.3	259.0	255.4	0.02	0.03	0.07	-0.04
Total[4]	1574.1	1574.7	1574.4	1573.9	1573.9	1559.1	1530.6	1540.9	0.04	0.05	0.04	-0.04

* estimated

1 Stocks are primary national territory stocks on land (excluding utility stocks and including pipeline and entrepot stocks where known) and include stocks held by industry to meet IEA, EU and national emergency reserve commitments and are subject to government control in emergencies.

2 Closing stock levels.

3 Total products includes gasoline, middle distillates, fuel oil and other products.

4 Total includes NGLs, refinery feedstocks, additives/oxygenates and other hydrocarbons.

5 Includes government-owned stocks and stock holding organisation stocks held for emergency purposes.

Table 5

TOTAL STOCKS ON LAND IN OECD COUNTRIES[1]

('millions of barrels' and 'days')

	End June 2012		End September 2012		End December 2012		End March 2013		End June 2013 [3]	
	Stock Level	Days Fwd[2] Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand
OECD Americas										
Canada	170.1	73	179.6	76	173.2	76	170.9	74	174.1	-
Chile	10.3	29	9.8	27	8.9	25	9.5	25	9.3	-
Mexico	45.3	21	48.8	22	47.5	23	48.7	23	50.0	-
United States[4]	1811.2	97	1820.5	99	1808.8	97	1794.2	96	1818.7	-
Total[4]	2058.9	87	2080.7	88	2060.5	87	2045.4	86	2074.2	87
OECD Asia Oceania										
Australia	40.8	36	42.8	37	37.5	34	37.5	33	39.7	-
Israel	-	-	-	-	-	-	-	-	-	-
Japan	601.3	135	605.7	125	590.2	116	589.2	144	585.8	-
Korea	176.7	78	183.8	78	175.4	76	187.6	82	182.3	-
New Zealand	8.0	56	8.9	58	7.8	49	9.0	60	8.8	-
Total	826.8	99	841.3	96	811.0	91	823.3	104	816.6	100
OECD Europe[5]										
Austria	21.5	79	21.6	86	22.9	95	22.5	83	22.0	-
Belgium	38.6	65	38.3	60	38.7	57	37.7	60	39.4	-
Czech Republic	18.6	89	18.9	96	20.2	118	20.3	107	18.5	-
Denmark	19.5	122	21.2	138	21.3	147	23.7	152	22.1	-
Estonia	1.2	49	1.1	39	1.5	55	1.6	72	2.3	-
Finland	28.0	145	28.2	139	26.3	136	36.6	188	38.2	-
France	163.7	95	164.0	96	162.3	93	160.9	92	165.5	-
Germany	279.6	116	283.0	116	287.1	125	290.5	116	288.4	-
Greece	28.9	93	30.1	104	30.8	112	32.0	110	26.4	-
Hungary	15.9	115	15.6	113	15.1	123	16.6	123	15.4	-
Ireland	10.5	82	9.5	67	10.3	77	10.0	82	10.5	-
Italy	134.4	97	142.8	108	125.5	98	130.3	102	125.7	-
Luxembourg	0.6	11	0.7	13	0.7	11	0.7	11	0.6	-
Netherlands	112.6	111	113.5	115	121.3	128	132.5	129	123.1	-
Norway	27.4	127	27.0	108	27.9	126	25.6	100	23.3	-
Poland	62.7	118	62.8	119	63.9	139	63.3	132	61.0	-
Portugal	20.4	86	20.8	97	21.3	97	23.1	93	21.7	-
Slovak Republic	9.0	109	8.8	108	8.5	119	8.7	120	8.6	-
Slovenia	4.6	83	5.2	97	5.3	111	5.0	97	5.2	-
Spain	132.8	104	130.8	105	120.1	101	123.8	104	117.1	-
Sweden	29.0	92	30.2	95	27.6	91	28.7	88	27.7	-
Switzerland	35.2	146	36.7	135	36.8	147	36.5	142	36.7	-
Turkey	64.0	89	63.4	93	62.0	104	62.0	86	63.9	-
United Kingdom	82.5	55	75.4	51	80.9	55	79.1	51	83.4	-
Total	1341.2	97	1349.8	99	1338.4	102	1371.7	99	1346.7	98
Total OECD	4226.9	92	4271.8	92	4209.9	92	4240.4	93	4237.5	92
DAYS OF IEA Net Imports[6]	-	149	-	150	-	148	-	149	-	160

1 Total Stocks are industry and government-controlled stocks (see breakdown in table below). Stocks are primary national territory stocks on land (excluding utility stocks and including pipeline and entrepot stocks where known) they include stocks held by industry to meet IEA, EU and national emergency reserves commitments and are subject to government control in emergencies.
2 Note that days of forward demand represent the stock level divided by the forward quarter average daily demand and is very different from the days of net imports used for the calculation of IEA Emergency Reserves.
3 End June 2013 forward demand figures are IEA Secretariat forecasts.
4 US figures exclude US territories. Total includes US territories.
5 Data not available for Iceland.
6 Reflects stock levels and prior calendar year's net imports adjusted according to IEA emergency reserve definitions (see www.iea.org/netimports.asp). Net exporting IEA countries are excluded.

TOTAL OECD STOCKS

CLOSING STOCKS	Total	Government[1] controlled	Industry	Total	Government[1] controlled	Industry
	Millions of Barrels			*Days of Fwd. Demand*[2]		
2Q2010	4330	1566	2765	91	33	58
3Q2010	4306	1553	2753	90	33	58
4Q2010	4244	1565	2679	90	33	57
1Q2011	4208	1562	2646	93	34	58
2Q2011	4250	1565	2685	91	33	57
3Q2011	4199	1529	2670	90	33	57
4Q2011	4141	1536	2605	90	33	56
1Q2012	4194	1536	2657	92	34	59
2Q2012	4227	1539	2688	92	34	59
3Q2012	4272	1542	2729	92	33	59
4Q2012	4210	1547	2663	92	34	58
1Q2013	4240	1578	2662	93	35	59
2Q2013	4238	1574	2663	92	34	58

1 Includes government-owned stocks and stock holding organisation stocks held for emergency purposes.
2 Days of forward demand calculated using actual demand except in 2Q2013 (when latest forecasts are used).

Table 6

IEA MEMBER COUNTRY DESTINATIONS OF SELECTED CRUDE STREAMS[1]

(million barrels per day)

	2010	2011	2012	3Q12	4Q12	1Q13	2Q13	May 13	Jun 13	Jul 13	Year Earlier Jul 12	Year Earlier change
Saudi Light & Extra Light												
Americas	0.69	0.69	0.76	0.67	0.65	0.69	0.66	0.55	0.62	0.89	0.68	0.21
Europe	0.66	0.83	0.85	0.97	0.77	0.67	0.88	0.94	1.05	0.93	0.96	-0.03
Asia Oceania	1.21	1.24	1.26	1.21	1.27	1.22	1.20	1.23	1.11	1.15	1.25	-0.09
Saudi Medium												
Americas	0.36	0.37	0.44	0.41	0.43	0.44	0.44	0.48	0.42	0.45	0.41	0.04
Europe	0.00	0.02	0.05	0.05	0.02	-	0.02	0.01	0.01	0.01	0.06	-0.05
Asia Oceania	0.34	0.40	0.45	0.48	0.44	0.49	0.34	0.27	0.43	0.40	0.46	-0.06
Saudi Heavy												
Americas	0.02	0.02	0.05	0.02	0.02	-	0.06	0.15	0.01	0.15	0.03	0.12
Europe	0.00	0.01	0.12	0.21	0.13	0.08	0.20	0.19	0.20	0.19	0.16	0.02
Asia Oceania	0.22	0.20	0.20	0.19	0.19	0.20	0.20	0.18	0.20	0.21	0.20	0.01
Iraqi Basrah Light[2]												
Americas	0.36	0.29	0.49	0.46	0.55	0.56	0.26	0.21	0.27	0.37	0.41	-0.04
Europe	0.09	0.11	0.26	0.42	0.31	0.18	0.26	0.29	0.26	0.42	0.50	-0.08
Asia Oceania	0.29	0.34	0.33	0.39	0.31	0.35	0.35	0.31	0.33	0.29	0.41	-0.12
Iraqi Kirkuk												
Americas	0.03	0.07	0.05	0.04	0.03	0.01	0.01	-	-	-	0.04	-
Europe	0.27	0.27	0.22	0.21	0.25	0.19	0.21	0.19	0.21	0.12	0.18	-0.06
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Iranian Light												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.24	0.23	0.12	0.05	0.05	0.10	0.10	0.09	0.11	0.06	0.00	0.06
Asia Oceania	0.04	0.04	0.02	0.01	0.01	0.01	-	-	-	-	-	-
Iranian Heavy[3]												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.49	0.55	0.16	0.08	0.04	0.02	0.01	0.01	-	0.04	0.04	-0.01
Asia Oceania	0.52	0.51	0.33	0.11	0.36	0.39	0.25	0.42	0.27	0.30	0.01	0.28
Venezuelan Light & Medium												
Americas	0.14	0.18	0.13	0.14	0.16	0.17	0.09	0.09	0.18	-	0.19	-
Europe	0.02	0.02	0.02	0.01	0.06	0.03	-	-	-	0.02	0.02	0.00
Asia Oceania	-	-	0.01	-	-	-	0.01	-	-	-	-	-
Venezuelan 22 API and heavier												
Americas	0.86	0.76	0.69	0.77	0.73	0.60	0.62	0.57	0.68	0.67	0.71	-0.04
Europe	0.06	0.05	0.08	0.11	0.04	0.06	0.08	0.11	0.05	0.09	0.12	-0.03
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Maya												
Americas	0.91	0.82	0.73	0.76	0.74	0.63	0.67	0.67	0.70	0.68	0.76	-0.08
Europe	0.11	0.12	0.14	0.13	0.17	0.15	0.16	0.13	0.19	0.13	0.11	0.02
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Isthmus												
Americas	0.04	0.07	0.04	0.05	0.04	0.05	0.03	0.00	0.01	0.01	0.09	-0.08
Europe	0.02	0.01	0.03	0.03	0.04	0.03	0.02	0.02	0.02	0.03	0.05	-0.02
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Russian Urals												
Americas	0.08	0.01	0.00	0.01	-	-	0.02	0.02	0.02	-	0.02	-
Europe	1.80	1.69	1.86	1.97	1.94	1.85	1.93	2.07	1.68	1.72	1.97	-0.25
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Nigerian Light[4]												
Americas	0.60	0.53	0.24	0.25	0.14	0.14	0.15	0.23	0.21	-	0.22	-
Europe	0.34	0.45	0.58	0.72	0.58	0.65	0.46	0.46	0.45	0.50	0.62	-0.12
Asia Oceania	-	0.05	0.04	0.03	0.03	0.02	0.05	0.08	0.04	0.03	-	-
Nigerian Medium												
Americas	0.25	0.18	0.12	0.14	0.21	0.07	0.12	0.11	0.13	0.03	0.16	-0.13
Europe	0.09	0.14	0.25	0.26	0.23	0.21	0.21	0.18	0.15	0.25	0.31	-0.06
Asia Oceania	-	-	0.00	0.00	-	-	-	-	-	-	-	-

1 Data based on monthly submissions from IEA countries to the crude oil import register (in '000 bbl), subject to availability. May differ from Table 8 of the Report.
IEA Americas includes United States and Canada.
IEA Europe includes all countries in OECD Europe except Estonia, Hungary and Slovenia.
IEA Asia Oceania includes Australia, New Zealand, Korea and Japan.

2 Iraqi Total minus Kirkuk.

3 Iranian Total minus Iranian Light.

4 33° API and lighter (e.g., Bonny Light, Escravos, Qua Iboe and Oso Condensate).

Table 7
REGIONAL OECD IMPORTS[1,2]
(thousand barrels per day)

	2010	2011	2012	3Q12	4Q12	1Q13	2Q13	May 13	Jun 13	Jul 13	Year Earlier Jul 12	% change
Crude Oil												
Americas	7494	6870	6101	6147	5610	5039	5323	5457	5457	5547	6226	-11%
Europe	9072	8988	9346	9795	9286	8947	9229	9407	8983	9574	9784	-2%
Asia Oceania	6473	6609	6761	6627	6702	6999	6242	6241	6186	6340	6778	-6%
Total OECD	23038	22468	22208	22568	21597	20985	20795	21104	20627	21461	22788	-6%
LPG												
Americas	34	33	26	34	23	37	31	45	21	51	35	46%
Europe	285	318	287	271	297	352	400	433	355	314	256	23%
Asia Oceania	565	568	620	598	615	598	547	494	572	577	536	8%
Total OECD	884	919	933	903	936	987	977	972	948	942	827	14%
Naphtha												
Americas	36	42	20	17	15	21	20	26	16	15	10	50%
Europe	399	298	350	291	347	348	275	258	325	298	341	-13%
Asia Oceania	908	884	900	920	961	954	939	927	962	833	816	2%
Total OECD	1344	1224	1270	1228	1324	1324	1235	1210	1303	1146	1167	-2%
Gasoline[3]												
Americas	801	762	730	802	652	610	801	808	731	664	826	-20%
Europe	187	222	212	201	188	121	99	86	118	124	275	-55%
Asia Oceania	84	95	86	68	89	96	91	94	69	76	65	17%
Total OECD	1073	1079	1028	1071	928	828	990	988	917	865	1165	-26%
Jet & Kerosene												
Americas	76	77	73	99	86	51	84	95	73	84	47	79%
Europe	418	397	398	456	465	327	415	421	432	489	479	2%
Asia Oceania	45	58	63	55	82	107	56	44	63	43	61	-30%
Total OECD	539	532	534	609	634	484	555	560	568	616	588	5%
Gasoil/Diesel												
Americas	100	72	59	50	69	83	81	78	71	51	43	18%
Europe	1071	1044	984	966	1074	1031	955	1016	985	1182	1019	16%
Asia Oceania	103	147	185	194	203	177	166	131	176	143	222	-36%
Total OECD	1275	1263	1227	1210	1347	1291	1203	1225	1232	1376	1284	7%
Heavy Fuel Oil												
Americas	277	268	206	208	181	163	150	130	130	185	207	-11%
Europe	464	537	521	483	439	539	511	531	551	593	533	11%
Asia Oceania	123	153	223	227	241	260	197	186	198	198	223	-11%
Total OECD	864	958	951	918	860	963	858	847	879	976	963	1%
Other Products												
Americas	807	871	813	838	829	735	865	951	811	937	829	13%
Europe	692	700	654	658	671	833	773	888	799	819	676	21%
Asia Oceania	367	366	356	359	317	381	372	425	333	400	341	17%
Total OECD	1866	1937	1823	1855	1817	1949	2010	2265	1944	2156	1846	17%
Total Products												
Americas	2132	2125	1927	2048	1855	1701	2031	2132	1854	1987	1998	-1%
Europe	3516	3516	3405	3326	3481	3552	3428	3633	3564	3819	3579	7%
Asia Oceania	2197	2271	2432	2421	2509	2572	2368	2301	2373	2269	2263	0%
Total OECD	7845	7912	7765	7795	7846	7825	7827	8066	7791	8076	7840	3%
Total Oil												
Americas	9625	8995	8028	8195	7465	6740	7354	7589	7311	7534	8223	-8%
Europe	12588	12504	12751	13121	12767	12499	12657	13040	12547	13394	13363	0%
Asia Oceania	8670	8880	9194	9048	9210	9572	8611	8542	8559	8609	9041	-5%
Total OECD	30883	30380	29973	30363	29443	28810	28622	29171	28418	29537	30628	-4%

1 Based on Monthly Oil Questionnaire data submitted by OECD countries in tonnes and converted to barrels.
2 Excludes intra-regional trade.
3 Includes additives.

© OECD/IEA 2013. All Rights Reserved

The International Energy Agency (IEA) makes every attempt to ensure, but does not guarantee, the accuracy and completeness of the information or the clarity of content of the *Oil Market Report* (hereafter the *OMR*). The IEA shall not be liable to any party for any inaccuracy, error or omission contained or provided in this *OMR* or for any loss, or damage, whether or not due to reliance placed by that party on information in this *OMR*.

The Executive Director and Secretariat of the IEA are responsible for the publication of the *OMR*. Although some of the data are supplied by IEA Member-country governments, largely on the basis of information they in turn receive from oil companies, neither these governments nor these oil companies necessarily share the Secretariat's views or conclusions as expressed in the *OMR*. The *OMR* is prepared for general circulation and is distributed for general information only. Neither the information nor any opinion expressed in the *OMR* constitutes an offer, or an invitation to make an offer, to buy or sell any securities or any options, futures or other derivatives related to such securities.

This *OMR* is the copyright of the OECD/IEA and is subject to terms and conditions of use. These terms and conditions are available on the IEA website at http://www.iea.org/oilmar/licenceomr.html. In relation to the Subscriber Edition (as defined in the OMR's online terms and conditions), all Argus information is sourced from Copyright © 2013 Argus Media Limited and is published here with the permission of Argus. The spot crude and product price assessments are based on daily Argus prices, converted when appropriate to US$ per barrel according to the Argus specification of products. Argus Media Limited reserves all rights in relation to all Argus information. Any reproduction of Argus information requires the express prior written permission of Argus. Argus shall not be liable to any party for any inaccuracy, error or omission contained or provided in Argus information contained in this OMR or for any loss, or damage, whether or not due to reliance placed by that party on information in this OMR.

OMR Contacts

Editor and Head, Oil Industry and Markets Division

Antoine Halff

Analysts

Toril Bosoni (Refining)

Charles Esser (Non-OPEC Supply)

Diane Munro (OPEC Supply and Prices)

Matt Parry (Demand)

Andrew Wilson (Stocks/Statistics)

Statistics

Valerio Pilia

Editorial Assistant

Annette Hardcastle

Contact:

☎ (+33) 0*1 40 57 66 67

✉ **OilMarketReport@iea.org**

* 0 - only within France

Media Enquiries

IEA Press Office

(+33) 0* 1 40 57 65 54

✉ **ieapressoffice@iea.org**

Subscription and Delivery Enquiries

Oil Market Report Subscriptions
International Energy Agency
BP 586-75726 PARIS Cedex 15, France

✉ **OMRSubscriptions@iea.org**

☎ (+33) 0* 1 40 57 67 72

☎ (+33) 0* 1 40 57 66 90

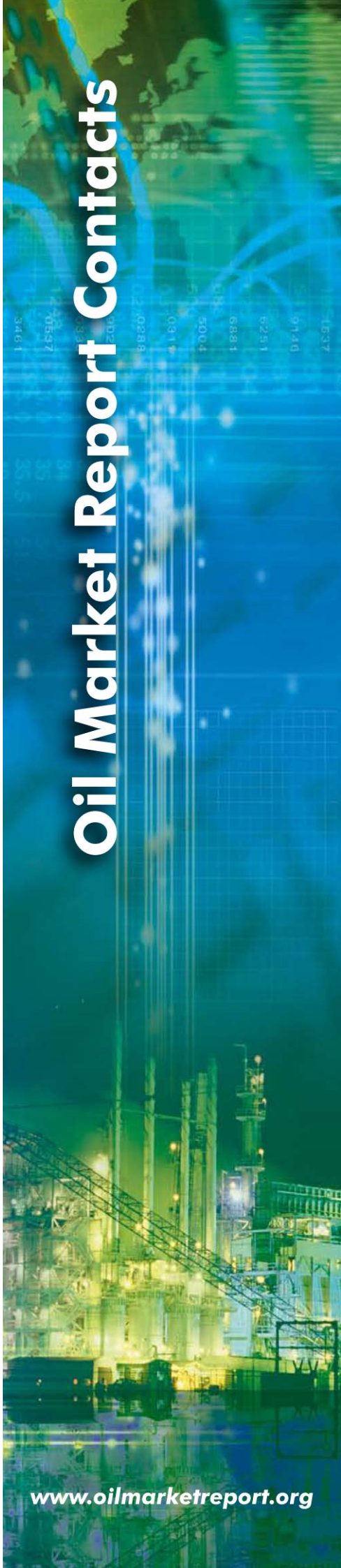
User's Guide and Glossary to the IEA *Oil Market Report*

For information on the data sources, definitions, technical terms and general approach used in preparing the *Oil Market Report (OMR)*, *Medium-Term Oil Market Report (MTOMR)* and *Annual Statistical Supplement* (current issue of the Statistical Supplement dated 9 August 2013), readers are referred to the *Users' Guide* at www.oilmarketreport.org/glossary.asp. It should be noted that the spot crude and product price assessments are based on daily Argus prices, converted when appropriate to US$ per barrel according to the Argus specification of products (Copyright © 2013 Argus Media Limited - all rights reserved).

The *Oil Market Report* is published under the responsibility of the Executive Director and Secretariat of the International Energy Agency. Although some of the data are supplied by Member-country Governments, largely on the basis of information received from oil companies, neither governments nor companies necessarily share the Secretariat's views or conclusions as expressed therein.

© OECD/IEA 2013

Next Issue: 14 November 2013





International Energy Agency

14 November 2013

HIGHLIGHTS

- **Futures prices trended lower in October and early November to around four-month lows.** A plunge in WTI prices far outpaced the drop in Brent. Markets appeared well supplied in October, with global refinery runs at seasonal lows. Brent last traded at $107.20/bbl and WTI at $93.30/bbl/.

- **The estimate of global oil demand for 2013 has been raised marginally following stronger-than-expected 3Q13 European demand**. Demand growth is projected at around 1.0 mb/d for 2013, gaining momentum to 1.1 mb/d in 2014 as the underlying economy continues to improve.

- **Global oil supplies grew by 0.6 mb/d in October to 91.8 mb/d on record-high non-OPEC output.** Year-on-year, October supplies rose 640 kb/d, as a 1.84 mb/d surge in non-OPEC liquids and OPEC NGLs offset a 1.20 mb/d plunge in OPEC crude. Total non-OPEC supply growth is forecast at 1.3 mb/d for 2013 and 1.8 mb/d for 2014.

- **OPEC crude supply fell in October for the third month running, led by a cutback in Saudi output**. Ministers will meet on 4 December to discuss the outlook. Several ministers said they expect an unchanged output target of 30 mb/d. The 4Q13 and 1Q14 'call on OPEC and stock change' is unchanged at 29.6 mb/d and 28.6 mb/d, respectively.

- **The forecast for 4Q13 global refinery runs has been cut by 0.6 mb/d to 76.7 mb/d on reduced European throughputs.** Year-on-year growth in throughputs is now expected to slow to 0.4 mb/d in the quarter. Weak margins and seasonal plant maintenance slashed European runs in September to their lowest level since April 1991.

- **OECD industry stocks built counter-seasonally in September, reversing August's draw.** Stocks of refined products covered 30.8 days of forward demand at end-September. Preliminary data point to an unusually shallow draw of 7.6 mb in total oil inventories in October.

www.oilmarketreport.org

OMR PUBLISHING SCHEDULE 2014

Please find below the 2014 release dates for the ***Oil Market Report***:

Tuesday 21 January
Thursday 13 February
Friday 14 March
Friday 11 April
Thursday 15 May
Friday 13 June*
Friday 11 July**
Tuesday 12 August
Thursday 11 September
Tuesday 14 October
Friday 14 November
Friday 12 December

This information is also available at: **oilmarketreport.org/schedule** and **omrpublic.iea.org/schedule**.

The 2014 Edition of the ***Medium-Term Oil Market Report (MTOMR) will be released on 18 June. The June ***OMR*** will comprise the usual data and projections through end-2014, but with abridged text.

****The ***OMR*** of 11 July will contain projections through end-2015.

TABLE OF CONTENTS

HIGHLIGHTS 1

RIDING THE ROLLER COASTER 4

DEMAND 5
- Summary 5
- Global Overview 5
- Top 10 Consumers 6
- OECD 11
  - Americas 12
  - Europe 12
  - Asia Oceania 13
- Non-OECD 14

SUPPLY 16
- Summary 16
- OPEC Crude Oil Supply 17
  - *Iraq's Key Southern Basrah Producing Region Hit by Escalating Security Problems* 18
  - *Iran Discounts Oil Sales Amid Bid for Sanctions Relief* 20
- OPEC NGLs 22
  - *Understanding the Semantics of 'World's Largest Producer'* 23
- Non-OPEC Overview 24
- OECD 24
  - North America 24
  - North Sea 26
- Non-OECD 28
  - Latin America 28
  - Asia 29
  - Africa 29
  - Former Soviet Union (FSU) 29

OECD STOCKS 32
- Summary 32
- OECD Inventory Position at End-September and Revisions to Preliminary Data 32
- Recent OECD Industry Stock Changes 33
  - OECD Americas 33
  - OECD Europe 34
  - OECD Asia Oceania 35
- Recent Developments in Singapore and China Stocks 36

PRICES 38
- Summary 38
- Market Overview 38
- Futures Markets 40
  - Activity Levels 40
  - Financial Regulation 41
- Spot Crude Oil Prices 42
- Spot Product Prices 43
- Freight 45

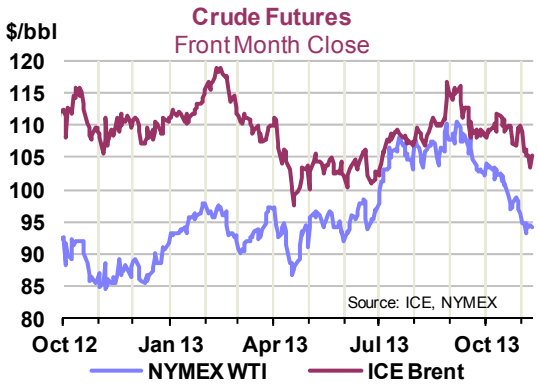
REFINING 46
- Summary 46
- Global Refinery Overview 46
  - Refining Margins 47
  - *Weak Margins Hit Companies' Bottom Line* 49
- OECD Refinery Throughput 50
  - *Japanese Refiners Adapt to Changing Demand* 53
- Non-OECD Refinery Throughput 53

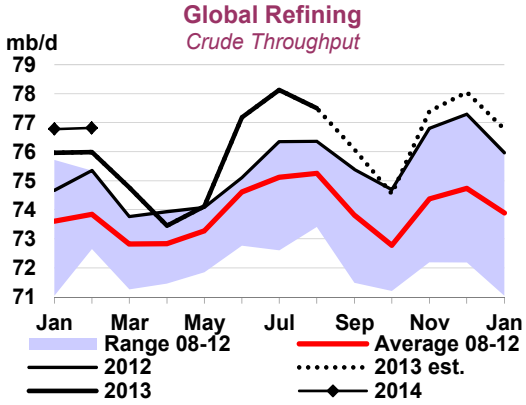
TABLES 57

RIDING THE ROLLER COASTER

Oil prices have staged a spectacular reversal since their summer rally. Middle East politics may have something to do with the moves in both directions, but that's only part of the story. Seasonal swings in supply and demand likely played at least as big a role. This year the effect of those seasonal cycles has been especially dramatic, compounded as it was by coincident, structural shifts in liquids production and global refining capacity. Although the medium-term outlook seems to be one of easing fundamentals and first-quarter balances look comfortable on paper, the same short-term cycles that have recently undermined prices may soon cause them to come under renewed upside pressure.

Front-month WTI futures prices on the NYMEX fell by more than $15/bbl in October and into early November from their September highs, retracing their summer gains. Brent eased by nearly $10/bbl. A string of Middle East news headlines served as backdrop for this roller coaster: prices initially surged along with rising concerns about potential western military strikes on Syria, which at one point seemed imminent. Their decline started when a deal with Syria dispelled those fears in early September, and accelerated amid rising hopes of a breakthrough in negotiations between Iran and the P5+1. Market commentators were quick to connect the dots, blaming high prices on a Syrian "risk premium" and crediting hopes of an Iranian "peace dividend" for their decline.





Market perception of supply risks associated with news events may have contributed to the price changes, but swings in refining demand for crude were likely as powerful a driver. A seasonal surge in global refinery throughputs helped spark the summer rally. This year that seasonal increase was unprecedented in scope, compounded as it was by the commissioning of new, non-OECD refining capacity and the unwinding of exceptionally steep spring maintenance. Refinery runs have since gone into reverse, plummeting by 3.6 mb/d from their July peak to October – a plunge also consistent with seasonal trends but steeper than usual. Europe's ailing refiners exacerbated the decline, with regional runs plummeting by more than 1 mb/d over September and October to what may be their lowest level since 1989. Reduced US runs also affected US Gulf Coast prices.

Meanwhile, liquid supply has remained robust, as surging North American production has so far more than offset disruptions elsewhere. Despite continued OPEC production problems, for now global oil markets seem well supplied: OECD total oil inventories built counter-seasonally in September as crude stocks swung back to a surplus versus average levels. Iranian oil in floating storage surged by an estimated 11 million barrels in October.

If seasonal cycles in crude and product demand are any guide, the recent easing of prices may be relatively short-lived. End-user demand is on the verge of a seasonal ramp-up, while refinery throughputs look set for a steep rebound in November and December. The recent trend in refining suggests that the bounce in crude demand could again be steeper than usual. Meanwhile production problems in Libya and Iraq, among others, continue to relentlessly fester, and may prove more market-supportive in a context of rising demand than they have been during the recent shoulder season. Given proverbial uncertainties about the weather and geopolitics, the market might not be at the end of its roller coaster ride.

DEMAND

Summary

- **A spate of higher-than-anticipated 3Q13 demand data have raised the projection of global demand for 2013 by 45 kb/d, to 91.0 mb/d.** Europe accounted for the bulk of the upward revisions, led by Germany, France, the UK, Italy and Turkey.

- **Overall demand growth of around 1.0 mb/d is forecast for 2013** as reduced expectations of economic growth partly offset upward revisions to 3Q13 demand**.** The International Monetary Fund (IMF) lowered its GDP forecast for 2013 and 2014 in its latest *World Economic Outlook* (*WEO*), released in October. The weaker economic outlook has trimmed the growth forecasts for 4Q13 and 2014.

- **Growth of around 1.1 mb/d is forecast for 2014, a modest acceleration on 2013 as the macroeconomic backdrop likely improves**. A gradual restart of idled Japanese nuclear power generation capacity and the assumption of a return to more normal winter weather limit the upside for 2014.

Global Oil Demand (2012-2014)

(million barrels per day)

	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014
Africa	3.6	3.6	3.7	3.7	3.7	3.8	3.8	3.8	3.8	3.8	3.9	4.0	4.0	4.1	4.0
Americas	29.5	30.0	30.3	30.3	30.0	30.1	30.3	30.6	30.3	30.3	30.1	30.5	30.7	30.5	30.5
Asia/Pacific	29.9	29.1	29.2	30.6	29.7	30.6	29.6	29.5	30.8	30.1	31.0	30.1	30.2	31.4	30.7
Europe	14.3	14.5	14.5	14.4	14.4	13.8	14.5	14.7	14.3	14.3	13.9	14.2	14.5	14.3	14.2
FSU	4.3	4.4	4.6	4.6	4.5	4.3	4.5	4.8	4.7	4.6	4.4	4.6	4.9	4.9	4.7
Middle East	7.3	7.8	8.2	7.5	7.7	7.5	7.9	8.4	7.8	7.9	7.7	8.1	8.6	8.0	8.1
World	**89.0**	**89.4**	**90.4**	**91.1**	**90.0**	**90.1**	**90.6**	**91.8**	**91.7**	**91.0**	**91.0**	**91.5**	**92.8**	**93.1**	**92.1**
Annual Chg (%)	0.7	1.8	0.6	1.5	1.2	1.2	1.3	1.5	0.6	1.2	1.1	1.0	1.1	1.6	1.2
Annual Chg (mb/d)	0.6	1.6	0.6	1.3	1.0	1.0	1.2	1.4	0.6	1.0	0.9	0.9	1.0	1.5	1.1
Changes from last OMR (mb/d)	-0.01	0.00	0.00	0.01	0.00	0.06	0.04	0.13	-0.04	0.05	-0.06	0.06	0.02	0.04	0.02

- **Countries whose demand outlook has been reduced for 2014 include the two largest economies**, the US and China. The adjustments reflect lower expectations of economic growth from the IMF for both countries, but considerable uncertainty remains. GDP growth of 2.6% is forecast for the US in 2014, but the unresolved US debt-ceiling question could test this momentum. The outlook for China's efforts at transitioning from an export-driven economy to one more focused on domestic consumption is equally uncertain and could test the IMF's prediction of 7.3% GDP growth in 2014.

Global Overview

Higher-than-expected oil product deliveries in several economies in 3Q13 have raised the global 2013 demand forecast by 45 kb/d, to 91.0 mb/d. The 2013 growth assessment has also been raised by 50 kb/d, to 1.0 mb/d. The effect of those upward revisions has been tempered by reduced IMF macroeconomic projections, however. For 2014, the forecast growth rate has been trimmed by a marginal 30 kb/d, to 1.1 mb/d, reflecting the slightly more pessimistic IMF outlook. Under this revised forecast, global oil consumption is expected to average 92.1 mb/d in 2014.

The 3Q13 global demand estimate was adjusted upwards by 135 kb/d since last month's *Report*, to 91.8 mb/d, based largely upon revised demand data for August. Several countries accounted for the bulk of the adjustments for August, led by Chinese Taipei (+105 kb/d), the UK (+75 kb/d), Turkey (+70 kb/d) and Belgium (+50 kb/d). Saudi Arabia provided a partial offset with a downward adjustment of 95 kb/d in August, as did Canada (-80 kb/d) and Russia (-50 kb/d). Preliminary data revisions for September near-cancelled themselves out, with a marginal downside-bias. Notable September cuts include Mexico

(-155 kb/d), China (-135 kb/d), Japan (-125 kb/d) and South Korea (-80 kb/d), whereas the upward adjustments were clearly centred around Europe, with Germany up 90 kb/d on our month earlier forecast, France (+60 kb/d), Italy (+60 kb/d) and Russia (+130 kb/d).

Outweighing this higher base-effect are reduced macroeconomic assumptions. The IMF, in its October *WEO*, lowered its global economic growth projections for both 2013 and 2014, versus the previous *WEO* released in July. The world economy is now forecast to grow by around 2.9% in 2013, down from 3.2% in the July *WEO.* Growth is forecast to accelerate to 3.6% in 2014, down on July's 3.8% forecast. Lower expectations of economic growth for North America, the FSU, non-OECD Asia and Latin America have negatively impacted forecasts of oil demand growth in 4Q13 and across 2014 as a whole.

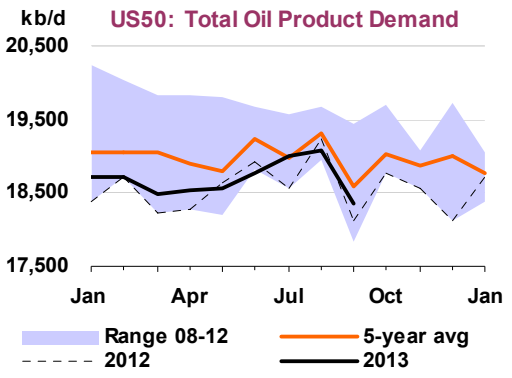
Top 10 Consumers

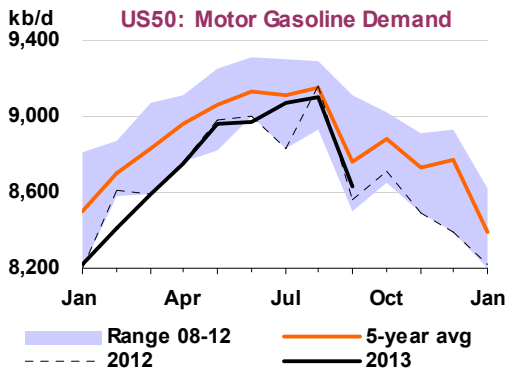
US

The US demand forecast has been curtailed modestly, with growth of 0.5% now expected for 2013, versus the 0.6% forecast carried in last month's *Report*. The growth estimate has been reduced on account of the IMF curbing its US economic growth prognosis for 2013 to 1.6%, against the IMF's 1.7% growth projection released in July. Preliminary estimates of US oil deliveries for September imply that the traditional seasonal dip in demand has remained true, with the end of the driving season seeing gasoline deliveries plunge to a six-month low. At roughly 18.4 mb/d, the estimate of oil deliveries for September is little-changed on last month's forecast.

Top-10 Oil Consumers
(thousand barrels per day)

	Demand			Annual Chg (kb/d)			Annual Chg (%)		
	Aug-13	2013	2014	Aug-13	2013	2014	Aug-13	2013	2014
US50	19,075	18,643	18,609	-145	102	-34	-0.8	0.5	-0.2
China	10,039	10,178	10,558	280	368	379	2.9	3.8	3.7
Japan	4,405	4,533	4,363	-210	-182	-170	-4.5	-3.9	-3.7
Russia	3,717	3,401	3,498	240	106	97	6.9	3.2	2.9
Saudi Arabia	3,307	3,020	3,127	-70	98	107	-2.1	3.4	3.6
Brazil	3,191	3,096	3,181	82	110	85	2.6	3.7	2.8
India	3,124	3,390	3,494	0	46	104	0.0	1.4	3.1
Germany	2,423	2,416	2,410	90	27	-6	3.8	1.1	-0.2
Korea	2,306	2,298	2,306	39	-3	8	1.7	-0.1	0.3
Canada	2,294	2,297	2,302	-135	11	5	-5.5	0.5	0.2
% global demand	60%	59%	59%						

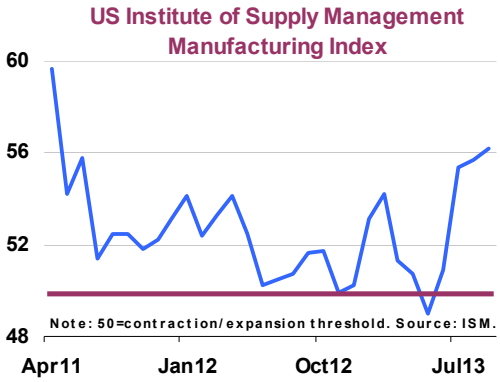




Despite a seasonal lull, the US oil demand estimate still grew y-o-y in September, rising as relatively strong manufacturing conditions supported an uptick in industrial fuel demand, notably naphtha, LPG and gasoil. The US Census Bureau reported some upside in orders of US-produced manufactured durable

goods, while the Institute for Supply Management's manufacturing sentiment index rose in September, up to its highest level since April 2011. US oil demand for 3Q13 reflects this trend, with relatively robust gains seen in naphtha, diesel and LPG, whereas the more consumer-driven gasoline sector has lagged a little behind, although it too is showing y-o-y growth.

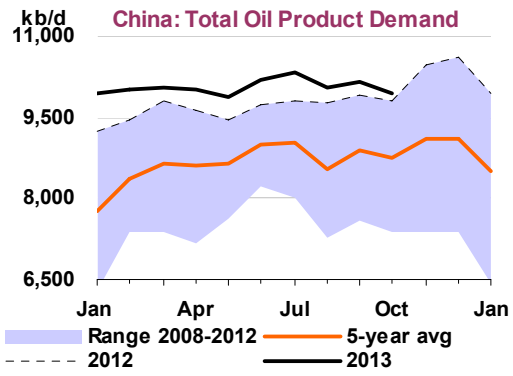
Based upon the latest weekly releases from the US Energy Information Administration we have revised up our forecast of October demand by 80 kb/d, to 18.6 mb/d. Indeed, the latest weeklies suggest even stronger growth in October, but, if experience is any guide, that could stem at least in part from an understatement of exports. From January to August, for example, the discrepancy between the weekly demand numbers and the revised month series varied between -0.6 mb/d and +0.4 mb/d. We lend an extra degree of caution to the October numbers as the near two-week US government shutdown curbed public sector oil use, dampened consumer confidence and likely dented US driving demand. The University of Michigan's closely watched consumer sentiment indicator for October eased to 73.2 versus 77.5 in September.

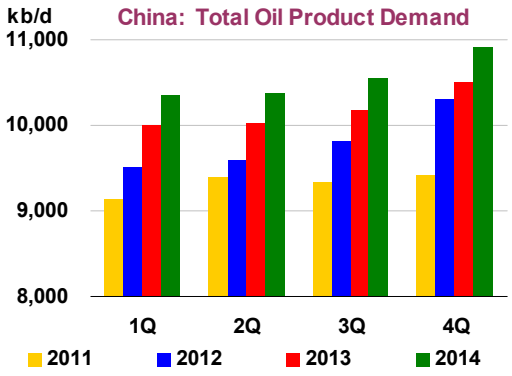




China

Estimates of Chinese oil demand imply a continuation of the recent softness, with only very modest y-o-y growth expected in October, up by around 1.5% to 9.9 mb/d, as ongoing refinery overhauls kept refinery runs, which are a key component of the Chinese apparent demand number, relatively low. An even smaller demand reading would have been seen had it not been for recent evidence (*China, Oil, Gas and Petrochemicals*) that showed some product destocking has been occurring, which has raised the y-o-y demand trend.





Continued concerns about the sustainability of the Chinese banking sector, and official confirmation that the IMF has reduced its projections for Chinese economic growth, have curbed oil demand forecasts for both 2013 and 2014. Growth of around 3.8% is now assumed for 2013 (4.0% in last month's *Report*) and

3.7% in 2014 (3.9% before). The quantity of bad loans written off in 1H13 by the biggest banks tripled according to media report, raising concerns, expressed by some financial institutions, of a fresh wave of potential defaults.

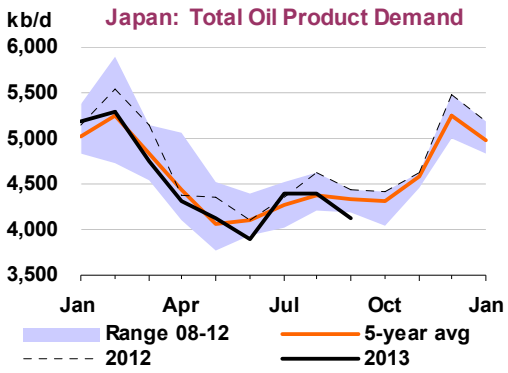
China: Demand by Product
(thousand barrels per day)

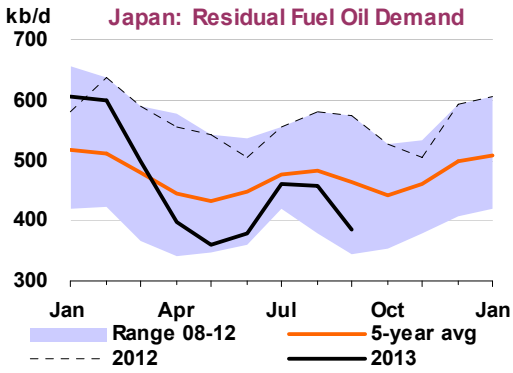
	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2012	2013	2014	2013	2014	2013	2014
LPG & Ethane	763	795	820	32	25	4.1	3.2
Naphtha	1,000	1,107	1,177	107	70	10.7	6.3
Motor Gasoline	1,965	2,110	2,228	144	118	7.3	5.6
Jet Fuel & Kerosene	438	477	505	39	28	8.8	5.9
Gas/Diesel Oil	3,406	3,391	3,488	-15	97	-0.4	2.9
Residual Fuel Oil	501	506	514	5	8	1.0	1.6
Other Products	1,736	1,793	1,826	57	32	3.3	1.8
Total Products	**9,810**	**10,178**	**10,558**	**368**	**379**	**3.8**	**3.7**

Japan

Continued replacement of oil as a source of power in the Japanese energy mix, coupled with the end of summer demand, saw a sharp drop in Japanese oil product deliveries, which fell to 4.1 mb/d in September, down 7% y-o-y and 125 kb/d below the estimate carried in last month's *Report*. Sharp upticks in coal and hydro-power usage in electricity generation have trimmed 3Q13 oil demand. The pace at which Japanese oil consumption falls on a y-o-y basis will likely ease in 4Q13 and into 2014, however, after Kansai Electric Power Ohi shut its two remaining nuclear reactors for maintenance in September. A restart is likely conditional on compliance with the new, more stringent security standards implemented in July, likely delaying the resumption of Japanese nuclear capacity until 2014.

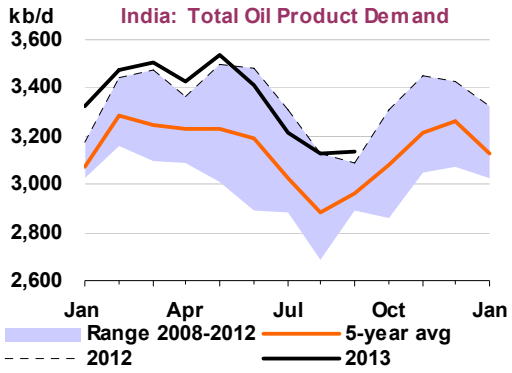
Demand from Japan's petrochemical sector is expected to get a boost in 4Q13 from the restart of Mitsubishi Chemical Co.'s newly expanded, 540 000 tonne-per-year naphtha cracker unit at its Kashima facility. Nevertheless, the overall forecast for 2014 is one of contracting Japanese demand, as the gradual resumption of idled nuclear capacity compounds the impact of a projected slowdown in economic growth, to +1.2%, from nearly 2% in 2013.

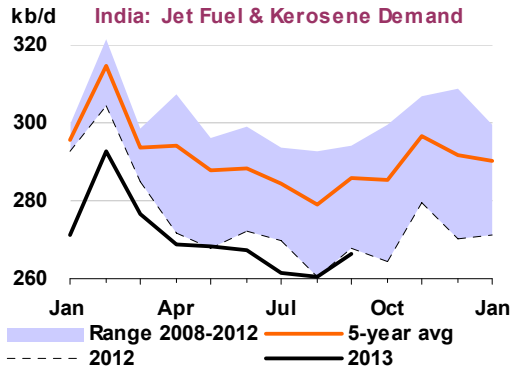




India

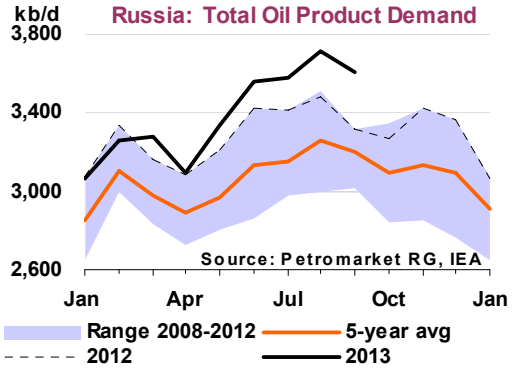
Indian demand swung back into y-o-y growth of 1.4% in September, arresting several consecutive months of decline. Gains in LPG and bitumen demand led the small September gain. The growth forecast for the year as a whole has been reduced to 1.4%, from +1.5% in last month's *Report*, as both data through to the end of September and IMF GDP projections have been curtailed. Momentum is still forecast to accelerate in 2014, to 3.1%, but is down on the previous estimate, as the underlying macroeconomic acceleration is expected to moderate.

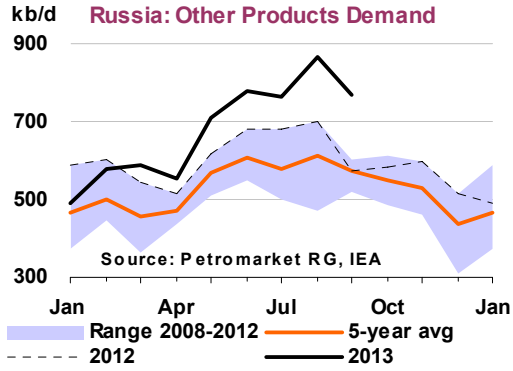




Russia

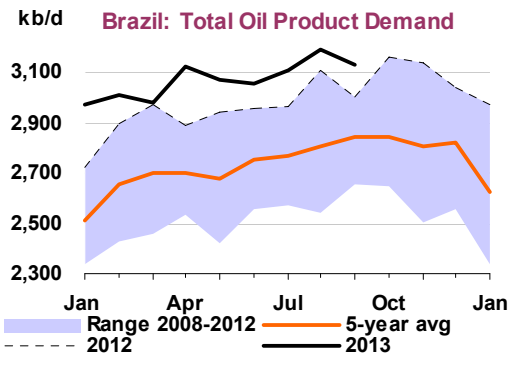
Growth of around 3.2% is forecast for Russian demand in 2013, roughly unchanged on last month's *Report*, as a downwardly revised IMF forecast of Russian economic growth is counter-balanced by the persistent strength of the recent data flow. The current demand strength has emerged, since mid-year, supported by an uptick in Russia's usage of industrial fuels. Supporting such a trend are reports from the Federal Statistics Service that industrial production rose by 0.3% y-o-y in September, with the oil-intensive utility sector demonstrating particularly robust growth.

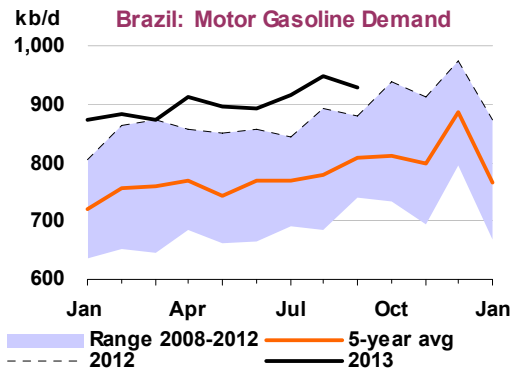




Brazil

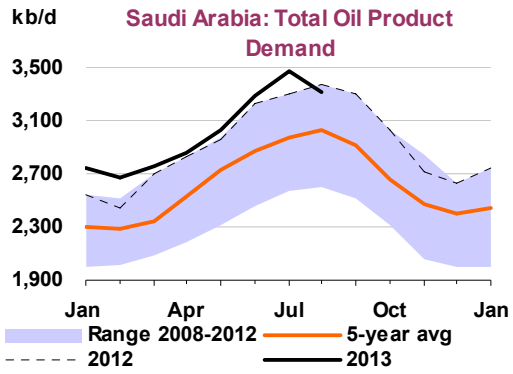
The Brazilian demand forecast for 2013 has been revised up marginally, with annual growth of 3.7% now forecast for 2013 versus the previous 3.5% estimate carried in last month's *Report*, in line with stronger-than-expected data for recent months. Official data for August came out roughly 35 kb/d ahead of our previous forecast, supported by particularly robust gasoline demand and gasoil/diesel at an all-time high. Consumer confidence, as expressed by the Confederacao Nacional da Industria, rose to a five-month high of 110.7 in October. Any reading above 100 denotes 'optimism'.

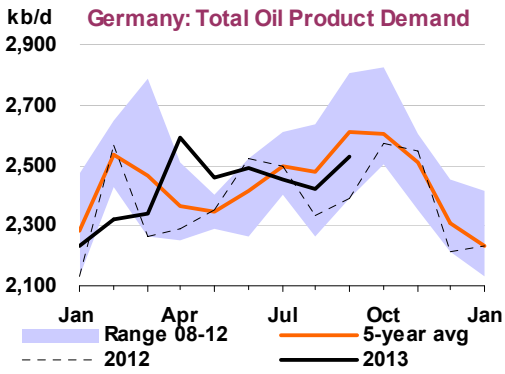




Saudi Arabia

Weaker-than-expected transport fuel demand led to a downward revision of 95 kb/d to the August estimates carried in last month's *Report*. August oil demand averaged about 3.3 mb/d, down 2.1% y-o-y, marking the first annual contraction in nine months, as consumer confidence indicators fell into 'pessimistic' territory. The decline in demand spanned all transport fuels, including gasoline, jet/kerosene and gasoil/diesel. The growth forecast for 2013 has accordingly been reduced, to 3.4%, on account of this surprisingly weak August demand, whereas the forecast for 2014, at 3.6%, remains less affected supported by the IMF maintaining its 2014 forecast of an economic uptick to 4.4% from 3.6% in 2013.



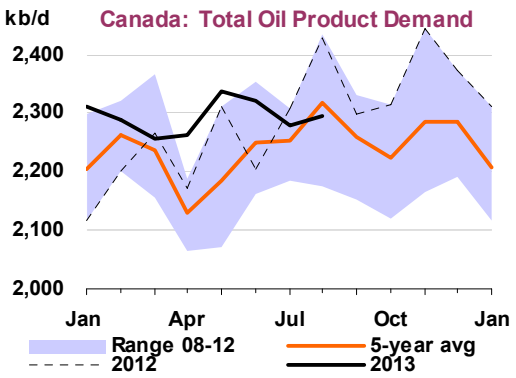


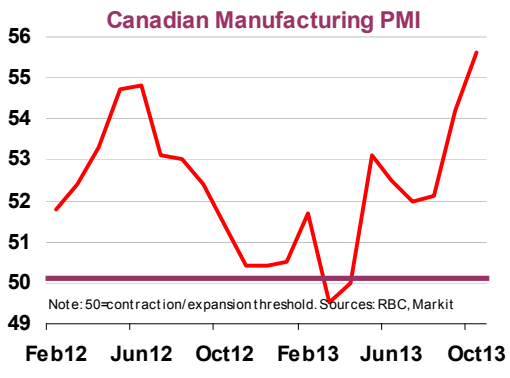
Germany

German demand rose y-o-y in September, up for the second month running, which in-turn lifted the forecast for 2013 as a whole as the macroeconomic backdrop appears to improve. Industrial production figures for September, as reported by Deutsche Bundesbank, showed a 1% y-o-y gain, while Markit's manufacturing Purchasing Manufacturers Index (PMI) for October rose to 51.7, its fourth consecutive month above 50, the dividing line between expansion and contraction. The IMF, despite revising its global GDP projections downwards, lifted its economic outlook for Germany in its October *WEO*. The *WEO* now projects German GDP growth of 0.5% in 2013, up from 0.3% in the July report, accelerating to 1.4% in 2014 (previously 1.3%). The demand projections for both years have accordingly been raised.

Canada

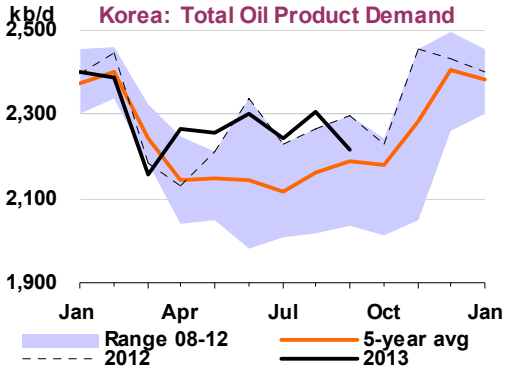
Canadian demand contracted by 5.5% y-o-y in August, to an estimated 2.3 mb/d, extending July declines. August data fell 80 kb/d short of the forecast carried in last month's *Report*. Lower industrial fuel demand accounted for the bulk of the revision, a trend that may be reversed if a sharp upturn in manufacturing sentiment reflected in RBC's Manufacturing PMI is confirmed, as many analysts believe it can. The growth forecast for the year as a whole is thus left unchanged at around 0.5%.

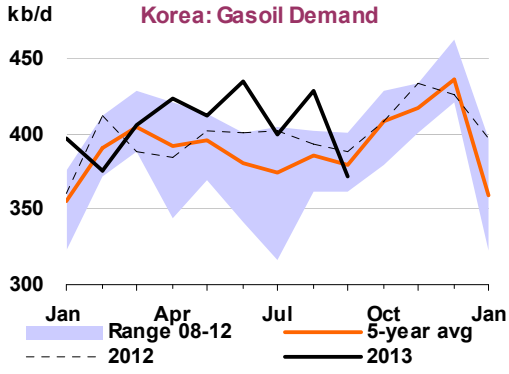




Korea

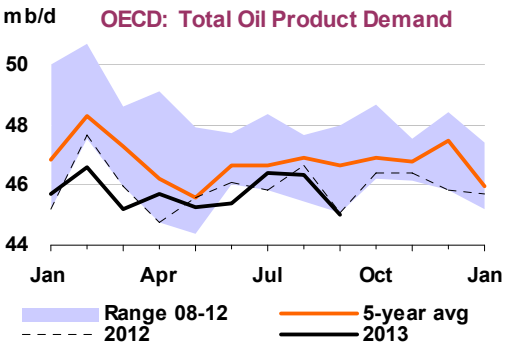
Recent weakness in the South Korean manufacturing sector has curbed industrial demand, with preliminary data for September showing the most rapid y-o-y decline in oil demand in 18 months. Deliveries of only 2.2 mb/d in September were roughly 80 kb/d below forecast in last month's *Report* and marked the lowest level of demand since March 2013. Gasoil, fuel oil and naphtha led the declines versus last month's *Report*, as HSBC's Manufacturing PMI remained below 50 for the fourth consecutive month, denoting 'contracting' manufacturing sentiment and hence lessened demand of industrial fuels. The Korean oil demand forecast for the year as a whole has accordingly been trimmed, to -0.1% from +0.3% previously, with notable curtailments applied to the gasoil/diesel, jet/kerosene and fuel oil demand forecasts over last month's *Report*. Consumer confidence, as measured by the Bank of Korea, fell to a five month low in September, curbing 3Q13 demand somewhat. A swing to modest growth, of 0.3%, is then projected for 2014, as underlying macroeconomic momentum is forecast to accelerate amid forecasts of continued gains in the oil efficiency of the Korean economy.

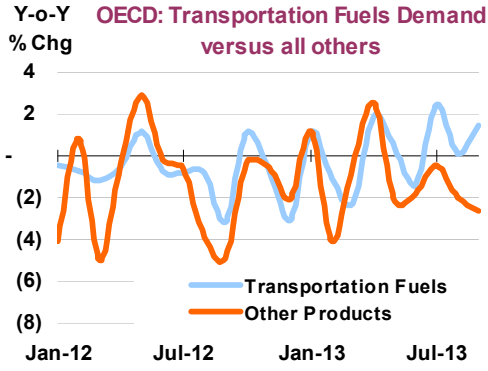




OECD

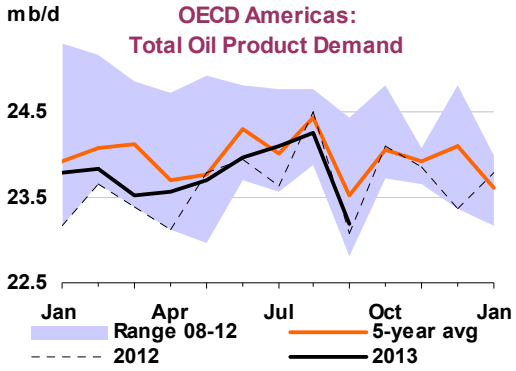
According to preliminary data for September, OECD oil demand was roughly flat y-o-y, as heavy declines in Asia Oceania offset gains in Europe and the OECD Americas. Transport fuels have led recent gains in OECD demand, in line with improving consumer confidence, while oil demand for power generation – a relatively small piece of oil demand in the OECD as a whole – declined in Japan and Mexico, the two OECD countries that use the most oil for electricity generation. The preliminary OECD demand estimate is for an average of 45.0 mb/d in September, 0.1% below its confirmed year earlier level. The OECD Americas accounting for over a half of total OECD oil demand, followed by Europe at just under one-third and OECD Asia Oceania, at 17.4% in September.

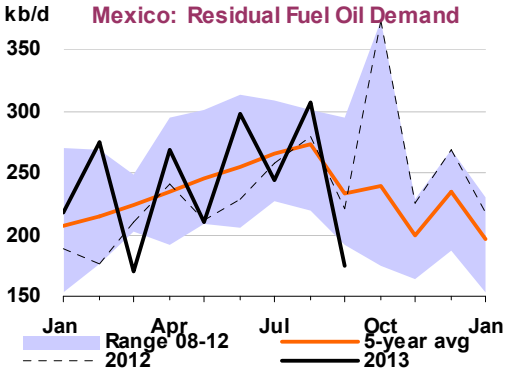




Americas

Preliminary data suggests that the y-o-y demand trend has risen in September, up 0.5% to 23.2 mb/d, a reflection of the US demand trend. Declines have, however, been seen in Canada and **Mexico**. Mexican oil consumption fell particularly sharply in September, down 5.2% y-o-y, as power sector fuel oil use switched over to natural gas. Other contributing factors to the sharp Mexican decline included falling road transport demand. The Instituto Nacional de Estadística y Geografía's consumer confidence indicator fell to 94.1 in September, its second consecutive monthly drop and well below the key 100-threshold that separates 'optimism' from 'pessimism'.





OECD Demand based on Adjusted Preliminary Submissions - September 2013

(million barrels per day)

	Gasoline		Jet/Kerosene		Diesel		Other Gasoil		RFO		Other		Total Products	
	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa
OECD Americas*	**10.23**	**0.8**	**1.64**	**1.4**	**4.48**	**3.5**	**0.45**	**-15.8**	**0.64**	**-10.7**	**5.74**	**0.42**	**23.18**	**0.5**
US50	8.63	0.8	1.42	2.4	3.63	5.0	0.11	-50.8	0.32	-11.1	4.25	3.0	18.36	1.3
Canada	0.76	6.4	0.12	-9.6	0.30	-7.7	0.27	24.3	0.04	17.4	0.77	-11.4	2.26	-1.4
Mexico	0.73	-4.2	0.06	1.9	0.35	-5.0	0.05	-19.7	0.18	-20.4	0.59	0.0	1.95	-5.2
OECD Europe	**2.02**	**1.7**	**1.29**	**-3.3**	**4.53**	**2.4**	**1.51**	**0.2**	**0.97**	**-6.8**	**3.65**	**6.1**	**13.98**	**1.7**
Germany	0.45	7.7	0.19	-11.0	0.75	3.6	0.37	2.5	0.12	5.3	0.64	16.0	2.53	5.8
United Kingdom	0.31	-3.5	0.32	-2.6	0.47	1.0	0.13	-3.8	0.04	-7.2	0.26	26.8	1.54	2.1
France	0.16	0.3	0.17	1.1	0.69	2.4	0.29	-0.7	0.05	-14.4	0.38	0.0	1.74	0.5
Italy	0.22	0.6	0.09	-6.9	0.44	-0.4	0.12	6.6	0.08	-16.2	0.42	7.5	1.37	1.0
Spain	0.11	-2.4	0.12	-5.3	0.41	1.6	0.12	3.5	0.16	-10.7	0.25	-12.3	1.17	-4.3
OECD Asia & Oceania	**1.59**	**-1.1**	**0.75**	**11.2**	**1.23**	**0.1**	**0.45**	**-3.1**	**0.65**	**-25.0**	**3.17**	**-7.0**	**7.84**	**-5.0**
Japan	0.97	-2.5	0.43	21.1	0.45	0.3	0.34	4.6	0.39	-33.0	1.54	-10.9	4.12	-7.0
Korea	0.20	1.3	0.13	-7.5	0.27	-2.0	0.10	-10.2	0.22	-4.9	1.30	-3.4	2.22	-3.5
Australia	0.30	-0.9	0.14	5.3	0.41	1.8	0.00	0.0	0.02	11.4	0.25	-2.0	1.12	0.8
OECD Total	**13.85**	**0.7**	**3.68**	**1.5**	**10.24**	**2.6**	**2.41**	**-3.8**	**2.26**	**-13.9**	**12.56**	**0.0**	**45.00**	**-0.1**

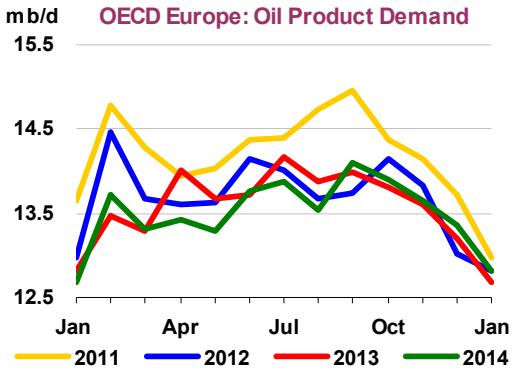
* Including US territories

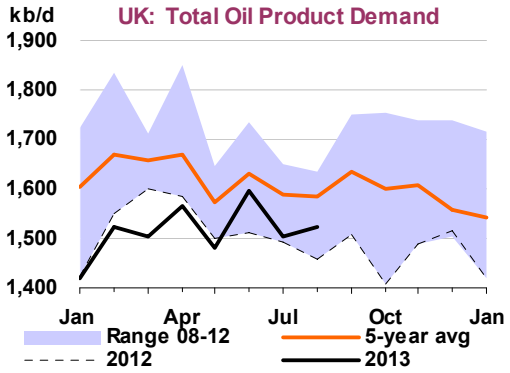
Europe

European oil demand is showing signs of life, in line with underlying economic data depicting that the euro zone officially came out of recession in 2Q13. Preliminary oil data for September show demand growing y-o-y for the third consecutive month. Whether the trend will persist after 3Q13 is an open question, as post-recession demand bounces tend to be short-lived, while the ECB has raised additional concerns about the macroeconomic vitality of Europe by announcing a surprise interest rate cut in early-November. Underlying GDP growth in Europe is likely to remain subdued in 2014, with the IMF's October *WEO* predicting only modest growth of 1.0% for next year. The negative-demand impacts from ongoing efficiency gains are also likely to remain in force. Together these factors will likely weigh on European demand patterns, resulting in a modest net decline of 0.7% in 2014.

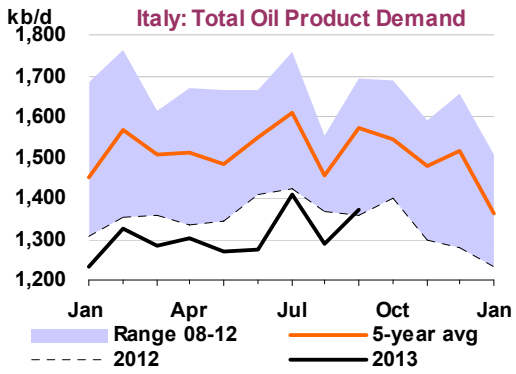
For 3Q13, the European demand estimate has been adjusted upwards by roughly 245 kb/d since last month's *Report*, to 14.0 mb/d, thanks in part to upward revisions to August assessments. The largest

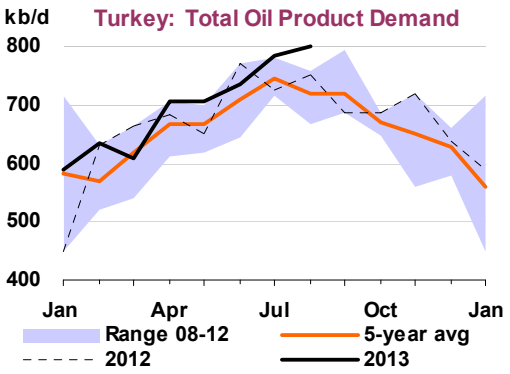
August additions versus last month's *Report* include the UK (+75 kb/d), Turkey (+70 kb/d), Belgium (+50 kb/d) and France (+45 kb/d). Based on a relatively limited sample of preliminary September releases, projections for that month were also revised upwards, led by revisions for Germany (+90 kb/d), France (+60 kb/d) and Italy (+60 kb/d).





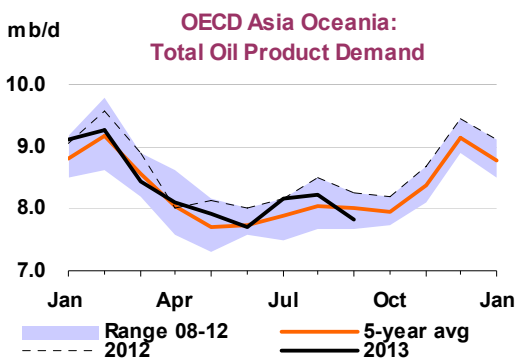
The effect of those revisions to 3Q13 demand estimates was compounded by slightly more optimistic projections of European economic growth from the IMF. Together, those two factors conspired to raise the 2013 European demand forecast. In its October *WEO,* the IMF raised its euro zone GDP growth forecast for 2013 to -0.4%, from the -0.6% assessment carried in July's *WEO.* The outlooks for France, Spain, Germany and Portugal were all revised upwards, as were those of a few non-euro zone nations such as the UK. In contrast, the 2014 European demand outlook is little changed from that shown in last month's *Report*, as the underlying economic backdrop remains roughly on par with the IMF's July release.

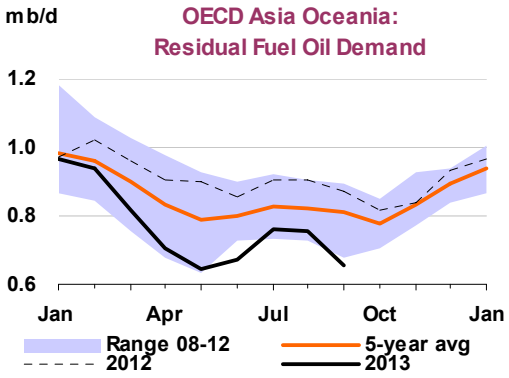




Asia Oceania

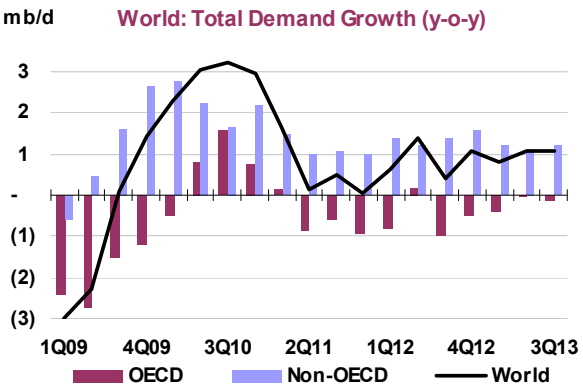
The sharp declines in Japanese power sector oil use, that we have been highlighted in many previous editions of this *Report*, once again played a dominant downside contributing role to the dramatic decline that appears to have been seen in OECD Asia Oceania oil demand. Preliminary estimates of OECD Asia Oceania oil demand in September show it falling by 5.0% on the year earlier to 7.8 mb/d, with the sharpest declines seen in the fuel oil and 'other products'. Extending recent trends, Japanese power sector oil use continues to drop, with some movement in the electricity generation segment over to coal and hydro. Evidence of frail manufacturing data from South Korea has likely contributed to September's weakness by denting industrial fuel use there too. A further demand contraction is forecast for OECD Asia Oceania in 2014, led by falling Japanese demand as the country gradually returns its idled nuclear power plants to service.

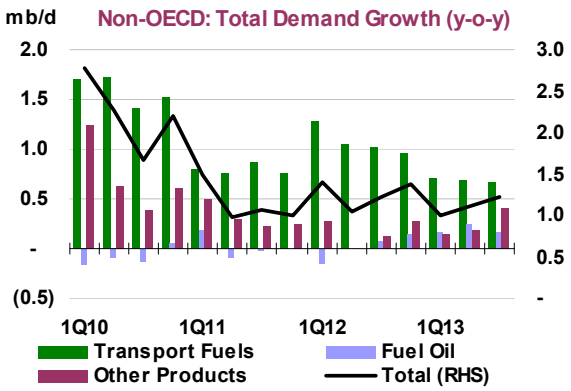




Non-OECD

Demand in the non-OECD region continues to outpace that in the OECD – growing by an estimated 1.3 mb/d in 3Q13 versus an OECD gain of 0.1 mb/d – but the divergence between the two regions is becoming increasingly less pronounced in recent months. Not only has non-OECD momentum growth been creeping along at slightly below its earlier trend, but the trajectory of OECD demand contraction has become flatter. This narrowing of the wedge may be short-lived. Many OECD economies have either just exited recession or otherwise enjoyed an uptick in their previously subdued economic performance, resulting in a post-recessionary bounce in oil consumption in the region. Given that a period of relatively weak, but rising, OECD economic momentum is now envisaged, this OECD bounce is unlikely to be able to persist for very much longer. Non-OECD momentum, meanwhile, has been slightly below trend in recent months, as the region's fast-growing economies go through something of a soft spot. Again, this pattern may prove transient.



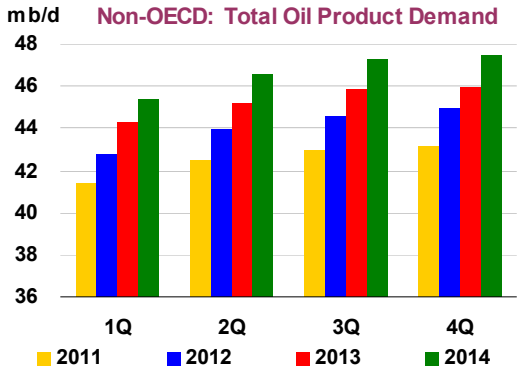


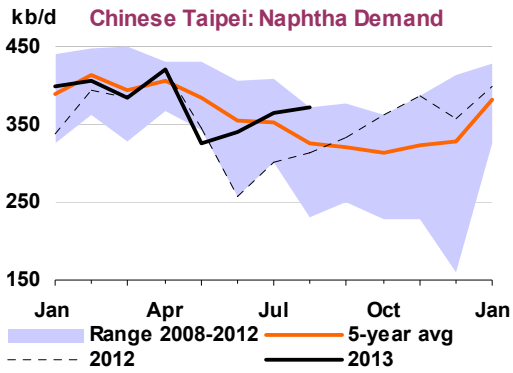
Non-OECD: Demand by Region

(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	1Q13	2Q13	3Q13	2Q13	3Q13	2Q13	3Q13
Africa	3,802	3,828	3,774	182	118	5.0	3.2
Asia	21,655	21,689	21,466	660	548	3.1	2.6
FSU	4,306	4,516	4,843	98	223	2.2	4.8
Latin America	6,381	6,600	6,736	243	219	3.8	3.4
Middle East	7,474	7,862	8,357	65	198	0.8	2.4
Non-OECD Europe	647	672	701	-35	6	-5.0	0.9
Total Products	**44,265**	**45,167**	**45,878**	**1,213**	**1,312**	**2.8**	**2.9**

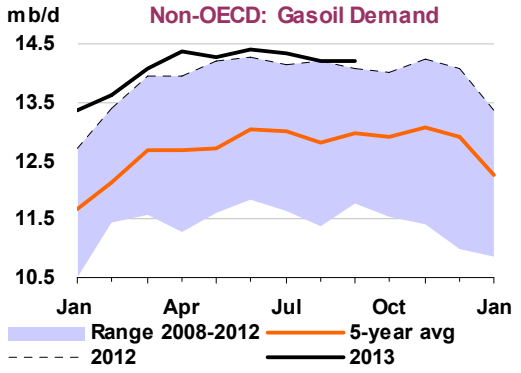
The non-OECD 3Q13 demand estimate has been raised by 35 kb/d since last month's *Report* to 45.9 mb/d, equivalent to a y-o-y gain of 2.9%. Latin America accounted for the bulk of the revision over the previous forecast, led by a 35 kb/d upward adjustment to the Brazilian demand estimate for August (versus last month's *Report*). The non-OECD Latin American region is now forecast to see y-o-y growth of around 3.4% in 3Q13 and 3.1% for the year as whole, to 6.8 mb/d.

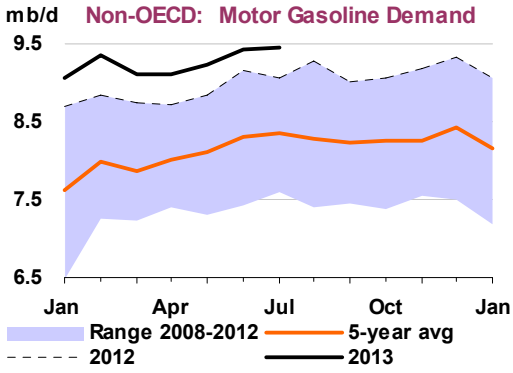




Chinese Taipei accounted for another large data revision, with 105 kb/d added to its August demand estimate. Naphtha demand was revised up by around 80 kb/d in August, following the earlier-than-expected restart of an idled petrochemical unit. Naphtha demand came in at approximately 370 kb/d, a four-month high, and up 18.4% y-o-y. Total oil consumption in Chinese Taipei, in August, rose by around 9.9% on the year earlier, to 975 kb/d, a level of demand that is just below where it is expected to average for the year as a whole.

Along with the generally foreseen acceleration in non-OECD oil demand in 2014, Middle Eastern jet fuel use is forecast to receive an additional boost as the **UAE** opens its Al-Maktoum International airport to passenger services. The Dubai airport previously only handled cargo flights and some private passenger services. From 4Q13 it will open its doors to international travellers, with a capacity of five million passengers per year potentially expandable to seven million a year. The existing Dubai International Airport is much bigger, already handling 75 million people each year, and could potentially loose travellers to alternative airports such as the new Al-Maktoum, particularly as there are plans to expand Al-Maktoum to 160 million passengers per year by 2020 with the addition of three more terminals and five more runways. Providing additional support to projections of rising UAE transport fuel demand, consumer confidence (as tracked by Nielsen) rose to a three-quarter high of 111 in 3Q13, whereby any reading above the key 100-threshold implies 'optimism' prevails.





SUPPLY

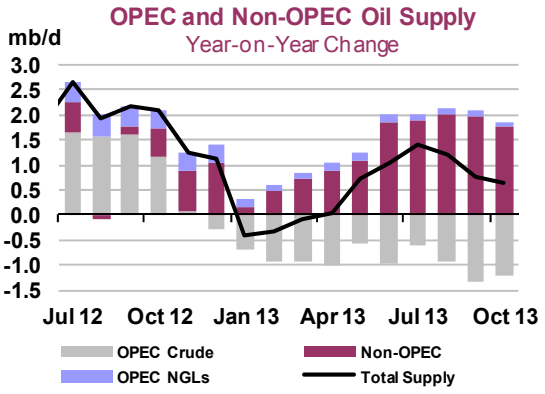
Summary

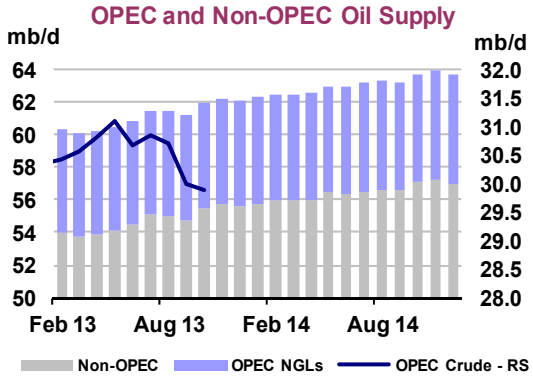
- **Global supplies posted a monthly gain of 600 kb/d in October to 91.8 mb/d**, with a surge in non-OPEC output only partially offset by lower OPEC production. Year-on-year (y-o-y), October supplies stood 640 kb/d higher, with 1.84 mb/d rise non-OPEC liquids and OPEC NGLs compared with a steep 1.20 mb/d decline in OPEC crude.

- **Non-OPEC supplies increased month-on-month (m-o-m) by 740 kb/d in October, to 55.53 mb/d**, as strong gains in the North Sea, North America, Russia, and Ghana pushed global output to a record level. The y-o-y gain for October was 1.77 mb/d. Total non-OPEC production growth is forecast at 1.3 mb/d for 2013 and 1.8 mb/d for 2014.

- **OPEC crude oil supply in October trended lower for the third month running, with a steep cutback in output by Saudi Arabia** behind the downturn. OPEC production fell by 105 kb/d to 29.89 mb/d. Production has fallen below the group's 30 mb/d output ceiling for the second consecutive month. OPEC oil ministers will gather on 4 December in Vienna to discuss the market outlook for 2014. Several ministers expect that the output target will remain unchanged.

- **The 'call on OPEC crude and stock change' was unchanged for 4Q13 and full-year 2013**, at 29.6 mb/d and 30 mb/d, respectively. The 'call' for 1Q14 was unchanged at 28.6 mb/d. OPEC NGL output was revised down by an average 100 kb/d for 2H13 and by 200 kb/d for 1Q14, largely due to continued supply constraints in Libya, Algeria and Angola. OPEC NGL output is now estimated at 6.4 mb/d for 4Q13 and at 6.5 mb/d in 1Q14.





All world oil supply data for October discussed in this report are IEA estimates. Estimates for OPEC countries, Alaska, Mexico and Russia are supported by preliminary October supply data.

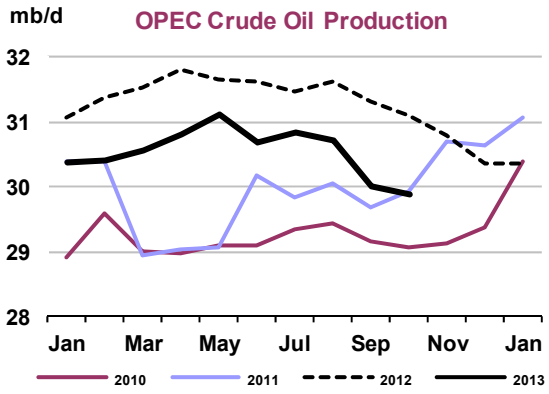
Note: Random events present downside risk to the non-OPEC production forecast contained in this report. These events can include accidents, unplanned or unannounced maintenance, technical problems, labour strikes, political unrest, guerrilla activity, wars and weather-related supply losses. Specific allowance has been made in the forecast for scheduled maintenance in all regions and for typical seasonal supply outages (including hurricane-related stoppages) in North America. In addition, from May 2011, a nationally allocated (but not field-specific) reliability adjustment has also been applied for the non-OPEC forecast to reflect a historical tendency for unexpected events to reduce actual supply compared with the initial forecast. This totals -200 kb/d to -400 kb/d for non-OPEC as a whole.

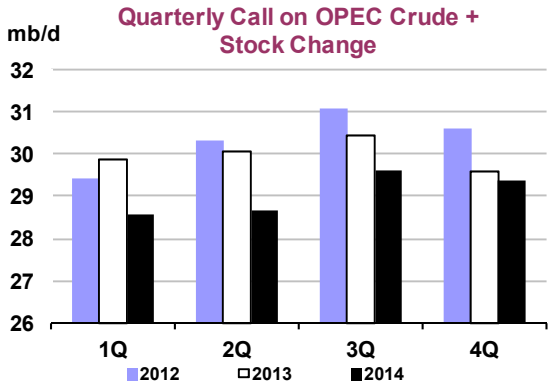
OPEC Crude Oil Supply

OPEC crude oil supply trended lower for the third month running in October, down by 105 kb/d to 29.89 mb/d, with a steep cutback in output by Saudi Arabia leading the downturn. Production has fallen below the group's 30 mb/d output ceiling for the second consecutive month. Lower output from Saudi Arabia as well as from Kuwait, Nigeria, Angola and Algeria more than offset a rise in output from Libya, Iraq and Iran. The partial recovery in Iraqi output, however, may be derailed by escalating security issues and export problems in November (see '*Iraq's Key Southern Basrah Producing Region Hit by Escalating Security Problems*'.)

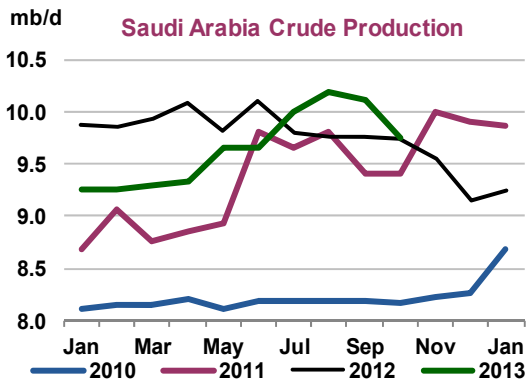
OPEC ministers will gather on 4 December in Vienna to discuss the market outlook for 2014, when demand for the group's supplies is widely forecast to remain constrained by the relentless rise in non-OPEC production. Nonetheless, ministers are expected to maintain their formal 30 mb/d production ceiling originally agreed in January 2012, with Saudi Arabia likely to calibrate output to market needs.

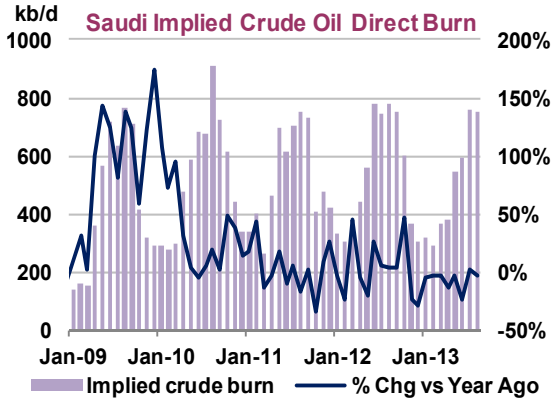
The 'call on OPEC crude and stock change' was unchanged for 4Q13 and full-year 2013, at 29.6 mb/d and 30 mb/d, respectively. The 'call' for 1Q14 was unchanged at 28.6 mb/d, which is 1.4 mb/d below the group's output target. OPEC's 'effective' spare capacity was estimated at 3.32 mb/d in October compared with 2.90 mb/d in September.





Saudi Arabia's crude oil production averaged 9.75 mb/d in October, off 370 kb/d from the previous month and below the 10 mb/d mark for the first time in three months. The lower Saudi production in October is in line with seasonally reduced domestic demand for crude burn at power plants. After peaking in the third quarter at an estmated 700-750 kb/d on average, crude burn typically declines to around 350 kb/d to 400 kb/d in the fourth quarter and to a lower 300 kb/d to 325 kb/d in first quarter. This year, increased use of gas and fuel oil at power plants may reduce crude burned in power plants below historical levels.

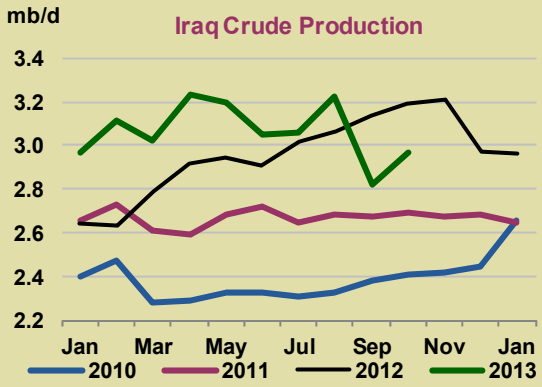




Iraq's Key Southern Basrah Producing Region Hit by Escalating Security Problems

Iraqi crude oil output partially recovered in October from exceptionally low levels in September, up 150 kb/d to 2.97 mb/d. In early November, a worsening security problem in the country's main Basrah producing region and export bottlenecks at the southern terminals, however, may reduce production. The BP-operated Rumaila field was completely shut-down for several days due to export bottlenecks. Attacks on the main export pipeline to the southern ports combined with bad weather forced the company to completely shut-in its production.

In addition, attacks on foreign workers in early November forced oil service firms Schlumberger and Baker Hughes to suspend operations, with the latter declaring *force majeure*. The attacks on expatriate staff by angry Shiite Muslim workers were precipitated by claims that foreign workers insulted their religion. It is unclear what the impact on production will be from the withdrawal of Schlumberger and Baker Hughes staff. Schlumberger suspended its operations in response, not only in Rumaila but at the other oilfields in Basra province while Baker Hughes has declared *force majeure* on its operations.



Total October crude exports rose by 130 kb/d to 2.20 mb/d, with higher shipments from the southern ports partially offset by reduced supplies from the northern region. Basrah exports rose by 180 kb/d to 2.0 mb/d, 200 kb/d below the average year-to-date.

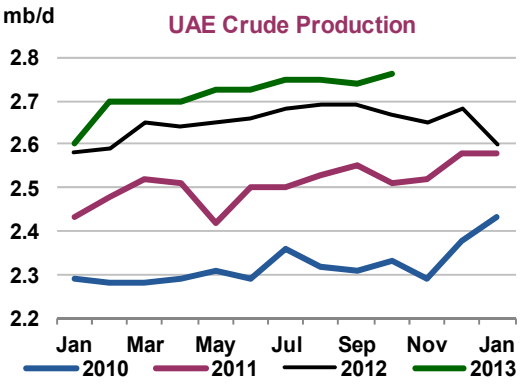
The first stage of planned maintenance and expansion work at southern ports has been completed, but Iraqi crude oil exports are expected to remain below capacity until the end of 1Q14, curtailing shipments by an estimated 200 kb/d to 250 kb/d. Officials reported that the installation of new metering and a manifold platform at two loading berths at the Basrah terminal was completed over September and October, and that work at the other two berths would be done in the fourth quarter of this year. Once work has ended at the last two fixed berths, expansion projects will commence at two of the four single point moorings (SPMs) which are aimed at relieving pressure problems related to the delayed installation of gas-fuelled turbine pumps.

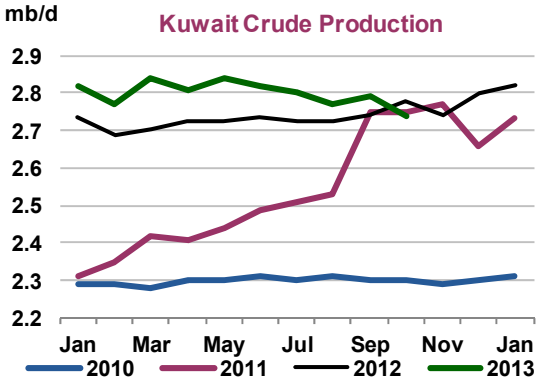
Given continued export constraints, officials are trying to balance curtailing existing production with new output increases expected from a number of field start-ups underway. Production from the 1.4 mb/d Rumaila field has been curtailed since September due to export constraints and the field was completely shut-in for several days but was reportedly being brought back on at writing. In early October, production from the giant Majnoon oil field started up, with output forecast to rise to 175 kb/d by end-year, as well as from the smaller Gharaf field, with first oil at 35 kb/d and plans to increase volumes to 70 kb/d by end-year.

Exports of Kirkuk crude from the northern region fell by 50 kb/d to 200 kb/d in October. Continued attacks on the key Kirkuk-Ceyhan pipeline running to the Mediterranean port in Turkey have curtailed shipments, while production volumes have also fallen sharply this year due to reservoir problems. Kirkuk exports have averaged just 250 kb/d in the first 10 months of the year, off 125 kb/d from the average 375 kb/d in the same period last year. BP said at a conference in Abu Dhabi on 10 November that it had started work on the Kirkuk field, the country's oldest producing field, as part of an 18-month reservoir management project. BP CEO Bob Dudley reported Kirkuk production capacity has fallen to 220 kb/d recently. BP is hoping to secure a longer-term contract for rehabilitation and development of the aging field. Discovered in 1927, the Kirkuk field was Iraq's first commercial development and at one point produced 1.5 mb/d.

Crude oil production from the KRG region in October averaged 180 kb/d, with an estimated 60 kb/d exported by truck and the remaining volumes processed at mostly small "teapot" refineries. A new 300 kb/d KRG pipeline linking to the Kirkuk-Ceyhan line was reportedly nearing completion, but officials in Baghdad and Irbil have so far failed to reach agreement over KRG plans to independently operate the line. Baghdad reiterated last month that the KRG's plan for an independent oil pipeline through Turkey is unlawful. Iraq's Deputy Prime Minister for Energy Hussain al-Shahristani has repeatedly said that Turkey is aware of Baghdad's objections to the KRG pipeline plan and received assurances that they will not allow any export of Iraqi crude without the permission of the federal government in Baghdad.

The **UAE** increased output by 20 kb/d in October, to 2.76 mb/d, surpassing Kuwait for the first time since June 2011**. Kuwait** output declined by around 50 kb/d, to 2.74 mb/d, due to scheduled field maintenance, which will continue until mid-November. UAE volumes are poised to increase this month with the start-up of new production from the onshore Qusawirah field in early November. First oil was brought onstream at 30 kb/d and will slowly build to 60 kb/d in 2017.





The **UAE** increased output by 20 kb/d in October, to 2.76 mb/d, surpassing Kuwait for the first time since June 2011**. Kuwait** output declined by around 50 kb/d, to 2.74 mb/d, due to scheduled field maintenance, which will continue until mid-November. UAE volumes are poised to increase this month with the start-up of new production from the onshore Qusawirah field in early November. First oil was brought onstream at 30 kb/d and will slowly build to 60 kb/d in 2017.

Abu Dhabi's onshore capacity expansion via water and gas injection development projects is expected to ultimately add around 200 kb/d to capacity by 2017. Abu Dhabi has yet to settle the fate of the legacy contracts with only two months to go before the onshore concessions expire. The offshore concessions expire in 2018. At a conference in Abu Dhabi in early November, the CEO of the Abu Dhabi Company for Onshore Oil Operations (ADCO), Abdul Munim al-Kindy, said the contract bids were still under review. Abu Dhabi's Supreme Petroleum Council, led by the UAE's ruler, Sheikh Khalifa Bin Zayed, is expected to make the final decisions. ADCO is owned 60% by the Abu Dhabi National Oil Company (ADNOC); BP, Shell, ExxonMobil and Total with 9.5% each; and Portugal's Partex with 2%. Among the shareholders, only Partex has not been invited to renew its contract.

OPEC Crude Production

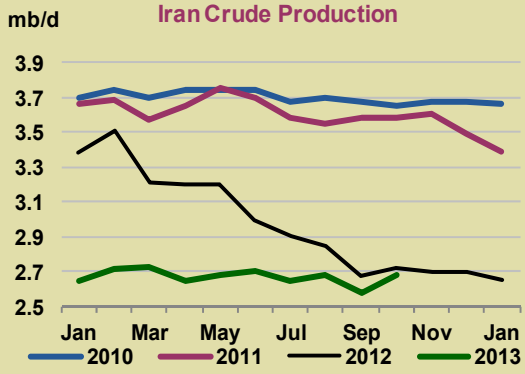
(million barrels per day)

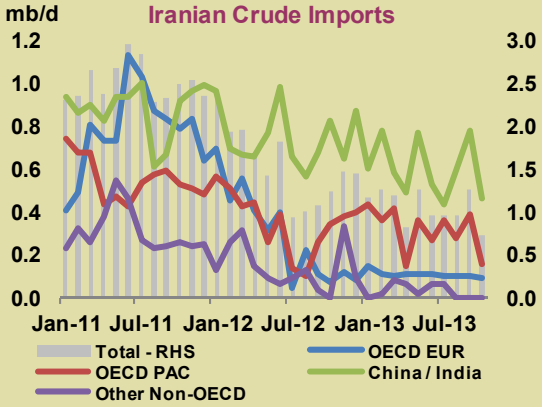
	Aug 2013 Supply	Sep 2013 Supply	Oct 2013 Supply	Sustainable Production Capacity[1]	4Q13 Spare Capacity vs Oct 2013 Supply	Jan-Oct Average Crude Supply
Algeria	1.12	1.15	1.12	1.20	0.08	1.14
Angola	1.70	1.72	1.70	1.85	0.15	1.74
Ecuador	0.52	0.52	0.52	0.53	0.01	0.51
Iran	2.68	2.58	2.68	2.90	0.22	2.67
Iraq	3.22	2.82	2.97	3.10	0.13	3.07
Kuwait[2]	2.77	2.79	2.74	2.90	0.16	2.80
Libya	0.55	0.30	0.45	1.40	0.95	1.04
Nigeria[3]	1.94	2.04	1.99	2.25	0.27	1.97
Qatar	0.73	0.73	0.73	0.75	0.03	0.73
Saudi Arabia[2]	10.19	10.12	9.75	12.40	2.65	9.65
UAE	2.75	2.74	2.76	2.90	0.14	2.72
Venezuela[4]	2.54	2.49	2.49	2.60	0.11	2.47
Total OPEC	**30.71**	**30.00**	**29.89**	**34.78**	***4.89***	***30.53***
(excluding Iraq, Nigeria, Libya and Iran)					***3.32***	

1 Capacity levels can be reached within 30 days and sustained for 90 days.
2 Includes half of Neutral Zone production.
3 Nigeria's current capacity estimate excludes some 200 kb/d of shut-in capacity.
4 Includes upgraded Orinoco extra-heavy oil assumed at 410 kb/d in October.

Iran Discounts Oil Sales Amid Bid for Sanctions Relief

First steps toward reaching an interim international agreement to freeze Iran's nuclear programme stumbled in Geneva on 9 November, but the market took on board the display of political will among the negotiating parties to work towards resolving the contentious debate that has at times injected a high level of volatility into oil prices over the past decade. While hopes for a breakthrough had faded by the time the three-day talks ended on 9 November, concurrent talks between the UN/IAEA and Iran that concluded just one day later ended with partial success, with Iran granting "managed" access to some, but not all, of the nuclear sites that had previously been off limits to IAEA inspectors. It is against this mixed backdrop that senior officials representing the P5 + 1 and Iran will resume talks on 20 November in a bid to secure a *preliminary* agreement which might include a halt in Iran's nuclear plans in return for some form of sanctions relief (sanctions on oil and banking are reportedly not included in the interim talks). The interim agreement would be just the first stage of a process, intended to give diplomats and officials a six-month window for more in-depth talks to reach a long-term agreement.





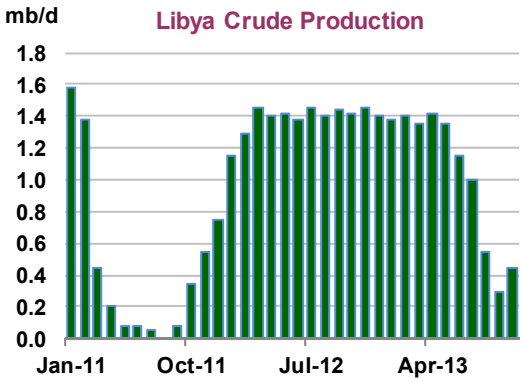
Iran's crude oil production rose by 100 kb/d to 2.68 mb/d in October but signs are emerging that the National Iranian Oil Company (NIOC) is finding it increasingly difficult to place barrels against the backdrop of sanctions. An estimated 300 kb/d appears to have moved into floating storage in October, bring total volumes unsold on ships to 37 mb, latest tanker data show.

Moreover, preliminary data indicate total crude imports from Iran declined by a steep 45% in October, falling to the lowest level since January 2012, when the stricter sanctions regime was first implemented. According to press reports, state NIOC has been offering steep price discounts in the form of credit terms to move the oil stranded by sanctions. Iran is reportedly offering free delivery of crude exports to India, equating to a discount of about $1/bbl. NIOC is also offering 90-day credit on crude sales to Indian refiners compared to the more normal 30 days. Unconfirmed reports suggest Indian refiners are also being pitched a volume discount, by which prices per barrel would decline as volumes purchased rise. Despite all these incentives, the latest crude import data show India slashed its purchases from Iran by nearly half in October, to around 165 kb/d, from around 300 kb/d in September.

For October, preliminary data indicate total crude imports from Iran fell to 715 kb/d compared with 1.26 mb/d in September. That compares to an average of 1.1 mb/d for the first nine months of the year. Import estimates are based on data submitted by OECD countries, non-OECD statistics from customs agencies, tanker movements and news reports. Latest tanker data show China reduced imports from Iran to 300 kb/d in October compared with 475 kb/d the previous month. However, roughly 6 mb of the 10 mb in floating storage is reportedly sitting off Chinese ports. Japanese refiners also sharply reduced liftings of Iranian crude in October, to under 100 kb/d compared with 250 kb/d in September. South Korea reduced imports in October, to around 65 kb/d versus 135 kb/d the previous month.

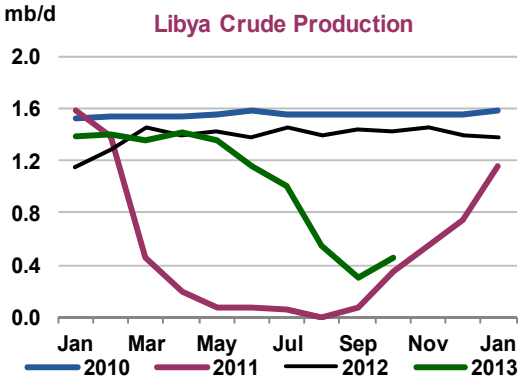
While the timeline for reaching a permanent agreement between the international community and Iran remains uncertain, the country's government is already working hard to attract IOCs to its upstream oil and gas sectors once sanctions are lifted. Bijan Zanganeh, a former oil minister well regarded by the oil industry, was reappointed at the ministry's helm in August, a clear signal of a turn in Tehran's oil policy. In turn, Zanganeh brought back experienced industry hands to run NIOC, who are working on proposals to replace the widely criticised buy-back contracts with a more attractive investment framework.

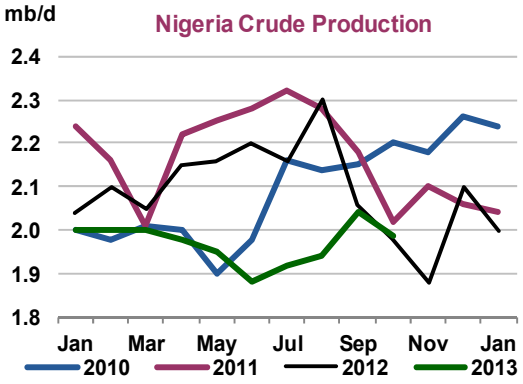
Libyan oil production posted a month-on-month increase of 150 kb/d to an average 450 kb/d in October but output declined again to just 250 kb/d by early November amid worsening political turmoil and labour disputes. The start-up of the 130 kb/d Elephant field and the 200 kb/d El-Shahara field in the Western region of the country proved short-lived, with both fields shut-in again in late October due to striking workers and protests. In addition, protesters shut down the Mellitah gas export pipeline to demand more rights (and Parliamentary seats) for the Berber minority in the southern desert.



For the past three months, the country's supply has largely been held hostage by rival tribal groups in the eastern region of the country who have shut in production and blockaded export terminals in a bid for independence from Tripoli. In late October, the head of the Petroleum Defence Guards, Ibrahim al-Jathran, declared independence for the Cyrenaica region and unveiled a new cabinet after announcing that his group, which controls the Es Sider, Ras Lanuf, Marsa el-Hariga and Zueitina oil terminals, formed a new government, the Political Bureau of Cyrenaica (PBC). A rival group to the PBC, called the Cyrenaica Transitional Council, has also emerged. The latest moves towards regional independence are reminiscent of the system maintained by King Idris in the 1950s when Libya was split into three semiautonomous states. Exacerbating the problem, the PBC announced on 3 November that it has formed its own oil marketing company as well as a new regional central bank. The move to take control of oil sales was seen as largely symbolic since there is little chance oil traders would engage with the tribal groups.

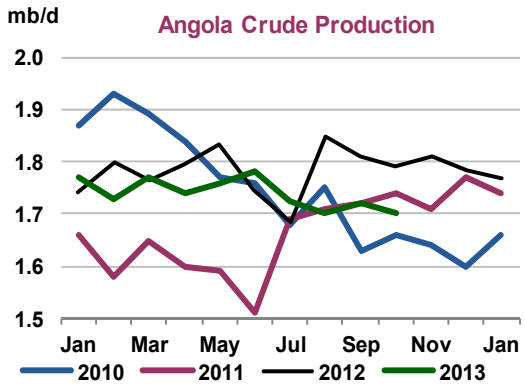
The latest developments have created formidable challenges for Prime Minister Ali Zeidan's fragile government structure. The crisis commission in the General National Congress, which was set-up in August to negotiate with protesters, reported that the two sides had reached a stalemate in talks. The central government on 3 November threatened unspecified action within 10 days against the protesters and rebel groups controlling the country's oil infrastructure. Prime Minister Zeidan also raised the spectre of foreign countries intervening to quell the dissent.

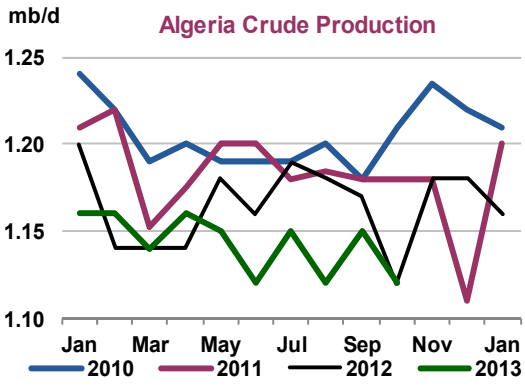




Nigerian output was marginally lower in October, off 55 kb/d to 1.99 mb/d. Shell lifted a *force majeure* on Bonny Light crude oil exports on 18 October following completion of some repairs on the Trans Niger Pipeline but work continues on a section of the line, curbing flows. Brass River supplies recovered in October after Eni also lifted its *force majeure,* which had been in place since March. Latest export schedules indicate volumes could trend lower again in November, in part due to field-maintenance work at the giant offshore Bonga field.

Angolan output was down by 20 kb/d to 1.7 mb/d in October. In September, BP lifted *force majeure* on its Saturno crude, which had been declared in late August after a brief technical problem, and volumes recovered to around 100 kb/d in October. In its latest budget, the government has forecast crude oil production of 1.8 mb/d for 2014, slightly higher the year-to-date average of 1.74 mb/d.





Algerian production edged lower in October, down 30 kb/d to 1.12 mb/d, despite slightly higher output from the El Merk field. Output from El Merk started in May but the official inauguration of the project took place in late October, when output was estimated at 85 kb/d. The $4 billion project is expected to increase total production from the Berkine basin area to more than 300 kb/d. Sonatrach holds 51% of El Merk under a production sharing contract with partners Anadarko, Eni, Maersk, ConocoPhillips and Talisman.

Meanwhile, state-owned Sonatrach reported its largest discovery in more than 20 years at the Hassi Dzabat block 439 in the Amguid Messaoud basin. The discovery could reportedly hold as much as 1.3 billion barrels of crude. Sonatrach's upstream Vice President Said Sahnoun reported that the field will require new, high-cost technology due to the need to use hydraulic fracturing; production could begin within four years. Sonatrach has stepped up its exploration efforts after poor contract terms discouraged international investment. The country's production capacity outlook has long been constrained by relatively unattractive investment terms, corruption scandals and bureaucratic inertia. The unprecedented deadly terrorist attack on the country's In Amenas natural gas facility in mid-January heightened security concerns and some IOCs remain cautious about asking expatriate staff to return. Algeria has said it plans to review its fiscal terms to encourage foreign investment.

OPEC NGLs

OPEC NGLs were revised down by 100 kb/d for 2H13 and by 200 kb/d for 1Q14, largely due to continued supply constraints in Libya, Algeria and Angola. Output for 3Q13 is now estimated at 6.5 mb/d and falling to 6.4 mb/d in the fourth quarter. For 1Q14 NGL supply is forecast at 6.5 mb/d.

In **Libya**, the shutdown of fields and export terminals has sharply reduced the country's output of condensate and NGL, with only a trickle expected now for the fourth quarter. Prior to the civil war, Libya produced 110 kb/d of NGLs.

Algerian NGL output has been reduced by an average of 50 kb/d for the 3Q13-1Q14 period due to continued constraints on condensate output at the In Amenas facility and by the slower-than-expected ramp up from the El Merk project.

Angolan NGLs have been reduced by 30 kb/d as part of planned maintenance at the new Soyo liquefied natural gas (LNG) plant. The Chevron-operated project was scheduled to undergo a two-month maintenance from August but this was delayed until October due to gas leaks affecting onshore pipelines.

Understanding the Semantics of 'World's Largest Producer'

Which is the world's top oil producer? The question might not matter much to the oil market and industry, which are much more concerned with actual production levels than country rankings. But it has been very much in the news lately, as incremental production from the world's three leading producers – surging US LTO production, recent increases in Saudi output to highs of more than 30 years, and gains in Russian supply – has left them vying for first place in news reports.

The world's three largest producers – in alphabetical order: Russia, Saudi Arabia, and the US – have been fairly close in their output levels in recent months, and differences in production between the three easily fall within the margin of error. How one defines production -- i.e., which liquids are or are not included -- will also alter their ranking. Some of the main liquids categories include:

- Crude oil – a mixture of hydrocarbons that exists in liquid phase in natural underground reservoirs and remains liquid at atmospheric pressure after passing through surface separating facilities.
- Natural gas liquids (NGLs) – the liquid or liquefied hydrocarbons produced in the manufacture, purification and stabilisation of natural gas. These are those portions of natural gas which are recovered as liquids in separators, field facilities, or gas processing plants. NGLs include, but are not limited to, ethane, propane, butane, pentane, natural gasoline and condensates.
- Processing gains – the volumetric increases in liquid supply that take place during the refining process itself, due to the lower density of most refined products compared to crude and other feedstock.
- Biofuels – fuels derived from biomass or waste feedstocks; includes ethanol and biodiesel.
- Oxygenates – substances which, when added to gasoline, increase the amount of oxygen in that gasoline blend. Fuel ethanol, Methyl Tertiary Butyl Ether (MTBE), Ethyl Tertiary Butyl Ether (ETBE), and methanol are common oxygenates. There are also other additives put into fuels, such as anti-knock agents, dyes, and antioxidants. Fuel ethanol can be a biofuel – for the purposes of the US here, non-redundancy is assumed.

Needless to say, the market for crude oil is not the same as the market for butane. And processing gain really is not production, but rather transformation. Nevertheless, liquids output, in the broadest possible sense, can be understood to include all of these categories.

Given the challenges in assessing processing gain (which this *Report* does not break down by country) and the fact that it is the result of hydrocarbon processing rather than actual production, it makes sense to limit our comparison of the world's leading producers to liquids output. For this purpose, 3Q13 is used as the period of reference, as it is the most recent quarter for which relatively comprehensive data are available, and quarterly averages are a more reliable reflection of sustainable production than more volatile monthly data. Here we run into an issue: there are no monthly data available on Russian and Saudi production of oxygenates and additives. Keeping that in mind, the chart below offers the components of a tentative ranking (all figures in kb/d):

3Q13 Top Producers

(thousand barrels per day)

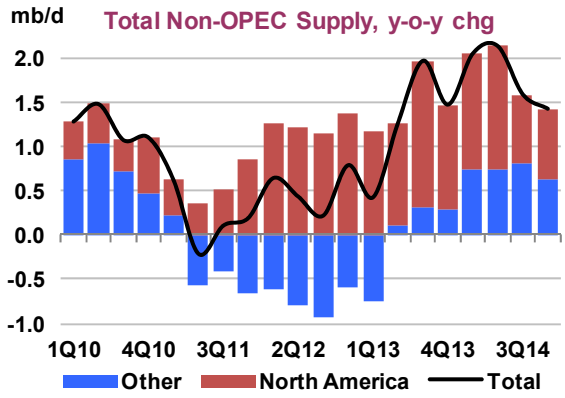
		Russia	Saudi Arabia	US
Crude Oil		10,104	10,103	7,590
NGLs		747	1,833	2,570
	Subtotal	10,851	11,936	10,160
Biofuels		1	0	952
Oxygenates and Fuel Additives		X	X	281
Total		**10,852**	**11,936**	**11,393**

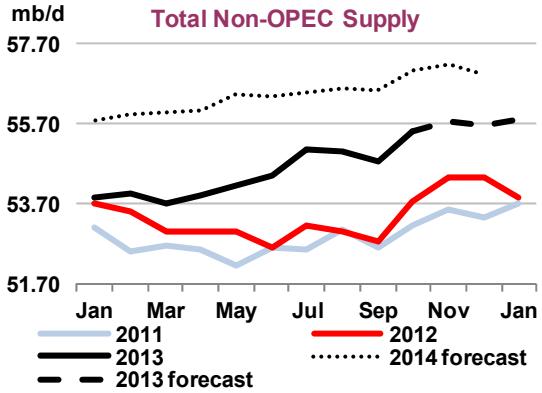
Based on crude oil production alone, Saudi Arabia and Russia were equivalent in 3Q13, and had significantly larger output than the US. Adding in NGLs, however, means that Saudi Arabia was a much larger liquids producer than Russia and the US. Throw in biofuels, supply of which is non-existent or insignificant in Saudi Arabia and Russia, and the US outranks Russia, but not Saudi Arabia. The ranking does not change if oxygenates and additives are added, even though the US is the group's only producer of those fuels on record. Thus, Saudi Arabia was the world's largest liquids producer in 3Q13, and tied with Russia for crude oil production.

Non-OPEC Overview

Non-OPEC production grew by a robust 740 kb/d in October to 55.53 mb/d, the highest monthly total for the year. The North Sea came back strongly, with OECD Europe production up 460 kb/d m-o-m. Other monthly gains include Canada (145 kb/d), Ghana (95 kb/d), Russia (70 kb/d) and the US (65 kb/d). Excluding refinery processing gain and biofuels, October output increased by an even stronger 800 kb/d, coming off what now appears to be a slight decline in September of 80 kb/d.

Based on the latest production data, the non-OPEC supply growth projection for 2013 has been raised by 100 kb/d from last month's *Report*, to 1.3 mb/d. The 2014 forecast has increased slightly to 1.8 mb/d, on higher US and Russian supplies. As more data become available, 3Q13 production growth now looks even more impressive y-o-y at 1.97 mb/d. Gains in 4Q13 are expected to be more moderate at 1.48 mb/d y-o-y, though high by recent historical standards.





The role of North America, led by the surge in US light tight oil (LTO), as the main engine of non-OPEC supply growth has been well-documented in this *Report*. Perhaps less well highlighted has been the continued importance of Russia, which has had y-o-y quarterly growth of at least 100 kb/d since 2Q09. The significance of Russia and the US to non-OPEC output can hardly be overstated: excluding processing gains and biofuels, the two countries represent 42% of non-OPEC output, and together with Saudi Arabia account for 38% of global supply (please see '*Understanding the Semantics of 'World's Largest Producer*'').

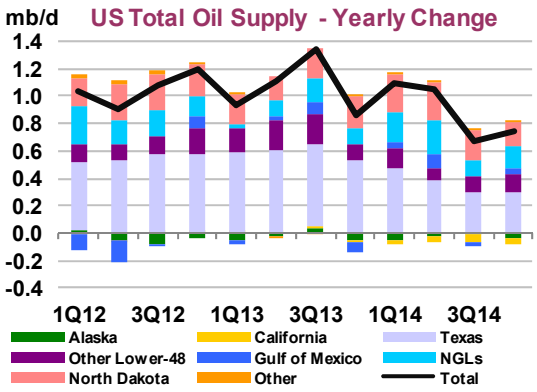
OECD

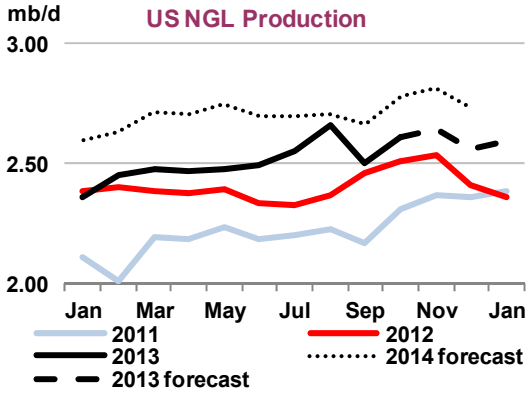
North America

US – September crude oil preliminary; Alaska actual, others estimated: Final data show that US crude oil production averaged 7.5 mb/d in August, a small dip of about 10 kb/d m-o-m due to reduced output in Alaska and the US Gulf of Mexico (GOM). August production was up a combined 100 kb/d in Texas and North Dakota, however, a trend that continued into September, when US crude oil production is estimated to have risen to about 7.8 mb/d, based on preliminary numbers. For October, we show a slight m-o-m decline, -45 kb/d, as there was some effect on production in Colorado from flooding and in the GOM from temporary shut-ins due to a tropical storm, though some of the latest weekly preliminary numbers show that this effect was likely very slight.

US output is expected to show strong gains in November and December, lifting the 4Q13 average by 740 kb/d y-o-y. If confirmed, US crude oil output would have grown by 950 kb/d in 2013, or roughly 15%. The evidence of rising crude oil production over the past two months can be seen in the widening spreads of not only Bakken compared to WTI-Cushing, but also WTI-Cushing vs. WTI-Midland. The Bakken discount takes into account the price differential needed to offset transport costs, particularly

rail (which transports two-thirds of Bakken LTO) to distant coastal US and Canadian refineries that would otherwise import seaborne light, sweet crude (see *Prices* section). Surging production in the Permian Basin (WTI-Midland) has outpaced new pipeline capacity to Gulf Coast refiners, though refinery maintenance may also have temporarily affected the spread. It is expected for crude oil production to grow monthly through the first half of 2014. Everything from newly designed wells that boost initial production rates to increased new production per rig, to learning how to target the most productive parts of a formation with hydraulic fracturing, has enabled continued LTO production growth despite declining rig counts. New offshore projects in the GOM should also begin yielding net increases in output in that area by 4Q14.





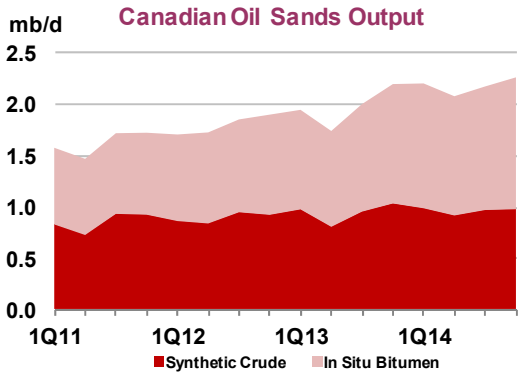
Total US liquids output (excluding processing gain and biofuels) reached 10.4 mb/d in August, and is estimated to have increased to 10.5 mb/d in September and 10.6 mb/d in October, levels not achieved since the 1980s. For 4Q13, total liquids production is forecast at 10.7 mb/d. US NGL production achieved a record 2.7 mb/d in August, and while a slight seasonal decline is expected to have occurred in September, quarterly and y-o-y growth continues unabated. For 4Q13, NGL output is expected to grow by 120 kb/d y-o-y.

Increasing NGL output is being driven in part by the favourable economics of wells that produce both oil and (wet) natural gas rather than just dry natural gas on the shale plays, as the overall percentage of mixed wells has increased to 56% in 2012 from 37% in 2007. Given relatively low US natural gas prices, producers are increasingly focusing their efforts on deposits that have a high liquids content, including crude and condensates. Hence, NGL production growth is increasingly linked to the prospects for crude oil growth, rather than simply natural gas output that could grow at a slower rate because of low prices. The September *Report* discussed the Mariner and Atex ethane pipeline projects, which are key to eliminating a glut of ethane that could potentially affect wet natural gas production on the Marcellus and Utica plays, where so-called ethane "rejection" reaches saturation levels. (Ethane rejection means that processors do not extract it from the natural gas but leave it in the methane.) Some companies have begun writing contracts that penalise gas producers that reject ethane rather than send it to fractionators, as low ethane prices have often made it otherwise unprofitable to process it out of the stream.

Canada – Newfoundland September actual, others August actual: Growth in Canadian liquids supply for 2014 is expected to average 210 kb/d, taking average production next year to 4.2 mb/d. For 3Q13, Canadian liquids production is up 370 kb/d y-o-y.

August liquids production grew by 170 kb/d, to 4.1 mb/d, as both bitumen and synthetic crude experienced strong increases of 100 kb/d and 45 kb/d, respectively. Maintenance ended at the Mildred Lake upgrader, and government data confirm that the Kearl project has begun ramping up strongly, having reached nearly 50% of capacity in August. NGL production reached 650 kb/d, up slightly m-o-m, but still below the record levels exceeding 700 kb/d achieved in January and February of this year.

In September, total output is estimated to have dipped by about 50 kb/d on maintenance at Suncor's Upgrader 2 and a slight decline in Newfoundland actuals. Bitumen output is estimated flat for the month.



In October, natural gas supplies were briefly disrupted to several of the major synthetics projects, affecting output for a few days. On non-upgraded production, steam injection began at Christina Lake 2B in October, with production to begin ramping up in 4Q13 to an eventual capacity of 35 kb/d.

In order to transport bitumen, diluent is needed, and insufficient diluent supplies could potentially slow future output growth. Much of the diluent used in Canada is condensate/natural gasoline sourced domestically or imported from the US. (In August, Canada produced 30 kb/d of field condensate and 125 kb/d of pentanes plus.) Enhancing both domestic production, such as from the condensate-rich Duvernay shale play, and import capacity from the US are thus priorities. Three pipeline operators on the Marcellus/Utica shale play in the US have formed a consortium to develop a new pipeline system to take condensate from the area to western Canada. In the other direction, Pembina Pipelines, which is one of the largest transporters of diluted bitumen from Alberta projects, as well as a major transporter of NGLs, will add 167 kb/d of new pipeline capacity this quarter on the Peace (crude) and Northern (NGL) Pipelines.

Mexico – September actual, October preliminary: In September, Pemex achieved crude oil production of 2.52 mb/d, an increase of 10 kb/d on August, and preliminary October data shows a further 20 kb/d increase in October. While such increases are small compared to crude production of more than 2.5 mb/d, they are a step toward Pemex's recently stated goal of achieving 2.6 mb/d by the end of 2013. Though Mexican crude production is projected closer to 2.5 mb/d than 2.6 mb/d for 4Q13, Pemex's achievement in arresting production declines and keeping output fairly flat for 2H13 is noteworthy. Pemex has had some success expanding output on the Chicontepec field with 29 new horizontal wells brought online in 2013, and Cantarell production has been stabilised of late — 3Q13 output was 450 kb/d, down less than 10 kb/d y-o-y. Total liquids output in September was 2.9 mb/d; the expected decline for 2014 is -25 kb/d, to 2.86 mb/d.

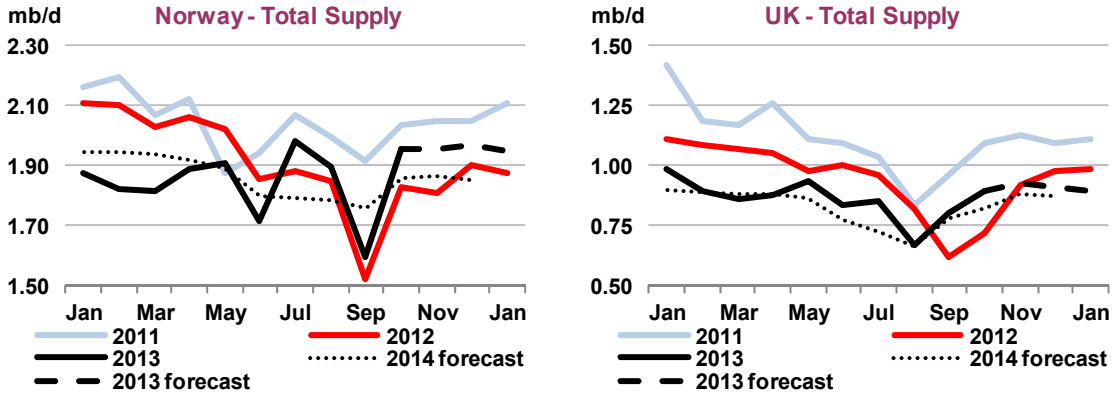
Pemex reported a loss of $3 billion in 3Q13, despite receiving an average price for the quarter of about $101/bbl, as it pays taxes on revenues rather than profits. The company is short of cash for reinvestment to maintain production levels in the medium term, a problem which a broad reform of the oil sector proposed by President Peña Nieto in August is attempting to address (please see OMR 12 September 2013). Recently, the financial press has reported that the government was negotiating an even more ambitious reform than the one first proposed and discussed in the September *Report*, including a clear ability for companies other than Pemex to book reserves and production sharing agreements on higher-risk projects.

North Sea

Norway – August actual, September provisional: Norwegian total liquids production data for August were revised upwards by about 70 kb/d, to 1.89 mb/d. August production exceeded year-earlier levels for the second consecutive month, reflecting a relatively low amount of unplanned outages this year compared to last. Whereas July marked a monthly high in Norwegian output so far this year, preliminary data suggest that September may mark a low point, with much of the summer maintenance concentrated in that month. Crude production in September is estimated at 1.33 mb/d; total liquids at 1.6 mb/d. In September, planned maintenance was carried out on the Draugen, Kristin, Norne, Skuld, Tordis, Tyrihans, Vigdis and Åsgard fields. The Kårstø processing plant was also shut for maintenance for

three weeks in September, affecting NGL production from fields such as Åsgard and condensate from Sleipner. The Njord field has remained offline since the end of July for maintenance that will take about a year to complete, but the field has had numerous problems in the last few years, and has not produced more than 20 kb/d since February 2011. Dong has announced that the Alve and Marulk fields will come back online in 4Q13.

One of the most important fields adding to output in 2013 is Skarv, which came online at 7 kb/d in January, and had attained 71 kb/d by August. BP announced that target production of over 80 kb/d had been achieved by October. In late October, the $4.7-billion Ekofisk South project came online. Ekofisk, the North Sea's largest producing oilfield in terms of reserves, produced 127 kb/d in August. Ekofisk South, with a new platform and 35 production wells, one of which is producing, is eventually expected to add 60 kboe/d. We expect production levels in October and November to bounce back from September to July levels, given the end of the maintenance season and higher October and November loading schedules. This will contribute to overall liquids production declining by just -50 kb/d for 2013 to 1.87 mb/d, the smallest y-o-y decline since annual declines began in 2002.

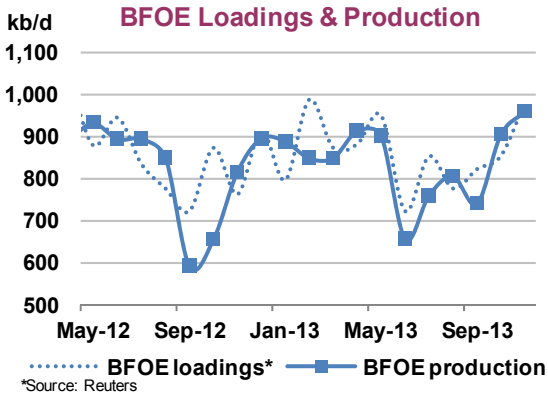


UK – July actual, August provisional: Although complete UK field-level data for July are not yet available, reported aggregates show 850 kb/d of liquids production for that month, a slight increase on June. Unlike Norway, where September was the peak maintenance month, in the UK sector it appears to have been August, when total liquids fell below 700 kb/d to 670 kb/d, and offshore crude oil production dropped to 590 kb/d, which, as mentioned last month, is the second-lowest offshore crude output in decades. It is estimated that offshore crude oil production increased to 740 kb/d for September, as maintenance ended, particularly on the Forties system. Scheduled Forties loadings had fallen to 252 kb/d in August, 135 kb/d below July loadings. Forties loadings rose above 350 kb/d in September and October, and scheduled loadings reach 400 kb/d in November.

The Forties stream feeds into the Kinneil oil stabilisation and gas separation plant, which uses steam from the Grangemouth refinery. Hence, the recent threat of closure of the refinery was of serious concern to Forties producers. Although, it seems that closure is no longer imminent, a project to replace the Grangemouth steam with steam from a Fortum power plant is underway, so that Forties production will not be dependent on the Grangemouth refinery in the near future.

Offshore UK crude production is projected to reach 790 kb/d for October, with total liquids at 890 kb/d. UK total liquids production is no longer able to exceed 1 mb/d; the last time that this was achieved was June 2012. Although a 135 kb/d quarter-on-quarter (q-o-q) increase is forecast for 4Q13, to 910 kb/d, UK production is forecast to decline steadily, quarter after quarter, in 2014. New fields are usually small, and often satellites to existing fields, and cannot make up for continuing declines at mature fields. In addition, the UK's largest producing field of recent years, Buzzard, has had difficulty maintaining consistent production levels month-to-month.

Although September was the likely overall crude oil output low for the year on the North Sea, BFOE production was lower in June (655 kb/d) than in September (an estimated 740 kb/d). BFOE loadings of 850 kb/d were scheduled for October, with BFOE production estimated at 905 kb/d. Scheduled loadings then surge to 980 kb/d in November. Our production forecast for that month is 960 kb/d.

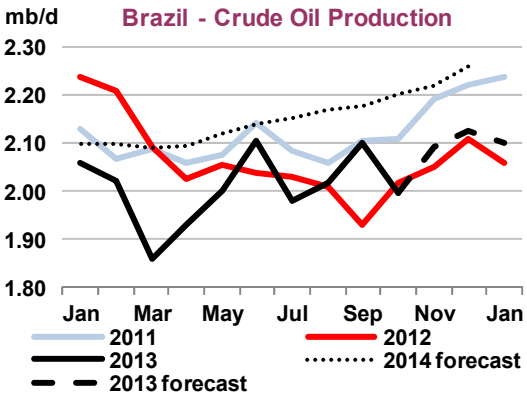


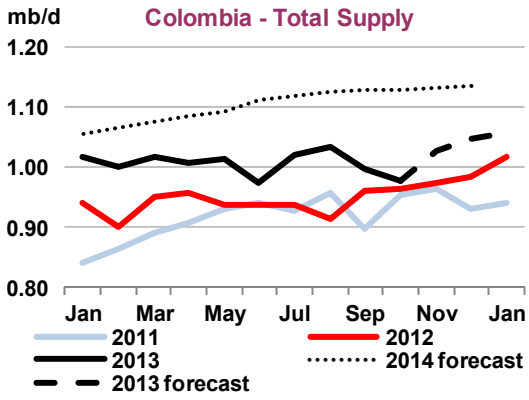
Non-OECD

Latin America

Brazil – September actual: Further m-o-m growth in crude oil production was observed in September, when output reached 2.1 mb/d, its highest level in 2013. Normal output levels on the largest offshore fields (the three Marlim fields, Roncador, Barracuda, Lula, Jubarte), combined with increases on Sapinhoa and Baúna as these two projects ramp up, made for a successful month. Nevertheless, Petrobras, which operates about 90% of the country's production, has acknowledged that 2H13 would not meet initial output expectations. Heavy maintenance in July, project delays and problems at non-Petrobras fields mean that 2H13 crude oil output will be up less than 60 kb/d on 1H13 in our estimate. The start of production on the P-55 platform project on Roncador was delayed until December and initial output of the P-63 Papa Terra FPSO into 2014. Chevron's Frade field has still not been able to resume pre-shutdown levels since the May restart and the now-bankrupt OGX's Tubarão Azul field was shut down in July. An additional problem in October was a week-long Petrobras workers strike that likely helped push production that month below September levels.

The government received only one bid on the giant pre-salt Libra field at October's bid round, and that single bid came in at the minimum rate of return for the government. This giant field, with reserves of 8-12 billion barrels, will be developed by Petrobras as per the government's mandate that the national company operate all pre-salt fields, in which it must also have a minimum stake of 30%. First expected output from Libra will not be until the next decade, but for Petrobras, taking on this huge project, even as it manages another 26 contracted additional offshore production units between 2014 and 2018 will be a challenge. Brazil's government has mandated that a second state oil company, Pré-Sal Petróleo S.A., will have 50% control on the operational committee for Libra and other future pre-salt fields but not possess an equity share. It remains to be seen if this unusual arrangement will present either an additional complication or an additional aide to Petrobras.





Colombia – September actual: Crude oil production in Colombia dropped 3.5% in September, to 995 kb/d, as guerrilla attacks on pipelines and some permitting delays affected output. Given their vast experience dealing with sabotaged pipelines, oil workers in Colombia are remarkably quick in

undertaking repairs to lines such the oft-attacked Caño Limón-Covenas. Nevertheless, output was affected, and given the intensification of attacks by rebel groups in October, it is our expectation that production declined yet further in that month, to about 975 kb/d. The announcement of renewed progress on peace talks with the rebel FARC group in early November bodes well for reduced attacks. Previous to September, it had been quite a successful year in the sector, with state oil company Ecopetrol achieving record quarterly output in 3Q13, and y-o-y growth for the total output of the country for each quarter. Production for 2013 as a whole is forecast to be up by 65 kb/d, to 1.01 mb/d, and by another 95 kb/d in 2014.

The 120-kb/d first phase of the Bicentenario crude oil pipeline started flowing at the end of October. The pipeline takes Vasconia Blend crude to the Caño Limón-Covenas pipeline, but future phases will allow Vasconia Blend to reach port without needing to feed into Caño Limón-Covenas. Colombia and Venezuela reached an agreement in October to link their crude oil pipeline networks with a short new connecting pipeline.

Asia

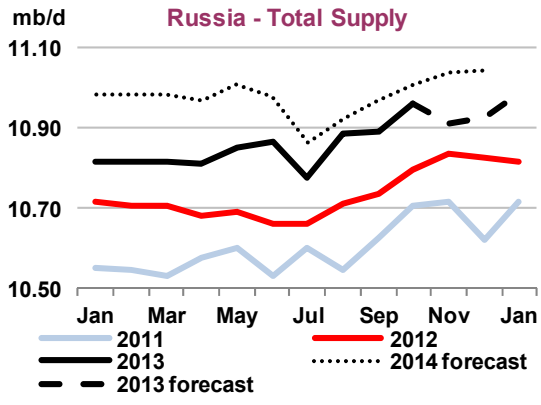
China – September actual: Total liquids production in China (99% of which is crude oil) increased by about 60 kb/d to 4.1 mb/d in September, as production in Shaanxi and Daqing continued to increase following the summer's flood-induced outages. We expect that 2013 production will show a y-o-y decline of about 20 kb/d. Nevertheless, important new investments continue. In the first three quarters of the year, Sinopec spent, by its own account, $6.7 billion on developing tight oil in south Hubei and heavy oil at the West Shengli field, on developing the Tahe oilfield, as well as on various natural gas projects. CNOOC brought online the Wencheng 19-1 (Pearl River Mouth Basin) and Weizhou 12-8 (Beibu Gulf) offshore fields in October, though production levels are unclear.

Africa

Ghana – October provisional: Ghana's production, which comes entirely from the offshore Jubilee oil field, had 3Q13 production of about 80 kb/d. Production at the FPSO is normally about 110 kb/d, but maintenance in September shut the field down for three weeks. Kosmos, one of the companies participating in the project, has said that it expects production to increase by another 10 kb/d to 120 kb/d by the end of 2013.

Former Soviet Union (FSU)

Russia – September actual, October provisional: Russian output hit a post-Soviet monthly record of 10.12 mb/d for crude and 10.89 mb/d for total liquids in September. It provisionally did it again in October, when crude output is estimated to have reached 10.18 mb/d and that of total liquids 10.96 mb/d. As mentioned in last month's *Report*, Russian producers have been making sufficient investment to overcome large natural declines at the country's many mature fields. West Siberia, where the fields tend to be older, has experienced only a slight drop (some 30 kb/d) since January 2012, and East Siberian fields have more than made up for this deterioration, with an increase in output of about 170 kb/d between January 2012 and September 2013.

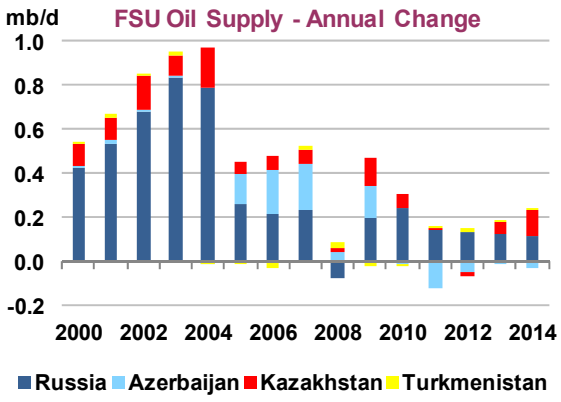


Bashneft has been particularly successful, having steadily increased production quarter after quarter for the past few years, achieving record output of 330 kb/d in 3Q13 through its successful new Trebs field but also mature fields in Bashkortostan. Gazprom Neft is drilling and bringing online horizontal wells at

fields in the Orenburg region, some of which have output of 1 500 b/d per well. NGLs/condensate output has also expanded, and in November Novatek initiated two new gas condensate stabilisation trains (combined capacity of 3 million mt/y) to handle expanded production at Severo-Urengoyskoye. Two more equal-sized trains will be added in 2014 or 2015. Rosneft's giant Vankor field is now expected by the company to expand by just 10 kb/d in 2014, however, after achieving 65 kb/d of growth y-o-y in 2013.

As noted in the September *Report*, Russia has lowered the Mineral Extraction Tax on hard-to-extract onshore reserves, such as shale oil. In 2014, a new offshore tax regime will come into force, with numerous reductions and incentives, in order to stimulate offshore investment. Given the levels of investment and sustained output levels on certain Russian fields, we now expect crude oil production to grow by 40 kb/d y-o-y in 2014 – still basically flat in percentage terms.

Azerbaijan – August actual: Total liquids in Azerbaijan averaged 900 kb/d in August, of which NGL production was 75 kb/d. We estimate that 3Q13 figures are 890 kb/d and 72 kb/d, respectively. BP, operator on the Azerbaijan International Operating Company's (AIOC) ACG fields, was under pressure this year to stabilise output, as the fields suffered annual declines in 2011 and 2012 (and commensurate declines for total output). The company appears to have achieved its objective. We expect that ACG output will remain at 670 kb/d for 2013, flat y-o-y, based on production levels through August and our projections for ACG for the remainder of the year. AIOC spent $1.3 billion in capex on ACG in 1H13, and delivered five new producing wells and two new water injector wells. An additional $1.2 billion in capex on ACG was planned for 2H13. State oil company SOCAR has forecast steady production for the country as a whole for 2014, but we expect a small decline of about -30 kb/d, to 845 kb/d total liquids.



Kazakhstan – September actual: Kazakhstan total liquids output rose 60 kb/d in September, to 1.65 mb/d, mostly on the return to full output of Tengiz after August maintenance. Crude output was 1.35 mb/d. The super-giant Kashagan field started in September, and achieved just 7 kb/d for the month. The field has experienced numerous problems since starting up, and has only been online for 16 days in total since its 11 September start. After restarting on 6 October, the field achieved at least one day of commercial-level production of 75 kb/d, but shut down on 9 October due to a gas leak. Although operating consortium North Caspian Operating Company (NCOC) initially indicated that it was a problem with a particular pipe that could be fixed within a few weeks, it now seems that the problems are more profound, and that production will not resume until next year, according to a recent statement by the CEO of NCOC member Total. It is mostly likely that consistent commercial production and commensurate exports will not be achieved until around April 2014. Hence, 4Q13 output will be about the same as 1Q13, at 1.72 mb/d, and significant output increases will not be seen until 2Q14.

FSU net oil exports rebounded by a significant 340 kb/d to 9.2 mb/d in September after refinery maintenance reduced Russian domestic demand for crude freeing up more for export. Consequently, crude carried by the Transneft network rose by 490 kb/d, its largest increment since December 2008. Baltic ports were the main beneficiaries of the extra crude with Urals deliveries via Primorsk and Ust Luga reaching 1.1 mb/d and 480 kb/d, respectively. In the Black Sea, crude shipments were also hiked with Novorossiysk exports hitting 790 kb/d after an extra 120 kb/d of Urals was delivered to the terminal.

Despite Sakhalin production being 30 kb/d lower than August and 100 kb/d lower than 2Q13, due to scheduled field maintenance, combined shipments from De Kastri and Sakhaklin Energy totalled 260 kb/d, level with a month earlier. This therefore indicates that stocks were drawn down with a reduction in exports likely to arrive in October.

FSU Net Exports of Crude & Petroleum Products

(million barrels per day)

	2011	2012	4Q2012	1Q2013	2Q2013	3Q2013	Jul 13	Aug 13	Sep 13	Latest month vs. Aug 13	Latest month vs. Sep 12
Crude											
Black Sea	1.93	1.81	1.78	1.80	1.80	1.75	1.80	1.71	1.75	0.04	0.05
Baltic	1.50	1.67	1.69	1.60	1.68	1.44	1.35	1.32	1.64	0.32	-0.30
Arctic/FarEast	0.67	0.65	0.72	0.78	0.80	0.81	0.81	0.79	0.83	0.05	0.14
BTC	0.70	0.66	0.59	0.58	0.71	0.65	0.70	0.69	0.57	-0.12	-0.04
Crude Seaborne	**4.80**	**4.79**	**4.78**	**4.76**	**5.00**	**4.65**	**4.65**	**4.50**	**4.80**	**0.30**	**-0.15**
Druzhba Pipeline	1.17	1.08	0.98	0.99	1.02	1.06	1.08	1.04	1.07	0.03	0.06
Other Routes	0.53	0.52	0.54	0.55	0.54	0.56	0.55	0.54	0.58	0.04	0.04
Total Crude Exports	**6.50**	**6.39**	**6.30**	**6.31**	**6.55**	**6.27**	**6.29**	**6.09**	**6.45**	**0.36**	**-0.05**
Of Which: Transneft[1]	4.18	4.22	4.10	4.09	4.15	3.98	3.91	3.78	4.26	0.49	-0.09
Products											
Fuel oil[2]	1.58	1.72	1.61	1.61	1.72	1.60	1.71	1.54	1.56	0.02	-0.23
Gasoil	0.77	0.79	0.79	0.97	0.84	0.77	0.81	0.76	0.75	-0.01	-0.01
Other Products	0.43	0.44	0.47	0.48	0.48	0.53	0.56	0.54	0.49	-0.05	0.02
Total Product	**2.77**	**2.95**	**2.87**	**3.06**	**3.04**	**2.91**	**3.09**	**2.84**	**2.80**	**-0.05**	**-0.22**
Total Exports	**9.27**	**9.34**	**9.17**	**9.36**	**9.60**	**9.18**	**9.38**	**8.93**	**9.24**	**0.31**	**-0.27**
Imports	0.09	0.09	0.09	0.07	0.06	0.09	0.08	0.10	0.08	-0.02	-0.01
Net Exports	**9.18**	**9.25**	**9.08**	**9.29**	**9.54**	**9.10**	**9.29**	**8.83**	**9.16**	**0.34**	**-0.26**

Sources: Argus Media Ltd, IEA estimates

[1]Transneft data exclude Russian CPC volumes.

[2]Includes Vacuum Gas Oil

Outside of Russia, flows through the Baku-Tbilisi-Ceyhan (BTC) pipeline sank to 570 kb/d in September, less than half of its 1.2 mb/d nameplate capacity. Looking forward, Tengiz crude should enter the line for the first time since end-2010 after Tengizchevroil (TCO) came to an agreement with the BTC consortium to end their tariff dispute. Indeed, loading schedules indicate BTC flows at 630 kb/d in October with 710 kb/d pencilled in for November. Preliminary CPC loading data for October indicate that no oil from Kashagan arrived in the line after ongoing production problems at the field. Furthermore, these problems also forced Total to cancel two cargoes of Kashagan oil it was planning to ship via Primorsk. At the time of writing no Kashagan cargoes had reached market with senior Kazakhstani officials stating that oil exports from the project would be “delayed indefinitely”.

Following a fall in Russian refinery throughputs, refined product exports slipped by 50 kb/d in September as refiners preferentially supplied domestic markets. Deliveries of ‘other products’ and gasoil slipped by 50 kb/d and 10 kb/d, respectively while some offset was provided by fuel oil which inched up by 20 kb/d.

OECD STOCKS

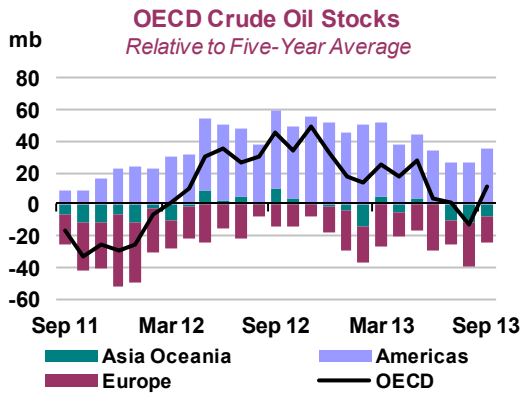
Summary

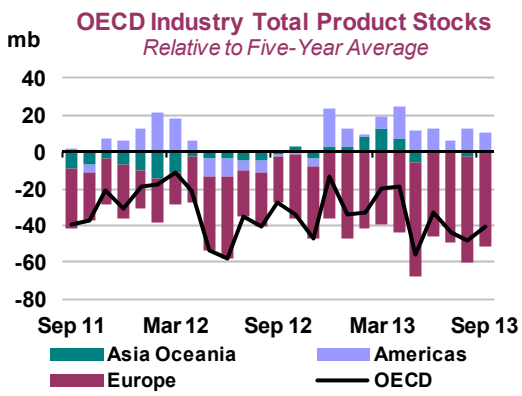
- **OECD industry stocks built counter-seasonally by 8.6 mb in September**, reversing August's draw, to end at 2 676 mb. Since this was in sharp contrast to the 15.5 mb five-year average draw for the month, the deficit of inventories to average levels narrowed to 42.9 mb from 67.0 mb at end-August.

- **Crude oil inventories surged counter-seasonally by 18.2 mb in September** as OECD refinery throughputs plummeted. Stocks of refined products drew by 5.8 mb, to cover 30.8 days of forward OECD demand at end-September, 0.3 days lower than at end-August.

- **Inventories built by an estimated 12.5 mb over the third quarter as a whole**, or 140 kb/d, as rising refined product stocks more than offset a dip in crude. Data released in last month's *Report* have been revised upwards for every single month of the third quarter.

- **Preliminary data point to a 7.6 mb draw in October total oil inventories**, weaker than the 16.0 mb five-year average draw for the month on the back of plunging refined product inventories.





OECD Inventory Position at End-September and Revisions to Preliminary Data

OECD industry stocks reversed their August draw and built by 8.6 mb in September, in sharp contrast to the 15.5 mb five-year average draw for that month. At 2 676 mb, commercial inventories now stand 53.0 mb below a year ago and 42.9 mb in deficit to the five-year average. Since the September stock build was counter-seasonal, the deficit to average levels has narrowed significantly, from 67 mb at end-August. Broken down by products, the deficit is concentrated in refined products, stocks of which stood 40.9 mb below average in the OECD as a whole and 51 mb below average in Europe. In contrast, crude stocks stood at an 11 mb surplus to the average, largely on high inventories in the Americas as North American domestic production soars. OECD holdings of NGLs and refinery feedstocks lagged the five-year average by 13.0 mb.

An unseasonal 18.2 mb rise in crude oil inventories drove the September stock build, as maintenance and poor refining margins slashed refinery throughputs across all OECD regions. Accordingly, crude stocks in OECD Americas, Asia Oceania and Europe built by 10.8 mb, 3.9 mb and 3.5 mb, respectively. Despite the drop in refinery activity, refined products' holdings slipped by a relatively muted 5.8 mb, compared to the 12.5 mb five-year average draw for the month. Falling stocks of fuel oil (-4.8 mb) and middle distillates (-4.5 mb) drove product inventories lower, although the distillate draw was shallow compared to the 14.2 mb average draw for the month. All told, refined products covered 30.8 days of forward OECD demand at end-month, 0.3 days less than at end-August.

Preliminary Industry Stock Change in September 2013 and Third Quarter 2013

	September 2013 (preliminary) (million barrels)				September 2013 (preliminary) (million barrels per day)				Third Quarter 2013 (million barrels per day)			
	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total
Crude Oil	**10.8**	**3.5**	**3.9**	**18.2**	**0.36**	**0.12**	**0.13**	**0.61**	**-0.05**	**0.01**	**-0.14**	**-0.19**
Gasoline	2.2	0.5	-0.6	2.0	0.07	0.02	-0.02	0.07	-0.04	-0.02	-0.02	-0.08
Middle Distillates	-2.2	-3.3	1.0	-4.5	-0.07	-0.11	0.03	-0.15	0.09	0.09	0.11	0.28
Residual Fuel Oil	-1.1	-1.7	-2.0	-4.8	-0.04	-0.06	-0.07	-0.16	-0.05	-0.04	0.01	-0.08
Other Products	-1.5	-1.6	4.6	1.5	-0.05	-0.05	0.15	0.05	0.16	-0.07	0.09	0.18
Total Products	**-2.6**	**-6.1**	**3.0**	**-5.8**	**-0.09**	**-0.20**	**0.10**	**-0.19**	**0.16**	**-0.04**	**0.19**	**0.31**
Other Oils[1]	-2.2	-2.0	0.4	-3.8	-0.07	-0.07	0.01	-0.13	0.02	0.00	-0.01	0.02
Total Oil	**6.0**	**-4.7**	**7.3**	**8.6**	**0.20**	**-0.16**	**0.24**	**0.29**	**0.12**	**-0.03**	**0.04**	**0.14**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

Inventories for July, August and September have all been revised upwards since last month's *Report*, bringing the 3Q13 build in OECD stocks to 12.5 mb, or 140 kb/d. Following high refinery activity in July and August, refined products built by 28 mb (310 kb/d) over the quarter, which more than offset a 17 mb (190 kb/d) decrease in crude.

Since last month's *Report*, the September build in total OECD oil stocks has been adjusted upwards by 6.9 mb, from a preliminary estimate of 1.7 mb. Upon the receipt of more complete, official data, end-August OECD stocks were also revised upwards, by 7.9 mb. This, which coupled with an upwards 5.4 mb adjustment to end-July data, weakened the 7.8 mb counter-seasonal draw for August presented in last month's *Report* to 5.3 mb. Revisions to August data were concentrated in OECD Americas (+9.0 mb), while minor adjustments of -0.2 mb and -0.1 mb were made to Asia Oceania and Europe, respectively.

Revisions versus 11 October 2013 Oil Market Report

(million barrels)

	Americas		*Europe*		*Asia Oceania*		*OECD*	
	Jul-13	Aug-13	Jul-13	Aug-13	Jul-13	Aug-13	Jul-13	Aug-13
Crude Oil	**1.3**	**1.3**	**1.3**	**-3.1**	**0.0**	**3.5**	**2.6**	**1.7**
Gasoline	0.0	2.1	-0.1	-2.0	0.0	-0.7	-0.1	-0.6
Middle Distillates	0.0	0.7	0.4	3.6	0.0	-0.4	0.4	3.8
Residual Fuel Oil	0.0	-0.8	0.0	-2.5	0.0	-0.1	0.0	-3.3
Other Products	0.0	0.1	0.1	0.7	0.0	0.2	0.1	1.0
Total Products	**0.0**	**2.0**	**0.5**	**-0.2**	**0.0**	**-1.0**	**0.5**	**0.8**
Other Oils[1]	2.5	5.6	-0.2	-0.1	0.0	-0.2	2.4	5.4
Total Oil	**3.9**	**9.0**	**1.6**	**-3.4**	**0.0**	**2.3**	**5.4**	**7.9**

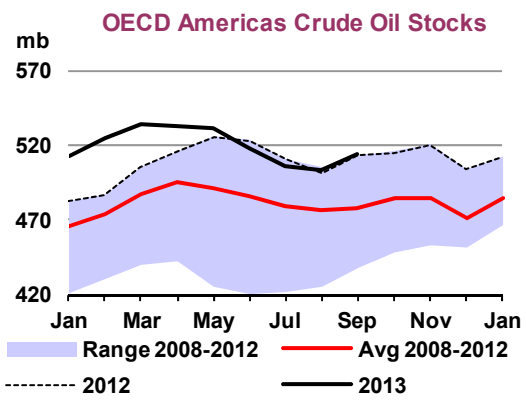
1 Other oils includes NGLs, feedstocks and other hydrocarbons.

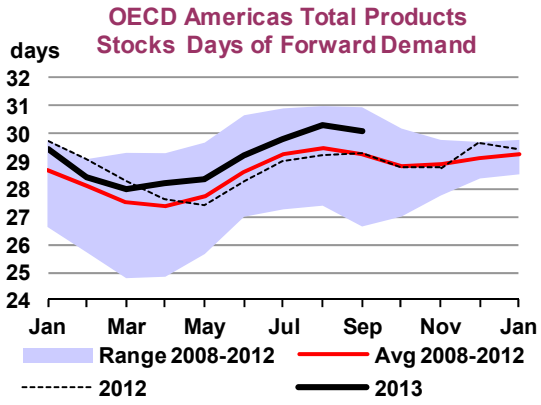
Preliminary data point to a 7.6 mb draw in October total oil inventories, weaker than the 16.0 mb five-year average draw for the month. On a product-by-product basis, refined products plummeted by a sharp 35.8 mb, likely after OECD refinery runs remained depressed amid poor margins. Meanwhile, crude oil stocks soared by 25.6 mb, more than three times the 6.5 mb five-year average build for October. On a geographical basis, inventories in OECD Americas and OECD Asia Oceania dropped by 8.7 mb and 5.6 mb, respectively, more than offsetting a 6.7 mb build in OECD Europe.

Recent OECD Industry Stock Changes

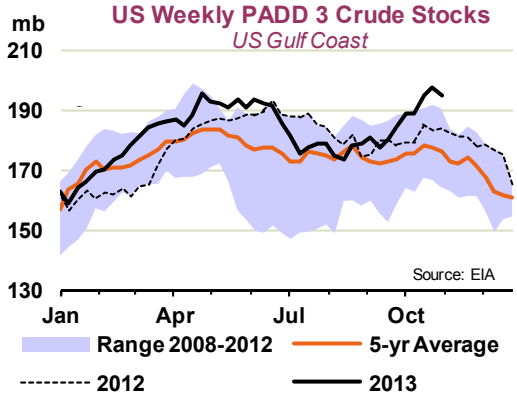
OECD Americas

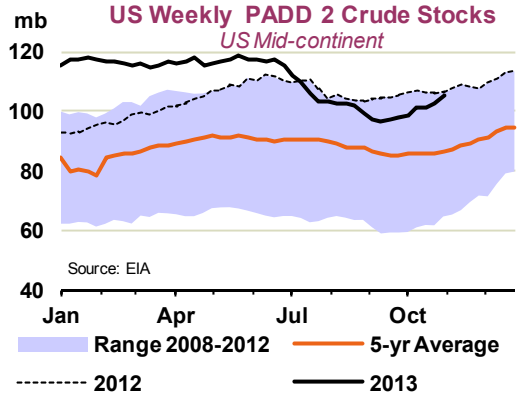
Commercial stocks in OECD Americas rose by 6.0 mb in September, led by a steep 10.8 mb build in crude, which more than offset a 2.6 mb draw in refined products. NGLs and feedstocks drew by 2.2 mb. Since the overall build was in line with seasonal patterns, the region's surplus to five-year average levels remained at 38.9 mb, level with end-August. The build in crude occurred as plunging refining margins slashed regional refinery throughputs by 400 kb/d. Refined product stocks were pressured lower by a seasonal 2.2 mb fall in middle distillates with 'other products' and fuel oil inching down by 1.5 mb and 1.1 mb, respectively. At end-September, refined products covered 30.2 days of forward demand, a dip of 0.3 days on end-August.





Preliminary weekly data from the US Energy Information Administration (EIA) point to a seasonal 8.7 mb draw in US commercial stocks over October. Product stocks plunged by 30.5 mb, roughly double the five-year average draw for the month, as US refiners slashed runs by a further 690 kb/d amid maintenance and continuously subdued margins. 'Other products', middle distillates and motor gasoline inventories destocked by 11.4 mb, 9.9 mb and 9.2 mb, respectively. With winter approaching, middle distillates inventories (including low-sulphur diesel and heating oil) stood level with a year-ago but 23.5 mb in deficit to the five-year average level.

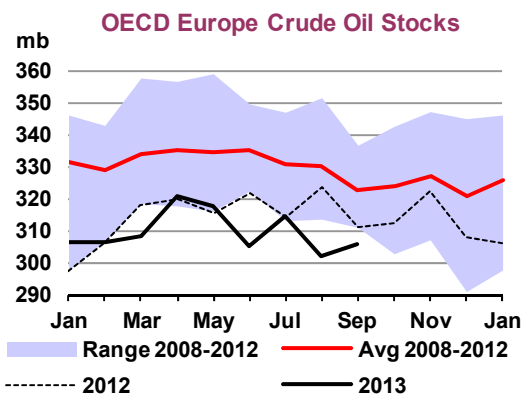


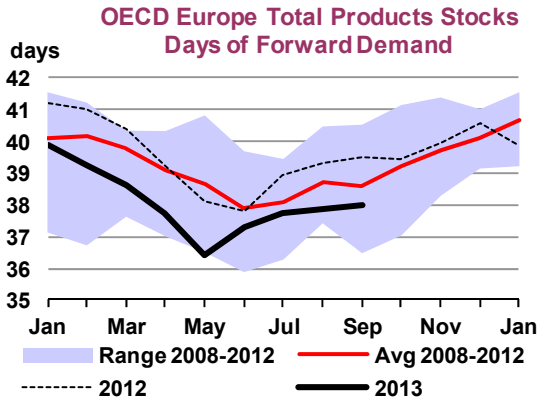


In contrast with product stocks, crude oil inventories soared by 17.6 mb, nearly three times the 6.2 mb five-year average build for October, on a combination of high domestic output and lower refinery runs. Following increased inter-PADD crude movements from the Midwest to the Gulf Coast, stocks in PADD 3 surged by 8.5 mb, as higher crude deliveries compounded the impact of a drop in Gulf Coast refinery runs of nearly 500 kb/d. PADD 3 crude inventories now stand at 195 mb, well above their seasonal range, having built by a significant 16.5 mb over the past two months. In comparison, PADD 2 stocks rose by a lesser 6.9 mb in October, bringing their builds of the last two months to a relatively muted 5.6 mb.

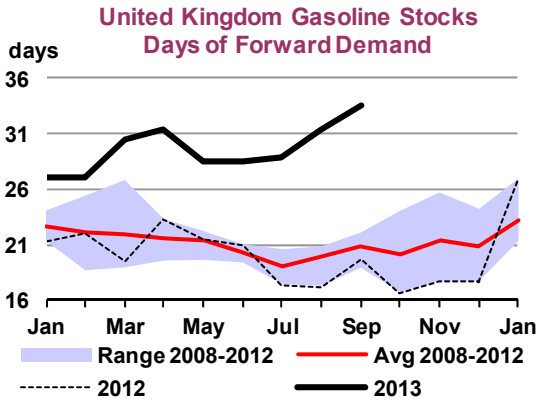
OECD Europe

OECD European commercial inventories inched down by 4.7 mb in September, far shallower than the 22.1 mb seasonal draw for the month. As such the deficit of stocks to the five-year average, which spans all oil categories, narrowed to 76.5 mb from the record 93.8 mb gap posted at end-August. Although refined product inventories led the draw, dipping by 6.1 mb, that decline was less than half the 13.1 mb average product draw for the month. Measured in days of forward demand, refined products covered 37.6 days, 0.3 days more than a month earlier. Meanwhile, crude oil holdings increased by an unseasonal 3.5 mb following another underwhelming month of regional refinery activity.





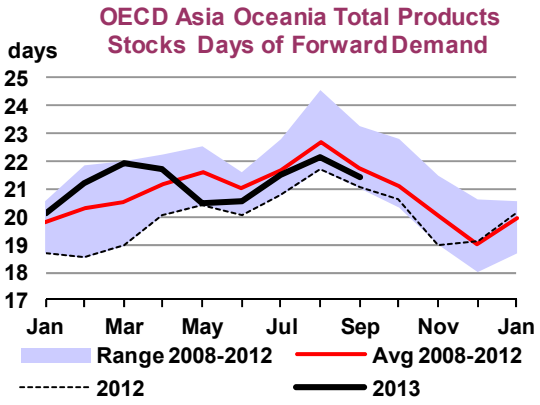
The draw in refined product inventories spanned all categories bar gasoline. Middle distillate inventories slipped by only 3.3 mb, much less than the 11.7 mb seasonal average, narrowing their deficit to average levels to 17.0 mb from 25.5 mb a month earlier. On a days of forward demand basis, the picture is improved slightly with the 35.8 days at end-September lagging average levels by 0.6 days, down from the 3.9 day lag at end-May. Amid excess gasoline production, gasoline forward demand cover continues to stand at a surplus to average levels, although this surplus has narrowed compared to summer 2012. The overhang in forward demand cover is unevenly distributed. Among top consuming markets, the UK, which is short middle distillates, appears awash with gasoline, stocks of which now cover 33.6 days of demand, 13 days above five-year average levels. OECD trade data indicate that UK gasoline exports have been running at close to 250 kb/d throughout the second and third quarters, up by approximately 40 kb/d on the same period in 2012, but this has clearly not been enough to keep gasoline stocks from soaring.

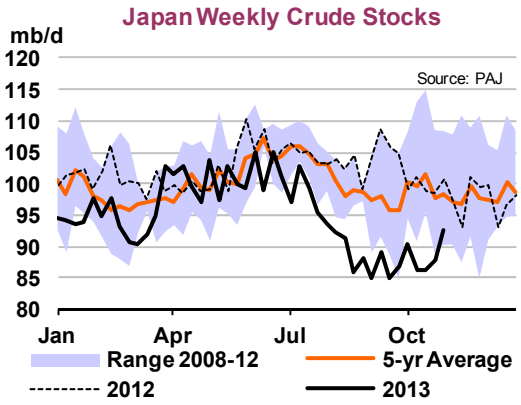


Preliminary data from Euroilstock indicate that regional inventories rose counter-seasonally by 6.7 mb in October. Stocks rebounded on the back of a 9.6 mb increase in crude oil holdings, sharper than the 1.0 mb seasonal build for the month and likely after another month of underwhelming regional refinery throughputs. Despite this, refined products slipped by 2.9 mb, weaker than the 8.3 mb five-year average draw for the month. Declining middle distillates (-2.6 mb) led products lower and more than offset a 0.9 mb increase in 'other products'. Meanwhile data pertaining to refined products held in independent storage in Northwest Europe point to a draw with all products destocking bar naphtha.

OECD Asia Oceania

Industry inventories in OECD Asia Oceania built by 7.3 mb in September, a much larger gain than the slight 0.5 mb five-year average build for the month. Both refined products (+3.0 mb) and crude oil (+3.9 mb) posted strong rises, while an additional 0.4 mb came from NGLs and refinery feedstocks. As in other OECD regions, the build in crude followed low refinery activity in September, when regional runs fell by an estimated 310 kb/d on the month. Refined products restocked on the back of rises in 'other products' (+4.6 mb) and middle distillates (+1.0 mb), with some offset provided by draws in residual fuel oil (-2.0 mb) and motor gasoline (-0.6 mb). All told, refined products covered 21.6 days of forward demand at end-September, 0.8 days below end-August.

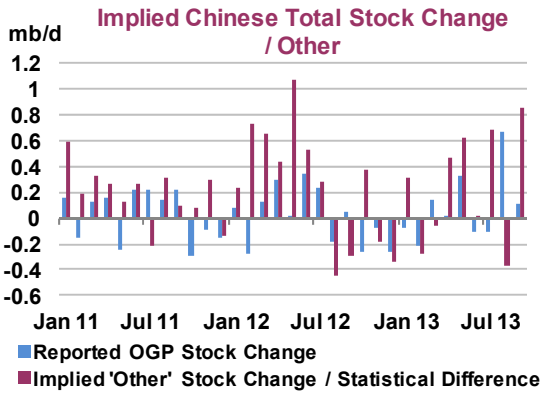


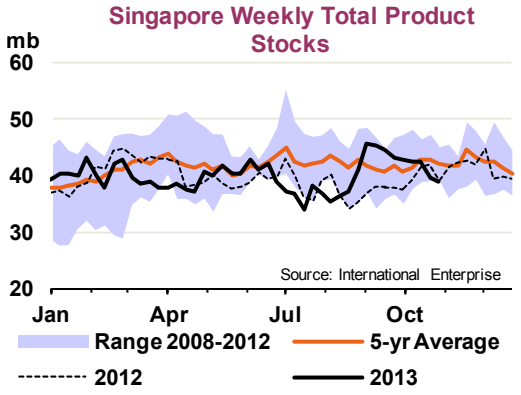


Preliminary weekly data from the Petroleum Association of Japan (PAJ) indicate that Japanese inventories drew by 5.6 mb in October, compared to a 0.8 mb five-year average draw for the month. Crude stocks slipped by a seasonal 1.6 mb. It now appears that following this summer's shutdown of the Sakaide refinery, Japanese crude inventories have experienced a step change and now seem set to fluctuate at around 90 mb, as compared to the previous level of 100 mb. Refined products stocks drew counter-seasonally by 2.4 mb, with 'other products', fuel oil and motor gasoline holdings retreating by 1.4 mb, 0.9 mb and 0.5 mb, respectively, while middle distillates inched up by 0.4 mb.

Recent Developments in Singapore and China Stocks

Data from *China, Oil, Gas and Petrochemicals* (*China OGP*) suggest that Chinese commercial crude oil inventories built by an estimated 3.3 mb (stock changes are reported in percentage terms) in September amid record crude net imports of 6.3 mb/d and subdued refinery runs. However, when examining the implied stock change calculated as crude net imports plus production less refinery runs, it appears that the monthly build is significantly greater than that reported by *OGP*. Indeed, over time *OGP* data has a tendency to underestimate builds compared to the implied change, although both move in similar directions. Meanwhile, refined product stocks dropped by an estimated 1.4 mb, led by gasoil draws of 3.5 mb (5.5 %) which more than offset builds in kerosene (1.2 mb, 10.3%) and gasoline (0.9 mb 1.6 %).

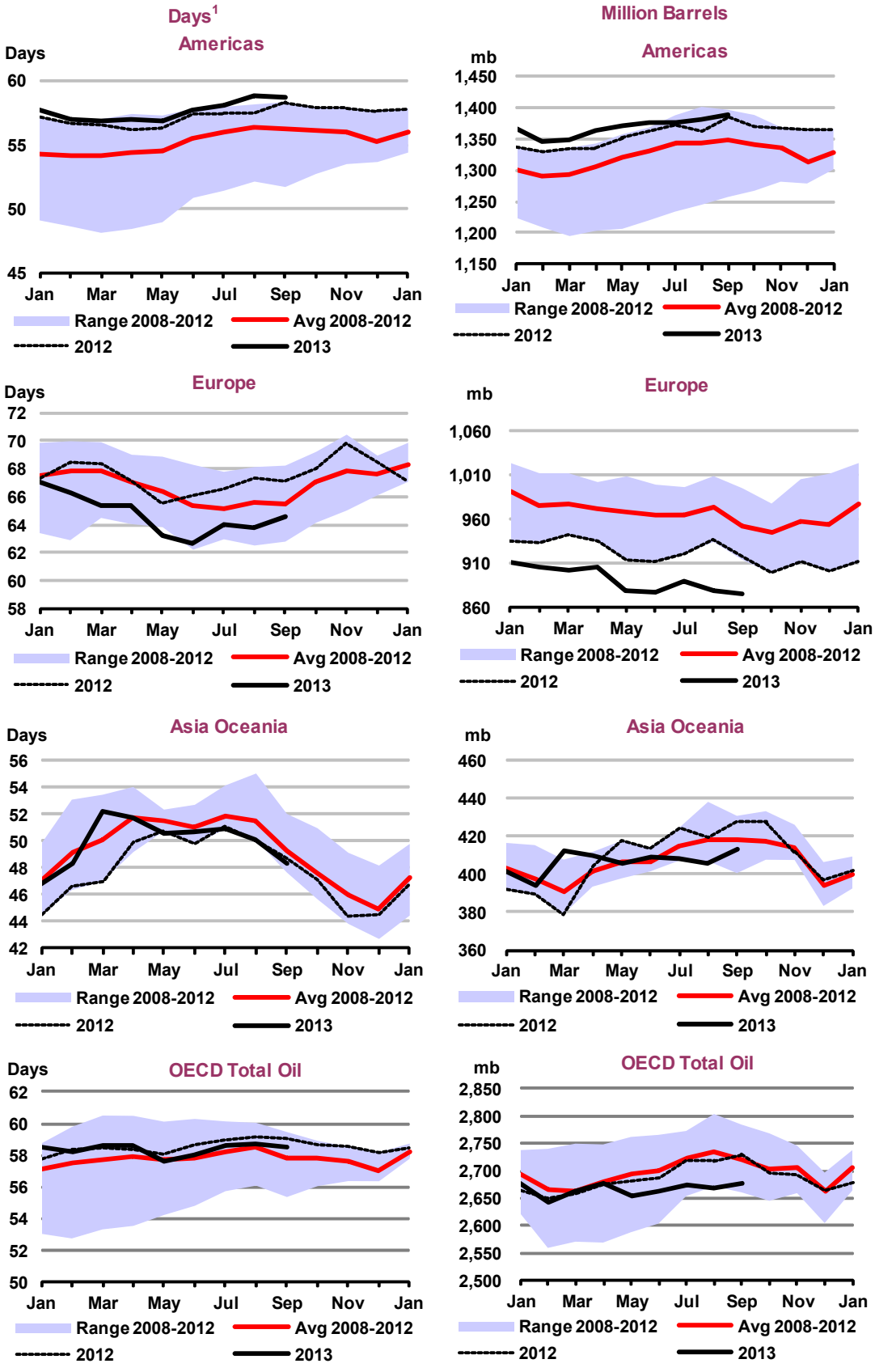




According to weekly data from *International Enterprise,* land-based stocks of refined products held in Singapore declined by 4.0 mb in October. Falling residual fuel oil stocks (-2.8 mb m-o-m) led the draw, reportedly after major exporters such as Russia and the Netherlands cut exports to Singapore on the back of rising domestic winter demand. An additional drain on stocks came from firm Asian demand, notably from Malaysia which increased its Singaporean imports. Middle and light distillates inventories drew by 1.1 mb and 0.1 mb, respectively. Following these draws, light distillate inventories stand at a 0.5 mb surplus to the five-year average while those of middle distillates remain at a 3.5 mb deficit.

Regional OECD End-of-Month Industry Stocks

(in days of forward demand and million barrels of total oil)



1 Days of forward demand are based on average demand over the next three months

PRICES

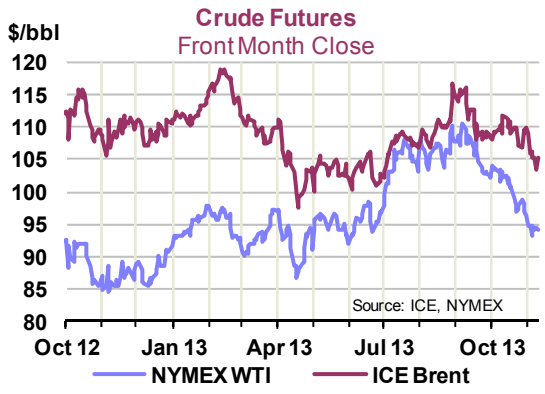
Summary

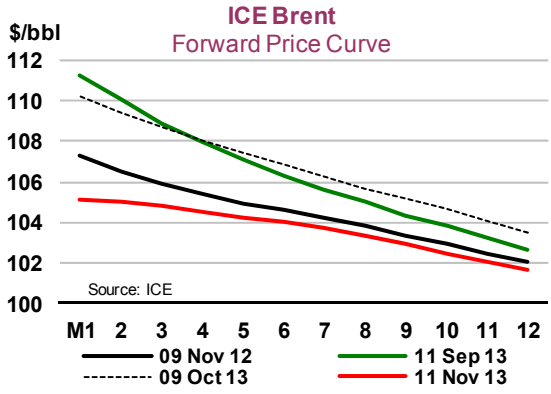
- **Futures prices trended lower in October and early November, with benchmark crudes hovering near four-month lows.** Markets appeared well supplied in October, with global refinery runs at seasonal lows amid extensive plant maintenance. The onset of the peak winter heating season in the Northern Hemisphere, coupled with turmoil in Libya and Iraq, may keep something of a floor under prices in the near term.

- **Market concerns about the risk of confrontation in Iran has eased following discussions in Geneva between the P5+1 and Tehran over the latter's nuclear programme.** Although initial steps toward reaching an interim agreement to freeze Iran's nuclear programme stumbled after three days of talks, the market appeared to take on board the participants' display of political will to work towards resolving their dispute.

- **Middle distillates and fuel oil crack spreads increased across all regions** in October as demand strengthened ahead of winter and supplies tightened in line with sharply reduced refinery throughputs for scheduled maintenance.

- **Rates for Very Large Crude Carriers (VLCCs) on voyages out of the Middle East Gulf surged to 18-month highs in October** on the back of firm demand for regional crudes from Asian buyers, notably China. Despite the ongoing dearth of cargoes coming out of Libya, Suezmax markets saw healthy demand for transport of light, sweet crudes from West Africa to Asia.





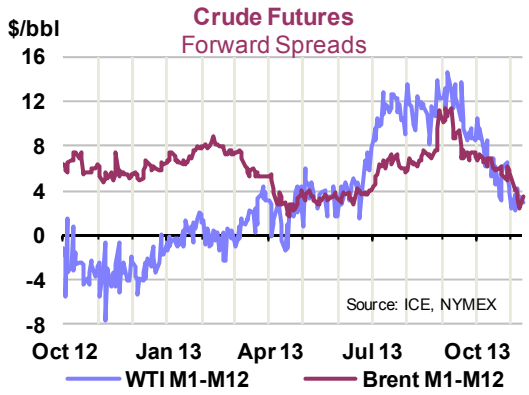
Market Overview

Futures prices trended lower in October and into early November, with benchmark crudes hovering near four-month lows. The downturn in WTI prices far outpaced Brent losses. Markets appeared well supplied in October with global refinery runs down to a seasonal low amid extensive maintenance. Nonetheless, the onset of peak winter heating demand in the Northern Hemisphere and turmoil in Libya may keep something of a floor under prices in the near term.

WTI declined $5.60/bbl month-on-month, averaging $100.55/bbl in October. By early November WTI had fallen a further $11/bbl from October levels, pressured lower by increased supplies of domestic crudes and heavier Canadian grades. By contrast, futures prices for Brent were off a smaller $1.80/bbl in October, to an average $109.44/bbl and fell a further $2/bbl by early November. Brent's relative strength was partly due to the deteriorating situation in Libya, where output has once again tumbled. Exceptionally poor refining margins in Europe have prompted European refiners to put the break on crude purchases. WTI was last trading at around $94.30/bbl while Brent was at $107.20/bbl.

Against the backdrop of diverging market dynamics on either side of the Atlantic basin, the WTI-Brent price spread widened in October, reaching more than $13/bbl at one point at end-month, to average $9/bbl for the month. Even more dramatic, reduced US demand for crude during seasonal refining turnarounds saw the price spread between WTI and WCS widened to near $40/bbl by early November (see *Spot Crude Markets*).

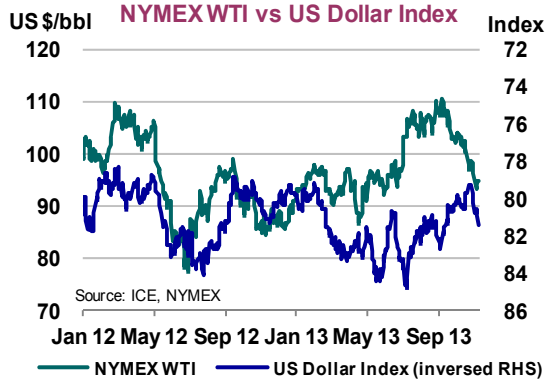




Underscoring the weaker prompt market and reduced concerns about short-term geopolitical risks, the backwardation for M1-M2 contracts continued to narrow in October and into early November. The Brent M1-M2 spread contract was nearly flat in early November compared with around $0.65/bbl in October and $1.20/bbl in September. The WTI M1-M2 spread continued to contract and flipped into contango in mid-October on seasonally lower refining runs and rising crude inventories in both inland markets and coastal refining centres.

Further out, the Brent M1-M12 spread saw a similar narrowing, to under $4/bbl in early November versus an average $6.25/bbl in October and around $8.60/bbl in September. After reaching a 2013 peak of $13.50/bbl on August 28, the WTI M1-M12 spread continued to narrow to an average $11.40/bbl in September, $6.40/bbl in October and just $3.50/bbl by early November.





Market commentators have noted reduced concerns about the risk of military confrontation in Iran and Syria in recent weeks. Expectations of western strikes in Syria ran high at end-August and early-September, but were dispelled after a deal was brokered by which Syria agreed to dismantle its stock of chemical weapons. The early November meeting in Geneva between the P5+1 and Iran concluded reaching an interim agreement to freeze Iran's nuclear programme, the market took on board the display of political will to work towards resolving the contentious debate that has at times injected a high level of volatility into oil prices over the past decade (see OPEC Supply, '*Iran Discounts Oil Sales Amid Negotiations for Sanctions Relief*').

Prompt Month Oil Futures Prices

(monthly and weekly averages, $/bbl)

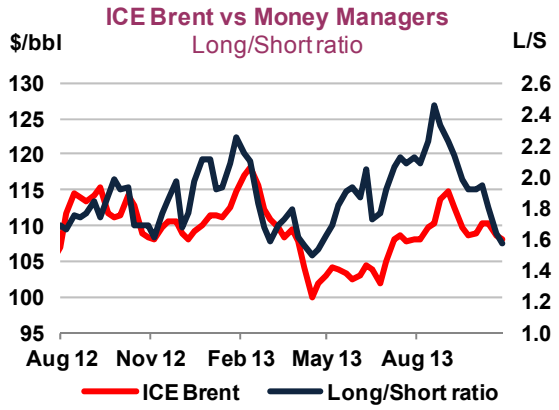
	Aug	Sep	Oct	Oct-Sep Avg Chg	% Chg	Week Commencing: 07 Oct	14 Oct	21 Oct	28 Oct	04 Nov
NYMEX										
Light Sweet Crude Oil	106.54	106.23	100.55	-5.68	-5.6	102.63	101.48	97.77	96.93	94.32
RBOB	124.55	114.81	110.67	-4.14	-3.7	111.27	112.14	109.20	109.79	106.25
No.2 Heating Oil	129.01	128.19	125.71	-2.47	-2.0	127.38	126.95	123.83	123.96	120.28
No.2 Heating Oil ($/mmbtu)	22.75	22.61	22.17	-0.44	-2.0	22.47	22.39	21.84	21.86	21.21
Henry Hub Natural Gas ($/mmbtu)	3.41	3.62	3.65	0.04	1.0	3.71	3.78	3.64	3.56	3.50
ICE										
Brent	110.45	111.25	109.44	-1.81	-1.7	110.40	110.18	108.27	108.65	105.08
Gasoil	125.32	125.93	124.63	-1.30	-1.0	124.72	125.84	124.01	124.59	120.63
Prompt Month Differentials										
NYMEX WTI - ICE Brent	-3.91	-5.02	-8.89	-3.87		-7.77	-8.70	-10.50	-11.72	-10.76
NYMEX No.2 Heating Oil - WTI	22.47	21.96	25.16	3.21		24.75	25.47	26.06	27.03	25.96
NYMEX RBOB - WTI	18.01	8.58	10.12	1.54		8.64	10.66	11.43	12.86	11.93
NYMEX 3-2-1 Crack (RBOB)	19.50	13.04	15.14	2.10		14.01	15.60	16.30	17.59	16.61
NYMEX No.2 - Natural Gas ($/mmbtu)	19.34	18.99	18.52	-0.47		18.76	18.61	18.20	18.31	17.72
ICE Gasoil - ICE Brent	14.87	14.68	15.19	0.51		14.32	15.66	15.74	15.94	15.55

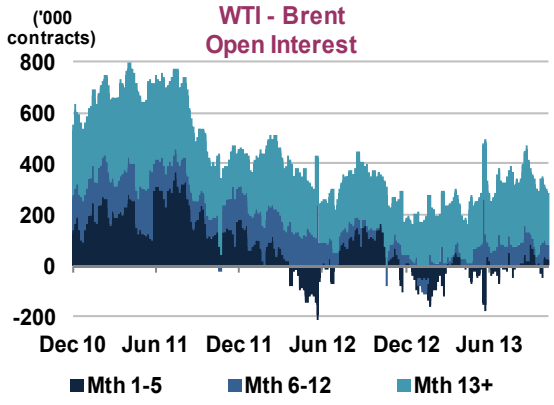
Source: ICE, NYMEX.

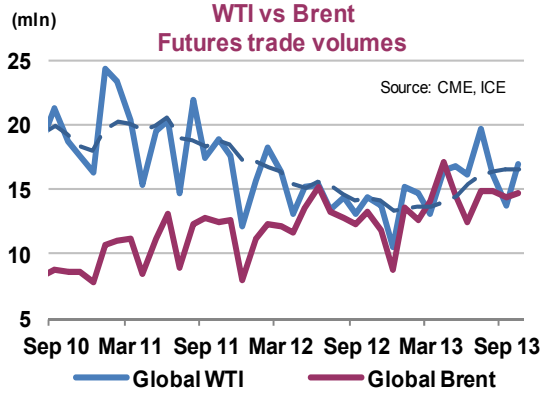
Futures Markets

Activity Levels

The downturn in oil futures market during October saw hedge funds and money managers steadily reduce their long positions throughout the month and into early November. Between 1 October and 5 November, ICE Brent hedge funds reduced their long exposure by 31.5%. Money managers' Brent long/short ratio is now well off the end-August peak, sitting at a six-months low. On the NYMEX, money managers maintained relatively stable positions throughout the period as the US benchmark moved in a narrow $7/bbl range. On the product side, money managers reduced their net long exposure across the board in both exchanges as prices eased over the month.







NYMEX trading volumes were up 18% year-on-year, consolidating their upwards trend, inching above ICE Brent volumes this month. WTI trading volumes rose even farther above Brent volumes when both ICE and NYMEX trades in the two contracts are taken into account. In terms of open interest, both contracts

were up significantly on a y-o-y basis, 15.7% for ICE Brent and 14.3% for NYMEX WTI futures contracts only. On a monthly basis Brent was down 3.5%, while WTI down 0.6%, resulting in a widening of the spread between the two benchmarks.

Positions on Light Sweet Crude Oil (WTI) Futures

Thousand Contracts

05 November 2013	Long	Short	Net	Long/Short	Δ Net from Prev. Week	Δ Net Vs Last Month
Producers' Positions	325.6	308.4	17.2	*Long*	↓ 0.0	↓ -12.1
Swap Dealers' Positions	334.3	662.8	-328.4	*Short*	↓ -4.7	↑ 34.5
Money Managers' Positions	599.7	382.2	217.5	*Long*	↓ -5.5	↓ -7.6
Others' Positions	397.4	315.5	82.0	*Long*	↑ 2.8	↓ -8.3
Non-Reportable Positions	79.8	68.1	11.7	*Long*	↑ 7.5	↓ -6.5
Open Interest			**1736.9**		↓ -37.5	↓ -119.8

Source: CFTC

Positions on ICE Brent Crude Futures

Thousand Contracts

05 November 2013	Long	Short	Net	Long/Short	Δ Net from Prev. Week	Δ Net Vs Last Month
Producers' Positions	564.2	841.7	-277.5	*Short*	↑ 28.8	↑ 28.8
Swap Dealers' Positions	473.5	272.0	201.5	*Long*	↓ -5.4	↑ 36.8
Money Managers' Positions	301.3	191.1	110.2	*Long*	↓ -14.4	↓ -50.4
Others' Positions	86.8	122.8	-36.1	*Short*	↓ -5.4	↓ -3.2
Non-Reportable Positions	36.1	34.3	1.8	*Long*	↓ -3.6	↓ -12.0
Open Interest			**1461.9**		↑ 1.2	↓ -52.4

Source: ICE

Financial Regulation

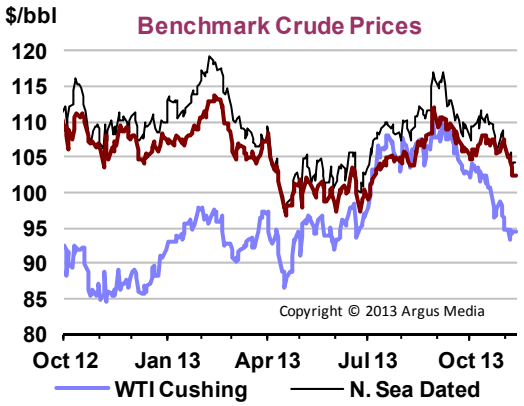
On 5 November, the US Commodity Futures Trading Commission (CFTC) approved a new rule limiting the speculative positions that a firm can hold in future contracts and economically-equivalent swaps for 28 different commodities. The rule covers the four major NYMEX energy contracts, namely WTI, RBOB gasoline, Heating Oil and Natural Gas. The limits are set to 25% of deliverable supply in the month when a futures contract matures (so-called '*spot-month*'). Firms will be allowed to hold five times the *spot-month* position limit in cash-settled contracts, provided that they do not hold any physically-delivered contract. For *non-spot* months, the limit is set to 10% of open interest for the first 25 000 contracts and 2.5% above this threshold. Those caps are different from the ones already put in place by exchanges, which apply only in the last three days before contract expiry. 'Bona fide' hedgers, *i.e.* commercial operators who hedge a physical flow, are exempt from the cap.

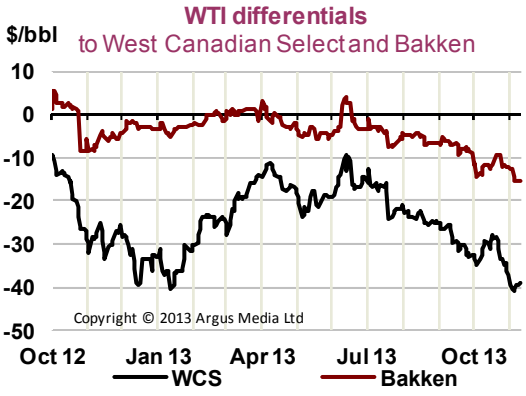
After the approval of the position limit rule, Bart Chilton, the longest-serving commissioner of the CFTC, announced his intention to step down '*in the near future*'. This will bring to three the vacant spots in the five-member CFTC panel after the resignation of Jill Sommers last July and the expiration of Chairman Gary Gensler's term in early 2014. US President Barack Obama nominated senior Treasury Department official Timothy Massad as Gensler's successor. The nomination is subject to Senate confirmation.

The CFTC on 30 October passed new customer protection rules forbidding brokerages from using one customer's account surplus to cover another's temporary shortfall. US law already prohibits using one client's funds to guarantee another's. However, this has been the practice for fluctuations before that a customer effectively covers the '*margin*'. The rule would require firms to put aside enough liquidity to cover for margins.

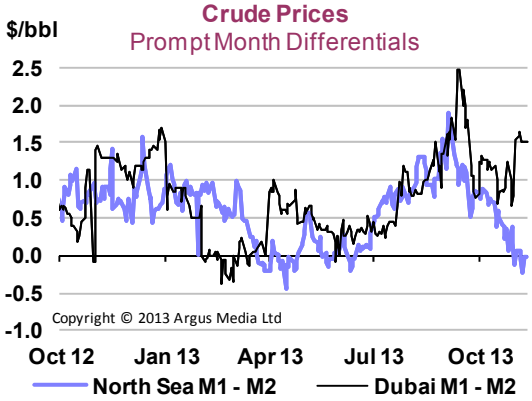
Spot Crude Oil Prices

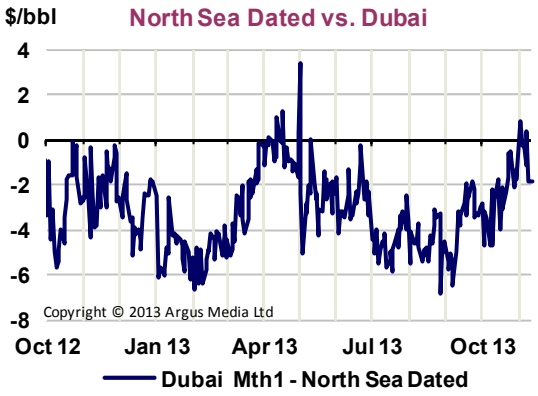
Spot oil prices for benchmark crudes were down by $1.65-$5.75/bbl in October, with WTI posting the largest decline. Exceptionally high stocks and US run cuts pressured WTI and other US domestic grades, with WTI spot prices tumbling by near $6/bbl to an average $100.50/bbl. The sharp plunge in refinery runs for seasonal maintenance reduced demand for crude across the US, but also had a knock-on effect for Canadian crudes. In addition, the rising supply of US crude output, up 950 kb/d so far this year, is also weighing on the differentials to benchmark WTI, with inland crudes and imports from Canadian especially hard hit. The recovery in runs should help price spreads recover (see Non-OPEC Supply). The discount of Western Canada Select (WCS) to WTI deepened by around $7.80/bbl to a near $40/bbl in early November compared with $32/bbl in October and around $29/bbl in September.





Brent was down a more modest $2.75/bbl in October, to $109.15/bbl, with a 2013 peak in North Sea output and poor refining margins partially offset by the loss of Libyan supplies. The weaker market for Brent continued into November with the M1-M2 spread moving into contango. North Sea output is set to rise in November and December following completion of field maintenance.





By contrast, stronger demand for heavier Mideast crudes provided spot Dubai crude with some support. Dubai prices were off by a relatively small $1.65/bbl in October, to an average $106.60/bbl. As a result, the Brent-Dubai spread narrowed to just -$0.50/bbl by early November, compared with an average -$2.56/bbl in October and around -$3.65/bbl in September. The narrowing Brent-Dubai spread led to an increase in arbitrage flows, with Asian refiners scouting out North Sea and West African crudes pegged to Brent prices.

Saudi Aramco made small upward adjustments for December official selling prices (OSP) to Asia but reduced OSPs for European and US customers. Several Asian refiners argued the increase was not warranted but OSPs partly reflect stronger naphtha and gasoil prices in Asia, despite weak margins.

Urals' discount to Brent widened in October to -$0.76/bbl on reduced European runs and ample supply. The spread started to narrow again through October and early November on expectations of reduced Russian exports in November, as domestic refiners crank up throughputs after maintenance and in response to improved refining margins.

Spot Crude Oil Prices and Differentials

(monthly and weekly averages, $/bbl)

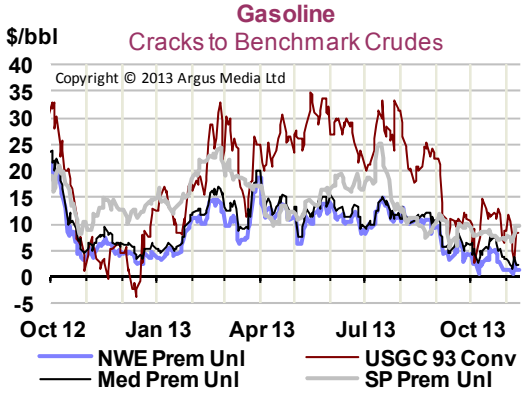
	Aug	Sep	Oct	Oct-Sep Avg Chg	%	Week Commencing: 07 Oct	14 Oct	21 Oct	28 Oct	04 Nov
Crudes										
North Sea Dated	111.32	111.91	109.15	-2.76	-2.5	110.44	110.12	107.89	107.75	104.66
Brent (Asia) Mth 1	111.10	112.14	109.54	-2.60	-2.3	109.94	110.43	109.13	109.06	105.38
WTI (Cushing) Mth 1	106.54	106.25	100.50	-5.74	-5.4	102.63	101.48	97.54	96.93	94.32
Urals (Mediterranean)	111.89	111.61	108.39	-3.22	-2.9	109.72	109.41	106.89	107.14	104.93
Dubai	107.04	108.25	106.58	-1.66	-1.5	106.75	107.30	106.71	106.79	104.01
Tapis (Dated)	118.46	119.91	117.53	-2.37	-2.0	119.80	118.73	115.43	114.87	111.36
Differential to North Sea Dated										
WTI (Cushing)	-4.78	-5.66	-8.64	-2.98		-7.80	-8.65	-10.36	-10.82	-10.34
Urals (Mediterranean)	0.57	-0.30	-0.76	-0.45		-0.72	-0.71	-1.00	-0.61	0.27
Dubai	-4.28	-3.66	-2.56	1.10		-3.68	-2.83	-1.18	-0.96	-0.66
Tapis (Dated)	7.14	8.00	8.39	0.39		9.36	8.61	7.54	7.12	6.70
Prompt Month Differential										
Forward Cash Brent Mth1-Mth2	1.11	1.15	0.51	-0.64		0.74	0.54	0.28	0.15	-0.04
Forward WTI Cushing Mth1-Mth2	0.44	0.57	-0.08	-0.65		0.13	-0.19	-0.42	-0.25	-0.35
Forward Dubai Mth1-Mth2	1.06	1.61	1.05	-0.56		1.20	0.94	0.98	0.98	1.55

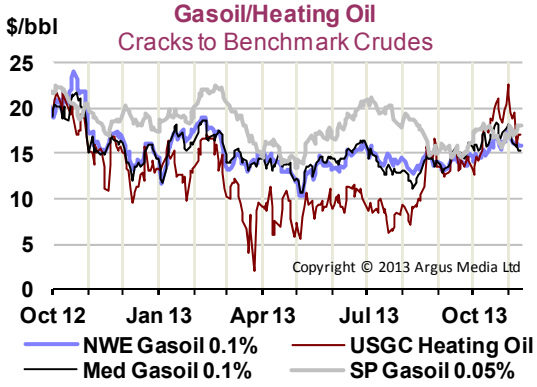
Copyright © 2013 Argus Media Ltd - All rights reserved

Spot Product Prices

Middle distillates and fuel oil crack spreads increased across all regions in October as demand strengthened ahead of winter and supplies tightened in line with sharply reduced refinery throughputs due to seasonal plant maintenance. In contrast, gasoline cracks weakened further on a weak end- user demand and ample supplies.

Gasoline crack spreads against benchmark crudes fell for the second consecutive month in all the regions on seasonally weakened demand and high stocks. Fuel switching to winter-grade gasoline in the US may also have weighed on crack spreads. The downturn, however, was partially tempered by run cuts, especially in Asia and Europe.

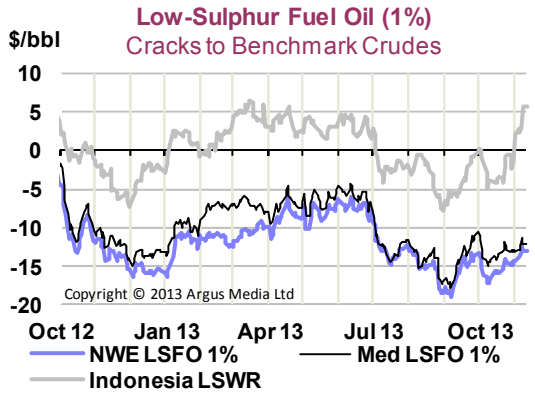


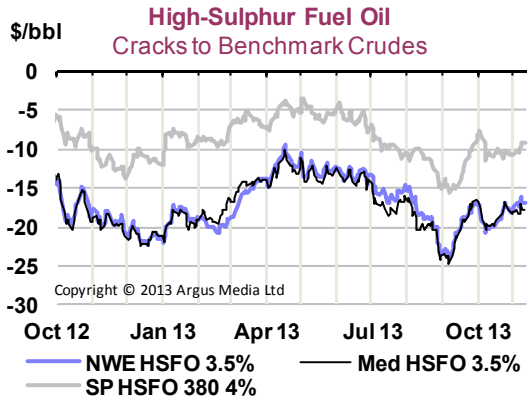


Middle distillates crack spreads improved significantly due to relatively low stocks ahead of winter. Tightened supply also lifted **gasoil/heating** oil crack spreads as refineries in Europe and Asia underwent heavy seasonal maintenance and cut production. **Jet/kerosene** crack spreads equally rose on tightened

supply across the board. Asian refiners were reportedly maximising kerosene production at the expense of jet fuel, which in turn limited jet fuel exports to Europe. In the US, many companies were reportedly blending jet fuels into heating oil, tightening jet fuel supply. However, as Chinese jet fuel net imports were expected to decline with increased refining capacity, crack spreads in Asia rose less than in Atlantic basin.

Fuel oil crack spreads improved over October, narrowing the discounts against benchmark crudes in all regions. Fuel oil markets strengthened on reduced supplies out of Europe and the Mediterranean. In Asia, markets were underpinned by a seasonal uptick in Chinese demand and by healthy bunkering demand.





Spot Product Prices

(monthly and weekly averages, $/bbl)

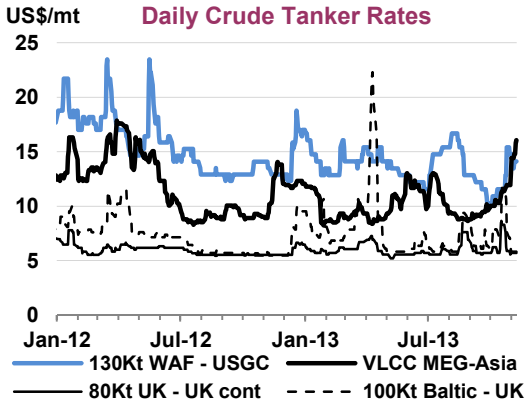
	Aug	Sep	Oct	Oct-Sep Chg	Oct-Sep %	Week Commencing: 07 Oct	14 Oct	21 Oct	28 Oct	04 Nov	Aug	Sep	Oct
Rotterdam, Barges FOB											**Differential to Dated Brent**		
Premium Unl 10 ppm	121.80	116.95	112.12	-4.83	-4.1	112.41	114.15	111.85	109.20	105.98	10.48	5.04	2.98
Naphtha	102.68	104.49	101.31	-3.18	-3.0	101.04	102.53	101.19	102.20	101.76	-8.64	-7.42	-7.84
Jet/Kerosene	125.91	125.94	125.15	-0.78	-0.6	125.99	126.24	124.35	124.87	121.54	14.59	14.03	16.01
ULSD 10ppm	128.40	129.59	127.16	-2.43	-1.9	128.23	127.72	125.66	126.41	122.29	17.08	17.68	18.01
Gasoil 0.1%	125.17	125.88	124.91	-0.98	-0.8	125.40	126.04	124.19	124.75	120.67	13.85	13.97	15.76
LSFO 1%	96.21	96.31	93.81	-2.50	-2.6	93.67	94.37	93.30	93.22	91.45	-15.11	-15.60	-15.34
HSFO 3.5%	92.58	91.71	90.44	-1.27	-1.4	90.31	90.59	89.99	89.99	87.75	-18.74	-20.20	-18.71
Mediterranean, FOB Cargoes											**Differential to Urals**		
Premium Unl 10 ppm	122.99	118.20	113.45	-4.75	-4.0	113.73	115.49	113.19	110.55	107.32	11.10	6.60	5.07
Naphtha	100.21	102.37	99.29	-3.09	-3.0	99.02	100.52	99.16	100.18	99.74	-11.68	-9.23	-9.10
Jet Aviation fuel	124.62	124.95	124.17	-0.78	-0.6	125.03	125.27	123.35	123.85	120.53	12.72	13.35	15.79
ULSD 10ppm	127.82	128.73	126.57	-2.16	-1.7	127.61	127.65	125.46	125.45	121.69	15.93	17.13	18.18
Gasoil 0.1%	125.05	126.18	125.26	-0.92	-0.7	126.05	126.33	124.42	124.90	120.78	13.15	14.57	16.87
LSFO 1%	97.68	97.55	95.11	-2.44	-2.5	95.27	95.64	94.31	94.10	92.65	-14.21	-14.05	-13.27
HSFO 3.5%	91.93	91.03	89.85	-1.18	-1.3	89.89	90.02	89.24	89.15	87.09	-19.96	-20.57	-18.54
US Gulf, FOB Pipeline											**Differential to LLS**		
Super Unleaded	133.56	119.83	112.89	-6.93	-5.8	116.23	115.20	111.09	107.88	104.56	22.69	11.59	9.93
Unleaded	122.07	109.66	104.43	-5.23	-4.8	106.76	107.59	101.37	100.69	96.61	11.20	1.42	1.47
Jet/Kerosene	126.22	123.03	121.35	-1.68	-1.4	122.33	122.08	119.74	120.85	115.07	15.35	14.79	18.39
ULSD 10ppm	127.77	126.66	123.34	-3.32	-2.6	125.23	124.59	121.18	121.44	117.41	16.90	18.43	20.38
Heating Oil	122.43	122.01	120.98	-1.03	-0.8	122.51	122.06	119.00	120.06	115.04	11.56	13.77	18.02
No. 6 3%*	93.07	94.56	92.07	-2.50	-2.6	92.31	92.94	91.07	91.08	88.91	-17.80	-13.68	-10.89
Singapore, FOB Cargoes											**Differential to Dubai**		
Premium Unleaded	117.06	117.34	114.42	-2.92	-2.5	115.02	115.61	114.02	114.06	111.82	10.01	9.09	7.83
Naphtha	101.33	103.04	100.51	-2.53	-2.5	99.40	101.88	101.24	102.49	101.50	-5.71	-5.21	-6.08
Jet/Kerosene	124.78	123.91	123.08	-0.83	-0.7	123.38	124.26	122.85	123.22	120.73	17.73	15.66	16.49
Gasoil 0.05%	124.14	123.61	123.80	0.19	0.2	124.67	124.79	123.07	123.85	121.45	17.10	15.36	17.22
LSWR Cracked	103.58	104.40	104.08	-0.32	-0.3	102.76	103.42	104.50	105.94	107.28	-3.47	-3.85	-2.51
HSFO 180 CST	95.62	96.15	97.12	0.97	1.0	96.57	97.17	96.94	97.75	95.09	-11.42	-12.09	-9.46
HSFO 380 CST 4%	95.25	95.31	96.47	1.16	1.2	96.25	96.84	96.08	96.09	94.12	-11.79	-12.93	-10.12

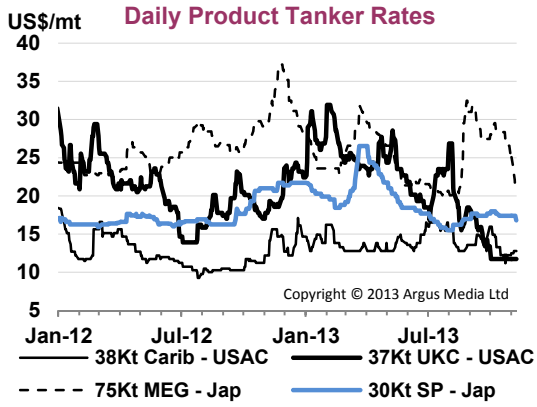
Copyright © 2013 Argus Media Ltd - All rights reserved * Waterborne

Freight

Rates for Very Large Crude Carriers (VLCCs) on voyages out of the Middle East Gulf surged to 18-month highs in October on firm demand for regional crudes from Asian buyers, notably China. Consequently, at the time of writing, rates on the benchmark Middle East Gulf – Asia route stood at a year-to-date high of more than $16/mt, almost double the lows of mid-August, with cargoes continuing to enter the market at a brisk pace.

Despite the ongoing dearth of cargoes coming out of Libya, Suezmax markets also saw healthy activity on the back of strong Asian demand for light, sweet West African crudes. An additional support to rates, especially on West African routes, came from a lack of vessels ballasting to the region. Indeed, vessels ballasting from Asia preferred to head to the Middle East Gulf, rather than the Atlantic, due to the high returns currently on offer there. Accordingly, rates on the benchmark Suezmax West Africa – US Gulf Coast trade rose steadily to a high of $14.80/mt at end-October before slipping slightly heading into November.





In the Baltic, freight rates received an unexpected and unseasonal push in mid-October after recent healthy long-haul chartering activity tightened tonnage. This increased long-haul trade is a consequence of sour crude tightness in Asian and Mediterranean markets which is drawing in NWE Urals. However, as the month wore on, rates receded sharply back to their seasonal norms after ballasters arrived in the region.

In comparison to crude tankers, product tankers experienced a poor month in October. Markets softened both East and West of Suez. Atlantic basin markets fared especially badly. As noted last month, a recent switch has occurred on trades between the US and Northwest Europe as the eastward gasoil trade out of the US (traditionally seen as the back-haul trade route) has become more profitable than the once-prevalent westward Europe – US gasoline trade.

With US markets still awash with gasoline, rates on the benchmark UK – US Atlantic Coast trade languished below $12/mt throughout October, their lowest since summer 2009. Reports suggest that upward pressure on rates may not be forthcoming, with a surplus of clean tonnage in Northwest Europe also weighing heavily. In Asia the picture was not much better with the Middle East Gulf – Japan trade losing approximately $9/mt over October, leaving rates at $21/mt in early-November largely after Asian product imports began to wane.

REFINING

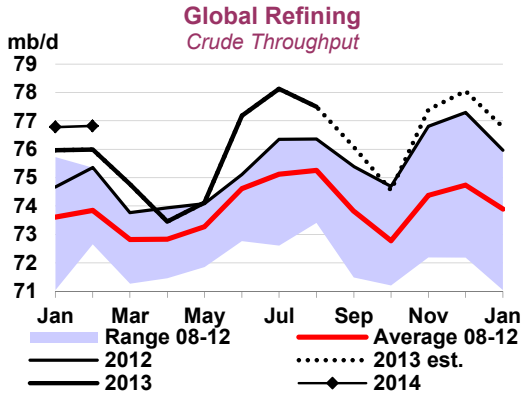
Summary

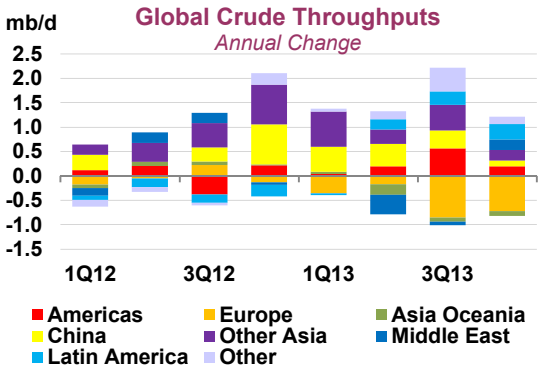
- **The forecast for 4Q13 global refinery crude runs has been slashed by 555 kb/d since last month's *Report* on plummeting European throughputs.** Dismal refining margins compounded the effects of seasonal maintenance in Europe, taking regional runs in October to their lowest level since April 1989. Global throughputs for 4Q13 are now projected at 76.7 mb/d, up 0.4 mb/d year-on-year (y-o-y).

- **The estimate of 3Q13 global refinery runs is unchanged at 77.2 mb/d, up 1.2 mb/d y-o-y.** Strong growth in non-OECD Asia and OECD Americas more than offset contractions averaging 860 kb/d in European throughputs.

- **Poor margins and seasonal plant maintenance curbed OECD crude throughputs by 1.3 mb/d in September, to 36.5 mb/d**. The drop spanned all OECD regions, though US runs fell less than normal and remained unseasonably strong, surpassing year-earlier levels by some 700 kb/d. European runs, in contrast, sank to their lowest levels since April 1991, at only 11.3 mb/d, down 1.1 mb/d y-o-y. Preliminary data suggest OECD throughputs continued their downturn in October, with steep declines in both the US and Europe.

- **Sharply lower refinery activity in September and October failed to revive refining margins, which remained weak in most refining centres.** Lower crude prices brought some relief from mid-October, however. The greatest rebound came from the US Gulf Coast, where margins had collapsed in September on unseasonably high runs. Lower run rates in October and robust crude supply cut crude prices and lifted Gulf Coast margins by $2.83/bbl on average.





Global Refinery Overview

Global refinery crude runs plunged by 1.4 mb/d in September and an estimated 1.5 mb/d in October, hitting a seasonal low of 74.6 mb/d in October. European refinery throughputs fell to their lowest levels since April 1991 in September, and likely contracted further in October, on heavy scheduled plant maintenance and poor refining economics. European refinery runs contracted 0.9 mb/d on average in 3Q13 y-o-y, their steepest quarterly drop since 4Q09.

The plunge in global throughputs over the two–month period can almost entirely be pinned on the OECD, where crude runs plummeted by an average 1.3 mb/d in September, despite above-normal US runs. US refiners cut runs by a steep 685 kb/d in October, however, as margins collapsed and maintenance work commenced. Nevertheless, both US and overall North American throughputs remained above year-earlier levels, buoyed by increased capacity and better margins than international

competitors. Record-high product exports also helped support US runs. According to weekly EIA estimates, US product exports averaged 3.4 mb/d in October, up 600 kb/d y-o-y. In contrast, European refiners continue to struggle with lacklustre regional demand and increased international competition. European crude runs sank to 11.3 mb/d in September, their lowest level since April 1991, and some 1.1 mb/d below year-earlier levels. Preliminary data for the US, Japan and Europe suggest OECD runs plunged by a further 1.3 mb/d in October. If confirmed, that would represent the lowest OECD crude throughputs in three years.

Non-OECD refining activity also declined seasonally through October, but less steeply than in the OECD. Both demand and refining activity typically show less seasonal variation in non-OECD economies than in the OECD. Only in Russia is maintenance concentrated over two distinct spring and autumn periods as in the OECD. Non-OECD throughputs are expected to see a sharp upturn towards year-end as Russian maintenance winds down and new capacity ramps up in China and Saudi Arabia. In all, global throughputs are set to fall to 76.7 mb/d in 4Q13, from 77.2 mb/d in 3Q13. Annual growth in global runs likewise is expected to edge down to 0.4 mb/d in 4Q13, from 1.2 mb/d in the previous quarter. OECD runs contract in both quarters, led by Europe, while non-OECD growth continues apace at 1.6 mb/d in 3Q13 and 1 mb/d in 4Q13.

Global Refinery Crude Throughput[1] [2]

(million barrels per day)

	2Q2013	Jul 13	Aug 13	Sep 13	**3Q2013**	Oct 13	Nov 13	Dec 13	**4Q2013**	Jan 14	Feb 14
Americas	**18.4**	19.2	19.1	18.7	**19.0**	18.1	18.5	18.8	**18.4**	18.0	17.7
Europe	**11.7**	12.1	11.8	11.3	**11.7**	10.6	11.6	11.6	**11.2**	11.3	11.4
Asia Oceania	**6.3**	6.6	6.8	6.5	**6.7**	6.4	6.7	6.9	**6.7**	7.0	7.2
Total OECD	**36.4**	38.0	37.7	36.5	**37.4**	35.1	36.7	37.3	**36.4**	36.3	36.3
FSU	**6.6**	7.0	7.1	6.7	**6.9**	6.5	7.0	6.9	**6.8**	7.0	7.0
Non-OECD Europe	**0.5**	0.5	0.5	0.5	**0.5**	0.5	0.5	0.5	**0.5**	0.5	0.5
China	**9.4**	9.5	9.4	9.4	**9.4**	9.7	10.1	10.2	**10.0**	10.1	10.1
Other Asia	**9.6**	9.8	9.8	9.9	**9.8**	9.8	10.0	10.0	**9.9**	10.1	10.2
Latin America	**4.8**	5.0	4.9	4.8	**4.9**	4.7	4.8	4.7	**4.7**	4.8	4.9
Middle East	**5.5**	6.0	5.9	6.1	**6.0**	6.0	6.1	6.1	**6.1**	6.1	5.9
Africa	**2.1**	2.3	2.2	2.2	**2.2**	2.2	2.2	2.3	**2.2**	2.1	1.9
Total Non-OECD	**38.5**	40.2	39.8	39.6	**39.9**	39.4	40.7	40.8	**40.3**	40.5	40.5
Total	**74.9**	78.1	77.5	76.1	**77.2**	74.6	77.4	78.1	**76.7**	76.8	76.8

1 Preliminary and estimated runs based on capacity, know n outages, economic run cuts and global demand forecast

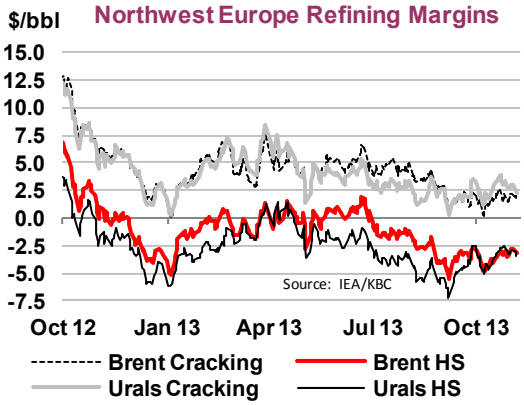
2 From the report dated 10 August, 2012 OECD Americas include Chile and OECD Asia Oceania includes Israel.

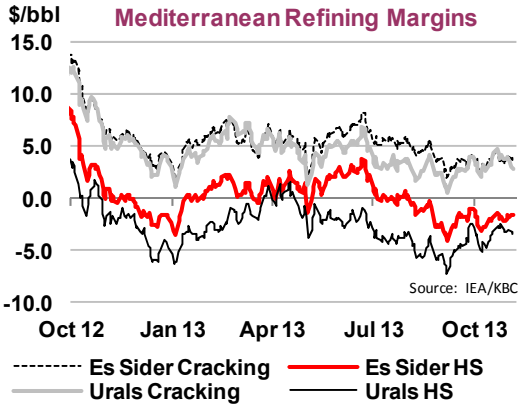
Refining Margins

Refining margins generally improved in October on lower crude oil prices but remained below historical norms. Deteriorating gasoline cracks continued to pressure Atlantic Basin margins, with European refiners particularly hard hit. Exceptionally weak European margins in September led refiners to slash throughputs, a rare occurrence during peak turnarounds. The steepest recovery in margins in October came from the US Gulf Coast, where margins rebounded by about $2.80/bbl on average. US Gulf Coast refiners had stayed roughly 700 kb/d above year-earlier levels in September, causing margins to plummet. As refiners subsequently cut runs in October, margins responded.

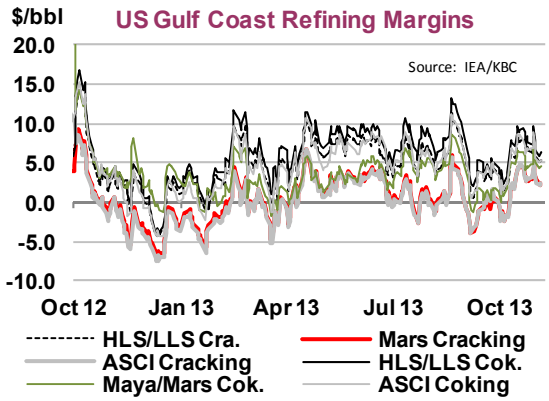
Despite sharply lower refinery output in October, Northwest European and Mediterranean refining margins only saw modest gains. On average, Northwest European margins rose $0.49/bbl, and even declined slightly for Brent cracking margins, while Mediterranean margins rose by $0.78/bbl on average.

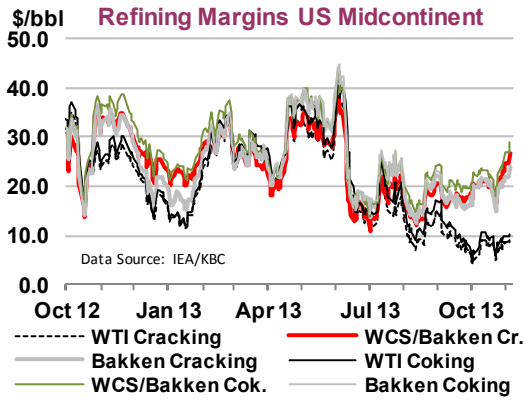
Continued supply problems in Libya supported regional crude prices relative to other markets, while a ballooning gasoline supplies and weak naphtha demand cut into gross product worth. A late start to the winter and high inflows of products kept a lid on distillate cracks. European margins were $5.85/bbl lower than a year earlier on average in October, an improvement from the $9.95/bbl y-o-y decline recorded in September.





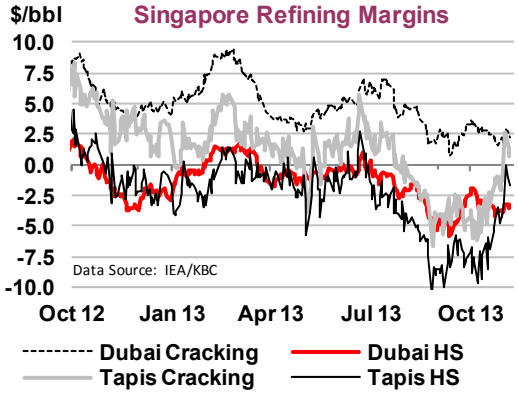
US Gulf Coast margins rose as several refineries underwent seasonal maintenance amid rising crude oil stocks, which in turn caused crude prices to weaken. Also, a recovery in middle distillate crack spreads kept overall gross product worth from worsening further, despite sharply lower gasoline crack spreads.





US Midcontinent refining margins were a mixed bag, depending on the crude grades processed. While refiners taking WTI crude saw their margins contract further, those taking light tight oil or heavier Canadian crude improved their bottom line as these crudes' discounts increased. Gasoline prices in the US Midcontinent fell more steeply than on the US Gulf Coast, as refiners have both higher gasoline yields and less direct access to export markets than their Gulf Coast competitors. Nevertheless, a steep discount in US light tight oil and West Canadian Select versus WTI helped margins, against the backdrop of surging production and high crude oil inventories.

Singapore refining margins rose by $0.90/bbl on average in October, buoyed by firm demand for middle distillates and high-sulphur fuel oil ahead of the Northeast Asian heating season. Singapore's fuel oil stocks plunged in October to their lowest level in three months, supporting hydroskimming margins which saw sharper gains than more complex plants. That said, simple margins remained negative, and more than $5.70/bbl less than a year earlier.



IEA/KBC Global Indicator Refining Margins[1]

($/bbl)

	Monthly Average				Change	Average for week ending:				
	Jul 13	Aug 13	Sep 13	Oct 13	Oct 13-Sep 13	04 Oct	11 Oct	18 Oct	25 Oct	01 Nov
NW Europe										
Brent (Cracking)	4.45	3.56	1.75	1.62	-0.12	1.64	0.94	1.77	2.15	1.81
Urals (Cracking)	2.93	2.31	1.89	2.65	0.76	2.59	1.72	2.88	3.48	2.79
Brent (Hydroskimming)	-1.34	-2.58	-3.67	-3.64	0.03	-3.33	-4.46	-3.74	-3.14	-3.19
Urals (Hydroskimming)	-3.68	-4.86	-4.85	-3.57	1.28	-3.34	-4.66	-3.68	-2.73	-3.09
Mediterranean										
Es Sider (Cracking)	5.46	4.63	3.30	3.61	0.32	3.62	2.94	3.82	4.09	3.75
Urals (Cracking)	3.35	2.79	2.37	3.55	1.17	3.34	2.78	3.55	4.35	3.78
Es Sider (Hydroskimming)	0.19	-1.08	-2.28	-2.05	0.24	-1.63	-2.83	-2.00	-1.60	-1.91
Urals (Hydroskimming)	-4.11	-5.43	-5.93	-4.52	1.41	-4.25	-5.46	-4.78	-3.67	-4.19
US Gulf Coast										
50/50 HLS/LLS (Cracking)	5.77	6.89	3.15	5.76	2.61	2.37	4.37	7.34	7.46	6.83
Mars (Cracking)	0.80	1.76	-1.11	1.95	3.06	-1.34	0.22	3.79	3.38	3.53
ASCI (Cracking)	0.42	1.45	-0.79	1.94	2.73	-1.41	0.21	3.76	3.35	3.54
50/50 HLS/LLS (Coking)	7.87	8.94	4.33	6.92	2.58	3.15	5.74	8.80	8.46	7.84
50/50 Maya/Mars (Coking)	4.55	5.55	1.00	4.38	3.38	1.09	3.69	6.13	5.07	5.41
ASCI (Coking)	6.03	7.06	3.26	5.90	2.64	2.21	4.64	7.92	6.96	7.18
US Midcon										
WTI (Cracking)	15.62	10.83	9.27	7.20	-2.06	5.47	7.44	8.12	6.91	8.25
30/70 WCS/Bakken (Cracking)	18.45	16.16	17.65	20.16	2.51	18.91	20.58	20.48	18.60	22.75
Bakken (Cracking)	21.42	17.26	17.36	19.61	2.25	17.98	20.79	20.78	17.35	20.85
WTI (Coking)	18.21	13.00	11.01	8.53	-2.47	6.48	8.99	9.72	8.03	9.52
30/70 WCS/Bakken (Coking)	22.06	19.30	20.43	22.33	1.91	20.85	23.01	22.63	20.53	25.06
Bakken (Coking)	22.28	17.92	17.82	19.86	2.04	18.07	21.15	21.17	17.51	21.07
Singapore										
Dubai (Hydroskimming)	-1.21	-3.06	-4.32	-3.19	1.13	-2.04	-3.14	-3.20	-3.77	-3.67
Tapis (Hydroskimming)	-2.85	-6.20	-7.58	-6.36	1.22	-7.62	-8.55	-6.93	-4.46	-3.22
Dubai (Hydrocracking)	5.69	3.45	2.18	2.57	0.39	3.39	2.85	2.70	1.94	2.16
Tapis (Hydrocracking)	1.39	-2.46	-3.95	-3.07	0.88	-4.63	-4.87	-3.31	-1.37	-0.34

1 Global Indicator Refining Margins are calculated for various complexity configurations, each optimised for processing the specific crude(s) in a specific refining centre. Margins include energy cost, but exclude other variable costs, depreciation and amortisation. Consequently, reported margins should be taken as an indication, or proxy, of changes in profitability for a given refining centre. No attempt is made to model or otherwise comment upon the relative economics of specific refineries running individual crude slates and producing custom product sales, nor are these calculations intended to infer the marginal values of crude for pricing purposes.

Source: IEA, KBC Advanced Technologies (KBC)

Weak Margins Hit Companies' Bottom Line

Quarterly earnings reports for 3Q13 reveal that none of the major oil companies was spared by the recent downturn in refining economics. Surplus capacity and weak gasoline markets were generally cited as the main reasons for the currently weak margin environment.

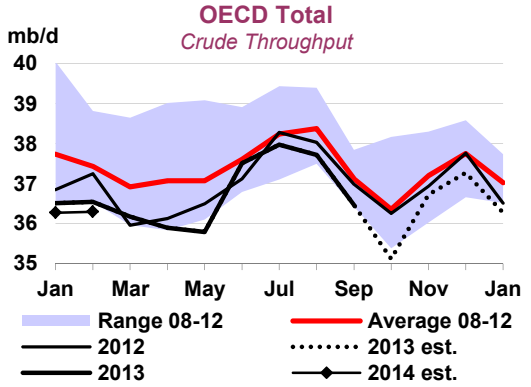
Not surprisingly, the steepest declines in profits were suffered by independent refining companies such as Valero, Marathon Petroleum and Phillips66. These companies saw their 3Q13 earnings fall 53.7%, 86.3% and 66.5%, respectively, from a year earlier. Marathon cited lower crack spreads, narrower crude differentials and higher RIN costs as contributors to its lower earnings. The independents are rapidly adapting to the market; Valero is expanding LTO processing capacity and Phillips66 is refocusing its business towards NGLs.

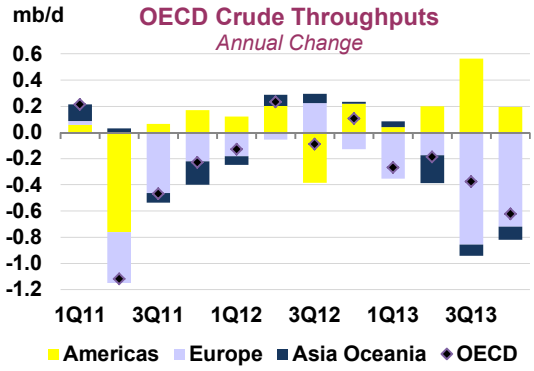
Majors ExxonMobil, BP, Shell and Total did not fare much better. Exxon cited "increased industry capacity" behind the drop in its downstream earnings from $2.6 billion a year ago, to only $592 million in 3Q13. Exxon's overall earnings were down 17.8% to $7.87 billion. Shell's profits fell by 34.7% to $4.7 billion, as downstream earnings plunged 49% to $892 million. Total, meanwhile, saw its earnings decline 19% y-o-y, to €2.7 billion. The company had earlier stated that its refining margin indicator had plummeted to $10.6/Mt in 3Q13, from $51/Mt last year. Lastly, BP announced that third-quarter margins fell from "near record levels" last year, underpinning a 33.6% drop in earnings, to $3.5 billion.

OECD Refinery Throughput

OECD refinery crude intake plummeted by 1.3 mb/d in September as seasonal maintenance and weak margins curbed runs in all regions. European crude throughputs fell the most, by 550 kb/d month-on-month (m-o-m) and 1.1 mb/d y-o-y, to 11.3 mb/d, their lowest level since April 1991. North American throughputs also fell seasonally by 400 kb/d, but remained well above their year-earlier levels, at 18.7 mb/d, supported by strong US throughputs. Refinery activity in OECD Asia Oceania fell 310 kb/d m-o-m, to 6.5 mb/d.

Preliminary data for October suggest OECD refinery runs fell another 1.3 mb/d in that month. European refinery runs plunged to new record low, while US refiners slashed runs on maintenance and weak margins. In all, OECD runs are now seen averaging 37.4 mb/d in 3Q13, falling to 36.4 mb/d in 4Q13.





Refinery Crude Throughput and Utilisation in OECD Countries

(million barrels per day)

	Apr 13	May 13	Jun 13	Jul 13	Aug 13	Sep 13	Change from Aug 13	Change from Sep 12	Utilisation rate[1] Sep 13	Utilisation rate[1] Sep 12
US[2]	14.86	15.30	15.83	16.04	15.80	15.64	-0.17	0.73	87.4%	83.6%
Canada	1.57	1.46	1.71	1.72	1.84	1.72	-0.12	-0.02	89.9%	92.3%
Chile	0.14	0.18	0.19	0.18	0.17	0.18	0.01	0.01	79.4%	73.8%
Mexico	1.28	1.28	1.30	1.27	1.25	1.13	-0.12	0.01	68.3%	67.7%
OECD Americas	**17.86**	**18.21**	**19.02**	**19.21**	**19.07**	**18.66**	**-0.40**	**0.73**	**86.1%**	**83.1%**
France	1.20	1.22	1.28	1.28	1.21	1.06	-0.15	-0.06	75.9%	71.7%
Germany	1.70	1.87	1.96	1.92	1.88	1.86	-0.01	-0.17	92.1%	95.5%
Italy	1.21	1.19	1.27	1.41	1.33	1.30	-0.03	-0.27	64.6%	74.9%
Netherlands	1.03	0.99	0.99	0.99	1.01	0.91	-0.11	-0.16	70.2%	82.5%
Spain	1.32	1.21	1.21	1.21	1.13	1.17	0.03	-0.09	76.9%	82.6%
United Kingdom	1.36	1.26	1.32	1.30	1.32	1.21	-0.12	-0.11	69.9%	72.8%
Other OECD Europe	3.77	3.76	3.96	4.03	3.93	3.77	-0.16	-0.27	75.7%	81.5%
OECD Europe	**11.58**	**11.49**	**11.99**	**12.14**	**11.82**	**11.27**	**-0.55**	**-1.12**	**75.4%**	**80.7%**
Japan	3.30	2.85	2.97	3.22	3.39	3.23	-0.16	0.15	72.3%	66.9%
South Korea	2.24	2.33	2.59	2.47	2.47	2.40	-0.07	-0.20	87.7%	95.0%
Other Asia Oceania	0.92	0.91	0.94	0.94	0.98	0.89	-0.08	-0.08	29.9%	79.2%
OECD Asia Oceania	**6.46**	**6.08**	**6.50**	**6.62**	**6.84**	**6.53**	**-0.31**	**-0.13**	**77.6%**	**77.6%**
OECD Total	**35.90**	**35.79**	**37.51**	**37.97**	**37.72**	**36.46**	**-1.26**	**-0.52**	**81.0%**	**81.2%**

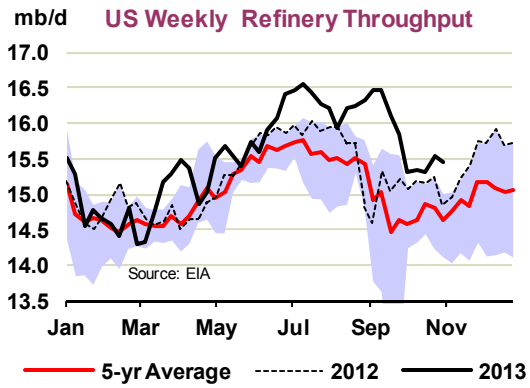
1 Expressed as a percentage, based on crude throughput and current operable refining capacity

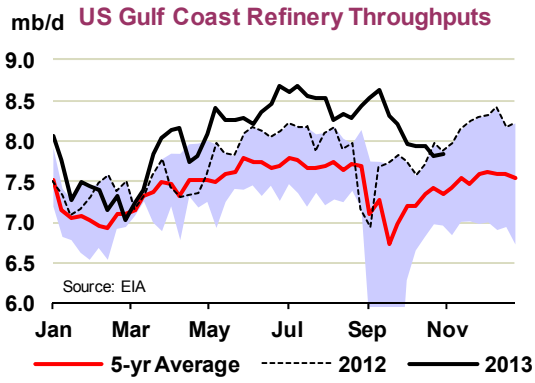
2 US50

3 OECD Americas includes Chile and OECD Asia Oceania includes Israel. OECD Europe includes Slovenia and Estonia, though neither country has a refinery

OECD North American runs declined seasonally, by 400 kb/d, in September to average 18.7 mb/d. US throughputs stood an impressive 730 kb/d above year-earlier levels, however. US refiners have expanded crude distillation capacity by 220 kb/d this year. Another 130 kb/d is planned for next year, and 325 kb/d over 2015/2016. Most of the new capacity is geared toward processing new light sweet crude or domestic condensate supply.

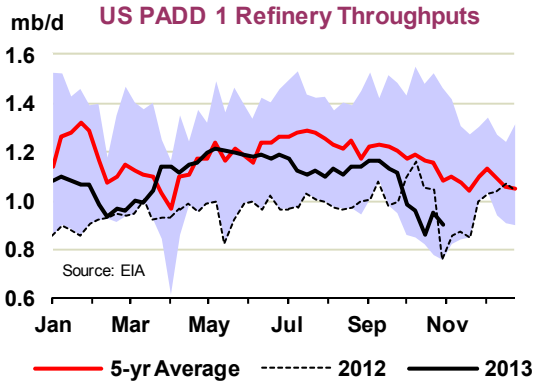
Weekly data from the EIA show US crude runs falling sharply in October, however, down by 685 kb/d. The steepest declines came from the **US Gulf Coast**, were runs dropped 470 kb/d m-o-m, having trended above 8 mb/d for five consecutive months. A delayed start to the maintenance season was in part responsible, though lower gasoline cracks and margins contributed.

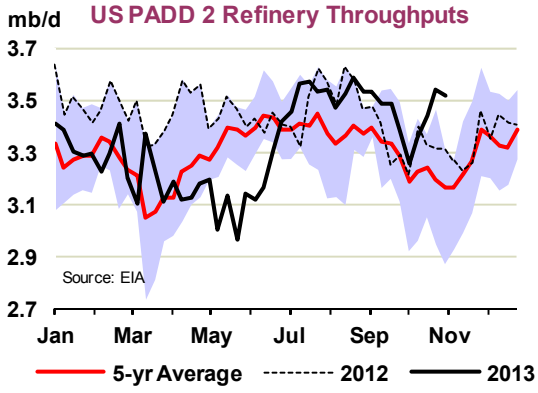




East Coast runs also plunged from September, to 0.9 mb/d on average in October, as Phillips66's Bayway and PBF's Paulsboro refineries in New Jersey underwent maintenance. Also on the East Coast, Delta Air Lines reported the first quarterly profit at its Trainer refinery in 3Q13. Monroe Energy LLC. hopes to increase profitability at the plant further by processing Bakken crude and increasing jet-fuel yields.

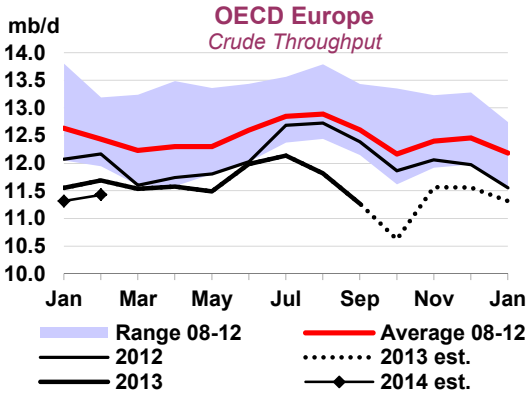
In the **Midcontinent,** crude throughputs rebounded quickly from an early October low of 3.2 mb/d, as BP restarted a 110 kb/d CDU at its recently upgraded 405 kb/d Whiting refinery. The unit had been shut since 4 October. The company announced that the Whiting refinery would reach full production in 1Q14 and that a new 100 kb/d coking unit, intended to let it process cheaper Canadian crude oil, would come on stream in November. At end-October, PADD 2 runs had rebounded to more than 3.5 mb/d, despite an unscheduled shutdown of Citgo's 175 kb/d Lemont refinery. A fire forced the company to shut the plant on 23 October, but the unit was reported to be in restart mode at the time of writing.



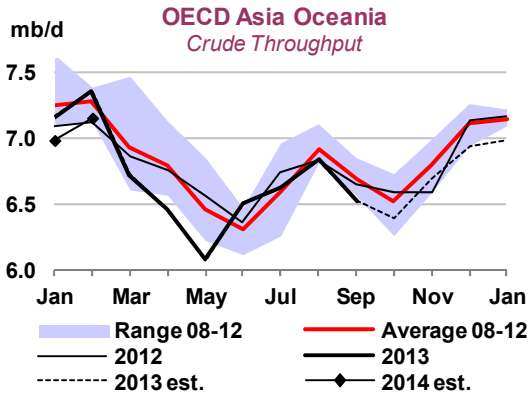


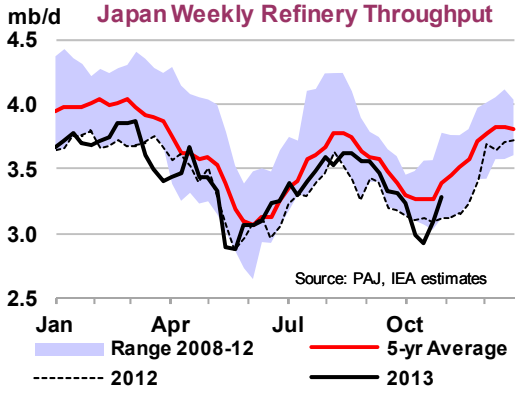
OECD European crude runs fell to 11.3 mb/d in September, their lowest level since April 1991. The 550 kb/d m-o-m decline, which took throughputs a steep 1.1 mb/d below year earlier levels, was somewhat larger than indicated by preliminary Euroilstock information, leading to a 325 kb/d downward revision from levels indicated in last month's *Report*. The largest drop in throughputs came from Sweden, which saw runs fall 190 kb/d m-o-m, to only 175 kb/d, as Preem's Gothenburg and Lysekil refineries were both undergoing maintenance. French, UK and Dutch refinery runs also declined by more than 100 kb/b m-o-m due to maintenance at Total's Feyzin and La Mede plants; Essar's Stanlow and Total's Lindsey refineries; and at BP's Rotterdam, KPC's Europoort and Shell's Pernis plants, respectively. In all, European refinery maintenance amounted to 1.3 mb/d in September.

Preliminary data from Euroilstock released on 11 November suggest European refinery runs hit another low in October. Northwest European throughputs were particularly weak. Notable shutdowns include Exxon's 270 kb/d Antwerp refinery in Belgium, which was shut from late September to early November, and Ineos' Grangemouth refinery in Scotland. The 210 kb/d Grangemouth plant was shut for almost two weeks in October, due to a conflict between the company and union members. Ineos had announced on 21 October it would shut the refinery, resulting in the loss of 800 jobs, after union members rejected its survival plan. The decision was reversed two days later, however, after the union agreed to Ineos's conditions, which included changes to pension arrangements, a three-year pay freeze and a promise not to strike for three years. Ineos has committed to invest £300 million at the Grangemouth site on a gas terminal to handle shale gas ethane brought in from the US. The drop in throughputs exceeds scheduled and unscheduled outages, suggesting weak margins took a toll on runs, a rare occurrence during peak maintenance season.



Crude throughputs in **OECD Asia Oceania** fell by 310 kb/d in September to 6.5 mb/d, broadly in line with expectations. While Japanese throughputs fell the most m-o-m, these remained above year-earlier levels for the fourth consecutive month, despite reduced distillation capacity. Weekly data from the Petroleum Association of Japan suggest Japanese throughputs fell further in October as maintenance intensified. In addition to planned shutdowns, JX Nippon had to take a 110 kb/d CDU at its Mizushima B refinery off line following a fire while Idemitsu Kosan had to shut the crude distillation unit at its 220 kb/d Chiba refinery also after fire broke out near the unit in October. Japanese throughputs rebounded sharply from the week ending 26 October, however, and runs are set to rise further towards year-end as refiners maximise kerosene output to meet winter heating demand.

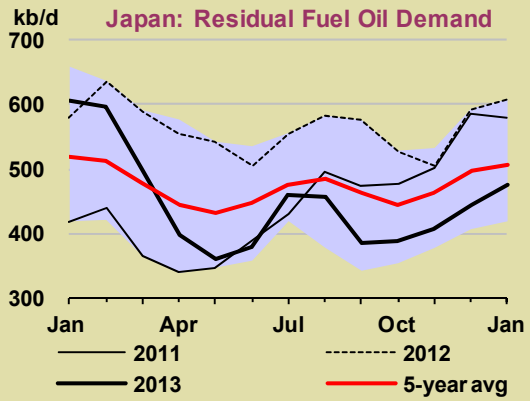


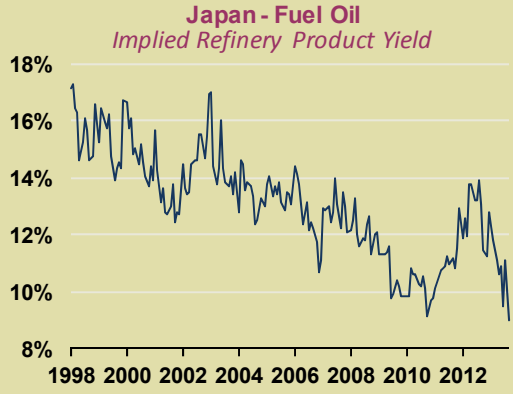


In contrast, **South Korea's** refinery runs were 200 kb/d less than year earlier in September, due in part to heavier maintenance this year compared with last, but also due to weaker domestic demand and poor margins. South Korean oil product demand contracted by 3.5% in September, and by 0.3% so far this year, while net product exports plummeted to only 295 kb/d in the first nine months of this year, their lowest level since 2010 .

Japanese Refiners Adapt to Changing Demand

The changing patterns in Japanese product demand resulting from the Fukushima disaster in 2011 and the subsequent intermittent nuclear power generation are having an interesting impact on refinery output. Japanese refiners are currently striving to meet a METI ordinance that mandates increasing the nation's upgrading ratio by March 2014 and thus limits the production of fuel oil. Recent data, however, show that refiners still maintain flexibility to adapt to changing domestic fuel needs.





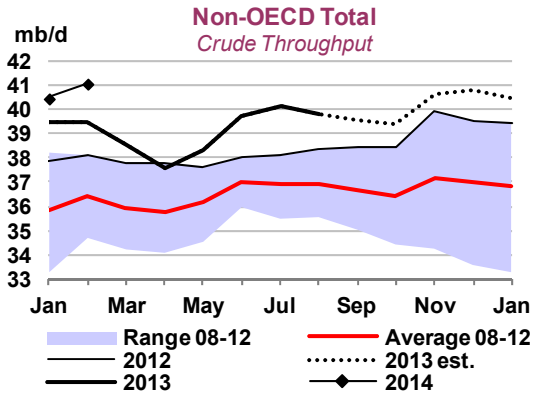
During the winter of 2011/2012, increased oil burn for power generation caused Japanese fuel oil demand to surge more than 40% from a year earlier to average 522 kb/d in 4Q11 and 600 kb/d in 1Q12. Refiners had just managed to reduce fuel oil output to 9.1% in November 2010, from 16.3% a decade earlier and almost 20% in 1995. Due to the surge in domestic fuel oil needs, Japan's refiners re-geared their plants to maximise fuel oil output again, to almost 14% during the peak summer demand season of 2012.

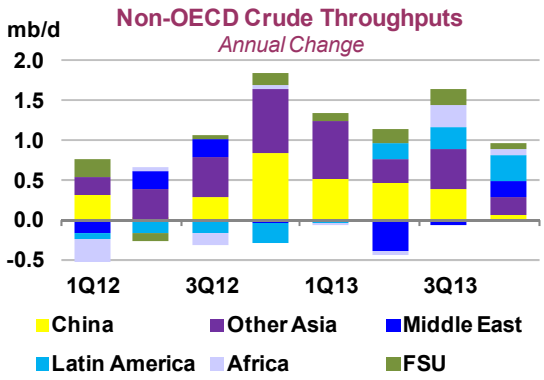
Since September 2012, however, and as nuclear power plants and alternative electricity generation capacity have come back on line (see Demand section and '*Uncertainty over Nuclear Clouds Japanese Outlook*' in October *2013 OMR*), fuel oil yields at Japanese refiners have declined steadily to reach a new record low of 9% in August (the last month for which full data is available). As the Japanese power sector continues to adjust to cheaper alternatives to fuel oil for its power generation needs and refiners complete adjustments to configurations to meet government targets, we are likely to see further reduction in Japanese fuel oil output.

Please See Table 16 in the full table section on the OMR website for regional product yields.

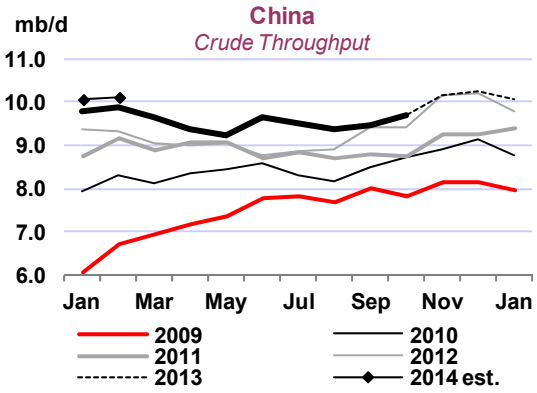
Non-OECD Refinery Throughput

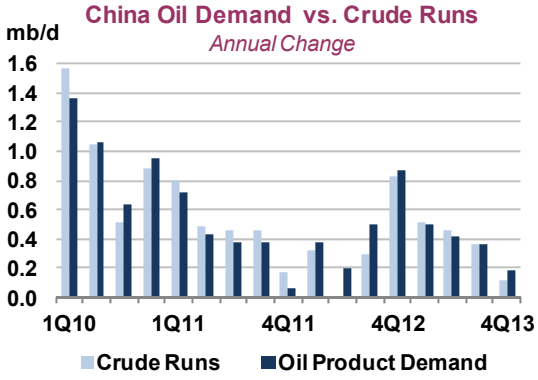
Non-OECD refinery crude throughputs came off their seasonal high in August, declining 380 kb/d m-o-m. Refinery activity slowed in all regions except the FSU, where throughputs peaked in August. Despite a 135 kb/d downward revision, based on lower data for Asia and the Middle East, annual growth remained impressive at 1.4 mb/d. An upward readjustment to Latin American historical data, based on new information for Venezuela, lifted 1H13 runs by 190 kb/d. It seems that outages at PDVSA's massive Amuay complex, following a deadly fire last summer, did last as long as previously assumed. In all, non-OECD refinery runs are now assessed at 39.9 mb/d in 3Q13 rising to 40.3 mb/d in 4Q13, representing annual growth of 1.6 mb/d and 1.0 mb/d, respectively.





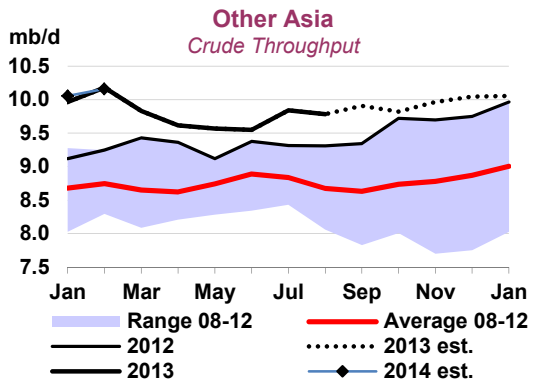
China's refinery intake rose by 270 kb/d in October, to average 9.7 mb/d, in line with our forecast. The increase came as several refineries completed maintenance in September, and despite a steep drop in crude imports. China had imported a record high 6.3 mb/d of crude in September, in part to offset lower domestic supplies due to flooding at key fields. In October however, customs data show crude imports falling to 14-month lows of only 4.8 mb/d. The increase in runs came despite lower domestic fuel prices, which curbed refining margins to their weakest level this year. Runs are likely to rise further as maintenance at Sinopec's 400 kb/d Maoming plant and PetroChina's 240 kb/d Fujian refinery concludes in November and new capacity ramps up.

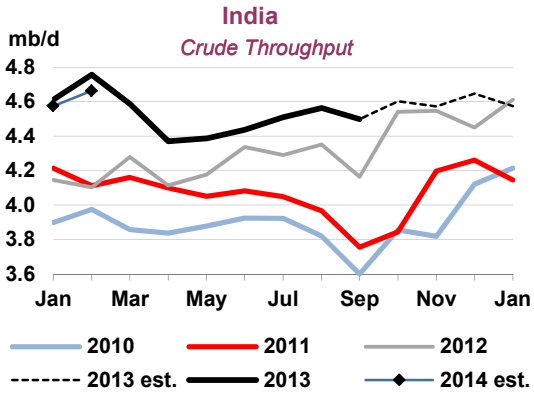




As discussed in earlier editions of this *Report*, a significant volume of new distillation capacity is set to be commissioned in 4Q13. PetroChina had announced that it would start up its 200 kb/d Pengzhou refinery in Sichuan province late October, but this seems to have been delayed again. The company's Urumchi plant expanded distillation capacity by a net 70 kb/d last month. A further 440 kb/d of new capacity is scheduled to be completed by year-end, dominated by Sinochem's new 240 kb/d Quanzhou refinery and Sinopec's Yangzi expansion (+90 kb/d net). The Quanzhou refinery received its first crude cargo in November, of Angolan Cabinda crude, and is reportedly on track to start operations in December. Nevertheless, the full effect of these refinery start-ups will likely only be felt in early 2014, as operations could be limited to trial runs over the next few months. Overall, we are forecasting that Chinese refinery runs could average 10 mb/d in 4Q13, up 120 kb/d from 4Q12.

In August, China was a net exporter of fuel oil for the first time in over a decade. Lower throughputs by independent refiners in the Shandong region, which mainly process fuel oil rather than crude, curbed imports to 254 kb/d, their weakest level in almost five years. China's product exports are expected to rise sharply in 4Q13, as the government increased product export quotas almost threefold from 3Q13, to 5.5 Mt (440 kb/d). The government granted Petrochina product quotas of 2 Mt, while Sinopec received 3.5 Mt. Indeed, October net fuel imports fell 62% y-o-y to around 115 kb/d, according to customs data, due mostly to high diesel exports by Sinopec.

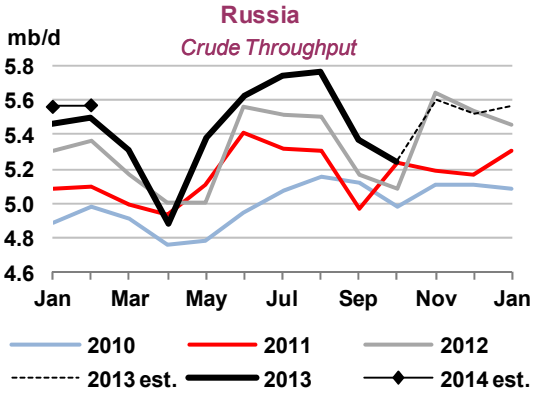




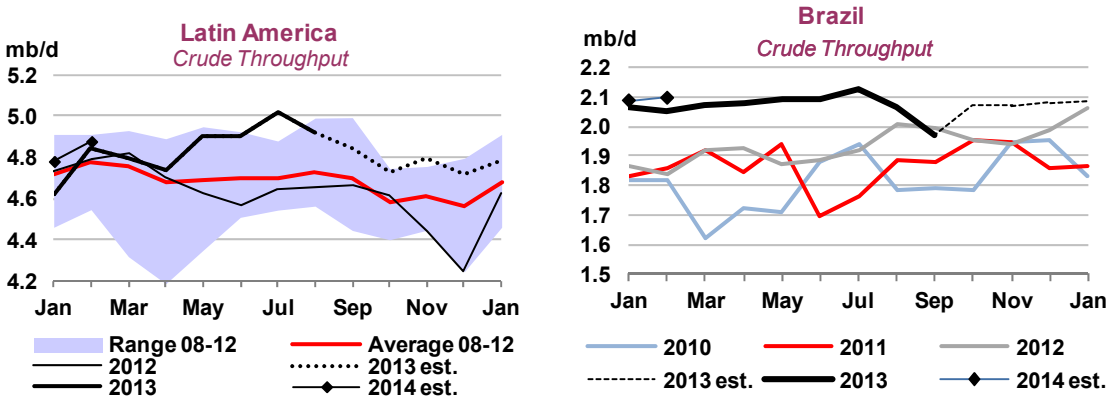
Indian refiners processed 4.5 mb/d of crude in September, up 335 kb/d from a year earlier but slightly below August's levels. HPCL's Visak refinery processed only 88 kb/d, compared with 180 kb/d a month earlier, due to a fire on 23 August. The plant has since returned to full operations. Indian Oil Corp's new 300 kb/d Paradip refinery start-up has been delayed by a further two months due to labour shortages caused by the recent cyclone that hit the Indian coast. The plant is now only scheduled to start up by April-May and to reach full capacity within six months of commissioning. The plant is built to process Latin American crudes such as Maya, Castilla, Vasconia and Marlin, but in the initial year of operation, IOC will reportedly process low sulphur oil from the Middle East and West Africa.

Indonesian state firm Pertamina announced in early November that it had restarted its Tuban refinery and petrochemical plant in East Java after a near two-year shutdown. The plant, which is operated by TPPI through a tolling agreement, will now be run for a six-month period and will process 55 kb/d to 80 kb/d of condensate. The restart is aimed at reducing imports of refined products and chemicals, and thus reduce the country's current account deficit. Indonesian import costs have been rising due to currency depreciation.

Preliminary data put **Russian** crude intake in October at 5.24 mb/d, down 140 kb/d from September but 150 kb/d above a year earlier. October's drop was almost 90 kb/d less than the level forecast in last month's *Report* based on maintenance schedules, suggesting that some capacity was taken offline for longer than previously announced. More than 900 kb/d of capacity was reported offline in September and just over 800 kb/d in October. Refinery activity is set to pick up sharply in November as turnarounds are completed, to average 5.5 mb/d over the two last months of the year.

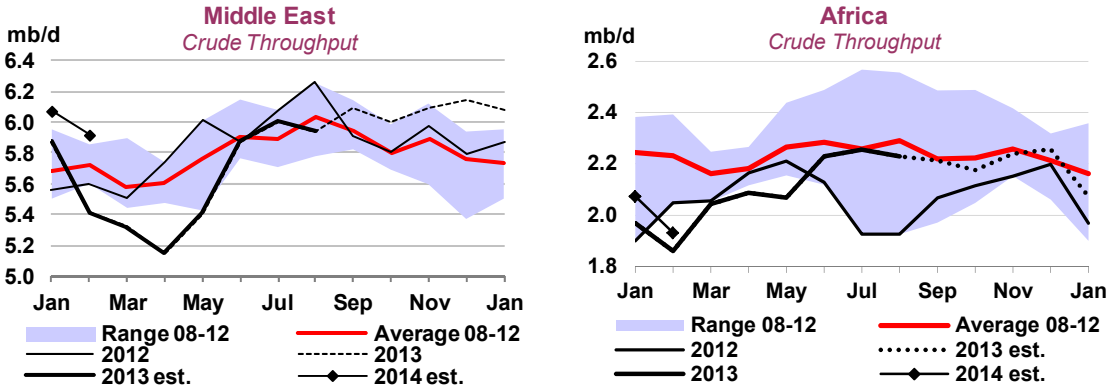


Latin American refinery throughput estimates have been raised for 2013 and earlier. New data for Venezuela lift our 2013 estimate by 150 kb/d since last month's *Report*. Totals for 2012 have been lifted by 20 kb/d, while only minor adjustments have been made to 2010 and 2011 (+8 kb/d and +1 kb/d). It seems that a fire at PDVSA's 955 kb/d Paraguana complex in the summer of 2012 did not have as prolonged an impact as first assumed, with PDVSA's Venezuelan crude intake averaging just over 900 kb/d for the first half of 2013. An adjustment to throughputs at the Curaçao refinery lifted 2013 estimates by 23 kb/d and lowered 2012 by 6 kb/d.



Brazilian throughputs fell by almost 100 kb/d in September, to average 1.97 mb/d. Lower runs at Petrobras' 226 kb/d Henrique Lage (Revap) refinery in São Paulo State led the decline. This is the first time this year that Brazilian throughputs have slipped below year-earlier levels, for the first eight months of 2013 y-o-y gains averaged 175 kb/d. Compared with installed refinery capacity of 2.1 mb/d, utilisation rates were 98% in 3Q13 compared with 99% in 2Q13. Despite the high refinery output, record diesel demand (which according to Petrobras peaked at 1.169 mb/d on 30 August) led to increased imports during the Brazilian's winter.

Middle Eastern refinery crude intake dipped slightly lower in August, mainly on lower **Kuwaiti** throughputs. This latter fell 100 kb/d from July, to 785 kb/d on average. Repairs to an 80 kb/d crude distillation unit at the Mina Abdullah refinery were extended into September, after a fire broke out at the plant on 21 August. In **Saudi Arabia**, the 305 kb/d Saudi Aramco-Shell joint-venture plant at Jubail announced it would shut one crude unit in the 4Q13 for routine maintenance. The timing and extent of the shutdown is unknown. In **Syria**, a recent report published by the UNDP and UNRWA and prepared by the Syrian Center for Policy Research puts output at the country's Homs and Banias refineries at 4.072 Mt (109 kb/d) in the first nine months of 2013, 8 kb/d less than our previous assessment.



In **Africa**, **Libya**'s 120 kb/d Zawyia refinery in the west of the country is reported at reduced rates, while the 220 kb/d Ras Lanuf plant in the East has been shut since August. Zawyia reportedly completed maintenance of secondary units in October, but securing crude supplies for the plant remains a challenge. The plant normally processes crude from the Sharara field in southwestern Libya, which was shut by protests in October. According to press reports, crude oil from the Marsa El-Hariga field may be sent to feed the refinery instead. In **Algeria**, Sonatrach reportedly shut a 120 kb/d condensate splitter at its Skikda refinery for maintenance in September.

Table 1
WORLD OIL SUPPLY AND DEMAND
(million barrels per day)

	2010	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014
OECD DEMAND																	
Americas[1]	24.1	24.0	23.4	23.6	23.7	23.8	23.6	23.7	23.7	23.8	23.6	23.7	23.6	23.7	23.8	23.6	23.7
Europe[2]	14.7	14.3	13.7	13.8	13.8	13.7	13.7	13.2	13.8	14.0	13.5	13.6	13.2	13.5	13.8	13.6	13.5
Asia Oceania[3]	8.2	8.2	9.2	8.1	8.3	8.8	8.6	8.9	7.9	8.1	8.5	8.4	8.8	7.7	8.0	8.4	8.2
Total OECD	47.0	46.5	46.2	45.5	45.9	46.2	45.9	45.8	45.4	45.9	45.7	45.7	45.6	44.9	45.6	45.7	45.5
NON-OECD DEMAND																	
FSU	4.1	4.4	4.3	4.4	4.6	4.6	4.5	4.3	4.5	4.8	4.7	4.6	4.4	4.6	4.9	4.9	4.7
Europe	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
China	8.9	9.3	9.5	9.6	9.8	10.3	9.8	10.0	10.0	10.2	10.5	10.2	10.4	10.4	10.6	10.9	10.6
Other Asia	10.7	11.0	11.2	11.4	11.1	11.5	11.3	11.6	11.7	11.3	11.7	11.6	11.9	12.0	11.7	12.0	11.9
Latin America	6.1	6.2	6.2	6.4	6.5	6.6	6.4	6.4	6.6	6.7	6.7	6.6	6.5	6.8	6.9	6.8	6.8
Middle East	7.3	7.4	7.3	7.8	8.2	7.5	7.7	7.5	7.9	8.4	7.8	7.9	7.7	8.1	8.6	8.0	8.1
Africa	3.5	3.5	3.6	3.6	3.7	3.7	3.7	3.8	3.8	3.8	3.8	3.8	3.9	4.0	4.0	4.1	4.0
Total Non-OECD	41.4	42.5	42.8	44.0	44.6	44.9	44.1	44.3	45.2	45.9	45.9	45.3	45.4	46.6	47.3	47.4	46.7
Total Demand[4]	88.4	89.0	89.0	89.4	90.4	91.1	90.0	90.1	90.6	91.8	91.7	91.0	91.0	91.5	92.8	93.1	92.1
OECD SUPPLY																	
Americas[1,7]	14.1	14.6	15.6	15.5	15.7	16.6	15.9	16.8	16.7	17.3	17.8	17.2	18.1	18.1	18.1	18.6	18.2
Europe[2]	4.1	3.8	3.8	3.6	3.1	3.3	3.5	3.4	3.3	3.2	3.5	3.3	3.4	3.3	3.0	3.3	3.2
Asia Oceania[3]	0.7	0.6	0.6	0.6	0.6	0.5	0.6	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.5
Total OECD	18.9	19.0	19.9	19.7	19.4	20.5	19.9	20.6	20.5	21.1	21.8	21.0	22.0	21.9	21.7	22.4	22.0
NON-OECD SUPPLY																	
FSU	13.5	13.5	13.7	13.6	13.5	13.7	13.6	13.8	13.8	13.8	13.9	13.8	14.0	14.0	14.0	14.1	14.0
Europe	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
China	4.1	4.1	4.2	4.1	4.2	4.3	4.2	4.2	4.2	4.0	4.1	4.2	4.3	4.3	4.2	4.2	4.3
Other Asia[5]	3.7	3.6	3.7	3.6	3.6	3.7	3.6	3.7	3.6	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Latin America[5,7]	4.1	4.2	4.3	4.1	4.1	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.3	4.3	4.4	4.5	4.4
Middle East	1.7	1.7	1.4	1.4	1.5	1.5	1.5	1.4	1.3	1.4	1.3	1.4	1.3	1.3	1.3	1.3	1.3
Africa[5]	2.6	2.6	2.4	2.2	2.2	2.2	2.3	2.2	2.3	2.4	2.4	2.3	2.5	2.5	2.6	2.5	2.5
Total Non-OECD	29.9	29.9	29.8	29.2	29.3	29.7	29.5	29.6	29.5	29.4	29.6	29.5	30.0	30.1	30.1	30.3	30.1
Processing Gains[6]	2.1	2.1	2.1	2.1	2.2	2.1	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Global Biofuels[7]	1.8	1.9	1.5	1.9	2.1	1.9	1.9	1.5	2.0	2.4	2.1	2.0	1.7	2.1	2.4	2.1	2.1
Total Non-OPEC[5]	52.7	52.8	53.4	52.9	53.0	54.2	53.4	53.9	54.2	55.0	55.6	54.7	55.9	56.3	56.6	57.1	56.5
OPEC																	
Crude[8]	29.2	29.9	31.3	31.7	31.5	30.7	31.3	30.4	30.9	30.5							
NGLs	5.6	5.9	6.2	6.2	6.3	6.4	6.3	6.3	6.4	6.5	6.4	6.4	6.5	6.5	6.7	6.7	6.6
Total OPEC[5]	34.7	35.8	37.5	37.9	37.8	37.1	37.6	36.8	37.2	37.0							
Total Supply[9]	87.4	88.7	90.9	90.8	90.8	91.3	90.9	90.6	91.4	91.9							
STOCK CHANGES AND MISCELLANEOUS																	
Reported OECD																	
Industry	0.1	-0.2	0.6	0.3	0.5	-0.7	0.2	0.2	0.0	0.1							
Government	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0							
Total	0.1	-0.3	0.6	0.4	0.5	-0.7	0.2	0.3	0.0	0.1							
Floating Storage/Oil in Transit	-0.2	-0.1	-0.4	0.2	-0.1	0.1	0.0	0.2	-0.1	0.1							
Miscellaneous to balance[10]	-0.9	0.1	1.7	0.9	0.0	0.7	0.8	0.2	0.9	-0.1							
Total Stock Ch. & Misc	-1.0	-0.3	1.9	1.4	0.4	0.1	0.9	0.6	0.8	0.1							
Memo items:																	
Call on OPEC crude + Stock ch.[11]	30.2	30.2	29.4	30.3	31.1	30.6	30.4	29.9	30.1	30.4	29.6	30.0	28.6	28.7	29.6	29.4	29.1

2 As of August 2012 OMR, OECD Europe includes Estonia and Slovenia.
3 As of August 2012 OMR, OECD Asia Oceania includes Israel.
4 Measured as deliveries from refineries and primary stocks, comprises inland deliveries, international marine bunkers, refinery fuel, crude for direct burning, oil from non-conventional sources and other sources of supply.
5 Other Asia includes Indonesia throughout. Latin America excludes Ecuador throughout. Africa excludes Angola throughout. Total Non-OPEC excludes all countries that were members of OPEC at 1 January 2009. Total OPEC comprises all countries which were OPEC members at 1 January 2009.
6 Net volumetric gains and losses in the refining process and marine transportation losses.
7 As of the July 2010 OMR, Global Biofuels comprise all world biofuel production including fuel ethanol from the US and Brazil.
8 As of the March 2006 OMR, Venezuelan Orinoco heavy crude production is included within Venezuelan crude estimates. Orimulsion fuel remains within the OPEC NGL and non-conventional category, but Orimulsion production reportedly ceased from January 2007.
9 Comprises crude oil, condensates, NGLs, oil from non-conventional sources and other sources of supply.
10 Includes changes in non-reported stocks in OECD and non-OECD areas.
11 Equals the arithmetic difference between total demand minus total non-OPEC supply minus OPEC NGLs.

Table 1a
WORLD OIL SUPPLY AND DEMAND: CHANGES FROM LAST MONTH'S TABLE 1

(million barrels per day)

	2010	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014
OECD DEMAND																	
Americas	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-0.1	-	-
Europe	-	-	-	-	-	-	-	-	-	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Asia Oceania	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-	-0.1	-	-0.1	-	-0.1
Total OECD	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	0.1	-
NON-OECD DEMAND																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-	-0.1	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	-	0.1	-	-	-	-	-0.1	-	-	-	-
Total Demand	-	-	-	-	-	-	-	0.1	-	0.1	-	-	-0.1	0.1	-	-	-
OECD SUPPLY																	
Americas	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Europe	-	-	-	-	-	-	-	-	-	0.1	0.1	-	0.1	-	-	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1
NON-OECD SUPPLY																	
FSU	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1	0.1
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-0.1	-0.1
Total Non-OECD	-	-	-	-	-	-	-	-	-0.1	-	-0.1	-0.1	-	-	-0.1	-	-
Processing Gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Global Biofuels	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OPEC	-	-	-	-	-	-	-	-	-0.1	0.2	0.1	0.1	0.1	0.1	-	0.1	0.1
OPEC																	
Crude	-	-	-	-	-	-	-	-	-	0.1							
NGLs	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-0.1	-0.2	-0.1	-	-	-0.1
Total OPEC	-	-	-	-	-	-	-	-	-	-							
Total Supply	-	-	-	-	-	-	-	-	-0.1	0.2							
STOCK CHANGES AND MISCELLANEOUS																	
REPORTED OECD																	
Industry	-	-	-	-	-	-	-	-	-								
Government	-	-	-	-	-	-	-	-	-								
Total	-	-	-	-	-	-	-	-	-								
Floating Storage/Oil in Transit	-	-	-	-	-	-	-	-	-								
Miscellaneous to balance	-	-	-	-	-	-0.1	-	-0.1	-0.1								
Total Stock Ch. & Misc	-	-	-	-	-	-0.1	-	-0.1	-0.1	0.1							
Memo items:																	
Call on OPEC crude + Stock ch.	-	-	-	-	-	0.1	-	0.1	0.1	-	-	-	-	0.1	-	-	-

When submitting their monthly oil statistics, OECD Member countries periodically update data for prior periods. Similar updates to non-OECD data can occur.

Table 2

SUMMARY OF GLOBAL OIL DEMAND

	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014
Demand (mb/d)																
Americas[1]	23.96	23.39	23.61	23.74	23.77	23.63	23.71	23.74	23.85	23.64	23.73	23.64	23.74	23.78	23.64	23.70
Europe[2]	14.28	13.69	13.79	13.81	13.67	13.74	13.18	13.80	14.01	13.54	13.64	13.22	13.49	13.84	13.63	13.55
Asia Oceania[3]	8.23	9.16	8.06	8.30	8.78	8.57	8.92	7.91	8.08	8.55	8.36	8.76	7.70	7.97	8.43	8.21
Total OECD	46.47	46.24	45.47	45.85	46.21	45.94	45.81	45.45	45.93	45.72	45.73	45.62	44.93	45.59	45.70	45.46
Asia	20.35	20.74	21.03	20.92	21.80	21.12	21.66	21.69	21.47	22.24	21.76	22.24	22.39	22.22	22.94	22.45
Middle East	7.43	7.27	7.80	8.16	7.49	7.68	7.47	7.86	8.36	7.75	7.86	7.66	8.11	8.56	7.99	8.08
Latin America	6.17	6.16	6.36	6.52	6.57	6.40	6.38	6.60	6.74	6.67	6.60	6.48	6.75	6.92	6.85	6.75
FSU	4.39	4.30	4.42	4.62	4.61	4.49	4.31	4.52	4.84	4.73	4.60	4.42	4.63	4.87	4.90	4.71
Africa	3.49	3.65	3.65	3.66	3.74	3.67	3.80	3.83	3.77	3.84	3.81	3.92	4.01	3.97	4.06	3.99
Europe	0.66	0.65	0.71	0.70	0.68	0.69	0.63	0.67	0.70	0.72	0.68	0.66	0.69	0.71	0.71	0.69
Total Non-OECD	42.49	42.78	43.95	44.57	44.90	44.05	44.25	45.16	45.87	45.95	45.32	45.39	46.58	47.26	47.44	46.67
World	88.96	89.02	89.42	90.42	91.11	90.00	90.06	90.61	91.81	91.67	91.04	91.01	91.51	92.85	93.14	92.14
of which: US50	18.95	18.43	18.61	18.64	18.48	18.54	18.64	18.62	18.81	18.50	18.64	18.59	18.73	18.65	18.47	18.61
Europe 5*	8.65	8.33	8.28	8.28	8.20	8.27	7.99	8.29	8.32	8.04	8.16	8.01	8.03	8.17	8.08	8.07
China	9.32	9.50	9.60	9.83	10.30	9.81	10.01	10.03	10.17	10.50	10.18	10.37	10.38	10.56	10.92	10.56
Japan	4.47	5.27	4.28	4.47	4.84	4.71	5.07	4.11	4.31	4.66	4.53	4.87	3.97	4.16	4.47	4.36
India	3.20	3.36	3.45	3.18	3.39	3.34	3.43	3.46	3.16	3.51	3.39	3.53	3.55	3.31	3.59	3.49
Russia	3.21	3.19	3.24	3.40	3.35	3.30	3.20	3.33	3.63	3.44	3.40	3.31	3.43	3.65	3.59	3.50
Brazil	2.87	2.87	2.93	3.03	3.12	2.99	2.99	3.08	3.15	3.16	3.10	3.03	3.17	3.26	3.26	3.18
Saudi Arabia	2.79	2.57	3.00	3.32	2.79	2.92	2.72	3.05	3.37	2.92	3.02	2.80	3.18	3.48	3.04	3.13
Canada	2.27	2.19	2.23	2.34	2.38	2.29	2.28	2.31	2.28	2.32	2.30	2.30	2.24	2.33	2.34	2.30
Korea	2.26	2.34	2.23	2.26	2.37	2.30	2.31	2.27	2.26	2.35	2.30	2.37	2.22	2.25	2.39	2.31
Mexico	2.11	2.09	2.13	2.11	2.24	2.14	2.11	2.14	2.09	2.15	2.12	2.08	2.11	2.12	2.16	2.12
Iran	1.77	1.80	1.82	1.69	1.68	1.75	1.73	1.74	1.71	1.70	1.72	1.75	1.75	1.73	1.72	1.74
Total	61.86	61.94	61.81	62.56	63.13	62.37	62.48	62.45	63.27	63.24	62.86	63.01	62.75	63.67	64.02	63.37
% of World	69.5%	69.6%	69.1%	69.2%	69.3%	69.3%	69.4%	68.9%	68.9%	69.0%	69.0%	69.2%	68.6%	68.6%	68.7%	68.8%
Annual Change (% per annum)																
Americas[1]	-0.8	-3.0	-0.5	-1.5	-0.6	-1.4	1.4	0.5	0.4	-0.6	0.4	-0.3	0.0	-0.3	0.0	-0.1
Europe[2]	-2.8	-3.7	-2.3	-6.0	-2.9	-3.8	-3.7	0.1	1.4	-0.9	-0.8	0.3	-2.3	-1.2	0.7	-0.7
Asia Oceania[3]	0.6	5.5	7.6	2.6	1.3	4.2	-2.6	-1.9	-2.7	-2.6	-2.5	-1.8	-2.6	-1.3	-1.4	-1.8
Total OECD	-1.2	-1.6	0.3	-2.2	-0.9	-1.1	-0.9	0.0	0.2	-1.1	-0.5	-0.4	-1.1	-0.7	0.0	-0.6
Asia	3.5	2.5	3.1	4.1	5.5	3.8	4.4	3.1	2.6	2.0	3.0	2.7	3.2	3.5	3.1	3.2
Middle East	2.0	3.6	4.8	3.7	1.2	3.3	2.8	0.8	2.4	3.6	2.4	2.4	3.2	2.4	3.0	2.7
Latin America	1.5	3.6	3.6	2.8	4.9	3.7	3.6	3.8	3.4	1.5	3.1	1.6	2.3	2.8	2.7	2.4
FSU	6.3	5.9	2.0	0.9	0.8	2.3	0.0	2.2	4.8	2.6	2.5	2.6	2.5	0.6	3.6	2.3
Africa	-1.2	4.0	3.6	7.7	6.1	5.3	4.2	5.0	3.2	2.6	3.7	3.2	4.7	5.3	5.6	4.7
Europe	-0.2	3.4	8.6	3.0	-1.3	3.3	-2.7	-5.6	-0.2	5.0	-0.8	4.5	3.4	1.3	-1.2	1.9
Total Non-OECD	2.7	3.3	3.5	3.8	4.1	3.7	3.4	2.7	2.9	2.3	2.9	2.6	3.1	3.0	3.2	3.0
World	0.7	0.7	1.8	0.6	1.5	1.2	1.2	1.3	1.5	0.6	1.2	1.1	1.0	1.1	1.6	1.2
Annual Change (mb/d)																
Americas[1]	-0.18	-0.71	-0.11	-0.37	-0.14	-0.33	0.32	0.12	0.11	-0.13	0.10	-0.06	0.01	-0.07	0.01	-0.03
Europe[2]	-0.41	-0.53	-0.33	-0.88	-0.41	-0.54	-0.51	0.01	0.20	-0.12	-0.10	0.04	-0.31	-0.17	0.09	-0.09
Asia Oceania[3]	0.05	0.48	0.57	0.21	0.11	0.34	-0.24	-0.15	-0.23	-0.23	-0.21	-0.16	-0.21	-0.10	-0.12	-0.15
Total OECD	-0.55	-0.76	0.13	-1.04	-0.44	-0.53	-0.43	-0.02	0.08	-0.49	-0.22	-0.19	-0.51	-0.34	-0.02	-0.27
Asia	0.69	0.51	0.63	0.82	1.14	0.78	0.91	0.66	0.55	0.44	0.64	0.59	0.70	0.76	0.70	0.69
Middle East	0.14	0.25	0.35	0.29	0.09	0.25	0.20	0.07	0.20	0.27	0.18	0.18	0.25	0.20	0.24	0.22
Latin America	0.09	0.21	0.22	0.18	0.30	0.23	0.22	0.24	0.22	0.10	0.20	0.10	0.15	0.19	0.18	0.16
FSU	0.26	0.24	0.09	0.04	0.03	0.10	0.00	0.10	0.22	0.12	0.11	0.11	0.11	0.03	0.17	0.11
Africa	-0.04	0.14	0.13	0.26	0.21	0.19	0.15	0.18	0.12	0.10	0.14	0.12	0.18	0.20	0.22	0.18
Europe	0.00	0.02	0.06	0.02	-0.01	0.02	-0.02	-0.04	0.00	0.03	-0.01	0.03	0.02	0.01	-0.01	0.01
Total Non-OECD	1.14	1.38	1.48	1.62	1.77	1.56	1.48	1.21	1.31	1.05	1.26	1.13	1.42	1.38	1.49	1.36
World	0.59	0.62	1.60	0.58	1.33	1.03	1.04	1.19	1.38	0.56	1.05	0.95	0.91	1.04	1.47	1.09
Revisions to Oil Demand from Last Month's Report (mb/d)																
Americas[1]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.07	-0.05	-0.03	-0.02	-0.03	-0.06	-0.03	-0.04
Europe[2]	0.00	0.00	0.01	0.00	0.00	0.00	0.01	0.01	0.24	0.13	0.10	0.09	0.12	0.15	0.13	0.12
Asia Oceania[3]	0.00	-0.02	-0.02	-0.03	0.00	-0.02	0.00	0.01	-0.07	-0.07	-0.04	-0.06	-0.04	-0.05	-0.04	-0.05
Total OECD	0.00	-0.02	-0.01	-0.02	0.00	-0.01	0.00	0.01	0.10	0.00	0.03	0.01	0.04	0.03	0.05	0.03
Asia	0.00	0.00	0.00	0.01	0.00	0.00	0.02	-0.03	-0.02	-0.02	-0.01	-0.08	-0.03	-0.04	-0.03	-0.05
Middle East	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	-0.02	0.02	0.01	0.00	0.01	-0.02	0.02	0.00
Latin America	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.03	0.05	0.02	0.03	0.03	0.04	0.05	0.03	0.04
FSU	0.00	0.00	-0.01	-0.01	0.00	0.00	0.00	0.00	0.02	-0.05	-0.01	-0.01	-0.02	-0.01	-0.03	-0.02
Africa	0.01	0.00	0.01	0.01	0.01	0.01	0.00	0.02	0.00	-0.02	0.00	0.00	0.02	0.00	-0.01	0.00
Europe	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Non-OECD	0.01	0.00	0.01	0.02	0.01	0.01	0.05	0.03	0.03	-0.04	0.02	-0.07	0.02	-0.01	-0.02	-0.02
World	0.01	-0.01	0.00	0.00	0.01	0.00	0.06	0.04	0.13	-0.04	0.05	-0.06	0.06	0.02	0.04	0.02
Revisions to Oil Demand Growth from Last Month's Report (mb/d)																
World	0.00	-0.02	-0.01	-0.01	0.01	-0.01	0.07	0.04	0.13	-0.05	0.05	-0.12	0.03	-0.11	0.08	-0.03

1 As of the August 2012 OMR, includes Chile.

2 As of the August 2012 OMR, includes Estonia and Slovenia.

3 As of the August 2012 OMR, includes Israel.

* France, Germany, Italy, Spain and UK

Table 2a
OECD REGIONAL OIL DEMAND[1]

(million barrels per day)

	2011	2012	3Q12	4Q12	1Q13	2Q13	Jun 13	Jul 13	Aug 13 [2]	Latest month vs. Jul 13	Latest month vs. Aug 12
Americas[3]											
LPG&Ethane	3.13	3.14	2.98	3.36	3.64	2.97	2.90	2.99	2.91	-0.08	-0.14
Naphtha	0.35	0.34	0.32	0.35	0.36	0.39	0.42	0.40	0.36	-0.04	0.02
Motor Gasoline	10.42	10.34	10.49	10.18	10.03	10.56	10.65	10.78	10.80	0.03	-0.04
Jet/Kerosene	1.64	1.65	1.70	1.62	1.58	1.68	1.69	1.77	1.83	0.06	0.07
Gasoil/Diesel Oil	5.12	4.97	4.86	5.00	5.16	5.00	4.91	4.81	4.94	0.13	-0.03
Residual Fuel Oil	0.87	0.78	0.82	0.72	0.75	0.67	0.74	0.73	0.86	0.13	0.02
Other Products	2.42	2.42	2.57	2.53	2.18	2.46	2.65	2.61	2.53	-0.08	-0.15
Total	23.96	23.63	23.74	23.77	23.71	23.74	23.96	24.09	24.24	0.15	-0.25
Europe[4]											
LPG&Ethane	0.97	0.94	0.88	0.91	1.05	1.13	1.08	1.04	1.08	0.04	0.17
Naphtha	1.15	1.17	1.13	1.17	1.22	1.11	1.14	1.25	1.21	-0.04	0.08
Motor Gasoline	2.13	1.99	2.06	1.93	1.79	1.96	2.00	2.11	2.09	-0.02	-0.01
Jet/Kerosene	1.24	1.21	1.32	1.18	1.13	1.24	1.26	1.33	1.32	-0.01	0.02
Gasoil/Diesel Oil	6.06	5.95	5.88	6.14	5.79	6.00	5.88	6.01	5.80	-0.20	0.12
Residual Fuel Oil	1.23	1.09	1.07	1.03	1.01	0.99	0.94	0.96	0.95	0.00	-0.12
Other Products	1.49	1.40	1.48	1.31	1.20	1.37	1.42	1.48	1.42	-0.06	-0.06
Total	14.28	13.74	13.81	13.67	13.18	13.80	13.72	14.17	13.87	-0.30	0.20
Asia Oceania[5]											
LPG&Ethane	0.87	0.89	0.85	0.84	0.94	0.82	0.77	0.83	0.79	-0.03	-0.05
Naphtha	1.73	1.78	1.78	1.83	1.83	1.72	1.71	1.81	1.81	0.00	0.02
Motor Gasoline	1.60	1.61	1.67	1.63	1.54	1.56	1.56	1.66	1.76	0.10	0.01
Jet/Kerosene	0.88	0.88	0.65	1.02	1.13	0.69	0.61	0.66	0.68	0.03	0.03
Gasoil/Diesel Oil	1.71	1.76	1.73	1.83	1.80	1.72	1.70	1.75	1.72	-0.03	-0.04
Residual Fuel Oil	0.78	0.91	0.89	0.86	0.91	0.67	0.67	0.76	0.76	0.00	-0.15
Other Products	0.67	0.76	0.73	0.76	0.77	0.73	0.68	0.69	0.71	0.02	-0.09
Total	8.23	8.57	8.30	8.78	8.92	7.91	7.70	8.16	8.23	0.07	-0.26
OECD											
LPG&Ethane	4.97	4.96	4.71	5.11	5.64	4.92	4.75	4.86	4.78	-0.08	-0.02
Naphtha	3.23	3.29	3.24	3.35	3.41	3.22	3.27	3.46	3.38	-0.08	0.12
Motor Gasoline	14.14	13.93	14.22	13.74	13.37	14.09	14.21	14.55	14.65	0.10	-0.04
Jet/Kerosene	3.76	3.74	3.67	3.82	3.84	3.60	3.56	3.76	3.83	0.08	0.12
Gasoil/Diesel Oil	12.90	12.68	12.46	12.97	12.74	12.73	12.48	12.56	12.46	-0.10	0.05
Residual Fuel Oil	2.89	2.77	2.78	2.62	2.66	2.33	2.36	2.45	2.57	0.12	-0.25
Other Products	4.59	4.58	4.78	4.61	4.15	4.56	4.75	4.79	4.66	-0.12	-0.30
Total	46.47	45.94	45.85	46.21	45.81	45.45	45.38	46.42	46.34	-0.08	-0.32

1 Demand, measured as deliveries from refineries and primary stocks, comprises inland deliveries, international bunkers and refinery fuel. It includes crude for direct burning, oil from non-conventional sources and other sources of supply. Jet/kerosene comprises jet kerosene and non-aviation kerosene. Gasoil comprises diesel, light heating oil and other gasoils. North America comprises US 50 states, US territories, Mexico and Canada.
2 Latest official OECD submissions (MOS).
3 As of the August 2012 OMR, includes Chile.
4 As of the August 2012 OMR, includes Estonia and Slovenia.
5 As of the August 2012 OMR, includes Israel.

Table 2b

OIL DEMAND IN SELECTED OECD COUNTRIES[1]

(million barrels per day)

	2011	2012	3Q12	4Q12	1Q13	2Q13	Jun 13	Jul 13	Aug 13 [2]	Latest month vs. Jul 13	Latest month vs. Aug 12
United States[3]											
LPG	2.27	2.26	2.12	2.44	2.68	2.11	2.04	2.17	2.14	-0.03	0.00
Naphtha	0.25	0.24	0.22	0.26	0.28	0.28	0.29	0.27	0.25	-0.02	0.00
Motor Gasoline	8.75	8.69	8.85	8.53	8.41	8.89	8.97	9.07	9.10	0.03	-0.07
Jet/Kerosene	1.44	1.41	1.45	1.38	1.34	1.43	1.44	1.52	1.53	0.02	0.05
Gasoil	3.90	3.74	3.66	3.74	3.93	3.76	3.67	3.59	3.72	0.12	-0.03
Residual Fuel Oil	0.46	0.37	0.41	0.27	0.37	0.26	0.30	0.34	0.40	0.06	0.00
Other Products	1.87	1.83	1.93	1.86	1.62	1.90	2.07	2.05	1.95	-0.10	-0.09
Total	18.95	18.54	18.64	18.48	18.64	18.62	18.77	19.00	19.08	0.08	-0.14
Japan											
LPG	0.49	0.52	0.48	0.51	0.59	0.46	0.40	0.47	0.43	-0.04	-0.03
Naphtha	0.74	0.72	0.71	0.74	0.77	0.70	0.68	0.75	0.76	0.01	0.01
Motor Gasoline	0.98	0.98	1.03	0.99	0.92	0.94	0.94	1.03	1.10	0.06	0.00
Jet/Kerosene	0.53	0.54	0.34	0.65	0.77	0.38	0.30	0.34	0.36	0.02	0.02
Diesel	0.44	0.45	0.45	0.47	0.45	0.42	0.42	0.46	0.43	-0.03	-0.03
Other Gasoil	0.38	0.38	0.33	0.39	0.42	0.35	0.33	0.37	0.33	-0.03	0.00
Residual Fuel Oil	0.44	0.56	0.57	0.54	0.57	0.38	0.38	0.46	0.46	0.00	-0.12
Other Products	0.47	0.57	0.54	0.55	0.56	0.49	0.44	0.51	0.53	0.02	-0.05
Total	4.47	4.71	4.47	4.84	5.07	4.11	3.89	4.39	4.41	0.02	-0.21
Germany											
LPG	0.10	0.10	0.12	0.09	0.11	0.12	0.11	0.11	0.11	0.00	0.00
Naphtha	0.38	0.38	0.37	0.40	0.42	0.39	0.38	0.39	0.39	0.00	0.01
Motor Gasoline	0.45	0.43	0.43	0.42	0.39	0.44	0.44	0.45	0.45	0.00	0.01
Jet/Kerosene	0.18	0.19	0.21	0.18	0.16	0.19	0.20	0.19	0.20	0.01	0.00
Diesel	0.66	0.70	0.73	0.69	0.64	0.72	0.72	0.76	0.74	-0.02	-0.01
Other Gasoil	0.39	0.38	0.33	0.47	0.40	0.45	0.42	0.33	0.33	0.00	0.10
Residual Fuel Oil	0.14	0.13	0.13	0.13	0.13	0.12	0.11	0.12	0.12	-0.01	-0.01
Other Products	0.09	0.08	0.09	0.07	0.04	0.08	0.09	0.11	0.09	-0.02	0.00
Total	2.40	2.39	2.41	2.44	2.30	2.51	2.49	2.45	2.42	-0.03	0.09
Italy											
LPG	0.10	0.11	0.10	0.11	0.13	0.10	0.09	0.10	0.09	-0.01	0.00
Naphtha	0.08	0.09	0.08	0.09	0.09	0.10	0.10	0.10	0.08	-0.01	0.02
Motor Gasoline	0.24	0.22	0.23	0.21	0.19	0.19	0.20	0.24	0.23	-0.01	0.00
Jet/Kerosene	0.10	0.09	0.11	0.08	0.08	0.09	0.10	0.11	0.11	0.00	0.00
Diesel	0.49	0.45	0.45	0.44	0.40	0.42	0.42	0.46	0.39	-0.07	-0.03
Other Gasoil	0.11	0.11	0.10	0.12	0.12	0.11	0.12	0.11	0.11	0.00	0.02
Residual Fuel Oil	0.12	0.10	0.11	0.09	0.07	0.08	0.07	0.08	0.07	-0.01	-0.06
Other Products	0.24	0.20	0.21	0.18	0.19	0.18	0.17	0.21	0.20	-0.01	-0.03
Total	1.49	1.35	1.38	1.33	1.28	1.28	1.27	1.41	1.29	-0.12	-0.08
France											
LPG	0.11	0.11	0.09	0.11	0.14	0.10	0.09	0.09	0.08	-0.01	-0.01
Naphtha	0.14	0.13	0.14	0.09	0.15	0.15	0.16	0.16	0.17	0.01	0.02
Motor Gasoline	0.18	0.16	0.17	0.15	0.14	0.16	0.16	0.19	0.17	-0.01	-0.01
Jet/Kerosene	0.16	0.15	0.17	0.15	0.14	0.16	0.16	0.17	0.17	0.00	0.00
Diesel	0.69	0.68	0.69	0.69	0.65	0.69	0.68	0.76	0.66	-0.10	-0.01
Other Gasoil	0.28	0.28	0.26	0.30	0.34	0.27	0.22	0.25	0.24	-0.01	0.03
Residual Fuel Oil	0.08	0.07	0.06	0.06	0.07	0.06	0.06	0.06	0.06	0.00	-0.01
Other Products	0.17	0.15	0.15	0.15	0.13	0.16	0.18	0.18	0.15	-0.03	0.01
Total	1.79	1.74	1.73	1.71	1.75	1.75	1.72	1.86	1.69	-0.16	0.03
United Kingdom											
LPG	0.13	0.11	0.09	0.09	0.09	0.14	0.16	0.13	0.09	-0.04	0.00
Naphtha	0.03	0.02	0.02	0.03	0.04	0.03	0.02	0.03	0.03	0.00	0.01
Motor Gasoline	0.33	0.32	0.31	0.31	0.30	0.31	0.33	0.30	0.32	0.02	0.00
Jet/Kerosene	0.32	0.31	0.31	0.32	0.32	0.31	0.29	0.30	0.30	0.01	0.01
Diesel	0.45	0.45	0.45	0.47	0.44	0.47	0.49	0.45	0.47	0.02	0.03
Other Gasoil	0.12	0.12	0.13	0.12	0.12	0.13	0.12	0.12	0.14	0.01	0.00
Residual Fuel Oil	0.06	0.05	0.05	0.04	0.05	0.04	0.04	0.04	0.04	0.00	0.00
Other Products	0.14	0.12	0.12	0.10	0.12	0.14	0.14	0.14	0.13	0.00	0.01
Total	1.58	1.50	1.49	1.47	1.48	1.55	1.60	1.50	1.52	0.02	0.07
Canada											
LPG	0.40	0.42	0.40	0.46	0.49	0.43	0.42	0.37	0.33	-0.04	-0.12
Naphtha	0.08	0.09	0.10	0.09	0.08	0.10	0.10	0.10	0.09	-0.01	-0.01
Motor Gasoline	0.76	0.74	0.75	0.72	0.73	0.78	0.80	0.81	0.80	-0.01	0.04
Jet/Kerosene	0.09	0.12	0.14	0.13	0.12	0.13	0.12	0.13	0.18	0.05	0.02
Diesel	0.30	0.30	0.31	0.29	0.32	0.31	0.32	0.30	0.29	-0.01	-0.01
Other Gasoil	0.26	0.23	0.21	0.25	0.22	0.22	0.22	0.22	0.24	0.02	0.01
Residual Fuel Oil	0.06	0.06	0.06	0.05	0.04	0.04	0.03	0.04	0.04	0.00	-0.01
Other Products	0.31	0.32	0.37	0.38	0.29	0.30	0.31	0.32	0.32	0.01	-0.05
Total	2.27	2.29	2.34	2.38	2.28	2.31	2.32	2.28	2.29	0.01	-0.13

1 Demand, measured as deliveries from refineries and primary stocks, comprises inland deliveries, international bunkers and refinery fuel. It includes crude for direct burning, oil from non-conventional sources and other sources of supply. Jet/kerosene comprises jet kerosene and non-aviation kerosene. Gasoil comprises diesel, light heating oil and other gasoils.
2 Latest official OECD submissions (MOS).
3 US figures exclude US territories.

Table 3
WORLD OIL PRODUCTION
(million barrels per day)

	2012	2013	2014	2Q13	3Q13	4Q13	1Q14	2Q14	Aug 13	Sep 13	Oct 13
OPEC											
Crude Oil											
Saudi Arabia	9.51			9.29	9.84				9.93	9.86	9.49
Iran	3.00			2.68	2.64				2.68	2.58	2.68
Iraq	2.95			3.16	3.04				3.22	2.82	2.97
UAE	2.65			2.72	2.75				2.75	2.74	2.76
Kuwait	2.46			2.56	2.53				2.51	2.53	2.48
Neutral Zone	0.54			0.52	0.52				0.52	0.52	0.52
Qatar	0.74			0.73	0.73				0.73	0.73	0.73
Angola	1.78			1.76	1.71				1.70	1.72	1.70
Nigeria	2.10			1.94	1.97				1.94	2.04	1.99
Libya	1.39			1.31	0.62				0.55	0.30	0.45
Algeria	1.17			1.14	1.14				1.12	1.15	1.12
Ecuador	0.50			0.51	0.52				0.52	0.52	0.52
Venezuela	2.50			2.55	2.52				2.54	2.49	2.49
Total Crude Oil	31.30			30.86	30.52				30.71	30.00	29.89
Total NGLs[1]	6.28	6.40	6.61	6.39	6.46	6.42	6.50	6.54	6.46	6.46	6.42
Total OPEC	37.58			37.25	36.98				37.16	36.45	36.31
NON-OPEC[2]											
OECD											
Americas[6]	15.86	17.16	18.23	16.69	17.35	17.80	18.09	18.09	17.43	17.47	17.70
United States[5]	9.18	10.24	11.13	10.06	10.44	10.65	10.90	11.10	10.44	10.54	10.60
Mexico	2.92	2.89	2.86	2.88	2.88	2.88	2.88	2.87	2.89	2.89	2.91
Canada	3.75	4.02	4.23	3.75	4.02	4.26	4.30	4.10	4.09	4.03	4.18
Chile	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Europe[7]	3.46	3.33	3.25	3.30	3.19	3.46	3.41	3.26	3.15	2.98	3.44
UK	0.94	0.87	0.83	0.88	0.77	0.91	0.89	0.84	0.67	0.80	0.89
Norway	1.91	1.87	1.86	1.84	1.83	1.96	1.94	1.87	1.89	1.60	1.95
Others	0.60	0.59	0.56	0.57	0.59	0.59	0.58	0.55	0.58	0.57	0.59
Asia Oceania[8]	0.56	0.49	0.52	0.49	0.51	0.51	0.47	0.53	0.51	0.52	0.51
Australia	0.48	0.42	0.45	0.42	0.45	0.45	0.39	0.45	0.44	0.47	0.46
Others	0.08	0.07	0.08	0.08	0.07	0.05	0.08	0.08	0.07	0.05	0.05
Total OECD	19.89	20.98	22.00	20.48	21.05	21.77	21.97	21.88	21.09	20.97	21.64
NON-OECD											
Former USSR	13.62	13.81	14.02	13.75	13.78	13.89	13.95	14.01	13.78	13.81	13.91
Russia	10.73	10.86	10.98	10.84	10.85	10.93	10.98	10.98	10.89	10.89	10.96
Others	2.89	2.95	3.04	2.91	2.93	2.96	2.97	3.03	2.89	2.92	2.95
Asia	7.82	7.70	7.76	7.81	7.51	7.61	7.77	7.78	7.45	7.53	7.59
China	4.18	4.16	4.25	4.24	4.05	4.15	4.25	4.27	4.00	4.06	4.11
Malaysia	0.67	0.67	0.69	0.65	0.65	0.68	0.69	0.69	0.63	0.67	0.68
India	0.91	0.89	0.88	0.90	0.89	0.88	0.89	0.88	0.89	0.88	0.88
Indonesia	0.89	0.84	0.79	0.87	0.82	0.81	0.81	0.80	0.82	0.81	0.81
Others	1.17	1.14	1.14	1.16	1.11	1.09	1.13	1.14	1.11	1.10	1.11
Europe	0.14	0.14	0.13	0.14	0.14	0.13	0.13	0.13	0.14	0.14	0.14
Latin America	4.18	4.19	4.38	4.17	4.21	4.21	4.30	4.34	4.20	4.25	4.09
Brazil[5]	2.16	2.12	2.25	2.10	2.12	2.16	2.19	2.21	2.10	2.19	2.09
Argentina	0.66	0.64	0.62	0.64	0.65	0.63	0.62	0.62	0.65	0.65	0.63
Colombia	0.95	1.01	1.10	1.00	1.02	1.02	1.07	1.10	1.03	1.00	0.98
Others	0.42	0.42	0.41	0.43	0.42	0.41	0.42	0.41	0.42	0.41	0.40
Middle East[3]	1.46	1.36	1.32	1.33	1.35	1.34	1.33	1.32	1.37	1.33	1.35
Oman	0.92	0.95	0.96	0.94	0.96	0.96	0.95	0.95	0.96	0.95	0.95
Syria	0.17	0.06	0.03	0.06	0.05	0.04	0.03	0.03	0.06	0.05	0.04
Yemen	0.18	0.14	0.13	0.12	0.14	0.14	0.14	0.13	0.14	0.12	0.14
Others	0.18	0.21	0.20	0.21	0.21	0.21	0.21	0.20	0.21	0.21	0.21
Africa	2.27	2.34	2.54	2.29	2.36	2.45	2.52	2.54	2.38	2.29	2.40
Egypt	0.72	0.70	0.66	0.70	0.69	0.68	0.67	0.67	0.70	0.69	0.68
Gabon	0.25	0.24	0.24	0.23	0.24	0.24	0.24	0.24	0.24	0.24	0.24
Others	1.30	1.40	1.64	1.35	1.42	1.52	1.61	1.63	1.44	1.36	1.48
Total Non-OECD	29.48	29.52	30.15	29.49	29.35	29.63	30.01	30.13	29.31	29.34	29.47
Processing Gains[4]	2.14	2.18	2.21	2.16	2.20	2.18	2.21	2.19	2.22	2.17	2.13
Global Biofuels[5]	1.85	1.98	2.10	2.02	2.35	2.06	1.72	2.11	2.41	2.30	2.28
TOTAL NON-OPEC	53.36	54.66	56.46	54.16	54.96	55.64	55.91	56.30	55.02	54.79	55.53
TOTAL SUPPLY	90.94			91.40	91.94				92.18	91.24	91.84

1 Includes condensates reported by OPEC countries, oil from non-conventional sources, e.g. Venezuelan Orimulsion (but not Orinoco extra-heavy oil), and non-oil inputs to Saudi Arabian MTBE. Orimulsion production reportedly ceased from January 2007.
2 Comprises crude oil, condensates, NGLs and oil from non-conventional sources
3 Includes small amounts of production from Jordan and Bahrain.
4 Net volumetric gains and losses in refining and marine transportation losses.
5 As of the July 2010 OMR, Global Biofuels comprise all world biofuel production including fuel ethanol from the US and Brazil.
6 As of the August 2012 OMR, includes Chile.
7 As of the August 2012 OMR, includes Estonia and Slovenia.
8 As of the August 2012 OMR, includes Israel.

Table 4

OECD INDUSTRY STOCKS[1] AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS[2] in Million Barrels					PRIOR YEARS' STOCKS[2] in Million Barrels			STOCK CHANGES in mb/d			
	May2013	Jun2013	Jul2013	Aug2013	Sep2013*	Sep2010	Sep2011	Sep2012	4Q2012	1Q2013	2Q2013	3Q2013
OECD Americas												
Crude	531.2	518.2	505.5	502.5	513.3	507.1	468.9	512.6	-0.10	0.34	-0.17	-0.05
Motor Gasoline	256.4	260.2	258.3	253.9	256.1	251.3	250.6	236.1	0.32	-0.06	0.00	-0.04
Middle Distillate	196.0	195.3	199.2	205.3	203.1	246.3	230.2	203.8	0.08	-0.20	0.03	0.09
Residual Fuel Oil	47.0	45.9	46.0	42.6	41.5	49.4	43.3	45.3	-0.03	0.03	0.00	-0.05
Total Products[3]	683.4	698.2	707.5	715.2	712.6	725.1	703.3	695.6	0.09	-0.43	0.37	0.16
Total[4]	1369.9	1376.8	1376.0	1382.3	1388.3	1395.6	1340.7	1384.8	-0.21	-0.18	0.32	0.12
OECD Europe												
Crude	317.3	304.9	314.5	302.1	305.6	321.5	310.4	311.1	-0.04	0.06	-0.03	0.01
Motor Gasoline	85.3	88.7	87.8	86.6	87.0	95.7	89.8	93.6	-0.01	0.08	-0.08	-0.02
Middle Distillate	244.2	248.6	255.6	260.3	257.1	281.9	262.2	265.0	-0.05	0.03	-0.08	0.09
Residual Fuel Oil	76.7	77.0	77.8	75.3	73.6	91.3	78.7	77.3	0.01	0.04	-0.03	-0.04
Total Products[3]	502.0	513.3	513.9	516.0	509.8	569.4	539.4	539.6	-0.05	0.11	-0.22	-0.04
Total[4]	879.9	877.7	889.3	879.7	875.0	956.7	914.5	917.0	-0.16	0.21	-0.27	-0.03
OECD Asia Oceania												
Crude	167.0	168.0	160.5	151.2	155.0	154.5	157.8	170.6	-0.13	0.09	0.01	-0.14
Motor Gasoline	27.7	27.5	27.6	26.4	25.8	23.9	25.2	28.2	-0.04	0.04	0.00	-0.02
Middle Distillate	57.8	61.0	65.9	69.8	70.7	66.9	69.2	69.3	-0.09	0.04	-0.03	0.11
Residual Fuel Oil	20.7	19.7	21.1	22.2	20.2	21.9	20.3	21.4	-0.02	0.00	-0.01	0.01
Total Products[3]	164.7	167.5	174.6	181.7	184.7	176.8	183.3	185.3	-0.16	0.03	-0.06	0.19
Total[4]	405.9	409.5	407.9	405.9	413.2	400.5	414.6	427.8	-0.33	0.18	-0.04	0.04
Total OECD												
Crude	1015.5	991.1	980.6	955.8	973.9	983.2	937.1	994.2	-0.27	0.49	-0.19	-0.19
Motor Gasoline	369.4	376.3	373.7	366.9	368.9	370.8	365.5	357.8	0.27	0.05	-0.09	-0.08
Middle Distillate	498.0	504.9	520.8	535.4	530.9	595.1	561.6	538.1	-0.06	-0.14	-0.08	0.28
Residual Fuel Oil	144.4	142.5	144.9	140.1	135.3	162.6	142.3	144.0	-0.03	0.07	-0.03	-0.08
Total Products[3]	1350.1	1379.0	1396.0	1412.9	1407.1	1471.3	1426.0	1420.5	-0.12	-0.29	0.09	0.31
Total[4]	2655.7	2664.0	2673.2	2667.9	2676.4	2752.7	2669.8	2729.5	-0.71	0.21	0.01	0.14

OECD GOVERNMENT-CONTROLLED STOCKS[5] AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS[2] in Million Barrels					PRIOR YEARS' STOCKS[2] in Million Barrels			STOCK CHANGES in mb/d			
	May2013	Jun2013	Jul2013	Aug2013	Sep2013*	Sep2010	Sep2011	Sep2012	4Q2012	1Q2013	2Q2013	3Q2013
OECD Americas												
Crude	696.0	696.0	696.0	696.0	696.0	726.5	696.0	695.0	0.00	0.01	0.00	0.00
Products	1.0	1.0	1.0	1.0	1.0	2.0	0.0	1.0	0.00	0.00	0.00	0.00
OECD Europe												
Crude	204.2	207.0	205.9	205.3	204.4	182.0	183.0	195.3	0.01	0.01	0.03	-0.03
Products	258.8	259.1	260.7	262.4	262.8	239.3	239.8	236.3	0.03	0.07	-0.04	0.04
OECD Asia Oceania												
Crude	389.5	386.1	384.9	384.9	384.9	381.9	390.7	393.5	0.00	-0.04	-0.04	-0.01
Products	21.0	21.0	21.0	21.3	21.3	20.0	18.7	20.0	0.00	0.01	0.00	0.00
Total OECD												
Crude	1289.7	1289.1	1286.8	1286.2	1285.3	1290.5	1269.6	1283.8	0.02	-0.03	-0.01	-0.04
Products	280.8	281.1	282.7	284.7	285.0	261.3	258.5	257.3	0.03	0.07	-0.04	0.04
Total[4]	1574.7	1574.4	1573.9	1575.0	1574.5	1553.2	1529.5	1542.3	0.05	0.05	-0.04	0.00

* estimated

1 Stocks are primary national territory stocks on land (excluding utility stocks and including pipeline and entrepot stocks where known) and include stocks held by industry to meet IEA, EU and national emergency reserve commitments and are subject to government control in emergencies.

2 Closing stock levels.

3 Total products includes gasoline, middle distillates, fuel oil and other products.

4 Total includes NGLs, refinery feedstocks, additives/oxygenates and other hydrocarbons.

5 Includes government-owned stocks and stock holding organisation stocks held for emergency purposes.

Table 5
TOTAL STOCKS ON LAND IN OECD COUNTRIES[1]

('millions of barrels' and 'days')

	End September 2012		End December 2012		End March 2013		End June 2013		End September 2013 [3]	
	Stock Level	Days Fwd[2] Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand
OECD Americas										
Canada	179.6	76	174.1	76	170.5	73	173.7	-	-	-
Chile	9.8	27	8.9	25	9.5	25	9.3	-	-	-
Mexico	48.8	22	47.5	23	48.7	23	50.0	-	-	-
United States[4]	1820.5	99	1808.8	97	1794.2	96	1818.7	-	-	-
Total[4]	2080.7	88	2061.4	87	2045.0	86	2073.8	87	2085.2	88
OECD Asia Oceania										
Australia	42.8	37	37.5	34	37.5	33	39.7	-	-	-
Israel	-	-	-	-	-	-	-	-	-	-
Japan	605.7	125	590.2	116	589.2	143	585.8	-	-	-
Korea	183.8	78	175.4	76	187.6	82	182.3	-	-	-
New Zealand	8.9	58	7.8	49	9.0	60	8.8	-	-	-
Total	841.3	96	811.0	91	823.3	104	816.6	101	819.3	96
OECD Europe[5]										
Austria	21.6	86	22.9	95	22.5	83	22.0	-	-	-
Belgium	38.3	60	38.7	57	37.7	60	39.4	-	-	-
Czech Republic	18.9	96	20.2	118	20.3	107	18.5	-	-	-
Denmark	21.2	138	21.4	148	23.7	154	22.1	-	-	-
Estonia	1.1	39	1.5	55	1.6	72	2.3	-	-	-
Finland	28.2	139	26.3	136	36.6	188	38.2	-	-	-
France	164.0	96	162.3	93	160.9	92	165.5	-	-	-
Germany	283.0	116	287.1	125	290.5	116	288.4	-	-	-
Greece	30.1	104	30.8	112	32.0	110	26.4	-	-	-
Hungary	15.6	113	15.1	123	16.6	123	15.4	-	-	-
Ireland	9.5	67	10.3	77	10.0	82	11.0	-	-	-
Italy	142.8	108	125.5	98	130.3	102	125.7	-	-	-
Luxembourg	0.7	12	0.7	11	0.7	11	0.6	-	-	-
Netherlands	113.5	115	121.3	128	132.5	129	123.1	-	-	-
Norway	27.0	108	27.9	126	26.9	105	24.2	-	-	-
Poland	62.8	119	63.9	139	63.3	132	61.0	-	-	-
Portugal	20.8	97	21.3	97	23.1	93	21.7	-	-	-
Slovak Republic	8.8	108	8.5	119	8.7	120	8.6	-	-	-
Slovenia	5.2	97	5.3	111	5.0	96	5.2	-	-	-
Spain	130.8	105	120.1	101	123.8	104	117.1	-	-	-
Sweden	30.2	95	27.6	91	28.7	88	27.6	-	-	-
Switzerland	36.7	135	36.8	147	36.5	142	36.7	-	-	-
Turkey	63.4	93	62.0	104	62.0	86	63.9	-	-	-
United Kingdom	75.4	51	80.9	55	79.1	51	83.4	-	-	-
Total	1349.8	99	1338.6	102	1373.0	99	1348.0	96	1346.4	99
Total OECD	4271.8	92	4211.0	92	4241.3	93	4238.3	92	4250.9	93
DAYS OF IEA Net Imports[6]	-	150	-	148	-	149	-	160	-	-

1 Total Stocks are industry and government-controlled stocks (see breakdown in table below). Stocks are primary national territory stocks on land (excluding utility stocks and including pipeline and entrepot stocks where known) they include stocks held by industry to meet IEA, EU and national emergency reserves commitments and are subject to government control in emergencies.
2 Note that days of forward demand represent the stock level divided by the forward quarter average daily demand and is very different from the days of net imports used for the calculation of IEA Emergency Reserves.
3 End September 2013 forward demand figures are IEA Secretariat forecasts.
4 US figures exclude US territories. Total includes US territories.
5 Data not available for Iceland.
6 Reflects stock levels and prior calendar year's net imports adjusted according to IEA emergency reserve definitions (see www.iea.org/netimports.asp). Net exporting IEA countries are excluded.

TOTAL OECD STOCKS

CLOSING STOCKS	Total	Government[1] controlled	Industry	Total	Government[1] controlled	Industry
	Millions of Barrels			*Days of Fwd. Demand*[2]		
3Q2010	4306	1553	2753	90	33	58
4Q2010	4244	1565	2679	90	33	57
1Q2011	4208	1562	2646	93	34	58
2Q2011	4250	1565	2685	91	33	57
3Q2011	4199	1529	2670	90	33	57
4Q2011	4141	1536	2605	90	33	56
1Q2012	4194	1536	2657	92	34	59
2Q2012	4227	1539	2688	92	34	59
3Q2012	4272	1542	2729	92	33	59
4Q2012	4211	1547	2664	92	34	58
1Q2013	4241	1578	2663	93	35	59
2Q2013	4238	1574	2664	92	34	58
3Q2013	4251	1574	2676	93	34	59

1 Includes government-owned stocks and stock holding organisation stocks held for emergency purposes.
2 Days of forward demand calculated using actual demand except in 3Q2013 (when latest forecasts are used).

Table 6

IEA MEMBER COUNTRY DESTINATIONS OF SELECTED CRUDE STREAMS[1]

(million barrels per day)

	2010	2011	2012	3Q12	4Q12	1Q13	2Q13	Jun 13	Jul 13	Aug 13	Year Earlier Aug 12	Year Earlier change
Saudi Light & Extra Light												
Americas	0.69	0.69	0.76	0.67	0.65	0.69	0.66	0.62	0.89	0.74	0.73	0.01
Europe	0.66	0.83	0.85	0.97	0.77	0.67	0.88	1.05	0.93	0.75	1.05	-0.31
Asia Oceania	1.21	1.24	1.26	1.21	1.27	1.22	1.20	1.11	1.15	1.24	1.16	0.08
Saudi Medium												
Americas	0.36	0.37	0.44	0.41	0.43	0.44	0.44	0.42	0.45	0.44	0.43	0.00
Europe	0.00	0.02	0.05	0.05	0.02	-	0.02	0.01	0.01	0.03	0.01	0.02
Asia Oceania	0.34	0.40	0.45	0.48	0.44	0.49	0.34	0.43	0.40	0.40	0.49	-0.10
Saudi Heavy												
Americas	0.02	0.02	0.05	0.02	0.02	-	0.06	0.01	0.15	0.20	0.03	0.16
Europe	0.00	0.01	0.12	0.21	0.13	0.08	0.20	0.20	0.19	0.13	0.26	-0.13
Asia Oceania	0.22	0.20	0.20	0.19	0.19	0.20	0.20	0.20	0.21	0.24	0.19	0.06
Iraqi Basrah Light[2]												
Americas	0.36	0.29	0.49	0.46	0.55	0.56	0.26	0.27	0.37	0.43	0.57	-0.14
Europe	0.09	0.11	0.26	0.42	0.31	0.18	0.26	0.26	0.42	0.36	0.40	-0.04
Asia Oceania	0.29	0.34	0.33	0.39	0.31	0.35	0.35	0.33	0.29	0.29	0.31	-0.01
Iraqi Kirkuk												
Americas	0.03	0.07	0.05	0.04	0.03	0.01	0.01	-	-	-	0.04	-
Europe	0.27	0.27	0.22	0.21	0.25	0.19	0.21	0.21	0.12	0.18	0.20	-0.03
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Iranian Light												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.24	0.23	0.12	0.05	0.05	0.10	0.10	0.11	0.06	0.06	0.10	-0.04
Asia Oceania	0.04	0.04	0.02	0.01	0.01	0.01	-	-	-	0.02	0.02	0.00
Iranian Heavy[3]												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.49	0.55	0.16	0.08	0.04	0.02	0.01	-	0.04	0.04	0.12	-0.08
Asia Oceania	0.52	0.51	0.33	0.11	0.36	0.39	0.25	0.27	0.30	0.26	0.08	0.18
Venezuelan Light & Medium												
Americas	0.14	0.18	0.13	0.14	0.16	0.17	0.09	0.18	-	-	0.08	-
Europe	0.02	0.02	0.02	0.01	0.06	0.03	-	-	0.02	0.03	0.02	0.01
Asia Oceania	-	-	0.01	-	-	-	0.01	-	-	0.03	-	-
Venezuelan 22 API and heavier												
Americas	0.86	0.76	0.69	0.77	0.73	0.60	0.62	0.68	0.67	0.52	0.78	-0.27
Europe	0.06	0.05	0.08	0.11	0.04	0.06	0.08	0.05	0.09	0.09	0.08	0.01
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Maya												
Americas	0.91	0.82	0.73	0.76	0.74	0.63	0.67	0.70	0.68	0.72	0.77	-0.04
Europe	0.11	0.12	0.14	0.13	0.17	0.15	0.16	0.19	0.13	0.15	0.10	0.05
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Isthmus												
Americas	0.04	0.07	0.04	0.05	0.04	0.05	0.03	0.01	0.01	0.05	0.07	-0.02
Europe	0.02	0.01	0.03	0.03	0.04	0.03	0.02	0.02	0.03	0.03	-	-
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Russian Urals												
Americas	0.08	0.01	0.00	0.01	-	-	0.02	0.02	-	-	-	-
Europe	1.80	1.69	1.86	1.97	1.94	1.85	1.93	1.68	1.72	1.60	2.01	-0.41
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Nigerian Light[4]												
Americas	0.60	0.53	0.24	0.25	0.14	0.14	0.15	0.21	-	0.03	0.28	-0.25
Europe	0.34	0.45	0.58	0.72	0.58	0.65	0.46	0.45	0.50	0.37	0.70	-0.32
Asia Oceania	-	0.05	0.04	0.03	0.03	0.02	0.05	0.04	0.03	0.03	0.05	-0.02
Nigerian Medium												
Americas	0.25	0.18	0.12	0.14	0.21	0.07	0.12	0.13	0.03	0.03	0.15	-0.12
Europe	0.09	0.14	0.25	0.26	0.23	0.21	0.21	0.15	0.25	0.33	0.22	0.11
Asia Oceania	-	-	0.00	0.00	-	-	-	-	-	-	0.01	-

1 Data based on monthly submissions from IEA countries to the crude oil import register (in '000 bbl), subject to availability. May differ from Table 8 of the Report.
IEA Americas includes United States and Canada.
IEA Europe includes all countries in OECD Europe except Estonia, Hungary and Slovenia.
IEA Asia Oceania includes Australia, New Zealand, Korea and Japan.

2 Iraqi Total minus Kirkuk.

3 Iranian Total minus Iranian Light.

4 33° API and lighter (e.g., Bonny Light, Escravos, Qua Iboe and Oso Condensate).

Table 7
REGIONAL OECD IMPORTS[1,2]
(thousand barrels per day)

	2010	2011	2012	3Q12	4Q12	1Q13	2Q13	Jun 13	Jul 13	Aug 13	Year Earlier Aug 12	% change
Crude Oil												
Americas	7494	6870	6101	6147	5610	5039	5323	5457	5547	5667	6237	-9%
Europe	9072	8988	9346	9795	9286	8947	9234	8999	9571	9019	10076	-10%
Asia Oceania	6473	6609	6761	6627	6702	6999	6242	6186	6339	6360	6525	-3%
Total OECD	23038	22468	22208	22568	21597	20985	20800	20643	21457	21047	22838	-8%
LPG												
Americas	34	33	26	34	23	37	31	21	51	32	33	-6%
Europe	285	318	287	271	297	352	400	355	314	391	256	53%
Asia Oceania	565	568	620	598	615	598	547	572	588	478	616	-22%
Total OECD	884	919	933	903	936	987	977	949	953	901	905	0%
Naphtha												
Americas	36	42	20	17	15	21	20	16	15	18	26	-31%
Europe	399	298	350	291	347	348	275	325	298	286	240	19%
Asia Oceania	908	884	900	920	961	954	939	962	833	880	899	-2%
Total OECD	1344	1224	1270	1228	1324	1324	1235	1303	1146	1184	1164	2%
Gasoline[3]												
Americas	801	762	730	802	652	610	801	731	664	629	915	-31%
Europe	187	222	212	201	188	121	99	118	124	169	169	0%
Asia Oceania	84	95	86	68	89	96	91	69	69	61	68	-10%
Total OECD	1073	1079	1028	1071	928	828	990	917	858	858	1152	-26%
Jet & Kerosene												
Americas	76	77	73	99	86	51	84	73	84	120	140	-14%
Europe	418	397	398	456	465	317	410	417	489	560	461	22%
Asia Oceania	45	58	63	55	82	107	56	63	44	69	54	29%
Total OECD	539	532	534	609	634	475	550	553	617	749	654	14%
Gasoil/Diesel												
Americas	100	72	59	50	69	83	81	71	51	68	45	50%
Europe	1071	1044	984	966	1074	1040	960	999	1182	1033	982	5%
Asia Oceania	103	147	185	194	203	177	166	176	149	118	221	-46%
Total OECD	1275	1263	1227	1210	1347	1300	1207	1246	1382	1219	1249	-2%
Heavy Fuel Oil												
Americas	277	268	206	208	181	163	150	130	185	206	195	6%
Europe	464	537	521	483	439	539	511	551	593	601	464	30%
Asia Oceania	123	153	223	227	241	260	197	198	198	292	225	30%
Total OECD	864	958	951	918	860	963	858	879	976	1099	884	24%
Other Products												
Americas	807	871	813	838	829	735	865	811	937	834	721	16%
Europe	692	700	654	658	671	833	773	799	819	818	595	37%
Asia Oceania	367	366	356	359	317	381	372	333	400	377	363	4%
Total OECD	1866	1937	1823	1855	1817	1949	2010	1944	2155	2029	1680	21%
Total Products												
Americas	2132	2125	1927	2048	1855	1701	2031	1854	1987	1906	2076	-8%
Europe	3516	3516	3405	3326	3481	3552	3428	3564	3819	3858	3167	22%
Asia Oceania	2197	2271	2432	2421	2509	2572	2368	2373	2281	2276	2445	-7%
Total OECD	7845	7912	7765	7795	7846	7825	7827	7791	8087	8040	7688	5%
Total Oil												
Americas	9625	8995	8028	8195	7465	6740	7354	7311	7534	7574	8314	-9%
Europe	12588	12504	12751	13121	12767	12498	12662	12563	13389	12877	13243	-3%
Asia Oceania	8670	8880	9194	9048	9210	9572	8611	8559	8620	8636	8970	-4%
Total OECD	30883	30380	29973	30363	29443	28810	28627	28434	29544	29086	30527	-5%

1 Based on Monthly Oil Questionnaire data submitted by OECD countries in tonnes and converted to barrels.
2 Excludes intra-regional trade.
3 Includes additives.

© OECD/IEA 2013. All Rights Reserved

The International Energy Agency (IEA) makes every attempt to ensure, but does not guarantee, the accuracy and completeness of the information or the clarity of content of the *Oil Market Report* (hereafter the *OMR*). The IEA shall not be liable to any party for any inaccuracy, error or omission contained or provided in this *OMR* or for any loss, or damage, whether or not due to reliance placed by that party on information in this *OMR*.

The Executive Director and Secretariat of the IEA are responsible for the publication of the *OMR*. Although some of the data are supplied by IEA Member-country governments, largely on the basis of information they in turn receive from oil companies, neither these governments nor these oil companies necessarily share the Secretariat's views or conclusions as expressed in the *OMR*. The *OMR* is prepared for general circulation and is distributed for general information only. Neither the information nor any opinion expressed in the *OMR* constitutes an offer, or an invitation to make an offer, to buy or sell any securities or any options, futures or other derivatives related to such securities.

This *OMR* is the copyright of the OECD/IEA and is subject to terms and conditions of use. These terms and conditions are available on the IEA website at http://www.iea.org/oilmar/licenceomr.html. In relation to the Subscriber Edition (as defined in the OMR's online terms and conditions), all Argus information is sourced from Copyright © 2013 Argus Media Limited and is published here with the permission of Argus. The spot crude and product price assessments are based on daily Argus prices, converted when appropriate to US$ per barrel according to the Argus specification of products. Argus Media Limited reserves all rights in relation to all Argus information. Any reproduction of Argus information requires the express prior written permission of Argus. Argus shall not be liable to any party for any inaccuracy, error or omission contained or provided in Argus information contained in this OMR or for any loss, or damage, whether or not due to reliance placed by that party on information in this OMR.

OMR Contacts

Editor and Head, Oil Industry and Markets Division

Antoine Halff

Analysts

Toril Bosoni (Refining)

Charles Esser (Non-OPEC Supply)

Diane Munro (OPEC Supply and Prices)

Matt Parry (Demand)

Andrew Wilson (Stocks/Statistics)

Statistics

Valerio Pilia

Editorial Assistant

Annette Hardcastle

Contact:

☎ (+33) 0*1 40 57 66 67

✉ **OilMarketReport@iea.org**

* 0 - only within France

Media Enquiries

IEA Press Office

(+33) 0* 1 40 57 65 54

✉ **ieapressoffice@iea.org**

Subscription and Delivery Enquiries

Oil Market Report Subscriptions
International Energy Agency
BP 586-75726 PARIS Cedex 15, France

✉ **OMRSubscriptions@iea.org**

☎ (+33) 0* 1 40 57 67 72

☎ (+33) 0* 1 40 57 66 90

User's Guide and Glossary to the IEA *Oil Market Report*

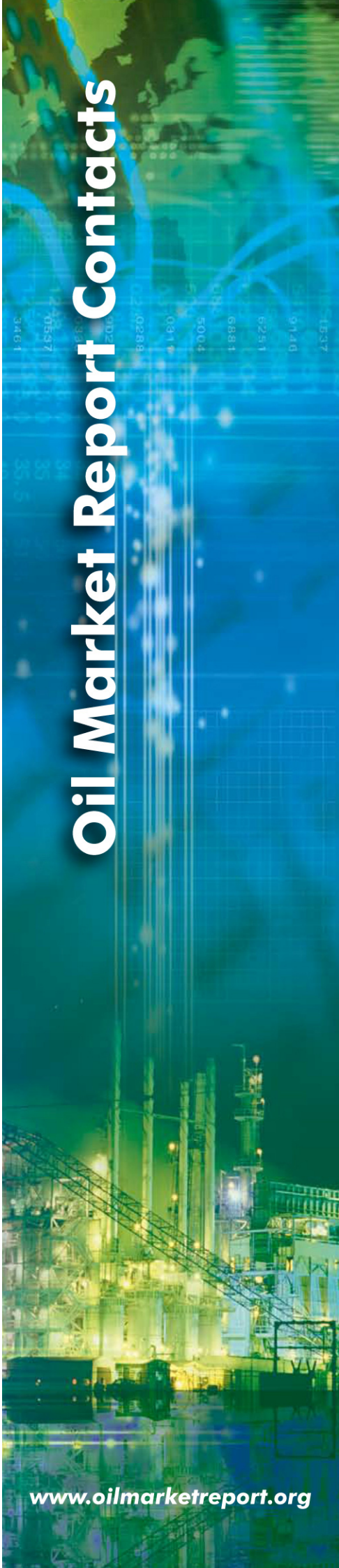
For information on the data sources, definitions, technical terms and general approach used in preparing the *Oil Market Report (OMR)*, *Medium-Term Oil Market Report (MTOMR)* and *Annual Statistical Supplement* (current issue of the Statistical Supplement dated 9 August 2013), readers are referred to the *Users' Guide* at www.oilmarketreport.org/glossary.asp. It should be noted that the spot crude and product price assessments are based on daily Argus prices, converted when appropriate to US$ per barrel according to the Argus specification of products (Copyright © 2013 Argus Media Limited - all rights reserved).

The *Oil Market Report* is published under the responsibility of the Executive Director and Secretariat of the International Energy Agency. Although some of the data are supplied by Member-country Governments, largely on the basis of information received from oil companies, neither governments nor companies necessarily share the Secretariat's views or conclusions as expressed therein.

© OECD/IEA 2013

Next Issue: 11 December 2013

Oil Market Report Contacts



www.oilmarketreport.org



International Energy Agency

11 December 2013

HIGHLIGHTS

- **Futures prices fell in early November but bounced back later and into December as refinery runs picked up.** Oil markets took an interim deal on the Iran nuclear question in their stride. Rising US supplies helped the WTI-Brent spread widen to $17.55/bbl at end November. Brent last traded at $109.40/bbl, WTI at $98.30/bbl.

- **The estimate of global oil demand for 2013 has been revised up by 130 kb/d, to 91.2 mb/d**, on stronger-than-expected 3Q13 OECD demand growth of 320 kb/d. Global demand is now seen advancing by 1.2 mb/d in both 2013 and 2014, to reach 92.4 mb/d in 2014.

- **Global oil supplies increased by 310 kb/d in November to 92.3 mb/d, as non-OPEC crude output topped 43 mb/d for the first time in decades.** Year-on-year, November supplies rose by 810 kb/d, as a 1.9 mb/d surge in non-OPEC liquids and OPEC NGL more than offset a 1.1 mb/d drop in OPEC crude.

- **OPEC crude supply fell by 160 kb/d in November to 29.73 mb/d**, its fourth consecutive monthly decline**.** Renewed disruptions in Libya and smaller drops in Nigeria, Kuwait, the UAE and Venezuela more than offset higher output in Iran, Iraq and Angola. OPEC ministers kept their group output target unchanged at 30 mb/d.

- **Global refinery crude runs plunged to 73.6 mb/d in October, down by 2 mb/d on September** and by 1 mb/d on the year**,** on sweeping plant maintenance and weak margins. OECD Europe and the US led the decline. Throughputs are projected to rebound to 76.3 mb/d for 4Q13, up 180 kb/d on the year, and 76.7 mb/d in 1Q14 (+1.2 mb/d).

- **OECD industry stocks edged down by 12.1 mb to 2 684 mb in October, a smaller-than-normal draw for the season,** as surging crude and feedstock inventories largely offset an unusually steep product draw. Middle distillate stocks fell by 22.8 mb and at the onset of winter stood nearly 50 mb below average.

www.oilmarketreport.org

Note to Subscribers:

This month's ***Oil Market Report*** introduces a new table, Table 17, World Biofuels Production, available on the ***Report's*** subscriber website under the Tables heading. This table provides, for the first time, a regional and country breakdown of ethanol and biodiesel production on an annual and quarterly basis. Monthly data are also provided for Brazil and the US.

In addition, Table 6, IEA Member Country Destinations of Selected Crude Streams, has been amended. Several thinly traded crude grades have been replaced with more actively traded ones.

TABLE OF CONTENTS

HIGHLIGHTS 1

EYES ON IRAN 4

DEMAND 5
- Summary 5
- Global Overview 5
  - *The Changing Seasonality of Oil Demand* 6
- Top 10 Consumers 8
- OECD 13
  - Americas 13
  - Europe 14
  - Asia Oceania 15
- Non-OECD 16

SUPPLY 18
- Summary 18
- OPEC Crude Oil Supply 19
- Non-OPEC Overview 23
- OECD 23
  - North America 23
  - *Biofuels Outlook Reviewed in Light of the New US Ethanol Target* 25
  - North Sea 27
- Non-OECD 29
  - Latin America 29
  - Asia 29
  - Former Soviet Union (FSU) 30

OECD STOCKS 33
- Summary 33
- OECD Inventory Position at End-October and Revisions to Preliminary Data 33
  - *Excess Ethane Supplies Inflate OECD Refined Product Stocks* 35
- Recent OECD Industry Stock Changes 36
  - OECD Americas 36
  - OECD Europe 37
  - OECD Asia Oceania 37
- Recent Developments in Singapore and China Stocks 38
  - *OECD Distillate Stocks Tighten as Winter Nears* 38

PRICES 41
- Summary 41
- Market Overview 41
- Futures Markets 43
  - Financial Regulation 44
- Spot Crude Oil Prices 44
- Spot Product Prices 47
- Freight 48

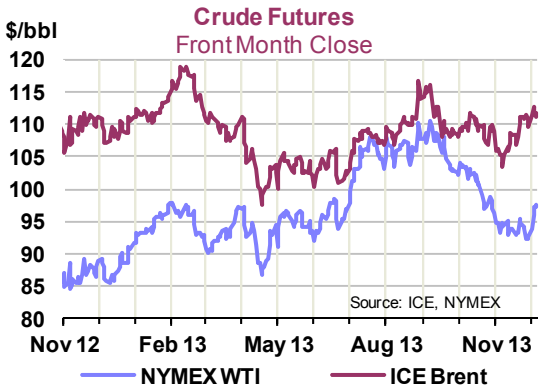
REFINING 50
- Summary 50
- Global Refinery Overview 50
  - *New Refining Capacity Squeezes Margins in 2013 and 2014* 51
  - Refining Margins 53
- OECD Refinery Throughput 54
- Non-OECD Refinery Throughput 58

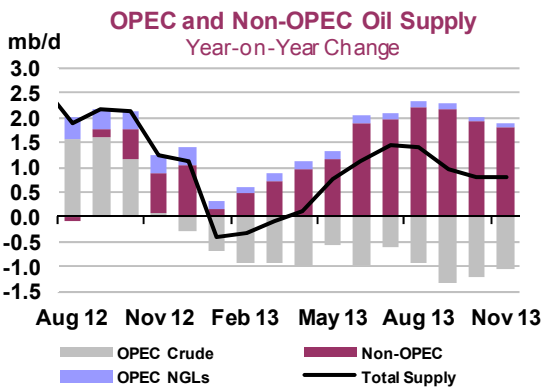
TABLES 61

EYES ON IRAN

Time will tell whether the interim agreement signed by Iran and the P5+1 nations last month in Geneva will lead to a permanent resolution of the Iran nuclear question, and thus set the stage for a significant easing of international sanctions against Iran, particularly those impacting oil exports. One thing is sure: as far as oil is concerned, the Geneva deal, regardless of its political significance, has not been the watershed moment some had hoped for. The market reaction to the deal, announced during the weekend lull in trading, was muted: a brief intraday dip in futures prices on the following Monday. Far from easing at the prospect of rising Iranian supplies, oil prices have been firming in the last few weeks on stronger-than-expected OECD demand, resurgent refining activity and continued disruptions in Libyan exports. Even WTI prices, decoupled from the rest of the market and under pressure from relentlessly rising North American production, have recently risen.

Although Tehran has received a partial easing of some sanctions, notably on petrochemical exports and maritime insurance, existing US and EU restrictions on Iranian oil exports remain firmly in place. In exchange for this limited relief and a commitment from the P5+1 not to increase sanctions further, Iran agreed to a temporary freeze on many nuclear activities as well as increased co-operation with the International Atomic Energy Agency. All parties agreed to use the six-month period covered by this interim accord to push toward a more permanent arrangement.





While Tehran will find it easier to ship its oil, notably to India, the lifting of insurance restrictions does not open the floodgates for Iran oil exports. Tanker tracking data show that Iran took as much as 15 mb out of floating storage last month, but such draws do not necessarily equate to incremental exports. Washington has made clear its determination to enforce oil sanctions as vigorously as ever. On 29 November, it renewed sanction waivers for Iran oil importers, a clear signal that imports of Iranian oil would remain under scrutiny. China, which had no hand in designing either the US or EU sanctions, came closer to implicitly endorsing them by becoming a full signatory of the Geneva deal.

While the end of Iran oil sanctions would open a new chapter for oil markets, much work remains to be done by Iran and the P5+1 before reaching a full accord, a prospect the odds of which President Obama has publicly placed at 50-50 or less. Making room for Iran – assuming it could quickly ramp up production after years of sanctions – could be a challenge for other producers, especially in the face of rising non-OPEC supplies. For now, though, other challenges loom larger. After eight consecutive quarters of contraction, OECD demand swung back to growth in 2Q13. Consumption growth has since been gaining momentum. In the US, preliminary weekly data show demand jumping back over 20 mb/d last month for the first time since the 2008 financial crisis. OECD product inventories have plummeted. Our estimate of the "call on OPEC plus stock changes" for 1Q14 has been adjusted upwards by 0.3 mb/d, even as Libyan production faces renewed headwinds. Oil markets participants have been bracing themselves for a soft patch in the first quarter. But upside risk to oil markets, from both the supply and the demand sides, is proving remarkably persistent.

DEMAND

Summary

- **The forecast of global oil demand growth for 2013 has been revised upwards by 145 kb/d to 1.2 mb/d** (or 1.3%), to 91.2 mb/d, on the back of stronger-than-expected delivery data for Europe and the US in recent months. A further gain of 1.2 mb/d is forecast for 2014, to 92.4 mb/d.

- **The estimate of OECD oil demand for 2013 has been raised amid mounting evidence that OECD oil deliveries swung to growth in 2Q13,** reversing three consecutive quarters of year-on-year (y-o-y) contraction. OECD oil demand flattened in 2Q13, with a net gain of 15 kb/d seen, before accelerating in 3Q13, up 320 kb/d y-o-y, having generally fallen from 2Q11 to 1Q13. Such upside is likely to be short-lived, as a post-recessionary bounce eases and the Asia Oceania region in particular returns to a trend of structurally falling consumption. Despite the stronger-than-expected OECD performance, non-OECD economies are still forecast to lead global oil demand growth in 2013 and beyond.

- **Projections of US demand have been revised steeply higher** for both 2013 and 2014, reflecting recent upward adjustments to official delivery data and a revised estimate of economic growth for 3Q13. The US Department of Energy's Energy Information Administration (EIA) added roughly 0.6 mb/d to its September demand assessment, while the US Bureau of Economic Analysis raised its 3Q13 GDP growth estimate to 3.6% over 2Q13, from 2.8% earlier.

Global Oil Demand (2012-2014)

(million barrels per day)

	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014
Africa	3.6	3.6	3.6	3.7	3.7	3.8	3.8	3.7	3.8	3.8	3.9	4.0	3.9	4.0	4.0
Americas	29.5	30.0	30.3	30.3	30.0	30.1	30.4	30.8	30.5	30.5	30.3	30.5	30.9	30.7	30.6
Asia/Pacific	29.9	29.1	29.3	30.6	29.7	30.6	29.6	29.5	30.8	30.1	31.0	30.2	30.2	31.4	30.7
Europe	14.4	14.5	14.5	14.3	14.4	13.8	14.5	14.7	14.4	14.4	14.0	14.3	14.6	14.4	14.3
FSU	4.3	4.4	4.6	4.6	4.5	4.3	4.5	4.8	4.8	4.6	4.4	4.7	4.9	4.9	4.7
Middle East	7.3	7.8	8.2	7.5	7.7	7.5	7.9	8.3	7.6	7.8	7.6	8.1	8.5	7.9	8.0
World	**89.0**	**89.4**	**90.4**	**91.1**	**90.0**	**90.1**	**90.7**	**91.9**	**92.0**	**91.2**	**91.3**	**91.8**	**93.1**	**93.3**	**92.4**
Annual Chg (%)	0.7	1.8	0.7	1.5	1.1	1.2	1.4	1.7	1.0	1.3	1.3	1.2	1.3	1.4	1.3
Annual Chg (mb/d)	0.6	1.6	0.6	1.3	1.0	1.1	1.3	1.5	0.9	1.2	1.2	1.1	1.2	1.3	1.2
Changes from last OMR (mb/d)	0.01	-0.05	-0.01	-0.02	-0.02	0.04	0.05	0.13	0.31	0.13	0.30	0.25	0.25	0.15	0.24

- **Upwardly revised expectations of winter heating demand, compounding the effect of large upward revisions to September and October data**, have raised the forecast of global demand by about 0.3 mb/d for 4Q13-1Q14, to an average of 91.6 mb/d.

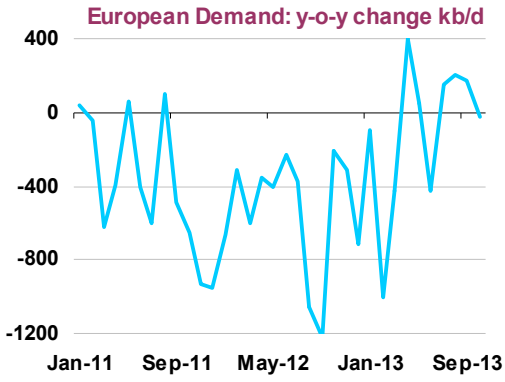
Global Overview

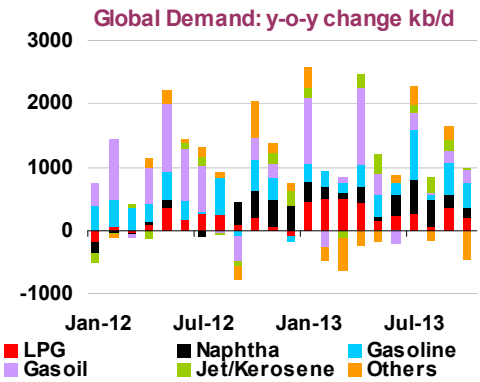
A protracted period of steep decline in European oil demand eased back earlier this year and in some instances even reversed as the euro zone emerged from the claws of recession. From the 12-month period of 2Q12-1Q13 to 3Q13, the most recent quarter for which complete data are available, average European demand growth jumped by about 0.7 mb/d, swinging from an average decline rate of 530 kb/d y-o-y to net growth of roughly 175 kb/d.

In addition to this uptick in European oil demand, US demand growth has also been revised upwards. Roughly 110 kb/d was added to the 2013 US demand estimate, following large-scale revisions in US EIA data for September.

Although, upward adjustments to US and European demand, mostly for 3Q13, have raised the estimate of global oil demand for 2013 by 130 kb/d from last month's *Report*. Global demand is now estimated to

have posted a y-o-y gain of roughly 1.5 mb/d in 3Q13, 0.4 mb/d above the average growth rate of the previous 12-month period. Slowing non-OECD demand growth partly offset upward revisions for OECD economies.





Projections of global demand for 2H13 have been adjusted upwards by 215 kb/d since last month's *Report*, to 92.0 mb/d, based on revised data for September and October. The US accounted for the bulk of the September adjustment (+695 kb/d), followed by Canada (+50 kb/d) and Belgium (+35 kb/d). Saudi Arabia provided a partial offset with a downward demand adjustment of 105 kb/d, as did Germany (-80 kb/d), Egypt (-75 kb/d) and Italy (-50 kb/d).

Preliminary data for October also lead to a net upward adjustment. Notable additions include the US (+130 kb/d), Russia (+120 kb/d), France (+90 kb/d), China (+85 kb/d), Brazil (+80 kb/d) and Germany (+80 kb/d), partly offset by declines in India (-55 kb/d) and the Philippines (-25 kb/d).

This month's *Report* also revisits the forecast of peak winter heating demand, which despite increasing inter-fuel competition for space heating continues to cause substantial seasonal variations in global oil consumption (see *The Changing Seasonality of Oil Demand*). Upwardly revised expectations of heating requirements, in conjunction with the adjustments to the estimates of September and October demand, added roughly 0.3 mb/d to the forecast for this winter, with global demand now seen likely to average 91.6 mb/d in 4Q13-1Q14.

Taking these changes into account, the demand growth forecast has been raised to 1.2 mb/d (or 1.3%) for 2013, with a similar gain projected for 2014, bringing demand to an estimated 91.2 mb/d this year and 92.4 mb/d in 2014. Industrial fuels, such as gasoil, LPG and naphtha, account for the bulk of this upward revision, reflecting the impact of economic recovery in the US and Europe. The petrochemical industry has seen something of a renaissance recently, lifting demand for petrochemical feedstock, while the shale gas and light tight oil (LTO) revolution in the US has cut LPG prices and incentivised higher use. Robust gasoline demand in China and the US also played a key role in the strong gains in oil demand seen in those countries.

The Changing Seasonality of Oil Demand

The onset of winter in the northern hemisphere brings a renewed focus on the seasonal patterns underpinning global oil demand. In the summer months, the US driving season, running from end-May to early-September, typically boosts US gasoline demand (see the *Report* dated 12 June 2013). Similarly, colder weather in the heavily populated temperate zones of the northern hemisphere increases heating requirements in the winter months, lifting demand for heating fuels in 4Q and 1Q of each year. In North America and Europe, gasoil is the main liquid fuel used for space heating, while in Asia kerosene is also commonly used. Recent years have, however, seen a change in the role of oil as heating fuel, as natural gas has increasingly claimed market share away from it. Natural gas is, either piped directly into homes and commercial buildings or used indirectly as boiler fuel for thermal power stations.

The Changing Seasonality of Oil Demand (continued)

Looking at data for the last 13 years, it is apparent that the traditional northern hemisphere winter spike in demand has become increasingly less pronounced. In OECD Europe, for example, average oil demand rises by 1.0% in the winter months compared to the annual average, 2000-08 (i.e. the eight winters, 4Q00-1Q01 through 4Q07-1Q08, versus the corresponding years as a whole, 2000-08). For the 2008-12 period (*i.e.* the four winters, 4Q08-1Q09 through 4Q11-1Q12, versus their corresponding yearly averages), however, this winter "premium" in oil demand has fallen to virtually zero. In the US, the difference between winter and annual demand swung from a 0.3% premium in 2000-08 to a 0.2% "discount" in 2008-12. The trend has been even more pronounced in Canada, where winter demand swung from a "premium" of around 1.3% in 2000-08 to a contraction of 0.4% in 2008-12. Much larger winter premiums exist in OECD Asia, and continue to exist in 2008-12, although the scales of their winter-spikes have also fallen. The Japanese "premium" falling to 6.2% in 2008-12, from 7.6% in 2000-08, whereas the Korean "premium" eased to 3.2% in 2008-12 versus 6.7% in 2000-08. Caution is advised when extrapolating from such trends, however, as data for the 2008-12 period were affected by a sharp slowdown in economic activity following the 2008-09 financial crisis. Conversely, estimates for 2013 are likely to be lifted by Europe coming out of recession.

Northern Hemisphere Winter Heating Demand

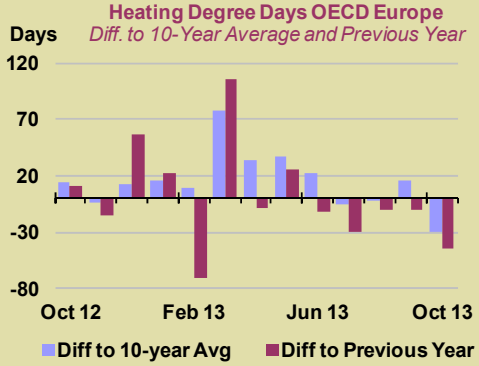
	Traditional 4Q-1Q premium over year as whole, %		
	2000-04	2004-08	2008-12
US50	0.1	0.4	-0.2
Canada	1.3	1.4	-0.4
Europe	0.9	1.0	0.0
Japan	7.8	7.4	6.2
Korea	7.2	6.2	3.2
Russia	1.6	2.0	-1.6
OECD	1.6	1.7	0.7
Non-OECD	-0.1	-0.2	-1.3
World	**1.0**	**0.9**	**-0.2**

Overall, we project that the average of OECD oil demand for 4Q13 and 1Q14 is likely to exceed the average of 2013 and 2014, by around 0.4%. This relatively weak "premium", versus a 1.6% pre-recessionary level or 0.7% in 2008-12, reflects a combination of three factors. Firstly, the North American heating market is switching out of oil products and into more competitively-priced alternatives such as electricity. Secondly, years of high oil prices, compounding the effect of the economic slowdown, have encouraged more efficient space heating, including tighter insulation and other measures. Estimates, from the EIA's most recent *Residential Energy Consumption Survey*, show that 48% of energy consumption in US homes in 2009 was for heating and cooling, down from 58% in 1993. Despite expectations of continued economic recovery in 2014 (the International Monetary Fund (IMF) sees OECD economic growth accelerating to 2.0% in 2014 from 1.2% in 2013), heating-oil consumers are likely to remain relatively cash-strapped this winter, so that incentives to use heating fuels efficiently will stay. Thirdly, given the unusually cold winter weather last year, a return to normal seasonal temperatures would translate into a lower number of heating degree days this winter. The US *National Oceanic and Atmospheric Administration*, for example, depicted OECD Europe experiencing around 130 more heating degree days last winter than the ten-year average, providing plenty of potential for reduced demand if "normality" returns.

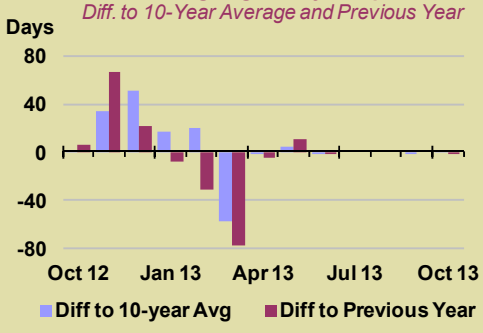
Space heating in US homes, EIA *Residential Energy Consumption Survey*

	2009	2005	2001	1997	1991
Natural Gas	51%	53%	56%	53%	53%
Electricity	35%	31%	29%	29%	26%
Heating Oil	6%	7%	8%	9%	11%
LPG	5%	5%	5%	5%	5%
Wood	3%	3%	2%	2%	3%
Kerosene	0%	1%	1%	1%	1%
Other	0%	1%	0%	0%	0%

Heating Degree Days OECD Europe
Diff. to 10-Year Average and Previous Year



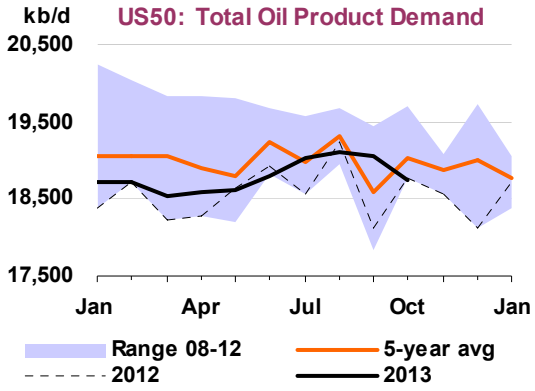
Heating Degree Days - Japan
Diff. to 10-Year Average and Previous Year

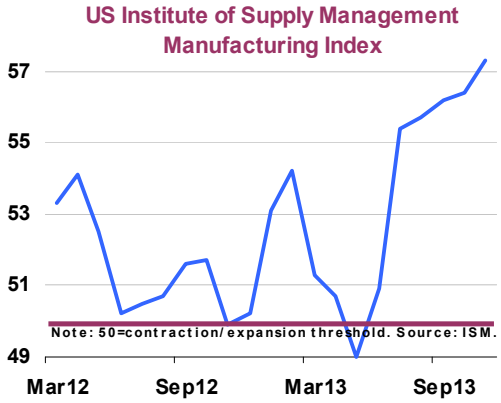


Top 10 Consumers

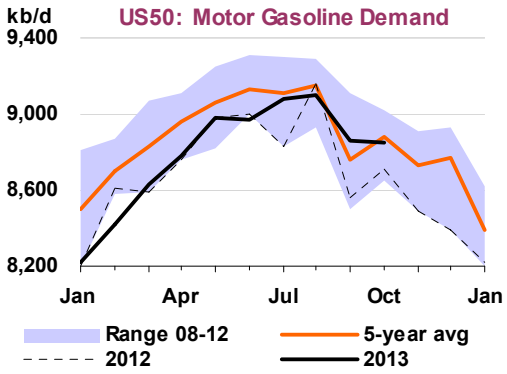
US

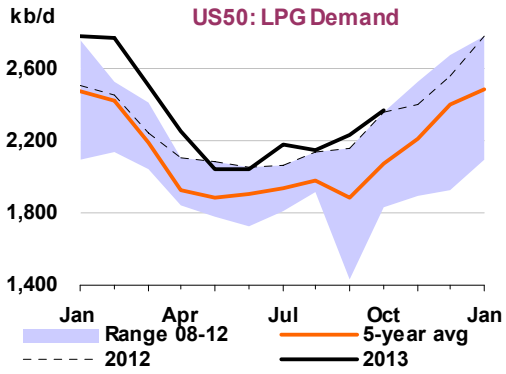
US demand estimates for September have been revised steeply upwards. Between the release of its latest *Short Term Energy Outlook* on 13 November and that of its *Petroleum Supply Monthly* two weeks after, the US EIA adjusted its assessment of September demand upwards by 625 kb/d. Meanwhile, the Bureau of Economic Analysis (BEA) revised its quarterly GDP growth estimate for 3Q13 to 3.6%, up from a preliminary 2.8% assessment (versus 2Q13). It is now thought that US oil demand averaged nearly 19.1 mb/d in September, up 0.9 mb/d y-o-y. This would be the fastest pace of growth experienced in nearly 10 years, and even longer if growth is measured in percentage terms (as US oil demand has been on a contracting trend in recent years).





A key contributor to the higher September demand number has been the raised gasoline estimate, itself a beneficiary of the steep drops seen in US gasoline prices, which when coupled with the reasonably robust economic recovery combined to send the vehicle miles travelled statistics up by around 1.5% on the year earlier. Average retail prices of regular gasoline in the US, at around $3.6 per gallon, were nearly 25 cents down on the year earlier, a margin that widened to approximately 50 cents in October before narrowing once again to around 25 cents in November. Vigorous growth in the US petrochemical and transport sectors supported gains in demand for naphtha/LPG and gasoline, respectively.

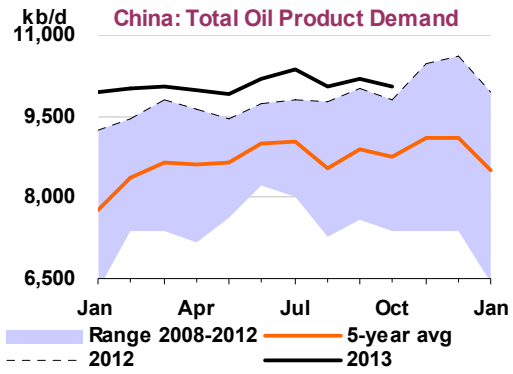


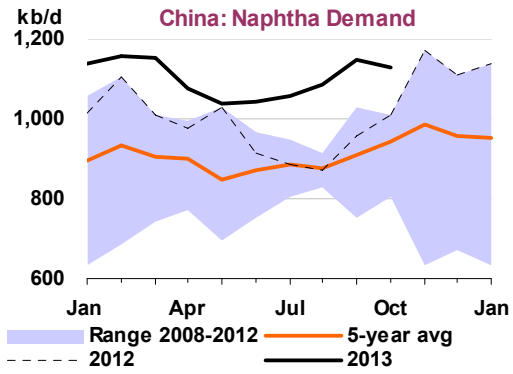


Preliminary weekly data for October from the EIA suggest slower y-o-y growth for that month, even when adjusted upwards ahead of likely revisions in monthly data. Nevertheless, at a projected 18.7 mb/d, US demand for October is nearly 130 kb/d above the estimate carried in last month's *Report*, as the demand impact of a partial government shutdown that month seems to have been milder than expected. The forecast for 2013 as a whole has been ratcheted up by around 110 kb/d, to around 18.8 mb/d. We are discounting media claims of 20 mb/d US demand in November, as the growth rates suggested by the EIA weekly numbers are likely to be missing the true level of product exports.

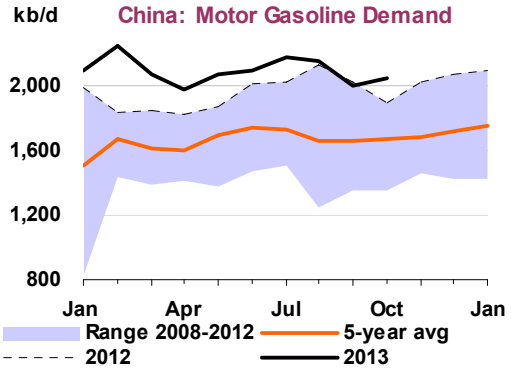
China

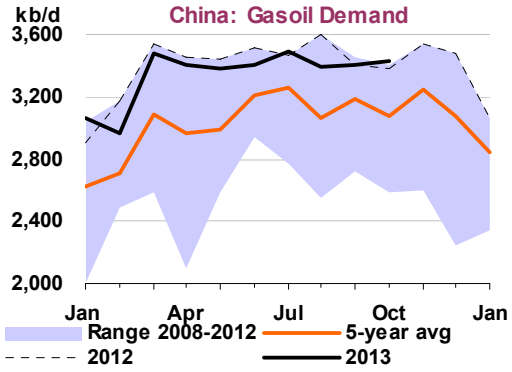
Chinese apparent demand averaged roughly 10 mb/d in October, based on refinery output, net product imports and reported inventory changes. This equates to a gain of roughly 2.4% on the year, with relatively strong petrochemical activity supporting naphtha sales and high vehicle sales underpinning strong gains in gasoline demand. Passenger car sales were up by around 15% in the first 10 months of the year from the same period in 2012, supporting gasoline demand growth projected at 7.3% for 2013 and 5.7% for 2014.





Despite higher-than-expected October demand, the growth forecast for the year as a whole remains roughly unchanged on last month's *Report* at roughly 3.8%. Regardless of the domestic economy's recent industrial strength, some signs of slower activity have since been seen in November, such as a flattening in business sentiment and a deceleration in the total level of imports into the country, thus keeping the growth forecast unchanged on last month.





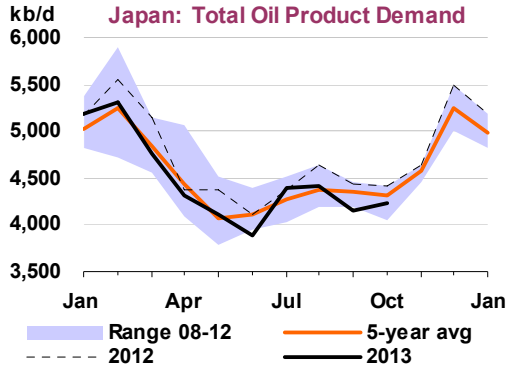
China: Demand by Product

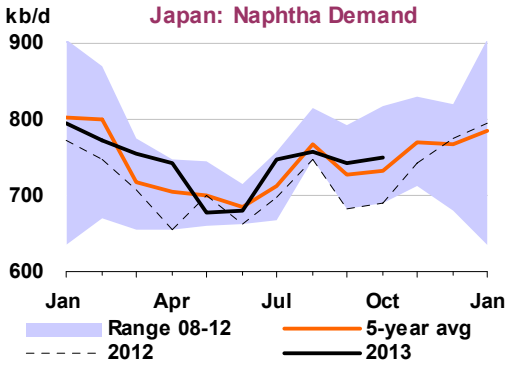
(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2012	2013	2014	2013	2014	2013	2014
LPG & Ethane	764	794	821	29	27	3.8	3.5
Naphtha	1,004	1,119	1,185	116	66	11.5	5.9
Motor Gasoline	1,967	2,110	2,229	143	119	7.3	5.7
Jet Fuel & Kerosene	435	475	505	39	30	9.0	6.4
Gas/Diesel Oil	3,409	3,384	3,488	-25	104	-0.7	3.1
Residual Fuel Oil	504	498	514	-6	16	-1.2	3.2
Other Products	1,736	1,810	1,829	74	19	4.3	1.0
Total Products	**9,819**	**10,189**	**10,571**	**370**	**382**	**3.8**	**3.7**

Japan

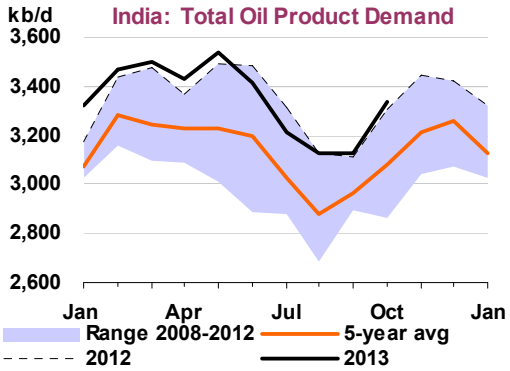
Japanese demand edged lower in October, extending earlier trends. Preliminary data indicate a contraction of 4.2% y-o-y, to around 4.2 mb/d, in line with expectations. Continued drops in oil demand from the power sector lead the decline, as electric utilities turn to coal instead of oil for power generation. Naphtha demand, however, held up reasonably well in October, up 8.6% y-o-y to 750 kb/d, as the economic recovery gains momentum and helps support the petrochemical industry. A decline rate of around 3.8% is forecast for the year as a whole, to 4.5 mb/d, with a similarly sized drop forecast for 2014, to 4.4 mb/d, as power sector oil demand likely continues to fall.

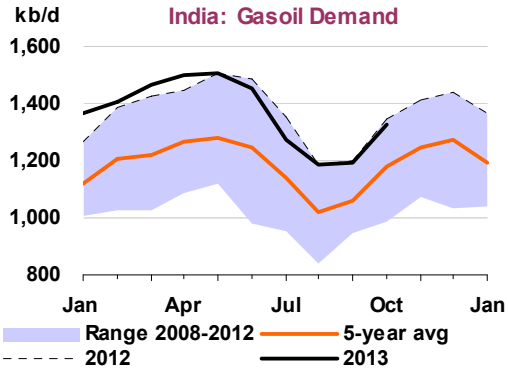




India

Recent weakness in Indian demand continued into October, according to the preliminary data. Domestic sales rose by 1% on the year earlier to 3.3 mb/d, 55 kb/d below the forecast carried in last month's *Report*. Weak diesel demand remains the main factor behind the low overall growth figure, with Indian gasoil deliveries falling by around 20 kb/d y-o-y in October. Good rains have cut irrigation needs, even as subsidy reductions and general economic weakness have combined to suppress gasoil/diesel demand. The forecast for the year as a whole has been trimmed by around 10 kb/d since last month's *Report*, to 3.4 mb/d, equivalent to a modest growth rate of roughly 1.0% in 2013 y-o-y. Momentum is then forecast to accelerate in 2014, to 2.7% growth, as after a tricky couple of years for the Indian economy the underlying macroeconomic picture likely improves. The IMF forecasting, in its October *World Economic Outlook*, GDP growth of 5.1% in 2014, after gains of 3.2% in 2012 and 3.8% in 2013.





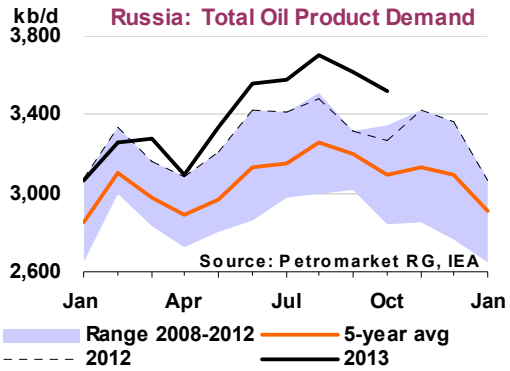
Russia

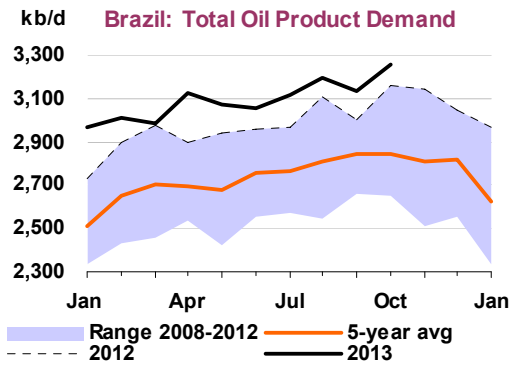
Rapid gains in industrial oil use since April have raised the estimate of Russian demand for 2013 to around 3.4 mb/d, up 120 kb/d (or 3.7%) y-o-y and 15 kb/d above last month's projection. October's 7.8% y-o-y gain is thought likely to have been led up by sharply higher demand for 'other products', fuel oil, jet/kerosene and gasoil/diesel.

Russia: Demand by Product
(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2012	2013	2014	2013	2014	2013	2014
LPG & Ethane	378	380	393	2	13	0.4	3.5
Naphtha	302	316	323	14	7	4.6	2.1
Motor Gasoline	813	830	848	16	18	2.0	2.1
Jet Fuel & Kerosene	270	280	288	10	8	3.7	2.9
Gas/Diesel Oil	627	612	622	-15	10	-2.4	1.6
Residual Fuel Oil	303	330	341	27	11	8.9	3.3
Other Products	600	669	700	69	31	11.5	4.6
Total Products	**3,295**	**3,417**	**3,515**	**122**	**98**	**3.7**	**2.9**

Source: Petromarket RG, IEA





Brazil

Recent strength in Brazilian demand continued in October, with average deliveries of about 3.3 mb/d, up 95 kb/d (or 3.0%) y-o-y and 80 kb/d above the forecast carried in last month's *Report.* Gasoline demand in particular exceeded expectations. Stronger-than-expected data for recent months have raised the growth forecast for the year, although recently announced increases in product prices may limit the upside, at least for now. Infrastructure building ahead of the 2014 World Cup is also supporting demand, with growth now forecast at 4.0% for 2013, to 3.1 mb/d.

Top-10 Oil Consumers
(thousand barrels per day)

	Demand			Annual Chg (kb/d)			Annual Chg (%)		
	Sep-13	2013	2014	Sep-13	2013	2014	Sep-13	2013	2014
US50	19,053	18,754	18,744	938	212	-9	5.2	1.1	-0.1
China	10,179	10,189	10,571	170	370	382	1.7	3.8	3.7
Japan	4,145	4,545	4,375	-299	-181	-170	-6.7	-3.8	-3.7
Russia	3,613	3,417	3,515	292	122	98	8.8	3.7	2.9
Saudi Arabia	3,236	2,982	3,081	-61	60	98	-1.8	2.1	3.3
Brazil	3,136	3,105	3,194	132	119	89	4.4	4.0	2.9
India	3,124	3,380	3,471	11	35	90	0.4	1.0	2.7
Germany	2,445	2,416	2,414	57	27	-2	2.4	1.1	-0.1
Canada	2,315	2,300	2,320	30	19	20	1.3	0.8	0.9
Korea	2,216	2,296	2,303	-82	-5	8	-3.5	-0.2	0.3
% global demand	59%	59%	58%						

Saudi Arabia

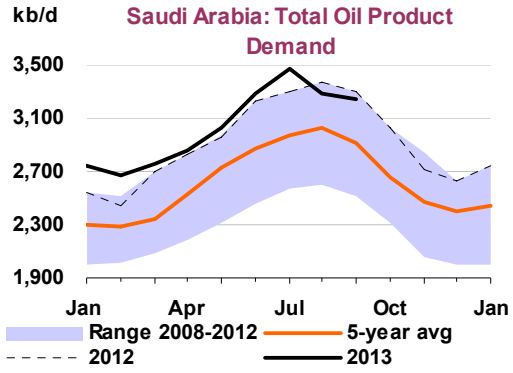
Saudi Arabian demand extended the decline highlighted in last month's *Report*. September demand was estimated at 3.2 mb/d, down for the second consecutive month by 60 kb/d (or 1.8%) y-o-y. Demand for

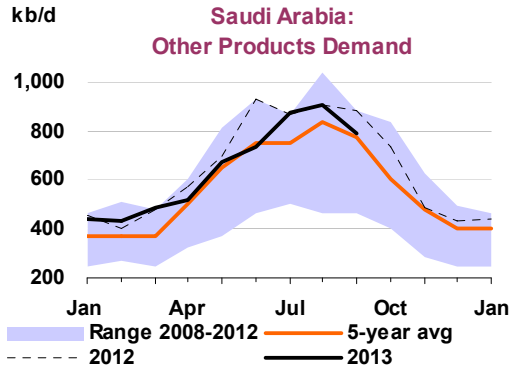
'other products' led the decline, apparently reflecting fuel switching from crude oil to natural gas for power generation. The projection for 2013 as a whole has been trimmed by 35 kb/d since last month's *Report,* to 3.0 mb/d, equivalent to a gain of 2.1% on the year. Growth is still forecast to reach 3.3% in 2014, to 3.1 mb/d, in line with the International Monetary Fund's October *World Economic Outlook*, which projects an increase in the pace of GDP growth to 4.4% in 2014 from 3.6% in 2013. This increase in the pace of oil demand growth is slightly less than previously assumed, however (3.6% in last month's *Report*).

Saudi Arabia: Demand by Product

(thousand barrels per day)

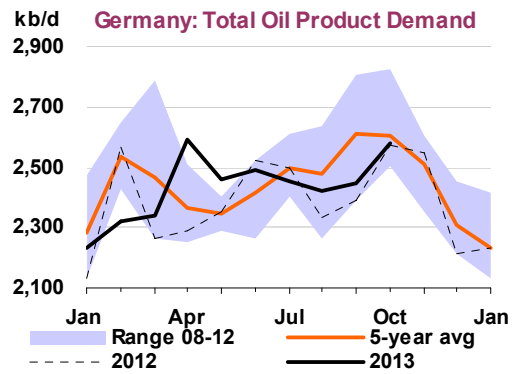
	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	2012	2013	2014	2013	2014	2013	2014
LPG & Ethane	639	667	697	28	30	4.3	4.5
Naphtha	51	51	52	0	1	0.0	2.0
Motor Gasoline	482	506	523	24	18	5.0	3.5
Jet Fuel & Kerosene	69	74	77	5	2	7.9	3.2
Gas/Diesel Oil	718	721	744	2	23	0.3	3.2
Residual Fuel Oil	308	337	340	28	3	9.2	1.0
Other Products	654	626	647	-28	21	-4.2	3.3
Total Products	**2,922**	**2,982**	**3,081**	**60**	**98**	**2.1**	**3.3**

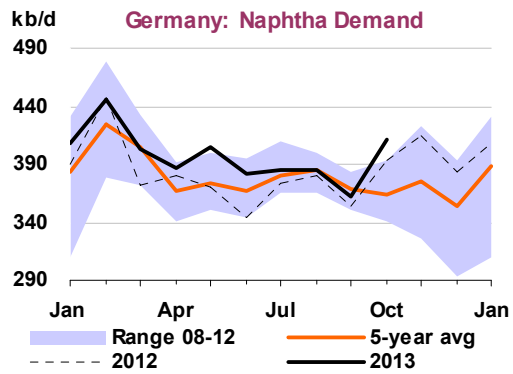




Germany

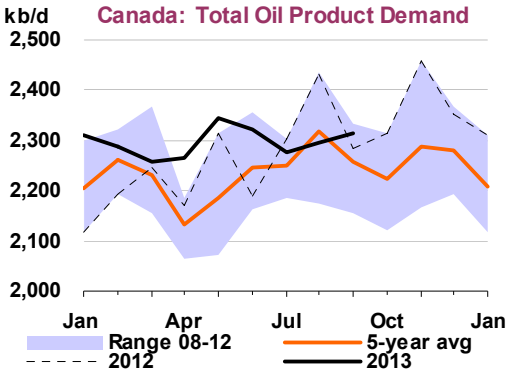
The forecast of German oil demand growth for both 2013 and 2014 is roughly unchanged from last month's *Report* following mutually offsetting revisions to the estimates for September (down by 80 kb/d from last month's *Report*) and October (up by 80 kb/d). As alluded to in recent months, the German demand trend is showing tentative signs of edging higher in 2013, supported by a rebound in industrial activity, especially in the petrochemical sector.

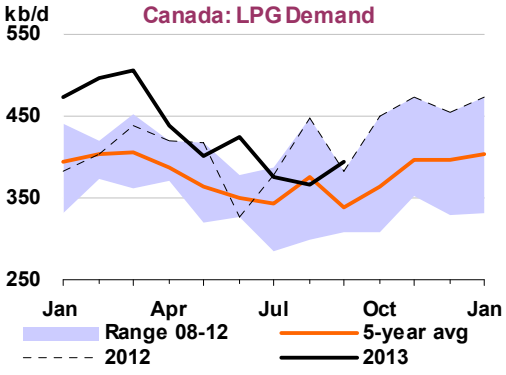




Canada

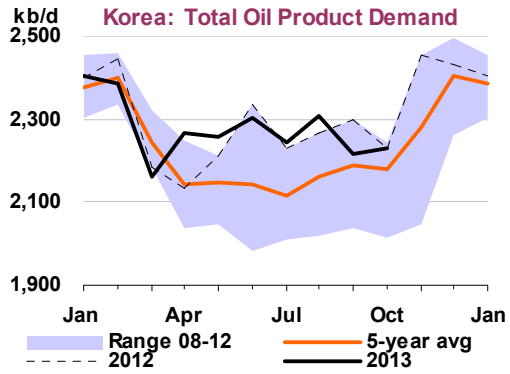
Strong gains in LPG, motor gasoline and jet/kerosene contributed to the higher Canadian demand estimate for September, reversing two consecutive months of y-o-y declines. September demand is estimated roughly 1.3% above year-earlier levels. Modest growth is forecast for both 2013 as a whole and 2014, as the industrial sector of the economy in particular benefits from relatively low energy costs, compared to prices outside of North America.

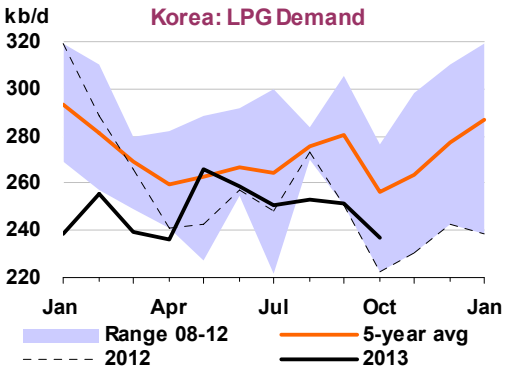




Korea

South Korean demand remained relatively weak in October at an estimated 2.2 mb/d, roughly unchanged on the year. All the main product categories bar LPG and 'other products' showed y-o-y declines. For the year as a whole, demand is projected at roughly 2.3 mb/d, about flat on 2012. A modest uptick is forecast for 2014, led by increased petrochemical oil use.



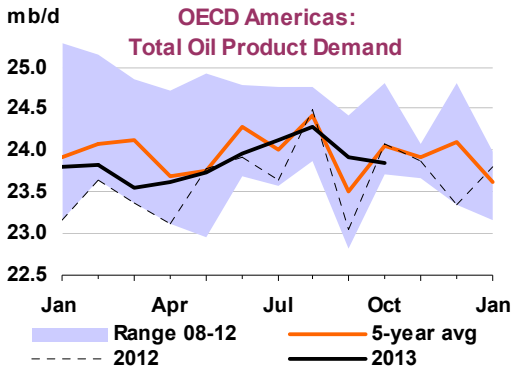


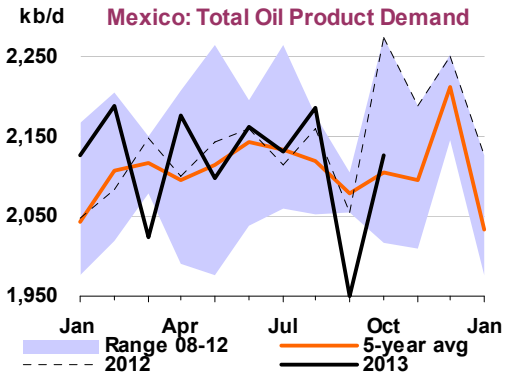
OECD

OECD demand edged down by roughly 1.0% in October, according to preliminary estimates, led by steep drops in OECD Asia Oceania. Declines in the OECD Americas and Europe were more subdued. Demand for the light end of the barrel outperformed that for heavier products, with gains in gasoline, jet/kerosene, petrochemical feedstock and diesel. Reduced power-sector requirements from Mexico and Japan played the opposite role for heavier products.

Americas

Following y-o-y gains in September, preliminary data imply a return to modestly falling demand in October. The decline spanned the entire region, but was especially pronounced in **Mexico,** where demand was estimated at 2.1 mb/d in October, down 6.5% y-o-y, but up seasonally by 180 kb/d (or 9.1%) on the month. As is usually the case in October, transportation fuels led the monthly gains in Mexican demand, with gasoil/diesel deliveries up by 55 kb/d and gasoline by 50 kb/d.





OECD Demand based on Adjusted Preliminary Submissions - October 2013

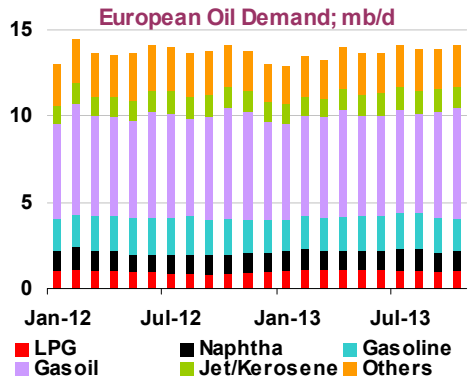
(million barrels per day)

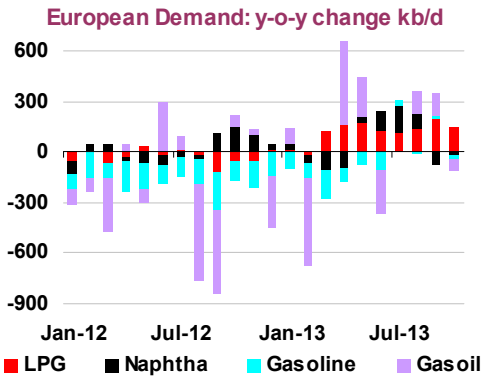
	Gasoline		Jet/Kerosene		Diesel		Other Gasoil		RFO		Other		Total Products	
	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa	mb/d	% pa
OECD Americas*	**10.49**	**1.5**	**1.60**	**0.4**	**4.69**	**-0.4**	**0.49**	**18.7**	**0.64**	**-24.2**	**5.93**	**-3.91**	**23.85**	**-1.0**
US50	8.85	1.6	1.37	1.0	3.77	-1.0	0.16	224.2	0.25	-18.4	4.34	-4.1	18.74	-0.1
Canada	0.73	4.0	0.11	-9.8	0.29	6.7	0.25	-4.7	0.04	-14.7	0.84	-8.1	2.26	-2.5
Mexico	0.77	-2.6	0.06	6.1	0.41	-2.0	0.05	-23.5	0.23	-38.6	0.61	6.4	2.13	-6.5
OECD Europe	**1.96**	**-1.3**	**1.25**	**0.5**	**4.63**	**1.4**	**1.72**	**-6.9**	**0.99**	**-5.7**	**3.59**	**3.4**	**14.13**	**-0.2**
Germany	0.44	-0.1	0.21	5.6	0.77	3.4	0.42	-14.0	0.13	5.4	0.60	4.6	2.57	0.0
United Kingdom	0.29	-2.6	0.32	1.8	0.45	2.0	0.12	-4.6	0.04	-20.4	0.25	45.8	1.48	4.9
France	0.16	-1.4	0.16	0.2	0.73	0.5	0.32	-5.6	0.05	-8.6	0.36	-2.9	1.78	-1.8
Italy	0.21	-3.5	0.08	0.0	0.46	-1.2	0.13	-1.5	0.08	-20.8	0.40	-0.5	1.36	-2.8
Spain	0.11	-0.5	0.11	-6.3	0.43	0.6	0.16	2.4	0.16	-13.3	0.23	-15.8	1.21	-5.4
OECD Asia & Oceania	**1.54**	**-3.4**	**0.78**	**1.1**	**1.27**	**1.0**	**0.47**	**-4.5**	**0.68**	**-17.1**	**3.26**	**-0.3**	**8.00**	**-2.5**
Japan	0.93	-3.4	0.44	3.8	0.45	3.1	0.35	-2.0	0.40	-24.7	1.67	-2.6	4.24	-4.2
Korea	0.19	-8.2	0.15	-8.2	0.28	-1.8	0.12	0.4	0.22	-2.5	1.27	3.2	2.23	0.0
Australia	0.31	-2.0	0.14	3.1	0.42	-1.7	0.00	0.0	0.02	-3.6	0.24	-3.6	1.13	-1.7
OECD Total	**13.99**	**0.5**	**3.64**	**0.6**	**10.59**	**0.5**	**2.68**	**-2.6**	**2.31**	**-14.9**	**12.78**	**-1.0**	**45.99**	**-1.0**

* Including US territories

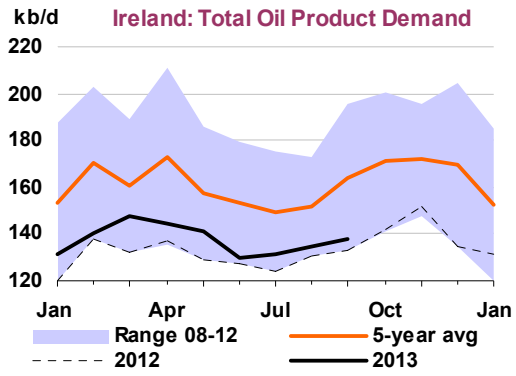
Europe

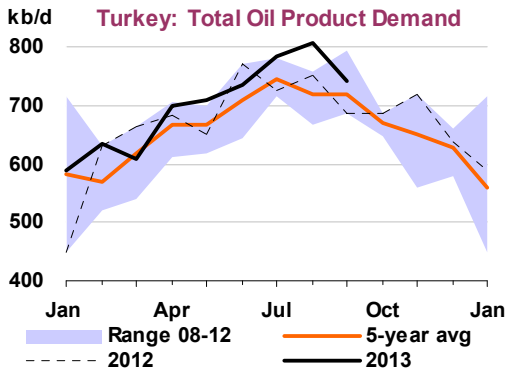
The euro zone economy officially came out of recession in 2Q13. As economic conditions improved, the previous trend of steep contraction in European oil demand eased markedly, and for several countries demand swung back into growth. Demand for industrial fuels (most notably gasoil/diesel and LPG) has proved particularly robust recently. Large North European economies such as Germany, France, Belgium, the UK and much of Scandinavia have led the upside, but even the Mediterranean region, where demand had nosedived, has enjoyed a significantly slower pace of decline. A modest decline of around 65 kb/d (or 0.5%) is foreseen for the year as a whole, to 13.7 mb/d. The forecast decline rate is then expected to ease in 2014, to 60 kb/d (or -0.4%) to 13.6 mb/d, as economic momentum likely gathers pace.



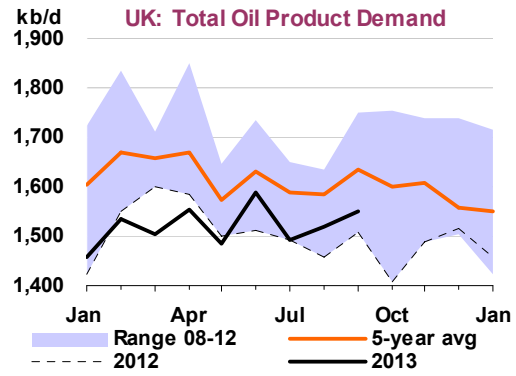


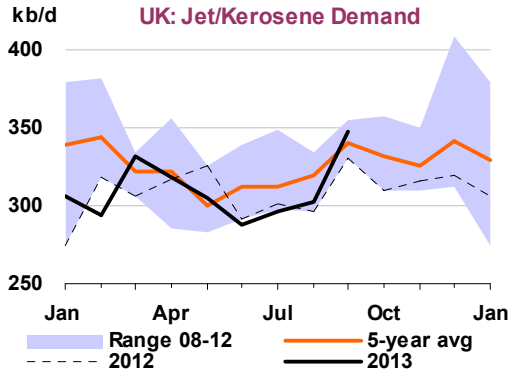
The **Irish** demand series for 2013 has been adjusted upwards following revisions to official statistics. For 2Q13, Irish demand estimates have been hiked by roughly 15 kb/d, or more than 13%. These figures, coupled with stronger demand readings for recent months, lift the Irish demand estimate for 2013 as a whole to around 140 kb/d, 10 kb/d more than estimated in last month's *Report* and 5 kb/d (or 4.6%) above the year earlier.





Turkish oil demand rose at its fastest pace in eight months, up by 55 kb/d (or 8.2%) y-o-y in September, to 740 kb/d, supported by particularly strong gains in industrial fuels, notably gasoil and LPG. News of a deal with Japan to build nuclear power plants in Turkey will likely limit longer-term demand from the power sector, especially for fuel oil. Relatively robust economic growth numbers, at least from a European perspective, are forecast to support oil demand growth of around 4.9% for the year as a whole, to 705 kb/d. A further gain of around 2.8% is then forecast for 2014, to 725 kb/d, as the economy continues to grow, albeit not, according to the IMF, at the heady pace seen in 2013.





Recent growth in **UK** demand continued in September, when demand rose by 2.8% y-o-y, its fourth consecutive monthly gain. Transportation fuels led the growth, with demand for jet/kerosene up 5.3% and 1.3 % for gasoil. Continued UK demand growth is foreseen over the next couple of years, supported by the economic recovery, albeit not at the heady pace experienced in recent months, when growth was inflated by the post-economic-slowdown bounce.

Asia Oceania

The OECD Asia Oceania region lagged the overall OECD in October, according to preliminary demand estimates, led as expected by steeply falling Japanese demand. Looking forward, regional demand is projected to contract by roughly 1.8% to 8.2 mb/d in 2014, from 8.4 mb/d in 2013, as sharply declining Japanese demand undermines the regional total.

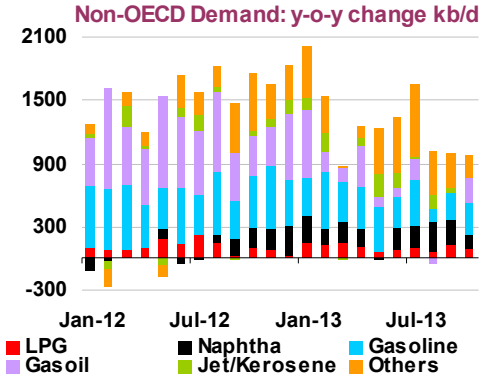
Non-OECD

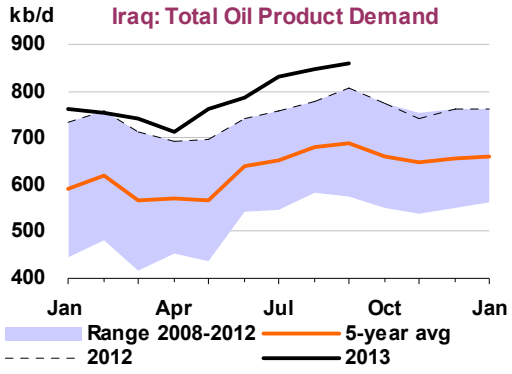
Emerging and newly industrialising economies will continue to provide the majority of the world's upside demand momentum through the forecast period, although the divergence between OECD and non-OECD demand trends will likely become less pronounced over time. Having averaged roughly 45.3 mb/d in 2013, a gain of 1.2 mb/d (or 2.8%) y-o-y, non-OECD demand is forecast to expand by a further 1.4 mb/d (or 3.1%) in 2014, to 46.7 mb/d.

While still the main engine of global growth, non-OECD demand is projected to show a slower increase for 2013 that in the last five years, when annual non-OECD growth averaged 1.4 mb/d. That gain occurred amid the sharpest global economic slowdown since the Second World War. Weakening demand growth for gasoil and gasoline were the main factors behind the recent oil demand slowdown, although LPG and jet/kerosene also saw notably slower gains. There is perhaps no better symbol of the changing dynamics in non-OECD Asian jet/kerosene demand than the recent grounding of Singapore Airline's Singapore-New York flight. The closure of that flight, after nine years, can be attributed to a combination of relatively high prices, increased competition and a still relatively fragile economic recovery.

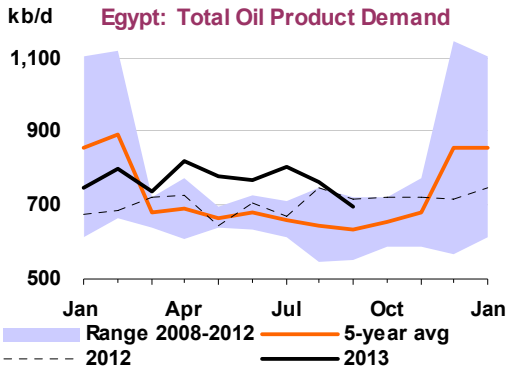
Reports that a Russian-led consortium has been selected to build Jordan's first nuclear reactor bolster our expectations of a fallback in **Middle Eastern** power-sector oil demand over the long term. The region, one of the last remaining bastions of power-sector oil demand, is slowly preparing to wean itself of its dependence on oil for electricity generation. Natural gas has already made inroads into regional power generation at the expense of oil, and there has been a lot of talk in recent years of long-term investment in nuclear and solar power generation capacity. Reports that Russia's Atomstroyexport has been selected as the preferred bidder for the 1 000 megawatt Amra plant, which may provide as much as 12% of **Jordan's** power sector needs by 2020, provide further evidence of the gradual movement away from oil in the region's power sector.

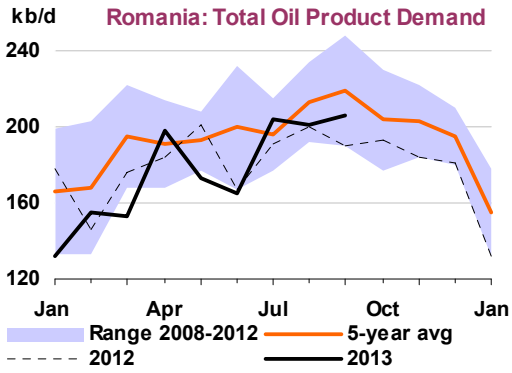
In contrast, there have been further reports of a strong uptick in **Iraqi** power-sector oil use, from mid-2013, which has raised the Iraqi oil demand forecast for the year as a whole. Total Iraqi oil demand is now projected to rise by 45 kb/d or 6.0% y-o-y, to 790 kb/d on average in 2013. Growth is forecast to slow to 40 kb/d (or 5.1%) in 2014. The general theme of our Middle Eastern power sector view is, however, likely to hold for Iraq over the medium-to-long-term, as cost-competitive alternatives, such as natural gas, are forecast there too to gain market share.





Egyptian demand estimates remain volatile amid the country's continued economic difficulties and social unrest. September demand was estimated at 695 kb/d, down 3.5% on the year, driven down by transportation fuels, demand for which has been hard-hit by the recent political turmoil. Despite the country's persistent financial troubles, overall demand momentum is forecast to recover marginally, 4Q13-2014, mostly due to the weak readings in the reference period.





Revisions to historical data for **Romania** stripped roughly 20 kb/d from the 2012 demand estimate, to 185 kb/d, with 'other product' accounting for most of the decline. Although the revision pushes the annual change into negative territory, a modest rebound is projected for 2013, gathering momentum in 2014, as the macroeconomic situation improves.

Non-OECD: Demand by Region

(thousand barrels per day)

	Demand			Annual Chg (kb/d)		Annual Chg (%)	
	1Q13	2Q13	3Q13	2Q13	3Q13	2Q13	3Q13
Africa	3,786	3,818	3,712	194	86	5.3	2.4
Asia	21,663	21,704	21,461	675	500	3.2	2.4
FSU	4,302	4,511	4,837	92	219	2.1	4.7
Latin America	6,381	6,600	6,735	243	218	3.8	3.3
Middle East	7,474	7,862	8,318	65	159	0.8	1.9
Non-OECD Europe	655	683	691	5	27	0.7	4.1
Total Products	**44,260**	**45,179**	**45,753**	**1,274**	**1,210**	**2.9**	**2.7**

SUPPLY

Summary

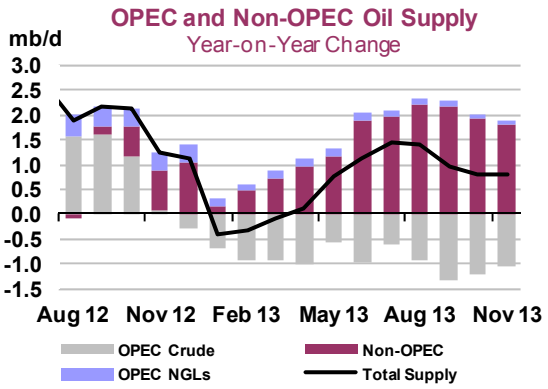
- **Global supplies posted a monthly gain of 310 kb/d in November to 92.3 mb/d**, driven by an increase in non-OPEC production that was partly offset by lower OPEC output. Year-on-year (y-o-y) November supplies stood 810 kb/d higher, with a 1.8 mb/d rise in non-OPEC liquids, 65 kb/d increase in OPEC NGLs, mitigated by a 1.1 mb/d decline in OPEC crude oil output.

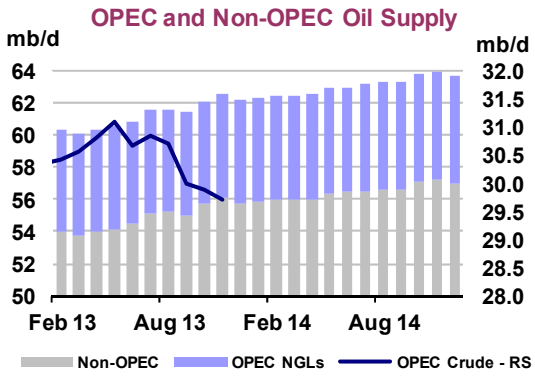
- **Non-OPEC supplies increased by 470 kb/d in November month-on-month (m-o-m)**, to 56.16 mb/d, led by growth in North America and the North Sea. Total non-OPEC production growth is forecast at 1.4 mb/d for 2013 and 1.7 mb/d for 2014.

- **OPEC crude oil supply fell in November, down for the fourth consecutive month.** November crude supply declined by 160 kb/d on the month, to 29.73 mb/d, on a drop in Libya and smaller declines in Nigeria, Kuwait, the UAE and Venezuela. All of these decreases more than offset higher output in Iran, Iraq and Angola.

- **OPEC oil ministers gathered in Vienna on 4 December and kept their output target unchanged at 30 mb/d for 1H14**, although Iran and Iraq have both signalled their intention to increase crude production in due course regardless of the collective target.

- **The 'call on OPEC crude and stock change' was raised by 0.1 mb/d for 4Q13, to 29.7 mb/d, and kept roughly unchanged at 30.0 mb/d for full-year 2013.** The 'call' for 1Q14 has been raised by 0.3 mb/d, to 28.9 mb/d. OPEC 'effective' spare capacity was estimated at 3.37 mb/d in November versus 3.32 mb/d in October.





All world oil supply data for November discussed in this report are IEA estimates. Estimates for OPEC countries, Alaska, Mexico and Russia are supported by preliminary November supply data.

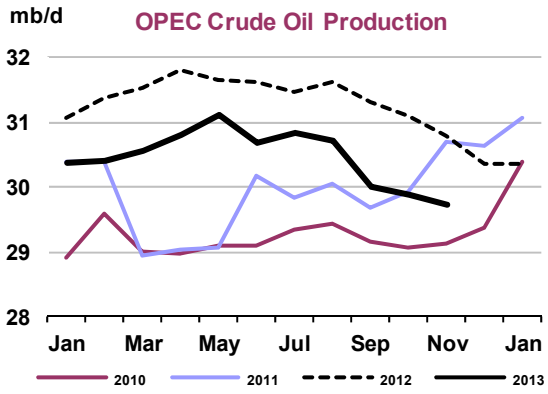
Note: Random events present downside risk to the non-OPEC production forecast contained in this report. These events can include accidents, unplanned or unannounced maintenance, technical problems, labour strikes, political unrest, guerrilla activity, wars and weather-related supply losses. Specific allowance has been made in the forecast for scheduled maintenance in all regions and for typical seasonal supply outages (including hurricane-related stoppages) in North America. In addition, from May 2011, a nationally allocated (but not field-specific) reliability adjustment has also been applied for the non-OPEC forecast to reflect a historical tendency for unexpected events to reduce actual supply compared with the initial forecast. This totals -200 kb/d to -400 kb/d for non-OPEC as a whole.

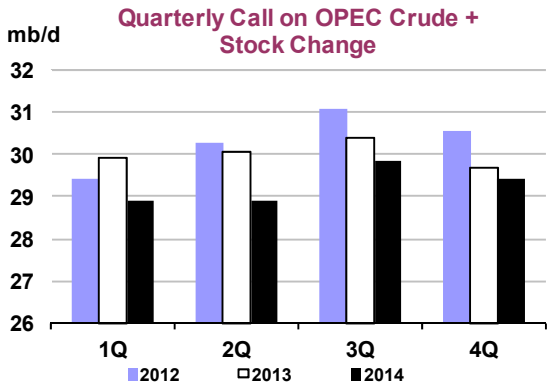
OPEC Crude Oil Supply

OPEC crude oil supply decreased in November, down for the fourth consecutive month. Total crude oil output declined to 29.73 mb/d, down by 160 kb/d from October. The decrease in November crude oil output was mainly the result of a drop in Libya's production, although smaller declines occurred in Nigeria, Kuwait, UAE and Venezuela. All of these decreases more than offset higher output in Iran, Iraq, and Angola.

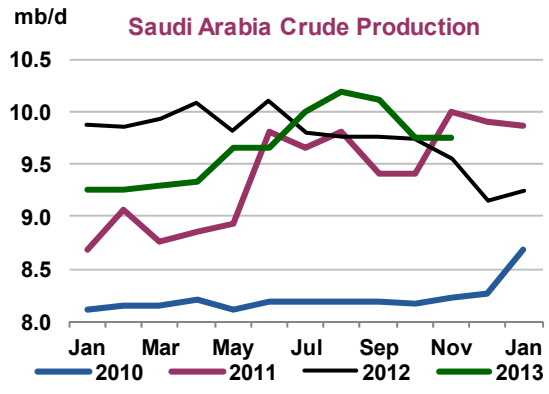
OPEC ministers gathered on 4 December in Vienna to discuss the market outlook for 2014 and agreed to keep the collective output level at 30 mb/d for the first six months of 2014. Iran and Iraq have, however, signalled their intention to increase crude oil production in due course regardless of the collective target. The cartel in a press release said it sees continued global economic uncertainty as the biggest challenge to the oil markets, but acknowledged that forecast non-OPEC supply was set to "more than offset" projected increases in demand and reserved the right to "swiftly respond to developments which could have an adverse impact on the maintenance of an orderly and balanced oil market." The next ordinary meeting is scheduled for 11 June 2014. Many market commentators have speculated that fast-rising production from US light, tight oil formations and other sources could put pressure on OPEC's crude oil output in 2014.

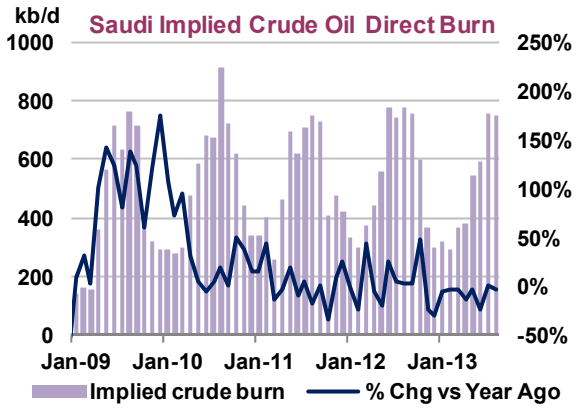
The 'call on OPEC crude and stock change' was raised by 0.1 mb/d to 29.7 mb/d for 4Q13 and kept approximately unchanged at 30.0 mb/d for full-year 2013. The 'call' for 1Q14 has been raised by 0.3 mb/d, to 28.9 mb/d, on the back of upward revisions to the global demand forecast. OPEC's 'effective' spare capacity was estimated at 3.37 mb/d in November compared with 3.32 mb/d in October. The 2014 'call' stood at 29.3 mb/d in November.





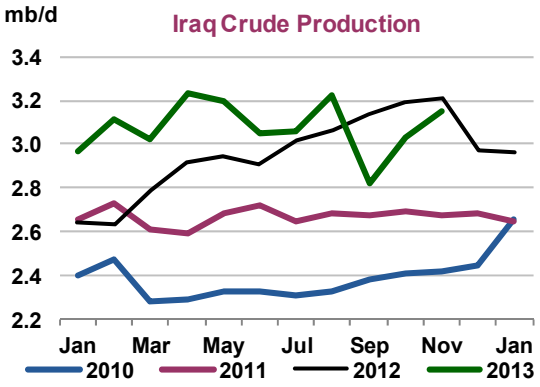
Saudi Arabia's crude oil production averaged 9.75 mb/d in November, remaining unchanged from October. Crude oil production in Saudi Arabia may be temporarily levelling off as domestic demand for crude burn at power plants declines seasonally. Crude oil burn for power generation typically peaks in the third quarter at approximately 700 kb/d to750 kb/d, but declines in the fourth quarter to about 350 kb/d to 400 kb/d.





Iraqi crude oil production rose in November to 3.15 mb/d, from 3.03 mb/d in October, due to a recovery in northern exports and the resumption of some exports out of the southern ports following the restart of field operations that had been suspended due to poor security conditions. The BP-operated 1.4 mb/d Rumaila field operated at reduced levels for much of November due both to a lack of export capacity and to protests around the oilfield. Although protests at a nearby drilling site in Northern Rumaila that disrupted Schlumberger and Baker Hughes operations did not directly affect BP's operation at the Rumaila field, BP evacuated its personnel fearing a spill-over of unrest. BP resumed operations at the field on 26 November following the abatement in hostilities and the field likely will become operational in the coming weeks.

Total November crude exports from Iraq increased by 130 kb/d to 2.38 mb/d for the month. The higher November exports reflect a rebound in shipments from the north, which accounted for nearly the entire increase for the month. Exports from Basrah rose just 12 kb/d to 2.07 mb/d while exports of Kirkuk crude were up by around 115 kb/d to 300 kb/d. Crude oil production from the KRG region in November was estimated at 180 kb/d.



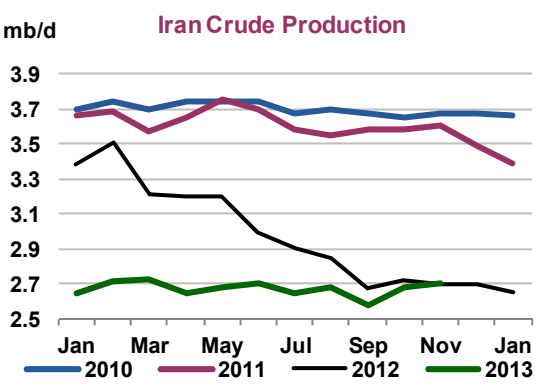
Although Turkey and the KRG appeared to have been on the verge of signing an oil and gas trade agreement in late November, Turkey's government did not approve yet the construction of a new export pipeline that is central to the proposal. The pipeline would increase KRG's exports to 1.0 mb/d by 2015. The agreement also would have included crude oil trade terms, Turkish Energy Company's (TEC) involvement in KRG's upstream, and construction of oil and gas pipelines. The decision on the approval of the new pipeline was postponed until December, when Iraq's Prime Minister Al Maliki is scheduled to visit Turkey. A new 300 kb/d KRG pipeline linking to the Kirkuk-Ceyhan line was reportedly completed, although some reports indicate that a number of connections to the mainline have not been finished yet.

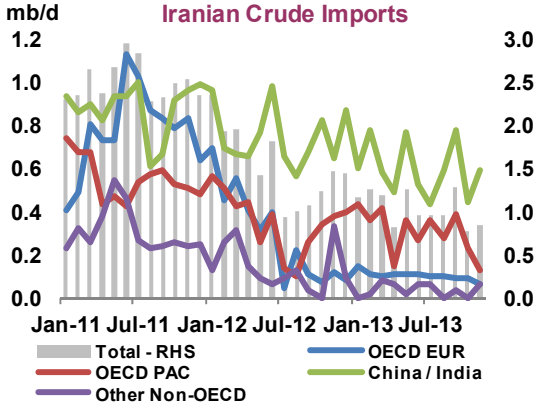
Iran's crude oil production increased to an estimated 2.71 mb/d in November from 2.68 mb/d in October. Preliminary estimates indicate that receipts of Iran's crude oil and condensate exports rose by 89 kb/d on the month, to 850 kb/d. Declining exports to Japan, Korea and Turkey were more than offset by rising exports to China and Taiwan. The latter received its first cargo from Iran since April 2013 last month. Import estimates are based on data submitted by OECD countries, non-OECD statistics from customs agencies, tanker movements and news reports.

Iran reached a preliminary agreement with the P5+1 (the US, UK, Russia, China, France and Germany) nations in Geneva on 24 November, which eased some of the US and EU trade sanctions against Tehran. Iran agreed to a temporary freeze on many nuclear activities as well as increased cooperation with the IAEA in exchange for a commitment from the P5+1 not to increase sanctions further. The six-month agreement allows Iran to repatriate approximately $4.2 billion in assets and offers at least a temporary reprieve to the automotive, petrochemical, civilian aircraft, and gold trade industries. During this six-month period, a more comprehensive agreement is to be concluded. However, even during these six months, Iran cannot trade crude oil for gold. While a permanent resolution of the Iran nuclear question could eventually lead to a significant relaxation in sanctions against Iran, in recent days President Obama has publicly stated that he places the odds of successfully reaching such an agreement at 50-50 or less.

As far as oil exports are concerned, the easing of the sanctions mainly affects the insurance and reinsurance market for tankers and crude oil cargoes, but the oil export sanctions, which prevent countries from importing Iranian oil, are set to remain fully in place until a comprehensive agreement on

Iran's nuclear program is reached. The relaxed shipping insurance provisions could theoretically make it easier for Iran to ship its crude oil and draw down its volumes of oil held in floating storage, potentially resulting in a short-term increase in Iranian crude exports at the margin. The fact that the oil sanctions remain fully in place leaves on the face of it no room for any sustained increase in exports. Even if sanctions on Iranian oil were eventually relaxed, meaningful increases in production would require a longer period and additional investment in Iran's upstream, and thus would take time to materialise. Meanwhile, the volume of crude oil held in floating storage decreased from 37 million barrels at the end of October to approximately 22 million barrels at the end of November.





Kuwaiti output declined by around 20 kb/d in November, to 2.72 mb/d, due to scheduled field maintenance, which was concluded by mid-month. **The UAE's** output also fell by 30 kb/d in November, to 2.73 mb/d**.** UAE volumes declined despite the start-up of new production from the onshore Qusawirah field. According to Abu Dhabi National Oil Company (ADNOC), based in the emirate that produces over 90% of the UAE's crude oil, production at the field officially began on 6 November at the initial production rate of 30 kb/d, which will increase to 60 kb/d by 2017.

OPEC Crude Production

(million barrels per day)

	Sep 2013 Supply	Oct 2013 Supply	Nov 2013 Supply	Sustainable Production Capacity[1]	4Q13 Spare Capacity vs Nov 2013 Supply	Jan-Nov Average Crude Supply
Algeria	1.15	1.12	1.10	1.20	0.10	1.14
Angola	1.72	1.70	1.76	1.85	0.09	1.74
Ecuador	0.52	0.52	0.52	0.53	0.01	0.51
Iran	2.58	2.68	2.71	2.90	0.19	2.68
Iraq	2.82	3.03	3.15	3.20	0.05	3.08
Kuwait[2]	2.79	2.74	2.72	2.90	0.18	2.79
Libya	0.30	0.45	0.22	1.40	1.18	0.96
Nigeria[3]	2.04	1.92	1.89	2.25	0.37	1.96
Qatar	0.73	0.73	0.73	0.75	0.03	0.73
Saudi Arabia[2]	10.12	9.75	9.75	12.40	2.66	9.66
UAE	2.74	2.76	2.73	2.90	0.17	2.72
Venezuela[4]	2.49	2.49	2.46	2.60	0.14	2.47
Total OPEC	**30.00**	**29.89**	**29.73**	**34.88**	***5.15***	***30.46***
(excluding Iraq, Nigeria, Libya and Iran)					***3.37***	

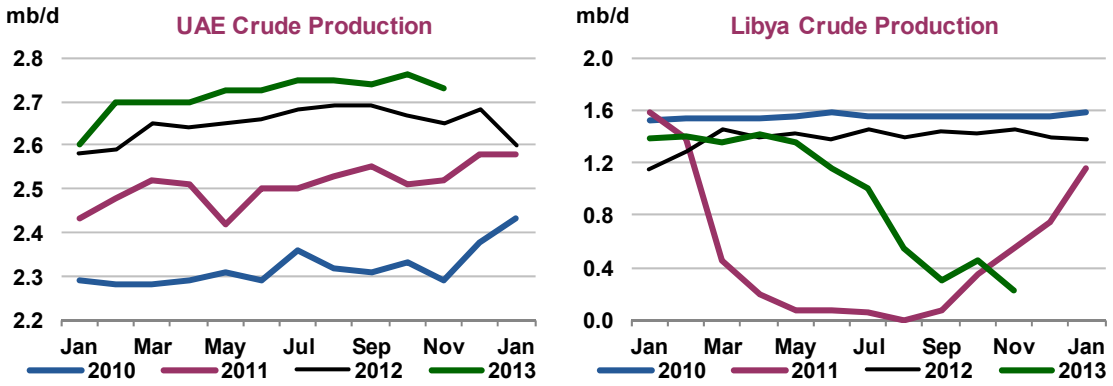
1 Capacity levels can be reached within 30 days and sustained for 90 days.
2 Includes half of Neutral Zone production.
3 Nigeria's current capacity estimate excludes some 200 kb/d of shut-in capacity.
4 Includes upgraded Orinoco extra-heavy oil assumed at 380 kb/d in November.

In late November, ADNOC announced that firms, which are prequalified to bid on the country's largest onshore concessions for shared operating licenses, would receive $3 per barrel of produced oil, a significant increase from the $1 per barrel that companies currently receive. Increased compensations

target six deposits that together produce more than half of the emirates' output. Although the current onshore concessions expire on 10 January 2014, UAE Energy Minister Suhail al-Mazru'i acknowledged that there will be a delay in awarding the new concessions following the January expiration of the current ones. The prequalified companies include BP, ExxonMobil, Royal Dutch Shell and Total, all of which are current participants. ADNOC has also pre-approved Occidental Petroleum Corp., China National Petroleum Corp., Inpex, Korea National Oil Corp., Statoil and Rosneft to take part in the bids.

ADNOC has reached an agreement with ExxonMobil on the commercial terms for the Upper Zakum concession, following a contractual dispute between the two parties. The new agreement outlines increased compensation for ExxonMobil and ensures the company's continued involvement in the development. Under the new contract, Upper Zakum's output is forecast to increase to 750 kb/d by 2017 from the current 585 kb/d. Upper Zakum is the country's largest oil field and is jointly operated by a consortium of ExxonMobil, Japan Oil Development Co. and ADNOC.

Libyan oil production fell to an average 220 kb/d in November from 450 kb/d in October, as strikes at oil fields and ports intensified and violence escalated during the month, resulting in dozens of deaths and casualties. The escalation of violence and the death of nearly 50 civilians since mid-November have caused a public backlash against the militias, though whether this will cause the government to gain in popular support is unclear.



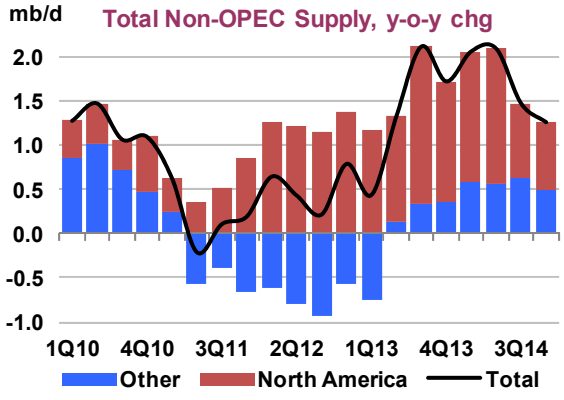
Following the OPEC meeting in Vienna on 4 December, Libyan Oil Minister Abdelbari al-Arusi announced that all oil export terminals in Libya could reopen on 10 December, and that oil output would be fully restored within two weeks after that. However, as of the end of the day on 10 December, Libyan ports remain shuttered. Even if the ports had reopened on 10 December, the timeline to restore production is overly ambitious, given the militias' unwillingness to withdraw from major oil installations. In the meantime, the situation in Libya remains precarious and oil production and exports were at their lowest levels since 2011, when the civil unrest resulted in a complete shut-in of oil production. The sharp decline in export revenues may have a devastating impact on Libya's budget. There is a significant risk of the country facing serious currency and payments problems due to the lack of revenues and drawdown of cash reserves.

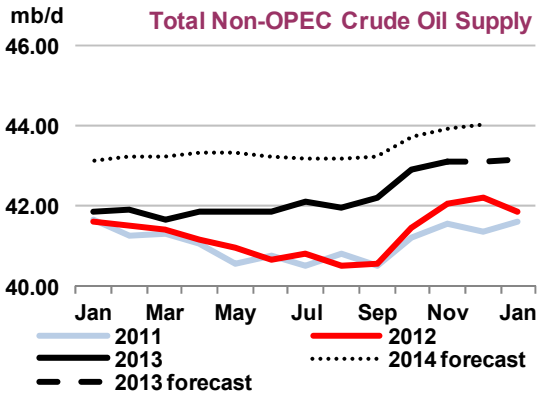
Nigerian output was 35 kb/d lower in November on the month, at 1.89 mb/d, as maintenance at the offshore Bonga field reduced production and exports. **Angolan** output rose by 60 kb/d to 1.76 mb/d in November. BP announced that its Saturno field, started in 2012, will reach plateau production of 150 kb/d by the end of this year. Meanwhile, Angola's oil ministry announced that bidding for new exploration licenses will be delayed until the 1Q 2014, from an earlier target date of 4Q2013. A total of 15 blocks will be offered in 2014 as the country plans to raise output to 2.0 mb/d by 2015. **Venezuela's** production decreased slightly in November to 2.46 mb/d. During the month, Venezuela's crude oil exports averaged 1.70 mb/d, falling by about 200 kb/d compared with October.

Non-OPEC Overview

Total non-OPEC production, including biofuels and refinery processing gains, increased by 470 kb/d in November to 56.16 mb/d, led by North America (up 430 kb/d) and the North Sea (up 125 kb/d). With final data now available for the first three quarters of the year for most places, and partial 4Q13 data for many, non-OPEC production now looks on track to achieve annual growth of 1.4 mb/d for 2013, an increase of 2.6%. If confirmed, this would be the highest annual production gain in percentage terms since 2002. The overall production outlook for 2014 is unchanged since last month's *Report*. However, given that 2013 now has a higher yearly average, y-o-y growth for next year is lowered slightly, to 1.7 mb/d.

The figures look somewhat different if non-OPEC crude oil production is disaggregated from estimates that include NGLs, biofuels, processing gain, etc. After reaching 41.91 mb/d in 4Q12, total non-OPEC crude oil production fell back for the next two quarters, averaging 41.81 mb/d and 41.88 mb/d in 1Q13 and 2Q13, respectively. Production rebounded in 3Q13, to 42.12 mb/d, but only for 4Q13, when production is projected at 43.03 mb/d, is its increase expected to be truly substantial. Total y-o-y crude oil output growth for 2013 is forecast at 950 kb/d. For 1Q14, non-OPEC crude oil production is predicted to increase further to 43.22 mb/d, in sharp contrast with the decline of the previous year.





Whether in crude oil or other hydrocarbon liquids, production gains reflect investments made years earlier. Figures from Barclays Bank and IFP Energies nouvelles (IFPEN) suggest that E&P expenditures in the oil and gas sector, after contracting in 2009, surged in 2010 by about 11% and showed even stronger growth in 2011 (21% to 23%). Even with industry costs rising, the output growth achieved in 2013 builds upon those increases. Growth in upstream expenditure then slowed in 2012 (9% to 11%) and kept about steady in 2013 (10% to 11%). Hence the question: how sustainable are 10% to 20% annual expenditure increases if production is only rising by 3% and prices stay flat or even drop? Of course, there is great variability amongst producers in terms of baseline costs per barrel and production growth rates, and one would have to disaggregate oil from natural gas as well, so the question is not so simple. Nevertheless, given that crude oil in particular has experienced slower growth than other liquids, let alone natural gas, and that the low interest rates of recent years that have facilitated capex may rise in the future, some players in the industry may face difficult decisions.

OECD

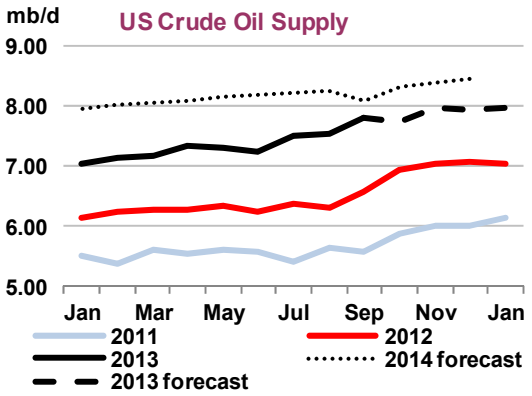
North America

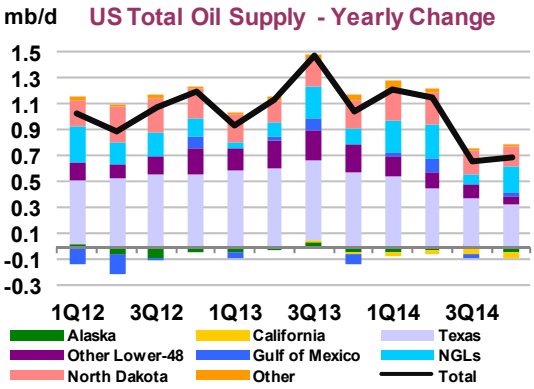
US – October preliminary; Alaska actual, others estimated: As expected, final September data indicated that US crude oil production exceeded 7.7 mb/d for the first time since May 1989, at 7.79 mb/d for the month. Alaskan production was up about 85 kb/d m-o-m and the US Gulf of Mexico (GOM) up about 120 kb/d m-o-m as summer maintenance ended. Production of light tight oil (LTO) in Texas and North

Dakota extended its gains, up by 60 kb/d combined in those two states. Enhanced oil recovery (EOR) on mature conventional fields that were formerly uneconomic is also playing a role, with about 350 kb/d of output from such fields in the Lower 48.

Based in part on weekly data, US crude oil production is estimated to have fallen slightly in October, to about 7.76 mb/d, reflecting weather-related outages in the US GOM, North Dakota and Colorado. For November, Alaska data show production up about 10 kb/d on the month, and given the lack of weather-related outages in the US GOM in November, as well as preliminary weekly figures, we estimate November crude oil production to have reached 7.97 mb/d. That was likely the highest monthly output of the year, as unusually severe winter storms seem to have curtailed production in the Permian Basin in early December.

Final data show that the US increased its crude oil production by a remarkable 1.2 mb/d y-o-y in 3Q13, an amount greater than the total crude oil production in Colombia that same quarter (which was about 1 mb/d). It is estimated that y-o-y gains will not be as strong in the remaining five quarters through the end of 2014, as growth rates, while still robust, are forecast to slow a bit in the Bakken, Eagle Ford, and Permian basins (from about 50% overall to 33%, y-o-y), and Alaska will continue declining. In one of the biggest deals ever on the Eagle Ford play, Devon Energy announced in November that it will purchase $6 billion of upstream assets from GeoSouthern. Bakken output is increasingly heading to refineries on the East and West coasts of the US, as it is competitive with imported light crudes, and the falling price of Light Louisiana Sweet (LLS) on the US Gulf Coast makes it more profitable to rail the crude long distance. Nevertheless, given that over 85% of Bakken production has a breakeven price of $45/barrel according to North Dakota authorities, it would seem that it would take a steep and sustained price drop from current levels to greatly affect the production outlook. Well costs and drilling rates, however, can vary significantly on the same reservoir, so if the breakeven price were to be approached, it could be difficult to model its effects.





TransCanada's 700 kb/d-capacity Keystone South Pipeline from the Cushing, Oklahoma delivery hub to the Texas Gulf Coast is expected to begin deliveries in early January 2014. Given that the Seaway Pipeline is already taking 400 kb/d to the Gulf Coast from Cushing, and will be expanded to 850 kb/d by the middle of 2014, there is likely to be excess capacity to take crude out of Cushing, thereby making WTI-Cushing relatively more valuable as limits to its movement to the Gulf Coast will have been eliminated. However, this is likely to depress some Gulf Coast grades further, as Gulf Coast refiners will have increased access to Mid-Continent oil. In Texas, the second phase of Nustar Energy's South Texas Crude Oil Pipeline System will now move forward, allowing an additional 65 kb/d of Eagle Ford crude to be piped to a coastal terminal by 1Q15. Concerns about the great amount of water used for hydraulic fracturing in the drought-prone state have arisen, with the state environmental agency raising serious concerns in a November report, though new techniques to use recycled water or to frack without water are being developed and deployed in some parts of the US that could potentially be implemented in Texas.

Total liquids production excluding refinery processing gain and biofuels reached 10.8 mb/d in September, as NGL output increased at a somewhat higher rate than expected (to about 2.7 mb/d). Based on preliminary numbers and seasonal changes, NGL production is estimated to have declined to 2.6 mb/d in October, and likely remained below September levels in November. Strong growth of about 200 kb/d in NGL production is expected for 2014, as liquids-rich shale formations continue to attract investments. In addition, new processing infrastructure continues to come online, such as the eighth fractionator at Enterprise Products Partners' Mont Belvieu, Texas facility, which adds 85 kb/d of capacity, for a total of 655 kb/d. Oneok partners will construct a new gas processing plant (2.06 million m^3/year capacity) on the Bakken by the end of 2015 that will bring on additional NGL supply. Biofuels, and in particular, ethanol, output is increasing in the US, thanks to a bumper corn harvest. Ethanol output is estimated at about 885 kb/d in October and 915 kb/d for November. However, in 2014 US biofuels may be subject to new regulation (please see *Biofuels Outlook Reviewed in Light of New US Ethanol Target*).

Biofuels Outlook Reviewed in Light of the New US Ethanol Target

On 15 November, the US Environmental Protection Agency (EPA) released its proposed rulemaking for the 2014 Renewable Fuels Standard 2 (RFS2), a piece of legislation that sets the minimum annual volume of renewable fuel (including ethanol and biodiesel) to be contained in transportation fuel sold in the US. The RFS was first created under the Energy Policy Act of 2005 with a target for 7.5 billion gallons of renewable fuel in 2010, and has been expanded to 2022 under the 2007 Energy Independence and Security Act. For the first time since its introduction, the new renewable fuel target is set below that of the previous year: 15.21 billion gallons (992 kb/d) for 2014, a decrease of 1.3 billion gallons (85 kb/d) from the 2013 standard. Consequently, we have cut our forecast of 2014 US ethanol supply by 25 kb/d, to 895 kb/d.

The 2014 volumes proposed by EPA are well below the so-called "RFS2" rulemaking set in March 2010, which had mandated a total volume of 18.15 billion gallons (1.18 mb/d) for 2014. While the new 2014 standard may be further revised after a two-month public comment period, the final target looks likely to be significantly less than that of 2013.

The US biofuels mandate became a matter of controversy over the last couple of years as the level of ethanol blended in the US reached roughly 10% of US gasoline consumption, a level referred to as the "blend wall". After a summer 2012 drought damaged the corn crop and caused corn markets to rally, livestock farmers called on the EPA to ease upward pressures on corn prices by waiving the RFS's corn-ethanol mandate. A coalition of gasoline retailers, auto manufacturers and others have also urged the EPA to cut the RFS's ethanol mandate, pointing out liability issues for vehicles with regards to using gasoline blends of more than 10% ethanol. Due to lower-than-forecast US gasoline consumption, the original RFS target for 2014 would have lifted total US ethanol consumption to more than 10% of finished gasoline demand (for more detail see *Medium-Term Oil Market Report 2013*). In addition, critics charged that the EPA was setting targets for cellulosic fuels that exceeded production capacity and market availability.

Also, as discussed in the August 2013 *Report*, the limited capacity of the market to absorb biofuels despite the government requirements has meant that refiners and other obligated parties have had to purchase ever-more expensive Renewable Identification Numbers (RINs) to prove compliance when the company could not do the blending itself. In theory, reducing the required amount of ethanol to be blended to below the 10% blend-wall threshold should reduce the value of RINs going forward.

In addition to cutting the overall 2014 ethanol mandate, the EPA has significantly reduced its target for cellulosic fuel, as the advanced biofuel industry has been developing slower than was forecast some years back. Lower-than-expected US gasoline demand and lack of cellulosic ethanol production capacity have both been taken into account in the proposed 2014 standard, which targets renewable fuel volume roughly equivalent to 10% of the gasoline pool, and requires only a minor contribution of cellulosic fuels. For the first time since the introduction of the RFS, the US EPA is required to base its ethanol standard on the US Energy Information Administration (EIA)'s forecast of gasoline demand.

As shown in the table below, the target volume of "renewable fuel", *i.e.* principally corn ethanol (though imported sugar-cane ethanol also qualifies), is 0.7 billion gallons (51 kb/d) below 2013 volumes and 1.3 billion gallons (90 kb/d) below the original 2014 quota set in 2010. The quota of "advanced biofuel"

Biofuels Outlook Reviewed in Light of the New US Ethanol Target (continued)

which is not part of biodiesel or cellulosic biofuel has been slashed by more than 50%, down to 0.9 billion gallons (60 kb/d) from 1.46 billion gallons (95 kb/d) in the 2013 mandate. This reduction will primarily impact sugarcane-ethanol imports from Brazil, which in recent years provided for the lion's share of "advanced biofuel" blended under RFS2. Cellulosic biofuel accounts for the biggest cut in 2014 volumes versus the original RFS2 quotas of 2010, although the proposed 17 million gallon (1.1 kb/d) target for cellulosic biofuel still exceeds the 2013 mandate.

Renewable Fuels Standard 2 Volumes for Different Biofuels

billion gallons (thousand barrels per day)

	2013	2014 (current EPA proposal)	2014 (as proposed in 2010 RFS2)
Renewable fuel (net)	13.8 (900)	**13.01 (849)**	14.4 (939)
Advanced biofuel	2.75 (179)	**2.2 (144)**	3.75 (245)
of which biodiesel	1.28 (84)	**1.28 (84)**	1.0 (65)*
of which cellulosic biofuel	0.006 (0.4)	**0.017 (1.1)**	1.75 (114)
other advanced biofuel	1.46 (94.6)	**0.90 (59)**	1.0 (65)
Total renewable fuel	16.55 (1 080)	**15.21 (992)**	18.15 (1 183)

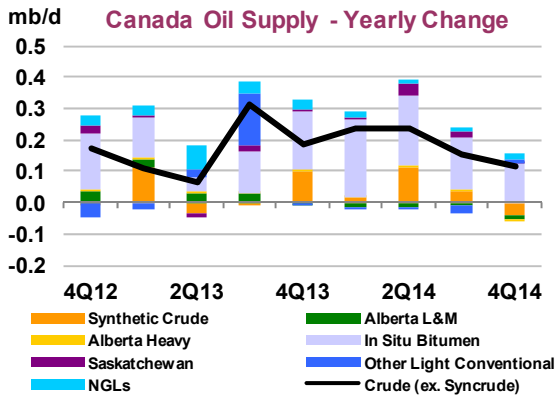
*this was a minimum requirement

Our downwardly revised projection of 2014 US ethanol production forecast of 895 kb/d is 45 kb/d more than the actual RFS2 corn ethanol quota, as we expect a slight increase in US ethanol exports, which averaged about 36 kb/d over Jan-Sep 2013. We have also adjusted our projections for US biodiesel production marginally upwards, to 90 kb/d from 84 kb/d, as biodiesel production has increased considerably in 2013, and the ongoing difficulty of blending more than 10% of ethanol in the gasoline pool will likely lead to higher consumption of biodiesel in order to meet the advanced biofuels quota.

The EPA's decision to reduce the 2014 RFS2 quota for both corn ethanol and cellulosic biofuel reflects the difficult market situation of these biofuels in the US. In light of declining or flat gasoline consumption levels, ethanol is struggling to find its way to the market, as the 10% ethanol blend wall is approached. Indeed, some have proposed that standards should be a percentage of fuel (*i.e.* gasoline) consumption rather than a fixed volume, as is the case in most other countries with biofuel mandates in place. The revision of the cellulosic biofuels quota, on the other hand, reflects a lack of availability, due to the slower-than-expected ramping up of capacity of these fuels.

The current challenges related to the ethanol "blend wall" and the slow pace of development of cellulosic biofuel production suggest that EPA may continue to revise RFS quotas in the coming years.

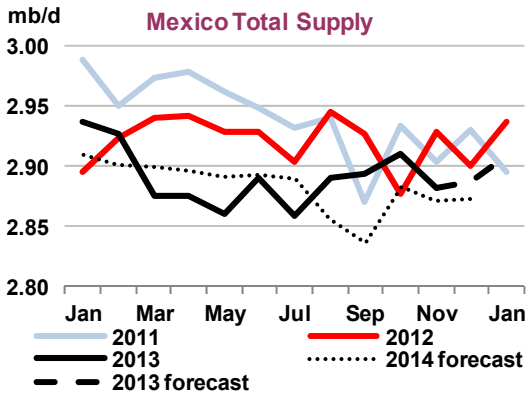
Canada – Newfoundland October actual, others September estimated: With synthetics, bitumen, and NGLs all falling slightly in September, Canadian total liquids production dropped by about 130 kb/d m-o-m to 3.96 mb/d. Both Suncor's and Shell's upgrading facilities underwent maintenance, and the Kearl mined bitumen project was only able to maintain production levels, instead of continuing to ramp up. The announced maintenance on the offshore Terra Nova field took production offline in October and November, with production restarted on 6 December. Despite this, production is expected to show a return to August levels of 4.1 mb/d as maintenance on synthetics projects ends (although a gas outage due to a pipeline leak took production offline at most projects for about 48 hours). Total liquids production in 4Q13 is forecast at 4.25 mb/d, including 700 kb/d of pentanes plus and other NGLs.



Following the Lac-Mégantic, Quebec, disaster in July, when a crude train derailed and caused a lethal explosion and fire, journalistic reports that rail shipments of volatile crude oil are not being sufficiently well inspected and evaluated for safety have prompted Canadian and US authorities to launch a joint effort to better manage these shipments and enforce regulations. Both countries' authorities are

considering stronger regulations as well. Meanwhile, given that the Keystone XL pipeline has not yet had a final decision regarding its approval from the US government, rail has become ever more important for Canadian producers to take crude to US refiners. Previous issues of this *Report* have discussed various projects for new rail terminals to be built in 2014, but an insufficient number of tank cars could still create export bottlenecks.

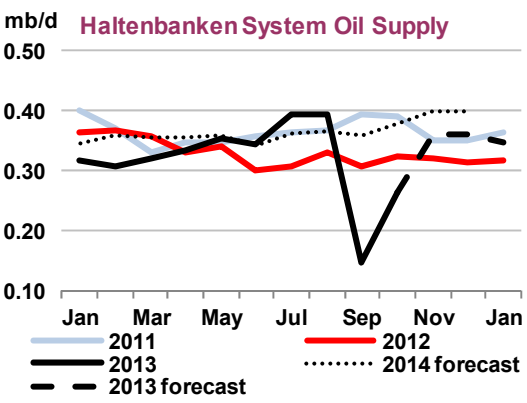
Mexico – October actual, November preliminary: Although the trend of quarterly y-o-y declines continues, in October crude oil production was up slightly m-o-m to 2.54 mb/d. November data indicates a small decline, to 2.51 mb/d. Total liquids production for 4Q13 is forecast at 2.89 mb/d, as NGL production stabilises at 360 kb/d and then is expected to grow 20 kb/d in 1Q14.



As the time of writing, a proposed reform of the country's hydrocarbon legislation had just come before committees of the General Congress of the United Mexican States [the national legislature], with some important changes to the initial government proposals discussed in September's *Report*. This will be discussed further in the January 2014 *Report*. Much speculation has surrounded whether LTO from formations similar to those in neighbouring Texas, as well as deepwater prospects similar to offshore fields of the neighbouring US GOM, could have their future oil production outlook greatly affected by potential reforms to the sector. State oil company Pemex is undertaking projects in those areas, including drilling wells just across the border from the Eagle Ford shale play. The geologically complex onshore Chicontepec trend, where Pemex has made very large investments, has shown that the company is having difficulty obtaining high returns to investment on unconventional plays. About one out of three wells drilled is uneconomic, and after increasing production by 20 kb/d on the Chicontepec expansion in 2011-12, production has declined in 2013, falling to 62 kb/d in October. Pemex is attempting to bring in service companies to increase production with a new bid round next year, but an earlier bid round in July failed to attract a single bid.

North Sea

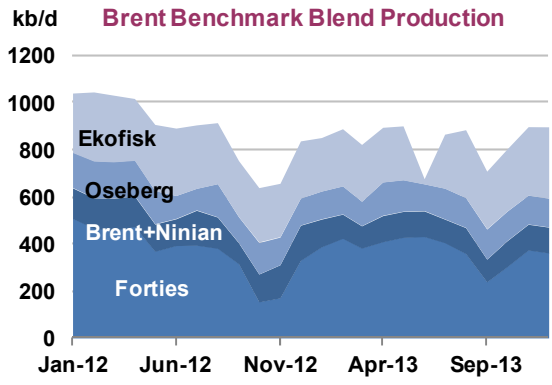
Norway – September actual, October provisional: Final September data show that total liquids production was about 20 kb/d lower than previous provisional data had indicated, at 1.58 mb/d. Preliminary October data show that production was much lower than expected, by about 200 kb/d, as planned maintenance cut deeper into production output, and there was significant unplanned maintenance as well. The Alve, Balder, Draugen, Fram, Heidrun, Kristin, Marulk, Norne, Skuld, Tordis, Tyrihans, Urd and Vigdis fields all experienced maintenance-related reductions in output. Hence, the Haltenbanken system, which encompasses many of these aforementioned fields, is expected to show that output remained under 300 kb/d for October, after dropping to 150 kb/d in September, the lowest production for this system since the mid-1990s. Given the loading schedule and reduced maintenance, it is expected that November will show a rebound in production, with crude up 150 kb/d to 1.55 mb/d, and total liquids at 1.9 mb/d. That being said, the total liquids production forecast for 2014 has been revised downward by about 65 kb/d, mostly on lower output on the Haltenbanken system. It now seems that repairs needed on the Njord platform are more extensive than originally thought, and the Hyme field, which feeds into

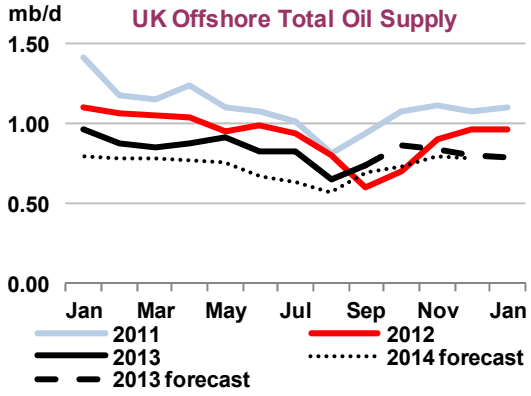


Njord, will also be offline for an extended period in 2014. Due to a power outage at the Nyhamna gas processing plant in early December, Ormen Lange NGL production is forecast to be lower for the month.

The Norwegian government released the country's total upstream oil and gas investment plan for 2014, which at $36 billion, amounts to a 2% rise on 2013. This is despite the fact that Statoil, the largest operator in Norwegian waters, will not drill a single new well in the Norwegian Sea in 2014, concentrating its activity on the North and Barents Seas, with most exploration wells in the mature North Sea. In general, given that costs are expected to rise 3.5%, investment is declining slightly in real terms.

UK – August actual, September provisional: Offshore crude oil production slipped to 600 kb/d in August, the likely low for the year. Throughput on the Forties system fell to about 230 kb/d, down 110 kb/d from August on an outage on the system's largest field, Buzzard, as well as reduced output on the Forties field itself. In September, offshore crude oil production rebounded to about 710 kb/d, likely on an end to maintenance on the Forties system, as Forties loadings show an increase from 252 kb/d in August to 360 kb/d in September and 387 kb/d in November. Total liquids output for the UK in September was 760 kb/d, despite a large drop in NGL/condensate production to just 35 kb/d for the month, after averaging 80 kb/d previously in 2013. It is estimated that October will build on September's rise, with total liquids for October at 890 kb/d. Offshore crude oil production in 4Q13 is forecast to return to nearly the same level as 2Q13, at 780 kb/d. Despite continuing declines on most fields, a few new fields such as Huntington and Jasmine (condensates; production started up 19 November) will make up for some of the lost output. Total UK output is forecast to fall about 110 kb/d in 2014, a sharper decrease than the 80 kb/d expected for this year, but still less than the 170 kb/d drop experienced in 2012. First production from the Alma/Galia field is not expected until the beginning of 3Q14, and larger projects, such as EnQuest's Kraken field in the East Shetland basin, which won government approval in November, will not be in production until 2016.





Of concern for the medium-term production outlook is that Chevron, operator of the $10-billion Rosebank deepwater project in the West of Shetlands, stated in November that the project "does not currently offer an economic value proposition that justifies proceeding with an investment of this magnitude." Although the company indicated that it will work to improve the project value before making a final investment decision with its partners, this puts the future of the endeavour in some doubt. Similar concerns have arisen on the $6-billion Statoil-operated Bressay heavy oil field. Together, the fields represent approximately 115 kb/d in potential new output.

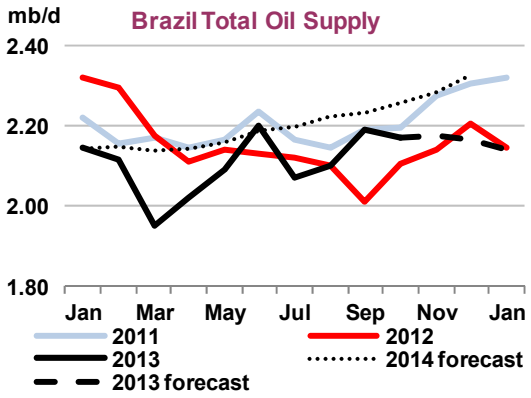
BFOE production increased by 100 kb/d in October, m-o-m, to 875 kb/d, with loadings at 850 kb/d. Although BFOE loadings show a further increase to 1 mb/d in November, production is expected to be somewhat lower, as loadings pick up some October production. Forties has dominated North Sea Dated pricing in recent years, as it is usually the cheapest grade, given its relatively sour quality. However, the system of quality premiums that was instituted in May of this year, partly in response to declining Forties production, has resulted in the other three benchmark grades being able to set prices. In October and

November, the quality premiums widened as Forties production had fallen in previous months and similar crudes, such as from Libya, were also in short supply. Hence, all four grades set the benchmark at times in recent weeks, with Oseberg setting it most often.

Non-OECD

Latin America

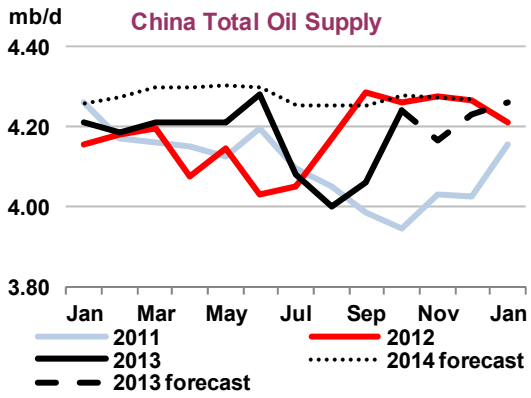
Brazil – October actual: Production of crude oil dropped only 15 kb/d in October m-o-m, at approximately 2.1 mb/d, despite a short-lived, partial Petrobras workers strike that month. Although some fields such as Baúna, Lula and Sapinhoá experienced declines, Roncador achieved the highest production level since May 2011, at 290 kb/d. This made it Brazil's largest producing field for the month, a title that Marlim Sul had held since January 2012, despite Marlim Sul showing only slightly below-average production at 285 kb/d. Total liquids production for October was 2.17 mb/d (not including biofuels). In November, the Petrobras-operated Papa Terra deepwater heavy oilfield came online via the P-63 FPSO, despite the company having previously indicated that it would be delayed for another couple of months. This field is a key component in Petrobras' aim to increase production in the next couple of years, as the field's target production after the addition of the P-61 tension leg platform next year, and the completion of all planned wells, is 140 kb/d. Because of y-o-y declines in the first two quarters of this year, 2013 is forecast to experience a decline of approximately 40 kb/d, but growth of 90 kb/d is expected for 2014. Continued subsidies for the downstream sector by Petrobras, given that recently announced increases in retail product prices were less than expected, could affect the financial outlook for the company.



Among the fields contributing toward expected declines next year is Albacora Leste, which produced nearly 170 kb/d in the first half of 2007, but has been slowly declining since then, to 50 kb/d in 3Q13. Government regulator ANP is expected to release recommendations for the revitalisation of this field in the coming months. ANP has already asked Petrobras to make additional investments, including a new platform, so as to maintain production on Marlim Sul in the medium term. In late November, Brazil had an onshore licensing round, but only 30% of the blocks on offer were awarded. Total onshore crude oil production was about 170 kb/d in October. Brazilian ethanol production fell to 660 kb/d in October, a seasonal decline but November is estimated at 520 kb/d, a shallower drop-off than normal.

Asia

China – October actual: Oil production was up 180 kb/d m-o-m in October, to 4.24 mb/d, as wells that had been shut for floods came back online in Daqing and Shaanxi. In addition, 680 new wells are being brought online in Daqing that are expected to lead to continued production increases on the field in the coming months. Although many mature fields are in decline, CNPC drilled about 640 new horizontal wells this year, which are expected to add about 75 kb/d of production, mostly at Changqing. CNPC has also pursued other EOR techniques, such as steamflooding and reservoir stimulation to further increase production at the Changqing block. We expect this area to show a net increase in production of nearly 60 kb/d in 2014, y-o-y. Another area showing growth is the Fengcheng ultra-heavy field, which has added about 35 kb/d in the Junggar Basin in Xinjiang in 2013, and is expected to double in output by early 2015. Offshore, the third phase of development at ConocoPhillips' Penglai 19-3 field is expected by the end of 1Q14, though incremental volumes are unclear – it will, however, be 90 kb/d or less, given the 190-kb/d



offloading capacity on the FPSO. The field, which is producing about 100 kb/d as China's largest single offshore field, will have its operatorship transferred to CNOOC in 2014. Production growth for 2014 for the country as a whole is forecast at 100 kb/d.

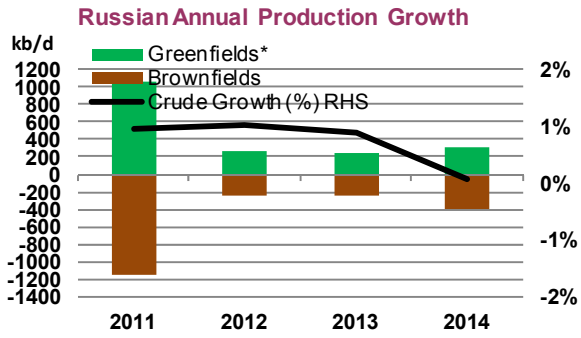
Back onshore, China's oil industry suffered a major disaster with the explosion of Sinopec's Donghuang II crude oil pipeline on 22 November, which killed at least 55 people and injured more than twice as many. The government has held the company responsible for the blast, alleging negligence, though the phenomenon of rapid urban expansion around pipelines is also problematic. The 200-kb/d pipeline is to be permanently shut in (see *Refining*).

Former Soviet Union (FSU)

Russia – October actual, November provisional: Final data for October shows crude oil production of 10.19 mb/d; total liquids production of 10.97 mb/d. Oil production in Russia continued its impressive annual growth into November, reaching 11 mb/d of total liquids, of which 10.2 mb/d was crude oil. This is another monthly output record. Noteworthy in November was the nearly 320 kb/d achieved by the Sakhalin PSAs, the first time that their production has exceeded 300 kb/d this year. However, following a government audit of these projects released in November, certain problems in their operations were identified, such as with local content requirements and flaring, which could impact production in the near future. First output from Gazpromneft's Prirazlomnoye field in the Pechora Sea has been delayed from this December to February, according to the company.

Given our December forecast, yearly output for Russia for 2013 is expected to be 10.87 mb/d, a 135 kb/d y-o-y increase and the same as was achieved in 2012. Horizontal drilling and other now-basic EOR techniques on brownfields in Western Siberia have been successful at curtailing declines enough for greenfields in East Siberia to create a net increase for the country. Lukoil began increasing horizontal drilling in 2010-11, but in 2013 Rosneft, as of November, had drilled 115 new horizontal wells. Overall, horizontal drilling had increased to 18.5% of total drilling in the country by 3Q13, up from 12% in 2012.

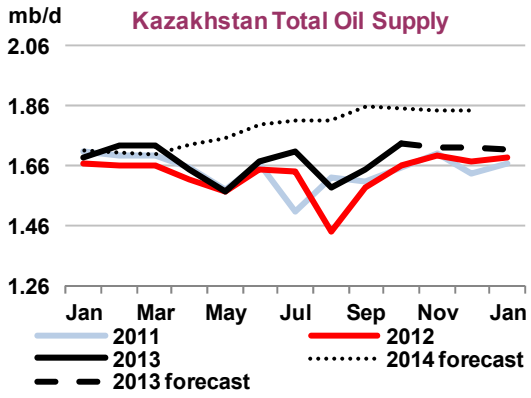
The 2014 forecast is for a 90 kb/d increase in total liquids. The outlook is slightly less positive than that likely seen in 2013, as some areas of West Siberia have already reached a saturation point in terms of new horizontal drilling. One of the contributors to growth is Rosneft's Srednebotuobinskoye field, which came online in September, and is already producing 20 kb/d; production is forecast to average 35 kb/d for 2014. Rosneft has announced that 2013 through 2015 spending of $2.8 billion will be made via its Vankorneft subsidiary on further expansion of output from the Vankor field and satellite fields in order to bring production up to 500 kb/d in the medium term. Next year, an increase of only 10 kb/d is forecast by the company (after achieving a 65 kb/d increase in 2013), to 440 kb/d, and only an additional 50 kb/d in the four years following, despite continued large investment. This illustrates that in Russia, as in the industry in general, incremental barrels are often coming at higher costs.



*Greenfield production includes Sakhalin, Vankor, Verkhnechonskoye, Uvat, Salym, Caspian, and other major field additions of the last 4 years.

Azerbaijan – September actual: Production at the ACG fields fell to 640 kb/d in September, as output has declined gradually since June, when production was just above 700 kb/d. This has brought the total liquids yield down to 840 kb/d for the month, and makes for a y-o-y decline of 30 kb/d for 3Q13. Quarterly data shows that all of the ACG fields dipped in 3Q13 except for Guneshli, where BP has drilled new wells. SOCAR crude oil production has remained flat for the year at about 135 kb/d. Although we expect increases in Guneshli production for 4Q13, as well as new production at West Chirag in mid-2014, these are not expected to be enough to compensate for an overall drop for the country of about 60 kb/d in 2014, to 820 kb/d. Into the medium term, the expected approval later this month of an expansion of the Shah Deniz offshore gas field would add another 45 kb/d of condensates in the next few years.

Kazakhstan – October actual: Crude oil output rose to 1.4 mb/d in October; total liquids to 1.73 mb/d, as Tengiz yielded 570 kb/d, up 45 kb/d m-o-m. This is the highest monthly liquids production for the year so far. It is expected, however, to be the monthly peak for some time to come, at least until Kashagan begins to produce at significant volumes. Indeed, since last month's *Report*, the near-term outlook for Kashagan has grown distinctly more negative. Kashagan, which has been shut down since 9 October, the NCOC operating consortium is investigating a pipeline that leaked gas, and large sections have had to be dug up for microscopic inspection. Other pipeline sections are having certain automated devices run through looking for problems. It will be mid-January at the earliest before a report on the pipeline problems is expected. The CEO of NCOC member Total cautioned in November, however, that the problems are "…more than simply repairing pipes." Given this, we do not expect any substantial production until April, and commercial production levels seem unlikely until May or, more likely, June.



The government and the Chevron-led consortium operating Tengiz reached a preliminary agreement in November to expand production on the Tengiz field to about 760 kb/d by 2018 and increase the field's production life to beyond 2033 with investment of about $23 billion in new wells and gas injection facilities. In the short term, however, Tengiz is expected to maintain output slightly lower than October's level, as increasingly heavy maintenance is needed to sustain production levels.

FSU net exports to non-CIS destinations remained relatively stable at 9.1 mb/d in October, a slight 80 kb/d lower than September. Crude exports rose by 140 kb/d, although in contrast to previous months most of the rise came from outside Russia, especially from Kazakhstan where refinery maintenance freed up crude for export. Notably, flows through the CPC pipeline were upped by a significant 130 kb/d to hit 780 kb/d, their highest level since December 2010. Additionally, Kazakh Tengiz crude was also railed to the Ukrainian port of Odessa, rather than the Russian outlet of Taman. Consequently, exports via Odessa reached 80 kb/d, their highest since June 2012.

Shipments sent via the Transneft network slipped by 40 kb/d on the month to 4.2 mb/d, 400 kb/d above August's recent low as Russian refinery maintenance continues. The Baltic was the only region to see a rise with flows via Primorsk and Ust Luga inching up by 20 kb/d and 80 kb/d, respectively. Volumes via the Black Sea port of Novorossiysk fell by 50 kb/d to 740 kb/d. As more Russian oil heads eastwards, this outlet has been especially hard hit, current volumes are now over 100 kb/d less than one year ago. ESPO exports slipped by 40 kb/d as Kozmino seaborne shipments inched down. Flows of Rosneft-produced crude on the spur to China remained above nameplate capacity at 340 kb/d. It now appears that the long-expected closure of the Baku – Novorossiysk pipeline will take place in February 2014. This will likely lead to a sharp reduction in Azeri oil being shipped via the Transneft network to the Black Sea with Azeri

exporters, notably state-owned SOCAR, expected to continue their current trend of exporting directly to the Mediterranean via the more cost effective BTC line.

FSU Net Exports of Crude & Petroleum Products

(million barrels per day)

	2011	2012	4Q2012	1Q2013	2Q2013	3Q2013	Aug 13	Sep 13	Oct 13	Latest month vs. Sep 13	Latest month vs. Oct 12
Crude											
Black Sea	1.93	1.81	1.78	1.80	1.80	1.75	1.71	1.75	1.83	0.09	0.07
Baltic	1.50	1.67	1.69	1.60	1.68	1.44	1.32	1.64	1.73	0.09	-0.14
Arctic/FarEast	0.67	0.65	0.72	0.78	0.80	0.81	0.79	0.83	0.78	-0.05	0.14
BTC	0.70	0.66	0.59	0.58	0.71	0.65	0.69	0.57	0.58	0.01	0.01
Crude Seaborne	**4.80**	**4.79**	**4.78**	**4.76**	**5.00**	**4.65**	**4.50**	**4.80**	**4.93**	**0.13**	**0.08**
Druzhba Pipeline	1.17	1.08	0.98	0.99	1.02	1.06	1.04	1.07	1.03	-0.04	0.03
Other Routes	0.53	0.52	0.54	0.55	0.54	0.56	0.54	0.58	0.63	0.05	0.09
Total Crude Exports	**6.50**	**6.39**	**6.30**	**6.31**	**6.55**	**6.27**	**6.09**	**6.44**	**6.59**	**0.14**	**0.19**
Of Which: Transneft[1]	4.18	4.22	4.10	4.09	4.15	3.98	3.78	4.26	4.22	-0.04	-0.07
Products											
Fuel oil[2]	1.58	1.72	1.61	1.61	1.77	1.68	1.66	1.56	1.44	-0.12	-0.05
Gasoil	0.77	0.79	0.79	0.97	0.86	0.81	0.81	0.75	0.67	-0.08	0.00
Other Products	0.43	0.44	0.47	0.48	0.48	0.53	0.54	0.49	0.48	-0.01	0.04
Total Product	**2.77**	**2.95**	**2.87**	**3.06**	**3.11**	**3.02**	**3.02**	**2.80**	**2.59**	**-0.21**	**-0.01**
Total Exports	**9.27**	**9.34**	**9.17**	**9.36**	**9.66**	**9.29**	**9.10**	**9.24**	**9.17**	**-0.06**	**0.18**
Imports	0.09	0.09	0.09	0.07	0.06	0.08	0.10	0.06	0.08	0.01	0.00
Net Exports	**9.18**	**9.25**	**9.08**	**9.29**	**9.60**	**9.21**	**9.00**	**9.17**	**9.10**	**-0.08**	**0.18**

Sources: Argus Media Ltd, IEA estimates

[1]Transneft data exclude Russian CPC volumes.

[2]Includes Vacuum Gas Oil

Refinery maintenance continued to affect product exports in October as refiners chose to supply domestic markets rather than send product abroad. Consequently, total product shipments continued their downward trend, falling by a significant 210 kb/d on the month to 2.6 mb/d. The bulk of the decrease was seen in fuel oil exports which plunged by 120 kb/d as domestic buying reportedly picked up ahead of winter. Meanwhile, gasoil shipments fell by 80 kb/d and 'other products' slipped by 10 kb/d.

OECD STOCKS

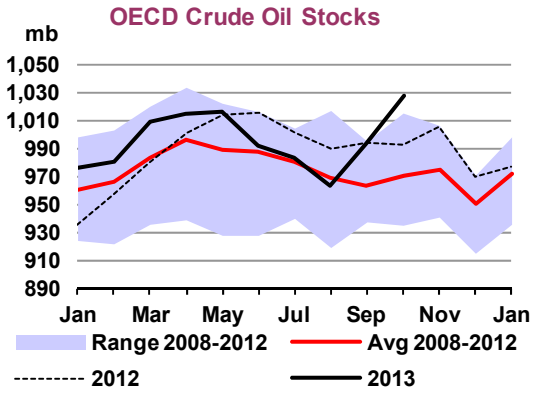
Summary

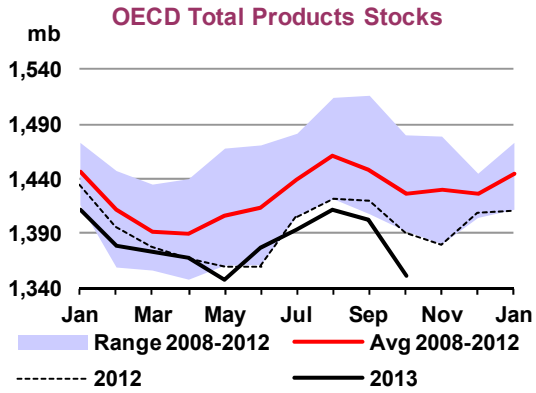
- **Commercial inventories in OECD member countries drew seasonally by a weaker-than-normal 12.1 mb in October** as strong builds in crude oil and other feedstocks partly offset an exceptionally steep 50.7 mb draw in refined products.

- **Unusually sharp declines in refined product inventories took their deficit versus the five-year average to 74.4 mb from 45.8 mb at end-September**. Refined product cover decreased to 29.5 days, 0.9 days lower than at end-September.

- **Middle distillates drew by a steep 22.8 mb** to stand at a wide 48.9 mb deficit to seasonal levels at the onset of winter in the Northern hemisphere.

- **Preliminary data indicate that OECD industry stocks drew by a counter-seasonal 34.5 mb in November** after refined products drew by a steep 32.5 mb.

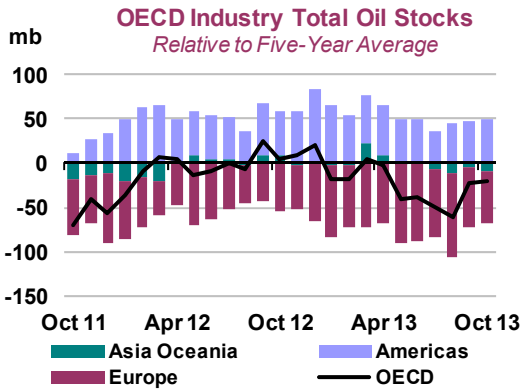


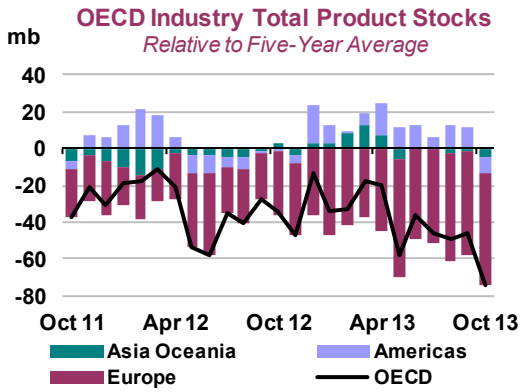


OECD Inventory Position at End-October and Revisions to Preliminary Data

Commercial oil inventories in OECD member countries posted an unusually weak seasonal draw of 12.1 mb in October. At 2 684 mb, inventories now stand 12.2 mb below year-ago levels and at a 19.7 mb deficit to the five-year average. As OECD refinery activity plummeted in October to a 20 year low, refined products drew by 50.7 mb, more than twice the 22.0 mb five-year average draw for the month. The draw in product stocks was their steepest monthly decline since February 2011, a month which was also characterised by high OECD refinery turnarounds. On the flip side, as refiners decreased throughputs, crude oil stocks soared by 34.5 mb, more than five times the 6.5 mb five-year average build. NGLs and other feedstocks also increased by a further 4.1 mb across the OECD. The build in crude, coming on top of a significant 18.6 mb upward revision to September data, has taken crude holdings above the seasonal range for the first time this year. Due to that unseasonably strong crude build, the deficit of OECD total oil stocks versus the five-year average actually narrowed to 19.7 mb from 23.7 mb one month earlier.

The steep draws in refined product inventories have taken their deficit versus the five-year average to a whopping 74.4 mb, from 45.8 mb at end-September. This is the widest deficit since April 2004. Furthermore, the deficit in refined product inventories now spans all OECD regions for the first time since November 2007. It would be even wider were it not for surplus ethane supplies stranded in the US (see *Excess Ethane Supplies Inflate OECD Refined Product Stocks*).





A 22.8 mb plunge in middle distillates stocks led the product draws. Middle distillates inventories ended October nearly 50 mb in deficit to the five-year average (see *OECD Distillate Stocks Tighten as Peak Winter Demand Season Approaches*). Motor gasoline inventories dropped by a steep 12.6 mb, led by the OECD Americas. 'Other products' fell by a stronger-than-usual 11.9 mb and fuel oil fell by 3.4 mb. All told, at end-month OECD refined products covered 29.5 days of forward demand, 0.9 days lower than at end-September.

Revisions versus 14 November 2013 Oil Market Report

(million barrels)

	Americas		*Europe*		*Asia Oceania*		*OECD*	
	Aug-13	Sep-13	Aug-13	Sep-13	Aug-13	Sep-13	Aug-13	Sep-13
Crude Oil	**6.4**	**5.1**	**0.1**	**11.2**	**0.0**	**2.3**	**6.5**	**18.6**
Gasoline	0.0	-2.7	0.2	0.1	0.0	-0.9	0.2	-3.4
Middle Distillates	0.0	2.7	-0.7	-0.9	0.0	-0.5	-0.7	1.3
Residual Fuel Oil	0.0	1.6	-0.5	-1.8	0.0	-0.3	-0.5	-0.5
Other Products	0.0	-0.2	-0.1	-1.9	0.0	-0.1	-0.1	-2.2
Total Products	**0.0**	**1.4**	**-1.1**	**-4.5**	**0.0**	**-1.7**	**-1.1**	**-4.9**
Other Oils[1]	1.0	2.4	0.0	3.6	0.0	-0.6	1.0	5.4
Total Oil	**7.4**	**8.8**	**-0.9**	**10.4**	**0.0**	**0.0**	**6.4**	**19.2**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

End-September OECD inventories have been adjusted upwards by 19.2 mb since last month's *Report* with crude oil accounting for 18.6 mb. OECD Europe and OECD Americas accounted for all of the adjustments, with upward revisions of 10.4 mb and 8.8 mb, respectively. A counter-seasonal 8.6 mb stock build reported in last month's *Report* for September stocks now looks even steeper at 21.4 mb.

Preliminary Industry Stock Change in October 2013 and Third Quarter 2013

	October 2013 (preliminary) *(million barrels)*				October 2013 (preliminary) *(million barrels per day)*				Third Quarter 2013 *(million barrels per day)*			
	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total	Am	Europe	As. Ocean	Total
Crude Oil	**22.8**	**12.5**	**-0.8**	**34.5**	**0.73**	**0.40**	**-0.03**	**1.11**	**0.00**	**0.13**	**-0.12**	**0.01**
Gasoline	-10.8	-2.1	0.3	-12.6	-0.35	-0.07	0.01	-0.41	-0.07	-0.02	-0.03	-0.12
Middle Distillates	-12.6	-8.1	-2.1	-22.8	-0.41	-0.26	-0.07	-0.74	0.11	0.11	0.10	0.32
Residual Fuel Oil	0.2	-2.6	-1.0	-3.4	0.01	-0.08	-0.03	-0.11	-0.03	-0.05	0.00	-0.08
Other Products	-11.6	-1.0	0.7	-11.8	-0.37	-0.03	0.02	-0.38	0.16	-0.09	0.09	0.16
Total Products	**-34.7**	**-13.8**	**-2.2**	**-50.6**	**-1.12**	**-0.45**	**-0.07**	**-1.63**	**0.17**	**-0.05**	**0.17**	**0.29**
Other Oils[1]	4.6	1.1	-1.5	4.1	0.15	0.03	-0.05	0.13	0.05	0.03	-0.01	0.07
Total Oil	**-7.4**	**-0.2**	**-4.5**	**-12.0**	**-0.24**	**-0.01**	**-0.14**	**-0.39**	**0.22**	**0.11**	**0.04**	**0.37**

1 Other oils includes NGLs, feedstocks and other hydrocarbons.

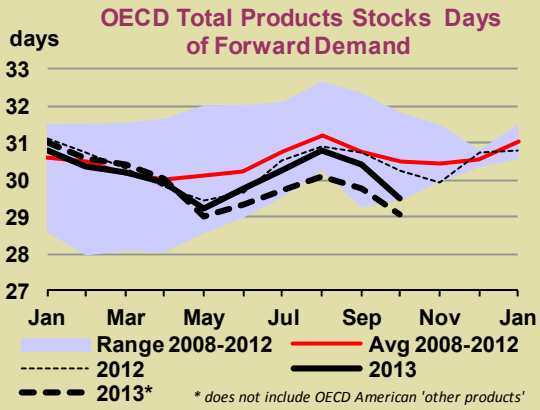
Preliminary data indicate that OECD inventories drew by a steep 34.5 mb in November, in stark contrast to the 3.0 mb five-year average build for the month. Refined products led stocks lower, falling by a counter-seasonal 32.5 mb, concentrated in OECD Americas. If these data were to be confirmed by subsequent official data, it would see the deficit of refined products stocks versus the five-year average

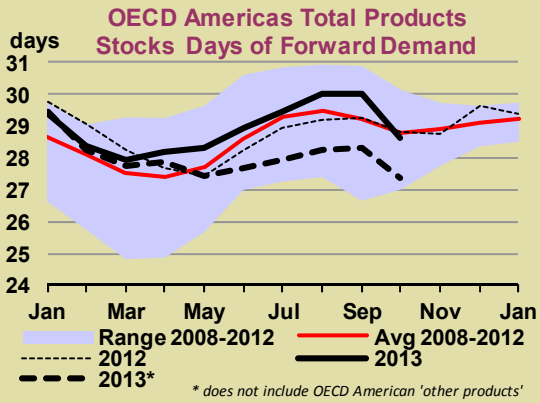
widen to a considerable 111 mb. Overall OECD American inventories fell by 27.6 mb while European stocks fell by 11.9 mb after refiners there drew crude stocks in tandem with rising runs. Elsewhere, Japanese stocks increased by a counter-seasonal 5.0 mb on rising crude holdings.

Excess Ethane Supplies Inflate OECD Refined Product Stocks

At end-October, OECD total product stocks stood at a significant 74.4 mb deficit to the five-year average, their widest deficit since April 2004. It was also the first time since November 2007 that product inventories across all OECD regions stood in deficit to the seasonal average at the same time. In the OECD Americas, inventories flipped from a surplus to a deficit as middle distillates drew steeply. This switch would have occurred much earlier in 2013, however, had it not been for soaring regional stocks of 'other products.' Currently 'other products' stocks in OECD Americas stand 18.3 mb in surplus to seasonal levels. That overhang exceeded 30 mb in 1Q13.

Last year and through early 2013, the large surplus of 'other products' was mainly due to excess US propane inventories. However, following the launch of a number of export terminals, US propane exports recently approached 290 kb/d, while seasonal crop drying has lifted domestic demand. By end-November, US propane inventories had retreated to 6 mb below the seasonal range and 18 mb below year-ago levels.





On closer inspection, the bulk of the overhang in 'other products' inventories now stems from excess ethane, a direct result of surging US natural gas production. US ethane stocks currently stand 13 mb (50 %) above the seasonal norm. Ethane's main use is as a petrochemical feedstock. Although the US has ambitious plans to build new ethylene crackers over the medium term, as well as more ethane pipeline capacity from separation plants to petrochemical facilities, they are currently only coming on-line at a trickle. As a result, the ethane market is oversupplied and even with rejection of ethane back into the dry gas stream, stocks are soaring. An additional problem concerns the logistical issues of evacuating ethane to consumers. Due to its light and volatile nature, it cannot easily be transported, which leaves it stranded in the US. However, a number of petrochemical companies, notably Ineos have recently made plans to ship US ethane to Europe over the medium-term with specialist tankers currently on order.

If OECD Americas 'other products' stocks and demand are stripped out of OECD aggregates of forward cover, the importance of the 'other products' overhang becomes clear. The forward demand cover provided by OECD refined products falls by 0.4 days to 29.1 days at end-October, notably below the seasonal range. Furthermore, if 'other products' are stripped from stocks and demand in OECD Americas, days of forward cover drop by 1.3 days to 27.3 days at end-October, below the five-year average and towards the bottom of the seasonal range.

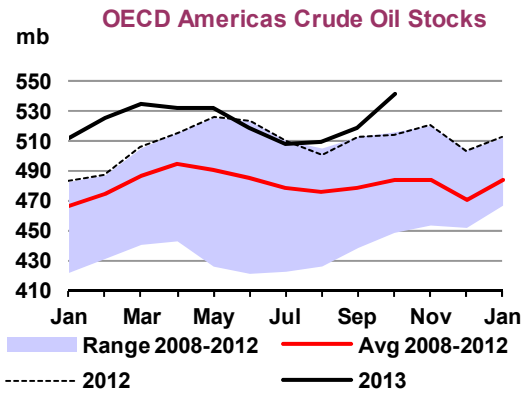
In summary, since ethane's use as a feedstock is limited mostly to the production of ethylene, and that US ethane processing capacity is currently saturated and exports constrained, it should not be considered as comparable to other refined products, notably transport and heating fuels. Its price relative to propane reflects this. Therefore, to a certain extent when examining OECD and especially US refined product stocks, extra care should be taken to account for 'other product' stocks in considering inventory tightness.

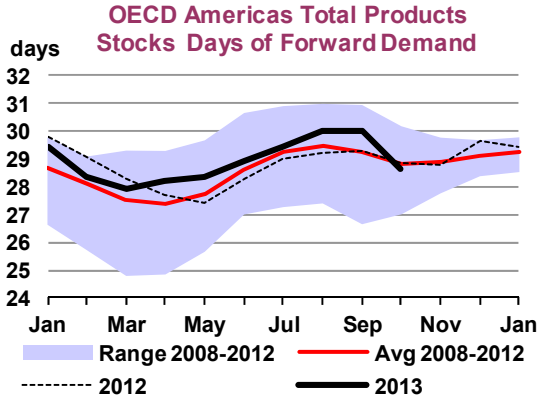
Recent OECD Industry Stock Changes

OECD Americas

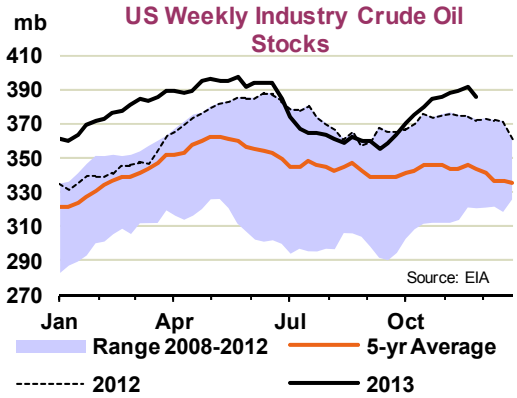
Industry inventories in OECD Americas slipped by 7.4 mb in October after builds in crude oil (22.8 mb) and NGLs and feedstocks (4.6 mb) largely offset a steep, 34.7 mb draw in refined products. The draw in products was over twice the average 14.3 mb five-year average stock draw for the month. Since the decrease in total oil was broadly in line with the 9.0 mb five-year average draw, the region's surplus versus average levels stayed relatively stable at 49 mb.

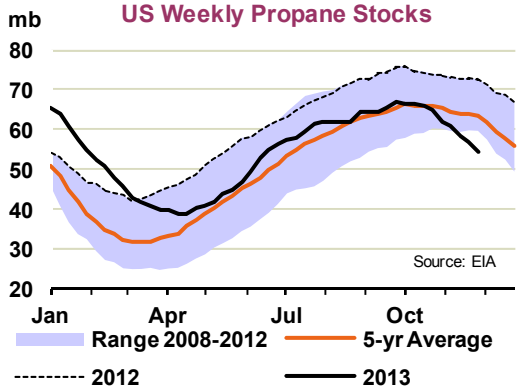
The monthly draw resulted from a near-800 kb/d drop in regional refinery throughputs that decreased demand for crude and drew product stocks as distributors struggled to keep pace with product demand. As crude inventories built at an unseasonably fast pace, regional crude prices were pressured lower, with WTI and WCS weakening by $6/bbl and $9/bbl, respectively, on average over October.





Distillates inventories led the refined product draw, falling by 12.6 mb. Motor gasoline stocks followed suit, plunging by 10.8 mb. Inventories of other products also drew by a stronger-than-seasonal 11.6 mb on rising US propane demand and still-strong propane exports. All told, forward cover provided by refined products holdings fell by a significant 1.4 days m-o-m to 28.6 days by end-month.

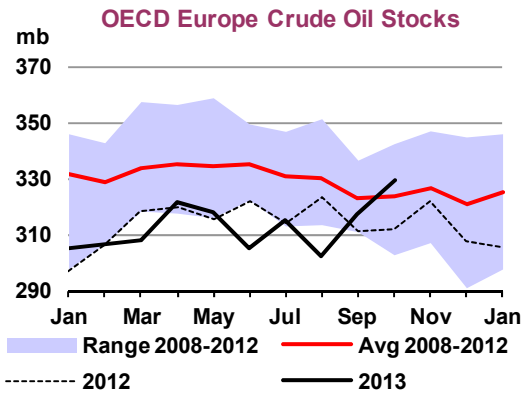


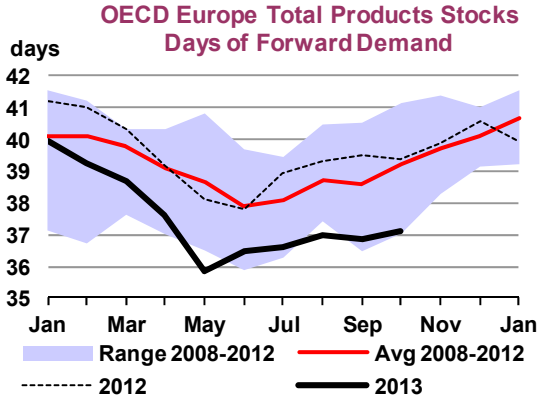


Preliminary weekly data from the US EIA indicate that US stocks fell by a further 27.6 mb in November (data include the week ending 29 November). As with October, refined products led the draw, falling by 27.3 mb. Crude stocks provided little offset, inching up by a marginal 0.6 mb. In contrast to the October fall, however, the draw was not related to refinery maintenance, since runs came roaring back by close to 700 kb/d. Rather, it was concentrated in 'other products,' which fell by a stronger-than-seasonal 21.7 mb as propane stocks dropped by 8.2 mb on rising crop-drying and heating demand and record-high exports.

OECD Europe

Total Commercial oil holdings in OECD Europe inched down by 0.2 mb in October, as an unseasonal 12.5 mb crude oil build largely offset a 13.8 draw in refined products. Since the fall was weaker than the 6.3 mb five-year draw average for the month, the deficit of total oil inventories versus average levels narrowed to 60 mb from 66 mb at end-September. Moreover, since the crude restocking was steeper than the 1.0 mb five-year average build, European crude stocks moved into surplus (+5.7 mb) versus average levels for the first time since January 2011. Middle distillates led the product draw, falling by 8.2 mb, in line with seasonal trends. Meanwhile, stocks of motor gasoline, fuel oil and other products slipped by 2.1 mb, 2.6 mb and 1.0 mb, respectively. At end-October, refined products covered 37.1 days of forward demand, 0.3 days above one month earlier.

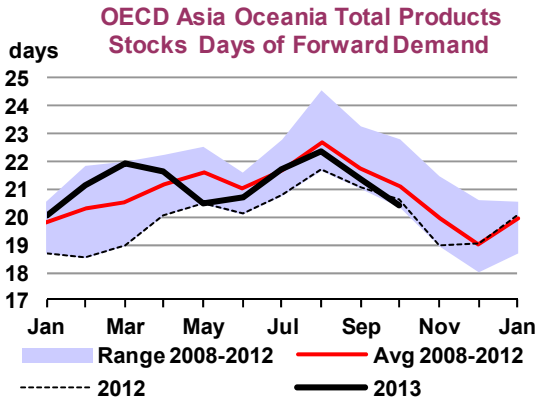


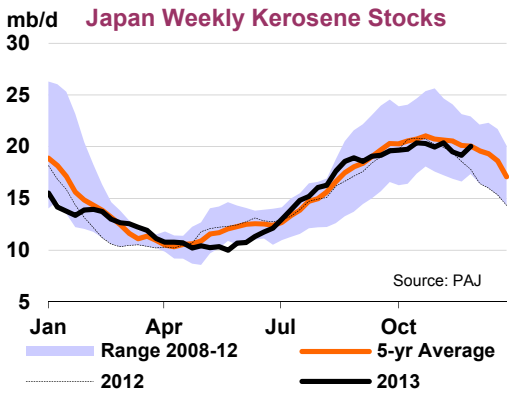


Preliminary data from Euroilstock point to a counter-seasonal 11.9 mb fall in European inventories over November. Plummeting crude oil stocks (-9.7 mb) led stocks lower with refined products slipping by 2.2 mb. The bulk of the product draw came from motor gasoline which fell by a counter-seasonal 2.7 mb while 'other products' slipped by 0.9 mb. Middle distillates inched up by 0.4 mb, considerably weaker than the 6.3 mb five-year average build.

OECD Asia Oceania

Total oil inventories in OECD Asia Oceania fell more steeply than usual, by 4.5 mb, compared to a 0.8 mb five-year average draw for the month. As in the rest of the OECD, refined products led the draw on the back of refinery maintenance. Unlike elsewhere, crude stocks drew seasonally by 0.8 mb, with NGLs and feedstocks posting a further 1.5 mb draw. Middle distillate stocks fell by 2.1 mb and those of residual fuel oil retreated by 1 mb. In contrast, stocks of motor gasoline and 'other products' built by 0.3 mb and 0.7 mb, respectively. At end-month, refined products covered 20.4 days of forward demand, 0.9 days above end-September.

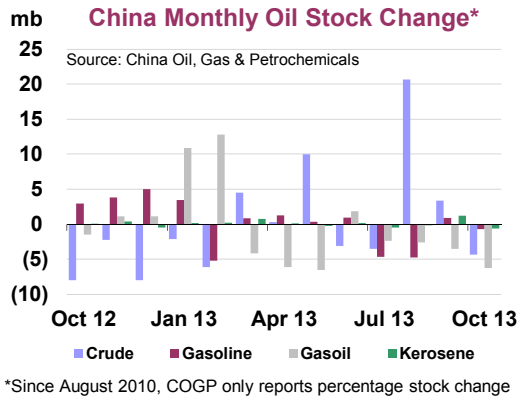


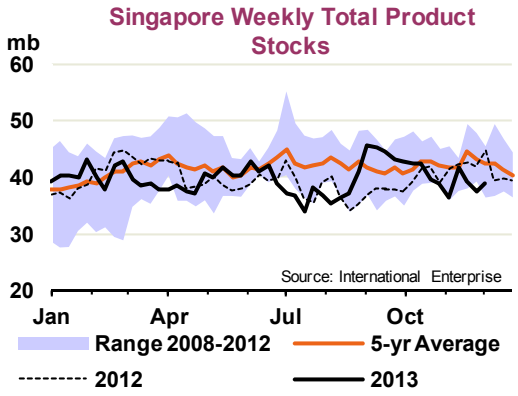


Weekly data from the Petroleum Association of Japan indicate that Japanese total oil inventories rebounded by 5.0 mb in November from October's 4.5 mb fall. The build was concentrated in crude oil which increased by a strong 7.0 mb, NGLs and other feedstocks built by a further 0.9 mb. Products drew by 3.0 mb. All product categories destocked, led by middle distillates (-2.3 mb).

Recent Developments in Singapore and China Stocks

According to latest data from *China Oil Gas and Petrochemicals* (*China OGP*), Chinese commercial crude inventories slipped by an equivalent 4.4 mb in October (Chinese stock changes are reported in percentage terms) as refinery throughputs hit 9.7 mb, their highest since February, while imports dropped from September's record level. Despite the increase in refinery activity, commercial refined product stocks dropped by 7.6 mb, including a 6.3 mb draw in gasoil. Gasoline and kerosene stocks inched down by 0.7 mb and 0.6 mb, respectively.

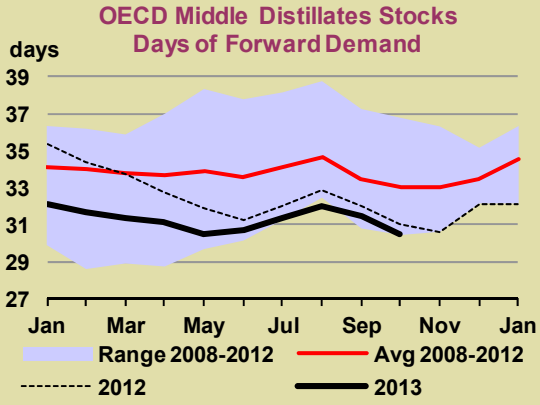


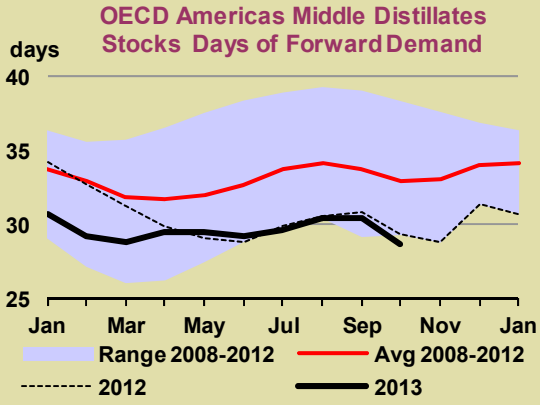


Weekly data from *International Enterprise* indicate that land-based refined product stocks in Singapore drew by a slight 0.3 mb over November. However, this masked significant volatility during the month. The draw was concentrated in middle distillates (-1.8 mb) amid rising regional heating demand. A 1.7 mb build in residual fuel oil stocks offered an offset as Asian bunker demand reportedly remained weak and the arbitrage to move product from Asia to Europe remained open.

OECD Distillate Stocks Tighten as Winter Nears

With the onset of winter in the Northern hemisphere, attention turns towards heating fuel inventories. In the OECD, middle distillates are the liquid fuel of choice for space heating. This wide product grouping includes ultra-low sulphur diesel and heating oil, which are widely used in OECD Americas and Europe as well as kerosene, the heating fuel of choice in Japan and Korea.



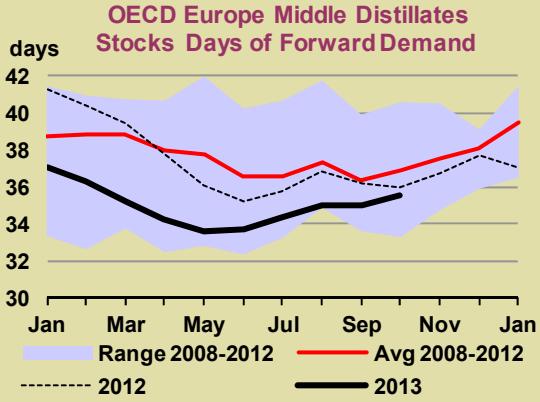


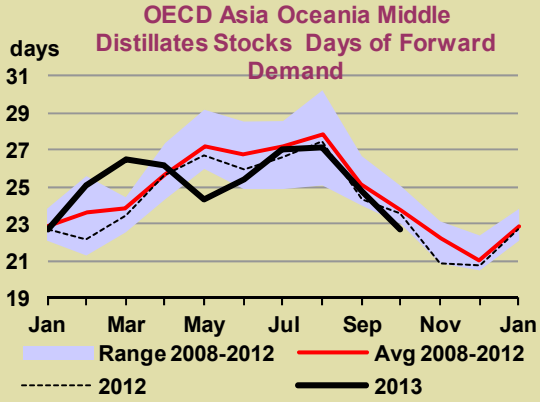
OECD Distillate Stocks Tighten as Winter Nears (continued)

Latest official data indicate that OECD middle distillate holdings tightened significantly across the OECD in October to leave all regions standing in deficit to seasonal levels. On an absolute basis, total OECD levels are in line with one year ago but considerably lower than the five-year average. The picture is not much better on a days of forward demand basis, with end-October inventories covering 30.5 days of forward demand, 0.6 days and 2.6 days below last year and the five-year average, respectively. Therefore, in the event of prolonged cold weather and an associated surge in heating fuel demand, these inventories could be depleted rapidly.

In the OECD Americas, middle distillate holdings stand broadly in line with last year but lag the five-year average by 27.4 mb. However, consideration should be given to two underlying trends affecting inventories; Firstly, the Northeast heating oil reserve halved its capacity to 1 mb in 2011 when it converted from heating oil to ultra-low sulphur diesel. Secondly, although information is scarce, anecdotal reports suggest that US consumers have switched from ultra-low sulphur diesel or heating oil to cheaper alternatives for heating such as natural gas or electricity (see *The Changing Seasonality of Oil Demand* in *Demand* section). The OMR demand forecast takes account of these trends but even on this basis regional inventories appear tight covering 28.6 days of forward demand, 0.6 days less than 2012 and a significant 4.3 days below the five-year average.

In OECD Europe, middle distillate inventories appear tight on an absolute basis, lagging the five-year average by 20 mb at end-October. However, even considering that demand has contracted since 2008, on a days-of-forward demand basis, stocks do not appear much more comfortable, lagging the five-year average by 1.4 days. However, an important point to consider is that consumers in Germany, the region's largest heating market, have extensively restocked over the summer. In October tank fill stood at 63% of capacity, 14% above April's low and higher than at any point since 2009. Since these stocks are tertiary and thus have already been removed from industry stocks, they will provide a buffer to the tight industry inventories in the event of prolonged cold weather.

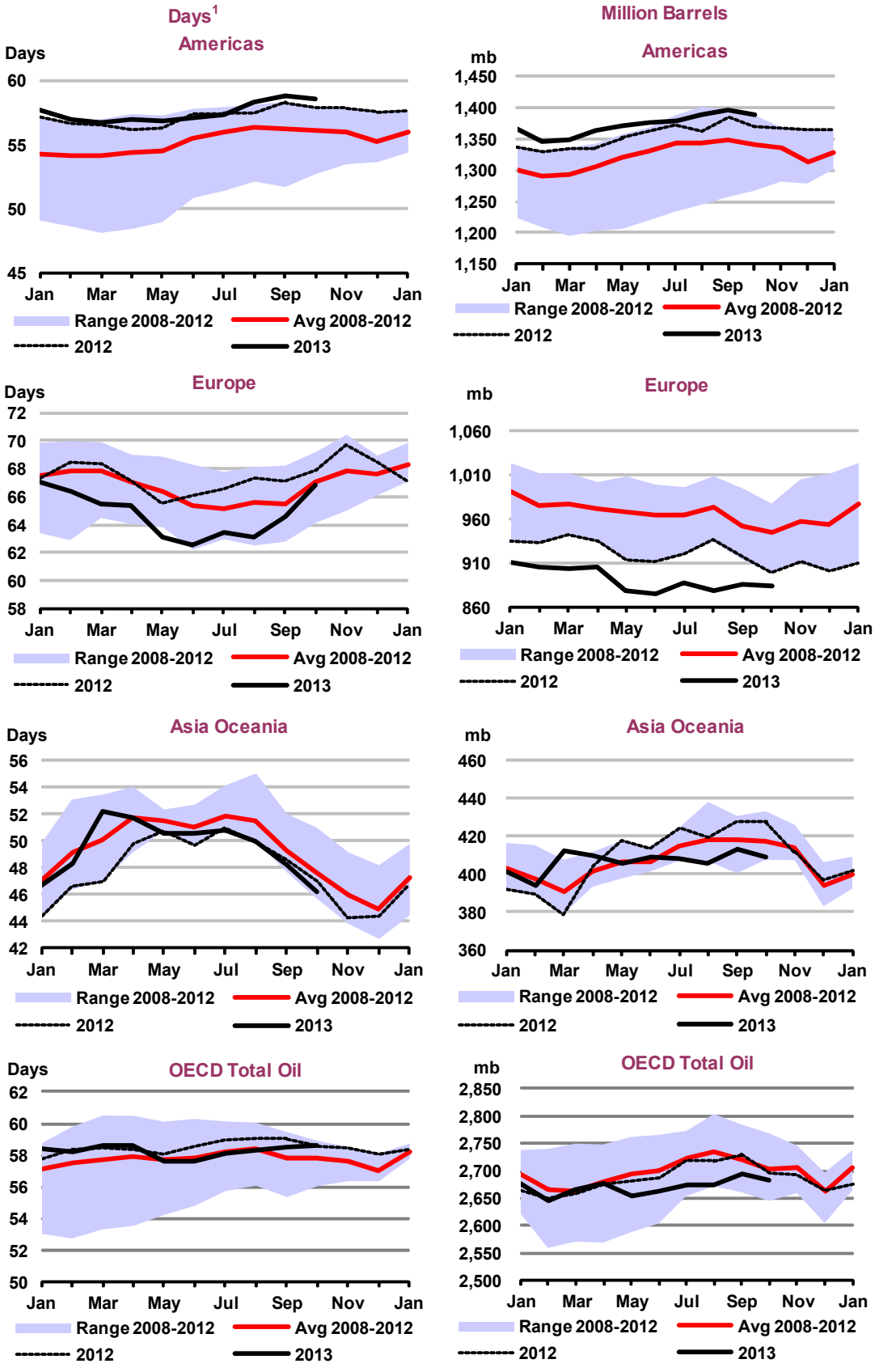




In OECD Asia Oceania, middle distillates lag the five-year average on both an absolute and days of forward demand basis. However, this picture is complicated somewhat by the market being small and therefore the five-year range is narrower than elsewhere. Nonetheless, at end-October, on an absolute level, middle distillates holdings stood 1.8 mb and 2.9 mb in deficit to the five-year average and 2012, respectively. Regional inventories cover 22.7 days of forward demand, 1.0 days and 0.8 days below the seasonal average and last year, respectively. Furthermore, inventories are now currently below the seasonal range.

Regional OECD End-of-Month Industry Stocks

(in days of forward demand and million barrels of total oil)



1 Days of forward demand are based on average demand over the next three months

PRICES

Summary

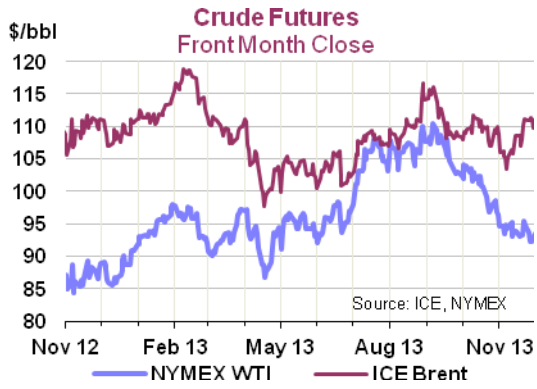
- **Futures prices trended lower in early November but retraced their losses later in the month and into early December.** Average front-month ICE Brent averaged $107.90/bbl in November, down $1.54/bbl month-on-month, but by early December had rebounded and posted four consecutive weekly gains, averaging $111.71/bbl in the first week of the month. NYMEX light, sweet crude oil fell by a steeper $6.62/bbl in November, to $93.93/bbl, but later bounced back as well, to an average $96.42/bbl in the first week of December.

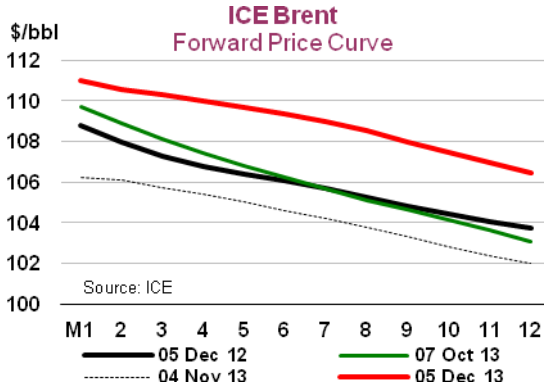
- **The WTI-Brent spread widened by more than $5/bbl in November, to an average of just over $14/bbl**, reaching around $17.55 in the last week of the month, only to fall back slightly to near $15.30 in early December. Continued disruptions in Libyan crude exports helped support Brent prices, while surging US LTO supply, coupled in October with steep refinery run cuts, kept WTI prices under downward pressure.

- **Middle distillate and RBOB crack spreads rallied on the NYMEX in November** on the back of resurging US demand, strong US exports of refined products, deep refinery run cuts and steep product stock draws in October. In contrast, gasoil crack spreads to Brent on the ICE edged down on high crude prices amid continued disruptions in Libyan crude exports.

- **Oil markets took an interim agreement between Iran and the P5+1 nations reached in Geneva on 24 November in their stride.** Despite some relaxation of shipping restrictions, the deal keeps US and EU sanctions on Iranian oil exports firmly in place for the next six months, as the two sides engage in further talks and confidence building. After a knee-jerk, intraday dip following the Geneva accord, futures prices resumed their uptrend.

- **Rates for Very Large Crude Carriers (VLCCs) enjoyed their best month in years in November, firming steadily to end the month at levels unseen since 1Q09**. Asian demand for Middle Eastern crudes remained strong as Asian refiners came out of turnarounds. Rates on the benchmark Middle East Gulf – Asia route surged to more than $17/mt by early-December, from $14.40/mt a month earlier.





Market Overview

Futures prices trended lower in early November but retraced their losses later in the month and into early December. Brent prices were especially buoyant. Average front-month ICE Brent averaged $107.90/bbl in November, down $1.54/bbl month-on-month, but by early December had rebounded and posted four consecutive weekly gains, averaging $111.71/bbl in the first week of the month. In contrast,

NYMEX light, sweet crude oil fell by a steeper $6.62/bbl in November, to $93.93/bbl, but later bounced back as well, to an average $96.42/bbl in the first week of December.

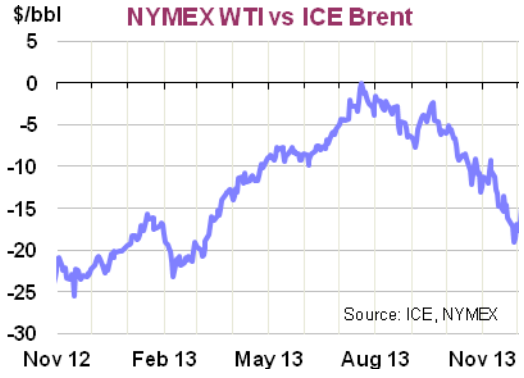
Prompt Month Oil Futures Prices

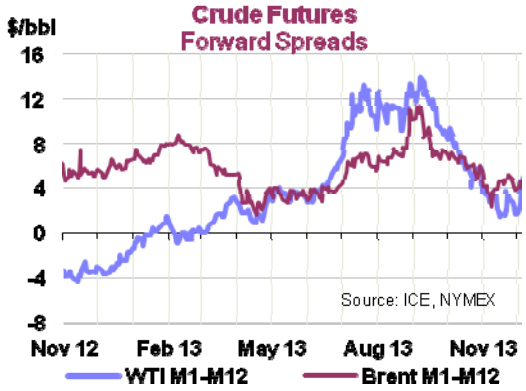
(monthly and weekly averages, $/bbl)

	Sep	Oct	Nov	Nov-Oct Avg Chg	% Chg	Week Commencing: 04 Nov	11 Nov	18 Nov	25 Nov	02 Dec
NYMEX										
Light Sweet Crude Oil	106.24	100.55	93.93	-6.62	-7.0	94.32	93.93	94.00	93.20	96.42
RBOB	114.81	110.67	110.30	-0.37	-0.3	106.25	110.48	112.81	112.88	113.91
No.2 Heating Oil	128.19	125.71	123.30	-2.41	-2.0	120.28	121.90	124.58	127.80	128.36
No.2 Heating Oil ($/mmbtu)	22.61	22.17	21.75	-0.43	-2.0	21.21	21.50	21.97	22.54	22.64
Henry Hub Natural Gas ($/mmbtu)	3.62	3.65	3.64	-0.01	-0.4	3.50	3.60	3.66	3.86	4.03
ICE										
Brent	111.25	109.44	107.90	-1.54	-1.4	105.08	107.27	108.92	110.75	111.71
Gasoil	125.93	124.63	122.94	-1.69	-1.4	120.63	121.55	123.30	126.32	126.72
Prompt Month Differentials										
NYMEX WTI - ICE Brent	-5.01	-8.89	-13.97	-5.08		-10.76	-13.34	-14.92	-17.55	-15.29
NYMEX No.2 Heating Oil - WTI	21.95	25.16	29.37	4.21		25.96	27.97	30.58	34.60	31.94
NYMEX RBOB - WTI	8.57	10.12	16.37	6.25		11.93	16.55	18.81	19.68	17.49
NYMEX 3-2-1 Crack (RBOB)	13.03	15.14	20.71	5.57		16.61	20.36	22.73	24.65	22.31
NYMEX No.2 - Natural Gas ($/mmbtu)	18.99	18.52	18.11	-0.41		17.72	17.89	18.31	18.68	18.60
ICE Gasoil - ICE Brent	14.68	15.19	15.04	-0.15		15.55	14.28	14.38	15.57	15.01

Source: ICE, NYMEX.

The WTI-Brent spread widened by more than $5/bbl in November, to an average of nearly $14/bbl, reaching around $17.55/bbl in the last week of the month, only to fall back slightly to near $15.30/bbl in early December. Continued disruptions in Libyan crude exports and lower Iraqi exports helped support Brent prices, while surging US LTO supply, coupled with steep refinery run cuts in October, kept WTI prices under downward pressure





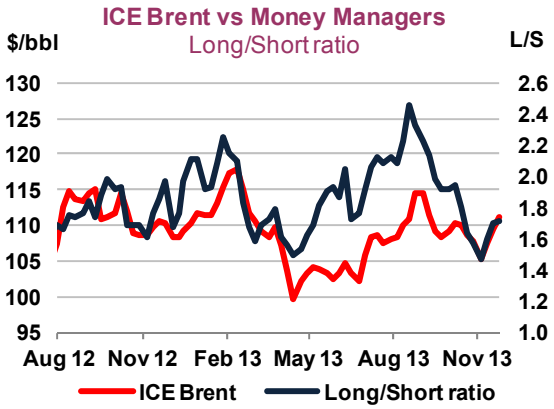
Iran and the P5+1 nations (the US, EU, UK, Russia, China, France and Germany) and Iran reached an interim agreement on 24 November in Geneva by which Iran agreed to a temporary freeze on many nuclear activities as well as increased cooperation with the IAEA in exchange for a commitment from the P5+1 not to increase sanctions further. While Tehran also earned a partial easing of some sanctions, notably on maritime insurance, existing US and EU oil sanctions remain firmly in place. All parties agreed to use the six-month period covered by this interim deal to push toward a more permanent arrangement. While a permanent resolution of the Iran nuclear question could eventually lead to a significant relaxation in sanctions against Iran, in recent days President Obama has publicly stated that he places the odds of successfully reaching such an agreement at 50-50 or less. Oil markets took the agreement, which was announced at a time when oil markets were closed for the weekend, in their stride. After a knee-jerk, intraday dip on Monday, 25 November, futures prices resumed their uptrend.

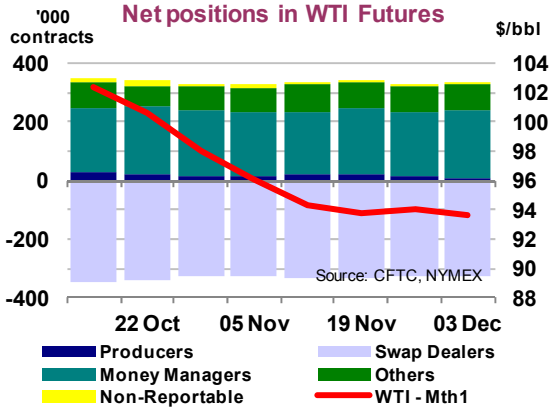
Meanwhile, OPEC ministers gathered on 4 December in Vienna agreed to keep their output target steady at 30 mb/d for the first six months of 2014, though both Iran and Iraq have signalled their intention to increase crude oil production in due course regardless of the collective target. The group said it sees economic uncertainty as the oil market's top challenge, but acknowledged that forecast non-OPEC supply looked set to "more than offset" projected increases in demand, and reserved the right to "swiftly respond" to any sign of market imbalance. This was understood to mean that the group could reconvene before its next ordinary meeting of 11 June 2014 if warranted by market conditions. Many commentators have speculated that fast-rising production from US light, tight oil formations and other sources could put pressure on OPEC's crude oil output in 2014.

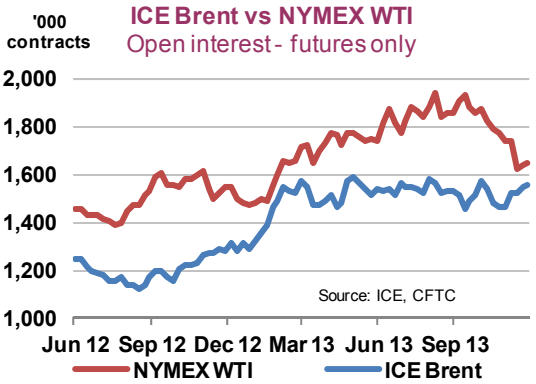
Futures Markets

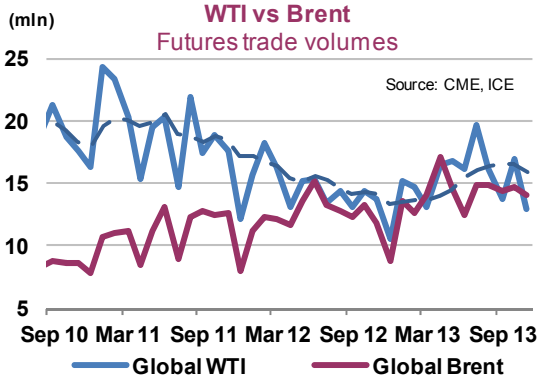
Between 29 October and 3 December, hedge funds and other money managers' net long positions in ICE Brent futures sank to their lowest levels in more than a year. Their net long positions bounced back around mid-November as Brent prices reversed earlier losses, climbing above $110/bbl by end-month. Money managers' positions in NYMEX WTI futures were little changed, as the Cushing-based benchmark traded in a narrower $5 to $6/bbl range.

Money managers were moderately bearish gasoil/heating oil in early November, but progressively shifted from a net short position to a more bullish, net-long stance as prices recovered in the second half of the month. Hedge funds also gradually increased their net long positions on NYMEX RBOB over the month, in line with an upward trend in prices over the period.









NYMEX WTI open interest was seasonally down 7% on the month in future contracts only and down by 13% in futures and options, while open interest in ICE Brent increased by 6% over the period, bringing growth year-on-year (y-o-y) to 21%. After showing signs of recovery earlier this year, global WTI trading volumes appear to have lost momentum and are now alternating with Brent trading volumes month-on-month for the lead.

Positions on ICE Brent Crude Futures

Thousand Contracts

03 December 2013	Long	Short	Net	Long/Short	Δ Net from Prev. Week	Δ Net Vs Last Month
Producers' Positions	626.8	878.9	-252.1	*Short*	↑ 29.4	↑ 54.2
Swap Dealers' Positions	464.7	304.3	160.4	*Long*	↓ -31.9	↓ -46.5
Money Managers' Positions	311.5	181.4	130.1	*Long*	↑ 2.1	↑ 5.4
Others' Positions	109.5	151.4	-41.9	*Short*	↓ -1.4	↓ -11.3
Non-Reportable Positions	38.8	35.3	3.5	*Long*	↑ 1.9	↓ -1.9
Open Interest			**1551.3**		↑ 4.6	↑ 90.6

Source: ICE

Positions on Light Sweet Crude Oil (WTI) Futures

Thousand Contracts

03 December 2013	Long	Short	Net	Long/Short	Δ Net from Prev. Week	Δ Net Vs Last Month
Producers' Positions	275.9	270.3	5.7	*Long*	↓ -8.0	↓ -11.6
Swap Dealers' Positions	312.9	643.2	-330.4	*Short*	↓ -6.5	↓ -6.7
Money Managers' Positions	576.1	342.0	234.1	*Long*	↑ 16.4	↑ 11.1
Others' Positions	400.2	313.4	86.8	*Long*	↓ -3.1	↑ 7.6
Non-Reportable Positions	80.6	76.7	3.9	*Long*	↑ 1.1	↓ -0.4
Open Interest			**1645.7**		↑ 9.2	↓ -128.7

Source: CFTC

Financial Regulation

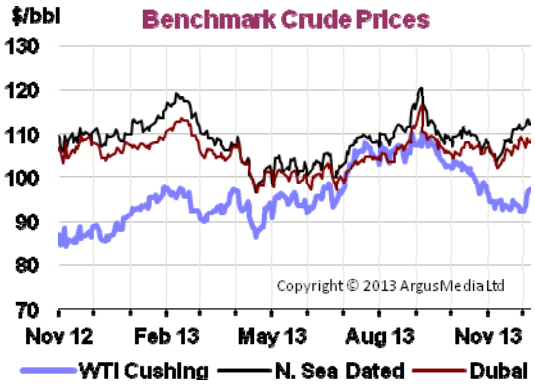
The Volcker rule was approved by five US federal regulators on 10 December, namely the Federal Reserve, the Federal Deposit Insurance Corporation (FDIC), the Securities and Exchange Commission (SEC), the Office of the Comptroller of the Currency (OCC) and the Commodity Futures Trading Commission (CFTC). The rule is a pillar of the 2010 Dodd Frank Act, the financial regulation reform adopted in the wake of the 2008 financial crisis. The new rule bars commercial banks from engaging in proprietary trading (*i.e.* trading for their own account) and limits their stake in private-equity and hedge funds.

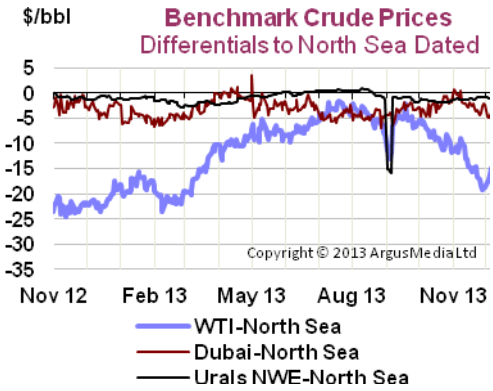
On 15 November, the US CFTC approved a rule ensuring that treasury bills posted as collateral can easily be converted to cash, effectively requiring the bills to be covered by credit lines. Shortly thereafter, on 20 November, the CFTC published its first weekly swaps report showing aggregate data on cleared and uncleared swaps. Upcoming reports will further categorise data by type of participant and asset class.

The European Securities Markets Authority (ESMA) has granted licences to six trade repositories under the new EMIR regulation on 12 November. Market participants will start reporting on 12 February 2014 for all asset classes, 90 days after the end of the registration period during which trade repositories could apply for a license.

Spot Crude Oil Prices

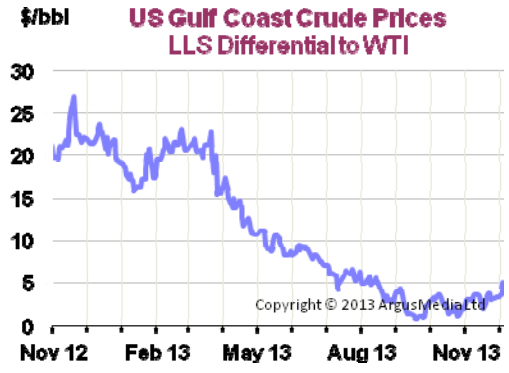
Regional contrasts in crude supply continue to be mirrored in benchmark price patterns: just as North American crude supply growth keeps racing ahead of production in the rest of the world, so too are spot prices for North American crude benchmarks increasingly divorced from those for other grades. Price trends in November and early December were a case in point. At first glance, all major crude benchmarks suffered a decline in their November average spot prices versus October. But whereas most benchmarks experienced only relatively minor losses, prices for WTI (Cushing) plummeted by $6.56/bbl on the month, causing the WTI spread versus other grades to widen.

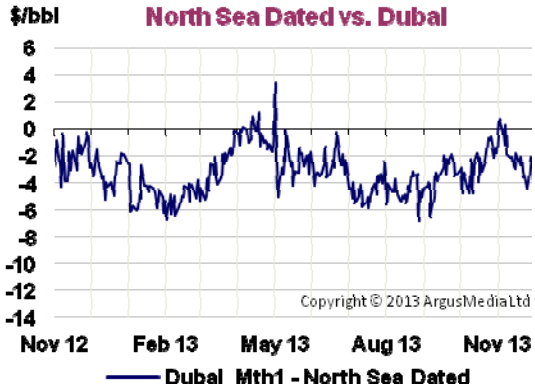




On closer examination, monthly headline average figures conceal even stronger contrasts in weekly prices. Average price declines for November were partly misleading, as for most grades they were entirely accounted for by steep declines in the first few days of the month, which themselves extended losses of the previous month. Past that initial dip, most benchmark grades staged an impressive recovery for the remainder of the month and into December. Prices rallied across the board despite the conclusion on an interim agreement between Iran and the P5+1 nations in Geneva on 24 November, which many market observers had expected – wrongly, as it turned out – to lead to a selloff in oil markets. Once again, however, North American grades played the role of outliers. WTI prices bucked the trend set by such benchmarks as North Sea Dated, Urals or Dubai, falling steadily through most of November. Only at the very end of November and in early December did WTI retrace their losses and rise above their November average.

Steep swings in refinery throughputs across the OECD and continued unrest in Libya compounded the impact of North American supply growth in shaping pricing patterns in November and early December. In Europe, crude supply faced renewed disruptions in Libyan oil exports in November and early December amid intensifying unrest in that country. Average Libyan crude production declined to an estimated 220 kb/d in November, from 450 kb/d in October. That new shortfall has provided support for other grades in the Mediterranean market and beyond, such as North Sea Dated (a light, sweet look-alike) and Urals (another major source of Mediterranean crude supply). Although North Sea Dated prices for November edged down on average by $1.15/bbl from October, prices have been rising steadily since the week commencing 11 November. By the first week of December, they stood more than $4.50/bbl above their November average.





Similarly, Urals prices by early December had more than retraced their losses of the previous two months. Average Urals prices fell by $3.22/bbl in October from September as both European and FSU refinery runs hit seasonal lows, and by another $0.34/bbl in November. By early December, however, Urals prices had rebounded to a weekly average of $112.86/bbl, $4.81 above their November average

and $1.25/bbl above September prices. Plummeting European refinery throughputs in September and October likely helped undermine support for Urals prices during those months as refining activity in the region sank to lows unseen in decades, but failed to drag Urals prices further down in November and December, when Russian and European crude throughputs likely recovered somewhat.

Dubai prices exhibited a similar trend, but fluctuated in a narrower band. Dubai spot prices edged down by $1.66/bbl in October and by $0.69/bbl in November, but rebounded from $104.01/bbl in early November to $108.32/bbl in the last week of the month. Dubai failed to extend those gains into early December, however, averaging $108.14/bbl in the week starting 2 December. Tapis fell by a more substantial $3.62/bbl in November, but bounced back in early December, surging $4.75/bbl above the November average.

In contrast, prices for WTI and other US benchmarks have been a study in weakness. Thus WTI spot prices fell by $6.56/bbl in November, extending their $5.74/bbl drop of the previous month. Unlike grades in other regions, WTI prices continued to edge down through November. Only in the week commencing 2 December did the grade bounce back, averaging at $96.11/bbl, $1.17/bbl above its November average, but still more than $10/bbl below September prices. A plunge in US refinery throughputs in October likely helped undermine prices, as did continued strong output growth and a lack of market outlets for US crude beyond domestic markets, due to the US export ban. Strong production kept crude stocks high in November despite a recovery in refinery throughputs, especially towards the end of the month.

Delays in starting up the new 700 kb/d Keystone South pipeline from the Cushing, Oklahoma storage hub to the Nederland, Texas refining centre may also have helped keep a lid on WTI prices at the margin. The pipeline is now scheduled to start up in early January, and is expected to be a bullish factor for WTI compared to Gulf Coast grades, as WTI will flow freely to the Gulf Coast. The already-operating Seaway Pipeline from Cushing will be expanded by 450 kb/d by the end of 1H14, meaning that WTI will be able to flow out of Cushing faster than it can be fed in.

Spot Crude Oil Prices and Differentials

(monthly and weekly averages, $/bbl)

	Sep	Oct	Nov	Nov-Oct		Week Commencing:				
				Avg Chg	%	04 Nov	11 Nov	18 Nov	25 Nov	02 Dec
Crudes										
North Sea Dated	111.91	109.15	108.00	-1.15	-1.1	104.66	107.11	109.22	111.38	112.56
Brent (Asia) Mth 1	112.14	109.54	108.17	-1.37	-1.3	105.38	106.92	108.82	111.34	111.91
WTI (Cushing) Mth 1	106.25	100.50	93.94	-6.56	-6.5	94.32	93.93	93.86	93.27	96.11
Urals (Mediterranean)	111.61	108.39	108.05	-0.34	-0.3	104.93	107.32	108.94	111.42	112.86
Dubai	108.25	106.58	105.90	-0.69	-0.6	104.01	104.80	106.27	108.32	108.14
Tapis (Dated)	119.91	117.53	113.91	-3.62	-3.1	111.36	112.61	114.72	117.12	118.66
Differential to North Sea Dated										
WTI (Cushing)	-5.66	-8.64	-14.05	-5.41		-10.34	-13.18	-15.36	-18.11	-16.45
Urals (Mediterranean)	-0.30	-0.76	0.05	0.81		0.27	0.21	-0.28	0.04	0.30
Dubai	-3.66	-2.56	-2.10	0.46		-0.66	-2.31	-2.95	-3.06	-4.43
Tapis (Dated)	8.00	8.39	5.91	-2.47		6.70	5.50	5.50	5.74	6.10
Prompt Month Differential										
Forward Cash Brent Mth1-Mth2	1.15	0.51	0.36	-0.15		-0.04	0.28	0.60	0.67	0.45
Forward WTI Cushing Mth1-Mth2	0.57	-0.08	-0.43	-0.35		-0.35	-0.54	-0.48	-0.31	-0.24
Forward Dubai Mth1-Mth2	1.61	1.05	1.50	0.45		1.55	1.50	1.47	1.48	0.95

Copyright © 2013 Argus Media Ltd - All rights reserved

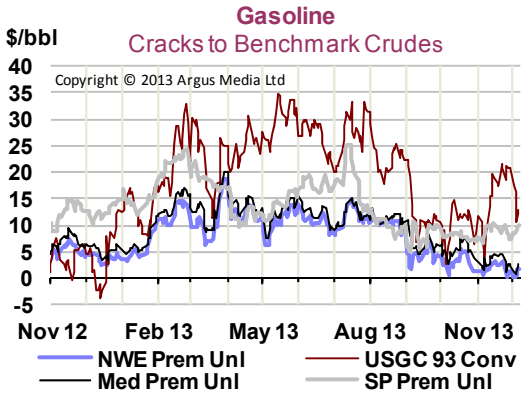
As US crude prices bucked the trend in other markets, differentials between US and other grades widened in recent weeks. The spread between North Sea Dates and WTI (Cushing) has widened from $5.66/bbl in September to $14.05/bbl in November. By the last week of November, the spread had reached $18.11/bbl, but fell back somewhat to $16.45/bbl in early December. Internal spreads between

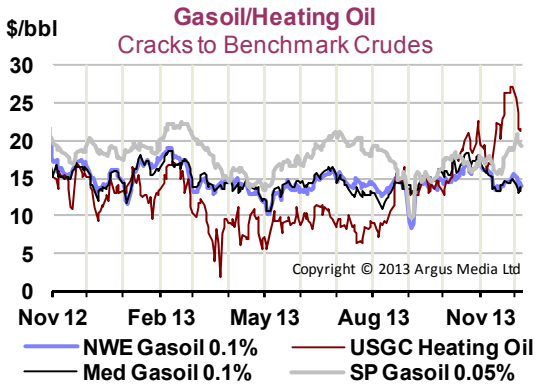
WTI and other US grades have also changed. Bakken crude is now getting better netbacks on the East and West Coasts than in the Gulf Coast market, even when comparatively high rail costs to the Atlantic and Pacific coasts are factored in. Meanwhile, even as WTI increasingly heads south to the Gulf, coastal grade Light Louisiana Sweet (LLS) is being shipped north to Illinois for refining and is becoming disconnected from the Brent-WTI spread.

Saudi Aramco raised its official selling price (OSP) for January light crude to Asia, reflecting gains in prices for comparable benchmarks. At $3.75/bbl, Arab Light's premium to the Oman/Dubai average has reached its highest level in two years.

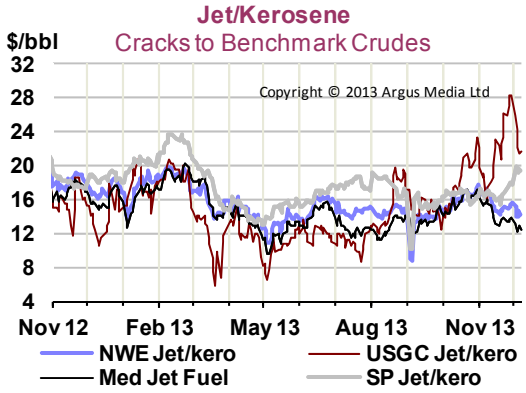
Spot Product Prices

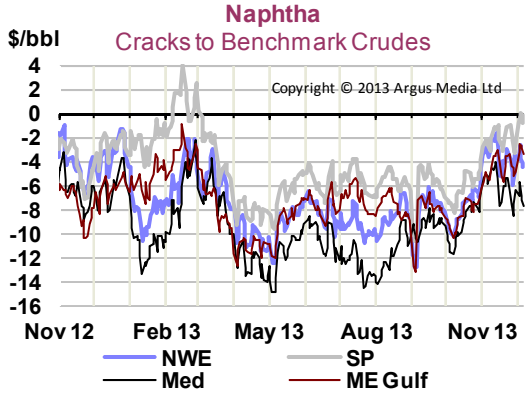
Atlantic Basin spot product markets showed diverging trends in November. Although product prices generally weakened across the board, crude prices were split along regional lines, leading to disparities in crack spreads. In the US, crack spreads surged as crude prices weakened. WTI and LLS lost $6.60/bbl and $5.80/bbl, respectively, over the month amid ample supplies and growing inter-grade competition. But prices for North American grades did firm up in early December, bringing US cracks sharply lower. In Europe, product prices generally fell faster than crude prices, undermining cracks. In Asia, the spot market remained strong for all products except fuel oil.





Gasoline crack spreads surged to over $20/bbl in the US Gulf Coast in mid-November, as logistical glitches in Florida caused a spike in demand for Gulf Coast-produced gasoline. The boom proved short-lived, however, and, as the Florida market returned to normal, prices retreated. In contrast, European gasoline cracks weakened to below $5/bbl as gasoline prices faced steeper falls than in any other market. Europe remains awash with gasoline as regional demand remains sluggish and export demand to the US and Africa remains weak. Meanwhile, Asian crack spreads rose on the back of falling regional supply after Northeast Asian refineries entered maintenance.





Spot Product Prices

(monthly and weekly averages, $/bbl)

	Sep	Oct	Nov	Nov-Oct		Week Commencing:					Sep	Oct	Nov
				Chg	%	04 Nov	11 Nov	18 Nov	25 Nov	02 Dec			
Rotterdam, Barges FOB											**Differential to Dated Brent**		
Premium Unl 10 ppm	116.95	112.12	109.93	-2.19	-2.0	105.98	109.76	111.87	112.58	113.25	5.04	2.98	1.93
Naphtha	104.49	101.31	104.42	3.11	3.1	101.76	104.25	105.26	106.76	109.02	-7.42	-7.84	-3.58
Jet/Kerosene	125.94	125.15	123.60	-1.56	-1.2	121.54	122.41	123.95	126.57	126.94	14.03	16.01	15.60
ULSD 10ppm	129.59	127.16	124.81	-2.35	-1.8	122.29	123.34	125.37	128.25	128.37	17.68	18.01	16.81
Gasoil 0.1%	125.88	124.91	122.88	-2.03	-1.6	120.67	121.32	123.21	126.27	126.88	13.97	15.76	14.88
LSFO 1%	96.31	93.81	93.28	-0.53	-0.6	91.45	92.37	93.80	95.79	97.75	-15.60	-15.34	-14.72
HSFO 3.5%	91.71	90.44	88.42	-2.02	-2.2	87.75	87.96	88.99	88.89	89.92	-20.20	-18.71	-19.58
Mediterranean, FOB Cargoes											**Differential to Urals**		
Premium Unl 10 ppm	118.20	113.45	111.24	-2.21	-1.9	107.32	111.11	113.24	113.76	114.27	6.60	5.07	3.20
Naphtha	102.37	99.29	102.13	2.85	2.9	99.74	102.08	102.87	104.15	106.24	-9.23	-9.10	-5.91
Jet Aviation fuel	124.95	124.17	122.33	-1.84	-1.5	120.53	121.22	122.52	125.09	125.43	13.35	15.79	14.28
ULSD 10ppm	128.73	126.57	124.37	-2.20	-1.7	121.69	122.91	125.10	127.94	128.04	17.13	18.18	16.32
Gasoil 0.1%	126.18	125.26	122.82	-2.44	-1.9	120.78	121.23	123.10	126.11	126.50	14.57	16.87	14.77
LSFO 1%	97.55	95.11	94.62	-0.49	-0.5	92.65	93.83	95.24	97.13	99.11	-14.05	-13.27	-13.42
HSFO 3.5%	91.03	89.85	87.80	-2.05	-2.3	87.09	87.40	88.42	88.28	89.30	-20.57	-18.54	-20.24
US Gulf, FOB Pipeline											**Differential to LLS**		
Super Unleaded	119.83	112.89	112.26	-0.63	-0.6	104.58	113.51	116.53	116.83	114.74	11.59	9.93	15.09
Unleaded	109.66	104.43	102.95	-1.48	-1.4	96.61	103.16	108.84	105.03	103.87	1.42	1.47	5.77
Jet/Kerosene	123.03	121.35	118.50	-2.85	-2.4	115.07	117.26	120.28	123.62	123.97	14.79	18.39	21.32
ULSD 10ppm	126.66	123.34	119.83	-3.51	-2.8	117.41	118.51	121.24	124.12	124.68	18.43	20.38	22.66
Heating Oil	122.01	120.98	118.20	-2.78	-2.3	115.04	116.46	120.32	123.16	123.65	13.77	18.02	21.03
No. 6 3%*	94.56	92.07	89.50	-2.57	-2.8	88.91	89.30	89.77	90.15	91.36	-13.68	-10.89	-7.68
Singapore, FOB Cargoes											**Differential to Dubai**		
Premium Unleaded	117.34	114.42	114.64	0.23	0.2	111.82	114.56	115.52	116.65	117.18	9.09	7.83	8.75
Naphtha	103.04	100.51	103.81	3.30	3.3	101.50	103.45	104.25	106.00	107.86	-5.21	-6.08	-2.09
Jet/Kerosene	123.91	123.08	122.67	-0.40	-0.3	120.73	121.10	122.56	126.00	127.66	15.66	16.49	16.78
Gasoil 0.05%	123.61	123.80	123.27	-0.53	-0.4	121.45	121.07	123.05	127.19	128.15	15.36	17.22	17.37
LSWR Cracked	104.40	104.08	108.98	4.91	4.7	107.28	108.83	109.78	110.08	108.91	-3.85	-2.51	3.09
HSFO 180 CST	96.15	97.12	95.35	-1.78	-1.8	95.09	94.31	95.66	95.91	95.97	-12.09	-9.46	-10.55
HSFO 380 CST 4%	95.31	96.47	94.64	-1.83	-1.9	94.12	93.97	94.92	95.24	95.14	-12.93	-10.12	-11.26

Copyright © 2013 Argus Media Ltd - All rights reserved * Waterborne

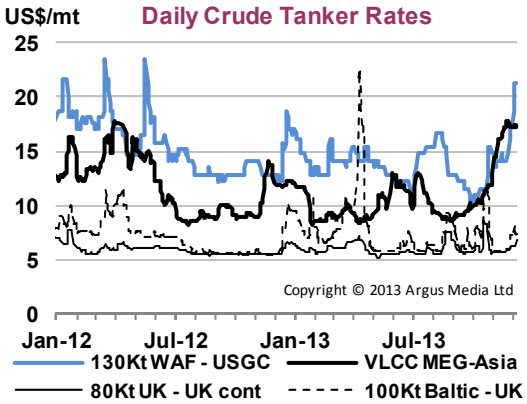
Jet kerosene cracks on the US Gulf Coast also spiked in November, surging to over $28/bbl late-month, their highest since 2008, buoyed by rising domestic demand and healthy exports. However, as with the other products, the crack came crashing down as crude prices strengthened. Despite Asia reportedly being saturated with kerosene, cracks increased steadily over the month as seasonal space-heating demand picked up and the arbitrage remained wide to export jet to Europe.

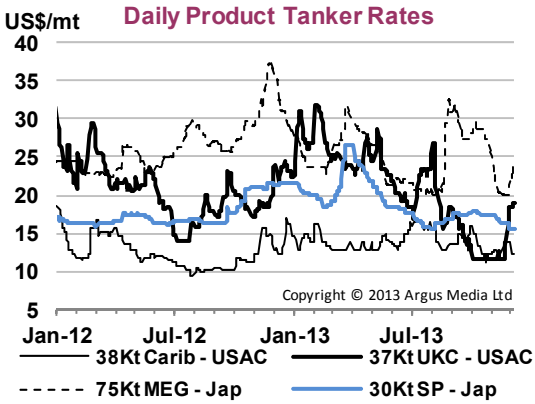
Naphtha prices rose in all markets in November, albeit from admittedly low levels. In Asia, anecdotal reports suggested petrochemical demand remained firm in the first half of the month, but subsequently faded. Meanwhile, naphtha appeared to be gaining support in Europe from petrochemical users following steep gains in European propane prices in November, which took to new heights a propane price rally started in May. Regardless of price rises, naphtha cracks still remained in negative territory into early-December.

Freight

Rates for Very Large Crude Carriers (VLCCs) experienced their best month in years as they firmed steadily to end the month at levels unseen since 1Q09. Asian demand for Middle Eastern crudes remained strong as Asian refiners came out of turnarounds. Consequently, rates on the benchmark Middle East Gulf – Asia route surged to more than $17/mt by early-December. Even with bunker fuels exceeding $600/mt, ship owners are finally firmly in the black with earnings far outweighing costs. Rates for Suezmaxes operating out of West Africa also remained robust with Asian refiners looking to import more light, sweet grades. Since these are long-haul voyages, tonnage has tightened considerably as vessels are tied-

up for extended periods. This has caused rates on the benchmark West Africa – US Gulf Coast to surge above $21/mt by early-December. Even the normally calm Northwest European markets have experienced some sustained strengthening over recent weeks as demand for Urals out of Baltic ports firmed.





Although product tanker markets have generally been outperforming crude tanker markets for most of 2013, they were a mixed bag in November. The transatlantic trade in gasoline picked up as the US Atlantic Coast market (PADD 1) turned to Europe to replace US Gulf supply that had been redirected to Florida. In contrast, rates on the Singapore – Japan route weakened to under $16/mt on weak import demand as refiners opted to run down their stocks. Long-haul product trade between the Middle East Gulf and Japan also remained weak with rates for that trade bottoming out at under $20/mt, their lowest level this year, in mid-November. However, rates once again firmed in early-December following an uptick in demand.

REFINING

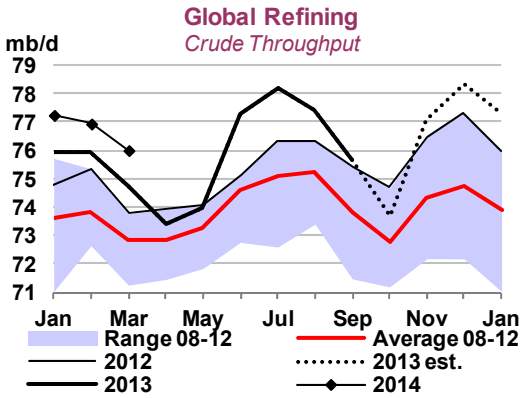
Summary

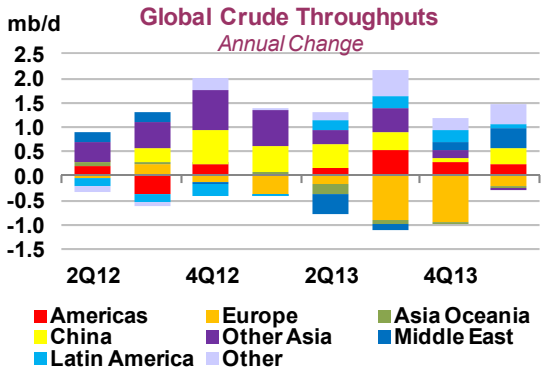
- **The forecast of global refinery crude runs for 4Q13 has been slashed by 330 kb/d since last month's Report,** on the back of exceptionally low European throughputs and weaker-than-expected runs in non-OECD Asia and Latin America. Global throughputs are now projected at 76.3 mb/d, up just 180 kb/d year-on-year (y-o-y). OECD runs are set to contract by 705 kb/d in 4Q13, dragged down by plummeting European runs, while non-OECD growth slows to 885 kb/d, from 1.5 mb/d in 3Q13.

- **Global refinery throughputs are forecast to rebound to 76.7 mb/d in 1Q14, up by 1.2 mb/d y-o-y.** Growth in the Middle East and China is expected to accelerate as new capacity ramps up, while declines in European runs are expected to ease. Despite continued gains forecast for US refineries, overall OECD throughputs will continue to contract, albeit at a lower rate than seen in recent months.

- **OECD refinery crude intake plummeted 1.8 mb/d in October, to 34.5 mb/d and 20-year lows.** Heavy maintenance and poor margins cut runs across all regions. European runs led the decline, down 0.8 mb/d month-on-month, and 1.6 mb/d below year earlier levels. North American refiners also curbed runs sharply, though maintained annual gains. OECD runs are set to recover through year-end and into 1Q14 as refiners come out of turnarounds.

- **Refining margins were mixed in November, with US margins outperforming those in Europe and Asia on widening crude differentials.** US crude prices fell in November as robust supplies lifted inventories and supported product cracks, propelling margins higher. In contrast, European refining margins suffered from deteriorating gasoline and middle distillates cracks. Meanwhile, Tapis margins in Singapore surged more than $4/bbl on average, as the grade fell sharply from October levels.





Global Refinery Overview

Global refinery crude runs plunged by 2.0 mb/d in October from September, extending earlier drops and taking the cumulative decline since July to a staggering 4.6 mb/d. As in recent months, the drop stemmed almost entirely from the OECD. European runs were, as in September, particularly hard hit, down 790 kb/d month-on-month (m-o-m). At 10.3 mb/d, a 25-year low, European throughputs stood almost 1.6 mb/d below year-earlier levels. North American runs also plummeted, falling by close to 800 kb/d on the month, albeit from elevated levels. Despite that steep drop, North American runs remained up y-o-y, but annual growth weakened considerably from recent months. Crude runs in OECD Asia Oceania also fell, to a seasonal low of 6.3 mb/d. In contrast, non-OECD throughputs edged down by only 210 kb/d overall. Steep falls in FSU runs due to heavy maintenance were offset by higher Chinese throughputs. In all, global refinery runs slipped below year-earlier levels for the first time since May. Year-on-year contraction of 1.0 mb/d in global runs was the steepest since October 2009.

Runs look set for a steep rebound from November on, and indeed preliminary data show US, Japanese and Russian runs recouping earlier losses. Preliminary Euroilstock data show that also European runs recovered from October lows. US refinery runs surged above 16 mb/d at end-November, as maintenance wound down and margins recovered. Both Japanese and Russian throughputs also shot up, by 440 kb/d and 370 kb/d, respectively, as maintenance outages came to an end. Further increases are expected in the Middle East and China as new capacity ramps up, though Chinese runs were likely temporarily constrained in November by a deadly explosion on a pipeline that supplies several refineries in Shandong province. In all, estimates of global refinery crude runs for 4Q13 have been slashed by 330 kb/d since last month's *Report*, to 76.3 mb/d, trimming annual growth to just 180 kb/d for the quarter.

Global Refinery Crude Throughput[1] [2]

(million barrels per day)

	Aug 13	Sep 13	**3Q2013**	Oct 13	Nov 13	Dec 13	**4Q2013**	Jan 14	Feb 14	Mar 14	**1Q2014**
Americas	19.0	18.6	**18.9**	17.9	18.8	18.9	**18.5**	18.1	17.9	18.0	**18.0**
Europe	11.8	11.1	**11.7**	10.3	11.2	11.5	**11.0**	11.5	11.4	11.3	**11.4**
Asia Oceania	6.8	6.5	**6.7**	6.3	6.9	7.1	**6.7**	7.1	7.2	6.8	**7.0**
Total OECD	37.6	36.3	**37.3**	34.5	36.8	37.6	**36.3**	36.7	36.4	36.1	**36.4**
FSU	7.1	6.7	**6.9**	6.5	7.0	6.9	**6.8**	7.0	6.9	6.8	**6.9**
Non-OECD Europe	0.5	0.5	**0.5**	0.5	0.5	0.5	**0.5**	0.5	0.5	0.5	**0.5**
China	9.4	9.4	**9.4**	9.7	9.8	10.2	**9.9**	10.1	10.1	10.0	**10.1**
Other Asia	9.8	9.7	**9.8**	9.6	9.9	10.1	**9.9**	10.1	10.1	9.7	**10.0**
Latin America	4.8	4.8	**4.9**	4.6	4.7	4.7	**4.7**	4.7	4.8	4.9	**4.8**
Middle East	5.9	6.0	**6.0**	6.0	6.1	6.1	**6.0**	6.1	6.0	5.7	**5.9**
Africa	2.2	2.3	**2.2**	2.2	2.3	2.3	**2.3**	2.1	2.1	2.2	**2.1**
Total Non-OECD	39.8	39.4	**39.8**	39.2	40.2	40.8	**40.0**	40.6	40.5	39.9	**40.3**
Total	77.4	75.6	**77.1**	73.6	77.0	78.3	**76.3**	77.2	76.9	76.0	**76.7**

1 Preliminary and estimated runs based on capacity, know n outages, economic run cuts and global demand forecast

2 From the report dated 10 August, 2012 OECD Americas include Chile and OECD Asia Oceania includes Israel.

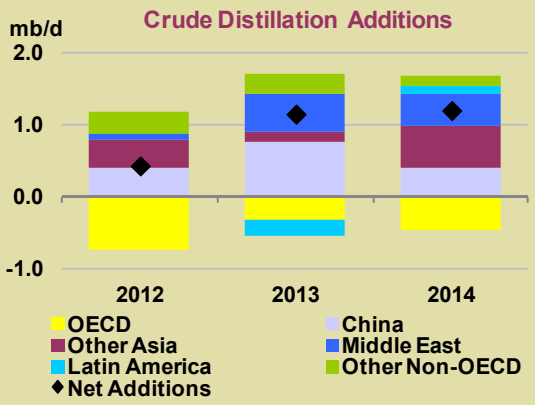
Growth in global crude runs is set to rebound in 1Q14, to 1.2 mb/d. Non-OECD runs are projected to increase by 1.2 mb/d, led by the Middle East and China, with smaller gains elsewhere. Runs in 'Other Asia' now look set to decline marginally, but from a high base, as the start-up of India's new Paradip refinery is delayed until 2Q14. OECD runs are expected to stabilise at 4Q13 levels, as higher US runs offset declines in Europe and the Pacific.

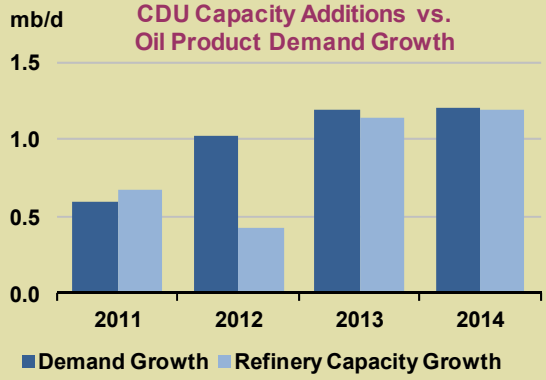
New Refining Capacity Squeezes Margins in 2013 and 2014

Following a significant reduction in the global overhang in refinery capacity in 2012 and a subsequent improvement in margins, 2013 has once again seen refining profitability pressured by excess capacity. New projects and expansions were set to provide a net gain of 1.1 mb/d in global crude distillation capacity (CDU) for 2013 and a further 1.2 mb/d in 2014, compared with only 425 kb/d in 2012. While on the face of it, refinery capacity additions look in line with projected demand growth over 2013 and 2014, in practice an increasing share of demand is being met by supplies bypassing the refining system. As such, 2013 has seen simple margins plummet, and another round of refinery consolidation looks to be in the cards.

Non-OECD refining capacity additions totalled an estimated 1.5 mb/d of new capacity in 2013, offset by a net 315 kb/d reduction in the OECD. As has been the case in recent years, the majority of growth in 2013 came from non-OECD Asia which added 0.9 mb/d, led by China. Notable Chinese refinery projects included PetroChina's 200 kb/d Pengzhou refinery, Sinochem's 240 kb/d Quanzhou plant, expansions of Sinopec's Yangzi and Anquing plants and PetroChina's expansion of its Urumqi refinery. The bulk of the new units are being completed towards year-end and its impact will likely only be felt in early 2014.

New Refining Capacity Squeezes Margins in 2013 and 2014 (continued)



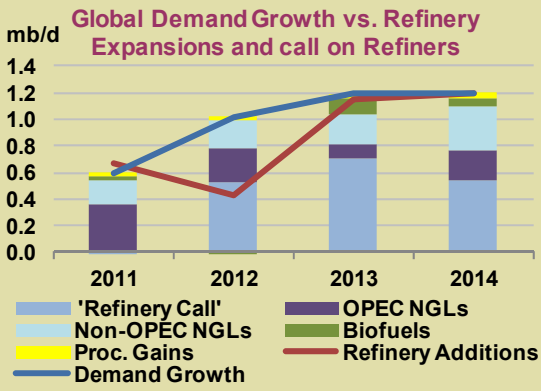


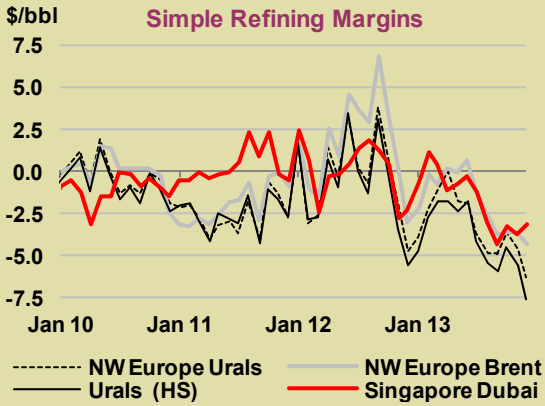
There were no refinery additions in India in 2013, but the country will once again feature high on the capacity expansion list in 2014. International Oil Company's 300 kb/d Paradip refinery is expected to be commissioned in 2Q14. Nagarjuna's 120 kb/d Cuddalore refinery could also be completed before year-end, though its progress remains somewhat uncertain (the official plan is for the plant to be completed by April 2014). Included in our refinery expansion figures, a total 350 kb/d of condensate splitting capacity is planned in South Korea and Singapore for next year, to meet local demand from the petrochemical and aromatics business.

In Latin America, the first phase of Petrobras' Abreu e Lima refinery is expected to be completed by the end of next year. While Petrobras has decided to abandon its partnership with Venezuelan PdVSA to build the plant, the project is apparently 82% completed. The expansion of Colombia's Cartagena plant from 80 kb/d to 160 kb/d has been delayed until 2015, however, as workers' protests have stalled work this year.

Middle Eastern capacity was boosted more than 0.5 mb/d in 2013 by the completion of Satorp's 400 kb/d refinery in Jubail, and expansions of Iran's Arak and Lavan refineries. The full effect of the Jubail plant will only be felt in 2014, however, when output ramps up to full capacity. By end-2014, another mega-project, the 417 kb/d Ruwais refinery in the UAE, should be completed.

In all, 1.7 mb/d of new capacity is scheduled to be added in the non-OECD in 2014. Asia accounts for 59% of this, while the Middle East accounts for 26%. The OECD has so far committed to shut 0.5 mb/d of capacity, almost all of which is accounted for by Asia Oceania. Japanese refiners have until March 2014 to comply with a government ordinance to increase their upgrading ratio, which implies investing in upgrading units or shedding crude distillation capacity. By 2Q14, Japan will have reduced its primary refinery capacity by close to 1 mb/d since 2009. Also Australia will shut a second refinery in early 2014, Caltex's 124 kb/d Kurnell plant With the exception of Italy's 55 kb/d Mantova refinery, no further closures have been announced for Europe.



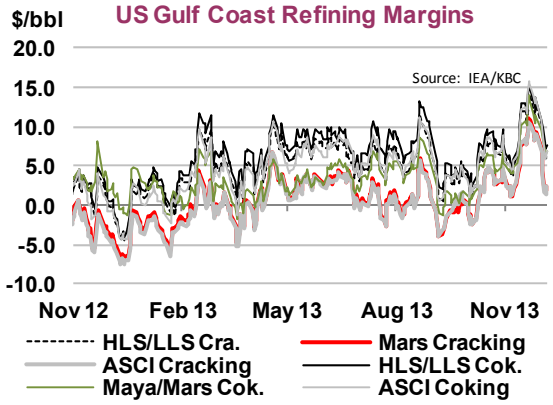


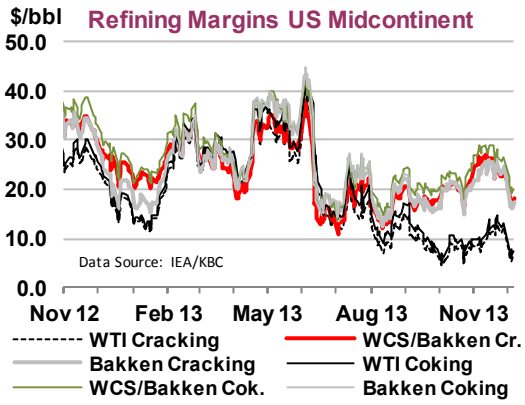
Looking at expected demand growth for 2014, currently forecast at 1.2 mb/d, and how supplies that will go to meet this demand are distributed, margins look set to remain under pressure next year, and more refinery closures look inevitable. In 2014, NGLs (for the most part not processed at refineries) will grow by 550 kb/d (60% of which is non-OPEC). Biofuels will add another 60 kb/d, after expanding 120 kb/d in 2013. Add in processing gains, and only 45% of projected demand will be sourced from refinery fuels.

Refining Margins

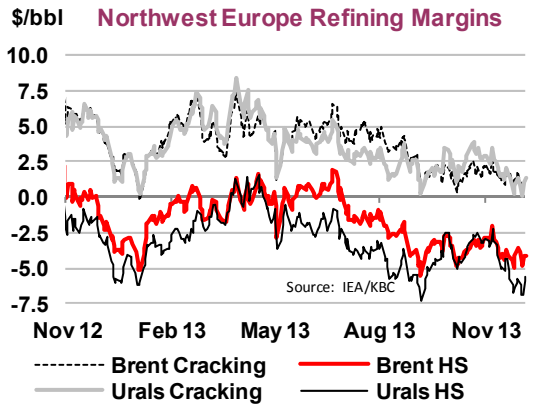
A contrasting picture prevailed across margins for refiners in US and non-US markets throughout November. After a mixed month in October, US margins experienced another surge in November spurred on by weakening domestic crude prices, which inflated cracks spreads. However, as cracks deteriorated in early-December on the back of strengthening crude prices, margins fell back. On the other hand, European refiners were hit as margins weakened after product prices fell and regional benchmark crude prices were supported by supply concerns. Elsewhere, Asian margins generally strengthened on the month following a number of regional refineries entering maintenance.

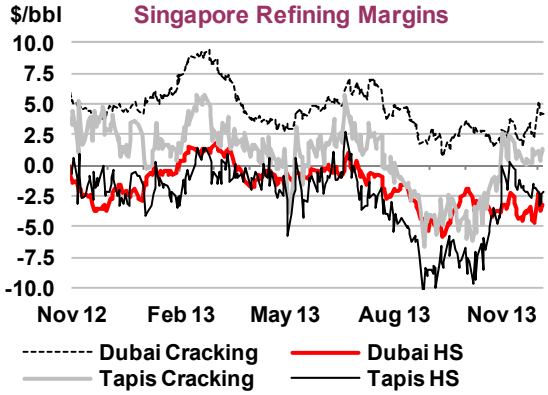
US margins improved across the board in November as cracks surged. Both refiners on the Gulf Coast and in the Midcontinent saw their margins firm by around $4/bbl on average. In the US Gulf, refiners saw a fall of the differentials of domestic crudes such as LLS, Maya and Mars against WTI as these grades participate in an ultra-competitive market. Additional support came from logistical problems in Florida, which drew in large volumes of gasoline from the Gulf Coast. In the Midcontinent, refiners taking Canadian crude and light, tight oil saw better margins than those taking other more-expensive grades.





In Europe the picture was very different as margins weakened on lower product prices. High distillate imports from the US put downward pressure on gasoil prices, outstripping falls in spot crude prices. On average, margins in Northwest Europe and the Mediterranean Basin inched down by $0.50/bbl. Furthermore, refiners running Urals were, on average, harder hit than those running Brent after the differentials of Urals versus Brent fell. Indeed, Urals in the Mediterranean moved to a rare premium over Brent on lower Russian exports.





Meanwhile in Singapore, margins improved by $2.10/bbl on average as product prices for light and middle distillates generally held up better than elsewhere amid supply issues stemming from regional refiners undergoing maintenance. However, it should also be noted that refiners running Tapis saw their

margins improve over those running Dubai after the price of the former fell sharply. A further burden on regional refiners running fuel-oil-rich Dubai crude came from weakening fuel oil prices as land-based inventories in Singapore built.

IEA/KBC Global Indicator Refining Margins[1]

($/bbl)

	Monthly Average				Change	Average for week ending:				
	Aug 13	Sep 13	Oct 13	Nov 13	Nov 13-Oct 13	08 Nov	15 Nov	22 Nov	29 Nov	06 Dec
NW Europe										
Brent (Cracking)	3.56	1.75	1.62	1.54	-0.09	1.96	1.47	1.42	1.18	0.75
Urals (Cracking)	2.31	1.89	2.65	1.84	-0.81	2.68	1.94	1.67	0.87	0.69
Brent (Hydroskimming)	-2.58	-3.67	-3.64	-3.64	0.00	-2.81	-3.74	-4.01	-4.16	-4.33
Urals (Hydroskimming)	-4.86	-4.85	-3.57	-4.56	-0.99	-3.02	-4.36	-4.98	-6.21	-6.27
Mediterranean										
Es Sider (Cracking)	4.63	3.30	3.61	3.50	-0.11	4.00	3.37	3.27	3.29	2.83
Urals (Cracking)	2.79	2.37	3.55	2.63	-0.91	3.11	2.35	2.75	2.13	1.26
Es Sider (Hydroskimming)	-1.08	-2.28	-2.05	-2.04	0.01	-1.32	-2.10	-2.37	-2.45	-2.64
Urals (Hydroskimming)	-5.43	-5.93	-4.52	-5.61	-1.10	-4.56	-5.70	-5.60	-6.86	-7.57
US Gulf Coast										
50/50 HLS/LLS (Cracking)	6.89	3.15	5.76	9.18	3.42	4.76	9.28	12.48	12.04	7.58
Mars (Cracking)	1.76	-1.11	1.95	6.05	4.10	1.82	5.57	9.61	8.97	3.64
ASCI (Cracking)	1.45	-0.79	1.94	6.02	4.08	1.89	5.85	9.32	8.84	3.28
50/50 HLS/LLS (Coking)	8.94	4.33	6.92	10.21	3.29	5.57	10.21	13.74	13.23	8.70
50/50 Maya/Mars (Coking)	5.55	1.00	4.38	8.54	4.16	4.42	8.09	12.18	11.24	7.62
ASCI (Coking)	7.06	3.26	5.90	9.99	4.10	5.12	9.65	13.92	13.58	7.69
US Midcon										
WTI (Cracking)	10.83	9.27	7.20	10.42	3.22	8.17	10.82	12.03	11.45	6.40
30/70 WCS/Bakken (Cracking)	16.16	17.65	20.16	25.00	4.84	25.79	26.01	24.40	23.14	18.28
Bakken (Cracking)	17.26	17.36	19.61	24.05	4.45	23.42	24.93	24.45	23.77	17.33
WTI (Coking)	13.00	11.01	8.53	11.63	3.10	9.36	11.96	13.31	12.65	7.30
30/70 WCS/Bakken (Coking)	19.30	20.43	22.33	27.47	5.14	28.06	28.34	27.11	25.89	20.29
Bakken (Coking)	17.92	17.82	19.86	24.24	4.38	23.61	25.09	24.67	23.93	17.32
Singapore										
Dubai (Hydroskimming)	-3.06	-4.32	-3.19	-3.69	-0.50	-3.00	-3.52	-4.03	-4.29	-3.08
Tapis (Hydroskimming)	-6.20	-7.58	-6.36	-1.42	4.93	-0.88	-1.07	-1.99	-2.05	-2.61
Dubai (Hydrocracking)	3.45	2.18	2.57	2.66	0.09	2.89	2.71	2.28	2.72	4.39
Tapis (Hydrocracking)	-2.46	-3.95	-3.07	0.97	4.04	1.40	1.16	0.29	0.70	0.98

1 Global Indicator Refining Margins are calculated for various complexity configurations, each optimised for processing the specific crude(s) in a specific refining centre. Margins include energy cost, but exclude other variable costs, depreciation and amortisation. Consequently, reported margins should be taken as an indication, or proxy, of changes in profitability for a given refining centre. No attempt is made to model or otherwise comment upon the relative economics of specific refineries running individual crude slates and producing custom product sales, nor are these calculations intended to infer the marginal values of crude for pricing purposes.

Source: IEA, KBC Advanced Technologies (KBC)

OECD Refinery Throughput

OECD crude runs plunged to a 20-year low in October, averaging only 34.5 mb/d. Based on the latest data, October throughputs now look to have plummeted by almost 1.8 mb/d m-o-m, an even steeper drop than estimated in last month's *Report*. Refinery maintenance curbed runs in all regions and weak margins further cut into rates. Runs in OECD Americas and Europe each fell by close to 0.8 mb/d m-o-m, and by 220 kb/d in OECD Asia Oceania.

Despite continued weak margins in Europe and Asia in November, OECD runs are expected to recover from October lows through end-year as refiners conclude maintenance work and operators raise runs to meet increased winter demand and rebuild inventories. Indeed, weekly data for the US and Japan show

sharply higher runs in November than in October. Euroilstock data released on 10 December suggest European runs rising by a preliminary 8.2% in November. Regional runs remained well below year-earlier levels, however, at an estimated 11.2 mb/d (down 890 kb/d y-o-y).

Refinery Crude Throughput and Utilisation in OECD Countries
(million barrels per day)

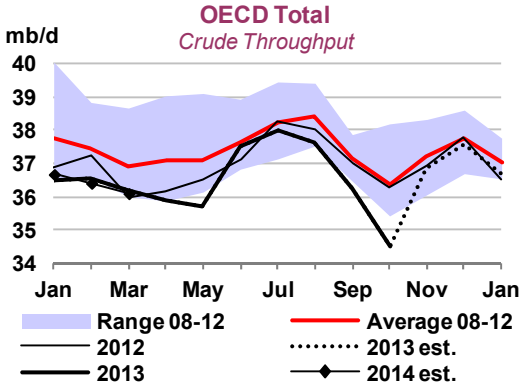
	May 13	Jun 13	Jul 13	Aug 13	Sep 13	Oct 13	Change from Sep 13	Change from Oct 12	Utilisation rate[1] Oct 13	Utilisation rate[1] Oct 12
US[2]	15.30	15.83	16.04	15.80	15.63	14.95	-0.68	0.11	83.5%	83.4%
Canada	1.39	1.70	1.72	1.75	1.69	1.63	-0.06	-0.07	85.3%	89.0%
Chile	0.18	0.19	0.18	0.17	0.19	0.19	0.00	0.00	82.8%	81.5%
Mexico	1.28	1.30	1.27	1.25	1.13	1.09	-0.03	0.02	66.2%	65.2%
OECD Americas	**18.14**	**19.02**	**19.21**	**18.97**	**18.63**	**17.86**	**-0.77**	**0.05**	**82.3%**	**82.5%**
France	1.22	1.28	1.28	1.21	1.06	0.94	-0.12	-0.21	67.1%	73.7%
Germany	1.87	1.96	1.92	1.88	1.86	1.87	0.01	-0.20	92.5%	96.9%
Italy	1.19	1.27	1.41	1.33	1.26	1.20	-0.05	-0.32	59.7%	72.5%
Netherlands	0.99	0.99	0.99	1.01	0.91	0.78	-0.13	0.05	60.1%	56.0%
Spain	1.21	1.21	1.21	1.13	1.13	1.06	-0.07	-0.27	70.2%	87.7%
United Kingdom	1.26	1.32	1.30	1.32	1.14	0.95	-0.19	-0.08	55.2%	59.5%
Other OECD Europe	3.76	3.96	4.03	3.94	3.73	3.51	-0.23	-0.54	67.9%	81.7%
OECD Europe	**11.50**	**11.99**	**12.14**	**11.83**	**11.10**	**10.31**	**-0.79**	**-1.55**	**69.0%**	**77.7%**
Japan	2.85	2.97	3.22	3.39	3.21	2.91	-0.29	-0.10	65.2%	65.3%
South Korea	2.33	2.59	2.47	2.47	2.40	2.51	0.11	-0.13	91.7%	96.6%
Other Asia Oceania	0.91	0.94	0.94	0.98	0.91	0.87	-0.04	-0.06	27.8%	80.6%
OECD Asia Oceania	**6.08**	**6.50**	**6.62**	**6.84**	**6.52**	**6.30**	**-0.22**	**-0.28**	**74.9%**	**77.4%**
OECD Total	**35.72**	**37.51**	**37.96**	**37.63**	**36.25**	**34.48**	**-1.78**	**-1.78**	**76.5%**	**79.9%**

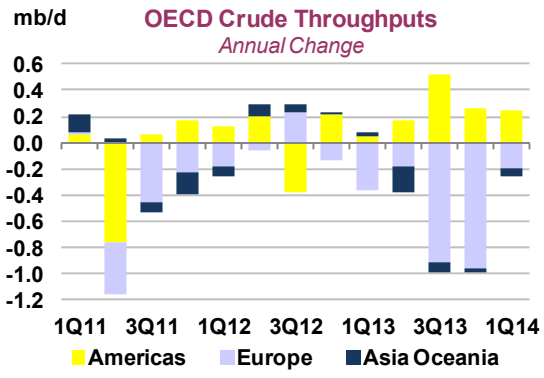
1 Expressed as a percentage, based on crude throughput and current operable refining capacity

2 US50

3 OECD Americas includes Chile and OECD Asia Oceania includes Israel. OECD Europe includes Slovenia and Estonia, though neither country has a refinery

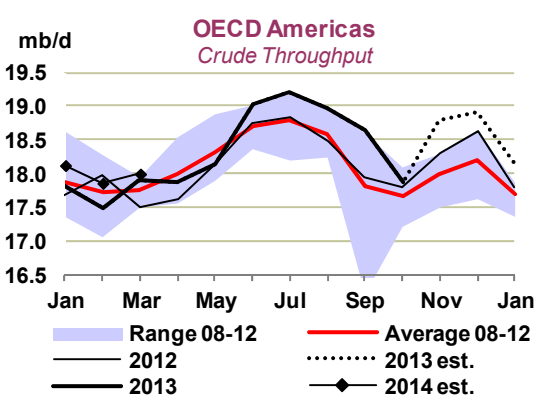
All in all, estimates of 4Q13 OECD runs have been lowered by 90 kb/d since last month's *Report,* to 36.3 mb/d. OECD throughputs now look set to contract by 705 kb/d y-o-y in the quarter, as growth in the US fails to offset a steep 1.0 mb/d decline in Europe. For 1Q14, OECD runs are forecast to edge up to 36.4 mb/d as European contractions ease, while North America continues to post year-on-year gains.

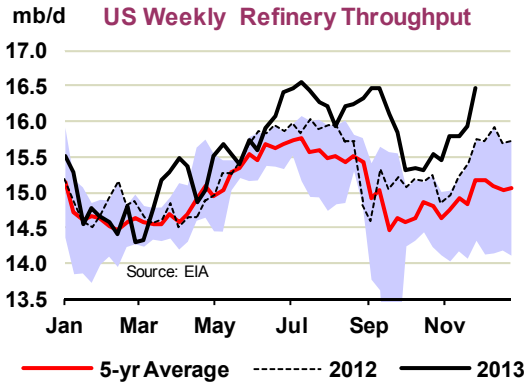




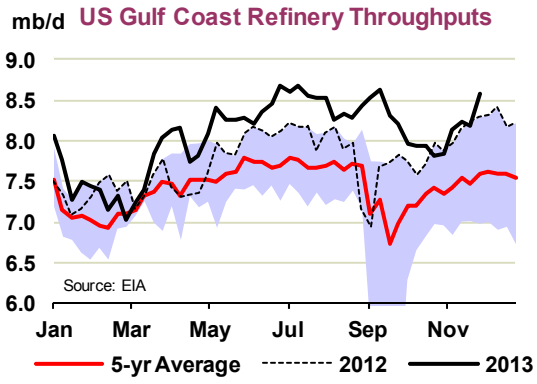
North American refinery runs plummeted by 770 kb/d in October to 17.9 mb/d. After four consecutive months of strong y-o-y gains, averaging 460 kb/d, runs in October barely surpassed year-earlier levels. Total runs for the region came in 250 kb/d lower than our previous forecast on the back of weaker-than-expected operations in Mexico, with PEMEX's Tula and Minititlán plants undergoing maintenance.

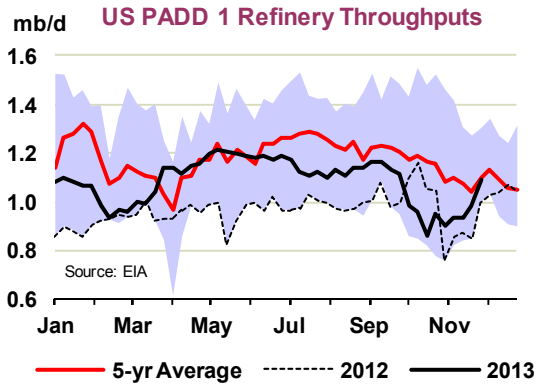
Despite its increasing import dependency for oil products, Mexico's state-run oil company Pemex has omitted the $11.6 billion Tula refinery project from its revised business plan issued on 1 November. While previous announcement had indicated the 250 kb/d grassroots refinery would be commissioned in 2017, we had excluded it from our *Medium Term Oil Market Report 2013* released last May, due to lack of progress and uncertainty on completion dates. While officially the project has not been cancelled, PEMEX now is only planning to expand its existing Tula refinery by 40 kb/d by 2018. Additional downstream investments over the period will be focused on improving gasoline and diesel yields and quality. Mexican gasoline production averaged 440 kb/d so far this year (January-October), requiring imports of 345 kb/d to meet demand. PEMEX expects 53% of gasoline demand to be met by imports in 2018, up from 43% today.





US refinery runs declined by a sharp 680 kb/d on average from September to October and by more than 1.2 mb/d over a three-week period from late September to early October. Scheduled maintenance was more heavily concentrated in October this year, as opposed to previous years when refiners scaled back runs earlier in the season. A collapse in gasoline cracks and US refining margins over September and October amplified the effect of scheduled outages. US Gulf Coast gasoline cracks versus LLS fell from $22.30/bbl in early September to $9.70/bbl at the start of October and $2.75/bbl in early November.

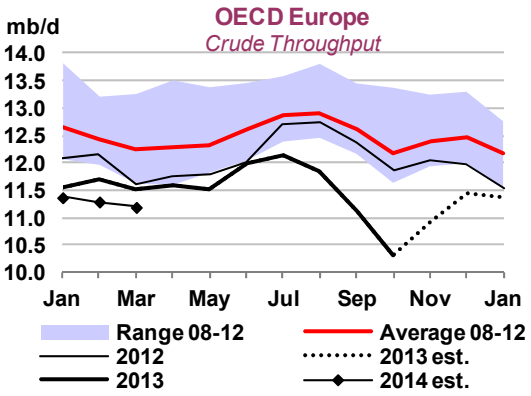


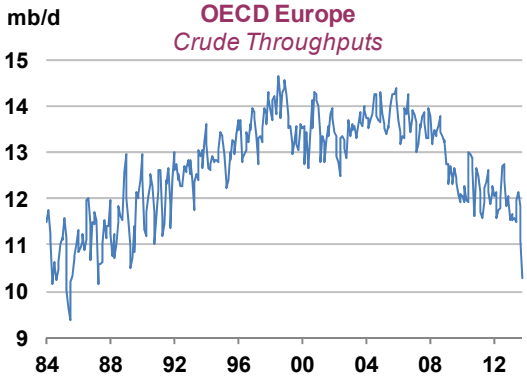


Lower refinery output in October and continued high exports caused markets to tighten, underpinning a recovery in product cracks and margins through November. By end–November, US Gulf Coast gasoline cracks had surged to $20.98/bbl, while diesel and heating oil cracks surged to their highest level since 2008. US refiners took full advantage of the improved margins, and by end-month had reversed their run cuts, lifting throughputs by 680 kb/d on average compared with October. The week ending 29 November saw particularly strong gains: crude intake shot up 555 kb/d week-on-week, to 16.1 mb/d. The steepest monthly gains came from the US Gulf Coast which saw runs jump by 490 kb/d in November, though sharp gains also came from refiners in the Midcontinent, who raised utilisation rates to 95% on average.

US East Coast refinery runs also staged a recovery towards the end of November. Maintenance as Phillips66's 238 kb/d Bayway refinery, PBF's Philadelphia refinery and NuStar's Paulsboro plant had curbed output in October. In the Midcontinent, Citgo's Lemont refinery was still running at reduced rates after it was forced to shut a crude unit at the 174 kb/d plant in late October due to a fire. While the atmospheric section of the crude unit was restarted on 12 November, the company is reportedly running only light crude as the fire damaged a vacuum distillation unit. Lemont normally runs heavy, sour crudes. BP started a new coking unit at its Whiting, Indiana refinery in November. The 102 kb/d coker is a milestone in the $4 billion upgrade of the refinery, which will allow the plant to refine Canadian heavy oil, instead of light, sweet crudes.

As discussed in last month's *Report*, **European** refinery throughputs reached a new low in October. Final data were even weaker than anticipated, resulting in a 310 kb/d downward revision to preliminary estimates. At 10.3 mb/d, regional runs were at their lowest levels since March 1987. The exceptionally sharp decline in throughputs, totalling 1.8 mb/d from July through October, is almost unprecedented in scale (Only seen once since monthly data collection started in 1984. European throughputs decline by 1.95 mb/d from December 1988 to March 1989). While a heavy maintenance schedule helps explain the drop, it is only part of the story. Rising product imports have kept a check on both refinery margins and runs. Indian product exports to Europe surged to a record high in October, while US exports also surged to a near record. FSU distillate exports fell to 670 kb/d in October, from 750 kb/d in September, as heavy maintenance and low runs in Russia curbed product output.





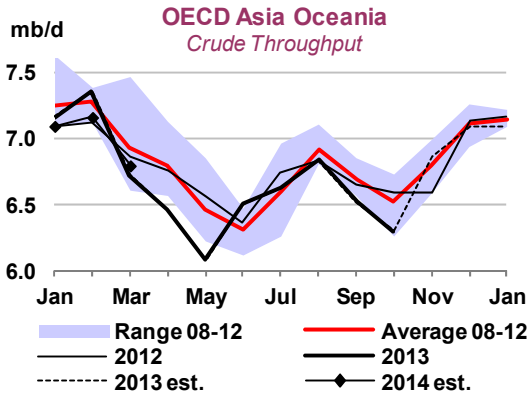
Having contracted by a 1.3 mb/d in September, regional throughputs retreated further by a massive 1.6 mb/d year-on-year in October. The contraction in throughputs spanned the continent, with the steepest drops coming from Italy (-315 kb/d), Spain (-265 kb/d), Sweden (-255 kb/d), France (-210 kb/d), Belgium (-195 kb/d) and Germany (-195 kb/d).

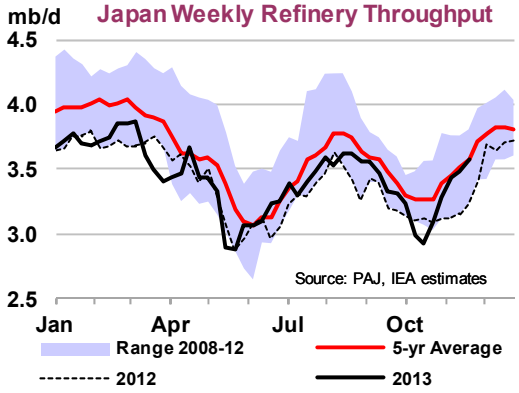
Regional runs rebounded in November as scheduled maintenance outages eased, though poor margins continue to curb activity. Hellenic Petroleum confirmed in November that it had shut its Thessaloniki refinery in Greece due to poor economics; traders had been reported as saying that the plant had effectively been shut since September. Total's Antwerp refinery output remains affected by a deadly explosion in November, and several refiners have apparently prolonged maintenance shutdowns due to the weak margin environment. On the other hand, Spain's Cepsa temporarily restarted its 88 kb/d Tenerife refinery on 25 November to process stored crude. Unless economic conditions improves, however, the plant will only stay open for the three to four weeks it takes to process the crude before again halting operations until the situation improves.

In **OECD Asia Oceania**, refinery activity also hit a seasonal low in October, at 6.3 mb/d. Japanese refiners curbed runs by 290 kb/d from a month earlier, a dip partly offset by higher South Korean throughputs. In addition to planned maintenance, Japan's JX Nippon had to shut a 110 kb/d CDU at its Mizushima B plant

for most of October after a fire broke out at a furnace connected to the unit. The unit was reportedly restarted at the end of the month, however.

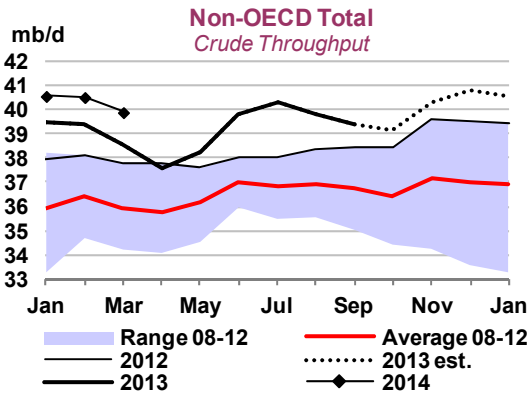
As maintenance wound down in November, regional runs likely increased. Offline primary distillation capacity fell from an estimated 780 kb/d in October to 510 kb/d in November. Indeed, weekly data from the Petroleum Association of Japan show Japanese runs rising 400 kb/d in November. As a result, both Japanese and regional runs are set to post annual gains for November, with Japan up 260 kb/d from a low 2012 base, when Japanese activity levels were curbed by more extensive shutdowns.

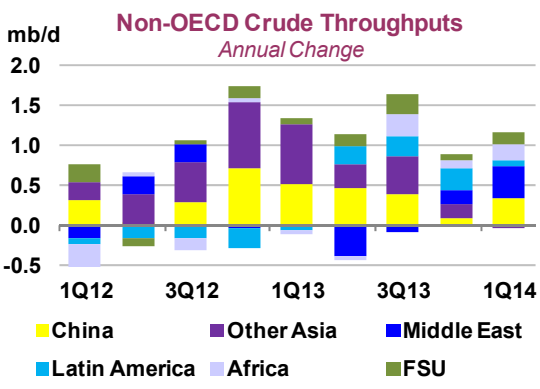




Non-OECD Refinery Throughput

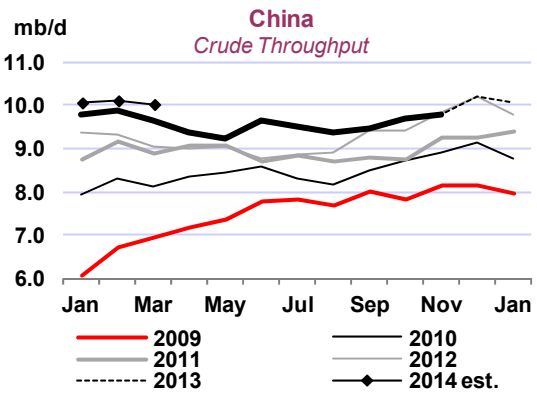
Non-OECD refinery throughput estimates for 4Q13 have been lowered by 240 kb/d since last month's *Report*, as weaker than expected rates in Other Asia over September and October were partly carried forward to the forecast months. A deadly explosion at a crude pipeline in China in November likely contributed to lower-than-expected runs in China for that month. Non-OECD refinery runs are nevertheless set to expand by 885 kb/d in 4Q13 from a year earlier, with growth dominated by Latin America and the Middle East. Latin American refinery runs were severely curtailed in the second half of 2012 due to an explosion at Venezuela's largest refinery, the 645 kb/d Amuay complex. Middle Eastern growth is largely accounted for by the ramping up of Saudi Arabia's new Jubail refinery. Growth is expected to accelerate in 1Q14, to 1.2 mb/d, as the 400 kb/d Jubail plant and new Chinese facilities ramp up to full capacity.

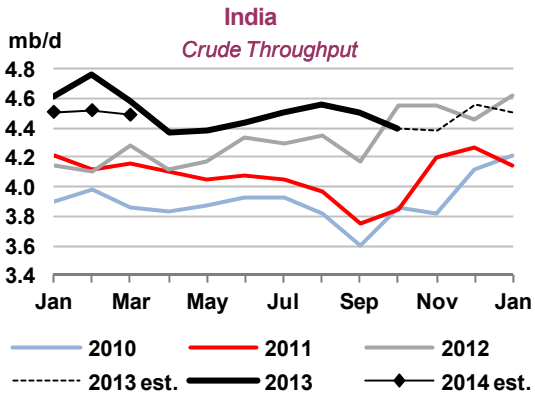




Chinese refineries processed 9.8 mb/d of crude in November, up 60 kb/d from October and 60 kb/d below a year earlier. Initial company plans had been to raise throughputs in November, but a pipeline explosion at the port of Hungdao in the Quindao district on 22 November likely curbed runs at plants serviced by the pipeline in Shandong province. Sinopec reportedly cut runs at its 200 kb/d Quindao refinery following the blast and utilisation rates at several other refineries were reduced as the accident

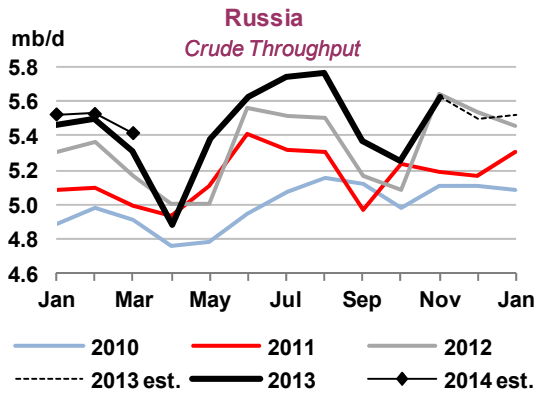
forced four other pipelines to close for safety inspections. Reportedly, independent 'teapot' refiners lifted runs in the Shandong province in a bid to cover the shortfall of products. Company plans are to raise throughputs by around 400 kb/d in December.

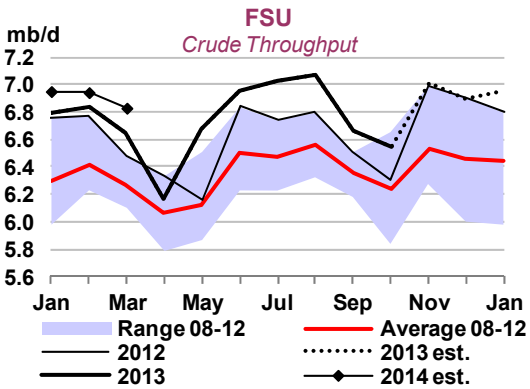




Indian refinery runs in October slipped below year-earlier levels for the first time in 22 months, to 4.4 mb/d. The complete shutdown of IOC's Mathura refinery for maintenance and continued weak runs at HPCL's Vizag refinery since a fire in August contributed to the 100 kb/d monthly decline. A HPCL spokesperson said the Vizag refinery could return to full rates by early February. Essar shut a 360 kb/d CDU at its Vadiar refinery for 10 days in November, limiting gasoil exports. Shipping data suggest private refiners exported just over 1 mb/d of products in October, down from an all time high of 1.39 mb/d in September. India's total product exports fell 2.7% y-o-y to 1.6 mb/d in October, of which 735 kb/d was diesel. Looking ahead, MRPL is planning to shut a third of its 300 kb/d Mangalore refinery for 10 days in January as it commissions a delayed coking unit. The most recent indications are that IOCs 300 kb/d Paradip refinery will now be commissioned in April 2014. The start-up was most recently delayed by flood damage caused by a typhoon hitting the Indian coast in October.

In the **FSU**, **Russian** refinery intake rebounded sharply in November as maintenance was completed. Runs rose by 370 kb/d on average from October, to 5.6 mb/d, 20 kb/d higher than expected and just shy of year-earlier levels. Surgutneftegaz launched a 60 kb/d hydrocracker at its Kirishi refinery in October, which is expected to lift gasoil output by 50 kb/d when fully operational. The 140 kb/d Taneko refinery at Nizhnekamsk is also set to commission a 60 kb/d hydrocracker in early 2014, further boosting output of 10 ppm diesel. So far in 2013, gasoil exports have averaged 860 kb/d, up from 780 kb/d for the same period on 2012.



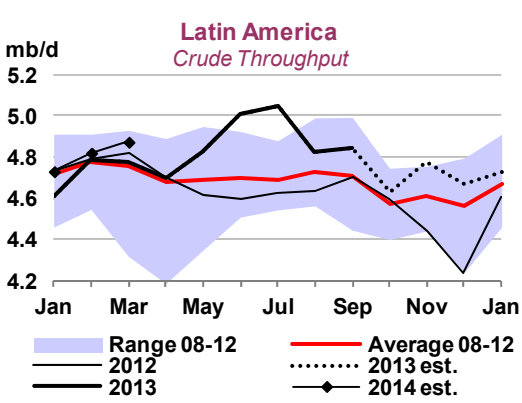


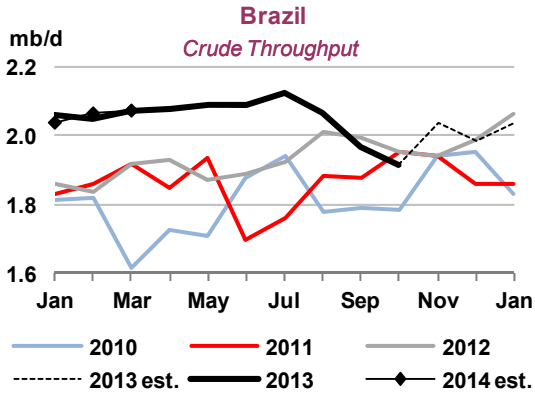
Expectations are that Russian export duties will change further before the end of this year. The new tax structure is expected to have implications for refinery profitability, and provide further incentives for refinery upgrades and product exports. Fuel oil export duties are set to increase from 66% of the crude oil duty to 75% in 2014 and 100% in 2015. Clean product duties will be reduced from 66% currently to

65% in 2014, 63% in 2015 and 61% in 2016. Gasoline and naphtha duties will remain at 90% of crude oil for the time being. As the fuel oil duties increase and gasoil duties decrease, complex refineries in Russia become more competitive than both their simpler counterparts in Russia and complex refineries in Europe. Some market observers note that the equalisation of fuel and crude oil duties could be delayed beyond 2015, as it would likely result in some refineries shutting down, if they have not yet upgraded.

Elsewhere in the region, **Kazakh** refinery intake rose 19.9% month-on-month in September, to 327 kb/d, as the Atyrau refinery raised runs following upgrading work. In the **Ukraine**, refinery throughputs also rose in October, to just shy of 100 kb/d, from 79 kb/d in September and 60 kb/d earlier in the year. The 80 kb/d Odessa refinery, which Ukrainian energy trader Vetek bought from Lukoil earlier in 2013, resumed operations in late September after it was idled three years earlier on poor margins.

Latin American throughputs have come off their summer highs and are expected to average 4.7 mb/d for the remainder of 2013. **Argentina** processed 560 kb/d in September, down 6.6% from a year earlier. Runs have yet to recover after a storm shut the 189 kb/d La Plata plant in April. As a result of lower throughput rates and increasing demand, Argentinean diesel imports have surged by 42% in the first 10 months of this year compared with the same period in 2012. At the same time, Argentina's exports of biodiesel to the EU have plummeted after the EU raised taxes and implemented restrictions in retaliation for alleged dumping practices. Argentina has a biodiesel production capacity of 850 kt/y, of which 21% goes to the domestic market. In an attempt to reduce its diesel imports and to mitigate the effect of lower biodiesel exports to Europe, Argentina will increase its mandatory biodiesel blend in diesel to 9% on 1 January and 10% on 1 February 2014, from 8% currently.





Brazilian refinery runs fell to 1.9 mb/d in October, and a 16-month low. A fire at Petrobras' Presidente Getulio Vargas Refinery in Parana state at the end of November has also curbed our expectations for throughputs for the end of this year. The refinery, also known as Repar, has a capacity of 190 kb/d, or about 10% of total Brazilian crude distillation capacity. The fire damaged the plant's distillation unit, forcing the company to shut the refinery to repair the damage. Petrobras announced it expects output at the refinery to restart on 17 December.

In **Venezuela**, PDVSA is reportedly in talks with Valero to restart some units its refinery in the near-offshore Dutch island of Aruba. Valero halted operations at the Aruba plant in September 2012 on poor economics. The site is now used as an oil product terminal. PdVSA is reportedly looking to lease some units of the refinery to produce heavy naphtha to mix into its increasingly heavy crude output from the Orinoco belt, as well as some additional storage space to replace tanks lost in several fires in 2012. PdVSA is already leasing storage tanks in Aruba from Valero and paying for the space with crude sent directly to the US. Valero has imported an average of 174 kb/d of Venezuelan crude this year up until September, an increase of 60% compared with the same period in 2012.

Table 1
WORLD OIL SUPPLY AND DEMAND
(million barrels per day)

	2010	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014
OECD DEMAND																	
Americas[1]	24.1	24.0	23.4	23.6	23.7	23.8	23.6	23.7	23.8	24.1	23.8	23.8	23.8	23.8	24.0	23.8	23.9
Europe[2]	14.7	14.3	13.7	13.8	13.8	13.7	13.7	13.2	13.8	14.0	13.7	13.7	13.3	13.6	13.9	13.7	13.6
Asia Oceania[3]	8.2	8.2	9.2	8.1	8.3	8.8	8.6	8.9	7.9	8.1	8.6	8.4	8.8	7.7	8.0	8.4	8.2
Total OECD	47.0	46.5	46.2	45.5	45.9	46.2	45.9	45.8	45.5	46.2	46.1	45.9	45.9	45.1	45.9	45.9	45.7
NON-OECD DEMAND																	
FSU	4.1	4.4	4.3	4.4	4.6	4.6	4.5	4.3	4.5	4.8	4.8	4.6	4.4	4.7	4.9	4.9	4.7
Europe	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
China	8.9	9.3	9.5	9.6	9.9	10.3	9.8	10.0	10.0	10.2	10.5	10.2	10.3	10.4	10.6	10.9	10.6
Other Asia	10.7	11.0	11.2	11.4	11.1	11.5	11.3	11.7	11.7	11.3	11.7	11.6	11.9	12.0	11.7	12.0	11.9
Latin America	6.1	6.2	6.2	6.4	6.5	6.6	6.4	6.4	6.6	6.7	6.7	6.6	6.5	6.8	6.9	6.9	6.8
Middle East	7.3	7.4	7.3	7.8	8.2	7.5	7.7	7.5	7.9	8.3	7.6	7.8	7.6	8.1	8.5	7.9	8.0
Africa	3.5	3.5	3.6	3.6	3.6	3.7	3.7	3.8	3.8	3.7	3.8	3.8	3.9	4.0	3.9	4.0	4.0
Total Non-OECD	41.4	42.5	42.8	43.9	44.5	44.9	44.0	44.2	45.2	45.7	45.9	45.3	45.4	46.7	47.2	47.4	46.7
Total Demand[4]	88.4	89.0	89.0	89.4	90.4	91.1	90.0	90.1	90.7	91.9	92.0	91.2	91.3	91.8	93.1	93.3	92.4
OECD SUPPLY																	
Americas[1,7]	14.1	14.6	15.6	15.5	15.7	16.6	15.9	16.8	16.7	17.5	18.0	17.2	18.3	18.3	18.3	18.8	18.4
Europe[2]	4.1	3.8	3.8	3.6	3.1	3.3	3.5	3.4	3.3	3.2	3.3	3.3	3.3	3.2	3.0	3.2	3.2
Asia Oceania[3]	0.7	0.6	0.6	0.6	0.6	0.5	0.6	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.5
Total OECD	18.9	19.0	19.9	19.7	19.4	20.5	19.9	20.6	20.5	21.2	21.8	21.0	22.0	21.9	21.8	22.5	22.1
NON-OECD SUPPLY																	
FSU	13.5	13.5	13.7	13.6	13.5	13.7	13.6	13.8	13.8	13.8	14.0	13.8	13.9	14.0	14.0	14.1	14.0
Europe	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
China	4.1	4.1	4.2	4.1	4.2	4.3	4.2	4.2	4.2	4.0	4.2	4.2	4.3	4.3	4.3	4.3	4.3
Other Asia[5]	3.7	3.6	3.7	3.6	3.6	3.7	3.6	3.7	3.6	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Latin America[5,7]	4.1	4.2	4.3	4.1	4.1	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.3	4.3	4.4	4.4	4.3
Middle East	1.7	1.7	1.4	1.4	1.5	1.5	1.5	1.4	1.3	1.4	1.3	1.4	1.3	1.3	1.3	1.3	1.3
Africa[5]	2.6	2.6	2.4	2.2	2.2	2.2	2.3	2.2	2.3	2.4	2.5	2.3	2.6	2.6	2.6	2.6	2.6
Total Non-OECD	29.9	29.9	29.8	29.2	29.3	29.7	29.5	29.6	29.5	29.4	29.8	29.6	30.0	30.1	30.1	30.3	30.2
Processing Gains[6]	2.1	2.1	2.1	2.1	2.2	2.1	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Global Biofuels[7]	1.8	1.9	1.5	1.9	2.1	1.9	1.9	1.5	2.0	2.4	2.0	2.0	1.7	2.0	2.4	2.1	2.0
Total Non-OPEC[5]	52.6	52.8	53.4	52.9	53.0	54.2	53.4	53.9	54.2	55.1	55.9	54.8	55.9	56.3	56.6	57.1	56.5
OPEC																	
Crude[8]	29.2	29.9	31.3	31.7	31.5	30.7	31.3	30.4	30.9	30.5							
NGLs	5.6	5.9	6.2	6.2	6.3	6.4	6.3	6.3	6.4	6.5	6.4	6.4	6.5	6.5	6.7	6.7	6.6
Total OPEC[5]	34.7	35.8	37.5	37.9	37.8	37.1	37.6	36.8	37.2	37.0							
Total Supply[9]	87.4	88.6	90.9	90.8	90.8	91.2	90.9	90.6	91.5	92.1							
STOCK CHANGES AND MISCELLANEOUS																	
Reported OECD																	
Industry	0.1	-0.2	0.6	0.3	0.5	-0.7	0.2	0.2	0.0	0.4							
Government	0.0	-0.1	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.1							
Total	0.1	-0.3	0.6	0.4	0.5	-0.7	0.2	0.3	-0.1	0.4							
Floating Storage/Oil in Transit	-0.2	-0.1	-0.4	0.2	-0.1	0.1	0.0	0.2	-0.1	0.1							
Miscellaneous to balance[10]	-0.9	0.0	1.7	0.9	0.0	0.7	0.8	0.1	1.0	-0.3							
Total Stock Ch. & Misc	-1.0	-0.3	1.9	1.4	0.4	0.2	1.0	0.5	0.8	0.1							
Memo items:																	
Call on OPEC crude + Stock ch.[11]	30.2	30.2	29.4	30.3	31.1	30.6	30.3	29.9	30.1	30.4	29.7	30.0	28.9	28.9	29.8	29.4	29.3

4 Measured as deliveries from refineries and primary stocks, comprises inland deliveries, international marine bunkers, refinery fuel, crude for direct burning, oil from non-conventional sources and other sources of supply.
5 Other Asia includes Indonesia throughout. Latin America excludes Ecuador throughout. Africa excludes Angola throughout.
Total Non-OPEC excludes all countries that were members of OPEC at 1 January 2009.
Total OPEC comprises all countries which were OPEC members at 1 January 2009.
6 Net volumetric gains and losses in the refining process and marine transportation losses.
7 As of the July 2010 OMR, Global Biofuels comprise all world biofuel production including fuel ethanol from the US and Brazil.
8 As of the March 2006 OMR, Venezuelan Orinoco heavy crude production is included within Venezuelan crude estimates. Orimulsion fuel remains within the OPEC NGL and non-conventional category, but Orimulsion production reportedly ceased from January 2007.
9 Comprises crude oil, condensates, NGLs, oil from non-conventional sources and other sources of supply.
10 Includes changes in non-reported stocks in OECD and non-OECD areas.
11 Equals the arithmetic difference between total demand minus total non-OPEC supply minus OPEC NGLs.

Table 1a
WORLD OIL SUPPLY AND DEMAND: CHANGES FROM LAST MONTH'S TABLE 1

(million barrels per day)

	2010	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014
OECD DEMAND																	
Americas	-	-	-	-	-	-	-	-	-	0.3	0.1	0.1	0.2	-	0.2	0.2	0.2
Europe	-	-	-	-	-	-	-	-	-	-	0.2	-	0.1	0.1	-	-	0.1
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	0.3	0.3	0.2	0.3	0.2	0.3	0.2	0.2
NON-OECD DEMAND																	
FSU	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-0.1	-0.1	-
Africa	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	-	-	-	-0.1	-	-	-	0.1	-	-0.1	-
Total Demand	-	-	-	-	-	-	-	-	-	0.1	0.3	0.1	0.3	0.2	0.3	0.2	0.2
OECD SUPPLY																	
Americas	-	-	-	-	-	-	-	-	-	0.1	0.2	0.1	0.2	0.2	0.2	0.2	0.2
Europe	-	-	-	-	-	-	-	-	-	-	-0.1	-	-0.1	-0.1	-0.1	-0.1	-0.1
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OECD	-	-	-	-	-	-	-	-	-	0.1	0.1	0.1	-	0.1	0.1	0.1	0.1
NON-OECD SUPPLY																	
FSU	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	-	-
Other Asia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Middle East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Africa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-OECD	-	-	-	-	-	-	-	-	-	-	0.2	0.1	-	-	-	-	-
Processing Gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Global Biofuels	-	-	-	-	-	-	-	-	-	-	-	-	-0.1	-0.1	-0.1	-0.1	-0.1
Total Non-OPEC	-	-	-	-	-	-	-	-	0.1	0.1	0.2	0.1	-	-	-	0.1	-
OPEC																	
Crude	-	-	-	-	-	-	-	-	-	-							
NGLs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total OPEC	-	-	-	-	-	-	-	-	-	-							
Total Supply	-	-	-	-	-	-	-	-	0.1	0.1							
STOCK CHANGES AND MISCELLANEOUS																	
REPORTED OECD																	
Industry	-	-	-	-	-	-	-	-	-0.1	0.2							
Government	-	-	-	-	-	-	-	-	-	0.1							
Total	-	-	-	-	-	-	-	-	-0.1	0.3							
Floating Storage/Oil in Transit	-	-	-	-	-	-	-	-	-	-							
Miscellaneous to balance	-	-	-	-	-	-	-	-0.1	0.1	-0.3							
Total Stock Ch. & Misc	-	-	-	-	-	-	-	-	-	-							
Memo items:																	
Call on OPEC crude + Stock ch.	-	-	-	-	-	-	-	-	-	-	0.1	-	0.3	0.2	0.2	0.1	0.2

When submitting their monthly oil statistics, OECD Member countries periodically update data for prior periods. Similar updates to non-OECD data can occur.

Table 2

SUMMARY OF GLOBAL OIL DEMAND

	2011	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013	1Q14	2Q14	3Q14	4Q14	2014
Demand (mb/d)																
Americas[1]	23.96	23.38	23.61	23.73	23.77	23.62	23.73	23.78	24.11	23.77	23.85	23.84	23.77	24.00	23.82	23.86
Europe[2]	14.28	13.69	13.79	13.81	13.67	13.74	13.19	13.80	13.99	13.72	13.68	13.30	13.61	13.88	13.67	13.62
Asia Oceania[3]	8.23	9.17	8.06	8.32	8.79	8.59	8.94	7.91	8.09	8.57	8.37	8.78	7.72	7.98	8.43	8.23
Total OECD	46.47	46.24	45.47	45.86	46.23	45.95	45.85	45.48	46.19	46.07	45.90	45.91	45.10	45.86	45.92	45.70
Asia	20.35	20.74	21.03	20.96	21.80	21.13	21.66	21.70	21.46	22.23	21.76	22.26	22.44	22.27	22.95	22.48
Middle East	7.43	7.27	7.80	8.16	7.49	7.68	7.47	7.86	8.32	7.65	7.83	7.64	8.11	8.50	7.89	8.04
Latin America	6.17	6.16	6.36	6.52	6.57	6.40	6.38	6.60	6.74	6.72	6.61	6.51	6.77	6.94	6.87	6.77
FSU	4.39	4.30	4.42	4.62	4.61	4.49	4.30	4.51	4.84	4.80	4.61	4.42	4.66	4.89	4.92	4.73
Africa	3.49	3.64	3.62	3.63	3.72	3.65	3.79	3.82	3.71	3.82	3.78	3.89	3.99	3.95	4.03	3.96
Europe	0.66	0.68	0.68	0.67	0.67	0.67	0.64	0.68	0.69	0.71	0.68	0.67	0.70	0.69	0.71	0.69
Total Non-OECD	42.49	42.79	43.90	44.55	44.86	44.03	44.25	45.17	45.75	45.91	45.28	45.39	46.66	47.24	47.37	46.67
World	88.96	89.03	89.37	90.41	91.09	89.98	90.10	90.66	91.93	91.98	91.17	91.31	91.76	93.10	93.29	92.37
of which: US50	18.95	18.43	18.61	18.64	18.48	18.54	18.66	18.66	19.07	18.63	18.75	18.76	18.74	18.86	18.62	18.74
Europe 5*	8.65	8.33	8.28	8.28	8.20	8.27	8.01	8.28	8.27	8.14	8.18	8.05	8.07	8.18	8.10	8.10
China	9.32	9.50	9.60	9.86	10.30	9.82	10.00	10.03	10.20	10.52	10.19	10.34	10.41	10.61	10.93	10.57
Japan	4.47	5.28	4.29	4.48	4.86	4.73	5.08	4.11	4.32	4.68	4.55	4.88	3.98	4.17	4.48	4.37
India	3.20	3.36	3.45	3.18	3.39	3.35	3.43	3.46	3.16	3.47	3.38	3.53	3.54	3.27	3.54	3.47
Russia	3.21	3.19	3.24	3.40	3.35	3.29	3.20	3.33	3.63	3.50	3.42	3.32	3.46	3.66	3.61	3.51
Brazil	2.87	2.87	2.93	3.03	3.12	2.99	2.99	3.08	3.15	3.20	3.11	3.05	3.18	3.27	3.27	3.19
Saudi Arabia	2.79	2.57	3.00	3.32	2.79	2.92	2.72	3.05	3.33	2.82	2.98	2.79	3.17	3.42	2.94	3.08
Canada	2.27	2.18	2.22	2.34	2.37	2.28	2.28	2.31	2.29	2.31	2.30	2.31	2.26	2.35	2.37	2.32
Korea	2.26	2.34	2.23	2.26	2.37	2.30	2.31	2.27	2.26	2.34	2.30	2.37	2.22	2.25	2.38	2.30
Mexico	2.11	2.09	2.13	2.11	2.24	2.14	2.11	2.14	2.09	2.16	2.13	2.08	2.12	2.12	2.16	2.12
Iran	1.77	1.80	1.82	1.69	1.68	1.75	1.73	1.74	1.71	1.70	1.72	1.75	1.75	1.73	1.73	1.74
Total	61.86	61.94	61.81	62.61	63.14	62.38	62.53	62.47	63.47	63.48	62.99	63.23	62.88	63.89	64.12	63.53
% of World	69.5%	69.6%	69.2%	69.3%	69.3%	69.3%	69.4%	68.9%	69.0%	69.0%	69.1%	69.2%	68.5%	68.6%	68.7%	68.8%
Annual Change (% per annum)																
Americas[1]	-0.8	-3.0	-0.5	-1.6	-0.6	-1.4	1.5	0.7	1.6	0.0	0.9	0.5	0.0	-0.5	0.2	0.0
Europe[2]	-2.8	-3.7	-2.3	-6.0	-2.9	-3.8	-3.7	0.1	1.3	0.4	-0.5	0.8	-1.4	-0.8	-0.4	-0.4
Asia Oceania[3]	0.5	5.6	7.7	2.8	1.5	4.3	-2.5	-2.0	-2.8	-2.5	-2.5	-1.7	-2.4	-1.3	-1.7	-1.8
Total OECD	-1.2	-1.6	0.3	-2.2	-0.9	-1.1	-0.8	0.0	0.7	-0.3	-0.1	0.1	-0.8	-0.7	-0.3	-0.4
Asia	3.5	2.5	3.1	4.3	5.5	3.9	4.4	3.2	2.4	2.0	3.0	2.8	3.4	3.8	3.3	3.3
Middle East	2.0	3.6	4.8	3.7	1.2	3.3	2.8	0.8	1.9	2.1	1.9	2.3	3.1	2.2	3.2	2.7
Latin America	1.5	3.6	3.6	2.8	4.9	3.7	3.6	3.8	3.3	2.3	3.3	2.0	2.5	3.1	2.2	2.5
FSU	6.3	5.9	2.0	0.9	0.7	2.3	0.0	2.1	4.7	4.0	2.8	2.8	3.3	1.1	2.6	2.4
Africa	-1.2	3.6	3.2	7.0	5.2	4.7	4.1	5.3	2.4	2.6	3.6	2.7	4.4	6.4	5.5	4.7
Europe	-0.2	3.9	3.0	0.7	-1.3	1.5	-4.9	0.1	2.7	4.9	0.7	4.7	3.4	0.2	-0.2	2.0
Total Non-OECD	2.7	3.3	3.3	3.8	4.0	3.6	3.4	2.9	2.7	2.3	2.8	2.6	3.3	3.3	3.2	3.1
World	0.7	0.7	1.8	0.7	1.5	1.1	1.2	1.4	1.7	1.0	1.3	1.3	1.2	1.3	1.4	1.3
Annual Change (mb/d)																
Americas[1]	-0.18	-0.72	-0.11	-0.38	-0.14	-0.34	0.34	0.17	0.38	0.01	0.22	0.11	0.00	-0.11	0.05	0.01
Europe[2]	-0.41	-0.53	-0.33	-0.88	-0.41	-0.54	-0.50	0.01	0.17	0.05	-0.06	0.11	-0.19	-0.11	-0.05	-0.06
Asia Oceania[3]	0.04	0.49	0.57	0.23	0.13	0.35	-0.23	-0.16	-0.23	-0.22	-0.21	-0.16	-0.19	-0.11	-0.14	-0.15
Total OECD	-0.55	-0.76	0.13	-1.03	-0.43	-0.52	-0.39	0.02	0.32	-0.16	-0.05	0.07	-0.38	-0.32	-0.14	-0.20
Asia	0.69	0.51	0.63	0.87	1.14	0.79	0.92	0.68	0.50	0.43	0.63	0.60	0.73	0.81	0.73	0.72
Middle East	0.14	0.25	0.35	0.29	0.09	0.25	0.20	0.07	0.16	0.16	0.15	0.17	0.24	0.19	0.24	0.21
Latin America	0.09	0.21	0.22	0.18	0.30	0.23	0.22	0.24	0.22	0.15	0.21	0.13	0.17	0.21	0.15	0.16
FSU	0.26	0.24	0.09	0.04	0.03	0.10	0.00	0.09	0.22	0.19	0.13	0.12	0.15	0.05	0.13	0.11
Africa	-0.04	0.13	0.11	0.24	0.18	0.16	0.15	0.19	0.09	0.09	0.13	0.10	0.17	0.24	0.21	0.18
Europe	0.00	0.03	0.02	0.00	-0.01	0.01	-0.03	0.00	0.02	0.03	0.00	0.03	0.02	0.00	0.00	0.01
Total Non-OECD	1.14	1.37	1.42	1.62	1.74	1.54	1.46	1.27	1.20	1.05	1.25	1.14	1.48	1.49	1.45	1.39
World	0.59	0.61	1.55	0.59	1.31	1.02	1.07	1.29	1.52	0.89	1.19	1.21	1.10	1.17	1.31	1.20
Revisions to Oil Demand from Last Month's Report (mb/d)																
Americas[1]	0.00	-0.01	0.00	-0.01	0.00	-0.01	0.02	0.04	0.27	0.14	0.12	0.19	0.03	0.22	0.18	0.16
Europe[2]	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	-0.02	0.18	0.04	0.08	0.12	0.04	0.04	0.07
Asia Oceania[3]	0.00	0.01	0.01	0.02	0.02	0.01	0.02	0.00	0.01	0.03	0.01	0.02	0.02	0.01	0.00	0.01
Total OECD	0.00	0.00	0.00	0.01	0.01	0.01	0.04	0.04	0.25	0.34	0.17	0.29	0.17	0.27	0.22	0.24
Asia	0.00	0.00	0.00	0.04	0.00	0.01	0.01	0.02	-0.01	-0.01	0.00	0.01	0.05	0.04	0.02	0.03
Middle East	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.04	-0.11	-0.04	-0.01	-0.01	-0.05	-0.10	-0.04
Latin America	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.01	0.02	0.01	0.02	0.02	0.02
FSU	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	0.07	0.01	0.01	0.03	0.02	0.02	0.02
Africa	0.00	-0.01	-0.02	-0.03	-0.02	-0.02	-0.02	-0.01	-0.06	-0.02	-0.03	-0.04	-0.02	-0.03	-0.03	-0.03
Europe	0.00	0.02	-0.03	-0.03	-0.01	-0.01	0.01	0.01	-0.01	-0.01	0.00	0.01	0.01	-0.02	0.00	0.00
Total Non-OECD	0.00	0.01	-0.05	-0.02	-0.03	-0.02	-0.01	0.01	-0.13	-0.04	-0.04	0.01	0.08	-0.02	-0.07	0.00
World	0.00	0.01	-0.05	-0.01	-0.02	-0.02	0.04	0.05	0.13	0.31	0.13	0.30	0.25	0.25	0.15	0.24
Revisions to Oil Demand Growth from Last Month's Report (mb/d)																
World	0.00	-0.01	-0.05	0.01	-0.02	-0.02	0.02	0.10	0.14	0.33	0.15	0.26	0.20	0.13	-0.15	0.11

1 As of the August 2012 OMR, includes Chile.

2 As of the August 2012 OMR, includes Estonia and Slovenia.

3 As of the August 2012 OMR, includes Israel.

* France, Germany, Italy, Spain and UK

Table 2a
OECD REGIONAL OIL DEMAND[1]
(million barrels per day)

	2011	2012	4Q12	1Q13	2Q13	3Q13	Jul 13	Aug 13	Sep 13 [2]	Latest month vs. Aug 13	Latest month vs. Sep 12
Americas[3]											
LPG&Ethane	3.13	3.14	3.36	3.64	2.97	3.01	3.01	2.96	3.06	0.10	0.07
Naphtha	0.35	0.34	0.35	0.37	0.39	0.38	0.40	0.37	0.36	-0.01	0.05
Motor Gasoline	10.42	10.34	10.18	10.05	10.58	10.68	10.80	10.79	10.44	-0.36	0.29
Jet/Kerosene	1.64	1.65	1.62	1.58	1.68	1.77	1.78	1.84	1.70	-0.14	0.08
Gasoil/Diesel Oil	5.12	4.96	4.99	5.16	5.01	4.89	4.80	4.95	4.92	-0.03	0.05
Residual Fuel Oil	0.87	0.78	0.72	0.75	0.67	0.76	0.75	0.87	0.65	-0.21	-0.06
Other Products	2.42	2.42	2.53	2.18	2.47	2.63	2.59	2.51	2.78	0.28	0.37
Total	23.96	23.62	23.77	23.73	23.78	24.11	24.12	24.28	23.92	-0.36	0.87
Europe[4]											
LPG&Ethane	0.97	0.94	0.91	1.05	1.10	1.03	1.05	1.04	1.00	-0.04	0.20
Naphtha	1.15	1.17	1.17	1.21	1.13	1.19	1.23	1.22	1.13	-0.09	-0.07
Motor Gasoline	2.13	1.99	1.93	1.80	1.97	2.07	2.11	2.09	2.00	-0.09	0.01
Jet/Kerosene	1.24	1.21	1.18	1.11	1.23	1.32	1.32	1.32	1.33	0.01	0.00
Gasoil/Diesel Oil	6.06	5.95	6.14	5.78	6.00	5.97	6.02	5.82	6.08	0.26	0.14
Residual Fuel Oil	1.23	1.09	1.03	1.02	0.99	0.95	0.96	0.96	0.94	-0.02	-0.11
Other Products	1.49	1.40	1.31	1.22	1.39	1.45	1.49	1.43	1.43	0.00	-0.01
Total	14.28	13.74	13.67	13.19	13.80	13.99	14.16	13.88	13.91	0.03	0.17
Asia Oceania[5]											
LPG&Ethane	0.87	0.89	0.84	0.94	0.82	0.79	0.83	0.79	0.76	-0.03	-0.06
Naphtha	1.73	1.78	1.83	1.83	1.72	1.81	1.81	1.81	1.81	0.00	-0.01
Motor Gasoline	1.60	1.61	1.63	1.54	1.56	1.67	1.66	1.76	1.57	-0.18	-0.04
Jet/Kerosene	0.88	0.88	1.02	1.13	0.69	0.68	0.66	0.68	0.70	0.02	0.03
Gasoil/Diesel Oil	1.71	1.76	1.83	1.80	1.72	1.72	1.75	1.72	1.68	-0.04	-0.01
Residual Fuel Oil	0.78	0.91	0.86	0.91	0.67	0.73	0.76	0.76	0.67	-0.09	-0.20
Other Products	0.67	0.77	0.78	0.78	0.73	0.70	0.69	0.71	0.68	-0.04	-0.11
Total	8.23	8.59	8.79	8.94	7.91	8.09	8.16	8.23	7.87	-0.36	-0.39
OECD											
LPG&Ethane	4.97	4.96	5.11	5.63	4.89	4.84	4.88	4.80	4.83	0.03	0.21
Naphtha	3.23	3.28	3.35	3.41	3.24	3.38	3.44	3.41	3.30	-0.11	-0.02
Motor Gasoline	14.14	13.93	13.74	13.39	14.11	14.41	14.57	14.64	14.01	-0.63	0.27
Jet/Kerosene	3.76	3.74	3.82	3.82	3.59	3.78	3.75	3.84	3.74	-0.10	0.11
Gasoil/Diesel Oil	12.90	12.67	12.96	12.74	12.73	12.57	12.56	12.48	12.67	0.20	0.18
Residual Fuel Oil	2.89	2.77	2.62	2.67	2.33	2.44	2.47	2.58	2.26	-0.32	-0.36
Other Products	4.58	4.59	4.62	4.19	4.59	4.77	4.77	4.65	4.89	0.24	0.25
Total	46.47	45.95	46.23	45.85	45.48	46.19	46.44	46.39	45.71	-0.68	0.64

1 Demand, measured as deliveries from refineries and primary stocks, comprises inland deliveries, international bunkers and refinery fuel. It includes crude for direct burning, oil from non-conventional sources and other sources of supply. Jet/kerosene comprises jet kerosene and non-aviation kerosene. Gasoil comprises diesel, light heating oil and other gasoils. North America comprises US 50 states, US territories, Mexico and Canada.
2 Latest official OECD submissions (MOS).
3 As of the August 2012 OMR, includes Chile.
4 As of the August 2012 OMR, includes Estonia and Slovenia.
5 As of the August 2012 OMR, includes Israel.

Table 2b

OIL DEMAND IN SELECTED OECD COUNTRIES[1]

(million barrels per day)

	2011	2012	4Q12	1Q13	2Q13	3Q13	Jul 13	Aug 13	Sep 13 [2]	Latest month vs. Aug 13	Latest month vs. Sep 12
United States[3]											
LPG	2.27	2.26	2.44	2.68	2.11	2.18	2.18	2.15	2.23	0.08	0.07
Naphtha	0.25	0.24	0.26	0.28	0.28	0.27	0.27	0.26	0.26	0.00	0.05
Motor Gasoline	8.75	8.69	8.53	8.42	8.91	9.01	9.08	9.10	8.86	-0.24	0.30
Jet/Kerosene	1.44	1.41	1.38	1.35	1.43	1.49	1.52	1.54	1.42	-0.11	0.04
Gasoil	3.90	3.74	3.74	3.93	3.77	3.67	3.58	3.72	3.72	0.00	0.04
Residual Fuel Oil	0.46	0.37	0.27	0.37	0.26	0.36	0.36	0.40	0.34	-0.07	-0.03
Other Products	1.87	1.83	1.86	1.62	1.90	2.07	2.06	1.95	2.22	0.28	0.47
Total	18.95	18.54	18.48	18.66	18.66	19.07	19.04	19.12	19.05	-0.06	0.94
Japan											
LPG	0.49	0.52	0.51	0.59	0.46	0.44	0.47	0.43	0.40	-0.03	-0.06
Naphtha	0.74	0.71	0.74	0.77	0.70	0.75	0.75	0.76	0.74	-0.02	0.06
Motor Gasoline	0.98	0.98	0.99	0.92	0.94	1.03	1.03	1.10	0.97	-0.13	-0.03
Jet/Kerosene	0.53	0.54	0.65	0.77	0.38	0.37	0.34	0.36	0.39	0.02	0.03
Diesel	0.44	0.43	0.45	0.43	0.42	0.44	0.46	0.43	0.43	0.00	0.00
Other Gasoil	0.38	0.40	0.41	0.45	0.35	0.35	0.37	0.33	0.36	0.03	0.01
Residual Fuel Oil	0.44	0.56	0.54	0.57	0.38	0.44	0.46	0.46	0.40	-0.06	-0.18
Other Products	0.47	0.58	0.57	0.57	0.49	0.50	0.51	0.53	0.46	-0.07	-0.13
Total	4.47	4.73	4.86	5.08	4.11	4.32	4.39	4.41	4.15	-0.26	-0.30
Germany											
LPG	0.10	0.10	0.09	0.11	0.12	0.11	0.11	0.11	0.11	-0.01	0.00
Naphtha	0.38	0.38	0.40	0.42	0.39	0.38	0.39	0.39	0.36	-0.02	0.01
Motor Gasoline	0.45	0.43	0.42	0.39	0.44	0.45	0.45	0.45	0.45	0.00	0.03
Jet/Kerosene	0.18	0.19	0.18	0.16	0.19	0.20	0.19	0.20	0.20	0.00	-0.01
Diesel	0.66	0.70	0.69	0.64	0.72	0.75	0.76	0.74	0.74	0.01	0.02
Other Gasoil	0.39	0.38	0.47	0.40	0.45	0.35	0.33	0.33	0.38	0.05	0.02
Residual Fuel Oil	0.14	0.13	0.13	0.13	0.12	0.12	0.12	0.12	0.11	-0.01	-0.01
Other Products	0.09	0.08	0.07	0.04	0.08	0.09	0.11	0.09	0.09	0.00	-0.01
Total	2.40	2.39	2.44	2.30	2.51	2.44	2.45	2.42	2.44	0.02	0.06
Italy											
LPG	0.10	0.11	0.11	0.13	0.10	0.10	0.10	0.09	0.10	0.00	0.00
Naphtha	0.08	0.09	0.09	0.09	0.10	0.08	0.10	0.08	0.06	-0.02	-0.03
Motor Gasoline	0.24	0.22	0.21	0.19	0.19	0.23	0.24	0.23	0.22	-0.01	0.00
Jet/Kerosene	0.10	0.09	0.08	0.08	0.09	0.11	0.11	0.11	0.10	-0.01	0.00
Diesel	0.49	0.45	0.44	0.40	0.42	0.43	0.46	0.39	0.43	0.03	-0.01
Other Gasoil	0.11	0.11	0.12	0.12	0.11	0.11	0.11	0.11	0.12	0.01	0.01
Residual Fuel Oil	0.12	0.10	0.09	0.07	0.08	0.07	0.08	0.07	0.07	0.00	-0.03
Other Products	0.24	0.20	0.18	0.19	0.18	0.21	0.21	0.20	0.22	0.02	0.02
Total	1.49	1.35	1.33	1.28	1.28	1.34	1.41	1.29	1.32	0.03	-0.04
France											
LPG	0.11	0.11	0.11	0.14	0.10	0.08	0.09	0.08	0.08	0.00	0.00
Naphtha	0.14	0.13	0.09	0.15	0.15	0.15	0.16	0.17	0.13	-0.04	0.00
Motor Gasoline	0.18	0.16	0.15	0.14	0.16	0.17	0.19	0.17	0.16	-0.01	0.00
Jet/Kerosene	0.16	0.15	0.15	0.14	0.16	0.17	0.17	0.17	0.16	-0.01	-0.01
Diesel	0.69	0.68	0.69	0.65	0.69	0.70	0.76	0.66	0.69	0.03	0.02
Other Gasoil	0.28	0.28	0.30	0.34	0.27	0.26	0.25	0.24	0.29	0.04	0.00
Residual Fuel Oil	0.08	0.07	0.06	0.07	0.06	0.05	0.06	0.06	0.05	-0.01	-0.01
Other Products	0.17	0.15	0.15	0.13	0.16	0.16	0.18	0.15	0.15	0.01	-0.01
Total	1.79	1.74	1.71	1.75	1.75	1.76	1.86	1.69	1.72	0.02	-0.01
United Kingdom											
LPG	0.13	0.11	0.09	0.10	0.13	0.10	0.12	0.09	0.09	0.00	0.04
Naphtha	0.03	0.02	0.03	0.04	0.03	0.03	0.03	0.03	0.03	0.00	0.00
Motor Gasoline	0.33	0.32	0.31	0.31	0.31	0.31	0.30	0.32	0.31	0.00	-0.01
Jet/Kerosene	0.32	0.31	0.32	0.31	0.30	0.31	0.30	0.30	0.35	0.05	0.02
Diesel	0.45	0.45	0.47	0.44	0.47	0.47	0.45	0.47	0.48	0.01	0.02
Other Gasoil	0.12	0.12	0.12	0.12	0.13	0.13	0.13	0.13	0.13	0.00	-0.01
Residual Fuel Oil	0.06	0.05	0.04	0.05	0.04	0.04	0.04	0.04	0.04	0.00	-0.01
Other Products	0.14	0.12	0.10	0.13	0.14	0.13	0.14	0.13	0.12	-0.01	0.00
Total	1.58	1.50	1.47	1.50	1.54	1.52	1.49	1.52	1.55	0.03	0.04
Canada											
LPG	0.40	0.41	0.46	0.49	0.42	0.38	0.38	0.37	0.39	0.03	0.01
Naphtha	0.08	0.09	0.09	0.08	0.10	0.09	0.10	0.08	0.08	0.00	-0.02
Motor Gasoline	0.76	0.74	0.72	0.73	0.78	0.78	0.82	0.79	0.73	-0.06	0.02
Jet/Kerosene	0.09	0.12	0.13	0.12	0.13	0.16	0.13	0.18	0.17	-0.01	0.04
Diesel	0.30	0.30	0.29	0.32	0.31	0.30	0.30	0.29	0.31	0.02	-0.02
Other Gasoil	0.26	0.22	0.25	0.22	0.22	0.25	0.22	0.24	0.27	0.03	0.06
Residual Fuel Oil	0.06	0.06	0.06	0.04	0.04	0.04	0.04	0.04	0.05	0.01	0.01
Other Products	0.31	0.32	0.38	0.29	0.31	0.30	0.29	0.30	0.31	0.01	-0.08
Total	2.27	2.28	2.37	2.28	2.31	2.29	2.27	2.30	2.31	0.02	0.03

1 Demand, measured as deliveries from refineries and primary stocks, comprises inland deliveries, international bunkers and refinery fuel. It includes crude for direct burning, oil from non-conventional sources and other sources of supply. Jet/kerosene comprises jet kerosene and non-aviation kerosene. Gasoil comprises diesel, light heating oil and other gasoils.
2 Latest official OECD submissions (MOS).
3 US figures exclude US territories.

Table 3
WORLD OIL PRODUCTION
(million barrels per day)

	2012	2013	2014	2Q13	3Q13	4Q13	1Q14	2Q14	Sep 13	Oct 13	Nov 13
OPEC											
Crude Oil											
Saudi Arabia	9.51			9.29	9.84				9.86	9.49	9.49
Iran	3.00			2.68	2.64				2.58	2.68	2.71
Iraq	2.95			3.16	3.04				2.82	3.03	3.15
UAE	2.65			2.72	2.75				2.74	2.76	2.73
Kuwait	2.46			2.56	2.53				2.53	2.48	2.46
Neutral Zone	0.54			0.52	0.52				0.52	0.52	0.52
Qatar	0.74			0.73	0.73				0.73	0.73	0.73
Angola	1.78			1.76	1.71				1.72	1.70	1.76
Nigeria	2.10			1.94	1.97				2.04	1.92	1.89
Libya	1.39			1.31	0.62				0.30	0.45	0.22
Algeria	1.17			1.14	1.14				1.15	1.12	1.10
Ecuador	0.50			0.51	0.52				0.52	0.52	0.52
Venezuela	2.50			2.55	2.52				2.49	2.49	2.46
Total Crude Oil	31.30			30.86	30.52				30.00	29.89	29.73
Total NGLs[1]	6.28	6.40	6.61	6.39	6.46	6.42	6.50	6.54	6.46	6.42	6.42
Total OPEC	37.58			37.25	36.98				36.45	36.30	36.14
NON-OPEC[2]											
OECD											
Americas[6]	15.86	17.24	18.39	16.71	17.46	17.98	18.25	18.25	17.66	17.72	18.14
United States[5]	9.18	10.33	11.25	10.07	10.58	10.83	11.02	11.23	10.80	10.70	10.95
Mexico	2.92	2.89	2.88	2.88	2.88	2.89	2.90	2.89	2.89	2.91	2.88
Canada	3.75	4.01	4.25	3.75	3.99	4.25	4.31	4.12	3.96	4.09	4.30
Chile	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Europe[7]	3.46	3.30	3.15	3.31	3.19	3.33	3.29	3.15	2.93	3.26	3.39
UK	0.94	0.86	0.75	0.89	0.77	0.86	0.81	0.76	0.76	0.89	0.87
Norway	1.91	1.84	1.80	1.84	1.82	1.85	1.87	1.80	1.58	1.75	1.91
Others	0.60	0.60	0.60	0.58	0.61	0.62	0.61	0.59	0.60	0.62	0.61
Asia Oceania[8]	0.56	0.49	0.54	0.49	0.51	0.51	0.47	0.53	0.49	0.52	0.51
Australia	0.48	0.42	0.44	0.42	0.43	0.45	0.38	0.45	0.43	0.45	0.45
Others	0.08	0.07	0.09	0.08	0.07	0.06	0.08	0.09	0.07	0.06	0.06
Total OECD	19.88	21.03	22.08	20.52	21.16	21.82	22.02	21.94	21.09	21.50	22.04
NON-OECD											
Former USSR	13.62	13.84	13.99	13.77	13.77	13.98	13.95	13.98	13.81	14.00	14.00
Russia	10.73	10.87	10.96	10.84	10.85	10.97	10.99	10.98	10.89	10.97	11.00
Others	2.89	2.97	3.03	2.93	2.92	3.01	2.96	3.00	2.92	3.03	3.00
Asia	7.82	7.72	7.80	7.81	7.53	7.69	7.82	7.83	7.55	7.73	7.60
China	4.18	4.17	4.28	4.24	4.05	4.21	4.28	4.30	4.06	4.24	4.17
Malaysia	0.67	0.67	0.70	0.65	0.66	0.69	0.70	0.70	0.68	0.69	0.70
India	0.91	0.89	0.89	0.90	0.89	0.89	0.89	0.89	0.89	0.88	0.89
Indonesia	0.89	0.84	0.79	0.87	0.82	0.81	0.81	0.80	0.81	0.81	0.81
Others	1.17	1.14	1.15	1.16	1.11	1.09	1.14	1.14	1.10	1.11	1.04
Europe	0.14	0.14	0.13	0.14	0.14	0.14	0.14	0.13	0.14	0.14	0.14
Latin America	4.18	4.19	4.34	4.17	4.21	4.23	4.26	4.30	4.25	4.21	4.25
Brazil[5]	2.16	2.12	2.20	2.10	2.12	2.17	2.14	2.17	2.19	2.17	2.18
Argentina	0.66	0.64	0.62	0.64	0.65	0.63	0.63	0.62	0.65	0.65	0.63
Colombia	0.95	1.01	1.11	1.00	1.02	1.01	1.07	1.10	1.00	0.99	1.03
Others	0.42	0.42	0.41	0.43	0.42	0.41	0.42	0.42	0.42	0.40	0.42
Middle East[3]	1.46	1.36	1.32	1.33	1.36	1.34	1.33	1.32	1.35	1.35	1.34
Oman	0.92	0.95	0.96	0.94	0.96	0.96	0.95	0.95	0.97	0.95	0.96
Syria	0.17	0.06	0.03	0.06	0.05	0.03	0.03	0.03	0.05	0.04	0.03
Yemen	0.18	0.14	0.13	0.12	0.14	0.14	0.14	0.13	0.12	0.14	0.14
Others	0.18	0.21	0.20	0.21	0.21	0.21	0.21	0.20	0.21	0.21	0.21
Africa	2.27	2.34	2.57	2.29	2.36	2.47	2.55	2.56	2.27	2.42	2.48
Egypt	0.72	0.70	0.66	0.70	0.69	0.68	0.67	0.67	0.69	0.68	0.68
Gabon	0.25	0.24	0.24	0.23	0.24	0.24	0.24	0.24	0.24	0.24	0.24
Others	1.30	1.41	1.66	1.35	1.42	1.54	1.64	1.66	1.34	1.49	1.56
Total Non-OECD	29.48	29.59	30.15	29.51	29.37	29.85	30.04	30.12	29.37	29.85	29.81
Processing Gains[4]	2.14	2.18	2.21	2.16	2.20	2.18	2.21	2.19	2.17	2.13	2.20
Global Biofuels[5]	1.85	1.97	2.04	2.02	2.35	2.03	1.66	2.05	2.31	2.22	2.11
TOTAL NON-OPEC	53.35	54.77	56.49	54.21	55.09	55.88	55.92	56.30	54.95	55.69	56.16
TOTAL SUPPLY	90.94			91.46	92.06				91.40	91.99	92.30

1 Includes condensates reported by OPEC countries, oil from non-conventional sources, e.g. Venezuelan Orimulsion (but not Orinoco extra-heavy oil), and non-oil inputs to Saudi Arabian MTBE. Orimulsion production reportedly ceased from January 2007.
2 Comprises crude oil, condensates, NGLs and oil from non-conventional sources
3 Includes small amounts of production from Jordan and Bahrain.
4 Net volumetric gains and losses in refining and marine transportation losses.
5 As of the July 2010 OMR, Global Biofuels comprise all world biofuel production including fuel ethanol from the US and Brazil.
6 As of the August 2012 OMR, includes Chile.
7 As of the August 2012 OMR, includes Estonia and Slovenia.
8 As of the August 2012 OMR, includes Israel.

Table 4

OECD INDUSTRY STOCKS[1] AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS[2] in Million Barrels					PRIOR YEARS' STOCKS[2] in Million Barrels			STOCK CHANGES in mb/d			
	Jun2013	Jul2013	Aug2013	Sep2013	Oct2013*	Oct2010	Oct2011	Oct2012	4Q2012	1Q2013	2Q2013	3Q2013
OECD Americas												
Crude	518.4	508.2	508.8	518.4	541.2	515.8	475.6	514.4	-0.10	0.35	-0.18	0.00
Motor Gasoline	260.2	258.3	253.9	253.4	242.7	243.4	242.7	238.8	0.32	-0.06	0.00	-0.07
Middle Distillate	195.3	199.2	205.3	205.8	193.2	240.2	220.1	195.1	0.08	-0.20	0.03	0.11
Residual Fuel Oil	45.9	46.0	42.6	43.1	43.3	50.2	45.5	47.2	-0.03	0.03	0.00	-0.03
Total Products[3]	698.2	707.5	715.2	714.0	679.3	706.0	684.7	682.4	0.09	-0.43	0.37	0.17
Total[4]	1377.0	1378.6	1389.6	1397.1	1389.7	1387.3	1330.7	1369.0	-0.21	-0.17	0.31	0.22
OECD Europe												
Crude	305.1	314.8	302.3	316.8	329.3	342.0	302.2	312.1	-0.04	0.06	-0.03	0.13
Motor Gasoline	88.8	87.8	86.8	87.2	85.1	97.5	91.7	91.9	-0.01	0.08	-0.10	-0.02
Middle Distillate	246.2	254.0	259.7	256.2	248.0	283.7	257.1	251.5	-0.05	0.01	-0.10	0.11
Residual Fuel Oil	76.5	77.3	74.8	71.8	69.2	86.5	77.8	79.5	0.01	0.03	-0.03	-0.05
Total Products[3]	510.3	511.7	514.9	505.3	491.5	565.1	536.0	521.0	-0.05	0.09	-0.26	-0.05
Total[4]	875.6	887.4	878.8	885.4	885.2	973.4	904.4	899.3	-0.16	0.20	-0.32	0.11
OECD Asia Oceania												
Crude	168.0	160.5	151.2	157.4	156.6	156.7	156.0	166.2	-0.13	0.09	0.01	-0.12
Motor Gasoline	27.5	27.6	26.4	24.9	25.2	25.1	24.8	28.3	-0.04	0.04	0.00	-0.03
Middle Distillate	61.0	65.9	69.8	70.3	68.2	67.7	68.2	71.1	-0.09	0.04	-0.03	0.10
Residual Fuel Oil	19.7	21.1	22.2	20.0	19.0	20.3	19.9	20.4	-0.02	0.00	-0.01	0.00
Total Products[3]	167.5	174.6	181.7	183.0	180.8	181.2	183.0	187.7	-0.16	0.03	-0.06	0.17
Total[4]	409.5	407.9	405.9	413.2	408.7	407.5	410.4	427.5	-0.34	0.18	-0.04	0.04
Total OECD												
Crude	991.4	983.4	962.2	992.6	1027.0	1014.5	933.7	992.8	-0.27	0.50	-0.19	0.01
Motor Gasoline	376.4	373.7	367.1	365.5	352.9	366.0	359.2	359.0	0.27	0.06	-0.11	-0.12
Middle Distillate	502.4	519.1	534.8	532.2	509.4	591.6	545.4	517.6	-0.06	-0.15	-0.10	0.32
Residual Fuel Oil	142.0	144.3	139.6	134.8	131.4	157.0	143.1	147.0	-0.03	0.06	-0.03	-0.08
Total Products[3]	1376.0	1393.7	1411.8	1402.3	1351.6	1452.3	1403.7	1391.1	-0.12	-0.31	0.04	0.29
Total[4]	2662.1	2674.0	2674.2	2695.7	2683.6	2768.2	2645.6	2695.8	-0.71	0.21	-0.04	0.37

OECD GOVERNMENT-CONTROLLED STOCKS[5] AND QUARTERLY STOCK CHANGES

	RECENT MONTHLY STOCKS[2] in Million Barrels					PRIOR YEARS' STOCKS[2] in Million Barrels			STOCK CHANGES in mb/d			
	Jun2013	Jul2013	Aug2013	Sep2013	Oct2013*	Oct2010	Oct2011	Oct2012	4Q2012	1Q2013	2Q2013	3Q2013
OECD Americas												
Crude	696.0	696.0	696.0	696.0	696.0	726.6	696.0	695.0	0.00	0.01	0.00	0.00
Products	1.0	1.0	1.0	1.0	1.0	2.0	0.0	1.0	0.00	0.00	0.00	0.00
OECD Europe												
Crude	207.5	206.4	205.8	205.1	204.5	186.6	182.8	195.7	0.01	0.02	0.03	-0.03
Products	259.7	261.4	263.1	263.0	263.3	230.0	239.4	234.7	0.03	0.07	-0.04	0.04
OECD Asia Oceania												
Crude	386.1	384.9	384.9	384.9	384.9	387.1	391.1	393.5	0.00	-0.04	-0.04	-0.01
Products	23.1	23.1	23.6	28.3	28.3	20.0	20.0	20.0	0.01	0.02	0.00	0.06
Total OECD												
Crude	1289.6	1287.3	1286.7	1285.9	1285.3	1300.3	1269.9	1284.2	0.02	-0.02	-0.01	-0.04
Products	283.8	285.5	287.6	292.3	292.6	252.0	259.4	255.7	0.04	0.10	-0.04	0.09
Total[4]	1577.7	1577.1	1578.5	1582.4	1582.1	1553.5	1530.6	1541.1	0.05	0.08	-0.04	0.05

* estimated

1 Stocks are primary national territory stocks on land (excluding utility stocks and including pipeline and entrepot stocks where known) and include stocks held by industry to meet IEA, EU and national emergency reserve commitments and are subject to government control in emergencies.

2 Closing stock levels.

3 Total products includes gasoline, middle distillates, fuel oil and other products.

4 Total includes NGLs, refinery feedstocks, additives/oxygenates and other hydrocarbons.

5 Includes government-owned stocks and stock holding organisation stocks held for emergency purposes.

Table 5
TOTAL STOCKS ON LAND IN OECD COUNTRIES[1]

('millions of barrels' and 'days')

	End September 2012		End December 2012		End March 2013		End June 2013		End September 2013 [3]	
	Stock Level	Days Fwd[2] Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand	Stock Level	Days Fwd Demand
OECD Americas										
Canada	179.6	76	174.1	76	171.3	74	173.9	76	178.1	-
Chile	9.8	27	8.9	25	9.5	25	9.3	26	11.2	-
Mexico	48.8	22	47.5	23	48.7	23	50.0	24	50.0	-
United States[4]	1820.5	99	1808.8	97	1794.2	96	1818.7	95	1832.6	-
Total[4]	2080.7	88	2061.4	87	2045.9	86	2074.0	86	2094.0	88
OECD Asia Oceania										
Australia	42.8	37	37.5	34	37.5	33	39.7	35	36.7	-
Israel	-	-	-	-	-	-	-	-	-	-
Japan	605.7	125	590.7	116	591.3	144	587.9	136	590.7	-
Korea	183.8	78	175.4	76	187.6	82	182.3	81	190.7	-
New Zealand	8.9	58	7.8	49	9.0	60	8.8	60	8.2	-
Total	841.3	96	811.4	91	825.4	104	818.7	101	826.4	96
OECD Europe[5]										
Austria	21.6	86	22.9	95	22.5	82	22.0	78	21.2	-
Belgium	38.3	60	38.7	58	40.3	64	38.6	58	41.0	-
Czech Republic	18.9	96	20.2	118	20.3	107	18.5	95	20.3	-
Denmark	21.2	138	21.6	149	23.7	154	22.1	139	21.3	-
Estonia	1.1	39	1.5	55	1.6	72	2.3	81	2.3	-
Finland	28.2	139	26.3	136	36.6	188	38.2	193	40.9	-
France	164.0	96	162.3	93	160.9	92	165.5	94	166.1	-
Germany	283.0	116	287.1	125	290.5	116	288.4	118	286.4	-
Greece	30.1	104	30.8	112	32.0	110	26.4	83	26.6	-
Hungary	15.6	113	15.1	123	16.6	123	15.4	111	15.7	-
Ireland	9.5	67	10.3	74	10.1	73	10.4	77	10.2	-
Italy	142.8	108	125.5	98	130.3	102	125.7	94	126.2	-
Luxembourg	0.7	12	0.7	11	0.7	11	0.6	10	0.7	-
Netherlands	113.5	115	121.3	128	132.5	129	123.1	122	122.8	-
Norway	27.0	108	27.9	126	26.9	105	24.2	102	27.9	-
Poland	62.8	119	63.9	139	63.3	132	61.0	111	61.9	-
Portugal	20.8	97	21.3	97	23.1	93	21.7	83	22.1	-
Slovak Republic	8.8	108	8.5	119	8.7	120	8.6	104	8.3	-
Slovenia	5.2	97	5.3	111	5.0	96	5.2	106	5.3	-
Spain	130.8	105	120.1	101	123.8	104	117.1	96	120.3	-
Sweden	30.2	95	27.6	91	28.7	88	27.6	86	25.9	-
Switzerland	36.7	135	36.8	147	36.5	142	36.7	145	37.2	-
Turkey	63.4	93	62.0	104	62.0	86	63.9	82	63.2	-
United Kingdom	75.4	51	80.9	54	79.6	51	83.9	55	83.6	-
Total	1349.8	99	1338.7	102	1376.2	99	1347.1	96	1357.6	99
Total OECD	4271.8	92	4211.5	92	4247.4	93	4239.7	92	4278.1	93
DAYS OF IEA Net Imports[6]	-	150	-	148	-	149	-	160	-	161

1 Total Stocks are industry and government-controlled stocks (see breakdown in table below). Stocks are primary national territory stocks on land (excluding utility stocks and including pipeline and entrepot stocks where known) they include stocks held by industry to meet IEA, EU and national emergency reserves commitments and are subject to government control in emergencies.
2 Note that days of forward demand represent the stock level divided by the forward quarter average daily demand and is very different from the days of net imports used for the calculation of IEA Emergency Reserves.
3 End September 2013 forward demand figures are IEA Secretariat forecasts.
4 US figures exclude US territories. Total includes US territories.
5 Data not available for Iceland.
6 Reflects stock levels and prior calendar year's net imports adjusted according to IEA emergency reserve definitions (see www.iea.org/netimports.asp). Net exporting IEA countries are excluded.

TOTAL OECD STOCKS

CLOSING STOCKS	Total	Government[1] controlled	Industry	Total	Government[1] controlled	Industry
	Millions of Barrels			*Days of Fwd. Demand*[2]		
3Q2010	4306	1553	2753	90	33	58
4Q2010	4244	1565	2679	90	33	57
1Q2011	4208	1562	2646	93	34	58
2Q2011	4250	1565	2685	91	33	57
3Q2011	4199	1529	2670	90	33	57
4Q2011	4141	1536	2605	90	33	56
1Q2012	4194	1536	2657	92	34	59
2Q2012	4227	1539	2688	92	34	59
3Q2012	4272	1542	2729	92	33	59
4Q2012	4212	1547	2664	92	34	58
1Q2013	4247	1581	2666	93	35	59
2Q2013	4240	1578	2662	92	34	58
3Q2013	4278	1582	2696	93	34	59

1 Includes government-owned stocks and stock holding organisation stocks held for emergency purposes.
2 Days of forward demand calculated using actual demand except in 3Q2013 (when latest forecasts are used).

Table 6

IEA MEMBER COUNTRY DESTINATIONS OF SELECTED CRUDE STREAMS[1]

(million barrels per day)

	2010	2011	2012	3Q12	1Q13	2Q13	3Q13	Jul 13	Aug 13	Sep 13	Year Earlier Sep 12	Year Earlier change
Saudi Light & Extra Light												
Americas	0.69	0.69	0.76	0.67	0.69	0.66	0.85	0.89	0.72	0.95	0.61	0.34
Europe	0.66	0.83	0.85	0.97	0.67	0.88	0.86	0.93	0.75	0.91	0.88	0.03
Asia Oceania	1.21	1.24	1.26	1.21	1.22	1.20	1.16	1.15	1.24	1.08	1.22	-0.14
Saudi Medium												
Americas	0.36	0.37	0.44	0.41	0.44	0.44	0.44	0.45	0.44	0.42	0.39	0.03
Europe	0.00	0.02	0.05	0.05	-	0.02	0.02	0.01	0.03	0.00	0.08	-0.07
Asia Oceania	0.34	0.40	0.45	0.48	0.49	0.34	0.43	0.40	0.40	0.48	0.47	0.01
Iraqi Basrah Light[2]												
Americas	0.36	0.29	0.49	0.46	0.56	0.26	0.40	0.37	0.43	0.41	0.39	0.02
Europe	0.09	0.11	0.26	0.42	0.18	0.26	0.34	0.42	0.36	0.24	0.34	-0.10
Asia Oceania	0.29	0.34	0.33	0.39	0.35	0.35	0.30	0.29	0.29	0.31	0.46	-0.15
Kuwait Blend												
Americas	0.09	0.08	0.22	0.20	0.29	0.23	0.30	0.29	0.34	0.25	-	-
Europe	0.07	0.08	0.09	0.15	0.08	0.11	0.12	0.16	0.13	0.06	0.09	-0.03
Asia Oceania	0.55	0.57	0.65	0.68	0.65	0.62	0.63	0.67	0.54	0.69	0.65	0.04
Iranian Light												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.24	0.23	0.12	0.05	0.10	0.10	0.06	0.06	0.06	0.05	0.03	0.02
Asia Oceania	0.04	0.04	0.02	0.01	0.01	-	0.01	-	0.02	-	-	-
Iranian Heavy[3]												
Americas	-	-	-	-	-	-	-	-	-	-	-	-
Europe	0.49	0.55	0.16	0.08	0.02	0.01	0.04	0.04	0.04	0.04	0.07	-0.03
Asia Oceania	0.52	0.51	0.33	0.11	0.39	0.25	0.31	0.30	0.26	0.39	0.25	0.14
Venezuelan 22 API and heavier												
Americas	0.86	0.76	0.69	0.77	0.60	0.62	0.61	0.67	0.52	0.65	0.82	-0.17
Europe	0.06	0.05	0.08	0.11	0.06	0.08	0.10	0.09	0.09	0.11	0.12	-0.01
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Mexican Maya												
Americas	0.91	0.82	0.73	0.76	0.63	0.67	0.70	0.68	0.72	0.69	0.77	-0.08
Europe	0.11	0.12	0.14	0.13	0.15	0.16	0.14	0.13	0.15	0.13	0.17	-0.04
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Canada Heavy												
Americas	0.97	1.25	1.41	1.38	1.57	1.44	1.44	1.41	1.41	1.49	1.30	0.18
Europe	-	-	-	-	-	-	-	-	-	-	-	-
Asia Oceania	-	0.00	-	-	-	-	-	-	-	-	-	-
BFOE												
Americas	0.14	0.06	0.02	0.01	0.04	0.03	0.02	-	0.03	0.04	0.03	0.01
Europe	0.72	0.64	0.55	0.54	0.47	0.42	0.52	0.59	0.42	0.54	0.45	0.09
Asia Oceania	-	0.02	0.07	0.10	0.11	0.04	0.02	0.07	-	-	0.14	-
Russian Urals												
Americas	0.08	0.01	0.00	0.01	-	0.02	-	-	-	-	-	-
Europe	1.80	1.69	1.86	1.97	1.85	1.93	1.64	1.72	1.60	1.59	1.95	-0.35
Asia Oceania	-	-	-	-	-	-	-	-	-	-	-	-
Kazakhstan												
Americas	0.07	0.06	0.07	0.09	0.07	0.02	0.09	0.10	0.10	0.07	0.07	0.00
Europe	0.64	0.62	0.53	0.49	0.59	0.60	0.59	0.63	0.56	0.58	0.47	0.11
Asia Oceania	-	-	-	-	-	0.01	-	-	-	-	-	-
Libya Light and Medium												
Americas	-	-	0.03	0.09	-	0.01	-	-	-	-	0.04	-
Europe	1.08	0.29	0.88	1.00	0.86	0.78	0.42	0.69	0.44	0.13	0.91	-0.78
Asia Oceania	-	0.01	0.04	0.02	0.05	0.03	0.02	0.03	0.04	-	-	-
Nigerian Light[4]												
Americas	0.60	0.53	0.24	0.25	0.14	0.15	0.01	-	0.03	-	0.24	-
Europe	0.34	0.45	0.58	0.72	0.65	0.46	0.46	0.50	0.37	0.51	0.83	-0.32
Asia Oceania	-	0.05	0.04	0.03	0.02	0.05	0.03	0.03	0.03	0.03	0.05	-0.01

1 Data based on monthly submissions from IEA countries to the crude oil import register (in '000 bbl), subject to availability. May differ from Table 8 of the Report.
IEA Americas includes United States and Canada.
IEA Europe includes all countries in OECD Europe except Estonia, Hungary and Slovenia.
IEA Asia Oceania includes Australia, New Zealand, Korea and Japan.

2 Iraqi Total minus Kirkuk.

3 Iranian Total minus Iranian Light.

4 33° API and lighter (e.g., Bonny Light, Escravos, Qua Iboe and Oso Condensate).

Table 7
REGIONAL OECD IMPORTS[1,2]
(thousand barrels per day)

	2010	2011	2012	4Q12	1Q13	2Q13	3Q13	Jul 13	Aug 13	Sep 13	Year Earlier Sep 12	% change
Crude Oil												
Americas	7494	6870	6101	5610	5039	5323	5570	5547	5671	5489	5971	-8%
Europe	9072	8988	9346	9286	8942	9242	9112	9571	9046	8706	9515	-9%
Asia Oceania	6473	6609	6761	6702	6999	6242	6465	6339	6371	6694	6576	2%
Total OECD	23038	22468	22208	21597	20980	20807	21147	21457	21088	20888	22062	-5%
LPG												
Americas	34	30	20	17	36	14	4	3	5	6	20	-71%
Europe	285	318	287	297	353	400	361	313	391	379	303	25%
Asia Oceania	565	568	620	615	598	547	530	588	478	523	644	-19%
Total OECD	884	916	927	929	986	961	895	904	874	907	967	-6%
Naphtha												
Americas	36	42	20	15	21	20	16	15	18	16	15	8%
Europe	399	298	350	347	348	275	305	298	286	331	291	14%
Asia Oceania	908	884	900	961	954	939	866	833	880	885	1050	-16%
Total OECD	1344	1224	1270	1324	1324	1235	1187	1146	1184	1232	1356	-9%
Gasoline[3]												
Americas	801	762	730	652	610	801	636	664	706	534	661	-19%
Europe	187	222	212	188	140	112	148	130	169	145	157	-7%
Asia Oceania	84	95	86	89	96	91	72	69	64	84	71	18%
Total OECD	1073	1079	1028	928	846	1004	856	864	938	764	889	-14%
Jet & Kerosene												
Americas	76	77	73	86	51	84	93	84	120	73	110	-34%
Europe	418	397	398	465	314	411	498	493	560	440	427	3%
Asia Oceania	45	58	62	82	107	56	53	44	68	47	49	-4%
Total OECD	539	532	533	634	472	551	644	621	748	560	585	-4%
Gasoil/Diesel												
Americas	100	72	59	69	83	81	46	51	68	16	61	-73%
Europe	1071	1044	984	1074	1068	970	1170	1140	1033	1342	896	50%
Asia Oceania	103	147	185	203	177	166	136	149	118	142	137	4%
Total OECD	1275	1263	1227	1347	1328	1218	1352	1340	1219	1500	1094	37%
Heavy Fuel Oil												
Americas	277	268	206	181	163	150	193	185	206	188	223	-16%
Europe	464	537	521	439	541	511	613	593	601	645	450	43%
Asia Oceania	123	153	223	241	260	197	221	198	292	172	234	-26%
Total OECD	864	958	951	860	965	858	1027	976	1099	1005	907	11%
Other Products												
Americas	807	871	813	829	735	865	900	937	834	930	968	-4%
Europe	692	700	654	671	848	778	772	821	819	673	704	-5%
Asia Oceania	367	366	356	317	381	372	400	400	377	426	374	14%
Total OECD	1866	1937	1823	1817	1964	2015	2072	2157	2030	2029	2046	-1%
Total Products												
Americas	2132	2122	1921	1849	1700	2015	1888	1939	1956	1763	2058	-14%
Europe	3516	3516	3405	3481	3613	3458	3866	3789	3859	3954	3228	22%
Asia Oceania	2197	2271	2432	2509	2572	2368	2279	2281	2277	2279	2559	-11%
Total OECD	7845	7909	7759	7839	7885	7841	8033	8009	8092	7996	7845	2%
Total Oil												
Americas	9625	8993	8022	7458	6739	7338	7458	7486	7627	7252	8029	-10%
Europe	12588	12504	12751	12767	12554	12699	12978	13359	12905	12660	12743	-1%
Asia Oceania	8670	8880	9193	9210	9572	8611	8744	8620	8648	8972	9135	-2%
Total OECD	30883	30377	29967	29436	28865	28648	29180	29466	29180	28885	29907	-3%

1 Based on Monthly Oil Questionnaire data submitted by OECD countries in tonnes and converted to barrels.
2 Excludes intra-regional trade.
3 Includes additives.

© OECD/IEA 2013. All Rights Reserved

The International Energy Agency (IEA) makes every attempt to ensure, but does not guarantee, the accuracy and completeness of the information or the clarity of content of the *Oil Market Report* (hereafter the *OMR*). The IEA shall not be liable to any party for any inaccuracy, error or omission contained or provided in this *OMR* or for any loss, or damage, whether or not due to reliance placed by that party on information in this *OMR*.

The Executive Director and Secretariat of the IEA are responsible for the publication of the *OMR*. Although some of the data are supplied by IEA Member-country governments, largely on the basis of information they in turn receive from oil companies, neither these governments nor these oil companies necessarily share the Secretariat's views or conclusions as expressed in the *OMR*. The *OMR* is prepared for general circulation and is distributed for general information only. Neither the information nor any opinion expressed in the *OMR* constitutes an offer, or an invitation to make an offer, to buy or sell any securities or any options, futures or other derivatives related to such securities.

This *OMR* is the copyright of the OECD/IEA and is subject to terms and conditions of use. These terms and conditions are available on the IEA website at http://www.iea.org/oilmar/licenceomr.html. In relation to the Subscriber Edition (as defined in the OMR's online terms and conditions), all Argus information is sourced from Copyright © 2013 Argus Media Limited and is published here with the permission of Argus. The spot crude and product price assessments are based on daily Argus prices, converted when appropriate to US$ per barrel according to the Argus specification of products. Argus Media Limited reserves all rights in relation to all Argus information. Any reproduction of Argus information requires the express prior written permission of Argus. Argus shall not be liable to any party for any inaccuracy, error or omission contained or provided in Argus information contained in this OMR or for any loss, or damage, whether or not due to reliance placed by that party on information in this OMR.

OMR Contacts

Editor and Head, Oil Industry and Markets Division

Antoine Halff

Analysts

Lejla Alic (Supply)

Toril Bosoni (Refining)

Charles Esser (Non-OPEC Supply)

Diane Munro (OPEC Supply and Prices)

Matt Parry (Demand)

Andrew Wilson (Stocks/Statistics)

Statistics

Valerio Pilia

Ryszard Pospiech

Editorial Assistant

Annette Hardcastle

Contact:

☎ (+33) 0*1 40 57 66 67

✉ **OilMarketReport@iea.org**

* 0 - only within France

Media Enquiries

IEA Press Office

(+33) 0* 1 40 57 65 54

✉ **ieapressoffice@iea.org**

Subscription and Delivery Enquiries

Oil Market Report Subscriptions
International Energy Agency
BP 586-75726 PARIS Cedex 15, France

☎ (+33) 0* 1 40 57 67 72

✉ **OMRSubscriptions@iea.org**

☎ (+33) 0* 1 40 57 66 90

User's Guide and Glossary to the IEA *Oil Market Report*

For information on the data sources, definitions, technical terms and general approach used in preparing the *Oil Market Report (OMR)*, *Medium-Term Oil Market Report (MTOMR)* and *Annual Statistical Supplement* (current issue of the Statistical Supplement dated 9 August 2013), readers are referred to the *Users' Guide* at www.oilmarketreport.org/glossary.asp. It should be noted that the spot crude and product price assessments are based on daily Argus prices, converted when appropriate to US$ per barrel according to the Argus specification of products (Copyright © 2013 Argus Media Limited - all rights reserved).

The *Oil Market Report* is published under the responsibility of the Executive Director and Secretariat of the International Energy Agency. Although some of the data are supplied by Member-country Governments, largely on the basis of information received from oil companies, neither governments nor companies necessarily share the Secretariat's views or conclusions as expressed therein.

© OECD/IEA 2013

Next Issue: 21 January 2014

